COVER SHEET

SEC Registration Number

4 0 0 5 8

COMPANY NAME

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

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

34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

Vicente O. Caoile, Jr.	8633-7631
(Contact Person)	(Company Telephone Number)

12 31	SEC FORM-17-A	
Month *Day* (Fiscal Year)	(Form Type)	*Month* *Day* (Annual Meeting)

Annual Report 2021

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

11,569		
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.

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 year ended **December 31, 2021**

2. Commission identification number **40058**

3. BIR Tax Identification No. **000-483-747-000**

4. **ORIENTAL PETROLEUM AND MINERALS CORPORATION**
   Exact name of issuer as specified in its charter

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **34th Floor, Robinsons Equitable Tower**
   ADB Avenue, Ortigas Center Pasig City **1600**
   Address of issuer's principal office Postal Code

8. **(632) 633-7631 locals 278 and 281**
   Issuer's telephone number, including area code

9. **Not Applicable**

   Former name, former address and formal fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding
Common Stock, P0.01 par value	**200 Billion**

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

    Yes [**x**] No [ ]

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

Philippine Stock Exchange **Class A and B**

12. Indicate by check mark whether the registrant:

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

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

The aggregate market value of the voting stock held by non-affiliates is **₱1,359,686,831.**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Oriental Petroleum and Minerals Corporation (OPMC) is a Philippine corporation incorporated on December 22, 1969 with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC's operational activities depend principally on its Service Contracts with the government.

The Company, together with other oil exploration companies (collectively referred to as "a or the Contractor"), entered into a Service Contract (SC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of certain contract areas situated in offshore Palawan where oil discoveries were made.

The Company's petroleum revenues and production and related expenses are derived from SC 14 Contract Area. SC 14 is composed of four Blocks, Block - A (Nido), Block - B (Matinloc), Block - C (Galoc & West Linapacan) and Block - D (Retention Area). West Linapacan and Block -D are the non-producing areas; West Linapacan is currently under evaluation for re-activation after it was shut-in in 1995 due to water intrusion. Block - D, on the other hand, is designated as the Retention Block.

Production in the Nido and Matinloc oilfields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019. The plug and abandonment of the two remaining wells in Nido oilfield was completed in 2020.

Sale of Crude Oil Data for 2021 and 2020

Area	Volume (in bbls.)		Average Selling Price (in US$/bbl.)	
	2021	2020	**2021**	2020
Galoc	631,948	690,946	69.51	38.18

Production from Galoc were sold and delivered to various customers. Sale is effected through physical transfer/delivery of crude oil from offshore production site from storage and processing ship to oil tanker of the buyer.

SCs and Geophysical Survey and Exploration Contracts (GSECs) are the principal properties of the Company and owned by the State.

The contractors are bound to comply in the work obligations provided in the contract with the DOE. They should provide at their own risk the financing, technology and services needed in the performance of their obligations. Failure to comply with their work obligations means that they should pay the government the amount they should have spent had they pushed through with their undertaking. Operating agreement among the participating companies governs their rights and obligations under the contract.

For the year ended December 31, 2021, the Company recorded total revenue from petroleum operations of US$3.51 million from US$1.28 million in 2020 from its share in the Galoc operation. The increase of average crude oil prices mainly led to the increase of petroleum revenue. The increase in oil prices was brought by recovering global demand.

As of December 31, 2021, OPMC has seventeen (17) employees – twelve (12) executives, three (3) rank and file personnel and two (2) contractual employees. The Company is not expecting any change in the number of employees it presently employs. The Company has not entered into any Collective Bargaining Agreements (CBA).

It is a common knowledge in the industry that the major risk involved in the business of oil exploration, such as OPMC, is in the success of exploration ventures. The ratio of successful exploration is estimated to be 1 out of every 400 wells explored. The Company together with its partners in the various SCs, conduct technical studies and evaluation of the areas believed to have oil reserves.

Another risk identified is when there is a decline in volume of oil and/or in oil price. The decline in production volume is a result of natural decline in the oil reserve while the decline in oil price is due to oversupply of oil in the common market. These risks are common for the industry the Company operates in.

Another risk involved in the business of oil exploration and production is the risk that accidents may occur during operations. The Company together with its partners in various SCs, continue to take precautionary measures to mitigate accidents, like oil spill. Platform personnel regularly attend safety trainings and seminars. Likewise, platforms are supplied with equipment like oil spill boom, in case oil spill happens. The Consortia, in which the Company is part of, maintain sufficient funds to cover emergencies and accidents, apart from the insurance coverage of each operation/platform.

The Company organized three (3) wholly-owned subsidiaries:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

The Company was incorporated and started commercial operations on May 2, 1988 with the principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of the Company's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for the Company's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

The Company was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. OPMC continues to recognize revenues arising from the operations of the assigned working interest. However, all related capitalizable expenses on such working interest continue to be capitalized to the Company's assigned costs of such working interest. On the other hand, depletion of such costs is transferred to OPMC and shown as a reduction of the assigned costs.

c) ORIENTAL LAND CORPORATION (OLC)

The Company was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Item 2. Properties

The principal properties of the Company consist of petroleum exploration areas in the Philippines, onshore and offshore.

Listed below are OPMC's exploration undertakings through a consortium effort with the DOE as of December 31, 2021.

CONTRACT	LOCATION	Expiration Date	OPMC Share (%)
SC 6 and 6B (Bonita and Cadlao)	NW Palawan	February 28, 2024	16.364
SC14C (West Linapacan)	NW Palawan	December 17, 2025	30.288
SC14C (Galoc)	NW Palawan	December 17, 2025	7.78505

Item 3. Legal Proceedings

None.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The principal market for OPMC's common equity is the Philippine Stock Exchange. Stock prices of the common stock are as follow:

STOCK PRICES (in pesos)	CLASS A High	CLASS A Low	CLASS B High	CLASS B Low
2022				
First Quarter	0.0130	0.0100	0.0140	0.0100
2021				
First Quarter	0.0370	0.0100	0.0350	0.0100
Second Quarter	0.0130	0.0110	0.0140	0.0110
Third Quarter	0.0130	0.0100	0.0130	0.0110
Fourth Quarter	0.0120	0.0100	0.0120	0.0100
2020				
First Quarter	0.0120	0.0080	0.0130	0.0080
Second Quarter	0.0087	0.0082	0.0100	0.0083
Third Quarter	0.0096	0.0080	0.0110	0.0070
Fourth Quarter	0.0150	0.0080	0.0140	0.0083

VOLUME (in billion shares)	CLASS A	CLASS B
2022		
First Quarter	4.192	1.962
2021		
First Quarter	66.750	19.050
Second Quarter	6.271	28.998
Third Quarter	2.088	1.250
Fourth Quarter	2.608	12.186
2020		
First Quarter	1.111	5.510
Second Quarter	0.723	0.326
Third Quarter	1.068	1.465
Fourth Quarter	8.750	14.766

As of December 31, 2021, there are approximately **11,569** stockholders both for Class "A" and "B" shares.

List of Top 20 Stockholders as of December 31, 2021

	Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
1.	PCD NOMINEE CORPORATION	93,673,101,834	46.84
2.	JG SUMMIT CAPITAL SERVICES CORP.	37,051,952,896	18.53
3.	R. COYIUTO SECURITIES, INC.	21,612,300,006	10.81
4.	PRUDENTIAL GUARANTEE & ASSURANCE, INC.	12,892,285,272	6.45
5.	JAMES L. GO	2,511,000,000	1.26
6.	J.G. SUMMIT HOLDINGS, INC.	1,756,248,841	0.88
7.	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,312,428,022	0.66
8.	F & J PRINCE HOLDINGS CORP.	1,260,888,642	0.63
9.	PAULINO G. PE	935,000,000	0.47
10.	DAVID GO SECURITIES CORP.	698,083,201	0.35
11.	MARGARET S. CHUA CHIACO	663,400,000	0.33
12.	TIONG KENG CHING	622,512,998	0.31
13.	ROBERT COYIUTO, JR.	565,664,986	0.28
14.	JAMES UY, INC.	471,843,600	0.24
15.	ERNESSON S. CHUA CHIACO	441,600,000	0.22
16.	GENEVIEVE S. CHUA CHIACO	441,600,000	0.22
17.	MANUEL S. CHILIP	360,842,316	0.18
18.	CONSTANTINE TANCHAN	333,025,609	0.17
19.	ERNESTO CHUA CHIACO &/OR MARGARET S. CHUA CHIACO	299,000,000	0.15
20.	SANTIAGO TANCHAN III	298,546,547	0.15
		178,201,324,770	89.13
	OTHERS	21,798,675,230	10.87
	TOTAL	**200,000,000,000**	**100.00**

Description of Registrant's Securities

Common Stock - all shares of stock of the Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued to Filipino citizens or foreigners.

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

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Dividends

On June 29, 2021, the Board of Directors of the Company approved the declaration of a cash dividend in the amount of PhP 0.0005 per share or a total of PhP 100 million ($2.06 million) from the Company's unrestricted retained earnings as of December 31, 2020 to all stockholders of record as of July 28, 2021 and payable on August 20, 2021.

On June 25, 2020, the Board of Directors of the Company approved the declaration of a cash dividend in the amount of PhP 0.0005 per share or a total of PhP 100 million ($2.00 million) from the Company's unrestricted retained earnings as of December 31, 2019 to all stockholders of record as of July 24, 2020 and payable on August 18, 2020.

On June 27, 2019, the Board of Directors of the Company approved the declaration of a cash dividend in the amount of PhP 0.0005 per share or a total of PhP 100 million ($1.94 million) from the Company's unrestricted retained earnings as of December 31, 2018 to all stockholders of record as of July 26, 2019 and payable on August 20, 2019.

The Company has not declared any cash or stock dividends in 2018.

Item 6. Management’s Discussion and Analysis or Plan of Operations

Galoc Field’s sale of crude oil volume for 2021 was 631,948 barrels which was 8.54% lower than the total production of 690,946 barrels in 2020. The decline in barrels of oil in Galoc operation was caused by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well’s subsurface production mechanism. Production operations continued under a new contract with a new Floating Production Storage and Offloading (FPSO) operator.

Production in the Nido and Matinloc fields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019. The plug and abandonment of the two remaining wells was completed in 2020.

The Company does not expect any significant change in the number of its employees for the next twelve (12) months.

Results of Operations

2021 vs. 2020

Revenue from petroleum operations in 2021, which amounted to US$3.51 million, increased by 175% from US$1.28 million in 2020. The intense upswing in crude oil prices mainly led to the increase of petroleum revenue.

Average price per barrel increased to US$69.51 in 2021 as compared to US$38.18 in 2020 for Galoc operations. The surge in oil price was brought by recovering global demand.

Petroleum production costs in 2021, which totaled US$2.26 million, increased by 35% from US$1.68 million in 2020. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. The increase in costs in 2021 was mainly due to the Company's share in Nido/Matinloc Block training and development/scholarship, which the Department of Energy only collected before closure/surrender of Nido/Matinloc blocks.

Depletion, depreciation and amortization slightly decreased by 6% or around US$0.04 million.

Foreign exchange loss of US$1.89 million for the year 2021 was due to revaluation of peso denominated monetary assets and liabilities. The change to a foreign exchange loss position in 2021 from a foreign exchange gain position of US$1.87 million in 2020 was driven by unfavorable movements of the Philippine Peso against U.S. Dollar in 2021 versus 2020.

Interest, dividend and other income reached US$3.68 million in 2021, a slight decrease from US$3.92 million in 2020 due to dollar appreciation and lower interest rates. This comprised of interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost and money market placements. In 2020, other income included a refund from standby letter of credit offset against cash call of US$0.13 million.

Provision for income tax amounted to US$0.04 million from US$1.51 million in 2020 mainly due to savings from CREATE bill on deferred tax.

2020 vs. 2019

Revenue from petroleum operations in 2020, which amounted to US$1.28 million, decreased by 70% from US$4.25 million in 2019. The intense downswing in crude oil prices mainly led to the decrease of petroleum revenue.

Average price per barrel dropped to US$38.18 in 2020 as compared to US$64.48 in 2019 for Galoc operations. The decline in oil price was mainly due to the oversupply of oil in the world market given COVID-19 pandemic. Further, the decline in petroleum revenue was also affected by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well's subsurface production mechanism. In addition, Nido and Matinloc Field was terminated permanently in March 2019.

Petroleum production costs in 2020, which totaled US$1.68 million, decreased by 63% from US$4.60 million in 2019. The decrease was due to lower cost of petroleum production in Galoc Block. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. In March 2019, production in the Nido and Matinloc fields was terminated permanently. These costs also include plug and abandon costs which amounted to US$0.13 million and US$1.36 million in 2020 and 2019, respectively.

Depletion, depreciation and amortization decreased by 52% due to decrease in volume of crude oil production. In 2019, remaining crude oil reserve of Nido Field was fully depleted.

Interest, dividend and other income reached US$3.92 million in 2020, an increase of 5% from US$3.72 million in 2019 arising from interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost and money market placements. Other income includes a refund from standby letter of credit offset against cash call of US$0.13 million in 2020 and a gain on reversal of long-outstanding payable of US$0.25 million in 2019.

2019 vs. 2018

Revenue from petroleum operations in 2019, which amounted to US$4.25 million, decreased by 45% from US$7.69 million in 2018. Petroleum revenue from the Galoc operations amounted to US$3.92 million, which comprised 92% of the total revenue, in 2019 and US$6.52 million, which comprised 85% of the total revenue, in 2018. Revenue from Nido/Matinloc operations amounted to US$0.33 million in 2019 as compared to US$1.17 million in 2018.

The decline in crude oil production volume and drop of average crude oil prices led to the decrease of petroleum revenue. Total crude oil production volume declined by 35% from 1.16 million barrels in 2018 to 0.76 million barrels in 2019. The decline in barrels of oil in Galoc operation was caused by the decline in production performance of Galoc well-3 and continued shut-in of Galoc well-4 due to problems in the well's subsurface production mechanism. Further, production in the Nido and Matinloc fields was terminated permanently in March 2019 and seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned in May 2019.

Further, average price per barrel dropped to US$64.48 in 2019 as compared to US$74.21 in 2018 for Galoc operations. For Nido/Matinloc operations, average price per barrel decreased to US$64.00 in 2019 as compared to US$68.00 in 2018. The decline in oil price was mainly due to oversupply of oil in the world market.

Petroleum production costs in 2019, which totaled US$4.60 million, decreased by 39% or US$2.91 million. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs, management and technical fees, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia. In 2019, estimated costs to plug and abandon the remaining 2 wells in Nido oilfield amounted to $0.82 million. In 2018, actual costs were incurred to plug and abandon wells from Libro and Tara oilfields amounting to $0.79 million. Further, in 2018, estimated costs to plug and abandon wells from Nido, Matinloc and North Matinloc Oilfields amounted to $2.06 million.

Despite decrease in volume of crude oil production, depletion and depreciation increased by 39% due to the recognition of unamortized / undepleted costs of plugged and abandoned wells.

Interest and other income reached US$3.72 million in 2019, an increase of 38% from US$2.70 million in 2018 arising from interest received from investment in equity instruments at fair value through other comprehensive income, debt instruments at amortized cost, and short-term and long-term deposits and gain on reversal of long-outstanding payables.

Financial Position

<u>2021</u>

The Company's consolidated assets at the end of 2021, which amounted to US$94.79 million, is 2% lower than last year's US$96.45 million due to the following movements:

- Equity instruments at fair value through other comprehensive income amounted to US$31.94 million, lower than last year's US$36.99 million attributable to the redemption of investments in preferred shares, adjusted by changes in the market value of investments and foreign currency rates.

- Consolidated property and equipment for the year 2021 amounted to US$12.18 million, lower as compared to last year's US$12.65 million mainly due to depletion and depreciation expenses.

The above-mentioned decrease in assets was partly offset by the increase in the following:

- Cash and cash equivalents increased to US$16.00 million at the end of 2021 compared from US$15.30 million in 2020 due to reclassification from short-term investments to cash and cash equivalents, partially offset by acquisition of bonds.

- Crude oil inventory of US$0.31 million increased from US$0.25 million in 2020 due to higher price and crude oil volume in tank and storage.

- Debt instruments at amortized cost totaled US$31.15 million at the end of 2021, higher than in 2020 of US$28.00 million due to additional investments in bonds partially offset by revaluation of these peso denominated bonds at closing rate at the end of the reporting period.

  - Other non-current assets increased to US$1.56 million from US$0.66 million in 2020. In 2021, OPMC was securing Exploration Permits (EP) for nickel and other associated metals. OPMC has submitted applications to the Mines and Geosciences Bureau (MGB)-Regional Office No. III for five (5) areas in Zambales with a total area of approximately 13,816 hectares. Further, OPMC recognized its interest in the related decommissioning fund amounting to $0.84 million.

Accounts and other payables at the end of the year amounted to US$0.56 million, higher than last year's US$0.44 million mainly due to outstanding payable from dividend declaration.

Pension liability slightly decreased to US$0.64 million from US$0.65 million due to revaluation of these peso denominated liabilities at closing rate at the end of the reporting period, offset by recognized pension costs.

Reserve for changes in value of equity instruments at fair value through other comprehensive income account decreased by US$2.14 million due to market value of listed investments in preferred shares of the Company, adjusted by closing foreign exchange rate at the end of the reporting period.

2020

The Company's consolidated assets at the end of 2020, which amounted to US$96.45 million, is 3% higher than last year's US$93.41 million due to the following movements:

In 2020, cash and cash equivalents account amounted to US$15.30 million, as compared to US$17.89 million in 2019. The decrease of 14% was mainly due to payment of share in the plug and abandonment costs of Nido wells, share in operating expenses pertaining to Galoc cash calls and acquisition of additional equity instruments at fair value through other comprehensive income.

Receivable at the end of 2020 totaled US$1.56 million, an increase from last year's US$0.98 million. This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operator, Galoc Production Company for the SC 14C Consortium. Also, this account consists of accrued interest and dividend receivable.

Crude oil inventory amounted to US$0.25 million, a decrease of 63% from last year's US$0.67 million. This represents the Company's share in the crude oil already produced and in storage but has yet to be delivered to the customers. The decrease was mainly due to lower crude oil volume in tank and storage in 2020 as compared to 2019.

Equity instruments at fair value through other comprehensive income amounted to US$36.99 million at the end of 2020, higher than last year's US$31.08 million attributable to additional investments in preferred shares, adjusted by changes in the market value of investments and foreign currency rates.

Consolidated property and equipment at the end of 2020 amounted to US$12.65 million. The decrease was mainly due to depletion and depreciation expenses.

Accounts and other payables at the end of the year amounted to US$0.44 million, lower than last year's US$0.83 million due to payment of 2019 billed floating, production, storage and offloading rate charges.

Provision for plug and abandonment costs at the end of the year amounted to nil against last year's US$0.82 million. This was due to full payment of share in costs to plug and abandon 2 remaining wells in SC 14A Nido oilfield.

2019

The Company's consolidated assets at the end of 2019, which amounted to US$93.41 million, is 1% higher than last year's US$92.29 million due to the following movements:

In 2019, cash and cash equivalents account amounted to US$17.89 million, as compared to US$10.52 million in 2018. The increase of 70% was mainly due to investment of proceeds from the maturity of current portion of long-term investment to time deposits, decreased by the acquisition of additional equity instruments at fair value through other comprehensive income and debt instruments at amortized cost.

Receivable at the end of 2019 totaled US$0.98 million, an increase of 1% from last year's US$0.97 million. This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operator, Galoc Production Company for the SC 14C Consortium. Also, this account consists of accrued interest and dividend receivable.

Crude oil inventory amounted to US$0.67 million, a decrease of 62% from last year's US$1.77 million. This represents the Company's share in the crude oil already produced and in storage but has yet to be delivered to the customers. The decrease was mainly due to lower crude oil volume in tank and storage in 2019 as compared to 2018.

Equity instruments at fair value through other comprehensive income amounted to US$31.08 million at the end of 2019, higher than last year's US$11.64 million attributable to additional investments in preferred shares.

Debt instruments at amortized cost totaled US$27.29 million at the end of 2019, higher than last year's US$12.99 million due to additional acquisition of bonds.

Consolidated property and equipment at the end of 2019 amounted to US$13.33 million. The decrease was mainly due to depletion and depreciation expenses.

Accounts and other payables at the end of the year amounted to US$0.83 million, higher than last year's US$0.50 million due to billed floating, production, storage and offloading rate charges, partially offset by reversal of long-outstanding payables.

Provision for plug and abandonment costs at the end of the year amounted to US$0.82 million which pertains to estimated costs to plug and abandon 2 remaining wells in SC 14A Nido oilfield.

The causes for material changes of December 31, 2021 figures as compared to December 31, 2020 figures of the following accounts are:

Accounts	December 31, 2021	December 31, 2020	Change	%	Remarks
Financial Position					
Cash and cash equivalents	$16,001,110	$15,298,829	$702,281	5%	Increase was due to reclassification from short-term investments to cash and cash equivalents, partially offset by acquisition of bonds.
Receivables	1,646,909	1,564,241	82,668	5%	This account mainly represents the Company's share in the funds from crude oil produced and delivered during the last month of the year held in trust by the operators.
Crude oil inventory	312,094	249,867	62,227	25%	Increase was due to higher price and crude oil volume in tank and storage in 2021 as compared to 2020.
Equity instrument at fair value through other comprehensive income	31,941,688	36,986,361	(5,044,673)	(14%)	Decrease was due to redemption of investments in preferred shares, adjusted by changes in the market value of investments and foreign currency rates.
Debt instruments at amortized cost	31,148,619	27,997,544	3,151,075	11%	Increase was due to additional investments in bonds partially offset by revaluation of these peso denominated bonds at closing rate at the end of the reporting period.
Property and equipment	12,175,233	12,645,633	(470,400)	(4%)	Decrease was mainly due to depletion and depreciation expenses.
Other noncurrent assets	1,556,831	662,844	893,987	135%	In 2021, OPMC was securing Exploration Permits (EP) for nickel and other associated metals. OPMC has submitted applications to the Mines and Geosciences Bureau (MGB)-Regional Office No. III for five (5) areas in Zambales with a total area of approximately 13,816 hectares. Further, OPMC recognized its interest

Accounts	December 31, 2021	December 31, 2020	Change	%	Remarks
					in the related decommissioning fund amounting to $0.84 million
Accounts and other payables	561,737	443,023	118,714	(27%)	Increase was mainly due to outstanding payable from dividend declaration in 2021.
Reserve for changes in value of equity instruments at fair value through other comprehensive income	268,505	2,406,322	(2,137,817)	(89%)	Decrease in valuation reserve was due to market value of listed investments in preferred shares of the Company, adjusted by closing foreign exchange rate at the end of the reporting period.
Income Statement					
Revenue from petroleum operations	$3,506,189	$1,277,272	$2,228,917	175%	The intense upswing in crude oil prices mainly led to the increase of petroleum revenue. The surge in oil price was brought by recovering global demand.
Petroleum production costs	2,260,895	1,677,971	582,924	35%	The increase in costs in 2021 was mainly due to the Company's share in Nido/Matinloc Block training and development/scholarship fund payable to the Department of Energy. These costs mainly include floating, production, storage and offloading (FPSO) charges, field/platform operation costs and management and technical fees of the consortia.
Foreign exchange gain (loss)	(1,886,174)	1,870,509	(3,756,683)	(201%)	This movement was due to revaluation of peso denominated monetary assets and liabilities driven by unfavorable movements of the Philippine Peso against U.S. Dollar in 2021 versus 2020.
Interest, dividend and other income	3,683,677	3,917,267	(233,590)	(6%)	Decrease was due to dollar appreciation and lower interest rates. In 2020, other income included a refund from standby letter of credit offset against cash call of US$0.13 million.

Key Performance Indicators

	2021	2020
Current Ratio	**39:1**	45.68:1
Acid Test Ratio	**38.43:1**	45.10:1
Debt-to-Equity Ratio	**Not Applicable**	
Asset-to-Equity Ratio	**1.04:1**	1.03:1
Interest Rate Coverage	**Not Applicable**	
Return on Equity	**1.79%**	2.66%
Return on Assets	**1.74%**	2.70%
Net Profit Margin	**47.34%**	195.37%
Net Working Capital Ratio	**0.23:1**	0.21:1

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Acid test ratios are computed by dividing current assets less inventory and prepayments over current liabilities. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity. Percentage of asset to equity resulted from dividing total assets over total stockholder's equity. Return on equity percentage pertains to net income over average total stockholder's equity while return on assets percentage is computed by dividing net income over average total assets. Net profit margins are computed by dividing net income over total revenues. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets.

I. The Company has no knowledge of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

II. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

III. There are no significant Capital expenditures during the reporting period.

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

V. There are no seasonal aspects that had a material effect on the Company's financial condition or results of operation.

Item 7. Consolidated Financial Statements

The Audited Consolidated Financial Statements and Schedules 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 Disclosure

None.

8.1 Information on Independent Accountant

The Company's independent public accountant is the accounting firm of Sycip Gorres Velayo & Co. The current handling partner of SGV & Co. is new for this 2020 reporting period and is expected to be rotated every five (5) years.

8.2 External Audit Fees and Services

a. Audit and Audit-Related Fees

   Our external auditor, SGV & Co. has billed the Company a total audit fee of US$21,531 for the last two (2) fiscal years, 2021 and 2020, for the audit of the Company's annual financial statements in connection with statutory and regulatory filings for the last two (2) fiscal years.

   Aside from the abovementioned service by the external auditor, there had been no other services that was requested from and performed by the external auditor.

b. Tax Fees

   The Company had not contracted the external auditor for services related to tax accounting, compliance, advice, planning and any other form of tax services for the last two (2) fiscal years.

c. All Other Fees

   The Company had not contracted the external auditor for product and services other than the services reported under items (a) and (b) above for the last two (2) fiscal years.

d. The audit committee's approval policies and procedures for the above services

   The stockholders of the Company elect the external auditor during the Annual Stockholders Meeting. The audit committee evaluates and approves audit plans, programs, scope and frequency submitted by the external auditor.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

As of December 31, 2021, the names and ages of directors and executive officers of the Company are as follows:

Directors

Directors	Name	Age	Citizenship
Director, Chairman and Chief Executive Officer	James L. Go	82	Filipino
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	70	Filipino
Director	Lance Y. Gokongwei	55	Filipino
Independent Director	Antonio L. Go	82	Filipino
Independent Director	Ricardo Balbido, Jr.	71	Filipino
Director	Benedicto Coyiuto	43	Filipino
Director	Josephine Barcelon	62	Filipino
Director	James Coyiuto	68	Filipino
Director	J.V. Emmanuel A. De Dios	57	Filipino
Director	Brian M. Go	48	Filipino
Director, Assistant Corporate Secretary	Perry L. Pe	60	Filipino

Executive Officers

Position	Name	Age	Citizenship
SVP - Operations and Administration and Corporate Information Officer (CIO)	Apollo P. Madrid	81	Filipino
Finance Adviser	Aldrich T. Javellana	48	Filipino
Chief Financial Officer and Compliance Officer	Ma. Riana Infante	41	Filipino
Treasurer	Teodora N. Santiago	56	Filipino
Corporate Secretary	Vicente O. Caoile, Jr.	50	Filipino

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The following directors of the Corporation are expected to be nominated by management for re-election / election this year.

The independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

A brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies are as follows:

James L. Go, 82, is the Chairman and Chief Executive Officer of OPMC. He is likewise the Chairman of JG Summit Holdings, Inc. and Cebu Air, Inc. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation and JG Summit Olefins Corporation. He is also the Vice Chairman of Robinsons Retail Holdings, Inc. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the PLDT Inc. (PLDT) since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a Director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Robert Coyiuto, Jr., 70**,** is the President, Chief Operating Officer and Director of the Company. He is also the Chairman of the Board of Prudential Guarantee & Assurance, Inc. and PGA Sompo Japan Insurance, Inc. and the Sole Importer and Distributor of Audi, Porsche, Lamborghini and Bentley. He holds the positions of Chairman and President of Calaca High Power Corporation and Pacifica 21 Holdings, Inc., Vice Chairman of National Grid Corporation of the Philippines, and First Life Financial Co., Inc., Director of Petrogen Insurance Corporation, and Independent Director of Canon (Philippines) Inc. He is a Nominee of R. Coyiuto Securities, Inc. He has a Bachelor of Science degree in Commerce from the San Beda College.

Lance Y. Gokongwei, 55, has been a Director of the Company since 1994. He is the President and Chief Executive Officer of JG Summit Holdings, Inc. and Cebu Air, Inc. He is also the Chairman of Universal Robina Corporation, Robinsons Land Corporation, Robinsons Retail Holdings, Inc., Altus Property Ventures, Inc., Robinsons Bank Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman and Director of Manila Electric Company, and a Director of RL Commercial REIT, Inc., Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and Endeavor Acquisition

Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Antonio L. Go, 82, was elected as an Independent Director of the Company since 2007. He is also an Independent Director of JG Summit Holdings, Inc. He is currently the Chairman of Equicom Savings Bank, ALGO Leasing and Finance, Inc., My Health Ventures Corporation, and the Vice Chairman of Maxicare Healthcare Corporation. He is a Director of Equitable Computer Services, Inc., Medilink Network, Inc., Equicom Inc., Equicom Manila Holdings, Inc., Equitable Development Corp., T32 Dental Centre Pte Ltd. (Singapore), Dental Implant Maxillofacial Centre Pte Ltd. (Hong Kong), Mioki Holdings Pte. Ltd., Algo Healthcare Holdings Pte. Ltd., Equicom Health Solutions Pte. Ltd., Pin-An Holdings, Inc., Equicom Information Technology, Robinsons Retail Holdings, Inc., DDMP REIT, Inc. Maxicare Health Services, Inc., Steel Asia Manufacturing Corporation and Dito Telecommunity Corporation. He is also a Trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor Science Degree in Business Administration. He attended the International Advance Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

***Ricardo Balbido, Jr*.**, 71, has been elected as an Independent Director of the Company in 2005. He is presently the Chairman of the Board of Trustees of Silliman University. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University. He took advance studies in business leadership & management through the Advance Bank Management Program of the Asian Institute of Management.

Benedicto Coyiuto, 43, was elected Director of the Company during the last Annual Stockholders' Meeting held on June 27, 2013. He is also a Director of Manila Polo Club. He is the Audi Philippines Head of PGA Cars, Inc. and Executive Assistant for General Affairs of PGA Sompo Japan Insurance, Inc. He is the son of Mr. Robert Coyiuto, Jr.

Josephine V. Barcelon, 62, was elected Director during the meeting of June 25, 2014. She is the President / Nominee of J.M. Barcelon & Co., Inc., Stockbroker, Trading Participant: Philippine Stock Exchange and CEO of the Barcelon Group of Companies.

James Coyiuto*,* 68, was elected as Director of the Company since 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

J.V. Emmanuel A. De Dios, 57*,* has been elected as a Director of the Company in 2020. He is presently an Executive Director, President & Chief Executive Officer of Manila Water. He is also a member of the board of Phoenix Petroleum Philippines. He also serves as the Chairman of Boracay Island Water Company, Inc., Clark Water Company, Inc., and Manila Water Total Solutions Corp. He is also the President of Manila Water Foundation, Inc. He was also recently elected as a Trustee of the Philippine Disaster Resilience Foundation, Inc. Prior to joining Manila Water, he was Chief Executive Officer of Prime BMD Corporation. Prior to joining Prime BMD, he was Chairman and CEO of GE Philippines. He previously was appointed CEO/Managing Director of Nido Petroleum Pty and President of Nido Petroleum Philippines. He also previously served as Undersecretary of the Department of Energy where he supervised the country's downstream oil sector, and was then Chairman of the PNOC Exploration Corp. He graduated from the Ateneo School of Law in 1990 and obtained his Master of Laws degree from Harvard Law School in 1994.

Brian M. Go, *48,* has been elected as a Director of the Company in 2020. He is presently the Chief Finance and Risk Officer of JG Summit Holdings, Inc. He is also Vice President of International Trading Operations & Corporate New Ventures for Universal Robina Corporation (URC). He is also a member of the Investment Committee of JG Digital Equity Ventures (JGDEV), a Senior Advisory Board member of Robinsons Bank, and a Board Director for JG Summit Petrochemical Corporation until December 2021. Brian started his career in New York City with Booz Allen Hamilton in 1996, in the Financial Services practice. He returned to Manila in 1998, working at DTPI (Digitel/Sun Cellular), working in Corporate Planning, and as Managing Director of the Datacom business. He worked in China from 2003 to 2013, serving as Finance Director, then Chief Financial Officer, of Ding Feng Real Estate (DFRE) group of companies. From 2007, he concurrently assumed the General Manager role for URC China, and was later General Manager for URC Malaysia/Singapore. Brian graduated from Harvard College in 1996. He completed an Executive MBA with Kellogg-HKUST in 2007, and is a CFA charter holder.

Perry L. Pe*,* 60, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of SIAEP and A-Plus; Senior Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Director of Delphi Group, Ace Saatchi Saatchi, AG & P Philippines, Inc., Island Quarry and Aggregate Corporation, Apo Land and Quarry Corporation. Honorary Consul General of Denmark to the Philippines.

Apollo P. Madrid, 81, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Aldrich T. Javellana, 48, was appointed Finance Adviser of the Company in February 16, 2016. He is the Senior Vice President and Treasurer of JG Summit Holdings, Inc. He was appointed Senior Vice President of JGSHI on

October 2, 2017 and has been Vice President-Treasurer of JGSHI since January 2, 2012. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

Ma. Riana C. Infante, 41, was appointed Chief Financial Officer and Compliance Officer of the Company effective February 16, 2016. She joined OPMC in 2004 as an Accounting Manager. She is a Certified Public Accountant.

Teodora N. Santiago, 56, was appointed Treasurer of the Company effective September 20, 2019. She is also currently a Finance Manager under Corporate Finance of JG Summit Holdings Inc. Prior to joining JGSHI in 2005, she worked as Treasury Manager in Astoria Group and Treasury Admin Manager in Del Monte Fresh Produce Phils., Inc. She graduated from University of Santo Tomas with a degree in BS Accountancy.

Vicente O. Caoile, Jr., 50, was appointed as the Corporate Secretary of the Company effective October 1, 2018. He is the Managing Partner of Adarlo Caoile & Associates Law Offices (ACALaw). He is also the Assistant Corporate Secretary of PGA Cars, Inc., PGA Automobile, Inc., Autoextreme Performance, Inc., and Automaxx Resources, Inc. He holds a Juris Doctor, second honors, from Ateneo de Manila University and Bachelor of Science in Commerce, Major in Legal Management from De La Salle University Manila.

The Company's independent directors are Messrs. Ricardo Balbido, Jr. and Antonio Go. They have possessed the qualifications of independent directors as set forth in the SRC Rule 38 – Independent Director, since the time of their initial election.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the directors and officers has been involved in any bankruptcy proceeding in the past five (5) years nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make significant contribution to the business.

Item 10. Executive Compensation

The following tables list the names of the Corporation's Chief Executive Officers and the four (4) most highly compensated executive officers for the two (2) most recent fiscal years and the ensuing year:

Name	Position	**Projected - Year 2022** (in '000 US$)		
		Salary	Other Bonus/ Compensation	Total
a) CEO & Four (4) most highly compensated executive officers		$279.81	$–	$279.81
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration and CIO			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		$400.15	$–	$400.15

Name	Position	**Actual - Year 2021 (in '000 US$)**		
		Salary	Other Bonus/ Compensation	Total
a) CEO & Four (4) most highly compensated executive officers		$271.16	$–	$271.16
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration and CIO			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		$387.78	US$–	$387.78

Name	Position	**Actual - Year 2020 (in '000 US$)**		
		Salary	Other Bonus/ Compensation	Total
a) CEO & Four (4) most highly compensated executive officers		$293.12	$–	$293.12
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations and Administration and CIO			
Aldrich T. Javellana	Finance Adviser			
Ma. Riana C. Infante	Chief Financial Officer and Compliance Officer			
b) All officers as a group		$403.39	$–	$403.39

Compensation of Directors

For 2021, the Company paid a total of US$24,934 to its Directors.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

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

There are no employment contracts between the registrant and any of its executive officer.

There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to any executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change in control of the registrant or a change in any executive officer's responsibilities following a change in control and the amount involved, including all periodic payments or installments, which exceeds P2,500,000.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of December 31, 2021 were as follows:

Class	**Name and Address Record/ Beneficial Owner**	**Amount and Nature of Ownership (Record and/or beneficial ownership)**		**Citizenship**	**% to Total**
Common	PCD Nominee Corporation[a] Old Makati Stock Exchange Bldg. Ayala Avenue, Makati City	93,673,101,834	Record	Filipino	46.84%
Common	JG Summit Capital Services Corp[b] 43rd Floor, Robinsons-PCI Bank, ADB Ave., corner Poveda Rd. Ortigas Center Pasig City	37,051,952,896	Record	Filipino	18.53%

Class	Name and Address Record/ Beneficial Owner	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
Common	R. Coyiuto Securities, Inc.[c] 5th Flr., Corinthian Plaza Paseo de Roxas, Makati City	21,612,300,006	Record	Filipino	10.81%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City	12,892,285,272	Record	Filipino	6.45%

Notes:

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

b. JG Summit Capital Services Corp (formerly Consolidated Robina Capital Corporation) is a 100% subsidiary of JG Summit Holdings, Inc. OPMC and JGSHI share the following common directors: Mr. James L. Go and Mr. Lance Gokongwei.
   - Any one of the following directors of the Company is authorized to vote: Messrs., James Go, Lance Gokongwei.
   - Indirect ownership of Mr. James Go is 2 shares and Mr. Lance Gokongwei is 3 shares.

c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto, wife of Mr. Robert Coyiuto, Jr. Mr. Coyiuto is the President and COO of OPMC.
   - Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Samuel Coyiuto, and James Coyiuto.
   - There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.

d. Prudential Guarantee & Assurance, Inc. is majority-owned by Coyiuto Brothers.
   - Mr. Robert Coyiuto, Jr. is authorized to vote.

Security Ownership of Management as of December 31, 2021

Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (Direct)			% to Total	Citizenship
			Class A	Class B	Total		
A.	**Named Executive Officers [1]**						
Common	James L. Go*	Chairman and CEO	2,511,000,000	–	2,511,000,000	1.2560%	Filipino
Common	Robert R. Coyiuto, Jr.*	Director, President and COO	423,977,301	141,687,685	565,664,986	0.2828%	Filipino
Common	Apollo P. Madrid*	SVP - Operations and Administration and CIO	1,711,971	100,795	1,812,766	0.0009%	Filipino
		Sub-total	2,936,689,272	141,788,480	3,078,477,752	1.5397%	
B.	**Other Directors and Executive Officers**						
Common	Josephine Barcelon	Director	100,000	–	100,000	0.0001%	Filipino
Common	Antonio Go	Director	1	–	1	**	Filipino
Common	Benedicto Coyiuto	Director	10,000	–	10,000	**	Filipino
Common	Lance Y. Gokongwei	Director	17,835	–	17,835	**	Filipino
Common	Brian M. Go	Director	1	–	1	**	Filipino
Common	J.V. Emmanuel De Dios	Director	1	–	1	**	Filipino
Common	Perry L. Pe	Director and Asst. Corporate Secretary	513,621	–	513,621	0.0003%	Filipino
Common	Ricardo Balbido, Jr.	Director	100,000	–	100,000	0.0001%	Filipino
Common	James Coyiuto	Director	1	–	1	**	Filipino
		Sub-total	741,460	–	741,460	0.0005%	
C.	**All directors and executive officers as a group unnamed**		2,937,430,732	141,788,480	3,079,219,212	1.5402%	

[1] Chief Executive Officer and two (2) among the four (4) most highly compensated executive officers as of December 31, 2021.
*Company's executive officers
**less than 0.0001%

Voting Trust holders of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its calendar year.

Item 12. Certain Relationships and Related Transactions

A. Directors Disclosures on Self-Dealing and Related Party Transactions

There had been no material transactions during the last two years, nor is any material transaction presently proposed, to which the Company was or is to be a party, in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer or owner or more than 10% of the Company's voting securities, is involved.

No transaction, without proper disclosure, was undertaken by the Company in which any director or executive officer was involved or had a direct or indirect material interest. None of the Company's Directors have entered into self-dealing and related party transactions with or involving the Corporation in 2021.

Directors, officers and employees of the Corporation are required to promptly disclose any business or family-related transactions with the Corporation to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

B. Related Party Transactions with Subsidiaries and Affiliates

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; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

The Company in the regular conduct of its business has entered into transactions with affiliates and other related parties principally consisting of leases, insurances and regular banking transactions. Under the policy of the Company and its subsidiaries, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The Company has not entered into any business transactions with any of its former senior management that will result to a more or less favorable terms that will have a material effect on the Company's financial position or financial performance.

At the end of 2021, the Company had Cash and Cash Equivalents maintained at various banks including an affiliated bank, a subsidiary of a stockholder. The Company likewise, entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually.

PART IV. CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Group adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Ethics and related SEC Circulars. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Group observes good governance and management practices. This is to assure the shareholders that the Group conducts its business with the highest level of integrity, transparency and accountability.

The Group likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards (PFRSs).

Item 14. Sustainability Report

Oriental Petroleum and Minerals Corporation has prepared its Sustainability Report covering the period January 1, 2021 to December 31, 2021. Please refer to the attached Sustainability Report.

PART V. EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following is a summary of submissions of SEC Form 17-C filed during 2021:

Date of Report	Item Reported
June 22, 2021	Change in Directors and/or Officers (Resignation/Removal or Appointment/Election)
June 29, 2021	OPM Cash Dividend Declaration 2021
June 29, 2021	Results of Annual Stockholders' Meeting
June 29, 2021	Results of Organizational Meeting

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of MANILA on the APR 2 1 2022 of 2022.

ORIENTAL PETROLEUM AND MINERALS CORPORATION
Issuer

By:

James L. Go
Chairman and Chief Executive Officer

Robert Coyiuto, Jr.
President and Chief Operating Officer

Ma. Riana C. Infante
Chief Financial Officer

Vicente O. Caoile, Jr.
Corporate Secretary

Subscribed and sworn to before this APR 2 1 2022 day of ____ 2022, affiants executed to me their CTC / Government Issued Identification Cards as follows:

Name	Government ID No.	Date of Issue	Place of Issue
James L. Go	P2019464B	June 20, 2019	DFA NCR Central
Robert Coyiuto, Jr.	P7236639A	May 19, 2018	DFA Manila
Ma. Riana C. Infante	P4098424A	August 20, 2017	DFA NCR East
Vicente O. Caoile, Jr.	P2148769B	May 14, 2019	DFA NCR East

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Series of 2022.

Notary Public

ATTY. MANOLETTE KYLA S. ABAD
NOTARY PUBLIC
Commission No. 2021-008 (2021-2022)
Roll of Attorney No. 73472
IBP No. 171513; 01/03/2022; Manila III
PTR No. 1562998; 01/03/2022; San Juan, M.M.
MCLE Compliance No. VII – 0007478 ; 12.9.21
1085 A Maceda St., Sampaloc, Manila

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, ITEM 7

ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines
☎: 633-7631 to 40 Extensions 278, 281 • 📠: 395-2586

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Oriental Petroleum and Minerals Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative 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 consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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

James L. Go
Chairman of the Board and Chief Executive Officer

Robert Coyiuto, Jr.
President and Chief Operating Officer

Ma. Riana C. Infante
Chief Financial Officer and Compliance Officer

Signed this APR 2 1 2022 day of 2022

SUBSCRIBED AND SWORN to before this APR 2 1 2022 day of 2022 affiants executed to me their respective CTC / Government Issued Identification Cards as follows:

Name	CTC / Government ID No.	Date of Issue	Place of Issue
James L. Go	P2019464B	June 20, 2019	DFA NCR Central
Robert Coyiuto, Jr.	P7236639A	May 19, 2018	DFA Manila
Ma. Riana C. Infante	P4098424A	August 20, 2017	DFA NCR East

Doc. No. 408
Page No. 83
Book No. I
Series of 2022.

Notary Public

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NOTARY PUBLIC
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Wells, Platforms and Other Facilities

As of December 31, 2021, the carrying value of the Group's wells, platforms and other facilities of Service Contracts (SC) 14C1 and 14C2 totaled $12.14 million. The Group is significantly affected by the continued volatility in oil prices in the market.

In the event that an impairment indicator is identified, the determination of the recoverable amount of the wells, platforms and other facilities requires significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as oil prices and discount rate. Hence, impairment testing of wells, platforms and other facilities is a key audit matter in our audit.

The disclosures in relation to wells, platforms and other facilities are included in Notes 5, 8 and 10 to the consolidated financial statements.

Audit response
We obtained management's assessment on whether there is any indication that the wells, platforms and other facilities may be impaired. We involved our internal specialist in evaluating the methodologies and the assumptions used in management's impairment testing. These assumptions include future production levels and costs as well as external inputs such as oil prices and discount rate. We compared the key assumptions used such as future production levels and oil prices against the estimated reserves report by the respective operators of SC 14C1 and 14C2 and published oil prices. We compared the future production cost against the work program and budget duly approved by the joint operation and regulatory agency. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of wells, platforms and other facilities.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jaime F. del Rosario.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
Tax Identification No. 102-096-009
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 56915-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-072-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853485, January 3, 2022, Makati City

April 12, 2022

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollars)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**$16,001,110**	$15,298,829
Current portion of investment in debt securities (Notes 9 and 20)	**3,939,024**	2,081,772
Receivables (Notes 7 and 20)	**1,646,909**	1,564,241
Crude oil inventory (Note 8)	**312,094**	249,867
Short-term investments (Notes 9 and 20)	–	1,034,175
Other current assets	**9,669**	10,008
Total Current Assets	**21,908,806**	20,238,892
Noncurrent Assets		
Equity instruments at fair value through other comprehensive income (Notes 9 and 20)	**31,941,689**	36,986,361
Debt instruments at amortized cost, net of current portion (Notes 9 and 20)	**27,209,595**	25,915,772
Property and equipment (Notes 5, 8 and 10)	**12,175,233**	12,645,633
Other noncurrent assets (Note 11)	**1,556,831**	662,844
Total Noncurrent Assets	**72,883,348**	76,210,610
	$94,792,154	$96,449,502
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 20)	**$561,737**	$443,023
Noncurrent Liabilities		
Net pension liability (Notes 5 and 16)	**639,192**	649,792
Deferred tax liabilities - net (Note 17)	**1,133,968**	1,456,519
Provision for plug & abandonment (Note 12)	**1,048,645**	–
Total Noncurrent Liabilities	**2,821,805**	2,106,311
Total Liabilities	**3,383,542**	2,549,334
Equity		
Capital stock (Note 13)	**82,268,978**	82,268,978
Subscriptions receivable (Note 13)	**(277,710)**	(277,710)
Capital in excess of par value (Note 13)	**3,650,477**	3,650,477
Retained earnings	**4,661,509**	5,058,983
Reserve for changes in value of equity instruments at fair value through other comprehensive income (Note 9)	**268,505**	2,406,322
Remeasurement gains on pension liability - net (Note 16)	**136,105**	98,644
Cumulative translation adjustment	**700,748**	694,474
Total Equity	**91,408,612**	93,900,168
	$94,792,154	$96,449,502

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2021	2020	2019
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$3,506,189**	$1,277,272	$4,248,325
COST OF PETROLEUM OPERATIONS			
Petroleum production costs (Notes 8 and 12)	**2,260,895**	1,677,971	4,603,816
Depletion, depreciation and amortization (Notes 8 and 10)	**680,063**	719,705	1,503,280
	2,940,958	2,397,676	6,107,096
GROSS INCOME (LOSS)	**565,231**	(1,120,404)	(1,858,771)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	**665,114**	658,468	626,226
OTHER INCOME (CHARGES)			
Interest income (Notes 6 and 9)	**1,791,323**	2,054,493	2,366,359
Dividend income (Note 9)	**1,892,286**	1,733,762	1,099,501
Foreign exchange gain (loss) - net	**(1,886,174)**	1,870,509	1,027,294
Other income (Note 15)	**67**	129,012	250,585
	1,797,502	5,787,776	4,743,739
INCOME BEFORE INCOME TAX	**1,697,619**	4,008,904	2,258,742
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	**363,293**	405,580	497,316
Deferred	**(325,644)**	1,107,870	(569,664)
	37,649	1,513,450	(72,348)
NET INCOME	**$1,659,970**	$2,495,454	$2,331,090
Basic/Diluted Earnings Per Share (Note 18)	**$0.000008**	$0.000012	$0.000012

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2021	2020	2019
NET INCOME	**$1,659,970**	$2,495,454	$2,331,090
OTHER COMPREHENSIVE INCOME (LOSS)			
Item to be reclassified to profit or loss in subsequent periods - Changes in cumulative translation adjustment	**6,274**	(7,480)	107,652
Items not to be reclassified to profit or loss in subsequent periods:			
Movements in reserve for fluctuation in value of Equity instruments at fair value through other comprehensive income (Note 9)	**(2,137,817)**	2,542,503	2,248,296
Remeasurement gains (losses) on pension liability - net of tax (Note 16)	**37,461**	(22,091)	(58,101)
	(2,094,082)	2,512,932	2,297,847
TOTAL COMPREHENSIVE INCOME (LOSS)	**($434,112)**	$5,008,386	$4,628,937

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollars)

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Retained Earnings	Reserve for Changes in Value of Equity Instruments at FVOCI (Note 9)	Remeasurement Gains (Losses) on Pension Liability - Net (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2021				
Balances as at January 1, 2021	**$82,268,978**	**($277,710)**	**$3,650,477**	**$5,058,983**	**$2,406,322**	**$98,644**	**$694,474**	**$93,900,168**
Net income	–	–	–	**1,659,970**	–	–	–	**1,659,970**
Other comprehensive income (loss)	–	–	–	–	**(2,137,817)**	**37,461**	**6,274**	**(2,094,082)**
Total comprehensive income (loss)	–	–	–	**1,659,970**	**(2,137,817)**	**37,461**	**6,274**	**(434,112)**
Cash dividends (Note 13)	–	–	–	**(2,057,444)**	–	–	–	**(2,057,444)**
Balances as at December 31, 2021	**$82,268,978**	**($277,710)**	**$3,650,477**	**$4,661,509**	**$268,505**	**$136,105**	**$700,748**	**$91,408,612**
				For the Year Ended December 31, 2020				
Balances as at January 1, 2020	$82,268,978	($277,744)	$3,650,477	$4,560,651	(136,181)	$120,735	$701,954	$90,888,870
Net income	–	–	–	2,495,454	–	–	–	2,495,454
Other comprehensive income (loss)	–	–	–	–	2,542,503	(22,091)	(7,480)	2,512,932
Total comprehensive income (loss)	–	–	–	2,495,454	2,542,503	(22,091)	(7,480)	5,008,386
Collection of subscription receivable (Note 13)	–	34	–	–	–	–	–	34
Cash dividends (Note 13)	–	–	–	(1,997,122)	–	–	–	(1,997,122)
Balances as at December 31, 2020	$82,268,978	($277,710)	$3,650,477	$5,058,983	$2,406,322	$98,644	$694,474	$93,900,168
				For the Year Ended December 31, 2019				
Balances as at January 1, 2019	$82,268,978	($373,412)	$3,650,477	$4,454,238	($2,668,084)	$178,836	$594,302	$88,105,335
Net income	–	–	–	2,331,090	–	–	–	2,331,090
Other comprehensive income (loss)	–	–	–	–	2,248,296	(58,101)	107,652	2,297,847
Total comprehensive income (loss)	–	–	–	2,331,090	2,248,296	(58,101)	107,652	4,628,937
Collection of subscription receivable (Note 13)	–	95,668	–	–	–	–	–	95,668
Cash dividends (Note 13)	–	–	–	(1,941,070)	–	–	–	(1,941,070)
Transfer to retained earnings	–	–	–	(283,607)	283,607	–	–	–
Balances as at December 31, 2019	$82,268,978	($277,744)	$3,650,477	$4,560,651	($136,181)	$120,735	$701,954	$90,888,870

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollars)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$1,697,619**	$4,008,904	$2,258,742
Adjustments for:			
Unrealized foreign exchange losses (gains) - net	**1,914,835**	(1,885,146)	(988,203)
Dividend income (Note 9)	**(1,892,286)**	(1,733,762)	(1,099,501)
Interest income (Notes 6 and 9)	**(1,791,323)**	(2,054,493)	(2,366,359)
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**680,063**	719,705	1,503,280
Plug and abandonment cost (Notes 8 and 12)	**–**	133,753	1,362,716
Pension expense (Note 16)	**68,630**	66,481	44,214
Gain on reversal of long-outstanding payables	**–**	–	(250,585)
Operating income (loss) before working capital changes	**677,538**	(744,558)	464,304
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	**(98,031)**	(702,711)	27,259
Crude oil inventory	**(62,227)**	418,280	1,104,922
Other current assets	**340**	432	(102)
Increase (decrease) in:			
Accounts and other payables	**(1,916)**	(717,582)	554,459
Provision for plug and abandonment	**–**	(950,764)	(2,607,553)
Cash flows generated from (used for) operations	**515,704**	(2,696,903)	(456,711)
Income tax paid	**(357,257)**	(405,580)	(669,992)
Net cash flows generated from (used in) operating activities	**158,447**	(3,102,483)	(1,126,703)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	**1,902,116**	1,815,923	923,917
Interest received	**1,796,856**	2,093,295	2,498,004
Proceeds from redemption/sale/maturity of:			
Equity instruments at fair value through other comprehensive income	**3,487,055**	–	1,940,740
Debt instruments at amortized cost (Note 9)	**2,033,863**	828,638	–
Short-term investments	**1,034,175**	1,501,897	–
Long-term investments	**–**	–	40,000,000
Acquisitions of/additions to:			
Debt instruments at amortized cost (Note 9)	**(6,739,081)**	–	(13,465,080)
Equity instruments at fair value through other comprehensive income (Note 9)	**(580,200)**	(3,362,999)	(19,131,454)
Deferred exploration costs	**(50,736)**	–	–
Property and equipment (Notes 8 and 10)	**(4,269)**	(39,462)	(1,111,357)
Short-term investments	**–**	(1,034,175)	(1,501,897)
Net cash flows provided by investing activities	**2,879,779**	1,803,117	10,152,873
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	**(1,942,850)**	(1,837,696)	(1,941,070)
Receipt of subscription receivable	**–**	34	95,668
Net cash flows used in financing activities	**(1,942,850)**	(1,837,662)	(1,845,402)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(393,095)**	548,008	183,960
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**702,281**	(2,589,020)	7,364,728
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,298,829**	17,887,849	10,523,121
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$16,001,110**	$15,298,829	$17,887,849

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. Dollars)

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as "the Group") were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities. The Parent Company was incorporated on December 22, 1969.

On March 26, 2018, during the special meeting of its stockholders, the stockholders ratified the amendments of the Second and Fourth Articles of the Articles of Incorporation (AOI) to engage in the business of power generation and exploration, development, utilization and commercialization of renewable energy resources. The amendments to the AOI was approved by the Securities and Exchange Commission (SEC) on July 4, 2018.

The Parent Company's principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

Service Contract (SC) 14
On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972 (Presidential Decree 87 dated November 21, 1972), the Group, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Petroleum Board, now the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in offshore Northwest of Palawan Island, Philippines, which was amended from time to time. This contract area includes the Nido Block, Matinloc Block, West Linapacan Block and Galoc Block where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, B1, C1, C2 and D) covered by SC 14 are situated offshore Northwest of Palawan Island, Philippines. In 2020, Blocks A, B, B1 and D were already turned over to the DOE upon the oilfields reaching their economic limits and after plug and abandonment of the production well. Crude oil production in the West Linapacan Oilfield in Block C2 was shut-in in 1995 due to a significant decline in crude oil production caused by increasing water intrusion.

The Group continually conducts technical evaluation activities of the said area and submitted a work program and budget to DOE. Further, the Parent Company participates in the production of Galoc field. Total production from this field is modest but enough to cover operating and overhead expenses of SC 14C1

The Galoc oilfield located in Block C was declared commercial on June 22, 2009 with effectivity on June 19, 2009.

In December 2010, the DOE extended the term of SC 14 for another 15 years or up to December 17, 2025.

SC 14C1 - Galoc
As at December 31, 2021, the total cumulative production of the Galoc oilfield has reached 23,418,657 Barrels of Oil since the start of production in October 2008. Production initially came from two (2) wells, Galoc-3, and Galoc-4 (Phase 1, 2008-2013) then followed by additional two wells Galoc-5 and Galoc-6 (Phase-2, 2014-Present). The Galoc-4 Well ceased production due to technical problems and has been shut-in since February 2019.

An attempt was made in late September to early October 2021 to restore production of the Galoc-4 Well by Nitrogen Gas (N2) lifting. However, the attempt was unsuccessful and the well failed to flow oil to the surface. Decision was then made to permanently shut-in the Galoc-4 Well.

As at December 31, 2021 and 2020, the Group holds participating interest of 7.78505% in Galoc.

Galoc Mid-Area
In October 2016, the Galoc Block Consortium approved the drilling of Galoc-7 to test the Mid Galoc Prospect, which is estimated to contain oil resources of 6.2 million to 14.6 million barrels.

On November 8, 2016, the DOE approved the Galoc-7 drilling program, with an estimated budget amounting to US$31 million. Galoc Production Company (GPC), drilled the Galoc-7 well and a sidetrack, Galoc-7ST, from March to April 2017 using the drillship Deepsea Metro I. The wells encountered 7-12 meters of net sand, which is below the prognosed thickness. In view of this, and in consideration of low fuel prices, the Consortium decided to temporarily suspend all activities related to a possible Phase III development and concentrate its efforts in optimizing oil production at the Galoc Field in order to sustain profitability and prolong the field's economic life.

Change in Galock Block Operatorship
In mid-2018, there was a new Operator for the Galoc Block. In a Sale Purchase Agreement, Bangchak Corporation Public Co. (Thailand) which holds the 55.88% interest shares of GPC-1 and Nido Petroleum (Galoc) Pty Ltd. in the Galoc Block, sold their share to Tamarind Galoc Pte. Ltd.

Tamarind Galoc Pte. Ltd. is headquartered in Kuala Lumpur, Malaysia. Tamarind initiated several projects which include production optimization, conduct of a more refined well test, renegotiate lease contract with the owners of the FPSO "Rubicon Intrepid", renegotiate terms of the helicopter contract with INAEC, and conduct feasibility studies for the fabrication of a Condensate Recovery Unit to be installed at the FPSO "Rubicon Intrepid".

Notice of Termination of Lease on FPSO
On March 25, 2020, the Rubicon Offshore International (ROI), owner of the Floating Production Storage Offloading (FPSO) tanker, gave a Notice of Termination to GPC1 and other members of the Consortium. The termination notice covered the period 25 March 2020 to 24 September 2020, or for 6 months.

After receipt of the Notice of Termination, GPC1 started making plans for the disconnection of the FPSO from the Galoc Oilfield site. However, the FPSO disconnection was not implemented or carried out because a new strategy was developed to continue production operations in the Galoc Oilfield.

i. Continuation of Production Operations: During Transition Period from August 2020 to January 2021

   Upon the initiative of the GPC1, an alternative strategy was developed to continue production operations even before the end of the Termination Notice.

GPC1 brokered the purchase of ROI's FPSO Rubicon Intrepid by its mother company, Tamarind Resources Pte. Ltd., through a separate entity, Upstream Infrastructure Holdings (UIH). Tamarind Resources will have full control of the FPSO. The purchase was effective August 1, 2020.

GPC1 also arranged a new bareboat charter between UIH and the Galoc Joint Venture at minimal rates.

During the 6-month Transition Period, the FPSO Rubicon Intrepid will remain at the Galoc Oilfield location and continue production from the Galoc oilwells. A separate Operations & Management (O&M) contract has been negotiated with ROI for the 6-month Transition Period.

ROI senior management staff, FPSO crew, and production technicians will continue to carry out operations of the FPSO Rubicon Intrepid.

ii. Continuation of Production Extension Period: February 1, 2021 – September 30, 2022
To further continue production operations in the Galoc Oilfield beyond the 6-month Transition Period, a new alliance was formed with Three60 Energy, an established international offshore operator. Three60 Energy is an independent specialist service provider with headquarters in Aberdeen, Scotland and has branch offices in Kuala Lumpur, Malaysia and Singapore. It has been engaged to provide the Operations and Management (O&M) of the FPSO for 18 months.

UIH and Tamarind Resources will continue to supervise the operations of ROI and Three60 Energy. GPC1's FPSO Operations Advisor has been mobilized to assure and control the activities and work force of ROI and Three60 Energy.

iii. *Withdrawal of GPC2 / KUFPEC*
On September 14, 2020, GPC2/Kuwait Foreign Petroleum Exploration Company (KUFPEC), communicated their withdrawal from SC14C1 - Galoc Block Joint Venture. KUFPEC before notice of withdrawal held a working interest of 26.4473% in SC - 14C1, Galoc Block.

As a result of KUFPEC's withdrawal their working interest will be allocated to the remaining partners.

The Parent Company, together with LOGPOCOR, chose not to accept the pro rata interest and remained at a combined 7.78505% working interest.

Similarly, the Operator - GPC1 elected not to get their allocated interest from KUFPEC and maintained their working interest at 33%. They passed on their allocation to Nido Production Galoc (NPG), a sister company under Tamarind Resources Pte. Ltd.

The Department of Energy has acknowledged KUFPEC's withdrawal from SC-14C1, Galoc Block.

iv. *Resignation of GPC1 as Operator*
On December 23, 2020, Galoc Production Company - 1 (GPC1) announced their resignation as Operator of SC-14C1, Galoc Block and assigned their working interest to NPG Pty. Ltd..

Nido Production Galoc Co. (NPG), a sister company under Tamarind Resources Pte. Ltd., has assumed the role as the new Operator.

In 2021, production activities continued at the Galoc Oilfield under a new contract Operator and under new ownership of the storage tanker. Under the new ownership and management, the storage tanker in 2021 has been renamed “Balanghai Intrepid”.

An alliance was also formed with Three60 Energy to provide the operational and management (O&M) services of the FPSO storage tanker for the period February 2021 - January 2023.

SC 14C2 - West Linapacan

West Linapacan A Field lies at a water depth of 1,130 feet and was first drilled in 1991. It started production in May 1992 from 3 wells and 4 sidetrack wells. Total production amounted to 8.5 Million Barrels when the field was shut-in in January 1995 due to high water intrusion during production. The WLA Field produced for 43 months.

Pitkin Petroleum Plc. had a 58.29% interest in this SC pursuant to a farm-in agreement signed in May 2008.

In February 2011, Pitkin farmed-out half of the 58.29% interest to Resources Management Associates Pty Ltd. of Australia (RMA). This transfer of interest was approved by the DOE in July 2011. The transfer of operatorship to RMA was approved by the DOE in April 2012. The Farmors continued to be carried free up to commercial first oil production. RMA carried technical studies that will lead to the drilling and re-development of the West Linapacan-A structure. An independent third-party assessment was also commissioned to determine the range of recoverable reserves from the structure. In March 2015, the farm-in agreement with RMA was terminated and Pitkin returned all of its participating interest to the original parties to the SC.

On January 7, 2020, the Company and other members of the Consortium of the Service Contract entered into a Sale and Purchase Agreement (SPA) and Farm-Out Agreement (FOA) with a third party proponent - Desert Rose Petroleum Ltd (DRPL) for the sale and assignment of the 30.288% interest of the Company in SC 14C2 Block.

As of December 31, 2020, the SPA and FOA has not yet completed the relevant closing conditions, which include regulatory approval, due to absence of proof of financial capability of the third party.

Should DRPL be unable to submit to the DOE proof of financial capability for the re-development of West Linapacan A-Oilfield and a possible development of the adjacent West Linapacan-B structure by March 31, 2021, DRPL proposed to mutually terminate the SPA and FOA. DRPL further sought an extension of up to June 30, 2021 which was granted by the JV Partners.

However, DRPL failed to meet the extended deadline thus, SPA and FAO with DRPL were deemed rescinded / terminated on July 1, 2021. As of December 31, 2021, SC-14C2 West Linapacan Block reverted back to the original joint venture partners with the Philodrill Corporation as Operator. As at December 31, 2021, the Group holds participating interest of 30.29% in West Linapacan.

SC 14A, B&B-1 - Nido, Matinloc & North Matinloc

Production in the Nido and Matinloc fields was terminated permanently on March 13, 2019. Nido started oil production in 1979 while Matinloc was put in place in 1982. The final inception-to-date production figures for the two fields are: 18,917,434 bbls for Nido and 12,582,585 bbls for Matinloc. The North Matinloc Field, which was in production from 1988 to 2017 produced a total of 649,765 bbls. The total production for the three fields is 32,149,784 barrels.

The permanent plug and abandonment of the Libro-1 and Tara South-1 wells was completed in early June 2018. The two wells had been shut since 1989 and 1990, respectively. The plug and abandonment took 41.5 days to complete.

In May 2019, seven production wells in Nido (3 out of 5), Matinloc (3), and North Matinloc (1) were successfully plugged and abandoned, while two remaining Nido wells were only partially abandoned due to difficulties encountered during the plugging operations.

The Consortium conducted the stripping and disposal of equipment and materials aboard the production platforms from June to October 2019.

In October 2020, the Parent Company, with the Consortium, completed the cement plugging of the two remaining Nido wells. In November 2020, the DOE certified that the plug and abandonment of the Nido - A1 & - A2 wells was carried out in accordance with the approved P&A program by the DOE. In December 2020, the Nido and Matinloc platforms were already turned over to the DOE.

In 2021, 2020 and 2019, the Group recognized plug and abandonment and stripping costs amounting to nil, \$0.13 million and \$1.36 million, respectively with respect to Nido A1 & A2 wells.

Participating Interests
As at December 31, 2021 and 2020, the Parent Company and LOGPOCOR have the following participating interests in the various SCs (in percentage):

	2021	2020
SC 14 (Northwest Palawan)		
Block C1 (Galoc)	**7.785**	7.785
Block C2 (West Linapacan)	**30.288**	30.288
SC 6 (Bonita)	**16.364**	4.909

Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, namely LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the consolidated financial statements, have been prepared on a historical cost basis, except for equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair values, crude oil inventory which is valued at net realizable value (NRV), and investments in debt instruments which are measured at amortized cost.

The consolidated financial statements are presented in U.S. Dollars, the Parent Company's functional and presentation currency. All values are rounded to the nearest dollar, except when otherwise indicated.

For consolidation purposes, the financial statements of the Subsidiaries (OMWI and OLC) whose functional currency is Philippine Peso were translated to U.S. Dollars using the prevailing rate as of the reporting date for consolidated statement of financial position accounts and the weighted average rate for the reporting period for the consolidated statement of income and statement of comprehensive income accounts. The exchange differences arising from the translation are recognized in other comprehensive income (OCI), until disposal at which time the cumulative translation adjustment recognized in OCI is included in the consolidated statement of income.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019. The subsidiaries are all incorporated in the Philippines.

		Effective Percentage of Ownership	
Subsidiaries	**Principal Activity**	**2021**	2020
LOGPOCOR	Oil exploration and development	**100%**	100%
OMWI	Furniture manufacturing and distribution	**100%**	100%
OLC	Real estate	**100%**	100%

As at December 31, 2021 and 2020, OMWI and OLC have ceased their operations.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls a subsidiary if and only if the Group 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.

Generally, there is a presumption that a majority voting rights result in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group 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 Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group 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 Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any gain or loss in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

3. Changes in Accounting Policies and Disclosures

<u>Changes in Accounting Policies and Disclosures</u>

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. The Group 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 any significant impact on the Group's consolidated financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

<u>Standards and Interpretation Issued but not yet Effective</u>

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
    - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

4. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Short-term Investments

Short-term investments are placements in time deposits and other money market instruments with original maturities of more than three months but less than one year.

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

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments)
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments)
- financial assets measured at fair value through profit or loss

Contractual cash flows characteristics. the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, short-term and long-term investments, receivables and debt instruments at amortized cost.

Financial assets at fair value through other comprehensive income (FVOCI)
Debt instruments. A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that

would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the ECL model.

As of December 31, 2021 and 2020, the Group does not have debt instruments at FVOCI.

Equity instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As of December 31, 2021 and 2020, the Group elected to classify irrevocably its quoted equity instruments under this category.

Financial assets at fair value through profit or loss (FVPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

As of December 31, 2021 and 2020, the Group does not have financial assets at FVPL.

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, short-term investments, and debt instruments at amortized costs, 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 a12-month basis. To estimate the ECL for cash and cash equivalents, short-term and long-term investments and debt instruments, the Group uses the ratings published by a reputable rating agency (i.e., Moody's, Fitch, Capital Intelligence, and Standard and Poor's).

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
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 finance costs in the consolidated statement of income.

The Group's financial liabilities under this category includes accounts and other payables.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
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 comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

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

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

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

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

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

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

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

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

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

Crude Oil Inventory
Crude oil inventory is carried at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market value of crude oil inventory for the reporting month adjusted taking into account fluctuations of price directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the

end of the reporting period. Estimated cost to sell is the cost incurred necessary to complete the sale (e.g., freight charges, transportation costs, etc.). The share in the ending crude oil inventory is not recognized as revenue and charged against share in costs and operating expenses.

Long-term Investments
Long-term investments are placements in time deposits and other money market instruments with original maturities of more than one year. Long-term investments are carried in the consolidated statement of financial position at amortized cost.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depletion and depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under "Wells, platforms and other facilities" in commercial operations is calculated using the units-of-production method based on estimates of proved reserves. SC 14C1 Galoc block produced 0.63 million and 0.69 million barrels of oil, respectively

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Joint Arrangements
PFRS defines a joint arrangement as an arrangement over which two or more parties have joint control over the arrangement. 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, relating to the arrangement.

In relation to its interests in joint operations, the Group recognizes its:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as “Wells, platforms and other facilities” shown under the “Property and equipment” account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the Group’s property and equipment and deferred exploration costs may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less cost to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Equity

Capital Stock

Capital stock is measured at par value for all shares subscribed, issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the Group issues shares in excess of par, the excess is recognized in the "Capital in excess of par value" account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscriptions Receivable

Subscriptions receivable represents the amount for which the shares were subscribed but not fully paid.

Retained Earnings

Retained earnings represents cumulative balance of profit and losses of the Group and with consideration of any changes in accounting policies and errors applied retrospectively.

Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. The Group's OCI pertains to reserve for fluctuation in value of FVOCI, remeasurement gains (losses) on pension liability and cumulative translation adjustment. Reserve for fluctuation in value of FVOCI and remeasurement gains (losses) on pension liability cannot be recycled to consolidated statement of income in the subsequent period. Upon derecognition, the cumulative translation adjustment is recycled to consolidated statement of income.

Revenue Recognition

Revenue from sale of petroleum products is recognized at a point in time when the control of the goods has transferred from the Consortium Operator of the joint arrangement to the customer, which is typically upon delivery of the petroleum products to the customers. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales tax or duty. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from Petroleum Operation

Revenue from petroleum operation is recognized at a point in time when the control of the goods has transferred from the Consortium Operator, on behalf of the sellers, to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received or receivable.

The revenue recognized from the sale of petroleum products pertains to the Group's share in revenue from the joint operations. The revenue sharing is accounted for in accordance with PFRS 11.

Interest Income

Interest income is recognized as it accrues using the EIR method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend Income

Dividend income is recognized when the Group's right to receive the dividend is established, which is generally when the shareholders approve the dividend.

Costs and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing revenue from petroleum operations.

General and Administrative Expenses
General and administrative expenses constitute the costs of administering the business and are recognized when incurred.

Leases
Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods 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.

Current income tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet method, on all temporary differences, with certain exceptions, at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Accordingly, Deferred tax relating to other comprehensive income and equity items are recognized directly in equity and other comprehensive income, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

<u>Pension Expense</u>
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency-denominated Transactions and Translations

The consolidated financial statements are presented in U.S. Dollar, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

All differences are taken to the consolidated statement of income with the exception of differences on foreign currency borrowings that provide, if any, a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognized in the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Operating Segments
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 and serves different markets. The Group's business and only operating segment pertains to oil exploration and development. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Earnings Per Share (EPS)
EPS is determined by dividing net income by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments, estimates and assumptions 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 Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Determination and Classification of 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 operations 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 structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group considers the rights and obligations arising from:

  a. The legal form of the separate vehicle;
  b. The terms of the contractual arrangement; and
  c. 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 treatment for each assessment.

As at December 31, 2021 and 2020, there has been no change in the Group's joint arrangement classification and remains to be in the form of a joint operation.

Determination of Functional Currency
The entities within the Group determine the functional currency based on economic substance of underlying circumstances relevant to each entity within the Group. The determination of functional currency was based on the primary economic environment in which each of the entities generates and expends cash. The Parent Company and LOGPOCOR's functional currency is the US Dollar while the functional currency of OMWI and OLC is Philippine Peso.

As at December 31, 2021 and 2020, the Group's cumulative translation adjustment amounted to \$0.70 million and \$0.69 million, respectively.

Provisions and Contingencies
In the normal course of business, the Group is subject to certain exposure and claims by third parties. The Group does not believe that this exposure will have a probable material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the judgment and estimates or in the effectiveness of the strategies relating to this exposure.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of Provision for ECLs of Receivables
The Group uses a provision matrix to calculate ECLs for its receivables and debt instruments measured at amortized cost, in line with the simplified approach in calculating ECL. The provision rates are based on days past due of each counterparty that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults of the counter parties, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of counter party's actual default in the future.

No provision for ECL on the Group's receivables were recognized in 2021 and 2020. Total carrying value of receivables amounted to $1.65 million and $1.56 million as at December 31, 2021 and 2020, respectively (see Note 7).

Estimating Provision for Plug and Abandonment Costs
Significant estimates and assumptions are made in determining the provision for decommissioning. Factors affecting the ultimate amount of liability include estimates of the extent and costs of decommissioning activities, technological changes, regulatory changes, cost increases, and changes in discount and foreign exchange rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The Group recognized provision for plug and abandonment costs amounting to $1.05 million and nil as at December 31, 2021 and 2020, respectively (see Note 12) with respect to the decommissioning plan for SC 14C1 – Galoc Block. There were no plug and abandonment costs incurred in 2021 while in 2020, the Group recognized plug and abandonment costs in the consolidated statements of income amounting to $0.13 million, which pertains to actual and estimated costs to plug and abandon wells from Libro and Tara South, and wells from Nido, Matinloc and North Matinloc fields.

Estimation of Oil Reserves
The estimation of oil reserves requires significant judgment and assumptions by management and engineers and has a material impact on the consolidated financial statements, particularly on the depletion of wells, platforms and other facilities and impairment testing. There is the inherent uncertainty in estimating oil reserve quantities arising from the exercise of significant management judgment and consideration of inputs from geologists/engineers and complex contractual arrangements involved as regards the Group's share of reserves in the service contract area. This reserve estimate also depends on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of these data.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved and probable reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

The estimated remaining proved and probable oil reserves totaled to 2.06 million and 3.60 million barrels for Galoc oil field as of December 31, 2021 and 2020, respectively. In 2019, production in the SC 14A, B&B-1 - Nido, Matinloc & North Matinloc fields were terminated permanently. The plug and abandonment of wells was completed in 2020.

The carrying values of wells, platforms and other facilities amounted to $12.14 million and $12.60 million as of December 31, 2021 and 2020, respectively. The group recognized depletion expense amounting to $0.67 million, $0.71 million, and $1.49 million on December 31, 2021, 2020, and 2019 respectively. (see Notes 8 and 10).

Impairment of wells, platforms and other facilities of SC 14C1 and 14C2
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next four years and seven years for SC 14C1 and 14C2 respectively, and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The calculation of value-in-use for the Wells, Platforms and Other Facilities of SC 14C1 and 14C2 is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by third parties; capital expenditure, production and operating costs which are based on the Group's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rates applied to cash flow projections range from 8.61% to 9.12%and 9.10% to 10.00% as at December 31, 2021 and 2020, respectively. The key assumptions used to determine the recoverable amount for this CGU are disclosed and further explained in Note 10.

No impairment losses were recognized in 2021, 2020 and 2019 for SC 14C1 and 14C2.

Pension Expense
The cost of pension and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 16 and include among others, the determination of the discount rate, salary increase rate and employee turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Salary increase rate is based on expected future inflation rates for the specific country and other relevant factors and employee turnover rate is based on Group's experience on employees resigning prior to their retirement.

Pension liability amounted to $0.64 million and $0.65 million as at December 31, 2021 and 2020, respectively (see Note 16).

Recognition of Deferred Tax Assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

As at December 31, 2021, the Parent Company has unrecognized deferred tax assets on deductible temporary differences amounting to $0.77 million pertaining to Net Operating Loss Carry Over (NOLCO) incurred during 2020 and 2019, along with the excess of Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax incurred (RCIT) in 2021. The deferred tax assets on these items were not recognized since it is not probable that sufficient taxable income will be available against which these can be utilized (see Note 17).

6. Cash and Cash Equivalents

	2021	2020
Cash equivalents	**$15,497,039**	$14,603,111
Cash in banks	**503,875**	695,522
Cash on hand	**196**	196
	$16,001,110	$15,298,829

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates ranging from 0.10% to 1.00% and 0.25% to 3.75% per annum in 2021 and 2020, respectively.

Interest income earned from cash in banks and short-term deposits amounted to $0.06 million, $0.16 million and $0.03 million in 2021, 2020 and 2019, respectively.

There are no cash restrictions on the Group's cash balance as at December 31, 2021 and 2020.

7. Receivables

	2021	2020
Due from operators (Note 8)	**$1,246,497**	$1,158,466
Interest receivable	**227,962**	223,495
Dividend receivable	**172,450**	182,280
	$1,646,909	$1,564,241

Due from operators represent the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Group's share in exploration, development and production expenditures.

Due from operators are noninterest-bearing and are generally on 1 to 30-day terms. There are no past due nor impaired receivables as at December 31, 2021 and 2020.

Interest receivable pertains to interest income to be received by the Group in relation to its short-term investments and debt instruments at amortized cost.

Dividend receivable pertains to cash dividends to be received by the Group in relation to its quoted equity instruments at fair value through other comprehensive income (see Note 9).

8. Interest in Joint Operations

The Group's interests in the joint operations in the various SCs and GSECs, and any liabilities incurred jointly with the other partners, as well as the related revenue and expenses of the joint operations, which are included in the consolidated financial statements, are as follows:

	2021	2020
Current assets:		
Due from operators (Note 7)	**\$1,246,497**	\$1,158,466
Crude oil inventory	**312,094**	249,867
	1,558,591	1,408,333
Noncurrent assets:		
Property and equipment (Note 10)		
Wells, platforms and other facilities	**89,557,624**	89,352,230
Less accumulated depletion, depreciation and amortization	**(77,422,413)**	(76,754,292)
Decommissioning Fund (Note 11)	**843,251**	–
Deferred exploration costs (Note 11)	**662,844**	662,844
	13,641,306	13,260,782
Non-current liabilities:		
Provision for plug & abandonment (Note 12)	**1,048,645**	–
	\$14,151,252	\$14,669,115

	2021	2020	2019
Revenue from petroleum operations	**\$3,506,189**	\$1,277,272	\$4,248,325
Cost of petroleum operations:			
Petroleum production costs	**2,260,895**	1,677,971	4,603,816
Depletion, depreciation and amortization expenses (Note 10)	**668,121**	708,135	1,494,699
	2,929,016	2,386,106	6,098,515
	\$577,173	(\$1,108,834)	(\$1,850,190)

Details of the petroleum production costs are as follows:

	2021	2020	2019
Floating, production, storage and offloading	**$1,108,007**	$511,924	$2,312,873
Operations management	**206,218**	229,489	122,468
General and administrative	**184,822**	255,641	74,843
Repairs and maintenance	**178,545**	79,101	186,413
Training and scholarship fund	**141,742**	–	–
Supply vessel	**129,075**	151,729	183,698
Insurance expenses	**122,740**	76,622	75,043
Helicopter services	**65,039**	90,703	101,936
Marketing fees and freight costs	**53,185**	60,271	142,771
Logistics base	**40,652**	28,227	24,498
Plug and abandonment cost	**–**	133,753	1,362,716
Others*	**30,870**	60,511	16,557
	$2,260,895	$1,677,971	$4,603,816

** Others includes decommissioning costs, miscellaneous expenses, utilities, postage and telephone charges.*

9. **Investments**

Short-term Investments
In 2020, the Group availed of short-term commercial paper with a local bank amounting to $1.03 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earned interest of 4.00% and have already matured on March 15, 2021.

In 2019, the Group availed of short-term investment with a local bank amounting to $1.50 million. This investment has original maturity of more than three (3) months but less than one (1) year from date of placement. This investment earned interest of 1.90% and matured a 9, 2020.

Interest income earned from short-term investments amounted to $0.11 million and $0.01 million in 2020 and 2019, respectively.

Long-term Investments
In 2016, the Group availed of various long-term deposit investments with a local bank amounting to $40.00 million. These investments earned interest of 2.75% and matured from May 10, 2019 to October 7, 2019.

Interest income earned from long-term investments amounted to $0.34 million in 2019.

Equity Instruments at FVOCI
Equity instruments at FVOCI represent equity instruments in quoted shares carried at fair value as at the end of the reporting period.

The total carrying value of the Group's equity instruments at FVOCI amounted to $31.94 million and $36.99 million as at December 31, 2021 and 2020, respectively.

Movement in the reserve for changes in value of equity instruments at FVOCI are as follows:

	2021	2020
Balances at beginning of year	**\$2,406,322**	(\$136,181)
Fair value changes during the year	**(2,137,817)**	2,542,503
Balances at end of year	**\$268,505**	\$2,406,322

The carrying values of equity instruments at FVOCI have been determined as follows:

	2021	2020
Balances at beginning of year	**\$36,986,361**	\$31,080,859
Additions	**580,200**	3,362,999
Redemption/disposal	**(3,487,055)**	–
Fair value changes during the year	**(2,137,817)**	2,542,503
Balances at end of year	**\$31,941,689**	\$36,986,361

Dividend income earned and received from equity instruments at FVOCI amounted to \$1.89 million, \$1.73 million and \$1.10 million in 2021, 2020 and 2019, respectively.

Debt Instruments at Amortized Cost

In 2021, the Group acquired various fixed rate bonds from corporate bond issuers amounting to \$6.74 million (₱336.65 million). The various bonds pay interest at rates ranging from 3.60% to 8.50% per annum and will mature starting May 4, 2025 to December 2, 2028.

In 2019, the Group acquired various fixed rate bonds from corporate bond issuers amounting to \$13.47 million (₱700.00 million). The various bonds pay interest at rates ranging from 4.70% to 5.10% per annum and will mature starting June 28, 2021 to May 6, 2026.

The carrying values of investments in bonds, classified as debt instruments at amortized cost, are as follows:

	2021	2020
Balances at beginning of year	**\$27,997,544**	\$27,291,700
Additions	**6,739,081**	–
Redemption	**(2,058,884)**	(788,271)
Realized foreign exchange (gain) loss	**25,021**	(40,367)
Unrealized foreign exchange gain (loss)	**(1,554,143)**	1,534,482
Balances at end of year	**\$31,148,619**	\$27,997,544

Interest income earned from investments in debt instruments at amortized costs amounted to \$1.73 million, \$1.78 million and \$1.99 million in 2021, 2020 and 2019, respectively.

As at December 31, 2021, investments in debt securities amounting to \$3.94 million is expected to mature within 2022, hence classified as current asset.

10. Property and Equipment

	2021			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
Balances at beginning of year	**$89,352,230**	**$253,145**	**$30,554**	**$89,635,929**
Additions	**–**	**–**	**4,269**	**4,269**
Capitalization of decommissioning asset	**205,394**	**–**	**–**	**205,394**
Balances at end of year	**$89,557,624**	**$253,145**	**$34,823**	**$89,845,592**
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	**76,754,292**	**221,437**	**14,567**	**76,990,296**
Depletion, depreciation and amortization (Note 8)	**668,121**	**10,212**	**1,730**	**680,063**
Balances at end of year	**77,422,413**	**231,649**	**16,297**	**77,670,359**
Net Book Values	**$12,135,211**	**$21,496**	**$18,526**	**$12,175,233**

	2020			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
Balances at beginning of year	$89,317,353	$253,145	$25,969	$89,596,467
Additions	34,877	–	4,585	39,462
Balances at end of year	89,352,230	253,145	30,554	89,635,929
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	76,046,157	210,947	13,487	76,270,591
Depletion, depreciation and amortization (Note 8)	708,135	10,490	1,080	719,705
Balances at end of year	76,754,292	221,437	14,567	76,990,296
Net Book Values	$12,597,938	$31,708	$15,987	$12,645,633

In 2021 and 2020, the Group performed impairment test for the Wells, Platforms and Other Facilities of SC 14C1 due to the natural decline in oil reserves and exposure to volatile oil prices. An impairment test of SC 14C2 was also performed by the Group in 2021 and 2020 since its license to operate is nearing expiration.

Impairment test of SC 14C1 - Galoc

The recoverable amount of the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2021 and 2020 has been determined based on a value-in-use calculation using cash flow projections from work program and budget approved by senior management covering a four-year period and five-year period as at those years. The work program and budget for the immediately succeeding year as at December 31, 2021 and 2020 were duly approved by the DOE. The pre-tax discount rates applied to the cash flow projections were 8.65% and 9.10% as of December 31, 2021 and 2020, respectively. As a result of this analysis, management has not recognized any impairment for the Wells, Platforms and Other Facilities of SC 14C1 as at December 31, 2021 and 2020.

Impairment test of SC 14C2 – West Linapacan
The recoverable amount of the Wells, Platforms and Other Facilities of SC 14C2 as at December 31, 2021 and 2020 has been determined based on a value-in-use calculation using cash flow projections from work program and budget approved by senior management covering a seven-year period and five-year period as at those years. The work program and budget for the immediately succeeding year as at December 31, 2021 and 2020 were duly approved by the DOE. The pre-tax discount rates applied to the cash flow projections were 8.65% and 10.1% as of December 31, 2021 and 2020, respectively. As a result of this analysis, the management has not recognized any impairment for the Wells, Platforms and Other Facilities of SC 14C2 as at December 31, 2021 and 2020.

11. **Other noncurrent assets**

	2021	2020
Deferred exploration costs	**$713,580**	$662,844
Decommissioning fund	**843,251**	–
	$1,556,831	$662,844

Deferred exploration costs
The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof. Deferred exploration costs primarily relate to SC 6.

SC 6 and 6B Cadlao and Bonita Block
SC 6B Bonita Block is part of the retained area of the original SC 6 granted in 1973. The 10-year exploration period and the subsequent 25-year production period expired last February 2009.

In 2009, a 15-year extension period for the Bonita Block was requested from and subsequently granted by the DOE.

In 2018, one of the joint venturers, Phinma Energy Corporation (formerly, Trans-Asia Oil & Energy Corporation), relinquished its participating interest of 14.063% and assigned this to the remaining partners. The relinquishment and assignment of interest was approved by the DOE.

An in-house evaluation completed by the Operator, Philodrill, in early 2016 shows the East Cadlao Prospect has marginal resources which cannot be developed on a "stand-alone" basis. However, it remains prospective being near the Cadlao Field, which lies in another contract area. In view of this, the Consortium has requested for the reconfiguration of SC 6B to append the Cadlao Field for possible joint development in the future. On March 14, 2018, the DOE approved the annexation of SC 6 to SC 6B. Subsequently, a seismic reprocessing program over East Cadlao and Cadlao Field will now be undertaken.

On October 17, 2019, Philodrill, as the current operator of the SC 6B, received DOE's approval for the transfer of 70% participating interest of the members of the consortium in SC 6B to Manta Oil Company Ltd. (MOCL / Manta Oil) related to the letter dated October 30, 2018 submitted by

Philodrill to the DOE documenting the request for the approval of the Deed of Assignment and transfer of participating interest.

As a result, the Parent Company's interest in SC 6B decreased to 4.909%. A plan of development for the Cadlao Field and East Cadlao Prospect will be submitted by Manta Oil to the DOE around June 2020. It will include the drilling of 1-2 deviated production wells.

In 2020, the work program and budget for the calendar year 2021 was submitted and approved by the DOE. The preparation and submission of a new Plan of Development (POD) was delayed due to the COVID-19 pandemic which caused travel restrictions and lockdowns. The POD should have been submitted by the 1st Quarter of 2021 for DOE evaluation. A request by Manta Oil was made to the DOE for an extension for the submission of the new Cadlao POD. The extension request was granted up to December 2021.

In 2021, MOCL was unable to submit to the DOE a new Plan of Development (POD) for the shut-in Cadlao Oilfield as well as proof of financial capability.

On December 2, 2021 Manta Oil issued a "Mutual Release of Claims" followed on December 6, 2021 by a "Notice of Withdrawal" re-assigning and transferring back to the Farmors / Joint Venture Partners their original participating interests in Bonita / Cadlao Block.

With restoration of the original participating interests to the SC-6B Consortium, the Philodrill Corporation resumed the role as the Operator of the contract area.

In a Partners' Meeting held on December 13, 2021, Nido Petroleum Pty Ltd, one of the JV Partners, indicated their proposal to increase its participating in SC-6B, propose a SC-6B Work Program & Budget (WP&B) for the calendar year 2022, plan for an appraisal drilling of well(s) including the conduct of an Extended Well Test (EWT) in the Cadlao Field.

The proposal will include a Farm in Agreement (FIA) to increase the Participating Interest of Nido Petroleum in SC-6B. The increase will be by way of the other partners assigning up to 70% of their original interest to Nido Petroleum. Finally, a Deed of Assignment (DOA) of interest will be drawn up and be submitted to the DOE for evaluation and approval. This will give time for Nido Petroleum to finalize the WP&B and the plans for appraisal drilling and EWT as well as show proof of financial capability.

A new Plan of Development (POD) will also be submitted by Nido Petroleum Pty Ltd. in 2022.

Under the proposed FIA the assigning partners will be carried free by Nido Petroleum in the proposed 2022 Work Program & Budget, cost of appraisal drilling and EWT as well as implementation of the new Plan of Development. The carry free is up to the declaration of field commerciality.

In 2021, the Group performed impairment test for the deferred exploration costs since the service contract is near its expiration date.

The recoverable amount of the deferred oil exploration cost as at December 31, 2021 has been determined to be higher than its carrying value, based on a value-in-use calculation using cash flow projections approved by senior management covering a six-year period. The pre-tax discount rate applied to cash flow projections is 8.65%. As a result of this analysis, management has not recognized any impairment for the deferred exploration costs.

The calculation of value-in-use for the deferred exploration costs is most sensitive to the forecasted oil prices which are estimated with reference to external market forecasts of Brent crude prices; volume of resources and reserves which are based on resources and reserves report prepared by the operations team; capital expenditure, production and operating costs which are based on the consortium operator's historical experience, approved work programs and budgets, and latest life of well models; and discount rate which were estimated based on the industry weighted average cost of capital (WACC), which includes the cost of equity and debt after considering the gearing ratio. The pre-tax discount rate applied to cashflow projections range from 8.61% to 9.12% on December 31, 2021, and 9.10% to 10% on December 31, 2020.

As at December 31, 2021 and 2020, the carrying value of deferred exploration costs amount to $0.66 million.

Exploration Permit Applications for Nickel and Other Associated Metals in Zambales and Dinagat Islands

As of December 31, 2021, the Group is currently securing Exploration Permits (EP) for nickel and other associated metals. OPMC has submitted applications to the Mines and Geosciences Bureau (MGB)- Regional Office No. III for five (5) areas in Zambales with a total area of approximately 13,816 hectares.

As of April 12, 2022, all five areas in Zambales were already designated by MGB Regional Office No. III as EXPAs No. 000231-III, EXPA No. 000232-III, EXPA No. 000233-III, EXPA No. 000240-III and EXPA No. 000241-III.

As at December 31, 2021 and 2020, the carrying values of deferred exploration costs amounted to $0.71 million and $0.66 million, respectively.

As at December 31, 2021 the Company capitalized deferred mine exploration costs amounting to $0.05 million

Decommissioning fund

On July 27, 2021, the Group received a Decommissioning Plan from the operator of SC 14C1 which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned. Consequently, the Group recognized its interest in the related decommissioning fund as of December 31, 2021 amounting to $0.84 million (see Note 12).

12. **Accounts and Other Payables**

	2021	2020
Accounts payable	**$172,338**	$168,375
Dividends payable	**354,868**	240,274
Subscriptions payable	**27,696**	27,381
Others	**6,835**	6,993
	$561,737	$443,023

Accounts payable mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in 30- to 60-day terms.

Dividends payable include amounts payable to the shareholders of the Parent Company. Others include statutory payables.

Provision for Plug and Abandonment

Nido, Matinloc and North Matinloc
As of December 31, 2021 and 2020, there was no outstanding balance of the provision for the plug and abandonment. In 2020, the Group recognized plug and abandonment costs amounting to $0.13 million related to the two remaining Nido wells which were completely plugged and abandoned on the same year.

Galoc
On July 27, 2021, the Group received a Decommissioning Plan from the operator of SC 14C1 which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned.

The Group recognized a provision for plug & abandonment amounting to $1.05 million as of December 31, 2021 which represents the present value of the Group's share in the decommissioning liability. The discount rate used on the determination of present value as of December 31, 2021 is 3.77%. The decommissioning activities for Galoc is expected to be commence in 2025, hence the provision is recognized under non-current liabilities.

Under the decommissioning plan, each party to the consortium has a liability to fund a percentage of the decommissioning cost equal to the party's percentage interest. Accordingly, the Group recognized its share in the decommissioning fund asset of the Joint Operation as of December 31, 2021 amounting to $0.84 million (see Note 8 and Note 11).

13. **Capital Stock**

Under the existing laws of the Republic of the Philippines, at least 60% of the Parent Company's issued capital stock should be owned by citizens of the Philippines for the Parent Company to own and hold any mining, petroleum or renewable energy contract area. As at December 31, 2021, total issued and subscribed capital stock of the Parent Company is 98.83% Filipino and 1.17% non-Filipino, as compared to 98.44% Filipino and 1.56% non-Filipino as at December 31, 2020.

As at December 31, 2021 and 2020, this account consists of:

	2021	2020
Class A - $0.0004 (₱0.01) par value		
Authorized - 120 billion shares		
Issued and outstanding - 120 billion shares	**$49,361,387**	$49,361,387
Class B - $0.0004 (₱0.01) par value		
Authorized - 80 billion shares		
Issued and outstanding - 80 billion shares	**32,907,591**	32,907,591
	82,268,978	82,268,978
Subscriptions receivable		
Subscribed - 475.97 million shares	**(277,710)**	(277,710)
Capital in excess of par value	**3,650,477**	3,650,477
	$85,641,745	$85,641,745

All shares of stock of the Parent Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals. There were no issuances of additional common shares in 2021 and 2020.

The Parent Company's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of yearend
Listing by way of introduction	10,000,000,000	₱0.01	Mar. 24, 1970	
Additions:				
	2,500,000,000	0.01	Mar. 23, 1981	
	37,500,000,000	0.01	Aug. 5, 1988	
	50,000,000,000	0.01	Nov. 14, 1989	
	100,000,000,000	0.01	May 31, 1995	
December 31, 2015	200,000,000,000			11,859
Deduct: Movement	–			(32)
December 31, 2016	200,000,000,000			11,827
Deduct: Movement	–			(121)
December 31, 2017	200,000,000,000			11,706
Deduct: Movement	–			(74)
December 31, 2018	200,000,000,000			11,632
Deduct: Movement	–			(29)
December 31, 2019	200,000,000,000			11,603
Deduct: Movement	–			(9)
December 31, 2020	200,000,000,000			11,594
Deduct: Movement	–			(25)
December 31, 2021	200,000,000,000			11,569

Cash Dividends

On June 29, 2021, the Parent Company's Board of Directors (BOD) approved the declaration of a cash dividend in the amount of $0.00001 (₱0.0005) per share or a total of $2.06 million (₱100 million) to the stockholders of record of common stocks as of July 28, 2021 coming from the Parent Company's unrestricted retained earnings as of December 31, 2020. As of December 31, 2021, retained earnings available for dividend declaration amounts to $3.74 million, which solely pertains to the Parent Company.

On June 25, 2020, the Parent Company's BOD approved the declaration of cash dividends of $0.00001 per share totaling to $2.00 million to the stockholders of record of common stocks as of July 24, 2020 coming from the Parent Company's unrestricted retained earnings as of December 31, 2019.

On June 27, 2019, the Parent Company's BOD approved the declaration of cash dividends of $0.00001 per share totaling to $1.94 million to the stockholders of record of common stocks as of July 26, 2019 coming from the Parent Company's unrestricted retained earnings as of December 31, 2018.

14. **General and Administrative Expenses**

	2021	2020	2019
Staff costs	**$540,462**	$521,861	$530,862
Professional fees	**38,146**	20,892	22,287
Rent (Note 19)	**16,238**	15,453	14,080
Transportation and communication	**10,722**	8,429	9,044
Messengerial services	**9,536**	8,478	10,560
Association & Membership Fees	**7,474**	6,929	7,766
Taxes and licenses	**3,118**	41,011	11,976
Advertising and publication	**1,605**	2,894	–
Entertainment, amusement and recreation	**1,587**	483	2,623
Bank Charges	**1,530**	2,914	541
Insurance	**1,314**	1,630	1,589
Utilities	**930**	1,296	1,425
Printing	**–**	–	6,737
Registration and filing fees	**–**	–	184
Miscellaneous	**32,452**	26,198	6,552
	$665,114	$658,468	$626,226

Miscellaneous includes PDTC fees, filing fees, office supplies, and repairs and maintenance

15. **Other Income**

Other income includes refunds from standby letter of credit and reversal of long-outstanding payables in 2021 and 2020.

16. **Retirement Plan**

The Group has a funded, noncontributory defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of one (1) month for every year of service up to 20 years and 1.5 months in excess of 20 years.

Under the existing regulatory framework, Republic Act (RA) 7641, the Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group's retirement plan meets the minimum retirement benefit specified under RA 7641. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial report is dated February 10, 2022.

Components of pension expense in the consolidated statements of income included in general and administrative expenses under 'Staff costs' account are as follows:

	2021	2020	2019
Current service cost	**$44,754**	$38,882	$26,193
Interest cost on defined benefit obligation	**23,876**	27,599	18,021
Total pension expense	**$68,630**	$66,481	$44,214

Changes in the present value of defined benefit obligation follow:

	2021	2020
Balances at beginning of year	**$649,792**	$522,357
Current service cost	**44,754**	38,882
Interest cost on defined benefit obligation	**23,876**	27,599
Foreign currency translation adjustment	**(38,675)**	29,396
Remeasurement losses (gains) arising from:		
Experience adjustments	**3,763**	(12,858)
Financial assumptions	**114**	2,929
Demographic assumptions	**(44,432)**	41,487
Balances at end of year	**$639,192**	$649,792

The principal actuarial assumptions used in determining the pension liability for the Group's plan follow:

	2021	2020
Rate of salary increase	**5.70%**	5.70%
Discount rate	**4.93%**	3.77%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase	Effect on defined benefit obligation	
	(decrease)	**2021**	2020
Discount rates	+100 basis points	**($31,892)**	($34,294)
	-100 basis points	**36,587**	40,080
Future salary increases	+1.00%	**35,937**	38,892
	-1.00%	**($31,957)**	($34,012)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2021 and 2020:

	2021	2020
Less than 1 year	**$390,880**	$362,464
More than 1 year to 5 years	**36,187**	27,829
More than 5 years	**209,119**	171,080

The average duration of the defined benefit obligation is 5.4 years and 5.7 years as of December 31, 2021 and 2020, respectively.

17. **Income Tax**

Provision for (benefit from) income tax consists of:

	2021	2020	2019
Current			
MCIT	**$6,036**	$–	$–
Final Tax	**357,257**	405,580	497,316
	363,293	405,580	497,316
Deferred	**(325,644)**	1,107,870	(569,664)
	$37,649	$1,513,450	($72,348)

The Group's net deferred tax liabilities as of December 31, 2021 and 2020 are detailed below:

	2021	2020
Deferred tax assets on:		
Pension liability	**$159,798**	$194,938
Unrealized foreign exchange loss	**75,065**	–
	234,863	194,938
Deferred tax liability on:		
Unrealized foreign exchange gain	–	(110,378)
Excess of book over tax base of property and equipment	**(1,368,831)**	(1,541,079)
	($1,133,968)	($1,456,519)

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

On December 31, 2019, the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years. The NOLCO incurred in 2019 was not covered by RR 25-2020 since it was incurred before the taxable year 2020.

On December 31, 2020, the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2019	$1,930,543	($15,114)	$1,915,429	December 31, 2022
2020	1,158,356	–	1,158,356	December 31, 2025
	$3,088,899	($15,114)	$3,073,785	

Excess of Minimum Corporate Income Tax over RCIT

As of December 31, 2021, the Parent's Minimum Corporate Income Tax (MCIT) amounting due was higher than RCIT. The difference of MCIT over RCIT can be claimed as deduction against regular taxable income for the next three (3) consecutive years pursuant to Section 27(E) of the National Internal Revenue Code, as follows:

Year Incurred	Amount	Applied/Expired	Balance	Expiry Year
2021	$6,036	$–	$6,036	December 31, 2024

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2021	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**41.02**	23.98	268.89
Changes in unrecognized deferred tax assets on deductible temporary differences	**35.17**	51.77	15.15
Effect of Change in Income Tax Rate	**(25.40)**		
Dividend income	**(27.87)**	(21.44)	(68.26)
Interest income subjected to final tax	**(26.38)**	(24.20)	(146.85)
Income exempt from tax	**(40.37)**	(11.74)	(197.84)
Others	**21.04**	(10.62)	95.71
Effective income tax rate	**2.22%**	37.75%	(3.20%)

CREATE Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act 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.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

The approval of the CREATE Act in 2021 is considered a substantive enactment of its provisions into law that requires adjustments for financial reporting purposes; hence, the applicable new income tax rates (i.e., 25% RCIT / 1% MCIT) were used to calculate for the current and deferred income taxes as at and for the period ended 31 December 2021.

Likewise, the following adjustments pertaining to the December 31, 2020 deferred tax assets and liabilities balances have been made in 2021:

Statements of financial position

	Increase (Decrease)
Deferred tax liability – net	(438,234)

Statements of income and statement of comprehensive income

	Increase (Decrease)
Provision for deferred income tax	(431,188)
Deferred tax recognized through OCI	(7,046)
Total effect in changing of tax rate	(438,234)

18. Basic/Diluted Earnings Per Share

The Group's earnings per share were computed as follows:

	2021	2020	2019
Net income	**$1,659,970**	$2,495,454	$2,331,090
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000008	$0.000012	$0.000012

There were no outstanding potentially dilutive common shares for the years ended December 31, 2021, 2020 and 2019.

19. **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; an the parties are subject to common control. Related parties may be individuals or corporate entities.

The Group's material related party transactions (MRPT) pertaining to transactions made with the same related party, which are, individually or in aggregate over a twelve (12) – month period amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements shall be reviewed by the Group's audit committee before the transaction is executed and commenced. If not identified beforehand, the MRPT shall be immediately reviewed by the Audit Committee upon its identification

All individual MRPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock. Aggregate RPT transactions within a twelve (12) – month period that meets or breaches the materiality threshold shall require the same Board approval.

The amounts and the balances arising from the significant related party transactions are as follows:

	2021			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Entities under common control of JGSHI				
a. Cash and cash equivalents (Note 6)	**$-**	**7,281,718**	Interest-bearing at prevailing market rate; 0.25% to 1.00% per annum; due and demandable	No impairment
Short-term investments (Note 9)	**-**	**-**	Interest-bearing at prevailing market rate; 4.00% per annum; due and demandable	No impairment
Interest income	**37,397**	**-**	–	–
b. Rent (Note 14)	**16,238**	**-**	Noninterest-bearing payable on demand	Unsecured

	2020			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control of JGSHI				
a. Cash and cash equivalents (Note 6)	$–	$7,038,106	Interest-bearing at prevailing market rate; 0.50% to 1.00% per annum; due and demandable	No impairment
Short-term investments (Note 9)	1,034,175	–	Interest-bearing at prevailing market rate; 4.00% per annum; due and demandable	No impairment
Interest income	86,104	–	–	–
b. Rent (Note 14)	15,453	–	Noninterest-bearing payable on demand	Unsecured

a. The Group has money market placements with an affiliated bank, a subsidiary of a stockholder.

b. The Group entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually. The Group applied the 'short-term lease' and lease of 'low-value assets' recognition exemption for these leases. Total rental expense recognized in general and administrative expenses under the consolidated statement of comprehensive income under these lease agreements amounted to $16,238 and $15,453 for the years ended December 31, 2021 and 2020, respectively.

Compensation of key management personnel of the Group follows:

	2021	2020	2019
Short-term employee benefits	**$271,160**	$293,117	$264,050
Post-employment benefits	**24,438**	87,656	57,657
	$295,598	$380,773	$321,707

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks and cash equivalents, receivables, short-term and long-term investments, equity instruments at FVOCI, debt instruments at amortized costs and accounts and other payables (excluding statutory liabilities). The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The main risks arising from the Group's financial instruments are liquidity, credit, foreign currency, and equity price risk.

The Group's risk management policies are summarized below:

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2021, and 2020, all financial liabilities are expected to mature within one (1) year. All commitments up to a year are either due within the time frame or are payable on demand.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on remaining undiscounted contractual obligations:

	2021			
	On Demand	**Less than a year**	**One year or more**	**Total**
Financial Assets				
Cash in banks and cash equivalents	**$16,000,914**	**$-**	**$-**	**$16,000,914**
Receivables:				
Due from operators	**1,246,497**	–	–	**1,246,497**
Interest receivable	–	**227,962**	–	**227,962**
Dividend receivable	–	**172,450**	–	**172,450**
Investments:				
Equity instruments at FVOCI	–	–	**31,941,689**	**31,941,689**
Debt instruments at amortized cost	–	**3,939,024**	**27,209,595**	**31,148,619**
Other Financial Liabilities				
Accounts and other payables*	**548,866**	–	–	**548,866**
Net exposure	**$16,698,545**	**$4,339,436**	**$59,151,284**	**$80,189,265**

**Excludes statutory payables*

	2020			
	On Demand	Less than a year	One year or more	Total
Financial Assets				
Cash in banks and cash equivalents	$695,521	$14,603,112	$–	$15,298,633
Receivables:				
Due from operators	1,158,466	–	–	1,158,466
Interest receivable	–	223,495	–	223,495
Dividend receivable	–	182,280	–	182,280
Investments:				
Short-term investments	–	1,034,175	–	1,034,175
Equity instruments at FVOCI	–	–	36,986,361	36,986,361
Debt instruments at amortized cost	–	2,081,772	25,915,772	27,997,544
	1,853,987	18,124,834	62,902,133	82,880,954
Other Financial Liabilities				
Accounts and other payables*	435,230	–	–	435,230
Net exposure	$1,418,757	$18,124,834	$62,902,133	$82,445,724

**Excludes statutory payables*

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk consist of cash in banks and cash equivalents, and receivables and equity instruments at FVOCI as of December 31, 2021 and 2020, which are usually on demand or collectible within a term of 30 days.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. As of December 31, 2021, the Group only has trade receivables from the operator of SC 14C1 pertaining to sales of crude oil not yet distributed to consortium members. The Group does not expect a probability of default, given that the receivable is supported by a distribution agreement from the consortium operator.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of Debt instruments at amortized cost exposes the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing. The Group's debt investments measured at amortized cost comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by credit rating agencies and therefore, are considered to be low credit risk investments.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2021	2020
Financial assets at amortized cost		
Cash in banks and cash equivalents	**$16,000,914**	$15,298,633
Short-term investments		1,034,175
Due from operators	**1,246,497**	1,158,466
Interest receivable	**227,962**	223,495
Dividend receivable	**172,450**	182,280
Debt instruments at amortized cost	**31,148,619**	27,997,544
	$48,796,442	$45,894,593

In 2021 and 2020, the Group's cash in banks and cash equivalents and short-term investments are considered high-grade while the remaining financial assets are considered standard grade. The Group uses the following criteria to rate credit quality:

Class	Description
High Grade	Financial assets that are deposited in/or transacted with reputable banks which have low probability of insolvency
Standard Grade	Financial assets of companies that have the apparent ability to satisfy its obligations in full

c) *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statements of income can be affected significantly by movements in U.S. Dollars.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2021		2020	
	In PHP[1]	**In USD**	In PHP[1]	In USD
Financial Assets				
Cash and cash equivalents	**₱202,219,916**	**$3,963,363**	₱218,650,757	$4,550,169
Short-term investments			49,677,630	1,034,175
Dividend receivable	**8,756,000**	**172,450**	8,756,002	182,280
Interest receivable	**11,519,695**	**226,882**	10,506,320	218,717
Equity instruments at FVOCI	**1,621,770,347**	**31,941,689**	1,776,676,837	36,986,361
Debt instruments at amortized cost	**1,581,540,000**	**31,148,619**	1,344,890,024	27,997,544
	3,425,805,958	**67,453,003**	3,409,157,570	70,969,246
Other Financial Liabilities				
Accounts and other payables	**₱27,159,704**	**$561,737**	₱21,281,053	$443,023
Net foreign currency- denominated assets	**₱3,398,646,254**	**$66,891,266**	₱3,387,876,517	$70,526,223

[1] *The exchange rates used as of December 31, 2021 and 2020 are $0.01970 to ₱1 and $0.02081 to ₱1, respectively.*

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax in 2021 and 2020. There is no other impact on the Group's equity other than those already affecting income.

The sensitivity is based on the historical volatility of exchange rate of US Dollar against Philippine Peso during the current year. The analysis is based on the assumption that current year's volatility will be the same in the following year.

	Change in PHP rate	Effect on income before income tax
2021	**+1.73%**	**$1,361,939**
	-0.61%	**(479,774)**
2020	+1.17%	($831,861)
	-1.17%	831,861

d) *Equity price risk*

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the prices of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Parent Company, which are classified in the consolidated statements of financial position as equity instruments at FVOCI.

The following table shows the sensitivity of the Group's equity (through OCI) from changes in the carrying value of the Group's equity instruments at FVOCI due to reasonably possible changes in the Philippine Stock Exchange index (PSEi), with all other variables held constant. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through adjusted betas of each individual stock. Betas are coefficients depicting the sensitivity of individual stock prices to market movements.

The sensitivity is based on the historical volatility of PSEi for the current year. The analysis is based on the assumption that current year's PSEi volatility will be the same in the following year

	Percentage Change in PSEi	Effect on income before income tax
2021	**+18.6%**	**$51,364**
	-18.6%	**(51,364)**
2020	+33.0%	$12,093,322
	-33.0%	(12,093,322)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating 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 the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Group considers its capital stock (net of any subscription receivable) and retained earnings which amounted to $90.3 million and $90.70 million as of December 31, 2021 and 2020, respectively, as its capital employed. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

Fair Values

Due to the short-term nature of the transactions, the carrying values of cash in banks and cash equivalents, receivables, short-term investments, accounts and other payables (excluding statutory liabilities) approximate the fair value.

The fair value of the equity instruments at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date.

The fair value of the debt instruments at amortized cost that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Fair value of debt instruments at amortized cost amounted to $31.85 million and $29.32 million, while its carrying amounts are $31.15 million and $28.0 million as at December 31, 2021 and 2020, respectively (see Note 9).

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2021 and 2020, the fair value of equity instruments at FVOCI under Level 1 hierarchy amounted to $31.94 million and $36.99 million, respectively (see Note 9). There has been no transfer from Level 1 to Level 2 or 3 categories in 2021, 2020 and 2019.

21. Operating Segment

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the basis that is used internally for evaluating segment performance and allocating resources to segments. The Group only operates in one geographical location, thus, no information on geographical segments is presented.

The Group derives its revenues only from the participating interests in various SCs of the Parent Company and LOGPOCOR, with segment assets and liabilities amounting to $93.74 million and $1.20 million, respectively, as of December 31, 2021 and $96.45 million and $1.09 million, respectively, as of December 31, 2020. Segment's revenue and net income amounted to $3.51 million and $1.66 million, respectively, in 2021, $1.28 million and $2.50 million, respectively, in 2020 and $4.25 million and $2.33 million, respectively, in 2019. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations in 1994. Segment assets and segment liabilities exclude deferred tax assets and liabilities.

22. Events after the reporting period

The Group anticipates oil prices to remain elevated in 2022, owing to continued demand recovery from the pandemic and geopolitical tensions between Russia and Western countries because of Ukraine. We will await further development to fully determine the impact in the Group.

23. Approval of Consolidated Financial Statements

The consolidated financial statements were authorized for issue by the BOD on April 12, 2022.

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

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its Subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statement and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
Tax Identification No. 102-096-009
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 56915-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-072-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853485, January 3, 2022, Makati City

April 12, 2022

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its Subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
Tax Identification No. 102-096-009
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 56915-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
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BIR Accreditation No. 08-001998-072-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8853485, January 3, 2022, Makati City

April 12, 2022

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17 – A

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2021

Schedule A. Financial Assets

The Group's financial assets include investments in quoted equity securities and corporate bonds.

Below is the detailed schedule of financial assets in equity securities and corporate bonds of the Group as of December 31, 2021:

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Debt Instruments at Amortized Cost			
Various	$31,148,619	$31,848,050	$1,732,308
Equity Instruments at Fair Value through Other Comprehensive Income			
Various	31,941,689	31,941,689	1,892,286
Total	$63,090,308	$63,789,739	$3,624,594

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Group has no receivable from directors, officers, employees, related parties and principal stockholders above ₱1 million ($19,695) or 0.02% of total consolidated assets as of December 31, 2021.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2021.

	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
Linapacan Oil, Gas and Power Corporation	($19,538,946)	($47,055)				($19,586,001)	($19,586,001)
Oriental Land Corporation	(8,123)		438			(7,685)	(7,685)
Oriental Mahogany Woodworks, Inc.	96,369		(5,196)			91,173	91,173
	($19,450,700)	($47,055)	($4,758)			($19,502,513)	($19,502,513)

Schedule D. Intangible Asset

The Group has no intangible asset as of December 31, 2021.

Schedule E. Long-term Debt

The Group has no long-term debt as of December 31, 2021.

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

The Group has no outstanding liabilities to related parties as of December 31, 2021.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2021.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	200,000,000,000	200,000,000,000	–	73,312,887,015	3,079,219,213	123,607,893,772

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

ANNEX 68-D. RECONCILIATION OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2021

Unappropriated Retained Earnings, beginning of the year		$5,429,018
Less: Deferred tax assets recognized in profit or loss		(237,214)
Unappropriated Retained earnings, as adjusted to available for dividend distribution, beginning of the year		5,191,804
Net income based on the face of audited financial statements	1,714,319	
Less: Non-actual/unrealized income net of tax		
• Amount of recognized DTA that reduced the amount of income tax expense	-	
• Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
• Equity in net income of associate/joint venture	-	
• Unrealized actuarial gain	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of investment property resulting to gain	-	
• Adjustment due to deviation from PFRS - gain	-	
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
• Depreciation on revaluation increment (after tax)	-	
• Adjustment due to deviation from PFRS - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
• Amount of realized DTA	19,085	
Net income actually earned during the period		1,733,404
Less:		
• Dividends declaration during the period	2,057,444	
• Realized loss on redemption/disposal of equity instruments at FVOCI transferred to retained earnings	-	
• Appropriations of retained earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury shares	-	
		2,057,444
Unappropriated Retained Earnings, available for dividend distribution		$4,867,764

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

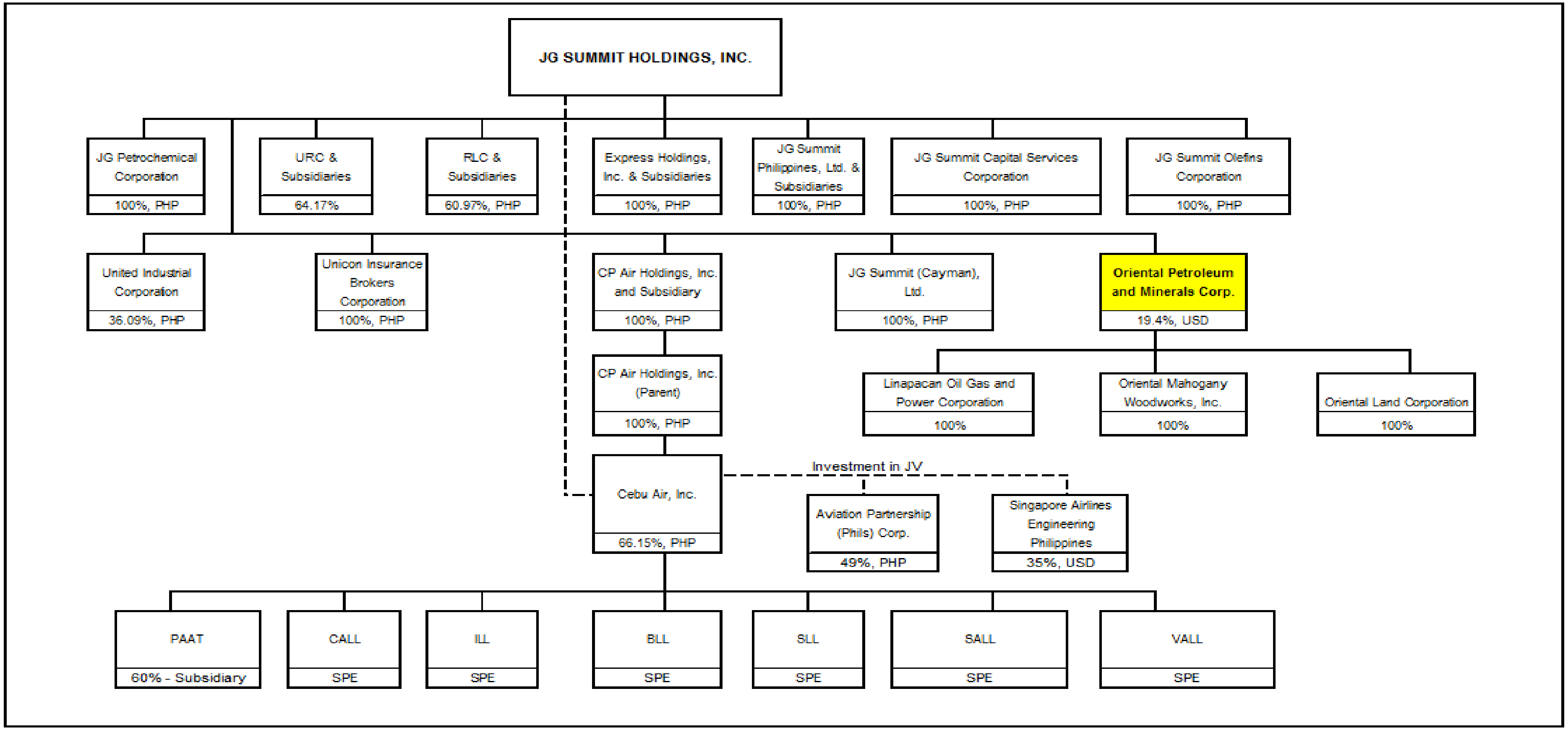
ANNEX 68-E. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2021 and 2020:

Financial ratios		**2021**	2020
Current ratio	Current assets (CA) / Current liabilities (CL)	39:1	45.68:1
Acid test ratio	Current assets (CA) – Inventory – Prepayments / Current liabilities (CL)	38.43:1	45.10:1
Solvency ratio			
Debt-to-equity ratio		Not Applicable	
Asset-to-equity ratio	Total assets / Total equity	1.04:1	1.03:1
Interest rate coverage ratio		Not Applicable	
Return on equity	Net income / Average equity	1.79%	2.66%
Return on assets	Net income / Average assets	1.74%	2.70%
Net profit margin	Net income / Total Revenue	47.34%	195.37%
Net working capital ratio	CA – CL / Total assets	0.23:1	0.21:1

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
FOR THE YEAR ENDED DECEMBER 31, 2021



Oriental Petroleum and Minerals Corporation
2021 Sustainability Report in Compliance with the SEC Sustainability Reporting Guidelines for Publicly Listed Companies

Contextual Information

Company Details	
Name of Organization	Oriental Petroleum and Minerals Corporation (OPMC)
Location of Headquarter	34th Floor Robinson's Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
Location of Operations	Offshore Northwest Palawan
Report Boundary: Legal Entities included in this report*	
Business Model, including Primary Activities, Brands, Products and Services	Oil and Gas Exploration
Reporting Period	January 1, 2021 to December 31, 2021
Highest Ranking Person responsible for this report	Ma. Riana C. Infante CFO and Compliance Officer

*If you are a holding Company, you could have an option whether to report on the holding Company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.

Materiality Process

Explain how you applied materiality principle (or the materiality process) in identifying your material topics
Oriental Petroleum and Minerals Corporation is a publicly- listed Company which undertakes upstream petroleum operations in offshore North West Palawan, Philippines. OPMC has a Joint Venture Partnership with several industry players to perform petroleum activities within Service Contracts 6 and 14. Materiality assessment in defining the content of this report was done based on the Company's 50 years of experience in the oil exploration industry. The Company identified key areas that are materially relevant for a sustainable operation and that will give value to its stakeholders. It acknowledges the risk involved in this industry thus, strategic partnerships are well evaluated to ensure that work program and budgets are carried out as planned.

ECONOMIC

Economic Performance
Direct Economic Value Generated and Distributed

Disclosure	**Amount** (in thousands)	**Units**
Direct Economic Value Generated (revenue)	3,506	US$
Direct economic value distributed:		
a. Operating costs	2,261	US$
b. Employee Wages and Benefits	540	US$
c. Payments to suppliers, other operating costs	805	US$
d. Dividends given to stockholders	2,057	US$
e. Taxes given to government	568	US$
f. Investments to community (e.g donations, CSR)*	**still gathering data*	US$

*Galoc Consortium's CSR in Palawan

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a pioneer in the oil and gas exploration in the Philippines, OPMC has contributed in the early life of the Philippines' Petroleum Industry. Through various Joint Ventures, the Company was able to explore oilfields in the country that generated economic value not only for the Company but for other stakeholders including the government. It continues to directly and indirectly support employment in the country and fostering local communities through its operations.	- Stockholders - Employees - Community - Government	OPMC remains supportive and committed to oil and gas exploration projects of the Joint Ventures that will promote sustainable operations thereby ensuring continued employment and support to the community and the government.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
In 2021, the risks identified were the following: 1. Decline in production rates in the Galoc Oilfield as a result of natural decline in the oil reservoir. 2. Unable to increase production when G4 well failed to restart.	- Stockholders - Customers - Government	In order to mitigate the risks, the Company, together with its partners in the Consortia, continues to explore ways to enhance oil recovery. This includes studies on drilling new wells and re-development of other oilfields such as the

3. Nearing expiration of Service Contracts. 4. Emergence of Covid-19 variants. The decline in production which was also the same risk identified in 2020, is the result of decreasing reserve and pressure within the oil reservoir. This is common in mature oilfields. Efforts were made by NPG (Galoc Oilfield operator) to increase the production rates by restarting the G4 well. However, in October 2021, G4 well failed to restart on its own. Moreover, the emergence of new Covid-19 variants such as Delta and Omicron variants, caused another series of lockdowns which caused fluctuating oil prices.		West Linapacan Oilfield and Cadlao Oilfield. With the emergence of new Covid variants in 2021, the Company has managed to combat the effects of fluctuating oil prices and lockdowns by renegotiating key contracts and organizational restructuring to deliver significant cost savings, thus reducing the operational expenses.
What is/are the opportunity/ies identified?	**Which stakeholders are affected**	**Management Approach**
OPMC is currently looking into its possible participation in the Department of Energy's Philippine Conventional Energy Contracting Program (PCECP), where the Company can acquire rights to explore and develop a potential petroleum area. Acquisition of new petroleum areas may lead to the discovery of economically profitable oilfields that can be extracted to sustain the country's growing energy demand. Aside from this, OPMC recently ventured into nickel laterite exploration. The growing demand for nickel has elevated the prices for the past years.	- Stockholders - Customers - Government - Community	The management has been very supportive in the Company's pursuit to venture in new oil and gas fields in the Philippines and potential nickel laterite prospects by providing financial, legal and technical assistance needed to participate in these ventures.

Diversification into other resources aside from oil and gas would open new opportunities, platform to promote sustainable development and new host communities to foster.		

Climate- related risks and opportunities

OPMC is a Joint Venture Partner of Galoc Production Company (Service Contract Operator) in an Oil Producing Field located in offshore Northwest Palawan known as the Galoc Field Area Development Project or the GFAD Project. It started operations in 2008 and as of **December 2021, it has produced an estimated 23 million barrels of oil**. The oil is produced by utilizing a ship known as Floating Production Storage and Offloading (FPSO).

The Galoc reservoir contains both oil and associated gas. During the oil extraction, GPC usually flares the gas. Flaring of the gas releases methane and carbon dioxide, which are major greenhouse gases. These gases are the major contributor of global warming leading to climate change.

In relation to this, the consortium is continuously looking into different new technologies to minimize the effects of flaring especially to climate change.

Procurement Practices – Not material

Proportion of spending in local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risks.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Anti- corruption – not material

Training on Anti- corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti- corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti- corruption training		%
Percentage of employees that have received anti- corruption training		%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risks.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Incidents of Corruption – The Company has no reported incidents of corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	%
Number of incidents in which employees were dismissed or disciplined for corruption	None	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No material risk identified.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

The Company and its employees have always been transparent in all their dealings with the partners, government agencies and other stakeholders. As indicated in the Company's Revised Corporate Governance Manual, the Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. The same shall be disseminated to all employees across the Corporation through trainings to embed them in the Company's culture.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	52,619.69[1][2]	GJ
Energy consumption (diesel)	7,650.77[1]	GJ
Energy consumption (electricity)	0	kWh

[1] Value converted from MMBTU to GJ as per data provided by GPC.
[2] Natural Gas value instead of LPG.

Reduction of energy consumption:

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (diesel)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Since the Galoc production facility is located offshore, the energy consumption for the FPSO operations is not from the national grid. Much of the energy consumption is through diesel combustion using generators and natural gas to power the whole production facility.	- Field employees	The management also decided that aside from extracting energy from diesel combustion, part of the produced gas associated with oil production will also be used for power generation of certain facilities in the FPSO to minimize diesel combustion.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	**Which stakeholders are eeleaffected**	**Management Approach**
No identified opportunities.	Not applicable	Not applicable

Explanation:

In Petroleum Service Contracts, it is the Operator of a Service Contract (SC) who secures the rights to explore and extract a petroleum area. At present, the only producing oilfield where the Company is a member of is the Galoc Oilfield also known as SC-14C1, where GPC is the Operator. As the Operator of SC-14C1, GPC has commitments to practice environmental and social sustainability in compliance with their Environment Compliance Certificate and Environmental Management Plan. GPC submits quarterly and annual reports to the Department of Environment and Natural Resources – Environment Management Bureau (DENR- EMB) such as Compliance Monitoring Report and Self- Monitoring Reports which present and discuss GPC's quarterly energy consumption. The Floating Production Storage and Offloading (FPSO) which is basically a marine vessel in the middle of the sea, utilizes generators powered by diesel to be able to generate electricity and support the electrical needs of the production facility and the accommodation units. Moreover, diesel is needed to run the vessel.

Water consumption within the organization:

Disclosure	Quantity	Units
Water Withdrawal	0	Cubic meters
Water consumption	0	Cubic meters
Water recycled and reused	0	Cubic meters

- No data for water consumption provided by the Operator, GPC.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

As mentioned above, resource management such as water and energy consumptions, is being managed by the Operator of the Service Contract. It is a common practice in the petroleum industry to have a water maker that would usually convert seawater to potable water. Recycling of water is also necessary especially for offshore production where supply of readily available potable water is limited.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight		
• Renewable	0	Cubic meters
• Non- renewable	0	Cubic meters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

GPC, being the Operator of SC-14C, plans the activities in the GFAD. Each equipment and materials in the FPSO undergone technical evaluation and is designed accordingly for the safety and well- being of the production facilities and the FPSO. The management of the renewable and non- renewable resources in the FPSO is duly managed by GPC.

Ecosystems and biodiversity (whether in upland/ watershed or coastal/marine

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Please see explanation below	
Habitats protected or restored	None	ha
Water recycled and reused	0	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No identified material risk.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

Explanation:

Both the Nido- Matinloc and the Galoc Oilfields are located in offshore Northwest Palawan. They are about 25-km from El Nido, which is a famous tourist spot in the Philippines. However, both fields are not located anywhere near a protected site or areas of high biodiversity. In fact, during the last underwater survey done during the decommissioning and abandonment of the Nido and Matinloc Platforms, Philodrill, the Service Contract Operator for the Nido-Matinloc Oilfield, found that coral reefs bloomed in the legs of the platforms and many marine animals are dwelling within the platforms. These are proofs that the water column is healthy and habitable. There were also plans that these platforms can be used for recreational diving sites in the future. Moreover, before awarding the service contract, protected sites are being identified and carved out by the DOE from the service contract. Thus, protected areas are not included within the service contract areas.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (scope 1) GHG Emissions	260,0571.62 [3] [4]	Tonnes
Energy indirect (Scope 2) GHG Emissions	0	Tonnes
Emissions of ozone- depleting substances (ODS)	0	Tonnes

[3] Combined values of CO2, N2O, and CH4 emitted from the flaring facility and fuel combustion

[4] Emission rate estimates of the GFAD Floating Production Storage Offloading (FPSO) Vessel for the year 2021

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Associated gas in oil production is usually being flared (burn away the gas) in the flaring facility and fuel combustion are categorized as Direct (Scope 1) GHG emission. The Consortium, during the commencement of the production stage, decided to flare the associated gas for it is in minimal quantity and uneconomical. Moreover, processing the gas will also need a different production facility aside from the existing oil facility.	• JV Consortium • Field Employees • Government	The Service Contract Operator regulates the emission of Scope 1 and 2 on a daily basis by providing a Daily Production Report to the JV partners and the Department of Energy (DOE). The Operator ensures that daily gas emissions are acceptable and compliant with its Environmental Compliance Certificate issued by the Department of Environment and Natural Resource (DENR).
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Unregulated GHG emissions can lead to unacceptable values of GHG that are not compliant to the project's ECC and would result into fines and penalties from the DENR. Moreover, too much GHG emission can accelerate global warming that can lead to human- induced climate change. Flaring of gas, and production of oil in general, is considered as a very high-risk process when it comes to safety and hazard. One unsafe act can lead to a chain of unfortunate events and can endanger the entire production facility and all crew onboard. Damaging the production facility can lead to oil leaks/ spill.	• JV Consortium • Field employees • Government • Community	The consortium is continuously looking into different new technologies to minimize the effects of flaring especially to climate change. The Consortium strictly ensures the safety of all its field employees. Survival measures are being implemented in the FPSO by giving proper safety training to its crew as well as posting of safety warnings in the FPSO.
What are the opportunity/ies identified?	**Which stakeholders are affected**	**Management Approach**
There have been various innovations in the oil and gas industry that aims to minimize the emission of harmful air pollutants.	• JV Consortium • Field employees • Government • Community	The JV Consortium has been very supportive in pursuing alternative ways to attain a sustainable energy that would promote less harmful gases and air pollutant emissions.

Explanation: GPC submits its quarterly and annual reports to the Department of Environment and Natural Resources – Environment Management Bureau (DENR- EMB) such as Compliance Monitoring Report and Self- Monitoring Reports which present and discuss the potential air and water pollutants. In the oil and gas industry, flaring is usually done, and it releases methane and carbon dioxide, which are the major greenhouse gases. GPC declares its Greenhouse gas emission on its quarterly and annual report.

Air Pollutants

Disclosure	Quantity	Units
NOx	106,113.40[5]	kg
Sox	9.98[6]	kg
Persistent organic pollutant (POPs)	0	kg
Volatile Organic Compounds (VOCs)	167,420.94[7]	kg
Hazardous air pollutants (HAPs)	559,025.38[8]	kg
Particulate Matter (PM)	297.56	kg

[5] Combined values of NOx emitted from the flaring facility and fuel combustion
[6] Combined values of SOx emitted from the flaring facility and fuel combustion
[7] VOC from flaring facility
[8] Carbon Monoxide as Hazardous Air Pollutant

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The air pollutants are the combined values of the emissions from the flaring facility and the fuel combustion in the FPSO. Some of the air pollutants are dissolved within the hydrocarbons or sometimes the by-product of the hydrocarbon extraction.	• JV Consortium • Field employees • Government	The Operator strictly regulates and reports the emission of air pollution on a quarterly and annual basis by providing a Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE. The management ensures that air pollutant emissions are acceptable and compliant with its Environmental Compliance Certificate issued by the DENR.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Unregulated air pollutant emissions can lead to unacceptable values above the required standards set by the DENR and as stated in the project's ECC. This would result into fines and penalties from the DENR.	• JV Consortium • Field employees • Government • Community	The Operator has set up competent team and uses advanced technologies to be able to strictly regulate the air pollutant emissions from the FPSO. It also submits quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE to declare

		its quarterly and annual total air pollutants emission.
What are the opportunity/ies identified?	**Which stakeholders are affected**	**Management Approach**
There have been various innovations in the oil and gas industry that aims to minimize the emission of harmful air pollutants.	• JV Consortium • Field employees • Government • Community	The JV Consortium has been very supportive in pursuing alternative ways to attain a sustainable energy that would promote less harmful gases and air pollutant emissions.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total Solid Waste Generated	298,500[9]	kg
Reusable	27,500[10]	kg
Recyclable	0	Kg
Composted	0	Kg
Incinerated	0	Kg
Residuals/ Landfilled	0	kg

[9] Data provided by Galoc Production Company/ m3 converted to kg
[10] Carton boxes and wooden pallets

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The FPSO facilities generates waste from packaging materials necessary in the operation such as food waste, plastics, metals, carton boxes, glass, rags, wooden pallets, and bottles.	• JV Consortium • Field employees • Government • Community	Wastes are segregated through trash bins labelled as Biodegradable and Non-Biodegradable. Since the facility is located offshore, the waste cannot be disposed directly into the sea, for it will violate environmental laws. Instead, the wastes were being stored in a waste facility in the FPSO to be later on collected by a supply vessel whenever there will be a delivery of goods. The wastes will be sorted out based on its category such as bottles, plastics, glass etc.
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Improper disposal of solid wastes from the FPSO can cause pollution to the ocean	• JV Consortium • Field employees • Government • Community	The Operator is strict about solid waste disposal by having trash bins in designated areas in the FPSO especially in the

and may lead to filing of fines and penalties by the DENR.		accommodation unit where most of the crew eat and stay. Moreover, a breakdown of solid wastes generated in the FPSO are incorporated in the quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE.
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
Sustainable proper waste disposal can be achieved by recycling and adapting new technologies to reduce solid waste.	• JV Consortium • Field employees • Government • Community	The Operator regularly monitors solid waste generation and disposal in the FPSO and are open to finding alternative ways to enhance sustainable solid waste management.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	41,333.86[9]	Kg
Total weight of hazardous waste transported	26,879[11]	kg

[9] Data provided by Galoc Production Company
[11] Total weight of hazardous waste transported and disposed

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Hazardous wastes generated during operation in the FPSO include oil waste, oil-contaminated materials, wastes with lead and mercury compounds, pathological or infectious wastes, explosives and expired medicines.	• JV Consortium • Field employees • Government • Community	Hazardous wastes are being collected by supply vessels and are properly handled until the final disposal facility.
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
Improper handling of hazardous wastes from the FPSO can cause pollution to the ocean and may lead to filing of fines and penalties by the DENR.	• JV Consortium • Field employees • Government • Community	The Operator is strict about hazardous waste disposal and regularly reports its generated wastes in the FPSO in the quarterly and annual Compliance Monitoring Report and Self- Monitoring Reports to the DENR and the DOE.

What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
Sustainable hazardous waste disposal can be achieved by recycling and adapting new technologies to reduce hazardous waste.	• JV Consortium • Field employees • Government • Community • Oil and gas industry	The Operator regularly monitors hazardous waste generation and disposal in the FPSO and are open to finding alternative ways to enhance sustainable hazardous waste management.

Effluents

Disclosure	**Quantity**	**Units**
Total volume of water discharges	5,060,124.07[9]	Cubic meters
Percent of wastewater recycled	0	%

[9] Data provided by Galoc Production Company

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Effluents from the FPSO includes Produced Formation Water (water from the underground oil reservoir), Wash Water (vessel washings), Cooling Water from the engine room, and cooling water from the process area.	• JV Consortium • Field employees • Government • Community	Produced Formation Water with >15 ppm oil content is either diverted to the cargo tack (if oil content is very high) and/or directed to the oily water tank (slopy tank). In due time, oil in the slop tank separates and floats on top of the water layer. The relatively oil- free water is flowed to the clean water slop tank and is re-processed for overboard disposal, while the accumulated oil is flowed to the cargo tank (as part of the crude product). If the produced water is <15 ppm oil content, it is being discharged overboard. An alarm system or a full- time technician diverts the produced water to the slop tank if the oil content is greater than 15 ppm. [5]
What are the risk/s identified?	**Which stakeholders are affected?**	**Management Approach**
Improper handling of effluents can lead to unwanted disposal of untreated waste water directly into the ocean.	• JV Consortium • Field employees • Government • Community	The Operator strictly regulates and reports the total discharged water and effluents on a quarterly and annual basis by providing a Compliance

		Monitoring Report and Self-Monitoring Reports to the DENR and the DOE. The management ensures that effluents are acceptable and compliant with its Environmental Compliance Certificate issued by the DENR.
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
The Consortium is constantly on the lookout and open to adopting demonstrated good practice on effluent handling and disposal.	• JV Consortium • Field employees • Government • Community • Oil and gas industry	The Operator strictly regulates the total discharged water and effluents to ensure compliance with the standards set by the DENR.

Environmental Compliance

Non- compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non- compliance with environmental laws and/ or regulations	0	PhP
No. of non- monetary sanctions for non- compliance with environmental laws and/ or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impact.	Not applicable	Not applicable
What are the risk/s identified?	Which stakeholders are affected?	Management Approach
No material risk identified.	Not applicable	Not applicable
What are the opportunity/ies identified?	Which stakeholders are affected	Management Approach
No identified opportunities.	Not applicable	Not applicable

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data – Represents the Company's employees only. Does not include employees of other Joint Venture Partners and Contractors.

Disclosure	**Quantity**	**Units**
Total number of employees	17	
a. Number of female employees	7	#
b. Number of male employees	10	#
Attrition rate	0	Rate
Ratio of lowest paid employee against minimum wage	0	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
Philhealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental Leaves	Y	-	0
Vacation Leaves	Y	100%	100%
Sick Leaves	Y	100%	100%
Medical Benefits (aside from Philhealth)	Y	0%	0%
Retirement Fund (aside from SSS)	Y		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible- working hours	Y	100%	100%
Other Benefits:			
Rice Subsidy	Y	100%	67%
Uniform Allowance	Y	100%	67%
Christmas Allowance	Y	100%	67%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company recognizes that in order to retain employees and attract new talents, it should offer competitive compensation and benefits package. Also, the company acknowledges that flexibility in work arrangement is an additional measure in retaining talents.	The COVID19 Pandemic changed how Companies do their business. The Company stepped-up to the challenge by providing its employees flexible work arrangements such that onsite work is limited in order to abide by the safety, health, and welfare standards and policies set by the DOLE and the DOH. Digitalization of some of the business processes also helps in attaining the Company's plans and programs despite the current flexible

	work arrangement. Likewise, mandatory benefits are properly and in timely manner, awarded to its employees.
What are the risk/s identified?	Management Approach
OPMC has identified lack of technical experts in the industry as a major risk.	Many experts have gone overseas thus, the management believes that a competitive package can address this risk. Also, the Company continues to enhance its training programs to equip its technical staff with the proper knowledge.
What are the opportunity/ies identified?	Management Approach
The Company sees engaging with young professionals and providing trainings will ensure continuity of its operations.	OPMC continues to grow its talent through trainings and seminars. Also, the Company continues to evolve to adapt to the ever-changing business landscape.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	201.5	Hours
b. Male employees	65	Hours
Average Training hours provided to employees		
a. Female employees	40.3	Hours/ employee
b. Male employees	32.5	Hours/ employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
OPMC's training and development programs have led to substantial career growth among its employees. The Company believes that career development and employee empowerment are crucial in employee retention.	The Company continues to enhance its training and seminar programs through in-house and/or third-party training programs. These programs enhance the employees' technical capabilities needed in their respective roles in the company. Some soft skills trainings are developed as well to achieve a well-rounded community member.
What are the risk/s identified?	Management Approach
Possible employee poaching from other industry players.	The Company believes that an attractive compensation package coupled with flexible working arrangement at this time of Pandemic is effective in maintaining talents.

What are the opportunity/ies identified?	Management Approach
Given the ever-changing business landscape where everything is going digital, this is an opportune time for the employees to get trainings in different business applications and software.	The Management will incorporate in its training programs topics that involves digital transformation.

Labor- Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee- related policies	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	**Management Approach**
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	**Management Approach**
No identified material opportunity/ies.	Not applicable

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of Female workers in the workplace	40	%
% of Male workers in the workplace	60	%
Number of employees from indigenous communities and/ or vulnerable sector*	3	# of elderly

Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Every member of the organization is given equal opportunities in terms roles and career advancement. Although the Company is dominated by male employees, it is only because of the nature of its business where most experts (Geologist) are in the male gender.	OPMC conducts its hiring process based on the applicants' qualifications that match the Company's requirements. Compensation and benefits are also based on merit and benchmarked with industry rates.
What are the risk/s identified?	**Management Approach**
The Company identified lack of technical employees/experts in the field of Geology as a risk.	The Company is on continuous search for Geologists that will complement its technical group. It continues to enhance its development programs to train existing Junior Geologist.
What are the opportunity/ies identified?	**Management Approach**
Access to Consultants in the Oil Exploration Industry as an opportunity for the Company to enhance its technical capabilities.	The Company has been looking for opportunities to expand its technical group. This opens the opportunities to meet with Consultants and experts in the industry. The Company in its best

	efforts will contract with potential Consultants that will help strengthens the Company's technical team.

Workplace conditions, Labor Standards, and Human Rights
Occupational Health and Safety:

Disclosure	Quantity	Units
Safe Man- Hours	31,464	Man-hours
No. of work- related injuries	0	#
No. of work- related fatalities	0	#
No. of work- related ill- health	0	#
No. of Safety Drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Occupational health and safety affects the welfare of OPMC's employees in their performance of their roles.	The Company recognizes its statutory responsibility to provide healthy and safe working environment to its employees. Please see: https://opmc.com.ph/corporate-governance/Company-policies/#HealthSafetyWelfare https://opmc.com.ph/corporate-governance/company-policies/stakeholders-health-safety-and-welfare/ or https://opmc.com.ph/corporate-governance/company-policies/code-of-business-conduct-and-ethics/
What are the risk/s identified?	**Management Approach**
The Company identified the following risks: • Work-related injuries that may cause permanent or temporary disability or fatality • Occurrence of Fire or Earthquake emergencies	Please see: https://opmc.com.ph/corporate-governance/Company-policies/#HealthSafetyWelfare https://opmc.com.ph/corporate-governance/company-policies/stakeholders-health-safety-and-welfare/
What are the opportunity/ies identified?	**Management Approach**
No identified material opportunities	Not applicable

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	Man-hours

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g harassment, bullying) in the workplace?

Topic	Y/N	If yes, cite reference in the Company policy
Forced Labor	N	
Child Labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The topic impacts the welfare of the employees as they are hired and work for the Company.	The Company complies with all the applicable laws and regulations on employees' welfare, the Labor Code, and has grievance and communication mechanisms in place. The Company however, is still in the process of crafting its human rights policies.
What are the risk/s identified?	**Management Approach**
Though there were no reports, OPMC has identified as risk, potential human rights and labor violations within the Company.	The Company complies with all the applicable laws and regulations on employees' welfare, the Labor Code, and has grievance and communication mechanisms in place.
What are the opportunity/ies identified?	**Management Approach**
No material opportunities identified	Not applicable

Supply Chain Management – not material

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child Labor		
Human Rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Relationship with Community – not material

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operated)	Location	Vulnerable Groups (if applicable)*	Does this particular operation have impacts in indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate total number of Free and Prior informed Consent (FPIC) undergoing consultations and certification preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:______________

Disclosure	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the risk/s identified?	Management Approach
Please see explanation below	
What are the opportunity/ies identified?	Management Approach
Please see explanation below	

Explanation:

Despite the Covid-19 Pandemic, the SC-14C Galoc Consortium, where the Company is a partner of, thru GPC as an operator, continued to extend its help to the community. The Consortium was able to implement the following projects that supports health, livelihood and education in the local community:

Education:

- Solar Powered E- TV Educational Package
- Trainings for Teachers

- Library rehabilitation
- Constructions of Classrooms
- Construction of Laboratory House for students

Livelihood:
- Water access Project and Manpower Development Skills Training
- Donation of Gensets
- Construction of Eco- Tourism Center

Health:
- Solar Electrification of Health Center
- Donation of Medical Equipment

In addition to these, the Consortium recently donated two (2) modified school bus for the students in Culion, Palawan and has an on- going water system project in Busuanga, Palawan.

Customer Management – not material

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Health and Safety – not material

Disclosure	Quantity	Units
No. of substantial complaints on product or service health and safety		#
No. of complaints addressed		#

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Marketing and labelling – not material

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Customer privacy – not material

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		
No. of customers, users and account holders whose information is used for secondary purposes		

* Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanism as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No material impact.	Not applicable
What are the risk/s identified?	Management Approach
No identified material risk/s.	Not applicable
What are the opportunity/ies identified?	Management Approach
No identified material opportunities.	Not applicable

Data Security – Data Privacy Act

Disclosure	Quantity	Units
No. of breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Ensuring the investors and employees data privacy is one of the factors that contributes to the Company's integrity and investor's trust and confidence.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012 or RA 10173.
What are the risk/s identified?	Management Approach
Should there be any leak in information, the Company will lose the trust and confidence of its investors.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012.

What are the opportunity/ies identified?	Management Approach
OPMC aims to continuously improve its data management and privacy system to ensure continuous investor patronage.	The Management adheres to the conditions set forth in the Data Privacy Act of 2012.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative
Crude Oil	**SDG 4: Quality Education** OPMC has been a long-time partner of oil and gas contractors in providing sustainable quality education especially to remote areas in northern Palawan such as the municipalities of Culion, Busuanga and Linapacan through donation of Solar Powered E-TV Educational Package, providing trainings for teachers, constructions of Classrooms and Laboratory house and rehabilitation of libraries.	Petroleum Service Contracts have only 50 years validity, once the terms have expired, the production of the field will cease and the contractor will rehabilitate and abandon the area. The abandonment of the field will lead to the cessation of the scholarship and educational assistance, for these are included within the service contract as contractor's obligation and commitment.	OPMC, together with other petroleum companies are hand in hand in their continuous efforts to explore and develop new oil and gas fields to be able to secure new service contract and provide sustainable quality education. Moreover, OPMC is diversifying its portfolio through applying for exploration permits to explore potential nickel laterite prospects. New mineral permits would allow new social development programs that will provide education assistance, livelihood program, employment and environment protection to the host communities.
	SGD 5: Gender Equality Although the oil and gas industry is mainly dominated by male, the company ensures equal opportunity for all genders. The company puts priority in the assessment of all qualified applicants based		

	on their technical and professional skills regardless of gender, age, race, religion or origin.		
	SGD 8: Decent Work and Economic Growth With the recent expansion of the company to nickel laterite exploration, the company was able to hire additional technical personnel and consultant to assist in the prospecting and application process. The company also ensures flexible working arrangement and good compensations and benefits.		
	SGD 3: Good health & well- being During the Covid-19 pandemic, the company ensures good health and well-being of the employees by providing flexible working hours and work-from home arrangement to lessen exposure from Covid-19 during on-site and transit. The company also provides health coverage for employees through national health insurance (PhilHealth) and health maintenance organizations (HMO). Aside from providing health benefits to its employees, the GFAD project made way for the solar electrification of health		

	centers and donations of medical equipment in remote islands in north of Palawan Island.		
	SGD 6: Clean Water and Sanitation The Water System Project in Busuanga, Palawan is part of the GFAD's Community Assistance Program, as its commitment to site-specific social responsibility to help improve the lives of island communities. The project aims to provide accessible and clean water to the community in Busuanga.		