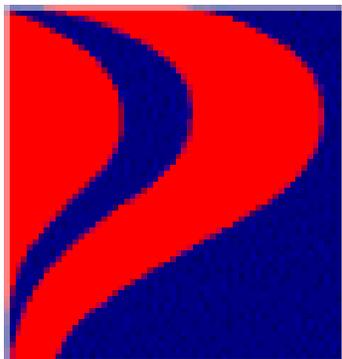


*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**PETRON**

**Petron Corporation  
PCOR**

**PSE Disclosure Form 4-29 - Disbursement of Proceeds and Progress Report**  
***References: Memorandum No. 626 - 2007 dated December 20, 2007***  
***Section 4.4 of the Revised Disclosure Rules***

Annual Report  
Quarterly Report  
Others -

**Subject of the Disclosure**

Quarterly Progress Report on the application of the proceeds from the offer and issuance of the Series 3A and 3B Preferred Shares of Petron Corporation, for the quarter ended September 30, 2019.

**Background/Description of the Disclosure**

Please refer to the attached report on the application of the proceeds from the offer and issuance of the Series 3A and 3B Preferred Shares of Petron Corporation, for the quarter ended September 30, 2019.

**Other Relevant Information**

Please refer to the attached report.

**Filed on behalf by:**

<b>Name</b>	Jhoanna Jasmine Javier-Elacio
<b>Designation</b>	Legal Manager and Assistant Corporate Secretary

October 11, 2019



**PHILIPPINE STOCK EXCHANGE, INC.**

Disclosure Department  
6<sup>th</sup> Floor, PSE Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
BGC, Taguig City

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

**SECURITIES AND EXCHANGE COMMISSION**

G/F Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Attention : **Mr. Vicente Graciano P. Felizmenio, Jr.**  
Director, Markets & Securities Regulation Department

Re : **Progress Report for the Quarter Ended September 30, 2019**

Gentlemen:

Please find below the application of the remaining proceeds from the offering of Petron Corporation Preferred Shares Series 3 ("PRF3A" and "PRF3B") for the quarter ended September 30, 2019:

Preferred Shares Series 3 ("PRF3A" and "PRF3B") Gross Proceeds	Php	20,000,000,000.00
Remaining Balance as of June 30, 2019	Php	7,125,532,607.00
Less: Costs related to the solicitation of written assent of shareholders		(3,212,607.00)*
Remaining Balance as of September 30, 2019	Php	7,122,320,000.00

*\*The solicitation of written assent of shareholders was completed in April 2019 but related costs have not been included in the report ended June 30, 2019. Total costs amounted to about Php3.51 million. The difference of about Php0.30 million was financed using the Company's own funds.*

Enclosed herewith is the certification of the external auditor on the use of proceeds.

Very truly yours,

  
**ALBERT S. SARTE**  
Vice President and Treasurer

  
**DENNIS S. JANSON**  
Assistant Vice President and Controller

# PETRON CORPORATION

**REPORT OF FACTUAL FINDINGS ON THE APPLICATION OF  
PROCEEDS FROM THE ISSUANCE OF P15 BILLION PERPETUAL  
PREFERRED SHARES SERIES 3 WITH AN OVERSUBSCRIPTION  
OPTION OF P5 BILLION PERPETUAL PREFERRED SHARES  
SERIES 3**



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## REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders  
**Petron Corporation**  
San Miguel Corporation Head Office Complex  
40 San Miguel Avenue, Mandaluyong City  
Metro Manila, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Issuance of P15 Billion Perpetual Preferred Shares Series 3 With an Oversubscription Option of P5 Billion Perpetual Preferred Shares Series 3 (the "Issuance") of Petron Corporation (the "Company") on June 25, 2019. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditor's certification on the accuracy of the information being represented by the Company relating to the use of proceeds from the Offering whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.
2. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the Offering as indicated in the Final Prospectus dated May 30, 2019 ("Prospectus") and agree the amounts to the related supporting documents such as invoices, deposit slips, passbook and letter of instructions.
3. Obtain written management representation as to any reallocation (or absences thereof) on the Company's planned use of proceeds or any change in the work program as disclosed in the Prospectus.



The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the Offering and items specified above and do not extend to any financial statements of the Company taken as a whole.

**R.G. MANABAT & CO.**

A handwritten signature in black ink, appearing to read 'Darwin P. Virocel', with a long horizontal line extending to the left.

**Darwin P. Virocel**

Partner

CPA License No. 0094495

SEC Accreditation No. 1386-AR-1, Group A, valid until June 14, 2020

October 2, 2019

Makati City, Metro Manila

**Summary of Results of Agreed-Upon Procedures Performed**  
**Annex A**

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the quarter ended September 30, 2019. No exceptions noted.
2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the Prospectus and agree the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made for the quarter ended September 30, 2019 from the proceeds from Offering.

Purpose	Allocation per Prospectus	Actual Disbursement		Balance as at end of Q3
		Actual Disbursement for Q3	Total Cumulative Disbursement	
Estimated fees, commissions and other expenses related to the offer	P155,598,125	P3,212,607	P155,598,125	P0
Redemption of the Series 2A Preferred Shares ("PRF2A") <ul style="list-style-type: none"> <li>• Dividend Rate: 6.3% p.a. subject to Step-up Rate</li> <li>• Optional Redemption Date: November 3, 2019</li> </ul>	7,122,320,000	0	0	7,122,320,000
Repayment of Outstanding Short-Term Debt from Bank of the Philippine Islands	6,960,000,000	0	6,960,000,000	0
General corporate purposes (such as, but not limited to, the purchase of crude oil)	5,762,081,875	0	5,762,081,875	0
<b>Total</b>	<b>P20,000,000,000</b>	<b>P3,212,607</b>	<b>P12,877,680,000</b>	<b>P7,122,320,000</b>

Relative to the actual disbursements for the period, the following procedures were also performed:

- a. Compared and agreed the actual disbursements for the quarter ended September 30, 2019 submitted by the Company to the PSE to the related supporting documents which includes the bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.

b. Checked the details of the disbursements made as shown above to the related supporting documents. Such transactions and amounts thereof were agreed to the related passbook, voucher and official receipt. Based on the inspection, we noted the following:

b.1 actual amount vouched pertains to solicitation of written assent of shareholders to the Offering amounting to P3.51 million, P3.21 million of which came from the proceeds from Offering and P0.30 million came from the Company's own fund. The expenses were incurred in the second quarter ended June 30, 2019 and disbursed from the proceeds from Offering in the current quarter ended September 30, 2019; and

b.2 the amount of P7,122 million allocated for the redemption of Series 2A Preferred Shares ("PRF2A") with an optional redemption date on November 3, 2019 has been placed in time deposit as follows:

- 30-day time deposit bearing an interest rate of 3.75% p.a., maturing on October 30, 2019 amounting to P3,000 million; and
- 90-day time deposit bearing an interest rate of 4.75% p.a., maturing on October 23, 2019 amounting to P4,122 million.

Based on the procedures performed above, no exceptions noted.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the Offering or any changes in the work program as disclosed in the Prospectus. Such representation was verified to be correct based on the result of work performed above.