COVER SHEET

0 9 4 - 0 0 8 8 1 1
S.E.C. Registration Number

ACE ENEXOR, INC.

(Company's Full Name)

4TH FLOOR, 6750 OFFICE TOWER
AYALA AVENUE, MAKATI CITY

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

ALAN ASCALON
Contact Person

77306300
Company Telephone Number

1 2 Month 3 1 Day
Calendar Year

SEC FORM
20-IS
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

CFD
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

ACE ENEXOR, INC.

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

AND

INFORMATION STATEMENT
(SEC Form 20-IS)
Pursuant to Section 20 of the Securities Regulation Code

Annual Stockholders' Meeting
2:00 P.M.
25 April 2022
virtually via http://www.ayalagroupshareholders.com/

ENEXOR

ACE Enexor, Inc.
35F Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Avenue
Makati City, 1226 Philippines

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **ACE ENEXOR, INC.** will be conducted by remote communication via http://www.ayalagroupshareholders.com/ on **Monday, April 25, 2022** at **2:00 o'clock in the afternoon** with the following

A G E N D A[1]

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report of Management including the 2021 Audited Financial Statements
5. Ratification of the Acts of the Board of Directors and Officers
6. Issuance of Shares to AC Energy Corporation (in exchange for property needed for corporate purposes)
7. Issuance and Listing of up to 74,000,000 Shares pursuant to a Follow-On Offering
8. Amendment of the Articles of Incorporation to Change the Corporate Name
9. Amendment of the Articles of Incorporation to Change the Principal Place of Business
10. Election of Directors (Including Independent Directors)
11. Election of External Auditor and Fixing of its Remuneration
12. Consideration of Such Other Business as May Properly Come Before the Meeting
13. Adjournment

The deadline for nomination of directors is on **April 1, 2022.**

Only stockholders of record as of **March 25, 2022** are entitled to notice of, and to vote at, this meeting.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting *in absentia,* or by appointing the Chairman of the meeting as their proxy. Stockholders intending to participate by remote communication should notify the Corporation on or before **April 19, 2022**.

Duly accomplished proxies should be submitted on or before 9:00 AM of **April 15, 2022** to the Office of the Corporate Secretary at the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226 or by email to corpsec.enexor@acenergy.com.ph. Validation of proxies is set for **April 18, 2022** starting at 9:00 AM.

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[1] See page 3 for the explanation for each agenda item.

Stockholders may vote by remote communication, or *in absentia* subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting votes *in absentia* will be set forth in the Information Statement.[2]

Stockholders of record as of March 25, 2022 owning at least 5% of the total outstanding capital stock of the Corporation may submit proposals on items for inclusion in the agenda on or before April 18, 2022.[3]

All communications should be sent by email to corpsec.enexor@acenergy.com.ph on or before the designated deadlines.

Makati City, March 29, 2022.

ALAN T. ASCALON
Assistant Corporate Secretary

[2] Stockholders should notify the Corporation at corpsec.enexor@acenergy.com.ph of their preference to receive hard copies of the Information Statement and other ASM materials on or before March 21, 2022.
[3] The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Corporation's internal guidelines.

EXPLANATION OF AGENDA ITEMS

Call to Order
The Chairman will formally open the meeting at approximately 2:00 o'clock in the afternoon.

Certification of Notice and Quorum (and Rules of Conduct and Procedures)
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders 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, the Corporation has set up a designated online web address which may be accessed by the stockholders to register and vote on the matters at the meeting *in absentia*.[4] A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

(i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corpsec.enexor@acenergy.com.ph and shall be limited to the Items in the Agenda.
(ii) In the event that physical attendance will be allowed at the meeting -
   a. Anyone who wishes to make a remark shall identify himself or herself after being acknowledged by the Chairman and shall limit his or her remarks to the item in the Agenda under consideration;
   b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he or she can write his or her vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.
(iii) Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
(iv) Stockholders must notify the Corporation on or before April 19, 2022 of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who voted *in absentia* and by proxy.
(v) Voting shall only be allowed for Stockholders registered in the Voting *in Absentia* and Shareholder (VIASH) System or through authorizing the Chairman of the meeting as proxy.
(vi) Stockholders voting *in absentia*, who have previously registered in the VIASH System provided, may cast their votes electronically at any time using the VIASH System prior to or during the meeting.
(vii) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.
(viii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one (1) vote.
(ix) The Committee of Inspectors of Proxies and Ballots will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
(x) The meeting proceedings shall be recorded in audio and video format.

Approval of Minutes of Previous Meeting
The minutes of the meeting held on April 19, 2021 are available at the Corporation's website, https://enexor.com.ph/wp-content/uploads/2021/04/ACEX-Minutes-of-2021-ASM-19-April-2021.pdf

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[4] The detailed instructions pertaining to the URL and the use thereof will be provided in the Information Statement.

Annual Report of Management Including the 2021 Audited Financial Statements
The Chairman, Mr. John Eric T. Francia will report on the performance of the Corporation in 2021 and the outlook for 2022.

The Corporation's annual report, titled Annual Report, will contain the "Message from the Chairman" and the "Report of the President". Copies of the Annual Report will be posted on the Corporation's website, https://enexor.com.ph/annual-report-2021/.

The Audited Financial Statements as of December 31, 2021 (AFS), as approved by the Board upon the recommendation of the Audit Committee, will be included in the Information Statement to be sent to the stockholders at least 15 business days prior to the meeting.

Ratification of the Acts of the Board of Directors and Officers
The actions of the Board and its Committees were those taken and adopted since the annual stockholders' meeting on April 19, 2021 until April 24, 2022. They include the approval of agreements, projects, investments, treasury-related matters, 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 made in the general conduct of business.

Issuance of Shares to AC Energy Corporation (in exchange for property needed for corporate purposes)
Approval by the stockholders representing at least majority of the outstanding of capital stock will be sought for the issuance and listing of 339,076,058 common shares of the Corporation to AC Energy Corporation in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 Exploration & Production Corporation with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power Generation Corporation representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II Power Corporation with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3 Power Corp., a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in One Subic Power Generation Corporation with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC. The details of the issuance are discussed in the Comprehensive Corporate Disclosure posted at PSE Edge on January 7, 2022. Please see the link to the CCD at https://bit.ly/35mgkqw.

Issuance and Listing of up to 74,000,000 Shares pursuant to a Follow-On Offering
Approval by the stockholders representing at least majority of the outstanding of capital stock will be sought for the issuance and listing of 74,000,000 common shares of the Corporation pursuant to a Follow-on Offering. On 21 March 2022, the Executive Committee, by authority of the Board of Directors, approved the conduct of a FOO with a size of up to 74,000,000 shares to be priced at P10.00 to P11.84 per share.

Amendment of Articles of Incorporation to Change the Corporate Name
Approval by the stockholders representing at least two thirds (2/3) of the outstanding capital stock will be sought for the amendment of the Articles of Incorporation to change the corporate name from "ACE Enexor, Inc." to "ENEX Energy Corp." and the amendment of the First Article of the Articles of Incorporation for this purpose.

Amendment of Articles of Incorporation to Change the Principal Place of Business
Approval by the stockholders representing at least two thirds (2/3) of the outstanding capital stock will be sought for the amendment of the Articles of Incorporation to change the principal place of business from "4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines" to "35th Floor Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines" and the amendment of the Third Article of the Articles of Incorporation for this purpose.

Election of Directors (Including the Independent Directors)
The nine (9) nominees for directors, to be evaluated and determined by the Corporate Governance and Nomination Committee of the Board to have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board, shall be presented for election to the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement.

Appointment of External Auditor and Fixing of its Remuneration
The Audit Committee of the Board will endorse to the stockholders the election of the external auditor for the ensuing fiscal year as well as its proposed remuneration. The external auditor conducts an independent verification of the Corporation's financial statements and provides an objective assurance on the accuracy of its financial statements. The profile of the external auditor will be provided in the Information Statement.

Consideration of Such Other Business as may Properly Come Before the Meeting
Stockholders may email questions or comments prior to or during the meeting at the following email address: corpsec.enexor@acenergy.com.ph. The Chairman will take up agenda items received from stockholders on or before April 18, 2022 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Corporation's internal guidelines.[5]

[5] SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put items on the Agenda for Regular/Special Stockholders' Meetings": https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-specialstockholders-meetings/.

PROXY

The undersigned stockholder of **ACE ENEXOR, INC.** (the "Corporation") hereby appoints ____ or in his or her absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Corporation on **25 April 2022** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of Previous Meeting
   ☐ Yes ☐ No ☐ Abstain

2. Approval of the Annual Report of Management including the 2021 Audited Financial Statements
   ☐ Yes ☐ No ☐ Abstain

3. Ratification of the Acts of the Board of Directors and Officers Since the Last Annual Stockholders' Meeting[1]
   ☐ Yes ☐ No ☐ Abstain

4. Issuance of 339,076,058 Shares to AC Energy Corporation (in exchange for property needed for corporate purposes)
   ☐ Yes ☐ No ☐ Abstain

5. Issuance and Listing of up to 74,000,000 Shares pursuant to a Follow-on Offering
   ☐ Yes ☐ No ☐ Abstain

6. Amendment of the Articles of Incorporation to Change the Corporation's name to ENEX Energy Corp.
   ☐ Yes ☐ No ☐ Abstain

7. Amendment of the Articles of Incorporation to Change the Corporation's principal place of business to 35th Floor Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines
   ☐ Yes ☐ No ☐ Abstain

8. Election of Directors

	No. of Votes
John Eric T. Francia	____________
Alberto M. de Larrazabal	____________
Rolando J. Paulino, Jr.	____________
Jaime Alfonso E. Zobel de Ayala	____________
Jaime Z. Urquijo	____________
<u>*Independent Directors*</u>	
Ma. Aurora Geotina-Garcia	____________
Alberto A. Lim	____________
Melinda L. Ocampo	____________
Mario Antonio V. Paner	____________

☐ Distribute votes equally among nominees
☐ Withhold authority for all nominee directors and independent directors listed
☐ Withhold authority to vote for the nominees listed below:

____
____
____

9. Appointment of Sycip Gorres Velayo & Co. as External Auditors
   ☐ Yes ☐ No ☐ Abstain

10. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.
    ☐ Yes ☐ No ☐ Abstain

____
PRINTED NAME OF STOCKHOLDER

____ ____________________
SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY DATE

[1]A BRIEF DESCRIPTION OF EACH ACT OF THE BOARD OF DIRECTORS AND MANAGEMENT SOUGHT TO BE CONFIRMED IS ATTACHED AS ANNEX "C" TO THE INFORMATION STATEMENT.

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY BY EMAIL AT **corpsec.enexor@acenergy.com.ph** ON OR BEFORE **9:00 AM of April 15, 2022,** THE DEADLINE FOR SUBMISSION OF PROXIES, TOGETHER WITH PROOF OF IDENTIFICATION, SUCH AS, DRIVER'S LICENSE, PASSPORT, COMPANY ID OR SSS/GSIS ID. ASIDE FROM PERSONAL IDENTIFICATION, REPRESENTATIVES OF CORPORATE STOCKHOLDERS AND OTHER ENTITIES MAY BE REQUIRED TO PRESENT A DULY SWORN SECRETARY'S CERTIFICATE OR ANY SIMILAR DOCUMENT SHOWING HIS OR HER AUTHORITY TO REPRESENT THE CORPORATION OR ENTITY. THE CORPORATE SECRETARY WILL INSPECT, EXAMINE, AND VALIDATE THE SUFFICIENCY OF THE PROXY FORMS RECEIVED.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON (IF THE PREVAILING CIRCUMSTANCES WILL ALLOW) AND EXPRESSES HIS, HER OR ITS INTENTION TO VOTE IN PERSON.

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

    [X] Definitive Information Statement

2. Name of Registrant as specified in its charter:

    ACE ENEXOR, INC.

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **AS94008811**

5. BIR Tax Identification Number: **004-500-964-000**

6. Address of Principal Office: **4th Floor, 6750 Office Tower**
   Ayala Avenue, 1226 Makati City[1]

7. Telephone Number: **(632) 7730-6300**

8. Date, time and place of the meeting of security holder:

    25 April 2022, 2:00 PM

    Online web address/URL
    (for participation by remote communication and voting in absentia): http://www.ayalagroupshareholders.com/

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

    4 April 2022

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

    Number of shares of Common Stock Outstanding **250,000,001 shares**

    Amount of debt **Nil (as of 28 February 2022)**

11. Are any or all registrant's securities listed on the Philippines Stock Exchange?

    Yes __X__ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Philippine Stock Exchange, Inc. – Common Shares

[1] On 10 November 2021, the Company's Board of Directors approved the amendment to the Articles of Incorporation and By-laws of the Corporation to change the principal office to the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines. This amendment is subject to stockholders' and SEC's approval.

ACE ENEXOR, INC.

INFORMATION STATEMENT

This Information Statement is dated as of 4 April 2022 and is being furnished to stockholders of record of ACE ENEXOR, INC. (**"ACEX"** or the **"Company"**) as of 25 March 2022 in connection with its Annual Stockholders' Meeting.

WE ARE NOT SOLICITING YOUR PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders (hereinafter, the "Annual Stockholders' Meeting" or "Meeting")

a.	Date:	25 April 2022
	Time:	2:00 p.m.
	Venue:	Makati City
		Online web address/URL *(for participation by remote communication and voting in absentia)*- http://www.ayalagroupshareholders.com/
	Principal Office:	4th Floor, 6750 Office Tower, Ayala Avenue 1226 Makati City, Philippines[2]

b. Approximate date when the Information Statement is first to be posted on the Company website: 4 April 2022

Item 2. Dissenter's Right of Appraisal

The following agenda items will be presented for the consideration of the stockholders at the Meeting:

i. Approval of the minutes of the previous Annual Stockholders' Meeting (see **Annex "B"**);
ii. Approval of the Annual Report of Management (see **Annex "D"**) including the Audited Financial Statements for the year ended 31 December 2021 (see **Annex "E"**);
iii. Ratification of all acts of the Board of Directors and of Management since the last Annual Stockholders' Meeting (see **Annex "C"**);
iv. Issuance of shares to AC Energy Corporation (in exchange for property for corporate purposes);
v. Issuance and listing of up to 74,000,000 shares pursuant to a Follow-on Offering;
vi. Amendment of the Articles of Incorporation to change the corporate name;
vii. Amendment of the Articles of Incorporation to change the principal place of business;
viii. Election of nine (9) directors including four (4) independent directors for the ensuing year; and
ix. Appointment of external auditor.

None of the agenda items to be taken up at the Meeting constitutes any of the instances that will give rise to the right of appraisal pursuant to paragraphs (a) to (d) of Title X, Section 80 of Republic Act No. 11232 or the *Revised Corporation Code of the Philippines* governing the exercise of Appraisal Rights which states that:

> *Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:*

[2] On 10 November 2021, the Company's Board of Directors approved the amendment to the Articles of Incorporation and By-laws of the Corporation to change the principal office to the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines. This amendment is subject to stockholders' and SEC's approval.

(a) *In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;*
(b) *In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;*
(c) *In case of merger or consolidation; and*
(d) *In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.*

As provided under Section 81 of the *Revised Corporation Code of the Philippines*, the appraisal right may be exercised by the dissenting stockholder who votes against a proposed corporate action by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: *Provided*, *further,* That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

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

a. To be presented for approval of the stockholders is the issuance and listing of 339,076,058 common shares of the Company (the "**TFE Shares**") to AC Energy Corporation ("**ACEN**") in exchange for the following properties (the "**TFE Assets**") of ACEN: (a) 3,064,900 common shares in Palawan55 Exploration & Production Corporation ("**Palawan55**") with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power Generation Corporation ("**BPGC**") representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II Power Corporation ("**CIPP**") with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3 Power Corp., ("**Ingrid3**"), a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in One Subic Power Generation Corporation ("**OSPGC**") with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC (the "**TFE**").

   As of 28 February 2022, ACEN indirectly owns 189,804,435 shares of the Company, representing 75.92% of the Company's total outstanding shares of stock.

   The Chairman, Mr. John Eric T. Francia, is the President and a director of ACEN while Ms. Aurora D. Geotina-Garcia, independent director, is likewise an independent director of ACEN. Mr. Francia owns 16,327,073 direct and 89,872,952 indirect ACEN shares (0.28%), while Ms. Geotina-Garcia owns 1 share (0.00%) in ACEN. Mr. Francia and Ms. Geotina-Garcia respectively own one (1) share (0.00%) and 601 shares (0.00%) in the Company.

b. The Board of Directors of the Company is not aware of any party who has indicated an intention to oppose any of the matters set forth in the agenda.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Number of shares outstanding as of 28 February 2022: 250,000,001 shares

Of the said outstanding voting shares, 246,232,737 are owned by Filipinos and 3,767,264 are owned by foreign nationals.

Number of votes per share: One (1) vote per share

Only stockholders of record of the Company at the close of business on **25 March 2022** are entitled to notice of the Annual Stockholders' Meeting, and to vote thereat

b. **Manner of voting**

Sections 10 to 12 of SEC Memorandum Circular No. 6, series of 2020 (**"SEC MC No. 6"**) provide:

> ***Section 10. Participation in Stockholders' or Members' Meetings Through Remote Communication.*** When so provided in the bylaws or by majority of the board of directors, stockholders or members who cannot physically attend at stockholders' or members' meetings may participate in such meetings through remote communications or other alternative modes of communication.
>
> If a stockholder or member intends to participate in a meeting through remote communication, he/she shall notify in advance the Presiding Officer and the Corporate Secretary of his/her intention. The Corporate Secretary shall note such fact in the Minutes of the meeting.
>
> ***Section 11. Quorum in Meetings.*** Unless otherwise provided in the Revised Corporation Code or in the bylaws, a quorum shall consist of the stockholders representing a majority of the outstanding capital stock or a majority of the members in the case of nonstock corporations.
>
> A stockholder or member who participates through remote communication or *in absentia* shall be deemed present for purposes of quorum.
>
> ***Section 12. Voting in the Election of Directors, Trustees and Officer Through Remote Communication.*** The right to vote of stockholders or members may be exercised in person, through a proxy, or when so authorized in the bylaws, through remote communication or *in absentia. [Rcc-49, last par.]*
>
> The right to vote of stockholders or members may be exercised also through remote communication or *in absentia* when authorized by a resolution of the majority of the board of directors; *Provided,* That the resolution shall only be applicable for a particular meeting.
>
> In the election of directors, trustees and officers of corporations vested with public interest, stockholders and members may vote through remote communication or in *absentia*, notwithstanding the absence of a provision in the bylaws of such corporations.

On 9 March 2022, the Board of Directors of the Company, in the exercise of its authority under the By-Laws, approved the delegation to the Chairman of the authority to approve the manner of holding the stockholders' meeting, including logistics and arrangements, as may be relevant and necessary to be determined at a later time and to be communicated to the stockholders through the Notice of Meeting and Definitive Information Statements. Stockholders may vote electronically *in absentia* using the online web address, http://www.ayalagroupshareholders.com/, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum. The detailed instructions for electronic voting *in absentia* are attached as **Annex "F"**.

The stockholders have cumulative voting right with respect to the election of the Company's directors. Each stockholder may vote in person or by proxy the number of shares of stock standing in his or her own name in the books of the Company as of the record date of the meeting. A stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. The nine (9) nominees for directors receiving the highest number of votes shall be declared elected, provided that at least two (2) of the nine (9) directors shall be independent directors.

For other items in the agenda, each stockholder shall be entitled on one (1) vote per share. Such items will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.

Voting shall either be by electronic or manual voting (if available). For manual voting, stockholders present at the meeting will be given, upon registration, a ballot where they can write their vote on every item in the agenda or proposed resolution. Each of the proposed resolutions will be shown on the screen as the same is taken up at the meeting.

The Office of the Corporate Secretary will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

c. **Security Ownership of Certain Record and Beneficial Owners and Management**

i. Security ownership of certain record and beneficial owners (of more than 5%)

The table below shows the persons or groups known to the Company to be directly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 28 February 2022:

Title of Class of Shares	Name & Address of Record Owner & Relationship with Issuer	Name & Address of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Philippine Depository and Trust Corporation[3] 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas Street, Makati City Stockholder		Filipino 97.32% Foreign 1.49%	243,363,385[a] 3,661,964	98.81%
Common	AC Energy Corporation[4] 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226 Stockholder	AC Energy Corporation, which is also the record owner. Mr. John Eric T. Francia, the President of ACEN, is the person appointed to exercise voting power.	Filipino	189,804,435[b]	75.92%

[a] Includes 189,804,435 shares owned by ACEN
[b] Lodged with PCD Nominee

ii. Security Ownership of Directors and Management

None of the directors and officers owns five percent (5%) or more of the outstanding capital stock of the Company. The table below shows the securities owned by the directors and officers of the Company as of 28 February 2022:

[3] Philippine Depository and Trust Corporation (**"PDTC"**) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (**"PCD"**) which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or in behalf of their clients.

PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe, and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.

[4] ACEN was incorporated on 8 September 1969. ACEN is engaged primarily in power generation and electricity supply. The immediate parent company of ACEN and its subsidiaries is AC Energy and Infrastructure Corporation, and its ultimate parent company is Mermac, Inc., domiciled and incorporated in the Philippines. ACEN is listed in the Philippine Stock Exchange. As of 28 February 2022, the principal stockholders of ACEN are AC Energy and Infrastructure Corporation, PDTC, and Arran Investment Pte Ltd.

Title of Class of Outstanding Share	Name of beneficial owner	Citizenship	Amount of beneficial ownership	Nature of beneficial ownership	% of total outstanding shares
Common	John Eric T. Francia	Filipino	1	Direct	0.00%
Common	Augusto Cesar D. Bengzon	Filipino	1	Direct	0.00%
Common	Jaime Z. Urquijo	Filipino	1	Direct	0.00%
Common	Rolando J. Paulino, Jr.*	Filipino	1	Direct	0.00%
Common	Jaime Alfonso E. Zobel de Ayala	Filipino	1	Direct	0.00%
Common	Raphael Perpetuo M. Lotilla	Filipino	1	Direct	0.00%
Common	Ma. Aurora D. Geotina-Garcia	Filipino	1 600	Direct Indirect	0.00%
Common	Alberto A. Lim	Filipino	75 5,000	Direct Indirect	0.00%
Common	Mario Antonio V. Paner	Filipino	1 1000	Direct Indirect	0.00%
Common	Maria Corazon G. Dizon	Filipino	1	Direct	0.00%
Common	Raymundo A. Reyes, Jr.**	Filipino	35,428	Indirect	0.01%
Common	Ronald F. Cuadro	Filipino	0	N/A	0.00%
Common	Dodjie D. Lagazo	Filipino	0	N/A	0.00%
Common	Alan T. Ascalon	Filipino	1,818	Direct	0.00%
Common	Raissa C. Villanueva	Filipino	0	N/A	0.00%
TOTAL			43,930		0.02%

* To serve the unexpired portion of the term of Mr. Raymundo A. Reyes, Jr., who resigned as director effective 1 January 2022.
** Resigned as director effective 1 January 2022; appointed as the Company's General Manager effective on the same date.

No director or member of the Company's management owns 2% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or more

The Company is not aware of any person holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar agreement.

iv. Changes in Control

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

On 24 June 2019, then PHINMA Energy Corporation (now, ACEN; **"PHINMA Energy"**) purchased the combined 25.18% stake of PHINMA, Inc. (30,481,111 shares) and PHINMA Corp. (32,481,317 shares) in the Company at P2.44 per share.

On 24 June 2019, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.; **"ACEIC"**) acquired the 51.48% combined stake of PHINMA, Inc. and PHINMA Corp. in then PHINMA Energy at a purchase price of ₱1.4577 per share or a total purchase price of ₱ 3,669,125,213.19. In addition, ACEIC acquired an additional 156,476 PHINMA Energy shares under the mandatory tender offer which ended on 19 June 2019 at the tender offer price of ₱ 1.4577 per share and subscribed to 2.632 billion PHINMA Energy shares at ₱1.00 per share or for a total subscription price of ₱2.632 billion.

ACEIC and ACEN executed an Amended and Restated Deed of Assignment effective as of 9 October 2019 under which, in exchange for the issuance of 6,185,182,288 shares of ACEN, ACEIC will transfer certain of its onshore operating and development companies to ACEN (the "ACEIC-ACEN Exchange"). On 30 October 2020, the BIR issued a ruling confirming that the ACEIC -ACEN Exchange qualifies as a tax-free exchange under the National Internal Revenue Code. Subsequently, the SEC approved the issuance of the shares on 21 December 2020. On 28 January 2021, the shares issued pursuant to the ACEIC-ACEN Exchange were listed on the Exchange.

On 26 April 2021, ACEN and ACEIC signed a Deed of Assignment for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 common shares to ACEIC in exchange for ACEIC's 1,650,166,347 common shares and 15,035,347,600 redeemable preferred shares in AC Energy International, constituting 100% of the issued and outstanding shares of AC Energy International (the "Property") (the "AC Energy International Transaction"). The Property was used as ACEIC's subscription payment for the shares and to support the increase in the Company's authorized capital stock from Php24.4 billion to Php48.4 billion. AC Energy International holds ACEIC's interests in various international energy projects through its ownership of AC Renewables International Pte Ltd., a Singapore limited liability company that in turn has interests in various renewable energy and development companies and projects in Indonesia, Vietnam, India, Australia and other countries.

The AC Energy International Transaction was implemented as a tax-free exchange, subject to a fairness opinion on the valuation of the Shares and of the Property prepared and issued by FTI Consulting Philippines, Inc. ("FTI Consulting"), an independent fairness opinion provider accredited by both the SEC and the PSE. Pursuant to Section 10 of Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act which took effect on 11 April 2021, Section 40 (C) (2) of the Tax Code was further amended, removing the requirement of a BIR confirmation or tax ruling for purposes of availing the tax exemption. On 29 July 2021, the BIR issued a Certificate Authorizing Registration for the AC Energy International Transaction. On 22 October 2021, the Shares were listed with the Exchange.

As of 28 February 2022, ACEIC (64.65%), together with its directors and officers (1.99%), owns and controls 66.64% percent of all outstanding shares of ACEN.

Item 5. Directors and Executive Officers

Article IV, Sections 2 and 3 of the By-Laws provide:

Section 2. *Number, Qualifications and Term of Officer.* – The number of directors shall be as fixed in the Articles of Incorporation. Each director shall own in his own right at least one (1) share of the capital stock of the Corporation. The directors shall be elected annually in the manner provided in these By-Laws and each director shall hold office until the annual meeting held next after his election and until his successor shall have been elected and shall have qualified, or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. The directors named in the Articles of Incorporation of the Corporation and their successors in accordance with these By-Laws shall hold office until the first annual meeting of the stockholders for the election of directors and until their successors shall hold office until the first annual meeting of the stockholders for the election of directors and until their successors shall have been elected and shall have qualified.

Section 3. *Election of Directors.* – At each meeting of the stockholders for the election of directors, at which a quorum is present, the persons receiving the highest number of votes of the stockholders present in person or by proxy and entitled to vote shall be the directors. In case of any increase in the number of directors, the additional directors may be elected by the stockholders (i) at the first annual meeting held after such increase has been approved, (ii) or at a special meeting called for the purpose, or (iii) at the same meeting authorizing the increase of directors if so stated in the notice of the meeting.

The Board of Directors held three (3) regular meetings, two (2) special meetings, and one (1) organizational meeting in 2021. The details of the matters taken up during the board meetings are included in the Definitive Information Statement sent to the shareholders.

The attendance of the directors at the meetings of the Board of Directors (**"Board"**) and of stockholders held in 2021 is as follows:

Directors	Regular	ASM[1]	Org[2]	Regular	Special	Regular	Special	No. of meetings attended	Percentage present
	10-Mar-21	19-Apr-21	19-Apr-21	10-Aug-21	18-Oct-21	10-Nov-21	10-Dec-21		
Augusto Cesar D. Bengzon	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Maria Corazon G. Dizon[3]	✓	✓						2/2	100%
John Eric T. Francia	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Raymundo A. Reyes	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Jaime Z. Urquijo	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Jaime Alfonso E. Zobel de Ayala	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Ma. Aurora D. Geotina-Garcia	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Alberto A. Lim	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Rapahel Perpetuo M. Lotilla	✓	✓	✓	✓	✓	✓	✓	7/7	100%
Mario Antonio V. Paner[4]		✓	✓	✓	✓	✓	✓	6/6	100%

[1] Annual Stockholders' Meeting

[2] Organizational Meeting

[3] Director until 19 April 2021

[4] Elected 19 April 2021

As of 9 March 2022, the Board has held one (1) regular meeting in 2022. The details of the matters taken up during the board meetings are included in the Definitive Information Statement sent to the stockholders. All of the directors were present during the meeting on 9 March 2022.

To aid in compliance with the principles of good corporate governance, the Board constitutes committees which directly report to the Board in accordance with duly approved procedures.

As of 28 February 2022, the board committees and their members are as follows:

	Audit Committee	Board Risk Management and Related Party Transactions Committee	Corporate Governance and Nomination Committee	Executive Committee	Personnel and Compensation Committee
John Eric T. Francia				C	
Rolando J, Paulino, Jr. *				M	
Augusto Cesar D. Bengzon	M				
Jaime Z. Urquijo		M			M
Jaime Alfonso E. Zobel de Ayala				M	
Ma. Aurora D. Geotina-Garcia (Independent)	C				M
Raphael Perpetuo M. Lotilla (Independent)	M	M	C		
Alberto A. Lim (Independent)		C	M		
Mario Antonio V. Paner (Independent)			M		C

* To served the unexpired portion of Mr. Raymundo A. Reyes, Jr., who resigned as director effective 1 January 2022

C- Chairman; M - Member

a. Information required of directors and executive officers

i. Board of Directors

The following have been nominated to the Board for election at the annual stockholders' meeting and have accepted their respective nominations:

JOHN ERIC T. FRANCIA	MA. AURORA D. GEOTINA-GARCIA
ALBERTO M. DE LARRAZABAL	ALBERTO A. LIM
ROLANDO J. PAULINO, JR.	MARIO ANTONIO V. PANER
JAIME Z. URQUIJO	MELINDA L. OCAMPO
JAIME ALFONSO E. ZOBEL DE AYALA	

The nominees were formally nominated to the Corporate Governance and Nomination Committee of the Board by a minority stockholder of the Company, Mr. Allan Estrella, who holds 300 common shares, or 0.00 % of the total outstanding voting shares of the Company, and who is not related to any of the nominees. Ms. Ma. Aurora D. Geotina-Garcia, Mr. Alberto A. Lim, Mr. Antonio V. Paner, and Ms. Melinda L. Ocampo are being nominated as independent directors in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). The Corporate Governance and Nomination Committee evaluated the qualifications of all the nominees and prepared the final list of nominees in accordance with the Amended By-Laws and the Charter of the Board of the Company. All the nominees for independent directors, except for Ms. Melinda L. Ocampo, are incumbent independent directors of the Company.

Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

The Board of Directors of ACEX is responsible for the overall management and direction of the Company. The Board meets quarterly, or as often as required, to review and monitor the Company's financial position and operations and decide on such other matters as may be required by law to be decided by the Board. The Company's Directors are elected at the annual stockholders' meeting to hold office for one (1) year and until their respective successors have been elected and qualified.

None of the directors hold more than two percent (2%) of the Company's shares.

A summary of the qualifications of the incumbent directors who are nominees for directors for election at the annual stockholders' meeting, and the nominees for independent directors and incumbent officers is set forth in **Annex "A"**.

The officers of the Company are elected annually by the Board during its organizational meeting.

ii. Family Relationships

Jaime Z. Urquijo, Director, and Jaime Alfonso E. Zobel de Ayala, Director, are first cousins. Except for the foregoing, there are no known family relationships between the current members of the Board and key officers.

Other than the foregoing family relationships, none of the directors, executive officers or persons nominated to be elected to the Company's Board are related up to the fourth civil degree, either by consanguinity or affinity.

iii. Independent Directors

On 11 February 2005, the SEC approved the Amended By-Laws of the Company with regard to incorporation of the guidelines on the nomination and election of independent directors in compliance with SRC Rule 38.

The incumbent independent directors of ACEX for the year ending 31 December 2021 and for the current year as of the submission of this Information Statement are as follows:

1. Ms. Ma. Aurora D. Geotina-Garcia
2. Mr. Raphael Perpetuo M. Lotilla
3. Mr. Alberto A. Lim
4. Mr. Antonio V. Paner

The incumbent independent directors were nominated by Mr. Francisco L. Viray, who is not related to any of the independent directors either by consanguinity or affinity.

The independent directors of the Company are not officers or substantial shareholders of the Company, or officers of the Company's related companies.

iv. Significant Employee

Other than the aforementioned directors and executive officers identified in the item on Directors and Executive Officers in this Information Statement, there are no other employees of the Company who may have significant influence on the Company's major and/or strategic planning and decision-making.

v. Involvement in Certain Legal Proceedings

As of 28 February 2022, to the knowledge and/or information of the Company, the nominees for election as directors of the Company, present members of the Board, and the executive officers, except for Mr. Rolando J. Paulino, Jr., Ms. Ma. Aurora D. Geotina-Garcia and Mr. Alberto A. Lim, are not, presently or during the last five (5) years, involved in any legal proceedings which will have any material effect on the Company, its operations, reputation, or financial condition.

Ms. Geotina-Garcia

As of 28 February 2022, Ms. Ma. Aurora D. Geotina-Garcia, independent director, is subject of the following criminal or administrative investigation or proceeding:

Offense charged / investigated	**Tribunal / agency involved**	**Status**
Libel during Ms. Geotina-Garcia's term as director of the Bases Conversion and Development Authority (**"BCDA"**) (Crim. Case No. 150045-PSG)	Branch 167 of the Pasig City Regional Trial Court Case elevated to the Court of Appeals is pending	The case involves statements, which the Bases Conversion and Development Authority ("BCDA") caused to be published in the 10 April 2012 issue of the Philippine Daily Inquirer. At the time of publication, the accused were members of BCDA's Board of Directors, including myself. The private complainant, who is the Chief Executive Officer of CJH Development Corporation ("CJH DevCo"), contended that by these publications, the accused deliberately, maliciously, knowingly, and publicly imputed crimes, acts, and omissions against him, which supposedly tarnished, tainted, and besmirched his good name, honor, and reputation. In an Order dated 18 September 2020, the trial court granted the accused's demurrer to evidence and dismissed the case for insufficiency of the prosecution's evidence. The dismissal was equivalent to an acquittal, which was immediately final and executory. The private complainant filed a Petition for Certiorari dated 9 December 2020 with the Court of Appeals, alleging grave abuse of

		discretion on the part of the trial court in granting our demurrer to evidence and dismissing the case for insufficiency of the prosecution's evidence. In a Resolution dated 24 May 2021, the Court of Appeals required the respondents to file a comment. The accused filed their Comment dated 19 July 2021.
Criminal complaint for acts of the BCDA's Board of Directors during Ms. Geotina-Garcia's term as BCDA director (OMB-C-C-12-0287-G)	Case filed with the Office of the Ombudsman was dismissed. Case elevated to the Supreme Court by complainant is pending.	The Office of the Ombudsman dismissed the complaint on 15 January 2016. The appeal before the Supreme Court was dismissed in a Decision dated 13 January 2021. The petitioner filed a Motion for Reconsideration dated 9 February 2022 and is pending resolution.
Administrative complaint for acts of the BCDA's Board of Directors during Ms. Geotina-Garcia's term as BCDA director (OMB-C-A-12-1308-G)	Case filed before the Office of the Ombudsman was dismissed. Case was elevated to the Court of Appeals.	The Office of the Ombudsman dismissed the complaint. The complainant, CJH DevCo, filed a Petition for Review before the Court of Appeals (CA-G.R. SP No. 145849), which was dismissed in a Decision dated 30 January 2018 and was affirmed in a Resolution dated 16 May 2018. Ms. Geotina-Garcia is not aware of any appeal or petition filed by CJH DevCo from the Court of Appeals' rulings.

The libel case has been dismissed for insufficiency of the prosecution's evidence against Ms. Geotina-Garcia, which dismissal was equivalent to an acquittal. While the private complainant has filed a petition for certiorari with the Court of Appeals to question the dismissal of the libel case, the petition is susceptible to outright dismissal for having been filed out of time. Moreover, the private complainant must show grave abuse of discretion on the part of the trial court, which is difficult to do. In any case, the Court of Appeals has not required Ms. Geotina-Garcia and her co-respondents to file a comment on the petition. The administrative and criminal complaints filed against Ms. Geotina-Garcia as a member of the Board of Directors of BCDA have already been dismissed by the Office of the Ombudsman showing the lack of basis and merits to the charges. Notwithstanding the pendency of these cases, the Company believes that these cases will not and do not in any way affect Ms. Geotina-Garica's ability and bias her judgement and independence to act as an independent director of the Company. Further, the issues raised therein, as well as the parties to these cases, are not related in any way to the Company or any of its business.

Mr. Lim

As of 28 February 2022, Mr. Alberto A. Lim, independent director, is charged with Violation of Section 24.1(a)(iii) of the Securities Regulations Code, which is still pending with the Securities and Exchange Commission. The Company believes that this case will not and does not in any way affect Mr. Lim's ability and bias his judgement and independence to act as an independent director of the Company.

Mr. Francia

On 28 July 2020, ACEN was provided a copy of the Complaint-Affidavit filed by the Philippine Coast Guard ("PCG") with the Office of the City Prosecutor ("OCP") against Mr. John Eric T. Francia, director, in his capacity as President of ACEIC for violation of Section 107 of Republic Act ("RA") No. 8550, as amended by RA No. 10654, or The Philippine Fisheries Code of 1998. On 24 September 2020, ACEIC received a subpoena addressed to Mr. Francia requiring him to appear before the OCP and to submit his counter-affidavit. On 24 October 2020, Mr. Francia submitted his counter-affidavit to the OCP by courier.

The alleged violation is connected with the accidental discharge of fuel oil by ACEN's Power Barge ("PB") 102 on 3 July 2020. PB 102 is operated and maintained by Bulacan Power Generation Corporation ("BPGC").

On 4 December 2020, Mr. Francia through counsel received a copy of the Reply Affidavit of PCG Commander Joe Luviz Mercurio contending, among others that, (1) ACEIC, as the parent company of ACEN, exercises general management authority over ACEN pursuant to a supposed "management contract" between the two (2) corporations, and (2) BPGC does not have full control over the maintenance and operations of PB 102. On 4 February 2021, Mr. Francia, through his counsel, filed by courier his Rejoinder Affidavit with the OCP.

The OCP issued a resolution dated 30 June 2021, which found no probable cause to indict Mr. Francia, among others, and therefore recommended the dismissal of the Complaint Affidavit for lack of sufficient factual and legal basis. To this date, Mr. Francia has not received any appeal from the OCP's resolution.

Mr. Paulino

Mr. Rolando J. Paulino, Jr. found out through media outlets[5] that he, during his time as Managing Director of Shell Philippines Exploration BV, is one of the respondents in a complaint filed with the Office of the Ombudsman in relation to the sale of shares in the Malampaya gas-to-power project. To this date, Mr. Paulino has yet to receive any summons or notice from the Office of the Ombudsman, therefore, he is not aware if any proceeding has actually been instituted or any details thereof.

Further, none of its directors and senior executives has been subject of the following during the last five (5) years: (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign; (c) 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; or (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

As of 28 February 2022, there are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or of which any of the property of the Company or that of its subsidiaries is the subject.

vi. Non-re-election of director

No director has declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices. Mr. Augusto Cesar D. Bengzon will not be re-elected as director as part of a group-wide re-assignment of responsibilities. Mr. Raphael Perpetuo M. Lotilla, independent director, will not be re-elected as he has reached the maximum nine (9) year limit under SEC MC No. 4, Series of 2017. Mr. Raymundo A. Reyes, Jr. resigned as director effective 1 January 2022, but is currently the Company's General Manager beginning the same date.

[5] https://www.manilatimes.net/2021/10/20/business/corporate-news/case-filed-over-malampaya-stake-sale-to-udenna/1818999

b. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

In the last two (2) years, the Company has not been a party to any transaction in which a director or executive officer of the Company, any nominees for election as a director, any security holder owning more than 10% of the Company's issued and outstanding shares and/or any member of his immediate family had a material interest thereon. Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2020 and 31 December 2019, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Any transaction between the Company and a related party must be approved by the Board Risk Management and Related Party Transactions Committee, composed of independent directors. The Committee uses acceptable valuation methods common in the industry or project involved, including but not limited to:

1) Joint Venture Method, a market-based approach which uses actual transactions on the asset;
2) Comparative Valuation Method, which uses similar projects to estimate the value of an asset; and
3) Multiple Exploration Expenditure Method, which uses historical cost as basis for estimating asset value.

In the ordinary course of business, the Company transacts with associates, affiliates and other related parties on operating and reimbursement of expenses, management service agreements and advances. The transactions and balances of accounts as at and for year ended 31 December 2021 and as of 31 December 2020, with related parties are as follows:

	As at and for the Year Ended December 31, 2021					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	₱–	Management and professional fees	₱–	**₱2,448,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	–	Management and professional fees capitalized as deferred exploration cost	–	**12,240,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	–	Management and professional fees charged to consortium partner	–	**5,100,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**4,967,189**	Advances	–	**12,544,461**	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						

	As at and for the Year Ended December 31, 2021					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**134,400**	Management and professional fees	**–**	**117,926**	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			**₱–**	**₱32,450,387**		

	As at and for the Year Ended December 31, 2020					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	₱2,448,000	Management and professional fees	₱–	₱2,448,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	15,300,000	Management and professional fees capitalized as deferred exploration cost	–	12,240,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	5,100,000	Management and professional fees charged to consortium partner	–	5,100,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	–	Advances	–	7,577,272	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	134,400	Management and professional fees	–	80,961	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			₱–	₱27,446,233		

ACEN

ACEN provided advances to Palawan55 in 2021 totaling to ₱4,394,889 pertaining to professional and consultancy fees related to the SC work programs. ACEN provided advances to ACEX in 2021 totaling to ₱572,300 pertaining to filing and registration fees and other various expenses. ACEN also billed management fees to Palawan55 in 2020 which included ₱9 million pertaining to compensation of officers.

On 29 December 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in the Company to ACEN at an issue price of Php10.00 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIPP with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in OSPGC with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

On 13 January 2022, ACEX entered into a Loan Agreement with ACEN in the amount of Php127 Million, for a period of six (6) months, with an interest rate of 3.875%.

ACES
ACES provided to the Group a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services (without engaging in the practice of accountancy), human resources management, manpower related services and other related functions.

Starting January 1, 2020, the compensation of the Group's key management personnel are paid by the Intermediate Parent Company, ACEN, and as such, the necessary disclosures required by PAS 24, *Related Party Disclosures,* are included in the financial statements of the Intermediate Parent Company.

Identification, Review and Approval of Related Party Transactions
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

c. Ownership structure and Parent Company

As of 28 February 2022, ACEN owns 75.92% of the outstanding voting shares of the Company. The immediate parent company of ACEN is ACEIC. ACEN has a management contract with ACEIC effective until 01 September 2023. Under the contract, ACEIC has general management authority with corresponding responsibility over all operations and personnel of ACEN, including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the Company. The ultimate parent company of the Company is Mermac, Inc., which domiciled and incorporated in the Republic of the Philippines.

Item 6. Compensation of Directors and Executive Officers

a. Executive Compensation

For the calendar years ended 31 December 2021, 31 December 2020, and 31 December 2019, the total salaries, allowances, and bonuses paid to the directors and executive officers of the Company are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Officers (Total Compensation)				
John Eric T. Francia, Chairman and CEO				
Raymundo A. Reyes, Jr., President and COO				
Maria Corazon G. Dizon, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
Alan T. Ascalon, Assistant Corporate Secretary				
	2021	-	-	3,768,496
	2020	-	-	11,727,123

	Year	Salaries	Bonus	Others
	2019	-	-	952,084
All Other Officers and Directors as a Group (Total Compensation)				
	2021	-	-	-
	2020	-	-	1,180,000
	2019	-	-	860,000

For the calendar years ended 31 December 2022, the total salaries, allowances, and bonuses estimated to be paid to the directors and executive officers of the Company are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Officers (Total Compensation)				
John Eric T. Francia, Chairman and CEO				
Rolando J. Paulino, Jr., President				
Maria Corazon G. Dizon, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
Ronald F. Cuadro, VP, Finance & Controller				
Estimate	2022	-	-	20,062,917
All Other Officers and Directors as a Group (Total Compensation)				
Estimate	2022	-	-	-

i. Compensation of Directors

The incumbent non-independent directors do not receive allowances, per diem, or bonuses. The incumbent independent directors are entitled to receive ₱50,000 per Board meeting attended, and ₱10,000 per Committee meeting attended. As of 31 December 2021, the independent directors received the following amounts (net of taxes) as per diem for the meetings attended during the year 2021:

Ma. Aurora Geotina-Garica	₱300,000.00
Raphael Perpetuo M. Lotilla	₱320,000.00
Alberto A. Lim	₱340,000.00
Mario Antonio V. Paner	₱230,000.00

Total per diem for each independent director in 2022 is estimated at ₱300,000.

There are no other existing arrangements/agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.

ii. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company does not have written contracts with any of its executive officers or other significant employees.

Under Article VI, Section 2 of the Company's By-Laws, the Chairman of the Board, the Vice Chairman, the President, the Vice President(s), the General Manager, the Secretary, and the Treasurer shall be elected annually by affirmative vote of a majority of all the members of the Board. Each officer shall hold office until his or her successor is elected and qualified in his or her stead, or until he or she shall have resigned or shall have been removed in the manner so provided. Such other officers as may from time to time be elected or appointed by the Board shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board may determine. The Chairman of the Board, the Vice

Chairman and the President shall be chosen from among the directors, and the Secretary shall be a resident and a citizen of the Philippines.

iii. Compensatory Plan or Arrangement

The compensation received by officers who are not members of the Board of Directors of the Company represents salaries, bonuses, and other benefits.

Retirement plan varies per entity, but all permanent and regular employees of the Company and its subsidiaries are covered by the ACEN retirement plan (the **"Plan"**). The Plan provides benefits upon normal retirement beginning at age 60, early retirement beginning at age 50 with completion of at least 5 or 10 years of service. At the plant-level, retirement plan includes voluntary separation beginning upon completion of at least 10 years of service, total and physical disability, death, and involuntary separation. Benefits are based on the employee's final monthly basic salary and length of service.

iv. Warrants and Options Outstanding

As of 28 February2022, none of the Company's directors and executive officers hold any warrants or options in the Company.

Item 7. Independent Accountant's Appointment

a. The Audit Committee of the Company proposed that the accounting firm of SyCip Gorres Velayo & Co. (SGV) be retained as the Company's external auditor for the year 2021. The incumbent members of the Audit Committee are as follows:

i.	Ms. Ma. Aurora Geotina-Garcia	Chairman
ii.	Mr. Raphael Perpetuo M. Lotilla	Member
iii.	Mr. Augusto Cesar D. Bengzon	Member

SGV has been the Company's Independent Public Accountant since 1994. The Audit Committee, the Board, and the stockholders of the Company approved the engagement of SGV as the Company's external auditor for 2021. The services rendered by SGV for the calendar year ended 31 December 2021 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of the Company's annual income tax return, and other services related to filing of reports made with the SEC.

The engagement partner who conducted the audit for calendar year 2021 is Mr. Benjamin N. Villacorte, an SEC accredited auditing partner of SGV. This is Mr. Villacorte's fourth year as engagement partner for the Company.

b. **Changes in and disagreements with accountants on accounting and financial disclosure.**

During the past five (5) years, there has been no event in which the Company and SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

c. The Company complied with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every five (5) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor.

The external auditors for the current year and for the most recently completed fiscal year are expected to be present at the Meeting. Relevant questions for the auditors may be sent to **corpsec.enexor@acenergy.com.ph** and will be answered directly by them. They are likewise given an opportunity to give statements if they desire to do so.

d. **Audit and Audit-Related Fees**

The total external auditor fees of SGV & Co. in 2021 and 2020 amounted to ₱0.27M and ₱0.23M, including VAT, respectively.

2021 External Auditor Fees	Amount in Million Pesos (inclusive of VAT)	
	2021	2020
Audit and Audit-Related Fees	₱0.17	₱0.17
Non-Audit Fees	0.10	0.06
Grand Total	₱0.27	₱0.23

The audit and audit-related fees include the audit of ACEX's annual financial statements.

The Audit Committee discusses the nature and scope of the audit with the external auditor before the audit commences. It pre-approves audit fees during its first quarter meeting while plans, scope, and frequency are approved during its third quarter meeting. It evaluates and determines non-audit work by the external auditor and reviews the non-audit fees paid to the external auditor, both in relation to their significance to the audit and in relation to the Company's total expenditure on consultancy.

e. **Tax fees**

No tax consultancy services were secured from SGV for the past two (2) years.

f. **All other fees (Non-Audit Fees)**

Non-audit fees include the validation of votes during the 2020 annual stockholders' meeting.

Item 8. Compensation Plans

No matter or action relating to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or issuance of securities other than for exchange

a. Title and Amount of Securities to be Authorized or Issued:

i. Issuance of Shares to ACEN

To be presented for approval of the stockholders is the issuance and listing of 339,076,058 common shares of the Company (the "TFE Shares") to ACEN in exchange for the following properties of ACEN (collectively, the "TFE Assets"): (a) 3,064,900 common shares in Palawan55 with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIPP with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in OSPGC with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC (the "TFE").

ACEX will acquire from ACEN the ownership interest in the TFE Assets indicated in **Schedule 1** hereof.

The issuance of said TFE Shares was approved by the Board of Directors on 18 October 2021. On 29 December 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue the Shares to ACEN at an issue price of Php10.00 per share in exchange for the TFE Assets. On 31 January 2022, ACEX and ACEN executed an Amendment to the Deed of Assignment to correct the reference to the resulting ownership percentage of ACEN in the Company from 89.96% to 89.78% of the outstanding capital stock of the Company.

On 29 December 2021, the Company submitted for evaluation of the Securities and Exchange Commission ("SEC") a request for confirmation of the valuation ("TFE Confirmation of Valuation")[6] of the TFE Assets in exchange for the TFE Shares in accordance with the Guidelines Covering the Use of Properties that Require Ownership Registration as Paid-up Capital of the Corporation, adopted by the SEC on 15 November 1994, and as amended on 8 August 2013, per Memo Circular No. 14, Series of 2013. The valuation of the TFE Assets and the TFE Shares were based on the valuation study conducted by FTI Consulting, an independent firm accredited by the SEC as Professional Services Organization. To date, the TFE Confirmation of Valuation is pending with the Company Registration and Monitoring Department of the SEC.]

ACEX already owns the remaining 69.35% of Palawan55 while the remaining 82.87% of OSPGC is owned by BPGC. After the implementation of this transaction, ACEX will effectively own 100% of each of Palawan 55 and OSPGC.

The issuance of the Shares is not subject to pre-emptive rights of stockholders pursuant to Article Seventh of the Company's Articles of Incorporation, which states that "(t)here shall be no pre-emptive rights with respect to shares of stock to be issued sold or otherwise disposed of by the Corporation for any corporate purpose …."

The exchange of the Shares for the Property will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended by Republic Act No. 11534, or the CREATE Act, which provides that:

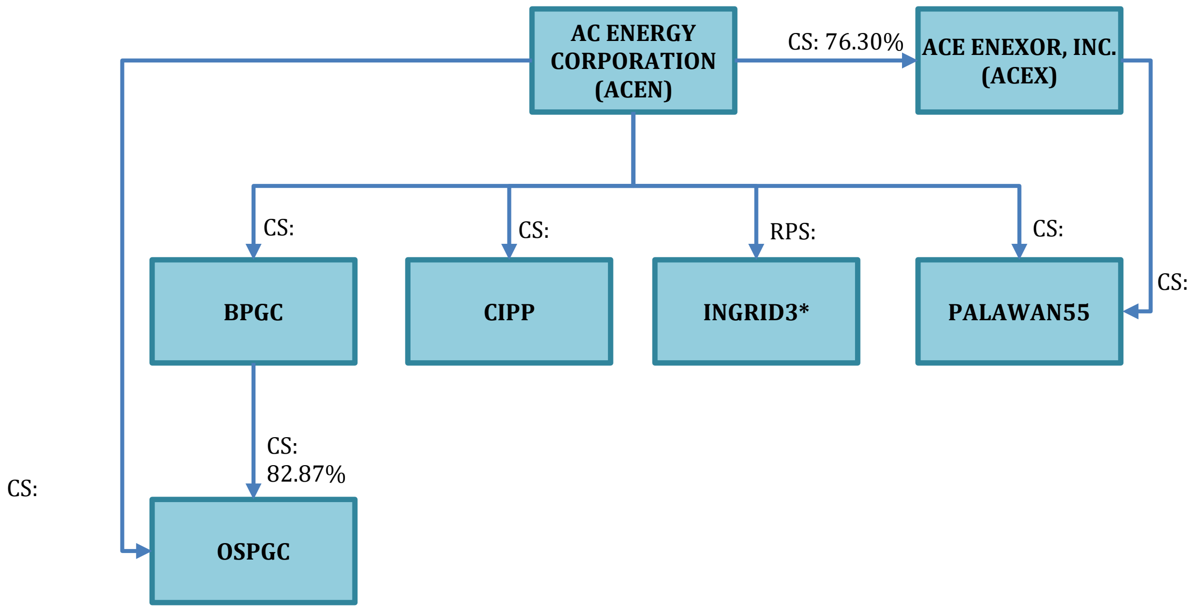
> (2) Exception. - * * *
>
> No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: Provided, That stocks issued for services shall not be considered as issued in return for property.

On 4 February 2022, the Company filed with the Bureau of Internal Revenue ("BIR") for the issuance of a Certificate Authorizing Registration ("TFE CAR") for the TFE Assets to be transferred in the name of the Company. To date, the TFE CAR is pending with the BIR.

The Company is targeting to issue the TFE Shares on 29 June 2022 and list the TFE Shares on in the third quarter of 2022 after the listing of the Offer Shares.

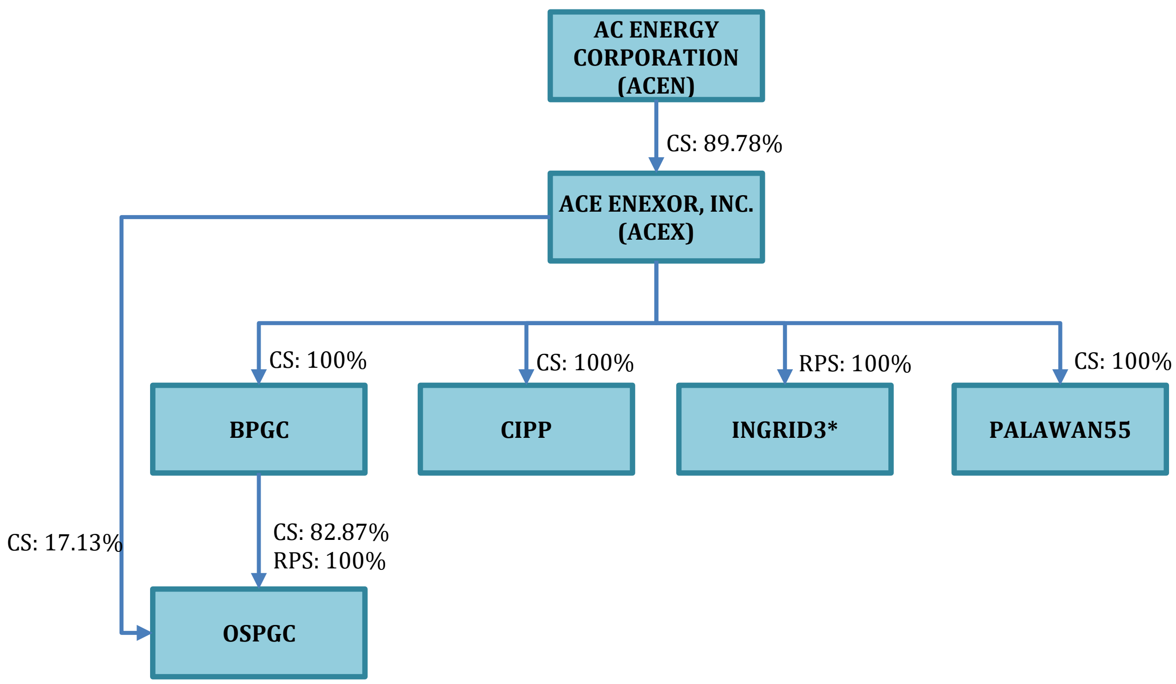
[6] While the Company has submitted to the SEC documents supporting its application for a confirmation of valuation, the TFE Confirmation of Valuation will only be considered officially filed once the filing fees thereon are paid

Ownership Structure before the TFE and as at 31 December 2021



CS: Common Shares
RPS: Redeemable Preferred Shares
*** ACE Endevor, Inc. owns 100% of the CS of Ingrid3**

Ownership Structure after the TFE



CS: Common Shares
RPS: Redeemable Preferred Shares
*** ACE Endevor, Inc. owns 100% of the CS of Ingrid3**

Since the TFE is between related parties, and the issue price of the Common Shares was not at premium to the weighted average of closing prices of ACEX shares over the 30-trading day period prior to the execution of the TFE, the Company will conduct a stock rights offer to the minority stockholders, pursuant to Section 6, Part A, Article V of the Revised Listing and Disclosure rules of the PSE, subject to final approval by the

Board of the details of the SRO, at a ratio that would maintain the minority stockholder's ownership in ACEX prior to completion of the TFE. All major stockholders and directors shall abstain from exercising their rights to the offer and ACEN will take up all shares left unsubscribed in the SRO, provided that the Company shall at all times maintain the PSE's 20% minimum public ownership immediately following the issuance of Common Shares to ACEN arising from implementation of the TFE.

The Company is targeting to list the Rights Shares in the third quarter of 2022 contemporaneous with the listing of the TFE Shares.

ii. Issuance of Shares pursuant to the Company's Follow-On Offering

To be presented for approval of the stockholders is the issuance of 74,000,000 shares pursuant to a planned Follow-On Offering ("FOO") of the Company's shares.

On 21 March 2022, the Executive Committee of the Company, by authority of the Board of Directors, approved the conduct of a FOO with a size of up to 74,000,000 shares to be priced at P10.00 to P11.84 per share. On 25 March 2022, the Executive Committee of the Company, by authority of the Board of Directors, approved the filing of a Registration Statement for a three-year shelf registration (the "**Shelf Registration**") of up to 649,870,100 primary common shares of ACEX. On 30 March 2022, the Company submitted the Registration Statement covering the Shelf Registration and the FOO of up to 74,000,000 common shares with a par value of ₱1.00 per share at an offer price between ₱10.00 to ₱11.84 per share proposed to be offered as the first tranche under the Shelf Registration

b. Description of the Registrant's Securities:

The Company's current authorized capital stock is One Billion Pesos (PhP1,000,000,000.00) divided into One Billion (1,000,000,000) shares at par value of One Peso (PhP1.00) per share.

As of 28 February 2022, 250,000,001 shares of the Company are issued and outstanding. Stockholders of the Company enjoy full dividend and voting rights in accordance with the Corporation Code, pro-rata to their shareholdings. Pursuant to Article Seventh of the Company's Articles of Incorporation, stockholders do not have pre-emptive rights to with respect to shares of stock to be issued, sold or otherwise disposed of by the Company for any corporate purpose, including those to be issued pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans.

All common shares have full voting rights and the right to receive dividends. There are no other class of shares which enjoy preferential rights as to voting or dividends. There are no provisions in the Articles or the By-laws that would delay, defer or prevent a change in control of the Company.

c. Nature and approximate amount of consideration received or to be received by the Company and approximate amounts devoted to each purpose for which the net proceeds have been used or are to be used.

i. Issuance of shares to ACEN

The Property was valued by the Company and ACEN at Php3,390,760,580.00 as of 30 June 2021 valuation date, which valuation is supported by a fairness opinion by FTI Consulting, as the independent third-party fairness opinion provider. FTI Consulting is accredited by the PSE and SEC.

Subject to the following regulatory approvals: (a) approval of the valuation and confirmation of exempt transaction by the SEC, and (b) issuance by the BIR of a CAR for the shares comprising the Property, this transaction will close upon the listing of the Shares with the PSE.

The Company will continue to carry out its principal business, which is oil and gas exploration, through Palawan55, where it holds a 75% interest in SC 55. The SC 55 Consortium is composed of Palawan55 (75%) and Pryce Gases, Inc. (25%).

On 15 April 2020, the Department of Energy ("DOE") confirmed the entry of SC 55 into the Appraisal Period effective 26 April 2020, stating that after the review and evaluation of the Hawkeye discovery report, it confirmed that the Hawkeye-1 well did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55. The SC 55 Consortium committed to drill one (1) deep-water well within the first two years of SC55's Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

On 11 May 2021, the DOE approved the SC 55 Consortium's request to place SC 55 under force majeure for a period of one (1) year. The timeline of the SC 55 Appraisal Period will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC 55 was on force majeure.

Palawan55 is currently in the detailed planning stage for the drilling of the obligatory well.

In addition to its oil and gas exploration business, the Company will now have an additional source of income from power generation with the infusion of the 21 megawatt diesel power plant located in Bacnotan, La Union (owned by CIPP), the 52 megawatt diesel power plant in Norzagaray, Bulacan (owned by BPGC) and the 116 megawatt diesel power plant in Subic Bay Freeport (currently under long-term lease by OSPGC). CIP, BPGC and OSPGC each have a ten-year Power Administration and Management Agreement with ACEN whereby ACEN administers and manages the entire generation output of the plants and pays a capacity fee and a variable fee based on actual deliveries of electricity generated. Furthermore, CIP, BPGC and OSPGC each have an Ancillary Services Procurement Agreement with the National Grid Corporation of the Philippines (NGCP), under which the plants supply dispatchable reserves to the Luzon Grid to ensure reliability in the operation of the transmission system and electricity supply in the Luzon Grid. In addition, Ingrid3 is a development company that is being positioned to develop and construct a thermal project in the Philippines to further increase the power generation portfolio of the Company. To date, Ingrid3 remains in the development stage and no investment decision has been made yet as to a specific thermal project.

The transfer of the Property to the Company will allow the Company to have a steady source of income from power plants owned and operated by the companies subject of this transaction. These power plants earn income by generating and selling power and providing ancillary services. Moreover, as a result of this transaction, the Company will increase its stake in Service Contract No. 55, as it will increase its ownership of Palawan55 from 69.3505% to 100%. Palawan55 currently owns 75% of SC 55. This transaction is also in line with the goal of establishing ACEX as the energy transition platform of the ACEN group.

ii. Issuance of Shares Pursuant to FOO**.**

The Company expects to raise gross proceeds of approximately PhP740,000,000.00 to PhP876,160,000.00 from the FOO, assuming an Offer Price of PhP10.00 to PhP11.84] per Offer Share. The net proceeds from the FOO, determined by deducting from the gross proceeds the issue management and listing fees, taxes, and other related fees and expenses, which are estimated to be at approximately 3.3% to 3.5% of the gross proceeds of the FOO, assuming an Offer Price of PhP10.00 to PhP11.84 per Offer Share, which will be used by the Company to partially fund the development of power projects in the pipeline, share in the exploration costs of SC 55, and inorganic growth opportunities if and when they arise and other general corporate requirements

Item 10. Modification or Exchange of Securities

The Company will not be presenting any matter or act involving the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class during the meeting.

Item 11. Financial and Other Information

The Management's Discussion and Analysis (MD&A) or Plan of Operations and the Company's Audited Financial Statements as of 31 December 2021 are attached hereto as **Annexes "D"** and **"E"**. The Annual Report for the said period will be distributed to stockholders of record via https://enexor.com.ph/annual-report-2021/.

THE ANNUAL REPORT ON SEC FORM 17-A FOR THE YEAR ENDED 31 DECEMBER 2021 WILL BE AVAILABLE UPON REQUEST OF STOCKHOLDERS. THE REQUEST MAY BE SENT DIRECTLY TO THE CORPORATE SECRETARY, ATTY. DODJIE D. LAGAZO, WITH OFFICE AT THE 35th FLOOR, AYALA TRIANGLE GARDENS TOWER 2, PASEO DE ROXAS CORNER MAKATI AVENUE, MAKATI CITY AND A COPY WILL BE SENT, FREE OF CHARGE.

Dividends

There is no restriction on payment by the Company of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration.

The Company's By-Laws provide that cash and stock dividends shall be declared only from the unrestricted surplus profit and shall be payable at such time and in such manner and in such amounts as the Board and stockholders respectively shall determine. No dividends shall be declared which would impair the capital of the Company. Apart from the said restrictions provided by law and the SEC, there is no restriction on payment of dividends.

The Service Contracts of the Company are in their exploration stage. As such, significant expenses on the part of the Company to finance its share in the expenses of exploration, in accordance with its participation interests in the said Service Contracts, are expected. In the event of favorable results of exploration and extraction of oil/gas from the areas of said Service Contracts, and favorable operational and market conditions, the Company plans to declare cash or stock dividends to its stockholders on a regular basis, in amounts determined by the Board, taking into account various factors, including:

- the level of the Company's cash, gearing, return on equity and retained earnings;
- the Company's results for, and the Company's financial condition at, the end of the year, the year in respect of which the dividend is to be paid, and the Company's expected financial performance;
- the Company's projected levels of capital expenditure and other investment plans;
- restrictions of payment of dividends that may be imposed on the Company by any of its financing arrangements and current and prospective debt service requirements; and
- such other factors as the Board deems appropriate.

The Company has not declared any cash or other dividends from the time of its incorporation, and as of record date.

Item 12. Mergers, consolidations, acquisitions and similar matters

There is no proposed merger, consolidation, sale or liquidation of the Company that will be presented during the meeting.

Item 13. Acquisition or disposition of property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. Restatement of accounts

As used herein and in other sections of this Information Statement, unless the context otherwise requires, the Company refers to the Company and its subsidiary where the Company has control pursuant to SRC Rule 68, Par. 6 (Consolidated Financial Statements).

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRS) and the Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC) which became effective beginning 01 January 2018. Extensive discussions are made in the group's financial statements for PFRS 15 and 9, PIC Q&A on Land Classification, and PIC Q&A on Advances to Contractors, as all these standards have significant impact on the group. The group will also adopt several amended and revised standards and interpretations in the coming years 2021, 2022, and 2023.

The Company does not have any business operations at present. The Company has not restated its accounts as of present date.

D. OTHER MATTERS

Item 15. Action with respect to reports

a. At the last Annual Stockholders' Meeting held on 19 April 2021, the President reported on the performance of the Company in 2020 through an audio-visual presentation. The following matters were likewise presented and approved by the stockholders during the said meeting:

    i. Minutes of the previous Annual Stockholders' Meeting;
    ii. Annual Report of Management including the Audited Financial Statements for the year ended 31 December 2020;
    iii. Ratification of all acts of the Board of Directors and of Management since the last Annual Stockholders' Meeting;
    iv. Delegation of power and authority to the Board of Directors to amend the By-laws
    v. Election of nine (9) directors including four (4) independent directors for the ensuing year; and
    vi. Appointment of external auditor.

    The approval of the Minutes of the previous Annual Stockholders' Meeting, the approval of Annual Report of Management including the Audited Financial Statements for the year ended 31 December 2020, the Ratification of all acts of the Board of Directors and of Management since the last Annual Stockholders' Meeting, and the approval of the appointment of the Company's external auditor were approved by a majority of the stockholders represented in person or by proxy during the Annual Stockholders' Meeting. The approval of the delegation of power and authority to the Board of Directors to amend the By-laws was approved by stockholders representing at least two thirds (2/3) of the Company's outstanding capital stock

b. For the Annual Stockholders' Meeting on 25 April 2022, the President will report on the performance of the Company in 2021. The following matters will also be presented for the consideration of the stockholders at such meeting:

    i. Approval of the minutes of the previous Annual Stockholders' Meeting (see **Annex "B"**);
    ii. Approval of the Annual Report of Management (see **Annex "D"**) including the Audited Financial Statements for the year ended 31 December 2021 (see **Annex "E"**)
    iii. Ratification of all acts of the Board of Directors and of Management since the last Annual Stockholders' Meeting (see **Annex "C"**);
    iv. Issuance of shares to AC Energy Corporation (in exchange for property for corporate purposes)
    v. Issuance and listing of up to 74,000,000 shares pursuant to a Follow-on Offering
    vi. Amendment of the Articles of Incorporation to change the corporate name
    vii. Amendment of the Articles of Incorporation to change the principal place of business
    viii. Election of nine (9) directors including four (4) independent directors for the ensuing year; and
    ix. Appointment of external auditor.

    The approval of the Minutes of the previous Annual Stockholders' Meeting, the approval of Annual Report of Management including the Audited Financial Statements for the year ended 31 December 2020, the Ratification of all acts of the Board of Directors and of Management since the last Annual Stockholders' Meeting, the issuance of shares to AC Energy Corporation, the issuance of 74,000,000 shares pursuant to an FOO, the election of directors including independent directors, and the approval of the appointment of the Company's external auditor shall require the affirmative vote or written assent of a majority of the stockholders represented in person or by proxy during the Annual Stockholders'

Meeting. The Amendment of the Articles of Incorporation requires the affirmative vote or written assent of two thirds (2/3) of the entire outstanding stock entitled to vote.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, By-Laws or Other Documents

The Company will seek stockholders' approval of the amendment of Article First and Article Third of its Articles of Incorporation to change the name of the Company from "ACE Enexor, Inc." to "ENEX Energy Corp.".

The proposed amendment shall read as follows *(amended portions underlined)*:

Amended Article of Incorporation of
<u>**ENEX Energy Corp.**</u>

<u>Know all men by these presents: xxx</u>

<u>**FIRST**: The name of the corporation shall be:</u>

<u>**ENEX Energy Corp.**</u>
(As amended during the meeting of the Board of Directors held on 9 March 2022)

xxx

THIRD: The principal office of the corporation is to be established or located at <u>**35th Floor, Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines.**</u> *(As amended during the meeting of the Board of Directors held on 10 November 2021)*

The amendments to the Articles of Incorporation are necessary to reflect the change in the Corporation's principal address and to highlight the Corporation's focus on energy transition.

Item 18. Other Proposed Action

a. Election of the members of the Board of Directors, including the independent directors, for the ensuing year.

b. Ratification of all acts of the Board of Directors and officers beginning 19 April 2021 to 24 April 2022.

The acts of the Board of Directors, its Committees, and Management involve the:

(i) constitution of Board Committees and appointment of Chairmen and members;
(ii) election of lead independent director and officers;
(iii) updating of the list of attorneys-in-fact and authorized signatories;
(iv) ratification of the actions of the Board committees;
(v) execution of agreements relating to the properties and the business of the Company;
(vi) 2021 Company Budget;
(vii) approval of reports to be issued by the Company; and
(viii) Others.

c. Election of external auditor and fixing of its remuneration

Item 19. Voting Procedures

a. Vote Required.

The nine (9) nominees for directors receiving the highest number of votes shall be declared elected, provided that at least two (2) out of the nine (9) directors shall be independent directors. The stockholders have cumulative voting rights with respect to the election of the Company's directors. The amendment of the Articles of Incorporation shall require the affirmative vote of two-thirds (2/3) of the outstanding capital stock of the Company. All other items in the Agenda shall require the affirmative vote of a majority of the issued and outstanding capital stock entitled to vote in the meeting. Each stockholder may vote in person or by proxy the number of shares of stock standing in his or her own name in the books of the Company as of the record date of the meeting.

b. Method of Voting.

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one (1) vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically in *absentia.*

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary on or before 9:00 AM of 15 April 2022. Considering the extraordinary circumstance in relation to COVID-19, the Corporation shall allow electronic signature of the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Corporation reserves the right to request additional information, and original and sign notarized copies of these documents at a later time.

Each stockholder or member shall have the right to nominate any director or trustee who possesses all of the qualifications and none of the disqualifications set forth in this Code. Stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided,* That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected: *Provided, however*, That no delinquent stock shall be voted. (Section 23 of the *Revised Corporation Code of the Philippines*)

Because abstentions with respect to any matter are treated as shares present and represented and entitled to vote for purposes of determining whether that matter has been approved by the stockholders, abstentions have the same effect as negative votes. Broker non-votes and shares as to which proxy authority has been withheld with respect to any matter are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. The results shall be tallied in a book kept exclusively for such purpose and signed by the Corporate Secretary and the External Auditor. Each of the proposed resolutions will be shown on the screen as the same is taken up at the meeting.

Item 20. Participation of Stockholders by Remote Communication

To comply with applicable regulations prohibiting mass gatherings, identifying authorized persons outside residence, and/or requiring social distancing to prevent the spread of COVID-19 (the **"Regulations"**) and to ensure the safety and welfare of our stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication, as set forth below, and by voting in *absentia*, as provided in Item 4 (b) and Item 19 above, or voting through the Chairman of the meeting as proxy.

The live webcast of the meeting shall be accessible through the following online web address: http://www.ayalagroupshareholders.com/. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by email to corpsec.enexor@acenergy.com.ph on or before 19 April 2022, of their participation in the meeting by remote communication. Stockholders may email questions or comments prior to or during the meeting at the following email address: corpsec.enexor@acenergy.com.ph. The detailed instructions for participation through remote communication are attached as **Annex "F"**.

Item 21. Requirements under Section 49 of the Revised Corporation Code of the Philippines

a. Description of the voting and vote tabulation procedures used in the previous meeting;

As the previous meeting was held in a virtual format because of government regulations that prevented the Corporation from conducting an in-person meeting, the Corporation strived to provide the stockholders the opportunity to participate in the meeting to the same extent possible as in an in-person meeting. The rules of conduct and voting procedures for the meeting, were provided in the DIS and the Explanation of Agenda Items, which were part of the Notice that was distributed to the stockholders.

i. The agenda for this meeting covered a range of matters requiring stockholders' vote and was included in the Notice sent to stockholders for this meeting. Stockholders were also provided an opportunity to propose matters for inclusion in the agenda, pursuant to applicable laws, rules and regulations and our internal guidelines.

ii. Stockholders who registered under the Voting in Absentia & Shareholder ("**VIASH**") System or who notified the Corporation by email to corpsec.enexor@acenergy.com.ph by 14 April 2021 of their intention to participate in the meeting by remote communication may send their questions or comments to the above-mentioned email address.

iii. The Assistant Corporate Secretary read the questions or comments received before 2:30 p.m. under the item "Other Matters". Management would reply by e-mail to questions and comments not taken up during the meeting.

iv. There were six (6) resolutions proposed for adoption by the stockholders in the meeting. Each proposed resolution was shown on the screen as the same was being taken up.

v. Stockholders cast their votes on these proposed resolutions and in the election of directors beginning 12 April 2021 through the Corporation's VIASH System. The polls remained open until the end of the meeting for stockholders who had successfully registered to cast their votes electronically using the VIASH System.

vi. Alternatively, the Corporation also provided the stockholders the option to appoint the Chairman as proxy. The Corporation tabulated the votes cast as of 8 April 2021, after the end of the proxy validation process. Those votes were from stockholders owning 190,729,377 voting shares representing 76.29% of the total outstanding shares. All voting results reported at the meeting, referred to this preliminary tabulation. The results of the final tabulation of votes, with full details of the affirmative and negative votes and abstentions, were posted in the Company's website and PSE EDGE and reflected in the minutes of the meeting.

b. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;

Stockholders who registered under the Voting in Absentia & Shareholder ("**VIASH**") System or who notified the Corporation by email to corpsec.enexor@acenergy.com.ph by 14 April 2021 of their intention to participate in the meeting by remote communication were giving the opportunity to send their questions or comments to the above-mentioned email address. All questions received were answered at the meeting.

The Assistant Corporate Secretary read the questions or comments received before 2:30 p.m. under the item "Other Matters". Management would reply by e-mail to questions and comments not taken up during the meeting.

The Assistant Corporate Secretary, Mr. Alan T. Ascalon, read the questions and comments together with the names of the stockholders who sent them.

Mr. Francis Batnag (stockholder): *What are your immediate plans for Enexor this year? Will you be commencing drilling?*
Chairman: We plan to complete the drilling proposal and submit the same to the DOE for approval soon. Once we receive DOE approval, we will start the tendering process for the drilling rig, drilling equipment and supplies, and oilfield services. We hope to conclude the procurement in H2 2021. Drilling will likely happen in Q2 2022, at the earliest.

Mr. Francis Batnag (stockholder): *What is the nature of the company's request to declare force majeure? What is the current status? Also, should the DOE grant ACEX's request of force majeure on SC55, how will this affect the current roadmap to drill by April 22?*
President: The company requested the DOE to declare force majeure on the service contract in view of the far-reaching adverse effects of the COVID-19 pandemic on the global upstream petroleum industry. The Force Majeure request is still pending with the DOE. Even if the Force Majeure is granted, the SC55 venture will, nevertheless, continue to exert best efforts to deliver the obligatory well as soon as is reasonably practicable.

Danilo L. Panes (stockholder): *You mentioned that you are looking for strategic partners. What is the status of this?*
Chairman: We are open to having new partner(s) whose financial and technical capabilities would be a strategic fit to ours. We are currently still searching for strategic partners.

Danilo L. Panes (stockholder): *Why did the company exit the SC6 Block A consortium?*
President: We used to have a very small minority interest in SC6 Block A, which currently has no commercial operations. Given this, we opted to just exit the service contract in order to focus our efforts on SC55.

c. The matters discussed and resolutions reached
d. A record of the voting results for each agenda item

Resolution No. S-2021-001
RESOLVED, to approve the minutes of the annual stockholders' meeting held on 20 April 2020.

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

Resolution No. S-2021-002
RESOLVED, to note the Corporation's Annual Report, which consists of the Chairman's Message and the President's Report to the stockholders, and to approve the consolidated financial statements of the Corporation and its subsidiaries, and parent company financial statements of the Corporation as of 31 December 2020, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

Resolution No. S-2021-003
RESOLVED, to ratify each and every act and resolution, from 20 April 2020 to 18 April 2021 (the "Period"), of the Board of Directors (the "Board"), the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee, and other Board committees as well as with the By-laws of the Corporation.

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

Resolution No. S-2021-004
RESOLVED, to delegate to the Board of Directors the power to amend the Corporation's By-Laws and any portion thereof.

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

Resolution No. S-2021-005
RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:
Augusto Cesar D. Bengzon
John Eric T. Francia
Raymundo A. Reyes, Jr.
Jaime Alfonso E. Zobel de Ayala
Jaime Z. Urquijo
Ma. Aurora D. Geotina-Garcia (*Independent Director*)
Raphael Perpetuo M. Lotilla (*Independent Director*)
Alberto A. Lim (*Independent Director*)
Mario Antonio V. Paner (*Independent Director*)

Director	No. of votes received
1. Augusto Cesar D. Bengzon	190,732,995
2. John Eric T. Francia	190,732,995
3. Maria Corazon G. Dizon	190,732,995
4. Raymundo A. Reyes, Jr.	190,732,995
5. Jaime Z. Urquijo	190,732,995
6. Jaime Alfonso Zobel de Ayala	190,732,995
7. Ma. Aurora Geotina-Garcia	190,732,995
8. Alberto A. Lim	190,732,995
9. Raphael Perpetuo M. Lotilla	190,732,995

Resolution No. S-2021-006
RESOLVED, as endorsed by the Board of Directors, to approve the appointment of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2021 for an audit fee of One Hundred Fifty-five Thousand Pesos (PHP 155,000.00), exclusive of value-added tax and out-of-pocket expenses.

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

e. A list of directors or trustees, officers and stockholders or members who attended the meeting;

The following directors and officers were present:

1. John Eric. T. Francia – Director; Chairman, CEO
2. Augusto Cesar D. Bengzon – Director
3. Raymundo A. Reyes, Jr. – Director; President and COO
4. Maria Corazon G. Dizon – Director; CFO & Treasurer, Chief Risk Officer
5. Jaime Z. Urquijo - Director
6. Jaime Alfonso Zobel de Ayala - Director
7. Ma. Aurora D. Geotina-Garcia - Director
8. Alberto A. Lim - Director
9. Raphael Perpetuo M. Lotilla - Director
10. Dodjie D. Lagazo – Corporate Secretary
11. Alan T. Ascalon – Assistant Corporate Secretary

Stockholders representing 76.31% (190,768,466 shares) of the Corporation's outstanding capital stock were present during meeting.

f. Material information on the current stockholders, and their voting rights;

The Company's Shares have full voting rights. Each holder of a Share will be entitled to one (1) vote for each Share held. However, the Revised Corporation Code of the Philippines provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent, treasury shares, or if the shareholder has elected to exercise his right of appraisal.

The stockholders have cumulative voting right with respect to the election of the Company's directors. Each stockholder may vote in person or by proxy the number of shares of stock standing in his or her own name in the books of the Company as of the record date of the meeting. A stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. The nine (9) nominees for directors receiving the highest number of votes shall be declared elected, provided that at least two (2) of the nine (9) directors shall be independent directors.

g. Appraisals and performance report for the board and the criteria and procedure for assessment

The Board commits to a formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the company's corporate governance standards.

In 2020, AON was appointed as the independent consultant to assist in the board assessment exercise.

Each of the directors was requested to complete a self-assessment form which includes Board evaluation categories such as: (1) board composition, (2) roles and functions, (3) information management, (3) representation of shareholders and environment, social and governance factors, (4) managing the Company's performance, (5) senior executive's performance management and succession planning, (6) director development and management, (7) risk management and internal control, and (8) overall perception.

The results of the self-assessment survey, including the comments of the directors, were compiled by the Corporate Secretary and reported during the Board meeting immediately following the completion of the survey. A copy of the Board, Board Committee, and Individual Effectiveness Evaluation Report may be accessed at https://enexor.com.ph/wp-content/uploads/2022/03/2020-ACE-Enexor-Board-Committee-and-Individual-Effectiveness-Evaluation-Report.pdf

h. Directors disclosures on self-dealing and related party transactions

On 29 December 2021, the Company entered into a Deed of Assignment with ACEN under which ACEN assigned to the Company the TFE Assets in exchange for 339,076,058 Common Shares of the Company, valued at ₱10.00 per Common Share, or a total transfer value of ₱3,390,760,580.00.

ACEX's Chairman, Mr. John Eric T. Francia, is the President and a director of ACEN while Ms. Aurora D. Geotina-Garcia, ACEX independent director, is likewise an independent director of ACEN. Mr. Francia owns 16,327,073 direct and 89,872,952 indirect ACEN shares (0.28%), while Ms. Geotina-Garcia owns 1 share (0.00%) in ACEN. Mr. Francia and Ms. Geotina-Garcia respectively own one (1) share (0.00%) and 601 shares (0.00%) in the Company.

i. A director or trustee compensation report prepared in accordance with this Code and the rules the Commission may prescribe (Sec 29: Corporations vested with public interest shall submit to their shareholders and the Commission, an annual report of the total compensation of each of their directors or trustees.)

Executive Compensation

For the calendar years ended 31 December 2021, 31 December 2020, and 31 December 2019, the total salaries, allowances, and bonuses paid to the directors and executive officers of the Company are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Officers (Total Compensation)				
John Eric T. Francia, Chairman and CEO				
Raymundo A. Reyes, Jr., President and COO				
Maria Corazon G. Dizon, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
Alan T. Ascalon, Assistant Corporate Secretary				
	2021	-	-	3,768,496
	2020	-	-	11,727,123
	2019	-	-	952,084
All Other Officers and Directors as a Group (Total Compensation)				
	2021	-	-	-
	2020	-	-	1,180,000
	2019	-	-	860,000

For the calendar years ended 31 December 2022, the total salaries, allowances, and bonuses estimated to be paid to the directors and executive officers of the Company are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Officers (Total Compensation)				
John Eric T. Francia, Chairman and CEO				
Rolando J. Paulino, Jr., President				
Maria Corazon G. Dizon, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
Ronald F. Cuadro, VP, Finance & Controller				
Estimate	2022	-	-	20,062,917
All Other Officers and Directors as a Group (Total Compensation)				
Estimate	2022	-	-	-

Compensation of Directors

The incumbent non-independent directors do not receive allowances, per diem, or bonuses. The incumbent independent directors are entitled to receive ₱50,000 per Board meeting attended, and ₱10,000 per Committee meeting attended. As of 31 December 2021, the independent directors received the following amounts (net of taxes) as per diem for the meetings attended during the year 2021:

Ma. Aurora Geotina-Garica	₱300,000.00
Raphael Perpetuo M. Lotilla	₱320,000.00
Alberto A. Lim	₱340,000.00
Mario Antonio V. Paner	₱230,000.00

Total per diem for each independent director in 2022 is estimated at ₱300,000.

There are no other existing arrangements/agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company does not have written contracts with any of its executive officers or other significant employees.

Under Article VI, Section 2 of the Company's By-Laws, the Chairman of the Board, the Vice Chairman, the President, the Vice President(s), the General Manager, the Secretary, and the Treasurer shall be elected annually by affirmative vote of a majority of all the members of the Board. Each officer shall hold office until his or her successor is elected and qualified in his or her stead, or until he or she shall have resigned or shall have been removed in the manner so provided. Such other officers as may from time to time be elected or appointed by the Board shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board may determine. The Chairman of the Board, the Vice Chairman and the President shall be chosen from among the directors, and the Secretary shall be a resident and a citizen of the Philippines.

Compensatory Plan or Arrangement

The compensation received by officers who are not members of the Board of Directors of the Company represents salaries, bonuses, and other benefits.

Retirement plan varies per entity, but all permanent and regular employees of the Company and its subsidiaries are covered by the ACEN retirement plan (the **"Plan"**). The Plan provides benefits upon normal retirement beginning at age 60, early retirement beginning at age 50 with completion of at least 5 or 10 years of service. At the plant-level, retirement plan includes voluntary separation beginning upon completion of at least 10 years of service, total and physical disability, death, and involuntary separation. Benefits are based on the employee's final monthly basic salary and length of service.

Warrants and Options Outstanding

As of 28 February2022, none of the Company's directors and executive officers hold any warrants or options in the Company.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 4 April 2022.

ACE ENEXOR, INC.

by: **ALAN T. ASCALON**
Assistant Corporate Secretary

SCHEDULE 1

Company	Stock Certificate Number*	Type of Share	Number of Shares	Par Value per Share (PhP)	% of Ownership Transferred	Transfer Value (PhP)	No. of Exchange Shares
CIP II Power Corp. (“CIPP”)	38,40, 45,46,47,48, 49,50	Common	6,351,000	50.00	100%	312,978,820.00	31,297,882
One Subic Power Generation Corp. (“OSPGC”)[1]	35-C	Common	33,493,366	1.00	17.13% of Common Shares	237,948,407.00	23,794,841
Bulacan Power Generation Corp. (“BPGC”)[2]	13,15,16,17,19,21,28,30,38,47, 52,53,55,56,57,58,59,60,62	Common	6,000,000	100	100%	1,747,764,213.00	174,776,421
Palawan55 Exploration & Production Corporation (“Palawan55”)	1,9,10,11,12,13	Common	3,064,900	1.00	30.65%	1,089,730,140.00	108,973,014
Ingrid 3 Power Corp.	11	Redeemable Preferred Shares	3,600,000	1.00	100% of Redeemable Preferred Shares	2,339,000.00	233,900
Total						3,390,760,580.00	339,076,058

LIST OF ANNEXES

A. Directors and Key Officers

B. Minutes of the Previous Annual Stockholders' Meeting dated 19 April 2021

C. Relevant Resolutions Approved by the Board of Directors from 19 April 2021 until 24 April 2022 for Ratification by the Stockholders

D. Management's Discussion and Analysis (MD&A) and Plan of Operations

E. Audited Financial Statements for the year ended 31 December 2021

F. Requirements and Procedure for Voting in Absentia and Participation by Remote Communication

ANNEX "A"

DIRECTORS AND KEY OFFICERS

The write-ups below include positions held as of 28 February 2022 and in the past five years and personal data as of 28 February 2022, of the directors and executive officers.

Board of Directors

Name	Age	Citizenship	Designation
John Eric T. Francia	50	Filipino	Chairman and CEO
Raymundo A. Reyes, Jr.*	69	Filipino	President & Chief Operating Officer*
Rolando J. Paulino, Jr.**	49	Filipino	President**
Augusto Cesar D. Bengzon	58	Filipino	
Jaime Z. Urquijo	33	Filipino	
Jaime Alfonso E. Zobel de Ayala	31	Filipino	
Raphael Perpetuo M. Lotilla	62	Filipino	Independent Director
Ma. Aurora D. Geotina-Garcia	69	Filipino	Lead Independent Director
Alberto A. Lim	72	Filipino	Independent Director
Mario Antonio V. Paner	63	Filipino	Independent Director

* Resigned as Director effective 1 January 2022
** Elected to serve the unexpired portion of the term of Mr. Raymundo A. Reyes, Jr. effective 1 January 2022

John Eric T. Francia was elected as Director on 9 May 2019 to serve effective 15 May 2019. He is the President and Chief Executive Officer of AC Energy Corporation ("ACEN"), a publicly listed company, and the President of AC Energy and Infrastructure Corporation ("ACEIC"). Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in Southeast Asia, with over 2000 MW of attributable renewables capacity. He is also a Managing Director and member of the Management Committee of Ayala Corporation since 2009 and was appointed as Chairman of Ayala's Investment Committee in 2021. He is also a director of various Ayala group companies including AC Infrastructure, AC Health, and AC Ventures. He earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Raymundo A. Reyes, Jr. was elected as Director of the Company on 1 July 2019 and has been a member of the Board of Directors since February 2013. He resigned as Director and Chief Operating Officer effective 1 January 2022 but was elected as the Company's General Manager on the same date. He served as the Company's Chief Operating Officer from 2019 to 2021. After a short teaching and graduate assistantship stint at the U.P. Department of Chemistry and Department of Geology and Geography, he started his career as a geologist with the Philippine National Oil Company in 1976 and was subsequently seconded to the Department of Energy and its predecessor agencies. In 1987, he joined ACEN as Exploration Manager and in 2016, became its Vice President for Exploration. He is concurrently the President & COO of Palawan55 Exploration & Production Corporation. He is also a Director of Palawan55 Exploration & Production Corporation since February 2013. Mr. Reyes holds a Bachelor of Science in Chemistry and Master of Science in Geology degrees from the University of the Philippines and is both a licensed geologist and chemist.

Augusto Cesar D. Bengzon was elected as Director of the Company on 1 July 2019. He joined Ayala Land, Inc. ("ALI") in December 2004 and currently serves as its Senior Vice President, Chief Finance Officer, Chief Compliance Officer & Treasurer. He is a Director of AREIT, Inc. and Treasurer of AyalaLand Logistics Holding Corp., the publicly listed subsidiary of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc., Anvaya Cove Beach and Nature Club, Inc., and Anvaya Cove Golf and Sports Club Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayalaland-Tagle Properties, Inc., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director of Ayala Greenfield Development Corp., AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and

Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Trustee of the Philippine National Police Foundation, Inc.; and Director of the Financial Executives Institute of the Philippines. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Master's in Business Management degree.

Jaime Z. Urquijo was elected as Director of the Company on 1 July 2019. Mr. Urquijo is currently an Assistant Vice President of the International Business unit of ACEN and a Director of ACE Endevor, Inc. Prior to this, he was a Strategy and Development Manager at Ayala Corporation. From 2014 to 2016, he was seconded to AF Payments, Inc., where he served as head of Business Development overseeing the launch of the Beep Card payment system. Prior to joining the Ayala Group, he was an associate at JP Morgan in New York. He is a board member of the Philippine Rugby Football Union and is the current President of the Notre Dame Club of the Philippines. He received his Bachelor of Arts Degree in Political Science from the University of Notre Dame and his Master's in Business Administration from INSEAD (France).

Jaime Alfonso E. Zobel de Ayala was elected as Director of the Company on 23 July 2019. He currently heads the Business Development and Innovation Units of Ayala Corporation. He is also the Co Deputy Head of Corporate Strategy Group. He is a member of the Board of Director Ayalaland Logistics, Corporation and MCT Berhad, publicly listed companies in the Philippines and Malaysia, respectively. He is also a Director of AC Ventures Corporation, BPI Capital Corporation, BPI Direct BanKo Inc. and AC Energy International, Inc. He is the Chairman of Global Ideas Committee of the Makati Business Club and a member of the Investment Committee of the Kickstart Ventures Inc. Previously, he was Head of Business Development (Prepaid Division) of Globe Telecom. Before joining Ayala Group, he was an Analyst at Goldman Sachs Singapore under the Macro Sales Desk (FICC Division). He graduated at Harvard University, with a Primary Concentration in Government in 2013 and his Master of Business Administration from Columbia Business School in 2019.

Rolando J. Paulino, Jr. was elected on 1 January 2022 as the Company's Director and President to serve the unexpired portion of the term of Mr. Raymundo A. Reyes, Jr. He has 27 years of international senior leadership experience in the energy sector and has worked in various sites in United Kingdom, Malaysia, Australia, and Philippines. He led large production and manufacturing facilities including those that supply more than 25% of energy of a country needs with passion, integrity, and care for people. He previously served as the Vice President for Philippines Upstream and Managing Director of Shell Philippines Exploration BV. He has also been part of various boards including Pilipinas Shell Petroleum Corporation, Tabangao Realty Inc., Philippine Energy Independence Council, Petroleum Association of the Philippines, Malampaya Foundation Inc and Pilipinas Shell Foundation Inc. He is currently the President of the Philippine Energy Independence Council and the President of the Petroleum Association of the Philippines. He is also a Fellow of the Institute of Corporate Directors, Fellow of ASEAN Academy for Engineering and Technology, a trained Executive Coach, a part-time Faculty at UST Graduate School and DLSU Mechanical Engineering. He received his Bachelor of Science degree in Mechanical Engineering graduating cum laude at the University of Santo Tomas and his Master of Business Administration (Ateneo-Regis University Program) at Ateneo Graduate School of Business.

Raphael Perpetuo M. Lotilla was elected as Independent Director of the Company on 17 September 2019 and has been and Independent Director of the Company since 2013. He also serves as an Independent Director of several private companies and Aboitiz Power Corporation, a publicly listed company. He was an Independent Director of Aboitiz Equity Venture Corp., a publicly listed company, from 2012 to 2020. He served as Secretary of Energy from 2005 to 2007 and was a former Professor of Law at the University of the Philippines. He has a varied experience in law, legislation, ocean law and marine affairs, energy, power sector reform, privatization, sustainable development, and justice and development. He is currently a member of the Board of Trustees of the Philippine Institute for Development Studies, and chairs the boards of the Asia-Pacific Pathways for Progress Foundation, Inc. He was Chairman of the Board of Trustees of the Center for Advancement of Trade Integration and Facilitation from 2014 to 2021. He obtained his degrees in Bachelor of Science in Psychology in 1979, and Bachelor of Arts in History in 1980 from the UP College of Arts and Sciences in Diliman. He graduated from the UP College of Law in 1984 and earned his Master of Laws degree from the University of Michigan, Ann Arbor in 1988.

Ma. Aurora D. Geotina-Garcia was elected as Independent Director of the Company on 17 September 2019. She is President of Mageo Consulting Inc., a company providing business advisory and corporate finance consulting services. A Certified Public Accountant, she started her professional career at SGV & Co./ Ernst & Young Philippines, where she led the Firm's Global Corporate Finance Division. She is also currently an Independent

Director of ACEN and Cebu Landmasters Inc. She is the first female Chairperson of the Bases Conversion and Development Authority ("BCDA") (2015 -2016) , and was a Director in the following companies: BCDA (2011-2016), BCDA Management Holdings, Inc. (2011-2016), Fort Bonifacio Development Corporation (2011-2016), Heritage Park Management Corporation (2015-2016), Bonifacio Global City Estates Association, Inc. (2012-2016), Bonifacio Estates Services Corporation (2012-2016), HBC, Inc. (2012-2016), and Queen City Development (2009-2021). Ms. Garcia is a Fellow and Trustee of the Institute of Corporate Directors and a Trustee and the Vice Chairperson of the Shareholders Association of the Philippines. She is the Founding Chairperson and President of the Philippine Women's Economic Network, and is the Chairperson of the NextGen Organization of Women Corporate Directors. She also Co-Chairs the Philippine Business Coalition for Women Empowerment and is co-convenor of Male Champions of Change Philippines. She is the former Co-Chair of the ASEAN Women's Entrepreneurs' Network where she remains as one of the Philippine Focal Points. Ms. Garcia serves several women business organizations as a long-time Trustee in: Women's Business Council Phils., Inc., Business & Professional Women's, Makati (BPW), and the Samahan ng Pilipina para sa Reporma at Kaunlaran (Spark! Philippines). She received her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973 and completed her Master of Business Administration from the same university in 1978.

Alberto A. Lim was elected as Independent Director of the Company on 17 September 2019. He is also the President of the Culion Foundation, Inc., and the Chairman of the El Nido Foundation, Inc. He was a former director of the Development Bank of the Philippines, and the Chairman of the DBP Leasing Corporation. He was a former executive director of the Makati Business Club and served as the Secretary of Tourism from 30 June 2010 to 12 August 2011. Mr. Lim holds a Bachelor's Degree in Economics from the Ateneo de Manila University, a Master's Degree in Business Administration from the Harvard Business School and a Master's Degree in Public Administration from the Kennedy School of Government, Harvard University.

Mario Antonio V. Paner was elected as Independent Director of the Company on 19 April 2021. He is also an Independent Director of ALFM effective January 2022. He was an Independent Director of ACEN, a publicly listed company, from 20 April 2020 to 19 April 2021. He was previously the Treasurer and head of BPI's Global Markets Segment, responsible for managing the Bank's interest rate and liquidity gaps, as well as its fixed income and currency market-making, trading, and distribution activities– in the Philippines and abroad. He was Chairman of the BPI's Asset & Liability Committee and was a member of the Management Committee and Asset Management Investment Council. He also served on the board of BPI Europe Plc. He joined BPI in 1985, when it acquired Family Savings Bank and performed various Treasury and Trust positions until 1989. Between 1989 and 1996, he worked at Citytrust, then the consumer banking arm of Citibank in the Philippines, which BPI acquired in 1996. At BPI, he was responsible for various businesses of the bank, including Risk Taking, Portfolio Management, Money Management, Asset Management, Remittance and Private Banking. He served as President of the Money Market Association of the Philippines (MART) in 1998 and was the Vice Chairman of the Bankers Association of the Philippines' (BAP) Open Market Committee until 2019. He was also a member of the Makati Business Club, Management Association of the Philippines, British Chamber of Commerce, and the Philippine British Business Council. He is currently active in FINEX and the Institute of Corporate Directors. He obtained an A.B. Economics degree from Ateneo de Manila University in 1979 and completed various courses in Business and Finance, including Strategic Financial Management in 2006. In 2009, he completed the Advanced Management Program at Harvard Business School.

<u>Nominees to the Board of Directors for election at the annual stockholders' meeting</u>

All the above, except for Mr. Augusto Cezar D. Bengzon, Mr. Raphael Perpetuo M. Lotilla, and Mr. Raymundo A. Reyes, Jr. (not nominated for re-election in the annual stockholder's meeting for 2022), are nominee directors. Mr. Augusto Cesar D. Bengzon will not be re-elected as director as part of a group-wide re-assignment of responsibilities. Mr. Raphael Perpetuo M. Lotilla will not be re-elected as independent director as he has reached the maximum nine (9) year limit under SEC MC No. 4, Series of 2017. Mr. Raymundo A. Reyes, Jr. resigned as director effective 1 January 2022, but is currently the Company's General Manager beginning the same date.

The certifications on the qualifications of the nominees for independent directors are attached.

Mr. Alberto M. de Larazzabal and Ms. Melinda L. Ocampo are also being nominated to the Board of Directors.

Alberto M. de Larrazabal, Filipino, 66, is a Senior Managing Director, Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, and Finance Group Head of Ayala Corporation since 23 April 2021. He is also a Director of Integrated Micro-Electronics, Inc. He is the Chairman, President and CEO of AC Ventures Holdings

Corp., Chairman of Darong Agricultural and Development Corporation; President and CEO, AYC Finance Limited, LiveIt Investments Limited, Azalaea International Venture Partners Limited, AC International Finance Limited, PFIL North America, Inc. (PFIL NA), and Bestfull Holdings Limited; Vice Chairman of Lagdigan Land Corporation; President of Liontide Holdings, Inc. and of Philwater Holdings Company, Inc.; Director of Ayala Hotels, Inc., AC Infrastructure Holdings Corporation, Ayala Healthcare Holdings, Inc., AC Energy International, Inc., AC Industrial Technology Holdings, Inc., Affinity Express Holdings Limited, Ayala Aviation Corporation, Asiacom Philippines, Inc., Ayala Group Legal, HealthNow, Inc., Michigan Holdings, Inc., A.C.S.T Business Holdings, Inc., Pioneer Adhesives, Inc., BF Jade E-Services Philippines, Inc., Cartera Interchange Corporation, AYC Holdings Limited, AG Holdings Limited, Fine State Group Limited, AG Region Pte. Ltd., Ayala International Holdings Limited, Ayala International Pte. Ltd., Strong Group Limited, Total Jade Group Limited, VIP Infrastructure Holdings Pte. Ltd., Purefoods International Limited ("PFIL NA") and AI North America, Inc. Prior to joining Ayala, he was Globe's Chief Commercial Officer ("CCO"). As CCO, Mr. de Larrazabal oversaw the integration and execution of Globe's strategies across all commercial units, including marketing, sales and channels, and product development for all segments of business. He joined Globe in June 2006 as Head of the Treasury Division. He became Globe's Chief Finance Officer in April 2010 then Chief Commercial Officer in November 2015. He had over two decades of extensive experience as a senior executive in Finance, Business Development, Treasury Operations, Joint Ventures, Mergers and Acquisitions, as well as Investment Banking and Investor Relations. Prior to joining Globe, he held such positions as Vice President and CFO of Marsman Drysdale Corp., Vice President and Head of the Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation. He holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University.

Melinda L. Ocampo, Filipino, 65, is an independent director of ACEN since 17 September 2019. She served as President of the Philippine Electricity Market Corporation ("PEMC"), a nonstock, non-profit private organization that governs the country's wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experience includes developing energy policies and programs as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge of energy regulation including petroleum and electricity pricing and competition rules and has provided consulting services to legislators on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project on Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board (now Energy Regulatory Commission). She served as a division chief (October 1979 to November 1988) and a director (December 1988 to February 1996) of the National Electrification Administration. In 1977, she obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the Republic Central Colleges, in Angeles City, Pampanga. She received her MBA from the University of the Philippines, Diliman, Quezon City. She is a certified public accountant.

Management Committee Members / Senior Leadership Team

Name	Age	Citizenship	Designation
John Eric T. Francia	50	Filipino	Chairman and CEO
Maria Corazon G. Dizon	58	Filipino	Treasurer and CFO, Chief Risk Officer
Raymundo A. Reyes, Jr.*	69	Filipino	General Manager*
Rolando J. Paulino, Jr.**	49	Filipino	President**
Ronald F. Cuadro	52	Filipino	VP-Finance and Controller
Dodjie D. Lagazo	42	Filipino	Corporate Secretary, Compliance Officer
Alan T. Ascalon	47	Filipino	Assistant Corporate Secretary 1, Data Privacy Officer
Raissa C. Villanueva	35	Filipino	Assistant Corporate Secretary 2
Henry T. Gomez, Jr.***	32	Filipino	Chief Audit Executive***
Arnel A. Racelis****	47	Filipino	OIC – Chief Audit Executive****

* Resigned as President and Chief Operating Officer effective 1 January 2022; Appointed as General Manager effective 1 January 2022
** Elected as President to serve the unexpired portion of Mr. Raymundo A. Reyes, Jr. effective 1 January 2022
*** Resigned as Chief Audit Executive effective 1 February 2022
****Appointed as OIC-Chief Audit Executive effective 9 March 2022

John Eric T. Francia was elected as Director on 9 May 2019 to serve effective 15 May 2019. He is the President and Chief Executive Officer of AC Energy Corporation (”ACEN”), a publicly listed company, and the President of AC Energy and Infrastructure Corporation (“ACEIC”). Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in Southeast Asia, with over 2000 MW of attributable renewables capacity. He is also a Managing Director and member of the Management Committee of Ayala Corporation since 2009, and was appointed as Chairman of Ayala’s Investment Committee in 2021. He is also a director of various Ayala group companies including AC Infrastructure, AC Health, and AC Ventures. He earned a Master’s Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Maria Corazon G. Dizon was elected as Treasurer and CFO of the Company on 9 May 2019, effective 15 May 2019, and as Director of the Company on 1 July 2019. She is the Treasurer and CFO of ACEIC, ACEN, and the Director of various ACEIC subsidiaries. She is also the Chief Risk Officer of ACEPH. She is also the Compliance Officer and Chief Risk Officer of ACEN. She heads various functional units under Finance, which include Controllership, Financial Planning and Analysis, Corporate Finance, Treasury, and Internal Audit. In addition, she holds directorship positions and is a member of the Audit and Risk Committee in a number of subsidiaries within the ACEIC group, such as South Luzon Thermal Energy Corporation (“SLTEC”), Northwind Power Development Corp, ACE Endevor, Inc., and AC Renewables International Pte. Ltd., among other entities. She joined Ayala’s Energy and Infrastructure Group in 2016 after spending 28 years with ALI the publicly listed real estate vehicle of Ayala Corporation, where she previously held the positions of Head of ALI Capital Corp., Head of Business Development and Strategic Planning of the Commercial Business Group, Head of Asset Management Group of Shopping Centers, Head of Control and Analysis, Head of Investor Relations, as well as Chief Financial Officer of Residential Buildings, Office Buildings and Shopping Centers groups. Prior to joining ALI, she was connected with SGV & Co for three years as a senior auditor. She is a CPA and graduated with a degree in Accountancy from the University of Santo Tomas, graduating cum laude. She completed academic units for a master’s degree in Business Administration from De la Salle University Graduate School of Business and attended an Executive Management Program from the Wharton University of Pennsylvania.

Raymundo A. Reyes, Jr. was elected as Director of the Company on 1 July 2019 and has been a member of the Board of Directors since February 2013. He resigned as Director and Chief Operating Officer effective 1 January 2022 but was elected as the Company’s General Manager on the same date. He served as the Company’s Chief Operating Officer from 2019 to 2021. After a short teaching and graduate assistantship stint at the U.P. Department of Chemistry and Department of Geology and Geography, he started his career as a geologist with the Philippine National Oil Company in 1976 and was subsequently seconded to the Department of Energy and its predecessor agencies. In 1987, he joined ACEN as Exploration Manager and in 2016, became its Vice President for Exploration. He is concurrently the President & COO of Palawan55 Exploration & Production Corporation. He is also a Director of Palawan55 Exploration & Production Corporation since February 2013. Mr. Reyes holds a Bachelor of Science in Chemistry and Master of Science in Geology degrees from the University of the Philippines and is both a licensed geologist and chemist.

Rolando J. Paulino, Jr. was elected on 1 January 2022 as the Company’s Director and President to serve the unexpired portion of the term of Mr. Raymundo A. Reyes, Jr. He has 27 years of international senior leadership experience in the energy sector and has worked in various sites in United Kingdom, Malaysia, Australia, and Philippines. He led large production and manufacturing facilities including those that supply more than 25% of energy of a country needs with passion, integrity, and care for people. He previously served as the Vice President for Philippines Upstream and Managing Director of Shell Philippines Exploration BV. He has also been part of various boards including Pilipinas Shell Petroleum Corporation, Tabangao Realty Inc., Philippine Energy Independence Council, Petroleum Association of the Philippines, Malampaya Foundation Inc and Pilipinas Shell Foundation Inc. He is currently the President of the Philippine Energy Independence Council and the President of the Petroleum Association of the Philippines. He is also a Fellow of the Institute of Corporate Directors, Fellow of ASEAN Academy for Engineering and Technology, a trained Executive Coach, a part-time Faculty at UST Graduate School and DLSU Mechanical Engineering. He received his Bachelor of Science degree in Mechanical Engineering graduating cum laude at the University of Santo Tomas and his Master of Business Administration (Ateneo-Regis University Program) at Ateneo Graduate School of Business.

Ronald F. Cuadro was elected as the Company’s VP-Finance & Controller on 19 April 2021. He is also the VP-Finance & Controller of ACEN. He previously worked at ALI with the following designations and assignments: Assistant Vice President, Finance Group (April 2013 to 2020), Director and General Manager of APRISA

Business Process Solutions, Inc. (April 2013 to February 2019), Chief Finance Officer of the Strategic Land Management Group (April 2010 to March 2013), Chief Finance Officer of Ayala Land Office and Laguna Technopark, Inc. (April 2016 to April 2010), Finance Manager of Buyers' Financing Group (May 2002 to April 2006), Senior Financial Anaylst, Control & Analysis Division (January 1997 to December 2003), and Senior Account, Ayala Hotels (October 1991 to December 1996). He obtained his Bachelor's degree in Accountancy from the Polytechnic University of the Philippines. He is a certified public accountant. He has a Master's degree in Business Administration from the Ateneo Graduate School of Business.

Dodjie D. Lagazo was elected as Corporate Secretary and Compliance Officer of the Company on 1 July 2019. He is an Executive Director, and the Head of Legal and Regulatory of both ACEIC and ACEN. Previously, he served as Director and member of AG Counselors Corporation's Management Committee from January 2014 to July 2017. He is also the Assistant Corporate Secretary of Ayala Corporation, ACEIC, and ACEN, and the Corporate Secretary of various ACEIC subsidiaries and affiliates. He received his undergraduate degree in Political Science from the University of the Philippines, Diliman, graduating magna cum laude. He then completed his Bachelor of Laws Degree in the College of Law of the University of the Philippines, Diliman. He is a member in good standing of the Integrated Bar of the Philippines.

Alan T. Ascalon was elected as Assistant Corporate Secretary 2 of the Company on 1 July 2019. He is the Vice President-Legal of ACEN. He served as director of Guimaras Wind Corporation ("Guimaras Wind"), and is the Corporate Secretary of Guimaras Wind, One Subic Power Generation Corp., One Subic Oil Distribution Corp., Palawan55 Exploration and Production Corp., Bulacan Power Generation Corporation, and CIP II Power Corporation. He was an Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000.

Raissa C. Villanueva was elected as Assistant Corporate Secretary of the Company on 1 July 2019. She is a Senior Manager of ACEN, and previously a Senior Counsel at Ayala Group Legal. She is also the Assistant Corporate Secretary of various ACEIC subsidiaries and affiliates. Prior to joining the Ayala Group, she was Primary Counsel at Energy Development Corporation. Before this, she practiced law as legislative officer at the Office of Senator Pia Cayetano and as associate in Leynes Lozada Marquez Offices. She received her undergraduate degree in Business Administration from the University of the Philippines, Diliman, graduating cum laude. She then completed her Juris Doctor in the College of Law of the University of the Philippines, Diliman. She is a member in good standing of the Integrated Bar of the Philippines.

Henry T. Gomez, Jr. was the Company's and ACEN's Chief Audit Executive from 20 April 2020 until 1 January 2022. He is currently the CFO of SLTEC. He previously worked at Aboitiz Power Corporation in 2012 as a Senior Internal Auditor and at SGV & Co. in 2011 as an Assurance Associate. He is a Certified Public Accountant, Certified Internal Auditor (CIA), a passer of the Certified Information Systems Auditor (CISA) examinations, and a CQI & IRCA Certified ISO 14001:2015 Environmental Management System Lead Auditor. He graduated from University of the Philippines-Visayas with a degree in BS in Accountancy.

Arnel A. Racelis was appointed as the Company's OIC Chief Audit Executive on 9 March 2022. He is also the OIC Chief Audit Executive of ACEN, with around 24 years of experience, knowledge, and skills in the areas of internal auditing, finance, risk management, governance, compliance, and digital transformation and business management best practices. He is a certified public accountant and a certified internal auditor and holds a certification on control self-assessment. Since joining ACEN in 2020, Mr. Racelis has successfully implemented the digital transformation of the Internal Audit Department by fully automating the assurance, compliance, fraud detection and other related audit services using data analytics application. He also led the transformation of ACEN's audit services from conventional reactive audit methodology to proactive approach fully automated methodology. He previously served as Audit Director for the Obeikan Investment Group, and as Internal Audit Manager for Wordtext Systems, Inc.

REPUBLIC OF THE PHILIPPINES}
MAKATI CITY } S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MA. AURORA D. GEOTINA-GARCIA**, Filipino, of legal age, and a resident of No. 27 Sanso St., Corinthian Gardens, Quezon City, after having duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ACE Enexor, Inc.** (the "Corporation"), and have been its Independent Director since 17 September 2019.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Professional Services, Inc.	Independent Director	February 2022 to present
AC Energy Corporation	Independent Director	September 2019 to present
Cebu Landmasters, Inc.	Independent Director	February 2017 to present
MAGEO Consulting, Inc.	President	March 2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission ("SEC").

4. I am not related to any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the Securities Regulation Code (where applicable).

5. I disclose that I am a party in the following legal proceedings, which were filed against me in my capacity as former member of the Board of Directors of the Bases Conversion and Development Authority:

Offense charged / investigated	Tribunal / agency involved	Status
Libel	Court of Appeals	The case involves statements, which the Bases Conversion and Development Authority ("BCDA") caused to be published in the 10 April 2012 issue of the Philippine Daily Inquirer. At the time of publication, the accused were members of BCDA's Board of Directors, including myself. The private complainant, who is the Chief Executive Officer of CJH Development Corporation ("CJH DevCo"), contended that by these publications, the accused deliberately, maliciously, knowingly, and

		publicly imputed crimes, acts, and omissions against him, which supposedly tarnished, tainted, and besmirched his good name, honor, and reputation. The trial court granted our demurrer to evidence and dismissed the case for insufficiency of the prosecution's evidence. The dismissal was equivalent to an acquittal, which was immediately final and executory. The Private Complainant filed a Petition for Certiorari dated 9 December 2020 with the Court of Appeals, alleging grave abuse of discretion on the part of the trial court in granting our demurrer to evidence and dismissing the case for insufficiency of the prosecution's evidence. In a Resolution dated 24 May 2021, the Court of Appeals required the respondents to file a comment. We filed our Comment dated 19 July 2021.
Appeal from the dismissal by the Office of the Ombudsman of criminal charges for acts of the BCDA Board of Directors	Supreme Court	The case was originally filed with the Office of the Ombudsman, which was dismissed on 15 January 2016. The appeal before the Supreme Court was dismissed in a Decision dated 13 January 2021. The petitioner filed a Motion for Reconsideration dated 9 February 2022. We await the Supreme Court's disposition of the motion.
Appeal from the dismissal by the Office of the Ombudsman of administrative charges for acts of the BCDA Board of Directors	Court of Appeals	The appeal was dismissed in a Decision dated 30 January 2018, which was affirmed in a Resolution dated 16 May 2018. I am not aware of any appeal or petition filed by CJH DevCo from the Court of Appeals' rulings.

6. 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 relevant issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from my receipt of knowledge of any such changes.

[*Signature page follows.*]

IN WITNESS WHEREOF, I have signed this Certification this MAR 25 2022 in Makati City.

MA. AURORA D. GEOTINA-GARCIA

SUBSCRIBED AND SWORN to before me this MAR 25 2022 in Makati City, affiant personally appeared before me and exhibited to me her Senior Citizen's ID no. 40360-B issued on 10 October 2012 in Quezon City.

Doc. No. 33;
Page No. 8;
Book No. IX;
Series of 2022.

ATTY. MARK DEAN D.R. ITARALDE
NOTARY PUBLIC
ROLL NO. 71073
MAKATI CITY, PHILIPPINES

ATTY. MARK DEAN D.R. ITARALDE
Notary Public Makati City
Appt. No. M-163 extended until June 30, 2022
Roll of Attorneys No. 71073
IBP OR No.183298; January 3, 2022
PTR No. MKT-8853599; January 3, 2022; Makati City
MCLE Compliance No. VI-0028680; valid until April14, 2022
7727 E. Jacinto cor. Medina St.
Barangay Pio Del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES}
MAKATI CITY } S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALBERTO ALDABA LIM,** Filipino, of legal age, and a resident of No. 33 Molave St., Valle Verde 3, Pasig City, after having duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of ACE Enexor, Inc. (the "**Corporation**"), and have been the Corporation's Independent Director since 17 September 2019.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Culion Foundation, Inc.	President	1997 to present
El Nido Foundation, Inc.	Chairman	1994 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to the any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal investigation or proceeding, and hereby disclose that I am the subject of the following administrative investigation:

Offense charged/investigated	Tribunal/agency involved	Status
Violation of Section 24.1 (a)(iii) of the Securities Regulation Code	Securities and Exchange Commission	Pending

6. 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 relevant issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from my receipt of knowledge of any such changes.

[*Signature page follows.*]

IN WITNESS WHEREOF, I have signed this Certification this MAR 25 2022, in Makati City.

ALBERTO A. LIM

SUBSCRIBED AND SWORN to before me this MAR 25 2022 in Makati City, affiant personally appeared before me and exhibited to me his Driver's License no. N11-08-017156 issued at the Land Transportation Office on 30 July 2017.

Doc. No. 36 ;
Page No. 9 ;
Book No. IX ;
Series of 2022.

ATTY. MARK DEAN D.R. ITARALDE
NOTARY PUBLIC
ROLL NO. 71073
MAKATI CITY, PHILIPPINES

ATTY. MARK DEAN D.R. ITARALDE
Notary Public Makati City
Appt. No. M-163 extended until June 30, 2022
Roll of Attorneys No. 71073
IBP OR No.183298; January 3, 2022
PTR No. MKT-8853599; January 3, 2022; Makati City
MCLE Compliance No. VI-0028680; valid until April 14, 2022
7727 E. Jacinto cor. Medina St.
Barangay Pio Del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES}
MAKATI CITY } S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MELINDA L. OCAMPO**, Filipino, of legal age, and a resident of No. 8 Cohen St., Filinvest 2, Batasan Hills, Quezon City, after having duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ACE Enexor, Inc.** (the "Corporation").

2. I am currently not affiliated with any company or organization (including Government Owned and Controlled Corporations).

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission ("SEC").

4. I am not related to the any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. 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 relevant issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from my receipt of knowledge of any such changes.

IN WITNESS WHEREOF, I have signed this Certification this MAR 25 2022, in Makati City.

MELINDA L. OCAMPO

SUBSCRIBED AND SWORN to before me this MAR 25 2022 in Makati City, affiant personally appeared before me and exhibited to me her Driver's License no. N20-78-000518 issued by the Land Transportation Office on 11 December 2018.

Doc. No. 34;
Page No. 8;
Book No. IX;
Series of 2022.

ATTY. MARK DEAN D.R. ITARALDE NOTARY PUBLIC ROLL NO. 71073 MAKATI CITY, PHILIPPINES

ATTY. MARK DEAN D.R. ITARALDE
Notary Public Makati City
Appt. No. M-163 extended until June 30, 2022
Roll of Attorneys No. 71073
IBP OR No.183298; January 3, 2022
PTR No. MKT-8853599; January 3, 2022; Makati City
MCLE Compliance No. VI-0028680; valid until April14, 2022
7727 E. Jacinto cor. Medina St.
Barangay Pio Del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES}
MAKATI CITY } S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIO ANTONIO V. PANER**, Filipino, of legal age, and a resident of 24 Winchester St., Hillsborough Alabang Village, Muntinlupa City, after having duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **ACE Enexor, Inc.** (the "Corporation"), and have been its Independent Director since 19 April 2021.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
ALFM	Independent Director	January 2022 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission ("SEC").

4. I am not related to the any director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2 of the Securities Regulation Code (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. 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 relevant issuances of the SEC.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from my receipt of knowledge of any such changes.

IN WITNESS WHEREOF, I have signed this Certification this MAR 25 2022, in Makati City.

MARIO ANTONIO V. PANER

SUBSCRIBED AND SWORN to before me this MAR 25 2022 in Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport no. P0677976B issued on 15 February 2019 at DFA NCR South.

Doc. No. 35;
Page No. 8;
Book No. IX;
Series of 2022.

ATTY. MARK DEAN D.R. ITARALDE
NOTARY PUBLIC
ROLL NO. 71073
MAKATI CITY, PHILIPPINES

ATTY. MARK DEAN D.R. ITARALDE
Notary Public Makati City
Appt. No. M-163 extended until June 30, 2022
Roll of Attorneys No. 71073
IBP OR No.183298; January 3, 2022
PTR No. MKT-8853599; January 3, 2022; Makati City
MCLE Compliance No. VI-0028680; valid until April14, 2022
7727 E. Jacinto cor. Medina St.
Barangay Pio Del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **DODJIE D. LAGAZO**, being the duly elected, qualified, and incumbent Corporate Secretary of **ACE ENEXOR, INC.** (the "**Corporation**"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226, after having been duly sworn in accordance with law, hereby certify that no director or officer of the Corporation is connected with any government agency or instrumentality.

IN WITNESS WHEREOF, I have signed this Certificate this MAR 3 1 2022 in Makati City.

DODJIE D. LAGAZO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 3 1 2022 in Makati City, affiant exhibiting to me as competent evidence of identity his Philippine Passport No. P8267298B issued on 24 November 2021 by DFA Manila.

Doc. No.: 63;
Page No.: 14;
Book No.: XI;
Series of 2022.

JORDAN MAE T. CHUA
NOTARY PUBLIC
ROLL NO. 63561
MAKATI CITY, PHILIPPINES

JORDAN MAE T. CHUA
Notary Public for Makati City
Appointment No. M-67 until 30 June 2022
per SC B.M. 3795
Attorney's Roll No. 63561; 8 May 2014
PTR No. MKT 8853590/ 03 January 2022/Makati City
IBP Lifetime No. 012851/2 April 2015/Quezon City
MCLE Compliance No. VI-0015897 valid until 14 April 2022
4th floor 6750 Office Tower, Ayala Avenue, Makati City
Tel No. 77306300

For approval in the 2022 stockholders' meeting

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
Monday, 19 April 2021 at 2:00 P.M.
Conducted virtually via livestream – http://www.ayalagroupshareholders.com/

		Percentage of Total
No. of Outstanding and Voting Shares	250,000,001	
No. of Shares Present:	190,768,466	76.31%

Directors Present:

John Eric T. Francia[1]	*Chairman, Board of Directors* *Chairman, Executive Committee*
Augusto Cesar D. Bengzon	*Member, Audit Committee*
Maria Corazon G. Dizon	*Member, Executive Committee*
Raymundo A. Reyes, Jr.[2]	*Member, Executive Committee*
Jaime Z. Urquijo	*Member, Board Risk Management and Related Party Transactions Committee*
Jaime Alfonso E. Zobel de Ayala	*Chairman, Personnel and Compensation Committee*
Ma. Aurora D. Geotina-Garcia (Independent Director)	*Chairman, Audit Committee* *Member, Corporate Governance and Nomination Committee*
Alberto A. Lim (Independent Director)	*Chairman, Board Risk Management and Related Party Transactions Committee* *Member, Personnel and Compensation Committee* *Member, Corporate Governance and Nomination Committee*
Raphael Perpetuo M. Lotilla (Independent Director)	*Chairman, Corporate Governance and Nomination Committee* *Member, Audit Committee* *Member, Board Risk Management and Related Party Transactions Committee*

[1] Mr. Francia presided over the meeting and presented while being physically present in the principal office of the Corporation.
[2] Mr. Reyes participated and presented from his residence in Paranaque City.

1. **Call to Order**

The Chairman, Mr. John Eric T. Francia, called the meeting to order at 2:00 p.m. He welcomed the stockholders who joined the meeting through the live webcast and thanked the stockholders who participated in the meeting through the Corporation's voting in absentia system or their appointment of the Chairman as proxy. He then introduced his co-presenters, namely: Mr. Raymundo A. Reyes, Jr., the President and Chief Operating Officer, Mr. Dodjie D. Lagazo[3], the Corporate Secretary, and Mr. Alan T. Ascalon[4], the Assistant Corporate Secretary. Finally, he noted the participation of the other members of the Board of Directors (the "**Board**"), other officers of the Corporation, and representatives of the Corporation's external auditor, SyCip Gorres Velayo & Co. ("**SGV**"), who joined the meeting through the live webcast.

2. **Notice of Meeting**

The Corporate Secretary certified that the Notice of the Annual Stockholders' Meeting (the "**Notice**") and the Definitive Information Statement (the "**DIS**") were sent on March 24, 2021 to the Corporation's stockholders of record as of March 19, 2021, the record date for the meeting, in three ways: first, by e-mail to stockholders who provided their e-mail addresses; second, by posting on the Corporation's website; and third, by disclosure in the Philippine Stock Exchange ("**PSE**"). In addition, the Notice was published on March 25, 2021 in the respective business sections of the Philippine Daily Inquirer and the Philippine Star, and on March 26, 2021 in the respective business sections of the Manila Bulletin and the Philippine Star, all of which are newspapers of general circulation. The Notice contained the agenda, the requirements and procedures for participation and manner of casting votes by remote communication, contact information of the Corporate Secretary, requirements and process of nomination of directors, and the fact that there will be a visual and audio recording. Accordingly, the Corporate Secretary confirmed that the stockholders were duly notified of the meeting in accordance with the Corporation's By-Laws and applicable rules, including the Corporation's Internal Guidelines on Participation in Stockholders' Meeting by Remote Communication and Voting in Absentia under Extraordinary Circumstances, which are embodied in the Corporation's DIS.

3. **Determination of Quorum**

The Corporate Secretary certified that a quorum existed for the meeting and that based on partial tabulation, stockholders owning at least 190,729,377 shares representing 76.29% of the 250,00,001 total outstanding shares were present in the meeting.

4. **Instructions on Rules of Conduct, Voting Procedures and Voting Requirements**

The Chairman stated that although the meeting was held in a virtual format because of government regulations that prevented the Corporation from conducting an in-person meeting, the Corporation strived to provide the stockholders the opportunity to participate in the meeting to the same extent possible as in an in-person meeting. Thereafter, the Corporate Secretary explained the rules of conduct and voting procedures for the meeting, as provided in the DIS and the Explanation of Agenda Items, which were part of the Notice that was distributed to the stockholders.

The Corporate Secretary further emphasized the following:

i. The agenda for the meeting covers a range of matters requiring stockholders' vote and was included in the Notice sent to stockholders for this meeting. Stockholders were also provided an opportunity to propose matters for inclusion in the agenda, pursuant to applicable laws, rules and regulations and our internal guidelines.

[3] Mr. Lagazo participated and presented while being physically present in the principal office of the Corporation.
[4] Mr. Ascalon participated and presented from his residence in Quezon City.

ii. Stockholders who registered under the Voting in Absentia & Shareholder ("**VIASH**") System or who notified the Corporation by email to corpsec.enexor@acenergy.com.ph by April 14, 2021 of their intention to participate in the meeting by remote communication may send their questions or comments to the above-mentioned email address.

iii. The Assistant Corporate Secretary will read the questions or comments received before 2:30 p.m. under the item "Other Matters", while questions and comments not taken up during the meeting will be resolved by Management by e-mail.

iv. As indicated in the ballot, there are six (6) resolutions proposed for adoption by the stockholders in the meeting. Each proposed resolution will be shown on the screen as the same is being taken up.

v. Stockholders could cast their votes on these proposed resolutions and in the election of directors beginning April 12, 2021 through the Corporation's VIASH System. The polls would remain open until the end of the meeting for stockholders who had successfully registered to cast their votes electronically using the VIASH System.

v. Alternatively, the Corporation also provided the stockholders the option to appoint the Chairman as proxy. The Corporation tabulated the votes cast as of April 8, 2021, after the end of the proxy validation process. Those votes were from stockholders owning 190,729,377 voting shares representing 76.29% of the total outstanding shares. All voting results reported at the meeting, will refer to this preliminary tabulation. The results of the final tabulation of votes, with full details of the affirmative and negative votes and abstentions, would be reflected in the minutes of the meeting.

5. **Approval of the Minutes of the 2020 Stockholders' Meeting**

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on April 20, 2020. An electronic copy of the minutes was posted on the Corporation's website and contained in the DIS.

The Corporate Secretary, on behalf of management, proposed the adoption of Resolution No. S-2021-001 for the approval of the minutes of the annual stockholders' meeting on April 20, 2020. Resolution No. S-2021-001 was shown on the screen:

Resolution No. S-2021-001

> **RESOLVED**, to approve the minutes of the annual stockholders' meeting held on 20 April 2020.

Thereafter, the Secretary reported that stockholders owning 190,729,377 shares, or 76.29% of the total outstanding shares, voted in favor of Resolution No. S-2021-001. Therefore, the said resolution was approved.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the stockholders voted on Resolution No. S-2021-001 as follows:

	For	**Against**	**Abstain**
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

6. **Annual Report of Officers**

Message of the Chairman

The Chairman introduced his pre-recorded message, which started with an acknowledgment of the stockholders, colleagues from the Board and management, and guests.

2020 was an exceptionally difficult year for everyone. The Chairman thanked the men and women of ACE Enexor and the AC Energy group who remained committed to deliver amidst the challenges, and for living the true spirit of Bayanihan along with the rest of the Ayala group.

Reeling from the effects of the pandemic, the global oil and gas industry experienced severe contraction due to the steep drop in consumer demand and the threat of shortage of storage capacities. For the first time in history, the price of West Texas intermediate slumped briefly to negative in April 2020. The second half of 2020 was characterized by relatively stable crude oil prices at between $40 to $45 per barrel, a significant plunge from pre-pandemic levels of around $60 per barrel.

ACE Enexor was not spared from the impact of the pandemic, which delayed the Corporation's preparations for the planned drilling of our service area. The Corporation thus sought a one-year force majeure reprieve with the DOE.

The Corporation values the opportunity to help the country in its quest for energy security by exploring for and developing indigenous gas resources.

Notwithstanding the continuing mobility and other restrictions ushered in by the pandemic, the Corporation remains focused on its commitment to drill a deepwater well in the SC 55 block in 2022. Technical studies aimed at further evaluating the prospects as well as preliminary drilling preparations were completed during the year in review. Barring any unforeseen events, ACE Enexor will undertake definitive drilling planning in the second quarter of 2021.

The Corporation is cautiously optimistic that the rollout of vaccines worldwide would help stimulate commercial activity to fuel revival of the upstream industry. The signs in the first quarter of 2021 are promising. Oil prices have rebounded to pre-COVID levels and drilling activities, particularly in the region, are slowly picking up. Management is hoping the trend would be sustained in the near term.

In conclusion, the Chairman stated that he looks forward to the steadfast support of the stockholders in the coming years as ACE Enexor pursues its vision to discover and develop clean, reliable and indigenous energy resources for the benefit of the country and its people.

The Chairman then called on Mr. Raymundo A. Reyes, Jr., the President and Chief Operating Officer ("**COO**"), to give his report.

Report of the President

Mr. Reyes acknowledged the stockholders and guests, and reported as follows:

The DOE confirmed SC 55's entry into the Appraisal Period effective on 26 April 2020, premised on a consortium undertaking to drill one (1) well within the succeeding two contract years.

Consequently, ACE Enexor's subsidiary and SC 55 Operator, Palawan55, completed specialized geophysical studies focused on the Hawkeye-1 gas discovery and two candidate drilling targets. Palawan55 also carried out initial drilling preparations, covering, among others, project execution plan, rig market survey, tendering for long-lead drilling equipment and supplies, and preliminary well budgeting.

The SC 55 consortium has since selected a prospect to be the subject of the definitive well planning phase.

The preparation of a drilling proposal for the exploratory well is underway. This is a comprehensive technical document that details the plan for constructing the borehole and evaluating the rock formations and fluids that will be encountered in the subsurface. Once completed, the proposal will be submitted to the DOE for approval. Following the DOE's go-ahead, Palawan55 will commence the tendering process for the required drilling rig, major drilling equipment and supplies, and oilfield services.

The Corporation is aware of the headwinds the pandemic might post to drilling operations in the near future, such as mobility restrictions and potential supply chain disruptions. The SC 55 consortium has requested the DOE for the declaration of a one-year Force Majeure period to cover any unforeseen delays in the drilling timetable. Should the Force Majeure be granted, the SC 55 consortium will, nevertheless, continue to exert best efforts to deliver the obligatory well as soon as is reasonably practicable.

The proposed drilling program will be a milestone in ACE Enexor's efforts to help the country develop indigenous gas resources as a pathway to energy security and the energy transition. The Corporation is banking on the support of its consortium partner, its shareholders, and government regulatory bodies, to achieve success in this undertaking.

After the President's report, the Chairman then asked the Corporate Secretary to present the proposed resolution on this item and the voting results.

The Corporate Secretary, on behalf of management, proposed the adoption of Resolution No. S-2021-002 to note the Corporation's Annual Report, and approve the consolidated audited financial statements of the Corporation and its subsidiaries, and parent company financial statements of the Corporation as of December 31, 2020, as audited by SGV. Resolution No. S-2021-002, was shown on the screen:

Resolution No. S-2021-002

> **RESOLVED**, to note the Corporation's Annual Report, which consists of the Chairman's Message and the President's Report to the stockholders, and to approve the consolidated financial statements of the Corporation and its subsidiaries, and parent company financial statements of the Corporation as of 31 December 2020, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.

The Corporate Secretary then reported that stockholders owning 190,729,377 shares, or 76.29% of the total outstanding shares, voted for the adoption of Resolution No. S-2021-002. Therefore, the said resolution was approved.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes on the adoption of Resolution No. S-2021-002, are as follows:

	For	**Against**	**Abstain**
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

7. **Ratification of the Acts of the Board and Officers**

The Corporate Secretary, upon the Chairman's request, explained that stockholders' ratification is being sought for all the acts and resolutions of the Board, the Executive Committee, and other Board Committees exercising powers delegated by the Board, which were adopted from April 20, 2020 until April 18, 2021. The acts and resolutions of the Board were reflected in the minutes of the meetings, and they include the election of officers and members of the various Board Committees, updating of the lists of authorized representatives and bank signatories, treasury matters, budget and funding plan, investments, and matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

Stockholders' ratification was also sought for all the acts of the Corporation's officers performed in accordance with the resolutions of the Board, the Executive Committee and other Board Committees as well as the By-Laws, from April 20, 2020 to April 18, 2021. These acts were performed to implement the resolutions of the Board or its Committees, or as part of the Corporation's general conduct of business.

Thereafter, the Corporate Secretary reported that stockholders owning 190,729,377 shares, or 76.29% of the total outstanding shares, voted for the adoption of Resolution No. S-2021-003, which was shown on the screen. Therefore, the said resolution was adopted:

Resolution No. S-2021-003

> **RESOLVED**, to ratify each and every act and resolution, from 20 April 2020 to 18 April 2021 (the "Period"), of the Board of Directors (the "Board"), the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee, and other Board committees as well as with the By-laws of the Corporation.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the stockholders voted on the adoption of Resolution No. S-2021-003 as follows:

	For	**Against**	**Abstain**
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

8. **Delegation to the Board of Directors the Power to Amend the Corporation's By-Laws and any Portion Thereof**

The next item in the Agenda is the proposed delegation to the Board of Directors of the power to amend the Corporation's By-laws.

The Corporate Secretary explained that in accordance with Article IX of the Corporation's By-laws, the Board of Directors agreed to endorse for approval of the stockholders the delegation of authority to amend the Corporation's By-Laws to the Board of Directors. The proposed amendments include but are not limited to (i) ensuring alignment of the By-laws with the provisions of the Revised Corporation Code, (ii) establishing rules of conduct for fully virtual meetings, (iii) enabling the election of other offices such as Compliance Officers, Assistant Corporate Secretaries, and Assistant Treasurers and establishing their duties and functions, and (iv) allowing the payment of cash dividends through electronic means.

The Corporate Secretary then reported that stockholders owning 190,729,377 shares, or 76.29% of the total outstanding shares, voted for the adoption of Resolution No. S-2021-004, which was shown on the screen. Therefore, the said resolution was adopted:

Resolution No. S-2021-004

> **RESOLVED**, to delegate to the Board of Directors the power to amend the Corporation's By-Laws and any portion thereof.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the stockholders voted on the adoption of Resolution No. S-2021-003 as follows:

	For	Against	Abstain
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

9. **Election of Directors**

The Corporate Secretary explained that in accordance with the requirements of the Corporation's By-Laws, the Manual of Corporate Governance, and the rules of the SEC, the following stockholders were duly nominated to the Board for the ensuing term: Augusto Cesar D. Bengzon, John Eric T. Francia, Raymundo A. Reyes, Jr., Jaime Z. Urquijo, Jaime Alfonso Zobel de Ayala, Ma. Aurora Geotina-Garcia, Alberto A. Lim, Raphael Perpetuo M. Lotilla, and Mario Antonio V. Paner.

Ms. Geotina-Garcia, Mr. Lim, Mr. Lotilla and Mr. Paner were nominated as independent directors.

The Corporate Governance and Nomination Committee of the Board ascertained that the nine (9) nominees, including the three (3) nominees for independent directors, are qualified to serve as Directors of the Corporation, and that each has given his or her consent to the nomination.

The Corporate Secretary reported that each of the nine (9) nominees garnered at least 190,729,377 votes, which represent 76.29% of the total outstanding shares. Thus, each nominee received sufficient number of votes for election to the Board, and that Resolution No. S-2021-005, as shown on the screen, for the election of the nine (9) nominees to the Board was approved:

Resolution No. S-2021-005

RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:

Augusto Cesar D. Bengzon
John Eric T. Francia
Raymundo A. Reyes, Jr.
Jaime Alfonso E. Zobel de Ayala
Jaime Z. Urquijo
Ma. Aurora D. Geotina-Garcia (*Independent Director*)
Raphael Perpetuo M. Lotilla (*Independent Director*)
Alberto A. Lim (*Independent Director*)
Mario Antonio V. Paner (*Independent Director*)

The Chairman thanked Ms. Maria Corazon G. Dizon for her valuable contributions as a Director of the Corporation in the past few years. He then welcomed to the Board the Corporation's new Independent Director, Mr. Mario Antonio V. Paner.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the final votes received by the nominees based on the total cumulative votes received are as follows:

Director	No. of votes received
1. Augusto Cesar D. Bengzon	190,732,995
2. John Eric T. Francia	190,732,995
3. Raymundo A. Reyes, Jr.	190,732,995
4. Jaime Z. Urquijo	190,732,995

5. Jaime Alfonso Zobel de Ayala	190,732,995
6. Ma. Aurora Geotina-Garcia	190,732,995
7. Alberto A. Lim	190,732,995
8. Raphael Perpetuo M. Lotilla	190,732,995
9. Mario Antonio V. Paner	190,732,995

10. **Appointment of External Auditor and Fixing of Its Remuneration**

The Corporate Secretary explained to the stockholders that the external auditor plays a key role in undertaking an independent audit of the Corporation and in providing an objective assurance on the Corporation's financial statements. Further, the Audit Committee exercises oversight over the company's external auditors, including assessing their integrity and independence and the effectiveness of their audit process. The Audit Committee evaluated the performance during the past year of the Corporation's present auditor, the firm of SGV, and found it satisfactory. Therefore, the Corporate Secretary reported that the Committee and the Board endorse the appointment of SGV as the Corporation's external auditor for the present fiscal year for an audit fee of PhP155,000.00, exclusive of value-added tax and out-of-pocket expenses.

The Corporate Secretary, on behalf of management, then proposed the adoption of Resolution No. S-2021-006 appointing SGV as the Corporation's external auditor and fixing its renumeration, as shown on the screen:

Resolution No. S-2021-006

> **RESOLVED**, as endorsed by the Board of Directors, to approve the appointment of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2021 for an audit fee of One Hundred Fifty-five Thousand Pesos (PHP 155,000.00), exclusive of value-added tax and out-of-pocket expenses.

The Corporate Secretary then reported that stockholders owning 190,729,377 shares, or 76.29% of the total outstanding shares, voted for the adoption of Resolution No. S-2021-006. Therefore, the said resolution was approved.

As tabulated by the Committee of Inspectors of Proxies and Ballots and validated by SGV, the votes on the adoption of Resolution No. S-2021-006 are as follows:

	For	**Against**	**Abstain**
Number of voted shares	190,732,995	0	0
% of Total Outstanding Shares	76.29%	0%	0%

11. **Other Matters**

There being no other matters for consideration by the stockholders, the Chairman opened the floor for questions or comments from the stockholders. The Assistant Corporate Secretary, Mr. Alan T. Ascalon, read the questions and comments together with the names of the stockholders who sent them.

> Mr. Francis Batnag (stockholder): *What are your immediate plans for Enexor this year? Will you be commencing drilling?*
>
> Chairman: We plan to complete the drilling proposal and submit the same to the DOE for approval soon. Once we receive DOE approval, we will start the tendering process for the drilling rig, drilling equipment and supplies, and oilfield services. We hope to conclude the procurement in H2 2021. Drilling will likely happen in Q2 2022, at the earliest.

Mr. Francis Batnag (stockholder): *What is the nature of the company's request to declare force majeure? What is the current status? Also, should the DOE grant ACEX's request of force majeure on SC55, how will this affect the current roadmap to drill by April 22?*

President: The company requested the DOE to declare force majeure on the service contract in view of the far-reaching adverse effects of the COVID-19 pandemic on the global upstream petroleum industry. The Force Majeure request is still pending with the DOE. Even if the Force Majeure is granted, the SC55 venture will, nevertheless, continue to exert best efforts to deliver the obligatory well as soon as is reasonably practicable.

Danilo L. Panes (stockholder): *You mentioned that you are looking for strategic partners. What is the status of this?*

Chairman: We are open to having new partner(s) whose financial and technical capabilities would be a strategic fit to ours. We are currently still searching for strategic partners.

Danilo L. Panes (stockholder): *Why did the company exit the SC6 Block A consortium?*

President: We used to have a very small minority interest in SC6 Block A, which currently has no commercial operations. Given this, we opted to just exit the service contract in order to focus our efforts on SC55.

12. **Adjournment**

There being no other comments or questions from the stockholders, the Chairman adjourned the meeting. The Chairman mentioned that a link to the recorded webcast of the meeting will be posted on the Corporation's website and that stockholders may raise issues, clarifications and concerns on the meeting conducted within two (2) weeks from posting of the link by sending an email to corpsec.enexor@acenergy.com.ph.

DODJIE D. LAGAZO
Corporate Secretary

ALAN T. ASCALON
Assistant Corporate Secretary

RAISSA C. VILLANUEVA
Assistant Corporate Secretary

ATTESTED BY:

JOHN ERIC T. FRANCIA
Chairman of the Meeting, Director

ANNEX "C"

RELEVANT RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS FROM 19 APRIL 2021 UNTIL 24 APRIL 2022 FOR RATIFICATION BY THE STOCKHOLDERS

Regular Meeting of the Board of Directors
10 March 2021

Resolution No. B-2021-0310-01

RESOLVED, to approve the minutes of the regular meeting of the Board of Directors held on 13 November 2020.

Resolution No. B-2021-0310-02

RESOLVED, to ratify the approval by the Executive Committee of the Corporation's withdrawal from Service Contract 6 – Block A.

Resolution No. B-2021-0310-03

RESOLVED, to ratify the approval by the Executive Committee of the Corporation's appointment of Michael A. Escarcha, Jennifer M. Naynes, and Ronnie A. Domingo as the Corporation's authorized representatives to transact with the Bureau of Internal Revenue ("BIR") in relation to the Corporation' application for transfer of Revenue District Office, and other BIR-related permits.

Resolution No. B-2021-0310-04

RESOLVED, to approve the schedule and agenda of the Corporation's 2021 annual stockholders' meeting as follows:

Date: April 19, 2021 (Monday)
Time: 2:00 P.M.
Manner: via remote communication, with voting via proxy or in absentia via the Voting in Absentia by Shareholders (VIASH) System developed by Globe

Agenda:
1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report of Management Including the 2020 Audited Financial Statements
5. Ratification of the Acts of the Board of Directors and Officers
6. Delegation of Power and Authority to the Board to Amend the By-laws
7. Election of Directors (Including the Independent Directors)
8. Election of External Auditor and Fixing of its Remuneration
9. Consideration of Such Other Business as may Properly Come Before the Meeting
10. Adjournment

RESOLVED, FINALLY, to approve and authorize the holding by the Corporation of a fully virtual annual stockholders' meeting for the year 2021 including all the necessary and related arrangements, subject to applicable rules and regulations of the Securities and Exchange Commission and such other relevant rules and procedures as may be determined by the Chairman of the Board.

Resolution No. B-2021-0310-05

RESOLVED, to approve the Corporation's Parent and Consolidated Financial Statements for the year ended 31 December 2020 and to authorize the submission of the foregoing reports to the Philippine Stock Exchange and the Securities and Exchange Commission.

Organizational Meeting of the Board of Directors
19 April 2021

Resolution No. B-2021-0419-01

RESOLVED, to approve the minutes of the regular meeting of the Board of Directors held on 10 March 2021.

Resolution No. B-2021-0419-02

RESOLVED, to appoint the following as officers of the Company and to serve as such beginning today until their successors are appointed and qualified:

John Eric T. Francia	Chairman, Board of Directors; Chief Executive Officer
Raymundo A. Reyes, Jr.	President & Chief Operating Officer
Dodjie D. Lagazo	Corporate Secretary; Compliance Officer
Alan T. Ascalon	Assistant Corporate Secretary 1; Data Privacy Officer
Raissa C. Villanueva	Assistant Corporate Secretary 2
Maria Corazon G. Dizon	Treasurer & CFO; Chief Risk Officer
Ronald F. Cuadro	SVP – Finance and Controller
Henry T. Gomez, Jr.	Chief Audit Executive

RESOLVED, to appoint Ms. Ma. Aurora Geotina-Garcia as the lead independent director of the Company.

Resolution No. B-2021-0419-03

RESOLVED, to appoint the following as members of the various board committees as indicated, to serve as such beginning today until their successors are appointed and qualified:

Executive Committee
1. John Eric T. Francia (Chairman)
2. Raymundo A. Reyes, Jr.
3. Jaime Alfonso E. Zobel de Ayala

Personnel and Compensation Committee
1. Mario Antonio V. Paner (Chairman)
2. Ma. Aurora D. Geotina-Garcia
3. Jaime Z. Urquijo

Audit Committee
1. Ma. Aurora D. Geotina-Garcia (Chairman)
2. Raphael Perpetuo M. Lotilla
3. Augusto Cesar D. Bengzon

Board Risk Management and Related Party Transaction Committee
1. Alberto A. Lim (Chairman)
2. Raphael Perpetuo M. Lotilla
3. Jaime Z. Urquijo

Corporate Governance and Nomination Committee
1. Raphael Perpetuo M. Lotilla (Chairman)
2. Mario Antonio V. Paner
3. Alberto A. Lim

Regular Meeting of the Board of Directors
10 August 2021

Resolution No. B-2021-0810-01

RESOLVED, to approve the minutes of the organizational board meeting held on 19 April 2021.

Resolution No. B-2021-0810-02

RESOLVED, to approve the Corporation's SEC Form No. 17-Q and Parent and Consolidated Financial Statements for the three-month period ended 30 June 2021 and to authorize the submission of the foregoing reports to the Philippine Stock Exchange and Securities and Exchange Commission.

Resolution No. B-2021-0810-03

RESOLVED, to authorize the Corporation to transact with following banks and banking institutions, and such other banks and banking institutions that the Board of Directors may authorize from time to time (the "Banks"):

Philippine Banks
Bank of the Philippine Islands and any of its subsidiaries
BDO Unibank, Inc. and BDO Private Bank
China Banking Corporation
Development Bank of the Philippines
Land Bank of the Philippines
Metropolitan Bank & Trust Company and First Metro Investment Corp.
Security Bank Corporation
Rizal Commercial Banking Corporation
Philippine National Bank
Union Bank of the Philippines
EastWest Banking Corporation
Asia United Bank

Foreign Banks
Australia & New Zealand Banking Group Ltd.
MUFG Bank, Ltd. Group (formerly The Bank of Tokyo-Mitsubishi, Ltd.)
Bank of China, Ltd.
Chinatrust Commercial Banking Corp.
Citibank N.A.
Deutsche Bank AG

The Hongkong & Shanghai Banking Corp., Ltd.
ING Bank N.V.
Maybank Inc. or other members of the Maybank Group
JP Morgan Chase Bank, N.A.
Mizuho Bank Ltd.
Standard Chartered Bank Group
Sumitomo Mitsui Banking Corporation
DBS Bank Ltd.
Macquarie Bank, Ltd. Group
Taipei Fubon Bank
Cathay United Bank
Industrial and Commercial Bank of China
Groupe BPCE and Natixis Group
Societe Generale Corporate & Investment Banking Group
Bangkok Bank Public Co. Ltd.

Other Banks
Yoma Bank Limited

RESOLVED, **FURTHER**, to authorize the following as the Corporation's Attorneys-in-Fact for transactions with the Banks:

Class "A"	**Class "B"**
John Eric T. Francia	Hannielynn F. Tucay
Maria Corazon G. Dizon	Joyce Dominique J. Cotaoco
Jose Maria Eduardo P. Zabaleta	Edgar Allan M. Alcantara
Dodjie D. Lagazo	
Gabino Ramon G. Mejia	
J. Edmond C. Garcia	

RESOLVED, **FURTHER**, to authorize the Corporation's Attorneys-in-Fact to enter into the transactions specified below (hereinafter, the "Transactions") on behalf of the Corporation, under such number of signatories and observing the required class of signatories corresponding to the particular Transaction described:

Banking Transactions	Authorized Number of AIFs	Authorized Signatory Class
1) To invest in the following instruments, both in local and foreign currency with the Banks: a) Unit investment Trust Funds, Trust Accounts and/or similar products; b) Bonds, Stocks, Short-duration and/or long-duration funds; c) Government Securities such as treasury bills, treasury notes, treasury bonds, retail treasury bonds and other securities that carry the full faith and credit of the Republic of the Philippines; d) Promissory notes, corporate notes, bonds, commercial papers and preferred shares e) Time deposits, certificate of deposits, special savings and other deposit products; 2) To open, operate, and close deposit accounts, both in local and foreign currency, with the Banks; 3) To enter into foreign exchange dealings as well as derivative transactions and contracts, such as buying and selling of foreign exchange, under spot, swaps, options and forwards transactions with the Banks	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"
4) To avail of collections and cheque outsourcing/payments services including but not limited cheque printing, cheque releasing, e-tax services, etc. with the banks; 5) To open, operate, and close trust accounts with the Trust Department of the Banks; 6) To open, maintain, and close third party custodian account/s with the Banks; 7) To register as a qualified Institutional buyer (QIB) and to appoint any of Banks and/or any of its branches as the Corporation's registrar; 8) To open and utilize the electronic or internet banking services, Transactional Banking services and payroll services of the Banks; 9) To avail of electronic banking services through the Banks' proprietary systems and/or deployment of a Host-to-Host solution and authorize the Company to	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B"

Banking Transactions	Authorized Number of AIFs	Authorized Signatory Class
1) To invest in the following instruments, both in local and foreign currency with the Banks: a) Unit investment Trust Funds, Trust Accounts and/or similar products; b) Bonds, Stocks, Short-duration and/or long-duration funds; c) Government Securities such as treasury bills, treasury notes, treasury bonds, retail treasury bonds and other securities that carry the full faith and credit of the Republic of the Philippines; d) Promissory notes, corporate notes, bonds, commercial papers and preferred shares e) Time deposits, certificate of deposits, special savings and other deposit products; 2) To open, operate, and close deposit accounts, both in local and foreign currency, with the Banks; 3) To enter into foreign exchange dealings as well as derivative transactions and contracts, such as buying and selling of foreign exchange, under spot, swaps, options and forwards transactions with the Banks	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"
co-use the electronic channel of AC Energy and Infrastructure Corporation; 10) To connect to the Society for the Worldwide Interbank Financial Telecommunication (SWIFT) and/or avail of Fidelity National Information Services, Inc.'s (FIS) managed bank connectivity service for electronic bank communication; 11) To enroll in the Bills Collection Service and Auto Debit Arrangement (ADA) Facility from any of the Banks to facilitate payment collection from the Corporation's customers; 12) To avail of prepaid or credit cards facilities with the Banks, under such terms and conditions as may have been agreed upon; 13) To implement Standard Settlement Instruction and/or fax indemnities with the Banks; 14) To implement liquidity management solutions such as cash concentration, sweeping and interest optimization facilities;		
15) To confirm transactions such as bank balances, money market, foreign exchange, investment position and other forms of trade with the Banks;	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"

Banking Transactions	**Authorized Number of AIFs**	**Authorized Signatory Class**
1) To invest in the following instruments, both in local and foreign currency with the Banks: a) Unit investment Trust Funds, Trust Accounts and/or similar products; b) Bonds, Stocks, Short-duration and/or long-duration funds; c) Government Securities such as treasury bills, treasury notes, treasury bonds, retail treasury bonds and other securities that carry the full faith and credit of the Republic of the Philippines; d) Promissory notes, corporate notes, bonds, commercial papers and preferred shares e) Time deposits, certificate of deposits, special savings and other deposit products; 2) To open, operate, and close deposit accounts, both in local and foreign currency, with the Banks; 3) To enter into foreign exchange dealings as well as derivative transactions and contracts, such as buying and selling of foreign exchange, under spot, swaps, options and forwards transactions with the Banks	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"
16) To issue dealing instructions to the Banks for money market, foreign exchange, trade finance and equity instruments;	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"
17) To issue Bank confirmation replies;	1	• Class "A" or • Class "B"
18) To sign, execute and deliver credit facilities including but not limited to term loan agreements, revolving credit lines, letter of credit, stand-by letter of credit, bank guarantees, pre-settlement risk line and hedging agreements, regardless of amount;	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B"
19) To implement bank loan agreements including submission of compliance/reportorial requirements in accordance with such agreements;	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B"

20) To approve and authorize availment of electronic or internet banking services, to approve and sign the necessary cash management agreements including enrollment documents designating the system administrator(s), system maker(s), system approver(s) for electronic banking and prepaid or credit card facilities, and other such documents to implement the foregoing;	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B"
21) To withdraw, transfer or charge at any time upon checks, notes, drafts, bills of exchange, acceptances, undertakings, or other instruments or orders for the payment of money when needed, signed, drawn, accepted or endorsed on behalf of the Corporation, the funds of the Corporation deposited with any and all Banks for such amounts and in the manner, form, and limitations indicated below:		
a) For amounts up to Ten Million Pesos (Php10,000,000.00) or its foreign currency equivalent:	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B" or • Two (2) Class "B"
b) For amounts above Ten Million Pesos (Php10,000,000.00) or its foreign currency equivalent.	2	• Two (2) Class "A" or • One (1) Class "A" and one (1) Class "B"

RESOLVED, FINALLY, to authorize the Corporate Secretary or the Assistant Corporate Secretary to adopt the form of resolution or certification as may be required to effect the authorizations granted herein.

Resolution No. B-2021-0810-04

RESOLVED, to appoint the following as the Corporation's Attorneys-in-Fact, and together with such other persons as may be designated by the Board of Directors from time to time, shall be authorized to enter into the transactions below, subject to the limitations specified herein:

Class "A"

Jaime Augusto Zobel de Ayala	Fernando Zobel de Ayala	Solomon M. Hermosura	Jose Rene Gregory D. Almendras
John Eric T. Francia	Maria Corazon G. Dizon	Dodjie D. Lagazo	Roman Miguel G. De Jesus
Jose Maria Eduardo P. Zabaleta	J. Edmond C. Garcia	Gabino Ramon G. Mejia	Paolo F. Borromeo Jaime Alfonso Zobel de Ayala

Class "B"

Christian Gerard P. Castillo	Hannielynn F. Tucay
Alan T. Ascalon	Joyce Dominique J. Cotaoco
Riolita C. Inocencio	Edgar Allan M. Alcantara
Irene S. Maranan	Daniel O. Arago
Ma. Chiara Lubich H. Zotomayor	Mico B. Cornejo
Andree Lou C. Kintanar	Shiela C. Mina
John Henry Liquete	

Class "C"

Ronald F. Cuadro	Herman B. Timoteo
Shirlene M. Anyayahan	Christine Gale Paras
Cheyenne Francis B. Batnag	Sheryl L. Buena
Maria Joanna Paula A. Lim	Gale Q. Launio
Aaron G. Angeles	Henry T. Gomez Jr.
Michael Alexander Soriano	

RESOLVED, **FURTHER**, to authorize the Corporation's Attorneys-in-Fact and/or officers of the Corporation specified below to enter into the following (hereinafter, the "**Transactions**") on behalf of the Corporation, under such number of signatories and observing the required class of signatories corresponding to the particular Transaction described:

COMMERCIAL OPERATIONS TRANSACTIONS	Authorized Number of AIFs	Authorized Signatory Class
1. To sign and execute agreements and contracts involving the purchase or supply above 5MW	2	One (1) Class "A" and Head of Commercial Operations
2. To sign and execute agreements and contracts involving the purchase or supply of 5MW and below, including distribution wheeling and services agreement and ancillary services procurement agreements.	2	Any two (2) signatories

3. To sign and execute all other agreements, protocols, supplements, documents, letters, forms, and the like, incidental or required in the purchase or sale of electricity or distribution wheeling and services agreement, or required by the customer, supplier or counterparty, DOE, ERC, PEMC, IEMOP, NGCP, Distribution Utility or Electric Cooperative, such as but not limited to, the registration, accreditation, transmission connection of electricity,, withdrawal of bill deposits, switching or enrolment of customers, demand for payment, enforcement of the contract, billing matters, or disconnection of customers	2	At least one (1) signatory is Class "B" or higher
4. Dealings with DOE, ERC, PEMC, IEMOP, NGCP or with any government or administrative agency, and local government unit, distribution utility, electric cooperative, Retail Electricity Suppliers Association of the Philippines ("RESA"), Philippine Independent Power Producers Association ("PIPPA"), and similar organizations or associations, and to act as the main contact person/s of the Corporation, with power to represent the Corporation and vote on all matters on behalf of the Corporation as well as be nominated as a director/trustee or officer.	2	at least one (1) signatory is Class "B" or higher
5. To file, execute, sign, revise, amend, update, submit, any document, form, certification, agreement, verification, affidavit, undertaking required by the customers, suppliers and counterparties as well as receive any document, letter, notices, statement of accounts or invoices.	2	Any two (2) signatories
6. To sign any letter, request, correspondence, notice or communication to any government agency, IEMOP, PEMC, NGCP, customer, supplier, or counterparty.	1	President, the Head of Commercial Operations, or the Head of Legal & Regulatory, or any other signatory of any Class

7. To sign, execute, submit, file compliance reports, undertakings, application for licenses and its renewal, requests for information, explanations, affidavits, and any and all documents and instruments related to all commercial operations transactions, and to appear and represent the Corporation, and perform any and all acts necessary or requisite in the premises.	1	President the Head of Commercial Operations, or the Head of Legal & Regulatory, or any other signatory of any Class
8. To file, execute, sign, revise, amend, submit, obtain on behalf of the Corporation, protests/disputes, petitions or applications, legal forms or pleadings, or instruments, or such other documents as may be necessary	2	President Head of Commercial Operations, or the Head of Legal & Regulatory, or any other signatory of any Class
9. To appear, represent, and perform all acts necessary on behalf of the Corporation in any hearing, meeting, public consultation, assembly, or conference in relation to any claim, complaint, proceeding, petition, protest, suit, or any case for or against the Corporation before any judicial or quasi-judicial agency, office, or body of the government, organization or association from the filing of the claim until the termination of the same	2	President, the Head of Commercial Operations, or the Head of Legal & Regulatory, or any other signatory of any Class
10. To participate, represent the Corporation, and appear in all biddings, requests for proposals, accreditation or registration proceedings of suppliers or customers and to receive the instructions to bidders, bid bulletins, letters, communications, correspondences, notices and/or legal processes issued by the bids and awards or accreditation committee of the suppliers or customers	2	President, the Head of Commercial Operations, or the Head of Legal & Regulatory, or any other signatory of any Class

RESOLVED, FINALLY, to authorize the Corporate Secretary or Assistant Corporate Secretaries to adopt the form of resolution or certification as may be required to effect the authorizations granted herein.

Resolution No. B-2021-0810-05

RESOLVED, to appoint the following as the Corporation's Attorneys-in-Fact, and together with such other persons as may be designated by the Board of Directors from time to time, shall be authorized to enter into the transactions described below, subject to the limitations specified herein:

Class "A"

Jaime Augusto Zobel de Ayala	Fernando Zobel de Ayala	Solomon M. Hermosura	Jose Rene Gregory D. Almendras
John Eric T. Francia	Maria Corazon G. Dizon	Dodjie D. Lagazo	Roman Miguel G. De Jesus
Jose Maria Eduardo P. Zabaleta	J. Edmond C. Garcia	Gabino Ramon G. Mejia	Paolo F. Borromeo
			Jaime Alfonso Zobel de Ayala

Class "B"

Christian Gerard P. Castillo	Hannielynn F. Tucay
Alan T. Ascalon	Joyce Dominique J. Cotaoco
Riolita C. Inocencio	Edgar Allan M. Alcantara
Irene S. Maranan	Daniel O. Arago
Ma. Chiara Lubich H. Zotomayor	Mico B. Cornejo
Andree Lou C. Kintanar	Shiela C. Mina
John Henry Liquete	

Class "C"

Ronald F. Cuadro	Herman B. Timoteo
Shirlene M. Anyayahan	Christine Gale Paras
Cheyenne Francis B. Batnag	Sheryl L. Buena
Maria Joanna Paula A. Lim	Gale Q. Launio
Aaron G. Angeles	Henry T. Gomez Jr.
Michael Alexander Soriano	

RESOLVED, to authorize the Corporation's Attorneys-in-Fact and/or officers of the Corporation specified below to enter into the following (hereinafter, the "Transactions") on behalf of the Corporation, under such number of signatures and observing the required class of signatories corresponding to the particular Transaction described:

REGULATORY AND OTHER OPERATIONAL TRANSACTIONS	Authorized Number of AIFs	Authorized Signatory
1. To file, apply for, or procure any approval, permit, license, clearance or any authorization from government agencies, bureaus, departments, local government units, and government controlled corporations such as but not limited to the following: a. Department of Energy; b. Energy Regulatory Commission;	1	CEO President CFO Head, Legal Operations Any signatory of any Class

c. Bureau of Internal Revenue; d. Board of Investments; e. Bureau of Customs; f. Bangko Sentral ng Pilipinas; g. Department of Finance; h. Department of Environment and Natural Resources; i. Philippine Drug Enforcement Agency; j. Department of Public Works and Highways; k. Department of Labor and Employment; l. Department of Interior and Local Government; m. Bureau of Fire Protection; n. Philippine National Police; o. Commission on Elections; p. Department of Agrarian Reform; q. National Commission on Indigenous Peoples; r. National Water Resources Board s. Land Registration Authority; t. Registry of Deeds; u. Laguna Lake Development Authority; v. Home Development Mutual Fund; w. Social Security System; x. Philippine Health Insurance Corp.; y. Local Government Units; z. Any and all other government agencies or instrumentalities and their divisions and units; and aa. Any telephone, water, electricity, cable, internet, and other utility providers, *including the power to delegate such authority in a special power of attorney;*		
2. To sign any letter, request, correspondence or communication to any government agency, *including the power to delegate such authority in a special power of attorney;*	1	CEO President CFO Head, Legal Operations Any signatory of any Class
3. To sign, execute, and/or deliver any and all documents, instruments, and correspondences, and to do and perform any and all acts necessary or requisite in the premises, *including the power to delegate such authority in a special power of attorney;*	1	Any of the following: • CEO • President • CFO • Head, Legal Operations • Any signatory of any Class
4. To sign, execute, submit and/or deliver compliance reports, undertakings, agreements, requests for information, explanations, affidavits, and any and all documents and instruments, and to do and perform	1	Any of the following: • CEO • President • CFO • Head, Legal
any and all acts necessary or requisite in the premises.		Operations • Any signatory of any Class

5. To designate in writing any other officer or person to perform any of the Transactions enumerated hereunder;	1	Any of the following: • CEO • President • CFO • Head, Legal Operations • Any signatory of any Class
6. To institute/defend/intervene/participate/enter into a compromise or settlement agreements and/or represent the Corporation in legal actions or proceedings; to sign or cause/authorize the signing by its duly designated officers or employee and/or counsel of pleadings; to submit to alternate modes of dispute resolutions and to enter into stipulations or admissions of facts and documents; to execute Special Powers of Attorney in favor of any two (2) officers or employees of the Corporation or any law office or attorney, granting the attorney-in-fact the authority to enter into stipulation of facts or sign for and in behalf of the Corporation compromise agreements or other documents on such other terms as they may deem reasonable; and to do and perform, by himself or through said attorneys-in-fact/substitute/delegate any and all other acts required or may be necessary in the prosecution, defense and/or termination of such legal actions or proceedings	2	Any 2 of the following: • CEO • President • CFO • Head, Legal & Regulatory • Head, Legal Operations • Any signatory of any Class
7. To enter into any negotiation, contract, or agreement with any person, firm or entity, public or private, domestic or foreign, which the Company may enter into under the statutes of the Philippines; and or to sign, execute, and/or deliver contracts, agreements, undertakings, memorandum of understanding/agreement, affidavits/declarations and other documents/ instruments:		
7.1. *Without any monetary consideration (e.g. NDA, MOAs)*	2	One (1) Class A signing with another signatory of any Class
7.2. *Up to One Million Pesos (PhP1,000,000.00) or its foreign currency equivalent (VAT ex.)*	2	Any signatory of any Class
7.3. *Above One Million Pesos up to Five Million Pesos (Php 5,000,000.00) or its foreign currency equivalent (VAT ex.)*	2	One (1) Class A signing with any other signatory of any Class
7.4. *Above Five Million Pesos (Php5,000,000.00) or its foreign currency equivalent (VAT ex.)*	2	One (1) Class "A" signing with a Class "B" or another Class "A"

RESOLVED, FINALLY, to authorize the Corporate Secretary or the Assistant Corporate Secretary to adopt the form of resolution or certification as may be required to effect the authorizations granted herein.

Resolution No. B-2021-0810-06

RESOLVED, to delegate authority to approve Purchase Orders ("POs") and to approve in the Corporation's request for Payment System ("RFP") the transactions falling under the purview of the Materials Management Department ("**MMD**") within the Corporation's procurement process, to the following officers and employees, and to such other officers and employees of the Corporation, and persons that the Board of Directors may designate from time to time:

RESOLVED FURTHER, that the authority granted hereunder shall exercised by officers of the Corporation and such persons as provided below based on the value of the Transaction sought to be approved, as follows:

FROM	TO	
Php 1	Php 50,000	RFP System Approval Matrix
Php 50,001	Php 500,000	
Php 500,001	Php 1,000,000	
Php 1,000,001	Php 5,000,000	
Php 5,000,001	Php 10,000,000	1. Cost Center Head 2. Controller
Php 10,000,001	Above	1. Cost Center Head 2. Controller 3. Group CFO

RESOLVED, **FURTHER**, to delegate authority to approve confirmatory POs (except confirmatory POs for fuel oil) to the officers and employees designated below and as follows:

FROM	TO	
Php 1	Php 500,000	1. Controller
Php 500,001	Php 1,000,000	1. Controller
Php 1,000,001	above	1. Group CFO

RESOLVED, FINALLY, to authorize the Chief Finance Officer and Group Head for Legal & Regulatory to approve any amendments to this Delegation of Authority, upon the written recommendation of the Internal Audit Head and the Controller of the Corporation.

Resolution No. B-2021-0810-07

RESOLVED, to approve the amendments of the Corporation's By-Laws, on terms as presented, and summarized in *Annex "B"* hereof.

Resolution No. B-2021-0810-08

RESOLVED, to designate the following electronic mail addresses and mobile numbers of the Corporation and to authorize the Securities and Exchange Commission ("Commission") to send notices, letter-replies, orders, decisions, and/or other documents emanating from the Commission through the foregoing electronic mail addresses and mobile numbers for the purpose of complying with the notice requirement of administrative due process:

Official electronic email address:
corpsec.enexor@acenergy.com.ph Official mobile number:
09278370863
Alternative electronic mail address: acenergy-complianceunit@acenergy.com.ph
Alternative mobile number: 09175550765

RESOLVED, **FINALLY**, to delegate unto the Corporate Secretary and Assistant Corporate Secretaries the authority to inform the Commission and to certify as to the new electronic mail address/es and mobile number/s of the Corporation.

Resolution No. B-2021-0810-09

RESOLVED, to designate the following as the Corporation's authorized representatives with any one of them being authorized to represent the Corporation and file with, submit and/or deliver to the SEC any and all of the Corporation's reportorial requirements through the SEC's Online Submission Tool (OST) using the Corporation's designated e-mail address:

1. Dodjie D. Lagazo (Corporate Secretary)
2. Alan T. Ascalon (Assistant Corporate Secretary)
3. Raissa C. Villanueva (Assistant Corporate Secretary)
4. Kiel Anthony Desepeda (Authorized Filer)
5. Girlie C. Caldit (Authorized Filer)
6. Angelica Mae S. Gabay (Authorized Filer)
7. Arriane D. Bancoro (Authorized Filer)
8. Shiela Marie E. Maraon (Authorized Filer)

Special Meeting of the Board of Directors
18 October 2021

Resolution No. B-2021-1018-01

RESOLVED, to approve the property for shares swap between the Company and AC Energy Corporation ("ACEN") and the issuance by the Company of 339 million shares to ACEN at an issue price of Ten Pesos (Php10.00) per share in exchange for 100% of ACEN's shares of stock in each of Palawan55 Exploration & Production Corporation, Bulacan Power Generation Corporation, CIP II Power Corporation, and Ingrid3 Power Corp. (the "Assets") valued at Php

3.39 billion as supported by a fairness opinion issued by FTI Consulting Philippines, Inc. and subject to compliance with applicable regulatory requirements.

Resolution No. B-2021-1018-02

RESOLVED, to approve the conduct of a stock rights offer ("SRO") of up to 105.3 million of the Company's shares at the offer price of Php10.00 per share.

Regular Meeting of the Board of Directors
10 November 2021

Resolution No. B-2021-1110-01

RESOLVED, to approve the minutes of the previous special meeting on 18 October 2021.

Resolution No. B-2021-1110-02

RESOLVED, to ratify the approval made by the Audit Committee as to the Corporation's parent and consolidated financial statements of the Corporation as of and for the period ended 30 September 2021.

Resolution No. B-2021-1110-03

RESOLVED, to approve the proposed 2022 budget of the Corporation as presented.

Resolution No. B-2021-1110-04

RESOLVED, to approve the proposed joint venture with Gen X Energy and the execution of definitive documents for the joint venture on terms as presented;

RESOLVED, FURTHER, to delegate authority to the CEO, John Eric T. Francia, and Jose Maria P. Zabaleta, to jointly determine the final terms of the joint venture and the definitive documents to be executed to implement such joint venture; and

RESOLVED, FINALLY, to authorize any two (2) Class A attorneys-in-fact, or any one (1) Class A and any one (1) Class B attorneys-in-fact, acting jointly, to sign the definitive documents as are necessary or required to implement the foregoing.

Resolution No. B-2021-1110-05

RESOLVED, to approve the amendment to the Articles of Incorporation and By-laws of the Corporation to change the principal office from the 4th Floor 6750 Office Tower, Ayala Avenue, Makati City, 1226, Philippines to the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo De Roxas Cor. Makati Avenue, Makati City 1226, Philippines.

Special Meeting of the Board of Directors
10 December 2021

Resolution No. B-2021-1210-001

RESOLVED, to approve the minutes of the special meeting of the Board of Directors on 10 November 2021.

Resolution No. B-2021-1210-002

RESOLVED, to elect Mr. Rolando J. Paulino, Jr. as Director and President of the Corporation, to serve the unexpired term of Mr. Raymundo A. Reyes, Jr., effective 1 January 2022.

Resolution No. B-2021-1210-003

RESOLVED, to elect Mr. Raymundo A. Reyes, Jr. as General Manager of the Corporation effective 1 January 2022.

Resolution No. B-2021-1210-004

RESOLVED, to authorize the Corporation to secure loans from commercial banks under such terms and conditions as the Corporation's Chief Finance Officer may determine to be in the best interests of the Corporation, to be supported by a letter of comfort or letter of guarantee from its parent company in exchange for a guarantee fee of 1.00%. and

RESOLVED, FURTHER, to secure a loan from AC Energy Corporation of up to Php 150 million and on terms as presented.

Regular Meeting of the Board of Directors
9 March 2022

Resolution No. B-2022-0309-01

RESOLVED, to approve the minutes of the special meeting of the Board of Directors held on 10 December 2021.

Resolution No. B-2022-0309-02

RESOLVED, to approve and authorize the holding of the Corporation's 2022 annual stockholders' meeting on 25 April 2022 at 2:00 PM, with 25 March 2022 as the record date.

RESOLVED, FURTHER, to approve the following deadlines:
a. Nomination of Directors: 14 March 2022
b. Submission of proxies: 15 April 2022
c. Validation of proxies: 18 April 2022

RESOLVED, FURTHER, to approve the agenda as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report of Management Including the 2021 Audited Financial Statements
5. Ratification of the Acts of the Board of Directors and Officers
6. Issuance of Shares to AC Energy Corporation (in exchange for property needed for corporate purposes)
7. Amendment of the Articles of Incorporation to change the corporate name and principal place of business
8. Election of Directors (Including the Independent Directors)
9. Election of External Auditor and Fixing of its Remuneration
10. Consideration of Such Other Business as may Properly Come Before the Meeting
11. Adjournment

RESOLVED, FINALLY, to approve the delegation to the Chairman, Mr. John Eric T. Francia, of authority to approve the manner of holding the stockholders' meeting, including logistics and other arrangements, as may be relevant and necessary to be determined at a later time and to be communicated to the stockholders through the Notice of Meeting and the Definitive Information Statement.

Resolution No. B-2022-0309-03

RESOLVED, to approve the amendment to the Articles of Incorporation and By-laws of the Corporation to change the corporate name from "ACE Enexor, Inc." to "ENEX Energy Corp."

Resolution No. B-2022-0309-04

RESOLVED, to approve the Corporation's parent and consolidated financial statements as of and for the period ended 31 December 2021.

Resolution No. B-2022-0309-05

RESOLVED, to appoint Mr. Arnel A. Racelis as the Corporation's OIC Chief Audit Executive.

ANNEX "D"

Management's Discussion and Analysis (MD&A) and Plan of Operations

BUSINESS AND GENERAL INFORMATION

BUSINESS

ACE Enexor, Inc. ("**ACEX**" or the "**Company**"), formerly PHINMA Petroleum and Geothermal, Inc. ("**PPG**") is a Philippine corporation incorporated on 28 September 1994 as a wholly owned subsidiary of AC Energy Corporation ("**ACEN**", formerly AC Energy Philippines, Inc.). The Company's Articles of Incorporation and By-Laws were amended on 28 August 2012, to focus the primary purpose of the Company to the business of oil and gas exploration, development, and production both domestically and internationally. Thereafter, on 11 November 2019, the Company's Articles of Incorporation and By-Laws were amended to change its corporate name to ACE Enexor, Inc.

On 24 June 2019, ACEN purchased the combined 25.18% stake of PHINMA, Inc. (30,481,111 shares) and PHINMA Corp. (32,481,317 shares) in ACEX. Meanwhile, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.; "**ACEIC**") acquired the 51.48% combined stake of PHINMA, Inc. and PHINMA Corporation in ACEN, and subscribed to 2.632 billion ACEN shares. In addition, ACEIC acquired an additional 156,476 ACEN shares under a mandatory tender offer which ended on 19 June 2019. ACEIC and ACEN executed an Amended and Restated Deed of Assignment effective as of 9 October 2019 under which, in exchange for the issuance of 6,185,182,288 shares of ACEN, ACEIC will transfer certain of its onshore operating and development companies to ACEN (the "**ACEIC-ACEN Exchange**"). On 30 October 2020, the BIR issued a ruling confirming that the ACEIC-ACEN Exchange qualifies as a tax-free exchange under the National Internal Revenue Code. Subsequently, the Securities and Exchange Commission ("**SEC**") approved the issuance of the shares on 21 December 2020. On 28 January 2021, the shares issued pursuant to the ACEIC-ACEN Exchange were listed on the Philippine Stock Exchange ("**PSE**").

On 26 April 2021, ACEN and ACEIC signed a Deed of Assignment for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 common shares to ACEIC in exchange for ACEIC's 1,650,166,347 common shares and 15,035,347,600 redeemable preferred shares in AC Energy International, constituting 100% of the issued and outstanding shares of AC Energy International (the "**Property**") (the "**AC Energy International Transaction**"). The Property was used as ACEIC's subscription payment for the Shares and to support the increase in the Company's authorized capital stock from Php24.4 billion to Php48.4 billion. AC Energy International holds ACEIC's interests in various international energy projects through its ownership of AC Renewables International Pte Ltd., a Singapore limited liability company that in turn has interests in various renewable energy and development companies and projects in Indonesia, Vietnam, India, Australia and other countries.

The AC Energy International Transaction was implemented as a tax-free exchange, subject to a fairness opinion on the valuation of the shares and of the Property prepared and issued by FTI Consulting Philippines, Inc. ("**FTI Consulting**"), an independent fairness opinion provider accredited by both the SEC and the PSE. Pursuant to Section 10 of Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises ("**CREATE**") Act which took effect on 11 April 2021, Section 40 (C) (2) of the Tax Code was further amended, removing the requirement of a BIR confirmation or tax ruling for purposes of availing the tax exemption. On 29 July 2021, the BIR issued a Certificate Authorizing Registration for the AC Energy International Transaction. On 22 October 2021, the shares were listed on the PSE.

As of 28 February 2022, ACEIC (64.65%), together with its directors and officers (1.99%), owns and controls 66.64% percent of all outstanding shares of ACEN.

As of 28 February 2022, ACEN owns 75.92% of the outstanding voting shares of the Company. The immediate parent company of ACEN is ACEIC. ACEN has a management contract with ACEIC effective until 1 September 2023. Under the contract, ACEIC has general management authority with corresponding responsibility over all operations and personnel of ACEN, including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the Company. The ultimate parent company of the Company is Mermac, Inc. domiciled and incorporated in the Republic of the Philippines.

Petroleum and geothermal resources exploration involve the search for commercially exploitable subsurface deposits of oil, gas and steam through geological, geophysical and drilling techniques. A discovery is made when significant amounts of oil and/or gas and steam are encountered in a well and are flowed to the surface. Following a discovery, additional wells (appraisal or delineation wells) are drilled to determine whether the petroleum and steam accumulation could be economically extracted or not. If the results are positive, the oil, gas or steam field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines, and others.

Material dates

November 2012	SEC approves the increase of capital and restructuring of ACEX.
November 2012	ACEN subscribes to 24 Billion new shares at par value of ₱0.01 per share.[1]
November 2012	Palawan55 Exploration and Production Corporation ("**Palawan55**"), a subsidiary of ACEX and ACEN, is incorporated.
December 2012	ACEX and ACEN sign a Memorandum of Agreement and Deeds of Assignment for the transfer of SC 6 (Block A and B), SC 51 and SC 69; Palawan55 and ACEN sign a Memorandum of Agreement and Deed of Assignment for the transfer of SC 55.
February 2013	ACEN requests the Department of Energy ("**DOE**") approval of the assignment contracts.
23 April 2013	The DOE approves the assignment of the entire participating interests of ACEN in: 1) SC 6 Block A, SC 6 Block B, SC51 and SC69 to ACEX, and 2) SC 55 to Palawan55.
31 May 2013	SEC approves the increase in par value of ACEX shares from ₱0.01 to ₱1.00 per share.
27 September 2013	SEC approves the amendment to include the Lockup Requirements in accordance with the PSE's Listing Rules for Small, Medium and Emerging (SME) Board and Main Board.
14 August 2014	The SEC approves the registration of shares of ACEX
28 August 2014	ACEX lists its shares at the PSE by way of introduction
03 July 2015	SEC approves the amendment to change the principal office of the Company to Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines.
31 May 2017	SEC approves the amendment of the Company's Articles of Incorporation and By-Laws to change its name from Trans-Asia Petroleum Corporation to PHINMA Petroleum and Geothermal, Inc. to reflect the Company's entry into the exploration and development of geothermal resources business line and to further enhance the Company's identity as part of the PHINMA Group of Companies.
24 June 2019	ACEN purchases the combined 25.18% stake of PHINMA, Inc. (30,481,111 shares) and PHINMA Corp. (32,481,317 shares) in the Company.
9 August 2019	Palawan55 notifies the DOE of the entry of the SC 55 consortium (which Palawan55 is a part of) into the Appraisal Period of SC 55 effective 26 August 2019.
11 November 2019	SEC approves the amendment of the Company's Articles of Incorporation and By-Laws to change its name from PHINMA Petroleum and Geothermal, Inc. to ACE Enexor, Inc. and to change the principal office of the Company to 4th Floor 6750 Office Tower, Ayala Avenue, Makati City, Philippines.

[1] In 2013, the par value of ACEX shares was increased to ₱1.00 per share.

18 February 2020	Palawan55 receives the approval of the DOE of the assignment by Century Red, Pte. Ltd. ("Century Red") of its 37.5% interest in SC 55 to Palawan55. Palawan55 now holds a 75% interest in SC 55, with Pryce Gases, Inc. holding the remaining 25%. Palawan55 is the Operator of SC 55.
14 April 2020	Palawan55 receives a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective 26 April 2020.
27 August 2020	Palawan55 receives a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00.
26 January 2021	The Company notifies the SC 6A consortium of its intention not to extend SC 6 beyond calendar year 2020.
14 May 2021	Palawan55 receives a letter from the DOE granting Palawan55's request to place SC 55 under Force Majeure for a period of one (1) year. Palawan55 submits to the DOE for approval the CINCO-1 Drilling Proposal in compliance with its work commitment under the first two years of the Appraisal Period
19 November 2021	The Company, Buendia Christiana Holdings Corp. ("BCHC"), Red Holdings B.V. ("Gen X Energy"), Batangas Clean Energy, Inc. ("BCE") and Gen X Energy L.P. enters into an Investment Agreement, pursuant to which the Company would acquire a 50% interest in BCE, which is developing a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand.
29 December 2021	ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in the Company to ACEN at an issue price of Php10.00 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 Exploration & Production Corporation ("Palawan55") with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power Generation Corporation ("BPGC") representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II Power Corporation ("CIPP") with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3 Power Corp., ("Ingrid3"), a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in One Subic Power Generation Corporation ("OSPGC") with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

Petroleum Exploration and Production

ACE Enexor, Inc.'s Corporate Structure

As of 28 February 2022, ACEN owns 75.92% of the outstanding voting shares of ACEX. The immediate parent company of ACEN is ACEIC. ACEN has a management contract with ACEIC for five (5) years effective until 1 September 2023. Under the contract, ACEIC has general management authority with corresponding responsibility over all operations and personnel of ACEN, including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the Company. The ultimate parent company of the Company is Mermac, Inc. domiciled and incorporated in the Republic of the Philippines.

The Company's primary business is the exploration and production of crude oil and natural gas through interests in petroleum contracts and through holdings in resource development companies with interests in petroleum contracts. Crude oil, natural gas and coal are fossil fuels that are derived from organic material deposited and buried in the earth's crust Millions of years ago. Fossil fuels currently account for more than half of primary energy mix in the Philippines. Coal and natural gas are used to fuel nearly two thirds of power generation in the country. It is likely that fossil fuels will continue to be major energy sources over the next decades, even with the aggressive development of alternative sources of energy.

A petroleum discovery is made when significant amounts of oil and/or gas are encountered in a well and are flowed to the surface. Following a discovery, additional wells (called appraisal or delineation wells) are drilled to determine whether the petroleum accumulation could be economically extracted or not. If the results are positive, the oil or gas field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines and others.

Crude oil is usually sold at market price in its natural state at the wellhead after removal of water and sediments, if any. Depending on the location of the oil field, the oil produced may be transported via offshore tankers and/or pipeline to the refinery. On the other hand, natural gas may be flared, reinjected to the reservoir for pressure maintenance, or sold, depending on the volume of reserves and other considerations. Natural gas is commonly transported by pipeline. However, if the deposit is very large and the market is overseas, the gas may be transformed into liquefied natural gas and transported using specialized tankers.

Domestic Petroleum Exploration and Production

Petroleum exploration in the Philippines dates to 1896 with the drilling of Toledo1 in Cebu Island by Smith & Bell. Exploration activities increased from the 1950s to 1970s, under *Republic Act No. 387*, known as the "Petroleum Act of 1949" which ushered in the era of the concession system.

The current Service Contract system was introduced in 1973 with the enactment of *Presidential Decree No. 87*, known as the "Oil Exploration and Development Act of 1972". Under the Service Contract system, the service contractor undertakes to perform all petroleum operations in the contract area and provide all necessary services, technology and financing for such operations at its sole cost and risk. In consideration for its performance of its obligations as a service contractor, the contractor is entitled to a share in petroleum revenues in the event of commercial production.

The extensive exploration program in the 1970s resulted in several oil and gas discoveries in the West Palawan basins. Nido1 well, drilled by Philippine Cities Service in 1976, was the first oil discovery in the Northwest Palawan basin. Several small fields, all located in offshore Northwest Palawan, were subsequently developed and produced.

In 1989, relatively large deposits were discovered in the deep waters off Palawan. Occidental Petroleum discovered the Camago gas field. In 1990, Shell discovered the extension of the Camago deposit and the combined accumulation became known as the Malampaya gas field, the largest natural gas find in the country to date. The Malampaya gas field commenced production in late 2002, providing fuel for 2,700 MW of gas fired power generation facilities in the Luzon grid.

At the end of 2005, the estimated petroleum resources of the Philippines amounted to 456 Million Barrels of Fuel Oil Equivalent (BFOE). This consists of 25 Million barrels of oil, 2,135 Billion cubic feet of gas and 54 Million barrels of condensate. These petroleum resource estimates cover the 16 sedimentary basins situated from the Cagayan Valley Basin in the north down to the Agusan Davao Basin in the south as well as the Northwest Palawan Basin and the Sulu Sea Basin along the western flank of the archipelago. These basins are located in both offshore and onshore areas.

Under *Presidential Decree No. 87*, petroleum service contractors are entitled to the following incentives:

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

- Special income tax of 15% of Philippine income for foreign employees of service contractors and subcontractors

There are presently 19* active petroleum service contracts in the Philippines:

No.	PSC NO.	Operator	Location/Area (hectares)
1	**6A**	The Philodrill Corporation	NW Palawan / 108,146.587
2	**6B**	The Philodrill Corporation	NW Palawan / 53,293.945
3	**14**	The Philodrill Corporation / Galoc Production Company WLL/ RMA (West Linapacan) Energy Resources	NW Palawan / 70,887.52
4	**37**	PNOC – Exploration Corporation	Cagayan / 36,000.00
5	**38**	Shell Philippines Exploration B. V.	NW Palawan / 83,000
6	**40**	Forum Exploration, Inc.	North Cebu / 458,000.00
7	**49**	China International Mining Petroleum Corp.	South Cebu / 197,000
8	**53**	The Philodrill Corporation	Onshore Mindoro / 724,000
9	**54**	Nido Petroleum Philippines Pty. Ltd	NW Palawan (Area A / B = 87,616 / 314,000
10	**55**	Palawan55 Exploration and Production Corporation	West Palawan Ultra Deepwater / 988,000
11	**56**	Total E&P Philippines B.V.	Sulu Sea / 622,000
12	**57**	PNOC – Exploration Corporation	Calamian Block, NW Palawan / 720,000
13	**58**	Nido Petroleum Philippines Pty. Ltd	West Calamian Block, NW Palawan / 1,344,000
14	**59**	PNOC – Exploration Corporation	West Balabac, SW Palawan/ 1,476,000
15	**63**	PNOC – Exploration Corporation	SW Palawan / 528,000
16	**72**	Forum (GSEC101) Ltd.	Reed Bank / 888,000
17	**74**	PXP Energy Corporation	Northwest Palawan/426,800
18	**75**	PXP Energy Corporation	Northwest Palawan/616,000
19	**76**	Ratio Petroleum Limited	East Palawan/416

As of 31December 2021 per DOE Data

Competition

While competition for market of petroleum does not have a significant bearing in the operations of the Company, competition occurs on two fronts, namely: 1) petroleum acreage, and 2) investment capital.

The DOE awards petroleum contracts to technically and financially capable companies through competitive bidding. Thus, the Company competes with foreign firms and local exploration companies, such as Philippine National Oil Company Exploration Corporation (PNOC Exploration Corporation), The Philodrill Corporation, Oriental Petroleum and Minerals Corporation, and PetroEnergy Resources Corporation, for acquisition of prospective blocks. While there is competition in the acquisition of exploration rights, the huge financial commitments associated therewith also provide opportunities for partnership, especially between local and foreign companies. Under a service contract, a substantial financial incentive is given to consortia with at least fifteen percent (15%) aggregate Filipino equity. As a result, foreign firms invite local exploration companies in joint ventures to take advantage of said benefit and vice versa.

ACEX and other listed companies also compete for risk capital in the securities market. This may be in the form of initial public offerings, rights offerings, upward change in capitalization, and other vehicles. These domestic companies may also seek full or partial funding of projects from foreign companies through farm out of interest (dilution of equity in exchange for payment of certain financial obligations).

ACEX is also a recognized leader in the local petroleum industry. The Company is comparatively financially robust and has low level of debt. Its foreign partners and the DOE recognize its management and technical expertise in the field of energy exploration. Given these strengths, ACEX remains a strong competitor in the local exploration and production industry.

Foreign Sales

The Company does not have any foreign sales.

Bankruptcy, Receivership or Similar Proceedings, Reclassification, Merger or Purchase or Sale of Assets

Neither the Company nor its subsidiaries or affiliates are under any actual or potential bankruptcy, receivership or similar proceedings. Nor has the Company had any material reclassification, merger, consolidation, or purchase or sale of any significant amount of assets not in the ordinary course of business.

Suppliers and Customers

The Company's exploration business is not dependent on a single supplier nor on a single customer. Since the Company is not yet in operations, it does not have any Principal Suppliers and sources of raw materials.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

Any transaction between the Company and a related party must be approved by the Board Risk Management and Related Party Transaction Committee, composed of Independent Directors. The Committee uses acceptable valuation methods common in the industry or project involved, including but not limited to:

1. Joint Venture Method, a market-based approach which uses actual transactions on the asset;
2. Comparative Valuation Method which uses similar projects to estimate the value of an asset; and
3. Multiple Exploration Expenditure Method which uses historical cost as basis for estimating asset value.

In the last two (2) years, the Company has not been a party in any transaction in which a Director or Executive Officer of the Company, any nominees for election as a director, any security holder owning more than 10% of the Company's issued and outstanding shares and/or any member of his immediate family had a material interest thereon.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the years ending 2021, 2020 and 2019, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

<u>Identification, Review and Approval of Related Party Transactions</u>
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

In the ordinary course of business, the Company transacts with associates, affiliates and other related parties on operating and reimbursement of expenses, management service agreements and advances.

The balances and transactions of accounts as at and for the years ended December 31, 2021 and 2020 with related parties are as follows:

As at and for the Year Ended December 31, 2021

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Outstanding Balance Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**₱–**	Management and professional fees	**₱–**	**₱2,448,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**–**	Management and professional fees capitalized as deferred exploration cost	**–**	**12,240,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**–**	Management and professional fees charged to consortium partner	**–**	**5,100,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**4,967,189**	Advances	**–**	**12,544,461**	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**134,400**	Management and professional fees	**–**	**117,926**	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			**₱–**	**₱32,450,387**		

As at and for the Year Ended December 31, 2020

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Outstanding Balance Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	₱2,448,000	Management and professional fees	₱–	₱2,448,000	30–60 day terms; noninterest-bearing	Unsecured

Accrued expenses and other current liabilities - Due to related parties (see Note 8)	15,300,000	Management and professional fees capitalized as deferred exploration cost	–	12,240,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	5,100,000	Management and professional fees charged to consortium partner	–	5,100,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	–	Advances	–	7,577,272	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	134,400	Management and professional fees	–	80,961	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			₱–	₱27,446,233		

ACEN

ACEN provided advances to Palawan55 in 2021 totaling to ₱4,394,889 pertaining to professional and consultancy fees related to the SC work programs. ACEN provided advances to ACEX in 2021 totaling to ₱572,300 pertaining to filing and registration fees and other various expenses. ACEN also billed management fees to Palawan55 in 2020 which included ₱9 million pertaining to compensation of officers.

On 29 December 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in the Company to ACEN at an issue price of Php10.00 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 Exploration & Production Corporation ("**Palawan55**") with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power Generation Corporation ("**BPGC**") representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II Power Corporation ("**CIPP**") with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3 Power Corp., ("**Ingrid3**"), a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in One Subic Power Generation Corporation ("**OSPGC**") with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

On 13 January 2022, ACEX entered into a Loan Agreement with ACEN in the amount of Php127 Million, for a period of six (6) months, with an interest rate of 3.875%

ACES

ACES provided to the Group a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services (without engaging in the practice of accountancy), human resources management, manpower related services and other related functions.

Starting January 1, 2020, the compensation of the Group's key management personnel are paid by the Intermediate Parent Company and as such, the necessary disclosures required by PAS 24, *Related Party Disclosures*, are included in the financial statements of the Intermediate Parent Company.

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

Research and Development

The Company incurs minimal expenses for research and development activities, which do not amount to a significant percentage of its exploration costs.

REGULATORY FRAMEWORK

The Company's petroleum business is subject to the following laws, rules and regulations:

Presidential Decree (P.D.) No. 87, as amended, or The Oil Exploration and Development Act of 1972

P.D. 87, as amended, or "The Oil Exploration and Development Act of 1972" declares that the State should accelerate the discovery and production of indigenous petroleum through utilization of government and/or private resources, local and foreign, under arrangements calculated to yield maximum benefit to the Filipino people and revenues to the Philippine government, and to assure just returns to participating private enterprises, particularly those that will provide services, financing, and technology, and fully assume all exploration risks. The government may undertake petroleum exploration and production by itself or may indirectly undertake the same through Service Contracts. Under a service contract, service and technology are furnished by a contractor for which it would be entitled to a service fee of up to forty percent (40%) of net production proceeds. Where the Government is unable to finance petroleum exploration or in order to induce the contractor to exert maximum efforts to discover and produce petroleum, the service contract would stipulate that, if the contractor furnishes service, technology and financing, the proceeds of the sale of the petroleum produced under the service contract would be the source of payment of the service fee and the operating expenses due the contractor. Operating expenses are deductible up to seventy percent (70%) of gross production proceeds. If, in any year, the operating expenses exceed seventy percent (70%) of gross proceeds from production, the unrecovered expenses may be recovered from the operations of succeeding years. Intangible exploration costs may be reimbursed in full, while tangible exploration costs (such as capital expenditures and other recoverable capital assets) are to be depreciated for a period of five (5) or ten (10) years. Any interest or other consideration paid for any financing approved by the Government for petroleum development and production would be reimbursed to the extent of two-thirds (2/3) of the amount, except interest on loans or indebtedness incurred to finance petroleum exploration.

Aside from reimbursement of its operating expenses, a contractor with at least fifteen percent (15%) Filipino participation is allowed to recover a Filipino participation incentive allowance equivalent to a maximum of seven and a half percent (7.5%) of the gross proceeds from the crude oil produced in the contract area. Incentives to service contractors include (i) exemption from all taxes except income tax which is paid out of Government's share, (ii) exemption from all taxes and duties on importation of machinery, equipment, spare parts, and materials for petroleum operations, (iii) repatriation of investments and profits, and (iv) free market determination of crude oil prices. Finally, a subcontractor is subject to special income tax rate of eight percent (8%) of gross Philippine income while foreign employees of the service contractor and the subcontractor are subject to a special tax rate of fifteen percent (15%) on their Philippine income.

A service contract has a maximum exploration period of ten (10) years and a maximum development and production period of forty (40) years. Signature bonus, discovery bonus, production bonus, development allowance and training allowance are payable to the Government. Other pertinent laws and issuances include

P.D. 1857, a law amending certain sections of P.D. 87, as amended, offering improved fiscal and contractual terms to service contractors with special reference to deep water oil exploration; *DOE Circular No. 2009040004*, a circular that establishes the procedures for the Philippine Contracting Rounds; *DOE Circular No. 200305006*, a circular that provides the guidelines to the financial and technical capabilities of a viable petroleum exploration and production company; *Executive Order (EO) No. 66* issued in 2002 which designated the DOE as the lead government agency in developing the natural gas industry; and *DOE Circular 200208005*, a circular setting the interim rules and regulations governing the transmission, distribution and supply of natural gas.

Under P.D. 87, as amended, every service contractor that produces petroleum is authorized to dispose of same either domestically or internationally, subject to supplying the domestic requirements of the country on a pro-rata basis. There is a ready market for oil produced locally inasmuch as imported oil which comprised about thirty-four percent (34%) of the Philippines' primary energy mix as of 2010. Heavy dependence on foreign oil supply is not expected to change significantly over the next ten (10) years. On a case by case basis, the Government has allowed the export of locally produced crude oil in the past. The domestic natural gas industry is at the nascent stage, with supply coming from a single offshore field. Domestic gas production accounted for about seven percent (7%) of the country's primary energy mix in year 2010. The Government is actively promoting the use of natural gas for power, industry, commercial and transport applications, owing to environmental considerations and the need to diversify energy supply.

Republic Act (R.A.) No. 8371 or The Indigenous Peoples' Rights Act of 1997

R.A. 8371 or "The Indigenous Peoples' Rights Act of 1997" (IPRA) requires the free and prior informed consent (FPIC) of indigenous peoples (IP) who will be affected by resource exploration and extraction activities. Under the IPRA, IPs are granted certain preferential rights to their ancestral domains and all resources found therein. Ancestral domains are defined as areas generally belonging to IPs, subject to property rights within ancestral domains already existing or vested upon the effectivity of the IPRA, comprising lands, inland waters, coastal areas, and natural resources, held under a claim of ownership, occupied or possessed by IPs themselves or through their ancestors, communally or individually, since time immemorial, continuously to the present, except when interrupted by war, force majeure or displacement by force, deceit, stealth, or as a consequence of government projects or any voluntary dealings entered into by the Government and private persons, and which are necessary to ensure their economic, social and cultural welfare.

Under the IPRA, no concession, license, lease or agreement shall be issued by any government agency without the certification precondition (CP) from the National Commission on Indigenous People (NCIP). The CP states that the FPIC has been obtained from the concerned IPs. For areas not occupied by IPs, a certificate of non-overlap is issued instead by the NCIP. For areas occupied by IPs, the applicant and representatives from the NCIP will conduct consultations and consensus building to obtain the consent of IPs. The FPIC is manifested through a memorandum of agreement with IPs, traditionally represented by their elders. The CP is then issued by the NCIP stating that the FPIC has been obtained from the IPs concerned.

R. A. 8749 or The Philippine Clean Air Act of 1999

R.A. 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the Department of Environment and Natural Resources (DENR) is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking. To implement this law, the Government is promoting energy security through policies on energy independence, sustainability, and efficiency. These involve:

(1) increasing oil and gas exploration;
(2) strengthening of the PNOC to spearhead the development of indigenous energy resources and building global partnerships and collaborative undertakings;
(3) pursuing the development of renewable energy such as geothermal, wind, solar, hydropower, and biomass, and the vigorous utilization of the cleaner development mechanism and the emerging carbon market;
(4) expanding the use of natural gas; and
(5) adopting energy efficiency promotion strategies.

In support of this legislation, ACEX is participating in oil and gas exploration and development of renewable energy sources.

The Philippine Environmental Impact Statement System

Projects relating to resource exploration and extraction are required to comply with the Philippine Environmental Impact Statement (EIS) System. The EIS System was established by virtue of P.D. 1586 entitled "Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures And For Other Purposes", issued in 1978. The EIS System requires all government agencies; government owned or controlled corporations and private companies to prepare an Environmental Impact Assessment (EIA) for any project or activity that affects the quality of the environment. An EIA is a process that involves evaluating and predicting the likely impacts of a project (including cumulative impacts) on the environment and includes designing appropriate preventive, mitigating and enhancement measures to protect the environment and the community's welfare. An entity that complies with the EIS System is issued an Environmental Compliance Certificate ("ECC"), which is a document certifying that, based on the representations of the project proponent, the proposed project or undertaking will not cause significant negative environmental impacts and that the project proponent has complied with all the requirements of the EIS System.

To strengthen the implementation of the EIS System, the Office of the President of the Philippines issued Administrative Order (A.O.) No. 42 in 2002, providing the streamlining of the ECC application processing and approval procedures. Pursuant to A.O. 42, the DENR promulgated DENR AO No. 200330, also known as the Implementing Rules and Regulations (IRR) for the Philippine EIS System, in 2003.

Under the IRR, only projects that pose potential significant impact to the environment would be required to secure ECCs. In determining the scope of the EIS System, two factors are considered, namely: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

Specifically, the criteria used to determine projects covered by the EIS System are as follows:

a. Characteristics of the project or undertaking
   i. size of the project;
   ii. cumulative nature of impacts compared to other projects;
   iii. use of natural resources;
   iv. generation of wastes and environment related nuisance; and
   v. environment related hazards and risk of accidents.

b. Location of the project
   i. vulnerability of the project area to disturbances due to its ecological importance endangered or protected status;
   ii. conformity of the proposed project to existing land use, based on approved zoning or on national laws and regulations; and
   iii. relative abundance, quality and regenerative capacity of natural resources in the area, including the impact absorptive capacity of the environment.

c. Nature of the potential impact
   i. geographic extent of the impact and size of affected population;
   ii. magnitude and complexity of the impact; and
   iii. likelihood, duration, frequency, and reversibility of the impact.

The ECC of a project not implemented within five (5) years from its date of issuance is deemed expired. The proponent must reapply for a new ECC if it intends to still pursue the project. The reckoning date of project implementation is the date of ground-breaking, as stated on the proponent's work plan submitted to the Environmental Management Bureau (EMB).

Petroleum service contractors are mandated to comply with all environmental laws and rules and regulations in all phases of exploration and production operations. ECCs or certificates of no coverage, if applicable, are obtained from the EMB of the DENR, in coordination with the DOE.

The exploration, production and sale of oil are subject to extensive national and local laws and regulations. The Company and its subsidiaries may incur substantial expenditures to comply with these laws and regulations, which may include permitting costs, adoption and implementation of antipollution equipment, methods and procedures, and payment of taxes and royalties.

Under these laws, the Company could be subject to claims for personal injury or property damages, including damages to natural resources, which may result from the Company's operations. Failure to comply with these laws may also result in the suspension or termination of the Company's operations and subject it to administrative, civil and criminal penalties. Moreover, these laws could be modified or reinterpreted in ways that substantially increase the Company's costs of compliance. Any such liabilities, penalties, suspensions, terminations or regulatory changes could have a material adverse effect on the Company's financial condition and results of operations

Statement of Active Business Pursuit

Under a service contract, a private enterprise that seeks to develop domestic oil and gas resources is deemed as a contractor that must provide all required services, technology and financing, and assume all exploration risks. In the event of commercial production, the service contractor is paid a stipulated service fee, in addition to reimbursement of validated investments.

Oil and gas exploration and production is a high-risk business. The worldwide commercial success rate is three percent, *i.e.*, only one out of 30 exploratory wells results in a commercial discovery. It is also capital-intensive. Pre-drill geological and geophysical studies may run up to a few millions of dollars. The cost of a single offshore exploratory well could exceed U.S.$30 million, whereas field development costs could reach hundreds of millions of dollars. To manage exploration risks, oil exploration firms usually form consortia or joint ventures.

The Company is at present a co-contractor, through Palawan55, in one Service Contract ("SC" or "Service Contract") with the Philippine government. A Service Contract grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. In the event of commercial production, the Government and the contractor share in the profit. Service Contracts grant the contractor an exploration period of seven years, which may be extended for a limited number of years. If the reserves found are deemed commercial, the Service Contract allows a production period of 25 years, which may be extended.

Subject to results of technical and risk economic studies prior to exploratory drilling, the Company may farm out or dilute its interest in exchange for financial consideration and/or non-payment of its pro-rata share of forward exploration drilling costs. If a petroleum discovery is made, the Company will fund its share of appraisal drilling and economic studies. Upon delineation of a commercial discovery, financing for up to 70% of field development costs is available in the international market.

In 2018, Palawan55 conducted a 3D Marine PreSTM and PreSDM Seismic Reprocessing and Quantitative Inversion Study of 1,000 sq. km. of 3D seismic data. This study yielded significant improvements in the imaging of primary prospects and the complex and deeper geological structures in the block.

From 2019 to 2020, Palawan55 conducted a Quantitative Interpretation Study, which identified and delineated potential gas-bearing zones in SC 55.

Following the completion of the above studies, Palawan55 conducted seismic interpretation and mapping. The integration of quantitative inversion results further improved the resource evaluation of the mapped leads and prospects in the area. Moreover, the results of this evaluation served as input to preliminary well design and cost estimates.

In 2020, Palawan55 engaged a third party to undertake an independent resource assessment of the block. The Competent Person's Report concluded that: (1) the technical work done on Cinco is sufficiently well-defined to make it a viable drilling target; (2) Cinco Gas Initially in Place is 2.8 Tcf (2U) with corresponding Unit Technical Cost of $19.25/boe or $3.20/mmbtu; and (3) base case recoverable gas volume in Cinco meets benchmarks for FLNG development.

In 2021, as part of the preparatory work for the drilling of Cinco, Palawan55 carried out the following studies with their respective results:

- Results of the Pore Pressure Prediction Study: (1) There is no overpressured zone noted on top of the identified drilling target; and (2) the "pre-Nido" section is potentially over-pressured, thus a revision in total depth is imperative leading to adjustment of the drilling design.
- Shallow Geohazard and Qualitative Slope Stability Assessment: (1) The proposed well location is situated in relatively stable sector; (2) the original proposed drilling coordinates need no changing; (3) there is no major drilling problem anticipated in top hole section above the Nido target; and (4) there is no need to conduct a separate site survey for drilling.

Interests in Petroleum Contracts

The following describes the Company's interest in various petroleum contracts. This includes a discussion of the status of the exploration projects and estimated investment requirements for each participative interest.

ACEX has the right to actively participate in the exploration for and/or extraction of natural resources within the Service Contract through adequate rights which give the Company sufficient influence in decisions over the said exploration for and/or extraction of natural resources. Under the SCs, the Company as the Contractor is the exclusive party to conduct petroleum operations in the covered Contract Area. The Company, as a Contractor, is solidarily liable with other Contractors to the Philippine government to perform the obligations under the SCs. The Philippine Government may require the performance of any or all obligations under the SCs by any or all of the Contractors. As a Contractor, the Company has the right and obligation to participate actively in the exploration, development, and production of petroleum resources within the contract area. The SCs provide for minimum work commitments and minimum exploration expenditures which must be complied with by any or all of the Contractors. ACEX's obligations under the Service Contracts include delineation and operation of Production Area, preparation of the annual Work Program and budget to carry out Petroleum Operations, including exploration, development and production, and, determination of commerciality of Crude Oil or Natural Gas discoveries. ACEX's rights under the SCs include, among others, the right to export and sell its share of petroleum production in the open market, subject to the obligation to supply a portion of domestic petroleum requirements.

A summary of the existing projects and the Service Contracts where ACEX has participating interests in as of 31 December 2021 are as follows:

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2021
SC 6 Block A	Northwest Palawan	7.78%	1 Septemb er 1973	A	Philodrill Corp., PetroEnergy Resources, Philex Petroleum, Forum Energy Philippines, AngloPhilippine Holding, Alcorn Petroleum and Minerals Operator: Philodrill Corp	On 26 January 2021, ACEX notified the SC 6A consortium of its intention not to extend Service Contract 6 beyond CY 2020. On 31 March 2021, the SC 6A Joint venture has elected to surrender the Service Contract to the DOE. The DOE is currently processing the relinquishment.
SC55 (through subsidiary	Offshore West Palawan	75% (upon approval by the DOE of the Deed of	5 August 2005	A, B	Pryce Gases, Inc. Operator: Palawan55	The DOE approved SC 55's entry into the Appraisal

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2021
Palawan 55)		Assignment and transfer of participating interest from Century Red to Palawan55 as of 13 February 2020)				Period from 26 April 2020 to 26 April 2025. The Consortium completed 3D Seismic Data Reprocessing, Quantitative Interpretation Studies and Resource Assessment of the block. Committed work program under the Appraisal Period includes Geological and Geophysical studies and drilling of a well by April 2023. On 11 May 2021, the DOE approved the request of the Company to place SC 55 under Force Majeure for a period of one year. The timeline of the SC 55 Appraisal Period will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC 55 was on Force Majeure.

Note: A = Contractor provides all required services and technology funding. Contractor is entitled to a service fee out of production equivalent to 40% of net proceeds. Net proceeds would refer to the balance of gross income after deducting Filipino participation incentive allowance and operating expenses.

Note: B = The 75% interest in SC 55 is owned by Palawan55, a 69.35% owned subsidiary of ACEX.

SC 6: Cadlao, Block A (Northwest Palawan)

SC 6 covers three blocks located in Offshore Northwest Palawan, namely: Block A with 108,000 hectares, and Block B with 53,300 hectares and the Cadlao production area.

On 22 January 2021, the Executive Committee of the Company approved its withdrawal from the SC 6 Consortium.

On 26 January 2021, the Company notified its partners of its withdrawal from the consortium effective 1 January 2021.

On 31 March 2021, the SC6 Consortium filed for the relinquishment of SC 6 Block A, which is pending DOE's approval as of date.

SC 55 (West Palawan)

SC 55 was awarded by the DOE on 5 August 2005. The exploration period is valid for seven (7) years, extendible for three (3) years, and the production period is valid for 25 years. The original members of the consortium and their corresponding interests were Otto Energy (Operator) with eighty-five percent (85%) and ACEN with fifteen percent (15%). ACEN has a Participation Agreement with the predecessor's interest of Otto Energy which provides that the latter will shoulder ACEN's share of costs up to the drilling of the first exploratory well. In addition, ACEN has the option to acquire five percent (5%) interest from Otto Energy after the drilling of the first well under the SC.

SC 55 covers 900,000 hectares in offshore West Palawan. It is a deep-water block in the middle of a proven regional oil and gas fairway that extends from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan. At that time, the block was deemed to have one (1) giant prospect (with at least 500 Million barrels mean resource potential) and a number of leads. The consortium committed to undertake a work program consisting of a new 400 km 2D seismic survey, processing and interpretation of 200 km of vintage 2D seismic data and 358 km of gravity and magnetic data, within the first eighteen (18) months of the contract term. The partners have successive options to drill up to four (4) wells during the balance of the 7-year exploration period.

The DOE approved the consortium's entry into the 2nd Sub Phase of the exploration period, which entails a commitment to drill one (1) ultra deep water well. Processing and interpretation of 954 km of 2D seismic date acquired in June 2007 were already completed, but due to no availability of a suitable rig, the DOE approved the consortium's request to swap work commitments for the 2nd and 3rd Sub Phases of the exploration period to allow the drilling of the first commitment well by 04 August 2010 instead of 04 August 2009.

The consortium requested and the DOE agreed to the substitution of a 2D 3D seismic program for one (1) ultra-deep water well commitment under the 3rd Sub Phase of the exploration period (from 5 August 2009 to 5 August 2010), and deferment of the mandatory partial relinquishment of the contract area until completion of the proposed substitute 2D 3D seismic program. The consortium further requested, and the DOE approved a one year extension of the 3rd Sub Phase to 5 August 2011 following execution by Otto Energy of a Farm-In Option Agreement with BHP Billiton Petroleum (Philippines) Corporation of Canada (BHP Billiton) which provided for BHP Billiton's funding of a new 3D seismic survey over the area.

On 03 June 2010, ACEN signed an Option Agreement with Frontier Gasfields Pty. Ltd. of Australia which granted the latter the option to acquire the five percent (5%) interest that ACEN has the option to acquire from Otto Energy after the drilling of the first well in the area.

On 03 February 2011, ACEN signed an Agreement with Otto Energy assigning ACEN's 8.18% participating interest to the latter in exchange for a carry in the costs of a second well in the block, should Otto Energy elect to participate in said well. Estimated budget for drilling the second well is US $ 65 Million or ₱2.86 billion at an exchange rate of US$1 = ₱44.

In December 2011, BHP Billiton acquired sixty percent (60%) participating interest in SC 55 from Otto Energy and committed to drill one deep water well at its sole cost within the 4th Sub Phase.

The consortium elected to enter the 4th Sub Phase which entails a commitment to drill one deep water well by 05 August 2012.

The revised work schedule is shown below:

Sub Phase	Date	Work program
4	August 2011 - August 2013	One (1) deepwater well
5	August 2013 - August 2014	One (1) deepwater well

The DOE granted a one (1) year extension of the 4th Sub Phase until 5 August 2013 to enable BHP Billiton to procure a suitable drilling rig that could drill an identified deepwater prospect. On 3 May 2013, BHP Billiton filed a Force Majeure notice with the DOE due to significant delays in obtaining a clearance from the Palawan Council for Sustainable Development for the drilling of the Cinco1 well.

On 04 June 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco1 drilling to the Palawan Council for Sustainable Development (PCSD). The PCSD approved the issuance of the Strategic Environmental Plan Clearance (SEP) clearance for the drilling of Cinco1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD.As at 30 October 2013, BHP Billiton received the amended SEP clearance and requested the DOE a 14-month extension of the current Sub Phase considering the length of the Force Majeure period.

In the first week of November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco1 well. In March 2014, the DOE approved the transfer of BHP Billiton's interest to Otto Energy Philippines, Inc. Otto Energy submitted a revised work program focusing on the drilling of the Hawkeye prospect. The DOE approved the new work program in April 2014 and revised the schedule of the remaining Sub Phases as follows:

Sub Phase	Work Program and Budget	Revised Work Schedule
4	Drill 1 deepwater well @ US$3 MM	06 August 2011 – 23 December 2014
5	Drill 1 deepwater well @ US$3 MM	23 December 2014 – 23 December 2016

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. The DOE approved the transfer of the sixty percent (60%) participating interest of BHP Billiton to Otto Energy Philippines, Inc. and the transfer of Operatorship to Otto Energy. The approval formalized the exit of BHP Billiton in SC 55.

On 15 October 2014, Otto Energy requested the DOE a one-year extension of Sub-Phase 4 to 23 December 2015. The requested extension was approved by the DOE on 07 November 2014.

On 31 July 2015, Otto Energy commenced drilling of the Hawkeye-1exploratory well and on 17 August 2015 completed the drilling to a total depth of 2,920 meters. The well discovered gas which is deemed to be non-commercial. Otto Energy informed its partners of its decision to withdraw from the service contract.

On 22 December 2015, the consortium requested the DOE for a two-year contract moratorium and proposed technical studies that would assess the impact of the results of Hawkeye-1 on the remaining prospectively of the area. On 14 June 2016, the DOE extended the term of SC 55 until 23 December 2017.

On 21 November 2016, Otto Energy and Otto Energy Philippines notified the DOE of their withdrawal from SC 55. As at 03 March 2017, the transfer of interest from Otto Energy to the continuing parties was under processing by the DOE.

On 22 November 2017, Palawan55 notified the DOE of its willingness to assume its pro-rated, post- adjustment share (37.50%) of Otto Energy's outstanding training fund obligation in conjunction with the DOE's approval of the assignment of interests and favorable consideration for a reasonable extension of the moratorium period that would allow execution of the committed technical studies.

ACEX's stake in SC 55 is held through Palawan55 Exploration & Production Corporation, an upstream oil and gas company. ACEX owns 69.35% of Palawan55, while the remaining 30.65% is owned by ACEN.

On 26 March 2018, the DOE approved the transfer of participating interests from Otto Energy to the continuing partners, Palawan55, Century Red Pte. Ltd. and Pryce Gases, Inc. As a result of the transfer, the Company's 6.82% participating interest in SC 55 have been adjusted to 37.50%. The timeline of the Moratorium Period, with a commitment to conduct Quantitative Inversion Study, was also revised to reflect the transfer of interest. Further, the DOE formally confirmed Palawan55 as Operator of the block.

On 23 August 2018, Palawan55 awarded the 3D Marine PreSTM and PreSDM Reprocessing and Quantitative Inversion Services Contract to Down Under Geosolutions (Asia) Sdn Bhd. The project commenced on 10 September 2018. Seismic reprocessing of 1,000 sq. km. of 3D seismic data was completed.

Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the service contract is ongoing.

On 24 July 2019, the SC 55 Consortium notified the DOE of its decision to enter Sub-phase 5 (SP5) effective 26 August 2019, without prejudice to the Consortium's option to enter the Appraisal Period no later than the said date. SP5 carries a commitment of drilling one (1) ultra-deepwater well.

On 9 August 2019, the SC 55 Consortium notified the DOE of its entry into the Appraisal Period of SC 55 effective 26 August 2019. The SC 55 consortium committed to drill one (1) deep-water well within the first two years of the Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

On 13 February 2020, after careful review and evaluation, DOE found Palawan55 to be technically, financially and legally qualified and approved the transfer of Century Red, Pte. Ltd's entire 37.5% participating interests in SC 55 to Palawan55.

As a result thereof, the partners in SC 55 and their respective participating interests are as follows:

Palawan 55	75.00%	Operator
Pryce Gases	25.00%	

On April 15, 2020, Palawan55 received a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective April 26, 2020. In the said letter, the DOE stated that after the review and evaluation of the Hawkeye discovery report, "we hereby confirm that the 'Hawkeye-1 well' did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55."

On July 2, 2020, SC 55 Consortium submitted to the DOE its 5-year Work Program and Budget for the Appraisal Period. Said program is divided into firm (CY 1 & 2) and contingent (CY 3-5). The firm commitment consists of Geological and Geophysical studies and drilling of a well within the next two years.

On August 28, 2020, Palawan55 received a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00. Further, the DOE stated that it expects the submission of the proposed budget for the drilling of one (1) well after the drilling proposal has been approved by the DOE.

On September 23, 2020, the Consortium requested for the declaration of a one-year Force Majeure in view of the far-reaching adverse effects of the COVID-19 pandemic and the induced low oil price, on the global upstream petroleum industry.

Palawan55 interpreted reprocessed seismic data to mature two prospects to drillable status. Resource Assessment of these prospects has been completed. Well Planning and Drilling preparations are ongoing.

On 11 May 2021, the DOE approved Palawan55's request to place SC 55 under Force Majeure for a period of one (1) year. Accordingly, the timeline of the SC 55 Appraisal Period will be adjusted so that the end of the period will be adjusted by the same amount of time that SC 55 was on Force Majeure.

On 14 May 2021, Palawan55 submitted, for DOE's approval, the CINCO-1 Drilling Proposal in compliance with its work commitment under the first two years of the Appraisal Period.

An updated Drilling Proposal was submitted to the DOE on 22 December 2021 to reflect the results of pre-drilling technical works and to include documentation on Health, Safety, Security and Environmental management.

As at December 31, 2021, Palawan55 holds 75.00% participating interests in SC 55 and has no pending violation with the DOE.

Other Material Agreements

The material agreements are mentioned in a preceding section entitled "Interests in Petroleum Contracts."

In addition, ACEX is a party to Joint Operating Agreements under SC 6 Block A, SC 6 Block B, SC 51, SC 55 (through Palawan55) and SC 69. Joint Operating Agreements govern the relationship of the parties and the conduct of joint operations under the SC.

Joint Operating Agreement for SC 55 (through Palawan55)

The Joint Operating Agreement ("JOA") was entered into among the then contractors of SC 55, namely Norasian Energy Limited, Trans-Asia Oil and Energy Development Corporation, and BHP Billiton Petroleum (Philippines) Corporation effective 1 October 2011. The Agreement defines the rights and obligations of the contractors in respect of operations under SC 55. Under the JOA, the participating interest of the parties were: Norasian – 33.18%, Trans-Asia – 6.82% and BHPB – 60%. BHPB was designated as the Operator, which has power to conduct all operations agreed by the parties under the JOA. The Operator has the obligation to, among others, prepare the Work Program and Budget, to represent the parties in all dealings with the government with respect to operations of SC 55, and to maintain SC 55 in full force and effect. The JOA provides for an Operating Committee composed of one member from each participant, and each representative has a vote equal to the participating interest of the participant represented. The JOA provides for voting procedures and mechanisms, resignation and replacement of the Operator, and procedures for undertaking of operations by one or less than all parties.

Palawan55 is the current Operator of SC 55.

Memorandum of Agreement between ACEX and ACEN

Under this Memorandum of Agreement, ACEN agreed to assign to ACEX, a Subsidiary of ACEN, and the SC Participating Interests of ACEN as follows:

1. Participating interest under SC 51;
2. Participating interest under SC 69;
3. Participating interest under SC 6 with respect to SC 6 Block A; and
4. Participating interest under SC 6 with respect to SC 6 Block B.

Memorandum of Agreement between ACEN and Palawan55

Under this Memorandum of Agreement, ACEN agreed to assign to Palawan55, a Subsidiary of ACEN, and the SC Participating Interests of TA Oil under SC 55.

Deed of Assignment between ACEX and ACEN

Under this Deed of Assignment, ACEN assigned to ACEX, a Subsidiary of ACEN, and the SC Participating Interests of ACEN as follows:

1. Participating interest under SC 51;
2. Participating interest under SC 69;
3. Participating interest under SC 6 with respect to SC 6 Block A; and
4. Participating interest under SC 6 with respect to SC 6 Block B.

Deed of Assignment between ACEN and Palawan55

Under this Deed of Assignment, ACEN assigned to Palawan55, a Subsidiary of ACEN, and the SC Participating Interests of ACEN under SC 55.

Deed of Assignment between Century Red, Pte. Ltd. and Palawan55

Under this Deed of Assignment, Century Red, Pte. Ltd. assigned to Palawan55, the 37.5% participating interests of Century Red, Pte. Ltd. under SC 55. On 13 February 2020, the DOE approved the assignment to Palawan55.

Investment Agreement with Gen X Energy

On 19 November 2021, the Company, Buendia Christiana Holdings Corp. ("BCHC"), Red Holdings B.V. ("Gen X Energy"), Batangas Clean Energy, Inc. ("BCE") and Gen X Energy L.P. entered into an Investment Agreement pursuant to which the Company would acquire a 50% interest in BCE, which is developing a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand. The Company and Gen X Energy in BCE will each own a fifty percent (50%) interest.

BCE was incorporated and registered with the SEC on 23 February 2019 to engage in the business of developing, constructing, operating and maintaining downstream natural gas facilities for the importation, receipt, storage, exportation, and regasification of liquefied natural gas and vaporization of natural gas and/or electric power generation facilities for the generation, transmission, and/or, to the extent allowed by law, distribution of electric energy derived from natural gas or other viable fuels. As of the date of this Preliminary Prospectus, it is 25% owned by the Company, subject to increase to 50% ownership upon approval by the SEC of the increase in authorized capital stock of BCE.

Deed of Assignment between ACEX and ACEN

On 29 December 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in the Company to ACEN at an issue price of Php10.00 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIPP with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in OSPGC with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

Loan Agreement between ACEX and ACEN

On 13 January 2022, ACEX entered into a Loan Agreement with ACEN in the amount of Php127 Million, for a period of six (6) months, with an interest rate of 3.875%

MANPOWER

The Company has no employees as of 28 February 2022.

RISK FACTORS

RISKS RELATING TO THE COMPANY'S BUSINESS

There are uncertainties inherent in the business of petroleum exploration and development. It is vulnerable to contingencies such as:

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

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

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

- **Failure to fund expenditures and investments for exploration and development activities**

The exploration and development of oil and gas resources are capital intensive. The Company's ability to fund such expenditures and investments depends on numerous factors, including the ability to generate cash flow from the Group's production, availability and terms of external financing, and the extent to which work commitments can be adjusted under the relevant SCs and similar agreements. If the Group is unable to obtain the required funding, the Group will have to adjust its business plans and strategies, which may adversely affect the Company's future prospects, market value and results of operations.

The Company mitigates the foregoing risks by sharing the costs and risks of exploration and development with suitable joint venture partners and undertaking phased exploration with exit options. Where funding is insufficient, the Company may adjust its business plans and strategies.

- **Operating risks resulting in losses**

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

The Company addresses operating risks by ensuring that the consortium where it has participation employs good oil field practices consistent with the international oil and gas industry standards.

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

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

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

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

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

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

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

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

Estimates of reserves and resources may change as additional technical and commercial information becomes available. Not only are such estimates based on information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information. The quantities that might actually be recovered should they be discovered and developed may differ significantly from the initial estimates.

As estimates of reserves and resources change over time, the Company will have to adjust its business plans and strategies. Any significant downward revision in the estimates of reserves and resources may adversely affect the Company's financial condition, future prospects and market value.

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

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

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

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

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

The Company intends to remain competitive by leveraging the strengths discussed in "Description of Business."

RISKS RELATING TO THE PHILIPPINES

- **Any political instability in the Philippines may adversely affect the Company's business, results of operations and financial condition**

The Philippines has from time to time experienced political instability. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the former administration. No assurance can be given that the political environment in the Philippines will remain stable and any political or social instability in the future could result in inconsistent or sudden changes in regulations and policies that affect the Group or any member of the Group, which could have an adverse effect on the Company's business, results of operations and financial condition.

- **Terrorist activities in the Philippines could destabilize the country, adversely affecting the Company's business environment**

The Philippines has been subject to sporadic terrorist attacks in the past several years. The Philippine military has been in conflict with the Abu Sayyaf organization, which has been identified as being responsible for kidnapping and terrorist activities in the country and is also alleged to have ties to the Al-Qaeda and Islamic State terrorist networks. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company's business, results of operations and financial condition.

- **Risk of any downgrade in the sovereign credit rating of the Philippines may adversely affect the Company's business**

In March 2013, Fitch Ratings raised the Philippines' sovereign credit rating to BBB, the first time that the country has received an investment grade rating from a major credit rating agency. An investment grade rating could lower the country's cost of borrowing and widen its base of potential investors, as some funds have restrictions on holding sub investment grade debt. Other major credit rating agencies such as Moody's Investors Service and Standard & Poor's have rated the Philippines as one notch below investment grade with a positive outlook. The sovereign credit ratings of the Government directly affect companies residing in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Moody's, Standard & Poor's or any other international credit rating agency will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing will be made available.

- **The occurrence of natural catastrophes may materially disrupt the Company's operations**

The Philippines has experienced a number of major natural catastrophes in recent years, including typhoons, volcanic eruptions, earthquakes, mudslides, droughts, floods and other weather-related events. Natural catastrophes may disrupt the Company's business operations, lead to disruptions in the electrical supply to the Company's project sites and impair the economic conditions in the affected areas, as well as the Philippine economy. The Company cannot assure prospective investors that the insurance coverage it maintains for these risks will adequately compensate the Company for all damages and economic losses resulting from natural catastrophes, including possible business interruptions.

- **COVID-19, future pandemics, epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines and could materially and adversely affect the Company's operations.**

In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines. On 10 March 2020 the World Health Organization characterized COVID-19 as a pandemic. As of 8 March 2021, the Philippine Department of Health reported 597,763 cases of COVID-19 nationwide with 12,521 deaths attributed to COVID-19.

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers ("OFWs") globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact its suppliers' ability to deliver, which could delay the construction of ACEN's projects.

In a move to contain the COVID-19 outbreak, on 13 March 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until 12 April 2020, unless earlier lifted or extended. On 24 March 2020. Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On 25 June 2020, the Bayanihan Act measures implemented to address the pandemic in the Philippines expired without extension or replacement. On September 11, 2020, Republic Act No. 11494, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte was in effect until 19 December 2020. Such powers include the authority to adopt measures to "conserve and regulate the distribution and use of power, fuel, energy and water, and ensure adequate supply of the same." The Bayanihan 2 Act also imposes a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly installments. On 17 November 2020, House Bill No. 8031 or the Bayanihan to Arise as One Act, was filed which proposes to extend the effectivity of Bayanihan 2 Act until 4 June 2021 to ensure its full implementation. On 29 December 2020, the Congress passed Republic Act No. 11519, extending the availability of appropriations under Bayanihan 2 until 30 June 2021.

Due to numerous uncertainties and factors beyond its control, the Company is unable to predict the impact that COVID-19 will have going forward on its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there is a "second wave" or "third wave" or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;
- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures as well as measures taken by the Company's regulators;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- volatility in the credit and financial markets during and after the pandemic;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Company's businesses.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. The outbreak of COVID-19 and the measures to contain this increase in severity, have had an adverse effect on economic activity in the Philippines and could materially and adversely affect ACEN's business, financial condition and results of operations. To the extent the COVID-19 pandemic adversely affects the business and financial results of ACEN, it may also have the effect of heightening many of the other risks described here.

Even as quarantine measures continue at the current time, with various levels of restrictions applicable to certain areas, DOE recognized that energy utilization is a basic necessity and is vital to the society. To this end, DOE allows the movement of energy related goods and the movement of energy related personnel subject to adherence to necessary public health precautions prescribed by the DOH. As such, the Company's operating plants continues to produce power.

RISKS RELATED TO THE SHARES

- **The market price of securities can and does fluctuate. The Shares have not been publicly traded and the relative volatility and illiquidity of the Philippine securities market may substantially limit investors' ability to sell the Shares at a suitable price or at a time they desire.**

The market prices of securities can and do fluctuate, and it is impossible to predict whether the price of the Shares will rise or fall. Securities may experience upward or downward movements and may even lose all value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.

There may be a substantial difference between the buying price and the selling price of such securities. Trading prices of the Shares will be influenced by, among other things:

- variations in the Company's operating results;
- success or failure of the Company's management team in implementing business and growth strategies;
- gain or loss of an important business relationship;
- changes in securities analysts' recommendation, perceptions or estimates of the Company's financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- differences between the Company's actual financial operating results and those expected by investors and analysts;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Shares is low.

Prior to the listing of the Shares at the PSE, there has been no public market for the Shares in the Philippines. There can be no assurance that even after the Shares have been approved for listing on the PSE, an active trading market for the Shares will develop or be sustained after the listing, or that the Initial Listing Price will correspond to the price at which the Shares will trade in the Philippine public market subsequent to the listing. There is no assurance that investors may sell the Shares at prices or at times deemed appropriate.

- **Future sales of Shares in the public market could adversely affect the prevailing market price of the Shares and shareholders may experience dilution in their holdings.**

In order to finance the Company's business and operations, and any expansion thereof, the Board will consider funding options available to the Company, which may include the issuance of new Shares. The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or the Company's ability to raise capital in the future at a time and at a price that the Company deems appropriate.

In addition, if additional funds are raised through the issuance of new equity or equity linked securities by the Company other than on a *pro rata* basis to existing shareholders, the percentage ownership of existing shareholders may be diluted. Such securities may also have rights, preferences and privileges senior to those of the Shares.

- **The Company's investment structure may impede the Company's ability to pay dividends.**

The Company may hold interests in petroleum and gas contracts through corporations that it has invested in. Thus, the availability of funds to pay dividends to its shareholders and to service debt obligations depends in part upon dividends that may be received from the Company's subsidiary and affiliates. If the Company's subsidiary and affiliates incur debt or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to the Company. As a result, the Company's ability to pay dividends and to service the Company's indebtedness may be restricted.

The Company's ability to declare dividends in relation to the Company's Shares will also depend on the Company's future financial performance, which, in turn, depends on successfully implementing the Company's strategy, and on financial, competitive, regulatory, and other factors, general economic conditions, demand and prices for the Company's petroleum and other future products, costs of raw materials and other factors specific to the Company's industry or specific projects, many of which are beyond the Company's control. The receipt of dividends from the Company's subsidiary and affiliates may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of existing laws and regulations and other events outside the Company's control. Philippine law requires that dividends be paid only out of unrestricted retained earnings calculated according to Philippine accounting principles. In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Company or its subsidiary may enter into in the future may also restrict the ability of the Company's subsidiary to make contributions to the Company and the Company's ability to receive distributions or distribute dividends.

Finally, there is no assurance that the Company will maintain and increase its holdings in its subsidiary and various affiliates. The Company evaluates each additional investment in its subsidiary and may choose to waive its right to invest in these entities, which could result in the dilution of its interest therein.

SUBSIDIARY

Palawan 55 Exploration & Production Corporation

Palawan55 is a subsidiary with 69.35% of its shares owned by the Company. This corporation was incorporated and registered with the SEC on 16 November 2012. Palawan55 is engaged in the exploration, development and production of crude oil, natural gas, natural gas liquids and other forms of petroleum. It holds a 75% interest in SC 55. Palawan55 has not started its commercial operation.

SERVICE CONTRACTS

The summary of the existing projects and the Service Contracts where ACEX has participating interests were earlier discussed.

All of ACEX's contract blocks that are situated in the West Philippine Sea are some 40 to 50 km off the west coast of Palawan and are not included in the areas under dispute between the Philippines and China, such as Recto Bank (international name: Reed Bank) and the Kalayaan Group (international name: Spratly Islands), which are 250 to 300 km off the west coast of Palawan.

FIXED ASSETS

The Company also owns the following fixed assets:

Properties	**Location**	**Amount**
Office Equipment	Makati City	₱245,000
Transportation Equipment	Makati City	800,000
Miscellaneous Assets	Makati City	124,215
Total		**₱1,169,215**
Less: Accumulated Depreciation		720,258
Net Book Value		**₱448,957**

Source: Audited consolidated financial statements as of 31 December 2021

Office equipment and miscellaneous assets pertain to acquired computer and software used by the Company in the technical evaluation of its petroleum contracts.

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

The Company has not entered into any leases of property.

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

LEGAL PROCEEDINGS

There are no pending legal proceedings involving claims for damages the aggregate amount of which exceeds ten percent (10%) of the current assets of the registrant or any of its subsidiaries. Likewise, no legal proceedings of such nature were terminated during the fourth quarter of the calendar year covered by this report.

MARKET INFORMATION

As of 28 February 2022, the Company has an authorized capital stock of One Billion (1,000,000,000) Shares, each with a par value of ₱1.00, and its issued share capital consists of Two Hundred Fifty Million and One (250,000,001) Shares.

Market Price

The Company's common shares (symbol: ACEX) were listed with the PSE on 28 August 2014. Below are the high and low sales prices as of 28 February 2022 and for the calendar years 2021, 2020, and 2019:

Period	**High**	**Low**
30 March 2022	17.28	16.20
Calendar 2021		
Fourth Quarter	41.80	15.48
Third Quarter	19.00	14.92
Second Quarter	22.90	15.80
First Quarter	26.80	12.22
Calendar 2020		
Fourth Quarter	12.30	5.68
Third Quarter	6.71	5.40
Second Quarter	7.24	5.11
First Quarter	9.90	4.70
Calendar 2019		
Fourth Quarter	13.92	6.40
Third Quarter	13.40	4.47
Second Quarter	4.98	2.96
First Quarter	4.10	3.02

STOCKHOLDERS

As of 28 February 2022, the Company has 2,900 registered shareholders. The following table sets forth the top 20 shareholders of the Company, the number of shares held, and the percentage of ownership as of 28 February 2022:

	NAME OF STOCKHOLDER	NUMBER OF SHARES HELD	% OF OWNERSHIP
1	PCD NOMINEE CORPORATION	243,363,385	97.32%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	3,661,964	1.49%
3	EMAR CORPORATION	950,740	00.38%
4	ALBERT MENDOZA &/OR JEANNIE MENDOZA	76,193	00.03%
5	PHIL. REMNANTS CO. INC.	71,431	00.03%
6	PETER MAR OR ANNABELLE C. MAR	52,020	00.02%
7	VICTOR JUAN DEL ROSARIO	41,453	00.02%
8	TERESITA A. DELA CRUZ	38,306	00.02%
9	BELEK INC.	37,842	00.02%
10	JOSEPH D. ONG	35,640	00.01%
11	WILLIAM HOW &/OR BENITO HOW	34,003	00.01%
12	ALEXANDER J. TANCHAN &/OR DOLORES U. TANCHAN	27,358	00.01%
13	BENJAMIN S. AUSTRIA	26,086	00.01%
14	VICTOR J. DEL ROSARIO OR MA. RITA S. DEL ROSARIO	24,342	00.01%
15	DR. ANITA TY	23,816	00.01%
16	ALBERTO MENDOZA &/OR MARITESS MENDOZA	21,886	00.01%
17	LIM TAY	20,815	00.01%
18	NOEL L. ESCALER	17,478	00.01%
19	JAMES UY INC. A/C# 11079	17,007	00.01%
20	CESAR C. ZALAMEA	15,380	00.01%

DIVIDENDS

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

Apart from legal restrictions governing the declaration of dividends there are no restrictions that limit the Company's ability to pay dividends whether currently or in the future.

PLAN OF OPERATION

ACE Enexor, Inc. is currently a participant in two (2) petroleum Service Contracts with the Government of the Republic of the Philippines, namely: SC 6 and SC 55 (the latter through its subsidiary, Palawan55 Exploration & Production Corporation). All these contracts are in the exploratory stage, i.e. without any commercial production.

On 26 January 2021, ACEX notified the SC 6A consortium of its intention not to extend Service Contract 6 beyond CY 2020.

ACEX intends to maintain its participation in SC 55 and to defray regular business expenses using available cash and investments held for trading. In the event that these contracts are successful, the Company will reap revenues that will more than offset losses incurred.

On 21 March 2022, the Executive Committee, by authority of the Board of Directors, approved the conduct of a Follow-on Offering ("FOO") with a size of up to 74,000,000 shares to be priced at P10.00 to P11.84 per share. On 30 March 2022, the Company submitted a registration statement for up to 74,000,000 common shares with the SEC. The Company expects to raise gross proceeds from the FOO of up to **P876,200,000**, which shall be used to partly fund the Company's energy transition project such as a right sized gas power plant (up to 1,100 MW in the event of a successful CSP tender) and in the further development of SC55 in the short to medium term.

CALENDAR YEAR 2021 AND NEXT TWELVE MONTHS

Deed of Assignment with ACEN

On 29 December 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in the Company (the "**Shares**") to ACEN at an issue price of Php10.00 per share in exchange for the following properties of ACEN (the "**Property**"): (a) 3,064,900 common shares in Palawan55 with a par value of Php100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIPP with a par value of Php50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of Php1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in OSPGC with a par value of Php1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC.

The issuance of said Shares was approved by the Board of Directors on 18 October 2021. On 31 January 2022, ACEX and ACEN executed an Amendment to the Deed of Assignment to correct the reference to the resulting ownership percentage of ACEN in the Company from 89.96% to 89.78% of the outstanding capital stock of the Company.

On 29 December 2021, the Company submitted for evaluation of the Securities and Exchange Commission ("SEC") a request for confirmation of the valuation ("TFE Confirmation of Valuation")[2] of the TFE Assets in exchange for the TFE Shares in accordance with the Guidelines Covering the Use of Properties that Require Ownership Registration as Paid-up Capital of the Corporation, adopted by the SEC on 15 November 1994, and as amended on 8 August 2013, per Memo Circular No. 14, Series of 2013. The valuation of the TFE Assets and the TFE Shares were based on the valuation study conducted by FTI Consulting, an independent firm accredited by the SEC as Professional Services Organization. To date, the TFE Confirmation of Valuation is pending with the Company Registration and Monitoring Department of the SEC.

ACEX already owns the remaining 69.35% of Palawan55 while the remaining 82.87% of OSPGC is owned by BPGC. After the implementation of this transaction, ACEX will effectively own 100% of each of Palawan 55 and OSPGC.

The issuance of the Shares is not subject to pre-emptive rights of stockholders pursuant to Article Seventh of the Company's Articles of Incorporation, which states that "(t)here shall be no pre-emptive rights with respect to shares of stock to be issued sold or otherwise disposed of by the Corporation for any corporate purpose …."

[2] While the Company has submitted to the SEC documents supporting its application for a confirmation of valuation, the TFE Confirmation of Valuation will only be considered officially filed once the filing fees thereon are paid.

The exchange of the Shares for the Property will qualify as a tax-free exchange under Section 40 (C) (2) of the Tax Code, as amended by Republic Act No. 11534, or the CREATE Act, which provides that:

> (2) Exception. - * * *
>
> No gain or loss shall also be recognized if property is transferred to a corporation by a person alone or together with others, not exceeding four (4) persons, in exchange for stock or unit of participation in such a corporation of which as a result of such exchange the transferor or transferors, collectively, gains or maintains control of said corporation: Provided, That stocks issued for services shall not be considered as issued in return for property.

On 4 February 2022, the Company filed with the Bureau of Internal Revenue ("BIR") for the issuance of a Certificate Authorizing Registration ("TFE CAR") for the TFE Assets to be transferred in the name of the Company. To date, the TFE CAR is pending with the BIR.

The Company is targeting to issue the TFE Shares on 29 June 2022 and list the TFE Shares on in the third quarter of 2022 after the listing of the Offer Shares.Since the TFE is between related parties, and the issue price of the Common Shares was not at premium to the weighted average of closing prices of ACEX shares over the 30-trading day period prior to the execution of the TFE, the Company will conduct a stock rights offer to the minority stockholders, pursuant to Section 6, Part A, Article V of the Revised Listing and Disclosure rules of the PSE, subject to final approval by the Board of the details of the SRO, at a ratio that would maintain the minority stockholder's ownership in ACEX prior to completion of the TFE. All major stockholders and directors shall abstain from exercising their rights to the offer and ACEN will take up all shares left unsubscribed in the SRO, provided that the Company shall at all times maintain the PSE's 20% minimum public ownership immediately following the issuance of Common Shares to ACEN arising from implementation of the TFE.

The Company is targeting to list the Rights Shares in the third quarter of 2022 contemporaneous with the listing of the TFE Shares

The Property was valued by the Company and ACEN at Php3,390,760,580.00 as of 30 June 2021 valuation date, which valuation is supported by a fairness opinion by FTI Consulting, as the independent third-party fairness opinion provider. FTI Consulting is accredited by the PSE and SEC.

Subject to the following regulatory approvals: (a) approval of the valuation and confirmation of exempt transaction by the SEC, and (b) issuance by the BIR of a CAR for the shares comprising the Property, this transaction will close upon the listing of the Shares with the PSE.

The Company will continue to carry out its principal business, which is oil and gas exploration, through Palawan55, where it holds a 75% interest in SC 55. The SC 55 Consortium is composed of Palawan55 (75%) and Pryce Gases, Inc. (25%).

In addition to its oil and gas exploration business, the Company will now have an additional source of income from power generation with the infusion of the 21 megawatt diesel power plant located in Bacnotan, La Union (owned by CIPP), the 52 megawatt diesel power plant in Norzagaray, Bulacan (owned by BPGC) and the 116 megawatt diesel power plant in Subic Bay Freeport (currently under long-term lease by OSPGC). CIP, BPGC and OSPGC each have a ten-year Power Administration and Management Agreement with ACEN whereby ACEN administers and manages the entire generation output of the plants and pays a capacity fee and a variable fee based on actual deliveries of electricity generated. Furthermore, CIP, BPGC and OSPGC each have an Ancillary Services Procurement Agreement with the National Grid Corporation of the Philippines (NGCP), under which the plants supply dispatchable reserves to the Luzon Grid to ensure reliability in the operation of the transmission system and electricity supply in the Luzon Grid. In addition, Ingrid3 is a development company that is being positioned to develop and construct a thermal project in the Philippines to further increase the power generation portfolio of the Company. To date, Ingrid3 remains in the development stage and no investment decision has been made yet as to a specific thermal project.

The transfer of the Property to the Company will allow the Company to have a steady source of income from power plants owned and operated by the companies subject of this transaction. These power plants earn income by generating and selling power and providing ancillary services. Moreover, as a result of this transaction, the Company will increase its stake in Service Contract No. 55, as it will increase its ownership of Palawan55 from

69.3505% to 100%. Palawan55 currently owns 75% of SC 55. This transaction is also in line with the goal of establishing ACEX as the energy transition platform of the ACEN group.

SC 55 (Ultra Deepwater – West Palawan) (Palawan55, 75%)

On 11 May 2021, the DOE approved Palawan55's request to place SC 55 under Force Majeure for a period of one (1) year. Accordingly, the timeline of the SC 55 Appraisal Period will be adjusted so that the end of the period will be adjusted by the same amount of time that SC 55 was on Force Majeure.

On 14 May 2021, Palawan55 submitted, for DOE's approval, the CINCO-1 Drilling Proposal in compliance with its work commitment under the first two years of the Appraisal Period.

An updated Drilling Proposal was submitted to the DOE on 22 December 2021 to reflect the results of pre-drilling technical works and to include documentation on Health, Safety, Security and Environmental management. The said proposal is currently under DOE's review and evaluation.

SC 6 Block A (Offshore Northwest Palawan) (7.78%)

On 26 January 2021, ACEX notified the SC 6A consortium of its intention not to extend SC 6 beyond CY 2020.

On 31 March 2021, the SC 6A Joint venture elected to surrender the Service Contract to the DOE, which is currently under review and evaluation.

On 31 December 2021, the Consortium remitted to the DOE its full settlement of the outstanding financial obligations in SC6A.

CALENDAR YEAR 2020

SC 55 (Ultra Deepwater – West Palawan) (Palawan55, 75%)

On 13 February 2020, the DOE approved the transfer of Century Red's entire 37.50% participating interest to Palawan55 as a result of the former's withdrawal from the block. As a result, Palawan55's participating interest was adjusted to 75% and Palawan55 retained its position as Operator of SC55.

On 14 April 2020, Palawan55 received a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective 26 April 2020.

On 27 August 2020, Palawan55 received a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00.

CALENDAR YEAR 2019

SC 55 (Ultra Deepwater – West Palawan) (Palawan55, 37.50%)

On 24 July 2019 Palawan55 notified the DOE that Palawan55 is entering into the fifth sub-phase of Service Contract No. 55 (SC 55), which covers a deepwater exploration block off southwest Palawan, effective 26 August 2019, without prejudice to Palawan55's option to enter the Appraisal Period of SC 55 no later than the said date. On 9 August 2019, Palawan55 notified the Department of Energy of the SC 55 consortium's entry into the Appraisal Period of SC 55 effective 26 August 2019.

The seismic reprocessing of 1,000 sq. km. of 3D seismic data and the Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the service contract have been completed in October 2019.

Palawan55 is currently interpreting the reprocessed seismic data to generate additional prospects in the contract area.

Palawan55 has completed the first phase of drilling preparations including well design, issuance of tenders for long lead items such as wellhead, conductor pipes and casing, and a rig market survey.

On February 13, 2020, the DOE approved the transfer of Century Red's entire 37.50% participating interest to Palawan55 as a result of the former's withdrawal from the block. As a result, Palawan55's participating interest was adjusted to 75% and Palawan55 retained its position as Operator of SC55.

The SC 55 Consortium is awaiting confirmation from the DOE of its entry into the Appraisal Period with one deep water well drilling commitment.

SC 6 Block A (Offshore Northwest Palawan) (7.78%)
In January 2019, the DOE approved the Consortium's 2019 Work Program and Budget consisting of seismic attribute analysis and preliminary well drilling design.

The Consortium completed seismic attribute analysis of the Galoc Clastic unit in the northern block and review of subsurface work done by a prospective farminee on the Octon Field.

SC 6 Block B (Offshore Northwest Palawan) (2.475%)
ACEX relinquished its 14.063% participating interests in SC 6B in favor of the Consortium. The assignment of ACEX's participating interests, however, does not include the transfer of its 2.475% Carried Interest in the block.

The transfer of interest from ACEX to SC6B continuing parties was approved by the DOE on 12 April 2018.

FINANCIAL PERFORMANCE

The following discussion and analysis of financial position and results of operations of ACEX and its subsidiary should be read in conjunction with the audited consolidated financial statements as at December 31, 2021, 2020 and 2019. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

Corporate Highlights:

- On October 18, 2021, the ACEX Board approved the property-for-share swap with ACEN Corporation (ACEN), whereby ACEN will assign the below assets to ACEX, in exchange for ACEX shares ("Share Swap"):
    - ACEN's direct 30.65% equity in Palawan55 – As a result, ACEX will wholly own Palawan55.
    - Liquid fuel-fired power generation assets: CIP II Power Corporation (CIP II), Bulacan Power Generation Corporation (BPGC), and One Subic Power Generation Corporation (OSPGC) – CIP II and BPGC respectively own and operate a 21 MW diesel plant in Bacnotan, La Union and a 52 MW diesel plant in Norzagaray, Bulacan, while OSPGC leases the 116 MW diesel plant in Subic Bay Freeport. These assets currently supply ancillary services to the grid under non-firm ancillary services agreements, and can also be called upon to generate peak power requirements under Power Administration and Management Agreements with ACEN.
    - Ingrid3 Power Corp. – a development SPV to which ACEN can assign lease option over a potential thermal site.

- As a result of the asset infusion, ACEX will be designated as the energy transition platform of the ACEN Group. While the ACEN platform will focus on renewable energy, ACEX will focus on transition fuels that can serve the country's immediate requirement for reliable and affordable power, with a view to migrating these to cleaner technologies in the medium to long term as part of just energy transition. Ongoing works for the SC 55 drilling plan will not be impacted by this development.

- The assets to be infused by ACEN are valued at ₱3.39 billion in total, and will be infused into ACEX in exchange for 339 million primary shares to be issued by the Company to ACEN at a price of ₱10.00 per share. The Share Swap is supported by a fairness opinion from FTI Consulting Philippines, Inc., and is subject to compliance with applicable regulatory requirements.

- As a result of the issuance of primary shares to ACEN, the Board also approved the conduct of a Stock Rights Offer (SRO) of up to 105 million of the Company's shares at ₱10.00 per share, subject to regulatory approvals. The ACEN Board approved the underwriting of this SRO in relation to the Share Swap.

- On December 29, 2021, the Company entered into a Deed of Assignment with ACEN whereby ACEX will issue 339,076,058 shares of stock to ACEN at an issue price of ₱10.00 per share in exchange for the Company's assets.

- After the Share Swap, ACEN's total direct and indirect interest in ACEX is expected to go up from 76.32% to 89.78%, prior to the conduct of the SRO.

- The Parent Company has made the required submissions and awaiting SEC's review and approval as at report date.

- On November 10, 2021, the ACEX Board approved the joint venture between the Company and Red Holdings B.V. ("Gen X Energy"), a wholly owned subsidiary of Gen X Energy L.P., to develop a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand. The joint venture will be through a special purpose vehicle company, Batangas Clean Energy, Inc. (BCEI), where ACEX and Gen X Energy will each own a fifty percent (50%) interest, subject to satisfaction of agreed conditions precedent and execution of definitive documents. On January 14, 2022, ACEX, BCEI and Gen X Energy executed the Shareholders' Agreement and Subscription Agreements implementing the transaction. ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150.22 million. Gen X Energy L.P. is a portfolio company of Blackstone Inc., the world's largest alternative asset manager.

- On December 10, 2021, the ACEX Board approved for the availment of a short-term loan from ACEN of up to ₱150 million to fund the initial subscription by the Company to shares in BCEI and authorized the Company to secure bank loans in an aggregate amount of up to ₱150 million to be guaranteed by ACEN subject to the payment of a guarantee fee. On December 13, 2021, the ACEN Board approved the short-term loan up to ₱150 million in favor of ACEX.

Financial Highlights:

2021 compared with 2020

Consolidated Statements of Income

	For the year ended December 31		Increase (Decrease)	
	2021	2020	**Amount**	**%**
Expenses	**₱40,802,936**	₱13,595,098	₱27,207,838	200%
Other charges (income) - net	**(611,977)**	564,761	(1,176,738)	(208%)
Loss before income tax	**40,190,959**	14,159,859	26,031,100	184%
Benefit from income tax		11,583	(11,583)	(100%)
Net Loss	**₱40,190,959**	₱14,148,276	₱26,042,683	184%

The following are the material changes in the Consolidated Statements of Comprehensive Income for the year ended December 30, 2021 and 2020:

- The increase in expenses was mainly driven by the full impairment of service contract (SC) 6A of the Parent Company amounting to ₱23.96 million, following the Parent Company's withdrawal from the SC 6 Block A consortium. In addition to this, management and professional fees aggregating to ₱11.83 million were also incurred this year, higher than the ₱6.10 million incurred in the same period last year due to ongoing works for the SC 55 drilling plan, coupled with higher taxes and licenses amounting to ₱4.26 million (vs. ₱0.26 million last year) due to documentary stamp taxes and deficiency taxes paid during 2021. Taxes and licenses also include annual filing and registration fees.
- Other Income (net) comprised mainly of unrealized foreign exchange gains from dollar-denominated deposits with the appreciation of the US dollar, and some interest income on cash in banks. Last year registered significant realized foreign exchange losses on settlement of dollar-denominated payables and unrealized foreign exchange losses from dollar-denominated deposits with the depreciation of the US dollar against the peso.

- Benefit from income tax was nil for the period. Benefit from income tax was fully realized in 2020, pertaining to unrealized gain from foreign exchange changes from 2019.

Consolidated Statements of Financial Position

	December 2021	December 2020	**Increase (Decrease) Amount**	**%**
Current Assets				
Cash and cash equivalents	**₱22,993,727**	₱27,515,014	(₱4,521,287)	(16%)
Noncurrent Assets				
Property and equipment	**₱448,957**	₱619,189	(₱170,232)	(27%)
Deferred exploration costs	**56,676,987**	66,546,216	(10,869,229)	(16%)
Current Liability				
Accrued expenses and other current liabilities	**₱66,594,341**	₱41,964,130	₱24,630,211	59%

The following are the material changes in the Consolidated Statements of Financial Position as at December 31, 2021 and December 31, 2020:

- Decrease in cash and cash equivalents was primarily due to payment of various expenditures related to the Company's activities for the current year, such as professional fees, resource assessment for SC55 and settlement of creditable and expanded withholding taxes, which fully offset the additional cash calls related to SC55 amounting to ₱19.00 million.
- Decrease in property and equipment is due to depreciation. Details and movements of this account follow:

	2021		
	Equipment	**Miscellaneous Assets**	**Total**
Cost:			
Balance at beginning and end of year	**₱1,045,000**	**₱124,215**	**₱1,169,215**
Less accumulated depreciation:			
Balance at beginning of year	**434,474**	**115,552**	**550,026**
Depreciation	**162,807**	**7,425**	**170,232**
Balance at end of year	**597,281**	**122,977**	**720,258**
Net book value	**₱447,719**	**₱1,238**	**₱448,957**

	2020		
	Equipment	Miscellaneous Assets	Total
Cost:			
Balance at beginning and end of year	₱1,045,000	₱124,215	₱1,169,215
Less accumulated depreciation:			
Balance at beginning of year	271,667	108,127	379,794
Depreciation	162,807	7,425	170,232
Balance at end of year	434,474	115,552	550,026
Net book value	₱610,526	₱8,663	₱619,189

- Increase in Deferred Exploration cost of ₱725,419 is mainly due to additional costs incurred for SC55 and partly offset by the full impairment of SC6A amounting to ₱23.96 million as a result of Parent Company's withdrawal from the consortium.

The Group's current liabilities increased mainly due to third-party advances made in the consortium to be applied to SC 55's work program. This account consists of:

	2021	2020
Accrued expenses	**₱4,895,016**	₱1,564,901
Due to:		
Related parties (see Note 9)	**32,450,387**	27,446,233

Third party	**29,059,856**	9,847,155
Withholding taxes	**189,082**	3,105,841
	₱66,594,341	₱41,964,130

Financial Soundness Indicators

Key Performance Indicator	Formula	Dec 2021	Dec 2020	Increase (Decrease) Amount	Increase (Decrease) %
Liquidity Ratios Current Ratio	Current assets / Current liabilities	**0.35**	0.66	(0.31)	(47%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**0.35**	0.66	(0.31)	(47%)
Solvency Ratios Debt-to-equity ratio	Total liabilities / Total equity	**5.21**	0.79	4.42	559%
Asset-to-equity ratio	Total assets / Total equity	**6.21**	1.79	4.42	247%
Net bank Debt to Equity Ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**N/A**	N/A	N/A	N/A
Profitability Return on equity	Net income after tax / Average stockholders' equity	**N/A**	N/A	N/A	N/A
Return on assets	Net income after taxes / Average total assets	**N/A**	N/A	N/A	N/A
Asset turnover	Revenues / Average total assets	**N/A**	N/A	N/A	N/A

Current ratio and acid test ratio

Current ratio and acid test ratios decreased as the Group's current liabilities increased mainly due to an advance payment made by a partner in the consortium to be applied to SC 55's work program.

Debt-to-equity ratio

The Group's debt-to-equity ratio increased due to the increase in the total liabilities coupled with lower equity, mainly due to the impairment of SC 6A during the period.

Asset-to-equity ratio

As of December 31, 2021, the asset-to-equity ratio increased due lower equity with the impairment of SC 6A during the period.

Return on equity, Return on assets and Asset turnover

These ratios are not applicable since the Group has not started commercial operations yet.

During the calendar year 2021:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- There were no events that will trigger direct or contingent financial obligation that was material to the company, including any default or acceleration of an obligation.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the interim consolidated financial statements.
  There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- As disclosed in Note 7 of the audited consolidated financial statements, Palawan 55 received a letter from DOE dated May 11, 2021, approving its request to place SC 55 under force majeure for a period of one (1) year. The letter also states that the timeline of the SC 55 will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC55 was on force majeure.
- The SC 55 consortium submitted an updated CINCO-1 Drilling Proposal to the DOE December 22, 2021. The document is currently being evaluated by Petroleum Resources Development Division. The Consortium is awaiting the DOE's response to the Consortium's letter dated July 14, 2021, requesting unequivocal assurance that the government would protect and defend the drilling operations in SC 55 in light of the ongoing maritime disputes in the West Philippine Sea. Specialized pre-drill geological and geophysical studies were completed while well planning and drilling preparations are ongoing. ACEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.
- The SC 6A consortium paid its outstanding financial obligations to the DOE in full as required for the DOE's approval of the former's relinquishment of said service contract. ACEX has 7.78% interest in SC 6 Block A.
- There were no other material trends, demands, commitments, events or uncertainties known to the Group that would likely affect adversely the liquidity of the Group.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- There were no operations subject to seasonality and cyclicality.

<u>2020 compared with 2019</u>

<u>Consolidated Statements of Income</u>

	For the year ended December 31		**Increase (Decrease)**	
	2020	2019	**Amount**	**%**
Expenses	**₱13,595,098**	₱21,093,880	(₱7,498,782)	(36%)
Other charges (income) - net	**564,761**	(1,121,554)	1,686,315	150%
Loss before income tax	**14,159,859**	19,972,326	(5,812,467)	(29%)
Benefit from income tax	**(11,583)**	(275,550)	(263,967)	(96%)
Net Loss	**₱14,148,276**	₱19,696,776	(₱5,548,500)	(28%)

The following are the material changes in the Consolidated Statements of Income for the year ended December 31, 2020 and 2019:

- The net decrease in expenses is mainly driven by lower training fund obligations which declined by P7.9 million following the full impairment of service contracts (SCs) 51 and 69 in 2019. Decreases are also registered in project development costs, office supplies and taxes and licenses, partly offset by P2.8 million management fees from ACEN.

- Other charges for 2020 largely comprise of foreign exchange losses from dollar-denominated deposits with the depreciation of the US dollar. 2019 reported net other income from gains on changes in fair value of financial assets at fair value through profit and loss (FVTPL). The financial assets at FVTPL were fully redeemed as of December 31, 2019.
- Current year's benefit from income tax was on account of unrealized loss from foreign exchange changes while last year came mainly from the movement of unrealized gains from changes in fair value of financial assets at FVTPL.

<u>Consolidated Statements of Financial Position</u>

			Increase (Decrease)	
	2020	2019	**Amount**	**%**
Current Assets				
Cash and cash equivalents	**₱27,515,014**	₱52,624,376	(₱24,906,487)	(47%)
Receivables	**226,443**	428,702	(202,259)	(47%)
Other current assets	**24,399**	541,085	(516,686)	(95%)
Noncurrent Assets				
Property and equipment	**₱619,189**	₱789,421	(₱170,232)	(22%)
Deferred exploration costs	**66,546,216**	46,040,651	20,411,501	44%
Current Liabilities				
Accrued expenses and other current liabilities	**₱41,964,130**	₱33,297,265	₱8,833,297	27%
Noncurrent Liability				
Deferred tax liability	**₱–**	₱11,583	(₱11,583)	(100%)

The following are the material changes in the Consolidated Statements of Financial Position as at December 31, 2020 and 2019:

- Decrease in cash and cash equivalents was primarily due to settlement of liabilities coupled with expenditures related to the Group's activities for the current period including additional expenditures for deferred exploration costs.
- Liquidation of advances to service provider for business expenses accounted for the decrease in receivables.
- Decrease in other current assets was primarily due to amortization of prepayments.
- Decrease in property and equipment is due to depreciation.
- Increase in deferred exploration costs is due to additional expenditures related to SC 6-A and SC 55.
- The Group's current liabilities increased mainly due to advances from ACEN, partly offset by the settlement of training commitment pertaining to SC 69 and SC 55.
- Deferred tax liability as at December 31, 2019 was already closed in 2020 while additional deferred tax liability on unrealized foreign exchange gain during the year was netted against the recognized deferred tax asset in 2020.

<u>Financial Soundness Indicators</u>

Key Performance Indicator	Formula	2020	2019	Increase (Decrease) Amount	Increase (Decrease) %
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**0.66**	1.61	(0.95)	(59%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**0.66**	1.59	(0.93)	(58%)

Key Performance Indicator	Formula	2020	2019	Increase (Decrease) Amount	%
Solvency Ratios					
Debt-to-equity ratio	Total liabilities / Total equity	**0.79**	0.50	0.29	58%
Asset-to-equity ratio	Total assets / Total equity	**1.79**	1.50	0.29	19%
Net bank Debt to Equity Ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**N/A**	N/A	N/A	N/A
Profitability					
Return on equity	Net income after tax / Average stockholders' equity	**N/A**	N/A	N/A	N/A
Return on assets	Net income after taxes / Average total assets	**N/A**	N/A	N/A	N/A
Asset turnover	Revenues / Average total assets	**N/A**	N/A	N/A	N/A

Current ratio and acid test ratio

Current ratio and acid test ratios decreased as the Group settled its liabilities and incurred expenditures for activities during the period.

Debt-to-equity ratio

The Group's debt-to-equity ratio increased due to additional payable to ACEN as related party.

Asset-to-equity ratio

As at December 31, 2020, asset-to-equity ratio increased due to higher deferred exploration costs with lower equity due to net loss for the year.

Return on equity, Return on assets and Asset turnover

These ratios are not applicable since the Company has not started commercial operations yet.

During the calendar year 2020:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- There were no events that will trigger direct or contingent financial obligation that was material to the company, including any default or acceleration of an obligation.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the interim consolidated financial statements.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- As disclosed in Note 7 of the audited consolidated financial statements, the SC 55 Consortium is committed to the Appraisal Period Work Program and Budget which includes the drilling of one (1) well within the next two years plus a one-year Force Majeure period if approved by the DOE. There were no other material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company.

- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There are no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- There were no operations subject to seasonality and cyclicality.

2019 compared with 2018

Consolidated Statements of Income

	For the year ended December 31		Increase (Decrease)	
	2019	2018	**Amount**	**%**
Expenses	**₱21,093,880**	₱69,922,618	(₱48,828,738)	(70%)
Other charges	**1,121,554**	1,578,680	(457,126)	(29%)
Loss before income tax	**19,972,326**	68,343,938	(48,371,612)	(71%)
Provision for (benefit from) income tax	**(275,550)**	176,082	(451,632)	(256%)
Net Loss	**₱19,696,776**	₱68,520,020	(₱48,823,244)	(71%)

For the year ended December 31, 2019, the consolidated net loss is lower compared to previous year. The following are the material changes in the Consolidated Statements of Income for the year ended December 31,2019 and 2018:

- In 2018, ₱48 million provision for probable losses were recorded for SC 51 and SC 69 due to the relinquishment of the SCs. No such provision was recorded in 2019, however, ₱13.8 million in training fund obligations were booked for these SCs and SC55.
- Other income decreased due to foreign exchange losses incurred from dollar payments to service providers.
- Provision for (benefit from) income tax is mainly from movement of unrealized gains from changes in fair value of investments held for trading.

Consolidated Statements of Financial Position

			Increase (Decrease)	
	2019	2018	**Amount**	**%**
Current Assets				
Cash and cash equivalents	**₱52,624,376**	₱9,863,588	₱42,760,788	434%
Investments held for trading	–	57,584,369	(57,584,369)	(100%)
Receivables	**428,702**	95,390	333,312	349%
Other current assets	**541,085**	37,079	504,006	1359%
Noncurrent Assets				
Property and equipment	**₱789,421**	₱23,512	₱765,909	3258%
Deferred exploration costs	**46,040,651**	29,384,114	16,656,537	57%
Current Liabilities				
Accounts payable and other current liabilities	**₱33,297,265**	₱9,888,737	₱23,408,528	237%
Deferred tax liability	**11,583**	287,133	(275,550)	(96%)

The following are the material changes in the Consolidated Statements of Financial Position as at December 31, 2019 and 2018:

- Decrease in cash and cash equivalents and investments held for trading due to expenditures related to the Company's activities.

- Advances to third party for business expenses accounted for the increase in receivables.
- Other current assets increased due to prepayments for a software license and rental of storage facility.
- Increase in property and equipment is from a newly acquired transportation equipment.
- Deferred exploration costs grew due to expenditures from approved work programs in SC 55 and SC6A.
- Increase in current liabilities was mainly due to advance payments from consortium partners to be applied to SC 55's 2019 work program, accrued training commitments with the DOE pertaining to SC 55 and SC 69 and payables for technical services.
- The Company's deferred tax liability decreased due to movement of unrealized gain on changes in fair value of investments held for trading.

Financial Soundness Indicators

Key Performance Indicator	Formula	2019	2018	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	1.61	6.83	(5.22)	(76%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	1.59	6.83	(5.24)	(77%)
Solvency Ratios					
Debt-to-equity ratio	Total liabilities / Total equity	0.50	0.12	0.38	317%
Asset-to-equity ratio	Total assets / Total equity	1.50	1.12	0.38	34%
Profitability					
Return on equity	Net income after tax / Average stockholders' equity	**N/A**	N/A	N/A	N/A
Return on assets	Net income after taxes / Average total assets	**N/A**	N/A	N/A	N/A

Current ratio and acid test ratio

Current ratio and acid test ratio declined due to a significant increase in accounts payable and other current liabilities.

Debt to equity ratio

This year's higher debt to equity ratio as compared to the previous year is the result of the Company's advances from consortium partners, accrual of training commitments with the DOE and accrued liabilities for technical services.

Asset to equity ratio

Asset to equity ratio increased due to the additional deferred exploration costs of the Company pursuant to the approved work program.

Return on equity and Return on assets

The Company showed negative returns because it has not started commercial operations and posted net losses on the periods covered.

During the calendar year 2019:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- There were no events that will trigger direct or contingent financial obligation that was material to the company, including any default or acceleration of an obligation.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the financial statements.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- There were no operations subject to seasonality and cyclicality.

COMPLIANCE PROGRAM

Corporate Governance

The Board of Directors, officers and employees of the Company commit themselves to the principles and best practices embodied in its Corporate Governance Manual. The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

Compliance Officer

The Board designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the SEC. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

The Compliance Officer's duties include ensuring proper on boarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others), monitor, review, evaluate and ensure compliance by the Corporation, its officers and directors with the relevant laws, with the Code of Corporate Governance ("Code"), rules and regulations and all governance issuances of regulatory agencies, appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board , a monitoring and evaluation system to determine compliance with this Manual, which system shall provide for a procedure that fulfils the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-Listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) on or before May 30 of the following year for every year that the company remains listed in the PSE, covering all relevant information for the preceding year.

The I-ACGR supersedes the ACGR last submitted for the year 2017 to the SEC and the Compliance Report on Corporate Governance last submitted for the year 2017 to the PSE. The Company submitted its I-ACGR for the year 2017 on 30 May 2018. For the fiscal year 2018, the Company submitted its I-ACGR on 30 May 2019. For the fiscal year 2019, the Company submitted its I-ACGR on 1 September 2020. For the fiscal year 2020, the Company submitted its I-ACGR on 30 June 2021.

As of 31 December 2021, the Company has substantially complied with the principles and best practices contained in the Corporate Governance Manual. There were no sanctions imposed on any director, officer or employee for non-compliance of the Manual. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

Annual Report

For information on the Company's corporate governance framework, including the results of the performance evaluation of the Board of Directors, a copy of the Company's 2020 Annual Report may be accessed via https://enexor.com.ph/annual-report-2020/.

A copy of the Company's Annual Report for the year 2021 will be provided to stockholders of record via https://enexor.com.ph/annual-report-2021/.

SUSTAINABIILITY

The Company, together with its parent, AC Energy Corporation and Ayala Corporation, integrates core sustainability principles into all aspects of its businesses, and provides guidance to day-to-day operations and its sustainable business strategy.

ACEX promotes inclusive growth in its partner communities by engaging in relevant programs and initiatives geared towards the needs of stakeholders and recognizes the importance of working with communities to create development programs that benefit its stakeholders.

Environmental and Social

The Ayala Group has always been geared towards improving lives by ensuring value creation in the environment and communities where it operates. At the forefront is the Company with sustainability initiatives that fully support the development and prosperity of their host communities, with the ultimate goal towards self-actualization and national progress.

With sustainability being central to it operations, the Company outlines its commitment to protect the communities and environment in tandem with its focus on developing indigenous energy sources to support the government's energy roadmap.

The Company's sustainability will be discussed further in the Annual Report to be located in https://enexor.com.ph/annual-report-2021/.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	4	-	8	8	1	1	

C O M P A N Y N A M E

ACE ENEXOR, INC. AND
SUBSIDIARY

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

35TH FLOOR, AYALA TRIANGLE
GARDENS TOWER 2, PASEO DE
ROXAS CORNER MAKATI AVENUE,
MAKATI CITY 1226

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
www.enexor.com.ph	+(632) 7-730-6300	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,900	April 19	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
Alan T. Ascalon	ascalon@acenergy.com.ph	7 730 6300	–

CONTACT PERSON's ADDRESS

35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City

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

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

ENEXOR

ACE Enexor, Inc.
35F Ayala Triangle Gardens Tower 2
Paseo de Roxas cor. Makati Avenue
Makati City, 1226 Philippines

SECURITIES & EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, 1307 Pasay City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **ACE Enexor, Inc. and Subsidiary** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, 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 Group's ability to continue as 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.

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

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

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

JOHN ERIC T. FRANCIA
Chairman of the Board

ROLANDO J. PAULINO, JR.
President and Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer and Chief Financial Officer

Signed this 9th day of March 2022

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this MAR 25 2022 affiant(s) exhibiting to me their Passport, as follows:

Name	Gov't ID No.	Date of Issue / Expiry	Place of Issue
John Eric T. Francia	P3923362B (passport)	21 Nov 2019 (issue)	DFA Manila
Rolando J. Paulino, Jr.	N26-16-025352 (driver's license)	24 Feb 2024 (exp)	LTO
Maria Corazon G. Dizon	P6253635A (Passport)	2 Mar 2018 (issue)	DFA NCR East

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Page No. 106
Book No. VIII
Series of 2022

ATTY. MARK DEAN D.R. ITARALDE
NOTARY PUBLIC
ROLL NO. 71073
MAKATI CITY, PHILIPPINES

ATTY. MARK DEAN D.R. ITARALDE
Notary Public Makati City
Appt. No. M-163 extended until June 30, 2022
Roll of Attorneys No. 71073
IBP OR No.183298; January 3, 2022
PTR No. MKT-8853599; January 3, 2022; Makati City
MCLE Compliance No. VI-0028680; valid until April14, 2022
7727 E. Jacinto cor. Medina St.
Barangay Pio Del Pilar, Makati City

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

The Board of Directors and Stockholders
ACE Enexor, Inc.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

Opinion

We have audited the consolidated financial statements of ACE Enexor, Inc. and its subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 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 matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Deferred Exploration Cost

As at December 31, 2021, the carrying value of the Group's deferred exploration costs amounted to ₱55,676,987 which pertain to participating interests in oil and gas service contracts (SC). These provide the Group for certain minimum work and expenditure obligations and rights and benefits of a consortium member. Under PFRS 6*, Exploration for and Evaluation of Mineral Resources*, these deferred exploration costs shall be assessed for impairment when facts and circumstances suggest that their carrying amounts exceed their recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the reserves. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment.

The Group's disclosures regarding the status of the SCs are presented in Note 7 to the consolidated financial statements.

Audit Response

We obtained management's assessment whether there is any indication that deferred exploration costs may be impaired. We reviewed the summary of the status of each exploration project as at December 31, 2021, as certified by the Group's technical group head, and compared it with the disclosures submitted to regulatory agencies. We reviewed contracts and agreements, and budget for exploration costs. 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 obtained the appropriate approval of the withdrawal of the Group from one of its service contracts.

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, 2021 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, 2021 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. 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Benjamin N. Villacorte.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

March 9, 2022

ACE ENEXOR, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱22,993,727**	₱27,515,014
Receivables (Notes 5 and 14)	**226,443**	226,443
Other current assets	**24,399**	24,399
Total Current Assets	**23,244,569**	27,765,856
Noncurrent Assets		
Property and equipment (Note 6)	**448,957**	619,189
Deferred exploration costs (Note 7)	**55,676,987**	66,546,216
Total Noncurrent Assets	**56,125,944**	67,165,405
TOTAL ASSETS	**₱79,370,513**	₱94,931,261
LIABILITIES AND EQUITY		
Current Liability		
Accrued expenses and other current liabilities (Note 8)	**₱66,594,341**	₱41,964,130
Total Liabilities	**66,594,341**	41,964,130
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 10)	**250,000,001**	250,000,001
Deficit	**(232,593,692)**	(194,808,886)
	17,406,309	55,191,115
Non-controlling interest (Note 13)	**(4,630,137)**	(2,223,984)
Total Equity	**12,776,172**	52,967,131
TOTAL LIABILITIES AND EQUITY	**₱79,370,513**	₱94,931,261

See accompanying Notes to Consolidated Financial Statements.

ACE ENEXOR, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
EXPENSES			
Provision for probable losses (Note 7)	**₱23,963,291**	₱–	₱–
Management and professional fees	**11,829,068**	6,099,788	4,212,796
Taxes and licenses (Note 8)	**3,952,929**	13,536	452,716
Filing and registration fees	**302,500**	250,000	289,767
Rent	**210,415**	220,181	87,524
Depreciation (Note 6)	**170,232**	170,232	34,091
Insurance	**60,884**	80,974	21,215
Meetings	**60,000**	268,138	420,003
Communication	**2,426**	1,278	126,303
Supplies	**2,000**	72,338	408,991
Training fund expense (Note 8)	–	5,849,729	13,773,166
Transportation	–	5,226	17,263
Project development costs	–	–	500,000
Others	**249,191**	563,678	750,045
	40,802,936	13,595,098	21,093,880
OTHER CHARGES (INCOME) - NET			
Foreign exchange loss (gain) - net	**(593,657)**	629,758	310,301
Interest income (Note 4)	**(18,320)**	(64,997)	(45,354)
Net gain on changes in fair value of financial assets at fair value through profit or loss (FVTPL) (Note 14)	–	–	(1,386,501)
	(611,977)	564,761	(1,121,554)
LOSS BEFORE INCOME TAX	**40,190,959**	14,159,859	19,972,326
BENEFIT FROM INCOME TAX (Note 11)	–	(11,583)	(275,550)
NET LOSS	**40,190,959**	14,148,276	19,696,776
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE LOSS	**₱40,190,959**	₱14,148,276	₱19,696,776
Total Comprehensive Loss Attributable to:			
Equity holders of the Parent Company	**₱37,784,806**	₱11,766,565	₱19,137,926
Non-controlling interest (Note 13)	**2,406,153**	2,381,711	558,850
	₱40,190,959	₱14,148,276	₱19,696,776
Basic/Diluted Loss Per Share (Note 12)	**₱0.151**	₱0.047	₱0.077

See accompanying Notes to Consolidated Financial Statements.

ACE ENEXOR, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Attributable to Equity Holders of the Parent Company				
	Capital Stock (Note 10)	Deficit	Total	Non-controlling Interest (Note 13)	Total Equity
BALANCES AT JANUARY 1, 2019	**₱250,000,000**	**(₱163,904,395)**	**₱86,095,605**	**₱716,577**	**₱86,812,182**
Issuance of common stock	1	–	1	–	1
Total comprehensive loss/ net loss for the year	–	(19,137,926)	(19,137,926)	(558,850)	(19,696,776)
BALANCES AT DECEMBER 31, 2019	**₱250,000,001**	**(₱183,042,321)**	**₱66,957,680**	**₱157,727**	**₱67,115,407**
Total comprehensive loss/ net loss for the year	–	(11,766,565)	(11,766,565)	(2,381,711)	(14,148,276)
BALANCES AT DECEMBER 31, 2020	**₱250,000,001**	**(₱194,808,886)**	**₱55,191,115**	**(₱2,223,984)**	**₱52,967,131**
Total comprehensive loss/ net loss for the year	**–**	**(37,784,806)**	**(37,784,806)**	**(2,406,153)**	**(40,190,959)**
BALANCES AT DECEMBER 31, 2021	**₱250,000,001**	**(₱232,593,692)**	**₱17,406,309**	**(₱4,630,137)**	**₱12,776,172**

See accompanying Notes to Consolidated Financial Statements.

ACE ENEXOR, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱40,190,959)**	(₱14,159,859)	(₱19,972,326)
Adjustments for:			
Depreciation (Note 6)	**170,232**	170,232	34,091
Unrealized foreign exchange loss (gain) - net	**(647,076)**	444,274	(265,029)
Interest income (Note 4)	**(18,320)**	(64,997)	(45,354)
Net gain on changes in fair value of financial assets at FVTPL (Note 14)	**–**	–	(1,386,501)
Provision for probable losses (Note 7)	**23,963,291**	–	–
Operating loss before working capital changes	**(16,722,832)**	(13,610,350)	(21,635,119)
Decrease (increase) in:			
Receivables	**–**	202,259	(337,138)
Other current assets	**–**	143,827	(504,006)
Increase (decrease) in accrued expenses and other current liabilities	**413,356**	(6,633,115)	15,831,237
Cash generated from (used in) operations	**(16,309,476)**	(19,897,379)	(6,645,026)
Interest income received	**18,320**	64,997	49,180
Net cash used in operating activities	**(16,291,156)**	(19,832,382)	(6,595,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of financial assets at FVTPL	**–**	–	78,970,870
Additions to:			
Deferred exploration costs (Note 7)	**(13,094,062)**	(4,832,706)	(16,656,537)
Investment held for trading	**–**	–	(20,000,000)
Property and equipment (Note 6)	**–**	–	(800,000)
Net cash from (used in) investing activities	**(13,094,062)**	(4,832,706)	41,514,333
CASH FLOWS FROM FINANCING ACTIVITIES			
Increases in:			
Due to a third party (Note 8)	**19,212,701**	–	–
Due to a related party (Note 8)	**5,004,154**	–	7,577,272
Net cash from financing activities	**24,216,855**	–	7,577,272
NET INCREASE (DECREASE) IN CASH	**(5,168,363)**	(24,665,088)	42,495,759
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**647,076**	(444,274)	265,029
CASH AT BEGINNING OF YEAR	**27,515,014**	52,624,376	9,863,588
CASH AT END OF YEAR (Note 4)	**₱22,993,727**	₱27,515,014	₱52,624,376

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

ACE Enexor, Inc. ("ACEX" or "the Parent Company") and Palawan55 Exploration & Production Corporation (Palawan55 or the Subsidiary), collectively referred to as "the Group", were incorporated in the Philippines on September 28, 1994 and November 16, 2012, respectively, to engage in oil and gas exploration, exploitation and production. The Parent Company's primary purpose also includes generally engaging in the business of power generation. Palawan55 is 69.35% owned by the Parent Company.

The Parent Company and the Subsidiary are 75.92% and 30.65% directly owned, respectively, by AC Energy Corporation ("ACEN", formerly AC Energy Philippines, Inc. or the Intermediate Parent Company). The ultimate parent company is Mermac, Inc. ACEN and Mermac, Inc. are both incorporated and domiciled in the Philippines. Both ACEX and Palawan55 are domiciled in the Philippines and have not yet started commercial operations as at March 9, 2022.

On August 14, 2014, the Philippine Securities and Exchange Commission ("SEC") approved the registration of shares of the Parent Company. On August 28, 2014, the Parent Company listed its shares at the Philippine Stock Exchange by way of introduction.

On May 31, 2017, the SEC approved the amendment of the Parent Company's Articles of Incorporation to change its corporate name to PHINMA Petroleum and Geothermal, Inc. and to include in its primary and secondary purposes the exploration and development of geothermal resources.

On February 7, 2019, Philippine Investment Management ("PHINMA"), Inc., PHINMA Corporation (collectively, the "PHINMA Group") and AC Energy and Infrastructure Corporation ("ACEIC", formerly AC Energy, Inc.) signed an investment agreement for ACEIC's acquisition of the PHINMA Group's 51.476% stake in ACEN via a secondary share sale through the Philippine Stock Exchange (PSE). On June 24, 2019, the PSE confirmed the special block sale of ACEN shares to ACEIC.

ACEN conducted a Voluntary Tender Offer of ACEX shares on May 20, 2019 to June 19, 2019, with 3,332 ACEX public shares tendered during the tender offer period at ₱2.44 per share. On June 24, 2019, ACEN acquired the shares of PHINMA, Inc. and PHINMA Corporation in ACEX representing 25.18% of ACEX's total outstanding stock. The transaction increased ACEN's direct ownership over ACEX from 50.74% as at December 31, 2018 to 75.92% as at December 31, 2020 and 2019.

On July 23, 2019, the Board of Directors (BOD) of ACEX approved the following amendments to the articles of incorporation of ACEX:
- Change in corporate name to ACE Enexor, Inc. to reflect the change in the ownership of the Intermediate Parent Company; and
- Change in the principal office of the Parent Company to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City for alignment, operational and management efficiency.

During the Annual Stockholders' Meeting held on September 17, 2019, the stockholders approved and adopted the amendments.

On November 11, 2019, the SEC approved the proposed changes in the articles of incorporation of the Parent Company.

Property for shares swap between ACEX and ACEN
On October 18, 2021, the BOD of ACEN approved the transitioning of ACEN's power generation portfolio to 100% renewable energy by 2025. For this purpose, the BOD of ACEN approved the infusion of certain thermal assets into ACEX in the form of a property-for-share swap.

On the same date, the ACEX BOD approved the property-for-share swap with ACEN whereby ACEN will assign 100% of its equity in Palawan55 Exploration & Production Corporation (Palawan55), Bulacan Power Generation Corporation (BPGC), One Subic Power Generation Corporation (OSPGC), CIP II Power Corporation (CIP II), and Ingrid3 Power Corp. (Ingrid3), valued at ₱3.39 billion, in exchange for 339 million primary shares to be issued by the Parent Company to ACEN at a price of ₱10.00 per share, as supported by a fairness opinion from FTI Consulting Philippines, Inc. and subject to compliance with applicable regulatory requirements.

As a result of the issuance of primary shares to ACEN, the ACEX BOD also approved the conduct of a Stock Rights Offer (SRO) of up to 105 million of ACEX's shares at ₱10.00 per share, subject to regulatory approvals. The ACEN BOD approved the underwriting of this SRO in relation to the share swap.

On December 29, 2021, ACEX and ACEN signed the Deed of Assignment wherein ACEX will issue 339,076,058 shares of stock in ACEX to ACEN at an issue price of ₱10 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 with a par value of ₱100 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIP II with a par value of ₱50 per share representing 100% of the issued and outstanding shares in CIP II; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of ₱1 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in OSPGC with a par value of ₱1 per share representing 17.13% of the issued and outstanding shares in OSPGC.

After the Share Swap, ACEN's total direct and indirect interest in ACEX is expected to go up from 76.32% to 89.78%, prior to the conduct of the SRO.

The Parent Company has made the required submissions and awaiting SEC's review and approval as at report date.

ACEX Joint Venture with Red Holdings B.V.
On November 10, 2021, the ACEX BOD approved the joint venture between the Parent Company and Red Holdings B.V. ("Gen X Energy"), a wholly owned subsidiary of Gen X Energy L.P., to develop a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand. The joint venture will be through a special purpose vehicle company, Batangas Clean Energy, Inc. (BCEI), where ACEX and Gen X Energy will each own a fifty percent (50%) interest, subject to satisfaction of agreed conditions precedent and execution of definitive documents.

On December 10, 2021, the ACEX BOD approved for the availment of a short-term loan from ACEN of up to ₱150 million to fund the initial subscription by the Company to shares in BCEI and authorized the Company to secure bank loans in an aggregate amount of up to ₱150 million to be guaranteed by ACEN subject to the payment of a guarantee fee. On December 13, 2021, the ACEN BOD approved the short-term loan up to ₱150 million in favor of ACEX.

As part of the transaction, Buendia Christiana Holdings Corp. (BCHC), an affiliate of the Company, shall assign to BCEI its option to lease the potential project site.

On January 14, 2022, ACEX, BCEI and Gen X Energy executed the Shareholders' Agreement and Subscription Agreements implementing the transaction. ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150,219,040. Gen X Energy L.P. is a portfolio company of Blackstone Inc., the world's largest alternative asset manager.

BCE shall file an application for the increase in its authorized capital stock with the Securities and Exchange Commission.

On November 10, 2021, the BOD approved the change of the principal office address of the Parent Company from 4th Floor 6750 Office Tower, Ayala Avenue, Makati City to 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City and for this purpose, to amend the Articles of Incorporation.

The consolidated financial statements were approved and authorized for issuance by the Parent Company's BOD on March 9, 2022.

2. Summary of Significant Accounting Policies

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

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency. All values are rounded to the nearest Peso, except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, Palawan55, as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiary to bring its accounting policies in line with the Parent Company's accounting policies.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Parent Company and the Subsidiary are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over the Subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

NCI represents the interest in the Subsidiary not held by the Parent Company and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The amendments are not expected to have a material impact on the Group.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have material impact to the Group.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Group first applies the amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have an impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The amendments are not expected to have material impact to the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The amendments are not expected to have material impact to the Group.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Presentation of Consolidated Financial Statements
The Group has elected to present all items of recognized income and expense in one statement displaying components of profit or loss and OCI (consolidated statement of comprehensive income).

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash
Cash in the consolidated statement of financial position comprise cash in banks which are subject to an insignificant risk of changes in value.

Fair Value Measurement
The Group measures investments held for trading at fair value at each reporting 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 non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in Note 14 to the consolidated financial statements.

Financial Instruments - Classification and Measurement

Classification of Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss (FVTPL)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

The Group's financial assets are classified at amortized cost as at December 31, 2021 and 2020 (see Notes 4, 5 and 14).

Contractual Cash Flows Characteristics
If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent SPPI on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated.

Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'Interest income' in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in the consolidated statement of comprehensive income.

The Group's cash and receivables (except Others) are classified as financial assets at amortized cost (see Notes 4 and 5).

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

Classification of Financial Liabilities
Financial liabilities are measured at amortized cost, except for the following:
- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and,
- contingent consideration recognized by an acquirer in accordance with PFRS 3, *Business Combinations.*

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or: if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Group's accrued expenses and other current liabilities (excluding statutory payables) are classified as financial liabilities measured at amortized cost (see Note 8).

Reclassifications of Financial Instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated.

The Group does not reclassify its financial assets when:
- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and,
- There is a change in measurement on credit exposures measured at fair value through profit or loss.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated 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; or,
- the Group has transferred its rights to receive cash flows from the asset 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.

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

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

Modification of Contractual Cash Flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Financial Liabilities
A financial liability (or a part of financial liability) is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

<u>Impairment of Financial Assets</u>
PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL for debt instruments that are measured at amortized cost.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

For cash, the Group applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Group's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

For all debt financial assets other than trade receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. This primarily pertains to the Group's cash.

Determining the Stage for Impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk 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 significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off policy
The Group writes off a financial asset and any previously recorded allowance, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

The Group did not offset any financial instruments in 2021 and 2020.

Property and Equipment
Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of 3 to 5 years for its office equipment and miscellaneous assets. The Group's miscellaneous assets pertains to computer software licenses.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

Foreign Currency Denominated Transactions and Balances
Transactions in foreign currencies are initially recorded by the entities within the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of comprehensive income.

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

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

Joint Operations. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities and share in the revenues and expenses relating to the arrangement. The Group's service contracts (SC) are considered joint operations.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each Service Contract (SC) area. The costs recorded pertain to the Group's share in exploration costs, pro-rated based on participating interest held in each joint agreement for each SC. Under this method, all exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for probable losses. These costs are written off against the allowance when the projects are abandoned or determined to be definitely unproductive.

The Group classifies exploration costs as intangible or tangible according to the nature of the assets acquired and apply the classification consistently. Some costs are treated as intangible, whereas others are tangible to the extent that tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset. The Group recognizes its exploration costs as intangible assets.

The deferred exploration costs cease to be classified as intangible asset when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. These costs shall be assessed for impairment, and any impairment loss is recognized before reclassification.

Impairment of Non-Financial Assets

Property and Equipment and Prepaid Expenses
The Group assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

The Group assesses impairment of its property and equipment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage.

Deferred Exploration Costs
Deferred exploration costs are reassessed for impairment on a regular basis. An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined.

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 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;

- When a service contract where the Group has participating interest in is permanently abandoned; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented and disclosed in accordance with PAS 36, *Impairment of Assets.*

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized in the consolidated statement of comprehensive income.

Capital Stock
Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Deficit
Deficit represents the cumulative balance of net loss.

Interest Income
Income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or a reduction in the liability that can be measured reliably.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Income Taxes
Current Income Tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

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

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

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

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

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

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO and MCIT over RCIT can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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 income tax liabilities and the deferred income taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current taxes on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Loss Per Share
Basic loss per share is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted loss per share is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Group does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted loss per share is the same as basic loss per share.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 15 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The Group's consolidated financial statements prepared in accordance with PFRS require management to make a judgment and estimates that affect the amounts reported in the consolidated financial statements and related notes. In preparing the Group's consolidated financial statements, management has made its best estimate and judgment of certain amounts, giving due consideration to materiality.

The estimates and judgments used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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 significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. As at December 31, 2021 and 2020, the Group's SCs are assessed as joint arrangements in the form of joint operations (see Note 7).

Estimates

Impairment of Deferred Exploration Costs.
The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount under PFRS 6. Among the factors considered by management in the impairment review of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic. In the event of impairment, the Group measures, presents and discloses the resulting impairment loss in accordance with PAS 36.

The Group recognized impairment loss on its deferred exploration costs amounting to ₱23,963,291 in 2021 and nil in 2020 and 2019 (presented as "Provision for probable losses" under "Expenses" in the consolidated statements of comprehensive income). The carrying value of deferred exploration costs amounted to ₱55,676,987 and ₱66,546,216 as at December 31, 2021 and 2020, respectively (see Notes 7).

Recognition of Deferred Income Tax Asset.
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets as at December 31, 2021 and 2020 amounted to ₱45,627,364 and ₱41,668,734, respectively (see Note 11).

4. **Cash**

Cash in banks is at ₱22,993,727 as of December 31, 2021, and at ₱27,515,014 as of December 31, 2020. Cash in banks earn interest at the respective bank deposit rates.

Interest income on cash and short-term deposits amounted to ₱18,320, ₱64,997 and ₱45,354 in 2021, 2020 and 2019, respectively.

5. Receivables

This account consists of the following:

	2021	2020
Due from third party	**₱20,000,000**	₱20,000,000
Trade receivables	**30,750**	30,750
Others	**195,693**	195,693
	20,226,443	20,226,443
Less allowance for credit losses	**20,000,000**	20,000,000
	₱226,443	₱226,443

Due from third party pertains to advance payment made pursuant to the Memorandum of Agreement with Frontier Energy and Frontier Oil and is due and demandable.

Trade receivables mainly represent return of cash call from the service contract operator. The Group's receivables are noninterest-bearing and are due and demandable.

Others pertain to advances to employees and a service provider subject to liquidation.

The Group's due from third party and trade receivables have been reviewed for indicators of impairment. Assessment is undertaken each financial year by examining based on the Group's established ECL model as fully disclosed in Note 14. In 2016, the Group recognized a provision for credit losses amounting to ₱20,000,000 on its advance payment to Frontier Oil. As at December 31, 2021 and 2020, no additional provision was recognized.

6. Property and Equipment

Details and movement of this account follow:

	2021		
	Equipment	**Miscellaneous Assets**	**Total**
Cost:			
Balance at beginning and end of year	**₱1,045,000**	**₱124,215**	**₱1,169,215**
Less accumulated depreciation:			
Balance at beginning of year	**434,474**	**115,552**	**550,026**
Depreciation	**162,807**	**7,425**	**170,232**
Balance at end of year	**597,281**	**122,977**	**720,258**
Net book value	**₱447,719**	**₱1,238**	**₱448,957**

	2020		
	Equipment	Miscellaneous Assets	Total
Cost:			
Balance at beginning and end of year	₱1,045,000	₱124,215	₱1,169,215
Less accumulated depreciation:			
Balance at beginning of year	271,667	108,127	379,794
Depreciation	162,807	7,425	170,232
Balance at end of year	434,474	115,552	550,026
Net book value	₱610,526	₱8,663	₱619,189

Miscellaneous assets pertain to software and licenses.

7. Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	2021	2020
ACEX		
SC 6 (Northwest Palawan):		
Block A	**₱23,963,291**	₱23,237,873
Block B	**4,892,178**	4,892,178
SC 50 (Northwest Palawan)	**11,719,085**	11,719,085
	40,574,554	39,849,136
Less allowance for probable losses	**40,574,554**	16,611,263
	–	23,237,873
Palawan55		
SC 55 (Southwest Palawan)	**55,676,987**	43,308,343
	₱55,676,987	₱66,546,216

Below is the rollforward analysis of the deferred exploration costs:

	2021	2020
Cost:		
Balances at beginning of year	**₱83,157,479**	₱62,651,914
Additions	**13,094,062**	20,505,565
Balance at end of year	**96,251,541**	83,157,479
Allowance for a probable loss:		
Balances at beginning of year	**16,611,263**	16,611,263
Provision for the year	**23,963,291**	–
Balance at end of year	**40,574,554**	16,611,263
Net book value	**₱55,676,987**	₱66,546,216

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under petroleum SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

The following summarizes the status of the foregoing projects:

ACEX

a. SC 6 (Northwest Palawan)

Block A

On January 8, 2018, the consortium submitted to the DOE its proposed 2018 work program composed of seismic interpretation and mapping and integration of quantitative inversion results that would serve as input to preliminary well design and cost estimates. The Consortium completed its 2018 work program and said undertaking has improved the resource evaluation of the mapped leads and prospects in the area.

On December 18, 2018, the Partners have approved and the Operator, Philodrill Corporation (Philodrill), submitted to the DOE the proposed 2019 SC 6A Work Program and Budget amounting to US$314,116 composed of geological and geophysical evaluation and engineering projects. The same was approved by the DOE on January 23, 2019.

The Partners submitted to the DOE the proposed 2019 work program composed of geological and geophysical evaluation and engineering study. The DOE approved the said program in January 2019.

ACEX holds 7.78% and 14.063% participating interests in Block A and Block B, respectively. SC 6 is valid until February 28, 2024 subject to fulfillment of work commitments for each of the three 5-year terms comprising the 15-year extension period of SC 6 in respect of Block A and B and payment of training assistance, development assistance and scholarship funds to the DOE.

As at December 31, 2020, farm-in negotiations are ongoing for the development of the Octon oil discovery and technical studies over the northern part of the block progressed.

On January 27, 2021, the ACEX Executive Committee approved the Parent Company's withdrawal from the SC 6 Block A consortium. SC 6A does not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to ₱23,963,291 in 2021. On December 2, 2021, the SC 6A consortium paid its outstanding financial obligations to the DOE in full as required for the DOE's approval of the relinquishment of the service contract. Write-off of SC 6A will be done upon receipt of DOE approval.

Block B

On February 20, 2017, ACEX gave notice to the consortium of relinquishment of its 14.063% participating interest in SC 6 Block B (SC 6B) and the Operating Agreement but said relinquishment shall not include its 2.475% carried interest. The retained carried interest would entitle the Group to a share in the gross proceeds from any production in the block, once all exploration costs have been recovered. The carried interest will be revalued should the project obtain commercial viability.

In 2017, the Parent Company recognized full provision for probable losses on deferred exploration costs pertaining to SC 6B amounting to ₱4,892,178 due to the Parent Company's relinquishment of its participating interest, but not the carried interest to its partners.

SC 6 will expire in February 2024.

b. SC 50 (Northwest Palawan)

In 2013, ACEX negotiated with Frontier Energy Limited ("Frontier Energy"), the Operator, regarding a Farm-in Agreement that would provide for the Group's acquisition of 10% participating interest in SC 50.

Frontier Oil Corporation, the Operator, applied for a Force Majeure in view of the unilateral cancellation of its rig contract by the other partners in the consortium, which was subsequently denied by the DOE on October 5, 2015 and, consequently, ruled that the contract effectively expired in March 2015. On October 20, 2015, Frontier Oil contested DOE's position and engaged the DOE in discussions aimed at a mutually acceptable resolution of the issue.

In 2016, the Group recognized full provision for probable loss on SC 50 amounting to ₱11,719,085 due to the expiration of the SC's term and denial by the DOE of the request for Force Majeure.

Palawan55

c. SC 55 (Southwest Palawan)

On June 14, 2016, the DOE extended the term of SC 55 until December 23, 2017.

On November 21, 2016, Otto Energy and Otto Energy Philippines notified the DOE of their withdrawal from SC 55.

On November 22, 2017, Palawan55 notified the DOE of its willingness to assume its pro-rata, post- adjustment share (37.50%) amounting to US$64,613 of Otto Energy's outstanding training fund obligation of US$172,300 in conjunction with the DOE's approval of the assignment of interests and favorable consideration for a reasonable extension of the moratorium period that would allow execution of the committed technical studies.

On March 26, 2018, the DOE approved the transfer of participating interests from Otto Energy to its Partners, Palawan55, Century Red and Pryce Gases, Inc. Palawan55's 6.82% participating interest in SC 55 was adjusted to 37.50% upon the DOE's approval of the withdrawal of Otto Energy. The Moratorium Period until April 26, 2019 was also approved with a budget of US$478,750 for 3D seismic reprocessing and Quantitative Inversion Study.

On November 19, 2018, Palawan55 requested for an extension of the SC 55 Moratorium Period up to December 31, 2019 since the Quantitative Interpretation Study and Resource Assessment will only be completed after April 2019. The said request was approved by the DOE on April 22, 2019.

In December 2018, a third-party Partner in the consortium advanced its payment for its share in the 2019 work program amounting to US$69,669 or ₱3.66 million. This shall be applied to the third party's share in the subsequent expenditure of SC 55. Palawan55 also accrued its share in the training obligations for SC55 payable to the DOE amounting to ₱3.49 million.

On August 9, 2019, the SC 55 Consortium formally notified the DOE that is directly proceeding into the Appraisal Period effective August 26, 2019. The Consortium committed to drill one (1) deepwater well within the first two years of the Appraisal period and re-interpretation of legacy seismic data over the rest of the block which may lead to the conduct of new 3D seismic campaign to mature other identified prospects to drillable status.

On September 26, 2019, Palawan55 informed the DOE of Century Red Pte. Ltd.'s ("Century Red") withdrawal from SC 55 and accordingly requested for the approval of the transfer of Century Red's entire 37.50% participating interest to Palawan55.

On February 13, 2020, Palawan55 received DOE's approval on the transfer of the 37.50% participating interest of Century Red in SC 55. After careful review and evaluation of DOE, Palawan55 is found to be technically, financially and legally qualified to assume the participating interests of Century Red. Palawan55's participating interest in SC 55 is adjusted from 37.50% to 75.00%.

On April 15, 2020, Palawan55 received a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective April 26, 2020. In the said letter, the DOE stated that after the review and evaluation of the Hawkeye discovery report, "we hereby confirm that the 'Hawkeye-1 well' did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55."

On July 2, 2020, SC 55 Consortium submitted to the DOE its 5-year Work Program and Budget for the Appraisal Period. Said program is divided into firm (CY 1 & 2) and contingent (CY 3-5). The firm commitment consists of Geological and Geophysical studies and drilling of a well within the next two years.

On August 28, 2020, Palawan55 received a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00. Further, the DOE stated that it expects the submission of the proposed budget for the drilling of one (1) well after the drilling proposal has been approved by the DOE.

On September 23, 2020, the Consortium requested for the declaration of a one-year Force Majeure in view of the far-reaching adverse effects of the COVID-19 pandemic and the induced low oil price, on the global upstream petroleum industry.

On May 14, 2021, Palawan55 received a letter from DOE dated May 11, 2021 approving its request to place SC 55 under force majeure for a period of one (1) year. The letter also states that the timeline of the SC 55 will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC55 was on force majeure.

On December 22, 2021, the SC 55 consortium submitted an updated CINCO-1 Drilling Proposal to the DOE. The document is currently being evaluated by Petroleum Resources Development Division.

Specialized pre-drill geological and geophysical studies were completed while well planning and drilling preparations are ongoing.

As at December 31, 2021 and 2020, Palawan55 holds 75.00% participating interests in SC 55 and is fully compliant with all DOE requirements.

No impairment was recognized for SC 55 as at December 31, 2021 and 2020 as there are no indicators for impairment.

Notes to the Consolidated Statements of Cash Flows
In 2020, the Group reclassified prepayments to deferred exploration costs amounting to ₱372,859 for the ongoing technical studies related to SC55. The Group also has unpaid management fee billings from ACEN amounting to ₱15,300,000, capitalized as part of deferred exploration costs, for the compensation of officers and consultancy payment related to SC 55 work programs.

8. Accrued Expenses and Other Current Liabilities

This account consists of:

	2021	2020
Accrued expenses	**₱4,895,016**	₱1,564,901
Due to:		
Related parties (see Note 9)	**32,450,387**	27,446,233
Third party	**29,059,856**	9,847,155
Withholding taxes	**189,082**	3,105,841
	₱66,594,341	₱41,964,130

Accrued expenses in 2021 include accruals for taxes and licenses of ₱3,390,760 which pertains to documentary stamp tax related to the Deed of Assignment signed by ACEX and ACEN on December 29, 2021, wherein ACEX will issue 339,076,058 shares of stock to ACEN at an issue price of ₱10 per share in exchange for the properties of ACEN (see Note 1). This also includes accrual for professional fees and training obligations for SC 6A and SC 55 payable to the DOE. Accruals for professional fee are noninterest-bearing and are settled on 30 to 60-day terms. Training obligations payable to the DOE are due and demandable.

Other current liabilities, other than accrued expenses and due to third party, are noninterest-bearing and are settled on 30 to 60-day terms. Other current liabilities are trade payables to suppliers and service providers and include third-party advances made in the consortium to be applied to SC 55's work program.

9. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

Outstanding balances for the period are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables.

The balances and transactions of accounts as at and for the years ended December 31, 2021 and 2020 with related parties are as follows:

	As at and for the Year Ended December 31, 2021					
			Outstanding Balance			
Company	Amount/ Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**₱–**	Management and professional fees	**₱–**	**₱2,448,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**–**	Management and professional fees capitalized as deferred exploration costs	**–**	**12,240,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**–**	Management and professional fees charged to consortium partner	**–**	**5,100,000**	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**4,967,189**	Advances	**–**	**12,544,461**	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	**134,400**	Management and professional fees	**–**	**117,926**	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			**₱–**	**₱32,450,387**		

	As at and for the Year Ended December 31, 2020					
			Outstanding Balance			
Company	Amount/ Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
ACEN						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	₱2,448,000	Management and professional fees	₱–	₱2,448,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	15,300,000	Management and professional fees capitalized as deferred exploration costs	–	12,240,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	5,100,000	Management and professional fees charged to consortium partner	–	5,100,000	30–60 day terms; noninterest-bearing	Unsecured
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	–	Advances	–	7,577,272	30–60 day terms; noninterest-bearing	Unsecured
Entities Under Common Control of Intermediate Parent Company						
ACE Shared Services, Inc. (ACES)						
Accrued expenses and other current liabilities - Due to related parties (see Note 8)	134,400	Management and professional fees	–	80,961	30–60 day terms; noninterest-bearing	Unsecured
Due to related parties (see Note 8)			₱–	₱27,446,233		

ACEN
ACEN provided advances to Palawan55 in 2021 totaling to ₱4.39 million pertaining to professional and consultancy fees related to the SC work programs. ACEN provided advances to ACEX in 2021 totaling to ₱572,300 pertaining to filing and registration fees and other various expenses. ACEN also billed management fees to Palawan55 in 2020 which included ₱9 million pertaining to compensation of officers.

ACES
ACES provided to the Group a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services (without engaging in the practice of accountancy), human resources management, manpower related services and other related functions.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group are as follows:

	2021	2020	2019
Short-term employee benefits	**₱–**	₱–	928,083

Starting January 1, 2020, the compensation of the Group's key management personnel are paid by the Intermediate Parent Company and as such, the necessary disclosures required by PAS 24, *Related Party Disclosures,* are included in the financial statements of the Intermediate Parent Company.

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

10. Capital Stock

Following are the details of the Parent Company's capital stock as at December 31, 2021 and 2020:

	2021	2020
Authorized - ₱1 par value	**1,000,000,000**	1,000,000,000
Issued and outstanding - ₱1 par value	**250,000,001**	250,000,001

The issued and outstanding shares as at December 31, 2021 and 2020 are held by 2,900 and 2,899 equity holders, respectively.

11. **Income Taxes**

a. There was no provision for current tax in 2021 and 2020 both under RCIT and MCIT.

b. The reconciliation of the Group's provision for (benefit from) income tax using the statutory tax rate is as follows:

	2021	2020	2019
Benefit from income tax at statutory rate	**(₱10,047,740)**	(₱4,247,958)	(₱5,991,698)
Tax effects of:			
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized	**9,891,593**	4,200,462	5,880,607
Nondeductible expenses	**161,769**	58,497	127,707
Interest income subject to final tax	**(5,622)**	(22,584)	(13,606)
Realized gains on changes in fair value of financial assets at FVTPL	–	–	(278,560)
	₱–	(₱11,583)	(₱275,550)

c. The Group recognized benefit from income tax amounting to nil in 2021, ₱11,583 in 2020 and ₱275,550 in 2019.

d. Deferred income tax assets related to the following temporary differences, including NOLCO, were not recognized because management believes that it is not probable that sufficient future taxable income will be available to allow deferred income tax assets to be utilized.

	2021	2020
NOLCO	**₱97,965,708**	₱101,686,318
Provisions for:		
Credit losses (see Note 5)	**20,000,000**	20,000,000
Probable losses (see Note 7)	**40,574,555**	16,611,263
Unrealized foreign exchange loss	**–**	598,199
	₱182,509,458	₱138,895,780
Unrecognized deferred income tax asset	**₱45,627,364**	₱41,668,734

Movements in the NOLCO are shown in the table below:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2018	2019-2021	₱20,765,862	₱–	(₱20,765,862)	₱–	₱–
2019	2020-2022	67,478,506	–	–	–	67,478,506
2020	2021-2025	13,595,875	–	–	–	13,595,875
2021	2022-2026	16,891,327	–	–	–	16,891,327
		₱118,731,570	₱–	(₱20,765,862)	₱–	₱97,965,708

**RR-15-20 Bayanihan Act 2: NOLCO incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years*

12. **Basic/Diluted Loss Per Share**

Basic/diluted loss per share is computed as follows:

	2021	2020	2019
(a) Net loss attributable to equity holders of the Parent Company	**₱37,784,806**	₱11,766,565	₱19,137,926
(b) Weighted average number of common shares outstanding	**250,000,001**	250,000,001	250,000,001
Basic/diluted loss per share (a/b)	**₱0.151**	₱0.047	₱0.077

As at December 31, 2021, 2020 and 2019, the Group does not have any potential common share nor other instruments that may entitle the holder to common shares. Hence, diluted loss per share is the same as basic loss per share.

13. **Material Partly Owned Subsidiary**

Financial information of Palawan55 is provided below:

	2021	2020
Equity interest held by NCI	**30.65%**	30.65%
Accumulated balances of NCI	**(₱4,630,137)**	(₱2,223,984)
Net loss allocated to NCI	**(2,406,152)**	(2,381,711)

The summarized financial information of Palawan55 is provided below.

Statements of Comprehensive Income

	2021	2020	2019
Other loss (income)	**(₱131,546)**	(₱123,896)	₱198,010
Expenses	**7,982,225**	7,894,568	1,631,217
Provision for (benefit from) deferred income tax	**–**	–	(5,839)
Total comprehensive loss	**₱7,850,679**	₱7,770,672	₱1,823,388
Attributable to NCI	**₱2,406,152**	₱2,381,711	₱558,850

Statements of Financial Position

	2021	2020
Total current assets	**₱8,145,145**	₱7,462,931
Total noncurrent assets	**55,676,987**	43,308,343
Total current liabilities	**(78,930,541)**	(58,029,005)
Total equity	**(₱15,108,409)**	(₱7,257,731)
Attributable to equity holders of the Parent Company	**(₱10,478,272)**	(₱5,033,747)
NCI	**(₱4,630,137)**	(₱2,223,984)

Cash Flow Information

	2021	2020	2019
Net cash flows from (used in):			
Operating activities	**₱13,232,813**	(₱6,329,029)	₱4,491,199
Investing activities	**(12,368,644)**	(2,532,521)	(16,246,978)
Financing activity	**–**	–	22,464,670

There were no dividends paid to NCI in 2021, 2020 and 2019.

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

Objectives and Investment Policies
The funds of the entities are held directly by the ACEN Group and are managed by the Corporate Finance and Treasury Group ("CFT").

All cash investments of the Group are carried and governed by the following principles, stated in order of importance:
- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance will yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

The CFT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

CFT focuses on the following major risks that may affect its transactions:
- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Interest rate risk

Corporate Planning and Investor Relations ("CPIR") focuses on the following major risks that may affect its transactions:
- Market risk
- Equity price risk

Commercial Operations focuses on commodity price risk.

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

Risk Management Process

Foreign Exchange Risk
The Group defines Foreign Exchange Risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:
- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:
- Trading either by spot conversions; and
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values

The Group has foreign currency exposures arising from cash calls and refunds in currency other than the Philippine peso. The Group's financial instruments denominated in US$ as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	In US$	**In Philippine Peso**	In US$	In Philippine Peso
Financial Assets				
Cash	**US$314,839**	**₱15,985,635**	US$298,907	₱14,358,297
Trade receivable under 'Receivables'	**–**	**–**	–	–
	314,839	**15,985,635**	298,907	14,358,297
Financial Liability				
Due to third party under 'Accounts payable and other current liabilities'	**–**	**–**	–	–
	US$314,839	**₱15,985,635**	US$298,907	₱14,358,297

Exchange rates used were ₱50.774 to $1.00 and ₱48.036 to $1.00 as at December 31, 2021 and 2020, respectively.

Management has determined that the volume of foreign currency-denominated transactions is not significant to the Group and, accordingly, its exposure to the risk of changes in foreign exchange rates has no material impact to its profitability.

Credit or Counterparty Risk
The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by CFT before it is executed subject to the Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and CFT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, the Group's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2021					
	Neither Past Due nor Impaired			**Past Due but not Impaired**	**Past Due Individually Impaired**	**Total**
	Class A	**Class B**	**Class C**			
Trade receivables	**₱–**	**₱–**	**₱–**	**₱30,750**	**₱–**	**₱30,750**
Due from third party	**–**	**–**	**–**	**–**	**20,000,000**	**20,000,000**
Others	**–**	**–**	**–**	**195,693**	**–**	**195,693**
	₱–	**₱–**	**₱–**	**₱226,443**	**₱20,000,000**	**₱20,226,443**

	2020					
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade receivables	₱–	₱–	₱–	₱30,750	₱–	₱30,750
Due from third party	–	–	–	–	20,000,000	20,000,000
Others	–	–	–	195,693	–	195,693
	₱–	₱–	₱–	₱226,443	₱20,000,000	₱20,226,443

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Collateralized accounts with excellent paying habits
Class B	Secured accounts with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. These financial assets are assessed as high grade since these are deposited in or transacted with reputable banks which have low probability of insolvency.

Liquidity Risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

The cash balance of the Group as at December 31, 2021 is more than enough to pay its accrued expenses and withholding taxes totaling ₱5.08 million (see Note 8) and operating expenses. The consortium requested the DOE for the declaration of a one-year force majeure due to the adverse effects of the COVID-19 pandemic. ACEN as the intermediate parent will provide support to the Group as needed.

Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments does not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rate and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

As at December 31, 2021 and 2020, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

Monitoring of Risk Management Process
Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and re-challenged based on current and forecasted developments on the financial and political events.
- Weekly market reports are submitted to the Management Committee that include an updated summary of global and domestic events of the past month and the balance of the year.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One-on-one coaching sessions are scheduled to assist, train and advise personnel.

Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2021 and 2020.

Capital includes all the items appearing in the equity section of the Group's consolidated statements of financial position totaling to ₱12,776,172 and ₱52,967,131 as at December 31, 2021 and 2020, respectively.

Fair Value of Financial Assets and Financial Liabilities

Cash, Receivables and Accrued Expenses and Other Current Liabilities (Excluding Statutory Payables). Due to the short-term nature of these balances, the fair values approximate the carrying values as at reporting date.

In 2021 and 2021, there were no transfers between levels of fair value measurement.

Offsetting of Financial Instruments

There were no offsetting of financial instruments as at December 31, 2021 and 2020.

15. Segment Information

The Group has only one reportable segment, Petroleum and Gas, which is engaged in oil and gas exploration and development. The Group planned to expand its operations to include geothermal exploration and development; however, there are no activities undertaken under this segment during the period and all activities reported pertains to oil and gas exploration. Management monitors the operating results of the reportable segment for the purpose of making decisions about resource allocation and performance assessment.

Capital expenditures in 2021 and 2020 were as follows:

	2021	2020
Deferred exploration cost (Note 7)	**₱13,094,062**	₱20,505,565
Property and equipment (Note 6)	**–**	–
	₱13,094,061	₱20,505,565

As at March 9, 2022, the Group has not started commercial operations yet and has no revenue or gross profit. The total assets of the segment of ₱79,370,513 and ₱94,931,261 and liabilities of ₱66,594,341 and ₱41,964,130 as at December 31, 2021 and 2020, respectively, are the same as that reported in the consolidated statements of financial position.

16. **Events After the Reporting Period**

Below are the events after the reporting period which are treated as non-adjusting events as at December 31, 2021.

Amendment to the Deed of Assignment for the transfer of assets from ACEN to ACEX
On January 31, 2022, the Parent Company and ACEN executed an Amendment to the Deed of Assignment for the transfer of ACEN's rights and interests in Palawan55, BPGC, CIP II, Ingrid3 and OSPGC.

The sole amendment sought to correct the reference to the resulting ownership percentage of ACEN in the Parent Company from 89.96% to 89.78% of the outstanding capital stock of ACEX.

The Deed of Assignment was signed by ACEX and ACEN on December 29, 2021.

Amendment to the Articles of Incorporation and By-laws to change the corporate name
On March 9, 2022, the Parent Company BOD approved the amendment to the Articles of Incorporation and By-laws to change the corporate name of the Parent Company from "ACE Enexor, Inc." to "ENEX Energy Corp."

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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 Board of Directors and Stockholders
ACE Enexor, Inc.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACE Enexor, Inc. and its subsidiary, as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated March 9, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and 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 information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

March 9, 2022

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
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ACE Enexor, Inc.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACE Enexor, Inc. and its subsidiary, as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and have issued our report thereon dated March 9, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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March 26, 2019, valid until March 25, 2022
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BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

March 9, 2022

ACE ENEXOR, INC. AND SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

* *These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.*

** *The Company is in a deficit position and has not started commercial operations as presented and disclosed in the financial statements.*

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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
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
ACE Enexor, Inc.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACE Enexor, Inc. and its subsidiary, as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated March 9, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and 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 information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

March 9, 2022

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule A. Financial Assets
December 31, 2021

Name of Issuing Entity and Association of each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Loans and Receivables:		
Cash	₱22,993,727	₱18,320
Receivables	226,443	–
	₱23,220,170	₱18,320

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amount Collected	Amount Written-Off			

Not Applicable: The Group has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2021 equal to or above the established threshold of the Rule.

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amount Collected	Amount Written-Off			
Subsidiary							
Palawan55 Exploration and Petroleum Corporation	₱16,937,398	₱–	₱–	₱–	₱16,937,398	₱–	₱16,937,398
	₱16,937,398	₱–	₱–	₱–	₱16,937,398	₱–	₱16,937,398

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule D. Long-Term Debt
December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Periodic Payments	Maturity Date

Not Applicable: The Group has no long-term indebtedness as at December 31, 2021.

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Balance at End of Period
Not Applicable: The Group has no amounts of long-term loans from related parties as at December 31, 2021 equal to or above the established threshold of the Rule.		

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Group for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
Not Applicable: The Group has no guarantees of securities of other issuers as at December 31, 2021.				

Attachment I

ACE ENEXOR, INC. AND SUBSIDIARY
Schedule G. Capital Stock
December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares held by: Related Parties	Directors, Officers and Employees	Others
Common stock	1,000,000,000	250,000,001	-	190,729,377	43,929	59,226,695

Attachment II

ACE ENEXOR, INC.

RECONCILIATION OF RETAINED EARNINGS (DEFICIT) AVAILABLE FOR DIVIDEND DECLARATION*

As of December 31, 2021

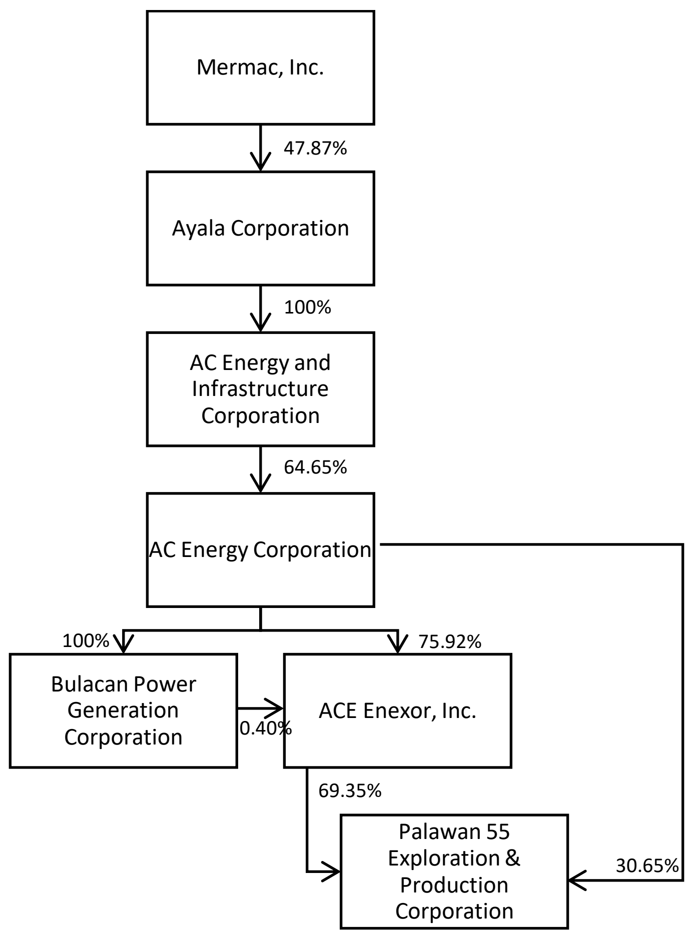
Retained Earnings (Deficit), beginning of the year			**(₱182,841,773)**
Add:	**Net loss actually incurred during the period**		
	Net loss during the year closed to retained earnings (deficit)	(₱32,338,543)	
Less:	**Non-actual/unrealized income net of tax:**		
	Equity in net income of associate/joint venture	–	
	Unrealized foreign exchange gain – (after tax)(except those attributable to Cash) unrealized actuarial gain	–	
	Fair value adjustment (mark-to-market gains)	–	
	Fair value adjustment of investment Property resulting to gain	–	
	Adjustment due to deviation from PFRS – gain	–	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
	Sub-total	–	
Add:	**Non-actual losses**		
	Depreciation on revaluation increment (after tax)	–	
	Adjustment due to deviation from PFRS – loss	–	
	Loss on fair value adjustment on investment property (after tax)	–	
	Sub-total	–	
Net Loss actually incurred during the period			**(32,338,543)**
Add (Less):			
	Dividend declarations during the period	–	
	Appropriations of Retained Earnings during the period	–	
	Reversals of appropriations	–	
	Effects of prior period adjustments	–	
	Treasury shares	–	
	Sub-total		–
TOTAL RETAINED EARNINGS (DEFICIT), END OF THE YEAR			**(₱215,180,316)**

**The Company is in a deficit position and has not started commercial operations as presented and disclosed in the financial statements.*

Attachment III

ACE ENEXOR, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2021



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
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ACE Enexor, Inc.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACE Enexor, Inc. and its subsidiary, as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and have issued our report thereon dated March 9, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1539-AR-1 (Group A)
March 26, 2019, valid until March 25, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854386, January 3, 2022, Makati City

March 9, 2022

ATTACHMENT IV

ACE ENEXOR, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Financial Soundness Indicators

Key Performance Indicator	Formula	Dec 2021	Dec 2020	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**0.35**	0.66	(0.31)	(47%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**0.35**	0.66	(0.31)	(47%)
Solvency Ratios					
Debt-to-equity ratio	Total liabilities / Total equity	**5.21**	0.79	4.42	559%
Asset-to-equity ratio	Total assets / Total equity	**6.21**	1.79	4.42	247%
Net bank Debt to Equity Ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**N/A**	N/A	N/A	N/A
Profitability					
Return on equity	Net income after tax / Average stockholders' equity	**N/A**	N/A	N/A	N/A
Return on assets	Net income after taxes / Average total assets	**N/A**	N/A	N/A	N/A
Asset turnover	Revenues / Average total assets	**N/A**	N/A	N/A	N/A

ANNEX "F"

2022 ANNUAL STOCKHOLDERS' MEETING
OF
ACE ENEXOR, INC.
(THE "MEETING")

REQUIREMENTS AND PROCEDURE FOR
ELECTRONIC VOTING IN ABSENTIA
AND
PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Voting *in Absentia* & Shareholder (VIASH) System.

I. ELECTRONIC VOTING IN ABSENTIA

1. Stockholders as of 25 March 2022 ("Stockholders") have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation in the VIASH System. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the VIASH System. To register in the VIASH System, Stockholders shall simply follow the instructions sent in the e-mail.

2. Otherwise, Stockholders may access the link http://www.ayalagroupshareholders.com/ to create an account and register in the VIASH System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 4 below.

3. All registered accounts shall be subject to the validation process set forth. The deadline for registration to vote *in absentia* is 19 April 2022. The VIASH System will be open for registration on 8 April 2022.

4. The following are needed for registration:

    4.1 For individual Stockholders –

    4.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.1.2 A scanned-copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    4.1.3 A valid and active e-mail address;
    4.1.4 A valid and active contact number;

    4.2 For Stockholders with joint accounts –

    A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

    4.3 For Stockholders under Broker accounts –

    4.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
    4.3.2 A recent photo of the stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    4.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    4.3.4 A valid and active e-mail address;
    4.3.5 A valid and active contact number;

4.4 For corporate Stockholders –

4.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format). The file size should be no larger than 5MB;
4.4.2 A recent photo of the Stockholder's representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
4.4.3 A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file-size should be no larger than 5MB;
4.4.4 A valid and active e-mail address of the Stockholder's representative;
4.4.5 A valid and active contact number of the Stockholder's representative.

Important Notes:

• Stockholders who are also stockholders as of record date of the other publicly listed corporations in the Ayala group need only to register one account in the VIASH System. The digital absentee ballot for each corporation shall be separately accessed from the Stockholder's Dashboard in the VIASH System and votes shall be cast per corporation.

• Considering the prevailing extraordinary circumstances in relation to COVID-19, the Company shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

• Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the Meeting as proxy, by submitting a duly accomplished proxy form, on or before 15 April 2022.

5. The validation process in the VIASH System will be concluded by the Corporation no later than three (3) business days from the date of the Stockholder's complete registration. The Stockholder's dashboard in the VIASH System will indicate the status of registration.

   Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

6. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot in the VIASH System and the registered Stockholder may vote as follows:

   6.1 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.
   6.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) 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.

   Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

   The VIASH System will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

   After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

7. The Office of the Corporate Secretary will tabulate all votes cast *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.

II. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders as of 25 March 2022 ("Stockholders") are required to register in the VIASH System to participate in the Meeting on 25 April 2022 by remote communication. A Meeting livestreaming access button will be available in the Stockholder's dashboard in the VIASH System on the date set for the Meeting as indicated in the Corporation's Notice of the Meeting.

2. The procedure and requirements for registration in the VIASH System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on 19 April 2022.

3. In addition to their registration in the VIASH System, Stockholders are requested to notify the Company by e-mail to corpsec.enexor@acenergy.com.ph by 19 April 2022 of their intention to participate in the Meeting by remote communication.

4. Only the Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum at the Meeting.

5. Stockholders participating by remote communication may vote anytime until the end of the Meeting using the digital ballot in the VIASH System.

6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to corpsec.enexor@acenergy.com.ph.

7. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to corpsec.enexor@acenergy.com.ph.

For any clarifications, please contact our Office of the Corporate Secretary through corpsec.enexor@acenergy.com.ph.