

Making Its Mark in the Energy Landscape: The PetroEnergy Group in 2017-mid-2018

Introduction

Over the past year and a half, we are proud to report that your Company – PetroEnergy Resources Corp. and its subsidiaries – have not only grown, but are likewise leaving an indelible mark in the energy industry and among our stakeholders.

In 2017, our consolidated net income rose by 44% from US \$5.86MM in 2016 to US\$ 8.46MM. Our 2017 performance tops a three-year run from 2013 to 2016 when our compounded annual revenue growth reached more than 30%, an achievement that led London's *Financial Times* to cite PetroEnergy as the 3rd fastest growing company in the Philippines and among top 400 in the Asia-Pacific region. This signal achievement is due largely to the performance of our renewable energy projects and investment.

Renewable Energy

Maibarara Geothermal Inc. (MGI), our first RE subsidiary, generated 162 GWh of electricity in 2017. This gross output is our highest since commercial

operation started for our 20MW Maibarara-1 plant; consequently, we also achieved our highest revenue of Php 832 MM to date.

The MGI team's record operational performance was highlighted when our facility was declared the Best Renewable Energy Project (National Grid Category) in the entire ASEAN region in the 2017. Several months later, MGI made another mark when in April 2018, it put into commercial operation, the 12 MW Maibarara-2 geothermal plant, the only geothermal power project erected in the country in four years.

Although subject to more natural resource variability, our 36MW Nabas-1 wind power project under PetroWind Energy, Inc. (PWEI) recorded a net generation of 98 GWh and total revenues of Php 726 MM. At the international stage, our Nabas-1 wind facility was cited by Singapore-based trade magazine *Asian Power* with the *Environmental Upgrade of the Year Award*, recognizing our unique program that integrates environmental restoration, eco-tourism enhancement, and local community capacity building.

In Tarlac, our 50MW_{DC} Tarlac-1 Solar Power Facility registered an annual net generation of ~72 GWh with corresponding revenue of Php622.08MM. Despite being in commercial operations for only 2 years, this project under our PetroSolar Corp. has garnered recognition among a diverse set of

stakeholders. With a capacity factor of 21%, this solar farm is among the most efficient in the country.

Petroleum Operations

Despite the secondary role in our Company's performance, our Gabon petroleum operations produced a respectable output in 2017, with twelve production liftings, yielding 5.62 Million barrels of oil. The four oil fields in our Gabon block reached a milestone in the past year when it recorded aggregate production surpassing 100 Million barrels of oil since going commercial in 2002.

The Gabon consortium remains highly optimistic that significant petroleum reserves can still be profitably extracted in the coming years, despite very volatile oil prices.

Corporate Social Responsibility

As our business grows and evolves, our commitment as corporate citizen to our host communities becomes stronger. We have engaged in more

partnerships, reached more beneficiaries and targeted our numerous projects in health, education, livelihood, and the environment to be more effective and influential.

Concluding Remarks

The Company and its dedicated men and women are confident of meeting the challenges that lie ahead in the increasingly complex energy landscape. They are secure in the knowledge that in whatever new ventures and directions that your Company take to ensure more benefits and value for its shareholders, your trust and support will never waver.