



September 9, 2011

PHILIPPINE STOCK EXCHANGE, INC. (PSE)
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig, Metro Manila

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Subject: **Quarterly Progress Report**

Dear Ms. Encarnacion:

Please find attached our Final Progress Report for the month Ended July 31, 2011 in relation to Petron's use of the proceeds from its public offering of Preferred Shares on March 5, 2010.

We hope we have sufficiently complied with your disclosure requirements.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JAC'.

JOSE ANGELO C. CRUZ
AVP - General Counsel &
Corporate Secretary

Report on Review of Certain Financial Information

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886-5511
F +63 2 886-5506; +63 2 886-5507
www.punongbayan-araullo.com

Mr. Emmanuel E. Eraña
**Chief Finance Officer/
Chief Information Officer**
Petron Corporation
SMC Head Office Complex
40 San Miguel Avenue
1550 Mandaluyong City

Introduction

We have reviewed the accompanying Final Report of Petron Corporation (the Company) for the month ended July 31, 2011, and accompanying explanatory notes with respect to the Company's use of the proceeds from its public offering of Preferred Shares (the PPREF Proceeds) on March 5, 2010. Management is responsible for the preparation of such report and the fair presentation of the Final Report in accordance with the planned use of the PPREF Proceeds as presented in the Offering Prospectus of the Company related to the PPREF. Our responsibility is to issue a report on the Final Report based on our review.

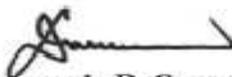
Scope of Review

We conducted our review in accordance with the applicable Philippine Standard on Review Engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Final Report of Petron Corporation does not present fairly, in all material respects, the information on the use of the PPREF Proceeds for the month ended July 31, 2011, in accordance with the planned use of such proceeds as summarized in the Offering Prospectus of the Company.

PUNONGBAYAN & ARAULLO



By: Leonardo D. Cuaresma, Jr.

CPA Reg. No. 0022692

TIN 140-240-854

PTR No. 2641851, January 3, 2011, Makati City

Partner's SEC Accreditation No. 0012-AR-2 (until Feb. 1, 2012)

BIR AN 08-002511-9-2008 (until Nov. 24, 2011)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

Firm's SEC Accreditation No. 0002-FR-2 (until Feb. 1, 2012)

August 22, 2011



August 22, 2011

**THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.**
Philippine Stock Exchange Center
Exchange Road, Ortigas Complex
Pasig City, Metro Manila

Attention : **MS. MARSHA M. RESURRECCION**
Head, Issuer Regulation Division

Re : **Final Report for the
month ended July 31, 2011**

Dear Sir:

Please be advised that as of July 31, 2011, the proceeds from the offering of Petron Preferred Shares ("PPREF") have already been fully used up. Accordingly, as advised by your office, we are issuing our Final Report on the full utilization of the PPREF Offering proceeds. The details of the disbursements for the month ended July 31, 2011 including the accumulated disbursements in previous periods made from the PPREF Offering proceeds of TEN BILLION PESOS (₱10,000,000,000) are as follows:

PPREF Proceeds		Php 10,000,000,000.00
Less disbursements*:		
For the year ended December 31, 2010 as previously reported on January 26, 2011	Php 6,917,877,364.57	
For the period ended June 30, 2011 as previously reported on the first and second quarters of 2011 on April 13, 2011 and July 7, 2011, respectively	2,821,083,795.39	9,738,961,159.96
Balance of PPREF Proceeds as of June 30, 2011		261,038,840.04
Less disbursements for the month ended July 31, 2011:		
Power plant project	Php 260,837,380.04	
PPREF-related disbursements	201,460.00	261,038,840.04
Balance of PPREF Proceeds as of July 31, 2011		Php 0.00

*including accumulated PPREF-related disbursements of ₱160.1 million (₱159.6 million and ₱0.5 million for the year ended December 31, 2010 and period ended June 30, 2011, respectively)


F. MANIÑEL F. ERANA
Chief Finance Officer/Chief Information Officer

**PETRON CORPORATION
NOTES TO FINAL REPORT
FOR THE MONTH ENDED JULY 31, 2011**

1. BACKGROUND

Early in 2009, the Board of Directors (the Board) of Petron Corporation (the Company) approved the issuance of preferred shares to raise funds for capital expenditures related to expansion programs, and possibly, to reduce some of the Company's debts, which act was subsequently ratified by the Company's stockholders during the stockholders' meeting held on May 12, 2009. On October 21, 2009, the Board approved the amendment of the Company's Articles of Incorporation to reclassify a total of 624,895,503 unissued common shares to preferred shares with a par value of ₱1.00 per share. The said amendment was approved by a written assent of the stockholders on January 6, 2010 and the features of the preferred shares were approved by the Board Executive Committee on November 25, 2009.

In November 2009, the requirements for the registration statement of the Company's preferred shares, the Preliminary Prospectus, were submitted to the Securities and Exchange Commission (SEC). The application for listing of preferred shares was subsequently filed with the Philippine Stock Exchange (PSE). In the meantime, on January 21, 2010, the SEC approved the amendment to the Company's Articles of Incorporation to include preferred shares in the composition of its authorized capital stock. On January 22, 2010, the SEC favorably considered the Final Prospectus and the Issue Management and Underwriting Agreement. On March 5, 2010, the preferred shares became officially listed and traded at the PSE.

As required in the Notice of Approval of the Company's public offering of Preferred Shares (the Notice) issued by the PSE, the Company is required to submit to the PSE via the Online Disclosure System the following disclosures:

- any disbursement made in connection with the planned use of proceeds from the Preferred Shares Offering (the PPREF Proceeds);
- Quarterly Progress Report on the application of the PPREF Proceeds on or before 15 days of the following quarter;
- Annual Summary of Application of Proceeds on or before January 31 of the following year; and,
- approval by the Board of any reallocation on the planned use of proceeds.

In July 2011, the balance of the PPREF Proceeds remaining as of June 30, 2011 was fully utilized and in an inquiry made with the PSE, the Company was advised that it can already submit the Final Report on the use of the PPREF Proceeds. Accordingly, on August 22, 2011, the Company issued its Final Report for the month ended July 31, 2011.

2. RELEVANT INFORMATION

Expenditures from the PPREF Proceeds are discussed below.

(a) *Nature of Expenditures*

The PPREF Proceeds are being used to support the investment requirements of the Company, particularly for its refinery and marketing operations, as well as for general corporate purposes. The following are the three major classifications of expenditures from the PPREF Proceeds:

(i) Power Plant Project (PPP)

The Refinery's power generation system is being upgraded to a more efficient technology. This will improve the reliability, sourcing flexibility and cost efficiency of the Refinery's system to meet its growing steam and power requirements. The power plant is being constructed within the Company's Refinery compound in Limay, Bataan. The project cost is estimated at US\$200 million, or about ₱10.0 billion over a period of three years (2010 to 2012) and of which ₱5.0 billion will be funded from the PPREF Proceeds.

As of July 31, 2011, the amount of PPREF proceeds set aside for PPP has already been fully used up.

(ii) Marketing Retail Expansion (MRE)

To protect its leadership in the domestic oil industry, the Company is continuing its service station network expansion. About ₱1.0 billion a year is programmed for this project over the next five years.

As of December 31, 2010, the amount of PPREF proceeds set aside for MRE has already been fully used up.

(iii) Repayment of Short-term Debts (RSD)

To free up short-term credit lines available to the Company for its working capital requirements, particularly for importation of crude oil supply and petroleum products, the Company is repaying certain short-term debts from the PPREF Proceeds; earmarked for this purpose is ₱3.9 billion.

As of June 30, 2010, the amount of PPREF proceeds set aside for RSD has already been fully used up.

(iv) PPREF-Related Disbursements

These are actual payments related to the listing and issuance of the Preferred Shares.

(b) *Summary of Expenses Incurred*

	Year Ended December 31, 2010	First Quarter 2011	Second Quarter 2011	JULY 2011	Total
Power plant project	P 1,858,257,233.97	P 406,644,321.26	P 2,413,982,641.25	P 280,837,380.04	P 4,939,731,575.52
Marketing retail expansion	1,000,000,000.00	-	-	-	1,000,000,000.00
Repayment of short-term debts	3,900,000,000.00	-	-	-	3,900,000,000.00
PPREF-related disbursements	159,610,130.60	251,260.00	203,572.88	201,460.00	160,268,423.48
Total	P 6,917,877,364.27	P 406,897,581.26	P 2,414,186,214.13	P 481,038,840.04	P 10,000,000,000.00