COVER SHEET

A S O 9 4 - 8 8 1 1

SEC Registration Number

E N E X   E N E R G Y   C O R P .   A N D
S U B S I D I A R Y

(Company's Full Name)

3 5 T H   F L O O R ,   A Y A L A   T R I A N G L E
G A R D E N S   T O W E R   2 ,   P A S E O   D E
R O X A S   C O R N E R   M A K A T I   A V E N U E ,
M A K A T I   C I T Y   1 2 2 6

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

ATTY. ALAN T. ASCALON	(632) 7730-6300
Contact Person	*Company's Telephone Number*

1 2	3 1	1 7 - Q	0 4	2 4
Month	Day	Form Type	Month	Day

Not Applicable

(Secondary License Type, If Applicable)

C F D	-
Dept. Requiring this Doc.	*Amended Articles Number/Section*

Total Amount of Borrowings

2,888	-	-
Total No. of Stockholders	*Domestic*	*Foreign*

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

CASHIER

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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)

(632) 7730-6300
(Telephone Number)

2024 September 30
(Fiscal Year ending) (month & day)

SEC FORM 17-Q
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the fiscal period ended	**September 30, 2024**
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) 7730-6300**
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 [**X**] 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 [**X**] No [ ]

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

Yes [**X**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX “A”

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

Please refer to attached ANNEX “B”

PART II--OTHER INFORMATION

Please refer to attached ANNEX “C”

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 8, 2024.

ENEX ENERGY CORP.

DocuSigned by:

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JOHN ERIC T. FRANCIA
President and Chief Executive Officer

DocuSigned by:

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DocuSigned by:

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HANNIELYNN F. TUCAY
Treasurer and Chief Financial Officer

Annex A

ENEX Energy Corp.
and Subsidiary

Unaudited Interim Condensed Consolidated
Financial Statements
as at September 30, 2024
and for the nine-month periods ended
September 30, 2024 and 2023
(with Comparative Audited Figures
as at December 31, 2023)

ENEX ENERGY CORP. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2024 (with Comparative Audited Figures as at December 31, 2023)

	Notes	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
ASSETS			
Current Assets			
Cash	4, 13	**₱28,522,014**	₱7,538,325
Receivables	5, 13	**–**	27,601
Other current assets		**257,552**	24,399
Total Current Assets		**28,779,566**	7,590,325
Noncurrent Assets			
Investment in a joint venture	6, 9	**67,269,926**	80,809,131
Deferred exploration costs	7	**54,349,977**	54,349,977
Property and equipment		**13,168**	131,682
Total Noncurrent Assets		**121,633,071**	135,290,790
TOTAL ASSETS		**₱150,412,637**	₱142,881,115
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	8	**₱85,228,871**	₱100,168,139
Short-term loan	9	**–**	155,300,000
Total Liabilities		**85,228,871**	255,468,139
Equity			
Attributable to Equity Holders of the Parent Company:			
Capital stock	10	**250,000,001**	250,000,001
Deposit for future stock subscriptions	10	**207,544,011**	–
Deficit		**(387,468,545)**	(358,153,764)
		70,075,467	(108,153,763)
Non-controlling interest	12	**(4,891,701)**	(4,433,261)
Total Equity (deficiency)		**65,183,766**	(112,587,024)
TOTAL LIABILITIES AND EQUITY		**₱150,412,637**	₱142,881,115

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ENEX ENERGY CORP. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three-Month Period Ended September 30 (Unaudited)		Nine-Month Period Ended September 30 (Unaudited)	
	Notes	**2024**	2023	**2024**	2023
EXPENSES					
Management and professional fees		**₱1,749,900**	₱3,325,349	**₱5,801,211**	₱7,707,597
Taxes, registration, and licenses fees		**230,506**	124,217	**1,598,733**	557,566
Advertising and promotion		**–**	–	**1,262,236**	280,560
Training fund contributions	7	**213,533**	–	**643,518**	3,334,044
Depreciation		**39,505**	39,505	**118,514**	118,514
Rent		**74,465**	–	**137,222**	236,821
Provision for expected credit loss	5	**–**	–	**27,600**	–
Repairs and maintenance		**–**	163,103	**19,600**	192,584
Communication		**3,897**	15,027	**12,990**	15,027
Others		**41,312**	–	**52,853**	17,518
		2,353,118	3,667,201	**9,674,477**	12,460,231
OTHER CHARGES – NET					
Equity in net loss of a joint venture	6	**4,203,967**	5,848,247	**13,539,205**	21,342,608
Interest expense	9	**14,712**	2,580,235	**6,716,470**	7,180,357
Foreign exchange (gain) loss – net		**250,010**	(144,679)	**(11,062)**	(28,396)
Interest income	4	**(90,404)**	(1,875)	**(214,266)**	(5,634)
		4,378,285	8,281,928	**20,030,347**	28,488,935
LOSS BEFORE INCOME TAX		**6,731,403**	11,949,129	**29,704,824**	40,949,166
PROVISION FOR INCOME TAX		**–**	–	**68,397**	–
NET LOSS		**6,731,403**	11,949,129	**29,773,221**	40,949,166
OTHER COMPREHENSIVE INCOME		**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS		**₱6,731,403**	₱11,949,129	**₱29,773,221**	₱40,949,166
Total Comprehensive Loss Attributable to:					
Equity holders of the Parent Company		**₱6,508,735**	₱11,797,037	**₱29,314,781**	₱39,689,327
Non-controlling interest	12	**222,668**	152,092	**458,440**	1,259,839
		₱6,731,403	₱11,949,129	**₱29,773,221**	₱40,949,166
Basic/Diluted Loss Per Share	11	**₱0.026**	₱0.047	**₱0.117**	₱0.159

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ENEX ENERGY CORP. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

	Attributable to Equity Holders of the Parent Company					
	Capital Stock (Note 10)	Deposit for Future Stock Subscription (Note 10)	Deficit	Total	Non-controlling Interest (Note 12)	Total Equity
BALANCES AT JANUARY 1, 2024 (Audited)	**₱250,000,001**	**₱–**	**(₱358,153,764)**	**(₱108,153,763)**	**(₱4,433,261)**	**(₱112,587,024)**
Total comprehensive loss for the period	**–**	**–**	**(29,314,781)**	**(29,314,781)**	**(458,440)**	**(29,773,221)**
Deposit for future stock subscription	**–**	**207,544,011**	**–**	**207,544,011**	**–**	**207,544,011**
BALANCES AT SEPTEMBER 30, 2024 (Unaudited)	**₱250,000,001**	**₱207,544,011**	**(₱387,468,545)**	**₱70,075,467**	**(₱4,891,701)**	**₱65,183,766**
BALANCES AT JANUARY 1, 2023 (Audited)	₱250,000,001	**₱–**	(₱306,529,127)	(₱56,529,126)	(₱4,437,765)	(₱60,966,891)
Total comprehensive loss for the period	–	**–**	(39,689,327)	(39,689,327)	(1,259,839)	(40,949,166)
BALANCES AT SEPTEMBER 30, 2023 (Unaudited)	₱250,000,001	**₱–**	(₱346,218,454)	(₱96,218,453)	(₱5,697,604)	(₱101,916,057)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ENEX ENERGY CORP. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Nine-Month Period Ended September 30 (Unaudited)	
	Notes	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱2,9704,823)**	(₱40,949,166)
Adjustments for:			
Equity in net loss of a joint venture	6	**13,539,205**	21,342,608
Interest expense	9	**6,716,470**	7,180,357
Unrealized foreign exchange gain		**(11,084)**	(76,621)
Interest income	4	**(214,266)**	(5,634)
Depreciation		**118,515**	118,514
Provision for expected credit loss	5	**27,601**	–
Operating loss before working capital changes		**(9,528,382)**	(12,389,942)
Increase in other current assets		**(233,153)**	–
Decrease in accounts payable and other current liabilities		**(1,050,892)**	(9,930,859)
Cash used in operations		**(10,812,427)**	(22,320,801)
Interest received		**214,266**	5,634
Income tax paid		**(68,397)**	–
Net cash used in operating activities		**(10,666,558)**	(22,315,167)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment in joint venture	6	**–**	(23,436,960)
Deferred exploration costs	7	**–**	(54,614)
Net cash used in investing activities		**–**	(23,491,574)
CASH FLOWS FROM A FINANCING ACTIVITIES			
Proceeds from deposit for future stock subscription	9	**30,000,000**	–
(Decrease) increases in due to related parties		**(22,285,934)**	12,537,413
Availments of short-term loans	9	**21,972,858**	25,500,000
Infusion from a consortium partner (Note 8)	8	**2,068,621**	1,176,987
Interest paid		**(121,117)**	–
Net cash from financing activities		**31,634,428**	39,214,400
NET INCREASE (DECREASE) IN CASH		**20,967,870**	(6,592,341)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**15,819**	76,621
CASH AT BEGINNING OF PERIOD		**7,538,325**	13,435,336
CASH AT END OF PERIOD	4	**₱28,522,014**	₱6,919,616

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

1. Corporate Information

ENEX Energy Corp. ("ENEX" or "the Parent Company") and Palawan55 Exploration & Production Corporation (Palawan55 or the Subsidiary), collectively referred to as "the Group", were incorporated in the Philippines on September 28, 1994 and November 16, 2012, respectively, to engage in oil and gas exploration, exploitation and production. The Parent Company's primary purpose also includes generally engaging in the business of power generation. Palawan55 is 69.35% owned by the Parent Company.

The Parent Company and the Subsidiary are 75.92% and 30.65% directly owned, respectively, by ACEN CORPORATION ("ACEN" or the Intermediate Parent Company). ACEN is 57.95% 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 47.80% owned by Mermac, Inc. (ultimate parent company), and the rest by the public.

As at November 8, 2024, ENEX and Palawan55 have not yet started commercial operations.

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 ₱29.77 million and ₱40.95 million for the nine months ended September 30, 2024 and 2023, 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	Updates/ 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.	On July 2, 2024, ENEX signed the following: (a) Conformity to the Deed of Assignment of Advances between ACEN and ACEN International, for the assignment of ACEN International's advances to ENEX in the amount of ₱6,271,153.21, inclusive of interest (the "Assigned Receivables") in favor of ACEN. (b) Deed of Assignment of Advances between ACEN and ENEX for the assignment of (a) the Assigned Receivables, and (b) shareholder

Activity	Updates/ Target Date
	advances due to ACEN in the amount of ₱171,272,858.00 (the "Direct Receivables"), in the aggregate amount of ₱177,544,011.21, in exchange of, and as ACEN's full payment for, 177,544,011 non-voting Preferred Shares of the Company with a par value of ₱1.00 per non-voting Preferred Share, to be issued upon the SEC's approval of the increase in ENEX's authorized capital stock and the creation of the non-voting Preferred Shares. (c) Subscription Agreement between ACEN and ENEX for the subscription by ACEN to 177,544,011 non-voting Preferred Shares of the Company, as described in Item (b), for a total subscription price of ₱177,544,011.00, to be paid out of the assignment of the Advances as described in Item (b).
2. ENEX to obtain BOD approval for the following matters: a. Amendment of the Seventh Article of its Articles of Incorporation ("AOI") to increase the authorized capital stock from 1,000 million shares to 1,300 million shares and to create 300 million redeemable preferred shares (RPS) with par value of 1/share (RPS) (the "AOI Amendment") Subject to relevant approvals, the RPS shall have the following features: i. Non-voting; ii. With cumulative dividends; iii. Non-participating; iv. Non-convertible; v. Non-reissuable; vi. Redeemable at the option of the issuer at issue price; vii. With preference as to liquidation; and viii. With preference as to dividend distribution, at a dividend rate to be determined by the BOD at the time of issuance of the shares.	Approved by the BOD on March 14, 2024 Approved by the Stockholders, representing at least 2/3 of the Corporation's total outstanding shares. On April 24, 2024, In relation to the Preferred Shares to ACEN, on April 30, 2024, ENEX executed a Subscription Agreement with ACEN for the latter's subscription to 30 million non-voting Preferred Shares (to be issued out of the increase of authorized capital stock and creation of the non-voting Preferred Shares) at par value of ₱1.00 per non-voting Preferred Share, for a total subscription price of ₱30,000,000.00. This subscription was paid in cash, which ENEX will use to fund its operational requirements and transaction costs for the creation and issuance of the non-voting Preferred Shares.

Activity	Updates/ Target Date
b. Conversion of ACEN Group's loans and receivables into equity in ENEX and subscription by ACEN to, and the issuance to ACEN of up to 300 million RPS to be issued out of the newly created RPS, via a Private Placement. 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. c. Valuation of ACEN's advances reported by an independent external auditor, which valuation is subject to the approval of the SEC.	
3. ENEX to file an application with the SEC for the amendment of its AOI to increase its authorized capital stock and create RPS.	Filed in SEC as of September 30, 2024.
4. ENEX to request SEC confirmation of valuation of advances.	Filed in SEC as of September 30, 2024.
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. 6. Upon issuance of the shares, the equity of ENEX is forecasted to be positive.	Within 30 days from issuance of SEC approval of the AOI Amendment.

As of September 30, 2024, the application of ENEX has been filed with the SEC, resulting to reclassification of the deposit for future stock subscription from liability to equity. This has resulted to a positive total equity of ₱65.18 million as at September 30, 2024 from a capital deficiency of ₱112.59 million as at December 31, 2023.

The accompanying unaudited interim condensed consolidated financial statements of ENEX and its subsidiary as at September 30, 2024, and for the nine-month periods ended September 30, 2024 and 2023 were approved and authorized for issuance by the Parent Company's Audit Committee (pursuant to the authority delegated by the Parent Company's BOD) on November 8, 2024.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The unaudited interim condensed consolidated financial statements as at September 30, 2024 and for the nine-month periods ended September 30, 2024 and 2023 have been prepared on a historical cost basis. The unaudited interim condensed consolidated financial statements are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest Peso, except when otherwise indicated.

<u>Statement of Compliance</u>
The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at September 30, 2024.

<u>Basis of Consolidation</u>
The unaudited interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary, Palawan55, as at September 30, 2024 and December 31, 2023. The interim financial statements of the subsidiary are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiary to bring its accounting policies in line with the Parent Company's accounting policies.

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards and amendments effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group.

3. Significant Accounting Judgments and Estimates

The Group's consolidated financial statements prepared in accordance with PFRS require management to make a judgment and estimates that affect the amounts reported in the consolidated financial statements and related notes. In preparing the Group's consolidated financial statements, management has made its best estimate and judgment of certain amounts, giving due consideration to materiality.

The estimates and judgments used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:

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

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. As at September 30, 2024 and December 31, 2023, 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 did not recognize impairment loss for the nine-month period ended September 30, 2024 and 2023. The carrying value of deferred exploration costs amounted to ₱54.35 million as at September 30, 2024 and December 31, 2023 (see Note 7).

Recognition of Deferred Income Tax Asset.
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets as at September 30, 2024 and December 31, 2023 amounted to ₱61.39 million and ₱53.91 million respectively.

4. Cash

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in Bank	**₱9,522,014**	₱7,538,325
Cash equivalents	**19,000,000**	–
	₱28,522,014	₱7,538,325

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months, depending on the immediate cash requirements of the Group.

Interest income on cash in bank and cash equivalents amounted to ₱214,266 and ₱5,634 for the nine-month period ended September 30, 2024 and 2023, respectively.

5. **Receivables**

This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Due from third party	**₱20,000,000**	₱20,000,000
Others	**–**	27,601
	20,000,000	20,027,601
Less allowance for credit losses	**20,000,000**	20,000,000
	₱–	₱27,601

During the nine-month period ended September 30, 2024, ENEX wrote-off ₱27,601 other receivables.

The aging analysis of receivables is as follows:

	September 30, 2024 (Unaudited)						
		Neither Past Due nor	**Past Due but not Impaired**				**Past Due and**
	Total	**Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**Over 90 Days**	**Impaired**
Due from third party	**₱20,000,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,000,000**
Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	₱20,000,000	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,000,000**

	December 31, 2023 (Audited)						
		Neither Past Due nor	Past Due but not Impaired				Past Due and
	Total	Impaired	<30 Days	30–60 Days	61–90 Days	Over 90 Days	Impaired
Due from third party	₱20,000,000	₱–	₱–	₱–	₱–	₱–	₱20,000,000
Others	27,601	27,601	–	–	–	–	–
	₱20,027,601	₱27,601	₱–	₱–	₱–	₱–	₱20,000,000

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

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition costs	**₱150,220,000**	₱150,220,000
Equity in net losses	**(82,950,074)**	(69,410,869)
Balance at end of period	**₱67,269,926**	₱80,809,131

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Summarized Statements of Financial Position:		
Cash	**₱11,263,073**	₱19,650,193
Other current assets	**21,969,626**	21,376,176
Total assets	**33,232,699**	41,026,369
Accounts payable and other current liabilities	**(21,812,385)**	(2,527,645)
Total liabilities	**(21,812,385)**	(2,527,645)
Equity	**₱11,420,314**	₱38,498,724
Share in net assets	**₱5,710,157**	₱19,249,362
Notional goodwill	**61,559,769**	61,559,769
Carrying value of the investment	**₱67,269,926**	₱80,809,131

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
Summarized Statements of Comprehensive Income:		
Revenue	**₱–**	₱–
Interest income	**5,297**	7,909
Cost and expenses	**(27,083,707)**	(42,693,125)
Net loss	**(27,078,410)**	(42,685,216)
Other comprehensive income	**–**	–
Total comprehensive loss	**(₱27,078,410)**	(₱42,685,216)
Group's share in total comprehensive loss	**(₱13,539,205)**	(₱21,342,608)

7. Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
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
Less allowance for probable losses	**40,574,554**	40,574,554
	–	–
Palawan55		
SC 55 (Southwest Palawan)	**54,349,977**	54,349,977
	₱54,349,977	₱54,349,977

Below is the roll forward analysis of the deferred exploration costs:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balances at beginning of period	**₱94,924,531**	₱97,725,103
Additions	**–**	54,614
Recoveries from a consortium partner	**–**	(2,855,186)
Balance at end of period	**94,924,531**	94,924,531
Allowance for a probable loss:	**40,574,554**	40,574,554
Net book value	**₱54,349,977**	₱54,349,977

The foregoing deferred exploration costs represent the Group’s share in the expenditures incurred under petroleum SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

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

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

As at September 30, 2024 and December 31, 2023, Palawan55 holds 75.00% participating interests in SC 55, respectively, and has met all compliance requirements of the DOE.

No impairment was recognized for SC 55 as at September 30, 2024 and December 31, 2023 as there are no indicators for impairment.

8. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued expenses and other payables	**₱1,968,460**	₱1,300,091
Due to:		
Related parties (Note 9)	**54,617,625**	70,044,440
Third party	**28,611,803**	28,733,133
Withholding taxes	**30,983**	90,475
	₱85,228,871	₱100,168,139

Accrued expenses and other payables 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 and 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. For the nine months period ended September 30, 2024 and 2023, additional cash infusion from consortium partner amounted to ₱2.07 million and ₱1.18 million while recoveries amounted to ₱0.42 million and nil were recovered from a consortium partner, respectively.

9. Related Party Transactions

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

Outstanding balances for the period are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables.

The transactions and balances of accounts as at and for the nine-month period ended September 30, 2024 and year ended December 31, 2023 with related parties are as follows:

	As at and for the nine months ended September 30, 2024 (Unaudited)					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
ACEIC						
Accounts payable and other current liabilities (see Note 8)	**₱–**	Advances	₱–	**₱58,200**	Due and demandable, noninterest-bearing	Unsecured
ACEN						
Short-term loans	**21,272,858**	Short-term loans	–	**–**	Interest-bearing	Unsecured

(Forward)

Accounts payable and other current liabilities (see Note 8)	**1,779,208**	Management and professional fees	–	**1,228,094**	Due and demandable,	Unsecured

	As at and for the nine months ended September 30, 2024 (Unaudited)					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
					noninterest bearing	
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)	**(3,776,585)**	Advances	–	**14,449,041**	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	**6,459,565**	Interest expense on short-term loans	–	**19,324,264**	Noninterest bearing	Unsecured
Deposit for future stock subscriptions	**30,000,000**	Cash subscription	–	**30,000,000**	–	–
Deposit for future stock subscriptions	**6,271,153**	Assigned ACEN International short-term loans, including accrued interest expense	–	**6,271,153**	–	–
Deposit for future stock subscriptions	**171,272,858**	Assigned ACEN short-term loans	–	**171,272,858**	–	–
Entities Under Common Control						
ACES						
Accounts payable and other current liabilities (see Note 8)	**763,437**	Management fees	–	**102,406**	Due and demandable, noninterest bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	**2,015,317**	Contracted services	–	**2,099,417**	Due and demandable, noninterest bearing	Unsecured
BPGC						
Accounts payable and other current liabilities (see Note 8)	**(4,000,000)**	Advances	–	**–**	Due and demandable, noninterest bearing	Unsecured
ACEN International						
Short-term loans	**(6,000,000)**	Short-term loans	–	**–**	Interest-bearing	Unsecured
Accounts payable and other current liabilities (see Note 8)	**256,905**	Interest expense on short-term loans	–	**16,203**	Noninterest bearing	Unsecured

	As at and for the year ended December 31, 2023 (Audited)					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Intermediate Parent Company						
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)						
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

	As at and for the year ended December 31, 2023 (Audited)					
			Outstanding Balance			
Company	Amount/ Volume	Nature	Receivable	Payable	Terms	Conditions
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

ACEN

Payables to ACEN as at September 30, 2024 comprise of advances received by ENEX to cover working capital as well as interest expense on short-term loans. ENEX made partial payment amounting to ₱18.29 million on June 25, 2024.

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.

On January 13, 2022, first loan drawdown was made amounting to ₱127.00 million with 3.88% interest per annum, payable on or before July 12, 2022. Maturity date was subsequently extended until November 10, 2022. On November 11, 2022, the loan was restructured to 7.30% interest per annum payable on or before November 10, 2023. On November 11, 2023 the loan was restructured to 8.66% interest per annum payable on or before September 30, 2024.

On August 2, 2023, second loan drawdown was made amounting to ₱23.00 million with 5.75% interest per annum, payable on or before February 1, 2024. On February 2, 2024, the loan was restructured to 8.10% interest per annum payable on or before September 30, 2024.

On June 20, 2024, ENEX availed short-term loan amounting to ₱21.27 million with 0% interest payable on or before September 30, 2024, in immediately available funds.

On June 26, 2024, ACEN converted its short-term loans and interest receivable from ENEX amounting to ₱177.27 million and ₱0.27 million, respectively, to subscription to ENEX's non-voting Preferred Shares at par value of ₱1.00.

Interest expense related to the short-term loans amounted to ₱6.46 million and ₱7.14 million for the nine months period ended September 30, 2024 and 2023 respectively.

Deposit for Future Stock Subscriptions
On April 30, 2024, ENEX, signed a subscription contract with ACEN for the subscription by ACEN to 30,000,000 non-voting Preferred Shares of ENEX at par value of ₱1.00, for a total subscription price of ₱30.00 million.

On June 26, 2024, ENEX signed a subscription agreement with ACEN for the subscription by ACEN to 177,544,011 non-voting Preferred Shares of ENEX at par value of ₱1.00, for a total subscription price of ₱177.54 million, to be paid out of the assignment of short-term loans and interest receivable from ENEX via the Deed of Assignment between ACEN and ENEX.

ACEN's subscription to Preferred Shares will be in exchange of below ACEN receivables from ENEX and cash infusion:

Short-term loan principal	**₱171,272,858**
Assigned receivables from ACEN International	
Short-term loan principal	**6,000,000**
Short-term loan interest accrued	**271,153**
	₱177,544,011
Cash infusion	**30,000,000**
Deposit for future stock subscription	**₱207,544,011**

As at September 30, 2024, the subscription is treated as deposit for future stock subscription presented as equity.

The shares will be issued upon the SEC's approval of the increase in authorized capital stock (ACS) of ENEX and the creation of the non-voting Preferred Shares. ENEX's application for increase in authorized capital stock to SEC is ongoing

Under SEC Financial Reporting Bulletin No. 6, as revised, dated May 11, 2017, a company shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Future Stock Subscription) from "Outstanding Capital Stock" if and only if, all the following elements are present as of end of the reporting period:

- The unissued authorized capital of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said increase; and
- The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

ACES
Payable to ACES includes management fees and contracted services. For the nine months period ended September 30, 2024, ENEX made partial payment to ACES amounting to ₱2.78 million.

BPGC
For the nine months period ended September 30, 2024, ENEX paid ₱4.00 million to BPGC for its operating expense advances provided in 2022.

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, which was fully drawn as of September 30, 2024.

The first drawdown amounted to ₱1.00 million is subject to 8.20% per annum, payable on or before June 5, 2024. The second drawdown amounted to ₱1.50 million is subject to 8.39% per annum, payable on or before August 1, 2024. The third drawdown amounted to ₱2.80 million is subject to 8.36% per annum, payable on or before September 26, 2024. The fourth drawdown amounted to ₱0.70 million is subject to 8.29% per annum, payable on or before February 1, 2025.

On June 26, 2024, ACEN International assigned its short-term loans and interest receivable from ENEX amounting to ₱6.00 million and ₱0.27 million, respectively, in favor of ACEN.

Interest expense related to the short-term loans amounted to ₱0.26 million and ₱0.04 million for the nine months period ended September 30, 2024 and 2023 respectively.

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

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

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

10. Capital Stock

Following are the details of the Parent Company's capital stock as at September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
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 September 30, 2024 and December 31, 2023 are held by 2,888 and 2,893 equity holders.

On March 14, 2024, the Parent Company's BOD and stockholders approved the increase in authorized capital stock from ₱1,000 million, consisting of 1,000,000,000 common shares at ₱1.00 par value a share, to ₱1,300 million, consisting of 1,000,000,000 common shares at ₱1.00 par value a share and 300,000,000 preferred shares at ₱1.00 par value a share. Subject to the approval by the SEC on the increase in authorized capital stock. Deposits for future stock subscription amounting to ₱207.54 million were received as of September 30, 2024.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes as of September 30, 2024 and December 31, 2023.

11. Basic/Diluted Loss Per Share

Basic/diluted loss per share is computed as follows:

	Nine-Month Period Ended September 30 (Unaudited)	
	2024	2023
(a) Net loss attributable to equity holders of the Parent Company	**₱29,314,781**	₱39,689,327
(b) Weighted average number of common shares outstanding	**250,000,001**	250,000,001
Basic/diluted loss per share (a/b)	**₱0.117**	₱0.159

As at September 30, 2024 and December 31, 2023, 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.

12. Material Partly Owned Subsidiary

Financial information of Palawan55 is provided below:

	For the nine months ended September 30 (Unaudited)	
	2024	2023
Equity interest held by NCI	**30.65%**	30.65%
Accumulated balances of NCI	**₱4,891,701**	₱5,697,604
Net loss allocated to NCI	**(458,440)**	(1,259,839)

The summarized financial information of Palawan55 is provided below.

Statements of Comprehensive Income

	For the nine months ended September 30 (Unaudited)	
	2024	2023
Other income (loss)	**₱16,103**	₱49,260
Expenses	**(1,511,829)**	(4,159,799)
Total comprehensive loss	**(₱1,495,726)**	(₱4,110,539)
Attributable to NCI	**(₱458,440)**	(₱1,259,839)

Statements of Financial Position

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total current assets	**₱7,453,408**	₱6,927,010
Total noncurrent assets	**54,349,977**	54,349,977
Total current liabilities	**(77,763,256)**	(75,741,620)
Total capital deficiency	**(₱15,959,871)**	(₱14,464,633)
Attributable to equity holders of the Parent Company	**(₱11,068,171)**	(₱10,031,372)
NCI	**(₱4,891,700)**	(₱4,433,261)

Cash Flow Information

	For the nine months ended September 30 (Unaudited)	
	2024	2023
Net cash flows provided by:		
Operating activities	**(₱1,542,223)**	(₱3,354,892)
Investing activities	**–**	–
Financing activity	**2,068,621**	1,176,987

There were no dividends paid to NCI in the nine-month period ended September 30, 2024 and 2023.

13. **Financial Assets and Financial Liabilities**

Financial Risk Management Objectives and Policies
The main purpose of the Group's principal financial instruments is to fund it operations and capital expenditures. The main risk arising from the use of 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 due from related parties exposures 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:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash	**₱28,522,014**	₱7,538,325
Receivables	–	27,601
	₱28,522,014	₱7,565,926

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

	September 30, 2024 (Unaudited)					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	
	Class A	Class B	Class C	Impaired	Impaired	Total
Due from third party	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,000,000**	**₱20,000,000**
Others	–	–	–	–	–	–
	₱–	**₱–**	**₱–**	**₱–**	**₱20,000,000**	**₱20,000,000**

	December 31, 2023 (Audited)					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	
	Class A	Class B	Class C	Impaired	Impaired	Total
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, 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 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 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.

14. **Segment Information**

The Group has only one reportable segment, Petroleum and Gas, which is engaged in oil and gas exploration and development. The Group planned to expand its operations to include geothermal exploration and development; however, there are no activities undertaken under this segment during the period and all activities reported pertain to oil and gas exploration. Management monitors the operating results of the reportable segment for the purpose of making decisions about resource allocation and performance assessment.

Capital expenditures for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023 were nil and ₱0.05 million, respectively, mainly on deferred exploration cost (see Note 7).

As at November 8, 2024, the Group has not started commercial operations yet and has no revenue or gross profit. The total assets of the segment of ₱150.41 million and ₱142.88 million and liabilities amounting to ₱85.23 million and ₱255.47 million as at September 30, 2024 and December 31, 2023, respectively, are the same as that reported in the consolidated statements of financial position.

ANNEX B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of ENEX Energy Corp. (ENEX) and its subsidiary should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2024, for the nine months ended September 30, 2024 and 2023 and the audited consolidated financial statements as at December 31, 2023. The unaudited interim consolidated financial statements have been prepared in compliance with the Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting.*

Consolidated Statements of Income

	Nine-Month Period Ended September 30 (Unaudited)		**Increase (Decrease)**	
	2024	2023	**Amount**	**%**
Expenses	**₱9,674,477**	₱12,460,231	(2,785,754)	(22)
Other charges (income) - net	**20,030,347**	28,488,935	(8,458,588)	(30)
Loss before income tax	**29,704,824**	40,949,166	(11,244,342)	(27)
Provision for income tax	**68,397**	–	68,397	–
Net Loss	**₱29,773,221**	₱40,949,166	(11,175,945)	(27)

The following are the material changes in the consolidated statements of comprehensive income for the nine months ended September 30, 2024 and 2023:

- Decrease in management and professional fees and repairs and maintenance expenses from previous period following limited activity in current period.
- Taxes and licenses increased due to additional documentary stamp taxes on availment and renewal of short-term, while advertising and promotion increased from expenses for the annual stockholders meeting. These are offset by decrease in training fund contributions due to recording of catch-up contribution in the same period last year.
- Other charges (income) – net mainly came from equity in net losses of the Parent Company's joint venture investee (BCEI) (₱13.54 million). These are ENEX's share in noncapitalizable pre-development expenses of BCEI, while increase in interest expense on short-term loan from ACEN and ACEN International (₱6.70 million). Interest income increased due to placements in time deposit.

Consolidated Statements of Financial Position

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	**Increase (Decrease)**	
			Amount	**%**
Current Assets				
Cash	**28,522,014**	₱7,538,325	20,983,689	278
Receivables	–	27,601	(27,601)	(100)
Other current assets	**257,522**	24,399	233,153	956
Noncurrent Assets				
Investment in a joint venture	**67,269,926**	80,809,131	(13,539,205)	(17)
Deferred exploration costs	**54,349,977**	54,349,977	–	–
Property and equipment	**13,168**	131,682	(118,514)	(90)
Current Liabilities				
Accounts payable and other current liabilities	**85,228,871**	100,168,139	14,939,268	(15)
Short-term loan	–	155,300,000	155,300,000	(100)
Equity				
Deposit for future stock subscriptions	**207,544,011**	–	(207,544,011)	–

The following are the material changes in the Consolidated Statements of Financial Position as at September 30, 2024 and December 31, 2023:

- Increase in Cash was primarily due to subscription to RPS from ACEN via cash amounting to ₱30.00 million, cash call from Pryce Gases Inc. amounting to ₱2.07 million and short-term loan proceeds for working capital purposes.
- Increase in Other current assets were due to prepayments of rental expenses and taxes expenses for current period aggregating to ₱0.23 million.
- Investment in a joint venture pertains to the Parent Company's ownership interest in BCEI which includes subscription cost (₱150.22 million) and current year share in net loss amounting to (₱13.54 million)
- Decrease in Property and equipment is purely due to depreciation.
- Decrease in Accounts payable and other current liabilities mainly due to payments of advances from ACEN pertaining to management fees and other various payables (₱19.28 million), payment to ACES pertaining to management fees and contracted services (₱3.18 million) and payment to BPGC pertaining to cash advance (₱4.00 million). ₱0.27 million outstanding interests from short-term loans was exchanged for subscription in ENEX.
- ENEX availed ₱21.27 million and ₱0.70 million short-term loans from ACEN and ACEN International, respectively, during the period. ACEN International's total outstanding short-term loans from ENEX amounting to ₱6.00 million was assigned in favor of ACEN. These were all converted to deposit for future stock subscription.
- Deposit for future stock subscriptions pertain to subscriptions by ACEN, in exchange for ACEN receivables from ENEX and cash infusion of ₱177.54 million and ₱30.0 million, respectively.

Financial Soundness Indicators

Key Performance Indicator	Formula	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**0.34**	0.03	0.31	1,033
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**0.33**	0.03	0.30	1,000
Solvency Ratios					
Debt-to-equity ratio	Total liabilities / Total equity	**1.31**	(2.27)	3.58	(158)
Asset-to-equity ratio	Total assets / Total equity	**2.31**	(1.27)	3.58	(282)
Net bank Debt to Equity Ratio	Short & long-term loans - Cash / Total Equity	**N/A**	N/A	N/A	N/A

Key Performance Indicator	Formula	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)	**Increase (Decrease) Amount**	**Increase (Decrease) %**
Profitability					
Return on equity	Net income after tax / Average stockholders' equity	**N/A**	N/A	N/A	N/A
Return on assets	Net income after taxes / Average total assets	**N/A**	N/A	N/A	N/A
Asset turnover	Revenues / Average total assets	**N/A**	N/A	N/A	N/A

Debt-to-equity ratio

The Group's debt-to-equity ratio is negative with the capital deficiency reported in Q3 2024, same as last year.

Asset-to-equity ratio

As of September 30, 2024, asset-to-equity ratio is negative with the capital deficiency reported for the period.

Return on equity, Return on assets and Asset turnover

These ratios are not applicable since the Group has not started commercial operations yet.

During the third quarter 2024:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- There were no events that will trigger direct or contingent financial obligation that was material to the Group, including any default or acceleration of an obligation.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the interim consolidated financial statements.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- ENEX's subsidiary, Palawan 55, has 75% participating interest in SC 55 and is the Operator.
- There were no other material trends, demands, commitments, events or uncertainties known to the Group that would likely affect adversely the liquidity of the Group.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- There were no operations subject to seasonality and cyclicality.

ENEX Energy Corp. (formerly ACE ENEXOR, INC.)

PROGRESS REPORT

For the Quarter June 01 to September 30, 2024

SC 55 (Ultra Deepwater West Palawan)

Service Contract 55 is currently under Force Majeure. Under this condition, the Consortium will have a total of twenty-three (23) months from the lifting of Force Majeure to drill the committed well.

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

Certified Correct:

DocuSigned by:

Raymundo Reyes Jr

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RAYMUNDO A. REYES, JR.

General Manager

ANNEX C

Reports on SEC Form 17-C
The Company submitted SEC form 17-C and Press Statements to PSE, SEC on the following matters in the second quarter ended 30 September 2024:

1. 2 July, 2024 – Conversion of ACEN group advances to ENEX into equity, and subscription by ACEN to additional equity in ENEX
2. 9 July, 2024 – Public Ownership Report for period ended 30 June 2024
3. 10 July, 2024 – List of Top 100 Stockholders (Common Shares)
4. 18 July, 2024 – Reply to Exchange's Inquiry of Unusual Price Movement of ENEX Shares dated July 17, 2024
5. 7 August, 2024 – Reply to Exchange's Query on Negative Stockholders' Equity
6. 8 August, 2024 – Quarterly Report for period ended 30 June 2024