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SEC Registration Number

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(Company's Full Name)

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

ATTY. ALAN T. ASCALON											
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Contact Person

7-730-6300			
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Company's Telephone Number

1	2
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Month

3	1
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Day

1	7	-	A
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Form Type

0	4
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Month

2	4
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Day

Not Applicable

(Secondary License Type, If Applicable)

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

2,893

Total No. of Stockholders

-

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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STAMPS

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CERTIFICATION

I, Kyla Kamille U. Samson, Assistant Vice-president for Finance and Controller of **ENEX ENERGY CORP.** (the “Company”) with SEC registration number 094-008811 and principal office at 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, do hereby certify and state that:

- 1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 2, series of 2024, the Company is timely filing its 2023 SEC Form 17-A by sending the same (in portable document format through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.
- 2) The information contained in the attached SEC Form 17-A is true and correct to the best of my knowledge.
- 3) I am executing this certification this April 11, 2024 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



Kyla Kamille U. Samson
Controller

SEC Number: 094008811
File Number:

ENEX ENERGY CORP.
(Company's Full Name)

35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City
(Company's Address)

7730-6300
(Telephone Number)

2023 December 31
(Fiscal Year ending) (month & day)

17-A
(Form Type)

Amendment Designation (If Applicable)

December 2023
(Period Ended Date)

(Secondary License Type and File Number) /

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND
SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal period ended **December 31, 2023**
2. Commission identification number **094008811**
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, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **35th Floor, Ayala Triangle Gardens
Tower 2, Paseo de Roxas corner
Makati Avenue, Makati City
Postal Code: 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 **ACE Enexor, Inc.**
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

Stock Exchange : Philippine Stock Exchange

Classes of Securities Listed : Common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes No

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

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form (As of December 31, 2023, Php290,210,806 equivalent to the total number of shares in the hands of the public based on the Company's Public Ownership Report, multiplied by the average price of the last trading day).

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **Not applicable**

Yes [] No []

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2023 Consolidated Financial Statements of ENEX Energy Corp. and Subsidiary
2023 Opinion on and Individual Supplementary Schedules
2023 Financial Statements of ENEX Energy Corp. (with BIR ITR Filing Reference)

TABLE OF CONTENTS

		Page No.
PART I	BUSINESS AND GENERAL INFORMATION	
Item 1	Business	2
Item 2	Properties	27
Item 3	Legal Proceedings	27
Item 4	Submission of Matters to a Vote of Security Holders	27
PART II	OPERATIONAL AND FINANCIAL INFORMATION	
Item 5	Market for Issuer's Common Equity and Related Stockholder Matters	28
Item 6	Management's Discussion and Analysis or Plan of Operation	35
Item 7	Financial Statements and Supplementary Schedules	41
Item 8	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	41
PART III	CONTROL AND COMPENSATION INFORMATION	
Item 9	Directors and Executive Officers of the Issuer	43
Item 10	Executive Compensation	53
Item 11	Security Ownership of Certain Beneficial Owners and Management	55
Item 12	Certain Relationships and Related Transactions	56
PART IV	CORPORATE GOVERNANCE AND SUSTAINABILITY	
Item 13 A	Corporate Governance	60
Item 13 B	Sustainability Report	61
PART V	EXHIBITS AND SCHEDULES	
Item 14	Exhibits and Reports on SEC Form 17-C	62
SIGNATURES		64

PART I BUSINESS AND GENERAL INFORMATION

Item 1. Business

BUSINESS

ENEX Energy Corp. (formerly ACE Enexor, Inc.; “**ENEX**” or the “**Company**”) is a corporation duly organized and existing under Philippine law with SEC Registration No. AS94008811 and listed with the PSE with ticker symbol “ENEX.” It was incorporated on 28 September 1994 and was originally known as “Trans-Asia (Karang Besar) Petroleum Corporation.”

On 28 August 2012, the Company amended its Articles of Incorporation to focus its primary purpose to engaging in the business of oil and gas exploration, development, and production and to change its name from “Trans-Asia (Karang Besar) Petroleum Corporation” to “Trans-Asia Petroleum Corporation.”

On 14 August 2014, the SEC approved the registration of shares of the Company, and on 28 August 2014, the Company listed its shares at the PSE by way of introduction.

On 31 May 2017, the SEC approved the amendment of the 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 power generation and the exploration and development of geothermal resources.

On 7 February 2019, Philippine Investment Management (“PHINMA”), Inc., PHINMA Corporation (collectively, the “**PHINMA Group**”) and AC Energy and Infrastructure Corporation (“**ACEIC**”) entered into an investment agreement for ACEIC’s acquisition of the PHINMA Group’s 51.476% stake in ACEN CORPORATION (“**ACEN**”) via a secondary share sale through the PSE.

ACEN conducted a voluntary tender offer of ENEX Common Shares from 20 May 2019 to 19 June 2019, with 3,332 ENEX public Common Shares tendered during the tender offer period at a price of ₱2.44 per Common Share. On 24 June 2019, ACEN acquired the shares of PHINMA, Inc. and PHINMA Corporation in ENEX representing 25.18% of ENEX’s total outstanding stock. The transaction increased ACEN’s direct ownership over ENEX from 50.74% to 75.92%.

On 11 November 2019, the SEC approved the change of the Company’s corporate name to “ACE Enexor, Inc.” to reflect the change in the ownership of the Company.

Thereafter on 9 November 2022, the SEC approved the change of the Company’s corporate name to “ENEX Energy Corp.” to highlight the Company’s focus on energy transition.

As of 29 February 2024, ACEN owns 75.92% of the outstanding voting shares of the Company. The immediate parent company of ACEN is ACEIC. The ultimate parent company of the Company is Mermac, Inc., which is domiciled and incorporated in the Republic of the Philippines.

Material dates

September 1994	Incorporation of the Company as Trans-Asia (Karang Besar) Petroleum Corporation
November 2012	SEC approves the increase of capital and restructuring of ENEX.
November 2012	Palawan55 Exploration and Production Corporation (“ Palawan55 ”), a subsidiary of ENEX and ACEN, is incorporated.
December 2012	ENEX 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 ENEX, and 2) SC 55 to Palawan55.
14 August 2014	The SEC approves the registration of shares of ENEX
28 August 2014	ENEX lists its shares at the PSE by way of introduction
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.
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.
27 January 2021	The Company withdraws from the SC 6 Consortium. The Company holds 7.78% participating interests in SC 6 Block A, located in offshore North Palawan. SC 6 does not have any commercial operations.
14 May 2021	Palawan55 receives a letter from the DOE dated 11 May 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 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 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 ENEX and ACEN sign the Deed of Assignment wherein ENEX 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 (the “**TFE Assets**”): (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**”).
- 3 June 2022 The Company cancels the Deed of Assignment for the TFE.
- 9 November 2022 SEC approves the change of the Company’s corporate name to “ENEX Energy Corp.” to highlight the Company’s focus on energy transition.
- 27 June 2023 The DOE granted the request of Palawan55 for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in 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 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.
- 1 December 2023 The DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of 18 months. Given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well.

Petroleum Exploration and Production

The Company’s primary purpose is the exploration of crude oil and natural gas through holding in a resource development company with interest in a petroleum contract.

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.

Petroleum exploration involves the search for commercially exploitable subsurface deposits of oil and gas through geological, geophysical and drilling techniques. 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.

As the project is in the exploratory stage, the Company derives no revenues from petroleum production. At this time, the Company believes the project is sufficient given its resources and risk tolerance.

Domestic Petroleum Exploration and Production

Petroleum exploration in the Philippines dates back 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 (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 (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.

As of August 2020, the DOE, in its Philippine Energy Plan 2020-2040, published a combined potential of 4,777 MMBOE of oil and gas reserves from 16 sedimentary basins.

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

As of 15 March 2024, there are 19* active petroleum service contracts in the Philippines:

No.	PSC NO.	Operator	Location	Area (hectares)
1	6B	Nido Petroleum Philippines Pty. Ltd.	Northwest (“NW”) Palawan	56,691.13
2	14C1	NPG Pty. Ltd. (NPG)	NW Palawan	16,300.95
3	14C2	The Philodrill Corporation	NW Palawan	17,649.54
4	37	PNOC – Exploration Corporation	Cagayan	36,000
5	38	Prime Energy Resources Development B.V.	NW Palawan	83,000
6	40	Forum Exploration, Inc.	Viasayan	340,000
7	49	China International Mining Petroleum Corp.	South Cebu	42,749
8	53	The Philodrill Corporation	Mindoro-Cuyo	724,000
9	54	Nido Petroleum Philippines Pty. Ltd	NW Palawan	43,515
10	55	Palawan55 Exploration and Production Corporation	Southwest (“SW”) Palawan	988,000
11	57	PNOC – Exploration Corporation	NW Palawan	712,000
12	58	Nido Petroleum Philippines Pty. Ltd	NW Palawan	1,344,000
13	59	PNOC – Exploration Corporation	SW Palawan	1,476,000
14	72	Forum (GSEC101) Ltd.	Reed Bank	880,000
15	74	PXP Energy Corporation	NW Palawan	318,800
16	75	PXP Energy Corporation	NW Palawan	616,000
17	76	Ratio Petroleum Limited	East Palawan	648,000
18	77	SK Liguasan Oil & Gas Corporation	South Cotabato	72,000
19	79	PNOC – Exploration Corporation	East Palawan	932,000

* Source: *Petroleum Resources Development Division, Department of Energy*

Competition

While competition for market of petroleum does not have a significant bearing in the operations of the Company, competition occurs on two fronts: (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”), and the Philodrill 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 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. ENEX 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, i.e., dilution of equity in exchange for payment of certain financial obligations.

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.

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:

Section 2, Article XII of the 1987 Constitution

This constitutional provision reserves ownership to the State and declares non-alienable all lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources.

The State has full control of exploration, development, and utilization of natural resources but may enter into co-production, joint venture, or production-sharing agreements with Filipinos, or corporations or associations which are at least 60% owned by Filipinos, and only for a period of 25 years, renewable for another 25.

The President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law. The President shall notify the Congress of every contract entered into in accordance with this provision, within thirty days from its execution.

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 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 70% of gross production proceeds. If, in any year, the operating expenses exceed 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 or 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 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 15% Filipino participation is allowed to recover a Filipino participation incentive allowance equivalent to a maximum of 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 8% of gross Philippine income while foreign employees of the service contractor and the subcontractor are subject to a special tax rate of 15% on their Philippine income.

A service contract has a maximum exploration period of 10 years and a maximum development and production period of 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; and DOE Department Circular No DC2017-12-007, adopting the Philippine Conventional Contracting Program (PCECP) of Awarding Petroleum Services Contracts, providing for two modes of awarding of Petroleum Service Contracts: (1) via applicant's nomination and publication with a mechanism for a Swiss challenge by any interested party; (2) and DOE's offering of pre-determined areas through the Review and Evaluation Committee, awarded via competitive bidding.

Presidential Decree No. 1857

Presidential Decree No. 1857 amended PD No. 87 and is applicable to deepwater Service Contracts such as SC 55. It was enacted to provide for a new set of incentives to revitalize interest and encourage more drilling activity in the country, particularly to deepwater oil exploration. PD 1857 allows the parties to a deepwater Contract to extend the exploration period for five years on top of the 10-year exploration period under PD No. 87.

Deepwater Contracts are defined as a Service Contract at least 85% of the total contract area are in water depths beyond 200 meters.

Moreover, PD 1857 provides that if the deepwater contract or contract for deepwater well remains in force for production purpose, the extension period not exceeding five years shall be credited as part of the initial 25 years production term.

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, ENEX 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.

In 2022, Palawan55 has completed the specialized pre- drill geological, geophysical studies and well planning in SC 55. The Department of Energy has approved the Consortium’s CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Management Plan.

The Palawan Council for Sustainable Development (PCSD) has approved the transfer of SC 55 Strategic Environment Plan (SEP) Clearance from the former SC 55 Operator, BHP Billiton to the current Operator, Palawan 55.

The SC 55 Consortium requested DOE to declare Force Majeure on the commitment to drill one (1) deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and in light of legal and regulatory developments in the upstream industry. The Consortium is awaiting DOE’s unequivocal assurance that the government would protect and defend the planned drilling operations in SC 55 in light of the ongoing maritime disputes in the West Philippine Sea. Moreover, the Consortium invoked a legal uncertainty due to the DOE Secretary’s declaration, invoking the Supreme Court ruling in *Resident Marine Mammals of the Protected Seascape Tañon Strait v. Angelo Reyes, et al.* (G.R. No. 180771 & 181527, 21 April 2015), that requires that the President be the signatory

of service agreements involving the exploration, development, and utilization of our minerals, petroleum, and other mineral oils, and that DOE will consult with private service contractors on whether they will be amenable to re-submission of their service contracts, and that “the validity of the service contracts not personally signed by the President of the country had been wobbled because of the JAPEX case.”

ENEX has also carried out project development work for the proposed BCE 1100-MW gas-fired power plant.

In 2023, the DOE granted the request of Palawan55 for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in 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 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.

Thereafter, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of 18 months. Given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well.

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.

ENEX 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 SC, 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. ENEX’s obligations under the Service Contract 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. ENEX’s rights under the SC 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 ENEX has participating interests in as of 31 December 2023 are as follows:

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2023
SC55 (through subsidiary Palawan 55)	Offshore West Palawan	75%	5 August 2005	A, B	Pryce Gases, Inc. Operator: Palawan55	The DOE approved SC 55’s entry into the Appraisal Period from 26 April 2020 to 26 April 2025. The Consortium completed 3D Seismic Data

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2023
						<p>Reprocessing, Quantitative Interpretation Studies and Resource Assessment of the block.</p> <p>In 2022, Palawan55 has completed the specialized pre-drill geological, geophysical studies and well planning in SC 55.</p> <p>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 04 March 2022.</p> <p>On 5 December 2022, the SC 55 Consortium requested from the DOE a declaration of Force Majeure on the commitment to drill one (1) deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and recent regulatory</p>

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2023
						<p>developments in the upstream industry.</p> <p>In 2023, the DOE granted the request of Palawan55 for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in SC 55 contract area in the West Philippine Sea.</p> <p>Pursuant to Section 26.01 of SC 55, the DOE found basis to place SC 55 under Force Majeure from 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.</p> <p>Thereafter, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of 18 months. Given that SC 55 is currently still on force majeure, Palawan55 shall</p>

Contract	Location	Interest	Issue Date	Commercial Terms	Partners	Work Program 2023
						have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well.

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 ENEX.

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 data 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-1 exploratory 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.

ENEX’s stake in SC 55 is held through Palawan55 Exploration & Production Corporation, an upstream oil and gas company. ENEX 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.

In 2022, Palawan55 has completed the specialized pre-drill geological, geophysical studies and well planning in SC 55.

On 4 March 2022, the Department of Energy approved the Consortium's CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Management Plan.

In October 2022, the Palawan Council for Sustainable Development (PCSD) approved the transfer of SC 55 Strategic Environment Plan (SEP) Clearance from the former SC 55 Operator, BHP Billiton to the current Operator, Palawan55 Exploration and Production Corporation.

On 5 December 2022, the SC 55 Consortium requested the DOE to declare of Force Majeure on the commitment to drill one (1) deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and recent regulatory developments in the upstream industry.

In July 2023, the DOE granted the request of Palawan55 for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in 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 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.

On 1 December 2023, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of 18 months. Given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well.

As of 31 December 2023, 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, ENEX 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 ENEX and ACEN

Under this Memorandum of Agreement, ACEN agreed to assign to ENEX, 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 ENEX and ACEN

Under this Deed of Assignment, ACEN assigned to ENEX, 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. On January 2022, the Company and BCE executed subscription agreements for the Company’s 25% ownership of BCE, subject to increase to 50% ownership upon approval by the SEC of the increase in authorized capital stock of BCE. On 12 October 2022, the SEC approved the increase in authorized capital stock of BCE from Php200,000,000.00 divided into 200,000 shares with a par value of Php1,000.00 each to Php600,000,000.00 divided into 600,000 shares with a par value of Php1,000.00 each. Following this, to date, the Company has increased its ownership of BCE to 50%.

Deed of Assignment between ENEX and ACEN

On 29 December 2021, ENEX and ACEN signed the Deed of Assignment wherein ENEX 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 3 June 2022, the Company cancelled this Deed of Assignment.

Loan Agreement between ENEX and ACEN

On 13 January 2022, ENEX 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% p.a payable on or before 10 November 2022. On 11 November 2022, the loan was extended and subjected to 7.2954% interest per annum payable on or before 10 November 2023.

On 2 August 2023, the remaining balance of the short-term loan amounting to Php 23.00 million was availed with an interest rate of 5.75% interest p.a payable on or before 1 February 2024.

On 11 November 2023, the loan was extended and is now subject to 8.6569% interest p.a payable on or before 30 September 2024

Loan Agreement between ENEX and ACEN International, Inc.

The Company’s Executive Committee, with the endorsement of the Board Risk Management and Related Party Transactions Committee, approved on 6 June 2023 a loan of up to Php6million from ACEN International, Inc. (“ACEN International”), to fund the Company’s working capital requirements for the remainder of 2023.

ACEN International is a wholly-owned subsidiary of the Company's parent company, ACEN.

MANPOWER

The Company has one (1) employee as of 15 March 2024.

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.

Item 2. Properties

SERVICE CONTRACTS

The summary of the existing projects and the Service Contracts where ENEX has participating interests were earlier discussed.

All of ENEX'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.

Item 3. 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.

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

Except for matters taken up during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II **FINANCIAL INFORMATION**

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

As of 15 March 2024, the Company has an authorized capital stock of One Billion (1,000,000,000) Shares, each with a par value of Pp1.00, and its issued share capital consists of Two Hundred Fifty Million and One (250,000,001) Common Shares.

Market Price

The Company's common shares (symbol: ENEX) were listed with the PSE on 28 August 2014. Below are the high and low sales prices as of 15 March 2024 and for the calendar years 2023, 2022, and 2021:

Period	High	Low
15 March 2024 (intraday) Calendar 2023	5.20	4.70
Fourth Quarter	6.60	4.20
Third Quarter	8.53	5.87
Second Quarter	11.80	8.35
First Quarter	14.52	10.20
Calendar 2022		
Fourth Quarter	15.80	11.30
Third Quarter	19.30	10.16
Second Quarter	17.28	7.94
First Quarter	39.00	16.10
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

Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

For 2023, the Company neither sold unregistered or exempt securities, nor issued securities constituting an exempt transaction.

STOCKHOLDERS

As of 15 March 2024, the Company has 2,893 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 15 March 2024:

	NAME OF STOCKHOLDER	NUMBER OF SHARES HELD	% OF OWNERSHIP
1	PCD NOMINEE CORPORATION (FILIPINO)	183,334,484*	73.33%
2	ACEN CORPORATION	62,965,755	25.19%
3	EMAR CORPORATION	950,740	00.38%
4	PCD NOMINEE CORPORATION (NON-FILIPINO)	736,770	00.29%
5	ALBERT MENDOZA	76,193	00.03%
6	PHIL. REMNANTS CO. INC.	71,431	00.03%
7	PETER MAR	52,020	00.02%
8	VICTOR JUAN DEL ROSARIO	41,453	00.02%
9	TERESITA A. DELA CRUZ	38,306	00.02%
10	BELEK INC.	37,842	00.02%
11	ALBERTO MENDOZA	37,116	00.01%
12	JOSEPH D. ONG	35,640	00.01%
13	WILLIAM HOW	34,003	00.01%
14	ALEXANDER J. TANCHAN	27,358	00.01%
15	BENJAMIN S. AUSTRIA	26,086	00.01%
16	VICTOR J. DEL ROSARIO	24,342	00.01%
17	DR. ANITA TY	23,816	00.01%
18	TAY LIM	20,815	00.01%
19	NOEL L. ESCALER	17,478	00.01%
20	JAMES UY INC. A/C# 11079	17,007	00.01%

* Includes 126,838,680 shares owned by ACEN

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

ENEX Energy Corp. (formerly ACE Enexor, Inc.) is currently a participant in one (1) petroleum Service Contract with the Government of the Republic of the Philippines, namely: SC 55 (through its subsidiary, Palawan55 Exploration & Production Corporation). This contract is in the exploratory stage, i.e. without any commercial production.

ENEX 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 this contract is successful, the Company could potentially recover its losses out of potential revenues from SC 55 in the event that SC 55 proceeds to Commercial Operation (as described in pages 13-14, Statement of Active Business Pursuit), subject to the usual risks associated with the oil exploration business (See discussion on pages 21-27).

For the Company's cash requirements, the Company's parent company, ACEN, has issued a letter of support in the Company's favor, wherein such support shall be effective for as long as the Company remains a direct subsidiary of ACEN.

The Company intends to continue project development work for the proposed BCE 1100-MW gas-fired power plant and try to secure a market for its output.

CALENDAR YEAR 2023 and NEXT TWELVE MONTHS

In July 2023, the DOE granted the request of Palawan55 for Force Majeure relief due to the operational and financial risks associated with conducting drilling operations in 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 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.

Thereafter, on 1 December 2023, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of 18 months. Given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well.

The Company will monitor the development in the geopolitical situation in the West Philippine Sea and the drilling market in the region.

CALENDAR YEAR 2022

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.

The Company intended 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 ENEX shares over the 30-trading day period prior to the execution of the TFE, the Company will conduct a stock rights offer (“SRO”) 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 ENEX 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 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 ENEX as the energy transition platform of the ACEN group.

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.

Thereafter, on 28 March 2022, the Company’s Executive Committee, by authority of the Board of Directors, approved, among others:

1. (a) the filing by the Company with the Securities and Exchange Commission (“SEC”) of a registration statement covering a three-year shelf registration (the “Shelf Registration”) of up to 649,870,100 primary common shares (the “Securities”), (b) the Company’s offer, issuance and listing of such Securities in up to three separate tranches, and (c) the filing of the corresponding application for the listing of the Securities issued under each such tranche with the Philippine Stock Exchange (“PSE”); and
2. The offer and issuance by the Company, out of the Securities to be shelf registered, in the following tranches: (a) up to 74,000,000 Securities through a FOO; (b) up to 339,076,058 Securities to AC Energy Corporation (PSE:ACEN) at an issue price of PhP10.00 per share in exchange for certain properties of ACEN pursuant to the asset for the share swap transaction executed with the Company on 29 December 2021; and (c) up to 236,794,042 Securities through a stock rights offering, all subject to compliance with all applicable SEC and PSE rules and regulations.

On 25 April 2022, during the Company’s Annual Stockholders’ Meeting, stockholders holding at least majority of the Company’s outstanding capital stock approved, among others, the issuance of up to 74,000,000 shares of the Company pursuant to the Company’s planned FOO at an FOO price range of PhP10.00 to PhP11.84 per share (the “FOO Shares”); and the registration under the Securities Regulation Code with the SEC and listing with the PSE of the FOO Shares.

On 3 June 2022, at the Company’s special Board meeting, the Board approved the following:

1. Cancellation of (a) the property-for-shares swap between the Company and ACEN Corporation (PSE:ACEN) and (b) the Deed of Assignment dated 29 December 2021, as amended on 31 January 2022, to implement the property-for-shares swap, as previously disclosed under Disclosure Report No. C06939-2021 dated 19 October 2021, Disclosure Report no. C08736-2021 dated 31 December 2021, Disclosure Report Nos. C00089 to 00094-2022 dated 7 January 2022, Disclosure Report No. C00723-2022 dated 9 February 2022, and Disclosure Report No. C02903-2022 dated 28 April 2022;
2. The withdrawal of (a) the request for confirmation of valuation in relation to the property-for-shares swap and currently pending with the Securities and Exchange Commission, and (b) the application for a certificate authorizing registration (CAR) that is pending with the Bureau of Internal Revenue in relation to the property-for-shares swap;
3. Cancellation of the conduct of a Stock Rights Offer of up to 105 million of the Company’s shares at PhP10.00 per share as disclosed under Disclosure Report No. C06939-2021 dated 19 October 2021;
4. Cancellation of the issuance of up to 74,000,000 shares of the Company pursuant to the Company’s planned follow-on offering (“FOO”) at an FOO price range of PhP10.00 to PhP11.84 per share, as previously disclosed

under Disclosure Report No. C01849-2022 dated 22 March 2022 and Disclosure Report No. C02891-2022 dated 27 April 2022; and

5. Cancellation of the Company's application for Shelf Registration filed with the Securities and Exchange Commission as disclosed under Disclosure Report No. C02013-2022 dated 28 March 2022 and Disclosure Report No. C02891-2022 dated 27 April 2022.

Despite the cancellation of the property-for-shares swap, the Company still has two potential projects, namely: SC55 and BCEI. The Company will continue to explore relevant opportunities in energy transition space, including the opportunities under Service Contract 55 as management continues to seek partner/s for this endeavor. Other than its investment in BCE, the Company has no additional sources of income from the power generation business. For the Company's cash requirements, the Company's parent company, ACEN, has issued a letter of support in the Company's favor, wherein such support shall be effective for as long as the Company remains a direct subsidiary of ACEN. This, coupled with prudent management of its cash, will help the Company address whatever obligations it has in the next 12 months.

CALENDAR YEAR 2021

Deed of Assignment with ACEN

On 29 December 2021, ENEX and ACEN signed the Deed of Assignment wherein ENEX 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, ENEX 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**")¹ 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.

ENEX 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, ENEX 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:

¹ 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.

(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.

CALENDAR YEAR 2022

SC 55 (Ultra Deepwater – West Palawan) (Palawan55, 75%)

In 2022, Palawan55 completed the specialized pre- drill geological, geophysical studies and well planning in SC 55.

On 04 March 2022, the Department of Energy approved the Consortium’s CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Management Plan.

In October 2022, the Palawan Council for Sustainable Development (PCSD) approved the transfer of SC 55 Strategic Environment Plan (SEP) Clearance from the former SC 55 Operator, BHP Billiton to the current Operator, Palawan55 Exploration and Production Corporation.

On 05 December 2022, the SC 55 Consortium requested the DOE to declare Force Majeure on the commitment to drill one (1) 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 planned drilling operations in SC 55 in light of the ongoing maritime disputes in the West Philippine Sea.

SC 6 Block A (Offshore Northwest Palawan) (7.78%)

On 05 September 2022, the Department of Energy (DOE) approved the relinquishment of SC 6A following the Consortium’s compliance with all its technical and financial obligations with the DOE.

CALENDAR YEAR 2021

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, ENEX 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%)

ENEX relinquished its 14.063% participating interests in SC 6B in favor of the Consortium. The assignment of ENEX's participating interests, however, does not include the transfer of its 2.475% Carried Interest in the block.

The transfer of interest from ENEX to SC6B continuing parties was approved by the DOE on 12 April 2018.

Item 6. Management's Discussion and Analysis or Plan of Operation

FINANCIAL PERFORMANCE

The following discussion and analysis of financial position and results of operations of ENEX Energy Corp. (formerly ACE Enexor, Inc.) or “ENEX” and its subsidiary should be read in conjunction with the audited consolidated financial statements as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022, and 2021. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

- i. Causes of material changes from period to period: 2023 compared with 2022

Consolidated Statements of Income

	2023	2022	Increase (Decrease)	
			Amount	%
Expenses	₱15,482,912	₱30,768,075	₱15,285,163)	(50%)
Other charges (income) - net	36,133,467	42,974,988	(6,841,521)	(16%)
Loss before income tax	51,616,379	73,743,063	(22,126,684)	(30%)
Provision for income tax	3,754	–	3,754	–
Net Loss	₱51,620,133	₱73,743,063	(₱22,122,930)	(30%)

The following are the material changes in the Consolidated Statements of Comprehensive Income for the year ended December 31, 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 - net mainly came from equity in net losses of the Parent Company’s joint venture investee (BCEI) (30.64 million, ENEX’s share in pre-development expenses), interest expense on short-term loan from ACEN and ACEN International (9.96 million), other income from recoveries in SC 55 consortium partner (4.56 million) and foreign exchange losses from dollar-denominated deposits with the depreciation of the US dollar (55.57 from 56.12 last December 2022).

Consolidated Statements of Financial Position

	2023	2022	Increase (Decrease)	
			Amount	%
Current Assets				
Cash	₱7,538,325	₱13,435,336	(₱5,897,011)	(44%)
Noncurrent Assets				
Investment in a joint venture	80,809,131	111,452,351	(30,643,220)	(27%)
Deferred exploration costs	54,349,977	57,150,549	(2,800,572)	(5%)
Property and equipment	131,682	289,701	(158,019)	(55%)
Current Liabilities				
Accounts payable and other current liabilities	100,168,139	92,909,868	7,258,271	8%
Subscription payable	–	23,436,960	(23,436,960)	(100%)
Short-term loans	155,300,000	127,000,000	28,300,000	22%

The following are the material changes in the Consolidated Statements of Financial Position as at December 31, 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, coupled with payment of subscription payable to BCEI. These were augmented by availment of short-term loans from ACEN and ACEN International and advances from Consortium Partner.
- Investment in a 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 (69.41 million).
- Accounts payable and other current liabilities increased mainly due to accruals of Management and Professional fee (10.60 million), training fund contribution to DOE (1.11 million) and interest expense (9.96 million), partly offset by additional cash calls related to SC 55 (1.59 million) and recoveries from consortium partner ((8.64 million).
- Short-term loans payable pertains to the Parent Company's availment of ACEN's short-term loan facility to fund the initial subscription to BCEI amounting to 150.00 million and availment of ACEN International's short-term loan facility to fund its working capital requirements amounting to 5.30 million.

Financial Soundness Indicators

Key Performance Indicator	Formula	2023	2022	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.03	0.06	(0.03)	(50%)
Acid test ratio	$\frac{\text{Cash + Short-term investments + Accounts receivables + Other liquid assets}}{\text{Current liabilities}}$	0.03	0.06	(0.03)	(50%)
Solvency Ratios					
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	(2.27)	(3.99)	1.72	(43%)
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	(1.27)	(2.99)	1.72	(58%)
Net bank Debt to Equity Ratio	$\frac{\text{Short \& long-term loans} - \text{Cash \& Cash Equivalents}}{\text{Total Equity}}$	N/A	N/A	N/A	N/A
Profitability					
Return on equity	$\frac{\text{Net income after tax}}{\text{Average stockholders' equity}}$	N/A	N/A	N/A	N/A
Return on assets	$\frac{\text{Net income after taxes}}{\text{Average total assets}}$	N/A	N/A	N/A	N/A
Asset turnover	$\frac{\text{Revenues}}{\text{Average total assets}}$	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 with the availment of additional short-term loan from ACEN and ACEN International and additional advances from the consortium partner to be applied to SC 55's work program.

Debt-to-equity ratio

The Group's debt-to-equity ratio is negative with capital deficiency reported as of December 31, 2023.

Asset-to-equity ratio

As of December 31, 2023, asset-to-equity ratio is negative with the capital deficiency reported as of December 31, 2023.

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 2023:

- ENEX's subsidiary, Palawan55, 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 National Government.
 - On December 1, 2023, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of eighteen months. Pursuant to Section 26.01 of SC 55, the DOE had earlier 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. The DOE further states that "given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three months (the five months remaining plus the eighteen-month extension) from the lifting of force majeure to drill the committed well."
- ii. Any known trends, events or uncertainties (Material impact on liquidity)
- 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.
- iii. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
- 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 contingent assets or contingent liabilities since the last annual balance sheet date.
- iv. 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 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.
- v. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the consolidated financial statements.
- vi. Any known trends, events or uncertainties (Material impact on sales)
- 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 unusual items that affected assets, liabilities, equity, net income or cash flows.
- vii. Any significant element of income or loss (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.
- viii. Seasonal aspects that have a material effect on the FS
- There were no operations subject to seasonality and cyclicality.
- i. Causes of material changes from period to period: 2022 compared with 2021

Consolidated Statements of Income

	2022	2021	Increase (Decrease)	
			Amount	%
Expenses	₱30,768,075	₱40,802,936	(10,034,861)	(25%)
Other charges (income) - net	42,974,988	(611,977)	43,586,965	(7122%)
Loss before income tax	73,743,063	40,190,959	33,552,104	83%
Benefit from income tax	–	–	–	–
Net Loss	₱73,743,063	₱40,190,959	33,552,104	83%

The following are the material changes in the Consolidated Statements of Comprehensive Income for the year ended December 31, 2022 and 2021:

- Last year’s expenses included full impairment of the Parent Company’s service contract (SC) 6A amounting to ₱23.96 million. Excluding this provision for impairment, full year 2022 expenses are higher than normalized 2021 mainly driven by the increase in management and professional fees aggregating to ₱23.74 million (vs. ₱11.83 million last year), as well as filing and registration fees (₱1.82 million increase) and advertising and promotion ₱0.77 million (vs. nil last year) due to initial expenses related to the planned property-for-share swap between ENEX and ACEN that was eventually cancelled.
- Other charges (income) – net, mainly came from share in equity in net losses of the Parent Company’s joint venture investee (BCEI) amounting to ₱38.77 million and ₱5.33 million interest expense on short-term loan from ACEN, partly offset by foreign exchange gains from dollar-denominated deposits with the appreciation of the US dollar.

Consolidated Statements of Financial Position

	December 2022	December 2021	Increase (Decrease)	
			Amount	%
Current Assets				
Cash	₱13,435,336	₱22,993,727	(₱9,558,391)	(42%)
Receivables	27,601	226,443	(198,842)	(88%)
Noncurrent Assets				
Investment in a joint venture	₱111,452,351	₱–	₱111,452,351	–
Property and equipment	289,701	448,957	(159,256)	(35%)
Deferred exploration costs	57,150,549	55,676,987	1,473,562	3%
Current Liabilities				
Accounts payable and other current liabilities	₱92,909,868	₱66,594,341	₱26,315,527	40%
Subscription payable	23,436,960	–	23,436,960	–
Short-term loans payable	127,000,000	–	127,000,000	–

The following are the material changes in the Consolidated Statements of Financial Position as at December 31, 2022 and December 31, 2021:

- Decrease in Cash was primarily due working capital requirements and capital expenditures for SC 55.
- Decrease in Receivables was primarily due to clean-up of long-outstanding items.
- 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 losses (₱38.77 million)
- Decrease in Property and equipment is due to depreciation.
- Increase in Deferred exploration costs was primarily due to additional expenditures related to SC 55.
- Accounts payable and other current liabilities increased mainly due to related party advances to support working capital requirements, third-party advances made in the consortium to be applied to SC 55's work program, as well as accrued interest expense on short-term loan from ACEN.
- Subscription payable pertains to unpaid balance for investment in BCEI.
- Short-term loans payable pertains to the Parent Company's availment of ACEN's short-term loan facility to fund the initial subscription to BCEI.

Financial Soundness Indicators

Key Performance Indicator	Formula	Dec 2022	Dec 2021	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	0.06	0.35	(0.29)	(83%)
Acid test ratio	$\frac{\text{Cash + Short-term investments +Accounts receivables +Other liquid assets}}{\text{Current liabilities}}$	0.06	0.35	(0.29)	(83%)
Solvency Ratios					
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	(3.99)	5.21	(9.20)	(177%)
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	(2.99)	6.21	(9.20)	(148%)

Key Performance Indicator	Formula	Dec 2022	Dec 2021	Increase (Decrease)	
				Amount	%
Net bank Debt to Equity Ratio	$\frac{\text{Short \& long-term loans} - \text{Cash \& Cash Equivalents}}{\text{Total Equity}}$	N/A	N/A	N/A	N/A
Profitability					
Return on equity	$\frac{\text{Net income after tax}}{\text{Average stockholders' equity}}$	N/A	N/A	N/A	N/A
Return on assets	$\frac{\text{Net income after taxes}}{\text{Average total assets}}$	N/A	N/A	N/A	N/A
Asset turnover	$\frac{\text{Revenues}}{\text{Average total assets}}$	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 with the availment of short-term loan from ACEN (subjected to 3.875% p.a payable on or before November 10, 2022, but extended up to November 11, 2022 subjected to 7.2954% p.a payable on or before November 10, 2023), and additional 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 is negative with capital deficiency reported as of December 31, 2022. Total debt pertains to the Parent Company's short-term loan from ACEN, accounts payable and other current liabilities and Subscription payable to BCEI.

Asset-to-equity ratio

As of December 31, 2022, asset-to-equity ratio is negative with the capital deficiency reported for the year. Total assets increased with the investment in BCEI but was funded by the loan from ACEN.

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 2022:

- On December 5, 2022, the SC 55 Consortium requested from the DOE a declaration of Force Majeure on the commitment to drill one (1) deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and recent regulatory developments in the upstream industry.
 - 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 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.
 - ENEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.
 - On March 04, 2022, the Department of Energy 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.
 - 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.
- ii. Any known trends, events or uncertainties (Material impact on liquidity)
- 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.

- iii. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
 - 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 contingent assets or contingent liabilities since the last annual balance sheet date.
- iv. 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 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.
- v. Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures
 - There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the consolidated financial statements.
- vi. Any known trends, events or uncertainties (Material impact on sales)
 - 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 unusual items that affected assets, liabilities, equity, net income or cash flows.
- vii. Any significant element of income or loss (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.
- viii. Seasonal aspects that have a material effect on the FS
 - There were no operations subject to seasonality and cyclicity.

Item 7. Financial Statements and Supplementary Schedules

The consolidated financial statements and schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17 A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

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 2024. The incumbent members of the Audit Committee are as follows:

- | | | |
|------|----------------------------------|----------|
| i. | Ms. Ma. Aurora D. Geotina-Garcia | Chairman |
| ii. | Ms. Melinda L. Ocampo | Member |
| iii. | Mr. Alberto M. de Larrazabal | 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 2023. The services rendered by SGV for the calendar year ended 31 December 2023 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 2023 is Mr. Benjamin N. Villacorte, an SEC accredited auditing partner of SGV. This is Mr. Villacorte’s sixth year as engagement partner for the Company.

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.

The Company complied with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every seven (7) 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.

Audit and Audit-Related Fees

The total external auditor fees of SGV & Co. in 2023 and 2022 amounted to Php0.29M and Php0.24M, including VAT, respectively.

External Auditor Fees	Amount in Million Pesos (inclusive of VAT)	
	2023	2022
Audit and Audit-Related Fees	Php0.24	Php0.20
Non-Audit Fees	Php0.05	Php0.04
Grand Total	Php0.29	Php0.24

The audit and audit-related fees include the audit of ENEX’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.

Tax fees

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

All other fees (Non-Audit Fees)

Non-audit fees include the validation of votes during the 2023 and 2022 annual stockholders’ meetings.

The Audit Committee has reviewed the nature of non-audit services rendered by SGV & Co., including the corresponding fees, and concluded that these are not in conflict with the audit function of the external auditors.

The Audit Committee has an existing policy to review and approve the audit and non-audit services rendered by the Company’s external auditors. It does not allow the Corporation to engage the external auditors for non-audit services expressly prohibited by the SEC. This is to ensure that the external auditors maintain the highest level of independence from the Company, both in fact and appearance.

PART III CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The write-ups below include positions held as of 31 December 2023 and in the past five years and personal data as of 31 December 2023, of the directors and executive officers.

Board of Directors

Name	Age	Citizenship	Designation
John Eric T. Francia	52	Filipino	Chairman
Maria Corazon G. Dizon	60	Filipino	President and CEO
Alberto M. de Larrazabal	68	Filipino	
Roman Miguel G. de Jesus	48	Filipino	
Hannielynn F. Tucay	46	Filipino	
Ma. Aurora D. Geotina-Garcia	71	Filipino	Lead Independent Director
Alberto A. Lim	74	Filipino	Independent Director
Mario Antonio V. Paner	65	Filipino	Independent Director
Melinda L. Ocampo	67	Filipino	Independent Director

John Eric T. Francia

Chairman, Non-Executive Director

Committee memberships:

- ***Executive Committee (Chairperson)***

Mr. Francia was elected as Chairman of the Board of Directors on 9 May 2019 to serve effective 15 May 2019. He is concurrently the President and Chief Executive Officer of AC Energy and Infrastructure Corporation (“ACEIC”). He is also a Senior Managing Director and member of the Management Committee of AC. He is a Director and the President and CEO of publicly listed company, ACEN CORPORATION (PSE: ACEN) (“ACEN”). Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in the region, with 4,800 MW of attributable renewables capacity across Asia Pacific. Mr. Francia also led pioneering initiatives in early coal retirement, including the successful completion of the world’s first market-based Energy Transition Mechanism. He is also a director of various Ayala Group companies including AC Infrastructure, AC Health, AC Logistics, Air 21 Holdings, Inc., AC Ventures, Philwater Holdings, Inc., Michigan Holdings, Inc. Ayala Aviation, Purefoods International Limited, AC Mobility Holdings Incorporated, Liveit Investments Limited, AI North America, Inc., and PFIL North America, Inc. 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
President & CEO; Executive Director

Committee memberships:

- **Executive Committee**

Ms. Dizon was elected as President and CEO of the Company on 24 April 2023. She served as Director of the Company from 2019 to 2021 and was the Company's Treasurer and CFO from 15 May 2019 until 24 April 2023. She was the Treasurer of ACEN until 24 April 2023 and the Chief Finance Officer and Compliance Officer of ACEN until 31 December 2023. Until her retirement from the ACEN group effective 31 December 2023, she served as the Treasurer and CFO of ACEIC, and the Director of various ACEN subsidiaries. She headed various functional units under Finance, which include Controllershship, Financial Planning and Analysis, Corporate Finance, Treasury, and Internal Audit. In addition, she held directorship positions and was a member of the Audit and Risk Committee in a number of subsidiaries within the ACEN group, such as South Luzon Thermal Energy Corporation ("SLTEC"), Northwind Power Development Corp, ACE Endeavor, Inc., and ACEN 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.

Alberto M. de Larrazabal
Non-Executive Director

Committee memberships:

- **Audit Committee**

Mr. de Larrazabal was elected as Director of the Company on 25 April 2022. He has been a Senior Managing Director and Chief Finance Officer of Ayala Corporation since 23 April 2021. He also holds the following positions in other publicly listed companies: Chairman of the Board of Directors of Integrated Micro-Electronics, Inc.; and Director of Manila Water Company, Inc. He is the Vice Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of Ayala Aviation Corporation, Ayala Group Legal and LiveIt Investments Limited; Chairman and President of Liontide Holdings, Inc.; President and CEO of AC Infrastructure Holdings Corporation, AC International Finance Ltd., AYC Finance Limited, and Bestfull Holdings Limited; Vice Chairman of Lagdigan Land Corporation; President of Philwater Holdings Company, Inc.; CEO of Azalaea International Venture Partners Limited; Director, Treasurer and Chief Finance Officer of WeAreAyala Business Club, Inc., Trustee of Ayala Foundation, Inc., Director of AC Energy and Infrastructure Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, ACEN International, Inc., A.C.S.T Business Holdings, Inc., Air 21 Holdings, Inc., APPPPS Partners, Inc., Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Healthnow, Inc., Light Rail Manila Holdings, Inc., Merlin Solar Technologies, Inc., Michigan Holdings, Inc., Mobility Access Philippines Ventures Inc., Affinity Express Holdings, Ltd., AG Holdings Limited, AG Region Pte. Ltd., AI North America, Inc., Ayala International Pte. Ltd., Ayala International Holdings Pte Limited, AYC Holdings Limited, BF Jade E-Services Philippines, Inc., Fine State Group Limited, Pioneer Adhesives, Inc., Purefoods International Limited ("PFIL NA"), Strong Group Limited, Total Jade Group Limited, and VIP Infrastructure Holdings Pte. Ltd. He has 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 Ayala Corporation, Albert served as Chief Commercial Officer and Chief Finance Officer of Globe Telecom, a business unit of Ayala Corporation. Before he joined Globe Telecom, he held positions such as Vice President and CFO of Marsman Drysdale Corporation, 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.

Roman Miguel G. de Jesus
Non-Executive Director

Committee memberships:

- ***Executive Committee***
- ***Personnel and Compensation Committee***
- ***Board Risk Management and Related Party Transactions Committee***

Mr. de Jesus is a Managing Director of ACEN and is the Business Unit Head of ACEN's Philippine Operations. He is the Chairman of ACEN's operating subsidiaries. He is also President of ACE Shared Services, Inc. His prior roles include leading ACEN's solar development in Vietnam, pioneering ACEIC's retail electricity supply business, and managing ACEN's first wind assets in the Philippines. Prior to joining ACEN, he practiced law in the law firms of Romulo Mabanta Buenaventura Sayoc & de los Angeles where he specialized in corporate banking and finance, and Puyat Jacinto & Santos where he specialized in energy law and special projects. He has Bachelor of Arts and Master of Arts degrees in Philosophy from the Ateneo de Manila University, where he was an instructor for 10 years. He also has a Bachelor of Laws degree from the University of the Philippines. He is also an alumnus of Harvard Business School's Advanced Management Program.

Hannielynn F. Tucay
Treasurer & CFO; Executive Director

Ms. Tucay is also the CFO and Head of Business Development of Klima 1.5 Corp. (formerly ACE Thermal Inc.). She was a director and the former General Manager of ACE Shared Services, Inc. She was the former Head of Corporate Finance of ACEN. She was also the former Controller and FP&A Head, of ACEIC, and former Finance Head of ACEIC's Retail Business Unit. Prior to joining ACEN, she was the former Deputy CFO and FP&A Head of ALI Capital Corp. She has over 20 years' experience in various finance roles in companies including the Ayala Land Group, Roche Diagnostics, Diageo, and Punongbayan and Araullo. She is a Certified Public Accountant. She graduated from the University of Baguio with a degree in Accountancy.

Ma. Aurora D. Geotina-Garcia
Non-Executive and Independent Director

Committee memberships:

- ***Audit Committee (Chairperson)***
- ***Personnel and Compensation Committee***

Ms. Geotina-Garcia has been an Independent Director of the Company since 17 September 2019. She is currently the 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 Cebu Landmasters Inc., a publicly listed company ("PLC"), and Professional Services Inc. She served as Independent Director of ACEN, a PLC, from 17 September 2019 to 24 April 2023. She is the first female Chairperson of the Bases Conversion and Development Authority (BCDA) (2015 -2016), and was a Director in the following companies: Bases Conversion and Development Authority (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 Bank (2009-2021). She is Chairperson and Trustee of the Shareholders' Association of the Philippines, and a Fellow and immediate past Vice Chairperson of the Institute of Corporate Directors (ICD). She is the Founding Chairperson and President of the Philippine Women's Economic Network, Chairperson of the Governing Council of the Philippine Business Coalition for Women Empowerment and Chairperson of the NextGen Organization of Women Corporate Directors. She also is Co-Convenor of the CEO Platform for Workplace Gender Equality. Ms. Garcia is former Co-Chair of the ASEAN Women's Entrepreneurs' Network where she remains as one of the Philippine Focal Points. Boots serves other women business organizations as a long-time Trustee, namely: Business & Professional Women's, Makati (BPW), and the Samahan ng Pilipina para sa Reporma at Kaunlaran (Spark! Philippines). In 2012, she received the Distinguished Alumni Award from the University of the Philippines, and in 2019, she was recognized as ASEAN Woman Entrepreneur at the ASEAN

Business Awards. In March 2023, she received from the Philippines Board of Accountancy the Accountancy Centenary Award as one of 100 notable Certified Public Accountants in the country, in celebration of the Centenary of the Accounting Profession in the 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

Non-Executive and Independent Director

Committee memberships:

- ***Board Risk Management and Related Party Transactions Committee (Chairperson)***
- ***Corporate Governance and Nomination Committee***

Mr. Lim has been an Independent Director of the Company since 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.

Melinda L. Ocampo

Non-Executive and Independent Director

Committee memberships:

- ***Corporate Governance and Nomination Committee (Chairperson)***
- ***Audit Committee***
- ***Board Risk Management and Related Party Transactions Committee***

Ms. Ocampo has been an Independent Director of the Company since 25 April 2022. She is also an Independent Director of ACEN, a publicly listed company, since 17 September 2019. She currently serves as consultant to the Ricardo Energy and Environment Consulting Firm, a United Kingdom-based company, for a project entitled, "*The Philippines Grid Diagnostic and Roadmap for Smart Grid Development.*" Said project is under the funding support of the United Nations Office for Project Services, with the main task of establishing and developing governance issues to implement the project. Ms. Ocampo 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.

Mario Antonio V. Paner
Non-Executive and Independent Director

Committee memberships:

- **Personnel and Compensation Committee (Chairperson)**
- **Corporate Governance and Nomination Committee**

Mr. Paner has been an Independent Director of the Company since 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.

Nominees to the Board of Directors for election at the annual stockholders' meeting

All of the above, except for Ms. Maria Corazon G. Dizon (not nominated for re-election in the annual stockholders' meeting for 2024) are nominee directors, with Mr. Lim, Mr. Paner, Ms. Geotina-Garcia and Ms. Ocampo being nominated as independent directors. Mr. Gerardo C. Ablaza is also being nominated to the Board of Directors.

Mr. Gerardo C. Ablaza, Jr., Filipino, 70, is a director in publicly-listed companies Advanced Info Services, PLC (Thailand), iPeople, Inc., and Roxas and Company Inc. He is also a director in other Philippine corporations operating in the fields of retail banking, property development, education, infrastructure, and health. He is also a member of the Board of Trustees in a number of non-profit foundations engaged in social initiatives, namely Ayala Foundation, BPI Foundation, and Gawad Kalinga Foundation. He previously served as director of the Company from 1 July 2019 until 18 March 2021. Mr. Ablaza retired from full-time executive work in 2017, after performing various corporate executive roles over a period of 43 years. His experience spanned a variety of industries: FMCG, agribusiness, retail banking, telecommunication and water distribution. He served as President and CEO of Manila Water Company (PLC) from June 2010 to April 2017. Prior to this, Gerry was the Chief Operating Officer of Globe Telecom, Inc. in 1997, and its President and CEO from 1998 to April 2009. He graduated as Summa Cum Laude and obtained his degree in Liberal Arts (Honors Accelerated Program), Major in Mathematics from the De La Salle University.

The certifications on the qualifications of the nominees for independent directors are attached, as well as the certification that no directors or officers are connected with any government agency or instrumentality.

Management Committee Members / Senior Leadership Team

Name	Age	Citizenship	Designation
John Eric T. Francia²	52	Filipino	Chairman
Maria Corazon G. Dizon¹	60	Filipino	President & CEO
Hannielynn F. Tucay¹	46		Treasurer and CFO
John Philip S. Orbeta	62	Filipino	Chief Administrative Officer; Chief Human Resources Officer; and Chief Risk Officer
Raymundo A. Reyes, Jr.	70	Filipino	General Manager
Kyla Camille U. Samson	35	Filipino	Controller
Dodjie D. Lagazo	44	Filipino	Corporate Secretary; Compliance Officer
Alan T. Ascalon	49	Filipino	Assistant Corporate Secretary 1; Data Protection Officer
Raissa C. Villanueva	38	Filipino	Assistant Corporate Secretary 2

John Philip S. Orbeta was elected as Chief Administrative Officer (“CAO”), Chief Human Resources Officer (“CHRO”), and Chief Risk Officer (“CRO”) of the Company on 25 April 2022. He served as Managing Director and member of the Ayala Corporation Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He was Ayala Corporation’s CHRO and Group Head for Corporate Resources, covering Strategic Human Resources, Information & Communications Technology, Knowledge Management, and Corporate Support Services from January 2008 until September 2021. He is currently the CAO, CHRO, and CRO of ACEN, where he also served as Director from 1 July 2019 to 24 April 2022. He is also a Director of ACE Endeavor, Inc., ACE Shared Services, Inc., and Laguna West Renewables, Inc. He is also the Chairman of Ayala Multipurpose Cooperative. He also serves as Trustee of Ayala Young Leaders Alumni Association, Inc., World Archery Philippines, La Salle University Ozamis, and National Mission Council of De La Salle Philippines, Inc. He served as President and CEO of Automobile Central Enterprise, Inc. (ACEI), Iconic Dealership, Inc. (IDI), Honda Cars Makati, Inc. (HCMI), and Isuzu Automotive Dealership, Inc. (IADI) from Jan 2013 until December 2016. He was the Chairman and President of HCX Technology Partners, Inc. from September 2016 until November 2021 and President of Ayala Retirement Fund Holdings, Inc. (July 2021 – February 2022). He was Chairman of Ayala Group HR Council (October 2005 – September 2021), Ayala Aviation Corporation (August 2010 – October 2021), Ayala Group Corporate Security Council (January 2011 – October 2021), Ayala Business Clubs (January 2008 – November 2021), and Vice-Chairman of Ayala Group Club, Inc. (February 2015 – November 2021). He was a Director of Honda Cars Cebu, Inc. (August 2016 – August 2017), Isuzu Cebu, Inc. (August 2016 – August 2017), BPI Family Savings Bank, Inc. (May 2013 – June 2020), Ayala Foundation, Inc. (Mach 2013 – December 2021), Ayala Healthcare Holdings, Inc. (Y2016-February 2022), Healthway Medical, Inc. (Y2020 – February 2022), and the Generika Group of Companies (August 2018 – December 2021). Mr. Orbeta served as a Director and Chairman of the Audit Committee of the ALFM group of funds from April 2012 to December 2021 which included the ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., Philippine Stock Index Fund, Corp. as well as the ALFM Global Multi-Asset Income Fund, Inc. (April 2018 – December 2021), ALFM Retail Corporate Fixed Income Fund, Inc. (June 2019 – December 2021), ALFM Fixed Income Feeder Fund, Inc. (August 2019 – December 2021). Mr. Orbeta was also a Trustee of De La Salle University Dasmariñas Cavite and the De La Salle Health Sciences Institute, from December 2013 to September 2019, and the Weather Philippines Foundation, Inc. (October 2015 – June 2020). He was also a Board of Governors of the Management Association of the Philippines from Jan 2019 until December 2020. Prior to joining Ayala Corporation, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson), overseeing the firm’s practices in executive compensation, strategic rewards, data services, and organization effectiveness around the world. He was also a member of Watson Wyatt’s Board of Directors. He graduated with a degree in A.B. Economics from the Ateneo de Manila University in 1982 and has taken advanced management programs at the Harvard Business School, IMD and INSEAD.

Raymundo A. Reyes, Jr. has been the Company’s General Manager since 1 January 2022. He was a director of the Company from February 2013 until 31 December 2021. He also served as the Company’s Chief Operating Officer from 2019 until 31 December 2021. After a short teaching and graduate assistantship stint at the U.P. Department of

² Member, Board of Directors

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 also a Director and the COO of Palawan55 Exploration & Production Corporation since February 2013. He was the President of Palawan55 Exploration & Production Corporation until September 2022. 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.

Kyla Kamille U. Samson was elected as the Company's Controller on 8 November 2022. She worked in Sycip Gorres Velayo & Co. from July 2010 to June 2021, where she rose to the position of Assurance Senior Director in October 2019. She graduated in 2009 from De La Salle University – Manila with a degree of Bachelor of Science in Accountancy.

Dodjie D. Lagazo has been the Corporate Secretary and Compliance Officer of the Company since 1 July 2019 and was recently elected as General Counsel on 24 April 2023. He is the Group General Counsel, Group Compliance Officer, and Assistant Corporate Secretary of ACEN. He is also the Assistant Corporate Secretary of ACEIC and the Corporate Secretary of various ACEN subsidiaries. Previously, he served as Director and member of AG Counselors Corporation's Management Committee from January 2014 to July 2017 and was the Assistant Corporate Secretary of Ayala Corporation. 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.

Alan T. Ascalon has been the Assistant Corporate Secretary of the Company since 1 July 2019. He is a Vice President-Legal in ACEN and its Assistant Corporate Secretary and Data Protection Officer. He currently serves as Corporate Secretary of various ACEN subsidiaries. He was the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. Prior to joining ACEN, he worked as Senior Associate at SGV & Co Tax Division from 2002 to 2005, junior associate at Ponce Enrile Cayetano and Manalastas Law Offices from 2001-2002, and as law clerk with the Supreme Court from 2000 to 2001. 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 has been the Assistant Corporate Secretary of the Company since 1 July 2019. She is Assistant Vice President for Legal, Governance, and Compliance of ACEN and heads its Governance unit. She is also the Corporate Secretary and Assistant Corporate Secretary of various ACEN subsidiaries. She was a Senior Counsel at Ayala Group Legal. 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.

Information required of directors and executive officers

i. Board of Directors

The following have been nominated to the Board for election at the Meeting and have accepted their respective nominations:

JOHN ERIC T. FRANCIA
ALBERTO M. DE LARRAZABAL
GERARDO C. ABLAZA, JR.
ROMAN MIGUEL G. DE JESUS
HANNIELYNN F. TUCAY

MA. AURORA D. GEOTINA-GARCIA
ALBERTO A. LIM
MARIO ANTONIO V. PANER
MELINDA L. OCAMPO

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 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 Meeting.

The Board 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.

None of the independent directors have served for more than nine (9) years.

A summary of the qualifications of the incumbent directors, who are nominees for directors for election at the Meeting, of the new nominee to the Board, and incumbent officers is set forth in **Annex "A"**. The certifications on the qualifications of independent directors are also attached in **Annex "A"**.

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

ii. Family Relationships

There are no known family relationships between the current members of the Board and key officers.

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 ENEX for the year ending 31 December 2023 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. Alberto A. Lim
3. Mr. Antonio V. Paner
4. Ms. Melinda L. Ocampo

The incumbent independent directors were nominated by Mr. Allan Estrella, 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 15 March 2024, 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 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. We note however that Ms. Ma. Aurora D. Geotina-Garcia and Mr. Alberto A. Lim are presently involved in legal proceedings, but which legal proceedings do not and will not have any material effect on the Company, its operations, reputation, or financial condition.

Ms. Geotina-Garcia

As of 15 March 2024, 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
<p>Libel during Ms. Geotina-Garcia’s term as director of the Bases Conversion and Development Authority (“BCDA”)</p>	<p>Court of Appeals (CA-G.R. SP No. 167213)</p>	<p>The case involves statements, which the 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.</p> <p>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.</p> <p>The prosecution filed a Motion for Reconsideration dated 15 October 2020, which was denied by the court at the hearing held on 23 October 2020.</p> <p>The private complainant filed a Petition for <i>Certiorari</i> dated 9 December 2020 with the Court of Appeals, alleging grave abuse of discretion on the part of the trial court. The private complainant’s Petition for <i>Certiorari</i> dated 9 December 2020 was dismissed by the Court of Appeals in a Decision dated 29 August 2023. The private complainant then filed a Motion for Reconsideration dated 27 September 2023. In a Resolution dated 8 November 2023, the Court of Appeals directed the respondents to file a comment on</p>

		the Motion for Reconsideration. They filed their Comment on December 21, 2023. The Motion for Reconsideration is still pending resolution.
Appeal from the dismissal by the Office of the Ombudsman of criminal charges for acts of the BCDA Board of Directors	Supreme Court (G.R. No. 225565)	The case was originally filed with the Office of the Ombudsman. It 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 February 9, 2022, which is pending resolution.
Appeal from the dismissal by the Office of the Ombudsman of administrative charges for acts of the BCDA Board of Directors	Supreme Court (G.R. No. 239272)	The case was originally filed with the Office of the Ombudsman. It was dismissed on 15 January 2016. The appeal before the Supreme Court was dismissed in a Resolution dated 15 August 2018. On 29 October 2018, the Supreme Court's judgment was entered in the Book of Entries of Judgments and thereby became final and executory.

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 15 March 2024, 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 SEC. 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.

As of 15 March 2024, 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 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.

Ownership structure and Parent Company

As of 15 March 2024, ACEN owns 75.92% of the outstanding voting shares of the Company. The immediate parent company of ACEN is ACEIC. ACEN had a management contract with ACEIC effective until 1 September 2023. Under the contract, ACEIC had 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 management contract was no longer renewed and ACEIC no longer provides the management services to ACEN. The ultimate parent company of the Company is Mermac, Inc., which is domiciled and incorporated in the Republic of the Philippines.

Item 10. Executive Compensation

For the calendar years ended 31 December 2023, 31 December 2022, and 31 December 2021, the total salaries, allowances, and bonuses paid to the directors and executive officers of the Company are as follows (amounts are in Php):

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Officers (Total Compensation)				
Maria Corazon G. Dizon, President and CEO				
Raymundo A. Reyes, Jr., General Manager				
John Philip S. Orbeta, CHRO, CRO, CAO				
Hannielynn F. Tucay, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
	2023			1,057,200.00
	2022	-	0	3,078,571.16
	2021	-	-	3,768,496.00
All Other Officers and Directors as a Group (Total Compensation)				
	2023	90,642,700	46,297,484	9,878,298
	2022	90,956,345	22,064,277	39,509,886
	2021	-	-	-

For 2024, 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)				
Maria Corazon G. Dizon, President and CEO				
Raymundo A. Reyes, Jr., General Manager				
Hannielynn F. Tucay, Treasurer & CFO				
Dodjie D. Lagazo, Corporate Secretary				
John Philip S. Orbeta, CHRO, CRO, CAO				
Estimate	2024	-	-	600,000
All Other Officers and Directors as a Group (Total Compensation)				
Estimate	2024	107,778,806	45,793,000	11,812,886-

Compensation of Directors

The incumbent non-independent directors do not receive allowances, per diem, or bonuses. The incumbent independent directors are entitled to receive Php50,000 per Board meeting attended, and Php10,000 per Committee meeting attended. As of 31 December 2023, the independent directors received the following amounts (net of taxes) as per diem for the meetings attended during the year 2023:

Ma. Aurora Geotina-Garica	Php290,000.00
Alberto A. Lim	Php260,000.00
Mario Antonio V. Paner	Php260,000.00
Melinda L. Ocampo	Php300,000.00

Total per diem for each independent director in 2024 is estimated at Php300,000.00.

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 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 15 March 2024, none of the Company's directors and executive officers hold any warrants or options in the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

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

i. Security ownership of certain record and beneficial owners (of more than 5%) as of 15 March 2024:

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 (“PDTC”) ³ 29 th Floor, BDO Equitable Tower, 8751 Paseo de Roxas Street, Makati City Stockholder		Filipino	183,334,484 ^a	73.33% ^a
			Foreign	736,770	0.29%
Common	ACEN CORPORATION ⁴ 35 th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226 Stockholder	ACEN, which is also the record owner. Mr. Cezar P. Consing, the Vice-Chairman of ACEN, or in case of his unavailability, Mr. John Eric T. Francia, the Chairman of the Company, is the person appointed to exercise voting power.	Filipino	62,965,755 126,838,680 ^b	75.92%

^a Includes 126,838,680 shares owned by ACEN

^b Lodged with PDTC

³ Philippine Depository and Trust Corporation 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 retail 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 15 March 2024, the principal stockholders of ACEN are AC Energy and Infrastructure Corporation, PDTC, and Arran Investment Pte Ltd.

ii. Security Ownership of Directors and Management (Officers) as of 15 March 2024 (table on next page):

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	Maria Corazon G. Dizon	Filipino	1	Direct	0.00%
Common	Roman Miguel G. de Jesus	Filipino	1	Direct	0.00%
Common	Hannielynn F. Tucay	Filipino	1	Direct	0.00%
Common	Alberto M. de Larrazabal	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	Melinda L. Ocampo	Filipino	1	Direct	0.00%
Common	John Philip S. Orbeta	Filipino	0	N/A	0.00%
Common	Raymundo A. Reyes, Jr.	Filipino	35,428	Indirect	0.01%
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%
Common	Kyla Kamilie U. Samson	Filipino	0	N/A	0.00%
TOTAL			43,929		0.01%

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

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.

Changes in Control

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

Item 12. 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 2022 and 31 December 2021, 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, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses and management service agreements.

The transactions and balances of accounts as at and for year ended 31 December 2023 and as of 31 December 2022, with related parties are as follows:

As at and for the Year Ended December 31, 2023						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Intermediate Parent Company						
ACEIC						
Accounts payable and other current liabilities - Due to related parties	₱-	Advances	₱-	₱58,200	Due and demandable, noninterest bearing	Unsecured
ACEN						
Short-term loans	23,000,000	Short-term loans	-	150,000,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	2,651,147	Management and professional fees	-	13,327,501	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	-	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	-	Management and professional fees charged to a Consortium Partner	-	5,100,000	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	416,177	Advances	-	18,225,626	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	9,805,028	Interest expense on short-term loans	-	14,335,453	Interest-bearing	Unsecured
Entities Under Common Control						
ACE Shared Services, Inc. (ACES)						
Accounts payable and other current liabilities - Due to related parties	1,252,598	Management fees	-	247,835	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	2,860,074	Contracted services	-	2,358,258	Due and demandable, noninterest bearing	Unsecured
Bulacan Power Generation Corporation (BPGC)						
Accounts payable and other current liabilities - Due to related parties	-	Advances	-	4,000,000	Due and demandable,	Unsecured

As at and for the Year Ended December 31, 2023

Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
					noninterest bearing	
ACEN International, Inc. (ACEN International)						
Short-term loans	5,300,000	Short-term loans	–	5,300,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	151,567	Interest expense on short-term loans	–	151,567	Interest-bearing	Unsecured

As at and for the Year Ended December 31, 2022

Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Intermediate Parent Company						
ACEIC						
Accounts payable and other current liabilities - Due to related parties	P67,200	Advances	P–	P58,200	Due and demandable, noninterest bearing	Unsecured
ACEN						
Short-term loans	127,000,000	Short-term loans	–	127,000,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	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	–	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	–	Management and professional fees charged to a Consortium Partner	–	5,100,000	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	5,264,988	Advances	–	17,809,449	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities - Due to related parties	5,329,912	Interest expense on short-term loans	–	4,530,425	Interest-bearing	Unsecured
Entities Under Common Control						
ACES						
Accounts payable and other current liabilities - Due to related parties	29,890	Other expenses	–	29,890	Due and demandable, noninterest bearing	Unsecured
BPGC						
Accounts payable and other current liabilities - Due to related parties	4,000,000	Advances	–	4,000,000	Due and demandable, noninterest bearing	Unsecured
Joint venture						
BCEI						
Subscription payable	23,436,960	Subscription payable	–	23,436,960	Due and demandable, noninterest bearing	Unsecured

AC Energy and Infrastructure Corporation (“ACEIC”)

AC Energy and Infrastructure Corporation provided advances to Palawan55 in 2022 amounting to Php0.06 million pertaining to payment for management fee.

ACEN

Payables to ACEN as at December 31, 2023 consist of advances received by ENEX to cover management and professional fees as well as interest expense on short-term loans and compensation for officers and other various expenses.

Short-term Loans

On 10 December 2021, the ENEX BOD approved the availment of a short-term loan from ACEN of up to Php150.00 million to fund the initial subscription by ENEX to shares in BCEI and authorized ENEX to secure bank loans in an aggregate amount of up to Php150.00 million to be guaranteed by ACEN, subject to the payment of a guarantee fee. On 13 December 2021, the ACEN BOD approved the short-term loan up to Php150.00 million in favor of ENEX.

The first loan drawdown amounting to Php127.00 million is subjected to 3.875% per annum, payable on or before 10 November 2022. On 11 November 2022, the extension of the loan was granted. The loan was then made subject to an interest rate of 7.2954% per annum payable on or before 10 November 2023. On 11 November 2023 the loan agreement was amended to extend the maturity to 30 September 2024 and any outstanding amount is subject to interest at the rate of 8.66% per annum from its previous maturity date.

The second loan amounting to Php23.00 million is subject to interest at the rate of 5.75% per annum, payable on or before 1 February 2024. On 2 February 2024, the loan agreement with ACEN was amended to extend the maturity date to 30 September 2024 and increase the fixed interest rate to 8.10% per annum.

Interest expense related to the short-term loans amounted to Php9.81 million and Php5.32 million for the years ended 31 December 2023 and 31 December 2022.

ACE Shared Services, Inc. (“ACES”)

Payable to ACES includes management fees and contracted services.

Bulacan Power Generation Corporation (“BPGC”)

BPGC provided advances to ENEX in 2022 amounting to Php4.00 million for its operating expenses.

ACEN International, Inc. (“ACEN International”)

Short-term Loan

On 7 June 2023, ENEX’s Executive Committee approved the availment of short-term loan of up to Php6.00 million from ACEN International. As of 31 December 2023, a total of Php5.30 million was availed by ENEX to fund its working capital requirements.

The first drawdown amounted to Php1.00 million is subject to 8.203% per annum, payable on or before 5 June 2024. The second drawdown amounted to Php1.50 million is subject to 8.3899% per annum, payable on or before 1 August 2024. The third drawdown amounted to Php2.80 million is subject to an interest of 8.3628% per annum, payable on or before 26 September 2024.

On 2 February 2024, a fourth loan drawdown amounting Php0.70 million was made subject to an interest of 8.2894% per annum, with a maturity date of 1 February 2025.

Interest expense related to the short-term loans amounted to Php0.15 million for the year ended 31 December 2023.

Compensation of Key Management Personnel

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

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.

Other Information

Other information about the Company are disclosed in appropriate notes in the accompanying Audited Consolidated Financial Statements for December 31, 2023 or discussed in previously filed SEC17Q and SEC17-C reports for 2022 (refer to Item 14. Exhibits and Schedules Reports on SEC Form 17-C). Also, the Company's Definitive Information Statement (DIS) report and Annual Report (AR) document are also sources of other information about Ayala group. These documents are available at the Company's website www.enexor.com.ph.

PART IV CORPORATE GOVERNANCE AND SUSTAINABILITY

Item 13.A. Corporate Governance

For the full details and discussion, please refer to the Definitive Information Sheet and Annual Corporate Governance Report posted in the Company's Official Website www.enexor.com.ph. The detailed discussion of the Annual Corporate Governance Section was deleted as per SEC Memorandum Circular No. 5, series of 2013, issued last March 20, 2013.

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. For the fiscal year 2021, the Company submitted its I-ACGR on 30 May 2022. For the fiscal year 2022, the Company submitted its I-ACGR on 30 May 2023.

As of 31 December 2023, 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 2023 Annual Report may be accessed via <https://enexor.com.ph/2023-annual-report/>.

A copy of the Company's Annual Report for the year 2023 will be provided to stockholders of record via <https://enexor.com.ph/2023-annual-report/>.

Upon the written request of the stockholder to the Company's Corporate Secretary by hardcopy at the 35th Floor, Ayala Triangle Gardens, Tower 2, Paseo de Roxas corner Makati Avenue, Makati City or by email at corpsec.enexor@acenergy.com.ph, the Company undertakes to provide a copy of its Annual Report, free of charge.

Item 13.B. Sustainability

The Company, together with its parent, ACEN 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.

ENEX 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 its 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 efforts will be discussed further in the Annual Report to be located on <https://enexor.com.ph/2023-annual-report/>.

PART V EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Report)

(a) Exhibits - See accompanying Index to Financial Statements and Supplementary Schedules

(b) Reports on SEC Form 17-C

Aside from compliance with periodic reporting requirements, the Company promptly discloses major and market sensitive information such as dividend declarations, joint ventures and acquisitions, the sale and disposition of significant assets, and other information that may affect the decision of the investing public. The Company submitted SEC form 17-C and Press Statements to PSE, SEC on the following matters in 2023:

1st Quarter

January 9, 2023 – Attendance of Directors in the meetings for year 2022
January 9, 2023 – Clarification of news article entitled, “P60-billion Batangas power plant set to start construction in August” posted in manilastandard.net on January 8, 2023
January 13, 2023 – Public Ownership Report as of December 31, 2022
January 16, 2023 – List of Top 100 Stockholders of December 31, 2022
January 23, 2023 – Change in Stock Transfer Agent effective February 1, 2023
February 21, 2023 – Annual Certification of the Department of Energy
March 21, 2023 – Matters approved at the regular board meeting held on March 21, 2023

- Schedule, mode of conduct, and agenda of the 2023 annual stockholders’ meeting (“ASM”);
- Issuance of a Letter of Support to subsidiary Palawan55 Exploration & Production Corporation;
- The Company’s 2022 audited financial statements; and
- Re-appointment of SGV & Co. as the Company’s external auditor for 2023 and endorsement thereof to the stockholders for approval at the 2023 ASM.

March 21, 2023 – Detailed Notice and Agenda of the 2023 Annual Stockholders' Meeting
March 21, 2023 – Resignation of Michael E. Limbo as Chief Audit Executive effective 30 March 2023
March 29, 2023 – Notice of Company's Definitive Information Statement to be uploaded at <https://enexor.com.ph/2023-dis/>

2nd Quarter

April 5, 2023 – Participation of the Directors and Officers in Corporate Governance Training
April 14, 2023 – Public Ownership Report for the period ending March 31, 2023
April 17, 2023 – List of Top 100 Stockholders for the period ending March 31, 2023
April 17, 2023 – Annual Report for the fiscal year ended December 31, 2022
April 25, 2023 – Results of 2023 Annual Stockholders’ Meeting
April 25, 2023 – Results of the 2023 Organizational Meeting of the Board of Directors
April 27, 2023 – Submission of the SEC Form 23-A of Maria Corazon G. Dizon as newly elected director
April 27, 2023 – Submission of the SEC Form 23-A of Hannielynn F. Tucay as newly elected director
April 27, 2023 – Submission of the SEC Form 23-A of Roman Miguel G. de Jesus as newly elected director
May 12, 2023 – Quarterly Report for the period ending March 31, 2023
May 31, 2023 – Submission of Integrated Annual Corporate Governance Report for the fiscal year ended December 31, 2022
June 7, 2023 – Executive Committee approval of loan with ACEN International, Inc.
June 27, 2023 – Approval of force majeure declaration in relation to Service Contract No. 55

3rd Quarter

July 11, 2023 – Public Ownership Report for the period ending June 30, 2023

July 17, 2023 – List of Top 100 Stockholders for the period ending June 30, 2023

August 8, 2023 – Reply to Exchange’s Query on the Negative Stockholders’ Equity

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.

August 11, 2023 – Quarterly Report for the period ending June 30, 2023

4th Quarter

October 5, 2023 – Public Ownership Report for the period ending September 30, 2023

October 11, 2023 – List of Top 100 Stockholders for the period ending September 30, 2023

November 14, 2023 – Quarterly Report for the period ending September 30, 2023

December 5, 2023 – Approval of 18-month extension to drill under Service Contract No. 55 (“SC 55”)

December 12, 2023 – Result of the regular board meeting dated December 12, 2023

- Company’s 2024 business plan and budget

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 APR 08 2024.

ENEX ENERGY CORP.


By:



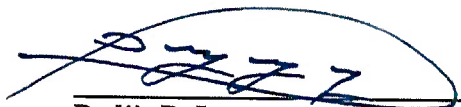
John Eric T. Francia
 Chairman of the Board



Raymundo A. Reyes Jr.
 General Manager¹



Hannelynn F. Tucay
 Treasurer and Chief Finance Officer



Dodjie D. Lagazo
 Corporate Secretary and Compliance Officer

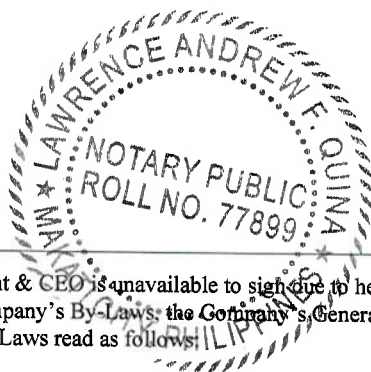



Kyla Kamille U. Samson
 Controller

SUBSCRIBED AND SWORN to before me this APR 08 2024 at Makati City, affiants exhibiting to me his/their respective passports/driver's license, to wit:

Name	Passport No.	Date of Issue:	Place of Issue:
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Raymundo A. Reyes Jr.	P6220967B	3 Feb 2021	DFA Manila
Hannelynn F. Tucay	P8273576B	24 Nov 2021	DFA Manila
Dodjie D. Lagazo	P8267298B	24 Nov 2021	DFA Manila
Kyla Kamille U. Samson	P4126250B	6 Jan 2020	DFA Manila

Doc. No. 47
 Page No. 11
 Book No. V
 Series of 2024




LAWRENCE ANDREW F. QUINA
 Notary Public for Makati City
 Appointment No. M-376 (2023-2024)
 Attorney's Roll No. 77899
 PTR No. 10079346; 1-05-2024; Makati City
 IBP No. 403596; 1-03-2024; Makati City
 35th Floor Ayala Triangle Gardens Tower 2
 Makati City, Pasco De Roxas

¹The Company's current President & CEO is unavailable to sign due to her retirement from AC. The Company's General Manager is signing this document. Section 10 of the Company's By-Laws read as follows:

Section 10. THE GENERAL MANAGER. The General Manager shall exercise direct and active management of the business and operations of the Corporation; execute and implement the orders, resolution and policies of the Board of Directors; submit such reports, memoranda, accounts and data which may be required of him by the President or the Board of Directors; and, in general, exercise such power and perform such duties as may be incidental to his officer of the management of the Corporation.

Report of the Audit Committee to the Board of Directors For the Year Ended 31 December 2023

The Board-approved Audit Committee (“the Committee”) Charter defines the duties and responsibilities of the Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company’s financial statements and the financial reporting process;
- Appointment, remuneration, qualification, independence and performance of the external auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company’s compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

- All the Audit Committee members are non-executive directors with the necessary qualifications, skills, and knowledge to perform their duties. Majority of the members including the Chairman of the Committee are independent directors;
- We had four (4) regular meetings, one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee, and one (1) executive session with the external auditors and the internal auditors;
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company’s 2023 external auditors and the related audit fee;
- We reviewed and discussed the quarterly unaudited and the annual audited parent and consolidated financial statements of ENEX Energy Corp. and Subsidiary, including the Management’s Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
 - ❖ Management has the primary responsibility for the financial statements and the financial reporting process; and
 - ❖ SGV & Co. is responsible for expressing an opinion on the conformity of the ENEX Energy Corp.’s audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.
- We approved the overall scope and the respective audit plans of the Company’s internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company’s internal controls, and the overall quality of the financial reporting process including their management letter of comments;
- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit department as well as SGV & Co. as a result of their audit activities, the Committee assessed

that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

- We reviewed and approved the changes to the Policy on Pre-approval of Audit and Non-Audit to consider the International Ethics Standards Board for Accountants independence provisions for external auditors of publicly listed companies on non-assurance services. We also approved the pre-concurrence process and the list of non-audit services which the external auditors maybe engaged to ensure independence risk is manageable;
- We reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to ENEX and the related fees. We also assessed the compatibility of the non-audit services with the auditors' independence to ensure that such services will not impair their independence;
- We reviewed and approved the changes in the Audit Committee Charter to ensure that it is updated and aligned with regulatory requirements;
- We reviewed and approved the ACEN Group Internal Audit issue and report rating framework to align with the ACEN Group's Enterprise Risk Management Policy and to streamline the process;
- We evaluated the performance of the acting Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and
- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

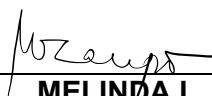
Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2023 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as ENEX Energy Corp.'s external auditors and the related audit fee for 2024 based on their performance and qualifications.

29 February 2024

Signed by:



**MA. AURORA D.
GEOTINA-GARCIA**
Chairperson



**MELINDA L.
OCAMPO**
Member



**ALBERTO M. DE
LARRAZABAL**
Member

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

- I. 2023 Consolidated Financial Statements of Registrant
 1. Statement of Management's Responsibility for Financial Statements
 2. ENEX Energy Corp. and Subsidiary Consolidated Financial Statements
As of December 31, 2023 and 2022 and Years Ended December 31, 2023, 2022 and 2021
and Independent Auditor's Report
- II. Supplementary Schedules
 1. Independent Auditor's Opinion on Supplementary Schedules
 2. Supplementary Schedules Details
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
 - C. Principal Stockholders (Other than Related Parties)
 - D. Accounts Receivable from Related Parties which are eliminated during the
 - E. consolidation of financial statements
 - F. Long-Term Debt
 - G. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
 - H. Guarantees of Securities of Other Issuers*
 - I. Capital Stock
 - J. Schedule of Retained Earnings Available for Dividend Declaration**
 - K. Map of Relationships of the Companies within the Group
 - L. Financial Soundness Indicators
- III. 2023 Parent Company Financial Statements (with BIR ITR Filing Reference)

I. 2023 Consolidated Financial Statements of Registrant

ENEX ENERGY CORP. AND SUBSIDIARY
Financial Highlights

	2023	2022	2021
Current Assets	7,590,325	13,487,336	23,244,569
Total Assets	142,881,115	182,379,937	79,370,513
Current Liabilities	255,468,139	243,346,828	66,594,341
Total Liabilities	255,468,139	243,346,828	66,594,341
Total Equity (Capital Deficiency)	(112,587,024)	(60,966,891)	12,776,172
Total Revenues	—	—	—
Net Loss	51,620,133	73,743,063	40,190,959
Earnings (loss) Per Share	(0.206)	(0.296)	(0.151)
Current Ratio	0.03:1	0.06:1	0.35:1
Acid Test Ratio	0.03:1	0.06:1	0.35:1
Debt/Equity Ratio	(2.27:1)	(3.99:1)	5.21:1
Asset-to-Equity Ratio	(1.27:1)	(2.99:1)	6.21:1
Return on Equity	N/A	N/A	N/A
Return on Assets	N/A	N/A	N/A

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

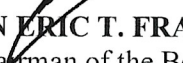
The management of **ENEX Energy Corp. and Subsidiary** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, 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.

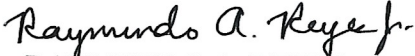
In preparing the financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease 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


RAYMUNDO A. REYES, JR.
General Manager¹


HANNIELYNN F. TUCAY
Treasurer and Chief Financial Officer

Signed this 7th day of March 2024

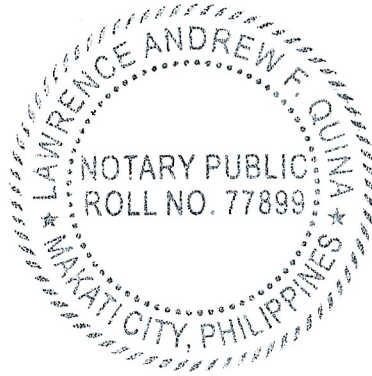
¹ The Company's current President & CEO is unavailable to sign due to her retirement from the AC Energy Group. Pursuant to Article VI, Section 10 of the Company's By-Laws, the Company's General Manager is signing this document. Article VI, Section 10 of the Company's By-Laws reads as follows:

Section 10. THE GENERAL MANAGER. The General Manager shall exercise direct and active management of the business and operations of the Corporation; execute and implement the orders, resolution and policies of the Board of Directors; submit such reports, memoranda, accounts and data which may be required of him by the President or the Board of Directors; and, in general, exercise such power and perform such duties as may be incidental to his officer of the management of the Corporation.

SUBSCRIBED AND SWORN to before me this MAR 25 2024 affiant(s) exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Raymundo A. Reyes, Jr.	P6220967B	3 Feb 2021	DFA Manila
Hannielynn F. Tucay	P8273576B	24 Nov 2021	DFA Manila

Doc. No. 446
Page No. 101
Book No. IV
Series of 2024



LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; 1-05-2024; Makati City
IBP No. 403596; 1-05-2024; Makati City
35th Floor Ayala Triangle Gardens Tower 2
Makati Avenue corner Paseo De Roxas
Makati City

Notarial DST pursuant to Sec. 61
of the TRAIN Act (amending
Sec. 188 of the NIRC)
affixed on Notary Public's copy.

[Jurat – Statement of Management’s Responsibility for Consolidated Financial Statements]

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ENEX Energy Corp.
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

Opinion

We have audited the consolidated financial statements of ENEX Energy Corp. and its subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, 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, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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, 2023, the carrying value of the Group's deferred exploration costs amounted to ₱54,349,977. These deferred exploration costs pertain to the Group's participating interests in oil and gas service contracts (SC), which provide for certain minimum work and expenditure obligations and the 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 the carrying amounts exceed the recoverable amounts. The ability of the Group to recover its deferred exploration costs would depend on the commercial viability of the project. 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 about deferred exploration costs are included 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 inspected the summary of the status of each exploration project as of December 31, 2023, as certified by the Group's technical group head, and compared it with the disclosures submitted to regulatory agencies. We inspected 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 also inquired about the existing concession areas that are expected to be abandoned or where any exploration activities are planned to be discontinued.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. 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

Partner

CPA Certificate No. 111562

Tax Identification No. 242-917-987

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 7, 2024



ENEX ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 4 and 14)	₱7,538,325	₱13,435,336
Receivables (Notes 5 and 14)	27,601	27,601
Other current assets	24,399	24,399
Total Current Assets	7,590,325	13,487,336
Noncurrent Assets		
Investment in a joint venture (Notes 6 and 9)	80,809,131	111,452,351
Deferred exploration costs (Note 7)	54,349,977	57,150,549
Property and equipment	131,682	289,701
Total Noncurrent Assets	135,290,790	168,892,601
TOTAL ASSETS	₱142,881,115	₱182,379,937
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Accounts payable and other current liabilities (Note 8)	₱100,168,139	₱92,909,868
Short-term loans (Note 9)	155,300,000	127,000,000
Subscription payable (Notes 6, 8 and 9)	–	23,436,960
Total Liabilities	255,468,139	243,346,828
Equity		
Attributable to Equity Holders of the Parent Company:		
Capital stock (Note 10)	250,000,001	250,000,001
Deficit	(358,153,764)	(306,529,127)
	(108,153,763)	(56,529,126)
Non-controlling interest (Note 13)	(4,433,261)	(4,437,765)
Total Capital Deficiency	(112,587,024)	(60,966,891)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	₱142,881,115	₱182,379,937

See accompanying Notes to Consolidated Financial Statements.



ENEX ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
EXPENSES			
Management and professional fees	₱10,596,355	₱23,744,366	₱11,829,068
Training fund contribution	3,334,038	–	–
Taxes, registration and license fees	611,306	4,758,109	4,255,429
Advertising and promotion	280,560	773,141	7,200
Rent	236,821	221,484	210,415
Depreciation	158,019	159,256	170,232
Communication	17,625	26,643	2,426
Transportation	–	102,275	–
Insurance	–	68,235	60,884
Meetings	–	1,476	60,000
Provision for probable losses (Note 7)	–	–	23,963,291
Others	248,188	913,090	243,991
	15,482,912	30,768,075	40,802,936
OTHER CHARGES (INCOME) - NET			
Equity in net loss of a joint venture (Note 6)	30,643,220	38,767,649	–
Interest expense (Note 9)	9,956,595	5,329,912	–
Foreign exchange loss (gain) - net	99,286	(1,113,160)	(593,657)
Interest income (Note 4)	(5,859)	(9,413)	(18,320)
Other income (Note 8)	(4,559,775)	–	–
	36,133,467	42,974,988	(611,977)
LOSS BEFORE INCOME TAX	51,616,379	73,743,063	40,190,959
PROVISION FOR INCOME TAX (Note 11)	3,754	–	–
NET LOSS	51,620,133	73,743,063	40,190,959
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE LOSS	₱51,620,133	₱73,743,063	₱40,190,959
Total Comprehensive Loss (Income) Attributable to:			
Equity holders of the Parent Company	₱51,624,637	₱73,935,435	₱37,784,806
Non-controlling interest (Note 13)	(4,504)	(192,372)	2,406,153
	₱51,620,133	₱73,743,063	₱40,190,959
Basic/Diluted Loss Per Share (Note 12)	₱0.206	₱0.296	₱0.151

See accompanying Notes to Consolidated Financial Statements.



ENEX ENERGY CORP. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	Attributable to Equity Holders of the Parent Company			Non-controlling	Total
	Capital Stock (Note 10)	Deficit	Total	Interest (Note 13)	Equity (Capital Deficiency)
BALANCES AT JANUARY 1, 2021	₱250,000,001	(₱194,808,886)	₱55,191,115	(₱2,223,984)	₱52,967,131
Total comprehensive 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
Total comprehensive (loss) income for the year	–	(73,935,435)	(73,935,435)	192,372	(73,743,063)
BALANCES AT DECEMBER 31, 2022	₱250,000,001	(₱306,529,127)	(₱56,529,126)	(₱4,437,765)	(₱60,966,891)
Total comprehensive (loss) income for the year	–	(51,624,637)	(51,624,637)	4,504	(51,620,133)
BALANCES AT DECEMBER 31, 2023	₱250,000,001	(₱358,153,764)	(₱108,153,763)	(₱4,433,261)	(₱112,587,024)

See accompanying Notes to Consolidated Financial Statements.



ENEX ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(₱51,616,379)	(₱73,743,063)	(₱40,190,959)
Adjustments for:			
Equity in net losses of a joint venture (Note 6)	30,643,220	38,767,649	–
Interest expense (Note 9)	9,956,595	5,329,912	–
Depreciation	158,019	159,256	170,232
Unrealized foreign exchange loss (gain) - net	56,001	(737,709)	(647,076)
Interest income (Note 4)	(5,859)	(9,413)	(18,320)
Recoveries from a consortium partner reported as			
Other income (Note 8)	(4,559,775)	–	–
Provision for probable losses (Note 7)	–	–	23,963,291
Operating loss before working capital changes	(15,368,178)	(30,233,368)	(16,722,832)
Decrease in receivables	–	198,842	–
Increase (decrease) in accounts payable and other current liabilities (Note 8)	(2,524,384)	7,998,348	413,356
Cash used in operations	(17,892,562)	(22,036,178)	(16,309,476)
Interest income received	5,859	9,413	18,320
Net cash used in operating activities	(17,886,703)	(22,026,765)	(16,291,156)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of subscription of investment in a joint venture (Notes 6 and 9)	(23,436,960)	(126,783,040)	–
Additions to deferred exploration costs (Notes 7 and 8)	(54,614)	(1,473,562)	(13,094,062)
Net cash used in investing activities	(23,491,574)	(128,256,602)	(13,094,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of short-term loans (Notes 9)	28,300,000	127,000,000	–
Additions to:			
Due to related parties (Note 8 and 9)	5,643,527	9,332,188	5,004,154
Due to third party (Note 8)	1,593,740	3,655,079	19,212,701
Cash from financing activities	35,537,267	139,987,267	24,216,855
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,841,010)	(10,296,100)	(5,168,363)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(56,001)	737,709	647,076
CASH AT BEGINNING OF YEAR (Note 4)	13,435,336	22,993,727	27,515,014
CASH AT END OF YEAR (Note 4)	₱7,538,325	₱13,435,336	₱22,993,727

See accompanying Notes to Consolidated Financial Statements.



ENEX ENERGY CORP. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

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 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 57.83% owned by AC Energy and Infrastructure Corporation (ACEIC), a wholly owned subsidiary of Ayala Corporation (“AC”). AC is a publicly listed company incorporated in the Philippines, which is 47.86% owned by Mermac, Inc. (ultimate parent company), and the rest by the public.

As at March 7, 2024, ENEX and Palawan55 have not yet started commercial operations.

On March 9, 2022, ENEX’s Board of Directors (BOD) approved the amendment to the Articles of Incorporation and Bylaws 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 was approved by the BIR last December 7, 2023.

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 the Parent Company (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 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.

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 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 National Government.



On December 1, 2023, the DOE granted the request of Palawan55 to extend the deadline to drill a well under SC 55 by a period of eighteen months. Pursuant to Section 26.01 of SC 55, the DOE had earlier 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. The DOE further states that “given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three months (the five months remaining plus the eighteen-month extension) from the lifting of force majeure to drill the committed well.”

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 were 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 ₱51.62 million, ₱73.74 million and ₱40.19 million for the years ended December 31, 2023, 2022 and 2021, respectively, and has a capital deficiency amounting to ₱112.59 million and ₱60.97 million as at December 31, 2023 and 2022, respectively. The projects of the Group are at pre-development stages which contribute to the capital deficiency and raises an issue on the Group’s going concern status. In view thereof, on August 4, 2023, ENEX has submitted to the Philippine Stock Exchange, Inc. a detailed plan to address the capital deficiency (referred to as “the Plan”). To address ENEX’s capital deficiency, ENEX intends to cause the conversion of advances made to ENEX by its parent company, ACEN, and certain of the latter’s affiliates into additional equity of ENEX. The advances include the short-term loan from ACEN and its affiliate. With the conversion of these advances to additional equity, ENEX stockholders’ equity will have a positive balance as illustrated in the pro forma and indicative balance sheet appended to the submitted detailed plan. To implement the Plan, ENEX will perform, and/or caused to be performed, the following activities with relevant timetable:

Activity	Target Date
<p>1. ACEN affiliates namely ACEN International, Inc. (ACEN International), Bulacan Power Generation Corporation (BPGC), and ACES Shared Services, Inc. (ACES) (collectively the ACEN Group) to secure approval from their respective BOD to assign their receivables from ENEX to ACEN.</p> <p>ACEN International, BPGC, and ACES to enter into the relevant Deed of Assignment with ACEN.</p>	<p>BOD approval – March 2024</p>
<p>2. ENEX to obtain BOD approval for the following matters:</p> <p>a. Amendment of its Articles of Incorporation (“AOI”) to increase the authorized capital stock and create 300 million redeemable preferred shares (RPS) with par value of ₱1/share (RPS) (the “AOI Amendment”)</p>	<p>BOD approval – March 2024</p> <p>Stockholders’ approval – During the 2024 annual stockholders’ meeting (tentatively scheduled in April 2024)</p>



Activity	Target Date
<p>Subject to relevant approvals, the RPS shall have the following features:</p> <ul style="list-style-type: none"> i. Non-voting (except for matters required by law); ii. Cumulative; iii. Non-participating; iv. Redeemable at the option of the issuer at issue price; v. With preference as to liquidation; and vi. With preference as to dividend distribution, at a fixed dividend rate to be determined by the BOD at the date of the issuance of shares. <p>b. Conversion of ACEN Group’s loans and receivables into equity in ENEX and subscription by ACEN to, and the issuance to ACEN of RPS to be issued out of the newly created RPS. Consideration of the subscription will be the ACEN Group loans and receivables (for conversion), and cash, to address the negative stockholders’ equity and cover working capital.</p> <p>c. Valuation of ACEN’s advances reported by an independent external auditor, which valuation is subject to the approval of the SEC.</p> <p>ENEX shall also request for stockholders’ approval of the AOI Amendment and the issuance of shares of ACEN.</p>	<p>After obtaining BOD and stockholders’ approval of the AOI Amendment</p> <p>Within May/June 2024</p>
<p>3. ENEX to file an application with the SEC for the amendment of its AOI to increase its authorized capital stock and create RPS.</p>	<p>June 2024</p>
<p>4. ENEX to request SEC confirmation of valuation of advances.</p>	<p>June 2024</p>
<p>5. Upon SEC approval of the AOI amendment and confirmation of valuation, ENEX to convert ACEN loans and receivables into RPS and issue the corresponding shares to ACEN.</p> <p>Upon issuance of the shares, the equity of ENEX is forecasted to be positive.</p>	<p>Within 30 days from issuance of SEC approval of the AOI Amendment.</p>
<p>6. ENEX to continue to find options for de-risking its projects, namely Service Contract (SC) 55 and the proposed LNG project under Batangas Clean Energy, Inc. (BCEI) to ensure positive stockholders’ equity moving forward.</p>	<p>Ongoing activity.</p>

The consolidated financial statements were approved and authorized for issuance by the Parent Company’s BOD on March 7, 2024.



2. Summary of Material 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 amounts 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023. 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.

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 a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resulting gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

NCI represents the interest in a 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.

The consolidated financial statements comprise the Parent Company and its subsidiary Palawan55. ENEX's ownership interest in Palawan55 is 69.35%, while the remaining 30.65% is directly owned by ACEN.

The following are the highlights of significant transactions of the Parent Company and the subsidiary:

Cancellation of the Property-for-Shares Swap between ENEX and ACEN, Stock Rights Offering, Follow-On Offering, and Shelf Registration

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 ENEX in the form of a property-for-share swap.



On the same date, the ENEX 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 ENEX BOD also approved the conduct of a Stock Rights Offer (SRO) of up to 105,000,000 of ENEX'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, ENEX and ACEN signed the Deed of Assignment wherein ENEX will issue 339,076,058 shares of stock in ENEX 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 ₱100.00 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 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 property-for-share swap, ACEN's total direct and indirect interest in ENEX is expected to go up from 76.32% to 89.78%, prior to the conduct of the SRO.

On June 3, 2022, ACEN BOD approved the cancellation of the property-for-share swap and Deed of Assignment between ACEN and ENEX due to unfavorable market conditions. As a result, the Request for Confirmation of the Valuation of the Asset in exchange for the shares filed with the SEC, and the Issuance of the Certificate Authorizing Registration filed with the Bureau of Internal Revenue were withdrawn.

On the same date, ENEX's BOD also approved the cancellation of the conduct of a Stock Rights Offer of up to 105,000,000 of ENEX's shares at ₱10.00 per share; the cancellation of the issuance of up to 74,000,000 shares of the ENEX pursuant to ENEX's planned follow-on offering ("FOO") at an FOO price range of ₱10.00 to ₱11.84 per share; and the cancellation of filing by ENEX with the SEC of a registration statement covering a three-year shelf registration of up to 650,000,000 primary common shares.

Acquisition of 50% interest in BCEI

On January 14, 2022, ENEX, BCEI, and Gen X Energy L.P. executed a Shareholders' Agreement and Subscription Agreements where ENEX 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. (see Note 6).

Changes in Accounting Policies

New Standards, Interpretations and Amendments

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, 2023. Unless otherwise indicated, adoption of the new standard did not have an impact on the consolidated financial statements of 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. 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, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

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*

Summary of Material Accounting Policies

The accounting policies set below have been applied consistently to all periods presented in the Group's consolidated financial statements, unless otherwise stated.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Group classifies financial assets, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement of financial assets

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments)



- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Group's "Cash" and "Receivables".

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them 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) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



All financial liabilities are recognized initially at fair value, except for loans and borrowings, and payables that are recognized net of directly attributable transaction costs.

As at December 31, 2023, the Group's financial liabilities pertain to "Accounts payable and other current liabilities" and "Short-term loan".

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest and other financing charges in the consolidated statement of income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has 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 income.

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 (SCs) are considered joint operations.

Investments in Joint Venture

The Group's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share in the net assets of the joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is collectively assessed for impairment.



The consolidated statements of income reflect the Group's share of the results of pre-operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The consolidated financial statements include additional information about joint venture that is material to the Group (see Note 6). Management determined material joint ventures as those joint ventures where the Group's carrying amount of investments is greater than 5% of the total investments and advances in joint ventures as at the end of the period.

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.

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*.

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.

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 and measured at the fair value of consideration paid or payable.

Training fund obligations paid to the DOE for SC 55 are reported under expenses in the statements of comprehensive income.

Income Taxes

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.

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.

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.

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.



3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those estimates to change. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated taking into consideration the Group's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement

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

Determining and Classifying a Joint Arrangement

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - o The legal form of the separate vehicle
 - o The terms of the contractual arrangement
 - o Other facts and circumstances (when relevant)

This assessment often requires significant judgment, and a different conclusion on joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. As at December 31, 2023 and 2022, the Group's SCs are assessed as joint arrangements in the form of joint operations (see Note 7).

Investment in a joint venture

The Group's investments in joint ventures are structured in separate incorporated entities. The investment in BCEI is accounted for as an investment in a joint venture since the fundamental business and operational matters require unanimous consent from all parties. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements (see Note 6).

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 ₱23.96 million impairment loss on its deferred exploration costs in 2021 (nil in 2022 and 2023) presented as “Provision for probable losses” under “Expenses” in the consolidated statements of comprehensive income. The carrying value of deferred exploration costs amounted to ₱54.35 million and ₱57.15 million as at December 31, 2023 and 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. 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, 2023 and 2022 amounted to ₱53.91 million and ₱40.80 million, respectively (see Note 11).

4. Cash

Cash in banks amounted to ₱7.54 million and ₱13.44 million as at December 31, 2023 and 2022, respectively. Cash in banks earn interest at the respective bank deposit rates.

Interest income on cash amounted to ₱5,859, ₱9,413 and ₱18,320 in 2023, 2022 and 2021, respectively.

5. Receivables

This account consists of the following:

	2023	2022
Due from third party	₱20,000,000	₱20,000,000
Others	27,601	27,601
	20,027,601	20,027,601
Less allowance for credit losses	20,000,000	20,000,000
	₱27,601	₱27,601

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

6. Investment in a Joint Venture

BCEI

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 account consists of:

	2023	2022
Acquisition cost	₱150,220,000	₱150,220,000
Accumulated equity in net losses	(69,410,869)	(38,767,649)
Balance at end of year	₱80,809,131	₱111,452,351

The summarized financial information of BCEI and the reconciliation with the carrying amount of the investment in the consolidated financial statements are shown below:

Summarized Statements of Financial Position:

	2023	2022
Cash	₱19,650,193	₱47,356,728
Subscription receivable	–	46,871,323
Other current assets	21,376,176	10,065,993
Total assets	41,026,369	104,294,044
Accounts payable and other current liabilities	(2,527,645)	(4,508,880)
Total liabilities	(2,527,645)	(4,508,880)
Equity	₱38,498,724	₱99,785,164
Share in net assets	₱19,249,362	₱49,892,582
Notional goodwill	61,559,769	61,559,769
Carrying value of the investment	₱80,809,131	₱111,452,351

Summarized Statements of Comprehensive Income:

	2023	2022
Revenue	₱–	₱–
Interest income	139,340	239,585
Interest expense	–	–
Depreciation	–	–
Cost and expenses	(61,425,780)	(77,774,883)
Net loss	(61,286,440)	(77,535,298)
Other comprehensive income	–	–
Total comprehensive loss	(₱61,286,440)	(₱77,535,298)
Group's share in total comprehensive loss	(₱30,643,220)	(₱38,767,649)

7. Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	2023	2022
ENEX		
SC 6 (Northwest Palawan):		
Block A	₱23,963,291	₱23,963,291
Block B	4,892,178	4,892,178
SC 50 (Northwest Palawan)	11,719,085	11,719,085
	40,574,554	40,574,554

(Forward)



	2023	2022
Less allowance for probable losses	₱40,574,554	₱40,574,554
	-	-
Palawan55		
SC 55 (Southwest Palawan)	54,349,977	57,150,549
	₱54,349,977	₱57,150,549

Below is the rollforward analysis of the deferred exploration costs:

	2023	2022
Cost:		
Balances at beginning of year	₱97,725,103	₱96,251,541
Additions	54,614	1,473,562
Recoveries from a consortium partner (Note 8)	(2,855,186)	-
Balance at end of year	94,924,531	97,725,103
Allowance for a probable loss:		
Balances at beginning of year	40,574,554	40,574,554
Provisions	-	-
Balance at end of year	40,574,554	40,574,554
Net book value	₱54,349,977	₱57,150,549

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under the 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 a SC.

The following summarizes the status of the foregoing projects:

ENEX

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 Consortium Partners approved and the Operator, Philodrill Corporation (Philodrill), submitted to the DOE the proposed 2019 SC 6A Work Program and Budget amounting to US\$0.31 million composed of geological and geophysical evaluation and engineering projects. The same was approved by the DOE on January 23, 2019.

ENEX 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 ENEX Executive Committee approved the Parent Company's withdrawal from the SC 6 Block A Consortium. SC 6A did not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to ₱23.96 million. 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.

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.

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.

Block B

On February 20, 2017, ENEX 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.

In 2017, the Parent Company 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 has expired in February 2024.

b. SC 50 (Northwest Palawan)

In 2013, ENEX negotiated with Frontier Energy Limited ("Frontier Energy"), the Operator, regarding a Farm-in Agreement that would provide for the Parent Company'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 Parent Company 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.

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 Consortium 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 SC 55 payable to the DOE amounting to ₱3.49 million.

On August 9, 2019, the SC 55 Consortium formally notified the DOE that the project 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 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 SC 55 was on force majeure.

On December 22, 2021, the SC 55 Consortium submitted an updated CINCO-1 Drilling Proposal to the DOE. The DOE has approved the Consortium's CINCO-1 Drilling Proposal, Oil Spill Contingency Plan, and Health, Safety and Environmental Management Plan on March 4, 2022.

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.

On June 7, 2023, the DOE 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 National Government.

On December 1, 2023, the DOE granted the request of the Palawan55 to extend the deadline to drill a well under SC 55 by a period of eighteen (18) months. Pursuant to Section 26.01 of SC 55, the DOE had earlier 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. The DOE further states that "given that SC 55 is currently still on force majeure, Palawan55 shall have a total of 23 months (the five months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well."

ENEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.

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

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



8. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accrued expenses and other payables	₱1,300,091	₱3,404,046
Due to:		
Related parties (Note 9)	70,044,440	54,444,318
Third party	28,733,133	32,714,935
Withholding taxes	90,475	2,346,569
	₱100,168,139	₱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. This also includes accrual for training obligations for SC 55 payable to the DOE.

Accounts payable consists of trade payables to suppliers and service providers which are non-interest 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. During the year, ₱8.64 million were recovered from a consortium partner, of which ₱4.56 million was reported as Other income, while ₱2.86 million was charged against capitalized deferred exploration cost (see Note 7).

9. Related Party Transactions

Parties are 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.

Except as otherwise stated, outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses and management service agreements.

The balances and transactions of accounts as at and for the years ended December 31, 2023 and 2022 with related parties are as follows:

Company	Amount/ Volume	Nature	December 31, 2023		Terms	Conditions
			Outstanding Balance			
			Receivable	Payable		
<i>Intermediate Parent Company</i>						
ACEIC						
Accounts payable and other current liabilities (see Note 8)	₱-	Advances	₱-	₱58,200	Due and demandable, noninterest-bearing	Unsecured
ACEN						
Short-term loans	23,000,000	Short-term loans	-	150,000,000	Interest-bearing	Unsecured

(Forward)



December 31, 2023						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Accounts payable and other current liabilities (see Note 8)	₱2,651,147	Management and professional fees	₱-	₱13,327,501	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (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 (see Note 8)		- Management and professional fees charged to a Consortium Partner	-	5,100,000	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	416,177	Advances	-	18,225,626	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	9,805,028	Interest expense on short-term loans	-	14,335,453	Noninterest bearing	Unsecured
Entities Under Common Control						
ACES						
Accounts payable and other current liabilities (see Note 8)	1,252,598	Management fees	-	247,835	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	2,860,074	Contracted services	-	2,358,258	Due and demandable, noninterest bearing	Unsecured
BPGC						
Accounts payable and other current liabilities (see Note 8)		- Advances	-	4,000,000	Due and demandable, noninterest bearing	Unsecured
ACEN International						
Short-term loans	5,300,000	Short-term loans	-	5,300,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	151,567	Interest expense on short-term loans	-	151,567	Noninterest bearing	Unsecured

As at and for the Year Ended December 31, 2022						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Intermediate Parent Company						
ACEIC						
Accounts payable and other current liabilities (see Note 8)	₱67,200	Advances	₱-	₱58,200	Due and demandable non-interest bearing	Unsecured
ACEN						
Short-term loans	127,000,000	Short-term loans	-	127,000,000	Interest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	9,680,416	Management and professional fees	-	10,676,354	Due and demandable, non-interest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)		- Management and professional fees capitalized as deferred exploration cost	-	12,240,000	Due and demandable, non-interest bearing	Unsecured

(Forward)



As at and for the Year Ended December 31, 2022						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Accounts payable and other current liabilities (see Note 8)	₱-	Management and professional fees charged to consortium partner	₱-	₱5,100,000	Due and demandable, non-interest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	5,264,988	Advances	-	17,809,449	Due and demandable, non-interest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	5,329,912	Interest expense on short-term loans	-	4,530,425	Interest-bearing	Unsecured
Entities Under Common Control						
ACES						
Accounts payable and other current liabilities (see Note 8)	29,890	Other Expenses	-	29,890	Due and demandable non-interest bearing	Unsecured
BPGC						
Accounts payable and other current liabilities (see Note 8)	4,000,000	Advances	-	4,000,000	Due and demandable, non-interest bearing	Unsecured
Joint venture						
BCEI						
Subscription payable (see Note 6)	23,436,960	Subscription payable		23,436,960	Due and demandable, non-interest 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 December 31, 2023 comprise of advances received by ENEX to cover for management and professional fees as well as interest expense on short-term loans and compensation for officers and other various expenses.

Short-term Loans

On December 10, 2021, the ENEX BOD approved the availment of a short-term loan from ACEN of up to ₱150.00 million to fund the initial subscription by ENEX to shares in BCEI and authorized ENEX to secure bank loans in an aggregate amount of up to ₱150.00 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 ₱150.00 million in favor of ENEX.

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. On November 11, 2023 the loan agreement was amended to extend the maturity to September 30, 2024 and any outstanding amount is subject to 8.66% per annum from its previous maturity date.

The second loan amounting to ₱23.00 million is subject to 5.75% per annum, payable on or before February 1, 2024. On February 2, 2024, the loan agreement with ACEN was amended to extend the maturity date to September 30, 2024 and increase the fixed interest rate to 8.10% per annum.

Interest expense related to the short-term loans amounted to ₱9.81 million and ₱5.32 million for the years ended December 31, 2023 and 2022.



ACES

Payable to ACES includes management fees and contracted services.

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 December 31, 2023, a total of ₱5.30 million was 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. The third drawdown amounted to ₱2.80 million is subject to 8.3628% per annum, payable on or before September 26, 2024.

On February 2, 2024, a fourth loan drawdown amounting ₱0.70 million was made subject to 8.2894% per annum, with a maturity date of February 1, 2025.

Interest expense related to the short-term loans amounted to ₱0.15 million for the year ended December 31, 2023.

Compensation of Key Management Personnel

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

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, 2023 and 2022:

	2023	2022
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, 2023 and 2022 are held by 2,893 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 in 2023 and 2022.

11. Income Taxes

The reconciliation of the Group's provision for (benefit from) income tax using the statutory tax rate is as follows:

	2023	2022	2021
Benefit from income tax at statutory rate	(P12,904,094)	(P18,435,765)	(P10,047,740)
Tax effects of:			
Movement in temporary differences, NOLCO for which no deferred income tax assets were recognized	5,246,758	8,732,700	9,891,593
Equity in net loss of a joint venture	7,660,805	9,691,912	-
Nondeductible expenses	1,750	13,750	161,769
Interest income subject to final tax	(1,465)	(2,597)	(5,622)
	P3,754	P-	P-

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.

	2023	2022
NOLCO	P155,052,772	P103,381,534
Provisions for:		
Credit losses (Note 5)	20,000,000	20,000,000
Probable losses (Note 7)	40,574,554	40,574,554
Unrealized foreign exchange gain	-	(737,709)
	215,627,326	P163,218,379
Unrecognized deferred income tax asset	P53,906,832	P40,804,595



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
2020	2021-2025	₱13,595,875	₱-	₱-	₱-	13,595,875
2021	2022-2026	16,891,327	-	-	-	16,891,327
2022	2023-2025	72,894,332	-	-	-	72,894,332
2023	2024-2026	51,671,238	-	-	-	51,671,238
		₱155,052,772	₱-	₱-	₱-	₱155,052,772

*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.

12. Basic/Diluted Loss Per Share

Basic/diluted loss per share is computed as follows:

	2023	2022	2021
(a) Net loss attributable to equity holders of the Parent Company	₱51,624,637	₱73,935,435	₱37,784,806
(b) Weighted average number of common shares outstanding	250,000,001	250,000,001	250,000,001
Basic/diluted loss per share (a/b)	₱0.206	₱0.296	₱0.151

As at December 31, 2023, 2022 and 2021, 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:

	2023	2022
Equity interest held by NCI	30.65%	30.65%
Accumulated balances of NCI	(₱4,433,261)	(₱4,437,765)
Net income allocated to NCI	4,504	192,372

The summarized financial information of Palawan55 is provided below.

Statements of Comprehensive Income

	2023	2022	2021
Other income	₱4,481,405	₱796,563	₱131,546
Expenses	4,465,045	168,901	7,982,225
Total comprehensive income (loss)	₱16,360	₱627,662	(₱7,850,679)
Total comprehensive income (loss) attributable to NCI	₱4,504	₱192,372	(₱2,406,153)



Statements of Financial Position

	2023	2022
Total current assets	₱6,927,010	₱8,907,153
Total noncurrent assets	54,349,977	57,150,549
Total current liabilities	(75,741,620)	(80,538,450)
Total capital deficiency	(₱14,464,633)	(₱14,480,748)
Attributable to equity holders of the Parent Company	(₱10,031,372)	(₱10,042,963)
Non-controlling interest	(₱4,433,261)	(₱4,437,785)

Cash Flow Information

	2023	2022	2021
Net cash flows provided by (used in):			
Operating activities	(₱1,925,553)	₱5,735,570	₱13,232,813
Investing activities	(54,614)	(1,473,562)	(12,368,644)
Financing activity	-	(3,500,000)	-

There were no dividends paid to NCI in 2023, 2022 and 2021.

14. Financial Assets and Financial Liabilities

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:

	2023	2022
Cash	₱7,538,325	₱13,435,336
Receivables	27,601	27,601
	₱7,565,926	₱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.

	December 31, 2023 and 2022					
	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	₱-	₱-	₱-	₱-	₱20,000,000	₱20,000,000
Others	-	-	-	27,601	-	27,601
	₱-	₱-	₱-	₱27,601	₱20,000,000	₱20,027,601

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 in banks, receivables, accounts payable and other liabilities, and short-term loans approximate their fair values due to short-term nature of these instruments.

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 year 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 2023, 2022 and 2021 were at ₱0.05 million, ₱1.47 million and ₱13.09 million, respectively.

As at March 7, 2024, the Group has not started commercial operations yet and has no revenue or gross profit. The total assets of the segment of ₱142.88 million and ₱182.38 million and liabilities amounting to ₱255.47 million and ₱243.35 million as at December 31, 2023 and 2022, respectively, are the same as that reported in the consolidated statements of financial position.



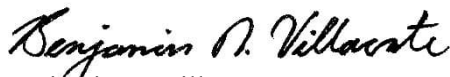
II. 2023 Supplementary Schedules

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
ENEX Energy Corp.
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 ENEX Energy Corp. and its subsidiary (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 7, 2024. 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 Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



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

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 7, 2024

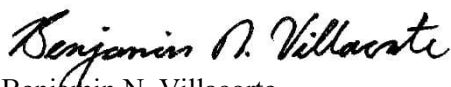


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
ENEX Energy Corp.
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 ENEX Energy Corp. and its subsidiary (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 7, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule 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 (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



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

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 7, 2024



ENEX ENERGY CORP. AND SUBSIDIARY
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

	<u>Page No.</u>
Consolidated Financial Statements	
Statement of Management’s Responsibility for Consolidated Financial Statements	Exhibit A
Report of Independent Public Accountants	Exhibit A
Consolidated Statements of Financial Position as at December 31, 2023 and 2022	Exhibit A
Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021	Exhibit A
Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2022 and 2021	Exhibit A
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	Exhibit A
Notes to Consolidated Financial Statements	Exhibit A
 Supplementary Schedules	
Report of Independent Public Accountants on Supplementary Schedules	
A. Financial Assets	Attachment I
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)*	Not Applicable
C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements	Attachment I
D. Long-Term Debt*	Not Applicable
E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)*	Not Applicable
F. Guarantees of Securities of Other Issuers*	Not Applicable
G. Capital Stock	Attachment I
Schedule of Retained Earnings Available for Dividend Declaration**	Attachment II
Map of Relationships of the Companies within the Group	Attachment III
Financial Soundness Indicators	Attachment IV
<i>* 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.</i>	
<i>** The Company is in a deficit position and has not started commercial operations as presented and disclosed in the financial statements.</i>	

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY

Schedule A. Financial Assets

December 31, 2023

Name of Issuing Entity and Association of each Issue	Amount Shown in the Balance Sheet	Income Received and Accrued
Loans and Receivables:		
Cash	₱7,538,325	₱5,859
Receivables	27,601	-
	₱7,565,926	₱5,859

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023**

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, 2023 equal to or above the established threshold of the Rule.

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY

**Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2023**

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			
<i>Subsidiary</i>							
Palawan55 Exploration and Petroleum Corporation	₱13,437,39	₱-	₱-	₱-	₱13,437,398	₱-	₱13,437,398
	₱13,437,39	₱-	₱-	₱-	₱13,437,398	₱-	₱13,437,398

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY
Schedule D. Long-Term Debt
December 31, 2023

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, 2023.

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Balance at End of Period
--------------------------------	--------------------------------	--------------------------

Not Applicable: The Group has no amounts long-term loans from related parties as at December 31, 2023 equal to or above the established threshold of the Rule.

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2023

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, 2023.				

ATTACHMENT I

ENEX ENERGY CORP. AND SUBSIDIARY
Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Deductions		
				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

ENEX ENERGY CORP.

RECONCILIATION OF RETAINED EARNINGS (DEFICIT)

AVAILABLE FOR DIVIDEND DECLARATION*

December 31, 2023

Unappropriated Retained Earnings (Deficit), beginning of the reporting period	(₱250,786,878)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings appropriation	-
Effect of reinstatements or prior-period adjustments	-
Others	-
	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of reinstatements or prior-period adjustments	-
Others	-
	-
Unappropriated Retained Earnings (Deficit), as adjusted	(250,786,878)
Add/Less: Net income (loss) for the current year	(20,989,542)
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate / joint venture, net of dividends declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	-
Unrealized fair value gain of Investment Property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Subtotal	-
Add: Category C.2 Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	-
Realized fair value gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Subtotal	-
Add: Category C.3 Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-
Subtotal	-
Adjusted Net Income / Loss	(20,989,542)
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Subtotal	-

(Forward)

Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP

Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
Subtotal	<u>—</u> ₱—

Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution

Net movement of the treasury shares (except for reacquisition of redeemable shares)	—
Net movement of the deferred tax asset not considered in reconciling items under previous categories	—
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others	—
Subtotal	<u>—</u>

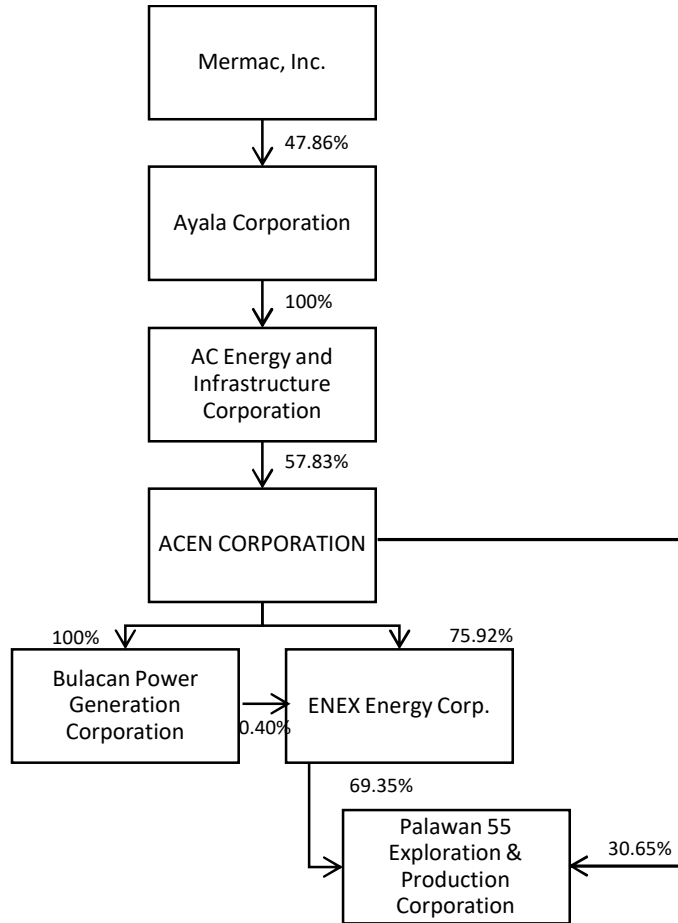
Total Retained Earnings (Deficit), end of the reporting period available for dividend **(₱271,776,420)**

**The Company is in a deficit position and has not started commercial operations as presented and disclosed in the financial statements.*

ATTACHMENT III

ENEX ENERGY CORP. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023



ATTACHMENT IV

**ENEX ENERGY CORP. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

Financial Soundness Indicators

Key Performance Indicator	Formula	Dec 2023	Dec 2022	Increase (Decrease)	
				Amount	%
Liquidity Ratios Current Ratio	Current assets	0.03	0.06	(0.03)	(50%)
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	0.03	0.06	(0.03)	(50%)
	Current liabilities				
Solvency Ratios Debt-to-equity ratio	Total liabilities	(2.27)	(3.99)	1.72	(43%)
	Total equity				
Asset-to-equity ratio	Total assets	(1.27)	(2.99)	1.72	(58%)
	Total equity				
Net bank Debt to Equity Ratio	Short & long-term loans - Cash & Cash Equivalents	N/A	N/A	N/A	N/A
	Total Equity				
Profitability Return on equity	Net income after tax	N/A	N/A	N/A	N/A
	Average stockholders' equity				
Return on assets	Net income after taxes	N/A	N/A	N/A	N/A
	Average total assets				
Asset turnover	Revenues	N/A	N/A	N/A	N/A
	Average total assets				

III. 2023 Parent Company Financial Statements

(with BIR ITR Filing Reference)

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 004-500-964-000
Name	: ENEX ENERGY CORP.
RDO	: 050
Form Type	: 1702
Reference No.	: 462400059043192
Amount Payable (Over Remittance)	: 0.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/09/2024
Tax Type	: IT

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Girle Caldit

From: eafs@bir.gov.ph
Sent: Wednesday, April 10, 2024 8:52 PM
To: Enexor PH Finance
Cc: Enexor PH Finance
Subject: Your BIR AFS eSubmission uploads were received

CAUTION: External Sender Please do not click links or open attachments unless you recognize the source of this email and know the content is safe.

Hi ACE ENEXOR, INC.,

Valid files

- EAFS004500964RPTY122023.pdf
- EAFS004500964ITRTY122023.pdf
- EAFS004500964AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-421V43N209KE9HJ8PSSPX3S40MSMSPYT1**

Submission Date/Time: **Apr 10, 2024 08:51 PM**

Company TIN: **004-500-964**

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

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **ENEX Energy Corp.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

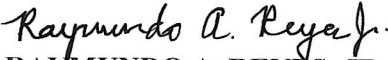
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the Stockholders or members.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed their opinion on the fairness of presentation upon completion of such audit.


JOHN ERIC T. FRANCIA
Chairman of the Board


RAYMUNDO A. REYES, JR.
General Manager¹


HANNIELYNN F. TUCAY
Treasurer and Chief Financial Officer

Signed this 7th day of March 2024

¹ The Company's current President & CEO is unavailable to sign due to her retirement from the AC Energy Group. Pursuant to Article VI, Section 10 of the Company's By-Laws, the Company's General Manager is signing this document. Article VI, Section 10 of the Company's By-Laws reads as follows:

Section 10. THE GENERAL MANAGER. The General Manager shall exercise direct and active management of the business and operations of the Corporation; execute and implement the orders, resolution and policies of the Board of Directors; submit such reports, memoranda, accounts and data which may be required of him by the President or the Board of Directors; and, in general, exercise such power and perform such duties as may be incidental to his officer of the management of the Corporation.

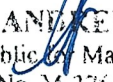
SUBSCRIBED AND SWORN to before me this MAR 25 2024 affiant(s) exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Raymundo A. Reyes, Jr.	P6220967B	3 Feb 2021	DFA Manila
Hannielynn F. Tucay	P8273576B	24 Nov 2021	DFA Manila

Doc. No. 495
Page No. 600
Book No. 10
Series of 2024

Notarial DST pursuant to Sec. 61
of the TRAIN Act (amending
Sec. 188 of the NIRC)
affixed on Notary Public's copy.




LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; 1-05-2024; Makati City
IBP No. 403596; 1-05-2024; Makati City
35th Floor Ayala Triangle Gardens Tower 2
Makati Avenue corner Paseo De Roxas
Makati City

[Jurat – Statement of Management’s Responsibility for Financial Statements]

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ENEX Energy Corp.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of ENEX Energy Corp. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



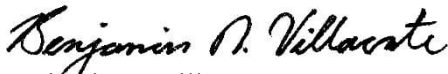
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 13 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of ENEX Energy Corp. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Benjamin N. Villacorte.

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

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 7, 2024



ENEX ENERGY CORP.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 4 and 12)	₱611,316	₱4,528,183
Receivables (Notes 5 and 12)	13,464,998	13,464,998
Prepaid expenses	24,399	24,399
Total Current Assets	14,100,713	18,017,580
Noncurrent Assets		
Property and equipment	131,682	289,701
Investment in a subsidiary (Note 6)	6,935,103	6,935,103
Investment in a joint venture (Note 6)	150,220,000	150,220,000
Total Noncurrent Assets	157,286,785	157,444,804
TOTAL ASSETS	₱171,387,498	₱175,462,384
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Accounts payable and other current liabilities (Note 8)	₱37,863,917	₱25,812,301
Subscription payable (Notes 6 and 9)	–	23,436,960
Short-term loans (Note 9)	155,300,000	127,000,000
Total Current Liabilities	193,163,917	176,249,261
Capital Deficiency		
Capital stock (Note 10)	250,000,001	250,000,001
Deficit	(271,776,420)	(250,786,878)
Total Capital Deficiency	(21,776,419)	(786,877)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	₱171,387,498	₱175,462,384

See accompanying Notes to Parent Company Financial Statements.



ENEX ENERGY CORP.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2023	2022
EXPENSES		
Management and professional fees (Note 9)	₱9,497,987	₱23,632,366
Taxes, registration and license fees	535,540	4,750,095
Advertising and promotion	280,560	773,141
Rent	236,821	221,484
Repairs and maintenance	192,584	–
Depreciation	158,019	159,256
Postal and communication	17,625	26,643
Company events	–	352,645
Transportation	–	102,275
Insurance	–	68,235
Others	98,730	513,036
	11,017,866	30,599,176
OTHER CHARGES (INCOME) - NET		
Interest expense (Note 9)	9,956,595	5,329,912
Interest income (Note 4)	(557)	(778)
Foreign exchange gain (loss) – net	15,638	(325,232)
	9,971,676	5,003,902
LOSS BEFORE INCOME TAX	20,989,542	35,603,078
PROVISION FOR INCOME TAX	–	3,484
NET LOSS	20,989,542	35,606,562
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS	₱20,989,542	₱35,606,562

See accompanying Notes to Parent Company Financial Statements.



ENEX ENERGY CORP.**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Capital Stock (Note 10)	Deficit	Total Equity (Capital Deficiency)
BALANCES AT JANUARY 1, 2022	₱250,000,001	(₱215,180,316)	₱34,819,685
Total comprehensive loss/ net loss for the year	–	(35,606,562)	(35,606,562)
BALANCES AT DECEMBER 31, 2022	250,000,001	(250,786,878)	(786,877)
Total comprehensive loss/ net loss for the year	–	(20,989,542)	(20,989,542)
BALANCES AT DECEMBER 31, 2023	₱250,000,001	(₱271,776,420)	(₱21,776,419)

See accompanying Notes to Parent Company Financial Statements.



ENEX ENERGY CORP.**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱20,989,542)	(₱35,603,078)
Adjustments for:		
Interest expense	9,956,595	5,329,912
Depreciation	158,019	159,256
Unrealized foreign exchange loss - net	20	23,195
Interest income (Note 4)	(557)	(778)
Operating loss before working capital changes	(10,875,465)	(30,091,493)
Decrease in receivables	–	3,698,844
Increase in accounts payable and other current liabilities (Note 8)	2,095,021	11,877,707
Cash used in operations	(8,780,444)	(14,514,942)
Interest received	557	778
Net cash used in operating activities	(8,779,887)	(14,514,164)
CASH FLOWS FROM AN INVESTING ACTIVITY		
Payment of subscription of investment in a joint venture (Notes 6 and 8)	(23,436,960)	(126,783,040)
Cash used in an investing activity	(23,436,960)	(126,783,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of a short-term loans (Note 9)	28,300,000	127,000,000
Additions to due to related parties (Note 9)	–	4,000,000
Cash from financing activities	28,300,000	131,000,000
NET DECREASE IN CASH	(3,916,847)	(10,297,204)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(20)	(23,195)
CASH AT BEGINNING OF YEAR	4,528,183	14,848,582
CASH AT END OF YEAR (Note 4)	₱611,316	₱4,528,183

See accompanying Notes to Parent Company Financial Statements.



ENEX ENERGY CORP.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

ENEX Energy Corp., (“ENEX” or “the Company” or “the Parent Company”) was incorporated in the Philippines on September 28, 1994 and is registered 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.

The Company is 75.92% directly-owned by ACEN CORPORATION (“ACEN” or the Intermediate Parent Company). ACEN is 57.83% owned by AC Energy and Infrastructure Corporation (ACEIC), a wholly owned subsidiary of Ayala Corporation (“AC”). AC is a publicly listed company incorporated in the Philippines which is 47.86% owned by Mermac, Inc. (ultimate parent company), and the rest by the public.

The Company is domiciled in the Philippines and has not yet started commercial operations as at March 7, 2024.

On March 9, 2022, ENEX’s Board of Directors (BOD) approved the amendment to the Articles of Incorporation and Bylaws 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 was approved by the BIR last December 7, 2023.

The financial statements have been prepared on the basis that the Parent Company will continue as a going concern. The Parent Company has incurred net losses amounting to ₱20.99 million and ₱35.61 million for the years ended December 31, 2023 and 2022, respectively, and has a capital deficiency amounting to ₱21.78 million and ₱0.77 million as at December 31, 2023 and 2022, respectively. The projects of the Parent Company are at pre-development stages which contribute to the capital deficiency and raises an issue on the Parent Company’s going concern status. In view thereof, on August 4, 2023, ENEX has submitted to the Philippine Stock Exchange, Inc. a detailed plan to address the capital deficiency (referred to as “the Plan”). To address ENEX’s capital deficiency, ENEX intends to cause the conversion of advances made to ENEX by its parent company, ACEN, and certain of the latter’s affiliates into additional equity of ENEX. The advances include the short-term loan from ACEN and its affiliate. With the conversion of these advances into additional equity, ENEX stockholders’ equity will have a positive balance as illustrated in the pro forma and indicative balance sheet appended to the submitted detailed plan. To implement the Plan, ENEX will perform, and/or caused to be performed, the following activities with relevant timetable:

Activity	Target Date
1. ACEN affiliates namely ACEN International, Inc. (ACEN International), Bulacan Power Generation Corporation (BPGC), and ACES Shared Services, Inc. (ACES) (collectively the ACEN Group) to secure approval from their respective BOD to assign their receivables from ENEX to ACEN. ACEN International, BPGC, and ACES to enter into the relevant Deed of Assignment with ACEN.	BOD approval – March 2024



Activity	Target Date
<p>2. ENEX to obtain BOD approval for the following matters:</p> <p>a. Amendment of its Articles of Incorporation (“AOI”) to increase the authorized capital stock and create 300 million redeemable preferred shares (RPS) with par value of ₱1/share (the “AOI Amendment”)</p> <p>Subject to relevant approvals, the RPS shall have the following features:</p> <ul style="list-style-type: none"> i. Non-voting (except for matters required by law); ii. Cumulative; iii. Non-participating; iv. Redeemable at the option of the issuer at issue price; v. With preference as to liquidation; and vi. With preference as to dividend distribution, at a fixed dividend rate to be determined by the BOD at the date of the issuance of shares. <p>b. Conversion of ACEN Group’s loans and receivables into equity in ENEX and subscription by ACEN to, and the issuance to ACEN of RPS to be issued out of the newly created RPS. Consideration of the subscription will be the ACEN Group loans and receivables (for conversion), and cash, to address the negative stockholders’ equity and cover working capital.</p> <p>c. Valuation of ACEN’s advances reported by an independent external auditor, which valuation is subject to the approval of the SEC.</p> <p>ENEX shall also request for stockholders’ approval of the AOI Amendment and the issuance of shares of ACEN.</p>	<p>BOD approval – March 2024</p> <p>Stockholders’ approval – During the 2024 annual stockholders’ meeting (tentatively scheduled in April 2024)</p> <p>After obtaining BOD and stockholders’ approval of the AOI Amendment</p> <p>Within May/June 2024</p>
<p>3. ENEX to file an application with the SEC for the amendment of its AOI to increase its authorized capital stock and create RPS.</p>	<p>June 2024</p>
<p>4. ENEX to request SEC confirmation of valuation of advances.</p>	<p>June 2024</p>
<p>5. Upon SEC approval of the AOI amendment and confirmation of valuation, ENEX to convert ACEN loans and receivables into RPS and issue the corresponding shares to ACEN.</p> <p>Upon issuance of the shares, the equity of ENEX is forecasted to be positive.</p>	<p>Within 30 days from issuance of SEC approval of the AOI Amendment.</p>
<p>6. ENEX to continue to find options for de-risking its projects, namely Service Contract (SC) 55 and the proposed LNG project under Batangas Clean Energy, Inc. (BCEI) to ensure positive stockholders’ equity moving forward.</p>	<p>Ongoing activity.</p>

The financial statements were approved and authorized for issuance by the Parent Company’s BOD on March 7, 2024.



2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

Changes in Accounting Policies

New Standards, Interpretations and Amendments

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

Adoption of these new standards did not have an impact on the financial statements of the Parent Company.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

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*

Summary of Material Accounting Policies

The material accounting policies that have been used by the Company in the preparation of the financial statements are discussed below.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Subsequent measurement of financial assets

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

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

Financial assets at amortized cost (debt instruments)

The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost pertains to "Cash" and "Receivables".

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or



- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

The Parent Company's "Cash" are graded to be low credit risk investment. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loan and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

As at December 31, 2023, and 2022, the Parent Company's financial liabilities pertain to "Account payable and other current liabilities" and "Short-term loans".

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has 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 Parent Company's statement of comprehensive income.

Investments in Subsidiary and Joint Venture

The Parent Company's investments in subsidiary and joint venture are accounted for under the cost method less accumulated provision for impairment losses, if any.



A subsidiary is an entity in which the Parent Company exercises control over the company. Control is achieved when the Parent Company 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 Parent Company controls an investee if and only if the Parent Company has:

- a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- b. Exposure, or rights, to variable returns from its involvement with the investee; and
- c. The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a. The contractual arrangement with the other vote holders of the investee;
- b. Rights arising from other contractual arrangements; and
- c. The Parent Company's voting rights and potential voting rights.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

On acquisition of the investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment, or the investee reacquires its own equity instruments from the Parent Company.

If a Parent Company disposed of an asset in exchange for an increased investment in a subsidiary, the shares of stocks acquired is recorded at the fair value of the consideration given.

Deferred Exploration Costs

The Company follows the full cost method of accounting for exploration costs determined on the basis of each SC area. The costs recorded pertain to the Company'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 Company 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 Company 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 recognized, before reclassification.

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that a non-financial asset (property and equipment, prepaid expenses and investment in a subsidiary and joint venture) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company 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 parent company 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 Company 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 parent company statement of comprehensive income.

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 Company has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration 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 Company 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*.

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 losses.

Interest Income

Income is recognized as the interest accrues using effective interest rate.

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 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 Company 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 tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting and adjusted to reflect the current best estimate.



Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the 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 Parent Company's position at reporting date (adjusting events) are reflected in the financial statements. Post-year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgment and Estimates

The preparation of the accompanying financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Judgments

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

Determining and Classifying a Joint Arrangement

Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement. Specifically, the Company considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Company also considers the rights and obligations arising from:
 - o The legal form of the separate vehicle
 - o The terms of the contractual arrangement
 - o 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, 2023 and 2022, the Company's SCs are assessed as joint arrangements in the form of joint operations (see Note 7).



Investment in a Joint Venture

The Company's investment in a joint venture is structured in a separate incorporated entity. The investment in BCEI is accounted for as investment in a joint venture since the fundamental business and operational matters requires unanimous consent from all parties. The Company and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements (see Note 6).

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 Company measures, presents and discloses the resulting impairment loss in accordance with PAS 36.

The Company did not recognized impairment loss on its deferred exploration costs in 2023 and 2022. Total deferred exploration costs amounted to ₱40.57 million but are already fully impaired as at December 31, 2023 and 2022 (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 December 31, 2023 and 2022 amounted to ₱32.91 million and ₱27.66 million, respectively (see Note 11).

4. **Cash**

Cash in banks amounted to ₱0.61 million and ₱4.53 million as at December 31, 2023 and 2022, respectively. Cash in banks earn interest at the respective bank deposit rates.

Interest income on cash amounted to ₱557 and ₱778 in 2023 and 2022, respectively.

5. **Receivables**

This account consists of the following:

	2023	2022
Due from:		
Third party	₱20,000,000	₱20,000,000
Related party (Note 9)	13,437,397	13,437,397
Others	27,601	27,601
	33,464,998	33,464,998
Less allowance for credit losses	20,000,000	20,000,000
	₱13,464,998	₱13,464,998



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

6. Investment in a Subsidiary and a Joint Venture

Palawan55

In 2012, the Company subscribed to 69.35% of the outstanding shares of stock of Palawan55 Exploration & Production Corporation (Palawan55), a company incorporated on November 16, 2012 in the Philippines. Palawan55 is also 30.65% directly owned by ACEN. Palawan55 is a corporation organized to engage in oil and gas exploration and production. As at March 8, 2024, Palawan55 has not yet started commercial operations.

The carrying value of investment in a subsidiary amounted to ₱6.94 million as at December 31, 2023 and 2022.

BCEI

On November 19, 2021, the Parent Company, Buendia Christiana Holdings Corp. (“BCHC”, a subsidiary of ACEN), Red Holdings B.V. (“Gen X Energy”), 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.

On January 14, 2022, ENEX, BCEI, and Gen X Energy executed the Shareholders’ Agreement and Subscription Agreements. ENEX subscribed to a total of 150,002 shares in BCEI for a total subscription price of ₱150.22 million of which ₱126.78 million was paid as of December 31, 2022 while the remaining ₱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.

7. Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	2023	2022
a. SC 6 (Northwest Palawan):		
Block A	₱23,963,291	₱23,963,291
Block B	4,892,178	4,892,178
b. SC 50 (Northwest Palawan)	11,719,085	11,719,085
	40,574,554	40,574,554
Less allowance for probable losses	40,574,554	40,574,554
	₱-	₱-

The foregoing deferred exploration costs represent the Company’s share in the expenditures incurred under the petroleum SCs with the Department of Energy (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 a SC.



The following summarizes the status of the foregoing projects:

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 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.

ENEX 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 ENEX Executive Committee approved the Parent Company's withdrawal from the SC 6 Block A Consortium. SC 6A did not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to ₱23.96 million. 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.

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 the DOE.

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

Block B

On February 20, 2017, ENEX 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.

In 2017, the Parent Company 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 has expired in February 2024.



b. SC 50 (Northwest Palawan)

In 2013, ENEX negotiated with Frontier Energy Limited (“Frontier Energy”), the Operator, regarding a Farm-in Agreement that would provide for the Parent’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 Parent Company 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.

8. **Accounts payable and Other Current Liabilities**

This account consists of:

	2023	2022
Accounts payable and other current liabilities	₱950,276	₱865,170
Due to related parties (Note 9)	36,886,412	22,597,077
Withholding taxes	27,229	2,350,054
	₱37,863,917	₱25,812,301

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

Other current liabilities include professional fees, postal and communication expense and other various expenses.

Withholding taxes are taxes withheld at source on payments for management fees and interest expense on short-term loan.

9. **Related Party Transactions**

Parties are 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.

Except as otherwise stated, outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year. In the ordinary course of business, the Parent Company transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses and management service agreements.



The balances and transactions of accounts as at and for the years ended December 31, 2023 and 2022 with related parties are as follows:

Company	Amount/ Volume	Nature	December 31, 2023		Terms	Conditions
			Outstanding Balance			
			Receivable	Payable		
Entities Under Common Control						
ACES						
Accounts payable and other current liabilities	₱1,004,763	Management fees	₱-	₱-	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities	2,062,516	Contracted services	-	1,275,483	Due and demandable, noninterest-bearing	Unsecured
BPGC						
Accounts payable and other current liabilities	-	Advances	-	4,000,000	Due and demandable, noninterest-bearing	Unsecured
ACEN International						
Short-term loan	5,300,000	Short-term loan	-	5,300,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities	151,567	Interest expense on short-term loans	-	151,567	Noninterest bearing	Unsecured
Joint venture						
BCEI						
Subscription payable (see Note 6)	-	Subscription payable	-	-	Due and demandable, noninterest-bearing	Unsecured
Subsidiary						
Palawan55						
Receivables	-	Advances	13,437,397	-	30-60 day terms; noninterest-bearing	Unsecured; unimpaired
Intermediate Parent Company						
ACEN						
Short-term loan	23,000,000	Short-term loan	-	150,000,000	Interest-bearing	Unsecured
Due to related parties (see below)						
Accounts payable and other current liabilities	436,000	Advances and reimbursement of expenses	-	6,244,408	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities	9,805,028	Interest expense on short-term loans	-	14,335,453	Noninterest bearing	Unsecured
Accounts payable and other current liabilities	2,651,747	Management and professional fees	-	10,879,501	Due and demandable, noninterest-bearing	Unsecured
Due to related parties (see Note 8)			₱13,437,397	₱36,886,412		



Company	Amount/ Volume	Nature	December 31, 2022		Terms	Conditions
			Outstanding Balance			
			Receivable	Payable		
<i>Entities Under Common Control</i>						
<i>ACES</i>						
Accounts payable and other current liabilities	₱29,890	Reimbursement of expenses	₱-	₱29,890	Due and demandable, noninterest-bearing	Unsecured
<i>BPGC</i>						
Accounts payable and other current liabilities	4,000,000	Advances	-	4,000,000	Due and demandable, noninterest-bearing	Unsecured
<i>Joint venture</i>						
<i>BCEI</i>						
Subscription payable (see Note 6)	23,436,960	Subscription payable		23,436,960	Due and demandable, noninterest-bearing	Unsecured
<i>Subsidiary</i>						
<i>Palawan55</i>						
Receivables	3,500,000	Advances	13,437,397	-	30-60 day terms; noninterest-bearing	Unsecured; unimpaired
<i>Intermediate Parent Company</i>						
<i>ACEN</i>						
Short-term loan Due to related parties (see below)	127,000,000	Short-term loan	-	127,000,000	Interest-bearing	Unsecured
Accounts payable and other current liabilities	5,236,108	Advances and reimbursement of expenses	-	5,808,408	Due and demandable, noninterest-bearing	Unsecured
Accounts payable and other current liabilities	5,329,912	Interest expense on short-term loans	-	4,530,425	Noninterest bearing	Unsecured
Accounts payable and other current liabilities	9,680,416	Management and professional fees	-	8,228,354	Due and demandable, noninterest-bearing	Unsecured
Due to related parties (see Note 8)			₱13,437,397	₱22,597,077		

ACEN

Payables to ACEN as at December 31, 2023 consist of advances received by ENEX to cover for management and professional fees as well as interest expense on short-term loans and compensation for officers and other various expenses.

Short-term Loan

On December 10, 2021, the ENEX BOD approved the availment of a short-term loan from ACEN of up to ₱150.00 million to fund the initial subscription by ENEX to shares in BCEI and authorized the ENEX to secure bank loans in an aggregate amount of up to ₱150.00 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 ₱150.00 million in favor of ENEX.



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. On November 11, 2023, the loan agreement was amended to extend the maturity to September 30, 2024 and any outstanding amount is subject to 8.66% per annum from its previous maturity date.

The second loan amounting to ₱23.00 million is subject to 5.75% per annum, payable on or before February 1, 2024. On February 2, 2024, the loan agreement with ACEN was amended to extend the maturity date to September 30, 2024 and increase the fixed interest rate to 8.10% per annum.

Interest expense related to the short-term loans amounted to ₱9.81 million and ₱5.33 million for the years ended December 31, 2023 and 2022.

ACES

Payable to ACES includes management fees and contracted services.

Palawan55

The Company's non-interest-bearing advances made to Palawan55 are for the latter's working capital requirements.

BPGC

BPGC provided advances to ENEX in 2022 amounting to ₱4.00 million for the Company's 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 December 31, 2023, a total of ₱5.30 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. The third drawdown amounted to ₱2.80 million is subject to 8.3628% per annum, payable on or before September 26, 2024.

Interest expense related to the short-term loans amounted to ₱0.15 million for the year ended December 31, 2023.

Compensation of Key Management Personnel

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

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., ₱50,000,000 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 Company's capital stock:

	2023	2022
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, 2023 and 2022 are held by 2,893 and 2,896 equity holders, respectively.

Capital Management

The primary objective of the Parent Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Parent Company 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 2023 and 2022.

11. Income Taxes

The current provision for income in 2022 is based on minimum corporate income tax (MCIT). There was no provision for current income tax in 2023 both under regular corporate income tax (RCIT) and MCIT.

The reconciliation of the Parent Company's benefit from income tax using the statutory tax rate is as follows:

	2023	2022
Benefit from income tax at statutory tax rate	(₱5,247,386)	(₱8,880,918)
Tax effects of:		
Movement in deductible temporary differences, NOLCO and MCIT for which no deferred tax assets were recognized	5,248,255	8,886,938
Nondeductible expenses	(750)	(5,799)
Interest income subject to final tax	(119)	(221)
Other income subject to MCIT	-	3,484
Benefit from income tax	₱-	₱3,484



As at December 31, 2023 and 2022, deferred tax assets related to the following temporary differences 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.

	2023	2022
NOLCO	₱71,046,141	₱50,059,181
Provision for credit losses (see Note 5)	20,000,000	20,000,000
Provision for probable losses (see Note 7)	40,574,554	40,574,554
Unrealized foreign exchange loss	15,617	23,195

Unrecognized deferred income tax assets amounted to ₱32.91 million and ₱27.66 million as at December 31, 2023 and 2022, respectively.

The details of the Company's NOLCO as at December 31, 2023 and 2022 follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱5,682,515	₱-	₱-	₱-	₱5,682,515
2021	2022-2026	8,853,019	-	-	-	8,853,019
2022	2023-2025	35,523,647	-	-	-	35,523,647
2023	2024-2026	20,986,960	-	-	-	20,986,960
		₱71,046,141	₱-	₱-	₱-	₱71,046,141

**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*

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed in to law to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

Applying the provisions of the CREATE Act, the Parent Company was subjected to either a lower regular corporate income tax rate of 25% or a minimum corporate income tax rate of 1% effective July 1, 2020. Starting July 1, 2023, the Parent Company uses MCIT rate of 2%.

12. Financial Assets and Liabilities

Financial Risk Management Objectives and Policies

The main purpose of the Parent Company'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 Parent Company's holding of cash and cash equivalents and due from related parties exposes the Parent Company 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:

	2023	2022
Cash	₱611,316	₱4,528,183
Receivables	13,464,998	13,464,998
	₱14,076,314	₱17,993,181

With respect to credit risk arising from the receivables of the Parent Company, the Parent Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	December 31, 2023 and 2022					
	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	₱-	₱-	₱-	₱-	₱20,000,000	₱20,000,000
Due from related party	-	-	13,437,397	-	-	13,437,397
Others	-	-	-	27,601	-	27,601
	₱-	₱-	₱13,437,397	₱27,601	₱20,000,000	₱33,464,998

The Parent Company 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 Parent Company, which comprise cash and cash equivalents, the Parent Company'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 Parent Company manages 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 Parent Company maintains a level of cash deemed sufficient to finance its operations. As part of liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows.

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

Fair Value Information

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



13. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

In compliance with RR No. 15-2010, following are information about the taxes paid or accrued by the Company during the taxable year:

a. Taxes and Licenses

The Company paid the following taxes and license fees:

Business permit fees and licenses	₱10,684
Registration fee	500
Documentary stamp tax	126,236
Others	398,120
	<hr/>
	₱535,540

b. Withholding Taxes

Expanded withholding taxes (EWT) paid was ₱434,031 while accrued EWT is ₱27,230 as at December 31, 2023.

c. Percentage Taxes

The Company has no transaction subject to percentage tax in 2023.

d. Documentary Stamp Tax (DST)

As at December 2023, the total documentary stamp tax amounting to ₱126,236 DST is related to the ENEX short-term loans from ACEN and ACEN International.

e. Tax Assessment and Litigation

The Company has neither tax deficiency assessments nor tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies within and outside the BIR as at December 31, 2023.



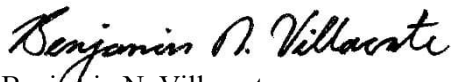
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
ENEX Energy Corp.
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited the financial statements of ENEX Energy Corp. (the Parent Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered the attached report dated March 7, 2024.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the above Parent Company has a total number of 1,276 stockholders owning 100 or more shares each.

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

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 7, 2024

