COVER SHEET

AS094- 08880

SEC Registration Number

PETR0ENERGY 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)

PERC 20IS

07 27

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

8637-2917
Telephone Number

31 December 2023
Fiscal Year Ended

Notice of Regular Annual Stockholders' Meeting

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SEC Form 20-IS
Information Statement
Pursuant to Section 20
of the Securities Regulation Code
Form Type

PetroEnergy
PETROENERGY RESOURCES CORPORATION

NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Regular Meeting of the Stockholders of PetroEnergy Resources Corporation (the "Company"), will be held **on July 18, 2024 at 4:00 p.m.**, to be called, conducted and presided virtually or via online/remote communications by the presiding officer at Conference Room 1, 47th Floor, Yuchengco Tower, RCBC Plaza Building, 6819 Cor. Sen. Gil J. Puyat and Ayala Avenues, Makati City, with the following 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 27, 2023;
4. Approval of Management Report and the 2023 Audited Financial Statements contained in the 2023 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 27, 2023 to July 18, 2024;
6. Election of Members of the Board of Dpppirectors for 2024-2025:
   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.

Stockholders as of Record Date **May 27, 2024** will be entitled to notice of, and to vote at, the Annual Meeting.

Pursuant to the alternative modes of notice as provided for in the Securities and Exchange Commission's NOTICE dated March 13, 2023, this notice to Stockholders shall be published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days not later than 21 days before the scheduled meeting. The Information Statement, Management Report, SEC Form 17-A, Minutes of the Annual Stockholders Meeting for the year 2023 and other pertinent meeting documents shall be made available in the Company's website (www.petroenergy.com.ph) and via PSE Edge.

The Regular Annual Stockholders' Meeting shall be held virtually or via online/remote communication. The stockholders shall be allowed to cast their votes by proxy, or by remote communication, or *in absentia* pursuant to Section 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6-2020.

To participate in the Annual Meeting, stockholders must register from **9:00 a.m. of July 10, 2024** until **5:00 p.m. of July 15, 2024** through the following link: http://petroenergy.com.ph/investor_relations and follow the steps provided therein. The procedures for participation via remote communication and in absentia may be found in the said link and in **Annex "A"** of the Information Statement.

Stockholders who wish to appoint proxies may submit proxy forms until **5:00 p.m. of July 15, 2024** to the Office of the Corporate Secretary at 7th Floor, JMT Building, ADB Ave., Ortigas Center, Pasig City or by email to corpaffairs@petroenergy.com.ph. Validation of proxies will be held on **July 15, 2024. A sample proxy form (attached as Annex "B") will be enclosed in the Information Statement for your convenience.**

ATTY. SAMUEL V. TORRES
Corporate Secretary

RATIONALE AND BRIEF DISCUSSION OF THE AGENDA
2024 ANNUAL STOCKHOLDERS' MEETING
(THE "ANNUAL STOCKHOLDERS' MEETING")

1. Call to Order

The Chairman of the Board of Directors (or the Chairman of the Meeting, as the case maybe) (the "Chairman") will call the meeting to order.

2. Determination of Quorum/Report on Attendance

The Corporate Secretary (or the Secretary of the Meeting, as the case may be) (the "Secretary") will certify that the written Notice for the meeting was duly sent to stockholders of record, including the date of publication and the newspaper where the notice was published. He will also certify that a quorum exists, and the Stockholders representing at least a majority (or 2/3 in certain cases required by the Revised Corporation Code) of the outstanding capital stock, present in person or by proxy, constitute a quorum for the transaction of business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, stockholders may participate and vote through remote communication or in absentia. Stockholders may register by submitting the requirements via email at corpaffairs@petroenergy.com.ph and vote in absentia on the matters for resolution at the meeting. Stockholders who will vote in absentia, as well as those who will participate by remote communication, shall be deemed present for purposes of quorum.

Please refer to **Annex "A"** Procedures and Requirements for Voting and Participation in the 2023 Regular Annual Stockholders' Meeting for complete information on remote participation or voting in absentia, as well as on how to join the livestream for the 2023 ASM.

3. Approval of the Minutes of the last Stockholders' Meeting held on July 27, 2023

The Minutes of the Meeting held on July 27, 2023, showing the agenda items discussed and the resolutions passed thereat, as well as the Meeting's record of attendance, are posted and can be viewed at the PetroEnergy Resources Corporation website: www.petroenergy.com.ph.

4. Approval of Management Report and the 2023 Audited Financial Statements

The Report summarizes the milestones and key achievements of PetroEnergy Resources Corporation ("PERC" or the "Company") and provides a clear picture of how PERC achieved its goals and strategic objectives for the year 2023. The highlights of PERC's audited financial statements are explained in the President and Chief Executive Officer's Report and in the Definitive Information Statement. Copies of the 2023 Audited Financial Statements, which were previously approved by the Board of Directors, were also submitted to the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue.

5. Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and the Board of Directors during the period July 27, 2023 to July 18, 2024

The actions for approval are those taken by the Board and/or its Committees and/or the Management since the Annual Stockholders' Meeting on July 27, 2023 until July 18, 2024, including the approval of the internal procedures for participation in meetings and voting through remote communication or in absentia. Agreements, projects, investments, treasury-related matters and other matters covered by disclosures to the SEC and the Philippine Stock Exchange will likewise be presented for approval. The acts of the officers were those taken to implement the resolutions of the Board and/or its Committees or made in the general conduct of business.

6. Election of Seven (7) members of the Board of Directors (including Independent Directors) for 2024-2025

At its meeting held on June 14, 2024, the Corporate Governance Committee, as the standing committee of the Board of Directors constituted for the purpose of reviewing and evaluating the qualifications of persons nominated to become members of the Board of Directors (including the Independent Directors), and pursuant to the provisions of the Code of Corporate Governance for Publicly-Listed Companies, as the same are adopted in the Company's 2017 Manual on Corporate Governance, reviewed the candidates for directorship to ensure that they have all the qualifications and none of the disqualifications for nomination and election as members of the Board of Directors.

The seven (7) nominees will be submitted for election to the Board of Directors by the stockholders at the Annual Stockholders' Meeting. The profiles of the nominees are provided in the Definitive Information Statement for the Annual Stockholders' Meeting.

Each shareholder is entitled to one (1) vote per share multiplied by the number of Board seats to be filled, *i.e.* seven (7), and may cumulate his/her votes by giving as many votes as he/she wants to any candidate, provided that the total votes cast shall not exceed the total votes to which he/she is entitled. In the event the votes cast by a stockholder exceeds that to which he/she entitled to vote, the Corporate Secretary, in his discretion, shall deduct such votes cast by the stockholder in favor of any nominee as may be necessary under the circumstances.

In the event that there would only be seven (7) nominees to fill seven (7) seats in the Board, the Chairman shall direct the Corporate Secretary to cast all votes in favor of those nominated, except the votes of stockholders who object to the said casting of votes, which objection is supported by majority of the stockholders present or represented in the meeting.

Retention and reelection of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors. Under the Company's Manual on Corporate Governance and as warranted by the SEC Memorandum Circular No. 19, Series of 2016, the Independent Directors may be retained and reelected upon meritorious justification/s and Stockholders' approval.

7. Appointment of the Company's External Auditors

The Company's Audit Committee assessed and evaluated the performance for the previous year of the Company's external auditors, SYCIP GORRES VELAYO & CO. (SGV). Based on the Audit Committee's endorsement, the Board of Directors will recommend the reappointment of SGV, a SEC-accredited auditing firm and among one of the top in the country, as the Company's external auditors for 2024.

A resolution for the appointment of the Company's external auditors for 2024 shall be presented to the stockholders for approval.

8. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

9. Adjournment

Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM-20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   ______Preliminary Information Statement
   __√__Definitive Information Statement

2. Name of Registrant as specified in its charter : PETROENERGY RESOURCES CORPORATION

3. Province, country or other jurisdiction of Incorporation or organization : Philippines

4. SEC Identification Code : AS094-008880

5. BIR Tax Identification Code : 004-471-419-000

6. Address of the principal office : 7th Floor, JMT Building
   ADB Avenue, Ortigas Center
   Pasig City 1605

7. Registrant's telephone number including area code : (02) 8637-2917

8. Date, time and place of meeting of security holders : July 18, 2024, 4:00 p.m. virtually or via online/remote communication.
   http://petroenergy.com.ph/investor_relations

9. Approximate date on which the Information Statement is first to be sent or given to security holders : June 20, 2024

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of SRC (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Stock Outstanding or Amount of Debt Outstanding
Common	568,711,842

11. Are any or all the Registrant's securities listed on a Stock Exchange?

    Yes __√__ No ______

If so, disclose name of the Exchange: **Philippine Stock Exchange, Inc. – common shares**

PETROENERGY RESOURCES CORPORATION
INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders

The Regular Annual Stockholders' Meeting of PetroEnergy Resources Corporation ("PERC" or the "Company") will be held on Thursday, **July 18, 2024 at 4:00 p.m.**, to be called, conducted and presided virtually or via online/remote communication by the presiding officer at Conference Room 1, 47th Floor, Yuchengco Tower, RCBC Plaza Building, 6819 Cor. Sen. Gil J. Puyat and Ayala Avenues, Makati City.
http://petroenergy.com.ph/investor_relations.

Mailing Address – 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City 1605

The approximate date on which this Information Statement is first to be sent or given to security holders is on **June 20, 2024.**

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

2. Dissenter's Right of Appraisal

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided under Title X, Section 80 of the Revised Corporation Code of the Philippines.

Although the following actions are not among the matters to be taken up during the **2024** Regular Annual Stockholders' Meeting, the stockholders are herein apprised of their appraisal rights pursuant to Title X of the Philippine Corporation Code. A stockholder shall have the right to dissent and demand payment of fair value of the share in case he voted against the following proposed corporate actions:

a. any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or extending or shortening the term of corporate existence;
b. sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
c. merger or consolidation; and
d. investment of corporate funds for any purpose other than the primary purpose of the Company.

As provided under Section 81 of the Revised Corporation Code, a dissenting stockholder who votes against a proposed corporate action may exercise the Right of Appraisal by making a written demand to the Company for the payment of the fair value of his/her shares held within thirty (30) days from the date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of his/her Right of Appraisal. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder, upon surrender of the certificate or certificates of stock representing the his/her shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If, within sixty (60) days from the approval of the corporate action by the stockholders, the dissenting/withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, such stockholder shall forthwith transfer the shares to the corporation.

3. Interest of Certain Persons in Matters to be Acted Upon

The incumbent directors or officers of the Company, since the beginning of the last fiscal year, do not have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon. None of the incumbent directors informed the Company in writing that he/she intends to oppose any action to be taken during the annual meeting of the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof:

a) Number of Common Shares Outstanding as of May 31, 2024: **568,711,842**
Number of Vote each share is Entitled: **One (1) vote per share**

Of the total outstanding common capital stock as of May 31, 2024**, 567,544,353** shares (or **99.79%)** are owned by Filipino citizens, while 1,167,489 **shares (**or **0.21%)** are owned by Foreigners.

b) All stockholders as of **May 27, 2024** are entitled to notice and to vote at the Regular Annual Stockholders' Meeting.

c) Manner of Voting

Section 7 of Article III of the By-Laws of the Company provides that the stockholders may vote at all meetings the number of shares registered in their respective names either in person or by proxy executed in writing. Section 6 of the same Article provides that no proxy shall be recognized unless presented to the Secretary for inspection and registration at least three (3) calendar days before the date of said meeting (for the 2024 Regular Annual Stockholders' Meeting, the proxy should be presented to the Corporate Secretary not later than 5:00 p.m. on July 15, 2024). The By-Laws of the Corporation does not require notarization of proxies.

In the same vein, Section 23 of the Revised Corporation Code of the Philippines and Section 7, Article III of the Corporation's By-Laws provide that each stockholder may vote in any of the following manner:

1) he/she may vote such number of shares for as many persons as there are Directors to be elected;

2) he/she may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by his/her shares;

3) he/she may distribute them, on the same principle, among as many candidates as he/she may see fit. In any of these instances, the total number of votes cast by the stockholders should not exceed the number of shares owned by him/her as shown in the books of the Corporation multiplied by the total number of Directors to be elected.

d) Security ownership of certain record and beneficial owners and management.

1) Security ownership of certain record and beneficial owners of more than 5% of Registrant securities as of May 31, 2024:

Title of Class	Name, Address of record Owner and 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	PCD Nominee* (Various stockholders-beneficially owned by the participants of the PCD)	Filipino and Non-Filipino	527,815,602	92.81%
Common	Others	(Various stockholders-no holders of 5%)	Filipino	40,896,240	7.19%
TOTAL				**568,711,842**	**100.00%**

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

a. RCBC Securities, Inc. – 298,549'096 or 52.50% of the Company's outstanding capital stock. The current nominee of RCBC Securities, Inc. is Mr. Jose Luis F. Gomez. (Under RCBC Securities, Inc. with 5% of the Registrant securities). The breakdown of the shareholdings are as follows:

a.	GPL Holdings, Inc.	–	55,218,121 shares or	9.71%
b.	House of Investments, Inc.	–	148,519,064 shares or	26.11%
c.	RCBC Capital, Inc.	–	61,223,808 shares or	10.77%
d.	Various Stockholders	–	33,588,103 shares or	5.91%

b. RCBC Trust and Investments Division – 65,429,632 shares or 11.50% 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.

c. Malayan Insurance Company, Inc. – 30,103,023 shares or 5.29% of the Company's outstanding capital stock. Mr. Paolo Y. Abaya is the President and Chief Executive Officer of the Company.

2) Security Ownership of Management (as of May 31, 2024):

The following are the number of shares owned and of record by the 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	Carlos G. Dominguez Independent Director	Direct 1	Filipino	-
Common	Cesar A. Buenaventura Independent Director	Direct 1,300 Indirect 366,844	Filipino	0.04%
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. Executive Vice President & COO	Direct 55,000 Indirect 27,500	Filipino	0.02%
-	Arlan P. Profeta SVP, Corporate Services	-	Filipino	-
-	Maria Victoria M. Olivar SVP for Commercial Operations & Business Development	-	Filipino	-
-	Maria Cecilia L. Diaz de Rivera AVP, Chief Financial Officer	-	Filipino	-
-	Samuel V. Torres Corporate Secretary	-	Filipino	-
-	Louie Mark R. Limcolioc Asst. Corporate Secretary Compliance Officer	-	Filipino	-
-	Vanessa G. Peralta AVP, Corporate Communication & CIO	-	Filipino	-
-	Arlene B. Villanueva AVP, Human Resources & Administration	-	Filipino	-
Total		**6,029,534**		**1.06%**

As of May 31, 2024, the Company's directors and executive officers owned an aggregate of 6,029,534 shares equivalent to 1.06%.

3) Voting Trust Holders of 5% or more

The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of a class of shares.

e) Changes in Control

There has been no change in the control of the Company since the beginning of last fiscal year. The Company has no existing voting trust or change in control agreements.

5. Directors and Executive Officers:

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

The Board 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.

a. Directors and Executive Officers

The following are the names, ages, positions and periods of service of Directors and Executive Officers:

Name	Age	Position	Citizenship	Period of Service
Helen Y. Dee	80	Chairman (NED)	Filipino	2001 to present
Cesar A. Buenaventura	94	Director / Independent * (NED)	Filipino	1998 to present
Carlos G. Dominguez	78	Director / Independent * (NED)	Filipino	2023 to present
Milagros V. Reyes	82	Director / President	Filipino	1998 to present
Yvonne S. Yuchengco	70	Director / Treasurer	Filipino	2004 to present
Lorenzo V. Tan	62	Director (NED)	Filipino	2019 to present
Eliseo B. Santiago	74	Director / Independent * (NED)	Filipino	2013 to present
Francisco G. Delfin, Jr.	62	Executive Vice President & COO	Filipino	2023 to present
Arlan P. Profeta	50	SVP for Corporate Services	Filipino	2023 to present
Maria Victoria M. Olivar	51	SVP for Commercial Operations & Business Development	Filipino	2023 to present
Maria Cecilia L. Diaz de Rivera	57	AVP, Chief Financial Operation	Filipino	2022 to present
Vanessa G. Peralta	38	AVP for Corporate Communication	Filipino	2021 to present
Arlene B. Villanueva	55	AVP for Human Resources & Administration	Filipino	2023 to Present
Samuel V. Torres	59	Corporate Secretary	Filipino	2006 to present
Louie Mark R. Limcolioc	37	Asst. Corporate Secretary	Filipino	2021 to present

NED - Non-Executive Director
* Cumulative Term of Nine (9) Years for Independent Directors elected prior to 2012 is reckoned from 2012.

The following are the Chairperson and Members of the Corporate Governance Committee for 2023-2024.

Chairperson – Mr. Carlos G. Dominguez (Independent Director)
Members – Mr. Cesar A. Buenaventura (Lead Independent Director)
Mr. Eliseo B. Santiago (Independent Director)

Below are the incumbent directors and have been approved for election by the Corporate Governance Committee at its meeting on June 14, 2024.

1. Ms. Helen Y. Dee – Regular Director
2. Ms. Milagros V. Reyes – Regular Director
3. Ms. Yvonne S. Yuchengco – Regular Director
4. Mr. Lorenzo V. Tan – Regular Director
5. Mr. Cesar A. Buenaventura – Lead Independent Director
6. Mr. Carlos G. Dominguez – Independent Director
7. Mr. Eliseo B. Santiago – Independent Director

Nomination and Election of Independent Director:

All independent directors were nominated by Atty. Dan Dyonne Eminiano Q. Gonzales, who has no relations with the Nominees. (Please see attached **Annex "C"** for the Certification of Independent Directors).
Justification for the retention and reelection of Mr. Eliseo B. Santiago as Independent Director

MR. ELISEO B. SANTIAGO's term as Independent Director is sought to be extended in 2023. Below are the noteworthy justifications that would merit his retention and reelection as Independent Director:

Mr. Santiago has demonstrated expertise in the oil and power industry and extensive knowledge of the Company. His multi-discipline experience across global, regional and local markets contributed to the Company's success in his tenure as Independent Director. During his career, he held responsibility for large businesses within the Shell Group, Citadel Pacific Ltd. and Clark Development Corporation. He successfully led business transformations through innovative strategies, strong focus on operational excellence and by developing people and teams.

Undoubtedly, the Company greatly benefits from Mr. Santiago's guidance as a well-respected member of the business community and through his expertise in the oil and power industry. It would be in the Company's best interest for Mr. Santiago to continue providing the same guidance and wisdom as the Company's Independent Director.

Justification for the retention and reelection of Mr. Cesar A. Buenaventura as Independent Director

Mr. Cesar A. Buenaventura's term as Independent Director is sought to be extended in 2024. Below are the noteworthy justifications that would merit his retention and reelection as Independent Director:

Mr. Buenaventura graduated from the University of the Philippines with a degree in BS Civil Engineering. As a Fullbright scholar, he received his Master's Degree in Civil Engineering from Lehigh University in Bethlehem, Pennsylvania. He started his profession in the construction business with David M. Consunji. Thereafter, in 1956, Mr. Buenaventura went on to commence a long-standing career at Pilipinas Shell, serving as the first Filipino Chairman & CEO of the Shell Group of Companies in the Philippines, from 1977 to 1990. . Among the many appointments and positions that Mr. Buenaventura has held and continues to hold, one of the most notable would be as a Member of the Monetary Board of the Central Bank of the Philippines, representing the private sector from 1981 to 1987. He was also a Founding Member of the Board of Trustees of the Makati Business Club, a Member of the Board of Regents of the University of the Philippines from 1987 to 1994 and of the Board of Trustees of the Asian Institute of Management from 1994 to 1997. Mr. Buenaventura has also been honored with numerous awards and accolades, including being made an Honorary Officer of the Order of the British Empire (OBE) by HM Queen Elizabeth II.

Assessment by the Corporate Governance Committee on the Qualifications of the Nominees for Directorship

The Corporate Governance Committee passed upon their qualifications and found no disqualifications, as provided for in the By-Laws, the 2017 Manual on Corporate Governance, the Board Charter, and in accordance with SRC Rule 38.

The Company has adopted SRC Rule 38, and compliance therewith has been made. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The nominees for independent directors were advised of SEC Memorandum Circular No 5, Series of 2017 on the required submission of Certificate of Qualification of Independent Directors (the "Certificate of Qualification") that should include, among others, disclosure of any pending criminal or administrative investigation or proceedings, positions held in Government-Owned and Controlled Corporations and the required written permission or consent from the head of Department/Agency for those in government service. As disclosed by the nominees in their respective Certificate of Qualification, each nominee possesses all of the qualifications and none of the disqualifications.

The Independent Directors were likewise advised of the Company's 2017 Manual on Corporate Governance and the Securities and Exchange Commission (SEC) Memorandum Circular No. 19, Series of 2016 on the term limits for Independent Directors, both of which state that independent directors shall serve a maximum cumulative term of nine (9) years reckoned from 2012. Such term limit, however, may be extended upon meritorious justification/s and stockholders' approval.

Business Experiences during the Past five (5) Years and Educational Background.

Directors

MS. HELEN Y. DEE, 80, Filipino, Chairman (Non-Executive Director)

Publicly-Listed Companies: Ms. Dee has been a Director of the Company since 2001 and Chairman of the Board since 2011. She is also presently the Chairman of House of Investments, Inc., Rizal Commercial Banking Corporation, and a Director of PLDT Inc. She was the Chairman of EEI Corporation.

Non-Listed: She is the Chairman of RCBC Excom Forex Brokers Corporation, Landev Corporation, Mapua Information Technology, Inc., Hi-Eisai Pharmaceuticals, Inc., Pan Malayan Realty Corporation, RCBC Savings Bank, Merchants Bank, La Funeraria Paz-Sucat, Malayan Insurance Company, Inc., Xamdu Motors, Inc., Manila Memorial Park Cemetery, Inc., PetroWind Energy Inc. and Malayan High School of Science, Inc.

She is the Chairman/President of Hydee Management & Resources, Inc.; Financial Brokers Insurance Agency, Inc., RCBC Leasing and Finance Corporation and Mijo Holdings, Inc.; She is also Chairman and CEO of Tameena Resources, Inc. She is the President of Moira Management, Inc., YGC Corporate Services, Inc. and GPL Holdings, Inc. She is the Vice Chairman of Pan Malayan Management and Investment Corporation and West Spring

Development Corporation and Vice President of A.T. Yuchengco, Inc. She is also a Member, Board of Trustees of Mapua Institute of Technology, Inc. a leading engineering school in the Philippines, Malayan Colleges Laguna, Inc and Philippine Business for Education, Inc. She also sits in the Board of the following companies, South Western Cement Corp., Great Life Financial Assurance Corp., MICO Equities, Honda Cars Philippines, Inc., Isuzu Philippines, Inc., A.Y. Holdings, Inc. Pan Malayan Express, Honda Cars Kalookan, Sun Life Grepa Financial, Inc., Philippine Integrated Advertising Agency, Inc., Y Realty, Inc., Luis Miguel Foods.

Educational Background: Bachelor of Science in Commerce Major in Administration from the Assumption College; Master in Business Administration Degree from the De La Salle University.

MR. CESAR A. BUENAVENTURA, 94, Filipino, Independent Director.

Publicly-Listed Companies: Mr. Buenaventura is a Non-Executive Director of DMCI Holdings, Inc. and Semirara Mining and Power Corporation. An Independent Director of Concepcion Industrial Corporation, International Container Terminal Services, Inc., iPeople, Inc. Manila Water Company, Inc., and Pilipinas Shell Petroleum Corporation.

Non-Listed and Civic Affiliations: Mr. Buenaventura is also holding the following positions: Chairman at Buenaventura, Echauz and Partners, Inc., . He is a director of various companies such as: D.M. Consunji, Inc., The Country Club, and trustee of various foundations such as Pilipinas Shell Foundation, Inc. (Chairman), Bloomberry Cultural Foundation and ICTSI Foundation.

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 Fulbright Scholar. In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

MR. CARLOS G. DOMINGUEZ, 78, Filipino, is a product of the Ateneo De Manila University ("Ateneo") with a degree in Bachelor of Arts, Economics. He pursued his Master of Arts, Business Management from the same university and Post-Graduate Studies under the Stanford Executive Program.

Mr. Dominguez was appointed to several posts in the Government, foremost of which are: as Secretary of the Department of Finance and Chairman of the Land Bank of the Philippines from 2016 to 2022; as Secretary of the Department of Agriculture from 1987 to 1989; and as Secretary of the Department of Environment and Natural Resources from 1986 to 1987.

He was a recipient of the Order of Lakandula Rank of Bayani (Grand Cross) from the President of the Philippines and the Order of the Rising Sun Grand Cordon (1st Class) from the Emperor of Japan.

Mr. Dominguez likewise served in the private sector, as follows: President, Lafayette (Philippines) Inc.; Independent Director, RCBC Capital Corporation; Director, Manila Electric Corporation; President, Phil. Associated Smelting and Refining Corporation; Director, Northern Mindanao Power Corporation; Chairman, RCBC Capital Corporation; Director, United Paragon Mining; Chairman and President, Philippine Airlines; President, Phil. Tobacco Flue Curing Redrying Corporation; President, Baesa Redevelopment Corporation; President, Retail Specialist, Inc.; President, BPI Agricultural Development Bank, Vice President, Bank of the Philippines Islands (BPI); Executive Vice President, Davao Fruits Corporation; Executive Vice President, AMS Farming Corporation; Finance Manager, Rubicon, Inc.; and Management Trainee, First National City Bank.

MS. MILAGROS V. REYES, 82, Filipino, Director/President

Publicly-Listed Companies: Seafront Resources Corporation (President) and formerly, iPeople, Inc.

Non-Listed: She is the President/Director of PetroWind Energy Inc. and PetroSolar Corporation; Chairman of PetroGreen Energy Corporation; Chairman of Maibarara Geothermal, Inc.; and Director and Treasurer of Hermosa Ecozone Development Corporation. She previously served as President of Petrofields Corp. (now iPeople, Inc.); Senior Vice President of Basic Consolidated, Inc. (formerly Basic Petroleum and Minerals, Inc.); Vice President and Chief Operating Officer of Mapua Institute of Technology, Inc.; Director and Consultant of PNOC-EC.

Educational Background: Bachelor of Science in Geology and Physical Sciences (Double Degree) from the University of the Philippines. She pursued various technical trainings from the National Iranian Oil Co., University of Illinois, and Ajman Fields in U.

YVONNE S. YUCHENGCO, 70, Filipino, Director/Treasurer

Publicly-Listed Companies: House of Investments, Inc., Seafront Resources Corporation, iPeople, Inc. and National Reinsurance Corporation of the Philippines.

Non-Listed: She is the Chairperson/President/Director of Phil. Integrated Advertising Agency, Inc., Royal Commons, Inc., Y Realty Corporation, Y Tower II Office Condominium Corporation, Yuchengco Museum, Inc., Yuchengco Tower Office Cond. Corporation, Chairperson of XYZ Assets Corporation, Director/President of Alto Pacific Corporation, RCBC Land, Inc., Mico Equities, Inc. She is Director/Treasurer of Honda Cars Kaloocan, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corporation, PetroEnergy Resources Corporation, Water Dragon, Inc., DirectorTreasurer/CFO of Pan Malayan Mgm't. & Inv't. Corp., Director/Vice Chairperson of Malayan Insurance Co., Inc., Director/Vice President/Treasurer of Pan Managers, Inc., Trustee/Chairperson of The Malayan Plaza Condominium Owners Association, Inc., Trustee of AY Foundation, Inc, Mapua Institute of Technology, Inc., Phil-Asia Assistance Foundation, Inc., She is a member of Advisory Committee of Rizal Banking Corporation, Director/Corporate Secretary of MPC Investment Corporation. She is also a member of the Board of Directors of the following companies: 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 Investment, Inc., HYDee Management and Resource Corp., iPeople, Inc., La Funeraria Paz, Inc.-Sucat, Luisita Industrial Park Corp., Malayan College Laguna, Inc., Malayan Colleges, Inc., Malayan High School of Science, Inc., Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., Pan Malayan Express, Inc., Pan Malayan Realty Corporation, Shayamala Corp. and YGC Corporate Services, Inc, Yuchengco Center, Inc.

Educational Background: Bachelor of Arts in Interdisciplinary Studies from the Ateneo De Manila University

MR. LORENZO V. TAN, 62, Filipino, Non-Executive Director

Publicly-Listed Companies: He is currently an Independent Director of the Philippine Realty Holdings Corporation and Atok-Big Wedge Co., Inc. and a regular director of the House of Investments, Inc., EEI Corporation, and iPeople, Inc.

Non-Listed: He serves as the Vice Chairman of the Pan Malayan Management & Investment Corporation and the TOYM Foundation; a director of the Malayan Insurance Company, Inc., and Sunlife Grepa Financial, Inc; and member of the Board of Advisors of the FICO Group of Companies (Bangkok, Thailand).

Previous Experiences: He previously served as President and CEO of the Rizal Commercial Banking Corporation, Sunlife of Canada (Phil), Inc., the Philippine National Bank, United Coconut Planters Bank; as Director of SMART Communications, Inc., Digital Telecommunications (DIGITEL), and Voyager Innovation, Inc, and CITIBANK NA Singapore; as Group Managing Director of Guoco Holdings (Philippines) Inc.; as President of the Bankers Association of the Philippines and Chairman of the Asian Bankers Association. He was an awardee of the 1999 The Outstanding Young Men (TOYM) in the field of Banking.

Educational Background: He took his Master of Management Degree from J.L. Kellogg Graduate School of Management, Northwestern University Evanston, Illinois, USA, with concentration in Finance and Management Information Systems. He graduated with a degree of Bachelor of Science in Commerce, Major in Accounting from the De La Salle University, Manila, Philippines. He is a Certified Public Accountant in Pennsylvania, USA and in the Philippines.

MR. ELISEO B. SANTIAGO, 74, Filipino, Independent Director

Non-Listed: Mr. Santiago sits in the Board and is a member of the Executive Committee of Isla Petroleum and Gas Corporation. He is also a Director of Citadel Pacific Ltd.. He was formerly Chairman of the Board of the Clark Development Corporation; formerly, Chief Executive of the Shell Eastern Caribbean Group of Companies covering Supply & Trading, Sales & Marketing and Chemicals businesses of the Shell Group in 15 island countries based in Barbados; Managing Director of Pilipinas Shell Petroleum Corporation; Senior Adviser to the Regional Managing Director for Asia Pacific, based in London; Country Chairman of the Shell companies in Thailand and concurrently the Vice President for Retail for the ASEAN countries and Hong Kong, based in Bangkok; Country Chairman of the Shell companies in the Philippines in addition to his regional Retail Sales and Operations for the East, based in Manila.

Educational Background: Mr. Santiago is a graduate of 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.

Executive Officers:

MILAGROS V. REYES, 82	**President and CEO (1998 to present)**
Other Business Experience:	
President/ Director	Seafront Resources Corporation, PetroWind Energy Inc. PetroSolar Corporation
Chairman/Former President	PetroGreen Energy Corporation
Chairman/Director	Maibarara Geothermal, Inc.
Director/Treasurer	Hermosa Ecozone Development Corporation
Former Senior Vice President	Basic Petroleum and Minerals Corporation
Former Director	PNOC-EC, iPeople, Inc.
Educational Background:	Ms. Reyes graduated from the University of the Philippines with a Bachelor of Science degree in Geology and Physical Sciences Double Degree. She pursued Specialization and Training in National Iranian Oil Co., in Teheran, University of Illinois and in Ajman Fields in U.A.E.

FRANCISCO G. DELFIN, JR., 62	**Executive Vice President & COO (2023 to present)**
Other Business Experience:	
Former Vice President	2008 to 2023
President / Director	Maibarara Geothermal, Inc.
President / Director	PetroGreen Energy Corporation
Vice President / Director	PetroSolar Corporation
Executive Vice President for Operations	PetroWind Energy Inc.
Former Undersecretary	Department of Energy
Former Assistant Secretary	Department of Energy
Former Professor, Public Administration & Governance	University of the Philippines, Diliman Campus
Geophysics Supervisor	PNOC-EDC
Educational Background:	Mr. Francisco G. Delfin, Jr. is a graduate of Bachelor of Science in Geology from the University of the Philippines (6th place in the 1982 Geologist Licensure Examination). He received his Master's Degree in Geology from the University of South Florida, Tampa, and his Ph.D. in Public Administration from the University of Southern California.

SAMUEL V. TORRES, 59	**Corporate Secretary (2006 to present)**
Other Business Experience:	
General Counsel/Corporate Secretary	AY Foundation, Inc., 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, 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.
Educational Background:	Atty. Samuel V. Torres is a graduate of Bachelor of Science in Business Economics from University of the Philippines and Bachelor of Laws from Ateneo de Manila University.
ARLAN P. PROFETA, 50	**Senior Vice President for Corporate Services (2023 to present)**
Other Business Experience:	
Former Asst. Corporate Secretary	2008 to 2022
Former Compliance Officer	2017 to 2022
Former Corporate Secretary	Maibarara Geothermal, Inc. PetroGreen Energy Corporation PetroSolar Corporation PetroWind Energy Inc.
Former Asst. Corporate Secretary / Compliance Officer	Seafront Resources Corporation
Formerly, Tax Manager	Punongbayan & Araullo
Educational Background:	Atty. Arlan P. Profeta graduated with a degree of Bachelor of Science in Accountancy from San Beda College. He is a Certified Public Accountant. He took his Bachelor of Laws degree from the Arellano University School of Law.

MARIA VICTORIA M. OLIVAR, 51 **Senior Vice President (2022 to present)**

Ms. Olivar is the Senior Vice President for Commercial Operations and Business Development of PetroEnergy Resources Corporation and Assistant Vice President of Maibarara Geothermal, Inc. She worked with PNOC Energy Development Corporation from 1996 to 2010 and with Comexco, Inc from 1993 to 1996.

Educational Background: Ms. Olivar is a graduate of Bachelor of Science in Geology from University of the Philippines. She received her Master's Degree in Geology from the Geothermal Institute, University of Auckland, New Zealand. She received her Diploma on Geothermal Technology from the Geothermal Institute, University of Auckland, New Zealand.

LOUIE MARK R. LIMCOLIOC, 37 **Asst. Corporate Secretary (2021 to present)**
Compliance Officer (2021 to present)
AVP for Corporate and Legal Affairs

Other Business Experience:
Corporate Secretary

PetroGreen Energy Corporation
PetroWind Energy Inc.
PetroSolar Corporation
Buhawind Energy Northern Luzon Corporation
Buhawind Energy Northern Mindoro Corporation
Buhawind Energy East Panay Corporation

Educational Background: Atty. Louie Mark R. Limcolioc graduated with a degree of Bachelor of Arts in Legal Management from the University of Santo Tomas. He obtained his Bachelor of Laws/Juris Doctor degree from San Beda College Alabang. He worked with Padilla Asuncion Law Office as Associate Lawyer before joining the Company in 2015.

MARIA CECILIA L. DIAZ DE RIVERA, 57 **AVP & CFO (2022 to present)**

Other Business Experience: Ms. Diaz De Rivera is the Chief Financial Officer of the Company and former Head of Finance at Maibarara Geothermal, Inc.

Educational Background: She graduated with a Bachelor of Science in Business Administration, majoring in Accounting, from the University of the Philippines in the Visayas (Iloilo City). She is a CPA and holds a Master's in Business Administration from De La Salle University.

She has worked at PNOC EDC in the Planning Department and at the University of Asia and the Pacific as a faculty member in the School of Management.

VANESSA G. PERALTA, 38 AVP for Corporate Communication and CIO (2021 to present)
Corporate Communication Senior Manager (2017-2021)
Corporate Communication Officer (2016 - 2017)
Data Privacy Officer.

Educational Background: Ms. Peralta is a graduate of Bachelor of Science in Development Communication from the University of the Philippines.

ARLENE B. VILLANUEVA, 55	AVP for Human Resources and Administration (2023 to present
Educational Background:	Ms. Villanueva is a graduate of Bachelor of Science in Psychology from the University of the Philippines.

b. Legal Proceedings

The Company is not aware of any legal case, presently or during the last five (5) years, involving the present members of the Board of Directors or Executive Officers or their property before any court of law or administrative body in the Philippines or elsewhere. Moreover, the Company has no information that the above named persons have been convicted by final judgment of any offense punishable under the laws of the Philippines or of any other country.

c. Significant Employees

The Corporation has no employee who is not an executive officer that is expected to make a significant contribution to the business. The Corporation values its human resources. It strives to develop and maintain a safe, healthy, challenging, rewarding, participative, and fair working environment for all employees, and intends to utilize their full talents and expertise through effective selection, mentoring and development. The Company likewise seeks to offer career opportunities to qualified employees, regardless of gender, belief, ethnic or regional origin, and physical condition. It expects each employee act as a team player and do his or her share in achieving the Corporation's set goals.

d. Family Relationships

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

e. 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. A related party relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties may be individuals or corporate entities.

As a good corporate practice, the Company discloses its related party transactions, if any, in its Audited Financial Statements (AFS). In this regard, please refer to the 2023 Consolidated AFS, Note 27, for the significant transactions with related parties.

f. Disagreement with the Company

No Director has resigned from the Board of Directors since the date of the last meeting of shareholders due to disagreement with the Company on any matter relating to its operations, policies and practices.

6. 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:		**2023**				
Milagros V. Reyes	President					
Francisco G. Delfin	Vice President & COO					
Maria Victoria M. Olivar	SVP for Commercial & Bus Dev					
Arlan P. Profeta	SVP for Legal and Admin					
Maria Cecilia L. Diaz De Rivera	AVP - Finance					
Total salaries top 5 highest paid officers		2020	13,317,746	5,367,137	2,277,415	20,962,298
		2021	13,709,669	4,329,249	2,771,495	20,810,412
		2022	13,528,027	8,386,512	2,837,201	24,751,739
		2023	17,098,945	8,903,502	2,363,461	28,365,908
		2024 est	19,749,507	9,569,536	2,938,845	32,257,888
All Directors and Officers as a group		2020	13,317,746	4,329,249	7,951,613	25,598,608
		2021	13,709,669	8,386,512	7,661,406	29,757,586
		2022	13,528,027	8,386,512	9,219,001	31,133,540
		2023	17,098,945	8,903,502	12,702,516	38,704,963
		2024 est	19,749,507	9,569,536	13,499,927	42,818,970

For the recently completed year, directors received a per diem of P5,000 per meeting (in attending board meetings and committee meetings) which will continue to be received in the ensuing year. Directors also received a Profit Share which is already included in the amount of other annual compensation above.

In 2023, the directors of the Company (including independent directors received per diems for Board and committee meetings attended, net of tax as follows:

Name of Director	Position	Amount
Helen Y. Dee	Chairman	100,000
Milagros V. Reyes	Director/President	60,000
Yvonne S. Yuchengco	Director/Treasurer	60,000
Cesar A. Buenaventura	Independent Director	115,000
Maria Mercedes M. Corrales	Independent Director	60,000
Eliseo B. Santiago	Independent Director	85,000
Lorenzo V. Tan	Director	60,000
Carlos G. Dominguez	Independent Director	25,000

Aside from those mentioned above, there are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, other than those stated in the above table during the Company's last completed fiscal year and the ensuing year for any service provided as an executive officer or member of the Board of Directors.

No warrants or options were granted to the Directors and Officers up to 2023.

There is no director, executive officer, nominee for director, beneficial holder and family member involved in any business transaction of the Company.

7. External Auditors

a. Appointment of External Auditors

The Company's external auditor is SyCip Gorres Velayo & Co. (SGV & Co.), with office address at SGV Building, 6760 Ayala Avenue, Makati City, Philippines. SGV & Co. has been reappointed during the Company's recent Annual Stockholders' Meeting on July 27, 2023. The representatives of SGV & Co. have always been present at the Annual Stockholders' Meeting held during prior years and shall likewise be present during for this year's Stockholders' Meeting to respond to appropriate questions or make statements with reference to matters for which their services were engaged.

The Company is in compliance with SRC Rule 68 paragraph 3 (b)(1V) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five (5) consecutive years and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor. The engagement partner who conducted the audit for 2023, Ms. Ana Lea C. Bergado, has already reached the limit set forth by the regulations as the audit engagement partner. SGV will nominate a new engagement partner for the year 2024.

b. Audit and Other Related Fees

Audit and Other Related Fees

The Audit Committee approved SGV & Co.'s fees based on the services rendered and the amount paid from the previous year's audit fees.

c. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

The Company has not changed SGV & Co. as its auditor and has not had any disagreements on any matter relating to accounting principles or practices, financial statement disclosures, or auditing scope or procedure during the last three years or any subsequent interim periods.

8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities Other than for Exchange
There is no matter or corporate action to be taken up in the meeting with respect to issuance of securities.

10. Modification or Exchange of Securities
No modification of Outstanding Securities

11. Financial and Other Information
The Company's financial statements for the year ended December 31, 2023 and Management's Discussion and Analysis or Plan of Operations are contained in the Management Report portion of this Information Statement.

12. Mergers, Consolidation, Acquisition and Similar Matters
Not Applicable

13. Acquisition or Disposition of Property
On April 24, 2023, PERC signed a Share Purchase Agreement with EEIPC to acquire, upon fulfillment of all conditions therein, the latter's common shares in PGEC, PSC and PWEI.

14. Restatement of Accounts
None

D. OTHER MATTERS

15. Actions with Respect to Reports

During the scheduled Regular Annual Stockholders' Meeting, the following shall be submitted to the stockholders for their approval:

a) The Minutes of the Annual Stockholders' Meeting held on July 27, 2023;

b) Approval of Management Report and the 2023 Audited Financial Statements contained in the 2023 Annual Report.

c) Confirmation and Ratification of all acts, contracts and investments made and entered into by Management and/or Board of Directors during the period of July 27, 2023 to July 18, 2024.

1) Constitution of various Committees and Appointment of Chairman and Members: (Organizational Meeting held on July 27, 2023), such as:

Audit Committee
- Chairman - Cesar A. Buenaventura (Lead Independent Director)
- Members - Eliseo B. Santiago (Independent Director)
- Helen Y. Dee (Non-Executive Director)

Corporate Governance Committee
- Chairman - Carlos G. Dominguez (Independent Director)
- Members - Cesar A. Buenaventura (Lead Independent Director)
- Eliseo B. Santiago (Independent Director)

Board Risk Oversight Committee
- Chairman - Eliseo B. Santiago (Independent Director)
- Members - Cesar A. Buenaventura (Lead Independent Director)
- Lorenzo V. Tan (Non-Executive Director)

2) Board Approvals

i) Regular BOD July 27, 2023
   a. Retention and re-election of Mr. Eliseo B. Santiago and Mr. Cesar A. Buenaventura as Independent Directors
   b. Appointment of SyCip Gorres Velayo & Co. (SGV & Co.) as External Auditor of the Company

ii) Special BOD August 14, 2023
   a. Approval of the 2023 Second Quarter Financial Statements (SEC Form 17-Q)

iii) Regular BOD September 28, 2023
   a. Appointment of Corporate Officers
   b. Opening of Local Bank Account in Gabon for E-Tax System
   c. Updating of Authorized Signatories
   d.

iv) Special BOD November 10, 2023
   a. Approval of the 2023 Third Quarter Financial Statements (SEC Form 17-Q)

v) Regular BOD November 29, 2023
   a. Dividend Declaration
   b. Change of Stock Transfer Agent from RCBC Stock Transfer Group to RCBC Trust Corporation

vi) Regular BOD March 21, 2024
   a. Renewal of Directors' and Officers' Liability Insurance
   b. Approval for the holding of 2024 Annual Stockholders' Meeting

vii) Special BOD April 15, 2024
   a. Approval of the 2023 Audited Financial Statements (SEC Form 17-A)

viii) Special BOD May 15, 2024
   a. Approval of the 2024 First Quarter Financial Statements (SEC Form 17-Q)

16. Matters Not Required to be Submitted

a) Proof of the required notice of the meeting.
b) Proof of the presence of a quorum.

17. Amendments of Charter, By-Laws and Other Documents

None

18. Other Proposed Action

None

19. Voting Procedures

Section 23 of the Revised Corporation Code of the Philippines and Section 7 of Article III of the By-Laws of the Corporation provides that:

"At all elections of Directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are Directors, or he may cumulate said shares and give one candidate as many vote as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, however, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown on the Company's stock transfer books multiplied by the whole number of Directors to be elected."

With respect to amendments to various provisions of Articles of Incorporation, the approval of the stockholders owning two-thirds (2/3) of the outstanding capital stock is required. Other items that need action of the stockholders require simple majority.

The voting procedure for election and approval of corporate actions in which Stockholders' approval will be required shall be by "*viva voce*", unless voting by ballot is decided upon during the meeting.

The methods by which votes will be counted, except in cases where voting by ballots is applicable, voting and counting shall be by "*viva voce*". If by ballot, counting shall be supervised by external auditors and transfer agent.

However, considering that the Company will dispense with the physical attendance of its stockholders, the Board of Directors has adopted an internal procedure for the voting and participation in the 2024 Annual Stockholders' Meeting, which covers both electronic voting *in absentia* and proxy voting. For the detailed steps and guidelines, please see attached **Annex "A"** – **Procedures and Requirements for Voting and Participation in the 2024 Annual Stockholders' Meeting.**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on June 6, 2024.

PETROENERGY RESOURCES CORPORATION
By:

ATTY. SAMUEL V. TORRES
Corporate Secretary

Undertaking to Provide Annual Report

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHOULD BE ADDRESSED TO THE FOLLOWING:

Office of the Corporate Secretary
PETROENERGY RESOURCES CORPORATION
7th Floor, JMT Building, ADB Avenue
Ortigas Center, Pasig City

MANAGEMENT REPORT TO STOCKHOLDERS
PART I - BUSINESS AND GENERAL INFORMATION

INCORPORATED HEREIN ARE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PETROENERGY RESOURCES CORPORTION FOR THE YEAR ENDED DECEMBER 31, 2023 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY and 2024 FIRST QUARTERLY REPORT.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

For the last five (5) years, there have been no disagreements with the independent accountant on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure. During the two most recent fiscal years, the independent accountant has not resigned, was dismissed or otherwise ceased performing services for the Company. (Please see discussion on page 17 of the Information Statement Item 7 – Independent Public Accountant, Audit and Audit-Related Fees.

<u>Item 1 - Business Development</u>

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 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 75%-owned subsidiary (77%-owned in 2022), 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 or PSC", 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 or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) – owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

In 2021, PGEC forged an alliance with Danish energy firm, Copenhagen Energy A/S, to develop three (3) offshore wind power projects in Occidental Mindoro, Ilocos Norte, and Iloilo, under three special purpose vehicles, namely, (a) BuhaWind Energy Northern Mindoro Corporation (BENMC); (b) BuhaWind Energy Northern Luzon Corporation (BENLC); and (c) BuhaWind Energy East Panay Corporation (BEEPC). PGEC owns a 40% equity interest in each of these companies.

In 2022, PERC and PGEC entered into a subscription agreement and a shareholders' agreement with Japanese company, Kyuden International Corporation (KIC), giving KIC a 25% stake in PGEC and reducing PERC's ownership in PGEC to 67.5%. The transaction was completed in early 2023. The proceeds from this transaction will be used to partially finance the new solar power projects under Rizal Green Energy Corporation (RGEC), a holding company incorporated in 2023 and currently PGEC's 100% subsidiary. These solar projects and their respective SPVs are: (a) the 27MW_{DC} Dagohoy Solar Power Project in Bohol under Dagohoy Green Energy Corporation (DGEC); (b) 10.1MW_{DC} Phase 1 and 9.5MW_{DC} Phase 2 of San Jose Solar Power Project in Nueva Ecija under San Jose Green Energy Corporation (SJGEC); (c) the 25MW_{DC} Bugallon Solar Power Project in Pangasinan under Bugallon Green Energy Corporation (BGEC); and (d) the 6MW_{DC} Phase 1 and 35.3MW_{DC} of the Limbauan Solar Power Project in Isabela under BKS Green Energy Corporation (BKS). All these SPVs, except for BKS, are 100% owned by RGEC. BKS is still 100% owned by PGEC and will eventually be transferred to RGEC.

In April 2023, PetroEnergy acquired the following from EEI Power Corporation: (a) an additional 7.5% equity interest in PGEC, thereby increasing PERC's ownership in PGEC to 75%; (b) direct ownership in PetroWind (20%); and (c) direct ownership in PetroSolar (44%). PetroGreen owns majority of the voting power of MGI, PetroSolar, PetroWind, and RGEC. PetroEnergy, PetroGreen, MGI, PetroSolar, PetroWind, and RGEC are collectively referred to as the "Group" and were incorporated in the Philippines.

Business of Issuer

Description of Business
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.

(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 applications of modern technology require large amounts of capital. Oil exploration companies worldwide have 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, West Africa. 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. The following are brief descriptions and updates on these projects.

Foreign Operations

Gabon, West Africa
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, 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 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 barrels of oil per day (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: (a) production from sour oil reserves, (b) outfield drilling opportunities, and (c) 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 on December 30, 2022.

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

In 2023, total crude production reached 6.25 MMBO. The Consortium managed 10 liftings, resulting in a net crude export of 6.01 MMBO, with crude oil market prices ranging from US$75-US$90 per barrel.

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 135.66 MMBO has been extracted to date over the last 21 years.

As of December 31, 2023 and 2022, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱605.04 million and ₱763.83 million, respectively. With the fluctuation in crude oil prices and recoverable oil reserves, impairment loss was recognized in 2023 amounting to ₱77.47 million, and reversals of impairment loss amounting to ₱74.14 million in 2022 and ₱121.59 million in 2021.

Philippine Operations

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. The Department of Energy (DOE) granted in June 2009 the final 15-year extension of the SC-6A service contract.

In 2019, consortium operator The Philodrill Corporation (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 oil 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 notified the DOE that the Joint Venture has elected not to enter the 12th year of the final 15-year term of SC-6A and consequently surrendered the Service Contract. The limited term remaining in the SC-6A 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-6A on September 5, 2022.

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

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.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance of a DOE Department Circular regarding application for new petroleum service contract. However, the circular which was subsequently issued on December 18, 2023 stated that the application process for new petroleum service contracts would be issued in a supplementary guideline.

While waiting for the supplementary guideline, the consortium continues to evaluate farm-in proposals from interested parties. On December 29, 2023, the DOE approved the 2024 Work Program and Budget submitted by the Consortium. 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 ₱0.30 million and ₱62.84 million in 2023 and 2022.

As of December 31, 2023 and 2022, PetroEnergy's investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounts to nil.

SC-75 – Offshore Northwest Palawan

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 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 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, 2023 and 2022, the corresponding percentages of the Group's participation in various Petroleum SC areas are as follows:

Gabonese Oil Concessions	2.525%
SC-14-C2 - West Linapacan	4.137%
SC-75 - Northwest 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

Maibarara Geothermal Power Project
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 Renewables 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 is sold to offtaker, ACEN, following the aforementioned acquisition of PHINMA by ACEN.

On June 23-28, 2023, the Maibarara-1 and 2 power plants had an opportunity maintenance shutdown during the relocation of transmission line and stub poles affected by SLEX-TR4 construction. Various maintenance activities for the plants' mechanical, electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

On the steamfield side, steam flow requirements of the MGPP-1 are supplied by two (2) production wells, namely MB-12D and MB-18D. Separated brine from the production wells and power plant condensates are pumped into the two (2) reinjection wells, MB-14RD and MB-17RD, to recharge the reservoir and comply with environmental standards.

MGPP-1 exported 159.85 GWh and 134.48 GWh of electricity in 2023 and 2022, 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.

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.

Steam flow requirements of the MGPP-2 are also supplied by two (2) production wells, MB-12D and MB-18D, with the common steam line.

MGPP-2 exported 95.77 GWh and 70.23 GWh of electricity in 2023 and 2022, respectively.

Both MGPP-1 and MGPP-2 are registered with the Board of Investments and are enjoying incentives under the Renewable Energy Act of 2008. The MGPP-1 had already completed its 7-year income tax holiday (ITH) and is now subject to 10% income tax. The MGPP-2 is still under ITH.

(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.

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.

TSPP-1 exported 72.82 GWh and 70.33 GWh in 2023 and 2022, 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.

On October 25, 2022, PSC submitted application for validity extension of the PAO for TSPP-2. While evaluation of the application was underway, ERC issued 2023 COC revised guidelines that extended the effectivity of TSPP-2's PAO until December 15, 2024.

On December 22, 2022, a Power Supply Agreement (PSA) was signed between PetroSolar and SN Aboitiz Power-Magat, Inc. (SNAP-MI). Under the PSA, PetroSolar agreed to supply and sell all power generated by TSPP-2 to SNAP-MI, on an energy-based and "as available" basis, from December 26, 2022 until December 25, 2023. On September 20, 2023, PetroSolar entered into a PSA with Shell Energy Philippines, Inc. (SEPH). Under this agreement, PetroSolar committed to supply and sell all power generated by TSPP-2 to SEPH from December 26, 2023 to December 25, 2026. The offtake rates range from ₱4.90/kWh to ₱5.20/kWh, with mechanisms in place for upward adjustments.

In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. PSC will use this new substation once it receives approval from ERC.

TSPP-2 exported 30.36 GWh and 29.40 GWh in 2023 and 2022, 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 its 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 0.142 GWh and 0.140 GWh of electricity in 2023 and 2022, respectively.

Bugallon Solar Power Project (BSPP)
Solar Energy Operating Contract (SEOC) No. 2022-04-622
On May 5, 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.

The Distribution Impact Study (DIS) and Distribution Asset Study (DAS) for the BSPP have been completed and have been approved by the Central Pangasinan Electric Cooperative (CENPELCO). The Certificate of Non-Overlap (CNO) has been secured from the National Commission on Indigenous Peoples (NCIP) on July 13, 2022, confirming that the project site is outside any ancestral domain and is free from any tribal claims. The locational clearance has been secured on November 14, 2023.
The construction and operation of the BSPP will be undertaken by Bugallon Green Energy Corporation (BGEC) which was incorporated on October 14, 2023. BGEC is a 100% owned subsidiary of RGEC. The DOE has already approved the transfer of the SEOC to BGEC. The ECC has already been transferred under BGEC's name on November 28, 2023.

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, applications for project endorsement by the Pangasinan Sangguniang Panlalawigan (SP) and Zoning Clearance will be lodged accordingly.

On December 13, the DOE issued a Certificate of Award entitling BSPP to a Green Energy Tarriff of ₱4.4043/kWh for a period of twenty years.

Dagohoy Solar Power Project (DSPP)
Solar Energy Operating Contract (SEOC) No. 2022-06-629
On June 28, 2022, PGEC was awarded a SEOC by the DOE for its Dagohoy Solar Power Project (DSPP) located in Brgy. San Vicente, Dagohoy, Bohol.

Favorable endorsements for the land reclassification of the DSPP site were secured from the Dagohoy Sangguniang Bayan (SB) in October 2022 and from the Bohol SP in December 2022. Said resolutions are needed to secure the requisite Locational Clearance and Building Permit for the DSPP. On December 22, 2022, PGEC entered into a four-year offtake agreement with SN Aboitiz Power-Magat, Inc. counted from the start of commercial operations.

PGEC, through third-party consultants, achieved completion of the System Impact Study (SIS) on August 1, 2023 and Facility Study on September 26, 2023.

Moreover, on August 17, 2023, the Global Environment Center Foundation (GEC) of Japan announced that the DSPP has been selected to receive Joint Crediting Mechanism (JCM) subsidy.

For site development, contractor Media Construction and Development Corporation (MCDC) completed the land grading/levelling, installation of fences and construction of ditch canals. Meanwhile, solar farm contractor Global Electric and grid connection contractor Philcantech Enterprises will commence construction of the solar plant facilities by Q1 2024. The solar power plant is expected to be completed by Q4 2024.

The DSPP will be operated by Dagohoy Green Energy Corporation (DGEC), which was incorporated on September 13, 2023. The SEOC for the DSPP has already been transferred to DGEC on February 28, 2024.

San Jose Solar Power Project (SJSPP)
Solar Energy Operating Contract (SEOC) No. 2015-09-251-AFI
On July 19, 2023, the DOE approved the assignment of Solar Energy Service Contract No. 2015-09-251-AFI to PGEC from V-mars Solar Energy Corporation (V-MARS).

On July 27, 2023, PGEC purchased parcels of land located in the Municipalities of San Jose and Science City of Munoz, Nueva Ecija owned by V-MARS. The lots were registered with the Registry of Deeds for San Jose Nueva Ecija under the name of PGEC on September 21, 2023.

On October 14, 2023, the SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), RGEC's 100% subsidiary that will develop and operate the SJPP. The DOE approved the transfer of the SEOC to SJGEC.

Meanwhile, site clearing and development works have been substantially completed allowing solar farm contractor, Schema Konsult, Inc, and grid connection contractor Philcantech Enterprises, to commence works by Q1 2024.

At this point, PGEC is in the final stages of securing a power supply agreement with an offtaker.

Limbauan Solar Power Project (LSPP)
Solar Energy Operating Contract (SEOC) No. 2017-05-394

The LSPP is located in the province of Isabela and its SEOC is held by BKS Green Energy Corporation (BKS). The LSPP will be developed in two (2) phases: (a) 6 MW_{DC} Phase 1 (LSPP-1) and (b) the 35.3 MW_{DC} (LSPP-2).

On August 16, 2023, PGEC acquired 100% of the outstanding capital stock of BKS from its previous stockholders. The corresponding Certificate Authorizing Registration (CAR) was issued by the BIR in September 2023, approving the transfer of the BKS shares in its stock and transfer books under PGEC. The ownership of BKS will eventually be transferred to RGEC as RGEC's 100% subsidiary.

On November 10, 2020, BKS and Isabela Electric Cooperative II (ISELCO II) executed a Power Supply Agreement for LSPP-1 for the supply of power to the franchise area of ISELCO II with a term of 15 years at a rate of ₱5.40/kWh. The application for approval of the PSA is still pending with the ERC.

On December 1, 2023, BKS obtained a Clearance to Undertake System Impact Study from the DOE. This clearance, along with other documents, were submitted to NGCP in March 2024 for them to prepare System Impact Study for the project.

On December 13, 2023 the DOE issued a Certificate of Award entitling LSPP-2 to a Green Energy Tarriff of ₱ 4.4043/kWh for a period of twenty years.

(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 in the province of Aklan, located near the northwestern tip of the Panay Island. It lies about 6 km southeast of Caticlan, and electricity-deficient Panay and Boracay islands which are natural markets of power from the NWPP.

It was decided that the NWPP will be constructed in two phases: (a) the 36 MW Phase 1 (NWPP-1), consisting of 18 Wind Turbine Generators (WTG) at 2 MW each WTG; and (b) the 13.2 MW Phase 2 (NWPP-2) consisting of six (6) WTGs at 2.2 MW each WTG. Three (3) of the NWPP-2 WTGs are already under testing and commissioning.

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 commercial. 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 FiT for the NWPP-1 is ₱7.40/kWh for the years 2015-2035.

The NWPP-1's annual total energy exported to the grid were 88.64 GWh, 80.79 GWh, 91.36 GWh in 2023, 2022, and 2021, respectively.

On May 13, 2020, the DOE formally awarded to PetroWind the Certificate of Confirmation of Commerciality (COCOC) for the NWPP-2, signifying the NWPP-2's commercial feasibility and the DOE's approval to proceed with construction.

On 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, the NWPP-2 was formally announced as the winning bidder for the 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 corresponding to the NWPP-2's capacity of 13.2 MW.

PWEI awarded to VESTAS the WTG Supply, Supervision, and Services Agreements on December 13, 2022. 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.

PGEC secured from the DENR on May 7, 2020 a Certificate of Non-Coverage (CNC) and on March 9, 2021 a Special Land Use Permit (SLUP) for the installation of a 60-meter high meteorological mast for the wind measurement campaign of the SVWHPP. The mast was completed and turned over to PGEC in July 2021 and has since then been continuously carrying out the wind measurement campaign.

(e) Offshore Wind

Northern Mindoro Offshore Wind Power Project (NMOWPP)

Northern Luzon Offshore Wind Power Project (NLOWPP)

East Panay Offshore Wind Power Project (EPOWPP)

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) East 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 three (3) Special Purpose Vehicles (SPVs), namely: BuhaWind Energy Northern Luzon Corporation (BENLC), BuhaWind Energy Northern Mindoro Corporation (BENMC) and BuhaWind Energy East Panay Corporation (BEEPC); all 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, such as 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. For the Northern Luzon block, PGEC and CE commenced with additional pre-development studies, like 1) initial environmental pre-scoping study, 2) SIS application with NGCP, and 3) initial discussions with contractors for on-site wind measurement campaign.

On September 5, 2023, NGCP issued Offer of Service for the Northern Luzon Offshore Wind Power Project. The Commencement of System Impact Study is scheduled on November 18, 2024.

In November 2023, PGEC submitted via the EVOSS system applications for the assignment/transfer of the service contracts from PGEC to each of the SPVs. The DOE already approved the transfers in December 2023 and Q1 2024.

In December 2023, PGEC and CE engaged the services of a third-party consultant to prepare wind measurement campaign strategy report for the NLOWPP. Preparatory works for the campaign based on the report are ongoing. The following pre-development studies have likewise commenced: 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, 2023, these entities are still in the organization stage and have not yet started their operations.

Products
The Group derives revenues from the sale of electricity generated from renewable energy resources and from its share in crude oil production.

Electricity sales contributed 77.24% of the total revenues as of December 31, 2023. These are from the electricity generated by MGPP-1, MGPP-2, TSPP-1, TSPP-2 and NWPP-1.

Oil revenues are derived from PERC's share of producing offshore oil fields in Gabon, West Africa, which contributed 20.68% of the total revenues as of December 31, 2023.

Distribution Method

Electricity Sales
For MGPP-1 and MGPP-2 that 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 TSPP-1, which started its commercial operations on February 10, 2016 and qualified for the Feed-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-1.

For the TSPP-2 that started WESM commercial operations on January 25, 2022, all the energy exported were sold to SN Aboitiz Magat, Inc and Shell Energy Philippines Inc. in 2022 and 2023, respectively, a retail electricity supplier (RES), through a power supply agreement (PSA).

The NWPP-1 started its commercial operations on June 10, 2015 under the FIT scheme. All energy generated 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 NWPP-1.

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 ₱8.69/kWh and P7.40/kWh, respectively, have been secured from the DOE, with the approval of the Energy Regulatory Commission (ERC). The new solar projects, such as the BSPP and LSPP-2 has assured offtake through the Green Energy Auction Program of the DOE. Both projects received Certificates of Award entitling them to a Green Energy Tarriff of ₱4.4045/kWh for a period of twenty years.

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 on 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 (PSA) was signed between PetroSolar and SN Aboitiz Power-Magat, Inc. (SNAP-MI). Under the PSA, PetroSolar agreed to supply and sell all power generated by TSPP-2 to SNAP-MI, on an energy-based and "as available" basis, from December 26, 2022 until December 25, 2023. On September 20, 2023, PetroSolar entered into a PSA with Shell Energy Philippines, Inc. (SEPH). Under this agreement, PetroSolar committed to supply and sell all power generated by TSPP-2 to SEPH from December 26, 2023 to December 25, 2026. The offtake rates range from 4.90/kWh to 5.20/kWh, with mechanisms in place for upward adjustments.

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, 2023 and 2022.

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 was issued by the DENR-EMB Region III on August 4, 2015 and was amended on 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 was released by the DENR Region 6 office in June 2012, as amended on March 29, 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, 2023, the group has Deferred development costs amounting to ₱560.89 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, 2023, there were 166 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	39
Maibarara	81
PetroSolar	10
PetroWind	19
Total Employees	166

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 have 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 operating renewable energy projects are in the following provinces: Batangas for its geothermal energy project; Tarlac, for its first solar power projects; and Aklan for the wind energy projects. The new solar power projects that are expected to be operating soon are located in Bohol, Isabela, Nueva Ecija, and Pangasinan. The local governments in these areas—from the provincial, municipal and barangay levels—are supportive of these projects. Generally, local government endorsements and resolutions have not been a problem in these areas.

The Company's oil projects, on the other hand, are located in Palawan. 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. The Company likewise heavily invests in environmental protection and damage mitigation measures to ensure that the projects are environmentally sound and would benefit the host LGUs.

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 FPSO contract with BW Offshore that owns the Petroleo Nautipa expired in September 2022 after operating since 2002. This vessel was only capable of handling ~700,000 bbls of crude and suffered various downtimes resulting in curtailed production. Continuous use of this FPSO presented an operational risk. There was, therefore, a need to switch to a new vessel that could handle ~1.1 MMbbls of crude that would help ensure that the field could handle and export more crude, while also reducing vessel-related downtimes and unhampered production. Thus, 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 FPSO contract with BW Offshore. Throughout 2022, facility reconfiguration works were being conducted 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 on December 30, 2022.

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 International Corporation (KIC), 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 KIC equivalent to 25% ownership interest in PetroGreen upon completion of the conditions precedent for the transaction. 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.

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.

In 2023, the Company decided to increase its foothold on its existing RE projects by acquiring from EEIPC the following equity interests: (a) additional 7.5% interest in PGEC that increased PERC's ownership over PGEC to 75%; (b) 20% interest in PWEI, thereby giving PERC and PGEC a combined 60% equity interest in PWEI; and (c) 44% in PSC. These acquisitions allow PERC to more effectively direct the operations of these companies and their respective projects.

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 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 2023 Consolidated AFS, Note 28 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 2023 and 2022.

Please refer to the 2023 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, 2023 and 2022, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱98.79 million and ₱123.74 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 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		1st Quarter	June 3
	2023	2022	2023	2022	2023	2022	2023	2022	2024	2024
Par value	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00	Php1.00
High	Php4.86	Php5.23	Php5.10	Php5.49	Php4.77	Php5.40	Php5.00	Php4.90	Php4.95	Php4.39
Low	Php4.13	Php3.90	Php4.53	Php4.53	Php4.19	Php1.40	Php4.15	Php4.35	Php4.10	Php4.07
Volume	1.188MM	4.954MM	3.238MM	6.823MM	1.157MM	1.834MM	6.415MM	.551MM	6.401MM	16,000 shares

2. Holders

As of May 31, 2024 the Company has 1,985 stockholders.
Hereunder is the list of the top 20 Stockholders (as of May 31, 2024):

	STOCKHOLDERS	SHARES	PERCENTAGE
1	PCD Nominee Corporation (Filipino)	526,600,376	92.60%
2	House of Investment, Inc.	21,805,861	3.83%
3	Pan Malayan Management and	5,377,079	0.95%
4	Hydee Management & Resource	1,880,779	0.33%
5	Baguyo, Dennis	1,698,888	0.30%
6	PCD Nominee Corp (NF)	1,215,226	0.21%
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	Solar Securities, Inc.	181,000	0.03%
16	Phil. Asia Equity Sec., Inc. U-055	159,959	0.03%
17	Orientrade Securities, Inc.	121,500	0.02%
18	Uy-tioco, George	106,640	0.02%
19	Roque Jr., Gonzalo	90,234	0.02%
20	Chan, Juanito &/or Susana Co	88,865	0.02%
	Sub-Total	**561,681,404**	**98.76%**
	Others	7,030,438	1.24%
	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, 2023, the Company's public float was 37.87%.

1. **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		
November 29, 2023	5%	-	December 14, 2023	December 28, 2023
July 29, 2022	5%	-	August 15, 2022	September 8, 2022

2. **Recent Sale of Unregistered Securities**

   There was no sale of unregistered securities for the past three (3) 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	₱568,711,842

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 (₱)

a. Consolidated Financial Position (As of December 31, 2023 and 2022)

	As of December 31 (Audited) 2023	2022	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	₱2,334,304,367	₱1,677,231,584	39.18%	10.67%
Short term investments	1,975,286,425	946,044,355	108.79%	9.03%
Restricted cash	293,744,077	2,063,387,986	-85.76%	1.34%
Receivables	730,521,441	452,192,649	61.55%	3.34%
Financial assets at fair value through profit and loss (FVTPL)	6,958,720	7,540,090	-7.71%	0.03%
Crude oil inventory	13,676,052	14,437,192	-5.27%	0.06%
Contract Assets - current portion	127,134,899	21,949,016	479.23%	0.58%
Other current assets	232,238,237	165,279,803	40.51%	1.06%
Property and equipment-net	12,208,332,826	8,196,897,057	48.94%	55.79%
Deferred oil exploration cost	386,796,965	311,883,011	24.02%	1.77%
Intagible assets and goodwill	1,172,413,367	140,262,493	735.87%	5.36%
Contract assets	609,572,499	274,409,474	122.14%	2.79%
Investment in a joint venture	2,882,000	1,877,522,983	-99.85%	0.01%
Right of use of asset	322,894,463	342,614,655	-5.76%	1.48%
Deferred tax assets-net	18,349,138	10,927,929	67.91%	0.08%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,445,572,602	315,620,289	358.01%	6.61%
TOTAL ASSETS	**₱21,882,289,611**	**₱16,819,812,099**	30.10%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	798,052,764	551,463,206	44.72%	3.65%
Current portion of loans payable	3,699,707,830	947,144,643	290.62%	16.91%
Lease liabilities-current	54,756,559	22,734,502	140.85%	0.25%
Income tax payable	14,329,114	5,995,154	139.01%	0.07%
Loans payable - net of current portion	4,178,456,690	2,530,784,409	65.11%	19.10%
Lease liabilities - net of current portion	269,881,742	306,059,838	-11.82%	1.23%
Asset retirement obligation	167,532,915	66,230,330	152.95%	0.77%
Other noncurrent liability	30,603,592	12,077,639	153.39%	0.14%
TOTAL LIABILITIES	**9,213,321,206**	**4,442,489,721**	107.39%	42.10%
EQUITY				
Attributable to equity holders of the Parent Company	7,832,198,288	6,763,246,278	15.81%	35.79%
Non-controlling interest	4,836,770,117	3,963,021,100	22.05%	22.10%
Deposit for future stock subscription	-	1,651,055,000	100.00%	0.00%
TOTAL EQUITY	**12,668,968,405**	**12,377,322,378**	2.36%	57.90%
TOTAL LIABILITIES AND EQUITY	**₱21,882,289,611**	**₱16,819,812,099**	30.10%	100.00%

Total assets amounted to ₱21.882 billion and ₱16.819 billion as of December 31, 2023 and December 31, 2022, respectively. Book value is at ₱13.77/share from P11.89/share. Starting September 2023 reporting, 100% of PWEI's financials are presented as part of PERC's consolidated financial statements.

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 39.18% net increase from ₱1.677 billion as of December 31, 2022 to ₱2.334 billion as of December 31, 2023 is mainly due to the effect on consolidation of PWEI and collections from electricity sales net of payments for loan principal, interest and working capital requirements for the period.

Short term investments with maturities of more than three months increased by 108.79% due to additional money market placements from the proceeds of the Second Final Closing of Kyuden International Corporation (Kyuden) share subscription on January 10, 2023.

Restricted cash decreased as a result of release of the escrow funds relating to Kyuden share subscription. Restricted cash pertaining to subsidiaries' debt service payment and reserve account also decreased due to payment of principal loan amortization. In addition, the Parent Company's share in the escrow funds related to Etame Abandonment Fund has also been used for payment of FPSO decommissioning and Etame Field Asset Retirement Obligations.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 61.55% increase is mainly due to effect on consolidation of PWEI, PGEC's receivable from SPVs for pre-development expenditures and more barrels lifted for 2023.

Financial assets at fair value through profit and loss (FVPL) amounted to ₱6.959 million and ₱7.540 million as of December 31, 2023 and 2022, respectively. The market prices of the portfolio are maintained leaving only minimal change in the account.

Crude oil inventory decreased due to lower number of barrels produced than the actual barrels lifted.

Contract Assets – current and non-current portion pertains to PSC and PWEI's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC and PWEI's collection started in 2022 and 2020, respectively. The increase in current and noncurrent portion is mainly due to the effect on consolidation of PWEI's financials for the period and 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 increase of 40.51% is mainly due to the effect on consolidation of PWEI for the period, prepayments for insurance, real property taxes and business permits to be amortized over the year.

Property, plant and equipment (PPE) amounted to ₱12,208 billion and ₱8.197 billion as of December 31, 2023 and December 31, 2022, respectively. The 48.94% net increase is mainly due to effect on consolidation of PWEI, net of continuous depreciation of the Renewable Energy Power Plants, and other assets, and depletion of oil assets.

Deferred oil exploration cost increased by 24.02% resulting from the continuous development of the Gabon oil field.

Intangible assets and goodwill – *Goodwill from acquisition and consolidation of PWEI*
The Group's consolidated financial statements reflect the consolidation of PWEI after the completion of the acquisition of 20% equity interest from EEI Power Corporation which is effective May 10, 2023. This is in addition to the existing 40% ownership through PGEC. The Group accounts for the acquired business using the acquisition method, which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

The increase of 735.87% is due to the effect on consolidation of PWEI resulted in the recognition of customer relationship and goodwill from the excess of the acquisition cost over the fair value of net assets acquired.

Investment in a joint venture refers to investment in PWEI and three incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. Bulk of the 99.85% net decrease from ₱1.878 billion to ₱2.88 million is due to transfer of investment to controlling interest after PERC's acquisition of EEIPC's 20% interest in PWEI on May 10, 2023.

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 5.76% 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, 2023 and December 31, 2022, this amounted to ₱18.35 million and ₱10.928 million, respectively. The net increase pertains to the effect on consolidation of PWEI's financials for the period.

The Investment properties-net account remains the same as of December 31, 2023.

Other non-current assets amounted to ₱1.446 billion and ₱315.62 million as of December 31, 2023 and December 31, 2022, respectively. The 358.01% net increase is mainly due to additions to deferred development costs account related to the exploration and effect of 100% PWEI's financials, development, production, and expansion of various renewable energy projects also contributed to the increase.

Accounts payable and accrued expenses increased by 44.72% mainly due to accruals of payables to contractors and suppliers.

Loans payable current and noncurrent increased by 290.62% and 65.11%, respectively due to additional loan for PetroWind. On February 22, 2023, entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears commence at the earlier of thirty-sixth (36th) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

Lease liabilities – current increased is mainly due to the interest recognized during the period and reclassification from non-current account. While **Lease liabilities – net of current portion** decreased due to reclassification of a portion to current account which is due in six months.

The increase in the **Income tax payable** account is mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱167.533 million and ₱66.230 million as of December 31, 2023 and December 31, 2022, respectively. The 152.95% increase mainly pertains to the effect of consolidation of PWEI and accretion made during the period.

Other non-current liabilities pertain to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱7.833 billion or ₱13.77 book value per share and ₱6.763 billion or ₱11.89 book value per share, as of December 31, 2023 and December 31, 2022, respectively. Changes in equity and equity attributable to PERC Parent are mainly due to consolidation of PWEI's financials in PERC's financial statements.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of December 31, 2023, 14.53% December 31, 2022;
- Nil share of EEIPC in PetroGreen as of December 31, 2023, 8,55% in December 2022;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC)
- total indirect share of Kyuden and EEIPC in MGI as of December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31,2023.and
- 40% direct share of BCPG in PWEI as of December 2023.

Non-controlling interest increased by 22.05% from ₱4.837 billion to ₱3.963 billion due to the acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar.

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, 2023, 2022 and 2021)

	Years Ended December 31 (Audited)			% Change 2023 vs. 2022	% in Total Revenues 2023
	2023	2022	2021		
REVENUES					
Electricity sales	₱2,326,772,267	₱1,695,931,748	₱1,899,726,215	37.20%	77.24%
Oil revenues	623,038,856	726,054,534	461,246,131	-14.19%	20.68%
Other revenues	62,662,074	129,112,773	61,981,804	-51.47%	2.08%
	3,012,473,197	2,551,099,055	2,422,954,150	18.09%	100.00%
COST OF SALES					
Cost of electricity sales	1,059,755,456	752,403,321	760,968,319	40.85%	35.18%
Oil production	315,347,519	355,336,217	236,284,770	-11.25%	10.47%
Depletion	101,223,727	85,286,880	76,513,364	18.69%	3.36%
Change in crude oil inventory	761,140	(1,820,516)	22,473,648	-141.81%	0.03%
Cost of sales - Others	60,776,865	127,388,501	61,357,825	-52.29%	2.02%
	1,537,864,707	1,318,594,403	1,157,597,926	16.63%	51.05%
GROSS INCOME	1,474,608,490	1,232,504,652	1,265,356,224	19.64%	48.95%
GENERAL AND ADMINISTRATIVE	266,767,569	221,232,231	180,825,547	20.58%	8.86%
OTHER INCOME (CHARGES) - net					
Share in net income of a joint venture	50,738,697	81,512,921	100,127,158	-37.75%	1.68%
Interest income	225,839,685	51,154,475	12,913,159	341.49%	7.50%
Net foreign exchange gains (losses)	(3,103,807)	12,377,485	5,086,734	-125.08%	-0.10%
Net gain on fair value changes on financial assets at FVPL	(530,445)	(47,138)	55,641	1025.30%	-0.02%
Accretion expense	(6,944,814)	(3,622,334)	(3,478,294)	91.72%	-0.23%
Net impairment reversal (loss)	(77,167,996)	11,299,369	(164,323,293)	-782.94%	-2.56%
Interest expense	(408,735,771)	(292,324,806)	(333,375,545)	39.82%	-13.57%
Miscellaneous income	61,036,999	30,047,518	18,416,545	103.13%	2.03%
Loss on remeasurement on previously held interest	(45,894,709)	-	-	100.00%	-1.52%
	(204,762,161)	(109,602,510)	(364,577,895)	86.82%	-6.80%
NET INCOME BEFORE INCOME TAX	1,003,078,760	901,669,911	719,952,782	11.25%	33.30%
Provision for (benefit from) income tax	58,898,292	38,592,892	54,480,634	52.61%	1.96%
NET INCOME	**₱944,180,468**	**₱863,077,019**	**₱665,472,148**	9.40%	31.34%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company	515,651,585	548,523,238	325,435,008	-5.99%	17.12%
Minority interest	428,528,883	314,553,781	340,010,556	36.23%	14.23%
NET INCOME	**₱944,180,468**	**₱863,077,019**	**₱665,445,564**	9.40%	31.34%

The Group generated a **consolidated net income** and consolidated net income attributable to equity holders amounting to ₱944.180 million and ₱515.651 million; and ₱863.077 million and ₱548.523 million as of December 31, 2023 and 2022, respectively.

The net increase in the Financial Performance of the Group is mainly due to the following:

- MGI's full plant operations as of December 2023 as compared to the same period last year when MGI had a major plant preventive maintenance shutdown in February 2022;
- Consolidation of PWEI's financials into PERC and PGEC's respective financials due to acquisition of EEIPC share in PWEI; and
- interest income from short term investments

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP and NWPP. The 37.20% net increase in 2023 versus same period last year is due to the effect on consolidation of PWEI and MGI's higher generation as a result of hook-up of MB-18D to the system on November 10, 2022.

Oil revenues decreased by 19.02% from ₱170.041 million as of September 30, 2022 to ₱137.702 million in September 30, 2023 mainly due to the decline in crude oil price (from average US$102.20/bbl to average US$84.12/bbl).

Other revenues and Cost of sales- Others pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions. The decrease of 51.47% from ₱129.112 million to ₱62.662 million is mainly due to lower pass-on wheeling charges as a result of MERALCO's rationalization program and decrease in ACEN's WESM purchase settlement transactions.

Pass-on charges/costs are reflected in cost of sales-others to offset and close the amount recorded in other revenues account.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants. The income is due to the effect on consolidation of PWEI financials, MGI's fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity.

Oil production operating expenses decreased by 11.25% mainly due to decline in royalty expenses in Gabon Etame Operations caused by lower average crude oil price.

Depletion increased mainly due to the higher number of barrels of 6,074Kbbls in December 2023 versus 5,752Kbbls in December 2022.

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**.

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

General and administrative expenses (G&A) increased by 20.58% mainly due to the effect of consolidation of PWEI's financials in PERC's FS and higher expenses incurred during the period related to documentary stamp taxes on loan availment and renewals.

Other income (charges) amounted to (₱204.762) million and (₱109.603) million as of December 31, 2023 and 2022, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 37.75% net decrease in **share in net income of a joint venture** refers to the reversal of PGEC's share in net income of PWEI, initially presented at 40% prior to actual consolidation for the period of May to November 2023.
- **interest income** increased mainly due to the full year effect of the interest earned from time deposits, MMPs and savings account derived primarily from KIC investment.
- Net unrealized forex gain (loss) of (₱3.104 million) and ₱12,377 million for the year 2023 and 2022, respectively due to reinstatement of USD accounts to Peso;
- upturn movement in the market value of the investments in FVPL, from net unrealized gain of ₱0.047 million to unrealized gain of ₱0.530 million;
- change in **accretion expense** is mainly due to effect on consolidation of PWEI financials.
- recognition of **net impairment reversal (loss)** amounting to ₱77.168 million, due to decreased projected production for Integrated Full Field Development Plan (IFDP) wells by 11.79MMBO, lower projected oil prices and increase in carrying value due to Etame reconfiguration project.

- bulk of the **interest expense** pertains to the interest due from loans. 39.82% increase in interest expense from ₱292.325 million to ₱408.736 million is mainly due to additional interest on new loans of PERC to fund the acquisition of EEIPC's interests in PWEI, PSC and PGEC and the effect on consolidation of 100% PWEI's interest on loan offset by the decline in subsidiaries' interest expense as a result of loan principal amortization;

- increase in **miscellaneous income** mainly due to higher time-writing charges relating to offshore wind projects which cover the period January 2020 to June 2023; and

- Loss on remeasurement on previously held interest amount refers to the valuation performed due to PERC's acquisition of EEIPC's interest in PWEI.

Provision for (benefit from) income tax:
Provision for income tax current pertains to the following:
- PSC's tax payable - 5.00% provision for income tax under the PEZA incentives;
- MGPP's, 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;
- PWEI's 10% special corporate income tax rate since the 7- year income tax holiday of Nabas 1 has ended last June 9,2022; and
- 1.5% minimum corporate income tax due for PERC and PGEC

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of December 31, 2023 and December 31, 2022:
- nil share of EEIPC in PetroGreen as of December 31, 2023; 10% as of December 31, 2022;
- 25% share of Kyuden in PetroGreen as of December 31, 2023, 14.53% in December 31, 2022;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) total indirect share of Kyuden in MGI as of December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of December 31,2023; and
- 40% share of BCPG in PWEI as of December 2023.

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

Total assets amounted to ₱16.819 billion and ₱13.215 billion as of December 31, 2022 and December 31, 2021, respectively. Book value is at ₱11.89/share from ₱9.81/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 ₱1.242 billion as of December 31, 2021 to ₱1.677 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 ₱7.540 million and ₱7.587 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 ₱8.197 billion and ₱7.985 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 ₱1.735 billion to ₱1.877 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 ₱1.26 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 ₱10.928 million and ₱12.460 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 ₱455.883 million and ₱368.875 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 ₱66.230 million and ₱92.810 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 ₱6.763 billion or ₱11.89 book value per share and ₱5.577 billion or ₱9.81 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 ₱3.963 billion to ₱2.583 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.

d. Results of Operations (For the years ended December 31, 2022 and 2021)

The Group generated a **consolidated net income** and consolidated net income attributable to equity holders amounting to ₱863.077 million and ₱548.523 million; and ₱665.472 million and ₱325.435 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 ₱1.696 billion as compared to last year's ₱1.899 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 US$69.90/bbl in 2021 to US$106.27/bbl in 2022.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The increase from ₱61.982 million to ₱129.112 million is mainly due to increase in ACEN's IEMOP purchase settlement transactions.

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 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**.

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

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 (₱109.603) million and (₱364.578) 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 ₱11.299 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.

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

Total assets amounted to ₱13.215 billion and ₱13.405 billion as of December 31, 2021 and December 31, 2020, respectively. Book value is at ₱9.81/share from ₱9.23/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 ₱1.267 billion as of December 31, 2020 to ₱1.242 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 ₱7.587 million and ₱7.532 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 ₱7.985 billion and ₱8.311 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 ₱1.635 billion to ₱1.735 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 ₱12.460 million and ₱5.652 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 ₱368.875 million and ₱445.434 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 ₱71.48 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 ₱92.810 million and ₱109.160 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 ₱5.577 billion or ₱9.81 book value per share and ₱5.248 billion or ₱9.23 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 ₱2.583 billion to ₱2.737 billion due to net income from RE projects.

f. 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 ₱665.427 million and ₱325.435 million; and ₱646.191 million and ₱319.412 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 ₱1.9 billion as compared to last year's ₱1.924 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 US$49.72/bbl in 2020 to US$69.90/bbl in 2021.

Other revenues pertain to passed on Meralco wheeling and ancillary charges. The decline from ₱116.378 million to ₱61.982 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 (₱364.578) million and (₱253.621) 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 ₱164.323 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;

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>
The SC 75 consortium will continue to coordinate with DOE for the resumption of exploration activities.

<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.

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

<u>Bugallon Solar Power Project</u>
PGEC will continue with site development works (installation of fence, tree cutting, land grading) while awaiting for DOE's approval of the assignment/ transfer of the service contract covering the Bugallon Solar Power Project.

Dagohoy Solar Power Project
Construction works for the solar farm and connection facilities will continue. Target completion would be in Q4 2024.

San Jose Solar Power Project (SJSPP)
Site development works to be completed followed by construction of the solar farm and connection facilities of SJSPP-1 while waiting for DOE's approval of the assignment/ transfer of the service contract covering SJSPP. Target completion of SJSPP-1 would be in Q4 2024.

Limbauan Solar Power Project (LSPP)
BKS to continue work program activities such as permitting, shortlisting of candidate solar farm and connections EPCs and site development.

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) 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 sixty six (166) 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 2023 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, 2023 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 2023 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, 2023, 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	**2023**	**2022**
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.	₱1,884,960	₱1,478,400
SGV - Review of quarterly and annual summary of application of proceeds in stock rights offering	16,006	123,200
Ernts & Young - Filing of tax return to the Gabonese Government and other services	1,699,638	1,122,400
Total	₱3,600,604	₱2,724,000

PART III – CORPORATE GOVERNANCE

The Company's platform of corporate governance is anchored on its Manual on Corporate Governance (the "Manual"). The Manual has been updated to reflect the requirements stated in the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016). The Manual institutionalizes the principles of good corporate governance in the entire organization. It also lays down the Company's compliance system and identifies the responsibilities of the Board and Management in relation to good corporate governance.

The Company believes that compliance with the principles of good corporate governance begins with the Board of Directors. It is the Board's duty and responsibility to foster the long-term success of the Company and secure its sustained competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interest of its shareholders and other stakeholders. With these in mind, the Company ensures that its Board of Directors is composed of individuals of proven competence, integrity, and probity. These individuals determine the Company's purposes, vision and mission, and strategies to carry out its objectives, ensure compliance with all relevant laws, regulations and codes of best business practices, adopt a system of internal checks and balances, and install a process of selection to ensure a mix of competent directors and officers.

The Board of Directors endeavors to substantially adhere to and comply with the principles and best practices contained in the Manual. The Company is adopting the Integrated Annual Corporate Governance Report, pursuant to the Code of Corporate Governance for Publicly-listed Companies (CG Code for PLCs), as an evaluation system for the company to measure or determine the level of compliance of the Board of Directors and top management with its Manual of Corporate Governance.

The Board of Directors including its officers likewise attended Corporate Governance seminars in compliance with the requirements of the Securities and Exchange Commission. In this regard, the Company's directors submitted their respective Certifications, as referred to in Annex **"D",** attesting their attendance and participation in required trainings and/or continuing education seminars for directors, to further support their qualification for directorship.

Further, the total corporate organization received copies of the Manual on Corporate Governance (Manual) duly approved by the Board of Directors.

The members of the Board, substantial shareholders, and officers are obligated to disclose all material facts related to RPTs, as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the Board and/or Audit Committee Meeting where the RPT will be presented for review and approval and before the completion or execution of the RPT. There were no transactions with Directors, Officers or any principal stockholders (owning at least 10% of the outstanding shares of the Company) that are not in the ordinary course of business of the Company. No related party transactions were entered into by any Director in 2020 that required review by the Audit Committee (acting as RPT Committee) and further approval by the Board in accordance with the RPT Policy of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company. The Company observes an arm's length policy in its dealings with related parties.

Three (3) Independent Directors (namely, Mr. Cesar A. Buenaventura, Mr. Eliseo B. Santiago, and Ms. Maria Mercedes M. Corrales) sit on the Board. The Company adopts the definition of Independence in the Securities Regulation Code and the CG Code for PLCs, and considers as an independent director a person who is independent of Management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the Company.
Based on the recommendations under the CG Code for PLCs, as adopted in the Manual, the Board organized the following committees:

- Audit Committee – which has the oversight capability over the Company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The Audit Committee shall likewise review all material related party transactions and would thus exercise the functions of a Related Party Transaction Committee.

- Corporate Governance Committee – which shall be tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to the Nomination Committee and the Compensation and Remuneration Committee.

- Board Risk Oversight Committee – which shall have the oversight function over the Company's Enterprise Risk Management system, enabling the Board and Management to be in confident position to make well-performed decisions, having taken into consideration risks to significant business activities, plans, and opportunities.

Below are the Committees and their corresponding members:

Audit Committee

Chairman	-	Mr. Cesar A. Buenaventura – Lead Independent Director
Members	-	Mr. Eliseo B. Santiago – Independent Director
		Ms. Helen Y. Dee – Non-Executive Director

Corporate Governance Committee

Chairman	-	Mr. Carlos G. Dominguez – Independent Director
Members	-	Mr. Cesar A. Buenaventura – Lead Independent Director
		Mr. Eliseo B. Santiago – Independent Director

Board Risk Oversight Committee

Chairman	-	Mr. Eliseo B. Santiago – Independent Director
Members	-	Mr. Cesar A. Buenaventura – Lead Independent Director
		Mr. Lorenzo V. Tan – Non-Executive Director

As part of corporate measures to ensure compliance with the principles and policies embodied in the Manual, the Board of Directors designated Atty. Louie Mark R. Limcolioc, as the Company's Compliance Officer (concurrent Assistant Corporate Secretary). Atty. Limcolioc is responsible for, among matters, determining and measuring compliance with the Manual; appearing before the Philippine SEC upon summons on matters relating to the Manual; identifying, monitoring, and controlling compliance with corporate governance matters; and recommending to the Board of Directors the review of the Manual. Atty. Limcolioc works closely with the Board of Directors, top management, and board committees to evaluate and monitor compliance with the Manual. Specifically, he determines the level of compliance and accordingly recommends the adoption of measures to improve such compliance. Likewise, the various board committees perform oversight duties and functions to ensure proper compliance with the Manual and other corporate policies. The Company also submits governance reports required by the Philippine SEC and the PSE to determine compliance with their rules and regulations, the Manual, and the Code of Corporate Governance. Pursuant to the CG Code for PLCs, the positions of the Corporate Secretary and Compliance Officer are no longer performed by the same person.

In line with the Company's aspirations for growth and development, the Company continues to work towards enhancing its adherence to the principles and best practices of good corporate governance.

Director Compensation Report

		Per Diem	**Bonus**	**Other Compensation***	**Total**
Directors	**2019**	**372,222**	**-**	**5,045,026**	**5,417,248**
	2020	**392,105**	**-**	**5,282,093**	**5,674,198**
	2021	**347,953**	**-**	**5,267,664**	**5,615,617**
	2022	**579,825**	**-**	**5,917,291**	**6,497,116**
	2023	**639,474**	**-**	**9,561,082**	**10,200,556**
	2024 est	**2,925,000**	**-**	**9,182,451**	**12,107,451**

*Other compensation pertains to the Director's share in the profit share.

BOARD ATTENDANCE

The record of attendance of the Members of the Board in the Board of Directors' Meetings, Stockholders' Meeting, Audit Committee Meetings and Board Committee Meetings for the calendar year 2023.

PERC BOARD OF DIRECTORS' ATTENDANCE FOR CALENDAR YEAR 2023

	SPECIAL	REGULAR	SPECIAL	SPECIAL	SPECIAL	SPECIAL	REGULAR	SPECIAL	REGULAR	SPECIAL	REGULAR		
BOARD OF DIRECTORS' MEETINGS	20-Feb	30-Mar	17-Apr	20-Apr	15-May	23-Jun	27-Jul	14-Aug	28-Sep	10-Nov	29-Nov	TOTAL	%
MS. HELEN Y. DEE	P	P	P	P	P	P	A	P	P	P	P	10	90.9
MS. MILAGROS V. REYES	P	P	P	P	P	P	P	P	P	P	P	11	100
MS. YVONNE S. YUCHENGCO	P	P	P	P	P	P	P	P	P	P	P	11	100
MR. CESAR A. BUENAVENTURA	P	P	P	P	P	P	P	P	P	P	P	11	100
MS. MARIA MERCEDES M. CORRALES	P	P	P	P	P	P	A	N/A	N/A	N/A	N/A	7	85
MR. CARLOS G. DOMINGUEZ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P	A	4	75
MR. ELISEO B. SANTIAGO	P	P	P	P	P	P	P	P	P	P	P	11	100
MR. LORENZO V. TAN	P	P	P	P	P	P	P	P	P	P	P	11	100

	REGULAR	SPECIAL	SPECIAL	SPECIAL	SPECIAL	REGULAR	SPECIAL	REGULAR	REGULAR		
AUDIT COMMITTEE MEETINGS	30-Mar	17-Apr	20-Apr	15-May	23-Jun	27-Jul	14-Aug	28-Sep	29-Nov	TOTAL	%
MR. CESAR A. BUENAVENTURA	P	P	P	P	P	P	P	P	P	9	100
MS. HELEN Y. DEE	P	P	P	P	P	P	P	P	P	9	100
MS. MARIA MERCEDES M. CORRALES	P	P	P	P	P	A	N/A	N/A	N/A	6	83.33
MR. ELISEO B. SANTIAGO	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P	3	100

ANNUAL STOCKHOLDERS' MEETING	27-Jul	TOTAL	%
MS. HELEN Y. DEE	A	0	0
MS. MILAGROS V. REYES	P	1	100
MS. YVONNE S. YUCHENGCO	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MS. MARIA MERCEDES M. CORRALES	A	0	0
MR. ELISEO B. SANTIAGO	P	1	100
MR. LORENZO V. TAN	P	1	100

ORGANIZATIONAL MEETING	27-Jul	TOTAL	%
MS. HELEN Y. DEE	A	0	0
MS. MILAGROS V. REYES	P	1	100
MS. YVONNE S. YUCHENGCO	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MR. CARLOS P. DOMINGUEZ	P	1	100
MR. ELISEO B. SANTIAGO	P	1	100
MR. LORENZO V. TAN	P	1	100

CORPORATE GOVERNANCE COMMITTEE MEETING	15-Jun	TOTAL	%
MS. HELEN Y. DEE	P	1	100
MR. CESAR A. BUENAVENTURA	P	1	100
MS. MARIA MERCEDES M. CORRALES	P	1	100

*Mr. Carlos G. Dominguez was elected as an Independent Director during the Annual Stockholders' Meeting held on July 27, 2023.

ANNEX "A"

PETROENERGY RESOURCES CORPORATION

Procedures and Requirements for Voting and Participation in the 2024 Annual Stockholders' Meeting

PetroEnergy Resources Corporation (the "Company") will dispense with the physical attendance of its stockholders for the 2024 Annual Stockholders' Meeting (ASM). Instead, the Company will conduct the 2024 ASM scheduled on July 27, 2024 at 4:00 p.m. by remote communication and will conduct electronic voting in absentia.

Only stockholders of record as of May 27, 2024 are entitled to participate and vote in the 2024 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2024 ASM:

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register **from 9:00 AM of July 10, 2024 until 5:00 PM of July 15, 2024** to signify his/her/its intention to participate in the 2024 ASM by remote communication. The registration steps and requirements are available through the following link: http://petroenergy.com.ph/investor_relations.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at corpaffairs@petroenergy.com.ph:

B.1. **For Individual Stockholders:**
(i) Scanned valid government issued identification card;
(ii) Valid email address and active contact number;

B.2. **For Stockholders with Joint Accounts:**
(i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
(ii) Valid email address and active contact number of the authorized stockholder;
(iii) Scanned copy of valid government-issued identification card of the authorized stockholder;

B.3. **For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares':**
(i) Broker's Certification on the stockholder's number of shareholdings;
(ii) Valid email address and active contact number of the stockholder;
(iii) Scanned copy of valid government-issued identification card of stockholder; and

B.4. **For Corporate Stockholders:**
(i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
(ii) Valid email address and active contact number of authorized representative; and
(iii) Valid government-issued identification card of authorized representative.

C. The documents submitted will then be verified by the Office of the Corporate Secretary with the assistance of the Stock Transfer Agent. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall be provided instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

II. ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2023 ASM through electronic voting in absentia. The deadline for registration is 5:00 PM of July 15, 2024. Beyond this date, stockholders may no longer avail of the option to electronically vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.
(2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corpaffairs@petroenergy.com.ph.
(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

C. Thereafter, the Office of the Corporate Secretary and the Transfer Agent, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies.

D. Registered stockholders shall have until 5:00 PM of July 15, 2024 to cast their votes in absentia. Stockholders will not be allowed to cast votes during the livestream of the 2024 ASM.

III. VOTING BY PROXY

A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at http:// petroenergy.com.ph/investor_relations.

B. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Download the proxy form that is available at http://petroenergy.com.ph/investor_relations. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.

C. For corporate stockholders - Download the proxy form that is available at http://petroenergy com.ph/investor_relations. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

D. General Instructions on Voting by Proxy:

(1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
(2) Send the scanned copy of the duly executed proxy form via email to corporate secretary via corpaffairs@petroenergy.com.ph or submit the original proxy form to the Office of the Corporate Secretary at 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.
(3) Deadline for the submission of proxies is at 5:00 PM of July 15, 2024.
(4) Validation of proxies will be on July 15, 2024.
(5) If a stockholder avails of the option to cast his/her vote electronically in absentia and also issues proxy votes with differing instructions, the duly accomplished ballots sent through e-mail shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

A. Only duly registered stockholders will be included in determining the existence of a quorum.
B. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at corpaffairs@petroenergy.com.ph. The deadline for submitting questions shall be at **5:00 PM of July 15, 2024.**
C. The proceedings during the 2024 ASM will be recorded. For any clarifications, please contact the Office of the Corporate Secretary via email at corpaffairs@petroenergy.com.ph.

ANNEX "B"

SAMPLE ONLY
PROXY PETROENERGY RESOURCES CORPORATION
2024 STOCKHOLDERS' MEETING

I/WE hereby name and appoint, ______________________________, or in her absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **PETROENERGY RESOURCES CORPORATION. ("PERC")** to be held on **July 18, 2024** and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of PERC, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Item No.	**Subject**	**Action**		
		For	**Against**	**Abstain**
I.	Approval of the Minutes of the Annual Meeting held on July 27, 2023			
II.	Approval of Management Report and the 2023 Audited Financial Statements contained in the 2023 Annual Report			
III.	Confirmation and Ratification of all acts, contracts and investment made and entered during the period July 27, 2023 to July 18, 2024			
IV.	Election of Directors for the year 2024-2025			
	1. Helen Y. Dee			
	2. Milagros V. Reyes			
	3. Yvonne S. Yuchengco			
	4. Carlos G. Dominguez-Independent Director			
	5. Cesar A. Buenaventura *(For Retention and Reelection as Independent Director)*			
	6. Eliseo B. Santiago *(For Retention and Reelection as Independent Director)*			
	7. Lorenzo V. Tan			
V.	Appointment of External Auditors			

I am accomplishing this Proxy Form this _____ day of ______ 2024.

PRINTED NAME OF STOCKHOLDER **AUTHORIZED SIGNATORY**

THIS PROXY SHOULD BE SUBMITTED UNTIL **5:00 PM OF JULY 15, 2024**, TO THE OFFICE OF THE CORPORATE SECRETARY AT 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City OR BY EMAIL AT corpaffairs@petroenergy.com.ph. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON. THIS PROXY DOES NOT NEED TO BE NOTARIZED.

`

ANNEX "B-1"

PETROENERGY RESOURCES CORPORATION
2024 STOCKHOLDERS' MEETING

ELECTRONIC VOTING IN ABSENTIA

A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2024 ASM through electronic voting in absentia. The deadline for registration is **5:00 PM of July 15, 2024**. Beyond this date, stockholders may no longer avail of the option to electronically vote in absentia.

B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its e-mail address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:

(1) For items other t

(2) han Election of Directors, the registered stockholder has the option to vote: In Favor of, Against, or Abstain. The vote is considered cast for all the registered stockholder's shares.

(2) For the Election of Directors, the registered stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.

(3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corpaffairs@petroenergy.com.ph.

(4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her/its vote has been recorded.

B. Thereafter, the Office of the Corporate Secretary and the Transfer Agent, shall tabulate all valid and confirmed votes cast through electronic voting, together with the votes through proxies.

D. Registered stockholders shall have until **5:00 PM of July 15 2024** to cast their votes in absentia. Stockholders will not be allowed to cast votes during the livestream of the 2024 ASM.

Item No.	Subject	Action		
		For	**Against**	**Abstain**
I.	Approval of Minutes of the Annual Meeting held on July 18 2023			
II.	Approval of Management Report and the 2023 Audited Financial Statements contained in the 2023 Annual Report			
III.	Confirmation and Ratification of all acts, contracts and investment made and entered during the period July 27, 2023 to July 18, 2024			
IV.	Election of Directors for the year 2024-2025			
	1. Helen Y. Dee			
	2. Milagros V. Reyes			
	3. Yvonne S. Yuchengco			
	4. Carlos G. Dominguez-Independent Director			
	5. Cesar A. Buenaventura *(For Retention and Reelection as Independent Director)*			
	6. Eliseo B. Santiago *(For Retention and Reelection as Independent Director)*			
	7. Lorenzo V. Tan			
V.	Appointment of External Auditors			

CERTIFICATES OF INDEPENDENT DIRECTORS
(ANNEX "C")

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR A. BUENAVENTURA,** Filipino, of legal age and a resident of #27 Kasiyahan Homes, 58 Mckinley Road, Forbes Park, Makati City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION** and been Independent Director since 1998 to present.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Buenaventura Echauz & Partners, Inc.	Chairman	2001 to present
DMCI Holdings, Inc.	Vice Chairman	1995 to present
Concepcion Industrial Corporation	Director	2013 to present
DM Consunji, Inc.	Director	1995 to present
International Container Terminal Services, Inc.	Director	2019 to present
iPeople, Inc.	Director	1991 to present
Petroenergy Resources Corp.	Director	1995 to present
Semirara Mining and Power Corp.	Director	1997 to present
The Country Club	Director	2015 to present
Manila Water Company, Inc.	Director	2021 to present
Pilipinas Shell Foundation, Inc.	Chairman	1982 to present
Bloomberry Cultural Foundation	Trustee	2015 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done this May 30, 2024 at Pasig City, Philippines.

CESAR A. BUENAVENTURA
Lead Independent Director

SUBSCRIBED AND SWORN to before me this May 30, 2024 affiant personally appeared before me and exhibited his Philippine Passport No. P9753800A issued on 29 November 2018 and valid until 28 November 2028, as competent evidence of his identity.

Doc. No.: 16;
Page No.: 5;
Book No.: V;
Series of 2024.
/mdr

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

MARIA CARMELA D. HAUTEA
Appointment Number 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. 2406870/01-08-2024/RSM
PTR No. 1550112AA/01-12-2024/Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ELISEO B. SANTIAGO,** Filipino, of legal age and a resident of #23 Spinach Street, Valle Verde 5, Pasig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION** and been Independent Director since 2013 to present.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Isla Petroleum and Gas Corporation	Member, Executive Committee	2012 to present
Citadel Pacific Ltd.	Director	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done this May 30, 2024 at Pasig City, Metro Manila, Philippines.

ELISEO B. SANTIAGO
Independent Director

SUBSCRIBED AND SWORN to before me this May 30, 2024, affiant personally appeared before me and exhibited his Tax Identification No. 106-210-036 as competent evidence of his identity.

Doc. No.: 17;
Page No.: 5;
Book No.: V;
Series of 2024.
/mdr

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

MARIA CARMELA D. HAUTEA
Appointment Number 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. 2406870/01-08-2024/RSM
PTR No. 1550112AA/01-12-2024/Pasig City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CARLOS G. DOMINGUEZ III,** Filipino, of legal age and a resident of No. 151 Sarangani St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PETROENERGY RESOURCES CORPORATION.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION	PERIOD OF SERVICE
Lafayette (Philippines) Inc.	President	2006 – 2008
RCBC Capital Corp	Independent Director	2002 – 2016
Manila Electric Corporation	Director	2001 – 2003
Phil. Associated Smelting and Refining Corp.	President	1999 – 2002
Northern Mindanao Power Corp.	Director	1994 – 2006
RCBC Capital Corporation	Chairman	1994 – 2002
United Paragon Mining	Director	1993 – 2016
Philippine Airlines	Chairman & President	1993 – 1995
Phil. Tobacco Flue Curing Redrying Corporation	President	1992 – 2016
Baesa Redevelopment Corp.	President	1992 – 2016
Retail Specialist Inc.	President	1991 – 2016
BPI Agricultural Development Bank	President	1983 – 1986
BPI	Vice President	1983 – 1986
Davao Fruits Corporation	Exec.Vice President	1975 – 1982
AMS Farming Corporation	Exec.Vice President	1971 – 1975
Rubicon Inc.	Finance Manager	1969 – 1971
First National City Bank	Management Trainee	1965 – 1967
PAST POSITION – GOVERNMENT	**POSITION**	**PERIOD OF SERVICE**
Department of Finance	Secretary	2016 – 2022
Land Bank of the Philippines	Chairman	2016 – 2022
Department of Agriculture	Secretary	1987 – 1989
Department of Environment and Natural Resources	Secretary	1986 – 1987

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PETROENERGY RESOURCES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **PETROENERGY RESOURCES CORPORATION** its subsidiaries and affiliates, other than the relationship provided under the Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR / OFFICER / SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or am affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PETROENERGY RESOURCES CORPORATION** of any changes in the abovementioned information within five (5) days from its occurrence.

Done on May 30, 2024, in Pasig City, Philippines.

CARLOS G. DOMINGUEZ III
Independent Director

SUBSCRIBED AND SWORN to before me on May 30, 2024, affiant personally appeared before me and exhibited his Philippine Passport No. Philippine Passport No. P5511151A issued on 04 January 2018 and valid until 03 January 2028, as competent evidence of his identity.

Doc. No.: 15;
Page No.: 4;
Book No.: V;
Series of 2024.
/mdr

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

MARIA CARMELA D. HAUTEA
Appointment Number 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. 2406870/01-08-2024/RSM
PTR No. 1550112AA/01-12-2024/Pasig City

CERTIFICATIONS
(attendance and participation in required trainings)
(ANNEX "D")

YUCHENGCO GROUP
OF COMPANIES

This

Certificate of Attendance

is presented to

HELEN Y. DEE

Rizal Commercial Banking Corporation

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar

Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

CESAR BUENAVENTURA

iPeople, Inc.

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar

Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP
OF COMPANIES

This

Certificate of Attendance

is presented to

MILAGROS V. REYES

PetroEnergy Resources Corporation

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar
Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP
OF COMPANIES

This

Certificate of Attendance

is presented to

ELISEO SANTIAGO

PetroEnergy Resources Corporation

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar
Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP OF COMPANIES

This

Certificate of Attendance

is presented to

YVONNE S. YUCHENGCO

Malayan Insurance Company, Inc.

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar

Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

YUCHENGCO GROUP
OF COMPANIES

This

Certificate of Attendance

is presented to

LORENZO V. TAN

House of Investments, Inc.

for attending and participating in the

2023 YGC Annual Corporate Governance Seminar

Building Trust and Ethical Leadership: Enhancing Corporate Governance for Sustainable Success

9 September 2023, 8:30 a.m. to 12:30 p.m.
Via Zoom

BRENT C. ESTRELLA
Chief Compliance Officer and Head, Regulatory Affairs Group
Rizal Commercial Banking Corporation

2023 MINUTES OF ANNUAL STOCKHOLDERS' MEETING

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF PETROENERGY RESOURCES CORPORATION

DATE	**:**	**July 27, 2023**
TIME	**:**	**4:00 p.m.**
MANNER	**:**	**Via Zoom Conference Meeting**

I. CALL TO ORDER

In the absence of the Chairman, Ms. Helen Y. Dee, the President Ms. Milagros V. Reyes (MVR) acting as Chairman, welcomed all the stockholders to the 2023 Regular Annual Stockholders' Meeting (ASM), and stated that the ASM will be conducted through online and recorded video-streaming.

She also mentioned that the procedures for the ASM were embodied in the Company's Definitive Information Statement duly approved by the Securities and Exchange Commission (SEC). She added that the Stockholders were advised to register online to accord them the opportunity to participate in the ASM; that only questions and concerns submitted online prior to the given deadline will be addressed during the ASM; and that those raised during the ASM itself will be addressed through email after the ASM and will be included in the minutes, accordingly.

The incumbent members of the Board of Directors of the Company, were thereafter introduced while their photos were shown on-screen, as follows:

Ms. Helen Y. Dee	–	Chairman
Ms. Yvonne S. Yuchengco	–	Director/Treasurer
Mr. Cesar A. Buenaventura	–	Lead Independent Director
Ms. Maria Mercedes M. Corrales	–	Independent Director
Mr. Eliseo B. Santiago	–	Independent Director
Mr. Lorenzo V. Tan	–	Director
Milagros V. Reyes	–	Director/President

II. CERTIFICATION OF SERVICE OF NOTICE

The Corporate Secretary, Atty. Samuel V. Torres, was called to submit proof of the Notice of Meeting. The Corporate Secretary certified that, pursuant to the alternative mode for distributing and providing the notice of meeting in connection with the holding of the ASM for 2023, notices of the meeting were sent to all stockholders of record as of June 15, 2023 in four (4) ways to reach as many stockholders as possible.

First, through publication of the Notice of the ASM, including the agenda, for two (2) consecutive days on July 4 and 5, 2023 in The Manila Bulletin and in the Philippine Star, both in print and online editions, as evidenced by the Affidavits of Publication executed by the respective representatives of said publishers. Second, by disclosure with the Philippine Stock Exchange. Third, by posting on the Company's website. Finally, through email for those who have successfully registered online, consistent with applicable SEC Rules and the Company's internal guidelines on participation by electronic means of communication or in absentia.

III. DETERMINATION OF QUORUM

The Corporate Secretary certified that there was a quorum for the transaction of any business that may be properly brought before the Body, that out of **568,711,842** outstanding shares entitled to vote, a total of **418,303,466** shares are present, **73,183** shares in person and **418,230,283** shares in proxy, representing **73.55%** of the total outstanding shares.

On the basis of the Corporate Secretary's certification, the Acting Chairman called the meeting to order.

IV. APPROVAL OF THE MINUTES OF THE LAST REGULAR ANNUAL STOCKHOLDERS' MEETING HELD ON JULY 28, 2022

The Acting Chairman declared that the minutes of the last Regular Annual Stockholders' Meeting held on July 28, 2022 were made available in the

Company's website. Stockholders owning 73.55% of the outstanding shares have voted in favor of the following resolution:

> *"**RESOLVED,** That the Minutes of the Regular Annual Stockholders' Meeting held on July 28, 2022 be, as it is hereby, approved."*

V. APPROVAL OF MANAGEMENT REPORT AND THE 2021 AUDITED FINANCIAL STATEMENTS

The Acting Chairman requested the Vice President, Mr. Francisco G. Delfin, Jr., to deliver the Management Report as follows:

> "Dear Fellow Stockholders:
>
> We are pleased to report that 2022 turned out to be another good year for the Company. Consolidated net income reached PhP 863 MM, a 30% increase over the previous year.
>
> This robust performance was driven both by our Renewable Energy (RE) ventures and our Gabon oil asset. Our 2.5% share in the 5.3 Million barrels of oil production yielded PhP 726 MM gross revenue for the PERC parent, owing to high crude price which averaged at ~US$ 106 per barrel in 2022.
>
> On the RE side, gross revenues exceeded PhP 2.5 Billion from generation of our five (5) plants that reached more than 400 GWh. Such generation also helped avoid more than 287,000 metric tons of Carbon emissions.
>
> 2022 also saw the Company execute 3 major strategic moves aimed at enhancing our stake and resources in renewable energy development. We accepted Kyuden International, the overseas investment arm of Kyushu Electric Power Company, as a significant minority equity partner in our PetroGreen Energy Corporation holding unit. We also forged an agreement with Copenhagen Energy for site studies and business development of offshore wind sites in the country. Finally, we bought out EEI Power's shares in the RE subsidiaries, thus increasing and making PERC direct shareholders in PetroSolar, PetroWind, and PetroGreen.

2022 saw us putting into high gear our RE expansion plans aimed at diversifying our geographic footprint with new solar projects in the Visayas, central, and northern Luzon; and venturing into new technology such as offshore wind as the vehicle to scale up the Company's portfolio in the coming years.

Parallel to our expansion is the securing of offtake contracts from different buyers so we don't get locked into a single dominant buyer. We participated in the first round of the Government's Green Energy Auction Program where we won the highest onshore wind offtake rate of PhP 5.755 per kilowatt hour for our Nabas-2 wind project. We signed a forward 4-year offtake contract with S.N. Aboitiz Power for our Dagohoy (Bohol) project which is still under development, and we also secured 20-year solar offtake contracts from the GEAP-2 auction round for our Pangasinan and Isabela solar projects.

Our commitment to uplifting the communities where we operate remains steadfast wherein several of our Corporate Social Responsibility efforts focused on health, education, and environmental protection have yielded clear and practical results.

Finally, just a quick run-through of the 2022 Audited Financial Statements, copies of which have been earlier provided to the Directors/Shareholders.

On our financial position, total assets stood at PhP 16.8 Billion while liabilities and equity were PhP 4.4 Billion and PhP 12.4 Billion, respectively. On our financial performance, we netted PhP 863 MM from sales of over PhP 2.5 Billion. The resulting net income attributable to PERC is PhP 549 Million, which is a 69% increase over 2021 figures.

Thank you."

After the Vice President's presentation, the Corporate Secretary mentioned that Stockholders owning 73.55% of the outstanding shares have voted in favor of the following resolution:

"RESOLVED, *as it is hereby resolved, that the 2022 Management Report and the 2022 Audited Financial Statements, as made available to the stockholders, be as they are hereby, noted and approved."*

VI. CONFIRMATION AND RATIFICATION OF ALL ACTS, RESOLUTIONS, CONTRACTS AND INVESTMENTS MADE AND ENTERED INTO BY THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PERIOD JULY 28, 2022 TO JULY 27, 2023

A resolution for the confirmation and ratification of all acts, resolutions, contracts and investments made and entered into by the Management and/or the Board of Directors for the period July 28, 2022 to July 27, 2023 was shown on the screen. After which, the Corporate Secretary stated that stockholders owning 73.55% of the outstanding shares have voted in favor of the resolution, to wit:

"RESOLVED, *as it is hereby resolved, that all acts, resolutions, contracts and investments made by Management and/or the Board of Directors for the period July 28, 2022 to July 27, 2023, be as they are hereby confirmed, ratified and approved."*

VII. ELECTION OF SEVEN (7) MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2023-2024

The Acting Chairman then tackled the next item in the Agenda. She asked the Corporate Secretary if he has the list of nominees to the Board of Directors. The Corporate Secretary replied that as of June 15, 2023, the deadline for nominations, seven (7) nominees were screened and short-listed by the Corporate Governance Committee for election as members of the Board of Directors, namely:

1. HELEN Y. DEE – Director
2. MILAGROS V. REYES – Director
3. YVONNE S. YUCHENGCO – Director
4. CESAR A. BUENAVENTURA – Independent Director
5. ELISEO B. SANTIAGO – Independent Director
6. CARLOS G. DOMINGUEZ – Independent Director
7. LORENZO V. TAN – Director

The Corporate Secretary underscored that among these nominees, Independent Directors, Mr. Cesar A. Buenaventura and Mr. Eliseo B. Santiago, exceeded the nine (9) year term limit as Independent Directors. Mr. Buenaventura and Mr. Santiago were, however, nominated for retention and re-election as Independent Directors. He then explained that under the Company's Manual on Corporate Governance and as warranted by SEC Memorandum Circular No. 19, Series of 2016, Independent Directors may be retained and reelected upon meritorious justification/s and Stockholders' approval. The justifications for said retention and reelection have been provided to the Stockholders in advance through the Information Statement.

The Corporate Secretary stated that all the shares represented in the meeting or **418,303,466** shares (73.55%) of the outstanding shares, have voted in favor of the election of all the seven (7) nominees, including the extension and retention of Mr. Buenaventura and Mr. Santiago as Independent Directors.

The Acting Chairman then proclaimed the above-named nominees as elected members of the Board of Directors of the Corporation for the year 2023-2024.

VIII. APPOINTMENT OF THE COMPANY'S EXTERNAL AUDITORS

The Acting Chairman mentioned that the Audit Committee recommended the re-appointment of the firm SyCip Gorres Velayo & Company (SGV) as the Company's external auditor for the year ending December 31, 2023.

The Corporate Secretary stated that Stockholders owning 73.55% of the outstanding shares have voted in favor of the resolution reappointing SGV as external auditor for the year ending December 31, 2023, to wit:

> *"**RESOLVED**, That the auditing firm SyCip Gorres Velayo & Company be, as it is hereby, reappointed as External Auditor of the Company for the calendar year ending December 31, 2023."*

IX. ADJOURNMENT

Since no other business was brought to the table and that no other questions have been received from the stockholders within the stated deadline nor during the meeting, the meeting was adjourned upon motion duly made and seconded.

ATTY. SAMUEL V. TORRES
Corporate Secretary

ATTEST:

MILAGROS V. REYES
Acting Chairman

PETROENERGY RESOURCES CORPORATION
2023 Annual Stockholders' Meeting
List of Attendees

PRESENT:

Ms. Milagros V. Reyes	– Director/President Pasig City
Ms. Yvonne S. Yuchengco	– Director/Treasurer Makati City
Mr. Cesar A. Buenaventura	– Lead Independent Director Makati City
Mr. Eliseo B. Santiago	– Independent Director Portland, Oregon
Mr. Lorenzo V. Tan	– Director Makati City

OFFICERS:

Atty. Samuel V. Torres	–	Corporate Secretary Corporate Information Officer
Atty. Louie Mark R. Limcolioc	–	Asst. Corporate Secretary Compliance Officer Alternate Information Officer AVP for Corporate and Legal Affairs (PetroEnergy Resources Corporation)
Mr. Francisco G. Delfin, Jr.	–	Vice President (PetroEnergy Resources Corporation)
Ms. Maria Victoria M. Olivar	–	AVP for Operations Chief Risk Officer (PetroEnergy Resources Corporation)
Mr. Paul Elmer C. Morala	–	VP for Technical Operations (PetroGreen Energy Corporation)
Ms. Maria Cecilia L. Diaz De Rivera	–	Chief Financial Officer (PetroEnergy Resources Corporation)
Ms. Vanessa G. Peralta	–	Data Privacy Officer (PetroEnergy Resources Corporation)
Ms. Arlene V. Villanueva	–	Head, HR and Admin (PetroEnergy Resources Corporation)

STOCKHOLDERS/OTHERS:

Mr. Carlos G. Dominguez	
Carlota R. Viray	Consultant
Jerry T. Chua	Stockholder
Maria Carmela Hautea	PGEC
Shirley Belarmino	Stock Transfer
Irene S. Samaniego	PERC
Helen D. Agtarap	PERC
Lordes May L. Duenas	PERC
Zennia Lazaro	PGEC
Luzviminda B. Ledda	PGEC
Jim Codia	PGEC
Ryan Erick Quindoza PGEC	PGEC
Dave P. Gadiano	PGEC
Miguel San Buenaventura	PGEC
Anna Lea C. Bergado	SGV & Co.
Leah Grace Ignacio	SGV & Co.
Jun Torres	SGV & Co.
Cristy I. Cezar	SGV & Co.
Edward Joseph Maglinte	
Maria Elisa De Lara	House of Investments, Inc.
Alexander Anthony Galang	House of Investments, Inc.
Trixie Nepomuceno	RCBC Stock Transfer

MODERATORS:

Ms. Vanessa G. Peralta
Ms. Janet Millicent P. Oriel
Ms. Maritess D. Reyes

NOTE: Bulk of the shares represented are those of YGC. The remainder are those of the Company's Directors and officers and other unaffiliated persons.

- END OF LIST -

2023 AUDITED FINANCIAL STATEMENTS

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 15, 2024

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

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, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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	Arlan P. Profeta Senior Vice President for Corporate Services

SUBSCRIBED AND SWORN to me before this APR 1 5 2024 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
Arlan P. Profeta	164-519-235

Doc. No. 512;
Page No. 104;
Book No. IV;
Series of 2024.

ATTY. LOUIE MARK R. LIMCOLIOC
Appointment No. 357 (2023-2024)
Notary Public for Pasig and Pateros
Until 31 December 2024
7F JMT Bldg. Ortigas Center Pasig City
Roll No. 63341
PTR No. 155011AA / 01-12-2024 / Pasig City
IBP No. 409791 / 01-08-2024 / RSM
MCLE Compliance No. VII-0030498

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

AS094-08880

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	7/27	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.*

SGV
Building a better working world

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, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For 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 and recoverability of Wells, Platforms and Other Facilities and Related Assets

The estimation 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 investments. These investments comprise wells, platforms and other facilities under Property, plant and equipment amounting to ₱605.04 million, deferred oil exploration costs amounting to ₱321.32 million, and production license presented under Intangible assets amounting to ₱21.96 million as of December 31, 2023. 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 recoverability of the investments is affected also by fluctuating crude oil prices, among others, and that are tested for impairment when there are indications that the carrying values of these investments may exceed their recoverable amounts. The assessment of the recoverable amount of these investments 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 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.

We involved our internal specialist in evaluating the methodologies and the assumptions used in the impairment testing of these investments. 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 investments.

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, wind power plant in Aklan, and interest in oil fields in Gabon totaling to ₱167.53 million as of December 31, 2023. 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, geothermal and wind 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 20 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 reports 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, wind 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, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

- 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-063-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079908, January 5, 2024, Makati City

April 15, 2024

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023 (Note 13)	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱2,334,304,367**	₱1,677,231,584
Short-term investments (Note 6)	**1,975,286,425**	946,044,355
Restricted cash (Note 7)	**293,744,077**	2,063,387,986
Receivables (Note 8)	**730,521,441**	452,192,649
Financial assets at fair value through profit or loss (Note 9)	**6,958,720**	7,540,090
Crude oil inventory (Note 24)	**13,676,052**	14,437,192
Current portion of contract assets (Note 35)	**127,134,899**	21,949,016
Other current assets (Note 10)	**232,238,237**	165,279,803
Total Current Assets	**5,713,864,218**	5,348,062,675
Noncurrent Assets		
Property, plant and equipment (Notes 5 and 11)	**12,208,332,826**	8,196,897,057
Deferred oil exploration costs (Notes 5 and 12)	**386,796,965**	311,883,011
Contract assets (Note 35)	**609,572,499**	274,409,474
Investments in joint venture (Note 13)	**2,882,000**	1,877,522,983
Right-of-use assets (Note 14)	**322,894,463**	342,614,655
Deferred tax assets - net (Note 22)	**18,349,138**	10,927,929
Investment properties (Note 15)	**1,611,533**	1,611,533
Intangible assets (Note 16)	**1,172,413,367**	140,262,493
Other noncurrent assets (Notes 17 and 20)	**1,445,572,602**	315,620,289
Total Noncurrent Assets	**16,168,425,393**	11,471,749,424
TOTAL ASSETS	**₱21,882,289,611**	₱16,819,812,099
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 18)	**₱798,052,764**	₱551,463,206
Current portion of loans payable (Note 19)	**3,699,707,830**	947,144,643
Current portion of lease liabilities (Note 14)	**54,756,559**	22,734,502
Income tax payable (Note 22)	**14,329,114**	5,995,154
Total Current Liabilities	**4,566,846,267**	1,527,337,505
Noncurrent Liabilities		
Loans payable - net of current portion (Note 19)	**4,178,456,690**	2,530,784,409
Lease liabilities - net of current portion (Note 14)	**269,881,742**	306,059,838
Asset retirement obligations (Note 20)	**167,532,915**	66,230,330
Accrued retirement liabilities (Note 20)	**30,603,592**	12,077,639
Total Noncurrent Liabilities	**4,646,474,939**	2,915,152,216
Total Liabilities	**9,213,321,206**	4,442,489,721

	December 31	
	2023 (Note 13)	2022
Equity		
Attributable to equity holders of the Parent Company		
Capital stock (Note 21)	**₱568,711,842**	₱568,711,842
Additional paid-in capital (Note 21)	**2,156,679,049**	2,156,679,049
Retained earnings (Note 21)	**3,669,829,291**	3,182,613,298
Remeasurements of net accrued retirement liability - net of tax (Note 20)	**(12,472,150)**	4,104,237
Share in other comprehensive income of a Joint Venture (Note 13)	**–**	(78,815)
Cumulative translation adjustment (Note 21)	**114,499,681**	114,499,681
Equity reserve (Note 21)	**1,334,950,575**	736,716,986
	7,832,198,288	6,763,246,278
Non-controlling interests (Note 31)	**4,836,770,117**	3,963,021,100
Deposit for stock subscription (Notes 21 and 31)	**–**	1,651,055,000
Total Equity	**12,668,968,405**	12,377,322,378
TOTAL LIABILITIES AND EQUITY	**₱21,882,289,611**	₱16,819,812,099

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023 (Note 13)	2022	2021
REVENUES			
Electricity sales (Notes 4 and 35)	**₱2,326,772,267**	₱1,695,931,748	₱1,899,726,215
Oil revenues (Note 35)	**623,038,856**	726,054,534	461,246,131
Other revenues (Note 35)	**62,662,074**	129,112,773	61,981,804
	3,012,473,197	2,551,099,055	2,422,954,150
COST OF SALES			
Cost of electricity sales (Note 23)	**1,059,755,456**	752,403,321	760,968,319
Oil production (Note 24)	**315,347,519**	355,336,217	236,284,770
Depletion (Note 11)	**101,223,727**	85,286,880	76,513,364
Change in crude oil inventory (Note 24)	**761,140**	(1,820,516)	22,473,648
Cost of other revenues (Note 23)	**60,776,865**	127,388,501	61,357,825
	1,537,864,707	1,318,594,403	1,157,597,926
GROSS INCOME	**1,474,608,490**	1,232,504,652	1,265,356,224
GENERAL AND ADMINISTRATIVE EXPENSES (Note 25)	**266,767,569**	221,232,231	180,825,547
OTHER INCOME (CHARGES) – Net			
Interest income (Notes 6, 7, 8, and 35)	**225,839,685**	51,154,475	12,913,159
Share in net income of a joint venture (Note 13)	**50,738,697**	81,512,921	100,127,158
Net foreign exchange gains (losses)	**(3,103,808)**	12,377,485	5,086,734
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**(530,445)**	(47,138)	55,641
Accretion expense (Note 20)	**(6,944,814)**	(3,622,334)	(3,478,294)
Reversal of (provision for) impairment loss (Notes 5, 11 and 12)	**(77,167,996)**	11,299,369	(164,323,294)
Interest expense (Notes 14 and 19)	**(408,735,771)**	(292,324,806)	(333,375,545)
Loss on remeasurement of previously held interest (Note 13)	**(45,894,709)**	-	-
Miscellaneous income - net (Note 26)	**61,037,000**	30,047,518	18,416,546
	(204,762,161)	(109,602,510)	(364,577,895)
INCOME BEFORE INCOME TAX	**1,003,078,760**	901,669,911	719,952,782
PROVISION FOR INCOME TAX (Note 22)	**(58,898,292)**	(38,592,892)	(54,480,634)
NET INCOME	**944,180,468**	863,077,019	665,472,148
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 (Note 20)	**(18,868,006)**	9,668,661	11,191,652
Share in other comprehensive income (loss) of a joint venture (Note 13)	**78,815**	761,152	(393,255)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(18,789,191)**	10,429,813	10,798,397
TOTAL COMPREHENSIVE INCOME	**₱925,391,277**	₱873,506,832	₱676,270,545

(Forward)

	Years Ended December 31		
	2023 (Note 13)	2022	2021
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱515,651,585**	₱548,523,238	₱325,461,592
Non-controlling interests (Note 31)	**428,528,883**	314,553,781	340,010,556
	₱944,180,468	₱863,077,019	₱665,472,148
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱499,154,013**	₱557,736,949	₱329,461,712
Non-controlling interests (Note 31)	**426,237,264**	315,769,883	346,808,833
	₱925,391,277	₱873,506,832	₱676,270,545
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY - BASIC AND DILUTED (Note 30)	**₱0.9067**	₱0.9645	₱0.5723

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 21)	**Additional Paid-in Capital** (Note 21)	**Retained Earnings** (Note 21)	**Remeasurement of Net Accrued Retirement Liability**	**Share in OCI of a Joint Venture** (Note 13)	**Cumulative Translation Adjustment** (Note 21)	**Equity Reserve** (Note 21)	**Total**	**Non-controlling Interests** (Note 31)	**Deposit for Stock Subscription** (Notes 21 and 31)	**Total**
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 (loss) 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	–	–	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	–	–	–	–	548,523,238	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 (loss)	–	–	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**
Net income	–	–	515,651,585	–	–	–	–	515,651,585	428,528,883	–	944,180,468
Remeasurement gain on net accrued retirement liability	–	–	–	(16,576,387)	–	–	–	(16,576,387)	(2,291,619)	–	(18,868,006)
Share in OCI of a joint venture	–	–	–	–	78,815	–	–	78,815	–	–	78,815
Total comprehensive income	–	–	515,651,585	(16,576,387)	78,815	–	–	499,154,013	426,237,264	–	925,391,277
Cash dividends	–	–	(28,435,592)	–	–	–	–	(28,435,592)	(25,000,000)	–	(53,435,592)
Application of deposit for stock subscription (Note 21)	–	–	–	–	–	–	–	–	1,634,762,579	(1,651,055,000)	(16,292,421)
Change in ownership without loss of control (Note 21)	–	–	–	–	–	–	598,233,589	598,233,589	(598,233,589)	–	–
Acquisition of non-controlling interests (Notes 21 and 31)	–	–	–	–	–	–	–	–	(1,965,153,794)	–	(1,965,153,794)
Acquisition of NCI from business combination (Note 13)	–	–	–	–	–	–	–	–	1,196,723,942	–	1,196,723,942
Increase in non-controlling interests - stock issuances (Note 31)	–	–	–	–	–	–	–	–	204,412,615	–	204,412,615
BALANCES AT DECEMBER 31, 2023	**₱568,711,842**	**₱2,156,679,049**	**₱3,669,829,291**	**(₱12,472,150)**	**₱–**	**₱114,499,681**	**₱1,334,950,575**	**₱7,832,198,288**	**₱4,836,770,117**	**₱–**	**₱12,668,968,405**

See accompanying Notes to Consolidated Financial Statements

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023 (Note 13)	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,003,078,760**	₱901,669,911	₱719,952,782
Adjustments for:			
Depletion, depreciation and amortization (Notes 11, 14 and 16)	**730,880,693**	551,078,397	520,848,217
Interest expense (Notes 14 and 19)	**408,735,771**	292,324,806	333,375,545
Provision for (reversal of) impairment loss (Notes 5, 11 and 12)	**77,167,996**	(11,299,369)	164,323,294
Loss on remeasurement of previously held interest (Note 13)	**45,894,709**	–	–
Share in net income of a joint venture (Note 13)	**(50,738,697)**	(81,512,921)	(100,127,158)
Interest income (Notes 6, 7, 8 and 35)	**(225,839,685)**	(51,154,475)	(12,913,159)
Movement in accrued retirement liability (asset)	**(2,129,878)**	(4,343,624)	9,494,154
Provision for probable losses (Notes 17 and 25)	**12,011,345**	6,105,757	5,004,048
Change in estimate of ARO	**–**	(1,232,259)	(4,354,636)
Accretion expense (Note 20)	**6,944,814**	3,622,334	3,478,294
Net gain on sale of equipment and investment (Note 26)	**(1,671,563)**	(337,611)	(530,125)
Net unrealized foreign exchange loss (gain)	**3,103,807**	(2,663,406)	(291,553)
Fair value changes on financial assets at fair value through profit or loss (Note 9)	**530,445**	47,138	(55,641)
Dividend income (Note 9)	**(26,969)**	(79,047)	(38,134)
Operating income before working capital changes	**2,007,941,548**	1,602,225,631	1,638,165,928
Decrease (increase) in:			
Receivables	**(154,034,306)**	(37,465,978)	(116,826,655)
Contract assets (Note 35)	**(60,510,461)**	(74,120,369)	(89,550,940)
Other current assets	**69,546,872**	(749,567,023)	(44,294,863)
Increase in accounts payable and other liabilities	**157,724,533**	153,102,244	39,323,783
Cash generated from operations	**2,020,668,186**	894,174,505	1,426,817,253
Interest received	**152,770,663**	28,340,045	12,506,262
Income taxes paid, including movement in creditable withholding taxes	**(78,878,062)**	(51,390,749)	(47,760,500)
Net cash provided by operating activities	**2,094,560,787**	871,123,801	1,391,563,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment (Note 11)	**(1,843,551,556)**	(659,351,144)	(203,768,133)
Deferred oil exploration costs (Note 12)	**(75,217,430)**	(208,597,575)	(59,035,023)
Deferred development costs (Note 17)	**(427,579,398)**	(74,301,563)	(15,482,026)
Acquisitions of intangibles (Note 17)	**(3,899,131)**	(8,704,649)	(1,416,833)
Advances to contractors (Note 17)	**(33,521,873)**	(45,777,526)	–
Acquisition through business combination – net of cash acquired (Note 13)	**(210,446,391)**	–	–
Dividends received (Notes 9 and 13)	**26,969**	79,047	38,134
Proceeds from sale of property, plant and equipment	**82,013**	1,110,936	1,088,425
Decrease in short-term investments	**740,401,839**	–	–
Decrease (increase) in other noncurrent assets	**(46,426,555)**	(61,405,058)	73,585,322
Net cash used in investing activities	**(1,900,131,513)**	(1,056,947,532)	(204,990,134)

(Forward)

	Years Ended December 31		
	2023 (Note 13)	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of debt - net of deferred financing costs (Notes 19 and 32)	**₱3,946,036,089**	₱561,000,000	₱268,500,000
Subscription of capital stock – NCI (Note 31)	**204,412,637**	1,693,681,477	–
Payments of:			
Acquisition of NCI (Notes 21 and 31)	**(1,965,153,794)**	–	–
Loans (Notes 19 and 32)	**(1,272,135,055)**	(1,155,920,789)	(954,174,350)
Interest (Notes 14, 19 and 32)	**(337,024,238)**	(291,405,251)	(287,786,290)
Dividends to NCI (Notes 31 and 32)	**(25,000,000)**	(122,800,000)	(201,673,600)
Lease liabilities (Notes 14 and 32)	**(38,214,856)**	(37,490,050)	(37,300,137)
Payment of equity issuance cost (Note 21)	**(16,292,421)**	–	–
Dividends by the Parent Company (Notes 21 and 32)	**(28,435,592)**	(28,435,593)	–
Net cash generated (used) in financing activities	**468,192,770**	618,629,794	(1,212,434,377)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(5,549,261)**	2,663,420	291,553
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**657,072,783**	435,469,483	(25,569,943)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,677,231,584**	1,241,762,101	1,267,332,044
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,334,304,367**	₱1,677,231,584	₱1,241,762,101

See accompanying Notes to Consolidated Financial Statements.

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
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 75%-owned subsidiary (77%-owned in 2022), 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 or PSC", 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 or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

In 2023, PetroEnergy made direct acquisition of shares in PetroGreen, PetroWind and PetroSolar. In 2023 also, PGEC incorporated new RE entities which are disclosed in detail in Note 1c. The subsidiaries of PetroEnergy and the respective percentages of ownership are disclosed in Note 4.

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 including, (a) geothermal, (b) solar, and (c) wind.

Upstream Oil Exploration and Development
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.

Renewable Energy
Geothermal Energy
MGI's 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
PetroSolar's 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.

Wind Energy
PetroWind's wind power projects are the NWPP located in Nabas, Aklan. The 36 MW Phase 1of the project (NWPP-1) commenced commercial operations on June 10, 2015. Whereas, an expansion project, the 13.2 MW Wind Power Project (NWPP-2), is underway. At least three turbines are targeted to commence operations by April 2024.

c. Acquisition of Shares of Stock
On April 24, 2023, PERC and EEI Power Corporation (EEIPC) entered into a Share Purchase Agreement (SPA), wherein PERC agreed to purchase all of EEIPC's equity interests in PGEC (7.5%), PetroSolar (44%), and PWEI (20%) on different payment schedules. PERC executed the respective Deeds of Absolute Sale and fully paid EEIPC the purchase price for the latter's shares in PWEI, PSC and PGEC on May 10, 2023, August 1, 2023, and August 31, 2023, respectively.

This acquisition resulted in changes in the classification of investment in PWEI as well as Group's interest and non-controlling interests (NCI) in the three entities mentioned (see Notes 4, 5, 13, 21 and 31).

d. Pipeline RE Projects
On March 5, 2021, PetroGreen and Copenhagen Energy A/S, a Danish company and affiliate of CE Pacific ApS (CE), executed the Heads of Terms as basis for the potential collaboration on the development of offshore wind (OSW) power projects in the Philippines and creation of SPVs that will develop the projects. Pursuant to the Heads of Terms, PGEC and CE entered into Joint Venture Agreements (JVAs) that will govern the obligations of the parties in the development of the Northern Luzon, Northern Mindoro and East Panay OSW projects, and incorporated three special purpose vehicles (SPVs) in November 2022 namely: BuhaWind Energy Northern Luzon Corporation (BuhaWind NL), BuhaWind Energy Northern Mindoro Corporation (BuhaWind NM) and BuhaWind Energy East Panay Corporation (BuhaWind EP) [collectively called BuhaWind Energy]. PGEC owns 40% and 60% equity interest in each of the OSW SPVs as of December 31, 2023 and 2022, respectively. The DOE approved the assignment of PGEC's DOE wind service contracts to Buhawind EP, Buhawind Energy NM and Buhawind NL on December 27, 2023, December 29, 2023 and February 21, 2024, respectively.

On August 31, 2023, the Securities and Exchange Commission (SEC) approved the incorporation of Rizal Green Energy Corporation (RGEC), PGEC's 100%-owned subsidiary that shall hold shares in the RE companies that will develop the solar power projects in Bohol, Pangasinan, Isabela and Nueva Ecija.

On September 13, 2023, RGEC incorporated Dagohoy Green Energy Corporation (DGEC), the RE entity that will own, develop, and operate the Dagohoy Solar Power Project in Bohol. On February 28, 2024, the DOE approved the assignment of PGEC's DOE operating contract to DGEC.

On October 14, 2023, RGEC incorporated San Jose Green Energy Corporation (SJGEC), the RE entity that will own, develop and operate the San Jose Solar Power Project in Nueva Ecija. On July 19, 2023, the DOE approved the assignment of V-Mars Solar Energy Corporation's DOE service contract to PGEC, allowing PGEC to develop the San Jose Solar Power Project in Nueva Ecija. On February 23, 2024, PGEC submitted the application for assignment of the DOE service contract to SJGEC.

On October 14, 2023, RGEC incorporated Bugallon Green Energy Corporation (BGEC), the RE entity that will own, develop, and operate the Bugallon Solar Power Project in Pangasinan. As of December 31, 2023, the transfer of the PGEC's DOE service contract to BGEC is still being processed by the DOE.

On August 16, 2023, PGEC acquired 100% of BKS Green Energy Corp.'s (BKS) shares of stock, a Filipino corporation that holds the service contract over the Limbauan Solar Power Project in Isabela.

e. Approval of Consolidated Financial Statements
The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 15, 2024.

2. Basis of Preparation

Basis of Preparation
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.

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

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, 2023. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2023

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, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2023 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 Material Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023. The financial statements of the 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:

	2023	2022	2021
Direct interest:			
PetroGreen*	**75%**	76.92%	90%
PetroSolar**	**44%**	–	–
PetroWind***	**20%**	–	–
Navy Road Development Corporation (NRDC) – dormant company	**100%**	100%	100%
Indirect interest:			
Percentage share of PetroGreen in its subsidiaries:			
MGI	**65%**	65%	65%
PetroSolar	**56%**	56%	56%
PetroWind***	**40%**	–	–
BKS****	**100%**	–	–
RGEC*****	**100%**	–	–
Subsidiaries of RGEC:*****			
DGEC	**100%**	–	–
SJGEC	**100%**	–	–
BGEC	**100%**	–	–

**Change in % of ownership is the result of PERC's acquisition of PetroGreen's shares from EEIPC and new shares issued to Kyuden (Notes 1, 21 and 31)*
***Arises from PERC's acquisition of PetroSolar's shares from EEIPC (Notes 1, 21 and 31)*
**** Arises from PERC's acquisition of PetroWind's shares from EEIPC which resulted in consolidation of PetroWind; effective interest of the Group is 50% thereafter (Notes 1 and 13)*
*****Acquired subsidiary in 2023 (Note 1)*
******Newly incorporated subsidiaries in 2023 (Note 1)*

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.

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 under 'Non-controlling interests'.

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.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is 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.

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.

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 deposits, 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 to 5
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.

<u>Borrowing Costs</u>
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.

<u>Business Combination and Goodwill</u>
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity

interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets or liabilities or the consideration of the combination can be determined only provisionally, the acquirer shall account for the business combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months from the acquisition date as follows: (i) the carrying amount of the identifiable assets or liabilities that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets or, liabilities being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

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 and Wind Power Projects included in Other Noncurrent Assets

These are costs incurred in the development of the RE projects. 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 RE projects
- costs of administration, finance, general and security services and other costs attributed to the RE projects.

Deferred development costs of RE projects are 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.

Contract Assets
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.

Intangible Assets (Other than Goodwill)
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
Customer relationship	27
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.

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 (excluding Goodwill)
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.

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.

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 29 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.

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, 2023 and 2022, the carrying value of deferred oil explorations costs amounted to ₱386.80 million and ₱311.88 million, respectively (see Note 12), and the Group's deferred development costs amounted to ₱342.23 and ₱74.12 million as of December 31, 2023 and 2022, respectively (see Note 17).

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 in 2022 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, 2023 and 2022, the Group's investment in a joint venture amounted to ₱2.88 million and ₱1.88 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).

Change in classification of investment in PetroWind
Prior to May 2023, PetroGreen's 40% equity interest in PetroWind is accounted as investment in joint venture. The other 60% equity interest are owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

In May 2023, PERC acquired EEIPC's 20% equity interest in PWEI (Note 1c), bringing the combined ownership of the Group in PWEI to 60% (effective interest of 50% for the Group thereafter). Considering all relevant facts and circumstances in evaluating control over PWEI, the Group assessed that, through PGEC, it already controls the relevant activities of PWEI. Consequently, PWEI was consolidated starting May 2023 (see Note 13).

The Group considered the voting rights and the following factors, to be sufficient to give the Group, through PGEC, control over the relevant activities of PWEI:
- PWEI's key management personnel are related parties of the Group.
- Majority of the members of PWEI's governing body, including the BOD, are related parties of the Group.

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.

Purchase price allocation in business combination and goodwill
The Group's consolidated financial statements and financial performance reflect the value of PWEI after the business combination. The Group accounts for the acquired business using the acquisition method, which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities at the acquisition date. Any excess in the purchase price over the fair market values of the net assets acquired is recorded as goodwill in the consolidated statement of financial position. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance. The provisional fair values of the net assets acquired are disclosed in Note 13. The business combination resulted in provisional goodwill amounting to ₱741.45 million (see Notes 13 and 16).

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.

In 2022, the Group conducted an internal assessment on its Reserves Estimates, which incorporated the results of the 2018 Magnetotellurics (MT) Resistivity Survey by Premier Geo-Exel, Inc (PGEI) indicating a resource in the North/Northeast of the existing field. By 2023, the Group engaged third-party service providers, Geothermal Resource Group (GRG) and WestJEC, to validate the results of MGI's 2022 Reserves Estimates. Based on the results, Maibarara has an estimated minimum or proven reserve ranging from 44 to 78 MW at P90 for 25 years of plant life and Most Likely Reserve of 75 to 114 MW at P50 for 25 years of plant life.

The Group commenced producing power commercially on February 8, 2014. As of December 31, 2023 and 2022, operational production wells within the field are capable of producing approximately 46 MW and 41.4 MW, respectively, at full-bore capacity. These production wells including the complement reinjection wells are concentrated on the proven resource area.

As of December 31, 2023 and 2022, 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, 2023 and 2022, the carrying value of “Wells, Platforms and other Facilities” under “Property, Plant and Equipment” amounted to ₱605.04 million and ₱763.83 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, 2023, and 2022 (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:

	2023	2022
Property, plant and equipment (Note 11)	**₱12,208,332,826**	₱8,196,897,057
Right-of-use assets (Note 14)	**322,894,463**	342,614,655
Deferred oil exploration costs (Note 12)	**386,796,965**	311,883,011
Intangible assets (Note 16)	**1,172,413,367**	140,262,493
Deferred development costs (Note 17)	**560,886,192**	74,115,084
Investment properties (Note 15)	**1,611,533**	1,611,533
	₱14,652,935,346	₱9,067,383,833

There are no indicators of impairment that would trigger impairment review in 2023 and 2022 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 12th 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 14.39% in 2023, 14.64% in 2022, and 10.00% in 2021.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31 presented on a net basis:

	2023	2022	2021
Wells, platforms and other facilities – net (Note 11)	**₱76,864,520**	(₱11,893,541)	₱22,489,016
Deferred oil exploration costs – net (Note 12)	**303,476**	594,172	141,834,278
	₱77,167,996	(₱11,299,369)	₱164,323,294

The assets subjected for impairment comprise of wells, platforms and other facilities under Property, plant and equipment amounting to ₱605.04 million and ₱763.83 million, deferred oil exploration costs amounting to ₱321.32 million and ₱311.88 million, and production license presented under Intangible assets amounting to ₱21.96 million and ₱26.85 million as of December 31, 2023 and 2022, respectively (see Notes 11, 12 and 16).

Estimation of Asset Retirement Obligations
The Group has various legal obligation to decommission or dismantle its assets related to the oil production, geothermal energy, solar power and wind power projects 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 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 6.01% to 7.32% in 2023 and 7.13% to 7.16% in 2022 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 20).

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 20):

	2023	2022
Oil production	**₱48,056,253**	₱41,728,602
Wind power project	**46,671,960**	–
Solar power project	**60,429,322**	16,992,650
Geothermal energy project	**12,375,380**	7,509,078
	₱167,532,915	₱66,230,330

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. The carrying value of input VAT amounted to ₱430.09 and ₱138.32 million as of December 31, 2023 and 2022, respectively (see Note 17).

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, 2023 and 2022, 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 22).

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 accrued retirement liabilities (asset) of the Group is disclosed in Note 20.

6. Cash and Cash Equivalents and Short-term Investments

	2023	2022
Cash on hand and in banks	**₱771,239,068**	₱434,700,436
Cash equivalents	**1,563,065,299**	1,242,531,148
Cash and Cash Equivalents	**₱2,334,304,367**	₱1,677,231,584
Short-term investments	**₱1,975,286,425**	₱946,044,355

Short-term investments have maturities of more than three (3) months to one (1) year and earn annual interest at rates that ranged from 5.875% to 6.30% in 2023, and 5.25% to 5.75% in 2022.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱200.85 million, ₱36.29 million and ₱12.91 million in 2023, 2022 and 2021, respectively.

7. **Restricted Cash**

	2023	2022
Debt service payment and reserve accounts	**₱293,744,077**	₱413,219,105
Cash held under escrow for stock subscription	–	1,629,242,070
Share in Etame escrow fund – current portion	–	20,926,811
	₱293,744,077	₱2,063,387,986

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, PetroSolar and PetroWind, respectively (see Note 19). 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.

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 31). Interest income earned on restricted cash amounts to ₱0.84 million in 2023 and ₱7.6 million in 2022.

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.

8. **Receivables**

	2023	2022
Trade receivables:		
Electricity sales (Note 27)	**₱438,732,703**	₱301,053,996
Oil revenues	**57,339,972**	37,868,318
Other trade receivables (Note 27)	**3,464,223**	60,180,225
Non-trade receivables:		
Interest receivable	**86,809,859**	23,487,735
Bid bond deposits	**47,000,000**	–
Receivables from related party (Note 27)	**36,664,312**	6,232,978
Consortium operator	**2,682,452**	2,682,452
Receivable from contractors	**37,010,692**	15,245,231
Others	**23,499,680**	8,124,166
	733,203,893	454,875,101
Less allowance for impairment losses	**2,682,452**	2,682,452
	₱730,521,441	₱452,192,649

Accounts receivables are generally on 30 days credit term. Interest income earned from the delayed payment of FiT differential and other receivable amounted to ₱12.65 million, ₱0.45 million and ₱0.22 million in 2023, 2022 and 2021, respectively.

Bid bond deposits pertains to Green Energy Auction Program (GEAP) bid bond paid to Department of Energy (DOE) for solar power projects. The said bond shall be refunded to the Group in 2024 after furnishing the performance bond.

9. Financial Assets at Fair Value Through Profit or Loss

	2023	2022
Marketable equity securities	**₱6,188,720**	₱6,770,090
Investment in golf club shares	**770,000**	770,000
	₱6,958,720	₱7,540,090

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit loss amounted to (₱0.53 million), (₱0.05 million), and ₱0.06 million in 2023, 2022 and 2021, respectively. Dividend income received from equity securities amounted to ₱0.03 million, ₱0.08 million and ₱0.04 million in 2023, 2022 and 2021, respectively (see Note 26).

10. Other Current Assets

	2023	2022
Supplies inventory	**₱150,572,239**	₱116,790,791
Prepaid expenses	**57,485,232**	27,199,944
Advances to suppliers	**15,220,728**	8,004,724
Prepaid income taxes	**8,301,235**	11,068,121
Others	**658,803**	2,216,223
	₱232,238,237	₱165,279,803

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

	2023								
	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	**₱7,353,955,059**	**₱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**
Additions	**184,722,551**	**122,078,552**	**15,508,544**	**241,363,085**	**5,898,854**	**11,880,409**	**15,702,679**	**1,246,396,882**	**1,843,551,556**
Additions from business combination (Note 13)	**4,156,559,006**	**–**	**–**	**300,076,535**	**32,053,622**	**11,074,263**	**30,471,911**	**91,140,921**	**4,621,376,258**
Change in ARO estimate (Note 20)	**48,581,945**	**4,330,447**	**3,788,781**	**–**	**–**	**–**	**–**	**–**	**56,701,173**
Disposal	**(190,524,365)**	**–**	**–**	**–**	**–**	**–**	**(53,660)**	**–**	**(190,578,025)**
Reclassifications	**25,886,592**	**18,980,737**	**–**	**–**	**–**	**–**	**12,877,879**	**(57,745,208)**	**–**
Balances at end of year	**11,579,180,788**	**2,125,079,210**	**2,420,151,480**	**928,483,519**	**80,500,468**	**99,913,336**	**232,539,845**	**1,497,104,568**	**18,962,953,214**
Accumulated depletion and depreciation									
Balances at beginning 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**
Depletion and depreciation	**446,848,761**	**85,099,217**	**101,223,727**	**21,857,070**	**4,727,523**	**9,777,330**	**14,259,587**	**–**	**683,793,215**
Additions from business combination (Note 13)	**1,641,868,724**	**–**	**–**	**(41,344,613)**	**(4,656,999)**	**7,423,263**	**16,107,518**	**–**	**1,619,397,893**
Disposals	**(60,386,775)**	**–**	**–**	**–**	**–**	**–**	**(53,660)**	**–**	**(60,440,435)**
Balances at end of year	**4,068,728,242**	**562,671,715**	**1,568,996,366**	**22,162,978**	**41,243,424**	**65,537,656**	**179,162,886**	**–**	**6,508,503,267**
Accumulated impairment losses									
Balances at beginning of year	**–**	**–**	**169,252,601**	**–**	**–**	**–**	**–**	**–**	**169,252,601**
Impairment loss (Note 5)	**–**	**–**	**76,864,520**	**–**	**–**	**–**	**–**	**–**	**76,864,520**
Balances at end of year	**–**	**–**	**246,117,121**	**–**	**–**	**–**	**–**	**–**	**246,117,121**
Net book values	**₱7,510,452,546**	**₱1,562,407,495**	**₱605,037,993**	**₱906,320,541**	**₱39,257,044**	**₱34,375,680**	**₱53,376,959**	**₱1,497,104,568**	**₱12,208,332,826**

	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 20)	(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

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:

	2023	2022	2021
Cost of electricity sales (Note 23)	**₱569,320,859**	₱418,160,625	₱399,787,122
Depletion	**101,223,727**	85,286,880	76,513,364
General and administrative expenses (Note 25)	**13,248,629**	10,775,546	6,234,502
	₱683,793,215	₱514,223,051	₱482,534,988

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, 2023 and 2022, 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 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.

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

In 2023, total crude production reached 6.25 MMBO. The Consortium managed 10 liftings, resulting in net crude export of 6.009 MMBO, with crude oil market prices ranging from US$ 75 – US$ 90 per barrel.

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.

Since the Gabon oilfield has been put on-line in 2002, a total of 135.66 MMBO has been extracted to date over the last 21 years.

As of December 31, 2023 and 2022, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱605.04 million and ₱763.83 million, respectively. With the fluctuation in crude oil prices and recoverable oil reserves, impairment loss (reversal of impairment loss) was recognized amounting to ₱76.86 million in 2023, (₱74.14 million) in 2022 and (₱121.59 million) in 2021 [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 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 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance of a DOE Department Circular regarding application for new petroleum service contract. However, the circular which was subsequently issued on December 18, 2023 stated that the application process for new petroleum service contracts would be issued in a supplementary guideline.

While waiting for the supplementary guideline, the consortium continues to evaluate farm-in proposals from interested parties. On December 29, 2023, the DOE approved the 2024 Work Program and Budget submitted by the Consortium. 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 ₱0.30 million and ₱62.84 million in 2023 and 2022 (nil in 2021), respectively.

As of December 31, 2023 and 2022, PetroEnergy's investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounts to nil.

<u>*Maibarara Geothermal Power Project*</u>
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 June 23-28, 2023, the MGPP-1 and 2 power plants had an opportunity maintenance shutdown during the relocation of transmission line and stub poles affected by SLEX-TR4 construction. Various maintenance activities for the plants' mechanical, electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

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.

Separated brine from the production wells and power plant condensates are pumped into the two (2) reinjection wells, MB-14RD and MB-17RD, to recharge the reservoir and comply with the environmental standards.

MGPP-1 delivered 159.85 GWh and 134.48 GWh of electricity in 2023 and 2022, 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.

Steam flow requirements of the MGPP-2 are also supplied by two (2) production wells MB-12D and MB-18D with the common steam line.

MGPP-2 transmitted 95.77 GWh and 70.23 GWh of electricity in 2023 and 2022, 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 72.82 GWh and 70.33 GWh in 2023 and 2022, 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.

On October 25, 2022, PSC submitted application for validity extension of the PAO for TSPP-2. While evaluation of the application was underway, ERC issued 2023 COC revised guidelines that extended the effectivity of TSPP-2's PAO until December 15, 2024.

In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. PSC will use this new substation once it receives approval from ERC.

TSPP-2 exported 30.36 GWh and 29.40 GWh in 2023 and 2022, respectively.

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). Later on, Phase 2 capacity was finalized to be 13.2 MW with six (6) WTGs.

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.

On May 13, 2020, the DOE formally awarded to PetroWind the Certificate of Confirmation of Commerciality (COCOC) for the planned 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 NWPP-2 WTG Supply, Supervision, and Services Agreements on December 13, 2022. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) to EEI Corporation (EEI) the contract for the NWPP-2 Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation.

On January 13, 2023, DENR signed Special Agreement for Protected Areas (SAPA) of NWPP-2. This agreement allows PWEI to develop NWPP-2 in the approved area for at least 25 years. PWEI also secured tree cutting permit within private lands and forestlands on March 16, 2023.

The additional construction in progress in 2023 mainly pertains to ₱1.2 billion construction of NWPP-2 which is expected to be completed in April 2025.

By December 2023, EEI substantially completed the construction of the NWPP-2 substation, switching station and WTG 20-22 feeder lines, and erection of WTG 20. Three (3) turbines are expected to be connected to the grid by April 2024.

The annual total energy exported to the grid were 88.64 GWh, 80.79 GWh and 91.31 GWh in 2023, 2022, and 2021, respectively.

12. Deferred Oil Exploration Costs

The movements in deferred oil exploration costs are as follows:

	2023	2022
Cost		
Balances at beginning of year	**₱615,456,554**	₱418,786,296
Additions	**75,217,430**	196,670,258
Balances at end of year	**690,673,984**	615,456,554
Accumulated impairment losses		
Balances at beginning of year	**303,573,543**	302,979,372
Impairment loss (Note 5)	**303,476**	594,171
Balances at end of year	**303,877,019**	303,573,543
	₱386,796,965	₱311,883,011

Details of deferred oil exploration costs as of December 31 are as follows:

	2023	2022
Cost		
Gabonese Oil Concessions (Note 11)	**₱622,113,463**	₱547,199,509
SC. No. 75 – Offshore Northwest Palawan	**65,175,859**	65,175,859
SC. No. 14 – C2 (West Linapacan)	**3,384,662**	3,081,186
	690,673,984	615,456,554
Accumulated impairment losses		
Gabonese Oil Concessions (Note 11)	**300,492,357**	300,492,357
SC. No. 14 – C2 (West Linapacan)	**3,384,662**	3,081,186
	303,877,019	303,573,543
	₱386,796,965	₱311,883,011

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, 2023 and 2022, 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 and Business Combination

All joint ventures are incorporated in the Philippines. Details of the Company's investments with respective percentages of ownership follow:

	2023		2022	
Joint ventures	Percentages of ownership	Carrying values	Percentages of ownership	Carrying values
BUHAWIND EP	60%	**₱1,234,000**	40%	₱420,000
BUHAWIND NL	60%	**934,000**	40%	420,000
BUHAWIND NM	60%	**714,000**	40%	420,000
PWEI	–	–	40%	1,876,262,983
		₱2,882,000		₱1,877,522,983

Buhawind NL, Buhawind NM, and Buhawind EP
As disclosed in Note 1d, the SEC approved the incorporation of BuhaWind Energy entities. PGEC initially invested ₱420,000 for each of the Companies and accounted those as investment in joint ventures.

Throughout 2022 and 2023, 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.

In 2023, PGEC made an addition investment of ₱1.70 million in Buhawind Energy. Also, in 2023 PGEC sold 20% of its interest in BuhaWind Energy for ₱1.77 million which resulted to a gain of ₱1.69 million.

As of December 31, 2023, these entities are still in the organization stage and have not yet started its operations.

PetroWind Energy Inc.
Prior to May 2023, PetroGreen's 40% interest in PetroWind is accounted for as investment in joint venture. The other 60% interest are owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

As disclosed in Notes 1 and 5, the Group, through PGEC, consolidated PWEI starting May 2023 as the Group gain control over the relevant activities of PWEI.

The following tables summarizes the results of the business combination, including the purchase price allocation. The net assets recognized in the 2023 consolidated financial statements were based on a provisional assessment of their fair value. The valuation has not been completed by the date the 2023 consolidated financial statements were approved for issue by the BOD.

Assets	
Cash and cash equivalents	₱441,078,571
Receivables	124,294,486
Contract asset	379,838,447
Other current assets	136,505,306
Property, plant and equipment	3,001,978,366
Customer relationship	310,311,852
Other noncurrent assets	477,222,750
	4,871,229,778
Liabilities	
Accounts payable and accrued expenses	107,390,978
Loans payable	1,731,204,893
Asset retirement liability	38,067,512
Accrued retirement liability	2,756,541
	1,879,419,924
Total identifiable net assets at fair value	2,991,809,854
Non-controlling interest	(1,196,723,942)
Goodwill	741,446,021
Cost of acquisition/Total consideration	₱2,536,531,933

Cash	₱651,524,962
Fair value of previously held interest	1,885,006,971
Cost of acquisition/Total consideration	₱2,536,531,933

Fair value of previously held interest	₱1,885,006,971
Carrying value of previously held interest	1,930,901,680
Loss on remeasurement of previously held interest	₱45,894,709

Net cash outflow from the acquisition is as follows:

Cash consideration	₱651,524,962
Less Cash acquired from PWEI	441,078,571
Net cash outflow	₱210,446,391

Had the transaction taken place at the beginning of 2023, the contribution to the net income would have amounted to ₱236.62 million. Since this is a step acquisition, the contribution to the net income for the eight-month period ended December 31, 2023 amounted to ₱109.77 million from the date of acquisition.

The movements in the carrying value of Investment in PetroWind follow:

Balance at January 1, 2022	₱1,734,947,347
Share in net income of a joint venture	81,512,921
Additional investment during the year	59,041,563
Share in other comprehensive income	761,152
Balance at December 31, 2022	1,876,262,983
Shae in net income of a joint venture for the four months ended April 30, 2024	50,738,697
Additional investment	3,900,000
Balance prior to the business combination	1,930,901,680
Reclassification to investment in subsidiary	(1,930,901,680)
Carrying amount of investment in joint venture	₱–

The cost of the investment in joint venture amounted to ₱576.98 million. The carrying value of the investment in joint venture prior to the business combination 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 April 30, 2023 and December 31, 2022 follows:

	2023	2022
Current assets	**₱744,687,424**	₱734,099,328
Noncurrent assets	**3,986,016,585**	3,642,274,467
Current liabilities	**(347,390,978)**	(340,675,972)
Noncurrent liabilities	**(1,532,028,946)**	(1,321,010,473)
Equity	**₱2,851,284,085**	₱2,714,687,350

Summary of statements of comprehensive income of PetroWind for the four months ended April 30, 2023, and for the years ended December 31, 2022 and 2021 follows:

	2023	2022	2021
Revenue (electricity sales and other income)	₱311,846,141	₱735,294,265	₱771,620,028
Cost and expenses	(169,786,905)	(518,807,350)	(523,143,700)
Income before tax	142,059,236	216,486,915	248,476,328
Tax benefit (provision)	(15,212,493)	(12,704,614)	1,841,567
Net income	126,846,743	203,782,301	250,317,895
Group's share in net income	₱50,738,697	₱81,512,921	₱100,127,158
Other comprehensive income (loss)	₱–	₱1,902,881	(₱983,137)
Group's share other comprehensive income (loss)	₱761,152	₱761,152	(₱393,255)

The detailed disclosure on PWEI's NCI and December 31, 2023 financial information is presented in Note 31.

Goodwill amounting to ₱741.45 million, which was determined provisionally, represents the fair value of expected synergies arising from the business acquisition of PWEI and is yet to be finalized. Management did not note any indicators of impairment on the provisional goodwill as of

December 31, 2023. Impairment testing will commence in the period when the initial accounting will be finalized, which should not be more than 12 months from the date of acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Based on the provisional valuation performed, the Group has identified other intangible asset which is the customer relationship with an estimated useful life of 27 years based on the remaining term of PWEI's service contract for the NWPP. The carrying value of customer relationship as of December 31, 2023 amounted to ₱302.55 million, net of amortization during the period amounting to ₱7.76 million (see Note 16).

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 Tarlac 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% for TSPP-1 and 2% for TSPP-2 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:

		2023	
	Land	**Office Spaces**	**Total**
Cost			
Beginning balance	**₱420,180,224**	**₱12,748,688**	**₱432,928,912**
Additions	**–**	**3,861,156**	**3,861,156**
Ending balance	**420,180,224**	**16,609,844**	**436,790,068**
Accumulated depreciation			
Beginning balance	**80,487,446**	**9,826,811**	**90,314,257**
Depreciation (Notes 21 and 23)	**20,144,765**	**3,436,583**	**23,581,348**
Ending balance	**100,632,211**	**13,263,394**	**113,895,605**
Net Book Value	**₱319,548,013**	**₱3,346,450**	**₱322,894,463**

	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

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 fully prepaid. The rollforward analyses of lease liabilities follow:

	2023	2022
Beginning balance	**₱328,794,340**	₱332,828,866
Payments	**(38,214,856)**	(37,490,050)
Interest expense	**30,197,662**	30,443,530
Additions	**3,861,155**	3,011,994
Ending balance	**324,638,301**	328,794,340
Less current portion	**54,756,559**	22,734,502
Noncurrent portion	**₱269,881,742**	₱306,059,838

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

	2023	2022	2021
Interest expense on lease liabilities	**₱30,197,662**	₱30,443,530	₱30,816,714
Depreciation expense of right-of-use assets	**23,581,350**	23,642,697	23,647,953
Rent expense – short-term leases	**949,621**	1,230,951	5,587,145
Rent expense – low-value assets	**1,213,536**	868,617	1,040,893
	₱55,942,169	₱56,185,795	₱61,092,705

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
Within one year	**₱36,773,088**	₱34,737,976
After one year but not more than five years	**144,542,939**	142,460,919
More than five years but less than 10 years	**474,614,538**	511,293,446
	₱655,930,565	₱688,492,341

15. **Investment Properties**

As of December 31, 2023 and 2022, this account consists of land and parking lot space with cost amounting to ₱1.61 million and is being held for capital appreciation.

The fair value of the investment properties of the Group is between ₱1 million to ₱1.70 million as of December 31, 2023 and 2022. 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, 2023 and 2022, 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 2023, 2022 and 2021.

16. **Intangible Assets and Goodwill**

	2023					
	Goodwill	**Customer Relationship**	**Land Rights**	**Production License**	**Software and Others**	**Total**
Cost:						
Balances at beginning of year	**₱–**	**₱–**	**₱152,249,710**	**₱45,074,178**	**₱45,093,625**	**₱242,417,513**
Additions	–	–	**1,027,900**	–	**2,871,231**	**3,899,131**
Business combination (Note 13)	**741,446,021**	**310,311,852**	–	–	–	**1,051,757,873**
Balances at end of year	**741,446,021**	**310,311,852**	**153,277,610**	**45,074,178**	**47,964,856**	**1,298,074,517**
Accumulated Amortization:						
Balances at beginning of year	–	–	**42,122,421**	**18,491,972**	**41,540,627**	**102,155,020**
Amortization	–	**7,757,796**	**6,432,621**	**4,622,993**	**4,692,720**	**23,506,130**
Balances at end of year	–	**7,757,796**	**48,555,042**	**23,114,965**	**46,233,347**	**125,661,150**
Net Book Values	**₱741,446,021**	**₱302,554,056**	**₱104,722,568**	**₱21,959,213**	**₱1,731,509**	**₱1,172,413,367**

	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

Intangible assets (other than goodwill) 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.

Amortization expense charged to profit or loss follows:

	2023	2022	2021
Cost of electricity sales (Note 23)	**₱18,498,310**	₱8,062,199	₱7,886,613
General and administrative expenses (Note 25)	**384,827**	527,459	2,155,670
Oil production operating expenses (Note 24)	**4,622,993**	4,622,993	4,622,993
	₱23,506,130	₱13,212,651	₱14,665,276

17. Other Noncurrent Assets

	2023	2022
Deferred development costs	**₱560,886,192**	₱74,115,084
Input VAT	**432,536,352**	148,710,625
Advances to contractors	**406,420,331**	45,777,526
Restricted cash	**17,297,610**	31,451,424
Others (Note 20)	**30,879,118**	25,956,475
	1,448,019,603	326,011,134
Less allowance for probable losses	**2,447,001**	10,390,845
	₱1,445,572,602	₱315,620,289

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 for refund with the BIR.

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.

	2023	2022
Balances at beginning of year	**₱74,115,084**	₱19,337,621
Additions	**486,771,108**	56,785,743
Write-offs	–	(2,008,280)
Balances at end of year	**₱560,886,192**	₱74,115,084

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.

18. Accounts Payable and Accrued Expenses

	2023	2022
Accounts payable	**₱376,970,153**	₱263,327,290
Accrued expenses		
Utilities	**176,168,939**	167,881,381
Interest (Note 19)	**102,024,402**	32,622,802
Deferred development cost	**34,339,951**	–
Sick/vacation leaves	**22,259,971**	19,048,554
Profit share	**15,278,985**	15,611,876
Professional fees	**9,429,903**	14,511,222
Operations and maintenance	**3,649,721**	–
Due to related party (Note 27)	**72,800**	565,760
Others	**1,291,600**	6,969,784
Withholding taxes and other tax payables	**25,481,621**	27,387,054
Provision for probable loss	**7,344,223**	–
Due to NRDC	**2,269,737**	2,269,737
Others	**21,470,758**	1,267,746
	₱798,052,764	₱551,463,206

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 ₱33.93 million and ₱10.96 million as of December 31, 2023 and 2022, respectively (see Note 31).

The Group's accounts payable and accrued expenses are due within one year.

19. Loans Payable

The Group's loans payable as of December 31 follow:

	2023	2022
Principal, balance at beginning of year	**₱3,488,375,640**	₱4,083,296,429
Add availments during the year	**3,946,036,089**	561,000,000
Effect of business combination (Note 13)	**1,774,159,119**	–
Less principal payments during the year	**1,272,135,055**	1,155,920,789
Principal, balance at end of year	**7,936,435,793**	3,488,375,640
Less unamortized deferred financing cost	**58,271,273**	10,446,588
	7,878,164,520	3,477,929,052
Less current portion – net of unamortized deferred financing cost	**3,699,707,830**	947,144,643
Noncurrent portion	**₱4,178,456,690**	₱2,530,784,409

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 million. Effective January 19, 2021, the credit facility was decreased to ₱300 million. Loans payable to DBP as of December 31, 2022 are as follows:

- ₱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

In 2023, the Parent Company already paid the outstanding short-term loans from DBP.

Short-Term Loan Facility with the Bank of the Philippine Island (BPI)

On April 19, 2023, the Parent Company entered into a short-term loan facility with BPI which provides a principal amount not exceeding ₱2.6 billion plus P1.0 billion blanket line with 1 year validity. Loans payable to BPI as of December 31, 2023 are as follows:

- ₱200 million with interest rate of 7.00% and maturity on April 11, 2024
- ₱551.52 million with interest rate of 7.00% and maturity on May 2, 2024
- ₱61.26 million with interest rate of 7.00% and maturity on February 28, 2024
- ₱1.25 billion with interest rate of 7.50% and maturity on January 31, 2024
- ₱422.51 million with interest rate of 7.50% and maturity on January 31, 2024
- ₱272.86 million with interest rate of 7.50% and maturity on January 31, 2024

On January 28, 2024, the Parent Company secured a 10-year long-term loan facility from BPI amounting to ₱2.55 billion with the following drawdown and with maturity date of January 31, 2034:
- ₱1.95 billion with interest rate of 7.2984%; Promissory Note (PN) Date: January 31, 2024
- ₱62.5 million with interest rate of 7.4449%; PN Date: February 28, 2024
- ₱201.5 million with interest rate of 7.4224%; PN Date: April 11, 2024

The proceeds were used to settle the short-term loans due in January to April 2024.

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%, which was paid in 2021.

On November 15, 2021, PetroEnergy obtained a loan from RCBC amounting to ₱120.00 million with interest of 4.5%, which was paid in 2022.

Interest expense related to these loans amounted to ₱107.76 million, ₱9.68 million and ₱11.98 million in 2023, 2022 and 2021, respectively. Accrued interest payable amounted to ₱27 million and ₱0.56 million as of December 31, 2023 and 2022, respectively (see Note 18).

PetroGreen's long-term loans payable
Long-term loan with RCBC
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan from 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, 2023 and 2022, the outstanding balance of these loans, net of unamortized deferred financing costs, amounted to ₱159.56 million and ₱239.16 million, respectively.

Interest expense of PetroGreen related to these loans amounted to ₱12.06 million, ₱16.24 million and ₱20.40 million in 2023, 2022 and 2021, respectively. Accrued interest payable amounted to ₱0.85 million and ₱1.27 million as of December 31, 2023 and 2022, respectively (see Note 18).

MGI's long-term loans payable

Project Loan Facility Agreements with RCBC

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.

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.

Interest expense recognized from the loan amounted to ₱57.70 million, ₱71.52 million and ₱82.86 million in 2023, 2022 and 2021, respectively.

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. Interest expense amounted to ₱43.15 million, ₱75.00 million and ₱83.46 million in 2023, 2022 and 2021 respectively.

Accrued interest payable of MGI's loans amounted to ₱20.58 million and ₱22.89 million as of December 31, 2023 and 2022, respectively (see Note 18).

As of December 31, 2023 and 2022, the total outstanding balance of these loans amounted to ₱1,572.86 million and ₱1,978.74 million respectively.

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, 2023 and 2022, 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.

On November 25, 2022, the OLSA reached the 7th year of its term. The repricing date, based on the OLSA, shall occur by the end of the 7th year from the initial drawdown date, on which date, the interest rate for the remaining five (5) year tenor will be repriced. The new applicable interest rate is 9.12% after the repricing. This was renegotiated to be reduced from 9.12% to 8.59% which was approved by the bank and made effective starting May 26, 2023. The applicable interest rate as of December 31, 2023 and 2022 is equal to 8.59% and 9.12%, 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, 2023 and 2022, PetroSolar is in compliance with the said loan covenants.

As of December 31, 2023 and 2022, the outstanding balance of this loan amounted to ₱783.88 million and ₱1,007.42 million, respectively.

Interest expense of PetroSolar related to the loans amounted to ₱89.63 million, ₱89.81 million and ₱104.23 million in 2023, 2022 and 2021, respectively. Accrued interest payable amounted to ₱5.95 million and ₱7.89 million as of December 31, 2023 and 2022, respectively (see Note 18).

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan (see Note 11).

PetroWind long-term loans

NWPP-1

On November 4, 2013, PetroWind entered into ₱2.80 billion OLSA with DBP to finance the NWPP-1. Subsequently, on June 4, 2015, an amended agreement was entered between PetroWind and DBP for an increase in credit line amounting to ₱200.00 million.

The loan shall be fully paid and liquidated in 15 years from and after the date of initial borrowing. Principal and interest shall be repaid in 25 equal semi-annual installments with its first principal and interest payment made last January 10, 2017.

The rate of interest to be paid on interest date is 6.32% per annum, equal to benchmark rate plus 225 basis points (bps) per annum or 5.50% per annum, whichever is higher, subject to repricing every 5 years. The new interest rate after the first repricing date last January 10, 2019 is 9.01% per annum. This was renegotiated to be reduced from 9.01% to the higher between the benchmark rate plus 125 bps per annum or 7.00% per annum. The reduced interest rate of 7% per annum was approved by the bank and made effective starting July 2, 2019. This amendment did not result to the extinguishment of the loan.

The total interest expense incurred amounted to ₱98.73 million in 2023. Interest payable amounted to ₱47.65 million as of December 31, 2023 (see Note 18).

NWPP-2

On February 22, 2023, entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears to commence at the earlier of thirty-sixth (36^{th}) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

PetroWind has drawn a total of ₱1.35 billion as of December 31, 2023, the remaining balance will be subsequently drawn in 2024.

The total interest expense incurred amounted to ₱35.97 million in 2023.

For NWPP-1 and NWPP-2, the loan covenants require PetroWind to maintain a debt-to-equity ratio of 70:30 and maintain a DSRA required balance equivalent to one principal plus one interest amortization at all times until full settlement of the loan. As of December 31, 2023, PetroWind is in compliance with the said loan covenants.

PetroWind pledged all of its property and equipment items as collateral to secure its borrowings (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:

	2023	2022
Balance at beginning of year	**₱10,446,588**	₱20,771,233
Addition from business combination (Note 13)	**42,954,226**	–
Additions	**11,109,295**	–
Less amortization during the year	**(6,238,836)**	(10,324,645)
Balance at end of year	**₱58,271,273**	₱10,446,588

20. **Other Noncurrent Liabilities**

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, photovoltaic (PV) solar power facility in Tarlac, and wind power facility in Aklan.

Movements in this account follow:

	2023	2022
Balance at beginning of year	**₱66,230,330**	₱92,810,843
Additions	**37,661,653**	921,276
Change in estimates (Note 11)	**56,701,174**	(37,729,203)
Accretion expense	**6,944,814**	3,622,334
Foreign exchange adjustment	**(5,056)**	6,605,080
Balance at end of year	**₱167,532,915**	₱66,230,330

Discount rates ranging from 6.01% to 7.32% in 2023 and 7.13% to 7.16% in 2022 were used in estimating the provisions (see Note 5).

Accrued Retirement Benefits
The Group has defined benefit retirement plans (the Plan) for all of its employees. The Plan provides for normal and early retirement, as well as death and disability benefits and is funded and noncontributory. The latest retirement valuation was as of December 31, 2023.

The retirement fund is administered by RCBC, appointed as trustee. The fund has no investments in the Group's equity as of December 31, 2023 and 2022.

Pension benefits cost consists of:

	2023	2022
Current service cost	**₱7,094,022**	₱5,944,279
Net interest expense	**3,397**	833,286
Pension benefits cost	**₱7,097,419**	₱6,777,565

The accrued retirement liabilities (net retirement asset) recognized in the consolidated statements of financial position as of December 31 are as follows:

	2023	2022
Net retirement asset (Note 17)	**₱8,075,630**	₱10,263,804
Accrued retirement liabilities	**(30,603,592)**	(12,077,639)

	2023	2022
Present value of defined benefit obligation	**₱88,628,376**	₱52,263,194
Fair value of plan assets	**(66,100,414)**	(50,449,359)
Accrued retirement liabilities (asset)	**₱22,527,962**	₱1,813,835

The movements in the accrued retirement liabilities (asset) recognized in the consolidated statements of financial position are as follows:

	2023	2022
Beginning balance	**₱1,813,835**	₱18,386,746
Pension benefits cost	**7,097,419**	6,777,565
Re-measurement loss (gains) on defined benefit plan	**22,844,005**	(12,229,287)
Contributions	**(9,227,297)**	(11,121,189)
Ending balance	**₱22,527,962**	₱1,813,835

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Beginning balance	**₱52,263,194**	₱65,660,315
Current service cost	**7,094,022**	5,944,279
Interest cost	**4,263,490**	3,258,038
Benefits paid	**–**	(8,244,875)
Actuarial loss (gain)	**25,007,670**	(14,354,563)
Ending balance	**₱88,628,376**	₱52,263,194

Changes in the fair value of plan assets as of December 31 are as follows:

	2023	2022
Beginning balance	**₱50,449,359**	₱47,273,569
Interest income	**7,353,745**	2,424,752
Actuarial loss	**(929,987)**	(2,125,276)
Benefit paid	**–**	(8,244,875)
Contributions	**9,227,297**	11,121,189
Ending balance	**₱66,100,414**	₱50,449,359

The components of net plan assets are as follows:

	2023	2022
Cash and cash equivalents	**₱22,601,746**	₱10,955,120
Investments in quoted government securities	**43,025,617**	39,303,301
Interest receivable	**494,022**	258,159
Trust fee payable	**(20,971)**	(67,221)
	₱66,100,414	₱50,449,350

The principal actuarial assumptions used in determining retirement benefits benefit obligation as of December 31 follows:

	2023	2022
Salary rate increase	**8.00%**	8.00%
Discount rate	**6.10% to 6.16%**	7.31% to 7.39%

21. 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, 2023, the total issued and subscribed capital stock of the Parent Company is 99.83% Filipino and 0.17% non-Filipino as compared to 99.77% Filipino and 0.23% non-Filipino as of December 31, 2022.

As of December 31, 2023 and 2022, 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)

(Forward)

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of year-end
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
Deduct: Movement	–			–
December 31,2023	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.

On November 29, 2023, the BOD of PERC approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of December 14, 2023 and payable on December 28, 2023.

On July 28, 2022, the BOD of PERC 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'.

Equity Reserve and Deposit for Future Stock Subscription
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 31) 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 2022 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

In January 2023, the Group classified the 2022 deposit for stock subscription received from Kyuden under escrow fund (Note 7) amounting to ₱1.63 billion into NCI and Equity Reserve (excess of consideration over carrying value of NCI sold) after Kyuden acquired the 10.47% additional ownership interest in PGEC through completion of all the requirements in the subscription agreement (see Note 31). The deposit for future stock subscription is considered a non-cash financing activity in 2022. Kyuden's ownership interest as of December 31, 2023 in PGEC is 25%.

The effect of change in the ownership interest in PetroGreen on the 2023 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱1,634,762,579
Carrying amount of NCI sold	(925,716,414)
Excess of consideration received recognized in equity	₱709,046,165

**Net of equity transaction cost amounting to ₱16.29 million*

The effect of change in the ownership interest in PetroSolar on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 44% interest (Note 1c) is summarized as follows:

Consideration	₱1,443,942,735
Carrying amount of NCI acquired	(1,285,392,308)
Excess of consideration paid recognized in equity	₱158,550,427

The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 7.5% interest (Note 1c) is summarized as follows:

Consideration	₱521,211,059
Carrying amount of NCI acquired	(568,948,930)
Excess of carrying amount recognized in equity	(₱47,737,871)

As of December 31, 2023 and 2022, the balance of equity reserve account amounts to ₱1,334.95 million and ₱736.71 million, respectively.

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, 2023 and 2022, 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:

	2023	2022
Loans payable	**₱7,878,144,894**	₱3,477,929,052
Capital stock	**568,711,842**	568,711,842
Additional paid-in capital	**2,156,679,049**	2,156,679,049
Retained earnings	**3,780,133,229**	3,182,613,298
Equity reserve	**2,652,917,182**	736,716,986
	₱17,036,586,196	₱10,122,650,227

The table below demonstrates the debt-to-equity ratio of the Group as of December 31:

	2023	2022
Total liabilities	**₱9,214,944,519**	₱4,442,489,721
Total equity	**12,998,431,090**	12,377,322,378
Debt-to-equity ratio	**0.71:1**	0.36:1

Based on the Group's assessment, the capital management objectives were met in 2023 and 2022.

22. **Income Taxes**

The provision for (benefit from) income tax consists of:

	2023	2022	2021
Current	**₱65,021,230**	₱39,621,178	₱61,593,316
Deferred	**(6,122,938)**	(1,028,286)	(7,112,682)
	₱58,898,292	₱38,592,892	₱54,480,634

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2023	2022
Deferred income tax assets on:		
Net asset retirement obligations	**₱16,406,217**	₱15,866,420
Interest on FIT adjustment	**4,765,802**	2,096,435
Past service cost and provision	**1,394,786**	805,369
Unrealized foreign exchange loss	**701,343**	–
Accrued retirement liability	**518,911**	354,528
	23,787,059	19,122,752
Deferred income tax liabilities on:		
Crude oil inventory	**(3,419,013)**	(3,609,298)
Net retirement asset	**(2,018,908)**	(2,565,951)
Unrealized foreign exchange gain	–	(2,019,574)
	(5,437,921)	(8,194,823)
Deferred income tax assets – net	**₱18,349,138**	₱10,927,929

As of December 31, 2023 and 2022, the Group did not recognize deferred tax assets on NOLCO, MCIT and allowance for impairment losses, with details as follow as of December 31.

	2023	2022
Allowance for impairment loss	**₱207,243,532**	₱207,243,532
NOLCO	**186,660,892**	165,677,258
MCIT	**9,950,647**	6,040,694
	₱403,855,071	₱378,961,484

As of December 31, 2023 and 2022, 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	
	2023	2022	**2023**	2022
Beginning balance	**₱165,677,258**	₱377,080,656	**₱6,040,694**	₱4,864,684
Additions	**20,983,634**	28,868,005	**4,476,610**	3,505,526
Applied	–	(181,031,532)	–	–
Expiration	–	(59,239,871)	**(566,657)**	(2,329,516)
Ending balance	**₱186,660,892**	₱165,677,258	**₱9,950,647**	₱6,040,694

	NOLCO			MCIT		
Year Incurred	Year of Expiration	**2023**	2022	Year of Expiration	**2023**	2022
2023	2026	**₱20,983,634**	₱–	2026	**₱4,476,610**	₱–
2022	2025	**28,868,005**	28,868,005	2025	**3,505,526**	3,505,526
2021	2026	**72,333,602**	72,333,602	2024	**1,968,511**	1,968,511
2020	2025	**64,475,651**	64,475,651	2023	–	566,657
		₱186,660,892	₱165,677,258		**₱9,950,647**	₱6,040,694

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 minimum corporate income tax rate.

On June 20, 2023, the BIR issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to RA No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Parent Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

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 2023 and 2022 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:

	2023	2022	2021
Statutory tax rate	**25.00%**	25.00%	25.00%
Add (deduct) reconciling items:			
Income from entities subjected to lower rate and subject to ITH	**(19.14)**	(13.96)	(29.14)
Movement in unrecognized deferred tax assets	**1.04**	(3.76)	4.54
Nontaxable income	**(3.85)**	(0.83)	(0.33)
Unrealized loss (gain) on FVTPL	**0.01**	–	(0.01)
Nondeductible expenses and others	**2.81**	(2.17)	7.71
Effect or remeasurement of current and deferred income tax arising from change in tax rate due to CREATE Act	–	–	(0.20)
Effective income tax rate	**5.87%**	4.28%	7.57%

23. **Cost of Electricity Sales**

	2023	2022	2021
Electricity sales:			
Depreciation and amortization (Notes 11, 15 and 16)	**₱604,956,831**	₱446,660,175	₱427,818,501
Rental, insurance and taxes	**140,504,569**	104,970,100	114,032,759
Purchased services and utilities	**106,506,297**	45,167,036	56,297,222
Personnel costs	**92,052,924**	74,305,149	66,962,387
Repairs and maintenance	**43,461,184**	32,076,687	34,315,079
Business and other related expenses	**35,939,418**	18,649,108	27,166,918
Materials and supplies	**18,728,238**	19,233,303	19,932,253
Government share and royalty fees	**17,605,995**	11,341,763	14,443,200
	₱1,059,755,456	₱752,403,321	₱760,968,319

Cost of Other revenues
This pertains to the cost of Pass-on charges to ACEN.

	2023	2022	2021
Cost of other revenues:			
Trading Costs & Market Fees	**₱58,212,064**	₱87,260,321	₱–
Wheeling and Ancillary & Transmission Charges	**2,564,801**	40,128,180	61,357,825
	₱60,776,865	₱127,388,501	₱61,357,825

24. **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 ₱0.76 million, (₱1.82 million) and ₱22.47 million is included in "Cost of Sales" in the profit or loss in 2023, 2022 and 2021, respectively.

Cost of Oil Production

	2023	2022	2021
Production, transportation and other related expenses	**₱288,017,917**	₱278,136,016	₱178,665,694
Storage and loading expenses	**21,574,953**	67,099,781	48,992,296
Amortization (Note 16)	**4,622,993**	4,622,993	4,622,993
Supplies and facilities	**892,744**	443,012	284,802
Others	**238,912**	5,034,415	3,718,985
	₱315,347,519	₱355,336,217	₱236,284,770

25. **General and Administrative Expenses**

	2023	2022	2021
Salaries, wages and benefits	**₱121,252,673**	₱111,609,430	₱83,722,515
Taxes and licenses	**25,617,724**	9,131,360	6,808,337
Professional and other fees	**21,224,341**	20,354,280	22,921,901
Depreciation and amortization (Notes 11, 15 and 16)	**16,985,477**	14,498,696	11,893,360
Entertainment, amusement and recreation	**7,861,773**	5,767,198	5,092,354
Provision for probable losses	**7,344,223**	–	5,004,048
Transportation and travel	**5,801,413**	1,669,377	442,783
Gasoline, oil and lubricants	**5,173,288**	4,569,197	2,560,284
Communication	**4,657,346**	4,021,898	4,826,918
Insurance	**3,121,927**	3,306,506	3,302,799
Advertisement	**2,831,736**	1,960,593	542,124
Office supplies	**2,538,089**	2,154,736	1,522,627
Donation and contribution	**2,362,170**	1,525,747	1,529,759
Environmental and social expenses	**2,163,531**	1,879,197	4,739,978
Repairs and maintenance	**2,070,034**	2,526,327	3,225,513
Other services	**1,833,516**	1,719,038	2,620,513
Utilities	**1,715,408**	1,774,800	882,678
Research costs (Note 17)	**1,347,096**	7,767,044	3,107,931
Security and janitorial services	**1,261,299**	845,118	1,255,840
Rent expense (Note 14)	**1,166,975**	889,816	863,638
Condominium dues	**1,026,643**	1,156,762	1,327,547
Stock transfer expense	**671,627**	644,577	615,696
Business meetings	**462,183**	694,206	348,210
Dues and subscriptions	**352,195**	382,266	271,803
Training and seminar	**250,217**	647,303	672,039
Others (Note 17)	**25,674,665**	19,736,759	10,724,352
	₱266,767,569	₱221,232,231	₱180,825,547

Others, include miscellaneous expenses such as provision for input VAT disallowance, development assistance, notarization, bank charges, and reproduction expenses.

26. Miscellaneous Income (Charges)

	2023	2022	2021
Management income and timewriting fees (Note 27)	**₱36,797,533**	₱18,199,133	₱13,958,678
Revenue loss recovery (Note 35)	**20,132,010**	–	–
Rental income (Note 27)	**1,781,086**	1,818,027	1,474,996
Gain on sale of investment in joint venture (Note 13)	**1,685,688**	–	–
Dividend income (Note 9)	**26,969**	79,047	38,134
Gain on sale of equipment	**14,125**	338,503	588,606
Sale of carbon emission credits	**–**	10,649,201	–
Professional fees (Note 27)	**–**	610,000	610,000
Trustee fees	**(6,051,207)**	(3,441,674)	(3,649,996)
Others	**6,650,796**	1,795,281	5,396,128
	₱61,037,000	₱30,047,518	₱18,416,546

Trustee fees pertain to payments of the Group to the facility agent and account trustees for the M1 and M2 loans (see Note 19).

27. 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:

	Transactions for the Years Ended December 31		**Outstanding Balance Receivables (Payables)** (see Notes 8 and 18)		
Related Party/Nature	**2023**	2022	**2023**	2022	**Terms and Conditions**
Investor					
House of Investments, Inc					
Internal audit services	**₱873,600**	₱873,600	**₱–**	(₱509,600)	Note a
Joint Venture					
PetroWind					
Rental income	**285,714**	857,143	–	–	Note b
Timewriting fee	**5,539,939**	16,199,133	–	4,615,734	Note c
Management income	**666,667**	2,000,000	–	–	Note c
Advances – receivable	**2,334,037**	9,764,078	–	340,792	Note d
Advances – payables	–	56,160	–	(56,160)	Note d
			–	4,900,366	

(Forward)

Related Party/Nature	Transactions for the Years Ended December 31 2023	2022	Outstanding Balance Receivables (Payables) (see Notes 8 and 18) 2023	2022	Terms and Conditions
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	**₱1,027,174,970**	₱823,196,490	**₱101,935,010**	₱102,355,875	Note e
Wheeling Charges	**50,560,116**	103,652,397	**3,464,223**	60,180,225	Note e
			105,399,233	162,536,100	
Affiliate					
EEI Power Corporation					
Other income	**₱–**	₱610,000	**₱683,200**	₱683,200	Note f
Affiliate					
LIPCO					
Land lease	**₱34,086,297**	₱33,845,770	**₱–**	₱–	Note g
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**929,657**	906,884	**455,165**	593,251	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 35). 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 19).

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 19).

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:

	2023	2022	2021
Salaries and wages and other short-term benefits	**₱28,365,908**	₱24,751,739	₱20,810,412
Directors' fees	**8,476,813**	8,775,037	5,438,567
Retirement expense	**538,496**	927,633	1,935,011
	₱37,381,217	₱34,454,409	₱28,183,990

28. **Financial Instruments**

The Group's principal financial instruments include cash and cash equivalents, short-term investments, financial assets at FVTPL, receivables, restricted cash, contract assets, 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, 2023 and 2022, 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, 2023 and 2022 amounted to ₱7.88 billion and ₱3.49 billion compared to their carrying value of ₱7.94 billion and ₱3.48 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, contract assets, 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 2023 and 2022 (Level 3).

Lease liabilities	Estimated fair value is based on the discounted value of future cash flows using the prevailing PH BVAL rate in 2023 and 2022 (Level 3).

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 2023 and 2022, 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, 2023 and 2022, the Group has existing credit line facilities from which they can draw funds from (see Note 19).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2023 and 2022 based on contractual payments:

	2023			
	On demand	**1 year or less**	**More than 1 year**	**Total**
Financial Assets				
Financial assets at FVTPL	**₱6,958,720**	**₱–**	**₱–**	**₱6,958,720**
Financial assets at amortized cost:				
Cash and cash equivalents	**2,334,304,367**	–	–	**2,334,304,367**
Short-term investments	**1,975,286,425**	–	–	**1,975,286,425**
Accounts receivable	**185,205,824**	**458,505,758**	–	**643,711,582**
Interest receivable	**86,809,859**	–	–	**86,809,859**
Refundable deposits	–	**458,721**	**4,967,207**	**5,425,928**
Restricted cash	–	**293,744,077**	**17,297,610**	**311,041,687**
Contract assets	–	**127,134,899**	**609,572,499**	**736,707,398**
	4,588,565,195	**879,843,455**	**631,837,316**	**6,100,245,966**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	**780,533,583**	**7,097,611,310**	**7,878,144,893**
Lease liabilities	–	**54,756,559**	**269,881,742**	**324,638,301**
Accounts payable and accrued expenses*	**741,221,940**	–	–	**741,221,940**
	741,221,940	**835,290,142**	**7,367,493,052**	**8,944,005,134**
Net financial assets (liabilities)	**₱3,847,343,255**	**₱44,553,313**	**(₱6,735,655,736)**	**(₱2,843,759,168)**

**Excluding statutory payables*
***Includes future interest 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
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
Contract assets	–	21,949,016	274,409,474	296,358,490
	1,737,849,142	3,433,628,341	311,184,760	5,482,662,243
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	₱2,226,927,982	(₱2,826,421,208)	₱614,279,764

**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, 2023 and 2022 follow:

	2023		2022	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$3,560,220**	**₱197,830,741**	$2,316,003	₱129,974,085
Receivables	**1,031,907**	**57,339,972**	674,774	37,868,318
Restricted Cash	**312,069**	**17,297,610**	933,326	52,378,235
	4,904,196	**272,468,323**	3,924,103	220,220,638
Financial liabilities				
Accounts payable and accrued expenses	**1,298,471**	**72,152,130**	1,187,125	66,621,466
Net exposure	**$3,605,725**	**₱200,316,193**	$2,736,978	₱153,599,172

As of December 31, 2023, and 2022, the exchange rates used for conversion are ₱55.567 and ₱56.120 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
2023	+1%	(₱2,003,593)
	-1%	₱2,003,593
2022	+11%	(23,332,043)
	-11%	23,332,043

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

2023	
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**

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

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, contract assets, 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:

	2023	2022
Financial assets:		
Cash in banks and cash equivalents	**₱2,334,304,367**	₱1,673,197,584
Short-term investments	**1,975,286,425**	946,044,355
Receivables	**730,521,441**	452,192,649
Financial assets at FVTPL	**6,958,720**	7,540,090
Refundable deposits	**5,425,928**	5,323,862
Restricted cash	**311,041,687**	2,094,839,410
Contract assets	**736,707,398**	296,358,490
	₱6,100,245,966	₱5,475,496,440

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, 2023 and 2022:

	2023			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱2,333,643,164**	**₱–**	**₱–**	**₱2,333,643,164**
Short-term investments	**1,975,286,425**	–	–	**1,975,286,425**
Accounts receivable	**643,711,582**	–	**2,682,453**	**646,394,035**
Interest receivable	**86,809,859**	–	–	**86,809,859**
Financial assets at FVTPL	**6,958,720**	–	–	**6,958,720**
Refundable deposits	**5,425,928**	–	–	**5,425,928**
Restricted cash	**311,041,687**	–	–	**311,041,687**
Contract assets	**736,707,398**	–	–	**736,707,398**
	₱6,099,584,763	**₱–**	**₱2,682,453**	**₱6,102,267,216**

**excluding cash on hand*

	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 assets	296,358,490	–	–	296,358,490
	₱5,475,945,791	₱–	₱2,682,452	₱5,478,628,243

**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.

29. 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.
- The wind energy segment carries out wind energy operations of the Group starting May 2023.
- 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.

	2023						
	Oil Production	**Geothermal Energy**	**Solar Energy**	**Wind Energy**	**Other Activities**	**Elimination**	**Consolidated**
Segment revenue	**₱623,038,856**	**₱1,089,837,044**	**₱876,818,506**	**₱422,778,791**	**₱–**	**₱–**	**₱3,012,473,197**
Net income (loss)	**93,076,080**	**342,024,283**	**484,870,455**	**63,875,010**	**225,038,305**	**(264,703,667)**	**944,180,467**
Other comprehensive income (loss)	**(2,008,368)**	**(6,919,295)**	**(1,423,214)**	**(1,869,381)**	**(9,383,652)**	**–**	**(21,603,910)**

(Forward)

	2023						
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Other information:							
Segment assets except deferred tax asset	**₱6,371,818,411**	**₱5,537,464,412**	**₱4,284,879,707**	**₱5,285,903,767**	**₱6,154,389,855**	**(₱5,770,515,677)**	**₱21,863,940,475**
Deferred tax assets - net	**9,452,461**	**2,468,251**	**3,279,470**	**3,148,957**	**–**	**(6,455,342)**	**18,349,138**
Segment liabilities except deferred tax liabilities	**₱2,980,159,350**	**₱1,891,903,163**	**₱1,264,319,686**	**₱2,919,060,209**	**₱256,793,629**	**(₱98,914,829)**	**₱9,213,321,208**
Deferred tax liabilities - net	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Provision for (benefit from) income tax	**₱952,244**	**₱26,239,667**	**₱20,025,876**	**₱10,747,021**	**₱933,485**	**₱–**	**₱58,898,292**

	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

InterGroup investments, revenues and expenses are eliminated during consolidation.

30. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent Company	**₱515,651,585**	₱548,523,238	₱325,461,592
Weighted average number of shares	**568,711,842**	568,711,842	568,711,842
Basic/diluted earnings per share	**₱0.9067**	₱0.9645	₱0.5723

Basic 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.

31. **Non-controlling Interests**

As of December 31, 2023 and 2022, the investment of Kyuden in PGEC resulted to an increase in NCI as discussed below (see Note 21). As of December 31, 2023 and 2022, Kyuden owned 25% and 14.53% of PGEC, respectively, bringing down the ownership interest of PERC in PGEC from 90% to 76.92% in 2023 and 76.92% to 67.5% in 2023.

In 2023, the acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar, as disclosed in Notes 1, 13 and 21, also resulted to changes in NCI as of December 31, 2023.

In 2023, PWEI issued shares in which NCI's subscription amounted to ₱204.41 million.

As of December 31, 2023 and 2022, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	2023	2022
Accumulated balances of non-controlling interests:		
PetroGreen	**₱2,114,915,326**	₱1,600,211,911
MGI	**1,276,810,325**	1,159,523,579
PetroSolar	**–**	1,203,285,619
PetroWind	**1,445,044,466**	–
	₱4,836,770,117	₱3,963,021,109

	2023	2022
Net income attributable to non-controlling interests:		
PetroGreen	**₱182,805,800**	₱61,046,054
MGI	**119,708,499**	51,395,928
PetroSolar	**82,106,696**	202,111,799
PetroWind	**43,907,888**	–
	₱428,528,883	₱314,553,781

The summarized financial information of these subsidiaries is provided below based on amounts before intercompany eliminations.

MGI

	2023	2022
Statements of Financial Position		
Current assets	**₱904,646,125**	₱949,606,062
Noncurrent assets	**4,635,286,537**	4,739,443,442
Current liabilities	**698,948,441**	780,539,299
Noncurrent liabilities	**1,192,954,723**	1,595,585,695
Equity	**3,648,029,498**	3,312,924,510
Statements of Comprehensive Income		
Revenue	**1,089,837,044**	952,309,263
Net income	**342,024,283**	146,845,509
Total comprehensive income	**335,104,988**	149,024,678

(Forward)

	2023	2022
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**₱1,054,064,119**	₱590,771,702
Investing activities	**(257,963,413)**	(401,387,822)
Financing activities	**(517,906,789)**	(501,481,196)
Effect of foreign exchange rate	**(99,659)**	81,362
Net increase (decrease) in cash and cash equivalents	**278,094,258**	(312,015,954)

PetroSolar

	2023	2022
Statements of Financial Position		
Current assets	**₱711,606,379**	₱629,908,294
Noncurrent assets	**3,526,998,620**	3,505,603,317
Current liabilities	**325,307,047**	292,131,968
Noncurrent liabilities	**895,047,160**	1,108,639,614
Equity	**3,018,250,792**	2,734,740,029
Statements of Comprehensive Income		
Revenue	**876,818,506**	872,735,258
Net income	**485,031,755**	459,345,000
Total comprehensive income	**483,510,763**	459,782,411
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**712,945,970**	645,944,095
Investing activities	**(115,532,668)**	(80,352,055)
Financing activities	**(549,695,036)**	(607,631,619)
Effect of foreign exchange rate	**(11,992)**	147,404
Net increase (decrease) in cash and cash equivalents	**47,706,274**	(41,892,175)

PetroGreen

	2023	2022
Statements of Financial Position		
Current assets	**₱2,819,114,694**	₱3,371,584,178
Noncurrent assets	**3,317,766,501**	2,690,275,698
Current liabilities	**145,957,587**	103,032,041
Noncurrent liabilities	**100,265,643**	167,593,841
Equity	**5,890,657,965**	5,791,233,994
Statements of Comprehensive Income		
Revenue	**315,803,284**	218,146,744
Net income	**225,100,044**	135,288,165
Total comprehensive income	**215,716,392**	135,474,922

(Forward)

	2023	2022
Statements of Cash Flows		
Net cash from (used in):		
Operating activities	**₱651,659,440**	(₱783,302,848)
Investing activities	**(628,439,585)**	(136,137,258)
Financing activities	**(171,575,010)**	1,549,309,448
Effect of foreign exchange rate	**(280,058)**	961,426
Net increase (decrease) in cash and cash equivalents	**(148,635,213)**	632,630,768

PetroWind

	2023
Statements of Financial Position	
Current assets	₱983,911,205
Noncurrent assets	5,407,234,398
Current liabilities	510,143,239
Noncurrent liabilities	2,410,786,341
Equity	3,470,216,023
Statements of Comprehensive Income	
Revenue	727,606,935
Net income	236,616,463
Total comprehensive income	234,747,082
Statements of Cash Flows	
Net cash from (used in):	
Operating activities	808,141,808
Investing activities	(2,065,361,667)
Financing activities	1,531,343,124
Effect of foreign exchange rate	(4,605,155)
Net increase (decrease) in cash and cash equivalents	269,518,110

Dividends paid to non-controlling interests amounted to ₱25.00 million and ₱122.80 million in 2023 and 2022, respectively.

Increase in non-controlling interests from stock issuances

PetroGreen

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 21).

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.

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.

In 2023, the Group acquired the NCI in PetroSolar through PERC's acquisition of EEIPC's 44% ownership interest in PetroSolar. Details of the transaction are disclosed in Notes 1 and 21.

PetroWind
The business combination of PWEI in May 2023 resulted to NCI which represents the 40% ownership interest of BCPG in PetroWind. Details of the transaction are disclosed in Notes 1 and 13.

32. Consolidated Statements of Cash Flows

Changes in the Group's liabilities arising from financing activities follow:

2023

	2022	Additional lease liabilities (Note 13)	Non-cash Changes Interest Accretion	Interest expense	Effect of business combination	Dividend declarations to NCI	Cash Flows	2023
Loans payable	**₱3,477,929,052**	**₱–**	**(₱47,824,685)**	**₱–**	**₱1,774,159,119**	**₱–**	**₱2,673,901,034***	**₱7,878,164,520**
Accrued interest payable	**9,731,596**	**–**	**–**	**408,735,771**	**–**	**–**	**(337,024,238)**	**81,443,129**
Lease liabilities	**328,794,340**	**3,861,155**	**–**	**30,197,662**	**–**	**–**	**(38,214,856)**	**324,638,301**
Dividends payable	**10,960,164**	**–**	**–**	**–**	**–**	**53,435,592**	**(30,469,026)**	**33,926,730**
	₱3,827,415,152	**₱3,861,155**	**(₱47,824,685)**	**₱438,933,433**	**₱1,774,159,119**	**₱53,435,592**	**₱2,268,192,914**	**₱8,318,172,680**

**availments - ₱3,946,036,089 and payments - 1,272,135,055*

2022

	2021	Additional lease liabilities (Note 14)	Non-cash Changes 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

	2020	Additional lease liabilities (Note 13)	Non-cash Changes 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

33. 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 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.

34. **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.

35. **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 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. On July 17, 2023, this was further amended to extend the term until January 31, 2024.

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:

	2023	2022	2021
Revenue from electricity supply agreement	**₱1,213,242,513**	₱1,016,281,052	₱1,175,250,772
Revenue sales under Feed-in-Tariff (FIT)	**690,750,963**	679,650,696	724,475,443
Wheeling charges and trading and market fees	**62,662,074**	129,112,773	61,981,804
	₱1,966,655,550	₱1,825,044,521	₱1,961,708,019

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 FIT 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 ₱22.00 million, ₱6.86 million and ₱3.27 million in 2023, 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 tCO_2e. 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 ₱9.95 million in 2023 and ₱11.41 million in 2022.

Memorandum of Agreement between Maibarara Geothermal, Inc. and SMC SLEX, Inc

On March 31, 2023, MGI entered into an agreement with SMC SLEX Inc. wherein, among others, the Parties agree that SLEX Inc. will shoulder and advance the necessary works and expenses for the DPWH and for the relocation of MGI affected facilities needed to continuously operate the Maibarara Geothermal Power Plant. This includes payment for the value of the portions of MGI land affected by SLEX-TR4, cost of relocation of Transmission Lines and Stub Poles and Actual Generation Loss during temporary shutdown, cost of relocation and replacement of the Water Well, and any and all costs expenses to be incurred by MGI in relation to the aforementioned activities. In 2023, total expenses incurred in relation to these activities amounted to ₱16.47 million, while revenues derived from pass-on expenses and generation loss totaled ₱36.78 million.

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.

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 7, 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.

The two-year wind measurement campaign which began in July 2021 was completed by August 2023. In June 2023, PGEC submitted Distribution Impact Study (DIS) for the evaluation of Palawan Electric Cooperative (PALECO). While awaiting the commencement of PALECO’s Competitive Selection Process (CSP), PGEC continues to implement its work program commitments (i.e. shortlisting of potential WTG suppliers and negotiation, potential partners and financial studies).

<u>Bugallon Solar Power Project (BSPP)</u>
Solar Energy Operating Contract (SEOC) No. 2022-04-622
On May 5, 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.

The Distribution Impact Study (DIS) and Distribution Asset Study (DAS) for the BSPP has been completed and has been approved by the Central Pangasinan Electric Cooperative (CENPELCO). The Certificate of Non-Overlap (CNO) has been secured from the National Commission on Indigenous Peoples (NCIP) on July 13, 2022, confirming that the project site is outside any ancestral domain and is free from any tribal claims. The locational clearance has been secured on November 14, 2023.

The construction and operation of the BSPP will be undertaken by Bugallon Green Energy Corporation (BGEC) which was incorporated on October 14, 2023. BGEC is a 100% owned subsidiary of RGEC. The DOE has already approved the transfer of the SEOC to BGEC. The ECC has already been transferred under BGEC's name on November 28, 2023.

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, applications for project endorsement by the Pangasinan Sangguniang Panlalawigan (SP) and Zoning Clearance will be lodged accordingly.

On December 13, the DOE issued a Certificate of Award entitling BSPP to a Green Energy Tarriff of ₱4.4043/kWh for a period of twenty years.

<u>Dagohoy Solar Power Project (DSPP)</u>
Solar Energy Operating Contract (SEOC) No. 2022-06-629
On June 28, 2022, PGEC was awarded a SEOC by the DOE for its Dagohoy Solar Power Project (DSPP) located in Brgy. San Vicente, Dagohoy, Bohol.

Favorable endorsements for the land reclassification of the DSPP site were secured from the Dagohoy Sangguniang Bayan (SB) in October 2022 and from the Bohol SP in December 2022. Said resolutions are needed to secure the requisite Locational Clearance and Building Permit for the DSPP. On December 22, 2022, PGEC entered into a four-year offtake agreement with SN Aboitiz Power-Magat, Inc. counted from the start of commercial operations.

PGEC, through third-party consultants, achieved completion of the System Impact Study (SIS) on August 1, 2023 and Facility Study on September 26, 2023.

Moreover, on August 17, 2023, the Global Environment Center Foundation (GEC) of Japan announced that the DSPP has been selected to receive Joint Crediting Mechanism (JCM) subsidy.

For site development, contractor Media Construction and Development Corporation (MCDC) completed the land grading/levelling, installation of fences and construction of ditch canals. Meanwhile, solar farm contractor Global Electric and grid connection contractor Philcantech Enterprises will commence construction of the solar plant facilities by Q1 2024. The solar power plant is expected to be completed by Q4 2024.

<u>San Jose Solar Power Project (SJSPP)</u>
Solar Energy Operating Contract (SEOC) No. 2015-09-251-AFI
On July 19, 2023, the DOE approved the assignment of Solar Energy Service Contract No. 2015-09-251-AFI to PGEC from V-mars Solar Energy Corporation (V-MARS).

On July 27, 2023, PGEC purchased parcels of land located in the Municipalities of San Jose and Science City of Munoz, Nueva Ecija owned by V-MARS. The lots were registered with the Registry of Deeds for San Jose Nueva Ecija under the name of PGEC on September 21, 2023.

On October 14, 2023, the SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), RGEC's 100% subsidiary that will develop and operate the SJPP. The DOE approved the transfer of the SEOC to SJGEC.

Meanwhile, site clearing and development works have been substantially completed allowing solar farm contractor, Schema Konsult, Inc, and grid connection contractor Philcantech Enterprises, to commence works by Q1 2024.

At this point, PGEC is in the final stages of securing a power supply agreement with an offtaker.

Limbauan Solar Power Project (LSPP)
Solar Energy Operating Contract (SEOC) No. 2017-05-394

The LSPP is located in the province of Isabela and its SEOC is held by BKS Green Energy Corporation (BKS). The LSPP will be developed in two (2) phases: (a) 6 MW_{DC} Phase 1 (LSPP-1) and (b) the 35.3 MW_{DC} (LSPP-2).

On August 16, 2023, PGEC acquired 100% of the outstanding capital stock of BKS from its previous stockholders. The corresponding Certificate Authorizing Registration (CAR) was issued by the BIR in September 2023, approving the transfer of the BKS shares in its stock and transfer books under PGEC. The ownership of BKS will eventually be transferred to RGEC as RGEC's 100% subsidiary.

On November 10, 2020, BKS and Isabela Electric Cooperative II (ISELCO II) executed a Power Supply Agreement for LSPP-1 for the supply of power to the franchise area of ISELCO II with a term of 15 years at a rate of ₱5.40/kWh. The application for approval of the PSA is still pending with the ERC.

On December 1, 2023, BKS obtained a Clearance to Undertake System Impact Study from the DOE. This clearance, along with other documents, were submitted to NGCP in March 2024 for them to prepare System Impact Study for the project.

On December 13, 2023 the DOE issued a Certificate of Award entitling LSPP-2 to a Green Energy Tarriff of ₱4.4043/kWh for a period of twenty years.

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, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. 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, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-063-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079908, January 5, 2024, Makati City

April 15, 2024

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

DECEMBER 31, 2023

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 or loss securities amounting to ₱6.96 million do not constitute 5% or more of the total current assets of the Group as at December 31, 2023.

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

As of December 31, 2023, there are no amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) 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, 2023:

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	₱326,444	₱23,014,344	₱4,112,814	₱–	₱–	₱19,227,974
Maibarara Geothermal, Inc.	924,276	4,833,023	5,114,831	–	–	642,468
PetroSolar Corporation	239,807	2,203,637	2,068,248	–	–	375,196
PetroWind Energy Inc.	–	2,852,475	2,076,335	–	–	776,140
	₱1,490,527	₱32,903,479	₱13,372,229	₱–	₱–	₱21,021,778

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

The Group has no outstanding long-term indebtedness to related parties as of December 31, 2023.

Schedule F. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2023.

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	6,064,534	397,178,583

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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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ana Lea C. Bergado

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Partner
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PTR No. 10079908, January 5, 2024, Makati City

April 15, 2024

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2023 and 2022

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2023 and 2022:

Financial ratios		**2023**	2022
Current ratio	Total current assets / Total current liabilities	**1.25:1**	3:50:1
Acid test ratio	Total current assets – inventories – other current assets / Total current liabilities	**1.20:1**	3.38:1
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.18:1**	0.32:1
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.73:1**	0.36:1
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.73:1**	1.36:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**3.45:1**	4.05:1
Return on equity	Net income / Average shareholder’s equity	**7.54%**	8.34%
Return on assets	Net income / Average assets	**4.88%**	5.75%
Return on revenue	Net income / Total revenue	**31.34%**	33.83%
Earnings per share	Net income / Weighted average no. of shares	**₱0.9067**	₱0.9645
Price Earnings Ratio	Closing price / Earnings per share	**₱5.46**	₱4.98

(Forward)

Long term debt-to-equity ratio	Long term debt	**0.37:1**	0.24:1

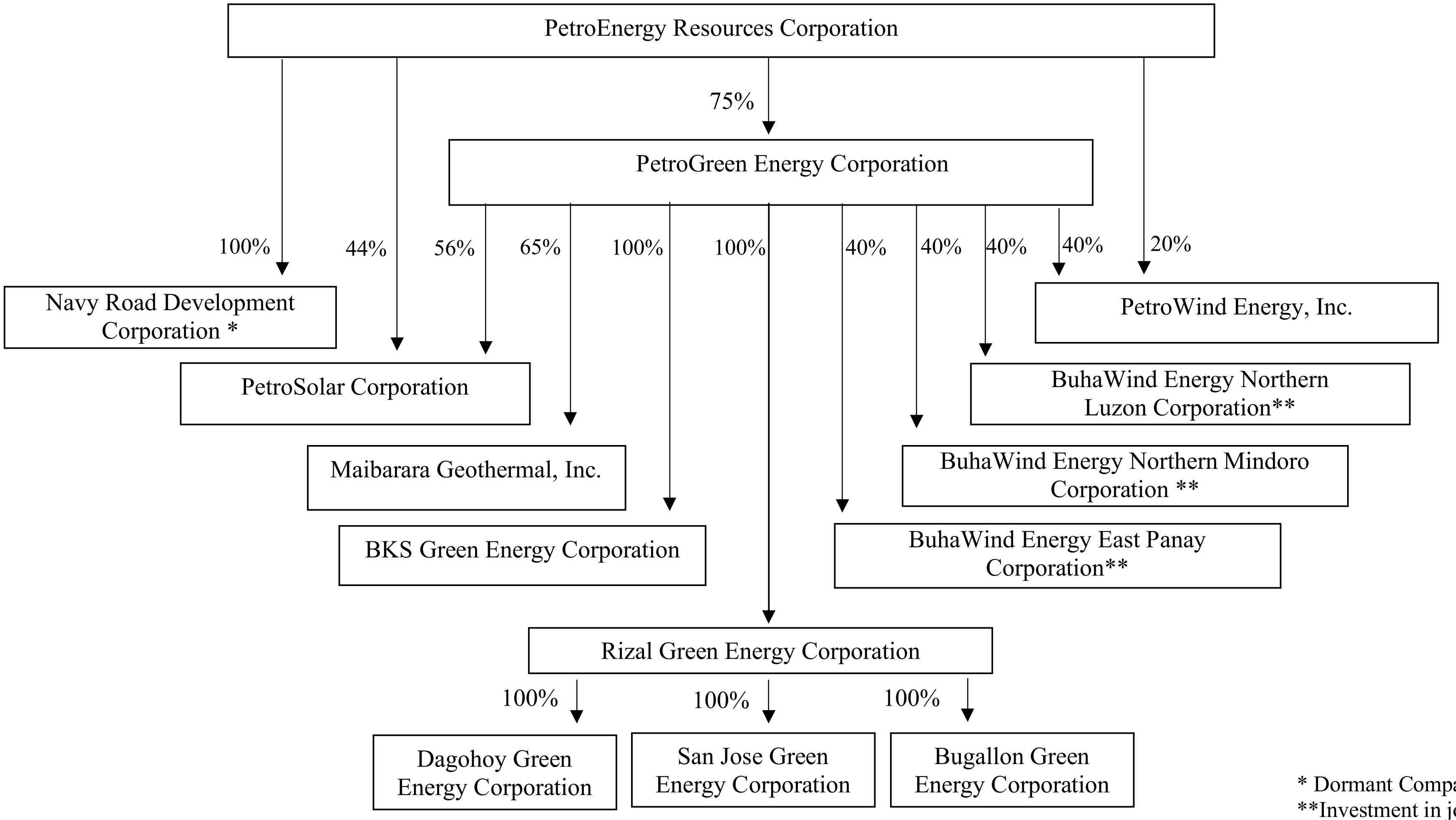
	Equity		
EBITDA to total interest paid	EBITDA** / Total interest paid	**5.93**	4.94

**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, 2023:

PETROENERGY RESOURCES CORPORATION
GROUP STRUCTURE



* Dormant Company
**Investment in joint venture.

PETROENERGY RESOURCES CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

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II	Annex 68-J Schedules • Schedule A. Financial Assets • Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) • Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements • Schedule D. Long-term Debt • Schedule E. Indebtedness to Related Parties • Schedule F. Guarantees of Securities of Other Issuers • Schedule G. Capital Stock
III	Group Structure

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION*
DECEMBER 31, 2023

Unappropriated Retained Earnings (Deficit), beginning of the reporting period (see Footnote 2)		₱231,069,066
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation		–
Effect of reinstatements or prior-period adjustments		–
Others		–
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	28,435,592	
Retained Earnings appropriated during the reporting period	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	28,435,592
Unappropriated Retained Earnings (Deficit), as adjusted		202,633,474
Add/Less: Net income (loss) for the current year		93,076,081
Less: <u>Category C.1</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	121,514,623	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		121,514,623
Add: <u>Category C.2</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	8,078,297	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		8,078,297

Forward

Add: Category C.3 Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		
Adjusted Net Income / Loss		182,273229
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	–
Subtotal		
Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	–
Subtotal		
Add/Less: Category F: Other items that should be excluded from the determination of theamount available for dividends distribution		
Net movement of the treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of the deferred tax asset not considered in reconciling items under previous categories	(155,730)	
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	530,445	
Subtotal		374,715
Total Retained Earnings, end of the reporting period available for dividend		**₱182,647,944**

**Based on December 31, 2023 Parent Company audited financial statements.*

FOOTNOTES:

(1) The amount of retained earnings of the company should be based on its separate ("stand alone") audited financial statements.
(2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.
(3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.
(4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

2024 FIRST QUARTER FINANCIAL STATEMENTS

Maritess D. Reyes

From: PetroEnergy Corporate Affairs
Sent: Wednesday, 15 May 2024 12:01 pm
To: Maritess D. Reyes; Arlan P. Profeta; Shirley E. Belarmino; Louie Mark R. Limcolioc
Subject: FW: CGFD_PETROENERGY RESOURCES CORPORATION_SEC 17 Q First Quarter 2024_ 15May2024

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Wednesday, May 15, 2024 12:00:55 PM (UTC+08:00) Kuala Lumpur, Singapore
To: PetroEnergy Corporate Affairs
Subject: Re: CGFD_PETROENERGY RESOURCES CORPORATION_SEC 17 Q First Quarter 2024_15May2024

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Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

-- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance

5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors
(Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

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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
A N D S U B S I D I A R I E S

(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)

Maria Cecilia L. Diaz De Rivera

(Contact Person)

8637-2917

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

First Quarter

1 7 - Q

0 7	1 8
Month	*Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,988

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-Q

QUARTERLY REPORT PURSUANT TO SECTION 11
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17(a)-1(b) (2) THEREUNDER

1. 31 March 2024
For the quarterly period ended

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

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

5. Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation
Industry Classification Code:

7. 7th Floor JMT Condominium, ADB Avenue, Pasig City 1605
Address of principal office Postal Code

8. (632) 8637-2917
Registrant'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 Code, or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common (par value of P1.00/share)	568,711,842

Amount of Debt Outstanding = ₱9,027,871,450

11. Are any or all of the securities listed on the Philippine Stock Exchange?
All issued and outstanding common shares are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes [/]

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

Yes [/]

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PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Peso)

	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
ASSETS			
Current Assets			
Cash and cash equivalents (Note 6)	**₱3,944,592,810**	₱1,687,055,733	₱2,334,304,367
Short - term investments (Note 6)	-	2,575,286,425	1,975,286,425
Restricted cash (Note 7)	**374,251,690**	335,589,896	293,744,077
Receivables (Note 8)	**722,951,569**	459,565,482	730,521,441
Financial assets at fair value through profit and loss (FVTPL) (Note 9)	**7,059,247**	7,145,746	6,958,720
Contract Assets - current portion (Note 10)	**93,866,114**	17,734,939	127,134,899
Crude oil inventory	**24,216,179**	76,061,522	13,676,052
Other current assets (Note 11)	**280,707,857**	209,175,979	232,238,237
Total Current Assets	**5,447,645,466**	5,367,615,722	5,713,864,218
Noncurrent Assets			
Property and equipment - net (Notes 5 and 12)	**12,372,701,414**	8,158,422,721	12,208,332,826
Deferred oil exploration costs (Note 13)	**410,338,944**	355,951,118	386,796,965
Contract assets - net of current portion (Note 10)	**662,603,813**	293,437,957	609,572,499
Investment in joint venture and business combination (Note 14)	**2,882,000**	1,934,317,304	2,882,000
Right-of-use of assets (Note 15)	**316,999,128**	340,580,472	322,894,463
Deferred tax assets-net	**18,691,787**	11,113,003	18,349,138
Intagible assets and goodwill (Note 16)	**1,166,357,242**	-	1,172,413,367
Investment properties - net (Note 17)	**1,611,533**	1,611,533	1,611,533
Other noncurrent assets (Note 18)	**1,618,831,703**	499,779,985	1,445,572,602
Total Noncurrent Assets	**16,571,017,564**	11,595,214,093	16,168,425,393
TOTAL ASSETS	**22,018,663,030**	16,962,829,815	21,882,289,611
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 19)	**687,662,241**	504,024,564	798,052,764
Loans payable - current (Note 20)	**1,691,082,703**	791,730,980	3,699,707,830
Lease liabilities - current (Note 15)	**61,319,984**	29,506,086	54,756,559
Income tax payable	**44,075,621**	19,086,864	14,329,114
Total Current Liabilities	**2,484,140,549**	1,344,348,494	4,566,846,267
Noncurrent Liabilities			
Loans payable - net of current portion (Note 20)	**6,071,153,898**	2,531,709,685	4,178,456,690
Lease liabilities - net of current portion (Note 15)	**269,881,742**	309,753,594	269,881,742
Asset retirement obligation (Note 21)	**171,349,371**	66,770,378	167,532,915
Other noncurrent liability	**31,345,890**	9,548,486	30,603,592
Total Noncurrent Liabilities	**6,543,730,901**	2,917,782,143	4,646,474,939
Total Liabilities	**9,027,871,450**	4,262,130,637	9,213,321,206
Equity			
Attributable to equity holders of the Parent Company			
Capital stock (Note 22)	**568,711,842**	568,711,842	568,711,842
Additional paid- in capital (Note 22)	**2,156,679,049**	2,156,679,049	2,156,679,049
Retained earnings	**3,855,352,878**	3,355,224,738	3,669,829,291
Equity reserve (Note 22)	**1,334,950,575**	1,177,074,157	1,334,950,575
Remeasurement loss on defined benefit obligation	**(12,374,372)**	4,104,237	(12,472,150)
Share in other comprehensive income of a Joint Venture	-	(78,815)	-
Cumulative translation adjustment	**114,499,681**	114,499,681	114,499,681
	8,017,819,653	7,376,214,889	7,832,198,288
Noncontrolling interest	**4,972,971,927**	5,324,484,289	4,836,770,117
Total Equity	**12,990,791,580**	12,700,699,178	12,668,968,405
Total Liabilities and Equity	**₱22,018,663,030**	₱16,962,829,815	₱21,882,289,611

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Philippine Peso)

	Unaudited For the 1st Quarter ending	
	31-Mar-24	31-Mar-23
REVENUES		
Electricity sales (Note 4)	₱785,852,912	₱501,633,224
Oil revenues (Note 4)	139,797,833	90,756,711
Other revenues	19,446,299	15,185,878
	945,097,044	607,575,813
COST OF SALES		
Cost of sales - Electricity (Notes 4 and 22)	308,345,798	188,802,590
Cost of sales - Oil Production (Note 4)	107,081,132	102,995,554
Change in crude oil inventory (Note 4)	(10,540,127)	(61,624,330)
Cost of sales - Others	19,192,621	14,912,083
	424,079,424	245,085,897
GROSS INCOME	521,017,620	362,489,916
GENERAL AND ADMINISTRATIVE EXPENSES	84,088,535	42,211,108
OTHER INCOME (CHARGES)		
Interest expense (Notes 15 and 20)	(133,118,268)	(68,364,221)
Share in net income of an Associate (Note 14)	-	52,894,321
Interest income (Notes 4, 6, 7 and 8)	46,370,447	50,189,062
Net unrealized foreign exchange gain (loss)	1,022,948	(3,348,669)
Accretion expense (Note 21)	(3,199,041)	(1,799,157)
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	100,527	(394,344)
Miscellaneous income (Note 4)	4,297,217	3,741,940
	(84,526,170)	32,918,932
INCOME BEFORE INCOME TAX	352,402,915	353,197,740
PROVISION FOR (BENEFIT FROM) INCOME TAX	30,677,519	13,528,519
NET INCOME	**₱321,725,396**	₱339,669,221
NET INCOME ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	185,523,586	172,611,440
Noncontrolling interest	136,201,810	167,057,781
NET INCOME	**₱321,725,396**	₱339,669,221
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY- BASIC AND DILUTED	**0.3262**	0.3035

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Peso)

	31-Mar-24	31-Mar-23
NET INCOME	**₱321,725,396**	₱339,669,221
OTHER COMPREHENSIVE INCOME		
Item to be reclassified to profit or loss in subsequent periods		
Movements in cumulative translation adjustment - net of tax	-	-
Item not to be reclassified to profit or loss in subsequent periods		
Remeasurement gains on net accrued retirement liability - net	**97,778**	-
Share in other comprehensive income of a joint venture	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**97,778**	-
TOTAL COMPREHENSIVE INCOME	**321,823,174**	339,669,221
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTATBLE TO:		
Equity Holders of the Parent Company	**185,621,364**	172,611,440
Noncontrolling interest - IS	**136,201,810**	167,057,781
TOTAL COMPREHENSIVE INCOME	**₱321,823,174**	339,669,221

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Philippine Peso)

		Unaudited	**Unaudited**	**Audited**
		31-Mar-24	**31-Mar-23**	**31-Dec-23**
CAPITAL STOCK				
Authorized capital	700,000,000			
Issued and outstanding				
Balance beginning of year	568,711,842	568,711,842	568,711,842	568,711,842
Total issued and outstanding	568,711,842			
		568,711,842	**568,711,842**	**568,711,842**
ADDITIONAL PAID-IN CAPITAL				
Balance beginning of year		2,156,679,049	2,156,679,049	2,156,679,049
Additions during the period		-	-	-
		2,156,679,049	**2,156,679,049**	**2,156,679,049**
UNAPPROPRIATED RETAINED EARNINGS				
Balance at beginning of year		3,669,829,291	3,182,613,298	3,182,613,298
Dividend declaration			-	(28,435,592)
Net Income		185,523,587	172,611,440	515,651,585
		3,855,352,878	**3,355,224,738**	**3,669,829,291**
REMEASUREMENT OF NET ACCRUED RETIREMENT LIABILITY				
Balance at beginning of year		**(12,472,150)**	4,104,237	4,104,237
Remeasurement gain (loss) on accrued retirement liability		**97,778**	-	(16,576,387)
		(12,374,372)	**4,104,237**	**(12,472,150)**
SHARE IN OCI OF A JOINT VENTURE				
Balance at beginning of year		-	(78,815)	(78,815)
Share in other comprehensive income of a Joint Venture		-	-	78,815
		-	**(78,815)**	**-**
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year		114,499,681	114,499,681	114,499,681
Movement of cumulative translation adjustment		-	-	-
		114,499,681	**114,499,681**	**114,499,681**
PARENT'S OTHER EQUITY RESERVES				
Balance at beginning of year		1,334,950,575	736,716,986	736,716,986
Change in ownership without loss of control		-	440,357,171	598,233,589
PARENT'S OTHER EQUITY RESERVES		**1,334,950,575**	**1,177,074,157**	**1,334,950,575**
TOTAL EQUITY ATTRIBUTED TO EQUITY HOLDERS OF PARENT		**8,017,819,653**	**7,376,214,889**	**7,832,198,288**
NONCONTROLLING INTEREST				
Balance at beginning of year		4,836,770,117	3,963,021,100	3,963,021,100
Net income		136,201,810	167,057,781	428,528,883
Increase in non-controlling interests - stock issuances			1,634,762,579	1,839,175,215
Change in ownership of non-controlling interest		-	(440,357,171)	53,291,352
Business combination		-	-	1,196,723,942
Acquisition of NCI (in PSC and PGEC, PWEI)		-	-	(2,616,678,756)
Remeasurement loss on defined benefit obligation		-	-	(2,291,619)
Cash dividends		-	-	(25,000,000)
		4,972,971,927	**5,324,484,289**	**4,836,770,117**
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION				
Balance at beginning of year		**-**	1,651,055,000	1,651,055,000
Conversion of Deposit to Capital Stock and APIC		**-**	(1,651,055,000)	(1,651,055,000)
		-	-	-
TOTAL EQUITY		**12,990,791,580**	**12,700,699,178**	**12,668,968,405**

PETROENERGY RESOURCES CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASHFLOWS

(Amounts in Philippine Peso)

	Unaudited	Unaudited	Audited
	31-Mar-24	31-Mar-23	31-Dec-23
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**352,402,915**	353,197,740	1,003,078,760
Adjustments for:			
Interest expense	**133,118,268**	68,364,221	408,735,771
Depletion, depreciation and amortization	**197,240,137**	147,576,071	730,880,693
Impairment loss (reversal)	**-**	-	77,167,996
Loss on remeasurement of previously held interest			45,894,709
Share in net income (loss) of joint venture	**-**	(52,894,321)	(50,738,697)
Net unrealized foreign exchange loss (gain)	**(1,022,948)**	3,348,669	3,103,807
Provision for probable losses	**-**	-	12,011,345
Accretion expense	**3,199,041**	1,799,157	6,944,814
Dividend income	**-**	(12,300)	(26,969)
Net gain on sale of equipment and investment	**-**	-	(1,671,563)
Net loss (gain) on fair value changes on financial assets at fair value through profit or loss	**(100,527)**	394,344	530,445
Interest income	**(46,370,447)**	(50,189,062)	(225,839,685)
Movement in accrued retirement liability	**97,778**	-	(2,129,878)
Operating income before working capital changes	**638,564,217**	471,584,519	2,007,941,548
Decrease (increase) in:			
Short-term investments	**2,016,708,112**	-	-
Receivables	**(108,980,902)**	(37,266,684)	(154,034,306)
Contract Assets	**(19,762,529)**	(14,814,406)	(60,510,461)
Other current assets	**(45,454,463)**	(1,546,147,928)	69,546,872
Increase in Accounts payable and accrued expenses	**(120,298,349)**	(39,154,305)	157,724,533
Cash generated from (used in) operations	**2,360,776,086**	(1,165,798,804)	2,020,668,186
Interest received	**117,537,116**	29,893,851	152,770,663
Income taxes paid, including movement in CWT	**(1,273,661)**	(621,883)	(78,878,062)
Net cash provided by (used in) operating activities	**2,477,039,541**	(1,136,526,836)	2,094,560,787
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Acquisitions of property, plant and equipment	**(344,415,162)**	(99,966,338)	(1,843,551,556)
Deferred oil exploration costs	**(23,541,979)**	(44,068,107)	(75,217,430)
Deferred development costs	**(94,003,319)**	(45,544,265)	(427,579,398)
Acquisitions of intangibles	**-**	-	(3,899,131)
Advances to contractors	**-**	-	(33,521,873)
Acquisition through business combination – net of cash acquired	**-**	-	(210,446,391)
Decrease in short-term investments	**-**	-	740,401,839
Proceeds from sale of property, plant and equipment	**-**	-	82,013
Dividends received	**-**	12,300	26,969
(Increase)/decrease in Other noncurrent assets	**(174,598,364)**	(71,036,648)	(46,426,555)
Net cash used in investing activities	**(636,558,824)**	(260,603,058)	(1,900,131,513)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of loans	**2,012,500,000**	129,880,000	3,946,036,089
Issuance of stocks to NCI	**-**	1,634,762,579	204,412,637
Payments of:			
Loans	**(2,130,986,646)**	(285,400,000)	(1,272,135,055)
Interest	**(113,177,220)**	(67,934,291)	(337,024,238)
Acquisition of NCI	**-**	-	(1,965,153,794)
Dividends to Non-Controlling Interest	**-**	-	(25,000,000)
Lease liabilities	**(911,070)**	(911,070)	(38,214,856)
Equity issuance cost	**-**	-	(16,292,421)
Dividends by the Parent Company	**-**	-	(28,435,592)
Increase in other noncurrent liabilities	**742,298**	1,164,603	-
Net cash provided by financing activities	**(231,832,638)**	1,411,561,821	468,192,770
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,640,364**	(4,607,778)	(5,549,261)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,610,288,443**	9,824,149	657,072,783
CASH AND CASH EQUIVALENTS, BEGINNING	**2,334,304,367**	1,677,231,584	1,677,231,584
CASH AND CASH EQUIVALENTS, END	**3,944,592,810**	1,687,055,733	2,334,304,367

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES
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 75%-owned subsidiary (77%-owned in 2022), 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 or PSC", 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 or PWEI", 40%-owned subsidiary in 2023 (joint venture in 2022) - owner and developer of the 36 MW Nabas Wind Power Project (NWPP-1) and its 13.2 MW expansion (NWPP-2) in Nabas and Malay, Aklan.

   In 2023, PetroEnergy made direct acquisition of shares in PetroGreen, PetroWind and PetroSolar. In 2023 also, PGEC incorporated new RE entities which are disclosed in detail in Note 1c and 1d. The subsidiaries of PetroEnergy and the respective percentages of ownership are disclosed in Note 4.

   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 including, (a) geothermal, (b) solar, and (c) wind.

Upstream Oil Exploration and Development
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.

Renewable Energy
Geothermal Energy
MGI's 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
PetroSolar's 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.

Wind Energy
PetroWind's wind power projects are the NWPP located in Nabas and Malay, Aklan. The 36 MW Phase 1of the project (NWPP-1) commenced commercial operations on June 10, 2015. Whereas, an expansion project, the 13.2 MW Wind Power Project (NWPP-2), is underway. At least three turbines are targeted to commence operations by April 2024.

c. Acquisition of Shares of Stock

On April 24, 2023, PERC and EEIPC entered into a SPA, where PERC agreed to purchase all of EEIPC's equity interests in PGEC (7.5%), PetroSolar (44%), and PWEI (20%) on different payment schedules. PERC executed the respective Deeds of Absolute Sale and fully paid EEIPC the purchase price for the latter's shares in PWEI on May 10, 2023. The full payments for the EEIPC shares in PSC and in PGEC were made on August 1, 2023 and August 31, 2023, respectively.

d. Pipeline RE Projects

In 2022, the Company made investments in three newly incorporated special purpose vehicles (SPVs) namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. On March 5, 2021, PetroGreen and Copenhagen Energy A/S, a Danish company and affiliate of CE Pacific ApS (CE), executed the Heads of Terms as basis for the potential collaboration on the development of offshore wind (OSW) power projects in the Philippines and creation of SPVs that will develop the projects. Pursuant to the Heads of Terms, PGEC and CE entered into Joint Venture Agreements (JVAs) that will govern the obligations of the parties in the development of the Northern Luzon, Northern Mindoro and East Panay OSW projects, and incorporated the SPVs in November 2022. PGEC owns 40% equity in each of the OSW SPVs. The DOE approved the assignment of PGEC's DOE wind service contract to Buhawind Energy East Panay Corporation, Buhawind Energy Northern Mindoro Corporation and Buhawind Energy Northern Luzon Corporation on December 27, 2023, December 29, 2023 and February 21, 2024, respectively.

On August 31, 2023, the Securities and Exchange Commission (SEC) approved the incorporation of Rizal Green Energy Corporation((RGEC), PGEC's 100%-owned subsidiary that shall hold shares in the RE companies that will develop the solar power projects in Bohol, Pangasinan, Isabela and Nueva Ecija. On September 13, 2023, the SEC approved the incorporation of Dagohoy Green Energy Corporation (DGEC), RGEC's 100% subsidiary that shall develop, own, and operate the Dagohoy Solar Power Project in Bohol. On February 28, 2024, the DOE approved the assignment of PGEC's DOE operating contract to DGEC. On the other hand, on September 20, 2023, PGEC acquired 100% of BKS Green Energy Corp.'s shares of stock, a Filipino corporation that holds service contract rights over the Limbauan Solar Power Project in Isabela. On July 19, 2023, the DOE approved the assignment of V-Mars Solar Energy Corporation's DOE service contract to PGEC, allowing PGEC to develop the San Jose Solar Power Project in Nueva Ecija. On October 14, 2023, SEC approved the incorporation of San Jose Green Energy Corporation (SJGEC), also RGEC's 100% subsidiary to develop own and operate the San Jose project. On February 23, 2024, PGEC submitted the application for assignment of the DOE service contract to SJGEC.

e. Approval of Consolidated Financial Statements
The accompanying unaudited consolidated interim financial statements as of and for the period ended March 31, 2024 were approved and authorized for issue by the Board of Directors (BOD).

2. **Basis of Preparation**

Basis of Preparation
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.

Statement of Compliance
The 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, 2023. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

New Accounting Standards, Interpretations and Amendments Effective Subsequent to December 31, 2023

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, 2024

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

Effective beginning on or after January 1, 2025

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2023 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 March 31, 2024, March 31, 2023 and December 31, 2023. 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 March 31, 2024, March 31, 2023 and December 31, 2023:

	31-Mar-2024	31-Mar-2023	31-Dec-2023
Direct interest:			
PetroGreen*	75%	67.50%	75%
PetroSolar**	44%	-	44%
PetroWind***	20%	-	20%
Navy Road Development Corporation (NRDC) – dormant company	100%	100%	100%
Indirect interest:			
Percentage share of PetroGreen in its subsidiaries:			
MGI	65%	65%	65%
PetroSolar	56%	56%	56%
PetroWind***	40%	-	40%
BKS****	100%	-	100%
RGEC*****	100%	-	100%

Subsidiaries of RGEC:*****			
DGEC	100%	-	100%
SJGEC	100%	-	100%
BGEC	100%	-	100%

**Resulted from PERC's acquisition of PetroGreen's shares from EEIPC and new shares issued to Kyuden (Notes 1 and 21)*
***Arose from PERC's acquisition of PetroSolar's shares from EEIPC (Notes 1 and 21)*
**** Arose from PERC's acquisition of PetroWind's shares from EEIPC which resulted in consolidation of PetroWind; effective interest of the Group is 50% thereafter (Notes 1 and 13)*
*****Acquired subsidiary in 2023 (Note 1)*
******Newly incorporated subsidiaries in 2023 (Note 1)*

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) contractual arrangement with the other vote holders of the investee;
b) rights arising from other contractual arrangements; and
c) 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, transactions, 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 the net asset of the subsidiary is recorded in equity. Gains or losses on disposals from NCI are also recorded in equity.

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 under 'Non-controlling interests'.

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.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is 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.

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.

<u>Crude Oil Inventory</u>
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.

<u>Other Current Assets</u>
This account comprises supplies inventory, refundable deposits, 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 to 5
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.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets or liabilities or the consideration of the combination can be determined only provisionally, the acquirer shall account for the business combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months from the acquisition date as follows: (i) the carrying amount of the identifiable assets or liabilities that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets or, liabilities being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

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.

<u>Deferred Development Costs – Solar and Wind Power Projects included in Other Noncurrent Assets</u>
These are costs incurred in the development of the RE projects. 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 RE projects
- costs of administration, finance, general and security services and other costs attributed to the RE projects.

Deferred development costs of RE projects are 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.

<u>Investment in a Joint Venture (JV)</u>
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.

Contract Assets
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.

Intangible Assets (Other than Goodwill)
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
Customer relationship	27
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.

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 (excluding Goodwill)
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.

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.

<u>Income Taxes</u>
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.

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
Land	18 to 25
Office space	2

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 are 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 25 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.

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 conditions for asset capitalization of development costs are not met, then such costs are expensed outright.

As of March 31, 2024 and December 31, 2023, the carrying value of deferred oil explorations costs amounted to ₱410.34 million and ₱386.80 million, respectively (see Note 13), and the Group's deferred development costs amounted to ₱654.89 million and ₱560.87 million as of March 31, 2024 and December 31, 2023, respectively (see Note 18).

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 to 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 March 31, 2024 and December 31, 2023, the Group's investment in a joint venture amounted to ₱2.88 million and ₱2.88 million, respectively (see Note 14).

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 12 and 13).

<u>Estimates and Assumptions</u>
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 March 31, 2024 and December 31, 2023, 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 March 31, 2024 and December 31, 2023, the carrying value of "Wells, Platforms and other Facilities" under "Property, Plant and Equipment" amounted to ₱581.98 million and ₱605.04 million, respectively (see Note 12).

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 March 31, 2024 and December 31, 2023 (see Note 12).

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 March 31, 2024 and December 31, 2023 follow:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Property, plant and equipment (Note 12)	**₱12,372,701,414**	₱12,208,332,826
Intangible assets (Note 16)	**1,166,357,242**	1,172,413,367
Deferred development costs (Note 18)	**654,889,511**	560,886,192
Deferred oil exploration costs (Note 13)	**410,338,944**	386,796,965
Right-of-use assets (Note 15)	**316,999,128**	322,894,463
Investment properties (Note 17)	**1,611,533**	1,611,533
	₱14,922,897,772	₱14,652,935,346

There are no indicators of impairment that would trigger impairment review in March 31, 2024 and December 31, 2023 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 12).

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 12th 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 14.39% in 2023.

The Parent Company recognized impairment (reversal of impairment) loss for the years ended December 31, 2023 (nil in March 31, 2024) presented on a net basis:

Wells, platforms and other facilities – net (Note 12)	**₱76,864,520**
Deferred oil exploration costs – net (Note 13)	**303,476**
	₱77,167,996

Estimation of Asset Retirement Obligations
The Group has various legal obligations to decommission or dismantle its assets related to the oil production, geothermal energy project, wind energy project and solar power project at the end of each respective service contracts. In determining the amount of provisions for restoration costs, assumptions and estimates are required in relation to the expected costs to restore sites and infrastructures 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 6.01% to 7.32% in 2023 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 21).

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 March 31, 2024 and December 31, 2023 follows (see Note 21):

	Unaudited 31-Mar-24	Audited 31-Dec-23
Solar power project	**₱61,346,336**	₱60,429,322
Oil production	**50,097,196**	48,056,253
Wind power project	**47,372,992**	46,671,960
Geothermal energy project	**12,532,847**	12,375,380
	₱171,349,371	₱167,532,915

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. The carrying value of input VAT amounted to ₱454.41 million and ₱430.09 million as of March 31, 2024 and December 31, 2023, respectively (see Note 18).

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 March 31, 2024 and December 31, 2023, 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.

6. Cash and Cash Equivalents and Short-term Investments

	Unaudited 31-Mar-24	Audited 31-Dec-23
Cash on hand and in banks	**₱919,871,522**	₱771,239,069
Cash equivalents	**3,024,721,288**	1,563,065,298
Cash and Cash Equivalents	**3,944,592,810**	2,334,304,367
Short-term investments	**₱–**	₱1,975,286,425

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.

As of March 31, 2024 and December 31, 2023, the Group has nil and ₱1.975 billion short-term investments with periods of more than three months but less than one year, respectively.

Interest income earned on cash and cash equivalents and short-term investments amounted to ₱41.42 million, P200.85 million as of March 31, 2024 and December 31, 2023, respectively.

7. Restricted Cash

	Unaudited 31-Mar-24	Audited 31-Dec-23
Debt service payment and reserve accounts	**₱374,251,690**	₱293,744,077
Cash held under escrow for stock subscription	**–**	–
Share in Etame escrow fund – current portion	**–**	–
	₱374,251,690	₱293,744,077

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 Project Loan Facility Agreement (PLFA) of MGI and Omnibus Loan and Security Agreement (OLSA) of PetroSolar, respectively (see Note 20). 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 PLFA/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.

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 fully released from the escrow fund in January 2023. Interest income earned on restricted cash amounts to ₱0.06 million and ₱0.84 million as of March 31, 2024 and December 31, 2023.

Share in Etame escrow fund – current portion
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.

8. Receivables

	Unaudited 31-Mar-24	Audited 31-Dec-23
Trade receivables:		
Electricity sales	**₱530,786,373**	₱438,732,703
Oil revenues	**79,325,419**	57,339,972
Other trade receivables	**3,371,534**	3,464,223
Non-trade receivables:		
Receivables from related party	**36,383,278**	36,664,312
Receivable from contractors	**29,403,666**	37,010,692

Forward

	Unaudited 31-Mar-24	Audited 31-Dec-23
Interest receivable	**15,643,190**	86,809,859
Consortium operator	**2,682,452**	2,682,452
Bid bond deposits	**–**	47,000,000
Others	**28,038,109**	23,499,680
	725,634,021	733,203,893
Less allowance for impairment losses	**2,682,452**	2,682,452
	₱722,951,569	₱730,521,441

Accounts receivables are generally on 30-day credit term. Interest income earned from the delayed payments of FiT differential and other receivables amounted to ₱0.99 million and ₱12.65 million as of March 31, 2024 and December 31, 2023.

9. Financial Assets at Fair Value Through Profit or Loss

	Unaudited 31-Mar-24	Audited 31-Dec-23
Marketable equity securities	**₱6,289,247**	₱6,188,720
Investment in golf club shares	**770,000**	770,000
	₱7,059,247	₱6,958,720

Net gain (loss) on fair value changes on financial assets at FVTPL included in profit or loss amounted to (₱0.10 million) and (₱0.53 million) as of March 31,2024 and December 31, 2023, respectively. Dividend income received from equity securities amounted to nil and ₱0.03 million as of March 31, 2024 and December 31, 2023, respectively.

10. Contract Assets – current and noncurrent portion

On May 26, 2020, the Energy Regulatory Commission (ERC) approved Resolution No. 6 series of 2020 approving the adjustment to Feed in Tariff for the years 2016 – 2020 using 2014 as the base year for the consumer price index and foreign exchange. TransCo has an annual application for the adjusted FIT rate with the ERC which is the basis for recording of FIT arrears and contract assets.

As of March 31, 2024 and December 31, 2022, current portion of the contract asset amounted to ₱93.87 million and ₱127.13 million, respectively, while noncurrent portion amounted to ₱662.60 million and ₱609.57 million, respectively.

11. Other Current Assets

	Unaudited 31-Mar-24	Audited 31-Dec-23
Supplies inventory	**₱169,582,525**	₱ 150,572,239
Prepaid expenses	**68,080,029**	57,485,232
Advances to suppliers	**29,509,977**	15,220,728
Prepaid income taxes	**11,082,726**	8,301,235
Others	**2,452,600**	658,803
	₱280,707,857	₱ 232,238,237

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 fees.

12. Property, Plant and Equipment

	Unaudited 31-Mar-24								
	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	**₱11,579,180,788**	**₱2,125,079,210**	**₱2,420,151,480**	**₱928,483,519**	**₱80,500,468**	**₱99,913,316**	**₱232,539,845**	**₱1,497,104,568**	**₱18,962,953,194**
Additions	**573,190**	**27,440,977**	**149,482**	**5,623,139**	**1,227,086**	**6,513,214**	**1,977,898**	**300,910,175**	**344,415,162**
Change in ARO estimate (Note 21)	–	–	–	–	–	–	–	–	–
Disposal	**(6,255,704)**	–	–	–	–	–	–	–	**(6,255,704)**
Reclassifications	–	–	–	–	–	–	–	–	–
Balances at end of year	**11,573,498,274**	**2,152,520,187**	**2,420,300,962**	**934,106,658**	**81,727,554**	**106,426,530**	**234,517,743**	**1,798,014,743**	**19,301,112,652**
Accumulated depletion and depreciation									
Balances at beginning of year	**4,068,728,242**	**562,671,715**	**1,568,996,366**	**22,162,978**	**41,243,424**	**65,537,656**	**179,162,886**	–	**6,508,503,267**
Depletion and depreciation	**120,143,301**	**21,392,035**	**23,211,729**	**6,215,908**	**2,136,206**	**2,919,710**	**4,027,667**	-	**180,046,554**
Disposals	**(6,255,704)**	–	–	–	–	–	–	–	**(6,255,704)**
Balances at end of year	**4,182,615,839**	**584,063,750**	**1,592,208,095**	**28,378,886**	**43,379,630**	**68,457,366**	**183,190,552**	-	**6,682,294,117**
Accumulated impairment losses									
Balances at beginning of year	–	–	**246,117,121**	–	–	–	–	–	**246,117,121**
Impairment loss-net (Note 5)	–	–	–	–	–	–	–	–	–
Balances at end of year	–	–	**246,117,121**	–	–	–	–	–	**246,117,121**
Net book values	**₱7,390,882,435**	**₱1,568,456,437**	**₱581,975,746**	**₱905,727,772**	**₱38,347,924**	**₱37,969,164**	**₱51,327,191**	**₱1,798,014,743**	**₱12,372,701,414**

	Audited 31-Dec-2023								
	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	₱7,353,955,059	₱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
Additions	184,722,551	122,078,552	15,508,544	241,363,085	5,898,854	11,880,409	15,702,679	1,246,396,882	1,843,551,556
Additions from business combination (Note 14)	4,156,559,006	–	–	300,076,535	32,053,622	11,074,263	30,471,911	91,140,921	4,621,376,258
Change in ARO estimate (Note 21)	48,581,945	4,330,447	3,788,781	–	–	–	–	–	56,701,173
Disposal	(190,524,365)	–	–	–	–	–	(53,660)	–	(190,578,025)
Reclassifications	25,886,592	18,980,737	–	–	–	–	12,877,879	(57,745,208)	–
Balances at end of year	11,579,180,788	2,125,079,210	2,420,151,480	928,483,519	80,500,468	99,913,336	232,539,845	1,497,104,568	18,962,953,214
Accumulated depletion and depreciation									
Balances at beginning 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
Depletion and depreciation	446,848,761	85,099,217	101,223,727	21,857,070	4,727,523	9,777,330	14,259,587	–	683,793,215
Additions from business combination (Note 14)	1,641,868,724	–	–	(41,344,613)	(4,656,999)	7,423,263	16,107,518	–	1,619,397,893
Disposals	(60,386,775)	–	–	–	–	–	(53,660)	–	(60,440,435)
Balances at end of year	4,068,728,242	562,671,715	1,568,996,366	22,162,978	41,243,424	65,537,656	179,162,886	–	6,508,503,267
Accumulated impairment losses									
Balances at beginning of year	–	–	169,252,601	–	–	–	–	–	169,252,601
Impairment loss (Note 5)	–	–	76,864,520	–	–	–	–	–	76,864,520
Balances at end of year	–	–	246,117,121	–	–	–	–	–	246,117,121
Net book values	₱7,510,452,546	₱1,562,407,495	₱605,037,993	₱906,320,541	₱39,257,044	₱34,375,680	₱53,376,959	₱1,497,104,568	₱12,208,332,826

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

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 March 31, 2024 and December 31, 2023, the participating interest of PERC in various service contract areas are as follows:

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

Foreign Operations

Gabon, West Africa

Background

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.

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

On March 31, 2024 and December 31, 2023, total crude production reached 1.3 MMBO and 6.25 MMBO, respectively. The Consortium managed 10 liftings, resulting in net crude export of 6.009 MMBO, with crude oil market prices ranging from US$ 75 – US$ 90 per barrel. Since the Gabon oilfield has been put on-line in 2002, a total of 135.66 MMBO has been extracted to date over the last 21 years.

As of March 31, 2024 and December 31, 2023, PetroEnergy has investments in Gabon, West Africa included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amounting to ₱581.976 million and ₱605.038 million, respectively. With the fluctuation in crude oil prices and recoverable oil reserves, impairment loss (reversal of impairment loss) was recognized amounting to nil and ₱76.86 million in March 31, 2024 and December 31,2023.

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 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 2022, the SC 14-C2 consortium proceeded with a third-party technical evaluation of the West Linapacan B field, to assess potential production opportunities.

On May 11, 2023, the SC 14-C2 consortium approved to unitize the service contract with SC 6B, subject to the issuance of a DOE Department Circular regarding application for new petroleum service contract. However, the circular which was subsequently issued on December 18, 2023 stated that the application process for new petroleum service contracts would be issued in a supplementary guideline.

While waiting for the supplementary guideline, the consortium continues to evaluate farm-in proposals from interested parties. On December 29, 2023, the DOE approved the 2024 Work Program and Budget submitted by the Consortium. 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 nil and ₱0.30 million in March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, PetroEnergy's investments in the West Linapacan Oilfield included in "Wells, platforms and other facilities" account under "Property, plant and equipment" amount to nil.

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 June 23-28, 2023, the MGPP-1 and 2 power plants had an opportunity maintenance shutdown during the relocation of transmission line and stub poles affected by SLEX-TR4 construction. Various maintenance activities for the plants' mechanical, electrical, and instrumentation facilities, as well as for the switchyard and transmission lines, were carried-out by MGI technical staff and private contractors.

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.

Separated brine from the production wells and power plant condensates are pumped into the two (2) reinjection wells, MB-14RD and MB-17RD, to recharge the reservoir and comply with the environmental standards.

MGPP-1 delivered 38.90 GWh and 159.85 GWh of electricity on March 31, 2024 and December 31, 2023, 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.

Steam flow requirements of the MGPP-2 are also supplied by two (2) production wells MB-12D and MB-18D with the common steam line.

MGPP-2 transmitted 23.17 GWh and 95.77 GWh of electricity on March 31, 2024 and December 31, 2023, 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 19.49 GWh and 72.82 GWh on March 31, 2024 and December 31, 2023, 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.

On October 25, 2022, PSC submitted application for validity extension of the PAO for TSPP-2. While evaluation of the application was underway, ERC issued 2023 COC revised guidelines that extended the effectivity of TSPP-2's PAO until December 15, 2024.

In December 2023, PSC completed the construction of the TSPP-2 49 MWac substation. PSC will use this new substation once it receives approval from ERC.

TSPP-2 exported 7.93 GWh and 30.36 GWh on March 31, 2024 and December 31, 2023, respectively.

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). Later on, Phase 2 capacity was finalized to be 13.2 MW with six (6) WTGs.

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.

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

On 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 NWPP-2 WTG Supply, Supervision, and Services Agreements on December 13, 2022. On the other hand, PWEI also awarded and issued the Notice to Proceed (NTP) to EEI Corporation (EEI) the contract for the NWPP-2 Main Balance of Plant (BoP) for the Civil, Electrical (Substation and Switching Station, and Electrical Feeder Lines), including WTG Electro-Mechanical Works installation.

On January 13, 2023, DENR signed Special Agreement for Protected Areas (SAPA) of NWPP-2. This agreement allows PWEI to develop NWPP-2 in the approved area for at least 25 years. PWEI also secured tree cutting permit within private lands and forestlands on March 16, 2023.

The additional construction in progress in 2023 mainly pertains to ₱1.2 billion construction of NWPP-2 which is expected to be completed in April 2025.

By December 2023, EEI substantially completed the construction of the NWPP-2 substation, switching station and WTG 20-22 feeder lines, and erection of WTG 20. Three (3) turbines are expected to be connected to the grid by April 2024.

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

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 March 31, 2024 and December 31, 2023, the participating interests of PERC in various service contract areas are as follows:

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

13. **Deferred Oil Exploration Costs**

The movements in deferred oil exploration costs are as follows:

	Unaudited 31-Mar-24	Audited 31-Dec-23
Cost		
Balances at beginning of year	**₱690,673,984**	₱615,456,554
Additions	**23,541,979**	75,217,430
Write-off / relinquishment (Note 5)	–	–
Balances at end of year	**714,215,963**	690,673,984
Accumulated impairment losses		
Balances at beginning of year	**303,877,019**	303,573,543
Impairment loss (reversal) (Note 5)	–	303,476
Balances at end of year	**303,877,019**	303,877,019
	₱410,338,944	₱386,796,965

Details of deferred oil exploration costs as of March 31, 2024 and December 31,2023 are as follows:

	Unaudited 31-Mar-24	Audited 31-Dec-23
Cost		
Gabonese Oil Concessions (Note 13)	**₱645,234,534**	₱622,113,463
SC. No. 75 – Offshore Northwest Palawan	**65,550,217**	65,175,859
SC. No. 14 – C2 (West Linapacan) - Northwest Palawan (Note 13)	**3,431,212**	3,384,662
	714,215,963	690,673,984
Accumulated impairment losses		
Gabonese Oil Concessions (Note 13)	**300,492,357**	300,492,357
SC. No. 14 – C2 (West Linapacan) – Northwest Palawan (Note 13)	**3,384,662**	3,384,662
	303,877,019	303,877,019
	₱ 410,338,944	₱386,796,965

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 March 31, 2024 and December 31, 2023, 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.

On 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 surrendered 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.

14. Investments in Joint Venture and Business Combination

All joint ventures are incorporated in the Philippines. Details of the Company's investments with respective percentages of ownership follow:

	Unaudited 31-Mar-24	Audited 31-Dec-23
BUHAWIND EP	₱1,234,000	₱1,234,000
BUHAWIND NL	934,000	934,000
BUHAWIND NM	714,000	714,000
	₱2,882,000	₱2,882,000

BuhaWind NL, BuhaWind NM, and BuhaWind EP
As disclosed in Note 1d, the SEC approved the incorporation of BuhaWind Energy entities. PGEC initially invested ₱420,000 for each of the Companies and accounted those as investments in joint venture.

Throughout 2022 and 2023, PGEC and CE proceeded with several feasibility studies for the three (3) offshore wind blocks, namely 1) desktop wind and met-ocean resource, 2) power market, and 3) desktop site characterization 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, 2) SIS application with NGCP, and 3) initial discussions with contractors for on-site wind measurement campaign.

In 2023, PGEC made an addition investment of ₱1.70 million in BuhaWind Energy. Also, in 2023 PGEC sold 20% of its interest in BuhaWind Energy for ₱1.77 million which resulted to a gain of ₱1.69 million.

As of March 31, 2024 and December 31, 2023, these entities were still in the organizational stage and have not yet started its operations.

PetroWind Energy Inc.
Prior to May 2023, PetroGreen's 40% interest in PetroWind is accounted for as investment in joint venture. The other 60% interest is owned by EEIPC (20%) and BCPG Wind Cooperatief U.A. (40%).

As disclosed in Notes 1 and 5, the Group, through PGEC, consolidated PWEI starting May 2023 as the Group gained control over the relevant activities of PWEI.

In the process of consolidating PWEI, the net assets recognized in the 2023 consolidated financial statements were based on a provisional assessment of their fair value (please refer to Note 13 of the audited consolidated financial statements). A purchase price allocation study was conducted to evaluate the fair value of PWEI's net assets and set-up the identifiable intangible assets. Any excess amount of the fair value of the net assets and identifiable intangible assets over the PERC's acquisition cost from EEIPC and the carrying amount of PGEC's investment in PetroWind was recognized as Goodwill.

Based on the provisional valuation performed, the Group has identified an intangible asset which is the customer relationship with an estimated useful life of 27 years based on the remaining term of PWEI's service contract for the NWPP. The carrying value of customer relationship as of December 31, 2023 amounted to ₱302.55 million, net of amortization during the period amounting to ₱7.76 million (see Note 16).

Goodwill amounting to ₱741.45 million (see Note 16), which was determined provisionally, represents the fair value of expected synergies arising from the business acquisition of PWEI and is yet to be finalized. Management did not note any indicators of impairment on the provisional goodwill as of December 31, 2023. Impairment testing will commence in the period when the initial accounting will be finalized, which should not be more than 12 months from the date of acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

15. **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 Tarlac are 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:

		Unaudited 31-Mar-2024	
	Land	**Office Spaces**	**Total**
Cost			
Beginning balance	**₱420,180,224**	**₱16,609,844**	**₱436,790,068**
Additions	**-**	**-**	**-**
Ending balance	**420,180,224**	**16,609,844**	**436,790,068**
Accumulated depreciation			
Beginning balance	**100,632,211**	**13,263,394**	**113,895,605**
Depreciation (Notes 21 and 23)	**3,973,453**	**1,921,882**	**5,895,335**
Ending balance	**104,605,664**	**15,185,276**	**119,790,940**
Net Book Value	**₱315,574,560**	**1,424,568**	**₱316,999,128**

	Audited 31-Dec-2023		
	Land	Office Spaces	Total
Cost			
Beginning balance	₱420,180,224	₱12,748,688	₱432,928,912
Additions	-	3,861,156	3,861,156
Ending balance	420,180,224	16,609,844	436,790,068
Accumulated depreciation			
Beginning balance	80,487,446	9,826,811	90,314,257
Depreciation (Notes 21 and 23)	20,144,765	3,436,583	23,581,348
Ending balance	100,632,211	13,263,394	113,895,605
Net Book Value	₱319,548,013	₱3,346,450	₱322,894,463

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 are as follows:

	Unaudited 31-Mar-24	Audited 31-Dec-23
Beginning balance	**₱324,638,301**	₱328,794,340
Payments	**(911,070)**	(38,214,856)
Interest expense	**7,474,495**	30,197,662
Additions	**-**	3,861,155
Ending balance	**331,201,726**	324,638,301
Less current portion	**61,319,984**	54,756,559
Noncurrent portion	**₱269,881,742**	₱269,881,742

16. Intangible Assets and Goodwill

	Unaudited 31-Mar-2024					
	Goodwill	**Customer Relationship**	**Land Rights**	**Production License**	**Software and Others**	**Total**
Cost:						
Balances at beginning of year	**₱741,446,021**	**₱310,311,852**	**₱153,277,610**	**₱45,074,178**	**₱47,964,856**	**₱1,298,074,517**
Additions	**–**	**–**	**–**	**–**	**47,091**	**47,091**
Balances at end of year	**741,446,021**	**310,311,852**	**153,277,610**	**45,074,178**	**48,011,947**	**1,298,121,608**
Accumulated Amortization:						
Balances at beginning of year	**–**	**7,757,796**	**48,555,042**	**23,114,965**	**46,233,347**	**125,661,150**
Amortization	**–**	**2,909,174**	**1,532,776**	**1,155,748**	**505,518**	**6,103,216**
Balances at end of year	**–**	**10,666,970**	**50,087,818**	**24,270,713**	**46,738,865**	**131,764,366**
Net Book Values	**₱741,446,021**	**₱299,644,882**	**₱103,189,792**	**₱20,803,465**	**₱1,273,082**	**₱1,166,357,242**

	Audited 31-Dec-2023					
	Goodwill	Customer Relationship	Land Rights	Production License	Software and Others	Total
Cost:						
Balances at beginning of year	₱–	₱–	₱152,249,710	₱45,074,178	₱45,093,625	₱242,417,513
Additions	–	–	1,027,900	–	2,871,231	3,899,131
Business combination (Note 14)	741,446,021	310,311,852	–	–	–	1,051,757,873
Balances at end of year	741,446,021	310,311,852	153,277,610	45,074,178	47,964,856	1,298,074,517
Accumulated Amortization:						
Balances at beginning of year	–	–	42,122,421	18,491,972	41,540,627	102,155,020
Amortization	–	7,757,796	6,432,621	4,622,993	4,692,720	23,506,130
Balances at end of year	–	7,757,796	48,555,042	23,114,965	46,233,347	125,661,150
Net Book Values	₱741,446,021	₱302,554,056	₱104,722,568	₱21,959,213	₱1,731,509	₱1,172,413,367

Goodwill and customer relationship were recognized from business combination in 2023 (Note 14).

Intangible assets (other than form business combination) 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.

17. Investment Properties

As of March 31, 2024 and December 31, 2023 this account consists of land and parking lot space (located in Tektite) with cost amounting to ₱1.61 million.

The fair values of the investment properties of the Group are between ₱1 million to ₱1.70 million as of March 31, 2024 and December 31, 2023. The Group determined the fair values of the Group's investment properties on the basis of recent sales of similar properties in the area where the investment in properties is located and taking into account the economic conditions prevailing at the time the valuations were made.

As of March 31, 2024 and December 31, 2023, the fair value of the investment properties is classified under the Level 3 category (see Note 24).

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.

18. Other Noncurrent Assets

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Deferred development costs	**₱654,889,511**	₱560,886,192
Advances to contractors	**461,496,087**	406,420,331
Input VAT	**457,835,569**	432,536,352
Restricted cash	**17,563,550**	17,297,610
Others	**30,467,950**	30,879,118
	1,622,252,667	1,448,019,603
Less allowance for probable losses	**3,420,964**	2,447,001
	₱1,618,831,703	₱1,445,572,602

Provision for probable losses on input VAT amounted to ₱3.42 million and to ₱2.45 million in March 31, 2024 and December 31, 2023, respectively.

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 or in the process of application by MGI and PWEI for refund with the BIR. As of March 31, 2024 and December 31, 2023, the outstanding input VAT claims which are still pending with the CTA and SC amounted to ₱98.79 million.

Advances to contractors
Advances to contractors pertain to the downpayments to various contractors for procurement of materials, equipment and services.

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 pertain to costs incurred in the exploration, development, production and expansion of renewable energy projects.

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.

19. Accounts Payable and Accrued Expenses

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Accounts payable	**₱281,202,810**	**₱376,970,153**
Accrued expenses		
Utilities	**175,806,811**	176,168,939
Interest (Note 20)	**119,406,723**	102,024,402
Deferred development cost	**19,630,815**	34,339,951
Sick/vacation leaves	**18,497,116**	22,259,971
Profit share	**15,278,985**	15,278,985
Professional fees	**8,655,890**	9,429,903
Operations and maintenance	**12,628,038**	3,649,721
Due to related party (Note 23)	**218,400**	72,800
Others	**-**	1,291,600
Withholding taxes and other tax payables	**20,322,815**	25,481,621
Provision for probable loss	**-**	7,344,223
Due to NRDC	**2,269,737**	2,269,737
Others	**13,744,101**	21,470,758
	₱687,662,241	₱798,052,764

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 ₱33.59 million and ₱33.93 million as of March 31, 2024 and December 31, 2023, respectively.

The Group's accounts payable and accrued expenses are due within one year.

20. Loans Payable

The Group's loans payable as of March 31, 2024 and December 31, 2023 is as follows:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Principal, balance at beginning of year	**₱7,936,435,793**	**₱3,488,375,640**
Add availments during the year	**2,012,500,000**	**3,946,036,089**
Effect of business combination	**-**	**1,774,159,119**
Less principal payments during the year	**2,130,986,646**	**1,272,135,055**
Principal, balance at end of year	**7,817,949,147**	**7,936,435,793**
Less unamortized deferred financing cost	**55,712,546**	**58,271,273**
	7,762,236,601	**7,878,164,520**
Less current portion – net of unamortized deferred financing cost	**1,691,082,703**	**3,699,707,830**
Noncurrent portion	**₱6,071,153,898**	**₱4,178,456,690**

PetroEnergy's short-term loans payable

PetroEnergy entered into unsecured loan agreements to finance its investments in Renewable Energy Projects.

<u>Omnibus Credit Line Agreement (OCLA) with the Development Bank of the Philippines (DBP)</u>

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 million. Effective January 19, 2021, the credit facility was decreased to ₱300 million. Loans payable to DBP as of December 31, 2022 are as follows:

- ₱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

In 2023, the Parent Company already paid the outstanding short-term loans from DBP.

<u>Short-Term Loan Facility with the Bank of the Philippine Island (BPI)</u>

On April 19, 2023, the Parent Company entered into a short-term loan facility with BPI which provides a principal amount not exceeding ₱2.6 billion plus P1.0 billion blanket line with 1 year validity. Loans payable to BPI as of December 31, 2023 are as follows:

- ₱200 million with interest rate of 7.00% and maturity on April 11, 2024
- ₱551.52 million with interest rate of 7.00% and maturity on May 2, 2024
- ₱61.26 million with interest rate of 7.00% and maturity on February 28, 2024
- ₱1.25 billion with interest rate of 7.50% and maturity on January 31, 2024
- ₱422.51 million with interest rate of 7.50% and maturity on January 31, 2024

- ₱272.86 million with interest rate of 7.50% and maturity on January 31, 2024

On January 28, 2024, the Parent Company secured a 10-year long-term loan facility from BPI amounting to ₱2.55 billion with the following drawdown and with maturity date of January 31, 2034:

- ₱1.95 billion with interest rate of 7.2984%; Promissory Note (PN) Date: January 31, 2024
- ₱62.5 million with interest rate of 7.4449%; PN Date: February 28, 2024

The proceeds were used to settle the short-term loans due in January to April 2024.

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%, which was paid in 2021.

On November 15, 2021, PetroEnergy obtained a loan from RCBC amounting to ₱120.00 million with interest of 4.5%, which was paid in 2022.

Interest expense related to these loans amounted to ₱50.73 million and ₱107.76 million in March 31, 2024 and December 31, 2023, respectively. Accrued interest payable amounted to ₱28.41 million and ₱27 million as of December 31, 2023 (see Note 19).

PetroGreen's long-term loans payable
Long-term loan with RCBC
On November 16, 2020, PetroGreen obtained a new long-term unsecured loan from 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 March 31, 2024 and December 31, 2023, the outstanding balance of these loans, net of unamortized deferred financing costs, amounted to ₱159.66 million and ₱159.56 million, respectively.

Interest expense of PetroGreen related to these loans amounted to ₱2.11 million, ₱12.06 million in March 31, 2024 and December 31, 2023, respectively. Accrued interest payable amounted to ₱2.56 million and ₱0.85 million as of March 31, 2024 and December 31, 2023, respectively (see Note 19).

MGI's long-term loans payable
Project Loan Facility Agreements with RCBC
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.

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.

Interest expense recognized from the loan amounted to ₱12.14 million, ₱57.70 million March 31, 2024 and December 31, 2023, respectively.

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. Interest expense amounted to ₱43.15 million, ₱75.00 million and ₱83.46 million in 2023, 2022 and 2021 respectively.

Accrued interest payable of MGI’s loans amounted to ₱43.99 million and ₱20.58 million as of March 31, 2024 and December 31, 2023, respectively (see Note 19).

As of March 31, 2024 and December 31, 2023 the total outstanding balance of these loans amounted to ₱1,574.09 million and ₱1,572.86 million respectively.

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 7). As of March 31, 2024 and December 31, 2023, 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.

On November 25, 2022, the OLSA reached the 7th year of its term. The repricing date, based on the OLSA, shall occur by the end of the 7th year from the initial drawdown date, on which date, the interest rate for the remaining five (5) year tenor will be repriced. The new applicable interest rate is 9.12% after the repricing. This was renegotiated to be reduced from 9.12% to 8.59% which was approved by the bank and made effective starting May 26, 2023. The applicable interest rate as of December 31, 2023 and 2022 is equal to 8.59% and 9.12%, 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 March 31, 2024 and December 31, 2023, PetroSolar is in compliance with the said loan covenants.

As of March 31, 2024 and December 31, 2023, the outstanding balance of this loan amounted to ₱ 784.93 million and ₱783.88 million, respectively.
Interest expense of PetroSolar related to the loans amounted to ₱26.20 million, ₱89.63 million in March 31, 2024 and December 31, 2023, respectively. Accrued interest payable amounted to ₱20.57 million and ₱5.95 million as of March 31, 2024 and December 31, 2023, respectively (see Note 19).

PetroSolar mortgaged all of its property and equipment related to TSPP-1 as collateral in connection with the loan (see Note 12).

PetroWind long-term loans

NWPP-1

On November 4, 2013, PetroWind entered into ₱2.80 billion OLSA with DBP to finance the NWPP-1. Subsequently, on June 4, 2015, an amended agreement was entered between PetroWind and DBP for an increase in credit line amounting to ₱200.00 million.

The loan shall be fully paid and liquidated in 15 years from and after the date of initial borrowing. Principal and interest shall be repaid in 25 equal semi-annual installments with its first principal and interest payment made last January 10, 2017.

The rate of interest to be paid on interest date is 6.32% per annum, equal to benchmark rate plus 225 basis points (bps) per annum or 5.50% per annum, whichever is higher, subject to repricing every 5 years. The new interest rate after the first repricing date last January 10, 2019 is 9.01% per annum. This was renegotiated to be reduced from 9.01% to the higher between the benchmark rate plus 125 bps per annum or 7.00% per annum. The reduced interest rate of 7.31% per annum was approved by the bank and made effective starting January 10, 2024. This amendment did not result to the extinguishment of the loan.

The total interest expense incurred amounted to ₱23.91 million and ₱98.73 million in March 31, 2024 and December 31, 2023, respectively. Interest payable amounted to (₱23.78 million) and 47.65 million as of March 31, 2024 and December 31, 2023, respectively. (see Note 19).

NWPP-2
On February 22, 2023, PetroWind entered into ₱1.81 billion OLSA with DBP to finance the NWPP-2. The principal shall be payable in twenty-five (25) equal semi-annual installments in arrears to commence at the earlier of thirty-sixth (36^{th}) month from initial drawdown or six (6) months from COD until fully paid. The interest shall be for fixed two (2) years based on the higher of 2-year BVAL plus 1.0% p.a. or 6.25% p.a. determined at the time of drawdown subject to repricing.

PetroWind has drawn a total of ₱1.35 billion as of March 31, 2024 and December 31, 2023. The remaining balance will be subsequently drawn in 2024.

The total interest expense incurred amounted to ₱24.38 million and ₱35.97 million in March 31, 2024 and December 31, 2023, respectively.

For NWPP-1 and NWPP-2, the loan covenants require PetroWind to maintain a debt-to-equity ratio of 70:30 and maintain a DSRA required balance equivalent to one principal plus one interest amortization at all times until full settlement of the loan. As of March 31, 2024, PetroWind is in compliance with the said loan covenants.

PetroWind pledged all of its property and equipment items as collateral to secure its borrowings (see Note 12).

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 to 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.

21. 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, photovoltaic (PV) solar power facility in Tarlac, and wind farm in Nabas and Malay, Aklan.

Movements in this account follow:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Balance at beginning of year	**₱167,532,915**	**₱66,230,330**
Additions	**–**	**37,661,653**
Change in estimates (Note 12)	**–**	**56,701,174**
Accretion expense	**3,199,041**	**6,944,814**
Foreign exchange adjustment	**617,415**	**(5,056)**
Balance at end of year	**₱171,349,371**	**₱167,532,915**

22. **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 March 31, 2024, the total issued and subscribed capital stock of the Parent Company consists of 99.79% Filipino and 0.21% non-Filipino as compared to 99.83% Filipino and 0.17% non-Filipino as of December 31, 2023.

As of March 31, 2024 and December 31, 2023, 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
Deduct: Movement	–			-
December 31,2023	568,711,842			1,991
Deduct: Movement	–			(3)
March 31,2024	568,711,842			1,988

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.

On July 28, 2022, the BOD of PERC 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.

On November 29, 2023, the BOD of PERC approved the declaration of 5% cash dividend or ₱0.05 per share to all stockholders of record as of December 14, 2023 and payable on December 28, 2023.

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 and Deposit for Future Stock Subscription
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 resulting in 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 2022 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

In January 2023, the Group classified the 2022 deposit for stock subscription received from Kyuden under escrow fund (Note 7) amounting to ₱1.63 billion into NCI and Equity Reserve (excess of consideration over carrying value of NCI sold) after Kyuden acquired the 10.47% additional ownership interest in PGEC through completion of all the requirements in the subscription agreement. The deposit for future stock subscription is considered a non-cash financing activity in 2022. Kyuden's ownership interest as of December 31, 2023 in PGEC is 25%.

The effect of change in the ownership interest in PetroGreen on the 2023 equity attributable to owners of PetroEnergy is summarized as follows:

Consideration received from NCI*	₱1,634,762,579
Carrying amount of NCI sold	(925,716,414)
Excess of consideration received recognized in equity	₱709,046,165

**Net of equity transaction cost amounting to ₱16.29 million*

The effect of change in the ownership interest in PetroSolar on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 44% interest (Note 1c) is summarized as follows:

Consideration	₱1,443,942,735
Carrying amount of NCI acquired	(1,285,392,308)
Excess of consideration paid recognized in equity	₱158,550,427

The effect of change in the ownership interest in PetroGreen on the equity attributable to owners of PetroEnergy as a result of PERC's acquisition of EEIPC's 7.5% interest (Note 1c) is summarized as follows:

Consideration	₱521,211,059
Carrying amount of NCI acquired	(568,948,930)
Excess of carrying amount recognized in equity	(₱47,737,871)

As of March 31, 2024 and December 31, 2023, the balance of equity reserve account amounts to ₱1,334.95 million.

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 March 31, 2024 and December 31, 2023, the Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity.

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 March 31, 2024 and December 31, 2023, the Group analyzes its capital structure primarily though the debt-to-equity ratio, which is total liabilities divided by total equity.

The Group's sources of capital as of March 31, 2024 and December 31, 2023 are as follows:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Loans payable	**₱7,762,236,601**	**₱7,878,164,520**
Capital stock	**568,711,842**	**568,711,842**
Additional paid-in capital	**2,156,679,049**	**2,156,679,049**
Retained earnings	**3,855,352,878**	**3,669,829,291**
Equity reserve	**1,334,950,575**	**1,334,950,575**
	₱15,677,930,945	**₱ 15,608,335,277**

The table below demonstrates the debt-to-equity ratio of the Group as of March 31, 2024 and December 31, 2023:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Total liabilities	**₱9,027,871,450**	**₱9,213,321,206**
Total equity	**12,990,791,580**	**12,668,968,405**
Debt-to-equity ratio	**0.69:1**	**0.73:1**

Based on the Group's assessment, the capital management objectives were met on March 31, 2024 and December 31, 2023.

23. Related Party Transactions

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:

	Transactions for the Period		**Outstanding Balance Receivables (Payables)**		**Terms and**
Related Party/Nature	**31-Mar-24**	31-Dec-23	**31-Mar-24**	31-Dec-23	**Conditions**
Investor					
House of Investments, Inc					
Internal audit services	**₱218,400**	₱873,600	**₱218,400**	₱–	Note a
Joint Venture					
PetroWind					

Related Party/Nature	Transactions for the Period 31-Mar-24	31-Dec-23	Outstanding Balance Receivables (Payables) 31-Mar-24	31-Dec-23	Terms and Conditions
Rental income	–	285,714	–	–	Note b
Timewriting fee	–	5,539,939	–	–	Note c
Management income	–	666,667	–	–	Note c
Advances – receivable	–	2,334,037	–	–	Note d
			–	–	
Affiliate					
AC Energy Corporation (ACEN)					
Electricity sales	**249,643,833**	1,027,174,970	**100,304,585**	101,935,010	Note e
Pass-on Wheeling, Ancillary & Transmission Charges	**16,411,952**	50,560,116	**3,371,535**	3,464,223	Note e
			103,676,120	105,399,233	
Affiliate					
EEI Power Corporation					
Other income	**₱-**	₱–	**₱–**	₱683,200	Note f
Affiliate					
LIPCO					
Land lease	**₱-**	₱34,086,297	–	₱–	Note g
Affiliate					
Enrique T. Yuchengco, Inc.					
Rental income	**706,003**	929,657	**250,838**	455,165	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. Since PetroWind is already consolidated, this transaction is already eliminated as of March 31, 2024.

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. Since PetroWind is already consolidated, this transaction is already eliminated as of March 31, 2024.

d. Advances represent reimbursements of costs and expenses. Since PetroWind is already consolidated, this transaction is already eliminated as of March 31, 2024.

e. Electricity sales to ACEN (formerly PHINMA) is pursuant to the Electricity Supply Agreement. 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 in 2023.

g. The Group leased 77 hectares of land area from LIPCO (Note 15). 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 20).

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 20).

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.

24. 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 March 31 2024 and December 31, 2023, 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, 2023 amounted to ₱7.88 billion compared to their carrying value of ₱7.94 billion.

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.

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 March 31, 2024 and December 31, 2023, 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 obtains funds from various sources including internally generated funds and loans from financial institutions. As of March 31, 2024 and December 31, 2023, the Group has existing credit line facilities from which they can draw funds from (see Note 20).

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities as of March 31, 2024 and December 31, 2023 based on contractual payments:

	31-Mar-24 (Unaudited)			
	On demand	**1 year or less**	**More than 1 year**	**Total**
Financial Assets				
Financial assets at FVTPL	**₱7,059,247**	**₱–**	**₱–**	**₱7,059,247**
Financial assets at amortized cost:				
Cash and cash equivalents	**3,944,592,810**	**–**	**–**	**3,944,592,810**
Short-term investments	**–**		**–**	**–**
Accounts receivable	**134,325,462**	**544,944,808**	**–**	**679,270,270**
Other receivables	**–**	**–**	**28,038,110**	**28,038,110**
Interest receivable	**15,643,190**	**–**	**–**	**15,643,190**
Refundable deposits	**–**	**448,721**	**5,838,959**	**6,287,680**
Restricted cash	**–**	**374,251,690**	**17,563,550**	**391,815,240**
Contract assets		**93,866,114**	**662,603,813**	**756,469,927**
	4,101,620,709	**1,013,511,333**	**714,044,432**	**5,829,176,474**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable	**–**	**1,691,082,703**	**6,071,153,898**	**7,762,236,601**
Lease liabilities	**–**	**61,319,984**	**269,881,742**	**331,201,726**
Accounts payable and accrued expenses	**667,339,426**	**–**	**–**	**667,339,426**

	31-Mar-24 (Unaudited)			
	On demand	**1 year or less**	**More than 1 year**	**Total**
	667,339,426	**1,752,402,687**	**6,341,035,640**	**8,760,777,753**
Net financial assets (liabilities)	**₱3,434,281,283**	**(₱738,891,354)**	**(₱5,626,991,208)**	**(₱2,931,601,279)**

	31-Dec-23 (Audited)			
	On demand	1 year or less	More than 1 year	Total
Financial Assets				
Financial assets at FVTPL	**₱6,958,720**	₱–	₱–	**₱6,958,720**
Financial assets at amortized cost:				
Cash and cash equivalents	**2,334,304,367**	–	–	**2,334,304,367**
Short-term investments	**1,975,286,425**	–	–	**1,975,286,425**
Accounts receivable	**185,205,824**	**458,505,758**	–	**643,711,582**
Interest receivable	**86,809,859**	–	–	**86,809,859**
Refundable deposits	–	**458,721**	**4,967,207**	**5,425,928**
Restricted cash	–	**293,744,077**	**17,297,610**	**311,041,687**
Contract assets	–	**127,134,899**	**609,572,499**	**736,707,398**
	4,588,565,195	**879,843,455**	**631,837,316**	**6,100,245,966**
Financial Liabilities				
Financial liabilities at amortized cost:				
Loans payable**	–	**780,533,583**	**7,097,611,310**	**7,878,144,893**
Lease liabilities	–	**54,756,559**	**269,881,742**	**324,638,301**
Accounts payable and accrued expenses*	**741,221,940**	–	–	**741,221,940**
	741,221,940	**835,290,142**	**7,367,493,052**	**8,944,005,134**
Net financial assets (liabilities)	**₱3,847,343,255**	**₱44,553,313**	**(₱6,735,655,736)**	**(₱2,843,759,168)**

**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 March 31, 2024 and December 31, 2023 are as follows:

	31-Mar-24 (Unaudited)		31-Dec-23 (Audited)	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Financial assets				
Cash and cash equivalents	**$2,895,884**	**₱152,642,917**	**$3,560,220**	**₱197,830,741**
Receivables	**1,409,453**	**79,325,419**	**1,031,907**	**57,339,972**
Restricted Cash	**312,069**	**17,563,550**	**312,069**	**17,297,610**
	4,617,406	**249,531,886**	**4,904,196**	**272,468,323**
Financial liabilities				
Accounts payable and accrued expenses	**894,763**	**50,358,149**	**1,298,471**	**72,152,130**
Net exposure	**$3,722,643**	**₱199,173,737**	**$3,605,725**	**₱200,316,193**

As of March 31, 2024 and December 31, 2023, the exchange rates used for conversion are ₱56.281 and ₱55.567 per $1, respectively.

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.

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:

	31-Mar-24	31-Dec-23
Financial assets:		
Cash in banks and cash equivalents	**₱ 3,943,931,607**	₱2,334,304,367
Short-term investments	**-**	1,975,286,425
Receivables	**722,951,569**	730,521,441
Restricted cash	**391,815,240**	311,041,687
Financial assets at FVTPL	**7,059,247**	6,958,720
Refundable deposits	**6,287,680**	5,425,928
Contract asset	**756,469,927**	736,707,398
	₱5,828,515,270	₱6,100,245,966

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.

The table below shows the aging by class of asset for the Group's financial assets and contract asset as of March 31, 2024 and December 31, 2023:

	31-Mar-24 (Unaudited)			
	Current (High grade)	**More than 90 days (Standard grade)**	**Credit impaired**	**Total**
Financial assets:				
Cash and cash equivalents*	**₱3,943,931,607**	**₱–**	**₱–**	**₱3,943,931,607**
Short-term investments	**–**	**–**	**–**	**–**
Accounts receivable	**707,308,380**	**–**	**2,682,452**	**709,990,832**
Other receivables	**–**	**28,038,110**	**–**	**28,038,110**
Interest receivable	**15,643,190**	**–**	**–**	**15,643,190**
Financial assets at FVTPL	**7,059,247**	**–**	**–**	**7,059,247**
Refundable deposits	**6,287,680**	**–**	**–**	**6,287,680**
Restricted cash	**391,815,240**	**–**	**–**	**391,815,240**
Contract asset	**756,469,927**	**–**	**–**	**756,469,927**
	₱5,828,515,271	**₱28,038,110**	**₱2,682,452**	**₱5,859,235,833**

	31-Dec-23 (Audited)			
	Current (High grade)	More than 90 days (Standard grade)	Credit impaired	Total
Financial assets:				
Cash and cash equivalents*	₱2,333,643,164	₱–	₱–	₱2,333,643,164
Short-term investments	1,975,286,425	–	–	1,975,286,425
Accounts receivable	643,711,582	–	2,682,453	646,394,035
Other receivables	–	–	–	–
Interest receivable	86,809,859	–	–	86,809,859
Financial assets at FVTPL	6,958,720	–	–	6,958,720
Refundable deposits	5,425,928	–	–	5,425,928
Restricted cash	311,041,687	–	–	311,041,687
Contract asset	736,707,398	–	–	736,707,398
	₱6,099,584,763	₱–	₱2,682,453	₱6,102,267,216

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.

25. 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.

	Unaudited 31-March-2024						
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱139,797,833	₱269,090,132	₱230,501,898	₱305,707,181	₱–	₱–	₱945,097,044
Net income (loss)	40,848,445	71,185,180	135,798,262	157,659,085	7,813,485	(91,579,061)	321,725,396
Other comprehensive income (loss)	-	-	-	-	-	–	-
Other information:							
Segment assets except deferred tax asset	₱6,385,920,951	₱5,643,393,036	₱4,400,955,683	₱5,222,555,126	₱6,661,040,986	(₱6,313,894,540)	₱21,999,971,242
Deferred tax assets - net	9,452,461	2,468,251	3,622,118	3,148,957	–	-	18,691,787
Segment liabilities except deferred tax liabilities	₱2,953,413,445	₱1,926,646,607	₱1,250,430,971	₱2,698,052,483	₱295,792,575	(₱96,464,631)	₱9,027,871,450
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	₱892,432	₱5,241,312	₱5,947,514	₱18,312,811	₱283,450	₱–	₱30,677,519

	Audited 31-December-2023						
	Oil Production	Geothermal Energy	Solar Energy	Wind Energy	Other Activities	Elimination	Consolidated
Segment revenue	₱623,038,856	₱1,089,837,044	₱876,818,506	₱422,778,791	₱–	₱–	₱3,012,473,197
Net income (loss)	93,076,080	342,024,283	484,870,456	63,875,011	225,038,305	(264,703,667)	944,180,468
Other comprehensive income (loss)	(2,008,368)	(6,919,295)	(1,423,214)	(1,869,381)	(9,383,652)	–	(21,603,910)
Other information:							
Segment assets except deferred tax asset	₱6,371,818,411	₱5,537,464,412	₱4,284,879,707	₱5,285,903,767	₱6,154,389,855	(₱5,770,515,677)	₱21,863,940,475
Deferred tax assets - net	9,452,461	2,468,251	3,279,470	3,148,957	–	(6,455,342)	18,349,138
Segment liabilities except deferred tax liabilities	₱2,980,159,350	₱1,891,903,163	₱1,264,319,686	₱2,919,060,209	₱256,793,629	(₱98,914,829)	₱9,213,321,208
Deferred tax liabilities - net	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Provision for (benefit from) income tax	₱952,244	₱26,239,667	₱20,025,876	₱10,747,020	₱933,485	₱–	₱58,898,292

InterGroup investments, revenues and expenses are eliminated during consolidation.

26. Basic/Diluted Earnings Per Share

The computation of the Group's earnings per share follows:

	Unaudited 31-Mar-2024	Unaudited 31-Mar-2023	Audited 31-Dec-2023
Net income attributable to equity holders of the Parent Company	**₱185,523,586**	₱172,611,440	**₱515,651,585**
Weighted average number of shares	**568,711,842**	568,711,842	**568,711,842**
Basic/diluted earnings per share	**₱0.3262**	₱0.3035	**₱0.9067**

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.

27. Non-controlling Interests

As of March 31, 2024 and December 31, 2023, the accumulated balances of and net income attributable to non-controlling interests are as follows:

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Accumulated balances of non-controlling interests:		
PetroGreen	**₱2,163,138,689**	**₱2,114,915,326**
MGI	**1,301,725,138**	**1,276,810,325**
PetroWind	**1,508,108,100**	**1,445,044,466**
	₱4,972,971,927	**₱4,836,770,117**

	Unaudited 31-Mar-2024	Audited 31-Dec-2023
Net income attributable to non-controlling interests:		
PetroSolar	**₱-**	**₱82,106,696**
MGI	**24,914,813**	**119,708,499**
PetroGreen	**48,223,363**	**182,805,800**
PetroWind	**63,063,634**	**43,907,888**
	₱136,201,810	**₱428,528,883**

Dividends paid to non-controlling interests amounted to nil and ₱25 million as of March 31, 2024 and December 31, 2023, respectively.

Increase in non-controlling interests from stock issuances
PetroGreen
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 22).

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.

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.

In 2023, the Group acquired the NCI in PetroSolar through PERC's acquisition of EEIPC's 44% ownership interest in PetroSolar. Details of the transaction are disclosed in Notes 1 and 21.

PetroWind
The business combination of PWEI in May 2023 resulted in NCI which represents the 40% ownership interest of BCPG in PetroWind. Details of the transaction are disclosed in Notes 1 and 13.

28. **Others**

a. The Interim Financial Report (March 31, 2024) is in compliance with generally accepted accounting principles.

b. The same policies and methods of computation were followed in the preparation of the interim financial report compared to the December 31, 2023 Consolidated Audited Financial Statements.

c. No unusual item or items affected the assets, liabilities, equity and cash flows of the March 31, 2024 Financial Statements.

d. Earnings per share is presented in the face of the unaudited statements of income for the period ended March 31, 2024 and December 31, 2023.

e. No significant events happened during the quarter that will affect the March 31, 2024 Unaudited Financial Statements.

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

g. There is no foreseeable event that will trigger direct or contingent financial obligation that is material to the Company, including any default of accelerated obligation.

h. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with other entities or persons that were created during the period.

i. There are no changes in estimates of amounts reported in prior periods of the current financial year or changes in estimates of amounts reported in prior financial years that could have material effect in the current period.

j. The Company has no contingent liabilities or assets during the period.

Item 2. Management's Discussion and Analysis or Plan of Operation

PART I – Management's Discussion and Analysis (Amounts are in Philippine Peso (P))

1. **Consolidated Financial Position (March 31, 2024 and December 31, 2023)**

	31-Mar-24	31-Dec-23	% Change	% of Total Assets
ASSETS				
Cash and cash equivalents	₱3,944,592,810	₱2,334,304,367	68.98%	17.91%
Short term investments	-	1,975,286,425	-100.00%	0.00%
Restricted cash	374,251,690	293,744,077	27.41%	1.70%
Receivables	722,951,569	730,521,441	-1.04%	3.28%
Financial assets at fair value through profit and loss (FVTPL)	7,059,247	6,958,720	1.44%	0.03%
Crude oil inventory	93,866,114	127,134,899	-26.17%	0.43%
Contract Assets - current portion	24,216,179	13,676,052	77.07%	0.11%
Other current assets	280,707,857	232,238,237	20.87%	1.27%
Property and equipment-net	12,372,701,414	12,208,332,826	1.35%	56.19%
Deferred oil exploration cost	410,338,944	386,796,965	6.09%	1.86%
Contract assets - net of current portion	662,603,813	609,572,499	8.70%	3.01%
Investment in joint venture and business combination	2,882,000	2,882,000	0.00%	0.01%
Right of use of asset	316,999,128	322,894,463	-1.83%	1.44%
Deferred tax assets-net	18,691,787	18,349,138	1.87%	0.08%
Intagible assets and goodwill	1,166,357,242	1,172,413,367	-0.52%	5.30%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,618,831,703	1,445,572,602	11.99%	7.35%
TOTAL ASSETS	**₱22,018,663,030**	**₱21,882,289,611**	0.62%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	687,662,241	798,052,764	-13.83%	3.12%
Loans payable - current	1,691,082,703	3,699,707,830	-54.29%	7.68%
Lease liabilities - current	61,319,984	54,756,559	11.99%	0.28%
Income tax payable	44,075,621	14,329,114	207.59%	0.20%
Loans payable - net of current portion	6,071,153,898	4,178,456,690	45.30%	27.57%
Lease liabilities - net of current portion	269,881,742	269,881,742	0.00%	1.23%
Asset retirement obligation	171,349,371	167,532,915	2.28%	0.78%
Other noncurrent liability	31,345,890	30,603,592	2.43%	0.14%
TOTAL LIABILITIES	**₱9,027,871,450**	**₱9,213,321,206**	-2.01%	41.00%
EQUITY				
Attributable to equity holders of the Parent Company	8,017,819,653	7,832,198,288	2.37%	36.41%
Non-controlling interest	4,972,971,927	4,836,770,117	2.82%	22.59%
TOTAL EQUITY	**₱12,990,791,580**	**₱12,668,968,405**	2.54%	59.00%

Total assets amounted to ₱22.018 billion and ₱21.882 billion as of March 31, 2024 and December 31, 2023, respectively. Book value is at ₱14.10/share from ₱13.77/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 68.98% net increase from ₱2.334 billion as of December 31, 2023 to ₱3.944 billion as of March 31, 2024 is mainly from PGEC's short term investment, collections from electricity sales and oil lifting proceeds, net of payments for loan principal, interest and working capital requirements for the period.

Short term investments with maturities of more than three months, decreased by 100% due to PGEC's conversion of short-term investments to cash and cash equivalents to be placed in money market placements and various special purpose vehicle (SPV) expenditures.

Restricted cash increased as a result of additional funding of Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) to be used for the next loan principal and interest payments.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil, with interest income as a minor component. The 1.04% decrease is essentially attributable to lower interest receivable from money market placements.

Financial assets at fair value through profit and loss (FVPL) amounted to ₱7.059 million and ₱6.959 million as of March 31, 2024 and December 31, 2023, respectively. The market prices of the portfolio are maintained resulting in minimal change in the account.

Crude oil inventory decreased due to lower crude oil inventory left unsold during the period.

Contract Assets – current and noncurrent portions pertain to PWEI and PSC's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PWEI and PSC's collections started in 2021 and 2022, respectively. The increase for the current month is due to the reclassification of FIT arrears collectible in 2024, from noncurrent account. For noncurrent portion, increase is due to recording of additional FIT arrears and amortization of interest income using the adjusted FIT rate applied by TransCo.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the net increase of 20.87% is mainly due to set-up of prepaid expenses for insurance, and real property taxes and business permits to be amortized over the year.

Property, plant and equipment (PPE) amounted to ₱12.372 billion and ₱12.208 billion as of March 31, 2024 and December 31, 2023, respectively. The 1.35% net increase is mainly due to the procurement of materials for the construction of Dagohoy Solar Power Project and erection of the three (3) wind turbine generators for Nabas-2 Wind Power Project, net of continuous depreciation of the Renewable Energy Power Plants, other assets, and depletion of oil assets.

Deferred oil exploration cost increased by 6.09% resulting from the continuous development of the Gabon oil field.

Investment in a joint venture and business combination refers to the investment in three newly incorporated SPV namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation.

Right of use of asset declined by 1.83% mainly due to the amortization of the account during the period.

Deferred tax assets – net resulted in 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 March 31, 2024 and December 31, 2023, this amounted to ₱18.692 million and ₱18.349 million, respectively. The net increase pertains to movements of the temporary deductible expenses and temporary taxable revenues during the period.

Bulk of **Intangible assets and goodwill** pertain to assets recognized as a result of business combination of PWEI. The decrease in this amount is due to the amortization.

The Investment properties-net account remains the same as of March 30, 2024.

Other non-current assets amounted to ₱1.619 billion and ₱1.446 billion as of March 30, 2024 and December 31, 2023, respectively. The 11.99% net increase is mainly due to the additions to Deferred Development Cost related to the exploration, development, production and expansion of various renewable energy projects.

Accounts payable and accrued expenses decreased by 13.83% mainly due to payments to contractors and suppliers.

Current portion of loan payable decreased by 54.29% due to conversion of short-term loan (STL) to long-term loan (LTL) and partial settlement of loan during the period.

Loans payable – net of current portion increased by 45.30% due to conversion of STL to LTL to fund PERC's acquisition of EEIPC's equity interests in PGEC, PWEI and PSC.

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

The increase in **Income tax payable** account mainly pertains to additional set-up of provision during the period.

Asset retirement obligation amounted to ₱171.349 million and ₱167.533 million as of March 31, 2024 and December 31, 2023, respectively. The 2.28% increase mainly pertains to accretion made during the period.

Other non-current liability includes the Group's accrued retirement liability account. The net increase of 2.43% is mainly due to accrual of employees' retirement-related obligation.

Equity attributable to equity holders of the Parent Company amounted to ₱8.018 billion or ₱14.10 book value per share and ₱7.832 billion or ₱13.77 book value per share, as of March 31, 2024 and December 31, 2023, respectively. The increase in total Equity is mainly due to continuous income generation from the Renewable Energy and Oil operations.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of March 31, 2024 and December 31, 2023;
- Nil share of EEIPC in PetroGreen as of March 31, 2024 and December 31, 2023;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) indirect share of Kyuden in MGI as of March 31, 2024 and December 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of March 31, 2024 December 31, 2023; and
- 40% direct share of BCPG in PWEI as of March 31, 2024 and December 2023.

Non-controlling interest increased by 2.82% from ₱4.973 billion to ₱4.837 billion due to PERC's acquisition of EEIPC's ownership interests in PetroGreen, PetroWind and PetroSolar and accumulated share in net income from RE projects.

2. Consolidated Financial Performance (as of March 31, 2024 and as of March 31, 2023)

	Unaudited 31-Mar-24	Unaudited 31-Mar-23	% Change	% to Total Revenues
REVENUES				
Electricity sales	785,852,912	501,633,224	56.66%	83.15%
Oil revenues	139,797,833	90,756,711	54.04%	14.79%
Other revenues	19,446,299	15,185,878	28.06%	2.06%
	945,097,044	607,575,813	55.55%	100.00%
COST OF SALES				
Cost of sales - Electricity	308,345,798	188,802,590	63.32%	32.63%
Oil production operating expenses	107,081,132	102,995,554	3.97%	11.33%
Change in crude oil inventory	(10,540,127)	(61,624,330)	-82.90%	-1.12%
Cost of sales - Others	19,192,621	14,912,083	28.71%	2.03%
	424,079,424	245,085,897	73.03%	44.87%
GROSS INCOME	521,017,620	362,489,916	43.73%	55.13%
GENERAL AND ADMINISTRATIVE EXPENSES	84,088,535	42,211,108	99.21%	8.90%
OTHER INCOME (CHARGES)				
Interest income	46,370,447	50,189,062	-7.61%	4.91%
Net unrealized foreign exchange gain (loss)	1,022,948	(3,348,669)	-130.55%	0.11%
Net unrealized gain (loss) on fair value changes on financial assets at FVPL	100,527	(394,344)	-125.49%	0.01%
Interest expense	(133,118,268)	(68,364,221)	94.72%	-14.09%
Accretion expense	(3,199,041)	(1,799,157)	77.81%	-0.34%
Share in net income of an Associate	-	52,894,321	-100.00%	0.00%
Miscellaneous income (charges)	4,297,217	3,741,940	14.84%	0.45%
	(84,526,170)	32,918,932	-356.77%	-8.94%
INCOME BEFORE INCOME TAX	352,402,915	353,197,740	-0.23%	37.29%
PROVISION FOR INCOME TAX	30,677,519	13,528,519	126.76%	3.25%
NET INCOME	321,725,396	339,669,221	-5.28%	34.04%
NET INCOME ATTRIBUTATBLE TO:				
Equity Holders of the Parent Company	185,523,586	172,611,440	7.48%	19.63%
Noncontrolling interest	136,201,810	167,057,781	-18.47%	14.41%

The Group's **consolidated net income** amounted to ₱321.725 million and ₱339.669 million for the 1st quarter ending March 31, 2024 and for the same period in 2023. For the first quarter of 2024, the **consolidated net income attributable to equity holders of the Parent Company** amounted to ₱185.524 million or ₱0.326 earnings per share as compared with ₱172.611 million or ₱0.304 earnings per share for the same period in 2023.

The net increase in the Financial Performance of the Group is mainly due to the following:

- consolidation of PWEI's financials as a result of PERC's direct acquisition of EEIPC's 20% equity interest in PWEI; and
- interest income from short term investments.

The consolidated net income attributable to equity holders of the Parent Company increase by 7.48% mainly due to the recognition of PERC's share in net income of PWEI, PSC and PGEC as a result of the acquisition of EEIPC's equity interests in those entities.

Revenues:

Electricity sales refer to the electricity power generation from MGPP, TSPP and NWPP. The 56.66% net increase on March 31, 2024 versus same period last year is due to the effect of consolidation of PWEI and MGI's higher generation as a result of hook-up of MB-18D to the system on November 10, 2022.

Oil revenues increased by 54.04% from ₱90.757 million as of March 31, 2023 to ₱139.798 million as of March 31, 2024 mainly due to the increase in crude oil price (from average $84.38/bbl to average $81.34/bbl) and higher forex rate from average of (US$1:₱56.281 to average of US$1:₱54.762).

Other revenues pertain to passed on Meralco wheeling, ancillary and transmission charges and Wholesale Electricity Spot Market (WESM) transactions. The increase is mainly due to higher accruals made during the period.

Pass-on charges/costs are reflected in cost of sales-others to offset and close the amount recorded in other revenues account.

Costs and Expenses:

Costs of electricity sales pertain to the direct costs of generating electricity power including operating and maintenance costs (O&M) of all RE subsidiaries' power plants and and MGI's fluid collection and reinjection system (FCRS), depreciation, and other costs directly attributed to producing electricity.

Oil production operating expenses pertain to 3.97% increase due to amortization of Domestic Market Obligation expenses and higher royalty expenses as a result of the increase in crude oil prices.

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**.

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

General and administrative expenses (G&A) increased by 99.21% mainly due to the effect of consolidation of PWEI's financials in PERC's FS and higher expenses incurred during the period related to documentary stamp taxes on loan availment and conversion.

Other income (charges) amounted to (₱84.526) million and ₱32.919 million as of March 31, 2024 and March 31, 2023, respectively. Below presents the itemized discussion of the changes in other income (charges) – net account.

- 7.61% decrease in **interest income** due to PGEC's reduced money market investments because some funds were already used to finance new RE projects, coupled with lower average interest rates from same period last year.
- Upward movement from forex loss of ₱3.349 million to forex gain of ₱1.023 million for the quarter mainly due to conversion of USD accounts to Peso;

- increase in the market prices of the investments in FVPL, from unrealized loss of ₱0.394 million to unrealized gain of ₱0.101 million;

- change in **accretion expense** is mainly due to effect on consolidation of PWEI financials;

- 94.72% increase in **interest expense** from ₱68.364 million to ₱133.118 million is mainly due to additional interests on new loans of PERC to fund the acquisition of EEIPC's equity interests in PWEI, PSC and PGEC and the effect on consolidation of 100% PWEI's interest on loan;

- decrease in **share in net income of an Associate** is mainly due to reversal of PGEC's share in net income of PWEI, initially presented at 40% prior to actual consolidation for the period of May to November 2023; and

- increase in **miscellaneous income** mainly due to higher time-writing charges relating to offshore wind projects which cover the period January 2020 to June 2023.

Provision for (benefit from) income tax:
Provision for income tax current pertains to the following:
- PSC's tax payable - 5.00% gross income tax under the PEZA incentives;
- MGI's 10% special corporate income tax rate, after the 7-year income tax holiday (for the MGPP-1), which ended last February 8, 2021, as part of its BOI incentives under RE Law;
- PWEI's 10% special corporate income tax rate since the 7-year income tax holiday of NWPP-1 has ended last June 9,2022; and
- 2% minimum corporate income tax due for PERC and PGEC.

Net Income Attributable to Non-controlling interest (NCI) is computed using the following equity holdings as of March 31, 2024 and March 31, 2023:
- nil share of EEIPC in PetroGreen as of March 31, 2024; 7.5% share as of March 2023;
- 25% share of Kyuden in PetroGreen as of March 31, 2024 and March 31, 2023;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) total indirect share of Kyuden, and EEIPC's 4.88% indirect share in MGI (7.50% of 65% of PGEC in MGI as of March 31, 2023, nil as of March 2024);
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC, and EEIPC's 4.2% indirect share in PSC (7.50% of 56% of PGEC in PSC as of March 31, 2023, nil as of March 2024; and
- 40% share of BCPG in PWEI as of March 31, 2024, nil as of March 31, 2023.

3. Consolidated Financial Position (March 31, 2024 and March 31, 2023)

	31-Mar-24	31-Mar-23	% Change	% in Total Assets
ASSETS				
Cash and cash equivalents	₱3,944,592,810	₱1,687,055,733	133.82%	17.91%
Short term investments	-	2,575,286,425	-100.00%	0.00%
Restricted cash	374,251,690	335,589,896	11.52%	1.70%
Receivables	722,951,569	459,565,482	57.31%	3.28%
Financial assets at fair value through profit and loss (FVTPL)	7,059,247	7,145,746	-1.21%	0.03%
Contract Assets - current portion	93,866,114	17,734,939	429.27%	0.43%
Crude oil inventory	24,216,179	76,061,522	-68.16%	0.11%
Other current assets	280,707,857	209,175,979	34.20%	1.27%
Property and equipment-net	12,372,701,414	8,158,422,721	51.66%	56.19%
Deferred oil exploration cost	410,338,944	355,951,118	15.28%	1.86%
Contract assets - net of current portion	662,603,813	293,437,957	125.81%	3.01%
Investment in joint venture and business combination	2,882,000	1,934,317,304	-99.85%	0.01%
Right of use of asset	316,999,128	340,580,472	-6.92%	1.44%
Deferred tax assets-net	18,691,787	11,113,003	68.20%	0.08%
Intagible assets and goodwill	1,166,357,242	-	100.00%	5.30%
Investment properties-net	1,611,533	1,611,533	0.00%	0.01%
Other noncurrent assets	1,618,831,703	499,779,985	223.91%	7.35%
TOTAl ASSETS	**₱22,018,663,030**	**₱16,962,829,815**	29.81%	100.00%
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	687,662,241	504,024,564	36.43%	3.12%
Loans payable - current	1,691,082,703	791,730,980	113.59%	7.68%
Lease liabilities - current	61,319,984	29,506,086	107.82%	0.28%
Income tax payable	44,075,621	19,086,864	130.92%	0.20%
Loans payable - net of current portion	6,071,153,898	2,531,709,685	139.80%	27.57%
Lease liabilities - net of current portion	269,881,742	309,753,594	-12.87%	1.23%
Asset retirement obligation	171,349,371	66,770,378	156.62%	0.78%
Other noncurrent liability	31,345,890	9,548,486	228.28%	0.14%
TOTAL LIABILITIES	**9,027,871,450**	**4,262,130,637**	111.82%	41.00%
EQUITY				
Attributable to equity holders of the Parent Company	8,017,819,653	7,376,214,889	8.70%	36.41%
Non-controlling interest	4,972,971,927	5,324,484,289	-6.60%	22.59%
TOTAL EQUITY	**12,990,791,580**	**12,700,699,178**	2.28%	59.00%

Total assets amounted to ₱22.019 billion and ₱16.963 billion as of March 31, 2024 and March 31, 2023, respectively. Book value increased to ₱14.10/share from ₱12.97/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 133.82% net increase from ₱1.687 billion as of March 31, 2024 to ₱3.945 billion as of March 31, 2023 is due to the following:

- PGEC's conversion of short-term investments which subsequently placed in money market investments with maturity of less than ninety (90) days; and
- the effect on consolidation of PWEI and collections from electricity sales net of payments for loan principal, interest and working capital requirements for the period.

Short term investments decreased by 100% due to PGEC's conversion of short-term investments to cash and cash equivalents to fund the expenditures relating to new solar power projects while other funds were subsequently invested in money market placements.

Restricted cash increase as a result of additional funding of Debt Service Payment Account (DSPA) and Debt Service Reserve Account (DSRA) to be used for the next loan principal and interest payments.

The **Receivables** account mainly consists of receivables from electricity sales and lifting/sales of crude oil revenue. The 57.31% increase is mainly due to effect on consolidation of PWEI, PGEC's receivable from SPVs for pre-development expenditures and more barrels lifted for March 31, 2024.

Financial assets at fair value through profit and loss (FVTPL) decreased by 1.21% from ₱7.146 million to ₱7.059 million mainly due to decline in the market prices of the investment portfolio.

Crude oil inventory decreased mainly due to lower crude oil inventory left unsold during the period.

Other current assets consist of supplies inventory, prepaid expenses, and other current assets. The bulk of the 34.20% net increase is mainly due to the effect on consolidation of PWEI for the period, prepayments for insurance, real property taxes and business permits to be amortized over the year.

Property, plant and equipment (PPE) amounted to ₱12.373 billion and ₱8.158 billion as of March 31, 2024 and March 31, 2023, respectively. The 51.66% net increase is mainly due to the effect on consolidation of PWEI net of continuous depreciation of the Renewable Energy Power Plants, other assets, and depletion of oil assets.

Deferred oil exploration cost amounted to ₱410.339 million and ₱355.951 million as of March 31, 2024 and March 31, 2023, respectively. Increased by 15.28% resulting from the continuous development of the Gabon oil field.

Contract assets - current and noncurrent portion pertains to PSC and PWEI's receivable from TransCo on FIT arrears, which is currently recorded at net present value since this will be collected over five (5) years. PSC and PWEI's collections started in 2022 and 2021, respectively. The increase in current and noncurrent portion is mainly due to the effect on consolidation of PWEI's financials for the period.

Investment in a joint venture and business combination refers to the three newly incorporated special purpose vehicles namely: BuhaWind Energy Northern Luzon Corporation, BuhaWind Energy Northern Mindoro Corporation and BuhaWind Energy East Panay Corporation. Bulk of the 99.85% net decrease from ₱1.934 billion to ₱2.882 million is due to transfer of investment to controlling interest after PERC's acquisition of EEIPC's 20% equity interest in PWEI on May 10, 2023.

Right of use of asset declined by 6.92% because of the amortization 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 March 31, 2024 and March 31, 2023, this amounted to ₱18.692 million and ₱11.113 million, respectively. The net increase pertains to the effect on consolidation of PWEI's financials for the period.

Bulk of **Intangible assets and goodwill** pertain to assets recognized as a result of business combination of PWEI.

The Investment properties-net account remains the same as of March 31, 2024.

Other non-current assets amounted to ₱1.619 billion and ₱499.780 million as of March 31, 2024 and March 31, 2023, respectively. The 223.91% net increase is mainly due to additions in deferred development costs account in relation to the development and expansion of various renewable energy projects and effect on consolidation of PWEI's financials.

Accounts payable and accrued expenses increase by 36.43% mainly due to accruals of payables to contractors and suppliers caused by PERC's acquisition of EEIPC's 20% equity interest in PWEI.

Loans payable current and noncurrent increased by 113.59% and 139.80%, respectively due to the following:

- consolidation of PWEI's financials - on November 4, 2013, PetroWind entered into ₱2.80 billion Omnibus Loan and Security Agreement (OLSA) with DBP to finance the Nabas Project. Subsequently, on June 4, 2015, an amended agreement was entered between PetroWind and DBP for an increase in credit line amounting to ₱200.00 million; and
- conversion of STL to LTL to fund PERC's acquisition of EEIPC's shares in PGEC, PWEI and PSC.

Lease liabilities – current increase is mainly due to the interest recognized during the period and reclassification from non-current account while **Lease liabilities – net of current portion** decreased mainly due to reclassification to current account.

The increase in the **Income tax payable** account mainly pertains to the effect on consolidation of PWEI's financials and additional set-up of provision during the period.

Asset retirement obligation amounted to ₱171.349 million and ₱66.770 million as of March 31, 2024 and March 31, 2023, respectively. The 156.62% increase mainly pertains to the effect of consolidation of PWEI and accretion expense recognized during the period.

Other non-current liabilities pertain to the Group's accrued retirement liability account.

Equity attributable to equity holders of the Parent Company amounted to ₱8.018 billion or ₱14.10 book value per share and ₱7.376 billion or ₱12.970 book value per share, as of March 31, 2024 and March 31, 2023, respectively. Changes in equity and equity attributable to PERC Parent are mainly due to consolidation of PWEI's financials in PERC's financial statements.

Non-controlling interest (NCI) pertains to the following:

- 25% share of Kyuden in PetroGreen as of March 31, 2024, 7.50% March 31, 2023;
- Nil share of EEIPC in PetroGreen as of March 31, 2024, 25% in March 31, 2023;
- 25% direct share of AC Energy, the 10% direct share of PNOC-RC, and 16.25% (25% of the 65% of PGEC) in March 31, 2024; 25% direct share of Trans-Asia, the 10% direct share of PNOC-RC, and indirect share of Kyuden and EEIPC (32.50% of the 65% of PGEC) in MGI as of March 31, 2023;
- 14% (25% of 56% share of PGEC) total indirect share of Kyuden in PSC as of March 31,2024; 44% direct share of EEIPC, indirect share of Kyuden and EEIPC (32.50% of 56% share of PGEC) in PSC as of March 31, 2023;
- 40% direct share of BCPG in PWEI as of March 2024.

Non-controlling interest decreased by 6.60%, from ₱5.324 billion to ₱4.973 billion, as a result of PERC's acquisition of EEIPC's equity interests PGEC, PWEI and PSC in 2023.

<u>Key performance indicators</u>
– refer to the Schedule of Financial Soundness Indicators

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

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 AC Energy 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 of TSPP-1 and NWPP-1, 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 within forty five (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-one (21) 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 nine (139) 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 8.90% 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. Dividend declared for three (3) most recent years follows:

Date of Declaration	Dividends per Share		Record Date	Payment Date
	Cash	Stock		
July 04, 2013	5%		July 25, 2013	August 20, 2013
July 26, 2018	5%		August 24, 2018	September 20, 2018
July 28, 2022	5%		August 15, 2022	September 8, 2022

Financial Disclosures in view of the current global financial condition:

The Group Assess the financial risks exposures of the Company and its subsidiaries particularly on currency, interest credit, and market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the Company, provide a discussion in the report on quantitative impact or such risks and include a description of enhancement in the company's risk management policies to address the same:

The Group's principal financial instruments include cash and cash equivalents, trading and investment securities (financial assets at FVPL) and receivables. The main purpose of these financial instruments is to fund the Company's working capital requirements.

Financial Risk Management Objectives and Policies.
Please refer to Note 24.

Operations Review and Business Outlook

A. OIL EXPLORATION

Foreign Operations

Gabon, West Africa

The daily oil production of the four oil fields (Ebouri, Etame, North Tchibala and Avouma) for the first quarter ranged from 14,098 to 16,914 barrels of oil per day (BOPD). Minor fluctuations in the daily production were due to maintenance works at Avouma, SEENT and Etame platform.

The total cargo lifted by the Consortium for the 1st Quarter of 2024 amounted to 1.3 million barrels of oil (MMBO). To date, the Etame Marin Field has already produced ~137.1 MMBO since inception in 2002.

Philippine Operations

Service Contract 14C2 – West Linapacan, Northwest Palawan

Following the release of DOE's draft guidelines on the "Awarding of Petroleum Service Contracts for Development and Production", SC 14C2 consortium is currently evaluating possible unitization with SC 6B and/or other surrounding service contracts.

Service Contract 75 – Offshore Northwest Palawan

SC 75 consortium is waiting for official notice from DOE regarding resumption of operations. Upon lifting of force majeure, consortium will proceed with conduct of survey planning and acquisition of new seismic data.

Summary of Petroleum Properties:

Contract No.	Contract Expiry	Participating Interest %	Location
Foreign Contract			
Production Sharing Contract (PSC) 93 – Gabon	2028	2.525%	Gabon Offshore
Philippine Service Contracts (SC)			
SC 14C2 – West Linapacan, Northwest Palawan	2025	4.137%	Northwest Palawan
SC 75 – Offshore Northwest Palawan	2025	15.000%	Northwest Palawan

The Company derives its petroleum revenues from its Gabon Operations. All contractual obligations with the Gabonese Government are complied with. One of the Company's petroleum Service Contracts in the Philippines (SC 75) is in exploration stage, and one (SC 14C2) contract is being farmed out to reduce risk inherent to the business.

B. RENEWABLE ENERGY PROJECTS

Maibarara Geothermal Power Project

The 20-MW Maibarara-1 (MGPP-1) and 12-MW Maibarara-2 (MGPP-2) Geothermal Power Plants are on continuous operations. From January 1 to March 31, 2024, the combined net exported output was 61,359.26 MWh (38,453.69 MWh from MGPP-1 and 22,905.57 MWh from MGPP-2).

Nabas Wind Power Project

The 36-MW Nabas-1 Wind Power Plant (NWPP-1) of PetroWind Energy, Inc. (PWEI) has been operating normally, and for the period of January 1 – March 31, 2024, the total net energy exported to the grid reached 37,052.75 MWh.

For the 13.2-MW Nabas-2 Wind Power Project (NWPP-2), all Main Balance-of-Plant (BOP) works within the Municipality of Nabas were completed by March 31, 2024. Moreover, three out of six wind turbines have been fully erected and are expected to begin exporting power to the grid by 1st week of April 2024. Planning and engineering design for the three remaining turbines are targeted to commence within the year.

On January 18, 2023, PWEI filed an Application for Authority to Develop, Own and/or Operate the Dedicated Point-to Point Transmission Facilities to Connect the NWPP-2 to the NGCP's Transmission Line. PWEI is still awaiting the ERC's approval of the said application.

Tarlac Solar Power Project

The 50-MW_{DC} Tarlac-1 (TSPP-1) and 20-MW_{DC} Tarlac-2 (TSPP-2) Solar Power Plants are on continuous operations. The combined net exported output for the 1st quarter of 2024 was 27,420.87 MWh (19, 487.79 MWh from TSPP-1 and 7,933.09 MWh from TSPP-2).

San Vicente Wind Power Project

PGEC has concluded its two-year wind measurement campaign and is currently in dialogue with third-party service providers regarding the conduct of Energy Yield Assessment and Pre-Engineering Services. Meanwhile, the Distribution Impact Study (DIS) has been submitted to PALECO and is currently undergoing technical evaluation.

As for offtake, PGEC is exploring multiple agreement options. One of these is joining the planned Competitive Selection Process (CSP) to be facilitated by the National Electrification Administration (NEA) later this year. While waiting for the bidding guidelines, PGEC is working on the project costs in order to estimate the most likely CSP bid price.

Bugallon Solar Power Project

Site development works (fencing, land grading/levelling and tree cutting) have commenced and targeted to be completed by June 2024. Target commercial operations date is Q4 2025.

On February 26, 2024, the Central Pangasinan Electric Cooperative (CENPELCO) approved the project's Distribution Asset Study. A connection agreement with CENPELCO is currently being drafted and targeted to be submitted by end of April 2024.

Application for assignment/transfer of the service contract covering the Bugallon Solar Power Project from PGEC to Bugallon Green Energy Corporation was re-submitted on February 26, 2024 and expected to be approved by DOE in April 2024.

Dagohoy Solar Power Project

Following the completion of all site development works (fencing, land grading/ leveling and construction of water canals), the solar farm and connection EPCs have mobilized onsite and commenced pre-construction activities. Target commercial operations date is Q4 2024.

On February 28, 2024, the DOE approved the assignment/transfer of the service contract covering Dagohoy Solar Power Project from PGEC to Dagohoy Green Energy Corporation (DGEC).

Limbauan Solar Power Project

On February 20, 2024, BKS Green Energy Corp., a subsidiary of PGEC, submitted application for System Impact Study to NGCP through their online system and is currently awaiting approval.

Meanwhile, selection of EPCs for site development, solar farm and connection facilities is ongoing. Target selection of final contractors is before end of Q2 2024.

San Jose Solar Power Project

Following the completion of all site development works, the solar farm and grid connection EPCs have mobilized onsite and commenced pre-construction activities. Target commercial operations date of initial phase equivalent to ~10MW is Q4 2024.

Application for assignment/transfer of the service contract covering the San Jose Solar Power Project from PGEC to San Jose Green Energy Corporation was re-submitted on February 26, 2024 and expected to be approved by DOE in April 2024.

Offshore Wind Power Projects

On February 21, DOE have the approved the assignment/transfer of the service contract covering the Northern Luzon Offshore Wind Power Project from PGEC to BuhaWind Energy Northern Luzon Corporation (BENLC).

For this quarter, the offshore wind SPVs under joint venture of PGEC and Copenhagen Energy will continue to communicate with potential third-party service providers regarding conduct of the wind measurement campaign, environmental permitting and social acceptability surveys.

Plan of Operations for the next 12 months

Gabon, West Africa
Crude oil production will continue from existing wells

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

SC 75 - Offshore Northwest Palawan
Exploration activities have been suspended due to the force majeure imposed by the Department of Energy. Remaining project commitments would be implemented upon the lifting of force majeure by the agency.

Maibarara Geothermal Power Project
Power generation from both Maibarara-1 and Maibarara-2 will continue.

Nabas Wind Power Project
Nabas 1 and Nabas 2 plant will be in continuous operation, while planning and updated engineering design of the remaining three WTGs for Nabas 2 will continue.

Tarlac Solar Power Project
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.

San Vicente Wind Power Project
PGEC will continue with initial feasibility studies for the SVWHPP and other pertinent regulatory documents. Moreover, PGEC plans to participate in Competitive Selection Process (CSP) of NEA later this year.

Bugallon Solar Power Project
Site development works to be completed by June 2024 to be followed by construction of the solar farm and connection facilities.

Dagohoy Solar Power Project
Construction works for the solar farm and connection facilities to continue. Target commercial operations date is by end of Q4 2024.

Limbauan Solar Power Project (formerly San Pablo Power Project)
PGEC to award contract to EPC provider, and afterwards proceed to the conduct of early site development works.

San Jose Solar Power Project
Construction works for the solar farm and connection facilities to continue. Target commercial operations date for San Jose Solar Power Project (SJSPP) 1 and SJSPP 2 is December 2024 and December 2025, respectively.

Offshore Wind Power Projects
The SPVs under joint venture of 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) SIS applications for Northern Mindoro and East Panay blocks.

PART II – Other Information

The Company has no other information that need to be disclosed other than disclosures made under SEC Form 17-C (if any).

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68

MARCH 31, 2024

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 ₱7.06 million do not constitute 5% or more of the total current assets of the Group as at December 31, 2023.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of March 31, 2024, 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 which-ever 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 March 31, 2024:

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	₱19,227,974	₱1,009,698	₱259,582	₱–	₱–	₱ 19,978,090
PetroWind Energy Inc.	776,140	1,205,687	840,577	–	–	1,141,250
Maibarara Geothermal, Inc.	642,468	678,493	605,844	–	–	715,117
PetroSolar Corporation	375,196	823,930	849,478	–	–	349,648
	₱21,021,778	₱3,717,808	₱2,555,481	₱–	₱–	₱22,184,105

Schedule D. Long-term Debt
Please refer to the Consolidated Audited Financial Statement, Note 20 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 March 31, 2024.

Schedule F. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of March 31, 2024.

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	–	170,324,925	6,064,534	392,322,383

PETROENERGY RESOURCES CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF MARCH 31, 2024, MARCH 31, 2023 and DECEMBER 31, 2023

Financial Soundness Indicators
Below are the financial ratios that are relevant to the Group for the period ended March 31, 2023, March 31, 2022 and December 31, 2023:

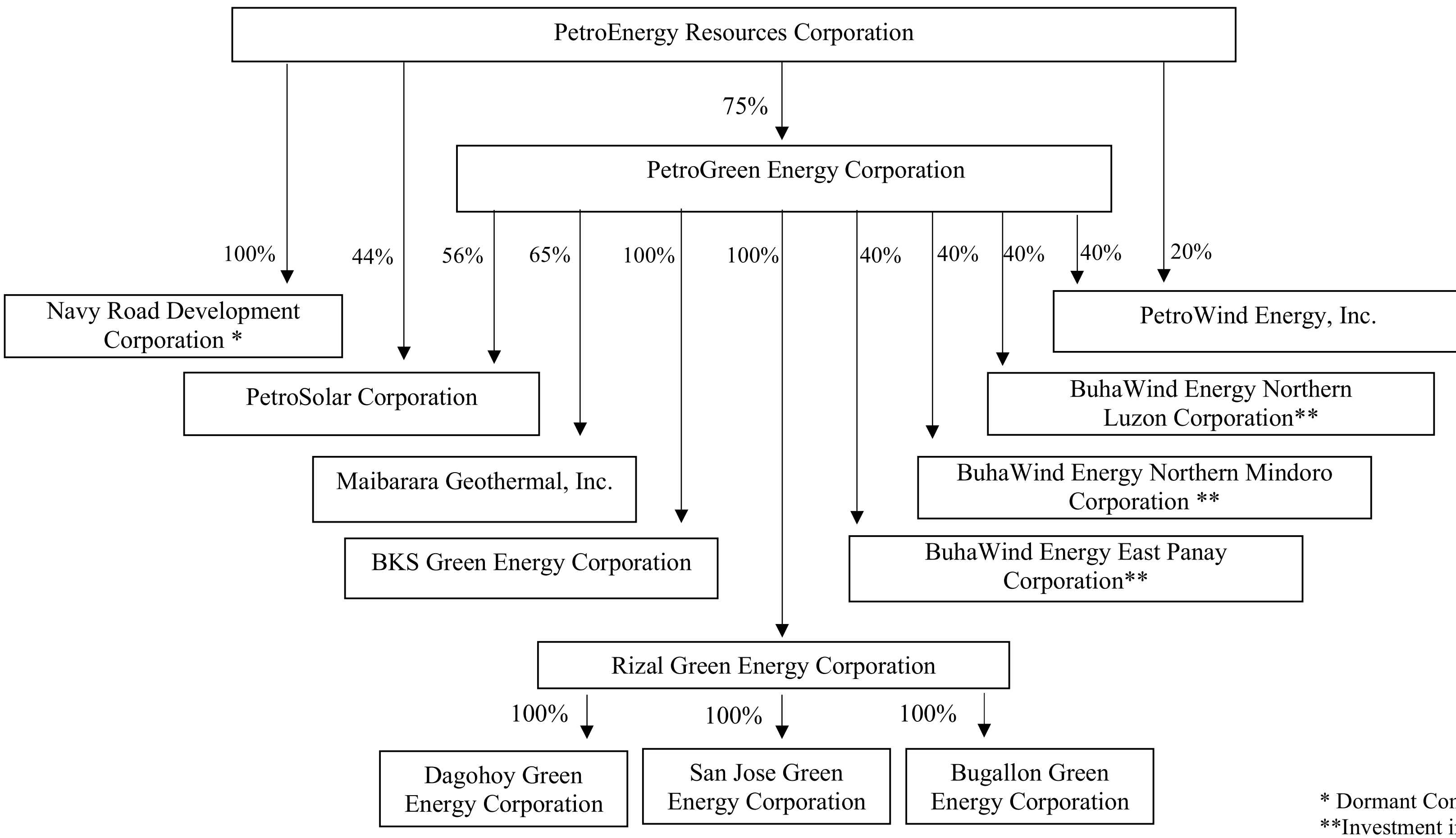
Financial ratios	Formula	**Unaudited 31-Mar-2024**	Unaudited 31-Mar-2023	Audited 31-Dec-2023
Current ratio	Total current assets / Total current liabilities	**2.19:1**	3.99:1	1.25:1
Solvency ratio	After tax net profit + depreciation / Long-term + short-term liabilities	**0.05:1**	0.11:1	0.17:1
Debt-to-Equity Ratio	Total liabilities / Total stockholder's equity	**0.69:1**	0.34:1	0.73:1
Asset-to-Equity Ratio	Total assets / Total stockholder's equity	**1.69:1**	1.34:1	1.73:1
Interest rate coverage ratios	Earnings before interest and taxes (EBIT) / Interest expense*	**3.65:1**	6.17:1	3.45:1
Return on revenue	Net income / Total revenue	**34.04%**	55.91%	31.03%
Earnings per share	Net income / Weighted average no. of shares	**₱0.262**	₱0.035	₱0.9067
Price Earnings Ratio	Closing price / Earnings per share	**₱14.10**	₱14.93	₱5.46
Long term debt-to-equity ratio	Long term debt / Equity	**0.50:1**	0.23:1	0.37:1
EBITDA to total interest paid	EBITDA** / Total interest paid	**5.60**	8.38	5.93

**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 March 31, 2024:

PETROENERGY RESOURCES CORPORATION
GROUP STRUCTURE



* Dormant Company
**Investment in joint venture.

PETROENERGY RESOURCES CORPORATION (PARENT COMPANY)

SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2024

Unappropriated Retained Earnings (Deficit), beginning of the reporting period (see Footnote 2)		₱ 182,647,943
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation		
Effect of reinstatements or prior-period adjustments		
Others		–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	–
Unappropriated Retained Earnings (Deficit), as adjusted		182,647,943
Add/Less: Net income (loss) for the current year		40,848,445
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	91,283,052	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial	–	
instruments at fair value through profit or loss (FVPTL)	–	
Unrealized fair value gain of Investment Property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		91,283,052
Add: Category C.2 Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	483,344	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Realized fair value gain of Investment Property		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		483,344

Forward

Add: Category C.3 Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		
Adjusted Net Income / Loss		132,696,680
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	–
Subtotal		
Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	–
Subtotal		
Add/Less: Category F: Other items that should be excluded from the determination of theamount available for dividends distribution		
Net movement of the treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of the deferred tax asset not considered in reconciling items under previous categories	3,842,315	
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		–
Total Retained Earnings, end of the reporting period available for dividend		**132,696,680**

FOOTNOTES:

(1) The amount of retained earnings of the company should be based on its separate ("stand alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

Registrant	:	**PETROENERGY RESOURCES CORPORATION**
Signature and Title	:	Milagros V. Reyes - President
Signature and Title	:	Maria Cecilia L. Diaz De Rivera – Chief Finance Officer
Date	:	May 15, 2024