

November 15, 2011

**PHILIPPINE STOCK EXCHANGE, INC.**  
3<sup>RD</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue,  
Makati City

Attention: **Ms. Janet A. Encarnacion**  
Head – Disclosure Department

Gentlemen:

PetroEnergy Resources Corporation (PERC) is pleased to announce the Department of Energy's approval of the Confirmation of Commerciality of the 20 MW Maibarara Geothermal Power Project (Maibarara Project). Please see attached Disclosure Statement for details.

The Maibarara Project is operated by Maibarara Geothermal, Inc., a joint venture corporation 65% owned by PERC's wholly-owned subsidiary, PetroGreen Energy Corporation, and 25% and 10% owned by Trans-Asia Oil and Energy Development Corporation and PNOG Renewables Corporation, respectively.

Thank you.

Very truly yours,

  
**ARLAN P. PROFETA**  
Head, Corporate and Legal Affairs

## **DOE CONFIRMS MAIBARARA AS RP's FIRST COMMERCIAL RENEWABLE ENERGY PROJECT**

Department of Energy (DOE) Secretary Jose Rene D. Almendras approved on November 11, 2011 the "*Confirmation of Commerciality*" for the 20 MW Maibarara integrated geothermal steamfield and power plant project in Sto Tomas, Batangas of service contractor Maibarara Geothermal, Inc. (MGI). The confirmation serves as the basis for the project to enter the development and commercial stage of the service contract. MGI plans to put the 20 MW project on-line to the Luzon grid by late 2013. Unlike other RE projects, geothermal energy development is not covered by the proposed Feed-in-Tariff mechanism.

DOE Undersecretary Atty. Jose M. Layug, Jr. declared, "After a thorough review of the work accomplishments, project funding, and related construction, power sales, and transmission agreements reached by MGI, the DOE finds the project viable for commercial development." Layug added "The Maibarara geothermal project is the first renewable energy (RE) project entirely initiated and implemented under the 2008 RE Law framework to achieve commerciality, a milestone that demonstrates not only MGI's operational achievements but also the growth potential of the country's RE industry."

The Maibarara service contract was originally awarded to PetroEnergy Resources Corporation (PERC) in February, 2010 following an open and competitive selection process conducted by the DOE in October, 2009 where PERC emerged as the winning bidder for the Maibarara block. PERC then formed and took 65% ownership, through its RE subsidiary PetroGreen Energy Corporation, of joint venture company MGI with local partners Trans-Asia Oil (25%), and PNOG Renewables Corp. (10%). From February, 2010 to September, 2011, MGI secured the project's environmental compliance certificate from the DENR, obtained the Sto Tomas local government endorsement and business permit, acquired BOI incentives, conducted a geodetic and lot inventory survey, rehabilitated existing roads and pads, entered into an emissions reduction purchase agreement, completed the work-over drilling of three wells, successfully discharged two production wells, and obtained NGCP agreement for grid connection. On September 2, 2011 it awarded the engineering, procurement and construction (EPC) contract for the 20 MW power plant to EEI Corporation and the O&M contract to Fuji Electric. On September 26, 2011, MGI formally sealed a P2.4 Billion loan facility from BPI and RCBC to fund the construction of the power facility.

MGI Chair Cesar A. Buenaventura said "MGI is proud to hold the distinction of having the first upstream energy project under the 2008 RE Law to be confirmed commercial by the DOE. Such distinction testifies to the soundness of our investment decision, the inspired work of our team, and to the productive relationship we have forged with the DOE, the Sto Tomas local government units, and our joint-venture partners. With the confirmation of commerciality, we shall strive to make Maibarara the first new geothermal power facility in the country under the Aquino administration."