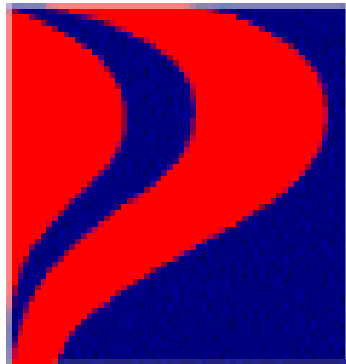


The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for 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

Annual Report for the Year Ended December 31, 2019

Background/Description of the Disclosure

Further to our disclosure dated January 14, 2020, please see attached Annual Report dated January 27, 2020 for the year ended December 31, 2019 on the full utilization of the proceeds from the offer and issuance of the Series 3 Preferred Shares of the Company, together with the external auditor's report dated January 28, 2020.

Other Relevant Information

None.

Filed on behalf by:

Name	Jhoanna Jasmine Javier-Elacio
Designation	Legal Manager and Assistant Corporate Secretary

January 27, 2020



THE PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
6th Floor, PSE Tower
5th Avenue corner 28th 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 : **Annual Summary of Application of Proceeds
for the Year Ended December 31, 2019**

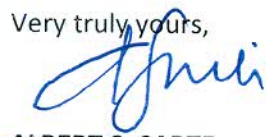
Gentlemen:

Please be advised that the total net proceeds from the offering of Petron Preferred Shares Series 3 ("PRF3A" and "PRF3B") amounting to **Php19,844,401,875.00** were fully utilized as of December 31, 2019. The details of the utilization of proceeds are as follows:

Petron Preferred Shares Series 3 Gross Proceeds		Php	20,000,000,000.00
Less:	Underwriting Fees, Filing and Processing Fees, Documentary Stamp Tax, Legal and Professional Fees and Other Expenses	Php	(155,598,125.00)
	Repayment of Outstanding Short-Term Debt from Bank of the Philippine Islands		(6,960,000,000.00)
	General corporate purposes		(5,762,081,875.00)
	Redemption of Series 2A Preferred Shares		(7,122,320,000.00)
Remaining Balance as of December 31, 2019		Php	0.00

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

Very truly yours,


ALBERT S. SARTE
Vice President and Treasurer


MYRNA C. GERONIMO
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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Philippines 1226
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Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
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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 Annual Progress Report from the Company.
2. Compare the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the Offering as indicated in the Final Prospectus dated May 30, 2019 (the "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 Standard 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', written over a horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

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

January 28, 2020
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 Annual Progress Report for the year ended December 31, 2019. No exceptions noted.
2. We have compared the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the Offering and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedure, the table below lists the details of the disbursements made for the year ended December 31, 2019 from the proceeds from the Offering.

Purpose	Allocation per Prospectus	Actual Disbursements				Balance as at December 31, 2019
		2019 Q2	2019 Q3	2019 Q4	Total	
Fees, commissions and other expenses related to the offer	P155,598,125	P152,385,518	P3,212,607	P0	P155,598,125	P0
Redemption of the Series 2A Preferred Shares ("PRF2A") • Dividend Rate: 6.3% p.a. subject to Step-up Rate • Optional Redemption Date: November 3, 2019	7,122,320,000	0	0	7,122,320,000	7,122,320,000	0
Repayment of Outstanding Short-Term Debt from Bank of the Philippine Islands	6,960,000,000	6,960,000,000	0	0	6,960,000,000	0
General corporate purposes (such as, but not limited to, the purchase of crude oil)	5,762,081,875	5,762,081,875	0	0	5,762,081,875	0
Total	P20,000,000,000	P12,874,467,393	P3,212,607	P7,122,320,000	P20,000,000,000	P0

Relative to the actual disbursements for the year, we have compared and agreed the actual disbursements for the year ended December 31, 2019 submitted by the Company to the PSE to the related supporting documents such as invoices, deposit slips, passbook and letter of instructions. We have noted that the entire amount of proceeds from the Offering has been disbursed by the Company for its intended purpose. 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.