

## TERMS AND CONDITIONS OF THE RIGHTS OFFER

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| <b>Issuer</b>                             | PetroEnergy Resources Corporation (“PERC” or the “Company”)   |
| <b>Issue Manager and Lead Underwriter</b> | RCBC Capital Corporation  |
| <b>Rights Shares</b>                      | <p>157,975,512 Common Shares of the Company with a par value of ₱1.00 per share. The Rights Shares shall rank equally in all respects with existing Common Shares, including the right to receive all dividends or distributions made, paid or declared after a valid subscription agreement is perfected between the Company and a buyer as evidenced by the written acceptance by the Company of the application to subscribe and purchase (the “Application to Subscribe and Purchase” or the “Application”) of the buyer.</p> <p>All of the Rights Shares will be issued from the Company’s existing and unissued authorized capital stock.</p>   |
| <b>Offer Price</b>                        | The Rights Shares are being offered at a price of up to [₱7.50] per share.  |
| <b>Offer Period</b>                       | <p>The Offer Period shall commence within thirty (30) days from Record Date or on January 22, 2018 and end on January 26, 2018. The Company and the Underwriter reserve the right to extend or terminate the Offer Period with the approval of the PSE.</p> <p>Applications must be received by the Receiving Agent not later than 11:00 a.m. on January 26, 2018. Applications received thereafter or without the required documents will be rejected. Applications shall be considered irrevocable upon submission to the Receiving Agent or to the designated branches of RCBC, and shall be subject to the terms and conditions of the Rights Offer as stated in the Prospectus and in the Application. The actual subscription and/or purchase of the Rights Shares shall become effective only upon the actual listing of the Rights Shares on the PSE.</p> |
| <b>Minimum Subscription</b>               | Each Application must be for a minimum of one (1) Rights Share.   |
| <b>Eligible Shareholders</b>              | The Rights Shares are being offered to eligible existing holders of record of Common Shares as of the Record Date. The Common Shares of the Company may be held by any natural person of legal age residing in the Philippines regardless of nationality, or any corporation, association, partnership, trust account, fund or entity, residing in and organized under the laws of the Philippines and/or licensed to do business in the Philippines, regardless of nationality, subject to the right of the Company to reject an Application or reduce the number of Rights Shares applied for subscription or purchase if the same will cause the Company to be in breach of the Philippine ownership requirement under relevant Philippine laws.   |

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| <p><b>Rights Entitlement</b></p>        | <p>Each Eligible Shareholder of Common Shares is entitled to subscribe to One (1.0) Rights Share for every Two and Six-Tenths (2.6) Common Shares held as of the Record Date (the “Entitlement Shares”).</p> <p>Fractions of the Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of the Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company.</p>   |
| <p><b>Additional Subscription</b></p>   | <p>If an Eligible Shareholder (the “Applicant”) fully subscribes to his Entitlement Shares and subject to the availability of unsubscribed Rights Shares arising from the failure of the other Eligible Shareholders to fully exercise their Rights Shares entitlement, the Applicant may simultaneously apply for an additional subscription of the unsubscribed Rights Shares (the “Additional Rights Shares”). The Additional Rights Shares are payable in full upon submission of the Application.</p> <p>If the aggregate number of Additional Rights Shares available for subscription equals or exceeds the aggregate number of Additional Rights Shares so subscribed for, an Applicant shall be allocated the number of Additional Rights Shares indicated in his Application.</p> <p>If the aggregate number of Additional Rights Shares available for subscription is less than the aggregate number of Additional Rights Shares so subscribed for, the available Additional Rights Shares shall be allocated to Applicants who have applied to subscribe for such Additional Rights Shares. Such allocation will be made at the discretion of the Company primarily based on each Applicant’s relative shareholding in the Company as of the Record Date, provided that no Applicant for Additional Rights Shares shall be allocated more Additional Rights Shares than the number for which they have applied.</p> <p>There can be no guarantee made as to the number of Additional Rights Shares an Applicant may be allocated. A subscription for Additional Rights Shares is irrevocable on the part of the Applicant and may not be cancelled or modified by such Applicant.</p> <p>The offer process in relation to the Additional Rights Shares shall be known as the Second Round of the Rights Offer.</p> |
| <p><b>Restrictions on Ownership</b></p> | <p>The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. Article XII, Section 2 of the Constitution provides that the exploration, development, and utilization of natural resources may be undertaken by the State by entering into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least 60 per centum of whose capital is owned by such citizens. Since the Company’s and its subsidiaries and affiliates’ principal business is the exploration, development and utilization of natural resources, it is subject to this constitutional requirement.</p>  |