



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended **September 30, 2023**
2. Commission identification number **AS094-8811**
3. BIR Tax Identification No. **004-500-964-000**
4. Exact name of issuer as specified in its charter **ENEX ENERGY CORP.**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's business address Postal Code  
**35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue,  
Makati City, 1226**
8. Issuer's telephone number, including area code **+(632) 7-730-6300**
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of shares of common stock outstanding **250,000,001 shares**

Amount of debt outstanding

**None registered in the Philippine SEC and listed  
In PDEX/others**

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

Yes  No

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

**Philippine Stock Exchange Common**

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

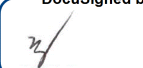
## PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

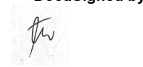
## SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 6, 2023.


### ENEX Energy Corp.

DocuSigned by:  


**MARIA CORAZON G. DIZON**  
President and Chief Executive Officer

DocuSigned by:  


**HANNIELYNN F. TUCAY**  
Treasurer and Chief Financial Officer

DocuSigned by:  


**HANNIELYNN F. TUCAY**  
Treasurer and Chief Financial Officer

## Annex A

### ENEX Energy Corp. and Subsidiary

Unaudited Interim Condensed Consolidated Financial Statements  
as at September 30, 2023  
and for the nine-month periods ended  
September 30, 2023 and 2022  
(with Comparative Audited Figures  
as at December 31, 2022)

**ENEX ENERGY CORP. AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4 and 14)	₱6,919,616	₱13,435,336
Receivables (Notes 5 and 14)	27,601	27,601
Other current assets	24,399	24,399
<b>Total Current Assets</b>	<b>6,971,616</b>	<b>13,487,336</b>
<b>Noncurrent Assets</b>		
Investment in a joint venture (Note 6 and 9)	90,109,742	111,452,351
Deferred exploration costs (Note 7)	57,205,163	57,150,549
Property and equipment	171,187	289,701
<b>Total Noncurrent Assets</b>	<b>147,486,092</b>	<b>168,892,601</b>
<b>TOTAL ASSETS</b>	<b>₱154,457,708</b>	<b>₱182,379,937</b>
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 8 and 14)	₱103,873,765	₱92,909,868
Subscription payable (Notes 6, 9 and 14)	–	23,436,960
Short-term loans (Notes 9 and 14)	152,500,000	127,000,000
<b>Total Liabilities</b>	<b>256,373,765</b>	<b>243,346,828</b>
<b>Capital Deficiency</b>		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 10)	250,000,001	250,000,001
Deficit	(346,218,454)	(306,529,127)
	<b>(96,218,453)</b>	<b>(56,529,126)</b>
Non-controlling interest (Note 13)	(5,697,604)	(4,437,765)
<b>Total Capital Deficiency</b>	<b>(101,916,057)</b>	<b>(60,966,891)</b>
<b>TOTAL LIABILITIES AND CAPITAL DEFICIENCY</b>	<b>₱154,457,708</b>	<b>₱182,379,937</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ENEX ENERGY CORP. AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three-Month Period Ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	2023	2022
<b>EXPENSES</b>				
Management and professional fees	<b>₱3,325,349</b>	₱446,023	<b>₱7,707,597</b>	₱18,451,865
Contributions (Note 7)	–	–	<b>3,334,044</b>	–
Taxes, registration, and licenses fees	<b>124,217</b>	363,151	<b>557,566</b>	3,805,609
Advertising and promotion	–	576,341	<b>280,560</b>	773,141
Rent	–	–	<b>236,821</b>	221,484
Depreciation	<b>39,505</b>	37,110	<b>118,514</b>	119,751
Communication	<b>3,897</b>	8,997	<b>15,027</b>	14,995
Others	<b>174,233</b>	8,631	<b>210,102</b>	210,910
	<b>3,667,201</b>	1,440,253	<b>12,460,231</b>	23,597,755
<b>OTHER CHARGES – NET</b>				
Equity in net loss of a joint venture (Note 6)	<b>5,848,247</b>	10,715,830	<b>21,342,608</b>	21,921,031
Interest expense (Notes 8 and 9)	<b>2,580,235</b>	1,213,459	<b>7,180,357</b>	3,478,582
Foreign exchange gain - net	<b>(144,679)</b>	(511,079)	<b>(28,396)</b>	(1,439,920)
Interest income	<b>(1,875)</b>	(3,369)	<b>(5,634)</b>	(7,698)
	<b>8,281,928</b>	11,414,841	<b>28,488,935</b>	23,951,995
<b>LOSS BEFORE INCOME TAX</b>	<b>11,949,129</b>	12,855,094	<b>40,949,166</b>	47,549,750
<b>PROVISION FOR INCOME TAX</b>	–	–	–	–
<b>NET LOSS</b>	<b>11,949,129</b>	12,855,094	<b>40,949,166</b>	47,549,750
<b>OTHER COMPREHENSIVE INCOME</b>	–	–	–	–
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>₱11,949,129</b>	₱12,855,094	<b>₱40,949,166</b>	₱47,549,750
Total Comprehensive Loss (Income) Attributable to:				
Equity holders of the Parent Company	<b>₱11,797,037</b>	₱12,932,902	<b>₱39,689,327</b>	₱47,802,525
Non-controlling interest (Note 13)	<b>152,092</b>	(77,808)	<b>1,259,839</b>	(252,775)
	<b>₱11,949,129</b>	₱12,855,094	<b>₱40,949,166</b>	₱47,549,750
<b>Basic/Diluted Loss Per Share (Note 12)</b>	<b>₱0.047</b>	₱0.052	<b>₱0.159</b>	₱0.191

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ENEX ENERGY CORP. AND SUBSIDIARY****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

	Attributable to Equity Holders of the Parent Company			Non-controlling Interest (Note 13)	Total Equity (Capital Deficiency)
	Capital Stock (Note 10)	Deficit	Total		
<b>BALANCES AT JANUARY 1, 2023</b>	<b>₱250,000,001</b>	<b>(₱306,529,127)</b>	<b>(₱56,529,126)</b>	<b>(₱4,437,765)</b>	<b>(₱60,966,891)</b>
Total comprehensive loss/ net loss for the period	–	<b>(39,689,327)</b>	<b>(39,689,327)</b>	<b>(1,259,839)</b>	<b>(40,949,166)</b>
<b>BALANCES AT SEPTEMBER 30, 2023</b>	<b>₱250,000,001</b>	<b>(₱346,218,454)</b>	<b>(₱96,218,453)</b>	<b>(₱5,697,604)</b>	<b>(₱101,916,057)</b>
<b>BALANCES AT JANUARY 1, 2022</b>	₱250,000,001	(₱232,593,692)	₱17,406,309	(₱4,630,137)	₱12,776,172
Total comprehensive loss/ net loss for the period	–	(47,802,525)	(47,802,525)	252,775	(47,549,750)
<b>BALANCES AT SEPTEMBER 30, 2022</b>	<b>₱250,000,001</b>	<b>(₱280,396,217)</b>	<b>(₱30,396,216)</b>	<b>(₱4,377,362)</b>	<b>(₱34,773,578)</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ENEX ENERGY CORP. AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	<b>(P40,949,166)</b>	(P47,549,750)
Adjustments for:		
Equity in net losses of joint venture (Note 6)	<b>21,342,608</b>	21,921,031
Interest expense (Notes 8 and 9)	<b>7,180,357</b>	3,478,582
Unrealized foreign exchange gain	<b>(76,621)</b>	(1,379,044)
Depreciation	<b>118,514</b>	119,751
Interest income (Note 4)	<b>(5,634)</b>	(7,698)
Operating loss before working capital changes	<b>(12,389,942)</b>	(23,417,128)
Decrease in receivables	–	198,842
Decrease in accrued expenses and other current liabilities	<b>(9,930,859)</b>	(2,693,558)
Cash used in operations	<b>(22,320,801)</b>	(25,911,844)
Interest received	<b>5,634</b>	7,698
Net cash used in operating activities	<b>(22,315,167)</b>	(25,904,146)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Investment in joint venture (Note 6)	<b>(23,436,960)</b>	(126,783,040)
Deferred exploration costs (Note 7)	<b>(54,614)</b>	(1,473,561)
Net cash used in investing activities	<b>(23,491,574)</b>	(128,256,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of short-term loans (Notes 9)	<b>25,500,000</b>	127,000,000
Increase in due to related party (Notes 8 and 9)	<b>12,537,413</b>	15,835,120
Infusion from consortium partner (Note 8)	<b>1,176,987</b>	1,521,017
Net cash from financing activities	<b>39,214,400</b>	144,356,137
<b>NET DECREASE IN CASH</b>	<b>(6,592,341)</b>	(9,804,610)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>76,621</b>	1,379,044
<b>CASH AT BEGINNING OF PERIOD</b>	<b>13,435,336</b>	22,993,727
<b>CASH AT END OF PERIOD (Note 4)</b>	<b>P6,919,616</b>	P14,568,161

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*



**ENEX ENERGY CORP. AND SUBSIDIARY****NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Corporate Information**

ENEX Energy Corp., (“ENEX” 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 ACEN Corporation (“ACEN” or the Intermediate Parent Company). ACEN is 57.74% owned by AC Energy and Infrastructure Corporation (“ACEIC”), a wholly owned subsidiary of Ayala Corporation (“AC”). AC is a publicly listed company which is 47.86% owned by Mermac, Inc. (Ultimate Parent Company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at November 6, 2023, ENEX and Palawan55 have not yet started commercial operations.

On March 9, 2022, ENEX’s 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.”. Both amendments were approved by the Securities and Exchange Commission (SEC) on November 9, 2022. The change in registered corporate name was approved on April 4, 2023 by the Bureau of Internal Revenue (BIR) , while change in registered address is still for approval by the BIR as of report date.

The Group’s oil and gas operation pursuant to service contract (SC) 55 is in the exploratory stage. The Department of Energy (DOE) confirmed the entry of SC 55 into the Appraisal Period effective April 26, 2020. The SC 55 Consortium, comprised of Palawan55 (owning 75%) and Pryce Gases, Inc. (owning 25%) has completed 3D Broadband Seismic Reprocessing, Quantitative Interpretation Studies, Porosity Inversion and Resource Assessment. Committed work program under the Appraisal Period includes geological and geophysical studies and drilling of a well within the next two years. Subsequently, 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 year until April 26, 2023 due to the adverse effects of pandemic in the global upstream sector. 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 SC 55 was on force majeure. On June 7, 2023, the DOE has approved the Consortium’s request for a force majeure relief in SC 55 until such time that a clearance to proceed with exploration activities in the West Philippine Sea is issued by the Philippine Government.

The SC 55 consortium submitted an updated CINCO-1 Drilling Proposal to the DOE on December 22, 2021. The document was approved by the Petroleum Resources Development Division on March 4, 2022. In preparation for the drilling of the CINCO-1 well, the Consortium has completed specialized pre-drill geological and geophysical studies such as the Pore Pressure Prediction, Geomechanical Modelling and Wellbore Analysis for Cinco-1 Well, and the Shallow Geohazard and Qualitative Slope Stability Assessment. Moving forward, the Group intends to find strategic partners that can provide financial, technical and operational expertise in developing the block.

On November 19, 2021, the Parent Company, Buendia Christiana Holdings Corp. (“BCHC”, a subsidiary of ACEN), Red Holdings B.V. (“Gen X Energy”), Batangas Clean Energy, Inc. (BCEI) and Gen X Energy L.P. entered into an Investment Agreement, pursuant to which the Parent Company would acquire a 50% interest in BCEI, which is planning 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 Parent Company, together with its joint venture partners, has started some pre-development activities which will help bring the project to construction phase. Consequently, BCEI incurred pre-development losses during this period which was taken up by the Parent Company as share in equity losses. The plant is targeted to achieve commercial operations two years from start of construction in line with the goal of providing additional power supply in the coming years.

The consolidated financial statements have been prepared on the basis that the Group will continue as a going concern. The Group has incurred net losses amounting to ₱40.95 million and ₱47.55 million for the nine-month periods ended September 30, 2023 and 2022, respectively, and has a capital deficiency amounting to ₱101.92 million and ₱60.97 million as at September 30, 2023 and December 31, 2022, respectively. The projects of the Group are at pre-development stage which contributes to the capital deficiency and raises an issue on the Group’s going concern status. In view thereof, ACEN commits, for the next twelve months from the year-end 2022 auditor’s report date and provided ENEX remains a direct subsidiary of ACEN, to provide financial support to ENEX.

The accompanying unaudited interim condensed consolidated financial statements of ENEX and its subsidiary as at September 30, 2023, and for the nine-month periods ended September 30, 2023 and 2022 were approved and authorized for issuance by the Parent Company’s Audit Committee (pursuant to the authority delegated by the Parent Company’s BOD) on November 6, 2023.

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## 2. Summary of Significant Accounting Policies

### Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis. The interim 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.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the period ended September 30, 2023.

### Basis of Consolidation

The unaudited interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, Palawan55, as at September 30, 2023 and December 31, 2022. The interim 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.

### Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022 except for the adoption of new standards and amendments effective as at January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

#### *Effective beginning on or after January 1, 2023*

- 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

- 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.

- 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).

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### 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.

There was no significant accounting judgment made for the nine months period ended September 30, 2023.

#### 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 did not recognize impairment loss as of September 30, 2023 and 2022. The carrying value of deferred exploration costs amounted to ₱57.21 million and ₱57.15 million as at September 30, 2023 and December 31, 2022, respectively (see Note 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 September 30, 2023 and December 31, 2022 amounted to ₱51.23 million and ₱40.80 million, respectively (see Note 11).

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### 4. Cash

Cash in banks amounted to ₱6.92 million and ₱13.44 million as at September 30, 2023 and December 31, 2022, respectively. Cash in banks earn interest at the respective bank deposit rates.

Interest income on cash amounted to ₱5,634 and ₱7,698 for the nine-month periods ended September 30, 2023 and 2022, respectively.

## 5. Receivables

This account consists of the following as of September 30, 2023 and December 31, 2022:

Due from third party	<b>₱20,000,000</b>
Others	<b>27,601</b>
	<b>20,027,601</b>
Less allowance for credit losses	<b>20,000,000</b>
	<b>₱27,601</b>

The aging analysis of receivables as at September 30, 2023 and December 31, 2022 is as follows:

	Total	Neither Past Due nor Impaired	Past Due but not Impaired				Over 90 Days	Past Due and Impaired
			<30 Days	30–60 Days	61–90 Days			
Due from third party	<b>₱20,000,000</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱20,000,000</b>
Others	<b>27,601</b>	<b>27,601</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>₱20,027,601</b>	<b>₱27,601</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱20,000,000</b>

Due from third party pertains to advance payment made pursuant to the Memorandum of Agreement with Frontier Energy Limited and Frontier Oil. This has been fully provided with allowance for impairment since 2016.

## 6. Investment in a Joint Venture

On January 14, 2022, ENEX, BCEI, and Gen X Energy executed the Shareholders' Agreement and Subscription Agreements (see Note 1). ENEX subscribed to a total of 150,002 shares in BCEI for a total subscription price of ₱150.22 million of which ₱23.44 million subscription payable was paid in August 2023.

BCEI is a joint venture to develop a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel. BCEI's principal place of business and country of incorporation is Batangas City, Philippines.

The details of the movement of investment in a joint venture accounted for under equity method are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition costs	<b>₱150,220,000</b>	₱150,220,000
Equity in net losses	<b>(60,110,258)</b>	(38,767,649)
	<b>₱90,109,742</b>	₱111,452,351

The summarized financial information of BCEI, and the reconciliation with the carrying amounts of the investments in the consolidated financial statements are shown below:

	<b>September 30, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
<b>Summarized Statements of Financial Position:</b>		
Cash	<b>₱38,153,422</b>	₱47,356,728
Subscription receivable	–	46,871,323
Other assets	<b>20,439,923</b>	10,065,993
Total assets	<b>58,593,345</b>	104,294,044
Accounts payable and other liabilities	<b>(1,493,398)</b>	(4,508,880)
Total liabilities	<b>(1,493,398)</b>	(4,508,880)
Equity	<b>₱57,099,947</b>	₱99,785,164
Share in net assets	<b>₱28,549,973</b>	₱49,892,582
Notional goodwill	<b>61,559,769</b>	61,559,769
Group's carrying amount of investment	<b>₱90,109,742</b>	₱111,452,351

	<b>September 30, 2023</b>	September 30, 2022
	<b>(Unaudited)</b>	(Unaudited)
<b>Summarized Statements of Comprehensive Income:</b>		
Revenue	<b>₱–</b>	₱–
Interest income	<b>7,909</b>	157,624
Cost and expenses	<b>(42,693,125)</b>	(43,999,686)
Net loss	<b>(42,685,216)</b>	(43,842,062)
Other comprehensive income	–	–
Total comprehensive loss	<b>(42,685,216)</b>	(43,842,062)
Group's share in total comprehensive loss	<b>(₱21,342,608)</b>	(₱21,921,031)

## 7. Deferred Exploration Costs

Details of deferred exploration costs as at September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ENEX		
SC 6 (Northwest Palawan):		
Block A	<b>₱23,963,291</b>	₱23,963,291
Block B	<b>4,892,178</b>	4,892,178
SC 50 (Northwest Palawan)	<b>11,719,085</b>	11,719,085
	<b>40,574,554</b>	40,574,554
Less allowance for probable losses	<b>40,574,554</b>	40,574,554
	-	-
Palawan55		
SC 55 (Southwest Palawan)	<b>57,205,163</b>	57,150,549
	<b>₱57,205,163</b>	₱57,150,549

Below is the rollforward analysis of the deferred exploration costs:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost:		
Balances at beginning of period	<b>₱97,725,103</b>	₱96,251,541
Additions	<b>54,614</b>	1,473,562
Balance at end of period	<b>97,779,717</b>	97,725,103
Allowance for a probable loss	<b>40,574,554</b>	40,574,554
Net book value	<b>₱57,205,163</b>	₱57,150,549

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 Group's SCs are assessed as joint arrangements in the form of joint operations.

In 2016, the Group recognized full provision for probable loss on SC 50 amounting to ₱11.72 million due to the expiration of the SC's term and denial by the DOE of the request for Force Majeure.

In 2017, the Group recognized full provision for probable losses on deferred exploration costs pertaining to SC 6B amounting to ₱4.89 million 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.

On January 27, 2021, the ENEX 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 ₱23.96 million.

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On September 5, 2022, the DOE approved the relinquishment of SC 6A following the Consortium's compliance with all its technical and financial obligation with DOE.

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. ENEX has 7.78% interest in SC 6 Block A.

Write-off of SC 6A will be done upon approval by the BOD and completion of the requirements of the BIR on the write-off of intangible assets.

The SC 55 consortium submitted an updated CINCO-1 Drilling Proposal to the DOE December 22, 2021. The Department of Energy has approved the Consortium's CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Management Plan on March 4, 2022. Specialized pre-drill geological and geophysical studies were completed while well planning and drilling preparations are ongoing.

On March 4, 2022, the DOE approved the CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Plan in accordance with the SC 55 Appraisal Work Program.

On October 20, 2022, the Palawan Council for Sustainable Development approved the transfer of SC 55 Strategic Environment Plan from BHP Billiton, the former Operator of SC, to the current Operator Palawan55.

On December 5, 2022, the SC 55 Consortium requested from the DOE a declaration of Force Majeure on the commitment to drill one deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and recent regulatory developments in the upstream industry.

The Consortium is awaiting DOE's unequivocal assurance that the government would protect and defend the drilling operations in SC 55 in light of the ongoing maritime disputes in the area.

Additions for the year for SC 55 pertains to the well engineering, drilling planning services and assessment. Specialized pre-drill geological and geophysical studies were completed while well planning and drilling preparations are ongoing. The consortium conducted scoping activities for the environmental baseline study as part of the ongoing well planning and drilling preparations. ENEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.

On June 27, 2023, the DOE has granted the request of the Parent Company's subsidiary, Palawan55, for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in the SC 55 contract area in the West Philippine Sea.

Pursuant to Section 26.01 of SC 55, the DOE found basis to place SC 55 under Force Majeure from December 6, 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.

For the nine-month period ended September 30, 2023, Palawan55 contributed to training funds paid to DOE amounting to ₱3.33 million (nil in 2022).

As at September 30, 2023 and December 31, 2022, Palawan55 holds 75.00% participating interest in SC 55, and has met all compliance requirements of the DOE.

No impairment was recognized for SC 55 as at September 30, 2023 and December 31, 2022 as there are no indicators for impairment.



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## 8. Accounts Payable and Other Current Liabilities

This account consists of:

	<b>September 30, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Accrued expenses	<b>₱1,204,661</b>	₱1,858,146
Accounts payable	<b>1,790,371</b>	1,545,900
Due to:		
Related parties (Note 9)	<b>66,981,731</b>	54,444,318
Third party	<b>33,891,922</b>	32,714,935
Withholding taxes	<b>5,080</b>	2,346,569
	<b>₱103,873,765</b>	₱92,909,868

Accrued expenses include accruals for professional fees such as retainers fee and audit fee that are noninterest-bearing and are normally settled on 30 to 60-day net terms from the date of billing.

Accounts payable consists of trade payables to suppliers and service providers which are noninterest bearing and are settled on 30 to 60-day terms.

Due to a third party is an advance payment made by a partner in the consortium to be applied to SC 55's work program.

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## 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.

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The transactions and balances of accounts as at and for the nine-month period ended September 30, 2023 and year ended December 31, 2022 with related parties are as follows:

Company	Amount/ Volume	Nature	As at and for the month ended September 30, 2023		Terms	Conditions
			Receivable	Payable		
<b>Intermediate Parent Company</b>						
<b>ACEIC</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	P-	Advances	P-	P58,200	Due and demandable, noninterest-bearing	Unsecured
<b>ACEN</b>						
Short-term loans	23,000,000	Short-term loans	-	150,000,000	Interest-bearing	Unsecured
Accrued interest expense (see Note 8)	7,136,358	Interest expense on short-term loans	-	11,666,783	Interest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	2,278,773	Management and professional fees	-	12,955,127	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Management and professional fees capitalized as deferred exploration cost	-	12,240,000	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Management and professional fees charged to consortium partner	-	5,100,000	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	436,000	Advances	-	18,245,449	Due and demandable, noninterest-bearing	Unsecured
<b>Entities Under Common Control</b>						
<b>ACE Shared Services, Inc. (ACES)</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Other Expenses	-	29,890	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	2,642,283	Management Fees	-	2,642,283	Due and demandable, noninterest-bearing	Unsecured
<b>Bulacan Power Generation Corporation (BPGC)</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Advances	-	4,000,000	Due and demandable, noninterest-bearing	Unsecured
<b>ACEN International, Inc. (ACEN International)</b>						
Short-term loans	2,500,000	Short-term loans	-	2,500,000	Interest-bearing	Unsecured
Accrued interest expense (see Note 8)	43,999	Interest expense on short-term loans	-	43,999	Interest-bearing	Unsecured

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As at and for the Year Ended December 31, 2022						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
<b>ACEIC</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	₱67,200	Advances	₱-	₱58,200	Due and demandable, noninterest-bearing	Unsecured
<b>Intermediate Parent Company</b>						
<b>ACEN</b>						
Short-term loans	127,000,000	Short-term loans	-	127,000,000	Interest-bearing	Unsecured
Accrued interest expense (see Note 8)	5,329,912	Interest expense on short-term loans	-	4,530,425	Interest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	9,680,416	Management and professional fees	-	10,676,354	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Management and professional fees capitalized as deferred exploration cost	-	12,240,000	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	-	Management and professional fees charged to consortium partner	-	5,100,000	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties (see Note 8)	5,264,988	Advances	-	17,809,449	Due and demandable, noninterest-bearing	Unsecured
<b>Entities Under Common Control</b>						
<b>ACE Shared Services, Inc. (ACES)</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	29,890	Other Expenses	-	29,890	Due and demandable, noninterest-bearing	Unsecured
<b>BPGC</b>						
Accounts payable and other current liabilities - Due to related parties (see Note 8)	4,000,000	Advances	-	4,000,000	Due and demandable, noninterest-bearing	Unsecured
<b>Joint venture</b>						
<b>BCEI</b>						
Subscription payable (see Note 6)	23,436,960	Subscription payable		23,436,960	Due and demandable, noninterest-bearing	Unsecured

**ACEIC**

ACEIC provided advances to Palawan55 in 2022 amounting to ₱0.06 million pertaining to payment for management fee.

**ACEN**

Payables to ACEN as at September 30, 2023 comprise of advances received by ENEX to cover management and professional fees as well as interest expense on short-term loans.

**Short-term Loan**

On December 10, 2021, the ENEX BOD approved the availment of a short-term loan of up to

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₱150.00 million from ACEN. As of September 30, 2023, a total of ₱150.00 million was already availed to ENEX to fund its investment in BCEI.

The first loan drawdown amounting to ₱127.00 million is subjected to 3.875% per annum, payable on or before November 10, 2022. On November 11, 2022, extension of the loan was granted. The loan is now subject to 7.2954% per annum payable on or before November 10, 2023. The second loan amounting to ₱23.00 million is subject to 5.75% per annum, payable on or before February 1, 2024.

Interest expense related to short-term loan amounted to ₱7.14 million for the nine-month period ended September 30, 2023.

#### ACES

Payable to ACES totaling to ₱2.67 million includes professional fee charges for 2023 and advances for various miscellaneous expenses in 2022.

#### BPGC

BPGC provided advances to ENEX in 2022 amounting to ₱4.00 million for its operating expenses.

#### ACEN International

##### *Short-term Loan*

On June 7, 2023, ENEX's Executive Committee approved the availment of short-term loan of up to ₱6.00 million from ACEN International. As of September 30, 2023, a total of ₱2.50 million was already availed by ENEX to fund its working capital requirements.

The first drawdown amounted to ₱1.00 million is subject to 8.203% per annum, payable on or before June 5, 2024. The second drawdown amounted to ₱1.50 million is subject to 8.3899% per annum, payable on or before August 1, 2024.

Interest expense on short-term loans with ACEN International amounted to ₱0.04 million for the nine-month period ended September 30, 2023.

#### Compensation of Key Management Personnel

Starting January 1, 2020, the compensation of the Group's key management personnel is 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

### Capital Stock

This account consists of:

	<b>September 30, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Authorized - ₱1 par value	<b>1,000,000,000</b>	1,000,000,000
Issued and outstanding - ₱1 par value	<b>250,000,001</b>	250,000,001

The issued and outstanding shares as at September 30, 2023 and December 31, 2022 are held by 2,896 and 2,896 equity holders, respectively.

### *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 as of September 30, 2023 and December 31, 2022.

## 11. Income Taxes

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.

	<b>September 30, 2023</b>	December 31, 2022
NOLCO	<b>₱144,412,955</b>	₱103,381,534
Provisions for:		
Credit losses (Note 5)	<b>20,000,000</b>	20,000,000
Impairment (Note 7)	<b>40,574,554</b>	40,574,554
Unrealized foreign exchange gain	<b>(76,621)</b>	(737,709)
	<b>₱204,910,888</b>	₱163,218,379
Unrecognized deferred income tax asset	<b>₱51,227,722</b>	₱40,804,595

Movements in the NOLCO are shown in the table below:

Year Incurred	Availment Period	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱-	₱-	₱-	₱13,595,875
2021	2022-2026	-	-	-	16,891,327
2022	2023-2025	-	-	-	72,894,332
2023	2024-2026	-	-	-	41,031,421
		<b>₱144,412,955</b>	<b>₱-</b>	<b>₱-</b>	<b>₱144,412,955</b>

\*RR-25-20 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

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**12. Basic/Diluted Loss Per Share**

Basic/diluted loss per share is computed as follows:

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
(a) Net loss attributable to equity holders of the Parent Company	<b>₱39,689,327</b>	₱47,802,525
(b) Weighted average number of common shares outstanding	<b>250,000,001</b>	250,000,001
Basic/diluted loss per share (a/b)	<b>₱0.159</b>	₱0.191

For the nine-month period ended September 30, 2023 and 2022, the Group does not have any potential common share nor other instruments that may entitle the holder to common shares. The diluted loss per share is the same as basic loss per share.

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**13. Material Partly Owned Subsidiary**

Financial information of Palawan55 is provided below:

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Equity interest held by NCI	<b>30.65%</b>	30.65%
Accumulated balances of NCI	<b>(₱5,697,604)</b>	(₱4,377,362)
Net income (loss) allocated to NCI	<b>(1,259,839)</b>	252,775

The summarized financial information of Palawan55 is provided below.

Statements of Comprehensive Income

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Other income (loss)	<b>₱49,260</b>	₱907,186
Expenses	<b>(4,159,799)</b>	(82,440)
Total comprehensive income (loss)	<b>(₱4,110,539)</b>	₱824,746
Attributable to NCI	<b>(₱1,259,839)</b>	₱252,775

Statements of Financial Position

	<b>September 30, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Total current assets	<b>₱6,729,272</b>	₱8,907,177
Total noncurrent assets	<b>57,205,163</b>	57,150,549
Total current liabilities	<b>(82,524,305)</b>	(80,538,449)
Total capital deficiency	<b>(₱18,589,870)</b>	(₱14,480,728)
Attributable to equity holders of the Parent Company	<b>(₱12,892,266)</b>	(₱10,042,963)
NCI	<b>(₱5,697,604)</b>	(₱4,437,765)

Cash Flow Information

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Net cash flows provided by:		
Operating activities	<b>(₱3,354,892)</b>	(₱1,216,642)
Investing activities	-	(1,473,562)
Financing activity	<b>1,176,987</b>	-

There was no dividends paid to NCI for the nine-month periods ended September 30, 2023 and 2022.

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

The main purpose of the Group's principal financial instruments is to fund its operations and capital expenditures. The main risk arising from the use of the financial instruments are credit risk and liquidity risk.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Group's holding of cash and cash equivalents and due from related parties exposes the Group to credit risk of the counterparty. Credit risk management involves dealing only with institutions for which credit limits have been established.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position:

	<b>September 30, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Cash	<b>₱6,919,616</b>	₱13,435,336
Receivables	<b>27,601</b>	27,601
	<b>₱6,947,217</b>	₱13,462,937

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.

September 30, 2023 (Unaudited)						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Due from third party	P-	P-	P-	P-	P20,000,000	P20,000,000
Others	-	-	-	27,601	-	27,601
	P-	P-	P-	P27,601	P20,000,000	P20,027,601

December 31, 2022 (Audited)						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Due from third party	P-	P-	P-	P-	P20,000,000	P20,000,000
Others	-	-	-	27,601	-	27,601
	P-	P-	P-	P27,601	P20,000,000	P20,027,601

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 and cash equivalents, 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 the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group manage liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover working capital requirements. The Group maintains a level of cash deemed sufficient to finance its operations. As part of liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The Group's financial assets and financial liabilities are settled within one year.

#### Fair Value Information

The carrying value of the Group's cash, receivables, accounts payable and other liabilities, and short-term loans approximate their fair values due to short-term nature of these instruments.

#### Fair Value of Financial Assets and Financial Liabilities

*Cash, Receivables, Account Payable and Other Current Liabilities (Excluding Statutory Payables) and Short-term loans.* Due to the short-term loans nature of these balances, the fair values approximate the carrying values as at reporting date.

In 2023 and 2022, there were no transfers between levels of fair value measurement.



Offsetting of Financial Instruments

There was no offsetting of financial instruments as at September 30, 2023 and December 31, 2022.

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**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 for the nine-month period ended September 30, 2023 and for the year ended December 31, 2022 were ₱0.05 million and ₱1.47 million, respectively, mainly on deferred exploration cost (see Note 7).

As at November 6, 2023, the Group has not started commercial operations yet and has no revenue or gross profit. The total assets of the segment of ₱154.46 million and ₱182.38 million and liabilities amounting to ₱256.37 million and ₱243.35 million as at September 30, 2023 and December 31, 2022, respectively, are the same as that reported in the consolidated statements of financial position.

**ANNEX B**


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**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of financial position and results of operations of ENEX Energy Corp. or “ENEX” and its subsidiary should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2023, for the nine months ended September 30, 2023 and 2022 and the audited consolidated financial statements as at December 31, 2022. The unaudited interim consolidated financial statements have been prepared in compliance with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

**Consolidated Statements of Income**

	<b>For the nine months ended</b>		<b>Increase (Decrease)</b>	
	<b>September 30</b>		<b>Amount</b>	
	<b>2023</b>	2022	<b>%</b>	
Expenses	<b>₱12,460,231</b>	₱23,597,755	(₱ 11,137,524)	(47%)
Other charges – net	<b>28,488,935</b>	23,951,995	(4,536,940)	19%
Loss before income tax	<b>40,949,166</b>	47,549,750	(6,600,584)	(14%)
Provision for income tax	–	–	–	–
Net Loss	<b>₱40,949,166</b>	₱47,549,750	(₱6,600,584)	(14%)

The following are the material changes in the Consolidated Statements of Comprehensive Income for the nine months ended September 30, 2023 and 2022:

- Decrease in management and professional fees, taxes, licenses and registration fees and other expenses from last year was due to rationalization of expenses following the level of activity in current year.
- Contribution to Department of Energy (DOE) amounting to ₱3.33 million in relation to training fund commitment.
- Other charges came from equity in net losses of the Parent Company’s joint venture, BCEI (₱21.34 million) which are mainly share in pre-development expenses. The account also include interest expense on short-term loan from ACEN and ACEN International (₱7.18 million).

**Consolidated Statements of Financial Position**

	September 30, 2023	December 31, 2022	Increase (Decrease)	
			Amount	%
<b>Current Assets</b>				
Cash	<b>₱6,919,616</b>	₱13,435,336	(₱6,515,720)	(48%)
<b>Noncurrent Assets</b>				
Investment in a joint venture	<b>90,109,742</b>	111,452,351	(21,342,609)	(19%)
Deferred exploration costs	<b>57,205,163</b>	57,150,549	54,614	1%
Property and equipment	<b>171,187</b>	289,701	(118,514)	(41%)
<b>Current Liabilities</b>				
Accounts payable and other current liabilities	<b>₱103,873,765</b>	₱92,909,868	₱10,963,897	12%
Subscription payable	–	23,436,960	(23,436,960)	(100%)
Short-term loans	<b>152,500,000</b>	127,000,000	25,500,000	20%

The following are the material changes in the Consolidated Statements of Financial Position as at September 30, 2023 and December 31, 2022:

- Decrease in Cash was primarily due to working capital spending related to the Group's activities for the current period aggregating to ₱6.52 million.
- Investment in joint venture pertains to the Parent Company's ownership interest in BCEI which includes subscription cost (₱150.22 million) and accumulated share in net loss (₱60.11 million)
- Decrease in Property and equipment is mainly due to depreciation.
- Accounts payable and other current liabilities increased mainly due to accruals of professional fee amounting to ₱4.92 million and interest expense amounting to ₱7.18 million.

**Financial Soundness Indicators**

Key Performance Indicator	Formula	September 30, 2023	December 31, 2022	Increase (Decrease)	
				Amount	%
<b>Liquidity Ratios</b> Current Ratio	Current assets	<b>0.03</b>	0.06	(0.03)	(50%)
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	<b>0.03</b>	0.06	(0.03)	(50%)
	Current liabilities				
<b>Solvency Ratios</b> Debt-to-equity ratio	Total liabilities	<b>(2.52)</b>	(3.99)	1.47	(37%)
	Total equity				
Asset-to-equity ratio	Total assets	<b>(1.52)</b>	(2.99)	1.47	(49%)
	Total equity				
Net bank Debt to Equity Ratio	Short & long-term loans - Cash & Cash Equivalents	<b>N/A</b>	N/A	N/A	N/A
	Total Equity				
<b>Profitability</b> Return on equity	Net income after tax	<b>N/A</b>	N/A	N/A	N/A
	Average stockholders' equity				
Return on assets	Net income after taxes	<b>N/A</b>	N/A	N/A	N/A
	Average total assets				
Asset turnover	Revenues	<b>N/A</b>	N/A	N/A	N/A
	Average total assets				

**Current ratio and acid test ratio**

Current ratio and acid test ratios decreased as the Group's current liabilities increased.

**Debt-to-equity ratio**

The Group's debt-to-equity ratio is negative with the capital deficiency reported in Q3 2023, same as last year.

**Asset-to-equity ratio**

As of September 30, 2023, asset-to-equity ratio is negative with the capital deficiency reported for 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 Third quarter 2023:**

- 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 Group, 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.
- ENEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.
- On June 7, 2023, the Department of Energy has officially approved the Consortium's request for a Force Majeure in SC 55 until such time that a clearance to proceed with exploration activities in the West Philippine Sea is issued by the Philippine Government.
- 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 cyclicalities.

**ENEX Energy Corp. (formerly ACE ENEXOR, INC.)**  
**PROGRESS REPORT**

**For the Quarter July 01 to September 30, 2023**

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**SC 55 (Ultra Deepwater West Palawan)**

The Consortium requested for an additional eighteen (18) month extension of the deadline to drill the commitment well on top of the five (5) months granted by the Department of Energy after the Force Majeure status is lifted. This is what the SC 55 partners consider to be a realistic timetable of pre-drill activities post-Force Majeure, with some contingency to cover ultra deepwater rig availability and unforeseen circumstances.

Enexor's subsidiary, Palawan55 Exploration & Production Corporation, has 75% participating interest in SC 55 and is the Operator.

Certified Correct:

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**RAYMUNDO A. REYES, JR.**

General Manager

## **ANNEX C**

### **Reports on SEC Form 17-C**

The Company submitted SEC form 17-C and Press Statements to PSE, SEC on the following matters in the third quarter ended 30 September 2023:

1. July 11, 2023 – Public Ownership Report for the period ending June 30, 2023
2. July 17, 2023 – List of Top 100 Stockholders for the period ending June 30, 2023
3. August 8, 2023 – Reply to Exchange’s Query on the Negative Stockholders’ Equity
4. August 11, 2023 – Result of the regular board meeting dated August 10, 2023
  - Ratification of the advances made by the Company to its subsidiary, Palawan 55 Exploration & Production Corporation (Palawan55), in the amount of Php16.9 million to fund Palawan55’s share in the expenditures under the Work Program for Service Contract No. 55.
5. August 11, 2023 – Quarterly Report for the period ending June 30, 2023