

Basic Energy Corporation
Bidding Procedures for the Conduct of the Public Auction of Delinquent Shares

These Bidding Procedures are being adopted by Basic Energy Corporation (the “**Company**”) to interested parties or bidders who want to bid for the sale of the Company’s shares of stock which were declared delinquent as of 11 June 2021, pursuant to Section 66 of the Revised Corporation Code.

A. Invitation to Bid

1. The Company intends to conduct a public bidding for the sale of the following four (4) Lots of unlisted common shares of stock of the Company, which are free from any and all liens and encumbrances, for the following Minimum Bid Price (“MBP”):

Lot	No. of Shares	Minimum Bid Price (Php)
1	7,500,000	1,922,180.61
2	7,500,000	1,922,180.61
3	7,500,000	1,922,180.61
4	450,000,000	115,330,836.67
TOTAL	472,500,000	121,097,378.50

2. Bids received lower than the MBP for each Lot shall be rejected at the Bid Opening.
3. Bids for each Lot must consist of all the shares for said Lot. Thus, for each Lot, the Bidders cannot bid for a lesser number of shares.
4. At any time before the date fixed for the auction sale, the subscribers of the delinquent shares may stay the proceeding by paying the MBP of the relevant Lot which is equivalent to the balance due on their respective subscription, plus accrued interest, costs of advertisement and expenses of sale.
5. Filipino and foreign individuals and corporations may participate in this Bid. Directors and officers of the Company may bid, subject to the disclosure requirements of the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC), should they become the winning bidder/s.
6. Bidders may submit a proposal on any one or more of the Lots. Evaluation will be undertaken on a per Lot basis.
7. Prospective Bidders may obtain further information from the Company’s website at www.basicenergy.ph, or may it be requested from the Corporate Secretary by email at apgahol@basicenergy.ph.
8. The Company reserves the right to amend, revise, supplement, modify or clarify the Bidding Procedures through a Supplemental Bid Bulletin, a copy of which will be made available on the Company’s website.
9. Any deviation of a Bid from the Bidding Procedures shall render the Bid unresponsive, resulting in the disqualification and/or rejection of the Bid.

- The Company reserves the right to reject any and all bids, or declare a failure of bidding, without thereby incurring any liability to the affected Bidder or Bidders.

B. Bidding Schedule

- The schedule and process for the Bidding are as follows:

Activity	Date
Publication of Invitation to Bid	28 July 2021 and 3 August 2021
Issuance of the Bidding Procedures	29 July 2021
Bid Submission Deadline	10 August 2021; 10:00 AM
Pre-qualification of Bidders/Opening of Eligibility Component of the Bids	10 August 2021; 10:00 AM
Bid Evaluation/Opening of Financial Component of the Bids and Declaration of Highest-Ranking Bidder / Failure of Bidding	10 August 2021; 12:00 PM
Issuance of Notice of Award	10 August 2021
Full Payment/Remittance of Purchase Price	10 August 2021
Execution of Subscription Agreement	13 August 2021
Issuance of Stock Certificate *	30 August 2021

**Subject to the requirements of the stock transfer agent for the issuance of stock certificates.*

- The Company may change the Bidding Schedule without prior notice. Bidders will be notified promptly of any change in the schedule through the Company's website.
- All references to times and dates shall refer to Philippine Standard Time, unless otherwise expressly specified in writing. If any of the dates should fall on a holiday, the deadline shall be extended to the same time of the immediately succeeding business day.
- Unless expressly specified in writing, the public bidding shall be held **on 10 August 2021, Tuesday, at 10:00 am, at the Puyat Jacinto and Santos Law Office with address at the 10th Floor, 8 Rockwell, Hidalgo corner Plaza Drives, Rockwell Center, Makati City.**

C. Eligible Bidders

Any person (natural or juridical) authorized by law to acquire, own or hold shares of stock may be allowed to participate in the public bidding.

- Individual Buyer or Sole Proprietorship.
- Partnerships, corporations and other legal entities which are duly registered and organized under the laws of its jurisdiction.
- Government corporate entities may be eligible to participate only if they can establish that they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Government of the Philippines.

4. Local Government Units (LGU's) may be eligible to participate only if they can provide (i) Resolution of the relevant Sanggunian authorizing the Local Chief Executive to enter into a contract of sale, (ii) Ordinance appropriating the amount to pay for the purchase of the Property, and (iii) a Certification of the Local Treasurer as to availability of funds.
5. Duly authorized representative of the above-named persons, if with special power of attorney.

D. Preparation and Contents of Bid

1. Bids shall be composed of two (2) separate envelopes containing the First Bid Envelope (Eligibility Component) and the Second Bid Envelope (Financial Component).

1.1 First Bid Envelope (Eligibility Component)

The First Bid Envelope shall be marked "Eligibility Component" and shall contain the following Eligibility Documents:

- a. Duly accomplished Bidder Information Sheet with Representations and Warranties (Schedule 1);
- b. Copy of Securities and Exchange Commission Certificate of Registration, or its equivalent, for corporations or partnerships; Department of Trade and Industry Registration Certificate for sole proprietorship;
- c. Latest General Information Sheet submitted to the Securities and Exchange Commission;
- d. Special Power of Attorney or Secretary's Certificate showing the approval to submit the bid for corporations or partnerships, and proof of authority of the representative, if any;
- e. Copies of two (2) valid government-issued IDs of the Bidder and the representative, if any; and
- f. Such other requirements as may be required under Schedule 1.

1.2 Second Bid Envelope (Financial Component)

- a. The Second Bid Envelope shall be marked "Financial Component" and shall contain the duly accomplished Bid Form (Schedule 2) and the payment for the amount of the bid in the form prescribed under Section G. All bids shall be expressed in Philippine Pesos only.
2. Documents in Section D(1) above which are executed outside of the Philippines should be notarized and authenticated at the Philippine Embassy or Consulate nearest to the place of execution, or must bear an Apostille Certificate if the country where the document is signed is a member of the Apostille Convention.
3. Interlineations, erasures, overwriting, alterations or modifications in the bid and documents accompanying the same shall not be allowed and shall invalidate the bid. However, the Company has the sole discretion to allow the correction of innocuous or clerical errors.

4. Bids of a partnership or a corporation shall be signed in the name of the entity by an authorized partner or authorized officer, followed by the name, signature and designation of the person authorized to sign the Bid.
5. All bids, documents, specifications, and related information shall be prepared and submitted in the English language.

E. Sealing and Marking of Bids

1. Each Bidder shall submit one original copy of each of the Eligibility Component and of the Financial Component for each of the Lots it intends to bid for.
2. Bidders shall enclose their original Eligibility Component in one sealed envelope marked "Eligibility Component," and the original of their Financial Component in another sealed envelope marked "Financial Component."
3. The envelopes containing the Eligibility and Financial Components shall then be enclosed in one single envelope.
4. All envelopes shall:
 - a. bear the description of the Lot being bid by the Bidder;
 - b. bear the name and address of the Bidder;
 - c. be addressed to the Company with the following details:

**THE PRESIDENT
BASIC ENERGY CORPORATION
C/O PUYAT JACINTO AND SANTOS LAW OFFICE
10TH FLOOR, 8 ROCKWELL, HIDALGO CORNER PLAZA DRIVES,
ROCKWELL CENTER, MAKATI CITY**
 - d. bear a warning "DO NOT OPEN BEFORE 10 AUGUST 2021, TUESDAY, 10:00 AM"

F. Opening and Evaluation of the Bids

1. The Company shall open the First Bid Envelopes (Eligibility Component) of Bidders in public, **on 10 August 2021, Tuesday, at 10:00 am, at the Puyat Jacinto and Santos Law Office with address at the 10th Floor, 8 Rockwell, Hidalgo corner Plaza Drives, Rockwell Center, Makati City**, to determine each Bidder's compliance with the prescribed eligibility documents.
2. Only bids whose Eligibility Components have complied with the requirements as set forth in the Bidding Procedures (unless the Company defers such requirements until the execution of the Subscription Agreement) shall qualify for the opening and evaluation of the Financial Components.

3. On the same date, at 12:00 PM, the Company shall open the Second Bid Envelope of each qualified Bidders.
4. Only bids that are determined to contain all the bid requirements shall be considered for evaluation and comparison. The Bids which is at least equal to or higher than the MBP shall be ranked from highest to lowest to identify the order of Bids.
5. The Company shall declare the bidder who submits the highest bid as the Highest-Ranking Bidder. In case of a tie for the Highest Bid, the Company may decide to declare a failure of bidding and to opt to conduct a second public bidding. Alternatively, the Company may use a non-discretionary and non-discriminatory measure based on sheer luck or chance, which is "DRAW LOTS," based on the following procedures:
 - a. In alphabetical order, the Bidders shall pick one rolled paper.
 - b. The Bidder who would pick the paper with a "CONGRATULATIONS" remark shall be declared as the final Bidder having the highest bid.
6. In case the Highest-Ranking Bidder will not be able to perform his obligations, the Bidder which submitted the 2nd Highest Bid shall then assume the status of the Highest-Ranking Bidder. In case there are two or more 2nd Highest Bidders, the procedure in Section F(5) shall be followed.
7. If none of the Bids meet the MBP, or if there are no bidders, the Company shall declare a failure of bidding.
8. All decisions of the Company shall be final and unappealable.

G. Payment Terms

1. Successful bidders shall, upon award, immediately pay the bid price. Payment shall be made in cash or in manager's or cashier's check payable to "Basic Energy Corporation" for the exact amount of the winning bid.
2. The Company reserves the right to revoke any award/sale if the Bidder failed to pay the bid price. For avoidance of doubt, a check issued without sufficient funds in or credit with the drawee bank shall be considered as non-payment of the bid price.

H. Execution of documents

After payment, the Company and the Bidder shall, within three (3) business days, execute a Subscription Agreement for the delinquent shares. On or before the execution of such Subscription Agreement, the Company, at its discretion, may require additional documents from the Bidder, including but not limited to, the Bidder's Mayor's Permit. The Certificate of Stock shall be issued by the stock transfer agent and the Corporate Secretary upon payment of the documentary stamp tax.

I. Failure of Bidding

In the following cases, the Company reserves the right to declare a failure of bidding and hold another bidding:

1. There is no bidder for the delinquent shares.
2. The highest bid is for an amount insufficient to pay the full amount of the balance on the subscription together with accrued interest, costs of advertisement, and expenses of sale, for the smallest number of shares or fraction of a share.
3. No submitted Eligibility Component which is compliant with the requirements of the Bidding Procedure.
4. No qualified Bidder submitted a compliant Financial Component.
5. Other grounds provided in the Bidding Procedures.

Prepared by: **Basic Energy Corporation**
Date: July 20, 2021