

**Minutes of the 2017 Regular Annual Stockholders' Meeting
of PetroEnergy Resources Corporation**

Date : 26 July 2017

Time : 1:30 p.m.

Place : Rooms 526-528 YIAS, Level 5, Podium 4, RCBC Plaza Building
6819 Ayala cor. Sen. Gil J. Puyat Avenues, Makati City

The Chairman, Ms. Helen Y. Dee, welcomed all stockholders to the 2017 Regular Annual Stockholders' Meeting. The Chairman thereafter introduced the incumbent directors who were present during the meeting, as follows:

Ms. Milagros V. Reyes	- Director / President
Mr. Cesar A. Buenaventura	- Independent Director
Mr. Basil L. Ong	- Independent Director
Mr. Eliseo B. Santiago	- Independent Director
Ms. Yvonne S. Yuchengco	- Director / Treasurer
Mr. Raul M. Leopando	- Director

I. Certification of Service of Notice

The Corporate Secretary, Atty. Samuel V. Torres, was called to submit proofs of service of Notice of Meeting. The Corporate Secretary certified that Notices of the Meeting were sent to all stockholders of record as of May 25, 2017, either by mail or through messengerial services; and that the messengerial company issued a certificate of completion of delivery. The Corporate Secretary also certified that the Notice of the Meeting was published in The Manila Bulletin on May 24, 2017, as evidenced by an affidavit executed by the representative of the Advertising Department of the said publication.



II. Determination of Quorum / Call to Order

The Corporate Secretary certified that there was a quorum for the transaction of any business that may be properly brought before the body, with attendance of shareholders present in person covering 389,666 shares (0.09%) and 305,145,260 shares (74.29%) represented by proxy, for a total of 305,534,926 shares (74.39%) out of the total outstanding shares of 410,736,330. Thereafter, the Chairman called the meeting to order.

III. Approval of the Minutes of the Annual Stockholders' Meeting held on July 21, 2016

The Chairman requested the shareholders present to review the minutes of the Annual Stockholder's Meeting held on July 21, 2016, copies of which were earlier distributed. Upon motion duly made and seconded, the reading of the minutes was dispensed with, and the following resolution was unanimously approved:

"RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on July 21, 2016 be, as it is hereby, approved."

IV. Approval of Management Report and the 2016 Audited Financial Statements

The Chairman directed the attention of the stockholders to the Management Report and the 2016 Audited Financial Statements which were earlier distributed to all stockholders through mail or messengerial services and at the registration table. She requested the stockholders that all questions and requests for clarification be raised only after the presentation of the results of operation by the President, Ms. Milagros V. Reyes (MVR). She then called MVR to give the 2016 year-end report and result of operations, including some updates. With the aid of an LCD projector, MVR reported the following, to wit:

"Good afternoon Fellow Stockholders,

In 2016, we saw our venture into the renewable power generation begin to bear fruit.

With our full year operation in our Geothermal and Wind power projects, and the 10-month operation of our Solar Farm, our Consolidated Revenues climbed up to \$33.6 Million (P1.7 B) compared to \$23.5 (P1.1 B) in 2015.

Our forecast is upbeat for 2017 since our first half financial performance already show a marked improvement in revenues and net income compared to the same period last year. If this efficiency is maintained, we project a 33% increase in our net income at the end of this year.

We have been an Oil and Gas exploration company where we benefitted much from our Oil discovery in Gabon, West Africa in the year 2000. Our E&P venture has brought in \$121 MM (P5.5 B) to your Company since the start of production in 2002. However, since Oil is a depletable resource, your Company decided to use its earnings to venture into clean power generation in 2012. Our diversification was very timely such that, as the oil prices crashed in 2014 and remained unexpectedly depressed, our revenues from our renewable energy projects came in to keep our financial position positive.

Our Oil asset in Gabon still contains 88 Million barrels of recoverable oil. Our consortium has adopted measures to keep oil production at levels where we can get maximum returns, until the rebalancing in the oil supply/demand is finally attained in the coming months or years.

In the meantime, as we continue to operate our existing geothermal, wind and solar plants, we plan to expand these to bring up our total generation capacity to 200MW in the coming two to three years. We now have 106 MW, with an additional 12MW expected to be put on stream by the last Quarter of 2017.

Since the Feed in Tariff which we were granted in both the Wind and Solar projects, has been terminated for new projects, we are aggressively studying various options to increase our competitiveness in this RE business. Lined up are our expansion of our Tarlac Solar Power Project for additional 49MW and our 14MW additional Wind Power Project in Nabas, Aklan. Parallel to this, your company will continue to be on the lookout for other related business opportunities to sustain our growth.

As we prepare for the coming years, we continue to extend our gratitude to you, our stockholders for your trust in PetroEnergy.

Thank you.”

After the presentation, the Chairman opened the floor for questions from the shareholders.

One of the shareholders, Mr. Philip Turner, congratulated the Company on its success in the renewable energy business. He then asked why the net assets went down. MVR replied that the cash portion of the net asset went down because of the new projects that need to be funded. He then asked why the Earnings Per Share (EPS) went down when the consolidated net income increased and the number of shares remained the same. The AVP for Finance, Ms. Carlota R. Viray, replied that the EPS is computed based on the net income attributable to the equity holders of the Parent Company. The consolidated net income includes both the net income attributable to the equity holders of the Parent Company and non-controlling interests. Though the consolidated net income for 2016 increased by 27%, the earnings per share declined, because, the net income attributable to the equity holders of the Parent Company for 2016 is lower by 34%. This is mainly because of the losses from the oil operations and the impairment of the Gabon assets. Mr. Turner continued and asked if there is an assurance on the return of the investment in Gabon should the consortium drill deeper. In response, MVR said that production is controlled as we keep the oil in the ground, and there is no need to drill deeper and more expensive wells, since we still have substantial reserves at current depths. Mr. Turner then said that according to the Report, it says that the Gabonese Government had increased government participation to 35% from only 7.5% and that under the new law, the government's take is higher. MVR replied that the Company was able to negotiate with the Gabonese Government to keep the area under the same terms for the next 10 years, extendible for another 10 years.

After the questions from the stockholder were answered, the following resolution was adopted, upon motion made, seconded, and carried:

“RESOLVED, as it is hereby resolved, that the Management Report and the 2016 Audited Financial Statements, as were made available to the stockholders be, as they are hereby, noted and approved.”



V. Confirmation and Ratification of All Acts and Resolutions of the Board of Directors and Management for the Period July 21, 2016 to July 26, 2017

Upon motion made, seconded and carried, a resolution was adopted as follows:

“**RESOLVED**, as it is hereby resolved, that all acts and resolutions made and entered into by the Board of Directors and Management for the period July 21, 2016 to July 26, 2017, be as they are hereby, confirmed and ratified.”

VI. Election of Seven (7) Members of the Board of Directors for the Years 2017 to 2018

The Chairman then tackled the next item in the Agenda. She discussed that for the purposes of election of the Board of Directors, and in accordance with Section 2 of Article IV of the Company's Amended By-Laws, any and all nominations shall be submitted to and received at the principal office of the Corporation at least ten (10) days prior to the scheduled date of the Annual Meeting and addressed to the attention of the Corporate Secretary. Only those parties nominated in accordance with this rule shall be included in the list of nominees or candidates to the Board of Directors to be presented to the stockholders during the Annual Meeting.

She then asked the Corporate Secretary if he has the list of nominees to the Board of Directors. The Corporate Secretary replied in the affirmative, and that as of June 8, 2017, the deadline for nominations, there were seven (7) nominees screened and short-listed by the Nomination Committee for election as members of the Board of Directors, namely:

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|--------------------------|---|----------------------|
| 1. HELEN Y. DEE | – | Director |
| 2. MILAGROS V. REYES | – | Director |
| 3. YVONNE S. YUCHENGCO | – | Director |
| 4. RAUL M. LEOPANDO | – | Director |
| 5. CESAR A. BUENAVENTURA | – | Independent Director |
| 6. BASIL L. ONG | – | Independent Director |
| 7. ELISEO B. SANTIAGO | – | Independent Director |

Since there were only seven (7) nominees representing seven (7) seats, a motion was made, seconded, and unanimously carried, dispensing with the formal balloting, and directing the Corporate Secretary to cast all votes in favor of the seven (7) nominees, except for those proxies, if any, which have been voted against the election of the above mentioned nominees.

The Chairperson then declared the above named nominees as elected members of the Board of Directors of the Corporation for the years 2017 to 2018 and congratulated them.

VII. Appointment of External Auditors

Upon motion duly made and seconded, the auditing firm SyCip Gorres Velayo & Co. (SGV & Co.) was reappointed as External Auditor of the Corporation for the ensuing year, and for such purpose, the following resolution was unanimously approved:


"RESOLVED, that the auditing firm SyCip Gorres Velayo & Co. (SGV & Co.), be as it is hereby, reappointed the External Auditor of the Company for the calendar year ending December 31, 2017."

VIII. Adjournment

Since no other business was brought to the table, the meeting was adjourned, upon motion duly made and seconded.


ATTY. SAMUEL V. TORRES
Corporate Secretary 

Attested:


HELEN Y. DEE
Chairman