Re: CGFD_PETROENERGY RESOURCES CORPORATION_2022 17A Report

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Mon 4/17/2023 10:51 PM
To: PetroEnergy Corporate Affairs <corpaffairs@petroenergy.com.ph>

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Thank you and keep safe.

COVER SHEET

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SEC Registration Number

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

(Company's Full Name)

7TH FLOOR JMT BUILDING ADB AVENUE ORTIGAS CENTER PASIG CITY

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

Maria Cecilia L. Diaz De Rivera

(Contact Person)

8637-2917

(Company Telephone Number)

1	2		3	1

Month *Day*

(Fiscal Year)

Form Type

1	7	-	A	

0	7		2	9

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,991

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED
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, 2022

2. SEC Identification Number ASO94-08880 3. BIR Tax Identification No. 004-471-419-000

4. Exact name of issuer as specified in its charter PetroEnergy Resources Corporation

5. Metro Manila, Philippines
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City — 1605
   Address of principal office — Postal Code

8. (632) 8637-2917
   Issuer's telephone number, including area code

9. Not Applicable
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common (par value of ₱1.00/share)	568,711,842

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

    Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange

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

    Yes [X] No [ ]

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

    Yes [X] No [ ]

13. As of December 31, 2021, the aggregate market value of the voting stock held by non-affiliates for the Company amounts to One Billion Nine Hundred Six Million Six Hundred Twenty Five Thousand One Hundred Ninety Eight pesos (₱1,906,625,198) or 397,213,583 shares at P 4.80 per share.

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

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Not Applicable.

DOCUMENTS INCORPORATED BY REFERENCE

15. The following documents are incorporated by reference:

- 2022 Consolidated Audited Financial Statements (Consolidated AFS)
- 2022 Parent Audited Financial Statements (Parent AFS)
- 2022 Sustainability Report

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1 - Business Development
PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the Parent Company) is a publicly-listed domestic corporation. Its registered office and principal place of business is 7/F, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed at the PSE by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation (PetroGreen or PGEC), its 77%-owned subsidiary (90%-owned in 2021) to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. (MGI, 65%-owned) - owner and developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation (PetroSolar, 56%-owned) - owner and developer of the 50MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion, TSPP-2; and (c) PetroWind Energy, Inc. ("PetroWind", 40%-owned) – owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) in Nabas and Malay, Aklan.

MGI and PetroSolar are effectively indirect subsidiaries of PetroEnergy through PetroGreen. PetroGreen owns majority of the voting power of MGI and PetroSolar. PetroEnergy, PetroGreen, MGI and PetroSolar are collectively referred to as the "Group" and were incorporated in the Philippines.

Business of Issuer

Description of Business
The Group's four (2) main energy businesses are: (1) upstream oil exploration and (2) development, and power generation from renewable energy resources such as, (a) geothermal, (b) solar, and (c) wind, through the Group's affiliate, PetroWind.

(1) Upstream Oil Exploration and Development
Oil and gas are buried several thousands of meters underneath the earth. The explorationist, therefore, neither sees nor touches his target. This lack of physical access, however, is compensated by applying various geological, geophysical, and geochemical exploration tools.

In the actual drilling of hydrocarbon, computer-guided drilling rigs dig rock layers several kilometers below the surface. In offshore exploration and production, robot submarines are used to emplace and control subsea equipment and materials. These intensive application of modern technology requires large amounts of capital. Oil exploration companies worldwide had adopted the prudent strategy of pooling together in a consortium to pursue exploration in order to distribute risk and minimize financial exposures.

The common financial arrangement between host countries and the exploration companies is the sharing in costs and revenues from the sale of the hydrocarbon products. The host country partakes in the costs by allowing the explorationists to recover an agreed percentage of the historical costs before the net proceeds are divided between the government and the consortium.

Oil Exploration and Development Projects
The principal properties of the Company consist of various oil areas located in the Philippines and in Gabon. Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advances exploration stages or pre-development stages. The following are a brief description and update on these projects.

Foreign Operations

Gabon, West Africa
The Group holds approximately 2.53% participating interest in the Exploration and Production Sharing Contract covering the Etame block in Gabon, West Africa (the "Etame Marin Permit"). The other parties in the consortium are Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the "Gabon Consortium"), are leaders in their respective areas of operation. VAALCO is the Consortium's operator, and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC exclusive rights and obligations to perform exploration, exploitation, and production activities and in the case of the consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the current 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 BOPD.

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

Given the extended EPSC period, the Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes until at least 2028 up to 2038 (final extension). This IFDP may include: 1) production from sour oil reserves, 2) outfield drilling opportunities, and 3) facility maintenance strategies.

Update on Production
Production was routed to the Petroleo Nautipa, the spread-moored (FPSO) vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO last December 30, 2022. Final punchlist items are currently being completed.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

In 2022, total crude production reached 5.94 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.133 MMBO, with crude oil market prices ranging from US$ 76 – US$ 133 per barrel.

In 2021, total crude production reached 5.42 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.867 MMBO, with crude oil market prices ranging from US$ 50 – US$85 per barrel.

In 2020, total crude production reached 6.57 MMBO. The Consortium managed 11 liftings, resulting in a net crude export of 6.02 MMBO, with crude oil market prices ranging from US$ 17 – US$66 per barrel.

Since the Gabon oilfield has been put on-line in 2002, a total of 130 MMBO have been extracted to date over the last 20 years.

Philippine Operations

SC 6-A - Octon-Malajon Block

This is one of the first exploration areas in offshore Palawan. It includes about 165,000 hectares of relatively shallow water areas where a string of wells has found non-commercial oil accumulations in varied reservoir horizons. DOE granted in June 2009 the final 15-year extension of the SC-6A service contract.

In 2019, consortium operator Philodrill completed seismic interpretation and mapping works for the northern portion of the Octon-Malajon block, using recent and old SC 6A seismic data and subsurface data from the adjacent Galoc

In 2020, Philodrill engaged Dubai-based consultants LMKR to conduct Quantitative Interpretation (QI) works to determine possible drilling opportunities in the northern portion of the block (Malajon field); the results of which were provided to the consortium in January 2021.

In March 31, 2021, Philodrill gave notice to the DOE that the Joint Venture has elected not to enter the 12th year of the final 15-year term of SC 61 and consequently surrender the Service Contract. The limited term remaining in the SC 6-A until its expiry in February 2024 exacerbated by the Covid-19 situation, greatly hampered the timely execution of the programs that the Joint Venture envisage undertaking to pursue appraisal programs and potential development opportunities in the area.

The DOE formally approved the relinquishment of SC 6-A on September 05, 2022.

Following the above, as of December 31, 2021, the Group has written –off the P159.298 million deferred cost.

PERC held a 16.667% participating interest in SC 6-A

SC 14-C2 - West Linapacan, Northwest Palawan

West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

The SC 14C2 Consortium, led by operator Philodrill Corp., negotiated with a potential farmee for the drilling of potential drilling targets, in exchange for a majority share and Operatorship of SC 14C2. This farm-in is subject to the approval of the Department of Energy (DOE).

While the consortium awaited the farmee’s completion of the farm-in documentation, Philodrill continued to do in-house G&G work over at the West Linapacan area at the interim. For compliance, a “Transition Work Program and Budget, covering November 2020 to March 2021 was submitted to the DOE in November 2020 and was approved.

Throughout the second half of 2021 and 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities. SC 14-C2 is due to expire in December 2025.

Due to the limited term remaining, the Group assessed the recoverability of the investment included in “Wells, platforms and other facilities” account under “Property, plant and equipment” and recorded Impairment loss amounted to ₱144.40 million in 2021 (nil in 2020 and 2019).

As of December 31, 2021 and 2020, the investment amounts to ₱61.92 million and ₱206.32 million, respectively.

PERC holds a 4.137% participating interest in SC 14C2.

<u>SC 75 – Offshore Northwest Palawan</u>

Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (50%) and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the Department of Energy (DOE) issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 06, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. for the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 06, 2022 after Operator PXP Energy Corporation received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

As of December 31, 2022 and 2021, the corresponding percentages of the Group's participation in the various Petroleum SC areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14C2 - West Linapacan	4.137%
SC 75 - NW Palawan	15.000%

The oil revenues are derived from Gabon Operations. All contractual obligations with the Gabonese Government are complied with. The Philippine contracts are in exploration stage and some contracts are being farmed out to reduce risk inherent to the business.

(2) Development, and power generation from Renewable Energy Resources

(a) Geothermal Energy

<u>Maibarara Geothermal Power Project</u>
Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-012

Following the DOE's Philippine Energy Contracting Round for Geothermal in 2009, PetroEnergy signed the Service Contract for the Maibarara Geothermal Power Project (MGPP) on February 1, 2010. PetroEnergy then conducted pre-development activities in 2010 to 2011. In order to carry out the development and operations of the MGPP, PetroEnergy (through its subsidiary, PetroGreen) then created Maibarara Geothermal, Inc. (MGI) along with Trans-Asia Oil and Energy Development Corporation ("Trans-Asia"), subsequently renamed as PHINMA Energy Corporation or "PHINMA", and now known as ACEN Corporation or ("ACEN") and PNOC Renewable Corporation (PNOC RC), with 65%, 25%, and 10% equity ownerships, respectively.

In June 2019, ACEN, the energy platform of Ayala Corporation, completed the acquisition of PHINMA, including PHINMA's 25% share in MGI.

<u>20 MW Maibarara-1 Geothermal Power Plant (MGPP-1)</u>
The DOE confirmed the commerciality of the 20-MW MGPP-1 in 2011, allowing MGI to proceed with the MGPP's development stage, involving 1) the drilling of two (2) wells to complete the steam production and reinjection well capacities, and 2) the construction of the steamfield and power plant facilities. The MGPP-1's

115kV Transmission Line system was successfully connected to the existing Manila Electric Company (MERALCO) line in September 2013. Upon completion of the reliability and performance testing, the MGPP-1 went on commercial operations on February 8, 2014. All electricity generated are sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On February 08-27, 2021, the Maibarara-1 facility had a scheduled minor maintenance shutdown. Various maintenance activities for the unit's mechanical and electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 underwent its second major preventive maintenance shutdowns (PMS) in February 2022; the first having been conducted in 2016.

On the steamfield side, the two (2) production wells dedicated to MGPP-1 operations—Mai-6D and MB-12D—continued to behave consistently with dynamic but sustainable production.

MGPP-1 exported 134.48 GWh and 157.60 GWh of electricity in 2022 and 2021, respectively.

<u>12 MW Maibarara-2 Geothermal Power Plant (MGPP-2)</u>
With the stable performance of the reservoir, MGI decided to pursue an expansion of the MGPP. There was at least 5 MW of excess steam supply from the MGPP-1 wells, and with the ~6 MW capacity of the new well, an expansion of 12 MW was decided and approved in 2015 (MGPP-2).

Major power plant components from Fuji Electric Co. Ltd. ("Fuji", the same supplier as the MGPP-1) were delivered and installed on site from March to April 2017. MGPP-2 was first synchronized to the grid on March 9, 2018, with the full 12 MW attained on March 18, 2018. Reliability tests were then conducted from March 18 to 27, 2018, during which the power plant was on full 12 MW operation.

The Energy Regulatory Commission (ERC) formally notified MGI of the approval of MGPP-2's Certificate of Compliance (COC) application on April 26, 2018. Subsequently, the MGPP-2 was accepted into the Wholesale Electricity Spot Market (WESM) on April 30, 2018 - pegging the MGPP-2's start of Commercial Operations on the same date. This operationally started the application of MGPP-2's Electricity Supply Agreement (ESA) with PHINMA, now ACEN, wherein all of MGPP-2's generated electricity are sold to ACEN.

Workover operations were conducted on production well MB-15D in June 2022. After which, new production well MB-18D was drilled in September 2022 and hooked-up in November 2022. To date, the field's total gross output is now being sustained at ~33 MW.

MGPP-2 exported 70.23 GWh and 93.80 GWh of electricity in 2022 and 2021, respectively.

Both the MGPP-1 and the MGPP-2 are registered with the Board of Investments and are enjoying the incentives under the Renewable Energy Act of 2008.

(b) Solar

<u>Tarlac Solar Power Project (TSPP)</u>
Solar Energy Service Contract (SESC) No. 2015-03-115

The SESC for the TSPP was awarded by the DOE on March 19, 2015. On June 17, 2015, PGEC and affiliate EEI Power Corporation ("EEIPC", 100% subsidiary of EEI Corporation), incorporated PetroSolar to undertake the development of the TSPP.

<u>50 MWDC Tarlac Solar Power Project-1 (TSPP-1)</u>
On June 22, 2015, PetroGreen and solar farm lot owner, Luisita Industrial Park Corporation (LIPCO), executed a Lease Agreement for the 55-hectare solar farm development. This was assigned to PetroSolar on September 15, 2015. As the LIPCO property is within the Central Technopark, which is under the jurisdiction of the Philippine Economic Zone Authority (PEZA), PetroSolar was able to register as an Ecozone Utilities Enterprise on July 28, 2015, entitling it to the incentives available to PEZA locators.

After only four (4) months of ground works, the TSPP-1 was completed by mid-January 2016 and was able to export power to the grid on January 27, 2016. The DOE eventually gave its Certificate of Endorsement (COE) - Feed-in-Tariff (FiT) for TSPP-1, with an official Commercial Operations Date on February 10, 2016. Subsequently, on April 6, 2016, PSC executed its Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo), assuring the TSPP-1's revenues from the FiT payment of ₱ 8.69/kWh from 2016 to 2036.

The total energy exported to the grid was 70.33 GWh and 73.47 GWh in 2022 and 2021, respectively.

20 MWDC Tarlac Solar Power Project (TSPP-2)
On September 17, 2018, the BOI formally awarded to PetroSolar the latter's Certificate of Registration for the 20 MW_{DC} TSPP-2. This approval entitles the TSPP-2 to enjoy duty-free importations, and a seven-year Income Tax Holiday (ITH), among others.

After the site construction works for the TSPP-2 were completed in March 2019 and its registration with the WESM was secured from the Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 21, 2019, the TSPP-2 started exporting power to the grid on April 22, 2019 as part of its testing and commissioning activities. The Energy Regulatory Commission (ERC) conducted its technical inspections for the TSPP-2 on May 31, 2019, as part of PetroSolar's Certificate of Compliance (COC) for TSPP-2.

On February 27, 2020 and March 18, 2020, the DOE formally issued to PSC the Certificate of Confirmation of Commerciality (COCOC) and the Certificate of Endorsement (COE) for TSPP-2, respectively. The COE is a prerequisite to the issuance of the Certificate of Compliance (COC) by the ERC. The COC will determine the official Commercial Operations Date (COD) for TSPP-2.

The ERC issued a Provisional Approval to Operate (PAO) to TSPP-2 on December 16, 2021, subject to PSC's compliance to 1) public offering requirement and 2) terms under PSC's Point-to-Point application, which was approved by the ERC in a Decision promulgated on April 8. 2022. However, PSC filed its Motion for Reconsideration on April 25, 2022 seeking the ERC's approval to allow PSC to implement its proposed interim connection scheme while the route for the soon-to-be constructed Concepcion-Sta. Ignacia is finalized by the National Grid Corporation of the Philippines (NGCP). The said PAO is valid until December 15, 2022, and sets TSPP-2's WESM COD to January 25, 2022.

TSPP-2 exported 29.46 GWh and 30.48 GWh in 2022 and 2021, respectively.

Puerto Princesa Solar Power Project (PPSPP)
Solar Energy Service Contract (SESC) No. 2017-01-360

The Service Contract for the Puerto Princesa Solar Power Project (PPSPP) was signed by DOE Secretary Alfonso Cusi on February 27, 2017. The PPSPP aims to put up a 10-20 MW off-grid solar hybrid power facility in Puerto Princesa City, Palawan to meet the increasing electricity demand and address the fluctuating electricity situation in the city through solar power.

PetroGreen has secured all local government endorsements needed for eventual facility development. In January 2020, PGEC was among seven (7) pre-qualified bidders for the 20-MW Palawan Main Grid Competitive Selection Process (CSP) of the Palawan Electric Cooperative (PALECO). On March 12, 2020, PALECO issued a bulletin which states that the submission and opening of bids was postponed until further notice.

On January 18, 2021, PALECO issued a bulletin resuming the Palawan Main Grid 20-MW CSP after a 10-month postponement, with minor revisions to the bid terms as approved by the DOE and the National Electrification Administration (NEA). However, PGEC decided to withdraw from said bidding process, owing to PALECO's final Terms of Reference (TOR), which severely limit the economic feasibility of PGEC's planned investment.

On September 7, 2022, PGEC has sent a letter to DOE for the intention to Relinquish the Service Contract and settled the remaining financial obligations under the SESC. As of December 31, 2022 the DOE has not yet given their official approval of the relinquishment of the said SESC.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY) – Binondo, City of Manila
On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar project for the Enrique

T. Yuchengco Bldg. in Binondo, Manila.

The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

The ETY rooftop solar facility exported 0.140 GWh and 0.096 GWh of electricity in 2022 and 2021, respectively.

Bugallon Solar Power Project (BSPP)
Solar Energy Operating Contract (SEOC) No. 2022-04-622

On May 05, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) by the DOE for its Bugallon Solar Power Project (BSPP) in Brgy. Salomague Sur, Bugallon, Pangasinan.

For the year, PGEC has completed the Distribution Impact Study (DIS) for the BSPP, which has been approved by the Central Pangasinan Electric Cooperative (CENPELCO), and subsequently endorsed to the National Electrification Administration (NEA) for their approval.

PGEC also secured the Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP) for the project, confirming that the project site is outside any ancestral domain and free from any tribal claims.

In parallel, the issuance of the Municipal Resolution endorsing the land reclassification for the BSPP site is still being undertaken by an external legal counsel. Once this is secured, PGEC will lodge its application for the project endorsement by the Pangasinan Sangguniang Panlalawigan (SP) and the Zoning Clearance.

Dagohoy Solar Power Project (DSPP)
Solar Energy Operating Contract (SEOC) No. 2022-06-629

On June 28, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) by the DOE for its Dagohoy Solar Power Project (DSPP) in Brgy. San Vicente, Dagohoy, Bohol.

To date, PGEC has secured favorable endorsements for the land reclassification of the DSPP site from the Dagohoy Sangguniang Bayan (SB) last October 2022 and by the Bohol SP last December 2022. Said resolutions are needed to secure the requisite Locational Clearance and Building Permit applications for the DSPP.

NGCP has approved PGEC's application to conduct the SIS for the DSPP via NGCP's Online Transmission Connection Application (OTCA) portal, with the DSPP's SIS proper tentatively scheduled for mid-2023.

While awaiting the SIS conduct, PGEC awarded to Media Construction and Development Corporation (MCDC) the contract for the initial site development works (site grading, access road and drainage construction, perimeter fence and gate). MCDC is targeting completion of site development works by August 2023.

(c) Wind

Nabas Wind Power Project (NWPP)
Wind Energy Service Contract (WESC) No. 2009-09-002

The service contract for the Nabas Wind Power Project (NWPP) covers 2,000 hectares of public and private lands in rolling terrain located near the northwestern tip of Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands are natural markets of future power from NWPP.

It was decided that the NWPP will be constructed in two phases: Phase 1 for the existing 36 MW NWPP-1, consisting of 18 Wind Turbine Generators (WTG); while Phase 2 will be a 14 MW development that will have seven (7) WTGs (NWPP-2).

On May 26, 2013, the DOE issued the Confirmation of Commerciality for the 36 MW NWPP-1, making it the third WESC to be declared commercially feasible. Construction of NWPP-1 started in December 2013 and was completed in the first half of 2015.

On June 16, 2015, the DOE released the COE for FIT Eligibility (COE-FIT), endorsing the official start of commercial operation to be June 10, 2015. On August 17, 2015, the ERC approved PWEI's COC for NWPP-1. This confirms the commercial operations date of the wind farm to be June 10, 2015.

The annual total energy exported to the grid were 80.80 GWh, 91.35 GWh and 80.45 GWh in 2022, 2021, and 2020, respectively.

On May 13, 2020, the DOE formally awarded to PetroWind the Certificate of Confirmation of Commerciality (COCOC) for the planned 14-MW Nabas-2 Wind Power Project (NWPP-2). This signifies that NWPP-2 has been approved for construction as being commercially feasible.

In February 17, 2021, the DENR-EMB Region 6 issued the amended Environmental Compliance Certificate (ECC) to PetroWind for NWPP-2, while the Forest Land Use Agreement (FLAg) has been signed by the DENR Central Office in January 04, 2022.

On June 24, 2022, PWEI's NWPP-2 was formally announced as the winning bidder for the 20-MW Visayas wind allocation of the DOE's Green Energy Auction Program (GEAP), for a 20-year offtake term. On September 28, 2022, the DOE issued to PWEI its Certificate of Award for the GEAP wind allocation.

PWEI awarded to VESTAS the WTG Supply, Supervision, and Services Agreements on December 13, 2022 and VESTAS is set to deliver the six (6) NWPP-2 WTGs by the last week of July, 2023. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) to EEI Corporation the contract for the Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation. Further, the Special Agreement for Protected Areas (SAPA) was officially signed by DENR in early-January 2023. It is the tenurial instrument that gives authority to PWEI to develop NWPP-2 in the approved area for at least 25 years.

San Vicente Wind Hybrid Power Project (SVWHPP)
Wind Energy Service Contract (WESC) No. 2017-09-118

On November 11, 2019, the DOE officially awarded to PetroGreen the San Vicente, Palawan WESC. The WESC, effective October 9, 2019, vests PetroGreen with the rights and responsibilities to harness wind energy and develop and operate the corresponding renewable energy facility in the area. The proposed project is situated in the municipality of San Vicente, Palawan, approximately 130 km north of Puerto Princesa.

Activities for the meteorological mast installation program for the San Vicente Wind Hybrid Power Project (SVWHPP) have been put on-hold due to COVID-19-related travel restrictions. Nonetheless, PGEC has secured on May 07, 2020 a Certificate of Non-Coverage (CNC) from the Department of Environment and Natural Resources (DENR) for the mast installation. PGEC also secured a Special Land Use Permit (SLUP) from the DENR on March 09, 2021 for the mast installation in San Vicente.

In December 2020, PGEC's contractor was mobilized to San Vicente, Palawan to carry out the installation works for the 60-meter meteorological mast to be used for the wind measurement campaign of the SVWHPP. The said mast was commissioned and turned-over to PGEC in July, 2021. Since July 2021 up to present, PGEC is continuing with the wind measurement campaign for the SVWHPP to assess the long-term wind resource to support a potential wind-hybrid power project in San Vicente.

(e) Offshore Wind

Northern Mindoro Offshore Wind Power Project

Northern Luzon Offshore Wind Power Project

East Panay Offshore Wind Power Project

In 2021, PGEC secured three (3) new Wind Energy Service Contracts (WESC) from the DOE covering three (3) offshore wind blocks, namely 1) Northern Luzon Offshore Wind Power Project (located offshore Ilocos Norte), 2) Northern Mindoro Offshore Wind Power Project (located offshore Occidental Mindoro), and 3) Easy Panay Offshore Wind Power Project (located offshore Iloilo). These projects will be developed by PGEC alongside Danish energy firm Copenhagen Energy A/S (CE) through a new Special Purpose Vehicle named "BuhaWind Energy Philippines (BEP)", duly incorporated in November 2022.

On December 28, 2021, the DOE issued to PGEC its formal endorsements for NGCP's conduct of the System Impact Studies (SIS) for the three (3) offshore wind blocks. The early issuance will help both DOE and NGCP to plan their grid improvements to accommodate large-scale capacities from these offshore wind projects. PGEC also secured DOE Endorsement to Local Government Units / National Government Agencies for the Northern Luzon project in January 2022.

Throughout 2022, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind blocks, namely 1) desktop wind and met-ocean resource studies, 2) power market study, and 3) desktop site characterization studies in preparation for detailed geophysical and geotechnical studies.

Specifically for the Northern Luzon block, PGEC and CE commenced with additional pre-development studies, namely 1) initial environmental pre-scoping study, 2) SIS application with NGCP, and 3) initial discussions with contractors for on-site wind measurement campaign.

Products

The group's main products are revenues from the electricity sales from renewable energy and crude oil production.

Electricity sales contribute 66.48% of the total revenues as of December 31, 2022. These are currently generated from MGPP-1, MGPP-2, TSPP-1 and TSPP-2.

Oil revenues are derived from PERC's share of producing offshore oil fields in Gabon, West Africa, which contributes 28.46% of the total revenues as of December 31, 2022.

Distribution Method

Electricity Sales

For Maibarara Geothermal Power Plant (MGPP) Unit 1 (20 MW) and MGPP Unit 2 (12 MW) which started commercial operations on February 8, 2014 and April 30, 2018, respectively, all the energy exported is sold to ACEN Corporation (formerly PHINMA Energy Corporation), a retail electricity supplier (RES), through an electricity supply agreement (ESA).

For the 50 MWdc Tarlac Solar Power Project (TSPP) which started its commercial operations on February 10, 2016 and qualified for the Fee-in-Tariff (FIT) scheme, all energy is exported to the grid and is distributed to all end-users who are connected to the grid. The National Transmission Corp. (TransCo), as the FIT administrator, facilitates the payments to FIT-eligible plants, such as TSPP.

Crude oil

The Consortium entered into a crude sales agreement with Glencore Energy UK Ltd. where a single buyer is committed to buy based on a pricing scheme that is benchmarked on Dated Brent. Dated Brent represents the value of physical crude oil trading for prompt delivery in the open spot market. With this type of agreement, the Consortium will be assured of its crude oil being purchased at a fixed pricing scheme.

Physical transfer of the oil was effected at the offshore production site from the Floating Production Storage and Offloading Vessel (FPSO) to the buyer's oil tanker. The FPSO was replaced by the FSO in October 2022, carrying out similar functions as the FPSO.

Competition

In the Company's RE business, there is a risk that bigger power producers, particularly those that operate coal power plants, may command lower prices and thus be preferred by potential offtakers over the electricity generation from power generating assets of the Company. To mitigate this risk, long-term contracts have been and will be secured for its RE power projects. MGI has secured a long-term Electricity Supply Agreement with PHINMA, now ACEN Corporation ensuring stable and predictable cash flows for the 20-year duration of the agreement. As for the TSPP-1 and NWPP-1, FIT rates of P8.69/kWh and P7.40/kWh, respectively, have been secured from the DOE, with the approval of the Energy Regulatory Commission (ERC).

For the local oil industry, industry, companies form a consortium to explore certain areas due to high cost of exploration. Competition arises when 2 or more parties bid for a single block offered by the government and have to come up with the best program for exploration. Oil companies with local presence in the Philippines include: The Philodrill Corporation, ACEN Corporation formerly, PHINMA Energy, Forum Energy Philippines Corporation, PXP Energy Corporation, among others. The Company formed consortiums with these companies in some Philippine service contracts.

Sources and Availability of Raw Materials and Names of Principal Suppliers
The Company is not into manufacturing and has no need for raw materials for its business.

Dependence on a single customer or few customers
For the MGPP-1 and MGPP-2, Electricity Supply Agreements (ESAs) were signed with PHINMA, now ACEN Corporation for a period of 20 years, wherein it will buy all of the energy exported for a fixed agreed price, re-priced every 5 years. These ESAs were later on amended in August 23, 2019 effecting, among others, the extension of the electricity supply period for both plants until June 25, 2039.

For the TSPP-1, consequent to the issuance of FIT COC in its favor, PSC entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate for all metered generation of PSC-TSPP1 for a period of twenty (20) years from start of Commercial Operations.

On December 22, 2022, a Power Supply Agreement was signed between PetroSolar and SN Aboitiz Power-Magat, Inc. (SNAP-MI). Therein, PetroSolar agreed to supply and sell all power generated by TSPP2 to SNAP-MI, on an energy-based and “as available” basis, from December 26, 2022 until December 25, 2023.

For the oil liftings, these are sold to a single buyer, Glencore Energy UK Ltd.

Transaction with and/or Dependence on Related Parties
Please see “Item 12” for discussion on Related Party transactions.

Summary of principal terms and expiration dates of all patents, trademarks, copy rights, licenses, franchises, concessions and royalty agreements
Aside from the Petroleum Properties and Renewable Energy Service Contracts discussed, there are no other patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements entered into by the Group as of December 31, 2022 and 2021.

Need for Government approvals of Principal Products
Oil industry in the Philippines is regulated by the policies and rules and regulations provided by government agencies like the Departments of Energy (DOE), Finance and Environment and Natural Resources. Moreover, generation and sale of electricity need prior approval from the Energy Regulatory Commission (ERC).

Effect of existing or probable governmental regulations and Costs and Effects of Compliance with Environmental Laws
For the Renewable Energy Projects, the Company conducted extensive studies to determine the environmental impact and possible mitigating actions to reduce, if not, eliminate potential threats to the environment connected with the power plant operations. In all the power plant sites, active coordination and consultation with local government units and other stakeholders are also being carefully observed.

For MGPP, the Environmental Compliance Certificate (ECC) was issued on August 10, 2010. For TSPP, the ECC issued by the DENR-EMB Region III on August 4, 2015 as amended June 13, 2018 prompting the commencement of ground works on the solar park site and project development. For PWEI, the ECC for the 50 MW NWPP-1 was released by the DENR Region 6 office in June 2012 as amended on 29 March 2021.

The ECCs, being a planning tool guides the respective sites through the Pollution Control Officers (PCOs) in complying with the related environmental rules and regulations. Each power plant religiously implements its respective Environmental Management System to further improve and go beyond compliance in support of the sustainable development goals of the country. Thus, compliance with governmental regulations is embedded in the operations of all the RE projects.

Amount spent on research and development activities

A. Renewable Energy Research and Development
As of December 31, 2021, the group has Deferred development costs amounting to ₱74.12 million representing costs incurred for the prospective solar and wind power projects.

B. Oil Exploration and development – bulk of the additions to the Wells and Platforms Account (Note 11 of the Consolidated AFS) pertains to PERC's share in the drilling program.

Total Number of Employees and Number of Full-Time Employees

As of December 31, 2022, there were 136 regular employees of the Group. The Group may hire employees in the next twelve (12) months due to increased volume of business, specifically for its renewable energy business.

Below is the break-down of regular employees of PERC and its subsidiaries

PetroEnergy	17
PetroGreen	30
Maibarara	80
PetroSolar	9
Total Employees	136

Risk Factors

Risks Relating to Gabon and the Philippines

Political, Economic and Legal Risks in the Philippines
The Philippines has, from time to time, experienced military unrest, mass demonstrations, and similar occurrences, which have led to political instability. The country has also experienced periods of slow growth, high inflation and significant depreciation of the Peso. The regional economic crisis which started in 1997 negatively affected the Philippine economy resulting in the depreciation of the Peso, higher interest rates, increased unemployment, greater volatility and lower value of the stock market, lower credit rating of the country and the reduction of the country's foreign currency reserves. There has also been growing concerns about the unrestrained judicial intervention in major infrastructure project of the government.

There is no assurance that the political environment in the Philippines will be stable and that current or future governments will adopt economic policies conducive to sustained economic growth.

Continuous and peaceful operations in the project areas are dependent on the Company's good relationships with the host local government units. Presently, the Company's renewable energy projects are located in three provinces: Batangas for its geothermal energy project; Tarlac, for its solar power project; and Aklan for the wind energy project. Currently, a new solar service contract has been secured in Puerto Princesa City. The local governments in these areas-- from the provincial, municipal and barangay levels, including the Palawan Council for Sustainable Development (PCSD) -- are supportive of these projects. Local government endorsements and resolutions have therefore not been a problem in these areas. The Companys's oil projects, on the other hand are located in Palawan and Visayas. Since these are oil exploration projects, getting local government support have been challenging.

To ensure that host local government units give their support and to mitigate the risk of their withdrawal of support of the Company's projects, the Company invests in corporate social responsibility projects (CSR). These CSR projects are geared towards providing long term and sustainable development to the communities within the host local government units, particularly in the areas of health, education, and livelihood.

Political, Economic and Legal Risks in Gabon
Despite its internal problems, the State of Gabon is said to be politically stable by African standards. Gabon was led by President Omar Bongo, the continent's second longest-serving head of state, who has been in power since 1967 until his death in 2009. Through an election held soon after, his son, Ali-Ben Bongo Ondimba, succeeded him as President. Its political stability and ample natural resources have helped make Gabon a wealthy nation compared to the rest of Sub-Saharan Africa. It must be noted however that Gabon's wealth is not distributed equitably, and almost half of the population lives below the poverty line.

Gabon held a presidential election in August 2016, and the change in administration also introduced new fiscal terms that could likewise change and negatively impact the Company's business. A new Hydrocarbon Law, which took effect since 2014, introduces new fiscal terms for all upstream operators – which include increased government shares and royalties, decreased cost recovery, and the imposition of 35.0% income tax on profit oil – all of which would significantly work in favor of the Gabonese Government. The Consortium was, however, able to secure favorable concessions from the Gabonese Government, like the non-imposition of the 35% income tax on profit oil, which has now been permanently lifted for all upstream oil operators.

The oil industry is the key to Gabon's economy although the government is trying to distance itself from oil dependence and focus on non-oil businesses such as forestry products due to concerns over the life of the oil reserves.

The general political situation in and the state of economy of Gabon may thus influence the growth and profitability of the Company. Any future political or economic instability in Gabon may have a negative effect on the financial results of the Company.

Furthermore, the continuity of the Gabon Operations is dependent on the validity of the permits and licenses issued the Gabon Consortium. A stable regulatory environment that would allow unhampered operations in Gabon is crucial to the Company's continuous profitability.

Technical Risk
The petroleum exploration industry is a high risk, capital intensive and highly speculative industry. Risks in upstream petroleum exploration include 1) prospectivity of the concession area in terms if actually finding oil in commercial quantity, 2) varying oil prices and project economics, 3) joint venture structuring and key personnel management, among others. Finding oil in commercial quantity is highly dependent on appropriate geologic conditions for oil to accumulate, and be able to be extracted by drilling. Once commercial oil is found, one has to make capital expenditures in terms of field appraisal (determining the extent of the reserves) for proper field development. The Company mitigates this high degree of technical risk through the use of advanced and sophisticated tools, engagement of experienced consultants, and constant intensive discussion and information-sharing with joint venture partners.

From late 2016 onwards, much of the discussions of the Consortium have been over the economic life of the Etame Marin complex. To date, the Consortium believes that it has already recovered 50.00% of the estimated ultimate recoverable reserves, which means that production from the Gamba sand reservoir may soon start to decline as a natural consequence. The planned future drillings in the area are mostly from the deeper Dentale sands. These sands are not as well characterized as the Gamba, thus, putting uncertainty in its production. Two (2) wells are currently producing from these sands.

Moreover, there is not much area to produce the Gamba from within the Etame Marin Permit as some acreage has been relinquished to the government in 2012. There is also the current issue on production of sour gas (hydrogen sulfide gas) within the Gamba sands in the northern Ebouri production sector. Souring usually happens when extraction of oil has already reached deeper in the reservoir.

Souring of wells is a concern which may extend further to the other production fields as extraction continues. Currently, all wells that turned sour are kept shut since the facilities are not designed to handle the corrosive oil. Production from these sour wells may be realized either through installation of processing platforms or re-installation of sour-resistant pipes at the surface facilities. Both options entail high costs.

These risks are key considerations for the Consortium's on-going studies and discussions for the Integrated Field Development Plan (IFDP) for the remainder of the field life. The IFDP aims to 1) augment long-term production by strategic drilling program/s to near-field areas and deeper targets, 2) address the risk of souring by evaluating options for crude sweetening, and 3) optimize the crude handling capacity for more profitable crude sales.

Operational Risk
The production of crude oil may involve many risks such as breakdown of equipment, unexpected levels of output or efficiency, natural disasters, and the need to comply with further directions of the relevant government authority. Moreover, like most oil discovery areas, there are concerns over how long these reserves will last. Any of the foregoing circumstances could significantly reduce revenues or increase the cost of operating the contract area.

As the field matures, the existing wells age and become more prone to mechanical fatigue and failures. In case these wells fail, the Consortium conducts workover operations on these wells to repair these damages and restore lost crude production. These are budgeted and conducted at regular year intervals in anticipation of potential or unexpected failures for the existing wells.

The Consortium entered into a crude sales agreement with Glencore Energy UK Ltd. where a single buyer is committed to buy based on a pricing scheme that is benched mark on Dated Brent. With this type of agreement, the Consortium will be assured of its crude oil being purchased at a fixed pricing scheme. Aside from this, the Consortium also plans to balance its operating expenses and to increase oil production to ensure that revenues do not drop drastically as a result of low oil prices.

The Consortium is currently examining the most optimal drilling program to ensure maximum recoverable oil, while ensuring positive returns for the consortium members. This includes an optimal drilling program in which the Consortium could further extract as much of the Gamba and Dentale reservoirs and address the sour oil from the affected wells while keeping capital expenditures and operating expenses at manageable levels to hope for positive returns. These are all heavily dependent on the global oil price trends.

An equally crucial aspect of the IFDP is the efficiency of the storage and offtake facilities for the produced crude oil from the Etame Marin field. The current FPSO contract with BW Offshore will expire in September 2022, with the current vessel, Petroleo Nautipa having been operating at the field since first oil in 2002. With an aging vessel only capable of handling ~700,000 bbls of crude and suffering various downtimes resulting to curtailed production, the Consortium is looking to replace the Petroleo Nautipa FPSO with a new vessel, which is capable of handling ~1.1 MMbbls of crude. This switch to a new vessel will help to ensure that the field is able to handle and export more crude, while also lessening fewer vessel-related downtimes and assuring unhampered production for the consortium's upcoming drilling campaigns.

Risk of Venturing into Renewable Energy Projects
The following risks on the Group's ventures in geothermal, wind and solar energy developments may have significant effect in the Group's business, financial condition, and results of operations:

- Offtake risks or market risks;
- Breakdown or failure of power generation equipment, steam supply equipment, transmission lines, pipelines or other necessary equipment or processes, leading to unplanned outages and other operational issues;
- Flaws in the design of equipment or in the construction of an electric generation or steam supply plant;
- Problems with the quality and quantity of geothermal, wind, and solar resources;
- Material changes in law or in governmental permit requirements;
- Operator error;
- Performance below expected levels of output or efficiency;
- Labor disputes, work stoppages, and other industrial actions by employees affecting the projects directly;
- Pollution or environmental contamination affecting the operation of the plants;
- Planned and unplanned power outages due to maintenance, expansion and refurbishment;
- The inability to obtain required governmental permits and approvals including the FIT allocation;
- Opposition from local communities and special interest groups;
- Social unrest and terrorism;
- Engineering and environmental problems;
- Construction and operational delays, or unanticipated cost overruns;

- Force majeure and other catastrophic events such as fires, explosions, earthquakes, floods and acts of terrorism and war that could result in forced outages, personal injury, loss of life, severe damage or destruction of a plants and suspension of operations;
- Grid failure and
- Denial of Land Conversion Application with the Department of Agrarian Reform.

The group cannot assure that future occurrences of any of the events listed above or any other events of a similar or dissimilar nature would not significantly decrease or eliminate the expected revenues from any of its power or steam generating assets, or significantly increase the costs of operating any such assets.

The Group avoids or mitigates the operational risks through proper maintenance of machinery and equipment and by making sure that Operations and Maintenance (O&M) contracts with competent third-party service providers are always active and effective. The Group also ensures that the operating units would hire competent personnel. Design flaws are addressed by professional indemnity insurances that could cover losses from the same. Constant communication with regulators and maintenance of good relations with them help in planning ahead for any potential change in regulations or regulatory requirements. For the social aspects of the projects, the Group maintains a good Corporate Social Responsibility Program, with focus on health, education and livelihood programs, thus helping in achieving host community acceptance, and reduction of social unrest and terrorism. The Group also ensures that the operating units are adequately covered by sabotage and terrorism insurance policies.

Foreign Currency Risk
A portion of the Company's revenues are denominated in U.S. Dollars. However, the obligation and expenses of the local areas which do not contribute revenues to the Company are denominated in U.S. Dollars. In addition, a substantial portion of the Company's future capital expenditures in Gabon are denominated in currencies other than the Peso. During the last decade, the Philippine economy has from time to time experienced instances of devaluation of the Peso and limited availability of foreign exchange. Recurrence of these conditions may adversely affect the financial condition and results of operations of the Company. The Company does not normally hedge its foreign currency exposures as it believes that it has sufficient revenues in U.S. Dollar and/or Philippine Peso, as the case may be, to answer for corresponding obligations.

Equity Partnership Risk
The Company has been participating in various oil exploration and development activities in Gabon and the Philippines with other parties. The Company is currently engaged in a production sharing contract with an equity share of 2.525% covering the Etame discovery block in the Atlantic shelf along with its Gabon Consortium partners. Such equity partnership requires the sharing in costs and revenues from the sale of the Etame crude oil. This situation may involve special risks associated with the possibility that the equity partner (i) may have economic or business interests or goals that are inconsistent with those of the Company; (ii) take actions contrary to the interests of the Company; (iii) be unable or unwilling to fulfill its obligations under the production sharing contract or sales contract; or (iv) experience financial difficulties. These conflicts may adversely affect the Company's operations. To date, the Company has not experienced any significant problems with respect to its equity partners.

In the Philippines, the Company, through its subsidiary, PetroGreen, partnered with different foreign and local companies. For MGI, the Company (65.00% through PetroGreen) partnered with PHINMA (25.00%) (PHINMA was acquired by the AC Energy, Inc. and has been renamed to ACEN Corporation or "ACEN") and PNOC RC (10.00%); in PWEI, the Company (40.00% through PetroGreen) partnered with EEIPC (20.00%) and CapAsia ASEAN Wind Holdings Cooperatief U.A. (40.00%) (CapAsia was later acquired by BCPG Public Company Ltd. And renamed to BCPC Wind Cooperatief U.A.); and for PSC, the Company(56.00%) partnered with EEIPC (44.00%).

In September 2022, PetroGreen, PetroEnergy and Kyuden Internation Corporation (Kyuden), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue 712,251,720 shares in two tranches in favor of Kyuden equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction.

This situation may involve special risks associated with the possibility that the equity partner (i) may have economic or business interests or goals that are inconsistent with those of the Company; (ii) take actions contrary to the interests of the Company; (iii) be unable or unwilling to fulfill its obligations under the production sharing contract or sales contract; or (iv) experience financial difficulties. These conflicts may adversely affect the Company's operations. Further to these, the Company continues to evaluate joint venture or partnership opportunities.

Cooperation among the joint venture and consortium partners on business decisions is crucial to the sound operation and financial success of these joint venture companies. Although the Company believes it maintains good relationships with its partners, there is no assurance that these relationships will be sustained in the future or that problems will not develop. For example, the Company's joint venture partners may be unable or unwilling to fulfill their obligations, take actions contrary to its policies or objectives, or may experience financial difficulties. If any of these events occur, the businesses of these joint ventures could be severely disrupted, which could have a material adverse effect on PERC's business, financial condition and results of operations.

In order to avoid or mitigate these risks, PERC employs care and prudence in its partner selection. The backgrounds of would be partners are heavily scrutinized; attention is given in knowing the personalities behind the potential partners, their culture, and their industry reputation. The shareholders' agreements or joint venture agreements contain penalty provisions in case a partner refuses or fails to fulfill its obligations. There are likewise exit mechanisms that could be utilized in case the relations among partners become sour.

Risks Relating to Change in Regulations
The Group is compliant with the laws, rules and regulations in the Philippines and Gabon that enable it to legally operate or participate in the energy projects it has invested in. In the same manner, the relevant permits, endorsements, clearances applicable to the respective energy projects which the Group has invested in have either been secured or are currently being processed. These permits are based on present rules, regulations and laws of the Philippines and Gabon. There is a risk that the Philippines and Gabon will change any rule, regulation and law that may affect the Group's and its projects' existing permits. To mitigate this risk, the Group constantly monitors the policy direction of both the governments of the Philippines and Gabon in order to anticipate any change in regulation that may affect the Group and its projects.

Risks relating to the Environment
The Group's projects involve energy exploration, development and utilization, which entail putting up of infrastructure, erection and installation of equipment and facilities, extraction and utilization of natural resources –all of which may involve temporary disturbances to the environment. To minimize and mitigate the risks involved in these temporary disturbances, the Group ensures that environmental risks (such as erosion and siltation) have been considered during the planning stage of the construction activities and thus the necessary mitigating measures and plans have been incorporated in the projects' environmental management plan. In the case of the NWPP, the PWEI installed slope protection measures to prevent erosion and degeneration of the land.

Risk from Natural Calamities
The Philippines is prone to natural calamities such as typhoons, floods, volcanic eruptions, earthquakes, mudslides, and droughts, and thus, the Company's operations and those of its subsidiaries and affiliates may be disrupted by the occurrence of such natural calamities, and could thereby materially and adversely affect the Company's and its subsidiaries' and affiliate's ability to generate revenues. There is no assurance that the insurance coverage maintained by the Company and its subsidiaries and affiliates would adequately compensate them for all damages and economic losses resulting from natural calamities including possible business interruptions. To mitigate this, insurance policies are regularly reviewed and updated as are necessary in accordance with industry standards. Furthermore, the Company and its subsidiaries and affiliates formulated emergency preparedness plans in order to lessen the impact of natural calamities to their respective operations.

Risk from the COVID-19 and Similar Pandemic
Manpower for operations may be affected due to state-imposed self-quarantine, partial lockdown, and curfew. To address this, the Company has devised an alternative working arrangement of work-from-home and skeletal workforce scheme for its employees. Business support units were equipped with appropriate protocols and digital tools to be able to support the operations unit and ensure unhampered business operations. Due to travel restrictions, scheduled power plant maintenance by third-party foreign suppliers may also be affected. In preparation for this, the Company has communicated with its Operations and Maintenance (O&M) providers to

strengthen its remote support and provide contingencies. PERC has also ensured that the insurance coverage maintained for the Company, its subsidiaries and affiliates, would adequately compensate for any business interruptions. In addition, there is also the risk relating to compliance with regulatory permits and submissions due to changes in work schedule both in public and private sectors. As a response, PERC regularly monitors the advisories from relevant Government agencies to ensure that requirements are submitted on time.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments include cash and cash equivalents, financial assets at FVTPL, receivables, restricted cash, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Please refer to the 2022 Consolidated AFS, Note 27 for the discussion of main financial risks arising from the Group's financial instruments.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' 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 Group may increase its debt from creditors, adjust the dividend payment to shareholders or issue new shares.

Based on the Group's assessment, the capital management objectives were met in 2022 and 2021.

Please refer to the 2022 Consolidated AFS, Note 20 for the discussion the Group's Capital Management.

Item 2 - Properties
The principal properties of the Group consist of various oil areas located in the Philippines and in Gabon, and renewable energy service contracts. Please refer to the *"Business of the Issuer"* for the details of the Production Sharing Contract in Gabon and Service Contracts in the Philippines.

Also, PERC owns a 714-square meter office unit located at 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City. The title of the Company over the property is clean and free from any lien and encumbrance.

The Group does not intend to acquire additional property in the next twelve (12) months.

Item 3 - Legal Proceedings

MGI has outstanding input VAT claims for refund with the BIR, Court of Tax Appeals (CTA) and Supreme Court (SC). As of December 31, 2021 and 2021, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱123.74 million and ₱126.96 million, respectively.

Aside from the discussions above, The Group is neither a party to, nor is involved in, any litigation that affects or will affect its interests. It has neither any knowledge of any litigation, present or contemplated, against the Company.

There are no other pending legal proceedings to which the Group is a party or which any of its property is subject to.

Item 4 - Submission of Matters to a Vote of Security Holders
There were no matters that were 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 Registrant's Common Equity and Related Stockholder Matters

A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

1. **Market Information**

Stock Market Price and Dividend on Registrant's Common Equity (last 2 years)

Particulars	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	2022	2021	2022	2021	2022	2021	2022	2021
Par value	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00
High	Php5.23	Php4.14	Php5.49	Php3.25	Php5.40	Php4.13	Php4.90	Php4.47
Low	Php3.90	Php3.50	Php4.53	Php3.64	Php4.40	Php3.91	Php4.35	Php3.90
Volume	4.954MM	7.476MM	6.823MM	3.575MM	2.834MM	4.453MM	.551MM	4.703MM

2. Holders

As of December 31, 2022 the Company has 1,991 stockholders.

Hereunder is the list of the top 20 Stockholders (as of December 31, 2022):

STOCKHOLDERS	SHARES	PERCENTAGE
1. PCD Nominee Corporation (Filipino)	526,653,384	92.60%
2. House of Investment, Inc.	21,805,861	3.83%
3. Pan Malayan Management and Investment Corp.	5,377,079	0.95%
6. Hydee Management & Resource Corporation	1,880,779	0.33%
5. Baguyo, Dennis	1,698,888	0.30%
6. PCD Nominee Corp (NF)	1,325,738	0.23%
7. Yan, Lucio	355,468	0.06%
8. Ong Pac, Sally C.	327,030	0.06%
9. R. P. Land Development Corp.	309,078	0.05%
10. Tan, Juanita Uy	300,781	0.05%
11. David Go Securities Corporation	277,949	0.05%
12. Ley, Fely	266,600	0.05%
13. Chen Hua Bi	266,599	0.05%
14. Mendoza, Alberto &/or Jeanie C.	251,492	0.04%
15. Phil. Asia Equity Sec., Inc. U-055	159,959	0.03%
16. Orientrade Securities, Inc.	121,500	0.02%
17. Uy-tioco, George	106,640	0.02%
18. Roque Jr., Gonzalo	90,234	0.02%
19. Chan, Juanito &/or Susana Co	88,865	0.02%
20. EBC Securities Corporation	73,405	0.01%
Sub-Total	**561,737,329**	**98.77%**
Others	6,974,513	1.23%
Total	**568,711,842**	**100.00%**

Minimum Public Ownership
The Company is compliant with the required Minimum Public Ownership of at least 10% of the total issued and outstanding capital stock, as mandated by Section 3, Article XVIII of the Continuing Listing Requirements of the Listing and Disclosure Rules. As of December 31, 2022, the Company's public float was 38.03%.

3. **Dividends**
In accordance with the Corporation Code of the Philippines, the Company intends to declare dividends (either in cash or stock or both) in the future. The shareholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations. The same right exists with respect to a stock dividend, the declaration of which is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

Dividend declaration in two (2) most recent years

Date of Declaration	Dividends per Share		Record Date	Payment Date
	Cash	Stock		
July 26, 2018	5%		August 24, 2018	September 20, 2018
July 29, 2022	5%		August 15, 2022	September 8 2022

4. **Recent Sale of Unregistered Securities**
There was no sale of unregistered securities for the past three years.

B) Description of Registrant`s Securities

1. Common Stock
The details of the Company's capital stock are as follows:

	No. of shares	Amount
Authorized - 700 million shares at P1.00 par value		
Issued and outstanding	568,711,842	P568,711,842

2. Debt Securities - Not Applicable

3. Stock Options - Not Applicable

4. Securities Subject to Redemption call – Not Applicable

5. Warrants – Not applicable

6. Market Information for Securities Other than Common Equity – Not Applicable

7. Other Securities – Not Applicable

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

1. Management's Discussion and Analysis (Amounts are in Philippine Peso (P))

a. Consolidated Financial Position (As of December 31, 2022 and 2021)

	As of December 31 (Audited) 2022	2021	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	P1,677,231,584	P1,241,762,101	35.07%	9.97%
Short term investments	946,044,355	-	100.00%	5.62%
Restricted cash	2,063,387,986	572,177,609	260.62%	12.27%
Receivables	452,192,649	392,663,453	15.16%	2.69%
Financial assets at fair value through profit and loss (FVTPL)	7,540,090	7,587,228	-0.62%	0.04%
Crude oil inventory	14,437,192	12,616,676	14.43%	0.09%
Contract Assets - current portion	21,949,016	1,229,543	1685.14%	0.13%
Other current assets	165,279,803	184,156,623	-10.25%	0.98%
Property and equipment-net	8,196,897,057	7,985,044,039	2.65%	48.73%
Deferred oil exploration cost	311,883,011	115,806,924	169.31%	1.85%
Contract assets	274,409,474	221,008,579	24.16%	1.63%
Investment in a joint venture	1,877,522,983	1,734,947,347	8.22%	11.16%
Right of use of asset	342,614,655	363,245,358	-5.68%	2.04%
Deferred tax assets-net	10,927,929	12,460,267	-12.30%	0.06%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	455,882,782	368,875,996	23.59%	2.71%
TOTAL ASSETS	**P16,819,812,099**	**P13,215,193,276**	27.28%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	551,463,206	375,051,290	47.04%	3.28%
Current portion of loans payable	947,144,643	827,882,504	14.41%	5.63%
Lease liabilities-current	22,734,502	6,813,561	233.67%	0.14%
Income tax payable	5,995,154	19,775,675	-69.68%	0.04%
Loans payable - net of current portion	2,530,784,409	3,234,642,692	-21.76%	15.05%
Lease liabilities - net of current portion	306,059,838	326,015,305	-6.12%	1.82%
Asset retirement obligation	66,230,330	92,810,843	-28.64%	0.39%
Other noncurrent liability	12,077,639	18,386,746	-34.31%	0.07%
TOTAL LIABILITIES	**4,442,489,721**	**4,901,378,616**	-9.36%	26.41%
EQUITY				
Attributable to equity holders of the Parent Company	6,763,246,278	5,577,277,173	21.26%	40.21%
Non-controlling interest	3,963,021,100	2,736,537,487	44.82%	23.56%
Deposit for future stock subscription	1,651,055,000	-	100.00%	9.82%
TOTAL EQUITY	**12,377,322,378**	**8,313,814,660**	48.88%	73.59%
TOTAL LIABILITIES AND EQUITY	**P16,819,812,099**	**P13,215,193,276**	27.28%	100.00%

Total assets amounted to P16.819 billion and P13.215 billion as of December 31, 2022 and December 31, 2021, respectively. Book value is at P11.89/share from P9.81/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 35.07% net increase from P1.242 billion as of December 31, 2021 to P1.677 billion as of December 31, 2022 is mainly due to the proceeds from issuance of shares to Kyuden International Corporation (KIC).

Short term investments with maturities of more than three months and **Restricted cash** accounts likewise increased as a result of the investments of KIC. Bulk of the restricted cash pertains to the deposit for future stock subscription still under the escrow account as of December 31, 2022.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 15.16% increase is mainly due to higher outstanding receivables from electricity sales at the end of the year.

Financial assets at fair value through profit and loss (FVPL) amounted to P7.540 million and P7.587 million as of December 31, 2022 and 2021, respectively. The market prices of the portfolio are maintained leaving only minimal change in the account.

Crude oil inventory increased due to revaluation at a higher price of barrels left unsold during the period.

Contract Assets – current and non-current portion pertains to PSC's receivable from TransCo, pertaining to FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC's collection started this year 2022. The increase is mainly due to additional set-up of the FIT arrears adjustment for the TSPP1 for the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net decrease of 10.25% is mainly due to the withdrawal of SRO funds under escrow account. On April 18, 2022, the remaining SRO funds were withdrawn from the escrow account for the purpose of loan principal and interest payment.

Property, plant and equipment (PPE) amounted to P8.197 billion and P7.985 billion as of December 31, 2022 and December 31, 2021, respectively. The 2.65% net increase is mainly due to the following:

- additional 4 new wells in the Gabon Etame Field;
- net impairment reversal of the oil assets (refer to Note 11 and 12 of the Consolidated AFS)

Deferred oil exploration cost increased by 169.31% due to Etame Reconfiguration Project related to the switch from old Floating Production Storage and Offloading (FPSO) vessel to new Floating Storage and Offloading (FSO) vessel .

Investment in a joint venture refers to the remaining 40.00% shareholdings in PWEI. Bulk of the 8.22% net increase from P1.735 billion to P1.877 billion pertains to the Group's share in net income generated by PWEI during the period. The Group also made additional investment in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. during the period amounting to P1.26 million.

Right of use of asset and lease Liabilities – these resulted from the first time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 13 of the Consolidated AFS. The 5.68% decline pertains to the amortization of the account during the period.

Deferred tax assets – net occurs due to timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of December 31, 2022 and December 31, 2021, this amounted to P10.928 million and P12.460 million, respectively. The net decrease pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

The Investment properties-net account remains the same as of December 31, 2022.

Other non-current assets amounted to P455.883 million and P368.875 million as of December 31, 2022 and December 31, 2021, respectively. The 23.59% net increase is mainly due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of renewable energy projects

Accounts payable and accrued expenses increased by 47.04% mainly due to accruals of payables to contractors and suppliers.

Current portion of loan payable increased by 14.41% and Loans payable – net of current portion decreased by 21.76%, mainly because of reclassification of current portion and settlement of principal loans during the period.

Lease liabilities – current and non-current movement is mainly due to the reclassification of current portion for the period.

The decrease in the **Income tax payable** account mainly pertains to the start of TSPP2's tax holiday starting January 2022. The project, which was under the regular tax rate of 25% in previous year is now subject to 5% gross income tax under the PEZA rules.

Asset retirement obligation amounted to P66.230 million and P92.810 million as of December 31, 2022 and 2021, respectively. The 28.64% decrease resulted from changes in estimates made during the period.

Other non-current liabilities pertains to the Group's accrued retirement liability account, net decrease of 34.31% is mainly due to the change in demographic assumptions.

Equity attributable to equity holders of the Parent Company amounted to P6.763 billion or P11.89 book value per share and P5.577 billion or P9.81 book value per share, as of December 31, 2022 and December 31, 2021, respectively. The increase is mainly due to continuous income generation from the Renewable Energy Operations and Oil operations.

Non-controlling interest (NCI) pertains to the following:
- 8.55% share of EEI-PC in PetroGreen as of December 31, 2022; 10% as of December 31, 2021
- 14.53% share of KIC in PetroGreen as of December 31, 2022; nil in 2021
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 23% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 23% of 56% share (indirect) in PSC;

Non-controlling interest increased by 44.82% from P3.963 billion to P2.583 billion due to net income from RE projects.

Deposit for future stock subscription as of December 31, 2022 pertains to the balance of the KIC's subscription amount after deducting the subject shares for the Initial Closing. This account will be converted into shares after the completion of the Second Final Closing on January 10, 2023.

b. Consolidated Results of Operation (As of December 31, 2022, 2021 and 2020)

	Years Ended December 31 (Audited)			% Change 2022 vs. 2021	% in Total Revenues 2022
	2022	2021	2020		
REVENUES					
Electricity sales	P1,695,931,748	P1,899,726,215	P1,923,540,365	-10.73%	66.48%
Oil revenues	726,054,534	461,246,131	292,573,199	57.41%	28.46%
Other revenues	129,112,773	61,981,804	116,377,508	108.31%	5.06%
	2,551,099,055	2,422,954,150	2,332,491,072	5.29%	100.00%
COST OF SALES					
Cost of electricity sales	752,403,321	760,968,319	794,473,956	-1.13%	29.49%
Oil production	355,336,217	236,284,770	211,527,791	50.38%	13.93%
Depletion	85,286,880	76,513,364	82,236,533	11.47%	3.34%
Change in crude oil inventory	(1,820,516)	22,473,648	(23,926,774)	-108.10%	-0.07%
Cost of sales - Others	127,388,501	61,357,825	115,103,302	107.62%	4.99%
	1,318,594,403	1,157,597,926	1,179,414,808	13.91%	51.69%
GROSS INCOME	1,232,504,652	1,265,356,224	1,153,076,264	-2.60%	48.31%
GENERAL AND ADMINISTRATIVE	221,232,231	180,825,547	211,402,211	22.35%	8.67%
OTHER INCOME (CHARGES) - net					
Share in net income of a joint venture	81,512,921	100,127,158	111,266,383	-18.59%	3.20%
Interest income	51,154,475	12,913,159	18,362,302	296.14%	2.01%
Net foreign exchange gains (losses)	12,377,485	5,086,734	(3,500,604)	143.33%	0.49%
Net gain on fair value changes on financial assets at FVPL	(47,138)	55,641	(708,509)	-184.72%	0.00%
Accretion expense	(3,622,334)	(3,478,294)	(4,129,022)	4.14%	-0.14%
Net impairment reversal (loss)	11,299,369	(164,323,293)	-	-106.88%	0.44%
Interest expense	(295,766,481)	(333,375,545)	(386,788,348)	-11.28%	-11.59%
Miscellaneous income	33,489,193	18,416,545	11,876,677	81.84%	1.31%
	(109,602,510)	(364,577,895)	(253,621,121)	-69.94%	-4.30%
NET INCOME BEFORE INCOME TAX	901,669,911	719,952,782	688,052,932	25.24%	35.34%
Provision for (benefit from) income tax	38,592,892	54,480,634	41,861,712	-29.16%	1.51%
NET INCOME	**P863,077,019**	**P665,472,148**	**P646,191,220**	29.69%	33.83%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	548,523,238	325,435,008	319,412,421	68.55%	21.50%
Minority interest	314,553,781	339,991,700	326,778,799	-7.48%	12.33%
NET INCOME	**P863,077,019**	**P665,426,708**	**P646,191,220**	29.70%	33.83%
Basic/Diluted Earnings Per Share (EPS)	P0.965	P0.572	P0.562		

The Group generated a **consolidated net income** and consolidated net income attributable to equity holders amounting to P863.077 million and P548.523 million; and P665.472 million and P325.435 million as of December 31, 2022 and 2021, respectively.

The net increase in the Financial Performance of the Group is mainly due to the recovery of crude oil prices, continuous operations of the RE projects; decreasing interest expenses (due to the semi-annual settlement of principal instalment due).

Revenues:

Electricity sales refer to the electricity power generated by MGPP and TSPP. This totalled P1.696 billion as compared to last year's P1.899 billion. The net decline is mainly due to MGPP's one-month preventive maintenance shutdown of the power plant in February, 2022.

Oil revenues increased because of the recovery of crude oil price from average of $69.90/bbl in 2021 to $106.27/bbl in 2022.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The increase from P61.982 million to P129.112 million is mainly due to increase in ACEN's IEMOP purchase settlement transactions.

<u>**Costs and Expenses:**</u>

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of power plant and fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity; and cost of the passed-on wheeling and ancillary charges. The 13.91% increase mainly pertains to the following:

- PSC's termination of the contracted services for the O&M, and set-up its organic O&M team, which resulted to lower expense during the period; and

- cessation MGI's payment of ancillary charges, beginning 3rd quarter of 2022.

The 50.38% % increase in **oil production expenses** is mainly resulted from variable expenses increase along with the upward movement of the crude oil prices.

Depletion increased mainly due to the additional depletable assets as a result of drilling of new wells.

Any oil produced but not delivered is recognized as crude oil inventory valued at its current crude oil price (net realizable value). The movement in crude oil inventory is presented as **Change in crude oil inventory**.

<u>General and administrative expenses, Other Income (Charges) and Provision for (Benefit From) Income Tax:</u>

General and administrative expenses (G&A) increased by 22.35% mainly due to the the easement of the travel restrictions brought about by the Covid 19 pandemic.

Other income (charges) amounted to (P109.603) million and (P364.578) million as of December 31, 2022 and 2021, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 18.59% net decrease in **share in net income of a joint venture** due to PWEI's lower wind speed for the period.
- **interest income** increased mainly due to the short term investment and interest from KIC subscription funds.
- **net foreign exchange gain** increased mainly because of the conversion of the USD accounts to higher peso values.
- market prices from the stocks traded at the PSE declined resulting to turnaround of the **net unrealized losses from the fair value changes on financial assets at FVPL**.
- change in **accretion expense** is mainly due to amendment in estimates.
- recognition of **net impairment reversal** amounting to P11.299 million, due to reversal of Gabon impairment arising from the recovery of crude oil price. The impairment reversal is however partially offset by the impairment of West Linapacan Assets.
- bulk of the **interest expense** pertains to the interest due from loans. The 11.28% decrease in the account is attributed to lower principal loans resulting from annual amortization of principal loans, and
- increase in **miscellaneous income** mainly due to higher time-writing charges during the period.

Provision for (benefit from) income tax:
Provision for income tax current pertains to PSC's tax payable - 5.00% provision for income tax under the PEZA incentives and for MGPP, 10% tax rate, after the income tax holiday (for the M1), which ended last February 8, 2021, as part of its BOI incentives under RE Law.

Non-controlling interest (NCI) as of December 31, 2022 and 2021 pertains to the following:
- 8.55% share of EEI-PC in PetroGreen as of December 31, 2022; 10% as of December 31, 2021
- 14.53% share of KIC in PetroGreen as of December 31, 2022; nil in 2021
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 23% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 23% of 56% share (indirect) in PSC;

c. Consolidated Financial Position (As of December 31, 2021 and 2020)

Total assets amounted to P13.215 billion and P13.405 billion as of December 31, 2021 and December 31, 2020, respectively. Book value is at P9.81/share from P9.23/share.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 2.02% net decrease from P1.267 billion as of December 31, 2020 to P1.242 billion as of December 31, 2021 is mainly due to instalment payment of loans, payments for working capital requirements net of collections from electricity sales and oil lifting proceeds.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 43.53% increase is mainly due to higher outstanding receivables from electricity sales and higher oil lifting at the end of the year.

Financial assets at fair value through profit and loss (FVPL) amounted to P7.587 million and P7.532 million as of December 31, 2021 and 2020, respectively. The market prices of the portfolio are maintained leaving only minimal change in the account.

Crude oil inventory declined due to lower barrels left unsold during the period.

Contract Assets – current and non-current portion pertains to PSC's receivable from TransCo, pertaining to FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. Start of PSC's collection is scheduled on year 2022. The increase is mainly due to additional set-up of the FIT arrears adjustment for the TSPP1 for the period.

Other current assets consist of restricted cash, supplies inventory, prepaid expenses, and other current assets. The bulk of the net increase of 8.51% is mainly due to additional prepayments and supplies inventory for the period.

Property, plant and equipment (PPE) amounted to P7.985 billion and P8.311 billion as of December 31, 2021 and December 31, 2020, respectively. The 3.92% net decrease is mainly due to the following:

- depreciation of the Renewable Energy Power Plants and other assets;
- depletion of the oil assets; and
- net impairment of the oil assets (refer to Note 10 of the Consolidated AFS)

Deferred oil exploration cost decreased by 44.99% resulting from the write off of the SC 6A (refer to Note 11 of the Consolidated AFS).

Investment in a joint venture refers to the remaining 40.00% shareholdings in PWEI. The 6.10% net increase from P1.635 billion to P1.735 billion pertains to the Group's share in net income generated by PWEI during the period, net of dividend income.

Right of use of asset and lease Liabilities – these resulted from the first time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 13 of the Consolidated AFS. The 5.17% decline pertains to the amortization of the account during the period.

The Investment properties-net account remains the same as of December 31, 2021.

Deferred tax assets – net occurs due to timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of December 31, 2021 and December 31, 2020, this amounted to P12.460 million and P5.652 million, respectively. The net increase pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

Other non-current assets amounted to P368.875 million and P445.434 million as of December 31, 2021 and December 31, 2020, respectively. The 17.19% net decrease is mainly due to the PSC's successful claim of VAT refund amounting to P71.48 million on May 2021.

Accounts payable and accrued expenses increased by 2.03% mainly due to accruals made during the year, specifically interest expenses.

Current portion of loan payable and Loans payable – net of current portion declined by 3.20% and 16.48%, respectively, mainly because of instalment settlement of principal loans during the period.

Lease liabilities – current and non-current movement is mainly due to the interest recognized during the period.

The increase in the **Income tax payable** account mainly pertains to the end of MGPP1's tax holiday on February 2021, the project is now under 10% special tax rate in addition to TSPP1's - 5.00% gross income tax under the PEZA rules; and TSPP2's regular tax rate of 25%.

Asset retirement obligation amounted to P92.810 million and P109.160 million as of December 31, 2021 and 2020, respectively. The 14.98% decrease resulted from changes in estimates made during the period.

Other non-current liabilities pertains to the Group's accrued retirement liability account, net decrease of 29.38% is mainly due to the change in demographic assumptions.

Equity attributable to equity holders of the Parent Company amounted to P5.577 billion or P9.81 book value per share and P5.248 billion or P9.23 book value per share, as of December 31, 2021 and December 31, 2020, respectively. The increase is mainly due to continuous income generation from the Renewable Energy Operations and Oil operations.

Non-controlling interest (NCI) pertains to the following:
- 10% share of EEI-PC in PetroGreen;
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 10% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 10% of 56% share (indirect) in PSC;

Non-controlling interest increased by 5.94% from P2.583 billion to P2.737 billion due to net income from RE projects.

d. Results of Operations (For the years ended December 31, 2021 and 2020)

The Group generated a **consolidated net income** and consolidate net income attributable to equity holders amounting to P665.427 million and P325.435 million; and P646.191 million and P319.412 million as of December 31, 2021 and 2020, respectively.

The net increase in the Financial Performance of the Group is mainly due to the recovery of crude oil prices, continuous operations of the RE projects; decreasing interest expenses (due to the semi-annual settlement of principal instalment due). These increases is partially offset by the net impairment recognized from the oil assets.

Revenues:
Electricity sales refer to the electricity power generated by MGPP and TSPP. This totalled P1.9 billion as compared to last year's P1.924 billion. The net decline is mainly due to MGPP's lower generation resulting from scheduled preventive maintenance in 2021, the reduction was partially mitigated by the increase in TSPP's revenues due to higher rates.

Oil revenues increased because of the recovery of crude oil price from average of $49.72/bbl in 2020 to $69.90/bbl in 2021.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The decline from P116.378 million to P61.982 million is mainly due to the termination of the ancillary services on September 2021.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of power plant and fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity; and cost of the passed-on wheeling and ancillary charges. The 9.59% decline mainly pertains to the following:

- PSC's termination of the contracted services for the O&M, and set-up its organic O&M team, which resulted to lower expense during the period; and
- cessation MGI's payment of ancillary charges, beginning 3rd quarter of 2021.

The 11.70% % increase in **oil production expenses** is mainly resulted from variable expenses increase along with the upward movement of the crude oil prices.

Depletion declined mainly due to lower production bbls. (from (gross) 6,566mmbbls to 5.421mmbbls).

The **Change in crude oil inventory** increased due to lower number of barrels left unsold during the period.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit From) Income Tax:

General and administrative expenses (G&A) declined by 14.46% mainly due to lower expenses resulting from the travel restrictions brought about by the COVID 19 pandemic.

Other income (charges) amounted to (P364.578) million and (P253.621) million as of December 31, 2021 and 2020, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 10.01% net decrease in **share in net income of a joint venture** due to PWEI's one-time recording of the FIT arrears adjustment for the prior periods in 2020, where as in 2021, FIT arrears recognized is for the current period only.
- **interest income** declined mainly because of lower interest rates during the period.
- there was an upturn in the forex, from net unrealized loss last year to **net unrealized gain** this year mainly because of the conversion of the USD accounts to higher peso values.
- market prices from the stocks traded at the PSE regained resulting to turnaround of the **net unrealized losses from the fair value changes on financial assets at FVPL**, to net unrealized gains this year.
- change in **accretion expense** is mainly due to amendment in estimates.
- recognition of **net impairment reversal (loss)** amounting to P164.323 million, mainly coming from the write-off of the deferred costs of the SC 6A and partial impairment of the SC 14C2, due to relinquishment of the service contract and limited term of the service contract. These impairment however, were partially offset by the reversal of impairment loss of the Gabon assets due to the recovery of the crude oil prices.
- bulk of the **interest expense** pertains to the interest due from loans. The 13.81% decrease in the account is attributed to lower principal loans resulting from annual amortization of principal loans, and
- increase in **miscellaneous income** mainly due to higher time-writing charges during the period.

Provision for (benefit from) income tax:
Provision for income tax current pertains to PSC's tax payable - 5.00% provision for income tax under the PEZA incentives and for MGPP, 10% tax rate, after the income tax holiday (for the M1), which ended last February 8, 2021, as part of its BOI incentives under RE Law.

Non-controlling interest (NCI) as of December 31, 2021 and 2020 pertains to the following:
- 10% share of EEI-PC in PetroGreen;
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 10% of the 65% share of EEI-PC (indirect) in Maibarara;
- 44% share of EEI-PC (direct) and 10% of 56% share (indirect) in to PetroSolar;

e. Consolidated Financial Position (As of December 31, 2020 and 2019)

Total assets amounted to P13.405 billion and P13.364 billion as of December 31, 2020 and December 31, 2019, respectively.

Cash and cash equivalents consist of cash on hand, cash in banks and money market placements with original maturities of not more than three months. The 18.81% net increase from P1.067 billion as of December 31, 2019 to P1.267 billion as of December 31, 2020 is mainly due to collection of electricity sales, net of working capital requirements during the period.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 17.82% decrease is mainly due to collections made during the period.

Financial assets at fair value through profit and loss (FVPL) amounted to P7.532 million and P8.240 million as of December 31, 2020 and 2019, respectively. The 8.60% net decrease is due to net downward movement of the market prices of the Company's investments in stocks traded in the Philippine Stock Exchange (PSE).

Crude oil inventory increased due to higher barrels left unsold during the period.

Other current assets consist of restricted cash, supplies inventory, prepaid expenses, and other current assets. The bulk of the net decline of 4.24% is mainly due to amortization of prepayments.

Property, plant and equipment (PPE) amounted to P8.311 billion and P8.537 billion as of December 31, 2020 and December 31, 2019, respectively. The 2.65% net decrease is mainly due to the continuous depreciation of the Renewable Energy Power Plants and depletion of the oil assets.

Deferred oil exploration cost increased by 9.11% resulting from the continuous development of the oil assets.

Contract assets pertains to PSC's receivable from TransCo, pertaining to FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. Start of PSC's collection is scheduled on year 2022.

Investment in a joint venture refers to the remaining 40.00% shareholdings in PWEI. The 4.57% net increase from P1.564 million to P1.635 billion pertains to the Group's share in net income generated by PWEI during the period, net of dividend income.

Right of use of asset and lease Liabilities – these resulted from the first time adoption of the new PFRS 16 – leases in 2019. Please refer to Note 13 of the 2020 Consolidated Financial Statements. The movements pertain to the amortization of the account during the period.

The Investment properties-net account remains the same as of December 31, 2020.

Deferred tax assets – net occurs due to timing differences in recognizing temporary deductible expenses and temporary taxable revenues such as accrued profit share, accretion expenses, accrued retirement liability, provision for probable losses, unrealized gains or losses and change in crude oil inventory. As of December 31, 2020 and December 31, 2019, this amounted to P5.652 million and P12.624 million, respectively. The 55.23% pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

Other non-current assets amounted to P445.434 million and P506.399 million as of December 31, 2020 and December 31, 2019, respectively. The 12.04% net decrease is mainly due to recoupment of advances and amortization of accounts.

Accounts payable and accrued expenses increased by 6.94% mainly due to accruals made during the year.

Current portion of loan payable and Loans payable – net of current portion declined by 28.58% and 5.59%, respectively, mainly because of settlement of principal loans during the period.

The bulk of the Income tax payable pertains to PSC's outstanding tax payable - 5.00% provision for income tax under the PEZA rules. For MGPP, minimal income tax was computed because its principal business is under the

Income tax Holiday, as part of its incentives under RE Law. The increase is mainly due to higher taxable income from PSC, due to the recording of the FIT arrears and full year operations of the TSPP2.

Asset retirement obligation amounted to P109.160 million and P90.621 million as of December 31, 2020 and as of December 31, 2019, respectively. The 20.46% increase in this account resulted from changes in estimates and contributions made during the period.

Other non-current liabilities net increase of 16.30% is mainly due to increase in the Group's retirement liability.

Equity attributable to equity holders of the Parent Company amounted to P5.248 billion or P9.23 book value per share and P4.927 billion or P8.66 book value per share, as of December 31, 2020 and December 31, 2019, respectively. The increase is mainly due to continuous income generation from the Renewable Energy Operations.

Non-controlling interest (NCI) pertains to the following:
- 10% share of EEI-PC in PetroGreen;
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 10% of the 65% share of EEI-PC (indirect) in MGI;
- 44% share of EEI-PC (direct) and 10% of 56% share (indirect) in PSC;

Non-controlling interest increased by 10.47% from P2.338 billion to P2.583 billion due to net income from RE projects.

f. Results of Operations (For the years ended December 31, 2020 and 2019)

The Group generated a **consolidated net income** amounting to P646.191 million and P533.933 million as of December 31, 2020 and 2019, respectively, representing a 21.02% increase.

The Group generated **consolidated net income attributable to equity holders of the Parent Company** amounting to P319.412 million or P0.562 earnings per share and P292.836 million or P0.515 earnings per share as December 31, 2020 and same period in 2019, respectively. The main drivers of the increase are the recording of the FIT arrears for PSC and PWEI, the full year operations of the TSPP - 2 and TSPP's higher generation due to extended summer months during the period.

Revenues:

Electricity sales refer to the electricity power generated by MGPP and TSPP. The 15.18% net increase is due to the full year operations of TSPP-2; higher generation of the TSPP due to the extended summer months and the effect of the one-time recording of the FIT adjustment.

Oil revenues declined, despite the higher volume of production mainly because of lower average crude oil price realized this year as compared last year. Average crude oil price in 2019 was $64.94/bbl. while in 2020, $49.72/bbl.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of power plant and fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity. The bulk of the 12.89% increase is mainly due to MGI's costs for MERALCO wheeling charges.

Cost of oil production decreased mainly due to lower expenses made during the period.
The 47.26% increase in **depletion** is due to increase in production barrels.

The **Change in crude oil inventory** increased due to higher number of barrels left unsold during the period.

General and administrative expenses, Other Income (Charges) and Provision for (Benefit From) Income Tax:

General and administrative expenses (G&A) declined by 5.29% mainly due to lower expenses resulting from the travel restrictions brought about by the COVID 19 pandemic.

Other income (charges) amounted to (P253.621) million and P(272.411) million as of December 31, 2020 and

2019, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- Bulk of the interest expense pertains to the interest due from loans. The decrease in the account is attributed to lower principal loans resulting from annual amortization of principal loans.
- 14.06% net increase in **share in net income of a joint venture** due to PWEI's one-time recording of the FIT arrears adjustment.
- Interest income declined mainly because of lower interest rates during the period.
- Lower effect of forex movements from P7.232 million unrealized loss last year to P3.501 million unrealized loss this year.
- higher losses from the fair value changes on financial assets at FVPL due to slump of the market prices of investments in stocks traded at the PSE resulting from the COVID 19 pandemic;
- 8.36% decrease in accretion expense is mainly due to change in estimates; and
- 54.6% increase in miscellaneous income mainly due to higher time-writing charges during the period.

Provision for (benefit from) income tax:
Provision for income tax current - pertains to PSC's outstanding tax payable - 5.00% provision for income tax under the PEZA rules. For MGPP, no income tax was computed because it is under the Income tax Holiday, as part of its incentives under RE Law. The increase is relative to PSC's recording of the FIT arrears adjustment and full year operation of the TSPP2.

Non-controlling interest (NCI) as of December 31, 2020 and 2019 pertains to the following:

- 10% share of EEI-PC in PetroGreen;
- 25% share of Trans-Asia, the 10% share of PNOC-RC, and 10% of the 65% share of EEI-PC (indirect) in Maibarara;
- 44% share of EEI-PC (direct) and 10% of 56% share (indirect) in to PetroSolar;

Key Performance Indicators (please see attached "Schedule of Financial Soundness Indicators")

2. Plan of Operations for the next 12 months

<u>Gabon, West Africa</u>
Crude production will continue from the existing wells as the Gabon Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes.

<u>SC 14C2 - West Linapacan, Northwest Palawan</u>
Operator Philodrill will conduct further G&G activities to validate the feasibility of extracting the remaining recoverable volumes in West Linapacan.

<u>SC 75 - Offshore Northwest Palawan</u>
Subject to government's safely and security clearance over the prospect area, the SC 75 Consortium will proceed with the conduct of a ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

<u>Maibarara Geothermal Power Project</u>
Power generation from both Maibarara -1 and Maibarara-2 will continue.

<u>Nabas Wind Power Project</u>
The plant will be in continuous operation from the 18 WTGs comprising the project's Phase 1, while construction of the 6 WTGs for Phase 2 will commence.

<u>Tarlac Solar Power Project</u>
TSPP-1 and TSPP-2 will continue to supply electricity to the grid.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY)
The ETY rooftop solar facility will continue to supply electricity to the ETY building.

Bugallon Solar Power Project
PGEC to await NEA approval of the DIS for the BSPP, prior to proceeding with final negotiations for the construction contracts.

Dagohoy Solar Power Project
Early site development works will continue for the DSPP site while PGEC awaits the SIS proper.

San Vicente Wind Hybrid Power Project
PGEC will continue with initial feasibility studies for SVWHPP, consisting of: 1) Two-year wind measurement campaign, 2) LGU and regulatory permitting works, and 3) technical and economic feasibility works for a potential wind-hybrid system in San Vicente**.**

Offshore Wind Power Projects
PGEC and CE will continue with the pre-development Work Programs for the three (3) offshore wind blocks, namely 1) on-site wind measurement campaigns, 2) geophysical and geotechnical campaigns, 3) environmental permitting works, and 4) 3) SIS applications for Northern Mindoro and East Panay blocks.

Material Commitments
Aside from the committed developments of the prospective projects, there are no other foreseen material commitments during the period.

Discussion of Indicators of the Company's Level of Performance

Productivity Program
The development of the prospective renewable energy projects will increase the Group's capacity and power generation, while the prospective four-well drilling program in Gabon Etame, aimed to sustain field production to above 20,000 BOPD.

Receivable Management
The group's receivables are mainly due from sale of electricity to ACEN and Transco and crude oil in Etame Gabon, through the consortium operator. These are being recorded once sale is made. Payment is received every 30-45 days following each sale.

For electricity sales form TSPP and NWPP, the payment for the Actual FIT Revenue is sourced from the FIT-All Fund, specifically the Actual FIT Differential (FD) and the Actual Cost Recovery Revenue (ACRR). The FD is the difference between the Actual FIT Revenue and the ACRR and is collected from on-grid consumers as a uniform charge and applied to all billed kilowatt-hours. For FIT-Eligible RE Plants connected to the Wholesale Electricity Spot Market ("WESM"), the ACRR refers to the WESM proceeds remitted to the FIT-All Fund by the Independent Electricity Market Operator of the Philippines, Inc. ("IEMOP"), which took over the Philippine Electricity Market Corporation ("PEMC") as operator of the electricity spot market. PWEI and PSC regularly receive the both the ACRR and FD components on time, which is 45 days after billing date.

PWEI and PSC manage this risk through proper and meticulous allocation of funds, proper timing of expenditures, employment of cost-cutting measures, and sourcing short-term funding requirements from local banks and investment houses or from affiliated companies.

For the twenty (20) years since oil production inception, there was no event that the buyer failed to remit the proceeds of the sale. However, the group is willing to look for another buyer should there be some problem that may happen in the future.

Liquidity Management
Management of liquidity requires a flow and stock perspective. Constraint such as political environment, taxation, foreign exchange, interest rates and other environmental factors can impose significant restrictions on firms in management of their financial liquidity.

The Group considers the above factors and pays special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to money market placements to maximize interest earnings.

The Group does not anticipate any cash flow or liquidity problems within the next twelve (12) months. The Group is not in default of any, note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

Inventory Management
The only inventory is the crude oil produced in Gabon. The buyer lifts certain volume and pays the same in 30 days. The operator sees to it that crude oil inventory does not reach 800,000 barrels at any one time to avoid overflow and to generate revenues to cover production costs.

Cost Reduction Efforts
In order to reduce costs, the Group employs a total of one hundred thirty six (136) employees with multi-task assignments. The group also implements request for quotations to compare prices, quality of the products and services and negotiate the payment terms.

The Company's general and administrative expense is equivalent to 8.67% of the total revenue.

Rate of Return of Each Stockholder
The Company has no existing dividend policy. However, the Company intends to declare dividends in the future in accordance with the Corporation Code of the Philippines. Please see Part II, Item 5, 3. Dividends for the Dividend declared for two (2) most recent years.

Item 7 - Financial Statements
The 2022 Consolidated AFS of the Company are incorporated herein by reference. The schedules listed in the accompanying index to Supplementary Schedules are filed as part of this Form 17-A.

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

Information on Independent Auditor
The external auditor of the Corporation is the auditing firm SyCip Gorres Velayo & Co. (SGV). The same accounting firm has been endorsed by the Audit Committee to the Board. The Board, in turn, approved the endorsement and will nominate the reappointment of the said auditing firm for the stockholders' approval at the scheduled annual stockholders' meeting. The said auditing firm has accepted the Company's invitation to stand for re-election this year.

Audit services of SGV for the calendar year ended December 31, 2022 are the examination of the financial statements of the Company, review of income tax returns and other services related to filing of reports made with the Securities and Exchange Commission and Bureau of Internal Revenue.

Pursuant to SRC Rule 68 Paragraph 3 (b) (1V) (Re: Rotation of External Auditors), the Company has not engaged Ms. Ana Lea C. Bergado, partner of SGV & Co., for more than five (5) years. She was engaged by the Company for examination of the Company's 2021 financial statements.

The company is compliant with the Rotation requirement of its external auditor's certifying partner as required under SRC Rule 68 (3)(b) (1V). A two year cooling off period shall be observed in the re-engagement of same signing partner or individual auditor.

Disagreements with Accountants on Accounting and Financial Disclosures
As of December 31, 2022, there are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures.

Audit and Other Related Fees
External audit fees (inclusive of VAT) of the Parent Company amounted to:

Particulars	2022	2021
SGV - Audit and review of the registrant's annual financial statements and other services rendered in connection with filing of said financial statements with SEC and BIR.	₱1,478,400	₱1,293,600
SGV - Review of quarterly and annual summary of application of proceeds in stock rights offering	123,200	123,200
Ernts & Young - Filing of tax return to the Gabonese Government and other services	1,122,400	1,015,480
Total	₱2,432,280	₱2,432,280

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9 - Directors and Executive Officers of the Registrant

DIRECTORS AND EXECUTIVE OFFICERS:
Following are the names, ages, positions and period of services of all directors and executive officers and all persons nominated or chosen to become such:

Name	Age	Position	Citizenship	Period during which individual has served as such
Helen Y. Dee	79	Chairman	Filipino	2001 to present
Milagros V. Reyes	81	Director/President	Filipino	1998 to present
Yvonne S. Yuchengco	69	Director/Treasurer	Filipino	2004 to present
Cesar A. Buenaventura	93	Director/Independent	Filipino	1998 to present
Maria Mercedes M. Corrales	73	Director/Independent	Filipino	2021 to present
Eliseo B. Santiago	72	Director/Independent	Filipino	2013 to present
Lorenzo V. Tan	61	Director	Filipino	2019 to present
Francisco G. Delfin Jr.	61	Vice President	Filipino	2008 to present
Samuel V. Torres	58	Corporate Secretary	Filipino	2006 to present
Louie Mark R. Limcolioc	36	Asst. Corp. Secretary/ Compliance Officer	Filipino	2021 to present
Maria Victoria M. Olivar	51	AVP for Operations	Filipino	2015 to present
Vanessa G. Peralta	37	AVP for CorporateCommunication and Chief Information Officer (CIO)	Filipino	2021 to present

The member of the Board of Directors are elected at the general meeting of stockholders, who shall hold office for the term of one (1) year or until their successors shall have been elected and qualified.

The Management Committee members and other Officers of the Company, unless removed by the Board of Directors, shall serve as such until their successors are elected or appointed.

Members of the Board of Directors

Helen Y. Dee	-	Chairman of the Board
Milagros V. Reyes	-	Director and President
Yvonne S. Yuchengco	-	Director and Treasurer
Cesar A. Buenaventura	-	Lead Independent Director
Maria Mercedes M. Corrales	-	Independent Director
Eliseo B. Santiago	-	Independent Director
Lorenzo V. Tan	-	Director

Officers:

Milagros V. Reyes	-	President
Francisco G. Delfin Jr.	-	Vice President
Yvonne S. Yuchengco	-	Treasurer
Samuel V. Torres	-	Corporate Secretary
Louie Mark R. Limcolioc	-	Asst. Corporate Secretary/Compliance Officer
Maria Victoria M. Olivar	-	AVP for Operations
Vanessa G. Peralta	-	AVP for Corporate Communication and CIO

a) Board of Directors

The Company's Board of Directors is composed of seven (7) members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction of the Company. Board meetings are held on a quarterly basis or as often as required to discuss the Company's operations, business strategy, policies and other corporate matters. A brief background of each member of the Company's Board of Directors are provided below:

Helen Y. Dee, 79	**Director since 2001 and 2011 as Chairman of the Board to present**
Other Business Experience:	
Chairperson	House of Investments, Inc., Rizal Commercial Banking Corporation and EEI Corporation RCBC Excom Forex Brokers Corporation, Landev Corporation, Mapua Information Technology, Inc., Hi-Eisai Pharmaceuticals, Inc., Pan Malayan Realty Corp., RCBC Saving Bank, Merchant Bank, La Funeraria Paz-Sucat, Inc. Malayan Insurance Company, Xamdu Motors, Inc. Xamdu Motors, Inc. Manila Memorial Park Cemetery, Inc., Petrowing Energy Inc. and Malayan High School of Science, Inc.
Chairman/President	Hydee Management & Resources, Inc., Financial Brokers Insurance Agency, Inc., RCBC Leasing and Finance Corporation Mijo Holdings, Inc.
Chairman and CEO	Tameena Resources, Inc.
President	Moira management, Inc. YGC Corporate Services, Inc., GPL Holdings, Inc.
Vice Chairman	Pan Malayan Management and Investment Corp., West Spring Development Corporation
Vice President	A.T. Yuchengco, Inc.
Member, Board of Trustees	Mapua Institute of Technology, Inc. Malayan Colleges Laguna, Inc and Philippine Business for Education, Inc.
Member, Board of Directors of	Phil. Long Distance Telephone Company

Educational Background and Other Information	South Western Cement Corporation, Great Life Financial Assurance Corp., MICO Equities, Inc., Honda Cars Phils., Inc., Isuzu Philippines, Inc., AY Holdings, Inc., Pan Malayan Express, Honda Cars Kalookan, Inc. Isuzu Philippines, Inc., EEI Corporation, A.Y. Holdings, Inc., Pan Malayan Express, Inc., Honda Cars Kalookan, Inc. Sun Life Grepa Financial, Inc., Phil. Integrated Advertising Agency, Inc., Y Realty, Inc. and Luis Miguel Foods Bachelor of Science in Commerce Major in Administration from the Assumption College; Master in Business Administration Degree from the De La Salle University.

Cesar A. Buenaventura, 93	**Independent Director 1998 to Present**
Other Business Experience:	
Chairman	Buenaventura, Echauz & Partners, Inc., Mitsubishi Hitachi Power System (Phils.), Inc.
Founding Chairman	Pilipinas Shell Foundation, Inc.
Vice Chairman	DMCI Holdings, Inc.,
Director	DM Consunji, Inc., Semirara Mining Company
Independent Director	Pilipinas Shell Petroleum Corporations iPeople, Inc., Concepcion Industrial Corp. The Country Club, International Container Terminal Services, Inc.
Former Chief Executive Officer	Shell Group of Companies
Former Member, Monetary Board	Central Bank of the Philippines
Educational Background and Other Information	Bachelor of Science in Civil Engineering from the University of the Philippines; Master's Degree in Civil Engineering majoring in Structures from Lehigh University, Bethlehem, Pennsylvania as a Fullbright Scholar. In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire(OBE) by Her Majesty Queen Elizabeth 11.

Maria Mercedes M. Corrales, 73	**Independent Director 2021 to Present**
Other Business Experience:	
Member, Board of Trustees	Mapua Institute of Technology, Inc.
Former, Independent, Non-Executive Director	RCBC Savings Bank, Huhtamaki Oyl, Finland, Sara Lee/D.E. Master Blenders, USA/Netherlands, Fraser an Neave Limited, Singapore ("Fraser")
Former, Member Executive Committee	Time Publishing (a subsidiary company of Fraser)
Former, Corporate Senior Vice President (Seattle) President, Asia Pacific Division (Japan, South Korea, SEA, ANZ) Director of Licensed and JV Markets in the Region	Starbucks Corporation
Former, Representative Director/CEO/COO	Starbucks Coffee Japan KK
Former, Representative Director/President	Levi Strauss Japan KK
Former, Member Board of Trustees	Levi Strauss Foundation (SFO, USA)
Educational Background and Other Information	Ms. Corrales is a product of Mapua Institue of Technology with a degree in BSBA Management in 1972. She also pursued studies abroad and finished Masters in Business Administration postgraduate diplor

	at Fuqua School of Business Duke University, North Carolina USA in 2000.

Milagros V. Reyes, 81	**Director and President 1998 to Present**
Other Business Experience:	
Chairman	Maibarara Geothermal, Inc.
Director and President	Seafront Resources Corporation PetroGreen Energy Corporation PetroWind Energy Inc. PetroSolar Corporation
Director/Treasurer	Hermosa Ecozone Development Corporation\
Former Director/Consultant	PNOC-EC
Former President	iPeople, Inc.
Former Senior Vice President	Basic Petroleum and Minerals, Inc.
Educational Background and Other Information	Bachelor of Science in Geology and Physical Science (Double Degree) from the University of the Philippine. She pursued various technical trainings from the National Iranian Oil Co., University of Illinois and Ajman Fields in U.A.E.

Eliseo B. Santiago, 73	**Independent Director 2013 to Present**
Other Business Experience:	
Member, Executive Committee	Isla Petroleum and Gas Corporation
Independent Director	Citadel Pacific Limited
Educational Background and Other Information	Bachelor of Science degree in Mechanical Engineering from the Mapua Institute of Technology in 1971 and received his professional license as a Mechanical Engineer in the same year.

Yvonne S. Yuchengco, 69	**Director- July 2004 to Present** **Treasurer – 2008 to Present**
Other Business Experience:	
Chairperson/President	Y Tower II Office Condominium Corporation, Yuchengco Tower Office Cond. Corporation, Royal Commons, Inc. Philippine Integrated Advertising Agency, Inc.
President/Director	Alto Pacific Corporation, Mico Equities, Inc.
Chairperson	XYZ Assets Corporation RCBC Capital Corporation Yuchengco Museum, Inc. Y Realty Corporation
Director/Treasurer	Honda Cars Kaloocan, Inc. Malayan High School of Science, Inc. Mona Lisa Development Corporation Water Dragon, Inc.
Director/Vice Chairperson	Malayan Insurance Co., Inc.
Director/Vice President	AY Holdings, Inc.
Director/Treasurer/CFO	Pan Malayan Management Manangement and Investment Corporation
Director/Vice President	AY Holdings, Inc.

Director/Vice President/Treasurer Director/Corporate Secretary Trustee/Chairperson Trustee	Pan Managers, Inc. MPC Investment Corporation The Malayan Plaza Condominium Owners Ass'n. Inc. AY Foundation, Inc.; Mapua Institute of Technology, Inc. Phil. Asia Assistance Foundation, Inc.
Member, Advisory Committee Member, Board of Directors of	Rizal Commercial Banking Corporation Annabelle Y. Holdings & Management Corporation Asia-Pac Reinsurance Co., Ltd. A.T. Yuchengco, Inc., DS Realty, Inc. Enrique T. Yuchengco, Inc., GPL Holdings, Inc. House of Investments, Inc., HYDee Management & Resource Corp., iPeople, Inc., La Funeraria Paz-Sucat, Inc., Luisita Industrial Park Corp., Malayan Colleges, Inc. Malayan International Insurance Corporation, Manila Memorial Park Cemetery, Inc. National Reinsurance Corporation of the Philippines Pan Malayan Realty Corporation, Pan Malayan Express, Inc., Pan Malayan Realty Corporation Seafront Resources Corporation, Shayamala Corp., YGC Corporate Services, Inc. and Yuchengco Cent Inc.
Educational Background and Other Information	Bachelor of Arts in Interdisciplinary Studies from the Ateneo de Manila University.

Lorenzo V. Tan, 61	**Director - 2019 to Present**
Other Business Experience:	
President and CEO	House of Investments, Inc.
Former President and CEO	Rizal Commercial Banking Corporation Sunlife of Canada (Phils.), the Philippine National Bank, United Coconut Planters Bank.
Former Chairman	Asian Bankers Association
Former President	Bankers Association of the Philippines
Director	Smart Communications, Inc., Digital Telecommunications (DIGITEL) and Voyager Innovation, Inc. and Citibank NA and Singapore.
Educational Background and Other Information	Bachelor of Science Degree in Commerce at the De La Salle University. A Certified Public Accountant i Pennsylvania USA and in the Philippines. He took his Master in Management Degree from J.L. Kellogg Graduate School of Management, Northwestern University Evanston, Illinois, USA. He was also an awardee of the 1999 The Outstanding Young Men (TOYM) in the field of Banking.

Executive Officers	
Milagros V. Reyes, 81	**President and CEO (1998 to Present)**
Other Business Experience:	
Director and President	Seafront Resources Corporation PetroGreen Energy Corporation PetroWind Energy Inc. PetroSolar Corporation

Chairman Former President Former Director and Consultant Former Senior Vice President Treasurer	Maibarara Geothermal, Inc. iPeople Inc. PNOC-EC Basic Petroleum and Minerals, Inc. Hermosa Ecozone Development Corporation
Francisco G. Delfin Jr., 61 Other Business Experience: Director and President Director/Vice President and COO Director/Vice President Executive Vice President Former Undersecretary Former exploration geologist and Head of Geothermal Exploration	**Vice President (2008 to Present)** Maibarara Geothermal, Inc. PetroGreen Energy Corporation PetroSolar Corporation PetroWind Energy Inc. Department of Energy PNOC-EC
Samuel V. Torres, 58 Other Business Experience: Gen. Counsel/Corporate Secretary	**Corp. Secretary (2006 to present)** AY Foundation, Alto Pacific Company, Inc. (Formerly: The Pacific Fund, Inc.), Bankers Assurance Corp., FBIA Insurance Agency, Inc., Bluehounds Security & Invt. Agency, Enrique T. Yuchengco, Inc., First Nationwide Assurance Corp., GPL Holdings, Inc. GPL Cebu Tower Office Cond. Corp., GPL Holdings, Inc., Grepaland, Inc., Grepa Reality Holding Corporation, Hexagon Integrated Financial & Insurance Agency, Hi-Eisai Pharmaceutical, Inc., Honda Cars Kalookan, Inc, House of Investments, Inc., Hexagon Integrated Fin. Ins. Agency, Inc., Hexagon Lounge, Inc., iPeople, Inc., Investment Managers, Inc., Landev Corporation, La Funeraria Paz-Sucat, Inc., Malayan High School of Science, Inc., Malayan Insurance Co., Inc., Mico Equities, Inc., Malayan Colleges, Inc., Malayan Colleges Laguna, Inc., Malayan Securities Corporation, Mapua Information Technology Center, Inc., MJ888 Corporation, Mona Lisa Development Corporation, Pan Malayan Management & Investment Corporation, Pan Malayan Realty Corporation, Pan Malayan Express, Inc., Pan Pacific Computer Center, Inc., People eServe Corporation, Philippine Integrated Advertising Agency, Inc., Royal Commons, Inc., RCBC Forex Corporation, RCBC Realty Corporation, RCBC Land, RCBC Securities, Inc., RCBC Bankard Services Corporation, RCBC Securities, Inc., RP Land Development Corporation, Seafront Resources Corporation, Sun Life Grepa Financial, Inc., Yuchengco Museum, YGC Corporate Services, Inc., Y Realty Corporation, Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp. and Xamdu Motors, Inc.
Louie Mark R. Limcolioc, 35	**Asst. Corp. Secretary (2021 to present)**

Other Business Experience: Corporate Secretary	 PetroGreen Energy Corporation PetroSolar Corporation PetroWind Energy Inc.
Carlota R. Viray, 65 Other Business Experience: Treasurer	**Chief Finance Officer (2008-2014)** **AVP – Finance (2014 to May 2022)** Maibarara Geothermal, Inc. PetroSolar Corporation PetroWind Energy Inc. PetroGreen Energy Corporation
Maria Victoria M. Olivar, 51 Assistant Vice President Former Technical Coordinator/Supervisor	Geosciences Coordinator/Manager (2008-2015) AVP – Technical Affairs (2015 to 2021) **AVP – Operations (2021 to Present)** Maibarara Geothermal Inc. Energy Development Corporation (EDC)
Vanessa G. Peralta, 37	AVP for Corp Communication and CIO (2021 present) Corporate Communication Senior Manager (2017-2021) Corporate Communication Officer (2016 - 2017)

Significant Employees
The Corporation values its human resources. It expects each employee to do his share in achieving the Corporation's set goals.

Family Relationships
Ms. Helen Y. Dee and Yvonne S. Yuchengco are siblings.

Involvement in Certain Legal Proceedings
Likewise, no executive officer or member of the Board of Directors of the Company is currently involved nor has any such officer or board member been involved during the past 5 years in any legal proceedings under the Insolvency Law or the Philippine Revised Penal Code either as litigant, respondent or defendant nor has any such officer or director been the subject of any court order, judgment or decree barring, suspending or otherwise limiting him from engaging in the practice of any type of business including those connected with securities, investments, insurance or banking activities.

Item 10 - Executive Compensation

Compensation of Directors and Executive Officers
Summary of Annual Compensation Table

Name and Principal Position		Year	Salary	Bonus	Other Annual Compensation	Total
Top 5 Highest paid key officers:						
Milagros V. Reyes	President					
Francisco G. Delfin, Jr.	Vice President					
Carlota R. Viray	AVP - Finance					
Louie Mark R. Limcolioc	Asst, Corporate Secretary					
Maria Victoria M. Olivar	AVP - Technical Affairs					
Vanessa G. Peralta	AVP - Corp Communication and CIO					
Total salaries top 5 highest paid officers						
		2019	13,948,386	8,837,996	1,096,922	23,883,304
		2020	13,317,746	5,367,137	2,277,415	20,962,298
		2021	13,709,669	4,329,249	2,771,495	20,810,413
		2022	13,528,027	8,386,512	2,837,201	24,751,739
		2023 est	17,667,883	7,022,321	2,560,725	27,250,928
All Directors and Officers as a group		2019	13,948,386	8,837,996	5,804,539	28,590,921
		2020	13,317,746	5,367,137	7,951,613	26,636,496
		2021	13,709,669	4,329,249	7,595,699	25,634,617
		2022	13,528,027	8,386,512	9,219,001	31,133,540
		2023 est	17,667,883	7,022,321	12,357,101	37,047,304

The Company's fiscal year ends in the month of December of every year.

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly.

Item 11 - Security Ownership of Certain Record and Beneficial Owners and Management as of December 31, 2022

a.) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth information with respect to a record or beneficial owner directly or indirectly owning more than 5% of the Company's Capital Stock as of December 31, 2022:

Title of Class	Name, Address of record Owner	Relationships With the Issuer	Name of Beneficial Owner and relationship with the record owner	Citizenship	No. of Shares Held	%
Common	PCD Nominee Corp. G/F MSE Bldg., 6767 Ayala Ave., Makati City	Stockholder	PCD Nominee * (Various stockholders)	Filipino Non-Filipino	526,653,384 1,325,738	92.61% .23%
Common	House of Investments, Inc. 3rd Flr., Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City	Stockholder	House of Investments, Inc. (Mr. Lorenzo V. Tan, President and Chief Executive Officer)	Filipino	21,805,861	3.83%
Common	Others	Stockholder	(Various stockholders)	Filipino	18,926,859	3.33%
TOTAL					**568,711,842**	**100.00%**

Note: Under PCD account, the following companies owned more than 5%:

i. *RCBC Securities – 294,016,107 or 51.69% of the Company's outstanding capital stock.

Under RCBC Securities, Inc. with 5% of the Registrant securities.

a. House of Investments, Inc. – 143,662,864 shares or 25.26%
b. RCBC Capital Corporation - 60,978,808 shares or 10.72%
c. GPL Holdings, Inc. – 55,218,121 shares or 9.71%
d. Others (Various stockholders) – 34,156,314 shares or 6.00%

ii. *RCBC Trust and Investment Division – 64,739,717 or 11.38% of the Company's outstanding capital stock. RCBC Trust and Investments are Trust Accounts between RCBC and Beneficial Owners. The corporate acts of RCBC are carried out by its management through the guidance of its Board of Directors. Ms. Helen Y. Dee is the current Chairman of the Company.

iii. *Malayan Insurance Company, Inc. – 30,103,023 or 5.29% of the Company's outstanding capital stock. The corporate acts of Malayan Insurance Company, Inc. are carried out by its management through the guidance of its Board of Directors. Mr. Paolo Y. Abaya is the current President and Chief Executive Officer of the Company.

iv. *Others Stockholders under PCD account – 139,120,275 or 24.46%

b.) Security Ownership of Management

The following are the number of shares owned of record by the Board of Directors, the Chief Executive Officer and each of the key officers of the Company and the percentage of shareholdings of each:

Title of Class	Name of Beneficial Owner Name and Position	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Helen Y. Dee Chairman	Direct 10,662 Indirect 5,006,574	Filipino	0.88%
Common	Milagros V. Reyes President/Director	Indirect 125,695	Filipino	0.02%
Common	Maria Mercedes M. Corrales Independent Director	Direct 1	Filipino	-
Common	Cesar A. Buenaventura Independent Director	Direct 1,300 Indirect 272,844	Filipino	0.02%
Common	Lorenzo V. Tan Director	Direct 1	Filipino	-
Common	Yvonne S. Yuchengco Director/Treasurer	Indirect 435,956	Filipino	0.08%
Common	Eliseo B. Santiago Independent Director	Direct 1	Filipino	-
Common	Francisco G. Delfin, Jr. Vice President	Direct 55,000 Indirect 27,500	Filipino	0.02%
Common	Samuel V. Torres Corporate Secretary	-	Filipino	-
Common	Louie Mark R. LimcoliocAsst. Corporate Secretary	-	Filipino	-
Common	Maria Victoria M. Olivar AVP for Operations	-	Filipino	-
Total		**5,935,534**		**1.04%**

As of December 31, 2022, the Company's directors and executive officers owned an aggregate of 5,935,534 shares equivalent to 1.04% of the Company's outstanding shares. No voting trust or similar agreement was signed which will give any party more than 5% of the outstanding capital stock.

As of December 31, 2022, the Company has a total of 568,711,842 shares issued and outstanding of which a total of 526,653,384 shares or 92.60% are owned by Filipino citizens, and 1,325,738 shares or 0.23% are owned by foreigners.

Item 12 - Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as 'Affiliates'). Related parties may be individuals or corporate entities.

Please refer to the 2022 Consolidated AFS, Note 26, for the significant transactions with related parties.

Change in Control

There are no arrangements for any change in control. Likewise, no voting trusts, management contracts nor other arrangements were signed which may result in a change of control of the registrant.

`PART IV – EXHIBITS AND SCHEDULES

Item 13 – Exhibits and Reports

A. 2022 and 2021 Financial Statements
B. Supplementary Information and Disclosures required on SRC Rule 68 and 68.1 as amended
   a. Financial Assets
   b. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
   c. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
   d. Intangible Assets - Other Assets
   e. Long-term Debt
   f. Indebtedness to Related Parties
   g. Guarantees of Securities of Other Issuers
   h. Capital Stock

C. Additional Components
   1. Schedule of Financial Soundness Indicators
   2. Schedule of Retained Earnings Available for Dividend Declaration
   3. Map of the relationships of the Companies within the Group
   4. Stock rights offering Proceeds

D. Sustainability Report

E. Reports on SEC Form 17-C
   1. February 24, 2022 - Clarification on News Article
   2. March 15, 2022 - Reallocation of SRO Proceeds
   3. April 22, 2022 - Approval of the 2021 AFS
   4. May 16, 2022 - Submission of SEC 17 A for the period ended December 31, 2021
   5. May 17, 2022 - Press Release on PERC's slight increase in 2021 Consolidated Income
   6. June 1, 2022 - Notice of Annual Stockholders' Meeting
   7. July 5, 2022 - Two (2) new PetroGreen Energy Corporation (PGEC) solar project gets DOE and DENR approvals.
   8. July 29, 2022 - Results of Annual Stockholders' Meeting
   9. July 29, 2022 - Results of Organizational Meeting
   10. July 29, 2022 - Declaration of 5% Cash Dividend
   11. August 15, 2022 - PetroEnergy Group Consolidated Net Income up to 31% 1st half of 2022
   12. September 15, 2022 - Approval and signing of documents to sell 25% equity in PGEC to Kyuden International Corporation (KIC)
   13. September 27, 2022 - PERC Launces Dagohoy Solar Power
   14. October 26, 2022 - KIC completed the initial closing requirements for acquisitions of 25% stake in PGEC
   15. October 28, 2022 - To amend signing of documents to sell 25% equity in PGEC to Kyude
   16. November 7, 2022 - PGEC and its Partner Copenhagen Energy (CE) will form (3) separate special purpose vehicle (SPV) that will oversee the investment and development of their offshore wind services contracts awarded by Department of Energy (DOE) in 2021
   17. November 8, 2022 - Reallocation of Proceeds
   18. November 15, 2022 - PERC PetroEnergy's Group Consolidated Net Income Up 24% for 3Q 2022
   19. December 22, 2022 - Signing of Turbine Supply and Maintenance Contract for Nabas Wind Farm between PetroWind Energy Inc. and Vestas

Item 14 - General Notes to Financial Statements

1. The Financial Report (December 31, 2022) is in conformity with generally accepted accounting principles in the Philippines.

2. The same policies and methods of computation were followed in the preparation of the financial report compared to the December 31, 2022 Audited Financial Statements.

3. There are no unusual item or items that affected the assets, liabilities, equity and cash flows of the December 31, 2022 Financial Statements after balance sheet date.

4. There are no material events that happened subsequent to the end of December 31, 2023 that might affect the result of said financial statements.

5. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of the Company

6. There are no material off-balance sheet transactions, arrangement, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporate Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of PASIG CITY on APR 17 2023, 2023.

PETROENERGY RESOURCES CORPORATION
Issuer

MILAGROS V. REYES
President/CEO/COO

YVONNE S. YUCHENGCO
Treasurer/Principal Financial officer

MARIA CECILIA L. DIAZ DE RIVERA
Chief Finance Officer /Principal Accounting Officer

SAMUEL V. TORRES
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of APR 17 2023 2023, at PASIG CITY. Affiants exhibited to me their Tax Identification Numbers (TIN) indicated beside each name.

NAMES	TIN
MILAGROS V. REYES	100-732-775
YVONNE S. YUCHENGCO	106-573-924
MARIA CECILIA L. DIAZ DE RIVERA	115-335-117
SAMUEL V. TORRES	133-734-895

NOTARY PUBLIC

ATTY. MARIA CARMELA D. HAUTEA NOTARY PUBLIC PASIG SAN JUAN PATEROS PHILS. ROLL NO. 66585

MARIA CARMELA D. HAUTEA
Appointment No. 167 (2023-2024)
Notary Public for the Cities of Pasig and San Juan and the Municipality of Pateros
Commission Expires on December 31, 2024
7F JMT Bldg. ADB Ave. Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 281214/01-10-2023/RSM
PTR No. 0173575/01-23-2023/Pasig City

Doc. No. 469;
Page No. 45;
Book No. III;
Series of 2023.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

April 17, 2023

Securities and Exchange Commission
PICC, Roxas Boulevard, Pasay City

The management of PetroEnergy Resources Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 not realistic alternative but to do so.

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

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

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

Helen Y. Dee Chairman	Milagros V. Reyes President	Maria Cecilia L. Diaz De Rivera Chief Finance Officer

SUBSCRIBED AND SWORN to me before this APR 17 2023 in Pasig City. Affiants exhibited to me their Tax Identification Numbers (TIN) indicated below each name.

NAMES	TIN
Helen Y. Dee	101-562-982
Milagros V. Reyes	106-732-775
Maria Cecilia L. Diaz De Rivera	115-335-117

Doc. No. 470;
Page No. 95;
Book No. III;
Series of 2023.

MARIA CARMELA D. HAUTEA
Appointment No. 167 (2023-2024)
Notary Public for the Cities of Pasig and San Juan
and the Municipality of Pateros
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7F JMT Bldg. ADB Ave. Ortigas Center, Pasig City
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MCLE Compliance No. VII-0016267
IBP No. 281214/01-10-2023/RSM
PTR No. 0173575/01-23-2023/Pasig City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	4	-	0	8	8	8	0

COMPANY NAME

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

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

7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	SEC	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number	Mobile Number
corpaffairs@petroenergy.com.ph	8637-2917	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,991	7/29	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Cecilia L. Diaz De Rivera	mlderivera@petroenergy.com.ph	8637-2917	N/A

CONTACT PERSON's ADDRESS

7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its efficiencies.*

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th Floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

Opinion

We have audited the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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 each 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.

Estimation of oil reserves

The estimation of oil reserves for Etame block in Gabon, West Africa is a focus area because the resulting estimates have a material impact on the consolidated financial statements, as these are utilized in the impairment testing and the calculation of depletion expense of the related investments. Wells, platforms and other facilities under Property, plant and equipment amounted to ₱763.83 million, Deferred oil exploration costs amounted to ₱311.88 million, and intangible assets amounted to ₱26.85 million as of December 31, 2022. There are inherent uncertainties involved in estimating oil reserve quantities because of the exercise of significant management judgment and consideration of inputs from independent and internal geologists and the complex contractual arrangements involved as regards the Group's share of reserves in the exploration and production sharing contract areas. This uncertainty also depends on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data.

The disclosures in relation to oil reserves are included in Notes 5, 11, 12, and 16 to the consolidated financial statements.

Audit response

We considered the competence, capabilities and objectivity of the geologists engaged by the Group to perform an independent assessment of its oil reserves given their qualifications, experience and reporting responsibilities. We reviewed the specialist's report and obtained an understanding of the nature, scope and objectives of their work and basis of the estimates including any changes in the reserves during the year. In addition, we tested the reserves estimates applied to the relevant areas of the consolidated financial statements including impairment testing and recognition of depletion expense.

Recoverability of Wells, Platforms and Other Facilities and Related Assets

The Group has significant investments consisting of wells, platforms and other facilities which are presented under Property, plant and equipment, production license presented under Intangible assets and Deferred oil exploration costs. The recoverability of these assets, with carrying amount aggregating to ₱1,102.29 million as of December 31, 2022, is affected by fluctuating crude oil prices, among others, and that are tested for impairment when there are indications that the carrying values of these assets may exceed their recoverable amounts. The assessment of the recoverable amount of these assets requires significant judgment and involves estimation using assumptions about future production levels and costs, as well as external inputs such as oil prices and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures on the result of impairment testing of the Group's investments are included in Notes 5, 11, 12 and 16 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used. 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 against oil reserves and costs against historical data. We tested the parameters used in the determination of the oil prices and 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 in the determination of the recoverable amounts of these assets.

Estimation of asset retirement obligations

The Group has provisions for the close-down, restoration and environmental obligations on its solar power plant in Tarlac, geothermal power plant in Batangas and interest in oil fields in Gabon totaling to ₱66.23 million as of December 31, 2022. The Group uses an external technical specialist to assess its share in abandonment cost in the Gabon oil fields, and an internal technical group to estimate the future restoration costs of its solar and geothermal power plant sites. The estimation of the provisions requires significant management judgment in estimating future costs given the nature of each site, the operating activities done, and the facilities constructed, among other considerations. This calculation also requires the management to use a discount and inflation rates for these future costs to bring them to their present value at reporting date.

The Group's disclosures about asset retirement obligations are included in Notes 5 and 19 to the consolidated financial statements.

Audit response

We considered the competence, capabilities and objectivity of management's internal and external technical specialists given their qualifications, experience and reporting responsibilities. We reviewed the decommissioning report and obtained an understanding from the internal and external technical specialists about their bases for identifying and estimating the Group's share in abandonment costs in the Gabon oil fields and restoration costs of its solar and geothermal power plant sites. We also evaluated the discount and inflation rates used by comparing these to external data. We also reviewed the Group's disclosures on the assumptions that have the most significant effect in the determination of the amounts of these obligations.

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, 2022 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, 2022 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.

- 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 Ana Lea C. Bergado.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 80470-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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱1,677,231,584**	₱1,241,762,101
Short-term investments (Note 6)	**946,044,355**	-
Restricted cash (Note 7)	**2,063,387,986**	572,177,609
Receivables (Note 8)	**452,192,649**	392,663,453
Financial assets at fair value through profit or loss (Note 9)	**7,540,090**	7,587,228
Crude oil inventory (Note 23)	**14,437,192**	12,616,676
Current portion of contract asset (Note 34)	**21,949,016**	1,229,543
Other current assets (Notes 10)	**165,279,803**	184,156,623
Total Current Assets	**5,348,062,675**	2,412,193,233
Noncurrent Assets		
Property, plant and equipment (Notes 5 and 11)	**8,196,897,057**	7,985,044,039
Deferred oil exploration costs (Notes 5 and 12)	**311,883,011**	115,806,924
Contract asset (Note 34)	**274,409,474**	221,008,579
Investments in joint venture (Note 13)	**1,877,522,983**	1,734,947,347
Right-of-use assets (Note 14)	**342,614,655**	363,245,358
Deferred tax assets - net (Note 21)	**10,927,929**	12,460,267
Investment properties (Note 15)	**1,611,533**	1,611,533
Other noncurrent assets (Notes 5 and 16)	**455,882,782**	368,875,996
Total Noncurrent Assets	**11,471,749,424**	10,803,000,043
TOTAL ASSETS	**₱16,819,812,099**	₱13,215,193,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 17)	**₱551,463,206**	₱375,051,290
Current portion of loans payable (Note 18)	**947,144,643**	827,882,504
Lease liabilities - current (Note 14)	**22,734,502**	6,813,561
Income tax payable (Note 21)	**5,995,154**	19,775,675
Total Current Liabilities	**1,527,337,505**	1,229,523,030
Noncurrent Liabilities		
Loans payable - net of current portion (Note 18)	**2,530,784,409**	3,234,642,692
Lease liabilities - net of current portion (Note 14)	**306,059,838**	326,015,305
Asset retirement obligations (Note 19)	**66,230,330**	92,810,843
Other noncurrent liabilities	**12,077,639**	18,386,746
Total Noncurrent Liabilities	**2,915,152,216**	3,671,855,586
Total Liabilities	**4,442,489,721**	4,901,378,616
Equity		
Attributable to equity holders of the Parent Company		
Capital stock (Note 20)	**568,711,842**	568,711,842
Additional paid-in capital (Note 20)	**2,156,679,049**	2,156,679,049
Retained earnings (Note 20)	**3,182,613,298**	2,662,525,652
Remeasurements of net accrued retirement liability - net of tax	**4,104,237**	(4,570,914)
Share in other comprehensive income of a Joint Venture (Note 13)	**(78,815)**	(617,375)
Cumulative translation adjustment (Note 20)	**114,499,681**	114,499,681
Equity reserve (Note 20)	**736,716,986**	80,049,238
	6,763,246,278	5,577,277,173
Non-controlling interests (Note 30)	**3,963,021,100**	2,736,537,487
Deposit for stock subscription (Notes 20 and 30)	**1,651,055,000**	-
Total Equity	**12,377,322,378**	8,313,814,660
TOTAL LIABILITIES AND EQUITY	**₱16,819,812,099**	₱13,215,193,276

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Electricity sales (Notes 4 and 34)	**₱1,695,931,748**	₱1,899,726,215	₱1,923,540,365
Oil revenues (Note 34)	**726,054,534**	461,246,131	292,573,199
Other revenues (Note 34)	**129,112,773**	61,981,804	116,377,508
	2,551,099,055	2,422,954,150	2,332,491,072
COST OF SALES			
Cost of electricity sales (Note 22)	**752,403,321**	760,968,319	794,473,956
Oil production (Note 23)	**355,336,217**	236,284,770	211,527,791
Depletion (Note 11)	**85,286,880**	76,513,364	82,236,533
Change in crude oil inventory (Note 23)	**(1,820,516)**	22,473,648	(23,926,774)
Cost of other revenues (Note 34)	**127,388,501**	61,357,825	115,103,302
	1,318,594,403	1,157,597,926	1,179,414,808
GROSS INCOME	**1,232,504,652**	1,265,356,224	1,153,076,264
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	**221,232,231**	180,825,547	211,402,211
OTHER INCOME (CHARGES) – Net			
Share in net income of a joint venture (Note 13)	**81,512,921**	100,127,158	111,266,383
Interest income (Notes 6, 7, 8, and 34)	**51,154,475**	12,913,159	18,362,302
Net foreign exchange gains (losses)	**12,377,485**	5,086,734	(3,500,604)
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**(47,138)**	55,641	(708,509)
Accretion expense (Note 19)	**(3,622,334)**	(3,478,294)	(4,129,022)
Reversal of (provision for) impairment loss (Notes 5, 11 and 12)	**11,299,369**	(164,323,294)	–
Interest expense (Notes 14 and 18)	**(292,324,806)**	(333,375,545)	(386,788,348)
Miscellaneous income (Note 25)	**30,047,518**	18,416,546	11,876,677
	(109,602,510)	(364,577,895)	(253,621,121)
INCOME BEFORE INCOME TAX	**901,669,911**	719,952,782	688,052,932
PROVISION FOR INCOME TAX (Note 21)	**(38,592,892)**	(54,480,634)	(41,861,712)
NET INCOME	**863,077,019**	665,472,148	646,191,220
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on net accrued retirement liability - net of tax	**9,668,661**	11,191,652	(1,798,279)
Share in other comprehensive income (loss) of a joint venture (Note 13)	**761,152**	(393,255)	214,758
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**10,429,813**	10,798,397	(1,583,521)
TOTAL COMPREHENSIVE INCOME	**₱873,506,832**	₱676,270,545	₱644,607,699

(Forward)

	Years Ended December 31		
	2022	2021	2020
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱548,523,238**	₱325,461,592	₱319,412,421
Non-controlling interests (Note 30)	**314,553,781**	340,010,556	326,778,799
	₱863,077,019	₱665,472,148	₱646,191,220
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱557,736,949**	₱329,461,712	₱320,344,697
Non-controlling interests (Note 30)	**315,769,883**	346,808,833	324,263,002
	₱873,506,832	₱676,270,545	₱644,607,699
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY - BASIC AND DILUTED (Note 29)	**₱0.9645**	₱0.5723	₱0.5616

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Unappropriated Retained Earnings (Note 20)	Remeasurement of Net Accrued Retirement Liability	Share in OCI of a Joint Venture (Note 13)	Cumulative Translation Adjustment (Note 20)	Equity Reserve (Note 20)	Total	Non-controlling Interests (Note 30)	Deposit for Stock Subscription (Notes 20 and 30)	Total
BALANCES AT DECEMBER 31, 2019	**₱568,711,842**	**₱2,156,679,049**	**₱2,017,651,639**	**(₱9,663,958)**	**(₱456,727)**	**₱114,499,681**	**₱80,049,238**	**₱4,927,470,764**	**₱2,338,339,252**	**–**	**₱7,265,810,016**
Net income	–	–	319,412,421	–	–	–	–	319,412,421	326,778,799	–	646,191,220
Remeasurement gain (loss) on net accrued retirement liability	–	–	–	738,994	–	–	–	738,994	(2,537,273)	–	(1,798,279)
Share in OCI of a joint venture	–	–	–	–	193,282	–	–	193,282	21,476	–	214,758
Total comprehensive income	–	–	319,412,421	738,994	193,282	–	–	320,344,697	324,263,002	–	644,607,699
Cash dividends	–	–	–	–	–	–	–	–	(79,500,000)	–	(79,500,000)
BALANCES AT DECEMBER 31, 2020	**568,711,842**	**2,156,679,049**	**2,337,064,060**	**(8,924,964)**	**(263,445)**	**114,499,681**	**80,049,238**	**5,247,815,461**	**2,583,102,254**	**–**	**7,830,917,715**
Net income	–	–	325,461,592	–	–	–	–	325,461,592	340,010,556	–	665,472,148
Remeasurement gain on net accrued retirement liability	–	–	–	4,354,050	–	–	–	4,354,050	6,837,602	–	11,191,652
Share in OCI of a joint venture	–	–	–	–	(353,930)	–	–	(353,930)	(39,325)	–	(393,255)
Total comprehensive income (loss)	–	–	325,461,592	4,354,050	(353,930)	–	–	329,461,712	346,808,833	–	676,270,545
Cash dividends	–	–	–	–	–	–	–	–	(201,673,600)	–	(201,673,600)
Increase in non-controlling interests - stock issuances	–	–	–	–	–	–	–	–	8,300,000	–	8,300,000
BALANCES AT DECEMBER 31, 2021	**568,711,842**	**2,156,679,049**	**2,662,525,652**	**(4,570,914)**	**(617,375)**	**114,499,681**	**80,049,238**	**5,577,277,173**	**2,736,537,487**	**–**	**8,313,814,660**
Net income	–	–	548,523,238	–	–	–	–	548,523,228	314,553,781	–	863,077,019
Remeasurement gain on net accrued retirement liability	–	–	–	8,675,151	–	–	–	8,675,151	993,510	–	9,668,661
Share in OCI of a joint venture	–	–	–	–	538,560	–	–	538,560	222,592	–	761,152
Total comprehensive income	–	–	548,523,238	8,675,151	538,560	–	–	557,736,949	315,769,883	–	873,506,832
Cash dividends	–	–	(28,435,592)	–	–	–	–	(28,435,592)	(122,800,000)	–	(151,235,592)
Deposit for stock subscription	–	–	–	–	–	–	–	–	–	1,651,055,000	1,651,055,000
Change in ownership without loss of control	–	–	–	–	–	–	656,667,748	656,667,748	1,030,763,729	–	1,687,431,477
Increase in non-controlling interests - stock issuances	–	–	–	–	–	–	–	–	2,750,000	–	2,750,000
BALANCES AT DECEMBER 31, 2022	**₱568,711,842**	**₱2,156,679,049**	**₱3,182,613,298**	**₱4,104,237**	**(₱78,815)**	**₱114,499,681**	**₱736,716,986**	**₱6,763,246,278**	**₱3,963,021,100**	**₱1,651,055,000**	**₱12,377,322,378**

See accompanying Notes to Consolidated Financial Statements

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱901,669,911**	₱719,952,782	₱688,052,932
Adjustments for:			
Depletion, depreciation and amortization (Notes 11, 14 and 16)	**551,078,397**	520,848,217	529,123,431
Interest expense (Notes 14 and 18)	**292,324,806**	333,375,545	386,788,348
Provision for (reversal of) impairment loss (Notes 15, 10 and 12)	**(11,299,369)**	164,323,294	–
Share in net income of a joint venture (Note 13)	**(81,512,921)**	(100,127,158)	(111,266,383)
Interest income (Notes 6, 7, 8 and 34)	**(51,154,475)**	(12,913,159)	(18,362,302)
Movement in accrued retirement liability (asset)	**(4,343,624)**	9,494,154	(3,018,565)
Provision for probable losses (Note 16, 17, 24)	**6,105,757**	5,004,048	14,667,316
Gain on change in estimate of ARO	**(1,232,259)**	(4,354,636)	–
Accretion expense (Note 19)	**3,622,334**	3,478,294	4,129,022
Net gain on sale of equipment (Note 25)	**(337,611)**	(530,125)	(662,857)
Net unrealized foreign exchange loss (gain)	**(2,663,406)**	(291,553)	816,741
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**47,138**	(55,641)	708,509
Dividend income (Note 9)	**(79,047)**	(38,134)	(71,770)
Write-off of deferred development costs (Note 16)	**–**	–	5,959,962
Operating income before working capital changes	**1,602,225,631**	1,638,165,928	1,496,864,384
Decrease (increase) in:			
Receivables	**(37,465,978)**	(116,826,655)	59,857,904
Contract asset (Note 34)	**(74,120,369)**	(89,550,940)	(132,687,182)
Input VAT	**(2,507,220)**	(4,938,135)	2,915,446
Other current assets	**(747,059,803)**	(39,356,728)	10,638,198
Increase in accounts payable and accrued expenses	**153,102,244**	39,323,783	56,274,625
Cash generated (used) from operations	**894,174,505**	1,426,817,253	1,493,863,375
Interest received	**28,340,045**	12,506,262	19,280,794
Income taxes paid, including movement in creditable withholding taxes	**(51,390,749)**	(47,760,500)	(33,966,707)
Net cash provided by operating activities	**871,123,801**	1,391,563,015	1,479,177,462
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment (Note 11)	**(659,351,144)**	(203,768,133)	(219,209,060)
Deferred oil exploration costs (Note 12)	**(208,597,575)**	(59,035,023)	(39,915,658)
Deferred development costs (Note 16)	**(74,301,563)**	(15,482,026)	(3,210,454)
Acquisitions of intangibles (Note 16)	**(8,704,649)**	(1,416,833)	(2,102,105)
Advances to contractors (Note 16)	**(45,777,526)**	–	–
Dividends received (Notes 9 and 13)	**79,047**	38,134	40,071,770
Proceeds from sale of property, plant and equipment	**1,110,936**	1,088,425	825,000
Decrease (increase) in other noncurrent assets	**(61,405,058)**	73,585,322	3,577,849
Net cash used in investing activities	**(1,056,947,532)**	(204,990,134)	(219,962,658)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of debt - net of deferred financing costs (Note 18)	**₱561,000,000**	₱268,500,000	₱776,349,462
Subscription of capital stock – NCI (Note 30)	**1,693,681,477**	–	–
Payments of:			
Loans (Notes 18 and 31)	**(1,155,920,789)**	(954,174,350)	(1,369,699,350)
Interest (Notes 14, 18 and 31)	**(291,405,251)**	(287,786,290)	(348,317,765)
Dividends to NCI (Notes 30 and 31)	**(122,800,000)**	(201,673,600)	(79,500,000)
Lease liabilities (Note 14)	**(37,490,050)**	(37,300,137)	(36,596,442)
Dividends by the Parent Company (Note 20)	**(28,435,593)**	–	–
Net cash generated (used) in financing activities	**618,629,794**	(1,212,434,377)	(1,057,764,095)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,663,420**	291,553	(816,742)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**435,469,483**	(25,569,943)	200,633,967
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,241,762,101**	1,267,332,044	1,066,698,077
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,677,231,584**	₱1,241,762,101	₱1,267,332,044

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

a. Organization

PetroEnergy Resources Corporation ("PERC" or "PetroEnergy" or the "Parent Company") is a publicly-listed domestic corporation. Its registered office and principal place of business is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

PERC was organized on September 29, 1994 as Petrotech Consultants, Inc. to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines.

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed at the Philippine Stock Exchange (PSE) by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008" (RE Law), PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

On March 31, 2010, PERC incorporated PetroGreen Energy Corporation ("PetroGreen" or "PGEC"), its 77%-owned subsidiary (90%-owned in 2021), to act as its renewable energy arm and holding company. PGEC ventured into renewable energy development and power generation through its subsidiaries and affiliate: (a) Maibarara Geothermal, Inc. ("MGI", 65%-owned) - owner and Renewable Energy (RE) developer of the 20 MW Maibarara Geothermal Power Project (MGPP-1) in Santo Tomas, Batangas and its expansion, the 12 MW MGPP-2; (b) PetroSolar Corporation ("PetroSolar", 56%-owned) - owner and RE developer of the 50 MW_{DC} Tarlac Solar Power Project (TSPP-1) in Tarlac City and its 20 MW_{DC} expansion (TSPP-2); and (c) PetroWind Energy, Inc. ("PetroWind", 40%-owned associate) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) in Nabas and Malay, Aklan.

MGI and PetroSolar are effectively indirect subsidiaries of PetroEnergy through PetroGreen. PetroGreen owns majority of the voting power of MGI and PetroSolar. PetroEnergy, PetroGreen, MGI and PetroSolar are collectively referred to as the "Group" and were incorporated in the Philippines.

b. Nature of Operations

The Group's two (2) main energy businesses are: (1) upstream oil exploration and development, and (2) power generation from renewable energy resources such as, (a) geothermal, (b) solar, and (c) wind, through the Group's affiliate, PetroWind.

<u>*Upstream Oil Exploration and Development*</u>
Petroleum production is on-going in the Etame (Gabon) concession, while the other petroleum concessions in the Philippines are still in the advanced exploration stages or pre-development stages.

<u>*Renewable Energy*</u>
Geothermal Energy
The geothermal projects are the 20 MW MGPP-1 in Sto. Tomas, Batangas that started commercial operations on February 8, 2014 and its expansion, the 12 MW MGPP-2 that started commercial operations on April 30, 2018.

Solar Energy
The Solar power projects are the 50 MWDC TSPP-1 in Tarlac City, Tarlac that started commercial operations on February 10, 2016 and its 20 MWDC expansion (TSPP-2) which has been commissioned and tested on April 22, 2019 and is now awaiting the issuance of a Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC).

Wind Energy
The wind energy project is the 36-MW NWPP-1 in Nabas, Aklan, where PetroWind has a wind farm. It started its commercial operations on June 10, 2015.

c. <u>Approval of Consolidated Financial Statements</u>
The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on _____.

2. Basis of Preparation

<u>Basis of Preparation</u>
The accompanying consolidated financial statements have been prepared under the historical cost basis, except for financial assets carried at fair value through profit or loss (FVTPL) which are measured at fair value, and crude oil inventory which is valued at net realizable value (NRV).

The financial statements are presented in Philippine Peso (PHP or ₱), which is the Parent Company’s functional currency. All amounts are rounded to the nearest PHP unless otherwise stated.

<u>Statement of Compliance</u>
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Group’s financial position or performance.

- 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*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2022
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 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*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

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*

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2022 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

4. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. The financial statements of the subsidiaries are prepared in the same reporting year as the Parent Company, using consistent accounting policies.

Below are the subsidiaries, which are all incorporated in the Philippines, with their respective percentage ownership as of December 31:

	2022	2021	2020
PetroGreen	76.92%	90%	90%
Percentage share of PetroGreen in its subsidiaries:			
MGI	65%	65%	65%
PetroSolar	56%	56%	56%
Navy Road Development Corporation (NRDC) – dormant company	100%	100%	100%

Subsidiaries are entities controlled by PERC. PERC controls an investee if and only if PERC 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 the amount of the investor's returns.

When PERC has less than a majority of the voting or similar rights of an investee, PERC 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.

PERC 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. Consolidations of a subsidiary begins when PERC obtains control over the subsidiary and ceases when PERC 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 statement of comprehensive income from the date PERC gains control until the date PERC ceases to control the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments where necessary are made to ensure consistency with the policies adopted by the Group. All intra-group balances and transactions, intra-group profits and expenses and gains and losses are eliminated during consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests (NCI), the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences recorded in equity.
- recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of comprehensive income.
- reclassifies the parent's share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of comprehensive income or retained earnings, as appropriate.

NCI are presented separately from the Parent Company's equity. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity, and within equity in the consolidated statement of financial position.

Cash and Cash Equivalents
Cash includes cash on hand and in banks (demand deposits). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

Short-term Investments
This pertains to interest bearing time deposits with terms of more than 3 months but not more than one year.

Restricted Cash
Restricted cash is recognized when the Group reserves a portion of its cash for a specific purpose such as to pay loan interest charges and loan principal amortization, and that there are contractual restrictions directly related to the use of and access of the bank accounts. This includes cash held under escrow accounts. Restricted cash that are expected to be used for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

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

Financial assets - Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flow that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group has no financial asset classified as financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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 include cash and cash equivalents, short-term investments, receivables, restricted cash, and refundable deposits.

Financial assets at FVTPL
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 profit or loss.

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 profit or loss when the right of payment has been established.

The Group's financial assets at FVTPL includes marketable equity securities and investment in golf club shares.

Impairment of financial assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. 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).

The Group may 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 - Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortized cost (loans and borrowings) 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.

The Group's financial liabilities include accounts payable and accrued expenses, excluding statutory liabilities, loans payable and lease liabilities. The Group does not have financial liabilities at FVTPL.

Subsequent measurement
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 statement of comprehensive income.

Derecognition of Financial Assets and Financial Liabilities
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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 liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are set off 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, or to realize the asset and settle the liability simultaneously.

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 by 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.

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 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 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 stated at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market values of crude oil inventory at the time of production.

Other Current Assets
This account comprises supplies inventory, refundable deposit, prepayments and advances to suppliers.

Supplies inventory refers to parts purchased for used in operations. Supplies inventory are stated at the lower of cost or NRV. Cost is determined using the specific identification method. NRV is the current replacement cost of supplies inventory.

Prepayments are expenses paid in advance and recorded as asset before these are utilized. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Advances to suppliers are reclassified to the proper asset or expense account and deducted from the supplier's billings as specified in the provisions of the contract.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less accumulated depletion, depreciation and amortization and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. The initial cost of the property, plant and equipment consists of its purchase price, including any import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use and abandonment costs.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period in which the costs are 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Wells, platforms and other facilities related to oil operations are depleted using the units-of-production method computed based on estimates of proved reserves. The depletion base includes the exploration and development cost of the producing oilfields.

Land improvements consist of betterments, site preparation and site improvements that ready land for its intended use. These include excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, and fences.

Property, plant and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Power plant, FCRS and production wells	25
Office condominium units	15
Land improvements	5
Transportation equipment	4
Office improvements	3
Office furniture and other equipment	2 to 3

The useful lives and depletion, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes the cost of construction to include materials, labor, professional fees, borrowing costs and other directly attributable costs. Construction in progress is not depreciated until such time the construction is completed.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

When the assets are retired or otherwise disposed of, the cost and the related accumulated depletion, depreciation and amortization and any accumulated impairment losses are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Deferred Oil Exploration Costs
PERC follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending determination of whether the area contains oil reserves in commercial quantities.

Deferred oil and gas exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The exploration costs relating to the SC where oil in commercial quantities are discovered are subsequently reclassified to "Wells, platforms and other facilities" shown under "Property and equipment" account in the consolidated statements of financial position upon substantial completion of the development stage.

Deferred Development Costs - Geothermal included in Other Noncurrent Assets
All costs incurred in the geological and geophysical activities such as costs of topographical, geological and geophysical studies, rights of access to properties to conduct those studies, salaries and other expenses of geologists, geophysical crews, or others conducting those studies are charged to profit or loss in the year such costs are incurred.

If the results of initial geological and geophysical activities reveal the presence of geothermal resource that will require further exploration and drilling, subsequent exploration and drilling costs are accumulated and deferred under the "Other noncurrent assets" account in the consolidated statement of financial position.

These costs include the following:

- costs associated with the construction of temporary facilities;
- costs of drilling exploratory and exploratory type stratigraphic test wells, pending determination of whether the wells can produce proved reserves; and
- costs of local administration, finance, general and security services, surface facilities and other local costs in preparing for and supporting the drill activities, etc. incurred during the drilling of exploratory wells.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when management decides to use the unproductive wells for recycling or waste disposal.

Once the project's technical feasibility and commercial viability to produce proved reserves are established, the exploration and evaluation assets shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

Deferred Development Costs - Solar Power Project included in Other Noncurrent Assets
These are costs incurred in the development of the solar plant expansion project. Costs are capitalized if the technological and economic feasibility is confirmed, usually when a project development has reached a defined milestone according to an established project management model. These costs include the following:

- costs incurred for the expansion of the solar plant project
- costs of administration, finance, general and security services and other costs attributed to the expansion of the project.

Deferred development costs of the Solar Power Project is recognized under "Other noncurrent assets" in the statement of financial position. Once the project's technical feasibility and commercial viability has been established, development costs shall be reclassified to "Property, plant and equipment" and depreciated accordingly.

Investment in a Joint Venture (JV)
A JV is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investment in a JV is accounted for under the equity method of accounting.

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

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

The aggregate of the Group's share in profit or loss of a JV is shown under "Other income (charges)" in the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV.

The financial statements of the JV are prepared in the same reporting period of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method for the investment in a JV, the Group determines whether it is necessary to recognize an impairment loss on its investment in a JV. At each reporting date, the Group determines whether there is objective evidence that the investment in JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the JV, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

<u>Contract Assets</u>
A contract asset is recognized for the earned consideration for goods or services transferred to a customer before the customer pays or before payment is due. Contract assets are measured at the present value of future collections to be received over a period of time. Contract assets that are expected to be received within 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Land rights	25
Production license	10
Software license	1.5 to 3

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Investment Properties
Investment properties consist of land held for capital appreciation. Land is stated at cost less any impairment in value.

The initial cost of the investment properties comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance, are normally charged to expense in the year when costs are 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 investment properties beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of investment properties.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Interest in Joint Operations
A joint operation is a 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.

The Group recognized in relation to its interest in a joint operation 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

The Group accounts for the assets it controls and the liabilities it incurs, the expenses it incurs and the share of income that it earns from the sale of crude oil by the joint operations.

The Group's participating interest in the Etame block in Gabon, West Africa and participating interests in Philippine service contracts (SCs) are classified as joint operations.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset (e.g., property, plant and equipment, investment properties, deferred costs, intangible assets and right-of-use assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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.

Capital Stock and Additional Paid-in Capital
The Group records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. 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. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Retained Earnings
Retained earnings represent the cumulative balance of consolidated net income, effects of changes in accounting policy and other capital adjustments, net of dividend declaration.

Cumulative Translation Adjustment
Cumulative translation adjustment represents the resulting exchange differences in the remeasurement of accounts due to change in functional currency.

Equity Reserve
Equity reserve is made up of equity transactions other than equity contributions such as gain or loss resulting from increase or decrease of ownership without loss of control.

Dividend Distribution
Cash dividends on capital stock are recognized as a liability and deducted from retained earnings when approved by the BOD.

Revenue Recognition
Revenue is recognized when the control of petroleum and electricity are transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Electricity sales
Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Oil revenues
Revenue from crude oil is recognized at a point in time when the control of the goods has transferred from the sellers (Consortium) to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

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, *Joint Arrangements*.

Other Revenues
Revenues from passed on wheeling charges are consummated and recognized over time whenever the electricity generated by the Group is transmitted through MERALCO's distribution system, for a consideration. Revenues from pass-on Wholesale Electricity Spot Market (WESM) transactions are consummated and recognized over time whenever the electricity generated by the Group is traded through WESM, for a consideration.

Interest income
Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Dividend income is recognized according to the terms of the contract, or when the right of the payment has been established.

Share in Net Income of a Joint Venture
Share in net income of a joint venture represents the Group's share in profit or loss of its joint venture, PWEI.

Miscellaneous Income
Miscellaneous income is recognized when the Group's right to receive the payment is established.

Costs and Expenses
Cost of electricity sales
Costs of electricity sales pertain to direct costs in generating electricity power which includes operating and maintenance costs (O&M) for power plant and fluid collection and reinjection system (FCRS), depreciation and other costs directly attributed to producing electricity.

Oil production
Oil production are costs incurred to produce and deliver crude oil inventory, including transportation, storage and loading, among others.

Change in crude oil inventory
Change in crude oil inventory pertains to the movement of beginning and ending crude oil inventory charged as part of cost of sales.

General and administrative expenses
General and administrative expenses constitute costs of administering the business.

Costs and expenses are recognized as incurred.

Income Taxes
Current Tax
Current 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 amounts are those that are enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is provided using the balance sheet liability method on all temporary differences at the 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 to the extent that the deferred tax liabilities arise from the: a) initial recognition of goodwill; or b) the initial recognition of an asset or liability in a transaction which is not: i) a business combination; and ii) at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets, however, are not recognized when it arises from the: a) initial recognition of an asset or liability in a transaction that is not a business combination; and b) at the time of transaction, affects neither the accounting income nor taxable profit or loss.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets 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 income will allow the deferred tax assets to be recovered. The Group does not recognize deferred tax assets and deferred tax liabilities that will reverse during the income tax holiday (ITH).

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 as of the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

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. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Value-Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position as part of “Other noncurrent assets” to the extent of the recoverable amount.

Leases
Group as a lessee
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognized, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Number of Years
Office space	2
Land	18 to 25

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (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 to the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000). 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.

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

Defined benefit costs comprise the following:
- Service cost
- 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 comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 comprehensive 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 comprehensive income 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.

Asset Retirement Obligation (ARO)
The Group records present value of estimated costs of legal and constructive obligations required to restore the oilfields and plant sites upon termination of its operations. The nature of these restoration activities includes dismantling and removing structures, rehabilitating settling ponds, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the sites are disturbed. When the liability is initially recognized, the present value of the estimated cost is capitalized as part of the carrying amount of the ARO assets (included under "Property, plant and equipment") and ARO liability.

Liability and capitalized costs included in oil properties is equal to the present value of the Group's proportionate share in the total decommissioning costs of the consortium on initial recognition. Additional costs or changes in decommissioning costs are recognized as additions or charges to the corresponding assets and ARO when they occur.

For closed sites or areas, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

If the decrease in liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

For the oil operation, the Group depreciates ARO assets based on units-of-production method.

For the renewable energy, the Group depreciates ARO assets on a straight-line basis over the estimated useful life of the related asset or the service contract term, whichever is shorter, or written off as a result of impairment of the related asset.

The Group regularly assesses the provision for ARO and adjusts the related liability and asset.

Foreign Currency-Denominated Transactions and Translation
The consolidated financial statements are presented in PHP, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at date of transaction. Monetary assets and liabilities denominated in foreign currencies are reinstated to the functional currency using the closing exchange rate at reporting date.

All exchange differences are taken to the consolidated statement of comprehensive 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.

Earnings Per Share
Basic earnings per share is computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect to any stock split or stock dividends declared and stock rights exercised during the current year, if any.

Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services, serves different markets subject to different risks and returns. Financial information on business segments is presented in Note 28 to the consolidated financial statements.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's situation at the reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not 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 reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates and assumptions 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 of Functional Currency
The Parent Company determines its functional currency based on economic substance of underlying circumstances relevant to the Parent Company. The functional currency has been determined to be the PHP based on the economic substance of the Parent Company's business circumstances.

Capitalization of Deferred Oil Exploration Costs and Deferred Development Costs
Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. If the accounting policy on capitalization of development costs are not met, such costs are expensed.

As of December 31, 2022 and 2021, the carrying value of deferred oil explorations costs amounted to ₱311.88 million and ₱115.81 million, respectively (see Note 12), and the Group's deferred development costs amounted to ₱74.12 and ₱19.34 million as of December 31, 2022 and 2021, respectively (see Note 16).

Classification of Joint Arrangements
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 assesses their rights and obligations arising from the arrangement and specifically considers:
- the structure of the joint arrangement – whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - the legal form of the separate vehicle
  - the terms of the contractual arrangement
  - other facts and circumstances, considered on a case by case basis

This assessment often requires significant judgment. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting of the investment.

The Group's investment in PetroWind and Buhawind Energy are structured in a separate incorporated entity. The Group and the parties to the agreement only have the right to the net assets of the joint venture through the terms of the contractual arrangement. Accordingly, the joint arrangement is classified as a joint venture. As of December 31, 2022 and 2021, the Group's investment in a joint venture amounted to ₱1.88 billion and ₱1.73 billion, respectively (see Note 13).

The Group and the parties to the agreement in investment in Gabon, West Africa and investments in petroleum concessions in the Philippines have joint control over its rights to the assets and obligations for the liabilities, relating to the arrangement. Accordingly, the joint arrangements are classified as joint operations (see Notes 11 and 12).

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 Geothermal Field Reserves
The Group performed volumetric reserve estimation to determine the reserves of the Maibarara geothermal field. As a requirement for project financing, the Group engaged at its own cost the New Zealand firm Sinclair Knight Merz (SKM) in 2011 to undertake a comprehensive third-party technical review of the Maibarara geothermal field. This review included analysis of the resource assessment performed in-house by the Group as well as a separate SKM reserve estimation and numerical modeling of the Maibarara reserves.

The Group's simulation indicated a mean (P50) proven reserves of 27.8 MW for 25 years. In contrast, SKM calculated the P50 reserves at 44 MW. At 90% probability (P90), the reserves calculated are 28 MW and 12 MW by SKM and the Group, respectively. SKM concluded that the approach taken by the Group is conservative as it limits reservoir thickness to depths where a maximum thickness of 280°C will be encountered although the measured temperature reached as high as 324°C. There is reasonable confidence that the 20 MW (gross) plant development is feasible as the P90 level appears also conservative as with the Group's approach. In addition, SKM identified indicated reserves, translating to 10 MW-26 MW in the area south of and outside the current area of development.

Also, there is a likely geothermal potential south of the proven area where two old wells were drilled and encountered high fluid temperatures (T ~ 300°C). MGI identified the southern block as a probable reserve area. SKM in 2011 suggested that the southern block can be classified as Indicated Resource based on the Australian Code as high temperatures have been intersected by the two wells. SKM estimated that the stored heat in the Southern Block has a resource potential equivalent to 12 MW for a project life of 25 years.

An updated reserves estimation using the stored-heat calculation was made in 2015 by the Group as a result of reservoir and production performance and the 2014 drilling campaign. The 2014 drilling proved that the current resource area can produce around 33.1 MW, more than enough to meet the steam requirement of the existing 20 MW power plant plus the 12 MW expansion power plant. Using Monte Carlo simulation to estimate the reserves, the proven resource area has an 80% probability of delivering between 18.1 MW to 50.9 MW over a 25-year operating period. This Monte Carlo simulation also showed that the expected mean reserve for the proven resource area is 30.4 MW for 25 years.

The Group engaged a U.S. firm Geothermal Science, Inc. (GSI) in 2015 to perform a third-party technical appraisal of the resource for the planned 12 MW expansion. This third-party review was also made as a requirement for the project financing of MGPP-2 or M2. GSI adopted the technique from the US Geological Survey Circular 790 in making the probabilistic calculation of the geothermal reserves at Maibarara. Based on this approach, GSI estimates that Maibarara has a minimum or proven reserves of 40.2 MW, P90 for 25 years plant life and Most Likely Reserve of 61.6 MW, P50 for 25 years of plant life.

The Group commenced producing power commercially last February 8, 2014. To date, the current production wells of M1 and M2 are capable of producing 41.4 MW at full-bore capacity. These production wells including the complement reinjection wells are concentrated on the proven resource area.

As of December 31, 2022 and 2021, there has been no significant change in the estimated reserves that would affect the carrying value and useful life of the Group's property, plant and equipment.

Estimation of Proved and Probable Oil Reserves
The Parent Company assesses its estimate of proved and probable reserves on an annual basis. The estimate is based on the technical assumptions and is calculated in accordance with accepted volumetric methods, specifically the probabilistic method of estimation. Probabilistic method uses known geological, engineering and economic data to generate a range of estimates and their associated probabilities.

All proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. 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. Estimated oil reserves are utilized in the impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of December 31, 2022 and 2021, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱763.83 million and ₱658.72 million, respectively (see Note 11).

Estimation of Useful Lives of Property, Plant and Equipment
The Group reviews on an annual basis the estimated useful lives of property, plant and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depletion, depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of property, plant and equipment as of December 31, 2022, and 2021 (see Note 11).

Impairment of Nonfinancial Assets
The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The related balances of the Group's nonfinancial assets as of December 31 follow:

	2022	2021
Property, plant and equipment (Note 11)	**₱8,196,897,057**	₱7,870,583,131
Right-of-use assets (Note 14)	**342,614,655**	363,245,358
Deferred oil exploration costs (Note 12)	**311,883,011**	115,806,924
Intangible assets (Note 16)	**140,262,493**	152,727,719
Deferred development costs (Note 16)	**74,115,084**	19,337,621
Investment properties (Note 15)	**1,611,533**	1,611,533
	₱9,067,383,833	₱8,523,312,286

There are no indicators of impairment that would trigger impairment review in 2022 and 2021 other than those mentioned below.

Gabon, West Africa
The Parent Company believes that the fluctuation in crude oil prices in the market, political risks in Gabon, discount rates and changes in other assumptions such as change in production profile which is based on continued production until the term of the existing PSC are indicators that the assets might be impaired or if there is reversal of prior impairment loss.

In 2018, the Gabonese Government allowed the sixth amendment to the Exploration Production Sharing Contract ("EPSC") that extends the exploitation period for the production licenses by ten (10) years, or from September 2018 until September 2028, extendible by five (5) years and by a final extension of 5 more years. The extension of the EPSC will allow the consortium to maximize the use of the existing facilities that are already in place to increase or maintain production until the field's extended life (see Note 11).

SC 14-C2 – West Linapacan
SC 14-C2 has not yet expired and was granted with a 15-year extension of the SC as approved by the DOE from December 18, 2010 to December 18, 2025. The SC 14-C2 consortium proceeded with a third-party technical evaluation to assess potential production opportunities. With the SC nearing its expiration in December 2025, the assets were tested for impairment.

SC 6A – Octon-Malajon Block
In March 31, 2021, Philodrill, the operator, gave notice to the DOE that the Joint Venture has elected not to enter the 12^{th} year of the final 15-year term of SC 61 and consequently surrender the Service Contract.

Impairment loss (reversal)
In assessing whether impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Parent Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss is value in use.

The Parent Company estimates value in use using a discounted cash flow model using a discount rate of 14.64% in 2022 and 10.00% in 2021 and 2020.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31, 2022 and 2021 (nil in 2020) presented on a net basis:

	2022	2021
Wells, platforms and other facilities – net (Note 11)	**(₱11,893,541)**	₱22,489,016
Deferred oil exploration costs – net (Note 12)	**594,172**	141,834,278
	(₱11,299,369)	₱164,323,294

Estimation of Asset Retirement Obligations
The Group has various legal obligation to decommission or dismantle its assets related to the oil production, geothermal energy project and solar power project at the end of each respective service contract. In determining the amount of provisions for restoration costs, assumptions and estimates are required in relation to the expected costs to restore sites and infrastructure when such obligation exists. The Group recognizes the present value of the obligation to dismantle and capitalizes the present value of this cost as part of the balance of the related property, plant and equipment, which are being depreciated and amortized on a straight-line basis over the useful life of the related assets (for the renewable energy) and based on units-of-production method based on estimates of proved reserves (for the oil operations).

Cost estimates expressed at projected price levels until dismantling date are discounted using rates ranging from 7.13% to 7.16% in 2022 and 4.59% to 5.05% in 2021 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense (see Note 19).

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in profit or loss as it occurs.

While the Group has made its best estimate in establishing the asset retirement obligation, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Asset retirement obligation as of December 31 follows (see Note 19):

	2022	2021
Oil production	**₱41,728,602**	₱62,193,875
Geothermal energy project	**7,509,078**	8,315,413
Solar power project	**16,992,650**	22,301,555
	₱66,230,330	₱92,810,843

Recoverability of input VAT
The Group maintains an allowance for input VAT based on an assessment of the recoverability of these assets using the historical success rate of VAT refunded from the Bureau of Internal Revenue (BIR). A review is made by the Group on a continuing basis annually to determine the adequacy of the allowance for losses. Allowance for probable losses as of December 31, 2022 and 2021 amounted to ₱10.39 million. The carrying value of input VAT amounted to ₱138.32 million and ₱133.92 million as of December 31, 2022 and 2021, respectively (see Note 16).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2022 and 2021, the Group did not recognize deferred tax assets on certain temporary differences, NOLCO and MCIT as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to their expiration (see Note 21).

6. Cash and Cash Equivalents and Short-term Investments

	2022	2021
Cash on hand and in banks	**₱434,700,436**	₱684,886,621
Cash equivalents	**1,242,531,148**	556,875,480
Cash and Cash Equivalents	**1,677,231,584**	1,241,762,101
Short-term investments	**₱946,044,355**	**₱–**

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

In 2022, the Group has ₱946.04 million short-term investments with periods of more than three months but less than one year.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱36.29 million, ₱12.91 million and ₱18.03 million in 2022, 2021 and 2020, respectively.

7. Restricted Cash

	2022	2021
Cash held under escrow for stock subscription	**₱1,629,242,070**	₱–
Debt service payment and reserve accounts	**413,219,105**	414,423,370
Share in Etame escrow fund – current portion	**20,926,811**	3,205,109
Stock Rights Offer (SRO) funds	–	154,549,130
	₱2,063,387,986	₱572,177,609

Cash held under escrow for stock subscription
This represents the remaining funds held under escrow related to the Share Subscription Agreement between PetroGreen and Kyuden International Corporation (Kyuden), which was released from the escrow fund in January 2023 (Note 30). Interest income earned on restricted cash amounts to ₱7.6 million in 2022.

Debt service payment and reserve accounts
This refers to the amount of fund that the Group is required to maintain in the Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) pursuant to the Omnibus Loan and Security Agreement (OLSA) of MGI and PetroSolar, respectively (see Note 18). The funds maintained in these accounts are used to pay the forthcoming debt service scheduled every year until the loan is

fully paid off. Under the OLSA, where the banks are one of the parties, the banks shall have the exclusive control over and exclusive right of withdrawal from the restricted cash accounts.

Stock Rights Offer (SRO) funds
This refers to the remaining Stock Rights Offering Proceeds held under an escrow account amounting to nil and ₱154.55 million as of December 31, 2022 and 2021, respectively. On April 18, 2022, the remaining SRO funds were withdrawn from the escrow account and will be used to pay loans and interest.

Share in Etame escrow fund – current portion
As of December 31, 2022, this represents Parent Company's share in the current portion of the Abandonment Fund related to FPSO decommissioning and Etame Field Asset Retirement Obligations. These funds were released from the escrow account in February 2023.

As of December 31, 2021, this balance includes escrow to secure payment and discharge of the Parent Company's obligations and liabilities under the FPSO contract amounting to ₱3.03 million.

8. Receivables

	2022	2021
Accounts receivable from:		
Electricity sales and other charges to ACEN (formerly PHINMA) [Note 26]	**₱162,536,100**	₱147,560,157
Feed-in-Tariff (FiT) revenue from National Transmission Corporation (TransCo)	**106,169,169**	112,813,280
Electricity sales to Wholesale Electricity Spot Market (WESM) and Other Contracts	**92,541,594**	52,800,531
Consortium operator	**40,550,770**	47,982,279
PHESCO, Incorporated (PHESCO)	**15,245,231**	15,245,231
Affiliate (Note 26)	**6,232,978**	3,992,899
Others	**4,585,274**	2,122,487
Interest receivables	**23,487,736**	1,002,791
Subscription receivable	**-**	8,300,000
Other receivables	**3,526,249**	3,526,250
	454,875,101	395,345,905
Less allowance for impairment losses	**2,682,452**	2,682,452
	₱452,192,649	₱392,663,453

Accounts receivables are generally on 30 days credit term. Interest income earned from the delayed payment of FiT differential and other receivable amounted to ₱0.45 million and ₱0.22 million in 2022 and 2021 (nil in 2020).

Subscription receivable pertains to the receivable from EEI Power Corporation (EEIPC) in relation to equity cash call made by PGEC to be used for the funding of one of its renewable energy projects. EEIPC remitted the amount on January 3, 2022.

9. Financial Assets at Fair Value Through Profit or Loss

	2022	2021
Marketable equity securities	**₱6,770,090**	₱6,817,228
Investment in golf club shares	**770,000**	770,000
	₱7,540,090	₱7,587,228

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit or loss amounted to (₱0.05 million), ₱0.06 million, and (₱0.71 million) in 2022, 2021 and 2020, respectively. Dividend income received from equity securities amounted to ₱0.08 million, ₱0.04 million and ₱0.07 million in 2022, 2021 and 2020, respectively (see Note 25).

10. Other Current Assets

	2022	2021
Supplies inventory	**₱116,790,791**	₱128,603,181
Prepaid expenses	**27,199,944**	26,108,789
Prepaid income taxes	**11,068,121**	13,085,187
Advances to suppliers	**8,004,724**	12,037,440
Others	**2,216,223**	4,322,026
	₱165,279,803	₱184,156,623

Supplies Inventory
Supplies inventory refers to purchased supplies and parts that are intended to be used for operations and maintenance.

Prepaid Expenses
Prepaid expenses include various prepaid insurances, services and rent. Prepaid expenses also include advance payment for Real Property Taxes (RPT), Stand-by Letter of Credit (SBLC) charges and operations and maintenance professional fees.

11. Property, Plant and Equipment

	2022								
	Power plants	FCRS and production wells – geothermal	Wells, platforms and other facilities	Land and land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost									
Balances at beginning of year	**₱7,266,699,681**	**₱1,617,441,653**	**₱2,222,351,170**	**₱380,583,987**	**₱41,590,986**	**₱55,638,192**	**₱164,394,339**	**₱169,850,551**	**₱11,918,550,559**
Additions	**11,781,744**	**93,661,764**	**207,643,523**	**5,349,116**	**957,006**	**22,876,865**	**9,146,697**	**399,988,315**	**751,405,030**
Change in ARO estimate (Note 19)	**(7,356,406)**	**–**	**(29,140,538)**	**–**	**–**	**–**	**–**	**–**	**(36,496,944)**
Disposal	**–**	**–**	**–**	**–**	**–**	**(1,556,393)**	**–**	**–**	**(1,556,393)**
Reclassifications	**82,830,040**	**268,586,057**	**–**	**1,110,796**	**–**	**–**	**–**	**(352,526,893)**	**–**
Balances at end of year	**7,353,955,059**	**1,979,689,474**	**2,400,854,155**	**387,043,899**	**42,547,992**	**76,958,664**	**173,541,036**	**217,311,973**	**12,631,902,252**
Accumulated depletion and depreciation									
Balances at beginning of year	**1,713,893,490**	**399,670,764**	**1,382,485,759**	**37,091,904**	**40,719,915**	**42,357,120**	**136,141,426**	**–**	**3,752,360,378**
Depletion and depreciation	**326,504,042**	**77,901,734**	**85,286,880**	**4,558,617**	**452,985**	**6,810,778**	**12,708,015**	**–**	**514,223,051**
Disposals	**–**	**–**	**–**	**–**	**–**	**(830,835)**	**–**	**–**	**(830,835)**
Balances at end of year	**2,040,397,532**	**477,572,498**	**1,467,772,639**	**41,650,521**	**41,172,900**	**48,337,063**	**148,849,441**	**–**	**4,265,752,594**
Accumulated impairment losses									
Balances at beginning of year	**–**	**–**	**181,146,142**	**–**	**–**	**–**	**–**	**–**	**181,146,142**
Impairment loss-net (Note 5)	**–**	**–**	**(11,893,541)**	**–**	**–**	**–**	**–**	**–**	**(11,893,541)**
Balances at end of year	**–**	**–**	**169,252,601**	**–**	**–**	**–**	**–**	**–**	**169,252,601**
Net book values	**₱5,313,557,527**	**₱1,502,116,976**	**₱763,828,915**	**₱345,393,378**	**₱1,375,092**	**₱28,621,601**	**₱24,691,595**	**₱217,311,973**	**₱8,196,897,057**

	2021								
	Power plants	FCRS and production wells – geothermal	Wells, platforms and other facilities	Land and land improvements	Office condominium units and improvements	Transportation equipment	Office furniture and other equipment	Construction in progress	Total
Cost									
Balances at beginning of year	₱7,238,918,109	₱1,568,607,925	₱2,228,718,206	₱296,650,208	₱41,574,869	₱50,038,846	₱160,162,006	₱163,574,766	₱ 11,748,244,935
Additions	15,951,602	6,601,448	1,086,049	82,483,779	348,568	7,348,203	6,227,439	79,576,567	199,623,655
Change in ARO estimate (Note 18)	7,878,243	(19,603,928)	(7,453,085)	–	–	–	–	–	(19,178,770)
Disposal	–	(5,560,627)	–	–	(332,451)	(1,748,857)	(1,995,106)	(502,220)	(10,139,261)
Reclassifications	3,951,727	67,396,835	–	1,450,000	-	-	-	(72,798,562)	–
Balances at end of year	7,266,699,681	1,617,441,653	2,222,351,170	380,583,987	41,590,986	55,638,192	164,394,339	169,850,551	11,918,550,559
Accumulated depletion and depreciation									
Balances at beginning of year	1,406,756,653	330,420,820	1,305,972,395	31,910,941	40,839,701	39,530,569	123,543,684	–	3,278,974,763
Depletion and depreciation	307,136,837	74,810,571	76,513,364	5,180,963	212,665	4,166,317	14,514,271	–	482,534,988
Disposals	-	(5,560,627)	-	-	(332,451)	(1,339,766)	(1,916,529)	–	(9,149,373)
Balances at end of year	1,713,893,490	399,670,764	1,382,485,759	37,091,904	40,719,915	42,357,120	136,141,426	–	3,752,360,378
Accumulated impairment losses									
Balances at beginning of year	–	–	158,657,126	–	–	–	–	–	158,657,126
Impairment loss-net (Note 5)	–	–	22,489,016	–	–	–	–	–	22,489,016
Balances at end of year	–	–	181,146,142	–	–	–	–	–	181,146,142
Net book values	₱5,552,806,191	₱1,217,770,889	₱658,719,269	₱343,492,083	₱871,071	₱13,281,072	₱28,252,913	₱169,850,551	₱7,985,044,039

Power plants represent MGI's geothermal power plant and PetroSolar's photovoltaic plant.

The MGI's construction of the 70/77 MVA Substation started in January 2020 and construction in progress account as of December 31, 2022 mainly includes civil structural, piping and mechanical works for M2, interconnection of MGPP to NGCP 69kV distribution line, design, facilities study and construction of 70/77 MVA MGI Substation related to MGPP-1&2 and Torishima engine driven pump.

Change in ARO estimate and transfers from advances to contractors, deferred oil exploration costs and development costs are considered as noncash investing activities.

Depletion and depreciation expense charged to profit or loss follow:

	2022	2021	2020
Cost of electricity sales (Note 22)	**₱418,160,625**	₱399,787,122	₱394,231,789
Depletion	**85,286,880**	76,513,364	82,236,533
General and administrative expenses (Note 24)	**10,775,546**	6,234,502	11,814,866
	₱514,223,051	₱482,534,988	₱488,283,188

Depletion of wells, platforms and other facilities is presented as a separate item under cost of sales in the consolidated statements of comprehensive income.

As of December 31, 2022 and 2021, the participating interest of PERC in various service contracts areas are as follows:

Gabonese Oil Concessions	2.525%
SC 14-C2 – West Linapacan	4.137%

Foreign Operations

Gabon, West Africa

Background

The Group holds approximately 2.53% participating interest in the Exploration and Production Sharing Contract ("EPSC") covering the Etame block in Gabon, West Africa (the "Etame Marin Permit"). The other parties in the consortium are Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the "Gabon Consortium"), are leaders in their respective areas of operation. VAALCO is the Consortium's operator, and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC exclusive rights and obligations to perform exploration, exploitation, and production activities and in the case of the consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the current 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 BOPD.

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

Given the extended EPSC period, the Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes until at least 2028 up to 2038 (final extension). This IFDP may include: 1) production from sour oil reserves, 2) outfield drilling opportunities, and 3) facility maintenance strategies.

Update on Production

Production was routed to the Petroleo Nautipa, the spread-moored (FPSO) vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO last December 30, 2022. Final punchlist items are currently being completed.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

In 2022, total crude production reached 5.94 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.133 MMBO, with crude oil market prices ranging from US$76 – US$133 per barrel.

In 2021, total crude production reached 5.42 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.867 MMBO, with crude oil market prices ranging from US$ 50 – US$85 per barrel.

In 2020, total crude production reached 6.57 MMBO. The Consortium managed 11 liftings, resulting in a net crude export of 6.02 MMBO, with crude oil market prices ranging from US$ 17 – US$66 per barrel.

Since the Gabon oilfield has been put on-line in 2002, a total of 130 MMBO have been extracted as of December 31, 2022 over the last 20 years.

As of December 31, 2022 and 2021, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱763.83 million and ₱596.47 million, respectively. With the increase in crude oil prices and recoverable oil reserves, reversal of impairment loss was recognized amounting to ₱74.14 million in 2022, and ₱121.59 million in 2021 (nil in 2020) [see Note 5].

Philippine Operations

SC 14-C2 – West Linapacan, Northwest Palawan
West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

The SC 14C2 Consortium, led by operator Philodrill Corp., negotiated with a potential farmee for the drilling of potential drilling targets, in exchange for a majority share and Operatorship of SC 14C2. This farm-in is subject to the approval of the Department of Energy (DOE).

While the consortium awaited the farmee's completion of the farm-in documentation, Philodrill continued to do in-house G&G work over at the West Linapacan area at the interim. For compliance, a "Transition Work Program and Budget, covering November 2020 to March 2021 was submitted to the DOE in November 2020 and was approved.

Throughout the second half of 2021 and 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities. SC 14-C2 is due to expire in December 2025.

Due to the limited term remaining, the Group assessed the recoverability of the investment included in "Wells, platforms and other facilities" account under "Property, plant and equipment" and recorded impairment loss amounted to ₱62.25 million and ₱144.40 million in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, PetroEnergy has investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounts to nil and ₱62.25 million, respectively.

Maibarara Geothermal Power Project
Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-012
Following the DOE Philippine Energy Contracting Round for Geothermal in 2009, PERC signed the Service Contract for the Maibarara Geothermal Power Project (MGPP) on February 1, 2010. PERC then conducted pre-development activities in 2010 to 2011. In order to carry out the development and operations of the MGPP, PetroEnergy (through its subsidiary, PetroGreen) then created Maibarara Geothermal, Inc. (MGI) along with Trans-Asia Oil and Energy Development Corporation ("Trans-Asia", subsequently renamed as PHINMA Energy Corporation or "PHINMA", and now known as ACEN Corporation or "ACEN") and PNOC Renewable Corporation (PNOC RC), with 65%, 25%, and 10% equity ownerships, respectively.

In June 2019, ACEN, the energy platform of Ayala Corporation, completed the acquisition of PHINMA, including PHINMA's 25% share in MGI.

20 MW Maibarara-1 Geothermal Power Plant (MGPP-1)
The DOE confirmed the commerciality of the 20-MW MGPP-1 in 2011, allowing MGI to proceed with the MGPP's development stage, involving 1) the drilling of two (2) wells to complete the steam production and reinjection well capacities, and 2) the construction of the steamfield and power plant facilities. The MGPP-1's 115kV Transmission Line system was successfully connected to the existing Manila Electric Company (MERALCO) line in September 2013. Upon completion of the reliability and performance testing, the MGPP-1 went on commercial operations on February 8, 2014. All electricity generated are sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On February 08-27, 2021, the Maibarara-1 facility had a scheduled minor maintenance shutdown. Various maintenance activities for the unit's mechanical and electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

MGPP-1 underwent its second major preventive maintenance shutdowns (PMS) in February 2022; the first being conducted in 2016.

On the steamfield side, the two (2) production wells dedicated to MGPP-1 operations—Mai-6D and MB-12D—continued to behave consistently with dynamic but sustainable production.

MGPP-1 transmitted 134.48 GWh and 157.60 GWh of electricity in 2022 and 2021, respectively.

12 MW Maibarara-2 Geothermal Power Plant (MGPP-2)
With the stable performance of the reservoir, MGI decided to pursue an expansion of the MGPP. There was at least 5 MW of excess steam supply from the MGPP-1 wells, and with the ~6 MW capacity of the new well, an expansion of 12 MW was decided and approved in 2015 (MGPP-2).

Major power plant components from Fuji Electric Co. Ltd. ("Fuji", the same supplier as the MGPP-1) were delivered and installed on site from March to April 2017. MGPP-2 was first synchronized to the grid on March 9, 2018, with the full 12 MW attained on March 18, 2018. Reliability tests were then conducted from March 18 to 27, 2018, during which the power plant was on full 12 MW operation.

The Energy Regulatory Commission (ERC) formally notified MGI of the approval of MGPP-2's Certificate of Compliance (COC) application on April 26, 2018. Subsequently, the MGPP-2 was accepted into the Wholesale Electricity Spot Market (WESM) on April 30, 2018 – pegging the MGPP-2's start of Commercial Operations on the same date. This operationally started the application of MGPP-2's Electricity Supply Agreement (ESA) with PHINMA, now ACEN, wherein all of MGPP-2's generated electricity are sold to ACEN.

Workover operations were conducted on production well MB-15D in June 2022. After which, new production well MB-18D was drilled in September 2022 and hooked-up in November 2022. To date, the field's total gross output is now being sustained at ~33 MW.

MGPP-2 transmitted 70.23 GWh and 93.80 GWh of electricity in 2022 and 2021, respectively.

Both the MGPP-1 and the MGPP-2 are registered with the Board of Investments and are enjoying the incentives under the Renewable Energy Act of 2008.

Tarlac Solar Power Project (TSPP)
Solar Energy Service Contract (SESC) No. 2015-03-115
The SESC for the TSPP was awarded by the DOE on March 19, 2015. On June 17, 2015, PGEC and affiliate EEI Power Corporation ("EEIPC", 100% subsidiary of EEI Corporation), incorporated PetroSolar to undertake the development of the TSPP.

50 MWDC Tarlac Solar Power Project-1 (TSPP-1)
On June 22, 2015, PetroGreen and solar farm lot owner, Luisita Industrial Park Corporation (LIPCO), executed a Lease Agreement for the 55-hectare solar farm development. This was assigned to PetroSolar on September 15, 2015. As the LIPCO property is within the Central Technopark, which is under the jurisdiction of the Philippine Economic Zone Authority (PEZA), PetroSolar was able to register as an Ecozone Utilities Enterprise on July 28, 2015, entitling it to the incentives available to PEZA locators.

After only four (4) months of ground works, the TSPP-1 was completed by mid-January 2016 and was able to export power to the grid on January 27, 2016. The DOE eventually gave its Certificate of Endorsement (COE) – Feed-in-Tariff (FiT) for TSPP-1, with an official Commercial Operations Date on February 10, 2016. Subsequently, on April 6, 2016, PSC executed its Renewable Energy Payment Agreement (REPA) with the National Transmission Corporation (TransCo), assuring the TSPP-1's revenues from the FiT payment of 8.69/kWh from 2016 to 2036.

The total energy exported to the grid was 70.33 GWh and 73.47 GWh in 2022 and 2021, respectively.

20 MWDC Tarlac Solar Power Project (TSPP-2)
On September 17, 2018, the BOI formally awarded to PetroSolar the latter's Certificate of Registration for the 20 MWDC TSPP-2. This approval entitles the TSPP-2 to enjoy duty-free importations, and a seven-year Income Tax Holiday (ITH), among others.

After the site construction works for the TSPP-2 were completed in March 2019 and its registration with the WESM was secured from the Independent Electricity Market Operator of the Philippines Inc. (IEMOP) on April 21, 2019, the TSPP-2 started exporting power to the grid on April 22, 2019 as part of its testing and commissioning activities. The ERC conducted its technical inspections for the TSPP-2 on May 31, 2019, as part of PetroSolar's Certificate of Compliance (COC) for TSPP-2.

On February 27, 2020 and March 18, 2020, the DOE formally issued to PSC the Certificate of Confirmation of Commerciality (COCOC) and the Certificate of Endorsement (COE) for TSPP-2, respectively. The COE is a prerequisite to the issuance of the Certificate of Compliance (COC) by the ERC. The COC will determine the official Commercial Operations Date (COD) for TSPP-2.

The ERC issued a Provisional Approval to Operate (PAO) to TSPP-2 on December 16, 2021, subject to PSC's compliance to 1) public offering requirement and 2) terms under PSC's Point-to-Point application, once approved. The said PAO is valid until December 15, 2022, and sets TSPP-2's WESM COD to January 25, 2022.

TSPP-2 exported 29.40 GWh and 30.48 GWh in 2022 and 2021, respectively.

Collateral to Secured Borrowings
MGI has mortgaged its property classified under property, plant and equipment consisting of real assets and chattel, with a total carrying value of ₱4.64 billion as of December 31, 2022, as collateral in favor of Rizal Commercial Banking Corporation (RCBC) [the Lender], in relation to its two (2) loan facilities (see Note 18). The breakdown of the above value is as follows:

- Real Assets (consisting of land, buildings, land improvements, machinery and equipment) ₱4.52 billion; and
- Chattel (consisting mainly of other machinery and equipment, inventory, furniture and fixtures) ₱117.23 million.

12. **Deferred Oil Exploration Costs**

The movements in deferred oil exploration costs follow:

	2022	2021
Cost		
Balances at beginning of year	**₱418,786,296**	₱530,976,224
Additions	**196,670,258**	47,107,706
Write-off / relinquishment (Note 5)	–	(159,297,634)
Balances at end of year	**615,456,554**	418,786,296
Accumulated impairment losses		
Balances at beginning of year	**302,979,372**	320,442,728
Impairment loss (reversal) (Note 5)	**594,171**	(17,463,356)
Balances at end of year	**303,573,543**	302,979,372
	₱311,883,011	₱115,806,924

Details of deferred oil exploration costs as of December 31 follow:

	2022	2021
Cost		
Gabonese Oil Concessions (Note 11)	**₱547,199,509**	₱387,776,223
SC. No. 75 – Offshore Northwest Palawan	**65,175,859**	28,381,074
SC. No. 14 – C2 (West Linapacan) - Northwest Palawan (Note 11)	**3,081,186**	2,628,999
	615,456,554	418,786,296
Accumulated impairment losses		
Gabonese Oil Concessions (Note 11)	**300,492,357**	300,492,357
SC. No. 14 – C2 (West Linapacan) – Northwest Palawan (Note 11)	**3,081,186**	2,487,015
	303,573,543	302,979,372
	₱311,883,011	₱115,806,924

Philippine Oil Operations – Development Phase

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as "Contractors") are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations.

However, if the Contractors fail to comply with their work obligations, they shall pay to the government the amount they should have spent, but did not, in direct proportion to their work obligations. The participating companies have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The full recovery of these deferred costs is dependent upon the discovery of oil in commercial quantities from any of the petroleum concessions and the success of future development thereof.

As of December 31, 2022 and 2021, the remaining participating interest of the Parent Company in Petroleum SC areas is SC 75 – Offshore Northwest Palawan wherein the Parent Company has 15% interest.

SC 75 – Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (PXP energy) [50%] and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the DOE issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 6, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. For the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 6, 2022 after Operator PXP Energy received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

SC 6A – Octon-Malajon Block
This is one of the first exploration areas in offshore Palawan. It includes about 165,000 hectares of relatively shallow water areas where a string of wells has found non-commercial oil accumulations in varied reservoir horizons. DOE granted in June 2009 the final 15-year extension of the SC-6A service contract.

In 2019, consortium operator Philodrill completed seismic interpretation and mapping works for the northern portion of the Octon-Malajon block, using recent and old SC 6A seismic data and subsurface data from the adjacent Galoc

In 2020, Philodrill engaged Dubai-based consultants LMKR to conduct Quantitative Interpretation (QI) works to determine possible drilling opportunities in the northern portion of the block (Malajon field); the results of which were provided to the consortium in January 2021.

In March 31, 2021, Philodrill gave notice to the DOE that the Joint Venture has elected not to enter the 12th year of the final 15-year term of SC 61 and consequently surrender the Service Contract. The limited term remaining in the SC 6-A until its expiry in February 2024 exacerbated by the Covid-19 situation, greatly hampered the timely execution of the programs that the Joint Venture envisage undertaking to pursue appraisal programs and potential development opportunities in the area. Following the above, as of December 31, 2021, the Group has written-off the ₱159.298 million deferred cost.

The DOE formally approved the relinquishment of SC 6-A on September 5, 2022.

PERC held a 16.667% participating interest in SC 6-A.

13. **Investments in Joint Venture**

PetroWind Energy Inc.
The investment in joint venture mainly includes PetroGreen's 40% interest in PetroWind or PWEI, a company incorporated in the Philippines. The primary purpose of PetroWind is to carry on the general business of generating, transmitting and/or distributing power derived from renewable energy sources.

The movements in the carrying value of Investment in PetroWind as of December 31 follow:

	2022	2021
Balance at beginning of year	**₱1,734,947,347**	₱1,635,213,444
Share in net income of a joint venture	**81,512,921**	100,127,158
Additional investment during the year	**59,041,563**	–
Share in other comprehensive income (loss)	**761,152**	(393,255)
Balance at end of year	**₱1,876,262,983**	₱1,734,947,347

The cost of the investment in PetroWind amounted to ₱632.12 million and ₱573.08 million as of December 31, 2022 and 2021, respectively.

The carrying value of the investment in PetroWind is equivalent to the Group's 40% share in PetroWind's equity, plus the fair value adjustment of ₱764.49 million recognized when the Group lost control over PetroWind in 2014.

Selected financial information of PetroWind as of December 31 follows:

	2022	2021
Current assets	**₱734,099,328**	₱593,725,081
Noncurrent assets	**3,642,274,467**	3,650,831,936
Current liabilities	**(340,675,980)**	(320,971,396)
Noncurrent liabilities	**(1,321,010,473)**	(1,562,187,361)
Equity	**₱2,714,687,342**	₱2,361,398,260

Summary of statements of comprehensive income of PetroWind for the years ended December 31 follows:

	2022	2021	2020
Revenue (electricity sales and other income)	**₱735,294,265**	₱771,620,028	₱814,551,799
Cost and expenses	**(518,807,350)**	(523,143,700)	(537,899,312)
Income before tax	**216,486,915**	248,476,328	276,652,487
Tax benefit (provision)	**(12,704,614)**	1,841,567	1,513,469
Net income	**203,782,301**	250,317,895	₱278,165,956
Group's share in net income	**₱81,512,921**	₱100,127,158	₱111,266,383
Other comprehensive income (loss)	**₱1,902,881**	(₱983,137)	₱536,894
Group's share other comprehensive income (loss)	**₱761,152**	(₱393,255)	₱214,758

<u>*Nabas Wind Power Project (NWPP)*</u>
Wind Energy Service Contract (WESC) No. 2009-09-002
The service contract for the Nabas Wind Power Project (NWPP) covers 2,000 hectares of public and private lands in rolling terrain located near the northwestern tip of Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands are natural markets of future power from NWPP.

It was decided that the NWPP will be constructed in two phases: Phase 1 for the existing 36 MW NWPP-1, consisting of 18 Wind Turbine Generators (WTG); while Phase 2 will be a 14 MW development that will have seven (7) WTGs (NWPP-2).

On May 26, 2013, the DOE issued the Confirmation of Commerciality for the 36 MW NWPP-1, making it the third WESC to be declared commercially feasible. Construction of NWPP-1 started in December 2013 and was completed in the first half of 2015.

On June 16, 2015, the DOE released the COE for FIT Eligibility (COE-FIT), endorsing the official start of commercial operation to be June 10, 2015. On August 17, 2015, the ERC approved PWEI's COC for NWPP-1. This confirms the commercial operations date of the wind farm to be June 10, 2015.

The annual total energy exported to the grid were 80.80 GWh, 91.31 GWh and 80.45 GWh in 2022, 2021, and 2020, respectively.

On May 13, 2020, the DOE formally awarded to PetroWind the Certificate of Confirmation of Commerciality (COCOC) for the planned 14-MW Nabas-2 Wind Power Project (NWPP-2). This signifies that NWPP-2 has been approved for construction as being commercially feasible.

In February 17, 2021, the DENR-EMB Region 6 issued the amended Environmental Compliance Certificate (ECC) to PetroWind for NWPP-2, while the Forest Land Use Agreement (FLAg) has been signed by the DENR Central Office in January 4, 2022.

On June 24, 2022, PWEI's NWPP-2 was formally announced as the winning bidder for the 20-MW Visayas wind allocation of the DOE's Green Energy Auction Program (GEAP), for a 20-year offtake term. On September 28, 2022, the DOE issued to PWEI its Certificate of Award for the GEAP wind allocation.

PWEI awarded to VESTAS the WTG Supply, Supervision, and Services Agreements on December 13, 2022 and VESTAS is set to deliver the six (6) NWPP-2 WTGs by the last week of July 2023. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) to EEI Corporation for the contract on the Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation. Further, the Special Agreement for Protected Areas (SAPA) was signed by DENR in January 2023. It is the tenurial instrument that gives authority to PWEI to develop NWPP-2 in the approved area for at least 25 years.

BuhaWind Energy
In 2022, the Company made investments totalling ₱1.26 million in three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

In 2021, PGEC secured three (3) new Wind Energy Service Contracts (WESC) from the DOE covering three (3) offshore wind blocks, namely 1) Northern Luzon Offshore Wind Power Project (located offshore Ilocos Norte) with WESC No. 2021-05-156, 2) Northern Mindoro Offshore Wind Power Project (located offshore Occidental Mindoro) with WESC No. 2021-06-160, and 3) Easy Panay Offshore Wind Power Project (located offshore Iloilo) with WESC No. 2021-10-183. These projects will be developed by PGEC alongside Danish energy firm Copenhagen Energy A/S (CE) through these entities that were incorporated in November 2022.

On December 28, 2021, the DOE issued to PGEC its formal endorsements for NGCP's conduct of the System Impact Studies (SIS) for the three (3) offshore wind blocks. The early issuance will help both DOE and NGCP to plan their grid improvements to accommodate large-scale capacities from these offshore wind projects. PGEC also secured DOE Endorsement to Local Government Units / National Government Agencies for the Northern Luzon project in January 2022.

Throughout 2022, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind blocks, namely 1) desktop wind and met-ocean resource studies, 2) power market study, and 3) desktop site characterization studies in preparation for detailed geophysical and geotechnical studies.

Specifically for the Northern Luzon block, PGEC and CE commenced with additional pre-development studies, namely 1) initial environmental pre-scoping study, 2) SIS application with NGCP, and 3) initial discussions with contractors for on-site wind measurement campaign.

As of December 31, 2022, these entities are still in the organization stage and have not yet started its operations.

14. **Leases**

The Group entered into lease contracts for office spaces and land used as geothermal field and photovoltaic (PV) solar power facility. The office space lease agreements are for a period of two (2) years and are renewable by mutual agreement of both parties.

The land lease agreement (LLA) with NPC and PSALM for the geothermal field in Sto. Tomas, Batangas has a lease term of twenty-five (25) years, extendable for another 25 years upon mutual agreement of both parties.

The two lease agreements with Luisita Industrial Park Corporation (LIPCO) for land used for the photovoltaic solar power facility in Ta rlac is for a period of 25 years, renewable by mutual agreement of both parties, generally under the same terms and conditions, with escalation clause of 3% every 2 years.

The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for all other leases, including leases of vehicles and parking slots.

The rollforward analyses of right-of-use assets follow:

	2022		
	Land	**Office Spaces**	**Total**
Cost			
Beginning balance	**₱420,180,224**	**₱9,736,694**	**₱429,916,918**
Additions		**3,011,994**	**3,011,994**
Ending balance	**420,180,224**	**12,748,688**	**432,928,912**
Accumulated depreciation			
Beginning balance	**60,342,680**	**6,328,880**	**66,671,560**
Depreciation (Notes 21 and 23)	**20,144,766**	**3,497,931**	**23,642,697**
Ending balance	**80,487,446**	**9,826,811**	**90,314,257**
Net Book Value	**₱339,692,778**	**₱2,921,877**	**₱342,614,655**

	2021		
	Land	Office Spaces	Total
Cost			
Beginning balance	₱420,180,224	₱9,722,246	₱429,902,470
Additions	–	3,861,186	3,861,186
Retirement	–	(3,846,738)	(3,846,738)
Ending balance	420,180,224	9,736,694	429,916,918
Accumulated depreciation			
Beginning balance	40,197,914	6,672,431	46,870,345
Depreciation (Notes 21 and 23)	20,144,766	3,503,187	23,647,953
Retirement	–	(3,846,738)	(3,846,738)
Ending balance	60,342,680	6,328,880	66,671,560
Net Book Value	₱359,837,544	₱3,407,814	₱363,245,358

The depreciation of the right-of-use of the lands in Tarlac and Batangas are presented as part of "Cost of electricity sales" while the depreciation of the right-of-use of office spaces are presented as part of "General and administrative expenses" in the consolidated statement of comprehensive income.

No lease liability was recognized for leases of land that have been prepaid. The rollforward analyses of lease liabilities follow:

	2022	2021
Beginning balance	**₱332,828,866**	₱335,451,103
Payments	**(37,490,050)**	(37,300,137)
Interest expense	**30,443,530**	30,816,714
Additions	**3,011,994**	3,861,186
Ending balance	**328,794,340**	332,828,866
Less current portion	**22,734,502**	6,813,561
Noncurrent portion	**₱306,059,838**	₱326,015,305

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2022	2021	2020
Interest expense on lease liabilities	**₱30,443,530**	₱30,816,714	₱31,058,783
Depreciation expense of right-of-use assets	**23,642,697**	23,647,953	23,521,789
Rent expense – short-term leases	**1,230,951**	5,587,145	5,082,037
Rent expense – low-value assets	**868,617**	1,040,893	184,500
	₱56,185,795	₱61,092,705	₱59,847,109

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2022	2021
Within one year	**₱34,737,976**	₱35,854,570
After one year but not more than five years	**142,460,919**	140,721,525
More than five years but less than 10 years	**511,293,446**	547,770,816
	₱688,492,341	₱724,346,911

15. **Investment Properties**

As of December 31, 2022 and 2021, this account consists of land and parking lot space (located in Tektite) with cost amounting to ₱1.61 million.

The fair value of the investment properties of the Group is between ₱1 million to ₱1.70 million as of December 31, 2022 and 2021. The Group determined the fair values of the Group's investment properties on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2022 and 2021, the fair value of the investment properties is classified under the Level 3 category.

Except for insignificant amounts of real property taxes on the investment properties, no other expenses were incurred, and no income was earned in relation to the investment properties in 2022, 2021 and 2020.

16. **Other Noncurrent Assets**

	2022	2021
Input VAT	**₱148,710,625**	₱144,308,592
Intangible assets	**140,262,493**	152,727,719
Deferred development costs	**74,115,084**	19,337,621
Advances to contractors	**45,777,526**	–
Restricted cash	**31,451,424**	44,183,568
Others	**25,956,475**	18,709,341
	466,273,627	379,266,841
Less allowance for probable losses (Note 24)	**10,390,845**	10,390,845
	₱455,882,782	₱368,875,996

Provision for probable losses on input VAT amounted to nil in 2022, ₱3.76 million in 2021 and ₱4.97 million in 2020. In 2022, the Group directly written-off input VAT amounting to ₱6.11 million (Note 24).

Input VAT
Input VAT represents VAT passed on from purchases of goods and services that can be claimed against any future liability to the BIR for output VAT from sale of goods and services.

Input VAT also includes outstanding input VAT claims that were applied by MGI for refund with the BIR. As of December 31, 2022 and 2021, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱123.74 million and ₱126.96 million, respectively.

Intangible assets
Intangible assets pertain to land rights, which refers to grant of easement of right of way entered by PetroSolar to construct, operate, maintain, repair, replace and remove poles, wire, cables, apparatus, and equipment and such other apparatus and structures needed for the transmission line. This also includes production license and software for accounting and for geological interpretation of Gabon Etame oil fields.

	2022			
	Land Rights	**Production License**	**Software and Others**	**Total**
Cost:				
Balances at beginning of year	**₱152,249,710**	**₱45,074,178**	**₱44,346,200**	**₱241,670,088**
Additions	–	–	**747,425**	**747,425**
Balances at end of year	**152,249,710**	**45,074,178**	**45,093,625**	**242,417,513**
Accumulated Amortization:				
Balances at beginning of year	**36,032,432**	**13,868,979**	**39,040,958**	**88,942,369**
Amortization	**6,089,989**	**4,622,993**	**2,499,669**	**13,212,651**
Balances at end of year	**42,122,421**	**18,491,972**	**41,540,627**	**102,155,020**
Net Book Values	**₱110,127,289**	**₱26,582,206**	**₱3,552,998**	**₱140,262,493**

	2021			
	Land Rights	Production License	Software and Others	Total
Cost:				
Balances at beginning of year	₱152,249,710	₱45,074,178	₱42,929,367	₱240,253,255
Additions	–	–	1,416,833	1,416,833
Balances at end of year	152,249,710	45,074,178	44,346,200	241,670,088
Accumulated Amortization:				
Balances at beginning of year	29,942,443	9,245,986	35,088,664	74,277,093
Amortization	6,089,989	4,622,993	3,952,294	14,665,276
Balances at end of year	36,032,432	13,868,979	39,040,958	88,942,369
Net Book Values	₱116,217,278	₱31,205,199	₱5,305,242	₱152,727,719

Amortization expense charged to profit or loss follows:

	2022	2021	2020
Cost of electricity sales (Note 22)	**₱8,062,199**	₱7,886,613	₱8,060,685
General and administrative expenses (Note 24)	**527,459**	2,155,670	4,634,776
Oil production operating expenses (Note 23)	**4,622,993**	4,622,993	4,622,993
	₱ 13,212,651	₱14,665,276	₱17,318,454

Advances to contractors
Advances to contractors pertain to the downpayments to various contractors for the purchase of materials and equipment.

Restricted cash
This pertains to the Parent Company's share in the non-current portion of escrow fund for the abandonment of the Etame Marine Permit.

Deferred development costs
These pertains to costs incurred in the exploration, development, production and expansion of renewable energy projects.

	2022	2021
Balances at beginning of year	**₱19,337,621**	₱3,855,595
Additions	**52,769,183**	15,482,026
Write-offs	**2,008,280**	–
Balances at end of year	**₱74,115,084**	₱19,337,621

Others
Other noncurrent assets pertain to noncurrent portion of prepaid insurance, security deposits, advances to contractors and lot owners and balance of MERALCO account billing deposits.

17. **Accounts Payable and Accrued Expenses**

	2022	2021
Accounts payable	**₱263,327,290**	₱88,644,203
Accrued expenses		
Utilities	**167,881,381**	166,352,071
Interest (Note 18)	**32,622,802**	41,463,079
Sick/vacation leaves	**19,048,554**	16,221,709
Profit share	**15,611,876**	10,020,088
Professional fees	**14,511,222**	7,696,128
Due to related party (Note 26)	**565,760**	1,624,243
Others	**6,969,784**	28,051,531
Withholding taxes and other tax payables	**27,387,054**	8,654,111
Due to NRDC	**2,269,737**	2,269,737
Others	**1,267,746**	4,054,390
	₱551,463,206	₱375,051,290

Accounts payable mainly consists of payable to suppliers and contractors that are currently involved in the development, construction and operations of energy projects. Accounts payable also includes unclaimed checks pertaining to dividends payable amounting to ₱10.96 million and ₱10.66 million as of December 31, 2022 and 2021, respectively (see Note 30).

The Group's accounts payable and accrued expenses are due within one year.

18. **Loans Payable**

The Group's loans payable as of December 31 follow:

	2022	2021
Principal, balance at beginning of year	**₱4,083,296,429**	₱4,768,970,779
Add availments during the year	**561,000,000**	268,500,000
Less principal payments during the year	**1,155,920,789**	954,174,350
Principal, balance at end of year	**3,488,375,640**	4,083,296,429
Less unamortized deferred financing cost	**10,446,588**	20,771,233
	3,477,929,052	4,062,525,196
Less current portion – net of unamortized deferred financing cost	**947,144,643**	827,882,504
Noncurrent portion	**₱2,530,784,409**	₱3,234,642,692

PetroEnergy's short-term loans payable
PetroEnergy entered into unsecured loan agreements to finance its investments in Renewable Energy Projects.

Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)
On April 27, 2015, the Parent Company entered into an OCLA with DBP which provides a credit facility in the principal amount not exceeding ₱420.00 million. Effective January 19, 2021, the credit facility was decreased to ₱300.00 million. Loans payable to DBP are as follows:

As of December 31, 2022:
- ₱63 million with interest rate of 5.8% and maturity on January 10, 2023
- ₱108 million with interest rate of 5.5% and maturity on January 26, 2023
- ₱80 million with interest rate of 5.8% and maturity on June 23, 2023

As of December 31, 2021:
- ₱70 million with interest rate of 5.25% and maturity on May 6, 2022.

Short-term Loan with Rizal Commercial Banking Corporation (RCBC)
In 2020, the Parent Company obtained a clean loan from RCBC amounting to ₱150.00 million with interest rate of 4.5% and maturity on November 15, 2021.

On November 15, 2021, PetroEnergy obtained a loan from RCBC amounting to ₱120.00 million with interest of 4.5% and maturity on May 4, 2022.

As of December 31, 2022, the Company has already paid the outstanding short-term loan from RCBC.

Interest expense related to these loans amounted to ₱9.68 million, ₱11.98 million and ₱17.02 million in 2022, 2021 and 2020, respectively. Accrued interest payable amounted to ₱0.56 million and ₱1.21 million as of December 31, 2022 and 2021, respectively (see Note 16).

PetroGreen's long-term loans payable
Credit Line Facility with Chinabank
On November 17, 2015, PetroGreen entered into a 5-year credit line facility with Chinabank amounting to ₱500.00 million, subject to repricing on the third anniversary. On the same date, ₱400.00 million out of the total loan facility were drawn by PetroGreen. The loan has an annual interest rate of 5.24% and has no collateral.

The loan is payable every 17th of May and November beginning on May 2017. The agreement further specifies that 96.50% of the aggregate principal amount shall be paid on the due date of the loan.

On November 29, 2016, PetroGreen has drawn an additional ₱30.00 million out of the total loan facility. The additional loan from Chinabank has an annual interest rate of 5.33%.

On November 17, 2018, the ₱400.00 million and ₱30.00 million long-term loans payable with interest rate of 5.24% and 5.33%, respectively, were repriced to 8.28% and 8.47%.

In 2019, PetroGreen negotiated for the reduction in the interest rates of the aforementioned loans from 8.28% and 8.47% to 7.14% for both loans. The reduced interest rate was approved by the bank and made effective starting September 19, 2019. This amendment did not result to an extinguishment of the loan.

On November 17, 2020, PetroGreen fully paid the outstanding loans from ChinaBank.

<u>Long-term loan with RCBC</u>
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan with RCBC amounting to ₱400.00 million. The loan bears interest at a fixed rate of 4.74% payable semi-annually. The principal amount is payable in five equal annual installments starting November 11, 2021.

As of December 31, 2022 and 2021, the outstanding balance of these loans, net of unamortized deferred financing costs, amounted to ₱239.16 million and ₱318.61 million, respectively.
Interest expense of PetroGreen related to these loans amounted to ₱16.24 million, ₱20.40 million and, ₱31.8 million in 2022, 2021 and 2020, respectively. Accrued interest payable amounted to ₱1.27 million and ₱1.70 million as of December 31, 2022 and 2021, respectively (see Note 14).

MGI's long-term loans payable
<u>Project Loan Facility Agreements with RCBC</u>
On May 19, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed the Project Loan Facility Agreement with RCBC for a ₱1,400.00 million project loan to finance the design, development and construction of MGPP-2 or M2.

On September 5, 2016, MGI, together with PetroGreen, PHINMA and PNOC RC executed another Project Loan Facility Agreement with RCBC for a ₱2,100.00 million project loan to finance the design, development and construction of MGPP-1 or M1. This was done to consolidate the outstanding principal of the term loan under the 2011 OLSA with RCBC and BPI, incidental costs, general corporate expenditures and working capital requirement.

a. MGPP-1 or M1 new Loan
   The new MGPP-1 or M1 loan amounting to ₱2,100.00 million has a term of ten (10) years from the drawdown date of October 10, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the twenty (20) semi-annual principal payments started on April 12, 2017.

   Interest rate is fixed for the first five (5) years from drawdown date, based on the sum of the prevailing 5-year fixed benchmark rate on the pricing date and the margin of 1.75% (the "Initial Interest Rate"). On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of then prevailing 5-year fixed benchmark rate plus the margin of 1.75%, or (ii) the initial interest rate.

As of December 31, 2022 and 2021, the outstanding balance of this loan amounted to ₱1,034.90 million and ₱1,226.17 million, respectively. Interest expense recognized from the new M1 Loan amounted to ₱71.52 million, ₱82.86 million, ₱94.05 million in 2022, 2021 and 2020, respectively.

b. MGPP-2 or M2 Expansion Loan
The MGPP-2 or M2 Expansion Loan amounting to ₱1,400.00 million has a term of twelve (12) years including thirty-six (36) months grace period from initial drawdown date of June 2, 2016. Interest and principal are payable semi-annually. Interest payment started on October 12, 2016, while the eighteen (18) semi-annual principal payments started on October 12, 2019.

Interest rate is fixed for the first seven (7) years from the initial drawdown date based on the sum of the prevailing 7-year fixed benchmark rate on the pricing date and the applicable margin of (1) 2.25% per annum prior to commercial operations date, or (2) 1.75% per annum from and after the Commercial Operations Date (the "Initial Interest Rate"). For subsequent drawdowns, interest rate will be the three (3) –day simple average interpolated rate based on the remaining tenor and computed using the straight-line method. On the repricing date, the interest for the remaining five (5)-year term of the loan will be the higher of (i) the sum of the then prevailing 5-Year fixed benchmark rate plus the applicable margin, or (ii) the weighted average interest rate during the first seven (7) years of the loan.

As of December 31, 2022 and 2021, the outstanding balance of this loan amounted to ₱943.84 million and ₱1,097.14 million respectively. Interest expense amounted to ₱75.00 million, ₱83.46 million and ₱92.71 million in 2022, 2021 and 2020 respectively.

Accrued interest payable of MGI's loans amounted to ₱22.89 million and ₱31.66 million and as of December 31, 2022 and 2021, respectively (see Note 16).

The loan covenants covering the outstanding debt of MGI include, among others, the following conditions: maintenance at all times of Debt-to-Equity (DE) Ratio of not greater than 70:30, Default Debt Service Coverage Ratio (DSCR) of at least 1.10x both until full payment of the Loans, and Dividend DSCR of at least 1.20x. MGI is also required to transfer in the DSPA equivalent to one-sixth (1/6) of the amount sufficient to pay for the forthcoming debt service scheduled in April and October of every year until the loan is fully paid off (see Note 9). As of December 31, 2022 and 2021, MGI has been compliant with the above conditions.

PetroSolar's long-term loans payable
On November 12, 2015, the PetroSolar, together with PetroGreen and EEIPC, as third party mortgagors and pledgors, entered into a ₱2,600.00 million OLSA with PNB and DBP specifically to partially finance the design, development, procurement, construction, operation and maintenance of its TSPP.

PetroSolar shall fully pay the loan for the pro-rata account of each lender within twelve (12) years from and after the date of the initial drawdown. Interest and principal are payable semi-annually. Interest payment started on May 27, 2016, while the twenty-two (22) semi-annual principal payments started on November 27, 2016.

The rate of the interest applicable to the facility or the relevant part thereof for each interest period shall be fixed for the first seven periods (7) from the initial drawdown date (the Initial Interest Rate). Prior to the FIT entitlement and collection of FIT revenues of the borrower, the rate shall be the higher of: (i) the aggregate of the seven (7) year PDST-R2 and the initial credit spread of 2.25%, or (ii) the minimum interest rate of 5.75%. Upon FIT entitlement of at least 40MW and collection of FIT revenues by the borrower equivalent to an aggregate of at least ₱473.00 million within a period not exceeding twelve (12) consecutive months, the rate shall be the higher of (i) the weighted average interest rate in previous drawdowns less the step down credit spread of 0.25%, or (ii) minimum interest rate, and which interest rate shall be applied beginning the following month immediately succeeding the month wherein the aforesaid FIT entitlement and FIT revenue collection thresholds were satisfied. PetroSolar met the criteria for FIT entitlement and aggregate collection of at least ₱473 million within 12 months which resulted to a lower interest rate effective July 2017. The applicable interest rate as of December 31, 2022 and 2021 is equal to 9.12% and 6.71%, respectively.

The loan covenants covering the outstanding debt of PetroSolar include, among others, maintenance of debt-to-equity ratio of 75:25 and establishment of DSPA required balance (see Note 7). As of December 31, 2022 and 2021, PetroSolar is in compliance with the said loan covenants.

As of December 31, 2022 and 2021, the outstanding balance of this loan amounted to ₱1,007.42 million and ₱1,228.64 million, respectively.

Interest expense of PetroSolar related to the loans amounted to ₱89.81 million, ₱104.23 million and ₱120.94 million in 2022, 2021 and 2020, respectively. Accrued interest payable amounted to ₱7.89 million and ₱6.90 million as of December 31, 2022 and 2021, respectively (see Note 16).

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan (see Note 11).

Deferred financing costs
Deferred financing costs are incidental costs incurred in obtaining the loan which includes documentary stamp tax, transfer tax, chattel mortgage, real estate mortgage, professional fees, arranger's fee and other costs directly attributable in obtaining the loan. The balance of unamortized deferred financing costs is presented as a deduction from the loans payable account and is amortized over the term of the loan using the effective interest rate method.

Details of the Groups' unamortized deferred financing costs follow:

	2022	2021
Balance at beginning of year	**₱20,771,233**	₱40,766,823
Less amortization during the year	**(10,324,645)**	(19,995,590)
Balance at end of year	**₱10,446,588**	₱20,771,233

19. **Asset Retirement Obligation**

The Group has recognized its share in the abandonment costs associated with the Etame, Avouma and Ebouri oilfields located in Gabon, West Africa, geothermal field located in Sto. Tomas Batangas, and photovoltaic (PV) solar power facility in Tarlac.

Movements in this account follow:

	2022	2021
Balance at beginning of year	**₱92,810,843**	₱109,159,679
Additions	**921,276**	–
Change in estimates (Note 11)	**(37,729,203)**	(23,533,406)
Accretion expense	**3,622,334**	3,478,294
Foreign exchange adjustment	**6,605,080**	3,706,276
Balance at end of year	**₱66,230,330**	₱92,810,843

Discount rates ranging from 7.13% to 7.16% as of December 31, 2022 and 4.59% to 5.05% as of December 31, 2021 were used in estimating the provisions (see Note 5).

20. Equity

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 of December 31, 2022, the total issued and subscribed capital stock of the Parent Company is 99.77% Filipino and 23% non-Filipino as compared to 99.83% Filipino and 0.17% non-Filipino as of December 31, 2021.

As of December 31, 2022 and 2021, paid-up capital consists of:

Capital stock – ₱1 par value	
Authorized – 700,000,000 shares	
Issued and outstanding	₱568,711,842
Additional paid-in capital	2,156,679,049
	₱2,725,390,891

The Group's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of year-end
Listing by way of introduction - August 11, 2004	84,253,606	₱3/share	August 4, 2004	
Add (deduct):				
25% stock dividend	21,063,402	₱1/share	September 6, 2005	
30% stock dividend	31,595,102	₱1/share	September 8, 2006	
1:1 stock rights offering	136,912,110	₱5/share	May 26, 2010	
December 31, 2010	273,824,220			2,149
Deduct: Movement	–			(26)
December 31, 2011	273,824,220			2,123
Deduct: Movement	–			(10)
December 31, 2012	273,824,220			2,113
Deduct: Movement	–			(41)
December 31, 2013	273,824,220			2,072
Deduct: Movement				(29)
December 31, 2014	273,824,220			2,043
Add (Deduct):				
2:1 stock rights offering	136,912,110	₱4.38/share	June 3, 2015	(15)
December 31, 2015	410,736,330			2,028
Deduct: Movement	–			(1)
December 31, 2016	410,736,330			2,027
Deduct: Movement	–			(15)
December 31, 2017	410,736,330			2,012
Add (Deduct):				
1.2:6 stock rights offering	157,975,512	₱4.8/share	January 8, 2018	(8)
December 31,2018	568,711,842			2004
Deduct: Movement	–			(5)
December 31,2019	568,711,842			1,999
Deduct: Movement	–			(1)
December 31,2020	568,711,842			1,998
Deduct: Movement	–			(5)
December 31,2021	568,711,842			1,993
Deduct: Movement				(2)
December 31,2022	568,711,842			1,991

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company (“Stock Rights Offer”).

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken on January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer were used for the development and expansion plans of the Group’s renewable energy projects, general corporate requirements, and payments of loans and the related interest.

Cumulative Translation Adjustment
In 2018, because of the change in business circumstances of the Parent Company, management changed its functional currency from United States Dollar (USD) to PHP effective January 31, 2018. All resulting exchange differences in the remeasurement of USD balances to PHP balances were recognized as ‘Cumulative Translation Adjustment’.

Equity Reserve
On June 9, 2015, PetroEnergy sold its 10% interest in PetroGreen to EEIPC, bringing its ownership in PetroGreen from 100% to 90%. The transaction was accounted as an equity transaction since there was no change in control.

The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of the sale of 10% to EEI is summarized as follows:

Consideration received from NCI	₱206,000,000
Carrying amount of NCI sold	(125,950,762)
Excess of consideration received recognized in equity	₱80,049,238

On October 14, 2022, PetroGreen issued 363,244,840 shares to Kyuden (Note 30) resulting to the decrease in the ownership interest of PetroEnergy in PetroGreen from 90% to 76.92%. The transaction was accounted as an equity transaction since there was no loss of control.

The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI	₱1,687,431,477
Carrying amount of NCI sold	(1,030,763,729)
Excess of consideration received recognized in equity	₱656,667,748

As of December 31, 2022 and 2021, the balance of equity reserve account amounts to ₱736.71 million and ₱80.05 million, respectively.

Deposit for Stock Subscription
This account amounting to ₱1.63 billion as of December 31, 2022, represents the amount received from Kyuden under escrow fund (see Note 7) that will be applied as payment for a fixed number of PGEC's shares of stock. In January 2023, the Group classified the deposit for stock subscription into NCI and Equity Reserve (excess of consideration over carrying value of NCI sold) under equity after the NCI, which is Kyuden, acquired the additional ownership interest through completion of all the requirements in the subscription agreement (see Note 30). The deposit for future stock subscription is considered a non-cash financing activity.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' 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 Group may increase its debt from creditors, adjust the dividend payment to shareholders or issue new shares.

As of December 31, 2022 and 2021, the Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity.

The Group's sources of capital as of December 31 are as follows:

	2022	2021
Loans payable	**₱3,477,929,052**	₱4,062,525,195
Capital stock	**568,711,842**	568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**3,182,613,298**	2,662,525,652
Equity reserve	**736,716,986**	80,049,238
	₱10,122,650,227	₱9,530,490,976

The table below demonstrates the debt-to-equity ratio of the Group as of December 31:

	2022	2021
Total liabilities	**₱4,442,489,721**	₱4,901,378,616
Total equity	**12,377,322,378**	8,313,814,660
Debt-to-equity ratio	**0.36:1**	0.59:1

Based on the Group's assessment, the capital management objectives were met in 2022 and 2021.

21. **Income Taxes**

The provision for (benefit from) income tax consists of:

	2022	2021	2020
Current	**₱39,621,178**	₱61,593,316	₱35,668,914
Deferred	**(1,028,286)**	(7,112,682)	6,192,798
	₱38,592,892	₱54,480,634	₱41,861,712

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2022	2021
Deferred income tax assets on:		
Asset retirement obligation	**₱15,866,420**	₱13,251,358
Accrued retirement liability	**354,528**	1,994,896
Interest on FIT adjustment	**2,096,435**	1,331,211
Past service cost and provision	**805,369**	–
	19,122,752	16,577,465
Deferred income tax liabilities on:		
Oil production revenue	**(3,609,298)**	(3,154,170)
Unrealized foreign exchange gain	**(2,019,574)**	(963,028)
Net retirement asset	**(2,565,951)**	–
	(8,194,823)	(4,117,198)
Deferred income tax assets - net	**₱10,927,929**	₱12,460,267

As of December 31, 2022 and 2021, the Group did not recognize deferred tax assets on NOLCO, MCIT and allowance for impairment losses, with details as follow as of December 31.

	2022	2021
Allowance for impairment loss	**₱207,243,532**	₱144,403,009
NOLCO	**165,677,258**	377,080,656
MCIT	**6,040,694**	4,884,684
	₱378,961,484	₱526,368,349

As of December 31, 2022 and 2021, the Group did not recognize deferred tax assets on the above as the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future, prior to their expiration, against which the tax benefits can be realized.

Details of the NOLCO and MCIT follow:

	NOLCO		MCIT	
	2022	2021	**2022**	2021
Beginning balance	**₱377,080,656**	₱311,510,414	**₱4,864,684**	₱5,655,412
Additions	**28,868,005**	123,676,688	**3,505,526**	1,968,511
Applied	**(181,031,532)**	–	–	–
Expiration	**(59,239,871)**	(58,106,446)	**(2,349,516)**	(2,759,239)
Ending balance	**₱165,677,258**	₱377,080,656	**₱6,040,694**	₱4,864,684

	NOLCO			MCIT		
Year Incurred	Year of Expiration	**2022**	2021	Year of Expiration	**2022**	2021
2022	2025	**₱28,868,005**	₱–	2025	**₱3,505,526**	₱–
2021	2026	**72,333,602**	123,676,688	2024	**1,968,511**	1,968,511
2020	2025	**64,475,651**	173,227,910	2023	**566,657**	566,657
2019	2022	–	80,176,058	2022	–	2,349,516
		₱165,677,258	₱377,080,656		**₱6,040,694**	₱4,884,684

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 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.

The taxable income of the Parent Company is subject to regular income tax rate.

On January 30, 2009, RA No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, known as the "Renewable Energy Act of 2008" (the Act), became effective. As provided for in the Act, RE developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the BOI, shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, after the seven (7) years of Income Tax Holiday (ITH), which commences from the first year of operations. MGI started its commercial operations on February 8, 2014 and April 30, 2018 for its BOI registered projects MGPP-1 and MGPP-2, respectively. Taxable income generated from MGPP-1 beginning February 8, 2021 is now subject to corporate tax of 10%. While taxable income from MGPP-2 for 2022 and 2021 is under ITH.

For PetroSolar, on July 28, 2015, the PSC registered with PEZA as an Economic Zone Utilities Enterprise to establish, operate and maintain its 50MW Solar Facility project at the Central Technopark and the sale of electricity in accordance with the representations, commitments and proposals set forth in its application.

PetroSolar shall pay the special tax rate of 5% on its gross income earned from sources within the PEZA economic zone in lieu of paying all national and local income taxes. Gross income earned refers to gross sales derived from any business activity, net of returns, discounts and allowances, less cost of sales, cost of production and allowable expenses as defined by PEZA. Income generated by TSPP-1 from sources outside of PEZA economic zone shall be subject to RCIT.

On January 30, 2009, Republic Act No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, known as the "Renewable Energy Act of 2008" (the Act), became effective. As provided for in the Act, Renewable Energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments, shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, after the seven (7) years of Income Tax Holiday (ITH), which commences from the first year of commercial operations.

On December 16, 2021, the Energy Regulatory Commission issued TSPP-2's Provisional Authority to Operate (PAO) pending the ERC's approval of the Certificate of Compliance (COC). Due to the receipt of PAO, TSPP-2 is now entitled to ITH incentive.

The reconciliation of the statutory tax rate to the effective income tax rate shown in the consolidated statements of income follows:

	2022	2021	2020
Statutory tax rate	**25.00%**	25.00%	30.00%
Add (deduct) reconciling items:			
Income from entities subjected to lower rate	**(13.96)**	(29.14)	(31.51)
Nondeductible expenses	**(2.17)**	0.73	1.05
Movement in unrecognized deferred tax assets	**(3.76)**	4.54	7.65
Income subjected to final tax	**(0.83)**	(0.33)	(0.78)
Unrealized loss (gain) on FVTPL	–	(0.01)	(0.03)
Effect or remeasurement of current and deferred income tax arising from change in tax rate due to CREATE Act	–	(0.20)	–
Others	–	6.98	(0.30)
Effective income tax rate	**4.28%**	7.57%	6.08%

22. **Cost of Electricity Sales**

	2022	2021	2020
Electricity sales:			
Depreciation and amortization (Notes 11, 14 and 16)	**₱446,660,175**	₱427,818,501	₱422,437,239
Purchased services and utilities	**32,057,441**	56,297,222	125,158,126
Rental, insurance and taxes	**104,970,100**	114,032,759	113,001,690
Personnel costs	**74,305,149**	66,962,387	67,663,684
Repairs and maintenance	**32,076,687**	34,315,079	29,031,090
Materials and supplies	**19,233,303**	19,932,253	14,768,942
Business and other related expenses	**31,758,703**	27,166,918	8,554,125
Government share and royalty fees	**11,341,763**	14,443,200	13,859,060
	₱752,403,321	₱760,968,319	₱794,473,956

Government share
Under the GRESC No. 2010-02-012, the RE Developer shall pay the government share equivalent to one and a half percent (1.5%) of the gross income. For this purpose, gross income shall include all proceeds resulting from the sale of renewable energy produced and such other income incidental to and arising from renewable energy generation, transmission and sale of electric power generated from geothermal energy within the Contract Area.

Energy Regulation No. 1-94 (ER 1-94)
Based on ER 1-94, all power producer shall set aside one-centavo per kilowatt-hour (₱0.01/kwh) of the total electricity sales of the energy-generating facility which shall be applied to Generation Facilities and/or energy resource development projects located in all barangays, municipalities, cities, provinces and regions. This is included under “Rental, insurance and taxes.”

Cost of Other revenues
This pertains to the cost of Pass-on charges to ACEN.

	2022	2021	2020
Cost of other revenues:			
Wheeling and Ancillary & Transmission Charges	**₱40,128,180**	₱61,357,825	₱115,103,302
Trading Costs & Market Fees	**87,260,321**	–	–
	₱127,388,501	₱61,357,825	₱115,103,302

23. Crude Oil Inventory and Oil Production

Crude Oil Inventory
Crude oil inventory is stated at NRV at the time of production. Change in crude oil inventory amounting to (₱1.82 million), ₱22.47 million and (₱23.93 million) is included in "Cost of Sales" in the profit or loss in 2022, 2021 and 2020, respectively.

Cost of Oil Production

	2022	2021	2020
Production, transportation and other related expenses	**₱278,136,016**	₱178,665,694	₱154,375,753
Storage and loading expenses	**67,099,781**	48,992,296	48,958,540
Amortization (Note 16)	**4,622,993**	4,622,993	4,622,993
Supplies and facilities	**443,012**	284,802	245,499
Others	**5,034,415**	3,718,985	3,325,006
	₱355,336,217	₱236,284,770	₱211,527,791

24. General and Administrative Expenses

	2022	2021	2020
Salaries, wages and benefits	**₱111,609,430**	₱83,722,515	82,296,126
Professional and other fees	**20,354,280**	22,921,901	22,170,875
Depreciation and amortization (Notes 11, 14 and 16)	**14,498,696**	11,893,360	19,826,663
Taxes and licenses	**9,131,360**	6,808,337	12,981,759
Research costs (Note 16)	**7,767,044**	3,107,931	20,732,859
Entertainment, amusement and recreation	**5,767,198**	5,092,354	3,864,188
Gasoline, oil and lubricants	**4,569,197**	2,560,284	2,592,010
Communication	**4,021,898**	4,826,918	4,899,998
Insurance	**3,306,506**	3,302,799	3,275,568
Repairs and maintenance	**2,526,327**	3,225,513	1,462,835
Office supplies	**2,154,736**	1,522,627	1,207,607
Advertisement	**1,960,593**	542,124	1,721,551
Environmental and social expenses	**1,879,197**	4,739,978	1,641,585
Utilities	**1,774,800**	882,678	1,130,369
Other services	**1,719,038**	2,620,513	97,920

	2022	2021	2020
Transportation and travel	**1,669,377**	442,783	2,788,254
Donation and contribution	**1,525,747**	1,529,759	2,438,521
Condominium dues	**1,156,762**	1,327,547	1,344,109
Rent expense (Note 14)	**889,816**	863,638	894,632
Security and janitorial services	**845,118**	1,255,840	1,858,409
Business meetings	**694,206**	348,210	392,771
Training and seminar	**647,303**	672,039	166,739
Stock transfer expense	**644,577**	615,696	1,248,905
Dues and subscriptions	**382,266**	271,803	325,755
Provision for probable losses (Notes 16 and 17)	**–**	5,004,048	14,667,316
Others (Note 16)	**19,736,759**	10,724,352	5,374,887
	₱221,232,231	₱180,825,547	₱211,402,211

Others, include miscellaneous expenses such as development assistance, notarization, bank charges, and reproduction expenses.

25. **Miscellaneous Income (Charges)**

	2022	2021	2020
Management income and timewriting fees (Note 26)	**₱18,199,133**	₱13,958,678	₱13,252,890
Sale of carbon emission credits	**10,649,201**	–	–
Rental income (Note 26)	**1,818,027**	1,474,996	857,143
Professional fees (Note 26)	**610,000**	610,000	550,000
Gain on sale of equipment	**338,503**	588,606	662,857
Dividend income (Note 9)	**79,047**	38,134	71,770
Trustee fees	**(3,441,674)**	(3,649,996)	(4,169,361)
Others	**1,795,281**	5,396,128	651,378
	₱30,047,518	₱18,416,546	₱11,876,677

Trustee fees pertain to payments of the Group to the facility agent and account trustees for the M1 and M2 loans (see Note 18).

26. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as ‘Affiliates’). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

Related Party/Nature	Transactions for the Years Ended December 31 2022	2021	Outstanding Balance Receivables (Payables) (see Notes 8 and 17) 2022	2021	Terms and Conditions
Investor					
House of Investments, Inc					
Internal audit services	**₱873,600**	₱1,483,821	**(₱509,600)**	(₱1,192,620)	Note a
Joint Venture					
PetroWind					
Rental income	**857,143**	857,143	–	–	Note b
Timewriting fee	**16,199,133**	12,441,140	**4,615,734**	2,563,521	Note c
Management income	**2,000,000**	2,000,000	–	–	Note c
Advances – receivable	**9,764,078**	8,102,188	**340,792**	354,644	Note d
Advances – payables	**56,160**	–	**(56,160)**	–	Note d
			4,900,366	2,918,165	
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	**823,196,490**	1,013,536,108	**102,355,875**	102,769,904	Note e
Wheeling Charges	**129,112,773**	61,981,804	**60,180,225**	45,609,302	Note e
			162,536,100	148,379,206	
Affiliate					
EEI Power Corporation					
Other income	**₱610,000**	₱610,000	**₱683,200**	₱683,200	Note f
Affiliate					
LIPCO					
Land lease	**34,513,550**	34,298,221	–	–	Note g
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**906,884**	617,853	593,251	391,534	Note j

a. PetroEnergy has an Internal Audit Engagement arrangement with House of Investments, Inc. (HI). These are non-interest bearing and are due and demandable.

b. PetroGreen charges rental fees to PetroWind amounting to ₱71,429 every month. These are non-interest bearing and payable when due and demandable.

c. Timewriting fees are charged by PetroGreen for accounting, legal management and other support services rendered to PetroWind. Management income refers to charges by PetroEnergy to PetroWind. These are non-interest bearing and are due and demandable.

d. Advances represent reimbursements of costs and expenses.

e. Electricity sales to ACEN (formerly PHINMA) is pursuant to the Electricity Supply Agreement (see Note 34). This is due and payable on the last business day of the month succeeding the billing period and non-interest bearing if paid within the due date.

f. PetroGreen charged EEI Power Corporation (EEIPC) amounting to ₱550,000 plus VAT representing charges for the equity valuation study.

g. The Group leased 77 hectares of land area from LIPCO (Note 14). These are non-interest bearing and payable when due and demandable.

h. On November 12, 2015, PetroSolar entered into a ₱2.6 billion OLSA with PNB and DBP. PetroGreen and EEIPC signed as the third party mortgagors and pledgors (see Note 18).

i. PetroWind executed an OLSA with DBP for a loan facility amounting to ₱3.0 billion. PetroEnergy signed as guarantor and PetroGreen signed as guarantor, pledgor and third-party mortgagor (see Note 18).

j. On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar power project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

   The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

Compensation of Key Management Personnel

The Group has a profit-sharing plan for directors, officers, managers and employees as indicated in its by-laws. The amount, the manner and occasion of distribution is at the discretion of the BOD, provided that profit share shall not exceed 5% of the audited income before income tax and profit share.

The remuneration of the Group's directors and other members of key management are as follows:

	2022	2021	2020
Salaries and wages and other short-term benefits	**₱24,751,739**	₱20,810,412	₱20,962,298
Directors' fees	**8,775,037**	5,438,567	5,674,198
Retirement expense	**927,633**	1,935,011	2,242,667
	₱34,454,409	₱28,183,990	₱28,879,163

27. Financial Instruments

The Group's principal financial instruments include cash and cash equivalents, short-term investments, financial assets at FVTPL, receivables, restricted cash, loans payable, accounts payable, accrued expenses and dividends payable. The main purpose of these financial instruments is to fund the Group's working capital requirements.

Categories and Fair Values of Financial Instruments

As of December 31, 2022 and 2021, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values except for loans payable and lease liabilities. The fair value of the loans payable as of December 31, 2022 and 2021 amounted to ₱3.49 billion and ₱4.13 billion compared to their carrying value of ₱3.48 billion and ₱4.06 billion, respectively.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are:

Financial instruments	Considerations
Cash and cash equivalents, short-term investments, restricted cash, receivables, accounts payable and accrued expenses, and short-term loans payable	Due to the short-term nature of the instruments, carrying amounts approximate fair values as at the reporting date.
Equity securities	Fair values are based on published quoted prices (Level 1).
Golf club shares	Fair values are based on quoted market prices at reporting date (Level 1).
Long-term loans payable	Fair value is based on the discounted value of expected future cash flows using the applicable interest rate for similar type of instruments. The fair value is derived using the prevailing PH BVAL rate in 2022 and 2021.
Lease liabilities	Estimated fair value is based on the discounted value of future cash flows using the prevailing PH BVAL rate in 2022 and 2021.

The fair value is based on the source of valuation as outlined below:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In 2022 and 2021, there were no transfers of financial instruments among all levels.

Financial Risk Management Objectives and Policies

The Group manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following risks on liquidity, market and credit.

Financial Risks

The main financial risks arising from the Group's financial instruments are liquidity risk, market risk and credit risk.

a. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations when due. 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 its operations and to mitigate the effects of fluctuation in cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds as well as to obtain loan from financial institutions. As of December 31, 2022 and 2021, the Group has existing credit line facilities from which they can draw funds from (see Note 18).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2022 and 2021 based on contractual payments:

	2022			
	On demand	**1 year or less**	**More than 1 year**	**Total**
Financial Assets				
Financial assets at FVTPL	**₱7,540,090**	**₱–**	**₱–**	**₱7,540,090**
Financial assets at amortized cost:				
Cash and cash equivalents	**1,677,231,584**	–	–	**1,677,231,584**
Short-term investments	–	**946,044,355**	–	**946,044,355**
Accounts receivable	**26,063,483**	**401,797,633**	–	**427,861,116**
Subscription receivable	–	–	–	–
Other receivables	**3,526,249**	–	–	**3,526,249**
Interest receivable	**23,487,736**	–	–	**23,487,736**
Refundable deposits	–	**449,351**	**5,323,862**	**5,773,213**
Restricted cash	–	**2,063,387,986**	**31,451,424**	**2,094,839,410**
	1,737,849,142	**3,411,679,325**	**36,775,286**	**5,186,303,753**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	**1,171,962,383**	**2,483,851,603**	**3,655,813,986**
Lease liabilities	–	**34,737,976**	**653,754,365**	**688,492,341**
Accounts payable and accrued expenses*	**524,076,152**	–	–	**524,076,152**
	524,076,152	**1,206,700,359**	**3,137,605,968**	**4,868,382,479**
Net financial assets (liabilities)	**₱1,213,772,990**	**₱2,204,978,966**	**(₱3,100,830,682)**	**₱317,921,274**

	2021			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	₱7,587,228	₱–	₱–	₱7,587,228
Financial assets at amortized cost:				
Cash and cash equivalents	1,241,762,101	–	–	1,241,762,101
Accounts receivable	378,227,252	–	1,607,160	379,834,412
Subscription receivable	8,300,000	–	–	8,300,000
Other receivables	–	–	3,526,250	3,526,250
Interest receivable	1,002,791	–	–	1,002,791
Refundable deposits	–	349,721	7,817,412	8,167,133
Restricted cash	154,549,130	414,423,370	47,388,677	616,361,177
	1,791,428,502	414,773,091	60,339,499	2,266,541,092
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	1,159,482,944	3,182,263,490	4,341,746,434
Lease liabilities	37,198,620	688,492,341	725,690,961	1,451,381,922
Accounts payable and accrued expenses*	289,788,494	–	–	289,788,494
	326,987,114	1,847,975,285	3,907,954,451	6,082,916,850
Net financial assets (liabilities)	₱1,464,441,388	(₱1,433,202,194)	(₱3,847,614,952)	(₱3,816,375,758)

**Excluding statutory payables*
***Includes future interest payments*

b. *Market Risk*
Market risk is the risk of loss on future earnings, on fair values or on future cash flows that may result from changes in market prices. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchanges rates, interest rates and other market changes.

Foreign Exchange Risk
Foreign currency risk is the risk that the value of the Group's financial instruments denominated other than the Group's functional currency diminishes due to unfavorable changes in foreign exchange rates. The Group's transactional currency exposures arise from cash and cash equivalents, receivables and accounts payable and accrued expenses.

The Group's foreign currency-denominated financial instruments as of December 31, 2022 and 2021 follow:

	2022		2021	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$2,316,003**	**₱129,974,085**	$2,096,605	₱106,453,022
Receivables	**674,774**	**37,868,318**	892,186	45,299,852
Advances to suppliers	**–**	**–**	216,720	11,003,741
Restricted Cash	**933,326**	**52,378,235**	933,326	47,388,694
	3,924,103	**220,220,638**	4,138,837	210,145,309
Financial liabilities				
Accounts payable and accrued expenses	**1,187,125**	**66,621,466**	190,197	9,657,062
Net exposure	**$2,736,978**	**₱153,599,172**	$3,948,640	₱200,488,247

As of December 31, 2022, and 2021, the exchange rates used for conversion are ₱56.120 and ₱50.774 per $1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US dollar exchange rates. With all other variables held constant, the effect on the Group's income before income tax is as follows:

	Increase/(decrease) in foreign currency	Effect on income before income tax
2022	**+11%**	**(₱23,332,043)**
	-11%	**₱23,332,043**
2021	+6%	(₱11,427,613)
	-6%	₱11,427,613

There is no other impact on the Group's equity other than those already affecting income before income tax.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans payable. Interest rate of loans payable is fixed for the first five (5) years or first seven (7) years and will be repriced thereafter.

The table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net income. The Group used the forecasted one-year Treasury bill rate in performing the analysis.

Loans payable

2022	
Increase/decrease in interest rate (in basis points)	**Impact on income before tax**
+3% to +161%	(₱83,086,922)
-3% to -161%	83,086,922

2021	
Increase/decrease in interest rate (in basis points)	Impact on income before tax
+40% to +228%	(₱40,878,466)
-40% to -228%	40,878,466

There is no other impact on the Group's equity other than those already affecting income before income tax.

c. *Credit Risk*

Credit risk is the possibility of loss for the Group if its receivable counterparties fail to discharge their contractual obligations. With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, short-term investments, receivables, financial assets at FVTPL, and restricted cash, the Group's exposure to credit risk could arise from default of the counterparty.

The Group trades only with recognized, creditworthy third parties. However, the Group's credit risk exposure is concentrated on a few counterparties as inherent in the oil exploration and production and renewable energy businesses. The Group has a well-defined credit policy and established credit procedures. In addition, receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The table below summarizes the Group's gross maximum credit risk exposure from its financial instruments and contract asset. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2022	2021
Financial assets:		
Cash in banks and cash equivalents	**₱1,673,197,584**	₱1,237,738,101
Short-term investments	**946,044,355**	–
Receivables	**452,192,649**	392,663,453
Financial assets at FVTPL	**7,540,090**	7,587,228
Refundable deposits	**5,323,862**	5,213,672
Restricted cash	**2,094,839,410**	616,361,177
Contract asset	**296,358,490**	222,238,121
	₱5,475,496,440	₱2,481,801,752

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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). In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs.

b. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative *adjustments* or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The table below shows the aging by class of asset for the Group's financial assets and contract asset as of December 31, 2022 and 2021:

	2022			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱1,673,197,584**	**₱–**	**₱–**	**₱1,673,197,584**
Short-term investments	**946,044,355**	**–**	**–**	**946,044,355**
Accounts receivable	**425,178,664**	**–**	**2,682,452**	**427,861,116**
Other receivables	**3,526,249**	**–**	**–**	**3,526,249**
Interest receivable	**23,487,736**	**–**	**–**	**23,487,736**
Financial assets at FVTPL	**7,540,090**	**–**	**–**	**7,540,090**
Refundable deposits	**5,773,213**	**–**	**–**	**5,773,213**
Restricted cash	**2,094,839,410**	**–**	**–**	**2,094,839,410**
Contract asset	**296,358,490**	**–**	**–**	**296,358,490**
	₱5,475,945,791	**₱–**	**₱2,682,452**	**₱5,478,628,243**

**excluding cash on hand*

	2021			
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱1,237,738,101	₱–	₱–	₱1,237,738,101
Accounts receivable	379,834,412	–	2,682,452	382,516,864
Subscription receivable	8,300,000	–	–	8,300,000
Other receivables	3,526,250	–	–	3,526,250
Interest receivable	1,002,791	–	–	1,002,791
Financial assets at FVTPL	7,587,228	–	–	7,587,228
Refundable deposits	8,167,133	–	–	8,167,133
Restricted cash	616,361,177	–	–	616,361,177
Contract asset	248,862,335	–	–	248,862,335
	₱2,511,379,427	₱–	₱2,682,452	₱2,514,061,879

**excluding cash on hand*

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, credit risk exposure is minimal. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. The Group's cash in banks, cash equivalents, accounts receivable, interest receivable and restricted cash have high grade credit quality.

28. Segment Information

For management purposes, the Group is organized into business units based on their products and has four reportable segments as follows:

- The oil production segment is engaged in the oil and mineral exploration, development and production.
- The geothermal energy segment develops and operates geothermal steamfields and power plants.
- The solar energy segment carries out solar energy operations of the Group.
- Other activities pertain to research and investment activities.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	2022					
	Oil Production	**Geothermal Energy**	**Solar Energy**	**Other Activities**	**Elimination**	**Consolidated**
Segment revenue	**₱726,054,533**	**₱952,309,263**	**₱872,735,258**	**₱–**	**₱–**	**₱2,551,099,055**
Net income (loss)	**226,622,580**	**146,845,509**	**459,345,015**	**216,801,086**	**(186,537,152)**	**863,077,038**
Other comprehensive income (loss)	**6,865,326**	**2,179,169**	**437,411**	**947,907**	**–**	**10,429,813**
Other information:						
Segment assets except deferred tax assets	₱3,745,736,291	₱5,687,240,312	₱4,132,932,701	₱6,143,372,796	(₱2,900,391,814)	₱16,808,890,286
Deferred tax assets - net	₱6,539,828	₱1,809,192	₱2,578,909	₱–	₱–	₱10,927,929
Segment liabilities except deferred tax liabilities	₱413,796,718	₱2,376,124,993	₱1,400,771,566	₱270,625,881	(₱18,823,341)	₱4,442,495,817
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	₱2,997,940	₱15,707,772	₱19,431,127	₱456,037	₱–	₱38,592,876

	2021					
	Oil Production	Geothermal Energy	Solar Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱461,246,131	₱1,075,517,911	₱886,190,108	₱–	₱–	₱2,422,954,150
Net income (loss)	29,010,846	281,723,739	435,683,914	321,013,201	(401,959,552)	665,472,148
Other comprehensive income (loss)	(4,038,649)	16,898,918	(21,687)	(2,040,185)	–	10,798,397
Other information:						
Segment assets except deferred tax assets	₱3,433,954,763	₱5,785,063,823	₱4,162,761,665	₱2,806,477,864	(₱2,985,525,106)	₱13,202,733,009
Deferred tax assets - net	₱8,776,720	₱2,000,319	₱1,683,228	₱–	₱–	₱12,460,267
Segment liabilities except deferred tax liabilities	₱309,304,397	₱2,623,164,309	₱1,625,737,275	₱349,078,108	(₱5,905,473)	₱4,901,378,616
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	(₱4,871,122)	₱19,624,852	₱39,503,620	₱223,284	₱–	₱54,480,634

	2020					
	Oil Production	Geothermal Energy	Solar Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱292,573,199	₱1,160,627,466	₱879,290,407	₱–	₱–	₱2,332,491,072
Net income (loss)	(93,295,082)	282,923,201	413,412,580	197,987,673	(154,837,152)	646,191,220
Other comprehensive income (loss)	3,490,089	(6,516,645)	111,889	1,331,146	–	(1,583,521)
Other information:						
Segment assets except deferred tax assets	₱3,446,590,391	₱5,910,320,833	₱4,294,097,136	₱2,759,679,512	(₱3,016,663,233)	₱13,394,024,639
Deferred tax assets - net	₱777,332	₱3,969,332	₱905,161	₱–	₱–	₱5,651,825
Segment liabilities except deferred tax liabilities	₱338,912,834	₱2,969,012,990	₱1,835,356,905	₱425,683,647	(₱207,627)	₱5,568,758,749
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–

Provision for (benefit from) income tax	₱7,384,343	₱70,287	₱33,707,896	₱699,186	₱–	₱41,861,712

InterGroup investments, revenues and expenses are eliminated during consolidation.

29. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company	**₱548,523,247**	₱325,461,592	₱319,412,421
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings per share	**₱0.9645**	₱0.5723	₱0.5616

Earnings per share are calculated using the net income attributable to equity holders of the Parent Company divided by the weighted average number of shares.

PERC does not have potentially dilutive common stock.

30. Non-controlling Interests

As of December 31, 2021, non-controlling interests (NCI) pertain to the 10% shareholdings of EEIPC in PetroGreen, total shareholdings of ACEN (formerly PHINMA) [25%] and PNOC-RC (10%) in MGI and 44% shareholdings of EEIPC in PetroSolar.

As of December 31, 2022, the investment of Kyuden in PGEC resulted to an increase in NCI as discussed below (see Notes 20 and 34). As of December 31, 2022, Kyuden owned 14.53% of PGEC, bringing down the ownership interest of PERC in PGEC from 90% to 76.92%.

As of December 31, 2022 and 2021, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	2022	2021
Accumulated balances of non-controlling interests:		
PetroSolar	**₱1,203,285,619**	₱1,117,031,352
MGI	**1,159,523,579**	1,107,364,941
PetroGreen	**1,600,211,911**	512,141,194
	₱3,963,021,109	₱2,736,537,487

	2022	2021
Net income attributable to non-controlling interests:		
PetroSolar	**₱202,111,799**	₱191,700,922
MGI	**51,395,928**	98,603,308
PetroGreen	**61,046,054**	49,706,326
	₱314,553,781	₱340,010,556

The summarized financial information of these subsidiaries is provided below based on amounts before intercompany eliminations.

MGI

	2022	2021
Statements of Financial Position		
Current assets	**₱949,606,062**	₱1,258,330,126
Noncurrent assets	**4,739,443,442**	1,258,330,126
Current liabilities	**780,539,299**	626,099,558
Noncurrent liabilities	**1,595,585,695**	1,997,064,752
Equity	**3,312,924,510**	3,163,899,832
Statements of Comprehensive Income		
Revenue	**952,309,263**	1,075,517,911
Net income	**146,845,509**	281,723,740
Total comprehensive income	**149,024,678**	298,622,658
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**590,771,702**	668,723,802
Investing activities	**(401,387,822)**	(102,389,460)
Financing activities	**(501,481,196)**	(579,341,111)
Effect of foreign exchange rate	**81,362**	4,636
Net increase (decrease) in cash and cash equivalents	**(312,015,954)**	(13,002,133)

PetroSolar

	2022	2021
Statements of Financial Position		
Current assets	**₱629,908,294**	₱612,446,169
Noncurrent assets	**3,505,603,317**	3,551,998,724
Current liabilities	**292,131,968**	268,487,074
Noncurrent liabilities	**1,108,639,614**	1,357,250,201
Equity	**2,734,740,029**	2,538,707,618
Statements of Comprehensive Income		
Revenue	**872,735,258**	886,190,108
Net income	**435,683,914**	435,683,914
Total comprehensive income	**459,782,411**	435,662,227
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**645,944,095**	593,614,382
Investing activities	**(80,352,055)**	68,413,319
Financing activities	**(607,631,619)**	(715,412,499)
Effect of foreign exchange rate	**147,404**	127,370
Net increase (decrease) in cash and cash equivalents	**(41,892,175)**	(53,257,428)

PetroGreen

	2022	2021
Statements of Financial Position		
Current assets	**₱3,371,584,178**	₱145,870,144
Noncurrent assets	**2,690,275,698**	2,560,480,561
Current liabilities	**103,032,041**	98,588,309
Noncurrent liabilities	**167,593,841**	250,489,801
Equity	**5,791,233,994**	2,357,272,595
Statements of Comprehensive Income		
Revenue	**218,146,744**	292,411,438
Net income	**135,288,165**	220,886,044
Total comprehensive income	**135,474,922**	219,239,113
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**(2,432,557,848)**	238,808,568
Investing activities	**(136,137,258)**	(108,494,106)
Financing activities	**3,200,364,448**	(195,162,844)
Effect of foreign exchange rate	**961,426**	13,712
Net increase (decrease) in cash and cash equivalents	**632,630,768**	(64,834,670)

Dividends paid to non-controlling interests amounted to ₱122.80 million and ₱201.67 million in 2022 and 2021, respectively.

Increase in non-controlling interests from stock issuances
PetroGreen
December 31, 2022
In September 2022, PetroGreen, PetroEnergy and Kyuden Internation Corporation (Kyuden), a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc., executed the Subscription Agreement and Shareholders' Agreement. Pursuant to the said documents, PetroGreen will issue 712,251,720 shares in two tranches in favor of Kyuden equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction.

In October 2022, PetroGreen received from Kyuden the payment for the subscription amounting to ₱3.37 billion, which is maintained in an escrow fund with a bank to be release based on the terms of the escrow agreement.

On October 14, 2022, transaction for the "Initial Closing" was completed. The subscription amount of ₱1.72 billion was released from the escrow account and the 363,244,840 shares coming from unissued shares of PetroGreen was issued in favor of Kyuden representing 14.53% ownership interest in PetroGreen.

On November 18, 2022, another ₱21.81 million was released from the escrow account representing the required 25% payment of the 25% subscribed shares for the increase in PetroGreen's authorized capital stock as part of the "Pre-Approval Second Closing". On December 14, 2022, SEC approved the application for increase in authorized capital stock from 2,500,000,000 shares at ₱1.0 par value to 2,849,006,880 shares with same par value.

As of December 31, 2022, the “Second Closing” under the Subscription Agreement is not yet completed since the fulfilment of the Conditions Precedent and the payment/release of the ₱1.63 billion remaining escrow fund was completed only on January 10, 2023. Effectively, Kyuden has 14.53% equity ownership in PetroGreen as of December 31, 2022. This resulted in an increase in non-controlling interest as of December 31, 2022 (see Note 20).

The amount of ₱1.65 billion representing the subscription amount for the “Pre-approval Second Closing” and “Second Closing” transactions are presented as separate line item as Deposit for Stock Subscription under the 2022 Equity section.

On January 10, 2023, the date of “Second Closing”, the remaining balance of the escrow account amounting to ₱1.63 billion was released and the stock certificate for the 349,006,880 subject shares was issued in favor of Kyuden. After the Second Closing on January 10, 2023, Kyuden already holds 25% ownership interest in PetroGreen.

December 31, 2021:

- In 2021, stockholders of PetroGreen subscribed to ₱83.00 million from its unissued stocks which increased the non-controlling interest by ₱8.30 million.

PetroSolar
On March 28, 2022, the BOD and Stockholders approved the increase in PetroSolar’s authorized capital stock from ₱1,800,000,000 consisting of 18,000,000 shares at ₱100 par value per share, to ₱1,900,000,000 consisting of 19,000,000 shares at ₱100 par value per share. In compliance with Sec. 37 of the Revised Corporation Code, 25% or 250,000 shares of the authorized capital stock increase must be subscribed, and 25% or 62,500 shares of the subscribed capital stock must be paid up. Of the total subscribed capital stock amounting to ₱25,000,000, cash amounting to ₱6,250,000 equivalent to 62,500 shares was received by PetroSolar on April 6, 2022 as subscription payment for the proposed increase in authorized capital stock. PetroSolar filed its application for the approval of the proposed increase in authorized capital stock with the SEC on May 23, 2022. The said application was approved by the SEC on May 30, 2022. Upon approval, the 62,500 shares subscribed were treated as outstanding shares.

31. Consolidated Statements of Cash Flows

Changes in the Group’s liabilities arising from financing activities follow:

2022

			Non-cash Changes				
	2021	Additional lease liabilities (Note 13)	Interest accretion	Interest expense	Dividend declarations to NCI	Cash flows	2022
Loans payable	**₱4,062,525,196**	**₱–**	**₱10,324,645**	**₱–**	**₱–**	**(₱594,920,789)***	**₱3,477,929,052**
Accrued interest payable	**41,463,079**	**–**	**–**	**259,673,768**	**–**	**(291,405,251)**	**9,731,596**
Lease liabilities	**332,828,866**	**3,011,994**	**–**	**30,443,530**	**–**	**(37,490,050)**	**328,794,340**
Dividends payable	**10,657,014**	**–**	**–**	**–**	**151,538,743**	**(151,235,593)**	**10,960,164**
	₱4,447,474,155	**₱3,011,994**	**₱10,324,645**	**₱290,117,298**	**₱151,538,743**	**(₱1,233,816,090)**	**₱3,827,415,152**

**availments - ₱561,000,000 and payments - ₱1,155,920,789*

2021

			Non-cash Changes				
	2020	Additional lease liabilities (Note 13)	Interest accretion	Interest expense	Dividend declarations to NCI	Cash flows	2021
Loans payable	₱4,728,203,956	₱–	₱19,995,590	₱–	₱–	(₱685,674,350)	₱4,062,525,196
Accrued interest payable	46,686,129		–	282,563,240	–	(287,786,290)	41,463,079
Lease liabilities	335,451,103	3,861,186	–	30,816,714	–	(37,300,137)	332,828,866
Dividends payable	10,657,014		–		201,673,600	(201,673,600)	10,657,014
	₱5,120,998,202	₱3,861,186	₱19,995,590	₱313,379,954	₱201,673,600	(₱1,212,434,377)	₱4,447,474,155

2020

			Non-cash Changes					
	2019	Additional lease liabilities (Note 13)	Deferred financing costs	Interest accretion	Interest expense	Dividend declarations to NCI	Cash flows	2020
Loans payable	₱5,299,838,863	₱–	₱2,150,538	₱19,564,443	₱–	₱–	(₱593,349,888)	₱4,728,203,956
Accrued interest payable	54,130,576	–	–	–	340,873,318	–	(348,317,765)	46,686,129
Lease liabilities	337,829,549	3,159,213	–	–	31,058,783	–	(36,596,442)	335,451,103
Dividends payable	10,666,514	–	–	–	–	79,500,000	(79,500,000)	10,657,014
	₱5,702,456,002	₱3,159,213	₱2,150,538	₱19,564,443	₱371,932,101	₱79,500,000	(₱1,057,764,095)	₱5,120,998,202

32. Renewable Energy Act of 2008

On January 30, 2009, Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the "Renewable Energy Act of 2008" (the "Act"), became effective. The Act aims to (a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy; (b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives; (c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and (d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, Renewable Energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments (BOI), shall be entitled to the following incentives, among others:

i. Income Tax Holiday (ITH) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;

iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;
viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act.

RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

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33. **Electric Power Industry Reform Act (EPIRA)**

After emerging from the crippling power crisis that occurred in the early 1990s, the Philippine Government embarked on an industry privatization and restructuring program envisioned to ensure the adequate supply of electricity to energize its developing economy. This restructuring scheme is embodied in RA No. 9136, the EPIRA. Approved on June 8, 2001, the EPIRA seeks to ensure quality, reliable, secure and affordable electric power supply; encourage free and fair competition; enhance the inflow of private capital; and broaden the ownership base of power generation, transmission and distribution.

The Government viewed restructuring and reform as a long-term solution to the problems of the power sector. The huge investment requirement for new generation capacity and expansion of the necessary transmission and distribution network was estimated at an annual average of $1.0 billion. Given its own fiscal constraints, the Government recognized the need for greater private sector involvement in the power sector. Even though some private sector participation was successfully introduced earlier between the NPC and private investors, this time, the Government is envisioning addressing the power sector inefficiencies and the monopoly in the generation business. EPIRA mandated the overall restructuring of the Philippine electric power industry and called for the privatization of NPC. The restructuring of the electricity industry calls for the separation of the different components of the power sector, namely: generation, transmission, distribution, and supply. On the other hand, the privatization of the NPC involves the sale of the state-owned power firm's generation and transmission assets (e.g. power plants and transmission facilities) to private investors. These two reforms are aimed at encouraging greater competition and attracting more private-sector investments in the power industry.

A more competitive power industry will in turn result in lower power rates and a more efficient delivery of electricity supply to end-users.

Specifically, the EPIRA has the following objectives:

- Achieve transparency with the unbundling of the main components of electricity services, which will be reflected in the consumers' electricity rates;
- Opening up of the electricity market to competition at the wholesale (generation) level to improve efficiency in the operation of power plants and redound to lower electricity prices;
- Enhance further inflow of private capital and broaden ownership base in generation, transmission distribution, and supply of electric power;
- Establish a strong and independent regulatory body that will balance the interest of both the investors by promoting competition through creation of a level playing field and protect the electricity end-users from any market power abuses and anti-competitive behaviors; and
- Accelerate and ensure the total electrification of the country.

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34. **Other Material Contracts and Agreements**

Foreign Petroleum Operations

Joint Operating Agreement - Gabon

The Joint Operating Agreement (JOA) establishes the respective rights and obligations of the members of the Consortium with regard to the operations under the EPSC, including the joint exploration, appraisal, development and production of hydrocarbon reserves from the contract area. VAALCO has been appointed as the Operator of the field and shall continue to act as such until such time that all the JV Partners decide to appoint a new Operator from among them.

Crude Oil Sales and Purchase and Services Agreement (COSPA) with Glencore Energy UK Ltd and Mercuria Energy Trading S.A.

In 2015, the JV Partners signed a COSPA with Glencore Energy UK Ltd., a company incorporated in England. The initial agreement was effective from August 1, 2015 to July 31, 2016. There were several extensions until January 31, 2019. In January 2019, the JV Partners entered into a COSPA with Mercuria Energy Trading S.A., a company incorporated in Switzerland. The agreement is effective from February 1, 2019 to January 31, 2020.

Crude Oil Sales and Purchase and Services Agreement (COSPA) with Exxon Mobil Sales and Supply LLC

On December 20, 2019, the JV Partners signed a COSPA with Exxon Mobil Sales and Supply LLC (Exxon), a company incorporated under the laws of the State of Delaware and having its registered office at 251 Little Falls Drive, Wilmington DE 19808. The agreement is effective from February 1, 2020 until January 31, 2021. On December 14, 2020, the first amendment to the COSPA was executed, amending and extending the term of the COSPA with Exxon effective February 1, 2021 until July 31, 2021.

This was further amended on July 2021, effective August 1 2021 to extend the term until January 31, 2022. In January 2022, this was further amended effective February 1, 2022 until July 31, 2022.

Crude Oil Sales and Marketing Agreement (COSMA) with Glencore Energy UK Ltd

On August 16, 2022, PetroEnergy signed a COSMA with Glencore Energy UK Ltd. The agreement is effective from August 16, 2022 to July 31, 2023.

Renewable Energy Projects
Revenues from sale of electricity using renewable energy is consummated and recognized over time whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, which are presented as Electricity Sales and Other revenues in the statement of comprehensive income:

	2022	2021	2020
Revenue from electricity supply agreement	**₱1,016,281,052**	₱1,175,250,772	₱1,044,249,958
Revenue sales under Feed-in-Tariff (FIT)	**679,650,696**	724,475,443	879,290,407
Wheeling charges and trading and market fees	**129,112,773**	61,981,804	116,377,508
	₱1,825,044,521	₱1,961,708,019	₱2,039,917,873

Renewable Energy Payment Agreement (REPA)
Consequent to the issuance of FIT COC in its favor, PetroSolar entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate of 8.69/kWh for all metered generation of PSC for a period of twenty (20) years from start of Commercial Operations.

FIT rate adjustment
On May 26, 2020, the ERC approved Resolution No. 6 series of 2020 approving the adjustment to Feed in Tariff for the years 2016 to 2020 using 2014 as the base year for the consumer price index and foreign exchange. The resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after.

Total retroactive FIT revenue adjustment recognized in 2020 by PetroSolar measured at present value amounted to ₱132.69 million which will be recovered from TransCo for a period of five (5) years starting 2022. In 2021, PetroSolar recognized additional ₱86.02 million FIT arrears covering the adjustment of the FIT rate for the current year. Interest earned amounted to ₱6.86 million and ₱3.27 million in 2022 and 2021, respectively.

ESA for MGPP-1 and MGPP-2
On September 16, 2011 MGI executed an Electricity Supply Agreement (ESA-1) with Trans-Asia (now ACEN), wherein MGI agreed to sell to Trans-Asia (now ACEN) the entire generated output of MGPP-1 for a period of 20 years commencing from commercial operations on February 8, 2014. On April 26, 2016, MGI entered into another Electricity Supply Agreement (ESA-2) with Trans-Asia (then renamed as PHINMA Energy Corporation and now ACEN), wherein MGI agreed to sell to PHINMA (now ACEN) the entire generated output of the MGPP-2 for a period of 20 years from start of commercial operations on April 30, 2018.

On August 23, 2019, MGI and PHINMA (now ACEN) executed the Amendment to the Unit 1 ESA and Unit 2 ESA which, among others, extended the effectivity of both ESA-1 and ESA-2 until June 25, 2039.

MGI's Interconnection Agreement
MGI signed an Interconnection Agreement (ICA) with Manila Electric Company (MERALCO) for the physical interconnection of the generation and connection facilities of MGI’s 20 MW power plant to MERALCO’s distribution system. The power facility constructed in Brgy. San Rafael, Sto. Tomas, Batangas is currently connected to MERALCO’s existing 115 kV line in Calamba, Laguna.

On July 2014, MGI, Trans-Asia and MERALCO signed a Memorandum of Agreement which effectively waived the payment for MGPP-1’s wheeling charges amounting to around 4.30 million per month, beginning 2014 until December 26, 2019.

In a letter dated February 8, 2021, MERALCO informed MGI about its Wheeling Charges Rationalization Program for embedded generators (Program), giving the latter the opportunity to be billed reduced Distribution Wheeling Service (DWS) Charges corresponding to the supply of electricity to Contestable Customers (CCs) within the franchise area of MERALCO, subject to submission of documentary requirements.

On August 25, 2022 and November 17, 2022, MGI received billing adjustment letters from MERALCO to deduct the Bilateral Contract Quantities (BCQ) data that MGI supplied to CCs within the MERALCO franchise area. The adjustments resulted in differential amount of ₱14.05 million for billing periods March to June 2022. This was subsequently billed to MGI by ACEN to recover the amount of Meralco Distribution Wheeling Charges Refund.

Service cum Trade Agreement (Carbon Credits)
On September 7, 2021, MGI (the Party/Seller/Project Owner) entered into a Service cum Trade Agreement with Enking International Energy Services Limited (EKIESL) (the Service Provider/Buyer) in which the latter offered its services on Clean Development Mechanism (CDM) Verification, Issuance and Trading of MGI’s Carbon Credits.

For the first crediting period of January 1, 2014 to December 31, 2020, United Nations Framework Convention on Climate Change (UNFCCC)-issued net carbon credits totaled 622,068 tCO2e. EKIESL monetized said carbon credits bringing in a net revenue to MGI of US$192,328 (10,649,201) and remitted to MGI’s account on December 23, 2022.

WESM Transactions
On July 1, 2022, MGI entered into an agreement with ACEN to update the current billing and settlement protocols, practices, and procedures to ensure consistency and compliance with the Guidelines and Procedures for Implementation of BIR Ruling OT-323-2021 for WESM Transactions issued by the Independent Electricity Market Operator of the Philippines (IEMOP). This includes trading costs, market fees and pass-on taxes and charges to ACEN in accordance with the agreement. Revenue from

sale derived from WESM transactions with other Market Participants amounted to ₱11.41 million for the period December 26, 2021 to December 25, 2022.

Renewable Energy Payment Agreement (REPA)
Consequent to the issuance of FIT COC in its favor, PetroSolar entered into a REPA with the TransCo on April 6, 2016. Under the REPA, TransCo shall pay the FIT Rate of 8.69/kWh for all metered generation of PSC for a period of twenty (20) years from start of Commercial Operations.

Solar Energy Service Contract (SESC) No. 2017-01-360 – Puerto Princesa, Palawan
The Service Contract for the Puerto Princesa Solar Power Project (PPSPP) was signed by DOE Secretary Alfonso Cusi on February 27, 2017. The PPSPP aims to put up a 10-20 MW off-grid solar hybrid power facility in Puerto Princesa City, Palawan to meet the increasing electricity demand and address the fluctuating electricity situation in the city through solar power.

PetroGreen has secured all local government endorsements needed for eventual facility development. In January 2020, PGEC was among seven (7) pre-qualified bidders for the 20-MW Palawan Main Grid Competitive Selection Process (CSP) of the Palawan Electric Cooperative (PALECO).

On March 12, 2020, PALECO issued a bulletin which states that the submission and opening of bids was postponed until further notice.

On January 18, 2021, PALECO issued a bulletin resuming the Palawan Main Grid 20-MW CSP after a 10-month postponement, with minor revisions to the bid terms as approved by the DOE and the National Electrification Administration (NEA). However, PGEC decided to withdraw from the said bidding process, owing to PALECO's final Terms of Reference (TOR), which severely limit the economic feasibility of PGEC's planned investment.

On September 7, 2022, PGEC has sent a letter to DOE for the intention to Relinquish the Service Contract and settled the remaining financial obligations under the SESC. As of December 31, 2022 the DOE has not yet given their official approval of the relinquishment of the said SESC.

Wind Energy Service Contract (WESC) No. 2017-09-118 – San Vicente, Palawan
On November 11, 2019, the DOE officially awarded to PetroGreen the San Vicente, Palawan WESC. The WESC, effective October 9, 2019, vests PetroGreen with the rights and responsibilities to harness wind energy and develop and operate the corresponding renewable energy facility in the area. The proposed project is situated in the municipality of San Vicente, Palawan, approximately 130 km north of Puerto Princesa.

Activities for the meteorological mast installation program for the San Vicente Wind Hybrid Power Project (SVWHPP) have been put on-hold due to COVID-19-related travel restrictions. Nonetheless, PGEC has secured on May 07, 2020 a Certificate of Non-Coverage (CNC) from the Department of Environment and Natural Resources (DENR) for the mast installation. PGEC also secured a Special Land Use Permit (SLUP) from the DENR on March 09, 2021 for the mast installation in San Vicente.

In December 2020, PGEC's contractor has mobilized to San Vicente, Palawan to carry out the installation works for the 60-meter meteorological mast to be used for the wind measurement campaign of the SVWHPP. The said mast is expected to be commissioned and turned-over to PGEC in July, 2021. Since July 2021 up to present, PGEC is continuing with the wind measurement campaign for the SVWHPP to assess the long-term wind resource to support a potential wind-hybrid power project in San Vicente.

Enrique T. Yuchengco Bldg. Rooftop Solar Power Project (ETY) – Binondo, City of Manila

On April 29, 2021, PGEC completed its first commercial and industrial (C&I) rooftop solar project for the Enrique T. Yuchengco Bldg. in Binondo, Manila.

The building owner E.T. Yuchengco Inc. (ETY) and project owner PGEC signed a 15-year Rent-to-Own Agreement for a 140.8-kWp solar rooftop facility last January 14, 2021. The rental period commenced upon the project's completion in April 2021. After said 15-year cooperation period, PGEC will turn-over the said rooftop solar facility to ETY free of charge.

The ETY rooftop solar facility exported 0.140 GWh and 0.096 GWh of electricity in 2022 and 2021, respectively.

Bugallon Solar Power Project (BSPP)

On May 05, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) by the DOE for its Bugallon Solar Power Project (BSPP) in Brgy. Salomague Sur, ugallon, Pangasinan.

For the year, PGEC has completed the Distribution Impact Study (DIS) for the BSPP, which has been approved by the Central Pangasinan Electric Cooperative (CENPELCO), and subsequently endorsed to the National Electrification Administration (NEA) for their approval.

PGEC also secured the Certificate of Non-Overlap (CNO) from the National Commission on Indigenous Peoples (NCIP) for the project, confirming that the project site is outside any ancestral domain and free from any tribal claims.

In parallel, the issuance of the Municipal Resolution endorsing the land reclassification for the BSPP site is still being undertaken by an external legal counsel. Once this is secured, PGEC will lodge its application for the project endorsement by the Pangasinan Sangguniang Panlalawigan (SP) and the Zoning Clearance.

Dagohoy Solar Power Project (DSPP)

On June 28, 2022, PGEC was awarded a Solar Energy Operating Contract (SEOC) by the DOE for its Dagohoy Solar Power Project (DSPP) in Brgy. San Vicente, Dagohoy, Bohol.

To date, PGEC has secured favorable endorsements for the land reclassification of the DSPP site from the Dagohoy Sangguniang Bayan (SB) last October 2022 and by the Bohol SP last December 2022. Said resolutions are needed to secure the requisite Locational Clearance and Building Permit applications for the DSPP.

NGCP has approved PGEC's application to conduct the SIS for the DSPP via NGCP's Online Transmission Connection Application (OTCA) portal, with the DSPP's SIS proper tentatively scheduled for mid-2023.

While awaiting the SIS conduct, PGEC awarded to Media Construction and Development Corporation (MCDC) the contract for the initial site development works (site grading, access road and drainage construction, perimeter fence and gate). MCDC is targeting completion of site development works by August 2023.

SGV
Building a better
working world

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

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group) as at and for the years ended December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 80470-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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of PetroEnergy Resources Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the basic 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 (PFRS) 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 financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
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PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the revised Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets
The Group is not required to disclose the financial assets in equity securities as the total financial assets at fair value through profit and loss securities amounting to ₱7.54 million do not constitute 5% or more of the total current assets of the Group as at December 31, 2022.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2022, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders that aggregates each to more than ₱100,000 or 1% of total assets whichever is less.

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

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2022:

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written off	Not Current	Balance at end of period
PetroGreen Energy Corporation	₱111,310	₱4,916,990	₱4,701,856	₱–	₱–	₱326,444
Maibarara Geothermal, Inc.	9,529	4,665,294	3,750,547	–	–	924,276
PetroSolar Corporation	9,529	4,091,038	3,860,760	–	–	239,807
	₱130,368	₱13,673,322	₱12,313,163	₱–	₱–	₱1,490,527

Schedule D. Long-term Debt
Please refer to the Consolidated Audited Financial Statement, Note 18 for details of the loans.

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
The Group has no outstanding long-term indebtedness to related parties as of December 31, 2022.

Schedule F. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of December 31, 2022.

Schedule G. 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	700,000,000	568,711,842	–	165,468,725	6,029,534	397,213,583

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2022 and 2021

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2022 and 2021:

Financial ratios		**2022**	2021
Current ratio	Total current assets / Total current liabilities	**3:50:1**	1.96:1
Acid test ratio	Total current assets – inventories – other current assets / Total current liabilities	**3.38:1**	1.35:1
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.32:1**	0.24:1
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.36:1**	0.59:1
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.36:1**	1.69:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**4.05:1**	3.16:1
Return on equity	Net income / Average shareholder's equity	**8.34%**	8.24%
Return on assets	Net income / Average assets	**5.75%**	5.00%
Return on revenue	Net income / Total revenue	**33.83%**	27.47%
Earnings per share	Net income / Weighted average no. of shares	**₱0.9645**	₱0.5723
Price Earnings Ratio	Closing price / Earnings per share	₱4.98	₱7.08

(Forward)

Long term debt-to-equity ratio	Long term debt	**0.24:1**	**0.44:1**

	Equity		
EBITDA to total interest paid	EBITDA** / Total interest paid	**4.94**	**4.94**

**Interest expense is capitalized as part of the construction-in-progress account under PPE.*

***Earnings before interest, taxes, depreciation and amortization (EBITDA)*

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

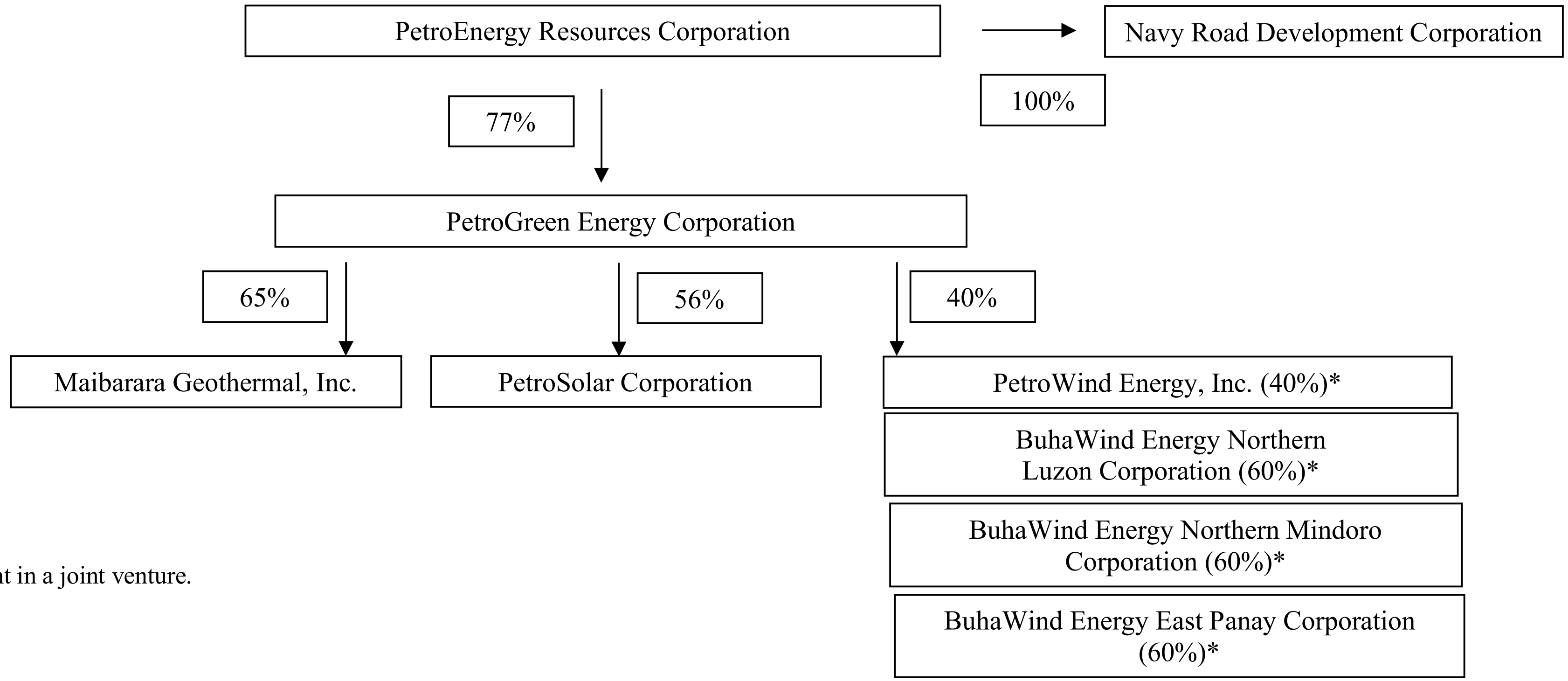
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its subsidiaries as of December 31, 2022:

PETROENERGY RESOURCES CORPORATION

GROUP STRUCTURE



*Investment in a joint venture.

PETROENERGY RESOURCES CORPORATION

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III	Group Structure

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION*
DECEMBER 31, 2022

Unappropriated retained earnings, beginning	₱53,226,723
Prior year adjustments:	
Recognized gross deferred income tax assets, beginning	(16,269,027)
Unrealized marked-to-market gain on FVTPL	(4,183,915)
Unappropriated retained earnings, as adjusted, January 1, 2022	32,773,781
Net income for the year	226,622,580
Movement in gross deferred tax assets	1,534,375
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	(1,473,216)
Fair value adjustment - marked-to-market loss	47,138
Net income actual/realized	226,730,877
Less dividend declaration	(28,435,592)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022	₱231,069,066

**Based on December 31, 2022 Parent Company Supplementary Schedule.*

Annex A to SEC 17-A: Sustainability Report

Contextual Information

Company Details	
Name of Organization	PetroEnergy Resources Corporation (PERC)
Location of Headquarters	7F JMT Bldg. ADB Avenue, Ortigas Center, Pasig City
Location of Operations	Pasig City, Metro Manila; Batangas, Tarlac, and Aklan, Philippines
Report Boundary: Legal entities (e.g. subsidiaries and affiliate) included in this report*	This report mainly covers information on the following operations of PERC: • PetroGreen Energy Corporation (PGEC) – the renewable energy subsidiary of PERC • Maibarara Geothermal, Inc. (MGI) - developer and operator of Maibarara-1 (20 MW) and Maibarara-2 (12 MW) Geothermal Power Projects (MGPP) in Sto. Tomas, Batangas • PetroWind Energy, Inc. (PWEI) - developer and operator of Nabas-1 (36 MW) and Nabas-2 (13.2 MW) Wind Power Project (NWPP) in Nabas-Malay, Aklan • PetroSolar Corporation (PSC), developer and operator of Tarlac-1 (50 MW_{DC}) and Tarlac-2 (20 MW_{DC}) Solar Power Projects (TSPP) in Tarlac City
Business Model, including Primary Activities, Brands, Products, and Services	Renewable energy development and power generation and oil exploration and development
Reporting Period	January 1 to December 31, 2022
Highest Ranking Person responsible for this report	Milagros V. Reyes (President)

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics

PERC's Sustainability Team conducted several meetings on what the material topics are for PERC, while reviewing the direction and focus of sustainability within the Company. Sustainability issues and several perspectives were discussed to determine financial and non-financial performance drivers. PERC employed the following materiality determination processes:

1. **Understanding the Sustainability Context:** The first step was to study and understand sustainability frameworks and models and to assess how the Company could design its own or adopt existing frameworks. Sustainability and related concepts were defined to identify applicable financial and non-financial metrics. This exercise helped the Sustainability Team to focus on how PERC could positively contribute to the economy, environment, and society.

2. **Identifying Material Topics**: The Sustainability Team came up with an initial list of material topics, which were further validated through group discussions with sustainability point persons per unit, including middle management, power plant heads, stakeholder touch points (to grasp stakeholder perspectives), and data handlers and verifiers. In finalizing the material topics, the following guide questions were used:

   (a) Is it a key capital/risk/opportunity?
   (b) Does our key business of power development and generation impact it?
   (c) Do our business processes directly affect it?
   (d) Does our product/service contribute significant impact to it?
   (e) Is there a trend that will make it (the topic) material in the future?

3. **Defining Performance and Management Approach**: Once the list of material topics were identified, relevant metrics were identified. The Sustainability Team also referred to the Global Reporting Initiative (GRI) standards, a globally recognized sustainability reporting tool, to craft PERC's own management approaches. These approaches were aimed at mitigating risks and improving the performance metrics. The UN Sustainable Development Goals (SDGs) were also used as a guide for identifying the Company's societal, environmental, and economic impact and value.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)*	2,717,255,644	PhP
Direct economic value retained	558,723,189	PhP
Direct economic value distributed:	2,158,532,455	PhP
a. Employee wages and benefits	183,265,013	PhP
b. Payments to suppliers, other operating costs	1,462,756,564	PhP
c. Dividends given to stockholders and interest payments to loan providers	442,640,844	PhP
d. Taxes given to government	65,585,218	PhP
e. Investments to community (e.g. donations, CSR)	4,284,816	PhP

**Direct economic value generated (revenue) and operating costs includes PERC's oil revenues and operating costs from four (4) oil fields located in Gabon, West Africa. However, these oil fields are not included in the scope of this Sustainability Report since PERC is not the operator of the Gabon petroleum operations. VAALCO Energy Inc., the operator of Gabon operations, promotes sustainable practices as indicated in their Sustainable Report available at https://www.vaalco.com/sustainability/sustainability-report*

The Philippine government has committed to accelerate the utilization of renewable energy resources in order to reduce harmful greenhouse gas emissions and achieve economic development while protecting the environment. As proof of this commitment, the Renewable Energy Act of 2008 (RE Law) gave incentives and privileges to support renewable energy development.

Direct Economic Value
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

In 2022, PERC generated ₱2.72 billion of direct economic impact, of which 79.44% (₱2.16 billion) was distributed among suppliers, employees, providers of capital, government, and community investments/donations.

PERC Direct Economic Value Generated

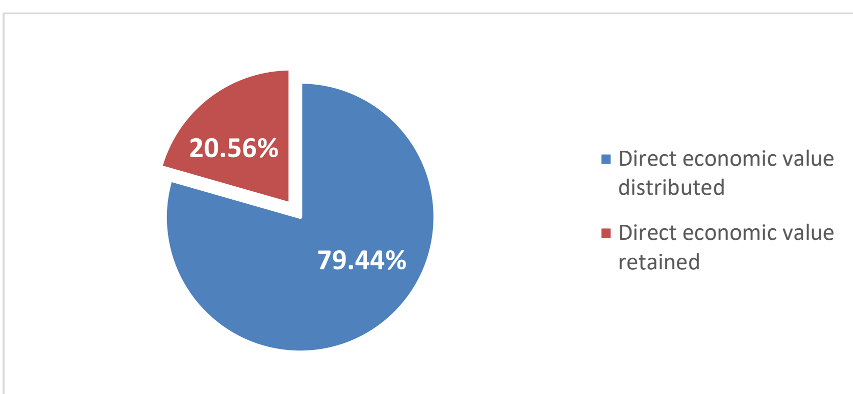

Figure 1: PERC Direct Economic Value Generated. PERC distributed 79.44% of economic value generated, and retained 20.56%

Breakdown of PERC Direct Economic Value Distribution

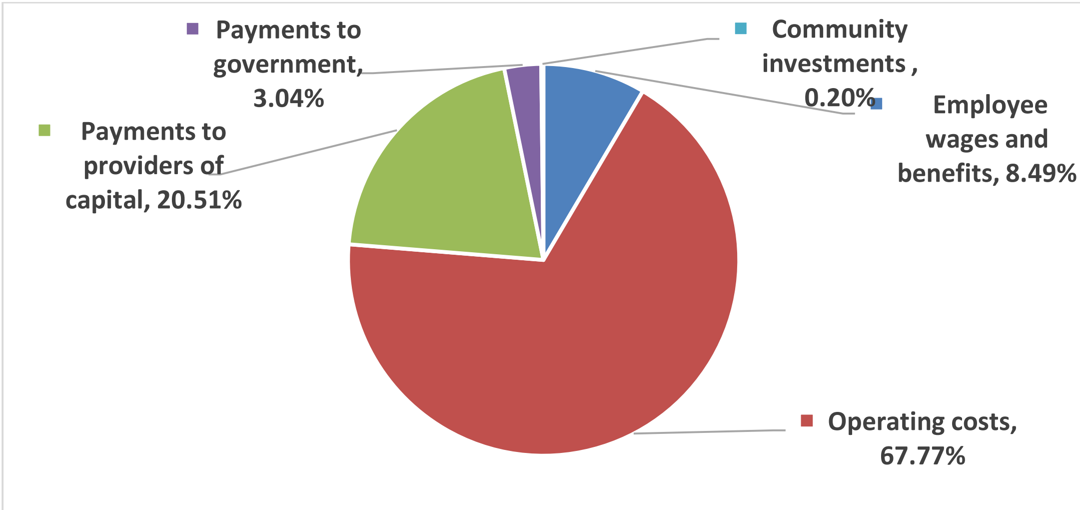

Figure 2: Breakdown of PERC Direct Economic Value Distribution shows the distribution of impact per stakeholder.

In relation to economic impact, PERC recognizes the following risks, which affect the Company's shareholders, employees, and other stakeholders:

(1) Risks related to operational preparedness due to climate-related risks

The Philippines is one of the most susceptible countries to climate-related hazards, including extreme warming events, extreme rainfall, sea level rise, and increase in ocean temperature. In 2013, the Philippines was hit by *Typhoon Haiyan* (locally *Super Typhoon Yolanda*), one of the most powerful typhoons ever recorded. Haiyan caused approximately US$2.98 billion in damages. Scientists agree that weather disturbances and natural calamities could adversely affect a Company's ability to generate revenue and perform its operations.

For PERC, actual and potential impacts of climate-related risks include plant outages, damage to major power plant components, damage to road network and offices, loss of means of communication, sub-optimal performance of power plant components, and general business interruption.

To manage these risks, PERC ensures that these risks are considered during financial and business strategic planning so that appropriate and reasonable protection, redundancy, and mitigating measures can be put in place. Specifically, PERC practices the following mitigating measures:

- Taking advantage of existing technologies, such as wind turbines that can withstand extreme winds, installation of lightning arresters, bio-engineering measures for slope and road protection, etc., to mitigate impact;
- Reinforcing and strengthening of major power plant components such as transmission poles, WTG foundations, and ground cables;
- Implementing monitoring protocols for climatic parameters such as ambient temperature, humidity, rainfall, and wind patterns;
- Institutionalizing disaster-preparedness and crisis-response protocols; and
- Regularly reviewing and ensuring that insurance coverages are adequate and up-to-date.

(2) Uncertainty in government regulations particularly in issuance of Feed-in-Tariff (FiT)

The Feed-in-Tariff (FiT) is a fixed-rate per kWh that electricity consumers pay to finance renewal energy incentives in the Philippines. The FiT was included in the Renewable Energy (RE) Act of 2008 to increase investments in renewable energy. Changes in regulations and different policy interpretations may result in reduction of FiT, and therefore may affect the Company's revenue and income.

To mitigate this risk, PERC constantly monitors policy directions to anticipate changes in regulations that could affect its projects. Also, PERC continuously strengthens ties with government agencies such as the Department of Energy (DOE) and the Energy Regulatory Commission (ERC) by participating in seminars and meetings to be abreast with new rules and regulations and by maintaining its advocacy efforts through industry associations.

(3) Inability to get returns on capital investments

PERC may also be exposed to equity partnership risk. For its RE projects, PERC partners with other firms to form Joint Venture (JV) operating companies. Business decisions made by these JV partnerships have a crucial effect on the sound operation and financial success of PERC's business. Although the Company maintains good relationships with its partners, there is no assurance that these relationships will be sustained in the future or that problems would not develop. For example, the Company's joint venture partners may be unable or unwilling to fulfil their obligations, take actions contrary to its policies or objectives, or may experience financial difficulties. If any of these events occur, the businesses of these joint ventures could be severely disrupted, which could have a material adverse effect on PERC's business, financial condition, and operations.

In order to avoid or mitigate these risks, PERC employs care and prudence in selecting its partners. The background of potential partners is heavily scrutinized, attention paid to the personalities behind the potential partners, their culture, reputation, and track record. The shareholders' agreements or joint venture agreements also contain penalty provisions in case a partner refuses or fails to fulfil its obligations. There are likewise exit mechanisms that could be utilized in case the relations among partners become unfavorable.

(4) Inability to retain key people

Due to high competitiveness in the power industry, key people may be pirated by other energy companies. This is a risk when PERC is unable to provide competitive compensation and benefits to its employees. Since PERC operates in a lean structure, there are risks on business continuity in case of resignations in key positions. Since the required skill sets are highly technical or specific, there could be a longer or steeper learning curve among new hires.

To manage this risk, the Company employs a strong mentor-mentee approach where coaching and in-house trainings are extensively practiced. Reporting lines among senior management, middle management, and rank-and-file are kept simple and non-bureaucratic to encourage constant communication and learning among all levels of function. A stringent and non-discriminatory screening among applicants is implemented to ensure skills and job match. The Company also continuously studies industry practices on compensation and benefits to offer a competitive package to potential employees.

(5) Risks related to opposition from local communities

Without proper social preparations, PERC may be exposed to opposition from local communities. This may arise when the community does not understand the importance and benefits of the energy project. Opposition may also be a result of the Company's inability to foster a mutually-beneficial relationship with the communities.

To manage this risk, PERC cultivates a good relationship with the communities and implements an extensive and integrated Corporate Social Responsibility (CSR) Program with focus on health, education, and livelihood. This program is designed, implemented, and reviewed in partnership with community members to ensure input from the community, incorporating their own desires and constraints. PERC's CSR program is also subject to occasional third-party reviews by NGOs and academics, when needed. This approach has helped PERC achieve a high degree of host community acceptance and partnership engagement in the project sites.

(6) Risks due to health crisis or pandemic

Risks related to health crisis were widely experienced when COVID-19 pandemic hit the world. There were disruptions in economic activities, global supply, and working environment. Like any other companies, PERC also recognized these risks and had to introduce innovation in its operations and working arrangements.

To manage this risk, PERC activated its Crisis Management Team (CMT) to implement protocols and guidelines to ensure business continuity while prioritizing the health of its employees and their families. Flexible working arrangements were introduced, IT infrastructure was strengthened to enable employees to work remotely, regular COVID-19 testing and monitoring were implemented, and strict health protocols were observed in the project sites and head office. In 2022, although COVID-19 cases were significantly reduced, PERC still implements health and safety protocols in offices and project sites.

(7) Cyber security risks

Because of the rapid technological and digital transformations around the world, cyber security risks and attacks also increased tremendously. PERC's business may also be affected by common cyber attacks such as phishing, malwares, social engineering, and ransomware among others. Such attacks may possibly result in interruption of business, unavailability of services, or unauthorized disclosure of information.

To mitigate this risk, PERC implements cyber security measures such as firewall, endpoint protection, security policies and controls, as well as maintains a regular security information and awareness campaigns.

Discussion on Opportunities

While PERC ensures multiple and strategic management of risks for business continuity, taking advantage of opportunities would also allow it to expand in the coming years.

PERC's main opportunity for continued growth is the increase in the Philippines' electricity demand. And with the current climate crisis, there will be more calls for investments in renewable energy. Already major multi-lateral financial institutions, such as the World Bank and the Asian Development Bank (ADB), as well as large private banks, have declared moratorium on loans for new coal-powered facilities. PERC could tap into this opportunity by focusing its growth towards RE. PERC's growth strategy is anchored on judiciously selecting and developing viable projects, promoting resiliency to climate-related risks, and contributing to the country's need for indigenous and cleaner energy sources.

PERC also recognizes the opportunity to enhance investors' confidence by maintaining efficient operations of its power plants. This can be achieved through the use of technology that would optimize revenue and reduce operating costs. With a stronger connection with investors, PERC can leverage on the Company's credibility and good reputation to attract more investments, gain access to increased credit, and reduce risks related to equity partnership.

Opportunities also exist in interactions with key stakeholders such as with employees, suppliers, and host communities. By identifying each employee's abilities and providing suitable paths for professional growth, PERC will attract more talents and increase employee retention. Building trust and maintaining a professional relationship with suppliers will help in ensuring that PERC gets quality products and services as needed. Fostering good and mutually beneficial relationships with the surrounding communities through continuous, effective, and impactful CSR programs will likewise improve business sustainability and showcase the Company's commitment to being a good corporate citizen.

Climate-related risks and opportunities

Governance - Disclose the organization's governance around climate-related risks and opportunities.

1. Describe the board's oversight of climate-related risks and opportunities

To manage risks, which include climate-related risks, the PERC Board has established the Board Risk Oversight Committee (BROC) whose function is to oversee the risk management processes being performed at each operating level. The BROC monitors the effectiveness of the policies, procedures, and practices adopted by PERC and decides on measures to adopt to enable the Company to prepare for climate-related risks.

2. Describe management's role in assessing and managing climate- related risks and opportunities

The management, in coordination with BROC, has the following roles to address climate-related risks:

a. Reinforcing the importance of risk management and internal control by integrating them in organizational governance;
b. Communicating opportunities for strategic or business objectives so the staff can contribute in identifying and managing risks; and
c. Promoting a clear message for all staff on the importance of managing risks and their impact.

Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

1. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

The following are some of the climate-related risks that may have significant impact to the Company's business, financial condition, and results of operations:

a. Equipment breakage due to natural disasters (e.g. typhoon, flooding);
b. Sub-optimal performance of major power plant components (e.g. cooling tower, PV panels, etc.) due to climate-related factors (e.g. increase in temperature);
c. Grid disruptions due to typhoons and other weather disturbances;
d. Loss of communication lines;
e. Breakdown of IT and networking facilities used for plant monitoring; and
f. Damage to access roads due to natural erosion or landslides.

Amidst these risks, PERC recognizes the following opportunities that the Company may explore:

a. Merging technology, energy systems, and advanced analytics to be able to predict outages due to temperature, humidity, precipitation changes, among others;
b. Incorporating reinforcements in the design of power plants to curb effects of climate change;
c. Designing a more comprehensive disaster preparedness, crisis response, and business continuity protocols;
d. Investing more on in-house talent development to reduce dependency on third-party suppliers or service providers; and
e. Institutionalizing further the environmental protection program for each site/project.

Risk Management - Disclose how the organization identifies, assesses, and manages climate-related risks

1. Describe the organization's processes for identifying and assessing climate- related risks

During pre-development stage of power projects, PERC conducts a social and environmental impact assessment to determine possible risks and impacts, including those coming from climatic risks, and plan for the necessary mitigation. Aside from the baseline assessments, another stage wherein risks are also considered is during the financial and business strategy planning. This is to ensure that governance measures are in place to identify, monitor, and mitigate risks.

2. Describe the organization's processes for managing climate- related risks

PERC's renewable energy facilities are exposed to climate-related risks, such as stronger and more frequent weather disturbances. These risks are taken into account as early as the facility's designing and planning stage. Thus, PERC practices the following climate-related risk management approaches:

a. Taking advantage of existing technologies to mitigate impacts such as wind turbines that can withstand extreme winds, installation of lightning arresters, and other bio-engineering measures;
b. Reinforcing and strengthening of major power plant components such as transmission poles, WTG foundations, and ground cables;
c. Implementing protocols to monitor changes in temperature, weather, and wind patterns;
d. Institutionalizing disaster-preparedness response protocols; and
e. Maintaining adequate insurance coverage.

3. Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management

The Board of Directors, through the BROC, is responsible for providing oversight to PERC's fulfilment of management accountability and governance expectations in relation to management of climate-related risks. The line management is responsible for implementing the policy standards, management of mitigating measures through periodic assessments, development of direct channels for communication with employees, and monitoring and reporting of business challenges encountered in the course of managing the climate-related risks.

PERC also engages an internal auditor to regularly review the controls and progress in implementing the mitigating measures. All employees are responsible for the proactive assessment and documentation of significant climate-related risks and taking prompt action to manage and communicate to the management for needed business decisions.

Metrics and Targets- Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

1. **Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process**

Since PERC's objective is to avoid plant outage or minimize plant shutdown due to climate-related risks, the most important metric used in managing risks is continuous and efficient power generation. The latter is assessed in terms of daily gross and net electricity produced, capacity factor, availability factor, and outages experienced. PERC also uses other metrics like its compliance with environmental laws, its utilized budget for repairs, and its insurance claims due to these risks, to assess how well the Company manages these climate-related risks and opportunities.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	55	%

Procurement Practices
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC's primary risk regarding supply chain is the limited choices among local suppliers due to highly technical project requirements that are often not available locally. As a consequence, many items must be sourced abroad. This leads to inventory, transport/logistics, and foreign-exchange -related risks, where PERC may stockpile items (and thus invest more capital in non-moving items), as future deliveries of these imported items may be delayed due to uncontrollable circumstances.

To manage these risks, PERC accredits various suppliers to broaden choices and ensure supplier reliability. There is also proper coordination among business units to ensure the availability of inventory, when needed; and that enough spare parts of key components are sourced in advance. PERC follows accreditation policies and processes to assess its suppliers. As a general rule, PERC partners only with credible and globally known suppliers for its major equipment to ensure that PERC gets products with global standards and quality.

Due to certain equipment being highly technical in nature, PERC has to source machinery like generators, solar PV panels, and transformers and their spare parts from overseas suppliers. An Operations and Management (O&M) agreement is entered between the equipment supplier and operating company to ensure efficient operations and ready availability of critical imported equipment and parts. On the other hand, day-to-day supplies and simple maintenance materials and products are all sourced locally.

In 2022, there were lesser procurement-related activities due to the pandemic.

Discussion on Opportunities

There is an opportunity to increase the Company's support to local suppliers. At present, there is no formal or institutionalized program for such initiative. However, prioritizing purchase from local suppliers and service providers is done as a matter of practice. PERC may improve the practice by putting the preference for local suppliers into a formal policy. In addition, the RE Act of 2008 provides incentives to local RE suppliers and manufacturers in the form of VAT exemptions. If these incentives can be promoted, these local suppliers can save hundreds of millions in VAT payments.

Anti-corruption

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	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	10%	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Anti-Corruption
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Corruption, whether it is committed by internal, external, or colluding parties, remains a risk despite policies and procedures in place designed to prevent it. Corruption results in diluted economic impact and loss of confidence in the Company by both internal and external partners.

PERC communicates its anti-corruption policies and procedures to its external partners via PERC's Supplier Accreditation Policy. All potential suppliers must abide by the Accreditation Policy, which requires suppliers to declare relatives and friends employed with PERC and its affiliates.

PERC abides by the highest ethical and legal standards set by the House of Investments (HI) and the Yuchengco Group of Companies (YGC). PERC sets and enforces its own policies as follows (more information posted in www.petroenergy.com.ph):

- PERC Code of Business Conduct
- PERC Related Party Transactions
- PERC Conflict of Interest
- PERC Insider Trading
- PERC Whistleblowing Policy

The above-mentioned policies cover all of PERC's directors, officers, employees, consultants, and contractors, including those of its subsidiaries.

PERC's Whistleblowing Policy enables employees to submit to their immediate manager/superior written reports and documentation on incidents of corruption or inappropriate conduct. If the employee has reason to believe that they will not receive a fair hearing and objective treatment, they may submit their written reports to the Human Resource Department (HRD). All concerns will be treated in confidence. Complaints or concerns given anonymously will be ignored unless there is a document or other corroborating evidence given together with the anonymous allegation.

All PERC employees, from rank-and-file to director-level, are made aware of PERC's anti-corruption policies during the mandatory employee orientation/reorientation. All the new employees are briefed on the Company's Code of Ethics which they have to sign-off and acknowledge. Current employees receive reorientations about the Company policies so they are reminded to comply with the Company's standards and ethics. The directors and managers of the Company also attend annual seminars on corporate governance to refresh and update their knowledge on anti-corruption measures.

In 2022, there were no incidents of corruption committed by PERC's directors, employees, nor business partners.

Discussion on Opportunities

At present, only directors and managers receive training on anti-corruption. This will be extended to include other employees as part of PERC's training program. Also, suppliers are only accredited once, as a requirement for their inclusion in the supplier database. The Company may consider regular supplier audits to ensure their continued compliance with relevant laws and regulations.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (gasoline)	9,127	Liters
Energy consumption (LPG)**	0	m^3
Energy consumption (diesel)	818,145	Liters
Energy consumption (electricity)	19,847,317	kWh

In 2022, there was a significant increase in total energy consumption for gasoline and diesel because employees were transported to and from work as part of continuing health and safety protocol against COVID-19.

Energy consumption within the organization
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC experiences reduced risk in energy availability, because it obtains most of its electricity requirement from its own renewable energy operations.

Among PERC's power plants, MGPP consumes the most electricity for its operational needs. This is mainly due to the 24/7 operations of this baseload geothermal power plant. PERC has no formal program yet in reducing energy consumption across the Company. However, PERC implements practical means to save on consumption. Air-conditioning units are maintained at 24°C and run for only nine (9) hours in the staff's quarters and for eight (8) hours in office/logistics offices. Signs and reminders to conserve electricity are also installed around the office premises. During lunch break, a 1.5 hour lights-off is also observed daily. Energy management trainings for employees are also conducted to raise awareness on energy conservation and to help in establishing systems and processes to improve energy efficiency and usage.

Discussion on Opportunities

PERC is planning to implement formal monitoring guidelines and schemes to keep track of energy reduction initiatives. The baseline information can be a tool for financial and administrative planning and for designing energy management innovations.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	263,438.51	m^3
Water consumption	264,355.51	m^3
Water recycled and reused	0	m^3

In 2022, there was a significant increase in water consumption and withdrawal compared to 2021 specifically in the project sites because the employees started to report on site. This resulted in increased domestic water consumption. In addition, major preventive maintenance works particularly in the Maibarara power plant was conducted, which contributed to the increase in water consumption.

Water consumption within the organization
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC sites withdraw water from the local aquifers via deep wells. These deep wells have the necessary permits from the National Water Resources Board (NWRB). The maximum amount of water allowed to be withdrawn from the aquifer is set by the permit. The risks of water consumption are from over-extraction (which may lead to ground subsidence) and competition with the local community for the water resource (which may lead to negative community relations).

To manage the risk, PERC ensures that there is proper monitoring of water use in all power plants through a water flow meter. PSC also uses a water withdrawal logbook. MGPP uses water holding tanks in both of its Fluid Collection Reinjection System (FCRS) and power plant operations.

The biggest consumer of water among PERC's projects is MGPP, where freshwater is used to dilute and quickly cool the hot brine in the open thermal ponds before being reinjected back into the reservoir. Otherwise, water consumption within PERC is limited to domestic use in the power plants and offices.

Water reduction strategies include consistent preventive maintenance of water equipment and facilities and the rapid repair of leaks or damage in the water system. NWPP also reuses its non-potable water for other non-operational activities on site.

Discussion on Opportunities

PERC will implement formal monitoring schemes to closely manage and conserve water consumption. PERC will also continue to help in management of watershed areas such as in Makiling Forest Reserve adjacent to the MGPP and in the Bamban watershed a few km south of TSPP.

Materials used by the organization

N/A – no construction of new power plant in 2022

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	Not Applicable	kg/liters
• non-renewable		
• Solar PV panels	0	panels
• Aggregates and back-filling materials (gravel, sand, basecourse, backfill)	0	m^3
• Cement	0	tons
• Steel	0	kg
• Oil	0	liters

Materials used by the organization
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

The quantity of materials used per year is dependent on the Company's growth plan. Materials consumption is strictly monitored, because any wasted material translates to additional cost. Materials consumption is estimated based on previous projects'/previous years' consumption and activities for that particular year.

Another risk in using such materials is the generation of hazardous wastes, such as used oil from the maintenance of the turbines. Hazardous wastes have a potential impact on the environment and human health if not handled, stored, or treated properly. More in-depth discussion on hazardous waste management is found in the Hazardous Waste Management section.

Discussion on Opportunities

PERC will start monitoring the renewable and non-renewable materials used in day-to-day operations, such as the reams of paper, printer ink cartridges, and other office supplies used in the Head Office, so there is awareness of the amount of materials used and the Company can plan on how to save on usage.

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	• Maibarara Geothermal Power Project in Sto. Tomas, Batangas • Nabas Wind Power Project in Nabas-Malay, Aklan	Power plants
Habitats protected or restored	• Maibarara: 1 hectare through three planting activity • Nabas: 7.14 hectares through tree planting activity	ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	See separate tables below	

For Maibarara Geothermal Power Project:

Flora: Seven species are listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants) as either vulnerable or critically endangered species (See table below). All the seven threatened species are trees.

Threatened Species recorded in the study area	Common name	Conservation status
Artocarpus blancoi	Antipolo	Vulnerable
Celtis luzonica	Magabuyo	Vulnerable
Drynaria quercifolia	Pakpak lawin	Vulnerable
Koordersiondendron pinnatum	Amugis	Vulnerable
Macaranga grandifolia	Takip asin	Vulnerable
Parashorea malaanonan	Bagtikan	Critically endangered
Pterocarpus indicus	Narra	Critically endangered

Fauna: No threatened species listed in the IUCN Red List and CITES List were recorded in the study area. Most of the recorded species are common and wide in distribution.

For Nabas Wind Power Project:

Flora: Only one (1) species is listed in the 2006 IUCN Red List of Threatened Species and DENR DAO 2007-01 (National Red List of Threatened Philippine Plants): narra (*Pterocarpus indicus*)

Fauna Seven (7) species are listed in the IUCN Red List and CITES. This means that hunting and trade of these species are strictly prohibited and is punishable by law under RA 9147 or the Philippine Wildlife Act of 1995.

Threatened Species recorded in the study area	Common name	Conservation status
Sus cebifrons	Visayan Warty Pig	Critically Endangered
Macaca fascicularis	Long-tailed macaque	CITES App. II
Prionailurus bengalensis	Leopard Cat	CITES II
Spilornis cheela	Crested Serpent Eagle	CITES II
Haliastur indus	Brahminy kite	CITES II
Varanus salvator	Water monitor lizard	CITES II
Malayopython reticulatus	Reticulated python	CITES II

Ecosystems and biodiversity
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Since PERC operates renewable energy power plants, attached risks related to biodiversity and ecosystem are inherently lower compared to operating fossil fuel power plants. However, these RE plants still have environmental risks. Examples of which are some changes in surrounding landscapes during the construction process, bird strikes on wind turbine towers during operations, etc.

PERC uses technological measures and cooperation with the local community to reduce impact to biodiversity and ecosystems.

PERC has two (2) facilities located adjacent to protected areas and areas of high biodiversity value: Maibarara Geothermal Power Project (adjacent to Mount Makiling Forest Reserve [MMFR]) and Nabas Wind Power Project (adjacent to Northwest Panay Peninsula Natural Park [NPPNP]). The MMFR covers 4,244 hectares and is under the jurisdiction of the University of the Philippines-Los Baños (UPLB). The NPPNP covers 12,009 hectares and is under the jurisdiction of the Northwest Panay Biodiversity Management Council (NPBMC).

For NWPP, bird strikes are mitigated through DTBird - a shutdown-on-demand technology that was installed in the wind turbines to minimize bird mortality. This system consists of several modules including the detection, dissuasion, stoppage, and collision control when the presence of birds is detected near the turbines. As important, prior to development, the environmental impact assessment study revealed that the wind farm's project site is not a path for migratory birds.

The RE plants also take steps to be good partners with the protected area management agencies and with the local communities. MGPP has an ongoing Memorandum of Understanding (MOU) with UPLB to protect the Makiling forest through tree planting and allocation of support funds. The project funded the construction of two (2) watchtowers inside the MMFR to help in the protection and conservation of the area. The towers, similar to a lookout tower, serve as a forest station of MMFR forest guards so they can patrol the area against illegal activities, such as cutting of trees, slash and burn farming, etc.

MGPP also promotes habitat protection, which includes maintenance and protection of trees planted during the previous year. Planting and maintenance of flowering trees (fire trees *Delonix regia*) along the boundary of MMFR is covered by MOA between MGI and LGU of Sto. Tomas, Batangas in accordance with the policies of UPLB -College of Forestry and Natural Resources (UPLB-CFNR) which has jurisdiction over the area. The nearby communities were tapped for the tree planting activities, as well as the maintenance and protection of planted trees inside the MMFR.

In NWPP, the staff and communities partner together for an annual tree planting activity with continuous monitoring, protection, and maintenance of the planted trees. Information Education Campaign (IEC) on biodiversity and wildlife and forest protection for the host community are likewise conducted.

Discussion on Opportunities

The Nabas wind farm has been identified as a potential ecotourism site, and NWPP is already constructing a viewing deck to promote and enhance the ecotourism features of the wind farm. PERC is looking forward to developing an ecotourism plan with the LGUs and local communities, alongside the current construction of the view deck. The planned ecotourism development aims to increase awareness in environment protection and to provide additional sources of income for the local government and communities.

Environmental impact management

Air Emissions

GHG *

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	155	Tons CO_2e
Energy indirect (Scope 2) GHG Emissions	1,986	Tons CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tons

** GHG calculations from https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator*

Air Emissions

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a developer and operator of renewable energy facilities, majority of PERC's overall GHG emissions are Scope 1 due to the fuel consumption of necessary equipment and vehicles. MGPP generates and uses its own electricity 24/7. NWPP also operates 24 hours, while TSPP generates its own electricity during the day and get feedback power from the main grid at night.

Basic energy reduction initiatives are already in place, such as use of energy-efficient lighting and equipment, scheduled operation of air conditioners in offices and staff quarters, and regular preventive maintenance of equipment for efficient usage.

The 20 MW Maibarara Geothermal Power Project has been approved under the Clean Development Scheme of the UN Framework Convention on Climate Change and is qualified for carbon credits. This approval signifies PERC's commitment to lower carbon emission through its renewable energy operations.

Discussion on Opportunities

PERC is targeting emissions reduction from transportation such as from fuel use through proper vehicle assignment (maximum seating capacity), carpooling in going to office, or by telecommuting, if applicable. At present, there is no explicit policy on reducing emissions.

PERC recognizes the opportunities in telecommuting as an alternative working arrangement to reduce GHG emissions. Although this is not possible for staff assigned in the power plant operations and maintenance, this can be applied to the staff in the business support units. PERC will continue to strengthen the robustness and security of its IT to allow for safe and efficient remote work for the staff whenever possible or needed. In addition, PERC will also increase its investments in online collaboration tools and platforms to enable staff engagement in a remote work setting.

Air pollutants

Disclosure	Quantity	Units
NOx (NO_2)	104	mg/Nm^3
SOx	Not Applicable	µg/Nm^3
Persistent organic pollutants (POPs)	Not Applicable	Kg
Volatile organic compounds (VOCs)	Not Applicable	Kg
Hazardous air pollutants (HAPs)	Not Applicable	µg/Nm^3
Particulate matter (PM)	Not Applicable	µg/Nm^3
CO	273	mg/Nm^3
H_2S	Below 0.007	ppm

*Air pollutant disclosure from MGPP only. NWPP and TSPP do not emit air pollutants during operations.

Air pollutants
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a developer and operator of renewable energy power plants, PERC emits much less air pollutants compared to power plants using fossil fuel. PERC's major source of air pollutants during operations is the MGPP. The NWPP and TSPP do not emit air pollutants during operations. PERC also does not use ozone-depleting substances in its operations.

MGPP emits 97% less sulfur compounds and 99% less CO_2 compared to fossil fuel plants of similar size. In particular, geothermal plants emit NOx, CO, and H_2S as part of its operations. Hydrogen sulfide is naturally found in geothermal reservoirs and is the source of the "rotten egg" smell in geothermal facilities.

In MGPP, NO_2 and CO are tested annually, while H_2S levels are monitored regularly through Continuous Air Monitoring Stations (CAMS) located upwind and downwind the project site. Results show that the levels of NO_2, CO, and H_2S are compliant with regulatory requirements and are below the limits set by the Department of Environment and Natural Resources (DENR).

Discussion on Opportunities

PERC will continue to monitor emissions and ensure compliance with the standards set by regulatory agencies. The Company will also look into, and study, available applicable technologies and process improvements that could help reduce air pollutants.

PERC is also studying the viability of H_2S abatement systems. These systems, however, have not yet been installed in any local geothermal plants and have unconvincing success rates abroad. More information can be found in the Significant Impacts to Local Communities section.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	61,909.62	kg
Reusable	0	kg
Recyclable	4,262	kg
Composted (landscaping waste + composted food waste)	1,353	kg
Incinerated	0	kg
Residuals/Landfilled	3,242	kg

In 2022, there was a significant increase in solid waste generated due to the scheduled preventive maintenance of Maibarara geothermal power plant. Waste monitoring and management are in place to ensure that effects of these wastes are mitigated.

Solid waste management
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Solid waste is a risk to both human health and the environment as a whole. Improper disposal of solid waste could lead to the spread of diseases and release of harmful substances into the environment. It also opens the Company to legal and financial repercussions.

The power plants are able to either compost or reuse food and garden waste. Food waste from the kitchen of the Control Buildings and the power plants is collected and composted or given to community members to be used as feed for domestic animals. Fruit and vegetable peelings and garden wastes are also composted.

The power plants also generate recyclable waste such as scrap tires, PET bottles, and cans. Scrap tires are donated to schools to be converted into planters. PET bottles are turned into eco-bricks as part of a community recycling initiative with nearby schools and communities.

All other recyclable materials and non-recyclable materials are disposed through DENR-accredited waste haulers. At present, the waste generation in the head office is not monitored. Overall, all power plants strictly comply with the proper management and disposal of wastes in relation to RA 9003 and RA 6969 of DENR EMB.

Discussion on Opportunities

PERC is looking forward to implementing more projects focused on upscaling wastes to be converted into more useful materials. The Company will also look at expanding the eco-brick project to involve more stakeholders. Another project under study is the provision of mobile libraries converted from a container van. These and other recycling initiatives will be more formalized and monitored.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		
• Used lead acid batteries (D406)	80	kg
• Used oil (I101)	11,745	Liters
• Busted fluorescent lamps (D407)	75	kg
• Waste electrical and electronic equipment (M506)	1,478	kg
• Other hazardous waste	48,532	kg
Total weight of hazardous waste transported/disposed properly	60,905	kg

Hazardous waste management
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Renewable energy power plants generate much less hazardous wastes compared to fossil fuel power plants. Such wastes have potential impact on the environment and human health if not properly handled. Risks applicable to PERC's operations include accidental spills, deliberate releases into the environment, improper storage, and improper disposal.

All PERC power plant operations comply with DENR rules and regulations on hazardous waste handling, storage, transport, and treatment/disposal. Each project site has a Pollution Control Officer (PCO) who is responsible for organizing the collection, transportation, , and disposal of hazardous waste off-site. In MGPP, the monitoring and management of hazardous waste has been formalized in the *Management of Waste from Geothermal Operation* manual.

Prior to disposal, all hazardous wastes are stored in impermeable and covered bins within a designated onsite hazardous waste storage facility. Training for hazardous waste handling and storage is also provided for personnel such as security, janitorial, and third party contractors, who may come into contact with the hazardous waste.

Used oil from the wind and geothermal power plants are disposed in partnership with *Bantay Langis*, the used oil recycling program of ABS-CBN Lingkod Kapamilya Foundation, Inc. (ALKFI). PERC donates the monetary value of the used oil to ALKFI, which goes to the Foundation's environmental protection programs.

All other hazardous wastes are transported and treated by hazardous waste transporters and treaters accredited by DENR. All treated wastes are issued with a Certificate of Treatment/Disposal by the partner treater.

Discussion on Opportunities

PERC may extend the partnership with ALKFI for hazardous waste to other projects. Current protocols, procedures, and technologies used may also be assessed to see if there are ways to minimize the generation of hazardous waste. An onsite audit of hazardous waste treaters' facilities may also be conducted to ensure that the hazardous wastes are treated properly.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	8,085	m^3
Percent of wastewater recycled	0	%

Effluents
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Improper wastewater discharge has a negative effect on the environment through pollution, increased sedimentation, and potentially spreading of diseases. It also opens the Company to legal repercussions.

All the power plants generate domestic wastewater. The wastewater goes through a three-chambered septic tank with concrete flooring. Once full, the septic tank is siphoned by an accredited third party contractor for proper disposal. The building where the head office is located also has its own septic tank.

In addition to effluents, MGPP also monitors the water quality of the brine used in its turbines.

MGPP uses a single-flash, condensing steam power cycle. The setup pumps hot water at high pressure from the reservoir into a “flash tank” on the surface. Because the flash tank is at a much lower temperature, the hot water quickly “flashes” into steam. The steam powers the turbines that generate electricity. Afterwards, the steam is cooled and condenses back into water (the brine). The brine is dumped into a thermal pond to allow further cooling, before it is reinjected into the ground through the reinjection wells.

The brine is not considered “effluent” because it is not discharged into the environment after use, but is still monitored because it may contain heavy metals that could contaminate groundwater. It is monitored through regular sampling and checking of its components.

Discussion on Opportunities

PERC will continue to research on and study available technologies that may help in managing water discharges. The Company will also continue to ensure compliance with regulatory obligations and ensure that any water discharge will not harm the environment and surrounding communities.

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	#

Environmental compliance

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC prioritizes compliance with all environmental laws applicable to the Company's operations. Any non-compliance has regulatory risk, resulting in fines and/or sanctions which would affect the Company's credibility or worse disrupt the Company's operations. More importantly, the risk of actual environmental damage may also affect the Company's relationship with surrounding communities. Reputational risk is also present, as non-compliance may result in the stakeholders losing confidence in PERC.

PERC's approach in implementing compliance is to ensure that each project site has a DENR-accredited Pollution Control Officer (PCO) who is responsible for complying with permitting and reportorial requirements. An annual strategic and assessment planning is conducted with the PCOs in order to assess and strategize plans and programs for the coming year. PERC's good relationship with the local community also gives it the opportunity to investigate or remedy potential complaints before it becomes a regulatory issue.

In 2022, PERC did not receive any monetary fines nor non-monetary sanctions for non-compliance with environmental laws.

Discussion on Opportunities

PERC will continue to foster good relationships with regulating agencies and local communities to ensure that environmental issues are easily monitored, documented, and remedied. PERC will also capitalize on existing collaborative and online tools to allow for a centralized monitoring and documentation among the PCOs. PERC will also explore on how to use analytics to better understand environmental data and enable the Company to predict and anticipate possible environmental issues.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[1]	154	
a. Number of female employees	47	#
b. Number of male employees	107	#
Attrition rate[2]	6.49	%
Ratio of lowest paid employee against minimum wage	1.55:1*	ratio

**Lowest-paid employee is paid 1.43x the minimum wage.*

1 Disclosure includes permanent employees only

2 Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year. May also be considered as Labor Turnover.

Employee benefits

List of Benefits	Y/N	FEMALE		MALE	
		% coverage	% availed	% coverage	% availed
SSS	Y	100%	33%	100%	44%
PhilHealth	Y	100%	9%	100%	0%
Pag-ibig	Y	100%	15%	100%	7%
Parental leaves[1]	Y	80%	21%	90%	6%
Vacation leaves	Y	100%	87%	100%	81%
Sick leaves	Y	100%	50%	100%	44%
Medical benefits (aside from PhilHealth)	Y	100% coverage for female and male 516 utilization of Principal members 306 utilization of Dependents As of August 2021 to December 2022			
Housing assistance (aside from Pag-ibig)	N				
Retirement fund (aside from SSS)	Y	100%	P53.545M	100%	0
Further education support	Y	Certification trainings			
Company stock options	N				
Telecommuting	N				
Flexible-working Hours	Y	85%	68%	68%	47%

COVERAGE – Proportion of employees who are entitled to receive that benefit. Unless otherwise stated, discussion on coverage is based on total number of male and female permanent employees.

AVAILED – Proportion of covered permanent employees who used the benefit

1 Parental Leaves include Maternity, Paternity, and Solo Parent leaves

Employee hiring and benefits

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Due to its technical operations, PERC requires personnel with highly technical skill sets. Because of this, there is high competition among energy companies for skilled personnel.

The Company implements stringent, non-discriminatory applicant screenings to ensure not only skills and job match, but diversity in the workforce. The Company also continuously studies industry best practices in compensation and benefits to create competitive and attractive employment offers to new hires.

Once hired, employees benefit from a strong mentor-mentee approach, where coaching and in-house training are extensively practiced. Reporting lines among senior management, middle management, and rank-and-file employees are kept simple and non-bureaucratic to encourage constant communication and learning across all levels. These ensure that strong work ethics are passed on and cultivated among the staff.

PERC offers competitive compensation and employee benefits and promotes work-life balance. To keep talents within the Company, PERC invests in employee well-being programs to maintain high morale and keep employee turn-over low. The Company also promotes teamwork by ensuring proper turnover of tasks during leaves of absence. This allows the employee to take time off when needed, while ensuring continued function of the business unit during his/her absence. Employees are also provided with career and professional growth opportunities to maximize their talents and abilities.

PERC also provides further educational support by sending its staff to various certification trainings. Key staff are sent to supervisory and managerial training courses in the Asian Institute of Management (AIM). Engineers are also sent to attend technical courses overseas in geothermal, wind, and solar power plant operations and management.

Discussion on Opportunities

To further promote work-life balance among employees, PERC will explore the applicability of telecommuting to allow the staff to have more time with their families. Furthermore, as the Company grows and become more profitable, PERC will study how it can provide additional incentives and long-term benefits to its employees.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	5,087	hours
a. Female employees	693	hours
b. Male employees	4,394	hours
Average training hours provided to employees	33.04	hours/employee
a. Female employees	41.07	hours/employee
b. Male employees	14.75	hours/employee

Employee training and development
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a Company operating in a highly technical field, PERC needs to constantly update its employees' knowledge and expertise. Since PERC personnel consists of highly trained individuals with a specific set of technical skills, the Company identifies employee piracy by other energy companies as a risk.

To address this, the Company continuously provides in-house and external trainings to employees to promote career and professional growth. There is also a service bond for every training rendered, depending on the total training cost.

Discussion on Opportunities

PERC will continue to provide trainings to the employees. This will also serve as venues to identify future leaders of the Company to ensure business sustainability. Career development activities also allow the HR Department to review career gaps and design more effective training programs for employees.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	Not Applicable	#

PERC employees are not covered by a Collective Bargaining Agreement.

Labor-Management relations
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Good relationships between PERC management and employees is necessary to PERC's business sustainability. Risks related to labor-management relation include business disruptions due to potential negative impact of employee-employer or employee-employee conflicts. To address these risks, PERC ensures that platforms for grievances are well-established and communicated to employees.

PERC employs a peace mechanism to resolve employees' grievances and concerns with other employees. In the mechanism, the employees are advised to try to resolve the grievances as close to the source as possible through informal or verbal means. If the matter still cannot be resolved, the process continues and becomes formal, wherein complainants must submit a written complaint to be followed by a mediation meeting. Should the parties fail to reach amicable settlement, the grievance shall be elevated before a panel of three (3) members to finally resolve the dispute.

At the management level, employees are consulted, usually informally or through direct communication, if there are issues or concerns that could affect how they work, such as policy changes. To ensure a good working environment, the Company also organizes teambuilding sessions and social gatherings among employees. These activities enable the group to form a strong bond among one another and to promote teamwork.

Discussion on Opportunities

To further strengthen labor-management relations, PERC will promote more open dialogues and communication across all levels of function. PERC will also design and distribute a PERC Employee Handbook to help the employees understand PERC's corporate culture, core values, and principles. The Handbook will also contain operational guidelines that will equip the staff to work harmoniously with others and to help them adapt, innovate, and evolve as a PERC employee and as a person. Furthermore, PERC will continue to offer career improvement and work-life balance opportunities so the employees will feel valued and inspired.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	47	%
% of male workers in the workforce	107	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**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).*

Diversity and equal opportunity
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC values diversity by observing non-discriminatory practices in the hiring process. PERC focuses on capabilities, skills, and qualifications of potential employees. This allows PERC to reduce risks associated with lack of diversity, including unwanted limitations in perspectives that can affect effective product and service development and highly-informed decision making. Promoting diversity can also help manage risks to brand and reputation.

The Company has started providing more local and international training in management and energy systems for female employees. Female engineers are also assigned to take on more supervisory roles in resource management and operations.

PERC is also providing opportunities to hire from local communities for the upkeep and simple maintenance works in the power plant sites. In PWEI, local communities were trained to install the geotextile and coco-fibers used for slope stabilization.

Discussion on Opportunities

PERC recognizes that there are still opportunities to explore in terms of increasing female participation in traditionally male-dominated units such as in operations, which can positively impact brand and reputation and organizational perspectives.

The Company will continue the increased training opportunities and availability of supervisory/managerial roles for female engineers.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours[1]	517,378	Man-hours
No. of work-related injuries	1	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills/trainings	406	hours

[1] Safe man-hours for 2022.

Occupational health and safety
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Given the nature of renewable energy power plants, there are several safety-related risks. For example, there are risks associated with working on heights for wind farm operations. The plants are also exposed to risks like earthquakes, fires, typhoons, and other natural disasters, which may result in safety incidents. There are also manmade risks such as risks in operating large equipment and working with chemicals and hazardous materials.

To mitigate these risks, standard operating procedures for health and safety of the highest standards are observed. This is to ensure a safe working environment for employees. There are Safety and Security Officers assigned to all sites to ensure that safety and health standards are implemented. Since there is a risk in working at heights, PERC provides trainings and certifications specifically for that job. Annual first-aid drills are done in all sites.

There are also annual OHS seminars and trainings to ensure that employees are updated on best practices in health and safety. In 2022, 406 employee training hours were dedicated to health and safety training. To further promote a culture of safety, the Company gives incentive tokens to employees if they are able to perform with no lost time accident.

As a result of PERC's safety program and initiatives, PERC's operating power facilities have been recognized for excellence in occupational safety by the DOE and Safety and Health Association of the Philippine Energy Sector, Inc. (SHAPES, Inc.).

Discussion on Opportunities

PERC will continue to cultivate the culture of health and safety across its operations. The Company will work continuously with other OHS practitioners to enable a sharing of best practices in OHS.

Labor Laws and Human Rights

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

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	No	
Child labor	No	
Human rights	No	

Labor laws and human rights
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC ensures ethical business by abiding by its Code of Ethics and Business Conduct. While forced labor, child labor, and human rights are not explicitly discussed in formal policies, existing laws and regulations on labor and human rights are deemed written in the Company's policies and are strictly observed as part of the Company's compliance with all national and local laws and regulations around these issues.

Discussion on Opportunities
There is an opportunity for PERC to strengthen its commitment to the promotion of human rights. PERC could include in its Company policies, specific provisions on human rights, including anti-child labor, anti-forced labor, and respect for vulnerable groups.

Supply Chain Management

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

Procurement Shared Services (PSS) is a shared procurement services organization for all YGC members, including PERC and its subsidiaries. It is responsible for providing essential procurement shared services to YGC members including, but not limited to, vendor management, strategic sourcing of repetitive items, management of big ticket purchases, enterprise spend analysis, and procurement risk management. It also develops, implements, and enforces procurement policies, procedures, guidelines, and practices for all YGC members. Aside from this, PERC also has its own Supplier Accreditation Policy.

Procurement Shared Services (PSS) Supplier Accreditation Policy:

Topic	Y/N	Link or reference to policy
Environmental performance	N	Not explicitly mentioned in the PSS Supplier Accreditation Policy, but potential suppliers must submit copies of relevant valid environmental permits as part of the Supplier Profile Form required for accreditation.
Forced labor	N	Not explicitly mentioned in the PSS Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Child labor	N	Not explicitly mentioned in the PSS Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Human rights	N	Not explicitly mentioned in the PSS Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Bribery and corruption	Y	Code of Ethics for Suppliers, section on Bribes, Kickbacks, and Gifts from Suppliers

PERC Supplier Accreditation Policy:

Topic	Y/N	Link or reference to policy
Environmental performance	N	PERC-OP-01A Accreditation of Suppliers • Required environmental permits, if any
Forced labor	N	Not explicitly mentioned in the PERC Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Child labor	N	Not explicitly mentioned in the PERC Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.

Human rights	N	Not explicitly mentioned in the PERC Supplier Accreditation Policy, but it is implicit due to suppliers being required to comply with all laws.
Bribery and corruption	Y	Section 18: Bribery as cause for blacklisting of accredited supplier

Supply chain management

Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

PERC identifies possible risks related to uncontrollable external factors (e.g. a pandemic) that have a large impact on the general economy and could possibly affect PERC's supply schedules and availability. To mitigate this, PERC partners with international and local suppliers with good track record and credibility. These firms are known to have good practices in business continuity and are backed by strong financial and management foundation.

The PERC supplier accreditation process is subject to the following:

1. Supplier's submission of required documents;
2. Site visit of PERC Purchasing and Logistics;
3. Report on site visit, quality of items delivered, and interview of the Supplier's various suppliers and other customers; and
4. Review and approval by the Accreditation Committee.

Suppliers are assessed based on credentials of the company, including its track record on compliance with existing laws and regulations, price and credit terms, span of business to other clientele, years in business, capitalization, and successful transactions with others.

PERC reviews the list of accredited suppliers annually. Product and service review include the following criteria: quality of products and services in compliance with requirements, compliance with delivery time, competitive prices and terms of payments, timely responses to queries, and after-sales service. In addition, under provision No. 18 of the PERC's Supplier Accreditation Policy, suppliers are blacklisted if found to be bribing anybody in the Company.

At present, the PERC accreditation policy does not include assessment of environmental and social risks, aside from required regulatory compliance (e.g. DENR permits, DOLE clearance, etc.). The policy is also limited to Tier 1 suppliers, so this may affect the effectiveness of suppliers' assessment and key supply chain risks may be overlooked.

Discussion on Opportunities

PERC may explore enhancing supplier assessment to include other sustainability criteria. Moreover, PERC can also work on including Tier 2 suppliers (sub-suppliers) to enhance evaluation and minimize exposure to supply chain risks.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on 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)
Maibarara Geothermal Power Project	Sto. Tomas, Batangas	Not Applicable	No	Odor coming from the geothermal plant caused by H_2S	Continuous Air quality Monitoring System (CAMS) installed near facility, shows H_2S concentrations are within or below DENR standards Constant engagement with community to educate them on plant operations and reassure compliance with DENR
Nabas Wind Power Project	Nabas-Malay, Aklan	Not Applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects
Tarlac Solar Power Project	Tarlac City	Not Applicable	No	Local hiring for applicable jobs	Health, Education, and Livelihood Projects

**Vulnerable sector includes children and youth, 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 the 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: **NOT APPLICABLE**

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#

Significant impacts on local communities
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As an operator of RE generation facilities, PERC has much less impact on the local community compared to standard fossil fuel power plants. However, impacts still exist through potential air pollution from the power plants (geothermal) and competition for water resources. PERC mitigates these by complying with all environmental regulations and consistent engagement with the community.

An example of this is the engagement between MGPP and a nearby residential community. The residential community complained of foul odor coming from operations. The odor was hydrogen sulfide (H_2S), which is a gas that is inherent in all geothermal fields and is not “generated”. In 2013, MGPP installed two Continuous Air Quality Monitoring Stations (CAMS) to monitor H_2S: one in the upwind and one in the downwind side of the project area, about 400-500m from the power plant complex.

Results of the CAMS show that H_2S levels are below the DENR ambient limit of 0.07ppm. Additional air quality monitoring through the services of an independent third-party has been implemented since 2015, even if complaints were not coming from residents nearest the community, but from an affluent gated community farther away from the project site. MGPP continues to hold dialogues with the community by giving numerous presentations explaining how a geothermal power plant operates and how its environmental and social impact are mitigated and managed.

PERC’s projects involving the local communities have also received recognition both locally and internationally. Some of these include:

- **2017**: PWEI was awarded by Asian Power Magazine with the 2017 Environmental Upgrade of the Year Award for its innovative environmental protection program that simultaneously enhances the ecotourism value of the area while providing livelihood and skills development for its host communities;
- **2018**: PWEI received a citation from DENR, commending its efforts on the site rehabilitation and restoration. In the citation, DENR requested to present its environmental programs to other contractors and project developers in Aklan to serve as guide and model;
- **2019**: PSC was chosen by ASEAN Business Awards as the Philippine winner; and
- **2017 to 2019**: PERC received the Outstanding Community Awards from PEZA for three (3) consecutive years.
- **2020**: PWEI received the Top Community Care Award from MORS’ Asia Corporate Excellence & Sustainability Awards (ACES)
- **2020**: PSC became a Hall of Fame Awardee of PEZA’s Outstanding Community Awards

Discussion on Opportunities

To improve further the relationship with communities, PERC will continue its CSR program under the *We Power H.E.L.P.* banner. The Company will also assist the communities so that they could access RE incentives, such as the ER1-94 Benefit to Host Communities from the DOE. PERC will assist them in terms of drafting project proposals, opening bank accounts, and implementing and monitoring approved projects.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	None	Not Applicable

Customer management
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As an energy generator, PERC's customers are retail electricity suppliers, Wholesale Electricity Spot Market (WESM) participants, and the government as represented by the National Transmission Corporation (TransCo). Risks in customer management include being unable to meet contractual demands due to force majeure or abrupt changes in government policies, which may lead to decreased customer satisfaction and possible termination of supply contract.

To mitigate this risk, PERC ensures a good relationship with its customers through constant meetings and dialogues.

Discussion on Opportunities
Currently, PERC does not have a formal survey questionnaire to score customer satisfaction, but this can be included as one area for improving future customer management.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

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

Health and Safety
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach
PERC considers the health and safety of its product (electricity from renewable energy) to be a top priority. Risks include potential damage to equipment and loss of life.

PERC supplies electricity from renewable energy to the grid. Prior to the start of any project, a Grid Impact Study is done with the National Grid Corporation of the Philippines (NGCP) to ensure that the grid can handle the generated electricity. From the geothermal steam turbines, wind turbines, and solar panels, the electricity goes to the switchyard then to a substation so it can be safely (with correct voltage) distributed through the transmission lines, and finally to household and industrial end-users.

Discussion on Opportunities

PERC is currently evaluating its policies to ensure that it continues to protect customer health and safety and that the policies are updated and compliant with current laws and regulations.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

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

Company marketing and labelling is not material to PERC, as its customers are retail electricity suppliers, WESM participants, and TRANSCO.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

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

Customer privacy
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

As a matter of policy, PERC respects and upholds data privacy rights and ensure that all personal data collected from customers, suppliers, and other third parties are processed pursuant to the provisions of the Data Privacy Act of 2012. Risks due to loss of customer privacy include damage to the companies' reputation, disruption in operations, possible legal liabilities, and financial loss.

To mitigate the risk, PERC puts utmost importance to the privacy of its external and internal customers through the following data handling guidelines:

- PERC only collects data for the Company's business purpose and interest
- PERC receives consent from customers through signed Data Protection and Confidentiality Agreements
- The access to and use of collected data are only allowed by authorized representatives of PERC and are protected by adequate physical and digital protection.
- Data that are no longer necessary are deleted, except in cases identified by PERC's Legal and HR Departments.

PERC is also covered with Cyber Insurance Policy that includes protection to Data Privacy exposures. In 2022, PERC did not receive any substantiated complaints on customer privacy. PERC has also designated a Data Privacy Officer (DPO) and has implemented a Data Privacy Manual.

Discussion on Opportunities

PERC can still improve its adherence to the Data Privacy Act by strengthening its policies on data privacy and constant awareness promotion and education among its employees.

Data Security

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

Data security
Discussion on Impacts and Risks: Where they occur, stakeholders affected, and management approach

Increased use of technology also increases the risks in cyberattacks and data breaches. This is a risk that is also recognized by PERC for its power plant and business operations. To mitigate the risk, PERC strengthened its IT infrastructure and processes. This includes security hardening, standardization, and implementation of IT policies and guidelines for all employees. PERC also ensures that Cyber Insurance is in place and up-to-date to mitigate cyber fraud and cybersecurity risks.

Discussion on Opportunities
PERC's data security can be improved further by strengthening adherence to Data Privacy Act and ensuring that employees are aware on how to avoid data breaches and leaks.

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 Impact
Renewable energy	7.2 Increase in global percentage of renewable energy 7.B Expand and upgrade energy services for developing countries	Land use changes Potential impacts to biodiversity Competition with local community for freshwater sources	Environmental Impact Assessment (EIA) for project sites Site rehabilitation and protection through bioengineering measures Partnership with PAMB, LGUs, NGOs, local community, and other stakeholders for biodiversity protection Controlled usage of freshwater

PetroEnergy Resources Corporation (PERC) renewable energy (RE) subsidiary PetroGreen Energy Corporation, has equity ownership in three (3) companies that operate five (5) separate power stations:

- Maibarara Geothermal, Inc. (MGI), developer and operator of Maibarara-1 (20 MW) and Maibarara-2 (12 MW) Geothermal Power Project in Sto. Tomas, Batangas;
- PetroWind Energy, Inc. (PWEI), developer and operator of Nabas-1 (36 MW) and Nabas-2 (13.2 MW) Wind Power Project in Nabas-Malay, Aklan
- PetroSolar Corporation (PSC), developer and operator of Tarlac-1 (50 MWDC) and Tarlac-2 (20 MWDC Tarlac-2) Solar Power Project in Tarlac

Control No.:
Form Type: *GFFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF **PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES**
CURRENT ADDRESS: **7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City**
TEL. NO.: **637-2917** **FAX NO.:**
COMPANY **OIL EXPLORATION** **PSIC:** **1193**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1.Consolidated Statements of Financial Position

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**16,819,812**	**13,215,193**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	5,348,063	2,412,193
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,677,232	1,241,762
A.1.1.1 On hand	4,034	4,024
A.1.1.2 In domestic banks/entities	1,673,198	1,237,738
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	452,193	392,663
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	414,324	347,364
A.1.2.1.1 Due from customers (trade)	361,247	313,174
A.1.2.1.2 Due from related parties	6,233	3,993
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	49,527	32,879
A.1.2.1.3.1 Accounts receivable - OPMC	2,682	2,682
A.1.2.1.3.2 Subscription Receivables		8,300
A.1.2.1.3.3 Others	46,844	21,897
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	-2,682	-2,682
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)	37,868	45,300
A.1.2.2.1 Accounts receivable - Vaalco	37,868	45,300
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	14,437	12,617
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)	14,437	12,617
A.1.3.6.1 Crude oil inventory	14,437	12,617
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	7,540	7,587
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	7,540	7,587
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions	7,540	7,587
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 **FAX NO.:**
COMPANY OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1.Consolidated Statements of Financial Position

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities:		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 +	3,196,661	757,564
A.1.5.1 Advances to Contractor	8,005	12,037
A.1.5.2 Supplies inventory	116,791	128,603
A.1.5.3 Restricted cash	2,063,388	572,178
A.1.5.4 Prepaid expenses	27,200	26,109
A.1.5.5 Short-term investments	946,044	
A.1.5.6 Others - Prepaid Taxes, Refundable Deposit, Advances to Employees	35,233	18,637
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 +	8,196,897	7,985,044
A.2.2 Building and improvements including leasehold improvement	42,548	41,591
A.2.3 Machinery and equipment (on hand and in transit)	173,541	164,394
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and	76,959	55,638
A.2.5 Land and land improvements	385,933	380,584
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	11,952,921	11,276,343
A.2.5.1 Wells, platforms and other facilities	2,400,854	2,222,351
A.2.5.2 FCRS and production Wells- Geothermal	1,711,103	1,617,442
A.2.5.3 Construction in Progess	569,839	169,851
A.2.5.4 Power plant	7,271,125	7,266,700
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)		
A.2.6.1 Cumulative translation adjustments		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation/Depletion (**negative entry**)	-4,265,753	-3,752,360
A.2.8 Accumulated Impairment Loss or Reversal (if loss, negative entry)	-169,253	-181,146
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	1,877,523	1,734,947
A.3.1 Equity in domestic subsidiaries/affiliates	1,877,523	1,734,947
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.1.1 + A.3.2.1 + A.3.3.1 + A.3.3.4)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.4 Investment Property	1,612	1,612
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)		
A.6.1.1 Software Licenses		
A.6.1.2		
A.6.1.3		
A.6.1.4		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)		
A.6.2.1 Software Licenses - Accumulated Amortization		
A.6.2.2		
A.6.2.3		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 **FAX NO.:**
COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1.Consolidated Statements of Financial Position

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.1.4		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	1,395,718	1,081,397
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	10,928	12,460
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)	1,384,790	1,068,937
A.10.4.1 Deferred oil exploration costs	311,883	115,807
A.10.4.2 Input Vat, Intangibles and Other Non-Current Assets	455,883	368,876
A.10.4.3 Right of use of asset	342,615	363,245
A.10.4.4 Contract Assets	274,409	221,009
A.10.5 Allowance for write-down of deferred charges/bad accounts (**negative entry**)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**4,442,490**	**4,901,379**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	1,527,338	1,229,523
B.1.1 Trade and Other Payables to Domestic Entities	1,488,720	1,168,284
B.1.1.1 Loans/Notes Payables	947,145	827,883
B.1.1.2 Trade Payables		
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	541,575	340,402
B.1.1.4.1 Accrued expenses	224,589	229,966
B.1.1.4.2 Withholding taxes payable	27,387	8,654
B.1.1.4.3 Accounts payable	263,327	88,644
B.1.1.4.4 Lease Liability-current	22,735	6,814
B.1.1.4.5 Others	3,537	6,324
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)		
B.1.4.1		
B.1.4.4		
B.1.5 Liabilities for Current Tax	5,995	19,776
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to	32,623	41,463
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2		
B.1.7.3		
B.1.7.4		
B.1.7.5		
B.1.7.2 Accrued Interest payable	32,623	41,463
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities,		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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TEL. NO.: 637-2917 **FAX NO.:**
COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1.Consolidated Statements of Financial Position

FINANCIAL DATA		2022 (in P'000)	2021 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		2,530,784	3,234,643
B.2.1 Domestic Public Financial Institutions			
B.2.2 Domestic Public Non-Financial Institutions		2,530,784	3,234,643
B.2.3 Domestic Private Financial Institutions			
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		384,368	437,213
B.5.1 Deferred Income Tax			
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)		384,368	437,213
B.5.2.1 Asset retirement obligation		66,230	92,811
B.5.2.2 Accrued retirement liability			
B.5.2.3 Derivative liability			
B.5.2.4 Lease Liability- Non Current		306,060	326,015
B.5.2.5 Others		12,078	18,387
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**12,377,322**	**8,313,815**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		700,000	700,000
C.1.1 Common shares	**700,000,000 shares, $0.0245 par value**	700,000	700,000
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)			
C.2.1 Common shares			
C.2.2 Preferred Shares			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		568,712	568,712
C.3.1 Common shares		568,712	568,712
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		2,156,679	2,156,679
C.5 Minority Interest		3,963,021	2,736,537
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)		2,506,297	189,361
C.6.1 Remeasurements of net accrued retirement liability		3,958	-4,571
C.6.2 Share in other comprehensive income of a Joint Venture		68	-617
C.6.3 Cumulative translation adjustment		114,500	114,500
C.6.4 Equity		736,717	80,049
C.6.5 Deposit for stock subscription		1,651,055	
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
C.8 Retained Earnings (C.8.1 + C.8.2)		3,182,613	2,662,526
C.8.1 Appropriated			
C.8.2 Unappropriated		3,182,613	2,662,526
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (**negative entry**)			
D. TOTAL LIABILITIES AND EQUITY (B + C)		**16,819,812**	**13,215,193**

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2: Consolidated Statements of Income

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**2,733,821**	**2,391,752**	**2,465,658**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	2,551,099	2,422,954	2,332,491
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the	81,513	100,127	111,266
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2 Share in net income of a joint venture			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	101,209	-131,330	21,901
A.4.1 Interest Income	51,154	12,913	18,362
A.4.2 Dividend Income			
A.4.3 Gain / (**Loss**) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)			
A.4.3.1 Gain on disposal of investment and derivative liability			
A.4.3.2			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	38,756	20,081	3,539
A.4.4.1 Net unrealized gain on financial assets at FVPL	-47	56	-709
A.4.4.2 Miscellaneous	30,048	18,417	11,877
A.4.4.3 Net gain on foreign exchange	12,377	5,087	-3,501
A.4.4.4 Accretion expense	-3,622	-3,478	-4,129
A.4.5 Impairment loss	11,299	-164,323	
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (**negative entry**)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (**negative entry**)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (**negative entry**)			
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)			
D.1			
D.2			
D.3			
D.4			
D.5			
D.6			

Control No.:
Form Type: *GFFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2: Consolidated Statements of Income

F I N A N C I A L D A T A	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	**1,318,594**	**1,157,598**	**1,179,415**
E.1 Oil production operating expenses	355,336	236,285	211,528
E.2 Depletion	85,287	76,513	82,237
E.3 Cost of electricity	879,792	822,326	909,577
E.4 Change in crude oil inventory	-1,821	22,474	-23,927
F. GROSS PROFIT (A - B - C - D - E)	**1,415,227**	**1,234,154**	**1,286,243**
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	**221,232**	**180,826**	**211,402**
G.1 Selling or Marketing Expenses			
G.2 Administrative Expenses	221,232	180,826	211,402
G.3 General Expenses			
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)			
G.4.1 Share in net loss of a joint venture			
G.4.2 Miscellaneous expense			
G.4.3 Research costs			
G.4.4			
G.4.5			
G.4.6			
H. FINANCE COSTS	**292,325**	**333,376**	**386,788**
I. NET INCOME (LOSS) BEFORE TAX (F - G - H)	**901,670**	**719,953**	**688,053**
J. INCOME TAX EXPENSE (negative entry)	**-38,593**	**-54,481**	**-41,862**
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
L.1			
L.2			
M. Profit or Loss Attributable to Minority Interest	**314,554**	**340,011**	**326,779**
N. Profit or Loss Attributable to Equity Holders of the Parent	**548,523**	**325,462**	**319,412**

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 **FAX NO.:**
COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193
If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Consolidated Statements of Cash Flows

F I N A N C I A L D A T A	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	**901,670**	**719,953**	**688,053**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Net unrealized loss on derivatives			
Impairment loss	-11,299	164,323	
Depreciation, depletion and amortization	551,078	520,848	529,123
Share in net loss (income) of joint venture	-81,513	-100,127	-111,266
Interest income	-51,154	-12,913	-18,362
Interest expense	292,325	333,376	386,788
Net unrealized (gain) loss on financial assets at FVPL	47	-56	709
Write-off of deferred development cost			5,960
Accretion expense	3,622	3,478	4,129
Dividend income	-79	-38	-72
Net unrealized forex (gain) loss	-2,663	-292	817
Others, please specify: Gain on sale of property and equipment	-338	-530	-663
Gain on disposal of investment			
Gain on change in estimate of ARO	-1,232	-4,355	
Provision for probable losses	6,106	5,004	14,667
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	-37,466	-116,827	59,858
Inventories			
Other Current Assets	-2,398,115	-39,357	10,638
Others, specify: Input VAT	-2,507	-4,938	2,915
Contract asset	-74,120	-89,551	-132,687
Increase (Decrease) in:			
Trade and Other Payables	153,102	39,324	56,275
Others, specify: Accrued retirement liability	-4,344	9,494	-3,019
Interest income received	28,340	12,506	19,281
Income taxes paid	-51,391	-47,761	-33,967
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**-779,931**	**1,391,563**	**1,479,177**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflow from deconsolidation of a subsidiary			
Proceeds from sale of property, plant and equipment	1,111	1,088	825
Additional investment in a joint venture			
Acquisitions of property, plant and equipment	-659,351	-203,768	-219,209
Acquisitions of intangibles	-8,705	-1,417	-2,102
Decrease in short term investment			
Others, specify: Increase in deferred oil exploration costs	-208,598	-59,035	-39,916
Deferred development cost	-74,302	-15,482	-3,210
Dividends received	79	38	40,072
Increase in capitalized interest			
Decrease (increase) in other noncurrent assets	-61,405	73,585	3,578
Advances to contractors	-45,778		
Withdrawal from (contribution to) restricted cash			
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**-1,056,948**	**-204,990**	**-219,963**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt	561,000	268,500	776,349
Others, specify: Proceeds form issuance of shares by the Parent Company			
Proceeds subscription of capital stock to NCI	1,693,681		
Proceeds from deposits for future stock subscriptions	1,651,055		
Proceeds from sale of interest to NCI			
Increase in Noncurrent liabilities			
Payments of:			
Others, specify (**negative entry**):			
Dividends paid by the Parent Company			
Dividends to non-controlling interests	-122,800	-201,674	-79,500
Interest paid	-291,405	-287,786	-348,318
loan payments	-1,155,921	-954,174	-1,369,699
Principal portion of lease liabilities	-37,490	-37,300	-36,596
Additional capital from noncontrolling interest			
Dividends by the Parent Company	-28,436		
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**2,269,685**	**-1,212,434**	**-1,057,764**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**2,663**	**292**	**-817**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	**435,469**	**-25,570**	**200,634**
Cash and Cash Equivalents			
Beginning of year	1,241,762	1,267,332	1,066,698
End of year	1,677,232	1,241,762	1,267,332

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 FAX NO.:
COMPANY TYPE : OIL EXPLORATION PSIC: 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Consolidated Statements of Changes in Equity

	(Amount in P'000)										
FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Retained Earnings Appropriated	Retained Earnings Unappropriated	Equity Reserve	Remeasurement of Net Accrued Retirement Liability	Share in OCI of a Joint Venture	Noncontrolling interest	Deposit for Stock Subscription	TOTAL
A. Balance, *31-Dec-19*	**568,712**	**2,156,679**	**114,500**		**2,017,652**	**80,049**	**-9,664**	**-457**	**2,338,339**		**7,265,810**
A.1 Correction of Error (s)											
A.2 Changes in Accounting Policy											
B. Restated Balance	**568,712**	**2,156,679**	**114,500**		**2,017,652**	**80,049**	**-9,664**	**-457**	**2,338,339**		7,265,810
C. Surplus							739	193	-2,516		-1,584
C.1 Surplus (**Deficit**) on Revaluation of Properties											
C.2 Surplus (**Deficit**) on Revaluation of Investments											
C.3 Currency Translation Differences											
C.4 Other Surplus (specify)							739	193	-2,516		-1,584
C.4.1 NCI attributed to the deconsolidated subsidiary											
C.4.2 Remeasurement loss on net accrued liability							739		-2,537		-1,798
C.4.3 Share in OCI of a joint venture								193	21		215
C.4.4											
C.4.5											
D. Net Income (Loss) for the Period					319,412				326,779		646,191
E. Dividends (<u>negative entry</u>)									-79,500		-79,500
F. Appropriation for (specify)											
F.1 Reversal of appropriated RE											
F.2											
F.3											
F.4											
F.5											
G. Issuance of Capital Stock											
G.1 Common Stock											
G.2 Preferred Stock											
G.3 Others											
H. Balance, *31-Dec-20*	**568,712**	**2,156,679**	**114,500**		**2,337,064**	**80,049**	**-8,925**	**-263**	**2,583,102**		**7,830,918**
H.1 Correction of Error (s)											
H.2 Changes in Accounting Policy											
I. Restated Balance	**568,712**	**2,156,679**	**114,500**		**2,337,064**	**80,049**	**-8,925**	**-263**	**2,583,102**		7,830,918
J. Surplus							4,354	-354	6,798		10,798
J.1 Surplus (**Deficit**) on Revaluation of Properties											
J.2 Surplus (**Deficit**) on Revaluation of Investments											
J.3 Currency Translation Differences											
J.4 Other Surplus (specify)							4,354	-354	6,798		10,798
J.4.1 NCI attributed to the deconsolidated subsidiary											
J.4.2 Remeasurement loss on net accrued liability							4,354		6,838		11,192
J.4.3 Share in OCI of a joint venture								-354	-39		-393
J.4.4											
J.4.5											
K. Net Income (Loss) for the Period					325,462				340,011		665,472
L. Dividends (<u>negative entry</u>)									-201,674		-201,674
M. Appropriation for (specify)											
M.1 Reversal of appropriated RE											
M.2											
M.3											
M.4											
M.5											
N. Issuance of Capital Stock									8,300		8,300
N.1 Common Stock									8,300		8,300
N.2 Preferred Stock											
N.3 Others											
O. Balance, *31-Dec-21*	**568,712**	**2,156,679**	**114,500**		**2,662,526**	**80,049**	**-4,571**	**-617**	**2,736,537**		**8,313,815**
O.1 Correction of Error (s)											
O.2 Changes in Accounting Policy											
P. Restated Balance	**568,712**	**2,156,679**	**114,500**		**2,662,526**	**80,049**	**-4,571**	**-617**	**2,736,537**		**8,313,815**
Q. Surplus							8,676	539	1,216		10,431
Q.1 Surplus (**Deficit**) on Revaluation of Properties											
Q.2 Surplus (**Deficit**) on Revaluation of Investments											
Q.3 Currency Translation Differences											
Q.4 Other Surplus (specify)							8,676	539	1,216		10,431
Q.4.1 NCI attributed to the deconsolidated subsidiary											
Q.4.2 Remeasurement loss on net accrued liability							8,676		994		9,670
Q.4.3 Share in OCI of a joint venture								539	223		761
Q.4.4											
Q.4.5											
R. Net Income (Loss) for the Period					548,523				314,554		863,077
S. Dividends (<u>negative entry</u>)					-28,436				-122,800		-151,236
T. Appropriation for (specify)						656,668			2,684,569		3,341,236
T.1 Reversal of appropriated RE											
T.2 Deposit for stock subscription									1,651,055	1,651,055	1,651,055
T.3 Change in ownership without loss of control						656,668			1,030,764		1,687,431
T.4 Interest in non-controlling interests - stock issuances									2,750		2,750
T.5											
U. Issuance of Capital Stock											
U.1 Common Stock											
U.2 Preferred Stock											
U.3 Others											
V. Balance, *31-Dec-22*	**568,712**	**2,156,679**	**114,500**		**3,182,613**	**736,717**	**4,105**	**-79**	**3,963,021**	**1,651,055**	**12,377,322**

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **PETROENERGY RESOURCES CORPORATION**

CURRENT ADDRESS: **7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City**

TEL. NO.: **637-2917** **FAX NO.:**

COMPANY TYPE : **OIL EXPLORATION**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Statements of Financial Position

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**3,752,276**	**3,442,731**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	406,898	403,427
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	316,111	159,365
A.1.1.1 On hand	1,608	1,608
A.1.1.2 In domestic banks/entities	314,504	157,757
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	40,343	45,536
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 +	2,474	237
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties		
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	5,157	2,919
A.1.2.1.3.1 Accounts receivable - OPMC	2,682	2,682
A.1.2.1.3.2 Interest receivable	146	39
A.1.2.1.3.3 Others	2,328	198
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	-2,682	-2,682
A.1.2.2 Due from foreign entities, specify	37,868	45,300
A.1.2.2.1 Accounts receivable - Vaalco	37,868	45,300
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (**negative entry**)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	14,437	12,617
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops,		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)	14,437	12,617
A.1.3.6.1 Crude oil inventory	14,437	12,617
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 +	7,540	7,587
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by	11,190	6,696
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions	11,190	6,696
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction,

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Statements of Financial Position

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities:		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities:		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)	-3,650	892
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	28,467	178,322
A.1.5.1 Short term investements more than 90days		
A.1.5.2 Creditable input VAT		
A.1.5.3 Others	28,467	178,322
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+A.2.8)	790,481	671,254
A.2.2 Building and improvements including leasehold improvement	42,383	41,591
A.2.3 Machinery and equipment (on hand and in transit)	28,793	26,379
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	45,107	27,369
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	2,231,602	2,041,205
A.2.5.1 Wells, platforms and other facilities	2,231,602	2,041,205
A.2.5.2		
A.2.5.3		
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation (**negative entry**)	-1,557,404	-1,465,290
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	2,165,058	2,165,058
A.3.1 Equity in domestic subsidiaries/affiliates	2,165,058	2,165,058
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.1.1 + A.3.2.1 + A.3.3.1 + A.3.3.4)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.4 Investment Property	1,612	1,612
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)		
A.6.1.1		
A.6.1.2		
A.6.1.3		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Statements of Financial Position

F I N A N C I A L D A T A	2022 (in P'000)	2021 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.1.4		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	388,227	201,381
A.10.1 Deferred Tax asset	6,540	8,777
A.10.2 Restricted Cash	31,451	44,184
A.10.3 VAT input		
A.10.4 Due from subsidiaries		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	350,236	148,421
A.10.4.1 Deferred oil exploration costs	311,883	115,807
A.10.4.2 Intangible assets	26,851	31,480
A.10.4.3 Long term investment	1,238	1,134
A.10.4.4 Advances to contractors-noncurrent		
A.10.4.5 Accrued retirement asset	10,264	
A.10.5 Allowance for write-down of deferred charges/bad accounts (**negative entry**)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**413,797**	**309,304**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	372,068	244,228
B.1.1 Trade and Other Payables to Domestic Entities	372,068	244,228
B.1.1.1 Loans/Notes Payables	251,000	190,000
B.1.1.2 Trade Payables		
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)		
B.1.1.3.1		
B.1.1.3.2		
B.1.1.3.3		
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	121,068	54,228
B.1.1.4.1 Accrued expenses	33,533	25,301
B.1.1.4.2 Due to NRDC	2,270	2,270
B.1.1.4.3 Accounts payable	82,294	24,332
B.1.1.4.4 Others	2,971	2,326
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)		
B.1.4.1		
B.1.4.4		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2		
B.1.7.3		
B.1.7.4		
B.1.7.5		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

Control No.:	
Form Type:	*GFFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Statements of Financial Position

FINANCIAL DATA		2022 (in P'000)	2021 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 +			
B.2.1 Domestic Public Financial Institutions			
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions			
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)		41,729	65,076
B.5.1 Deferred Income Tax			
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)		41,729	65,076
B.5.2.1 Asset retirement obligation		41,729	62,194
B.5.2.2 Accrued retirement liability			2,882
B.5.2.3			
B.5.2.4			
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**3,338,479**	**3,133,427**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)		700,000	700,000
C.1.1 Common shares	**700,000,000 shares, $0.0245 par value**		
C.1.2 Preferred Shares			
C.1.3 Others			
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)			
C.2.1 Common shares		568,712	568,712
C.2.2 Preferred Shares			
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)			
C.3.1 Common shares			
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		2,156,679	2,156,679
C.5 Minority Interest			
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)		361,675	354,809
C.6.1 Remeasurement loss on defined benefit obligation		5,197	-1,669
C.6.2 Cumulative translation adjustment		356,478	356,478
C.6.3			
C.6.4			
C.6.5			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus			
C.8 Retained Earnings (C.8.1 + C.8.2)		251,414	53,227
C.8.1 Appropriated			
C.8.2 Unappropriated		251,414	53,227
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (**negative entry**)			
D. TOTAL LIABILITIES AND EQUITY (B + C)		**3,752,276**	**3,442,731**

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Statements of Income

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**778,656**	**620,172**	**292,968**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	726,055	461,246	292,573
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2 Gain on Sale of Investment			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	52,601	158,926	395
A.4.1 Interest Income	3,071	821	2,588
A.4.2 Dividend Income	36,079	150,965	72
A.4.3 Gain / (**Loss**) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)			
A.4.3.1			
A.4.3.2			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	13,451	7,140	-2,265
A.4.4.1 Net unrealized gain on financial assets at FVPL	-47	56	-709
A.4.4.2 Accretion expense	-2,070	-1,870	-2,383
A.4.4.3 Net gain on foreign exchange	11,187	4,941	-3,182
A.4.4.4 Miscellaneous income	4,381	4,013	4,009
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (**negative entry**)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (**negative entry**)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (**negative entry**)			
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)			
D.1			
D.2			
D.3			
D.4			
D.5			

Control No.: ____________
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 **FAX NO.:**
COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Statements of Income

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	**438,803**	**335,272**	**269,838**
E.1 Oil production operating expenses	355,336	236,285	211,528
E.2 Depletion, depreciation and amortization	85,287	76,513	82,237
E.3 Change in net realizable value of inventory	-1,821	22,474	-23,927
E.4			
E.5			
E.6			
F. GROSS PROFIT (A - B - C - D - E)	**339,853**	**284,900**	**23,131**
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	**100,554**	**248,780**	**92,021**
G.1 Selling or Marketing Expenses			
G.2 Administrative Expenses	111,853	84,457	92,021
G.3 General Expenses			
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)	-11,299	164,323	
G.4.1 Impairment loss on property and equipment	-11,299	164,323	
G.4.2			
G.4.3			
G.4.4			
G.4.5			
G.4.6			
H. FINANCE COSTS	**9,679**	**11,980**	**17,020**
I. NET INCOME (LOSS) BEFORE TAX (F - G - H)	**229,621**	**24,140**	**-85,911**
J. INCOME TAX EXPENSE (negative entry)	**-2,998**	**4,871**	**-7,384**
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
L.1			
L.2			
M. Profit or Loss Attributable to Minority Interest			
N. Profit or Loss Attributable to Equity Holders of the Parent	**226,623**	**29,011**	**-93,295**

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION

CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City

TEL. NO.: 637-2917 **FAX NO.:**

COMPANY TYPE : OIL EXPLORATION **PSIC:** 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Statements of Cash Flows

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	**229,621**	**24,140**	**-85,911**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	97,013	83,814	95,845
Interest expense	9,679	11,980	17,020
Net unrealized (gain) loss on financial assets at FVPL	47	-56	709
Accretion expense	2,070	1,870	2,383
Net unrealized forex (gain) loss	-1,473	-146	498
Others, please specify: Loss (Gain) on sale of interest			
Loss (Gain) on sale of property and equipment		61	
Impairtment loss (reversal)	-11,299	164,323	
Write off/relinquishment			
Reversal of input tax			
Dividend income	-36,079	-150,965	-72
Interest income	-3,071	-821	-2,588
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	6,927	-15,219	40,545
Inventories	-1,821	22,474	-23,927
Short-term investments			
Others, specify: Other current assets	168,342	-15,355	34
Increase (Decrease) in:			
Trade and Other Payables	79,976	12,064	-27,499
Others, specify: Increase in accrued retirement liability	-3,992	2,921	-1,755
Interest income received	2,963	813	2,810
Interest paid			
Income taxes paid	-609	-600	-600
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**538,293**	**141,298**	**17,493**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	-221,984	-4,094	-45,915
Disposal of: Property and equipment			
Financial assets at fair value through protif or loss			
Additional investment in subsidiary		-74,700	
Dividends received	36,079	150,965	72
Interest received from loans to subsidiary			
Withdrawal from (contribution to)			
Others, specify: Increase in deferred oil exploration costs	-208,598	-59,035	-39,916
Increase in other noncurrent assets	-8,568	571	1,954
Decrease (increase) in due from subsidiaries	-1,626	814	-954
Proceeds from sale of investment in subsidiaries			
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**-404,696**	**14,521**	**-84,759**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	561,000	268,500	378,500
Issuance of Securities			
Payments of loans	-500,000	-307,000	-418,500
Others, specify:			
Payments of:			
(Stock Subscriptions)			
Others, specify (**negative entry**):			
Dividends paid	-28,436		
Interest paid	-10,888	-11,940	-18,070
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**21,677**	**-50,440**	**-58,070**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**1,473**	**146**	**-498**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	**156,747**	**105,524**	**-125,834**
Cash and Cash Equivalents			
Beginning of year	159,365	53,840	179,675
End of year	316,111	159,365	53,840

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: PETROENERGY RESOURCES CORPORATION
CURRENT ADDRESS: 7th Floor JMT Building, ADB Avenue, Ortigas Center, Pasig City
TEL. NO.: 637-2917 FAX NO.:
COMPANY TYPE : OIL EXPLORATION PSIC: 1193

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statements of Changes in Equity

	(Amount in $'000)						
FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Remeasurement on Defined Benefit Obligation	Translation Differences	Retained Earnings Appropriated	Retained Earnings Unappropriated	TOTAL
A. Balance, *1-Jan-20*	568,712	2,156,679	-1,120	356,478		117,511	3,198,260
A.1 Correction of Error (s)							
A.2 Changes in Accounting Policy							
B Restated Balance							
C. Surplus			3,490				3,490
C.1 Surplus (**Deficit**) on Revaluation of Properties							
C.2 Surplus (**Deficit**) on Revaluation of Investments							
C.3 Currency Translation Differences							
C.4 Other Surplus (specify)			3,490				3,490
C.4.1 Remeasurement loss on retirement liability							
C.4.2 Remeasurement loss on defined benefit obligation			3,490				3,490
C.4.3							
C.4.4							
C.4.5							
D. Net Income (Loss) for the Period						-93,295	-93,295
E. Dividends (negative entry)							
F. Appropriation for (specify)							
F.1 Reversal of appropriation							
F.2							
F.3							
F.4							
F.5							
G. Issuance of Capital Stock							
G.1 Common Stock							
G.2 Preferred Stock							
G.3 Others							
H. Balance, *31-Dec-20*	568,712	2,156,679	2,370	356,478		24,216	3,108,455
H.1 Correction of Error (s)							
H.2 Changes in Accounting Policy							
I. Restated Balance							
J. Surplus			-4,039				-4,039
J.1 Surplus (**Deficit**) on Revaluation of Properties							
J.2 Surplus (**Deficit**) on Revaluation of Investments							
J.3 Currency Translation Differences							
J.4 Other Surplus (specify)			-4,039				-4,039
J.4.1 Remeasurement loss on retirement liability							
J.4.2 Remeasurement loss on defined benefit obligation			-4,039				-4,039
J.4.3							
J.4.4							
J.4.5							
K. Net Income (Loss) for the Period						29,011	29,011
L. Dividends (negative entry)							
M. Appropriation for (specify)							
M.1 Reversal of appropriation							
M.2							
M.3							
M.4							
M.5							
N. Issuance of Capital Stock							
N.1 Common Stock							
N.2 Preferred Stock							
N.3 Others							
O. Balance, *31-Dec-21*	568,712	2,156,679	-1,669	356,478		53,227	3,133,427
O.1 Correction of Error (s)							
O.2 Changes in Accounting Policy							
P. Restated Balance							
Q. Surplus			6,865				6,865
Q.1 Surplus (**Deficit**) on Revaluation of Properties							
Q.2 Surplus (**Deficit**) on Revaluation of Investments							
Q.3 Currency Translation Differences							
Q.4 Other Surplus (specify)			6,865				6,865
Q.4.1 Remeasurement loss on retirement liability							
Q.4.2 Remeasurement loss on defined benefit obligation			6,865				6,865
Q.4.3							
Q.4.4							
Q.4.5							
R. Net Income (Loss) for the Period						226,623	226,623
S. Dividends (negative entry)						-28,436	-28,436
T. Appropriation for (specify)							
T.1 Reversal of appropriation							
T.2							
T.3							
T.4							
T.5							
U. Issuance of Capital Stock							
U.1 Common Stock							
U.2 Preferred Stock							
U.3 Others							
V. Balance, *31-Dec-22*	568,712	2,156,679	5,197	356,478		251,414	3,338,479

COVER SHEET

A	S	0	9	4	-	0	0	8	8	8	0

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

17C

0 7 **2 8**

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

November 14, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Consolidated Net Income Up 24% for 3Q 2022

Gentlemen:

Please see attached copy of the SEC Form 17C on PetroEnergy's Group Consolidated Net Income Up 24% for 3Q 2022.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **November 14, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

Yuchengo-led PetroEnergy Resources Corporation's (PERC) consolidated net income as of September 30, 2022 improved by 24% to P677MM from P544MM over the same period last year.

The bulk of PERC's revenues is derived from electricity sales of its RE operating units under holding firm PetroGreen Energy Corporation (PGEC). These include the 32MW Maibarara Geothermal Project of Maibarara Geothermal, Inc., the 70MW Tarlac Solar Project of PetroSolar Corporation, and the 36MW Nabas-1 Wind Project of PetroWind Energy Inc. Oil revenues from its minority stake in the Etame oil concession in offshore Gabon, West Africa provide the balance of steady earnings for the company.

PERC posted P1.92B revenues for the nine months of 2022, a 10% increase from P1.74B revenues last year. This healthy financial growth is due largely to higher global crude oil prices, and to higher offtake rates for PSC's Tarlac-2 solar power plant. This resulted in a 44% increase in Net Income attributable to PERC Parent.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **November 14, 2022**

C08540-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Nov 14, 2022
2. SEC Identification Number
   ASO94-08880
3. BIR Tax Identification No.
   004-471-419-000
4. Exact name of issuer as specified in its charter
   PETROENERGY RESOURCES CORPORATION
5. Province, country or other jurisdiction of incorporation
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   7th Floor, JMT Building ADB Ave., Ortigas Center, Pasig City 1605
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (632) 86372917
9. Former name or former address, if changed since last report
   --
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein
    Item No. 9

PetroEnergy
PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

PetroEnergy's Group Consolidated Net Income Up 24% for 3Q 2022

Background/Description of the Disclosure

Please see attached.

Other Relevant Information

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING

ADB AVENUE ORTIGAS CENTER

PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 / 3 1

Month *Day*

(Fiscal Year)

17C

0 7 / 2 8

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

November 7, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroGreen and Copenhagen Energy to form Special Purpose Vehicles for Offshore Wind**

Gentlemen:

Please see attached copy of the SEC Form 17C on PetroGreen and Copenhagen Energy to form Special Purpose Vehicles for Offshore Wind.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **November 7, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

PetroGreen Energy Corporation (PGEC) and its partner Copenhagen Energy (CE) will form three (3) separate special purpose vehicles (SPV) that will oversee the investment and development of their offshore wind service contracts awarded by the Department of Energy (DOE) in 2021.

Incorporation documents were signed on November 4, 2022, by PGEC and CE for Buhawind Energy Northern Luzon, Buhawind Energy Northern Mindoro, and Buhawind Energy East Panay with total aggregate capacity of about 4.0 GW.

PGEC is the renewable energy holding unit of Yuchengco-led and publicly listed PetroEnergy Resources Corporation (PERC). Through its operating subsidiaries, PGEC also operates five power stations using geothermal, wind, and solar energy. These are the 32 MW Maibarara Geothermal Power Plant in Batangas, 36 MW Nabas Wind Project with ~14 MW planned expansion in Nabas and Malay, Aklan, and the 70 MWDC Tarlac Solar Project in Tarlac City.

Recently, PGEC also launched its Dagohoy solar project in Bohol which will increase its total solar operating units to 100MW while PetroWind Energy Inc. (PWEI), its onshore wind unit, won the Visayas grid wind allocation in the first DOE Green Energy Auction Program (GEAP) last June 2022.

Meanwhile, CE is a Danish energy trading and developer of solar, onshore wind, and offshore wind projects. Incorporated in 2020, CE's offshore wind pipeline has grown to over 28 GW, with projects across Denmark, Australia, Ireland, Italy, and the Philippines.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **November 7, 2022**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Nov 7, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

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5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroGreen and Copenhagen Energy to form Special Purpose Vehicles for Offshore Wind
Background/Description of the Disclosure
Please see attached.
Other Relevant Information

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING

ADB AVENUE ORTIGAS CENTER

PASIG CITY

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

LOUIE MARK R. LIMCOLIOC	8637-2917
(Contact Person)	**(Company Telephone Number)**

1 2	3 1	17C	0 7	2 8
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

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.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

December 22, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **Signing of Turbine Supply and Maintenance Contract for Nabas Wind Farm between PetroWind Energy Inc. and Vestas**

Gentlemen:

Please see attached copy of the SEC Form 17C on PetroWind Energy Inc. and Vestas signing of Turbine Supply and Maintenance Contract for Nabas Wind Farm.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **December 22, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

PLEASE SEE ATTACHED **ANNEX "A"**.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **December 22, 2022**

C09469-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Dec 22, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building ADB Ave., Ortigas Center, Pasig City 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroWind Energy Inc. and Vestas signing of Turbine Supply and Maintenance Contract for Nabas Wind Farm
Background/Description of the Disclosure
Please see attached.
Other Relevant Information

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

ANNEX "A"

PetroWind Energy Inc. (PWEI) and Vestas sign turbine supply and maintenance contract for Nabas Wind Farm

Yuchengco-led energy firm PetroWind Energy Inc. and global wind turbine manufacturer, Vestas, signed the supply, operations, and maintenance contract for PWEI's 13.2 MW Nabas-2 Wind Power Project in Aklan (Nabas-2).

PWEI and Vestas executives during the contract signing for Nabas-2 last December 13, 2022.
(From L-R: Paul Elmer C. Morala - PGEC AVP for Power Plant Operations, Mark Xavier Libardo – Puno & Puno Law Associate Counsel , Richie Avigale Ramos-Pilares – Puno & Puno Law Senior Partner, Maria Victoria M. Olivar - PERC AVP for Operations, Antoinne Croize – Vestas Senior Sales Manager, Francisco G. Delfin, Jr. - PGEC Vice President and COO, Milagros V. Reyes - PERC President, Robert Santos - PGEC Legal Counsel, Atty. Jose M. Layug, Jr. – Puno & Puno Law Senior Partner)

Vestas will supply six (6) units of 2.2 MW wind turbine generators (WTG) and will handle the operations and maintenance of the wind farm through a 10-year O&M agreement. "We welcome this new partnership with Vestas. Being one of the leading energy solution providers worldwide, we are confident that Vestas will bring the latest advancements in wind farm technology and best practices in O&M for Nabas-2," says AVP for Power Plant Operations Paul Elmer C. Morala.

Nabas-2, located in the same service contract block as the existing 36 MW Nabas-1 project of PWEI, will add 13.2 MW capacity to the project. Earlier this year, PWEI won the contract to supply clean and renewable power from Nabas-2 to the Visayas grid, in the Department of Energy's Green Energy Auction Program (GEAP).

PWEI is a joint venture of PetroGreen Energy Corporation (PGEC), EEI Power Corporation (EEI Power) and BCPG Public Company Ltd. of (BCPG) Thailand. PGEC is the renewable energy arm of publicly-listed PetroEnergy Resources Corporation (PERC), a member of the Yuchengco Group of Companies (YGC).

###

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING

ADB AVENUE ORTIGAS CENTER

PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2	**3 1**	**17C**	**0 7**	**2 8**
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

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.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

November 7, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution – Reallocation of SRO Proceeds

Gentlemen:

Please see attached copy of the SEC Form 17C on the reallocation of the remaining Stock Rights Offering Proceeds in the amount of P167,669,788.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **November 7, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC) held today, November 7, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the reallocation of the remaining Stock Rights Offering (SRO) proceeds, as follows:

Project	Remaining SRO proceeds	Transfer of Allocation	New SRO Proceeds Allocation
Various Prospective RE Power Projects	₱ 167,669,788	₱ (167,669,788)	₱ -
Payment of Loans and Interest		167,669,788	167,669,788
Total	**₱ 167,669,788**	**₱ -**	**₱ 167,669,788**

It may be recalled that on March 15, 2022, the Board approved the reallocation of the SRO Proceeds for the funding of various prospective renewable energy projects. In today's meeting, the remaining SRO proceeds will be reallocated to pay PERC's outstanding loans totaling P170 million which were previously used to fund equity portion of project costs for the existing 36 MW Phase 1 of the Nabas Wind Power Project and 20MWDC Phase 2 of the Tarlac Solar Power Project.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **November 7, 2022**

C08233-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Nov 7, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building ADB Ave., Ortigas Center, Pasig City 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Reallocation of Proceeds

Background/Description of the Disclosure
Please see attached.

Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A	S	0	9	4	-	0	0	8	8	8	0

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC
(Contact Person)

8637-2917
(Company Telephone Number)

1	2	3	1

Month *Day*
(Fiscal Year)

17C

0	7	2	8

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

July 28, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Results of the Annual Stockholders' Meeting

Gentlemen:

Please see attached copy of the SEC Form 17C for the results of the Annual Stockholders' Meeting held today, July 28, 2022.

Thank you.

Very truly yours,

Atty. Lowie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **July 28, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the Annual Stockholders' Meeting of PetroEnergy Resources Corporation, held on July 28, 2022, through electronic means of communication, at which meeting a quorum was present, the Stockholders approved the following:

(1) Approval of Minutes of the last Regular Stockholders' Meeting held on July 29, 2021;

(2) Approval of Management Report and the 2021 Audited Financial Statements contained in the 2021 Annual Report;

(3) Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and/or the Board of Directors during the period July 29, 2021 to July 28, 2022;

(4) Election of Seven (7) members of the Board of Directors including three (3) Independent Directors for the years 2022-2023:

a. Approval of the retention and reelection of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors

HELEN Y. DEE	–	Chairman
CESAR A. BUENAVENTURA	–	Lead Independent Director
MARIA MERCEDES M. CORRALES	–	Independent Director
ELISEO B. SANTIAGO	–	Independent Director
MILAGROS V. REYES	–	Director/President
YVONNE S. YUCHENGCO	–	Director/Treasurer
LORENZO V. TAN	–	Director

(5) Appointment of SyCip Gorres Velayo & Company (SGV & Co.), as the External Auditors of the Company for the year 2022-2023.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **July 28, 2022**

C05633-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Jul 28, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City
   Postal Code
   1605

8. Issuer's telephone number, including area code

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9. Former name or former address, if changed since last report

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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

   Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-24 - Results of Annual or Special Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Results of PetroEnergy Resources Corporation's 2022 Annual Stockholders' Meeting held on July 28, 2022.

Background/Description of the Disclosure

PetroEnergy Resources Corporation's 2022 Annual Stockholders' Meeting was conducted through Electronic Means of Communication on July 28, 2022 (Thursday) at 4:00 PM

List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Shareholdings in the Listed Company		Nature of Indirect Ownership
	Direct	Indirect	
HELEN Y. DEE	10,662	5,006,574	c/o PCD
MILAGROS V. REYES	-	125,695	c/o PCD
YVONNE S. YUCHENGCO	-	435,956	c/o PCD
CESAR A. BUENAVENTURA	1,300	366,844	c/o PCD
ELISEO B. SANTIAGO	1	-	-
MARIA MERCEDES M. CORRALES	1	-	-
LORENZO V. TAN	1	-	-

External auditor	SYCIP GORRES VELAYO & CO.

List of other material resolutions, transactions and corporate actions approved by the stockholders

All items in the Agenda that need Stockholders' approval were confirmed and ratified.

Other Relevant Information

AGENDA

1. Certification of Service of Notice;
2. Determination of Quorum/Call to Order;
3. Approval of Minutes of the last Regular Stockholders' Meeting held on July 29, 2021;
4. Approval of Management Report and the 2021 Audited Financial Statements contained in the 2021 Annual Report;
5. Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and/or the Board of Directors during the period July 29, 2021 to July 28, 2022;
6. Election of Members of the Board of Directors for 2022-2023:
a. Approval of the retention and reelection of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors.
7. Appointment of External Auditors;
8. Other matters; and
9. Adjournment.

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING

ADB AVENUE ORTIGAS CENTER

PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17C

07 28

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

July 28, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Results of the Organizational Meeting

Gentlemen:

Please see attached copy of the SEC Form 17C for the results of the Organizational Meeting held today, July 28, 2022.

Thank you.

Very truly yours,

Atty. Lowie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. **July 28, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the Organizational Meeting of PetroEnergy Resources Corporation, held on July 28, 2022, through electronic means of communication, at which meeting a quorum was present, the Board of Directors' elected/appointed the following:

1. **Corporate Officers**

Ms. Helen Y. Dee	–	Chairman
Ms. Milagros V. Reyes	–	President
Dr. Francisco G. Delfin, Jr.	–	Vice President
Ms. Yvonne S. Yuchengco	–	Treasurer
Atty. Samuel V. Torres	–	Corporate Secretary
Atty. Louie Mark R. Limcolioc	–	Asst. Corporate Secretary AVP for Corporate and Legal Affairs
Ms. Maria Victoria M. Olivar	–	AVP for Operations
Ms. Vanessa G. Peralta	–	AVP for Corporate Communication
Ms. Maria Cecilia L. Diaz De Rivera	–	Chief Financial Officer

2. **Chairperson and Members of Board Committees**

a) Audit Committee

Chairperson	–	Mr. Cesar A. Buenaventura (Lead Independent Director)
Members	–	Ms. Maria Mercedes M. Corrales (Independent Director)
	–	Ms. Helen Y. Dee (Non-Executive Director)

b) Corporate Governance Committee

Chairperson	–	Ms. Maria Mercedes M. Corrales (Independent Director)
Members	–	Mr. Cesar A. Buenaventura (Lead Independent Director)
	–	Mr. Eliseo B. Santiago (Independent Director)

c) Board Risk Oversight Committee

Chairperson	–	Mr. Eliseo B. Santiago (Independent Director)
Members	–	Mr. Cesar A. Buenaventura (Lead Independent Director)
	–	Mr. Lorenzo V. Tan (Director)

3. Other Appointments

Atty. Samuel V. Torres	Corporate Information Officer
Atty. Louie Mark R. Limcolioc	Compliance Officer Alternate Information Officer
Ms. Vanessa G. Peralta	Data Privacy Officer

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **July 28, 2022**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Jul 28, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-25 - Results of Organizational Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Results of PetroEnergy Resources Corporation's Organizational Meeting of the Board of Directors held on July 28, 2022 though electronic means of communication.
Background/Description of the Disclosure
Results of the Organizational Meeting of the Board of Directors held on July 28, 2022.

List of elected officers for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Position/Designation	Shareholdings in the Listed Company		Nature of Indirect Ownership
		Direct	Indirect	
HELEN Y. DEE	CHAIRMAN	10,662	5,006,574	C/O PCD
MILAGROS V. REYES	PRESIDENT	-	125,695	C/O PCD
FRANCISCO G. DELFIN JR.	VICE PRESIDENT	55,000	27,500	C/O PCD
YVONNE S. YUCHENGCO	TREASURER	-	349,956	C/O PCD
SAMUEL V. TORRES	CORPORATE SECRETARY/CORPORATE INFORMATION OFFICER	-	-	-
LOUIE MARK R. LIMCOLIOC	ASST. CORPORATE SECRETARY/COMPLIANCE OFFICER/AVP FOR CORPPORATE AND LEGAL AFFAIRS	-	-	-
MARIA VICTORIA M. OLIVAR	AVP FOR OPERATIONS	-	-	-
MARIA CECILIA L. DIAZ DE RIVERA	CHIEF FINANCIAL OFFICER	-	-	-
VANESSA G. PERALTA	DATA PRIVACY OFFICER	-	-	-

List of Committees and Membership

Name of Committees	Members	Position/Designation in Committee
AUDIT COMMITTEE	CESAR A. BUENAVENTURA	CHAIRMAN / LEAD INDEPENDENT DIRECTOR
AUDIT COMMITTEE	MARIA MERCEDES M. CORRALES	MEMBER / INDEPENDENT DIRECTOR
AUDIT COMMITTEE	HELEN Y. DEE	MEMBER / DIRECTOR

CORPORATE GOVERNANCE COMMITTEE	MARIA MERCEDES M. CORRALES	CHAIRMAN / INDEPENDENT DIRECTO
CORPORATE GOVERNANCE COMMITTEE	CESAR A. BUENAVENTURA	MEMBER / LEAD INDEPENDENT DIRECTOR
CORPORATE GOVERNANCE COMMITTEE	ELISEO B. SANTIAGO	MEMBER / INDEPENDENT DIRECTOR
BOARD RISK OVERSIGHT COMMITTEE	ELISEO B. SANTIAGO	CHAIRMAN / INDEPENDENT DIRECTOR
BOARD RISK OVERSIGHT COMMITTEE	CESAR A. BUENAVENTURA	MEMBER / LEAD INDEPENDENT DIRECTOR
BOARD RISK OVERSIGHT COMMITTEE	LORENZO V. TAN	MEMBER / DIRECTOR

List of other material resolutions, transactions and corporate actions approved by the Board of Directors

-

Other Relevant Information

-

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING

ADB AVENUE ORTIGAS CENTER

PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 *Month* **3 1** *Day*

(Fiscal Year)

17C

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

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.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

April 21, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution

Gentlemen:

Please see attached copy of the SEC Form 17C for the resolution approved at the Company's Board of Directors' Meeting held today, April 21, 2022.

Thank you.

Very truly yours,

Atty. Lovie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **April 21, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the meeting of the Board of Directors of PetroEnergy Resources Corporation, held on April 21, 2022, through electronic means of communication, at which meeting a quorum was present, upon recommendation by the Audit Committee, the Board approved and authorized the release of the 2021 Audited Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENEGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **April 21, 2022**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Apr 21, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Please see attached copy of the SEC Form 17C for the resolution approved at the Company's Board of Directors Meeting held today, April 21, 2022
Background/Description of the Disclosure
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A S 0 9 4 - 0 0 8 8 8 0

SEC Registration Number

P E T R O E N E R G Y   R E S O U R C E S   C O R P O R A T I O N

(Company's Full Name)

7 T H   F L O O R   J M T   B U I L D I N G

A D B   A V E N U E   O R T I G A S   C E N T E R

P A S I G   C I T Y

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

17C

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **June 5, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation   Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY**
   Address of principal office **1605** Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

PetroEnergy Resources Corporation announces that the two (2) new PetroGreen Energy Corporation solar power projects get DOE and DENR approvals. Please see attached disclosure.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENEGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **July 5, 2022**

TWO (2) NEW PETROGREEN SOLAR POWER PROJECTS GET DOE and DENR APPROVALS

PetroGreen Energy Corporation (PGEC), the renewable holding unit of publicly listed and Yuchengco-led PetroEnergy Resources Corporation (PERC), has reached several key milestones for two (2) new utility-scale solar power projects – the 25MWdc Bugallon project in Pangasinan and the 27 MWdc Dagohoy project in Bohol.

PERC AVP Maria Victoria M. Olivar declared, “We have secured the solar energy operating contracts from the Department of Energy (DOE) and the corresponding environmental compliance certificate (ECCs) from the Department of Environment and Natural Resources (DENR) for these two (2) new ventures. Resolutions of support for the projects have also been granted by the local governments of Pangasinan and Bohol, for which we are grateful. Our final investment decision now awaits the closing of on-going discussions with selected contractors and project lender.”

As investor and developer of renewable energy projects in the country, PGEC has significant stakes in the 32 MW Maibarara geothermal facility in Batangas operated by Maibarara Geothermal, Inc. (MGI), the 36 MW Nabas-1 wind power project in Aklan by PetroWind Energy Inc. (PWEI) and the 70MWDC Tarlac solar power facility by PetroSolar Corporation (PSC). It also recently acquired three new offshore wind blocks from the DOE covering offshore northern Luzon, northern Mindoro, and eastern Panay.

“These two (2) new solar projects continue PERC’s calibrated expansion of our renewable energy (RE) assets even as we carefully wind down our upstream petroleum operations to go completely renewables in the near future. These new projects not only contribute to the government’s goal of increasing RE’s share in our generation mix but will also provide fresh investments and critical power supply in two (2) high-growth areas of the country – Bohol and Pangasinan,” added PERC President Milagros V. Reyes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Jul 5, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   METRO MANILA, PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Two (2) new PetroGreen Energy Corporation Solar Power Projects get DOE, DENR Approvals
Background/Description of the Disclosure
Please see attached.
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A	S	0	9	4	-	0	0	8	8	8	0

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

17C

0	7		2	8
Month			*Day*	

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

September 27, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **Yuchengco RE Unit Launches New Bohol Solar Power Project**

Gentlemen:

Please see attached copy of the SEC Form 17C re Yuchengco's RE Unit Launches New Bohol Solar Power Project.

Thank you.

Very truly yours,

Atty. Lodie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **September 27, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY**
   Address of principal office — **1605** Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

    Item No. 9 – Other Events

    Material Contract – Please see attached.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **September 27, 2022**

C07192-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Sep 27, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Yuchengco RE Unit Launches New Bohol Solar Power Project
Background/Description of the Disclosure
Please see attached.
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

Yuchengco RE Unit Launches New Bohol Solar Power Project

On September 27, 2022, PetroGreen Energy Corporation (PGEC) held a ceremonial project launch for its planned 27 MW_{DC} Dagohoy Solar Power Project (DSPP) in Brgy. San Vicente, Dagohoy, Bohol. Governor Erico Aristotle “Aris” Aumentado, together with key local government officials of the Dagohoy, Barangay Council of San Vicente, and senior executives of PGEC, led the symbolic laying of capsule containing the project’s conceptual design.

The DSPP is a renewable energy project of the Department of Energy (DOE), which will be developed and operated by PGEC. It will be located in a 22-hecture site and will use 61,200 solar panels. “Once operational, we expect DSPP to produce approximately 36 GWh of electricity annually, enough to serve around 15,000 households,” PGEC Assistant Vice President for Operations Maria Victoria M. Olivar explains. “At present, PGEC is completing all the necessary pre-development permits, and we are very thankful to Bohol Province for the encouraging support to investors such as PGEC. Barring any delays, we expect to complete and commercially operate the solar power facility by fourth quarter of 2024, at the earliest,” expounds Olivar.

Dagohoy Municipal Mayor Hermie Relampagos welcomes the development and called it a game-changer that can help transform their town. “We are very happy that PGEC chose to invest in our town,” declares Mayor Hermie. “Dagohoy is a 5th class municipality and we know that projects such as DSPP, will bring socio-economic benefits that can help our people. We are ready and willing to extend all the help and support we can give to make this successful, because this is a project that the people of Dagohoy can be proud of,” adds Mayor Hermie.

As a solar power project, DSPP will have no greenhouse gas emission and is considered to be cleaner and more environment-friendly than fossil-fired power plants. “This project is very much aligned with our vision of *Green Bohol*,” said Gov. Aris Aumentado. “As I emphasized in my inaugural address in June 2022, one of our priorities is a stable, reliable, and affordable power supply, which is key to making Bohol more attractive for investors, sustaining a lively tourism industry, and ensuring the Province’ continuous economic growth,” says Gov. Aumentado.

PGEC, a renewable energy firm under the Yuchengco Group of Companies (YGC), holds interests in the 32 MW Maibarara Geothermal Power Project (MGPP) in Batangas, 36 MW Nabas-1 Wind Power Plant in Aklan, and the 70 MWdc Tarlac Solar Power Projsect (TSPP) in Tarlac City.

COVER SHEET

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SEC Registration Number

P E T R O E N E R G Y R E S O U R C E S C O R P O R A T I O N

(Company's Full Name)

7 T H F L O O R J M T B U I L D I N G

A D B A V E N U E O R T I G A S C E N T E R

P A S I G C I T Y

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

LOUIE MARK R. LIMCOLIOC	8637-2917
(Contact Person)	**(Company Telephone Number)**

1 2	3 1	17C	0 7	2 8
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph
A YGC Member
The Power of Synergy

July 28, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution – Dividend Declaration

Gentlemen:

Please see attached copy of the SEC Form 17C for the resolution approved at the Company's Board of Directors' Meeting held today, July 28, 2022.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **July 28, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC), held on July 28, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the declaration of 5% cash dividend or P0.05 per share to all stockholders of record as of August 15, 2022 and such cash dividend will be payable on September 8, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **July 28, 2022**

C05635-2022

Ex-Date : Aug 10, 2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Jul 28, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

   Item No. 9

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 6-1 - Declaration of Cash Dividends
References: SRC Rule 17 (SEC Form 17-C) and
Sections 6 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
The Board of Directors today approved to issue cash dividends.
Background/Description of the Disclosure
The Board of Directors today approved to issue cash dividends to all shareholders of record as of August 15, 2022.

Type of Securities

- ☑ Common
- ☐ Preferred -
- ☐ Others -

Cash Dividend

Date of Approval by Board of Directors	Jul 28, 2022
Other Relevant Regulatory Agency, if applicable	N/A
Date of Approval by Relevant Regulatory Agency, if applicable	N/A
Type (Regular or Special)	REGULAR
Amount of Cash Dividend Per Share	P0.05
Record Date	Aug 15, 2022
Payment Date	Sep 8, 2022

Source of Dividend Payment
Income from operations as of December 31, 2021.
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A S 0 9 4 - 0 0 8 8 8 0

SEC Registration Number

P E T R O E N E R G Y R E S O U R C E S C O R P O R A T I O N

(Company's Full Name)

7 T H F L O O R J M T B U I L D I N G
A D B A V E N U E O R T I G A S C E N T E R
P A S I G C I T Y

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

LOUIE MARK R. LIMCOLIOC	**8637-2917**
(Contact Person)	**(Company Telephone Number)**

1 2 / 3 1	**17C**	0 7 / 2 8
Month *Day*		*Month* *Day*
(Fiscal Year)		(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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To be accomplished by SEC Personnel concerned

File Number

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Document ID

Cashier

S T A M P S

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Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

October 26, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **Kyuden Completes Initial Investment Closing in YGC's PetroGreen Energy Corporation**

Gentlemen:

Please see attached copy of the SEC Form 17C on the completion of initial closing requirements for Kyuden International Corporation's acquisition of 25% equity in PetroGreen Energy Corporation.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **October 26, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation   Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY**   **1605**
   Address of principal office   Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

Kyuden International Corporation (KIC) completed the initial closing requirements for KIC's acquisition of 25% stake in PetroGreen Energy Corporation (PGEC). PGEC is the renewable energy holding unit of publicly-listed PetroEnergy Resources Corporation, a member of the Yuchengco Group of Companies.

KIC is the overseas investment arm of Kyushu Electric Power Company of Japan and has investments in the United States, Mexico, Taiwan, Vietnam and the Philippines, among others. Kyushu Electric Power Company is the exclusive power provider and distributor in Kyushu island and operates 18.32 GW of power facilities using thermal, geothermal, hydro and nuclear with 154,434 km of high- and low-voltage transmission systems.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **October 26, 2022**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Oct 26, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building ADB Ave., Ortigas Center, Pasig City 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

   Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Kyuden Completes Initial Investment Closing in Yuchengco Group of Companies' PetroGreen Energy Corporation
Background/Description of the Disclosure
Please see attached
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A	S	0	9	4	-	0	0	8	8	8	0

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

17C

0 7 **2 8**

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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PetroEnergy
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A YGC Member
The Power of Synergy

October 28, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution

Gentlemen:

Please see attached copy of the SEC Form 17C for the resolution on PetroEnergy Resources Corporation approval on the signing of documents **to issue shares equal to** 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation at the Company's Board of Directors' Meeting held on September 15, 2022.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

*Note: To amend Subject of the Disclosure from PetroEnergy Resources Corporation approves signing of documents to sell 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation to PetroEnergy Resources Corporation approves signing of documents to **issue shares equal to** 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation*

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **October 28, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC), held today, September 15, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the signing of a Share Subscription Agreement and Shareholders' Agreement with Kyuden International Corporation (KIC) – a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc.

Pursuant to the said documents, PERC's renewable energy subsidiary, PetroGreen Energy Corporation (PGEC), will issue primary shares in favor of KIC equal to 25% equity stake in PGEC upon completion of the conditions precedent for the transaction. This will effectively reduce PERC's interest in PGEC from 90% to 67.5%.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **October 28, 2022**

C08012-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Oct 28, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 8637-2917

9. Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy Resources Corporation approves signing of documents to issue shares equal to 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation
Background/Description of the Disclosure
At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC), held today, September 15, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the signing of a Share Subscription Agreement and Shareholders' Agreement with Kyuden International Corporation (KIC) – a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc. Pursuant to the said documents, PERC's renewable energy subsidiary, PetroGreen Energy Corporation (PGEC), will issue primary shares in favor of KIC equal to 25% equity stake in PGEC upon completion of the conditions precedent for the transaction. This will effectively reduce PERC's interest in PGEC from 90% to 67.5%.
Other Relevant Information
To amend Subject of the Disclosure from PetroEnergy Resources Corporation approves signing of documents to sell 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation to PetroEnergy Resources Corporation approves signing of documents to issue shares equal to 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

A	S	0	9	4	-	0	0	8	8	8	0

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1	2		3	1

Month *Day*
(Fiscal Year)

17C

0	7		2	8

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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PetroEnergy
PETROENERGY RESOURCES CORPORATION

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Pasig City 1600, Metro Manila, Philippines
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Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

September 15, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution

Gentlemen:

Please see attached copy of the SEC Form 17C for the resolution on PetroEnergy Resources Corporation approval on the signing of documents to sell 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation at the Company's Board of Directors' Meeting held today, September 15, 2022.

Thank you.

Very truly yours,

Atty. Louie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **September 15, 2022**
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2. SEC Identification Number: **AS094-008880**

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   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY**
   Address of principal office — **1605** Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

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Pursuant to the said documents, PERC's renewable energy subsidiary, PetroGreen Energy Corporation (PGEC), will issue primary shares in favor of KIC equal to 25% equity stake in PGEC upon completion of the conditions precedent for the transaction. This will effectively reduce PERC's interest in PGEC from 90% to 67.5%.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **September 15, 2022**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

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   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy Resources Corporation approves signing of documents to sell 25% equity in PetroGreen Energy Corporation to Kyuden International Corporation
Background/Description of the Disclosure
At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC), held today, September 15, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the signing of a Share Subscription Agreement and Shareholders' Agreement with Kyuden International Corporation (KIC) – a wholly-owned subsidiary of Japan's Kyushu Electric Power Co., Inc. Pursuant to the said documents, PERC's renewable energy subsidiary, PetroGreen Energy Corporation (PGEC), will issue primary shares in favor of KIC equal to 25% equity stake in PGEC upon completion of the conditions precedent for the transaction. This will effectively reduce PERC's interest in PGEC from 90% to 67.5%.
Other Relevant Information
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Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1	2		3	1

Month *Day*

(Fiscal Year)

17C

0	7		2	8

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

May 31, 2022

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department

Subject: **PetroEnergy Resources Corporation**
Board Meeting Resolution

Gentlemen:

Please see attached copy of the SEC Form 17C for the resolution approved at the Company's Board of Directors' Meeting held today, May 31, 2022.

Thank you.

Very truly yours,

Atty. Lowie Mark R. Limcolioc
Assistant Corporate Secretary
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17 OF
THE SECURITIES REGULATION CODE AND
SRC RULE 17.2(c) THEREUNDER

1. **May 31, 2022**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **AS094-008880**

3. BIR Tax Identification Number: **004-471-419-000**

4. **PETROENERGY RESOURCES CORPORATION**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines** 6. (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY** **1605**
   Address of principal office — Postal Code

8. **(632) 86372917**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock shares	**568,711,842**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

At the meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC), held on May 31, 2022, through electronic means of communication, at which meeting a quorum was present, the Board approved the holding of the Annual Stockholders' Meeting (ASM) of PERC thru electronic means of communication on July 28, 2022 and the setting of the record date for said ASM on June 15, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Issuer

By: **Atty. Louie Mark R. Limcolioc**
Assistant Corporate Secretary/
Compliance Officer

Date: **May 31, 2022**

C04058-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   May 31, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PetroEnergy Resources Corporation

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 86372917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy Resources Corporation's 2022 Annual Stockholders' Meeting.

Background/Description of the Disclosure
At the regular meeting of the Board of Directors of PetroEnergy Resources Corporation (PERC) held on May 31, 2022, the board of directors approved the holding of the Annual Stockholders' Meeting (ASM) of PERC thru electronic means of communication on July 28, 2022 and the setting of the record date for said ASM on June 15, 2022.

Type of Meeting

- ☑ Annual
- ☐ Special

Date of Approval by Board of Directors	May 31, 2022
Date of Stockholders' Meeting	Jul 28, 2022
Time	4:00 PM
Venue	Thru Electronic Means of Communication
Record Date	Jun 15, 2022
Agenda	TBA

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End Date	N/A

Other Relevant Information

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC	8637-2917
(Contact Person)	**(Company Telephone Number)**

12	31	17C		
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

C06295-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Aug 15, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

   (632) 8637-2917

9. Former name or former address, if changed since last report

   --

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

   Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy's Group Consolidated Net Income Up 31% for H1 2022
Background/Description of the Disclosure
Please see attached.
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

PetroEnergy's Group Consolidated Net Income Up 31% for H1 2022

Yuchengco Group of Companies (YGC)-led PetroEnergy Resources Corporation's (PERC) 1st Half 2022 consolidated net income grew 31% to P506MM from P386MM over the same period last year. The robust financial performance was largely due to the increase in global crude oil prices (from average $64.63/bbl to average $111.26/bbl) and higher offtake sales for PetroSolar Corporation's (PSC) Tarlac-2 Solar Power Plant. These led to a 51% increase in net income attributable to equity holders of PERC in first half of 2022 compared to same period last year.

PERC derives the bulk of its revenues from electricity sales from renewable energy (RE) power plants by operating units of its RE holding firm PetroGreen Energy Corporation. These include the 32MW Maibarara geothermal project by Maibarara Geothermal, Inc., the 70MW Tarlac solar project by PSC, and the 36 MW Nabas-1 wind project by PetroWind Energy Inc. Oil revenues from its minority stake in the Etame oil concession in offshore Gabon, West Africa provide the balance of steady revenues for the company. Last month, PERC declared a 5% cash dividend or PhP 0.05 per share to all its stockholders of record as of August 15, 2022.

COVER SHEET

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SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 3 1

Month *Day*

(Fiscal Year)

17C

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   May 17, 2022
2. SEC Identification Number
   ASO94-08880
3. BIR Tax Identification No.
   004-471-419-000
4. Exact name of issuer as specified in its charter
   PETROENERGY RESOURCES CORPORATION
5. Province, country or other jurisdiction of incorporation
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (632) 86372917
9. Former name or former address, if changed since last report
   --
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein
    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy's 2022 1Q consolidated net income up 48%
Background/Description of the Disclosure
Please see attached.
Other Relevant Information
--

Filed on behalf by:

Name	Louis Mark Limcolioc
Designation	Asst. Corporate Secretary

Press Release

PetroEnergy's 2022 1Q consolidated net income up 48%

PetroEnergy Resources Corporation's 1st Quarter 2022 consolidated net income improved by 48% from P170 million in 1st Quarter 2021 to P253 million. The net income attributed to equity holders of PERC also increased by 67% from P106 million to P177 million.

The improvement in the financial performance is mainly due to higher crude oil prices (from average $60.97/bbl in 1Q, 2021 to average $107.95/bbl in 1Q, 2022), higher electricity sales from the Tarlac Solar and Nabas Wind power plants, and reduced interest expenses resulting from installment payments of loan principals.

As of the 1st Quarter 2021, the Group maintained a healthy financial position with total assets of P13.6 Billion and total equity of P8.6 Billion. The book value as of 1st Q 2022 reached P10.12/share.

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

KEEL ACHERNAR R. DINOY

(Contact Person)

8637-2917

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17C

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Feb 24, 2022

2. SEC Identification Number

   AS094-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PetroEnergy Resources Corporation

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7th Floor, JMT Building, ADB Avenue, Ortigas Center Pasig City
   Postal Code
   1600

8. Issuer's telephone number, including area code

   632 86372917

9. Former name or former address, if changed since last report

   -

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	568,711,842

11. Indicate the item numbers reported herein

    Item 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-13 - Clarification of News Reports
References: SRC Rule 17 (SEC Form 17-C) and Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
“PETROENERGY Resources Corp. targets to add 400 megawatts (MW) to its portfolio in the next three to four years, while it plans to build three offshore wind farms in the long term."

Source	BusinessWorld (Online Edition)
Subject of News Report	PetroEnergy to focus on solar, offshore wind farms
Date of Publication	Feb 24, 2022

Clarification of News Report

We submit our reply in compliance with the Phil. Stock Exchange's requested clarification on the below statements in the BusinessWorld news article posted today:

“PETROENERGY Resources Corp. targets to add 400 megawatts (MW) to its portfolio in the next three to four years, while it plans to build three offshore wind farms in the long term, a company official said.

‘In the next one to two years, we will add 100 MW of new solar projects and another 300 MW in the next three to four years, while in the long term we are betting on offshore wind because of the advantages of the offshore wind in scaling up the renewable energy generation,’ said PetroEnergy Vice-President Francisco G. Delfin during the Rizal Commercial Banking Corp. (RCBC) virtual forum on sustainability on Wednesday.

. . . .

Mr. Delfin said PetroEnergy is also planning to expand its 32-MW Maibarara geothermal power plant, but this will take a back seat as the company’s priority is its new solar and offshore wind projects.

. . . .”

We confirm the aforementioned statements made by Mr. Delfin in the BusinessWorld news article published today. The solar and wind pipeline projects of around 400 megawatts (MW) capacity is part of PetroEnergy Resources Corporation’s medium to long term plan. To clarify, however, these projects will be implemented through its renewable energy subsidiaries, PetroGreen Energy Corporation, PetroSolar Corporation, or other new subsidiaries that may be formed. Further details about these projects will be disclosed in the future, in compliance with PSE rules on public disclosures.

Other Relevant Information
Please note that the development of the above-stated power projects is subject to technical/economic feasibility, and the issuance/approval of government permits/clearances relevant to the same.

Filed on behalf by:

Name	Keel Achernar Dinoy
Designation	Alternate Information Officer

COVER SHEET

A S 0 9 4 - 0 0 8 8 8 0

SEC Registration Number

P E T R O E N E R G Y   R E S O U R C E S   C O R P O R A T I O N

(Company's Full Name)

7 T H   F L O O R   J M T   B U I L D I N G

A D B   A V E N U E   O R T I G A S   C E N T E R

P A S I G   C I T Y

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

LOUIE MARK R. LIMCOLIOC

(Contact Person)

8637-2917

(Company Telephone Number)

1 2 | 3 1

Month *Day*

(Fiscal Year)

17C

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

C03600-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   May 17, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   PETROENERGY RESOURCES CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
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   (632) 86372917

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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
PetroEnergy Records Slight Increase in 2021 Consolidated Income
Background/Description of the Disclosure
Please see attached.
Other Relevant Information
--

Filed on behalf by:

Name	Louie Mark Limcolioc
Designation	Asst. Corporate Secretary

Press Release

PetroEnergy Records Slight Increase in 2021 Consolidated Income

Publicly-listed and Yuchengco-led PetroEnergy Resources Corporation (PERC) recorded a 3% increase in its 2021 consolidated net income, from Php 646MM in 2020 to Php 655MM in 2021. Net income attributable to parent company also improved by 2% over the same period from Php 319 MM to Php 325 MM.

PERC is engaged in petroleum production through the Etame consortium in Gabon, West Africa and in renewable energy (RE) generation in the Philippines through its subsidiary PetroGreen Energy Corporation (PGEC) that owns and develops power stations utilizing geothermal, wind, and solar energy.

PERC's strong financial performance in 2021 was driven largely by recovery in global crude oil prices from an average price of $49.72/bbl to $69.90/bbl; and higher electricity sales from the Tarlac-2 Solar Power Plant due to higher spot rates during the period. These profit drivers, however, were offset by impairment recorded on the company's West Linapacan and Octon petroleum service contracts amounting to Php 304MM resulting to a lower than realized net income for the year.

In 2021, the Group maintained a healthy financial position with total assets of P13.2 Billion and total equity of P8.3 Billion. Through the continuous operations of its renewable energy projects, the Group was able to pay its currently maturing obligations to existing lenders and sustain other working capital requirements. The book value per share increased by 6% from P9.23/share to P9.81/ share.

COVER SHEET

AS094-008880

SEC Registration Number

PETROENERGY RESOURCES CORPORATION

(Company's Full Name)

7TH FLOOR JMT BUILDING
ADB AVENUE ORTIGAS CENTER
PASIG CITY

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

KEEL ACHERNAR R. DINOY	8637-2917
(Contact Person)	**(Company Telephone Number)**

12	31	17C		
Month	*Day*		*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

   Mar 15, 2022

2. SEC Identification Number

   ASO94-08880

3. BIR Tax Identification No.

   004-471-419-000

4. Exact name of issuer as specified in its charter

   7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City

5. Province, country or other jurisdiction of incorporation

   METRO MANILA, PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   7F JMT BUILDING, ADB AVE., ORTIGAS CENTER, PASIG CITY 1605
   Postal Code
   1605

8. Issuer's telephone number, including area code

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9. Former name or former address, if changed since last report

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Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	568,711,842

11. Indicate the item numbers reported herein

    Item No. 9

PetroEnergy

PETROENERGY RESOURCES CORPORATION

PetroEnergy Resources Corporation
PERC

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Reallocation of SRO Proceeds
Background/Description of the Disclosure
Please see attached
Other Relevant Information

Filed on behalf by:

Name	Keel Achernar Dinoy
Designation	Alternate Information Officer

PETROENERGY RESOURCES CORPORATION

PETROENERGY RESOURCES CORPORATION
2018 1:2.6 Stock Rights Offering
Reallocation of the Use of Proceeds

On March 15, 2022, the Board of Directors of PetroEnergy Resources Corporation (PERC) approved the reallocation of the Use of Proceeds from the Company's 1:2.6 Stock Rights Offering (SRO). Pursuant to this, PERC will reallocate P167,669,788.00 for the funding of various prospective renewable energy power projects in the pipeline.

The remaining balance of the SRO proceeds were allocated for the 20 MWp Tarlac Solar Power Project Phase 2 (TSPP-2), 14 MW Phase 2 of the Nabas Wind Power Project (NWPP-2), and the 10-20 MWp Puerto Princesa Solar Power Project (PPSPP), distributed as follows:

Project	Remaining SRO proceeds
20 MWp TSPP-2	₱ 37,542,464
14 MW NWPP-2	65,063,662
10-20 MW PPSPP	65,063,662
Total	**₱ 167,669,788**

The remaining SRO proceeds will be reallocated as follows:

Project	Remaining SRO proceeds	Transfer of Allocation	New SRO Proceeds Allocation
20 MWp TSPP-2	₱ 37,542,464	₱ (37,542,464)	₱ -
14 MW NWPP-2	65,063,662	(65,063,662)	-
10-20 MW PPSPP	65,063,662	(65,063,662)	-
Various Prospective RE Power Projects		167,669,788	167,669,788
Total	**₱ 167,669,788**	**₱ -**	**₱ 167,669,788**

Rationale for the Reallocation of the Use of Proceeds

The reallocation will allow flexibility in funding multiple projects in the pipeline, including the NWPP-2 and the PPSPP.

Emerson T. Azul

From:	Ed Marie N. Lucion
Sent:	Monday, April 17, 2023 9:27 PM
To:	Emerson T. Azul
Subject:	FW: Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Monday, April 17, 2023 9:07 PM
To: Ladianne R. Cayaban <lrcayaban@petroenergy.com.ph>
Cc: Ed Marie N. Lucion <enlucion@petrogreen.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi PETROENERGY RESOURCES CORPORATION,

Valid files

- EAFS004471419RPTTY122022.pdf
- EAFS004471419OTHTY122022.pdf
- EAFS004471419TCRTY122022-01.pdf
- EAFS004471419ITRTY122022.pdf
- EAFS004471419AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QTX3WPPT0QZZ2VY1XP3NWQNXZ09BJE6AD**
Submission Date/Time: **Apr 17, 2023 09:06 PM**
Company TIN: **004-471-419**

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

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

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

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DISCLAIMER
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PetroEnergy
PETROENERGY RESOURCES CORPORATION

7F JMT Building, ADB Avenue, Ortigas Center,
Pasig City 1600, Metro Manila, Philippines
Tel: (+632) 8637-2917
Fax: (+632) 8634-6066
Visit: www.petroenergy.com.ph

A YGC Member
The Power of Synergy

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

April 17, 2023

Securities and Exchange Commission
PICC, Roxas Boulevard, Pasay City

The management of PetroEnergy Resources Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 not realistic alternative but to do so.

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

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

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

Helen Y. Dee Chairman	Milagros V. Reyes President	Maria Cecilia L. Diaz De Rivera Chief Finance Officer

SUBSCRIBED AND SWORN to me before this APR 17 2023 in Pasig City. Affiants exhibited to me their Tax Identification Numbers (TIN) indicated below each name.

NAMES	TIN
Helen Y. Dee	101-562-982
Milagros V. Reyes	100-732-775
Maria Cecilia L. Diaz De Rivera	115-335-117

MARIA CARMELA D. HAUTEA
Appointment No. 167 (2023-2024)
Notary Public for the Cities of Pasig and San Juan
and the Municipality of Pateros
Commission Expires on December 31, 2024
7F JMT Bldg. ADB Ave. Ortigas Center, Pasig City
Roll of Attorneys No. 66585
MCLE Compliance No. VII-0016267
IBP No. 281214/01-10-2023/RSM
PTR No. 0173575/01-23-2023/Pasig City

Doc. No. 471;
Page No. 95;
Book No. III;
Series of 2023.

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	4	-	0	8	8	8	0

C O M P A N Y   N A M E

PETROENERGY RESOURCES CORPORATION

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

7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
APFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
corpaffairs@petroenergy.com.ph	8637-2917	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,991	7/29	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Maria Cecilia L. Diaz De Rivera	mlderivera@petroenergy.com.ph	8637-2917	N/A

CONTACT PERSON's ADDRESS

7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of PetroEnergy Resources Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by management of PetroEnergy Resources Corporation in a separate schedule. Revenue Regulations No. 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Ana Lea C. Bergado.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 80470-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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

PETROENERGY RESOURCES CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱316,111,405**	₱159,364,562
Financial assets at fair value through profit or loss (Note 7)	**7,540,090**	7,587,228
Receivables (Note 8)	**40,342,752**	45,536,438
Crude oil inventory	**14,437,192**	12,616,676
Other current assets (Note 9)	**28,466,625**	178,322,090
Total Current Assets	**406,898,064**	403,426,994
Noncurrent Assets		
Property and equipment (Note 10)	**790,481,158**	671,253,700
Deferred oil exploration costs (Note 11)	**311,883,011**	115,806,924
Investments in subsidiaries (Note 12)	**2,165,058,153**	2,165,058,153
Investment properties (Note 13)	**1,611,533**	1,611,533
Net retirement asset (Note 19)	**10,263,804**	–
Deferred tax assets - net (Note 20)	**6,539,828**	8,776,720
Other noncurrent assets (Note 14)	**59,540,568**	76,797,459
Total Noncurrent Assets	**3,345,378,055**	3,039,304,489
TOTAL ASSETS	**₱3,752,276,119**	₱3,442,731,483
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 15)	**₱121,068,117**	₱54,228,289
Loans payable (Note 16)	**251,000,000**	190,000,000
Total Current Liabilities	**372,068,117**	244,228,289
Noncurrent Liabilities		
Asset retirement obligation (Note 17)	**41,728,602**	62,193,875
Accrued retirement liability (Note 19)	–	2,882,233
Total Noncurrent Liabilities	**41,728,602**	65,076,108
Total Liabilities	**413,796,719**	309,304,397
Equity		
Capital stock (Note 18)	**568,711,842**	568,711,842
Additional paid-in capital (Note 18)	**2,156,679,049**	2,156,679,049
Retained earnings (Note 18)	**251,413,711**	53,226,723
Remeasurements of net accrued retirement liability – net of tax (Note 19)	**5,196,628**	(1,668,698)
Cumulative translation adjustment (Note 18)	**356,478,170**	356,478,170
Total Equity	**3,338,479,400**	3,133,427,086
TOTAL LIABILITIES AND EQUITY	**₱3,752,276,119**	₱3,442,731,483

See accompanying Notes to Parent Company Financial Statements

PETROENERGY RESOURCES CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
OIL REVENUES	**₱726,054,533**	₱461,246,131	₱292,573,199
COST OF REVENUES			
Oil production (Note 21)	**355,336,218**	236,284,770	211,527,791
Depletion (Note 10)	**85,286,880**	76,513,364	82,236,533
Change in crude oil inventory	**(1,820,516)**	22,473,648	(23,926,774)
	438,802,582	335,271,782	269,837,550
GROSS INCOME	**287,251,951**	125,974,349	22,735,649
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**111,853,310**	84,456,924	92,021,155
OTHER INCOME (CHARGES)			
Impairment reversal (loss) (Note 5)	**11,299,369**	(164,323,294)	–
Dividend income (Notes 7 and 12)	**36,079,047**	150,964,534	71,770
Interest expense (Note 16)	**(9,678,694)**	(11,979,915)	(17,020,243)
Net foreign exchange gain (loss)	**11,187,292**	4,941,016	(3,181,778)
Accretion expense (Note 17)	**(2,070,184)**	(1,869,946)	(2,383,253)
Interest income (Notes 6, 9 and 23)	**3,070,748**	821,219	2,587,798
Fair value changes on financial assets at fair value through profit or loss (Note 7)	**(47,138)**	55,641	(708,509)
Miscellaneous income (Note 23)	**4,381,439**	4,013,044	4,008,982
	54,221,879	(17,377,701)	(16,625,233)
INCOME (LOSS) BEFORE INCOME TAX	**229,620,520**	24,139,724	(85,910,739)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 20)	**(2,997,940)**	4,871,122	(7,384,343)
NET INCOME (LOSS)	**226,622,580**	29,010,846	(93,295,082)
OTHER COMPREHENSIVE INCOME			
Item not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on net accrued retirement liability - net of tax (Note 19)	**6,865,326**	(4,038,649)	3,490,089
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**6,865,326**	(4,038,649)	3,490,089
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱233,487,906**	₱24,972,197	(₱89,804,993)
Basic/Diluted Earnings (Loss) Per Share (Note 25)	**₱0.3985**	₱0.0510	(₱0.1640)

See accompanying Notes to Parent Company Financial Statements.

PETROENERGY RESOURCES CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 18)	**Additional Paid-in Capital** (Note 18)	**Retained Earnings** (Note 18)	**Remeasurement of Net Accrued Retirement Liability** (Note 19)	**Cumulative Translation Adjustment** (Note 18)	**Total Equity**
BALANCES AT DECEMBER 31, 2019	**₱568,711,842**	**₱2,156,679,049**	**₱117,510,959**	**(₱1,120,138)**	**₱356,478,170**	**₱3,198,259,882**
Net loss	–	–	(93,295,082)	–	–	(93,295,082)
Remeasurement gain on net accrued retirement liability	–	–	–	3,490,089	–	3,490,089
Total comprehensive income (loss)	–	–	(93,295,082)	3,490,089	–	(89,804,993)
BALANCES AT DECEMBER 31, 2020	**568,711,842**	**2,156,679,049**	**24,215,877**	**2,369,951**	**356,478,170**	**3,108,454,889**
Net income	–	–	29,010,846	–	–	29,010,846
Remeasurement loss on net accrued retirement liability	–	–	–	(4,038,649)	–	(4,038,649)
Total comprehensive income (loss)	–	–	29,010,846	(4,038,649)	–	**24,972,197**
BALANCES AT DECEMBER 31, 2021	**568,711,842**	**2,156,679,049**	**53,226,723**	**(1,668,698)**	**356,478,170**	**3,133,427,086**
Net income	–	–	226,622,580	–	–	226,622,580
Remeasurement loss on net accrued retirement liability	–	–	–	6,865,326	–	6,865,326
Total comprehensive income (loss)	–	–	226,622,580	6,865,326	–	233,487,906
Dividend declaration			(28,435,592)	–	–	(28,435,592)
BALANCES AT DECEMBER 31, 2022	**₱568,711,842**	**₱2,156,679,049**	**₱251,413,711**	**₱5,196,628**	**₱356,478,170**	**₱3,338,479,400**

See accompanying Notes to Parent Company Financial Statements.

PETROENERGY RESOURCES CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱229,620,520**	₱24,139,724	(₱85,910,739)
Adjustments for:			
Depletion, depreciation and amortization (Notes 10 and 14)	**97,012,576**	83,814,245	95,845,289
Dividend income (Notes 7 and 12)	**(36,079,047)**	(150,964,534)	(71,770)
Impairment loss (reversal) (Note 5)	**(11,299,369)**	164,323,294	–
Interest expense (Note 16)	**9,678,694**	11,979,915	17,020,243
Movement in accrued retirement liability (Note 19)	**(3,992,269)**	2,920,699	(1,755,467)
Interest income (Notes 6, 9 and 23)	**(3,070,748)**	(821,219)	(2,587,798)
Accretion expense (Note 17)	**2,070,184**	1,869,946	2,383,253
Net unrealized foreign exchange loss (gain)	**(1,473,215)**	(145,835)	497,916
Fair value changes on financial assets at fair value through profit or loss (Note 7)	**47,138**	(55,641)	708,509
Loss (gain) on disposal of property and equipment	**–**	61,160	–
Operating income before working capital changes	**282,514,464**	137,121,754	26,129,436
Decrease (increase) in:			
Receivables	**6,927,026**	(15,219,070)	40,545,334
Crude oil inventory	**(1,820,516)**	22,473,648	(23,926,774)
Other current assets	**168,341,785**	(15,355,286)	33,552
Increase (decrease) in:			
Accounts payable and accrued expenses	**79,976,157**	12,063,515	(27,498,577)
Cash generated from (used in) operations	**535,938,916**	141,084,561	15,282,971
Interest received	**2,963,288**	813,348	2,809,846
Income taxes paid	**(609,000)**	(600,000)	(600,000)
Net cash provided by operating activities	**538,293,204**	141,297,909	17,492,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property and equipment (Note 10)	**(221,983,870)**	(4,094,337)	(45,914,931)
Dividends received (Notes 7 and 12)	**36,079,047**	150,964,534	71,770
Decrease (increase) in:			
Other noncurrent assets	**(8,568,000)**	571,338	1,954,101
Due from related parties	**(1,625,880)**	814,356	(954,252)
Deferred oil exploration costs	**(208,597,575)**	(59,035,023)	(39,915,658)
Additional investments in subsidiaries (Notes 12 and 23)	**–**	(74,700,000)	–
Net cash provided by (used in) investing activities	**(₱404,696,278)**	14,520,868	(84,758,970)

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans (Note 16)	**(₱500,000,000)**	(₱307,000,000)	(₱418,500,000)
Proceeds from loans (Note 16)	**561,000,000**	268,500,000	378,500,000
Interest paid	**(10,887,706)**	(11,940,323)	(18,070,172)
Dividends paid	**(28,435,593)**	–	–
Net cash provided by (used in) financing activities	**21,676,701**	(50,440,323)	(58,070,172)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,473,216**	145,835	(497,916)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**156,746,843**	105,524,289	(125,834,241)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**159,364,562**	53,840,273	179,674,514
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱316,111,405**	₱159,364,562	₱53,840,273

See accompanying Notes to Parent Company Financial Statements.

PETROENERGY RESOURCES CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

PetroEnergy Resources Corporation (PERC or PetroEnergy or the Parent Company), formerly Petrotech Consultants, Inc., was organized on September 29, 1994 to provide specialized technical services to its then parent company, Petrofields Corporation, and to companies exploring for oil in the Philippines. PetroEnergy's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

In 1997, PERC simultaneously adopted its present name and changed its primary purpose to oil exploration and development and mining activities. Subsequently in 1999, PERC assumed Petrofields' oil exploration contracts in the Philippines and the Production Sharing Contract covering the Etame discovery block in Gabon, West Africa.

On August 11, 2004, PERC's shares of stock were listed at the PSE by way of introduction.

In 2009, following the enactment of Republic Act No. 9513, otherwise known as the "Renewable Energy Act of 2008", PERC amended its articles of incorporation to include among its purposes the business of generating power from renewable sources such as, but not limited to, biomass, hydro, solar, wind, geothermal, ocean and such other renewable sources of power.

The registered office and principal place of business is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

The accompanying parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 17, 2023.

2. Basis of Preparation

<u>Basis of Preparation</u>
The accompanying financial statements have been prepared under the historical cost basis, except for financial assets carried at fair value through profit or loss (FVTPL) which are measured at fair value and crude oil inventory which is valued at net realizable value (NRV).

The financial statements are presented in Philippine Peso (PHP or ₱), which is also the Parent Company's functional currency. All amounts are rounded to the nearest PHP unless otherwise stated.

<u>Statement of Compliance</u>
The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements, presented in compliance with PFRSs, which can be obtained from the Parent Company's registered office address mentioned in Note 1. The parent company financial statements must be read in conjunction with the consolidated financial statements.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except that the Parent Company has adopted the new accounting pronouncements starting January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Parent Company's financial position or performance.

- 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*

<u>New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2022</u>

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

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

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*

The Parent Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2022 on the Parent Company's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the parent company financial statements when these amendments are adopted.

4. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents
Cash includes cash on hand and in banks (demand deposits). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the dates of acquisition and that are subject to an insignificant risk of change in value.

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

Financial assets - Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flow that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Parent Company has no financial asset classified as financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Parent Company's financial assets at amortized cost include cash and cash equivalents, receivables and restricted cash.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, 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 FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of profit or loss.

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

The Parent Company's financial assets at FVTPL includes marketable equity securities and investment in golf club shares.

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

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).

The Parent Company may consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities - Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortized cost (loans and borrowings) 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. The Parent Company does not have financial liabilities at FVTPL.

Subsequent measurement
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 parent company statement of comprehensive income.

The Parent Company's loans and borrowings include accounts payable and accrued expenses, excluding statutory liabilities, and loans payable.

Derecognition of Financial Assets and Financial Liabilities
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are set off and the net amount is reported in the parent company 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, or to realize the asset and settle the liability simultaneously.

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 by the Parent Company. 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.

The Parent Company 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 parent company 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 parent company financial statements on a recurring basis, the Parent Company 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 stated at NRV at the time of production. NRV is the estimated selling price less cost to sell. The estimated selling price is the market values of crude oil inventory at the time of production.

Other Current Assets
Other current assets mainly consist of prepayments and restricted cash. Prepayments are expenses paid in advance and recorded as asset before these are utilized. This account comprises prepaid expenses and prepaid taxes. The prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred and the prepaid taxes represent amount withheld by the Parent Company's customers. Prepaid taxes are deducted from income tax payable. Prepayments that are expected to be realized for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent

assets. Restricted cash is recognized when the Parent Company reserves a portion of its cash for a specific purpose and that there are contractual restrictions directly related to the use of and access of the bank accounts. This includes cash held under escrow accounts. Restricted cash that are expected to be used for a period of no more than 12 months after the financial reporting period are classified as current assets, otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depletion, depreciation and any accumulated impairment losses. The initial cost of the property and equipment consists of its purchase price, including any import duties, taxes and any directly attributable costs of bringing the assets to its working condition and location for its intended use and abandonment costs.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are 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 an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Wells, platforms and other facilities are depleted using the unit-of-production method computed based on estimates of proved reserves. The depletion base includes the exploration and development cost of the producing oil fields.

Other property and equipment are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Office condominium units	15
Office improvements	3
Transportation equipment	4
Office furniture and other equipment	2 - 3

The useful lives and depletion and depreciation method are reviewed periodically to ensure that the period and method of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

When the assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Parent Company statements of comprehensive income.

Deferred Oil Exploration Costs

The Parent Company follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending determination of whether the area contains oil reserves in commercial quantities.

Deferred oil exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The exploration costs relating to the SC where oil in commercial quantities are discovered are subsequently reclassified to "Wells, platforms and other facilities" shown under "Property and equipment" account in the statements of financial position upon substantial completion of the development stage. On the other hand, all costs relating to an abandoned SC are written off in the year the area is permanently abandoned. SCs are considered permanently abandoned if the SCs have expired and/or there are no definite plans for further exploration and/or development.

Investment Properties
Investment properties consist of land held for capital appreciation. Land is stated at cost less any impairment in value.

The initial cost of the investment properties comprises of purchase price and any directly attributable costs of bringing the asset to its working condition.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment properties when and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Investments in Subsidiaries
The Parent Company's investments in subsidiaries are accounted for using the cost method less any impairment in value. Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only it has:

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

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

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

The Parent Company 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that an asset (e.g. property and equipment, investment properties, deferred oil exploration costs, and investments in subsidiaries) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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 Parent Company 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 depreciation, had no impairment loss been recognized for the asset in prior years.

Capital Stock and Additional Paid-in Capital
The Parent Company records common stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Parent Company purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Retained Earnings
Retained earnings represent accumulated earnings and losses of the Parent Company less dividends declared and with consideration of any changes in accounting policies and adjustments applied retroactively. The retained earnings of the Parent Company are available for dividends only upon approval and declaration of the BOD. When the balance as of a reporting date is debit, the account is captioned as "Deficit".

Unappropriated retained earnings represent the portion which is free and can be declared as dividends to stockholders. Appropriated retained earnings represent the portion which has been restricted and therefore is not available for any dividend declaration.

Revenue Recognition
Revenue is recognized when the control of petroleum are transferred to the customer at an amount that reflects the consideration which the Parent Company expects to be entitled in exchange for those goods. The Parent Company has generally concluded that it is the principal in its revenue arrangements.

Oil revenues
Revenue from crude oil is recognized at a point in time when the control of the goods has transferred from the sellers (consortium) to the buyer at the delivery point. Revenue is measured at the fair value of the consideration received.

The revenue recognized from the sale of petroleum products pertains to the Parent Company'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 the interest accrues taking into account the effective yield on the asset.

Management fee
Revenue from accounting, legal and other support services rendered to its subsidiaries are recognized when earned.

Costs and Expenses
Oil production
Oil production are costs incurred to produce and deliver crude oil inventory, including transportation, storage and loading, among others.

General and administrative expenses
General and administrative expenses constitute costs of administering the business. Costs and expenses are recognized as incurred.

Leases
Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases of parking slots and vehicles (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 leases of low-value assets recognition exemption to leases of storage units that are considered of low value (i.e., below ₱250,000). 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 Tax
Current 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 amounts are those that are enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax and unused net operating losses carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits from excess MCIT and unexpired NOLCO can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets 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 income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 as of the statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

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.

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

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 statements of comprehensive 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 statements of comprehensive 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 statements of comprehensive income in subsequent periods. All remeasurements recognized in OCI account "Remeasurement loss on net accrued retirement liability" 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 Parent Company, nor can they be paid directly to the Parent Company. 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).

The Parent Company'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.

Asset Retirement Obligation (ARO)

The Parent Company is legally required to share in the abandonment costs associated with the oilfields. The Parent Company recognizes the fair value of the liability for this obligation and capitalizes the present value of these costs as part of the balance of the related property and equipment accounts, which are depleted using the unit-of-production method computed based on estimates of proved reserves, or written off as a result of impairment of the related asset.

The Parent Company amortizes ARO liability using the EIR method and recognizes accretion expense over the service contract term in profit or loss.

The Parent Company regularly assesses the provision for ARO and adjusts the related liability.

Value-Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position as part of "Other noncurrent assets" to the extent of the recoverable amount.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded using the applicable exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the applicable exchange rate at the reporting date. Differences arising from translation of monetary assets and liabilities are taken to "Net unrealized foreign exchange gain (loss)".

Earnings Per Share (EPS)

Basic earnings per share is computed on the basis of the weighted average number of shares outstanding during the year after giving retroactive effect to any stock split or stock dividends declared and stock rights exercised during the current year, if any.

Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The Parent Company does not have potentially dilutive common stock.

Segment Reporting
The Parent Company has only one reportable segment that is engaged in the oil and mineral exploration, development and production. Financial information on business segments is presented in Note 26 to the financial statements.

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

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events After the Reporting Period
Post year-end events up to the date of the auditors' report that provide additional information about the Parent Company's situation at the reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Parent Company financial statements in compliance with PFRS requires the Parent Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates and assumptions are reflected in the Parent Company 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 Parent Company'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 Parent Company financial statements:

Determination of Functional Currency

The Parent Company determines the functional currency based on economic substance of underlying circumstances relevant to the Parent Company. The functional currency has been determined to be the PHP based on the economic substance of the Parent Company's business circumstances.

Capitalization of Deferred Oil Exploration Costs

Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. If the accounting policy on capitalization of development costs are not met, such costs are expensed. As of December 31, 2022 and 2021, the carrying value of deferred oil explorations costs amounted to ₱311.88 million and ₱115.81 million, respectively (see Note 11).

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.

Impairment of investments in subsidiaries

The Parent Company assesses at the end of each reporting period whether there is any indication that its investments in subsidiaries may be impaired. If any such indication exists, the Parent Company estimates the recoverable amount of the asset.

The factors that the Parent Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

No indication of impairment was noted in 2022 and 2021. As of December 31, 2022 and 2021, the carrying value of investments in subsidiaries amounted to ₱2.17 billion for both years. As of December 31, 2022 and 2021, allowance for impairment loss on investment in a dormant subsidiary amounted to ₱2.86 million (see Note 12).

Estimation of Proved and Probable Oil Reserves

The Parent Company assesses its estimate of proved and probable reserves on an annual basis. The estimate is based on the technical assumptions and is calculated in accordance with accepted volumetric methods, specifically the probabilistic method of estimation. Probabilistic method uses known geological, engineering and economic data to generate a range of estimates and their associated probabilities.

All proved and probable reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. 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. Estimated oil reserves are utilized in the impairment testing and the calculation of depletion expense using the unit of production method of the investments.

As of December 31, 2022 and 2021, the carrying value of "Wells, Platforms and other Facilities" under "Property and Equipment" amounted to ₱763.83 million and ₱658.72 million, respectively (see Note 10).

Impairment of Wells, Platforms and other Facilities and Deferred Oil Exploration Costs
The Parent Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use.

The recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or CGU and from its disposal at the end of its useful life.

In determining the present value of estimated future cash flows expected to be generated from the continued use of an asset or CGU, the Parent Company is required to make estimates and assumptions that can materially affect the Parent Company's financial statements.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- The period for which the Parent Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

There are no indicators of impairment that would trigger impairment review in 2022 and 2021 other than those mentioned below.

a. <u>Gabon, West Africa</u>
   The Parent Company believes that the fluctuation in crude oil prices in the market, political risks in Gabon, discount rates and changes in other assumptions such as change in production profile which is based on continued production until the term of the existing Exploration Production Sharing Contract ("EPSC") are indicators that the assets might be impaired or if there is reversal of prior impairment loss.

   In 2018, the Gabonese Government allowed the sixth amendment to the EPSC that extends the exploitation period for the production licenses by ten (10) years, or from September 2018 until September 2028, extendible by five (5) years and by a final extension of 5 more years. The extension of the EPSC will allow the consortium to maximize the use of the existing facilities that are already in place to increase or maintain production until the field's extended life (see Note 10).

b. SC 14-C2 - West Linapacan
SC 14-C2 has not yet expired and was granted with a 15-year extension of the SC as approved by the DOE from December 18, 2010 to December 18, 2025. The SC 14-C2 consortium proceeded with a third-party technical evaluation to assess potential production opportunities. With the SC nearing its expiration in December 2025, the assets were tested for impairment.

c. SC 6A - Octon-Malajon Block
In March 31, 2021, Philodrill, the operator, gave notice to the DOE that the Joint Venture has elected not to enter the 12th year of the final 15-year term of SC 61 and consequently surrender the Service Contract.

d. Impairment loss (reversal)
In assessing whether impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Parent Company's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment loss is value in use.

The Parent Company estimates value in use using a discounted cash flow model using a discount rate of 14.64% and 10.00% as of December 31, 2022 and 2021, respectively.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31, 2022 and 2021 (nil in 2020) presented on a net basis:

	2022	2021
Wells, platforms and other facilities – net (Note 10)	**(₱11,893,541)**	₱22,489,016
Deferred oil exploration costs – net (Note 11)	**594,172**	141,834,278
	(₱11,299,369)	₱164,323,294

As of December 31, 2022 and 2021, the net carrying value of the assets forming part of the CGU are as follows:

	2022	2021
Wells, platforms and other facilities (Note 10)	**₱763,828,912**	₱658,719,269
Production license (Note 14)	**26,582,207**	31,205,200
Deferred oil exploration costs (Note 11)	**246,707,152**	87,425,850
	₱1,037,118,271	₱777,350,319

Estimation of asset retirement obligation
The Parent Company has a legal obligation to share in the abandonment costs associated with the oilfields. The Parent Company recognizes the present value of the obligation in its share in the abandonment costs and capitalizes the present value of this cost as part of the balance of the related property and equipment, which are depleted using the unit-of-production method computed based on estimates of proved reserves.

Cost estimates expressed at projected price levels at the date of the estimate are discounted using a rate of 7.13% and 4.59% as of December 31, 2022 and 2021, respectively, to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense (see Note 17).

Changes in the asset retirement obligation that result from a change in the current best estimate of cash flow required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in profit or loss as it occurs.

While the Parent Company has made its best estimate in establishing the asset retirement obligation, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Parent Company's current estimates. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The Parent Company's asset retirement obligation amounted to ₱41.73 million and ₱62.19 million as of December 31, 2022 and 2021, respectively (see Note 17).

Estimation of retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuation. The actuarial valuation involves making various assumptions including determination of discount rates and future salary increases, among others. 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 the end of each accounting period. The net pension liability (asset) amounted to (₱10.26 million) and ₱2.88 million as of December 31, 2022 and 2021, respectively (see Note 19).

Recognition of deferred tax assets
The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces them to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2022 and 2021, the Parent Company did not recognize deferred tax assets on certain temporary differences, NOLCO and MCIT as the Parent Company believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to their expiration (see Note 20).

6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱36,689,565**	₱130,681,179
Cash equivalents	**279,421,840**	28,683,383
	₱316,111,405	₱159,364,562

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents earn interest at the prevailing short-term placement rates.

Interest income earned on cash in banks and cash equivalents amounted to ₱2.98 million, ₱0.09 million and ₱0.54 million in 2022, 2021 and 2020, respectively.

7. Financial Assets at FVTPL

	2022	2021
Marketable equity securities	**₱6,770,090**	₱6,817,228
Investment in golf club shares	**770,000**	770,000
	₱7,540,090	₱7,587,228

Net gain (loss) on fair value changes on financial assets at FVTPL included in the parent company profit or loss amounted to (₱0.05 million), ₱0.06 million and (₱0.71 million) in 2022, 2021 and 2020, respectively. Dividend income received from equity securities amounted to ₱79,047, ₱38,134 and ₱71,770 in 2022, 2021 and 2020, respectively.

8. Receivables

	2022	2021
Accounts receivable from:		
Consortium operator	**₱41,055,254**	₱47,982,278
Due from related parties (Note 23)	**1,765,776**	139,897
Others	**57,816**	57,815
Interest receivable	**146,359**	38,900
	43,025,205	48,218,890
Less allowance for doubtful accounts	**2,682,453**	2,682,452
	₱40,342,752	₱45,536,438

The Parent Company's receivables are mainly due from consortium operator and are due within one (1) year.

9. Other Current Assets

	2022	2021
Restricted cash	**₱20,926,811**	₱157,754,239
Prepaid taxes	**4,321,601**	6,762,091
Prepaid expenses	**2,216,300**	2,189,745
Advances to suppliers	**453,612**	11,166,714
Refundable deposits	**448,721**	349,721
Supplies	**99,580**	99,580
	₱28,466,625	₱178,322,090

The Parent Company's restricted cash consists of the following:

Restricted cash - Share in Etame escrow fund (current portion)
As of December 31, 2022, this represents Parent Company's share in the current portion of the Abandonment Fund related to FPSO decommissioning and Etame Field Asset Retirement Obligations. These funds were released from the escrow account in February 2023.

As of December 31, 2021, this balance includes escrow to secure payment and discharge of the Parent Company's obligations and liabilities under the FPSO contract amounting to ₱3.03 million.

Restricted cash – Stock Rights Offering (SRO)
Restricted cash pertains to the remaining unused portion of the SRO Proceeds held under an escrow account amounting to ₱154.55 million as of December 31, 2021. On April 18, 2022, the remaining SRO funds were withdrawn from the escrow account and will be used to pay loans and interest.

Interest income earned on restricted cash amounted to ₱.09 million, ₱0.73 million and ₱1.87 million in 2022, 2021 and 2020, respectively.

10. **Property and Equipment**

	2022				
	Wells, Platforms and Other Facilities	**Office Condominium Unit and Improvements**	**Transportation Equipment**	**Office Furniture and Other Equipment**	**Total**
Cost					
Balances at beginning of year	**₱2,222,351,170**	**₱41,590,986**	**₱27,368,920**	**₱26,378,693**	**₱2,317,689,769**
Additions	**207,643,520**	**792,416**	**17,738,407**	**2,414,608**	**228,588,951**
Change in ARO estimate (Note 17)	**(29,140,538)**	–	–	–	**(29,140,538)**
Balances at end of year	**2,400,854,152**	**42,383,402**	**45,107,327**	**28,793,301**	**2,517,138,182**
Accumulated depletion and depreciation					
Balances at beginning of year	**1,382,485,759**	**40,719,915**	**20,335,711**	**21,748,542**	**1,465,289,927**
	85,286,880	–	–	–	**85,286,880**
Depletion					–
Depreciation (Note 22)	–	**452,985**	**3,698,309**	**2,676,322**	**6,827,616**
	–	–	–	–	–
Balances at end of year	**1,467,772,639**	**41,172,900**	**24,034,020**	**24,424,864**	**1,557,404,423**
Accumulated impairment losses					
Balances at the beginning of the year	**181,146,142**	–	–	–	**181,146,142**
Impairment reversal (Note 5)	**(11,893,541)**	–	–	–	**(11,893,541)**
Balances at the end of the year	**169,252,601**	–	–	–	**169,252,601**
Net book values	**₱763,828,912**	**₱1,210,502**	**₱21,073,307**	**₱4,368,437**	**₱790,481,158**

	2021				
	Wells, Platforms and Other Facilities	Office Condominium Unit and Improvements	Transportation Equipment	Office Furniture and Other Equipment	Total
Cost					
Balances at beginning of year	₱2,228,718,206	₱41,574,869	₱20,074,920	₱27,133,262	₱2,317,501,257
Additions	1,086,049	348,568	7,294,000	1,133,358	9,861,975
Disposal	–	(332,451)	–	(1,887,927)	(2,220,378)
Change in ARO estimate (Note 17)	(7,453,085)	–	–	–	(7,453,085)
Balances at end of year	2,222,351,170	41,590,986	27,368,920	26,378,693	2,317,689,769
Accumulated depletion and depreciation					
Balances at beginning of year	1,305,972,395	40,839,701	19,940,660	22,008,823	1,388,761,579
Depletion	76,513,364	–	–	–	76,513,364
Depreciation (Note 22)	–	212,665	395,051	1,566,486	2,174,202
Disposal	–	(332,451)		(1,826,767)	(2,159,218)
Balances at end of year	1,382,485,759	40,719,915	20,335,711	21,748,542	1,465,289,927
Accumulated impairment losses					

(Forward)

Balances at the beginning of the year	₱158,657,126	₱–	₱–	₱–	₱158,657,126
Impairment loss (Note 5)	22,489,016	–	–	–	22,489,016
Balances at the end of the year	181,146,142	–	–	–	181,146,142
Net book values	₱658,719,269	₱871,071	₱7,033,209	₱4,630,151	₱671,253,700

The Parent Company has remaining payables pertaining to additions to property and equipment amounting to nil and ₱2.59 million as of December 31, 2022 and 2021, respectively. These are considered as noncash investing activities in the statement of cash flows.

Transfers from deferred oil exploration costs and changes in ARO estimate are considered as noncash investing activities.

There are no property and equipment items that are pledged as security to liabilities as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the participating interest of the Parent Company in various service contracts areas are as follows:

Gabonese Oil Concessions	2.525%
West Linapacan - SC 14C2	4.137%

Foreign Operations

Gabon, West Africa
Background
The Group holds approximately 2.53% participating interest in the Exploration and Production Sharing Contract ("EPSC") covering the Etame block in Gabon, West Africa (the "Etame Marin Permit"). The other parties in the consortium are Addax Petroleum Etame, Inc. (33.90%) and VAALCO Gabon (Etame), Inc. (63.58%) (the "Gabon Consortium"), are leaders in their respective areas of operation. VAALCO is the Consortium's operator, and is in charge of conducting the exploration and production activities in the Gabon contract area.

The EPSC is a contract with the Gabonese Government that gives the holder of the said EPSC exclusive rights and obligations to perform exploration, exploitation, and production activities and in the case of the consortium, within the Etame Marin Permit area.

In August 2021, the Consortium entered into a Bareboat Charter Agreement and Operating Agreement with World Carrier Offshore Services Corporation (World Carrier) to provide and operate a Floating Storage and Offloading (FSO) unit at the Etame Marin field for up to eight (8) years with additional option periods available upon the expiration of the current 20-year Floating Production, Storage and Offloading (FPSO) contract with BW Offshore in September 2022.

In December 2021, the consortium commenced a four-well drilling program in the Etame, Avouma and North Tchibala fields using the Borr Norve jack-up drilling rig, aimed to sustain field production to above 20,000 BOPD.

Etame-8H sidetrack was completed in February 2022. Avouma-3H sidetrack was completed in April 2022, South Tchibala-1HB sidetrack in July 2022, and North Tchibala-2H sidetrack in November 2022. Workovers were also conducted on Ebouri-2H, North Tchibala-1H and Southeast Etame-4H wells within 2022. This resulted in an increase in overall crude production of ~18,000-20,000 BOPD by the end of 2022.

Given the extended EPSC period, the Consortium is currently firming up the most feasible Integrated Field Development Plan (IFDP) to extract the remaining recoverable oil volumes until at least 2028 up to 2038 (final extension). This IFDP may include: 1) production from sour oil reserves, 2) outfield drilling opportunities, and 3) facility maintenance strategies.

Update on Production
Production was routed to the Petroleo Nautipa, the spread-moored (FPSO) vessel from the Etame, Avouma-Southeast Etame-North Tchibala and Ebouri platforms, and from the wells tied to the subsea Etame manifold. The produced oils were processed and exported from the FPSO, which had a storage capacity of one million barrels of oil (MMBO).

Throughout 2022, facility reconfiguration works were being completed in parallel for the hook-up and commissioning of the new FSO vessel Teli, which replaced the Petroleo Nautipa FPSO vessel in mid-October 2022. The FSO vessel is now operational and receiving crude from all Etame Marin platform wells. The two (2) old subsea wells – Etame-6H and Etame-7H – which were originally connected directly to the old Petroleo Nautipa FPSO, have been hooked-up to the FSO last December 30, 2022. Final punchlist items are currently being completed.

Crude production comes from four (4) oil fields (Etame, Avouma, Ebouri and North Tchibala).

In 2022, total crude production reached 5.94 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.133 MMBO, with crude oil market prices ranging from US$76 – US$133 per barrel.

In 2021, total crude production reached 5.42 MMBO. The Consortium managed 11 liftings, resulting in net crude export of 5.867 MMBO, with crude oil market prices ranging from US$50 – US$85 per barrel.

In 2020, total crude production reached 6.57 MMBO. The Consortium managed 11 liftings, resulting in a net crude export of 6.02 MMBO, with crude oil market prices ranging from US$17 – US$66 per barrel.

Since the Gabon oilfield has been put on-line in 2002, a total of 130 MMBO has been extracted to date over the last 20 years.

As of December 31, 2022 and 2021, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱763.83 million and ₱596.47 million, respectively. Reversal of impairment loss amounted to ₱74.14 million in 2022 and ₱121.59 million in 2021 (nil in 2020).

Philippine Operations

SC 14-C2 – West Linapacan, Northwest Palawan
West Linapacan was discovered in the early 1990s. It produced oil from 1992 to 1996, peaking at 18,000 BOPD, before it was shut-in due to early water incursion.

The SC 14C2 Consortium, led by operator Philodrill Corp., negotiated with a potential farmee for the drilling of potential drilling targets, in exchange for a majority share and Operatorship of SC 14C2. This farm-in is subject to the approval of the Department of Energy (DOE).

While the consortium awaited the farmee's completion of the farm-in documentation, Philodrill continued to do in-house G&G work over at the West Linapacan area at the interim. For compliance, a

"Transition Work Program and Budget, covering November 2020 to March 2021 was submitted to the DOE in November 2020 and was approved.

Throughout the second half of 2021 and 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities. SC 14-C2 is due to expire in December 2025.

Due to the limited term remaining, PetroEnergy assessed the recoverability of the investment included in "Wells, platforms and other facilities" account under "Property, plant and equipment" and recorded impairment loss amounting to ₱62.25 million and ₱144.07 million in 2022 and 2021 (nil in 2020), respectively.

As of December 31, 2022 and 2021, PetroEnergy has investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounts to nil and ₱62.25 million, respectively.

11. Deferred Oil Exploration Costs

The movements in deferred oil exploration costs follow:

	2022	2021
Cost		
Balances at beginning of year	**₱418,786,296**	₱530,976,224
Additions	**196,670,258**	47,107,706
Write-off / relinquishment (Note 5)	**–**	(159,297,634)
Balances at end of year	**615,456,554**	418,786,296
Accumulated impairment losses		
Balances at beginning of year	**302,979,372**	320,442,728
Impairment loss (reversal) (Note 5)	**594,171**	(17,463,356)
Balances at end of year	**303,573,543**	302,979,372
	₱311,883,011	₱115,806,924

Details of deferred oil exploration costs as of December 31 follow:

	2022	2021
Cost		
Gabonese Oil Concessions (Note 10)	**₱547,199,509**	₱387,776,223
NW Palawan -SC 75	**65,175,859**	28,381,074
West Linapacan - SC 14C2 (Note 10)	**3,081,186**	2,628,999
	615,456,554	418,786,296
Accumulated impairment losses		
Gabonese Oil Concessions (Note 10)	**300,492,357**	300,492,357
West Linapacan - SC 14C2 (Note 10)	**3,081,186**	2,487,015
	303,573,543	302,979,372
	₱311,883,011	₱115,806,924

As of December 31, 2022, the Parent Company has remaining payables pertaining to additions to deferred oil exploration costs amounting to ₱11.93 million (nil in 2021). This is considered as noncash investing activities in the statement of cash flows.

Philippine Oil Operations - Development Phase

Under the SCs entered into with the DOE covering certain petroleum contract areas in various locations in the Philippines, the participating oil companies (collectively known as “Contractors”) are obliged to provide, at their sole risk, the services, technology and financing necessary in the performance of their obligations under these contracts. The Contractors are also obliged to spend specified amounts indicated in the contract in direct proportion to their work obligations.

However, if the Contractors fail to comply with their work obligations, they shall pay to the government the amount they should have spent but did not in direct proportion to their work obligations. The participating companies have Operating Agreements among themselves which govern their rights and obligations under these contracts.

The full recovery of these deferred costs is dependent upon the discovery of oil in commercial quantities from any of the petroleum concessions and the success of future development thereof.

As of December 31, 2022 and 2021, the remaining participating interest of the Parent Company in Petroleum SC areas is SC 75 – Offshore Northwest Palawan wherein the Parent Company has 15% interest.

SC 75 - Offshore Northwest Palawan
Service Contract 75 (SC 75) was signed on December 27, 2013 with partners PXP Energy Corporation (PXP energy) [50%] and PNOC-Exploration Corporation (35%). The block covers the West Philippine Sea with an area of 616,000 hectares.

On October 14, 2020, the Department of Energy (DOE) issued a formal notice to the SC 75 consortium, lifting the Force Majeure imposed since September 2015. Through this letter, the consortium was notified to resume its Work Program commitments under SC 75, including the committed ~1,000 sq.km 3D seismic survey over the identified leads in SC 75.

On January 6, 2022, the SC 75 consortium officially engaged Shearwater Geoservices Ltd. for the ~1,100 sq.km 3D seismic survey over SC 75 using the M/V Geo Coral seismic vessel. However, the programmed 3D seismic acquisition campaign was suspended on April 6, 2022 after Operator PXP Energy received a written directive from the DOE to put all exploration activities on hold until the Security, Justice and Peace Coordinating Cluster (SJPCC) issues the necessary clearance to proceed. On April 11, 2022, PXP Energy declared a Force Majeure event over the suspended seismic survey.

The SC 75 consortium is awaiting further instructions from the DOE, while all contracted vessels and personnel for the seismic survey have since demobilized from the SC 75 area.

SC 6A - Octon-Malajon Block
This is one of the first exploration areas in offshore Palawan. It includes about 165,000 hectares of relatively shallow water areas where a string of wells has found non-commercial oil accumulations in varied reservoir horizons. DOE granted in June 2009 the final 15-year extension of the SC-6A service contract.

In 2019, consortium operator Philodrill completed seismic interpretation and mapping works for the northern portion of the Octon-Malajon block, using recent and old SC 6A seismic data and subsurface data from the adjacent Galoc Field.

In 2020, Philodrill engaged Dubai-based consultants LMKR to conduct Quantitative Interpretation (QI) works to determine possible drilling opportunities in the northern portion of the block (Malajon field); the results of which were provided to the consortium in January 2021.

In March 31, 2021, Philodrill gave notice to the DOE that the Joint Venture has elected not to enter the 12th year of the final 15-year term of SC 61 and consequently surrender the Service Contract. The limited term remaining in the SC 6-A until its expiry in February 2024 exacerbated by the Covid-19 situation, greatly hampered the timely execution of the programs that the Joint Venture envisage undertaking to pursue appraisal programs and potential development opportunities in the area. Following the above, as of December 31, 2021, the Group has written-off the ₱159.30 million deferred cost.

The DOE formally approved the relinquishment of SC 6-A on September 5, 2022.

PERC held a 16.667% participating interest in SC 6-A.

12. Investments in Subsidiaries

	2022	2021
Cost		
PetroGreen		
Beginning balance	**₱2,165,058,153**	₱2,090,358,153
Additions	–	74,700,000
	2,165,058,153	2,165,058,153
Navy Road Development Corporation (NRDC)	**2,861,646**	2,861,646
	2,167,919,799	2,167,919,799
Accumulated impairment losses	**(2,861,646)**	(2,861,646)
	₱2,165,058,153	₱2,165,058,153

In 2021, additional investment was made by the Parent Company in PetroGreen amounting to ₱74.70 million representing 74,700,000 shares.

Dividend income received from subsidiaries amounted to ₱36.00 million, ₱150.93 million and nil in 2022, 2021 and 2020, respectively.

Information on the Parent Company's subsidiaries, which were all incorporated in the Philippines, are as follows:

Subsidiaries	**Nature of Business**	**Percentage of Ownership**
PetroGreen	Holding Company and undertakes renewable energy projects.	76.92% in 2022 and 90% in 2021 (same in 2020)
NRDC	As of December 31, 2022 and 2021, NRDC has not commenced commercial operations and has not incurred any expenses. The management of the Parent Company intends to liquidate NRDC and has provided for full impairment losses on its investment in NRDC.	100%

Below are the subsidiaries of PERC, through PetroGreen, which are all incorporated in the Philippines, with their respective percentage ownership as of December 31, 2022, 2021 and 2020:

Subsidiaries	Nature of Business	Percentage of Ownership of PetroGreen
MGI	Engaged in geothermal renewable energy production and generation	65%
PetroSolar	Engaged in solarl renewable energy production and generation	56%

The summarized financial information of these subsidiaries is provided below.

PetroGreen

	2022	2021
Statements of Financial Position		
Current assets	**₱3,371,584,178**	₱145,870,144
Noncurrent assets	**2,690,275,699**	2,560,480,561
Current liabilities	**103,032,041**	98,588,309
Noncurrent liabilities	**167,593,841**	250,489,801
Equity	**5,791,233,994**	2,357,272,595
Statements of Comprehensive Income		
Revenue	**218,146,744**	292,411,438
Net income	**135,288,166**	220,886,044
Total comprehensive income	**135,474,923**	219,239,113
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**(2,432,557,848)**	238,808,568
Investing activities	**(136,137,258)**	(108,494,106)
Financing activities	**3,200,364,448**	(195,162,844)
Effect of foreign exchange rate	**961,426**	13,712
Net increase (decrease) in cash and cash equivalents	**632,630,768**	(64,834,670)

MGI

	2022	2021
Statements of Financial Position		
Current assets	**₱949,606,062**	₱1,258,330,126
Noncurrent assets	**4,739,443,442**	1,258,330,126
Current liabilities	**780,539,299**	626,099,558
Noncurrent liabilities	**1,595,585,695**	1,997,064,752
Equity	**3,312,924,510**	3,163,899,832
Statements of Comprehensive Income		
Revenue	**952,309,263**	1,075,517,911
Net income	**146,845,509**	281,723,740
Total comprehensive income	**149,024,678**	298,622,658
Statements of Cash Flows		
Net cash from (used in):		

(Forward)

	2022	2021
Operating activities	**₱590,771,702**	₱668,723,802
Investing activities	**(401,387,822)**	(102,389,460)
Financing activities	**(501,481,196)**	(579,341,111)
Effect of foreign exchange rate	**81,362**	4,636
Net increase (decrease) in cash and cash equivalents	**(312,015,954)**	(13,002,133)

PetroSolar

	2022	2021
Statements of Financial Position		
Current assets	**₱629,908,294**	₱612,446,169
Noncurrent assets	**3,505,603,317**	3,551,998,724
Current liabilities	**292,131,968**	268,487,074
Noncurrent liabilities	**1,108,639,614**	1,357,250,201
Equity	**2,734,740,029**	2,538,707,618
Statements of Comprehensive Income		
Revenue	**886,190,108**	886,190,108
Net income	**435,683,914**	435,683,914
Total comprehensive income	**435,662,227**	435,662,227
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**645,944,095**	593,614,382
Investing activities	**(80,352,055)**	68,413,319
Financing activities	**(607,631,619)**	(715,412,499)
Effect of foreign exchange rate	**147,404**	127,370
Net increase (decrease) in cash and cash equivalents	**(41,892,175)**	(53,257,428)

13. Investment Properties

As of December 31, 2022 and 2021, this account consists of land and parking lot space (located in Tektite) with cost amounting to ₱1.61 million.

The fair value of the investment properties of the Parent Company is between ₱1 million to ₱1.70 million as of December 31, 2022 and 2021. The Parent Company determined the fair values of the Parent Company's investment properties on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2022 and 2021, the fair value of the investment properties is classified under the Level 3 category.

Except for insignificant amounts of real property taxes on the investment properties, no other expenses were incurred, and no income was earned in relation to the investment properties in 2022, 2021 and 2020.

14. Other Noncurrent Assets

	2022	2021
Restricted cash	**₱31,451,424**	₱44,183,568
Intangible assets, net	**26,850,855**	31,479,592
Others	**1,238,289**	1,134,299
	₱59,540,568	₱76,797,459

Restricted cash
This pertains to the Parent Company's share in the non-current portion of escrow fund for the abandonment of the Etame Marine Permit.

Intangible assets
Intangible assets pertain to production license and software for accounting and for geological interpretation of Gabon Etame oil fields.

	2022	2021
Cost		
Balance at the beginning of period	**₱53,412,802**	₱53,334,478
Additions	**269,343**	78,324
	53,682,145	53,412,802
Accumulated Amortization		
Balance at the beginning of period	**21,933,210**	16,806,531
Amortization (Notes 21 and 22)	**4,898,080**	5,126,679
	26,831,290	21,933,210
	₱26,850,855	₱31,479,592

15. Accounts Payable and Accrued Expenses

	2022	2021
Accounts payable	**₱82,293,549**	₱24,331,832
Accrued expenses		
Profit share	**15,611,876**	10,020,088
Sick/vacation leaves	**6,933,460**	6,876,730
Professional fees	**3,768,816**	2,313,266
Accrued interest expense (Note 16)	**564,803**	1,209,012
Due to related parties (Note 23)	**2,160,363**	2,255,017
Others	**4,494,016**	2,626,791
Due to NRDC (Note 23)	**2,269,737**	2,269,737
Withholding tax and other tax payables	**2,831,044**	2,238,451
Others	**140,453**	87,365
	₱121,068,117	₱54,228,289

Accounts payable include Dividends payable pertaining to unclaimed checks amounting to ₱10.96 million and ₱10.66 million as of December 31, 2022 and 2021, respectively.

Other accrued expenses include utilities and security services, among others.

The Parent Company's accounts payable and accrued expenses are due within one year.

16. **Loans Payable**

The Parent Company's short-term loans payable as of December 31 follow:

	2022	2021
Principal, balance at beginning of year	**₱190,000,000**	₱228,500,000
Add availments during the year	**561,000,000**	268,500,000
Less principal payments during the year	**(500,000,000**	(307,000,000)
Principal, balance at end of year	**₱251,000,000**	₱190,000,000

The Parent Company entered into unsecured loan agreements specifically to finance its Etame Expansion Project and investments in Renewable Energy Projects.

Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)
On April 27, 2015, the Parent Company entered into an OCLA with DBP which provides a credit facility in the principal amount not exceeding ₱420.00 million. Effective January 19, 2021, the credit facility was decreased to ₱300.00 million. Loans payable to DBP are as follows:

As of December 31, 2022:
- ₱63 million with interest rate of 5.8% and maturity on January 10, 2023
- ₱108 million with interest rate of 5.5% and maturity on January 26, 2023
- ₱80 million with interest rate of 5.8% and maturity on June 23, 2023

As of December 31, 2021:
- ₱70 million with interest rate of 5.25% and maturity on May 6, 2022.

Short-term Loan with Rizal Commercial Banking Corporation (RCBC)
In 2020, the Parent Company obtained a clean loan from RCBC amounting to ₱150.00 million with interest rate of 4.5% and maturity on November 15, 2021.

On November 15, 2021, PetroEnergy obtained a loan from RCBC amounting to ₱120.00 million with interest of 4.5% and maturity on May 4, 2022.

As of December 31, 2022, the Company has already paid the outstanding short-term loan from RCBC.

Interest expense related to these loans amounted to ₱9.68 million, ₱11.98 million and ₱17.02 million in 2022, 2021 and 2020, respectively. Accrued interest payable amounted to ₱0.56 million and ₱1.21 million as of December 31, 2022 and 2021, respectively (see Note 15).

17. **Asset Retirement Obligation**

The Parent Company has recognized its share in the abandonment costs associated with the Etame, Ebouri and Avouma oilfields located in Gabon, West Africa.
Movements in this account follow:

	2022	2021
Balances at beginning of year	**₱62,193,875**	₱64,070,738
Change in estimate (Note 10)	**(29,140,538)**	(7,453,085)
Accretion expense	**2,070,184**	1,869,946
Foreign exchange adjustment	**6,605,081**	3,706,276
Balances at end of year	**₱41,728,602**	₱62,193,875

The asset retirement obligation of the Parent Company is expected to be settled at the end of its EPSC. Discount rate of 7.13% and 4.59% as of December 31, 2022 and 2021, respectively, were used in estimating the provision for the oilfields offshore Gabon, West Africa.

18. **Equity**

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 of December 31, 2022, the total issued and subscribed capital stock of the Parent Company is 99.77% Filipino and .23% non-Filipino as compared to 99.83% Filipino and 0.17% non-Filipino as of December 31, 2021.

As of December 31, 2022 and 2021, paid-up capital consists of:

Capital stock - ₱1 par value	
Authorized - 700,000,000 shares	
Issued and outstanding	₱568,711,842
Additional paid-in capital	2,156,679,049
	₱2,725,390,891

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 year-end**
Listing by way of introduction - August 11, 2004	84,253,606	₱3/share	August 4, 2004	
Add (deduct):				
25% stock dividend	21,063,402	₱1/share	September 6, 2005	
30% stock dividend	31,595,102	₱1/share	September 8, 2006	
1:1 stock rights offering	136,912,110	₱5/share	May 26, 2010	
December 31, 2010	273,824,220			2,149
Deduct: Movement	–			(26)
December 31, 2011	273,824,220			2,123
Deduct: Movement	–			(10)
December 31, 2012	273,824,220			2,113
Deduct: Movement	–			(41)
December 31, 2013	273,824,220			2,072
Deduct: Movement				(29)
December 31, 2014	273,824,220			2,043
Add (Deduct):				
2:1 stock rights offering	136,912,110	₱4.38/share	June 3, 2015	(15)
December 31, 2015	410,736,330			2,028
Deduct: Movement	–			(1)
December 31, 2016	410,736,330			2,027
Deduct: Movement	–			(15)
December 31, 2017	410,736,330			2,012
Add (Deduct):				
1.2:6 stock rights offering	157,975,512	₱4.8/share	January 8, 2018	(8)
December 31,2018	568,711,842			2004
Deduct: Movement	–			(5)
December 31,2019	568,711,842			1,999
Deduct: Movement	–			(1)
December 31,2020	568,711,842			1,998
Deduct: Movement	–			(5)
December 31,2021	568,711,842			1,993
Deduct: Movement	–			(2)
December 31,2022	568,711,842			1,991

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company (“Stock Rights Offer”).

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken in January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer were used for the development and expansion plans of the Group’s renewable energy projects and general corporate requirements.

Dividend Declaration
On July 28, 2022, the BOD approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of August 15, 2022 and payable on September 8, 2022.

Cumulative Translation Adjustment
In 2018, because of the change in business circumstances of the Parent Company, management changed its functional currency from United States Dollar (USD) to PHP effective January 31, 2018. All resulting exchange differences in the remeasurement of USD balances to PHP balances were recognized as ‘Cumulative Translation Adjustment’.

Capital Management
The primary objective of the Parent Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders’ value.

The Parent Company 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.

As of December 31, 2022 and 2021, the Parent Company’s sources of capital are as follows:

	2022	2021
Capital stock	**₱568,711,842**	₱568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**251,413,711**	53,226,723
Re-measurement gain (loss) on defined benefit obligation	**5,196,628**	(1,668,698)
Cumulative translation adjustment	**356,478,170**	356,478,170
	₱3,338,479,400	₱3,133,427,086

The table below demonstrates the debt-to-equity ratios of the Parent Company as of December 31:

	2022	2021
Total liabilities	**₱413,796,719**	₱309,304,397
Total equity	**3,338,479,400**	3,133,427,086
Debt-to-equity ratio	**0.12:1**	0.10:1

Based on the Parent Company's assessment, the capital management objectives were met in 2022 and 2021.

The Company has no externally imposed capital requirements as of December 31, 2022 and 2021.

19. Retirement Benefits

The Parent Company has a funded noncontributory defined benefit retirement plan (the Plan) for all of its employees. The Plan provides for normal and early retirement, as well as, death and disability benefits. The latest retirement valuation was as of December 31, 2022.

The retirement fund is administered by Rizal Commercial Banking Corporation (RCBC), appointed as trustee. The fund has no investments in the Parent Company's equity as of December 31, 2022 and 2021.

Pension benefits cost consists of:

	2022	2021
Current service cost	**₱1,504,536**	₱3,069,277
Net interest expense (income)	**203,976**	(148,578)
Pension benefits cost	**₱1,708,512**	₱2,920,699

The accrued retirement liability (net pension asset) recognized in the parent company statements of financial position as of December 31 are as follows:

	2022	2021
Present value of defined benefit obligation	**₱21,214,781**	₱36,835,491
Fair value of plan assets	**(31,478,585)**	(33,953,258)
Accrued retirement liability (asset)	**(₱10,263,804)**	₱2,882,233

The movements in the accrued retirement liability (asset) recognized in the Parent Company statements of financial position are as follows:

	2022	2021
Beginning balance	**₱2,882,233**	(₱5,649,041)
Pension benefits cost	**1,708,512**	2,920,699
Re-measurement loss (gains) on defined benefit plan	**(9,153,768)**	5,610,575
Contributions	**(5,700,781)**	–
Ending balance	**(₱10,263,804)**	₱2,882,233

The details of the re-measurement gains (losses) recognized in other comprehensive income are as follows:

	2022	2021
Actuarial gains (losses) arising from changes in:		
Financial assumptions	**₱1,869,991**	(₱937,662)
Demographic assumptions	**1,477,169**	–
Experience adjustments	**7,341,834**	(3,554,828)
Return on plan assets (excluding amount included in net interest)	**(1,535,226)**	(1,118,085)
	₱9,153,768	(₱5,610,575)

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
Beginning balance	**₱36,835,491**	₱28,305,207
Current service cost	**1,504,536**	3,069,277
Interest cost	**1,808,623**	968,517
Benefits paid	**(8,244,875)**	–
Actuarial loss (gain)	**(10,688,994)**	4,492,490
Ending balance	**₱21,214,781**	₱36,835,491

Changes in the fair value of plan assets as of December 31 are as follows:

	2022	2021
Beginning balance	**₱33,953,258**	₱33,954,248
Benefit paid	**(8,244,875)**	–
Interest income	**1,604,647**	1,117,095
Actuarial loss	**(1,535,226)**	(1,118,085)
Contributions	**5,700,781**	–
Ending balance	**₱31,478,585**	₱33,953,258

The actual return on plan assets amounted to ₱69,421 and (₱990) in 2022 and 2021, respectively.

The components of net plan assets are as follows:

	2022	2021
Investments in quoted government securities	**₱31,389,851**	₱33,896,310
Interest receivable	**155,955**	131,455
Trust fee payable	**(67,221)**	(74,507)
	₱31,478,585	₱33,953,258

The principal actuarial assumptions used in determining retirement benefits benefit obligation as of December 31 follows:

	2022	2021
Salary rate increase	**8.00%**	7.00%
Discount rate	**7.31%**	4.91%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the accrued retirement liability as of December 31, assuming all other assumptions were held constant:

	Increase (decrease)	
Assumptions:	**2022**	2021
Discount rate:		
+0.5%	**(₱1,195,520)**	(₱1,195,520)
-0.5%	**1,315,680**	1,315,680
Salary increase rate:		
+1%	**2,715,176**	2,715,176
-1%	**(2,316,283)**	(2,316,283)

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2022 and 2021:

	2022	2021
Less than one year	**₱ 24,386,387**	₱24,386,387
More than five years to 10 years	**7,016,415**	7,016,415
More than 10 years to 15 years	**15,803,663**	15,803,663
More than 15 years to 20 years	**3,885,702**	3,885,702
More than 20 years	**116,380,019**	116,380,019

20. **Income Tax**

The provision for (benefit from) income tax for the years ended December 31 consists of:

	2022	2021	2020
Current	**₱3,049,490**	₱1,556,340	₱56,357
Deferred	**(51,550)**	(6,427,462)	7,327,986
	₱2,997,940	(₱4,871,122)	₱7,384,343

Provision for current income tax in 2022, 2021 and 2020 pertains to MCIT.

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. In 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 Parent Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25%. Corporations with net taxable income exceeding ₱5 million and total assets exceeding ₱100 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 25%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As of December 31, 2022 and 2021, the Parent Company did not recognize deferred tax assets on NOLCO, MCIT and allowance for impairment losses, with details as follow as of December 31.

	2022	2021
Allowance for impairment loss	**₱207,243,532**	₱144,403,009
NOLCO	**43,230,774**	224,262,306
MCIT	**4,662,188**	3,384,311
	₱255,136,494	₱372,049,626

The Parent Company believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefits can be realized prior to reversal and expiration of NOLCO and MCIT. Details of the NOLCO and MCIT follow as of December 31, 2022 follow:

	NOLCO		MCIT	
	2022	2021	**2022**	2021
Beginning balance	**₱224,262,306**	₱139,398,990	**₱3,384,311**	₱4,215,054
Additions	**–**	94,573,860	**3,049,490**	1,570,430
Applied	**(181,031,532)**	–	**–**	–
Expiration	**–**	(9,710,544)	**(1,771,613)**	(2,401,173)
Ending balance	**₱43,230,774**	₱224,262,306	**₱4,662,188**	₱3,384,311

	NOLCO			MCIT		
Year Incurred	Year of Expiration	**2022**	2021	Year of Expiration	**2022**	2021
2022	2025	**₱–**	₱–	2025	**₱3,049,490**	₱–
2021	2026	**43,230,774**	94,573,860	2024	**1,570,430**	1,570,430
2020	2025	**–**	108,752,259	2023	**42,268**	42,268
2019	2022	**–**	20,936,187	2022	**–**	1,771,613
		₱43,230,774	₱224,262,306		**₱4,662,188**	₱3,384,311

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 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.

The components of the Parent Company's net deferred tax assets follow:

	2022	2021
Deferred tax assets recognized in net income:		
Net asset retirement obligation	**₱14,734,652**	₱12,173,360
Accrued retirement liability	**–**	720,558
	14,734,652	12,893,918
Deferred tax liabilities recognized in net income:		
Production revenue	**(3,609,299)**	(3,154,170)
Unrealized foreign exchange gain	**(2,019,574)**	(963,028)
Net retirement asset	**(2,565,951)**	–
	(8,194,824)	(4,117,198)
	₱6,539,828	₱8,776,720

The reconciliation of the statutory tax rate to the effective income tax rate shown in the parent company statements of comprehensive income follows:

	2022	2021	2020
Statutory tax rate	**25.00%**	(25.00%)	30.00%
Add (deduct) reconciling items:			
Non-taxable income	**(5.16)**	156.34	(0.03)
Movement in unrecognized deferred tax assets	**(18.38)**	(109.65)	(38.04)
Non-deductible expenses	**0.17**	(1.24)	1.44
Interest income subjected to final tax	**(0.33)**	0.85	(0.90)
Unrealized loss (gain) on FVTPL	**0.01**	0.06	0.25
Others	–	(1.94)	(0.20)
Effect or remeasurement of current and deferred income tax arising from change in tax rate due to CREATE Act	–	0.76	–
Effective income tax rate	**1.31%**	20.18%	8.60%

21. Oil Production

	2022	2021	2020
Production, transportation and other related expenses	**₱297,717,142**	₱178,665,694	₱154,375,753
Storage and loading expenses	**48,992,296**	48,992,296	48,958,540
Amortization (Note 14)	**4,622,993**	4,622,993	4,622,993
Supplies and facilities	**284,802**	284,802	245,499
Others	**3,718,985**	3,718,985	3,325,006
	₱355,336,218	₱236,284,770	₱211,527,791

22. General and Administrative Expenses

	2022	2021	2020
Salaries and wages (Note 23)	**₱57,316,528**	₱43,105,285	₱39,599,421
Professional, director's fees and others	**15,827,568**	13,148,160	12,302,378
Depreciation and amortization (Notes 10 and 14)	**7,102,703**	2,677,888	8,985,763
Taxes and licenses	**4,655,868**	2,809,798	5,391,198
Entertainment, amusement, and recreation (EAR)	**3,941,267**	3,001,933	2,955,779
Communication	**3,276,727**	3,451,214	3,478,133
Gasoline, oil, and lubricants	**2,418,993**	1,399,607	1,510,344
Repairs and maintenance	**1,834,594**	2,362,417	945,662
Retirement benefit cost (Note 19)	**1,708,512**	2,920,699	3,149,454
Donation and contribution	**1,525,747**	1,030,381	2,255,521
Utilities	**1,464,575**	617,459	711,665
Insurance	**1,203,611**	865,137	848,489
Transportation and travel	**1,171,030**	102,479	2,428,113
Advertisement	**1,035,591**	216,783	1,260,921

	2022	2021	2020
Condominium fees	**900,333**	771,714	788,276
Office supplies	**792,639**	514,126	717,425
Rent expense	**706,066**	605,953	646,918
Stock transfer fees	**644,577**	615,696	496,174
(Forward)			
Security and janitorial services	**₱631,260**	₱942,418	₱1,160,651
SRO and listing fees	**615,753**	781,146	752,731
Training and seminar	**578,103**	519,177	64,410
Business meetings	**521,403**	339,428	280,148
Dues and subscriptions	**382,266**	258,920	312,275
Others	**1,597,596**	1,399,106	979,306
	₱111,853,310	₱84,456,924	₱92,021,155

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influences. Related parties may be individuals or corporate entities.

Details of related party transactions are as follows:

	Amount of Transactions		Outstanding Balance		Terms and
Related Party/Nature	**2022**	2021	**2022**	2021	**Conditions**
Subsidiaries					
PetroGreen Energy Corporation					
Advances	**4,916,991**	2,724,221	**326,444**	111,310	Note a
Time-writing fee	**5,292,734**	4,777,265	**(1,639,916)**	(1,397,870)	Note b
Accounts payable	**463,029**	618,424	**(10,847)**	(42,407)	Note c
Dividend income	**36,000,000**	150,926,400	–	–	
			(1,324,319)	(1,328,967)	
Maibarara Geothermal, Inc.					
Advances	**4,665,294**	4,106,887	**924,276**	9,529	Note a
PetroSolar Corporation					
Management fee	**2,000,000**	2,000,000	–	–	Note d
Advances	**2,251,039**	1,827,727	**239,807**	9,529	Note a
				9,529	
NRDC					
Accounts payable (Note 15)		–	(2,269,737)	(2,269,737)	Note e
Associate					
PetroWind Energy, Inc.					
Management fee	**2,000,000**	2,000,000	–	–	Note d
Advances	**2,754,377**	3,419,463	**275,248**	9,529	Note a
			275,248	9,529	
Investor					
House of Investments, Inc.					
Internal audit services	**873,600**	**1,110,993**	**(509,600)**	**(814,740)**	Note f

Related Party/Nature	Amount of Transactions 2022	2021	Outstanding Balance 2022	2021	Terms and Conditions
			(2,664,325)	**(₱4,384,857)**	

a. Advances pertain to the reimbursable operating expenses incurred by the Parent Company in behalf of PetroGreen, MGI, PetroSolar and PetroWind. The related parties paid for the documentary stamp taxes (DST) of these reimbursements. These are non-interest bearing and payable when due and demandable.

b. Time-writing fees are charged by PetroGreen for accounting, legal management and other support services rendered to the Parent Company. These are noninterest bearing and is due on demand within one year or less.

c. Accounts payable to PetroGreen pertain to the reimbursable operating expenses incurred by PetroGreen in behalf of the Parent Company. The Parent Company paid for the DST of these reimbursements. These are non-interest bearing and payable when due and demandable.

d. Annual management fees are collected from PetroSolar and PetroWind representing technical, legal, accounting and other management activities rendered.

e. Accounts payable to NRDC pertain to the noninterest bearing outstanding amount owed by the Parent Company to NRDC as of December 31, 2022 and 2021 (Note 15).

f. PetroEnergy has an Internal Audit Engagement arrangement with House of Investments (HI). These are non-interest bearing and are due and demandable.

g. On November 4, 2013, PetroWind executed an OLSA with the Development Bank of the Philippines for a loan facility of up to ₱2.8 billion which was later increased to ₱3.0 billion. The Parent Company signed the OLSA as a guarantor.

Compensation of Key Management Personnel of the Parent Company

The Parent Company has a profit-sharing plan for directors, officers, managers and employees as indicated in its by-laws. The amount, the manner and occasion of distribution is at the discretion of the BOD, provided that profit share shall not exceed 5% of the audited income before income tax and profit share.

The remuneration of the Parent Company's directors and other members of key management are as follows:

	2022	2021	2020
Salaries and wages and other short-term benefits	**₱24,751,739**	₱20,810,412	₱20,962,298
Directors' fees	**10,140,906**	5,438,567	5,674,198
Retirement expense	**1,708,512**	1,935,011	2,242,667
	₱36,601,157	₱28,183,990	₱28,879,163

24. **Financial Instruments**

The Parent Company's principal financial instruments include cash and cash equivalents, trading and investment securities (financial assets at FVTPL) and receivables. The main purpose of these financial instruments is to fund the Parent Company's working capital requirements.

Categories and Fair Values of Financial Instruments

The carrying amount of the Parent Company's financial assets and financial liabilities approximate their fair values.

The methods and assumptions used by the Parent Company in estimating the fair value of financial instruments are:

Financial instruments	Considerations
Cash and cash equivalents, receivables, and restricted cash	Due to the short-term nature of the instruments, carrying amounts approximate fair values as of the reporting date.
Equity securities	Fair values are based on published quoted prices (Level 1).
Golf club shares	Fair values are based on quoted market prices at reporting date (Level 1).
Accounts payable and accrued expenses; short-term loans	Due to the short-term nature of the instrument, carrying amounts approximate fair values.

Financial Risk Management Objectives and Policies

The Parent Company manages and maintains its own portfolio of financial instruments in order to fund its own operations and capital expenditures. Inherent in using these financial instruments are the following financial risks on liquidity, market and credit.

a. *Liquidity Risk*

Liquidity risk is the risk that the Parent Company is unable to meet its financial obligations when due. The Parent Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. To cover its short-term and long-term funding requirements, the Parent Company intends to use internally generated funds as well as to obtain loan from financial institutions.

	2022			
	On demand	**Within one year**	**More than 12 months**	**Total**
Financial Assets:				
Financial assets at FVTPL	**₱7,540,090**	**₱–**	**₱–**	**₱7,540,090**
Financial assets at amortized cost:				
Cash and cash equivalents	**316,111,405**	**–**	**–**	**316,111,405**
Receivables	**40,342,752**	**–**	**–**	**40,342,752**
Refundable deposits	**–**	**448,721**	**–**	**448,721**
Restricted cash	**–**	**–**	**52,378,235**	**52,378,235**
	363,994247	**448,721**	**52,378,235**	**416,821,203**
Financial Liabilities:				
Financial liabilities at amortized cost:				
Accounts payable and accrued expenses*	**–**	**118,237,073**	**–**	**118,237,073**
Loans payable	**–**	**251,000,000**	**–**	**251,000,000**
	–	**369,237,073**	**-**	**369,237,073**
Net financial assets (liabilities)	**₱363,994,247**	**(₱368,788,352)**	**₱52,378,235**	**47,584,130**

**Excluding statutory payables*

	2021			
	On demand	Within one year	More than 12 months	Total
Financial Assets:				
Financial assets at FVTPL	₱7,587,228	₱–	₱–	₱7,587,228
Financial assets at amortized cost:				
Cash and cash equivalents	159,364,562	–	–	159,364,562
Receivables	45,536,438	–	–	45,536,438
Refundable deposits	–	349,721	–	349,721
Restricted cash	154,549,130	–	47,388,677	201,937,807
	367,037,358	349,721	47,388,677	414,775,756
Financial Liabilities:				
Financial liabilities at amortized cost:				
Accounts payable and accrued expenses*	54,228,289	–	–	54,228,289
Loans payable	–	190,000,000	–	190,000,000
	54,228,289	190,000,000		244,228,289
Net financial assets (liabilities)	₱312,809,069	(₱189,650,279)	₱47,388,677	₱170,547,467

**Excluding statutory payables*

b. *Market Risk*

Market risk is the risk of loss on future earnings, on fair values or on future cash flows that may result from changes in market prices. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchange rates, interest rates and other market changes.

Foreign Exchange Risk

Foreign currency risk is the risk that the value of the Parent Company's financial instruments denominated other than the Parent Company's functional currency diminishes due to unfavorable changes in foreign exchange rates. The Parent Company's transactional currency exposures arise from cash and cash equivalents, receivables, restricted cash and accounts payable and accrued expenses.

The following table sets forth the foreign currency-denominated financial instruments of the Parent Company as of December 31, 2022 and 2021:

	2022		2021	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$1,463,404**	**₱82,126,238**	$2,096,605	₱106,453,022
Receivables	**674,774**	**37,868,318**	892,186	45,299,852
Advances to suppliers			216,720	11,003,741
Restricted cash	**933,326**	**52,378,235**	933,326	47,388,694
	3,071,504	**172,372,791**	4,138,837	210,145,309
Financial liabilities				
Accounts payable and accrued expenses	**1,187,125**	**66,621,466**	190,197	9,657,062
Net exposure	**$1,884,379**	**₱105,751,325**	$3,948,640	₱200,488,247

As of December 31, 2022 and 2021, the exchange rates used for conversion are ₱56.12 per $ and ₱50.77 per $, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US dollar exchange rates. With all other variables held constant, the effect on the Parent Company's loss before is as follows:

2022	
Increase/(decrease) in foreign currency exchange rate	**Effect on loss before income tax**
+11%	**₱11,134,571**
-11%	**(11,134,571)**

2021	
Increase/(decrease) in foreign currency exchange rate	Effect on loss before income tax
+6%	₱11,427,613
-6%	(11,427,613)

There is no other impact on the Parent Company's equity other than those already affecting loss before income tax.

c. *Credit Risk*
Credit risk represents the loss that the Parent Company would incur if counterparties fail to perform under their contractual obligations. The Parent Company established controls and procedures on its credit policy to determine and monitor the credit worthiness of customers and counterparties. There are significant concentrations of credit risk within the Parent Company since most of its financial assets are with consortium operator, although credit risk is immaterial.

The Parent Company has a well-defined credit policy and established credit procedures. In addition, receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The table below summarizes the Parent Company's gross maximum credit risk exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2022	2021
Cash in banks and cash equivalents	**₱316,111,405**	₱159,364,562
Receivables	**40,342,752**	45,536,438
Financial assets at FVTPL	**7,540,090**	7,587,228
Refundable deposits	**448,721**	349,721
Restricted cash	**52,378,235**	201,937,807
	₱416,821,203	₱414,775,756

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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). In its ECL models, the Group relies on a broad range of forward looking information as economic inputs.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

For cash and cash equivalents and quoted government securities, the Parent Company applies the low credit risk simplification where the Parent Company measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Parent Company also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Parent Company considers its cash and cash equivalents and quoted government securities as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to these debt instruments rounds to nil.

The following tables show the aging of financial assets as of December 31, 2022 and 2021:

	2022		
	Within one year	**Credit impaired**	**Total**
Cash and cash equivalents*	**₱316,111,405**	**₱–**	**₱316,111,405**
Accounts receivable:			
Consortium operator	**41,005,254**	**2,682,453**	**43,687,707**
Due from related parties	**1,765,776**	–	**1,765,776**
Interest receivable	**146,359**	–	**146,359**
Others	**57,816**	–	**57,816**
Financial assets at FVTPL	**7,540,090**	–	**7,540,090**
Refundable deposits	**448,721**	–	**448,721**
Restricted cash	**52,378,235**	–	**52,378,235**
	₱419,453,656	**₱2,682,453**	**₱422,136,109**

**Excluding cash on hand*

	2021		
	Within one year	Credit impaired	Total
Cash and cash equivalents*	₱157,686,886	₱–	₱157,686,886
Accounts receivable:			
Consortium operator	45,299,826	2,682,452	47,982,278
Due from related parties	139,896	–	139,896
Interest receivable	38,900	–	38,900
Others	57,815	–	57,815
Financial assets at FVTPL	7,587,228	–	7,587,228
Refundable deposits	349,721	–	349,721
Restricted cash	201,937,807	–	201,937,807
	₱413,098,079	₱2,682,452	₱415,780,531

**Excluding cash on hand*

25. Basic/Diluted Earnings (Loss) Per Share

The computation of the Parent Company's EPS follows:

	2022	2021	2020
Net income (loss)	**₱226,622,580**	₱29,010,846	(₱93,295,082)
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings (loss) per share	**₱0.3985**	₱0.0510	(₱0.1640)

Earnings per share are calculated using the net income attributable to equity holders of the Parent Company divided by the weighted average number of shares.

26. Segment Information

The Parent Company has only one reportable segment which is oil and mineral exploration, development and production.

Operating results of the Parent Company are regularly reviewed by the management, to make decisions about resources to be allocated to the segment and assess its performance. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the presentation and classification in the statements of comprehensive income.

The Parent Company's primary operations are located in Gabon, Africa. All revenues are generated from sale of oil products in Gabon, West Africa.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of PetroEnergy Resources Corporation as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Parent Company Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 80470-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. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

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working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
PetroEnergy Resources Corporation
7th floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of PetroEnergy Resources Corporation (the Parent Company) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated April 17, 2023. Our audits were made for the purpose of forming an opinion on the basic 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 Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) 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 financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

Ana Lea C. Bergado
Partner
CPA Certificate No. 80470
Tax Identification No. 102-082-670
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-063-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369782, January 3, 2023, Makati City

April 17, 2023

PETROENERGY RESOURCES CORPORATION

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Parent Company. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets
The Parent Company is not required to disclose the financial assets in equity securities as the total financial assets at fair value through profit and loss securities amounting to ₱7.54 million do not constitute 5% or more of the total current assets of the Parent Company as at December 31, 2022.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2022, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders that aggregates each to more than ₱100,000 or 1% of total assets whichever is less.

Schedule C. Amounts Receivable from/Payable to Related Parties which are eliminated during the Consolidation of Financial Statements
Amounts Receivable from/Payable to PetroGreen, Maibarara, PetroSolar and NRDC (see Note 23) are eliminated during the Consolidation of the Financial Statements.

Schedule D. Long-term Debt
The Parent Company has no outstanding long-term debt as of December 31, 2022.

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)
The Parent Company has no outstanding long-term indebtedness to related parties as of December 31, 2022.

Schedule F. Guarantees of Securities of Other Issuers
The Parent Company does not have guarantees of securities of other issuers as of December 31, 2022.

Schedule G. 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	700,000,000	568,711,842	–	165,468,725	6,029,534	397,213,583

PETROENERGY RESOURCES CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2022 and 2021

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Parent Company for the year ended December 31, 2022 and 2021:

Financial ratios		**2022**	2021
Current ratio	Total current assets / Total current liabilities	**1.09:1**	1.64:1
Acid test ratio	Total current assets – inventories – other current assets / Total current liabilities	**0.98:1**	0.87:1
Solvency ratio	After tax net profit + depletion depreciation / Long-term + short-term liabilities	**0.78:1**	0.36:1
Debt-to-Equity Ratio	Total liabilities / Total stockholders' equity	**0.12:1**	0.10:1
Asset-to-Equity Ratio	Total assets / Total stockholders' equity	**1.12:1**	1.10:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense	**24.72**	N/A
Return on equity	Net income / Average shareholders' equity	**7.00%**	N/A
Return on assets	Net income / Average assets	**6.30%**	N/A
Net profit (loss) margin	Net income (loss) / Total revenue	**31.21%**	6.29%
Earnings (loss) per share	Net income (loss) / Weighted average no. of shares	**0.3985**	0.0510
Price earnings (loss) ratio	Closing price / Earnings (loss) per share	**12.05**	80.38

Financial ratios		**2022**	2021
Long term debt-to-equity ratio	$\frac{\text{Long term debt}}{\text{Equity}}$	**0.01:1**	0.02:1
EBITDA to total interest paid	$\frac{\text{EBITDA*}}{\text{Total interest paid}}$	**30.89**	10.04

**Earnings before interest, taxes, depreciation and amortization (EBITDA)*

PETROENERGY RESOURCES CORPORATION

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

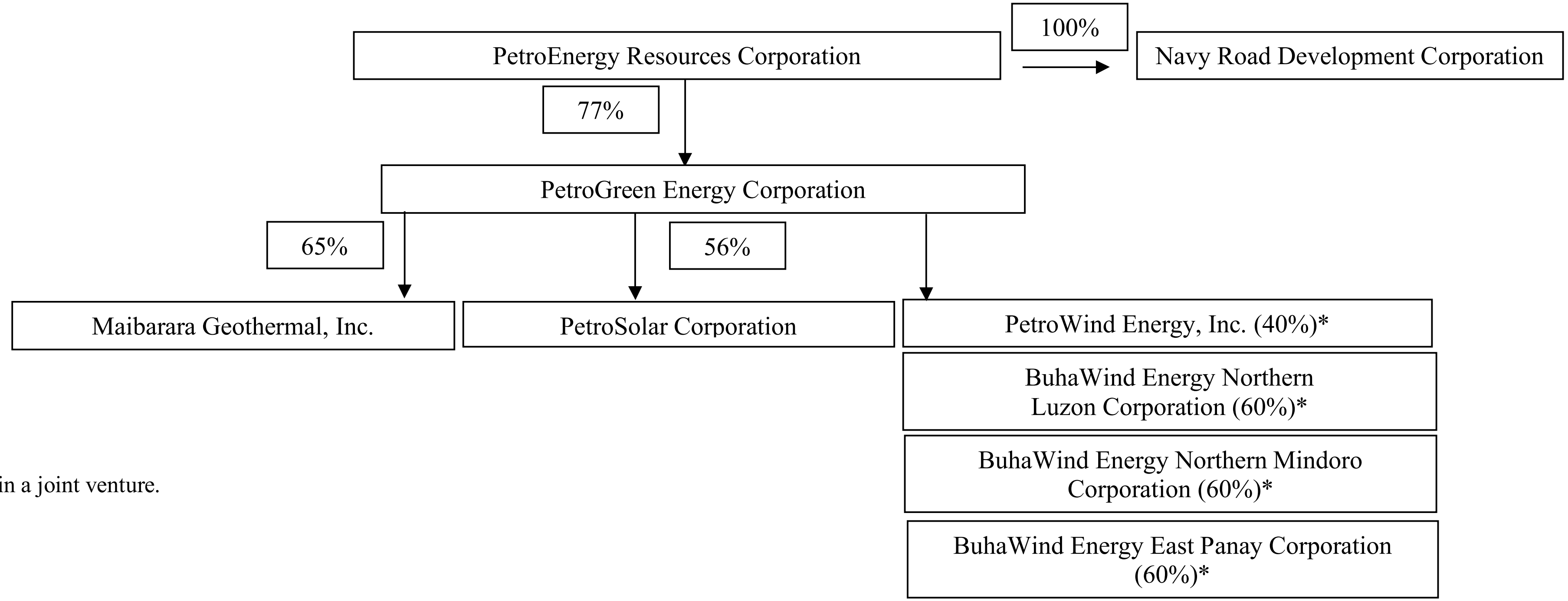
Unappropriated retained earnings, beginning	₱53,226,723
Prior year adjustments:	
Recognized gross deferred income tax assets, beginning	(16,269,027)
Unrealized marked-to-market gain on FVTPL	(4,183,915)
Unappropriated retained earnings, as adjusted, January 1, 2022	32,773,781
Net income for the year	226,622,580
Movement in gross deferred tax assets	1,534,375
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	(1,473,216)
Fair value adjustment - marked-to-market loss	47,138
Net income actual/realized	226,730,877
Less dividend declaration	(28,435,592)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2022	₱231,069,066

PETROENERGY RESOURCES CORPORATION
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure
Below is a map showing the relationship between and among the Group and its subsidiaries as of December 31, 2022:

PETROENERGY RESOURCES CORPORATION

GROUP STRUCTURE



*Investments in a joint venture.

PETROENERGY RESOURCES CORPORATION
REPORT ON SRO PROCEEDS
December 31, 2022

On July 26, 2017, at the BOD meeting, the Parent Company was authorized to raise approximately one billion pesos (₱1,000,000,000) in capital, by offering and issuing to all eligible stockholders as of record date, the rights to subscribe up to all of the existing unissued common shares of the Parent Company (" Stock Rights Offer").

On September 29, 2017, the Parent Company filed its application for the listing and trading of rights shares with the PSE. On December 13, 2017, the PSE approved the application to list the Rights Shares.

The rights offer entitled eligible stockholders as of record date of January 12, 2018 to subscribe to one rights share for every 2.6 shares held at an offer price of ₱4.80 per share.

The rights offer was undertaken in January 22 to 26, 2018. Following the close of the offer period, the Parent Company successfully completed the stock rights offer for 157,975,512 common shares with gross proceeds of ₱758.28 million and was subsequently listed on the PSE on February 2, 2018.

The proceeds from the stock rights offer will be used for the development and expansion plans of the Group's renewable energy projects and general corporate requirements.

On July 12, 2018, the Board of Directors approved the reallocation of the Use of Proceeds. A portion of the amount previously allotted for the Phase 2 of the Tarlac Solar Power Project amounting to ₱177,720,542.00 was re-allocated for the payment of the Company's loans and corresponding interest. The said loans partially funded the equity portions of the 36 MW Phase 1 of the Nabas Wind Power Project, and the 50MWDC Phase 1 of the Tarlac Solar Power Project. The SRO proceeds allocated to this activity were utilized in full.

On November 7, 2022, the Board of Directors approved the reallocation of the Use of Proceeds for the payment of the Company's loans and corresponding interest, which were incurred to partially fund the equity portions of project costs for the existing 36 MW Phase 1 of the Nabas Wind Power Project and 20MWDC Phase 2 of the Tarlac Solar Power Project.

During the 4th quarter of 2022 and 1st quarter of 2023, the Company partially paid the outstanding loans and interest. The SRO proceeds allocated to this activity were utilized in full.

The table below shows the gross and net proceeds; each expenditure item where the proceeds were used:

	From inception to 31-Dec-21	2022 As of 3rd Quarter	2022 4th Quarter	Total
Less: Expenditures				
A. Development and expansion of Renewable Energy Projects	370,129,536	-	-	370,129,536
B. General and Corporate requirements	36,774,276	-	-	36,774,276
C. Loans and Interest	177,720,542	-	13,155,000	190,875,542
Total Expenses Allocated to Proceeds	584,624,354	-	13,155,000	**597,779,354**
Remaining proceeds as of December 31, 2022				**PhP154,514,788**

PETROENERGY RESOURCES CORPORATION

INDEX TO PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES