

**PNOG EXPLORATION CORPORATION**

(A Subsidiary of Philippine National Oil Company)

**STATEMENT OF CASH FLOWS**

For the period ended March 31, 2014

(In Philippine Peso)

|   | <b>Unaudited<br/>March 2014</b> | Audited<br>December 2013 | Audited<br>December 2012 |
|---|---------------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                                 |                          |                          |
| Cash receipts from customers  | <b>1,351,063,496</b>            | 6,794,517,903            | 8,377,319,371            |
| Interest income   | <b>9,811,707</b>                | 61,582,545               | 64,342,139               |
| Cash paid to suppliers, affiliates and employees                    | <b>(261,996,427)</b>            | (1,924,821,143)          | (4,408,174,114)          |
| Cash Generated from Operations                                      | <b>1,098,878,776</b>            | 4,931,279,305            | 4,033,487,396            |
| Income taxes paid   | <b>(311,866,487)</b>            | (1,013,824,950)          | (1,348,496,455)          |
| Net cash from operating activities                                  | <b>787,012,289</b>              | 3,917,454,355            | 2,684,990,941            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                                 |                          |                          |
| Exploration and development costs                                   | <b>(28,315,249)</b>             | (68,329,379)             | (136,006,358)            |
| Capital expenditures  | <b>(181,391,254)</b>            | (1,732,061,344)          | (801,185,615)            |
| Investment in Short-term investments/Treasury Notes/Other Assets    | <b>479,937</b>                  | 929,349,008              | -                        |
| Net cash used in investing activities                               | <b>(209,226,566)</b>            | (871,041,715)            | (937,191,973)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                                 |                          |                          |
| Payment of cash dividends   | <b>(3,007,010,407)</b>          | (500,501,066)            | (1,501,503,199)          |
| Net cash used in financing activities                               | <b>(3,007,010,407)</b>          | (500,501,066)            | (1,501,503,199)          |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> | <b>32,931,885</b>               | 189,527,754              | (6,362,269)              |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>         | <b>(2,396,292,799)</b>          | 2,735,439,328            | 239,933,500              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>               | <b>4,823,210,402</b>            | 2,087,771,074            | 1,847,837,574            |
| <b>CASH AND CASH EQUIVALENTS, END</b>                               | <b>2,426,917,603</b>            | 4,823,210,402            | 2,087,771,074            |