

October 5, 2012

PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Subject : **PetroEnergy Resources Corporation**
Audit Committee Charter and
Self-Assessment of the Audit Committee

Gentlemen :

We submit herewith SEC Form 17-C duly stamped received by the Securities and Exchange Commission (SEC) on October 5, 2012 in compliance with SEC Memorandum Circular No. 4, Series of 2012 entitled "Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Stock Exchange."

Thank you.

Very truly yours,


ARLAN P. PROFETA
Head, Corporate and Legal Affairs



110052012001179



SECURITIES AND EXCHANGE COMMISSION

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE SRC 17.2(C) THEREUNDER

1. October 1, 2012
Date of Report (Date of earliest event reported)
2. SEC Identification Number AS094-008880 3. BIR Tax Identification No. 004-471-419
4. PetroEnergy Resources Corporation
Exact name of registrant as specified in its charter
5. Metro Manila, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code :
7. 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City 1600
Address of principal office Postal Code
8. (+632) 637-2917
Registrant's telephone number, including area code
9. _____
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding |
|--|--|
| Common (par value of P1.00/share) - | 273,824,220 shares |
| | Amount of Debt Outstanding = none |
11. Indicate the item numbers reported herein: Item 9

As required under SEC Memorandum Circular No. 4 – Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange, the Commission is advised that the Audit Committee of Seafront Resources Corporation (SRC):

- Formalized an Audit Committee Charter (attached hereto as **Annex "A"**) during the Special Meeting held on September 24, 2012, at Conference Room 2, 47th Floor, RCBC Tower, Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City.
- Conducted the required Self-Assessment. Subsequent Self-Assessments shall be conducted on an annual basis as required under the Circular referred to above.
- Will strive to comply with all the requirements set in the Audit Committee Charter.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PETROENERGY RESOURCES CORPORATION
Registrant



CESAR A. BUENAVENTURA
Chairman – Audit Committee



ATTY. SAMUEL V. TORRES
Compliance Officer



Date: October 1, 2012



PETROENERGY RESOURCES CORPORATION

Audit Committee Charter

I. Overall Purpose / Objectives

The Board of Directors (the "Board"), Management, employees and shareholders of **PetroEnergy Resources Corporation** ("PERC" or the "Company") believe that good corporate governance is a necessary component of sound strategic business management. With this realization, PERC adopted a Manual on Corporate Governance (the "Manual") in accordance with the Revised Code of Corporate Governance (the "Code") issued by the Securities and Exchange Commission (SEC) through SEC Memorandum Circular No. 6, Series of 2009.

The Code highlighted the importance of the Audit Committee (AudCom), and in consonance thereto, the SEC through SEC Memorandum Circular No. 4, Series of 2012, mandated that all covered companies adopt an Audit Committee Charter embodying the AudCom's responsibilities under the Code. This is in line with recent events in developed countries that have shown the need for an effective AudCom to ensure not only accurate and transparent financial disclosures but also the observance of adequate risk controls.

Pursuant to the SEC's directive, the AudCom hereby formalizes its own Charter which contains, among others, its purpose, membership, structure, operations, reporting process, resources, and other relevant information in accordance with good corporate governance.

II. Structure and Operations

A. Membership

- The AudCom shall be composed of at least three (3) directors, who shall have accounting and finance backgrounds, at least one of whom shall be an independent director, and at least another with audit experience.
- The Chairman and members of the AudCom will be appointed by the Board and a succession plan for the Chairman and members will be adopted.
- The Chairman of the AudCom shall be an independent director.

B. Attendance at Meetings

- Meetings of the AudCom shall be held at least quarterly. The Chairman may call for a special meeting at his/her own instance or upon the recommendation of Management, or by the Internal Audit Unit or External Auditor.
- A quorum for any meeting shall be the presence of at least two (2) members.
- The AudCom may invite such other persons (e.g. members of the Management Team, the CEO, CFO, head of Internal Audit Unit, External Auditor, and/or other resource persons) to its meetings, as it deems necessary.
- The proceedings of all meetings will be minuted and shall form part of the records of the Company.

III. Oversight Roles

The AudCom's oversight functions are broadly categorized into the following oversight responsibilities:

- Financial Reporting and Disclosures
- Risk Management and Internal Controls
- Management and Internal Audit
- External Audit

The AudCom, through the Internal Audit Department, as it deems appropriate, shall perform the following oversight roles and responsibilities:

A. Oversight on Financial Reporting and Disclosures

1. General

- Assess the Company's business and industry and consider areas of greatest financial risk and how Management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Recognize Management's responsibility over financial statements preparation.

2. Annual Financial Statements

- Review the annual financial statements and determine whether the report reflects appropriate accounting principles and is in accordance with the applicable Standards.
- Ensure reasonableness of estimates, assumptions, and judgments used in the preparation of financial statements, e.g., those involving valuation of assets and liabilities; warranty, product or environmental liability; litigation reserves, and other commitments and contingencies.
- Identify material errors and fraud, and sufficiency or risk controls.
- Determine appropriate management action or measures in case of finding of error or fraud in financial reporting.
- Review unusual or complex transactions including all related party transactions.
- Determine impact of new accounting standards and interpretations.
- Review the other sections of the annual report, particularly Management commentary, before its release and consider whether the information is understandable, complete, clear and consistent with members' knowledge about the Company and its operations, including accuracy of disclosures of material information and subsequent events.
- Ensure review and approval of Management Representation Letter before submission to external auditor.
- Review communication with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial statements.
- Perform assessment of correspondence between the Company and regulators regarding financial statement filings and disclosure.

3. Preliminary Announcements, Interim Financial Statements and Analyst's Briefings

- Ascertain how Management develops and summarizes preliminary announcements, interim financial information and analysts' briefings, the extent of internal audit involvement, and the extent to which the external auditors review such information.
- Assess the fairness of the preliminary and interim statements and disclosures, and obtain explanations from Management, Internal Audit Unit, and External Auditors on whether:
 - Actual financial results for the interim period varied significantly from budgeted or projected results;
 - Changes in financial ratios and relationships in the interim financial statements are consistent with changes in the company's operations and financing practices;
 - Generally accepted accounting principles have been consistently applied;
 - There are any actual or proposed changes in accounting or financial reporting practices;
 - There are any significant or unusual events or transactions;
 - The Company's financial and operating controls are functioning effectively; and
 - The preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

B. Oversight on Risk Management and Internal Controls

- Evaluate whether Management is setting the appropriate "control culture" and risk awareness by communicating the importance of internal control and the management of risk.
- Obtain Management's assurance of internal control and review compliance with internal control systems, including IT systems and functions, in consonance with statutory and regulatory requirements.
- Ensure that compliance with internal control recommendations made by internal and external auditors and regulating bodies have been implemented by Management.

- Monitor the framework for fraud prevention and detection program established by Management including, but not limited to, the whistleblower program.
- Evaluate sufficiency and effectiveness of risk management processes and policies.
- Assess how Management develops contingency plans (i.e., business continuity plan) for processing financial information in the event of a systems breakdown.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the corporation, and crisis management.

C. Oversight on Management and Internal Audit

- Ensure compliance with International Standards on Professional Practice of Internal Auditing.
- Review the activities and organizational structure of the internal audit function, including the need to outsource certain internal audit activities, and ensure that no unjustified restrictions or limitations are made.
- Approve the strategic and operational plans based on the Annual Internal Audit Plan by the Internal Audit.
- Review the qualifications of the Head of Internal Audit and other internal audit personnel and concur on their appointment, replacement, reassignment or dismissal and assess their performance.
- Review the effectiveness of the internal audit function; assess the adequacy of the internal audit function in terms of its resources, the scope of its work, its liaison with external audit and other bodies and its reporting arrangements and any independence related issue.
- Ensure that the internal audit reporting process is operating as planned.
- Meet periodically with the Internal Audit Unit to discuss the results of audit work and the implications of audit findings on the overall quality of internal control and procedures within the organization.

- Hold special meeting with the Head of Internal Audit to discuss any matters that the committee or auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the Internal Auditor Unit are received and discussed on a timely basis.
- Ensure that Management responds to recommendations by the Internal Audit Unit.

D. Oversight on External Audit

- Assess independence and professional qualifications and competence of the External Auditor, including reviewing the range of services provided in the context of all consulting services bought by the company.
- Ensure observance of engagement and rotation process of External Auditor or firm.
- Review proposed audit scope and approach and fees and ensure that no unjustified restrictions or limitations have been placed on the scope.
- Perform assessment of non-audit services.
- Evaluate performance of the External Auditors and make recommendations to the Board regarding the reappointment and/or replacement of the External Auditors.
- Establish management competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.
- Ensure compliance of External Auditor with auditing standards.
- Meet separately with the External Auditor to discuss any matter that the AudCom or External Auditor believe should be discussed privately.
- Ensure that significant findings and recommendations made by the External Auditor are received and discussed on a timely basis. These include critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by management, and other material issues that affect the audit and financial reporting.

IV. Other Duties and Responsibilities

The AudCom, through the Internal Audit Department, as it deems appropriate, shall likewise perform the following duties and responsibilities:

A. Compliance with Laws and Regulations

- Review the effectiveness of the management system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any fraudulent acts, accounting irregularities or non-compliance.
- Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.
- Assess whether all regulatory compliance matters have been considered in the preparation of the financial statements.
- Review the findings of any examinations by regulatory agencies.

B. Compliance with Company's Code of Conduct

- Ascertain that the code of conduct is in writing and that arrangements are made for all employees to be aware of it. If the Company has no existing code of conduct, determine that steps are taken by Management and as appropriate, approved by the Board to establish a formal written code of conduct.
- Evaluate whether Management is setting the appropriate feedback system "tone at the top" (the attitudes and behavior of the board usually set the tone for corporate behavior) by communicating the importance of the code of conduct and the guidelines for acceptable behavior.
- Ascertain that the process / program for monitoring compliance with the code of conduct is taken by Management.
- Obtain regular updates from Management regarding compliance issues.

C. Reporting Responsibilities

- Regularly update the Board about AudCom activities and make appropriate recommendations whenever necessary.
- Ensure that the board is aware of matters which may significantly impact the financial condition or affairs of the business.

D. Other Responsibilities

The Board authorizes the AudCom, within the scope of its responsibilities to:

- Perform other oversight functions as requested by the board.
- If necessary, require and institute special investigations, and if appropriate, hire special counsel or experts to assist.
- Seek any information it requires from:
 - any officer or employee (and all officers and employees are directed to co-operate with any request made by the AudCom)
 - other external parties
- Obtain outside legal or other professional advice on certain critical compliance issues for purposes of getting certifications and reporting to the Board.
- Assess its own performance on a regular basis through a self-assessment worksheet substantially in the same form and content as **Annex "A"**.
- Update knowledge and understanding on new or recent development concerning matters relevant to AudCom's functions and responsibilities.
- Adopt rating system for its overall level of compliance based on certain parameters as mandated by the applicable Code.
- Review and update the charter, receive approval of changes from the board.

IV. EFFECTIVE DATE

This Charter shall take effect upon approval of the Audit Committee and replaces and consolidates all previous Charters.

AUDIT COMMITTEE:



CESAR A. BUENAVENTURA
Chairman



HELEN Y. DEE
Member



BASIL L. ONG
Member



PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT				
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)			Remarks / Follow-up Actions Needed
			Yes	No	Reference Document	
Setting of Committee Structure and Operation	1. Committee size					
	2. Independence requirement					
	3. Qualifications, skills and attributes of members and Chair					
	4. Financial knowledge of members					
	5. Succession plan for members and Chair					
	6. Meetings (frequency, etc.)					
	7. Reporting to the Board and issuance of certifications on critical compliance issues					
	8. Evaluations					
	9. Resources including access to outside advisors					
	10. Training and education					
Oversight on Financial Reporting and Disclosures	1. Extent of understanding of the company's business and industry in which it operates					
	2. Compliance with financial reporting regulations					
	3. Recognition of management's responsibility over the financial statements					
	4. Appropriateness of accounting policies adopted by management					

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT					Remarks / Follow-up Actions Needed
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)		Reference Document		
			Yes	No			
	5. Reasonableness of estimates, assumptions, and judgments used in the preparation of financial statements						
	6. Identification of material errors and fraud, and sufficiency of risk controls						
	7. Actions or measures in case of finding of error or fraud in financial reporting						
	8. Review of unusual or complex transactions including all related party transactions						
	9. Review of all related party transactions						
	10. Determination of impact of new accounting standards and interpretations						
	11. Assessment of financial annual and interim reports as to completeness, clarity consistency and accuracy of disclosures of material information including on subsequent events and related party transactions						
	12. Review and approval of management representation letter before submission to external auditor						

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT					Remarks / Follow-up Actions Needed
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)		Reference Document		
			Yes	No			
	13. Communication of the AudCom with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact financial statements						
	14. Fair and balance review of financial reports						
	15. Assessment of correspondence between the company and regulators regarding financial statement filings and disclosures						
Oversight on Risk Management and Internal Controls	1. Obtaining management's assurance on the state of internal controls						
	2. Review of internal auditor's evaluation of internal controls						
	3. Evaluation of internal control issues raised by external auditors						
	4. Assessment of control environment including IT systems and functions						
	5. Setting a framework for fraud prevention and detection including whistleblower program						
	6. Deliberation on findings of weaknesses in controls and reporting process						

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT					Remarks / Follow-up Actions Needed
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)		Reference Document		
			Yes	No			
	7. Understanding and assessment of identified risks						
	8. Evaluation of sufficiency and effectiveness of risk management processes and policies						
	9. Preparation and implementation of a Business Continuity Plan						
	10. Promotion of risk awareness in the organization						
Oversight on Management and Internal Audit	1. Evaluation of compliance with the Code of Conduct for management						
	2. Communication with management and internal auditor						
	3. Assessment of adequacy of resources and Independence of internal Auditor						
	4. Qualifications of an Internal Auditor						
	5. In-house or outsource internal audit function						
	6. Compliance with International Standards on the Professional Practice of Internal Auditing						

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT				
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)		Reference Document	Remarks / Follow-up Actions Needed
			Yes	No		
	7. Review and approval of internal audit annual plan					
	8. Extent and scope of internal audit work					
	9. Reporting process					
Oversight on External Audit	1. Assessment of independence and professional qualifications and competence of external auditor					
	2. Engagement and rotation process of external auditor or firm					
	3. Review and approval of scope of work and fees of external auditor					
	4. Assessment of non-audit services					
	5. Understanding disagreements between the auditor and management					
	6. Actions on the findings of external auditor					
	7. Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions					

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

Responsibilities under the Code	Specific Areas / Dimensions	ASSESSMENT					Remarks / Follow-up Actions Needed
		Is this part of the Audit Committee's Charter? (Yes or No)	Has this been implemented? (If Yes, cite reference document)		Reference Document		
			Yes	No			
	8. Evaluation of performance of external audit-reappointment and resignation						
	9. Compliance of external auditor with auditing standards						
	10. Completeness and timeliness of communication with external auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.						

Observations and Opportunities for Improvement:

PETROENERGY RESOURCES CORPORATION

Audit Committee Effectiveness Self-Assessment

ASSESSMENT RECAP:

Responsibilities Under the Revised Code of Corporate Governance	Maximum Rating (A)	Currently Being Observed/Implemented (B)	No. of Areas/Roles and Responsibilities (C)	Score (D) (B/C)	Rating (A x D)
A. Audit Committee Structure and Operations	20%				
B. Oversight on Financial Reporting and Disclosures	20%				
C. Oversight on Risk Management and Internal Controls	20%				
D. Oversight on Management and Internal Audit	20%				
E. Oversight on External Audit	20%				
TOTAL	100%				

OVERALL RATING GUIDE:

		<u>Rating</u>	<u>Definition</u>
91% - 100%	10	Outstanding	The Audit Committee effectively supports the Board in the governance process of the Corporation. The Committee performs effectively and evidently its oversight functions as required in the Code of Corporate Governance and other applicable laws and regulations in the Philippines.
81% - 90%	9	Very Satisfactory	The Audit Committee performs its oversight functions effectively and evidently in the accordance with the Code of Corporate Governance. The way the oversight functions are handled by the Audit Committee requires minor improvements.
71% - 80%	8	Satisfactory	The Audit Committee performs most of its oversight functions effectively and evidently in accordance with the Code of Corporate Governance. The way the oversight functions are handled by the Audit Committee requires some improvements.
0% - 70%	0-7	Poor	The Audit Committee does not perform its oversight functions effectively and evidently in accordance with the Code of Corporate Governance. The way the oversight functions are handled by the Audit Committee requires significant improvements