INVESTING IN RESOURCES FOR THE FUTURE®

ANNUAL REPORT 2008

Petroleum & Resources Corporation®

THE CORPORATION

- a closed-end equity investment company emphasizing natural resources stocks
- objectives: preservation of capital
  reasonable income
  opportunity for capital gain
- internally-managed
- low expense ratio
- low turnover

STOCK DATA (12/31/08)

NYSE Symbol	PEO
Market Price	$19.41
52-Week Range	$17.37–$44.41
Discount	13.7%
Shares Outstanding	23,958,656

SUMMARY FINANCIAL INFORMATION

	Year Ended December 31	
	2008	**2007**
Net asset value per share	$ 22.49	$ 42.99
Total net assets	538,936,942	978,919,829
Unrealized appreciation	151,455,732	606,901,290
Net investment income	9,651,706	10,070,758
Net realized gain	57,867,203	82,692,239
Total return (based on market price)	(42.2)%	28.9%
Total return (based on net asset value)	(39.8)%	31.0%
Expense ratio	0.51%	0.54%

2008 DIVIDENDS AND DISTRIBUTIONS

Paid	**Amount (per share)**	**Type**
March 1, 2008	$0.05	Long-term capital gain
March 1, 2008	0.04	Short-term capital gain
March 1, 2008	0.04	Investment income
June 1, 2008	0.13	Investment income
September 1, 2008	0.13	Investment income
December 27, 2008	2.52	Long-term capital gain
December 27, 2008	0.08	Investment income
	$2.99	

2009 ANNUAL MEETING OF STOCKHOLDERS

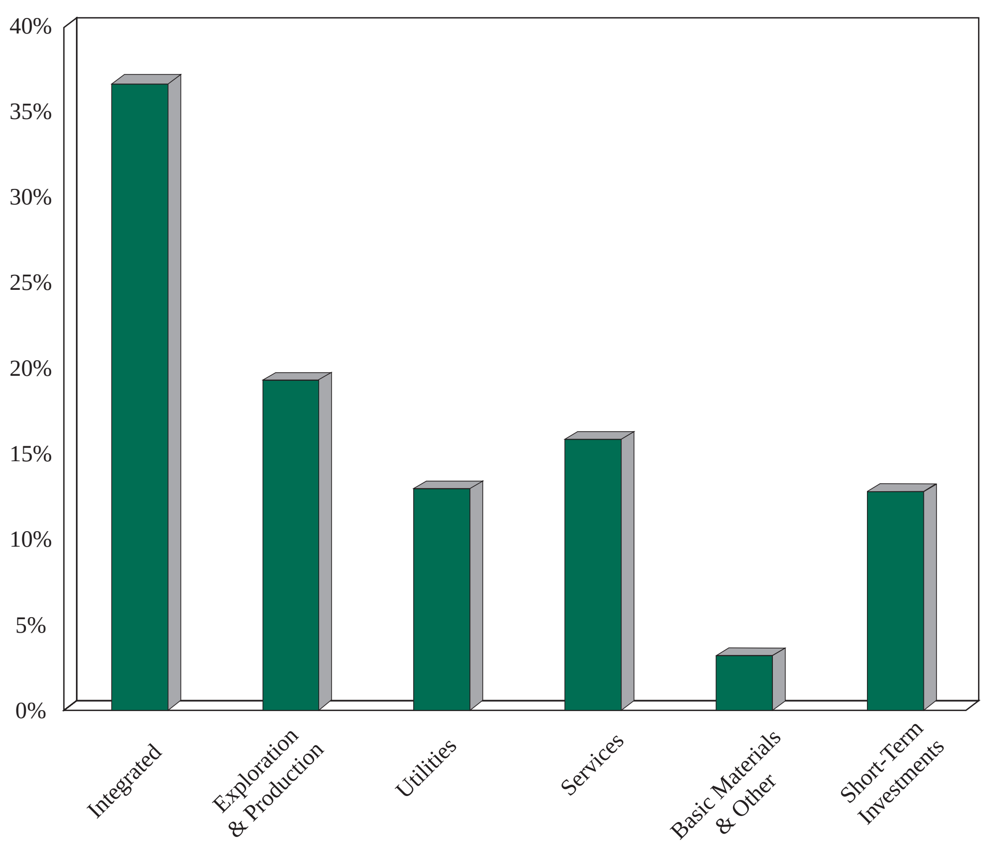
Location: Sheraton Baltimore North Hotel, Towson, MD
Date: March 19, 2009
Time: 10:00 a.m.

(unaudited)

TEN LARGEST PORTFOLIO HOLDINGS (12/31/08)

	Market Value	*% of Net Assets*
Exxon Mobil Corp.	$ 71,447,850	13.2
Chevron Corp.	67,682,550	12.5
Occidental Petroleum Corp.	23,996,000	4.5
ConocoPhillips	21,335,954	4.0
XTO Energy Inc.	17,194,125	3.2
Noble Corp.	17,119,750	3.2
Noble Energy, Inc.	16,734,800	3.1
Devon Energy Corp.	16,427,500	3.0
Apache Corp.	14,906,000	2.8
Transocean Inc.	14,550,779	2.7
Total	$281,395,308	52.2%

SECTOR WEIGHTINGS (12/31/08)



Douglas G. Ober,
Chairman, President and Chief Executive Officer

The year 2008 will go down as one of the worst years in history for stock market returns. The energy sector and Petroleum & Resources Corporation performed roughly in line with the poor returns of the overall market. The total return on the net assets of the Fund was -39.8%, whereas the Dow Jones U.S. Oil and Gas Index (DJOGI) returned -35.8% and the S&P 500 returned -37.0%. The Fund's energy investments, on average 85.7% of the portfolio, provided a disappointing -41.2% return.

A Review of 2008

The dramatic increase in energy prices experienced in 2007 accelerated in the first half of 2008, as the demand for all major forms of energy — oil, natural gas, coal, and electricity — expanded to keep up with world economic growth and as supplies were constrained by production capacity. It is also believed that speculation played a part in the rapid price increases, though its direct role is difficult to pin down. The price of a barrel of oil rose nearly 50% to $140. Natural gas reached $13.35 per thousand cubic feet (up 80%), and thermal coal hit $132/ton (up 135%). As the economic recession in this country began to take its toll in July and the credit crisis worsened, demand for energy began to decline even faster than it had grown, and prices went into free-fall. By year end, oil was down 68% from its peak to $44.60 per barrel, despite two announced cuts in production by OPEC totaling 4.2 million barrels per day. Natural gas producers terminated drilling programs, with an estimated 300 rigs ceasing work by the end of December. Many drilling programs were too far along to stop, however, resulting in a steady rise in the amount of gas going into storage and in even lower prices.

In the first six months of 2008, the impact of increasing energy prices was seen in the 10.1% rise in the DJOGI despite an 11.6% decline in the S&P 500. Earnings expectations for energy companies were not rising as fast as the prices of the commodities because production costs were also rising rapidly, thus containing stock price increases. When commodity prices fell in the second half, energy stocks sold off rapidly, down 25% in the third quarter and another 22% in the final quarter.

The principal difference between the Fund's performance and the return of the DJOGI is the weighting of the integrated oil companies such as Exxon Mobil and Chevron. The DJOGI had an average weighting of 52.1% for the integrated companies during the year compared to the Fund's 36.6%. Our holdings of integrated companies returned -27.1%, whereas the DJOGI's holdings returned -23.4%. During periods of rising commodity prices, the large integrated companies often do not perform as well as more commodity-leveraged companies, and the heavy weighting drags down the performance of the DJOGI. In 2008, though, with rapidly falling commodity prices in the second half of the year, the integrated oil companies held up better than other segments of the industry. Thus, like most investors in the sector, Petroleum & Resources' performance trailed that of the DJOGI.

The exploration and production companies in the portfolio, with an average weighting of 17.6%, performed better than the E&P companies in the DJOGI, returning -31.3% compared to the -40.6% return of the index companies. Within the oil services segment, the Fund's equipment and services stocks performed in line with the sub-sector of the DJOGI. Our drilling stocks underperformed by 3.6%, with an absolute return of -65.5%. The utilities in the portfolio were beneficial to our relative performance, with a return of -32.8%. Our holdings of coal stocks outperformed the coal producers in the Dow Jones U.S. Basic Materials Index (DJBMI) and our chemicals holdings performed in line with the chemicals sub-sector of the DJBMI.

INVESTMENT RESULTS

Net assets of the Corporation on December 31, 2008 were $538,936,942 or $22.49 per share on 23,958,656 shares outstanding. This compares with $978,919,829 or $42.99 per share on 22,768,250 shares outstanding a year earlier.

Net investment income for 2008 was $9,651,706 compared to $10,070,758 for 2007. These earnings are equivalent to $0.43 and $0.46 per share, respectively, on the average number of shares outstanding throughout each year. Our expense ratio (expenses to average net assets) for 2008 was 0.51% compared to 0.54% for 2007 and was once again at a low level compared to the industry.

Net realized gains amounted to $57,867,203 during the year, while the unrealized appreciation on investments decreased from $606,901,290 at December 31, 2007 to $151,455,732 at year end.

DIVIDENDS AND DISTRIBUTIONS

Total dividends and distributions paid in 2008 were $2.99 per share compared to $4.31 in 2007. The table on page 18 shows the history of our dividends and distributions over the past fifteen years, including the annual rate of distribution as a percentage of the average daily market price of the Corporation's Common Stock. In 2008, the annual rate of distribution was 8.88% compared to 11.61% in 2007. As announced on November 13, 2008, a year-end distribution consisting of investment income of $0.08 per share and capital gains of $2.52 per share was made on December 27, 2008, both realized and taxable in 2008. On January 8, 2009, an additional distribution of $0.13 per share was declared to shareholders of record February 13, 2009, payable March 1, 2009, representing undistributed net investment income and capital gains earned in 2008 and an initial distribution from 2009 net investment income, taxable to shareholders in 2009.

OUTLOOK FOR 2009

With the domestic economy as well as those of many other countries in recession, it is unlikely that the fundamentals of supply and demand in the energy industry will change much during 2009. With refineries operating at about 85% of capacity, there is ample crude oil to meet their needs. The refineries do not need to operate at higher levels because there is plenty of gasoline, diesel, and heating oil to satisfy consumer and industrial demand. The second production cut by the members of OPEC, announced in December, will begin to be felt in deliveries in February, assuming the producers have the discipline to follow through. Given the budgetary constraints of many OPEC countries, their cutting back is in question. Until the worldwide economy resumes its growth, we expect that oil prices will remain in the $40-$50 range, with possible spikes both up and down depending on factors such as increased Iraqi production, a resumption of the conflict in Israel, and further significant cuts from the OPEC cartel.

Our expectation is that the stimulus programs being put together by governments around the world will begin to have an effect on their economies in the third quarter of the year. By the end of the year, economic growth should resume in this country, but that could be tempered by the timing of recoveries elsewhere. Depending on how much inventories have been built up by then, it will still take time to draw them down before prices begin to move up in response to increased economic activity. Many companies have announced that projects to build productive capacity have been shelved in this period of lower prices in order to conserve cash. Until adequate returns can be earned on such projects, and in some cases financing is made available, those projects will not go forward, and we will once again find ourselves in short supply with little or no surplus capacity. Over a period of two to three years, we could see the price of oil rise significantly, depending on how responsive the world economy is to stimulus. Alternative fuels, hybrid vehicle use, and higher fuel efficiency in the transportation sector are also likely to impact the demand for oil in the intermediate term.

The situation with natural gas is much the same as that with oil, but is more dependent on domestic actions. As mentioned, the number of gas-oriented rigs in operation, both onshore and offshore the U.S., has declined. We expect that the number will decline much further, but gas production is still climbing at a rate approaching 10% due to drilling completions. This can be seen in the weekly storage statistics, which show much less draw than normal for the relatively cold weather experienced thus far this winter. With an expected rapid response to the drilling decline, production is expected to flatten out by mid-year. Depending on the weather, storage facilities are likely to be filled well above historic levels by that time. As with oil, production will have to be flat to down for several months before prices can strengthen. We therefore expect that natural gas prices will remain in the $4-$5 range for most of the year. There is very little impact that liquefied natural gas (LNG) will have on the domestic situation. Prices overseas, particularly in Europe, are higher than in the U.S., attracting most of the cargoes coming out of Middle East and Far East LNG-exporting facilities. We do anticipate that, due to the natural production decline rates of gas-producing fields in the U.S. and increased economic activity, drilling will have to pick up by 2010 in order to satisfy domestic demand. Then gas prices will strengthen again.

The coal industry benefited in 2008 from strong export markets for both metallurgical (for steel-making) and thermal/steam coal (for electricity generation). Further, in 2008 nuclear electricity-generating stations were closed in Japan, Australian ports were having logistical problems, and there was strong demand for steel in China for the Olympics on top of everything else. The second half of 2008 saw the end of most of these extraordinary demand drivers, and coal prices fell as sharply as crude oil and natural gas prices. Most coal producers have a good percentage of their 2009 production under contract, though not at the spot prices of six months ago. They should therefore do reasonably well until their current contracts are fulfilled.

At this time, the prices of energy and basic materials stocks reflect spot prices of commodities and large earnings declines for 2009. Current weak conditions, combined with the possibility of legislation favoring alternative fuels and carbon reductions, have seemingly outweighed any longer term potential recovery of commodity prices, earnings, and reserve values. We believe, however, that there is a solid long-term outlook for traditional energy companies. Therefore, while we have made some sales to reflect current conditions, we are looking for opportunities to invest the Fund's cash in these areas. In addition, companies involved in alternative sources of energy may, at some point, become profitable without subsidies and thus attractive for investment, so we are keeping a close eye on them.

Historically, the benchmark against which we have measured the Fund's performance has been a combination of the DJOGI (80%) and the S&P 500 (20%). Since our holdings in companies active in areas outside the energy sector have been limited, we have concluded that the inclusion of the S&P 500 in our benchmark is no longer warranted. In recognition of the Fund's ability to invest in a wide variety of natural resources, we have decided that a more appropriate benchmark for the future is a measurement weighted 80% with the Dow Jones U.S. Oil & Gas Index and 20% with the Dow Jones U.S. Basic Materials Index. Basic materials have held a place in the Corporation's portfolio in the past, but the allocation has typically been well below 20%. It is our view that the raw materials required for infrastructure building and industrial production will experience price recoveries as the economic stimulus plans become a reality, and this will make basic materials companies such as chemical and mining companies attractive investments. Therefore, we are likely to place more emphasis on basic materials companies.

SHARE REPURCHASE PROGRAM

On December 11, 2008, the Board of Directors authorized the repurchase by management of up to 6% of the outstanding shares of the Corporation over the ensuing year. The repurchase program is subject to the restriction that shares can only be repurchased when the discount of the market price of the shares from the net asset value is 6.5% or greater.

From the beginning of 2009 through January 23, 2009, 60,400 shares have been repurchased at a total cost of $1,187,136 and a weighted average discount from net asset value of 10.0%.

This Annual Report, along with the proxy statement for the Annual Meeting of Stockholders to be held in Baltimore on March 19, 2009, are expected to be mailed on or about February 17, 2009.

By order of the Board of Directors,

Douglas G. Ober,

Chairman, President and
Chief Executive Officer

January 27, 2009

December 31, 2008

Assets		
Investments* at value:		
Common stocks (cost $321,930,975)	$473,386,707	
Short-term investments (cost $68,677,238)	68,677,238	
Securities lending collateral (cost $76,988,162)	76,988,162	$619,052,107
Cash		279,521
Dividends and interest receivable		548,883
Prepaid expenses and other assets		454,355
Total Assets		620,334,866
Liabilities		
Obligations to return securities lending collateral		76,988,162
Accrued pension liabilities		3,556,618
Accrued expenses and other liabilities		853,144
Total Liabilities		81,397,924
Net Assets		$538,936,942

Net Assets	
Common Stock at par value $0.001 per share, authorized 50,000,000 shares; issued and outstanding 23,958,656 shares (includes 32,402 restricted shares, 7,200 nonvested or deferred restricted stock units, and 3,501 deferred stock units) (note 6)	$ 23,959
Additional capital surplus	389,484,658
Accumulated other comprehensive income (note 5)	(3,678,264)
Undistributed net investment income	473,468
Undistributed net realized gain on investments	1,177,389
Unrealized appreciation on investments	151,455,732
Net Assets Applicable to Common Stock	$538,936,942
Net Asset Value Per Share of Common Stock	$22.49

* See schedule of investments on pages 14 and 15.

The accompanying notes are an integral part of the financial statements.

Year Ended December 31, 2008

Investment Income	
Income:	
Dividends	$ 13,079,008
Interest and other income	1,012,707
Total income	14,091,715
Expenses:	
Investment research	1,451,282
Administration and operations	1,164,437
Directors' fees	443,306
Travel, training, and other office expenses	259,157
Reports and stockholder communications	242,436
Investment data services	187,445
Transfer agent, registrar, and custodian expenses	175,732
Occupancy	129,825
Auditing and accounting services	113,645
Insurance	75,056
Legal services	43,880
Other	153,808
Total expenses	4,440,009
Net Investment Income	9,651,706
Change in Accumulated Other Comprehensive Income (note 5)	(1,621,372)
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	57,344,032
Net realized gain on written option contracts	523,171
Change in unrealized appreciation on investments	(455,445,558)
Net Loss on Investments	(397,578,355)
Change in Net Assets Resulting from Operations	$(389,548,021)

The accompanying notes are an integral part of the financial statements.

	For the Year Ended	
	Dec. 31, 2008	Dec. 31, 2007
From Operations:		
Net investment income	$ 9,651,706	$ 10,070,758
Net realized gain on investments	57,867,203	82,692,239
Change in unrealized appreciation on investments	(455,445,558)	144,503,271
Change in accumulated other comprehensive income (note 5)	(1,621,372)	(89,917)
Change in net assets resulting from operations	(389,548,021)	237,176,351
Distributions to Stockholders From:		
Net investment income	(8,577,530)	(10,678,823)
Net realized gain from investment transactions	(58,737,003)	(82,870,511)
Decrease in net assets from distributions	(67,314,533)	(93,549,334)
From Capital Share Transactions:		
Value of shares issued in payment of distributions	29,006,338	41,992,828
Cost of shares purchased (note 4)	(12,721,842)	(19,224,514)
Deferred compensation (notes 4, 6)	595,171	477,259
Change in net assets from capital share transactions	16,879,667	23,245,573
Total Change in Net Assets	(439,982,887)	166,872,590
Net Assets:		
Beginning of year	978,919,829	812,047,239
End of year (including undistributed net investment income of $473,468 and $0 in 2008 and 2007, respectively)	$ 538,936,942	$978,919,829

The accompanying notes are an integral part of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Petroleum & Resources Corporation (the Corporation) is registered under the Investment Company Act of 1940 as a non-diversified investment company. The Corporation is an internally-managed fund emphasizing petroleum and other natural resource investments. The investment objectives of the Corporation are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates made by Corporation management. Management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the Corporation ultimately realizes upon sale of the securities.

Security Transactions and Investment Income — Investment transactions are accounted for on the trade date. Gain or loss on sales of securities and options is determined on the basis of identified cost. Dividend income and distributions to shareholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

Security Valuation — Investments in securities traded on national security exchanges are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments (excluding purchased options and money market funds) are valued at amortized cost, which approximates fair value. Purchased and written options are valued at the last quoted bid and asked price, respectively. Money market funds are valued at net asset value on the day of valuation.

The Corporation adopted Financial Accounting Standard Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. There was no impact on the fair value of assets individually or in aggregate upon adoption. In accordance with FAS 157, fair value is defined as the price that the Corporation would receive upon selling an investment in an orderly transaction to an independent buyer. FAS 157 established a three-tier hierarchy to establish classification of fair value measurements, summarized as follows:

- Level 1 — fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments,
- Level 2 — fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments,
- Level 3 — fair value is determined using the Corporation's own assumptions, developed based on the best information available in the circumstances.

The Corporation's investments at December 31, 2008 were classified as follows:

	Investment in securities
Level 1	$602,074,869
Level 2	16,977,238*
Level 3	—
Total	$619,052,107

* *Consists of short-term investments other than money market funds.*

2. FEDERAL INCOME TAXES

The Corporation's policy is to distribute all of its taxable income to its shareholders in compliance with the requirements of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. For federal income tax purposes, the identified cost of securities at December 31, 2008 was $467,566,552, and net unrealized appreciation aggregated $151,485,555, of which the related gross unrealized appreciation and depreciation were $240,671,187 and $89,185,632, respectively. As of December 31, 2008, the tax basis of distributable earnings was $1,375,994 of undistributed ordinary income and $1,202,727 of undistributed long-term capital gain.

Distributions paid by the Corporation during the year ended December 31, 2008 were classified as ordinary income of $9,486,049 and long-term capital gain of $57,828,484. In comparison, distributions paid by the Corporation during the year ended December 31, 2007 were classified as ordinary income of $11,559,594 and long-term capital gain of $81,989,740. The distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Accordingly, periodic reclassifications are made within the Corporation's capital accounts to reflect income and gains available for distribution under income tax regulations. Any income tax-related interest or penalties would be classified as income tax expense.

3. INVESTMENT TRANSACTIONS

The Corporation's investment decisions are made by a committee of management and recommendations to that committee are made by the research staff.

Purchases and sales of portfolio securities, other than options and short-term investments, during the year ended December 31, 2008 were $145,261,038 and $215,709,864, respectively. Options may be written (sold) or purchased by the Corporation. For written options, covered calls or collateralized puts require deposits of securities or cash to be segregated with the custodian to guarantee delivery or payment if the options are exercised. When the Corporation writes an option, an amount equal to the premium received by the Corporation is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from unexercised options are treated as realized gains from investments on the expiration date. Premiums received from exercised put options reduce the cost basis of the securities purchased, and premiums received from exercised call options are added to the proceeds from the sale of the underlying security in determining whether there is a realized gain or loss. The Corporation as writer of an option bears the risks of possible illiquidity of the option markets and the unfavorable change in the price of the security underlying the written option. The risk associated with purchasing an option is limited to the premium originally paid for the option. There were no outstanding option contracts as of December 31, 2008.

Transactions in written covered call and collateralized put options during the year ended December 31, 2008 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2007	725	$ 87,378	650	$ 69,304
Options written	4,008	583,341	900	110,049
Options terminated in closing purchase transactions	(1,300)	(132,419)	(750)	(89,944)
Options expired	(2,833)	(451,135)	(800)	(89,409)
Options exercised	(600)	(87,165)	—	—
Options outstanding, December 31, 2008	—	$ —	—	$ —

4. CAPITAL STOCK

The Corporation has 5,000,000 authorized and unissued preferred shares, $0.001 par value.

On December 27, 2007, the Corporation issued 1,109,759 shares of its Common Stock at a price of $37.825 per share (the average market price on December 10, 2007) to stockholders of record November 21, 2007 who elected to take stock in payment of the distribution from 2007 capital gain and investment income. In addition, 446 shares were issued at a weighted average price of $36.09 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

On December 27, 2008, the Corporation issued 1,557,059 shares of its Common Stock at a price of $18.62 per share (the average market price on December 8, 2008) to stockholders of record November 21, 2008 who elected to take stock in payment of the distribution from 2008 capital gain and investment income. In addition, 725 shares were issued at a weighted average price of $26.28 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

The Corporation may purchase shares of its Common Stock from time to time at such prices and amounts as the Board of Directors may deem advisable. Transactions in Common Stock for 2008 and 2007 were as follows:

	Shares		Amount	
	2008	2007	2008	2007
Shares issued in payment of distributions	1,557,784	1,110,205	$ 29,006,338	$ 41,992,828
Shares purchased (at an average discount from net asset value of 12.3% and 9.9%, respectively)	(381,979)	(538,375)	(12,721,842)	(19,224,514)
Net activity under the 2005 Equity Incentive Compensation Plan	14,601	15,553	595,171	477,259
Net change	1,190,406	587,383	$ 16,879,667	$ 23,245,573

5. RETIREMENT PLANS

The Corporation's non-contributory qualified defined benefit pension plan covers all employees with at least one year of service. In addition, the Corporation has a non-contributory nonqualified defined benefit plan which provides eligible employees with retirement benefits to supplement the qualified plan. Benefits are based on length of service and compensation during the last five years of employment.

The funded status of the plans is recognized as an asset (overfunded plan) or a liability (underfunded plan) in the Statement of Assets and Liabilities. Changes in the prior service costs and accumulated actuarial gains and losses are recognized as accumulated other comprehensive income, a component of net assets, in the year in which the changes occur.

The Corporation uses a December 31 measurement date for its plans.

	2008	2007
Change in benefit obligation		
Benefit obligation at beginning of year	$7,035,705	$6,290,842
Service cost	240,432	348,352
Interest cost	313,509	374,693
Actuarial loss	290,539	86,279
Benefits paid	(69,266)	(64,461)
Plan changes	21,149	—
Benefit obligation at end of year	$7,832,068	$7,035,705

	2008	2007
Change in plan assets		
Fair value of plan assets at beginning of year	$ 5,038,930	$ 4,673,247
Actual return on plan assets	(1,225,422)	98,936
Employer contribution	531,208	331,208
Benefits paid	(69,266)	(64,461)
Fair value of plan assets at end of year	$ 4,275,450	$ 5,038,930
Funded status	$(3,556,618)	$(1,996,775)

Items recognized in accumulated other comprehensive income:

	2008	2007
Prior service cost	$ 62,200	$ 76,955
Net loss	3,616,064	1,979,937
Accumulated other comprehensive income	$3,678,264	$2,056,892

In 2009, the Corporation estimates that $17,069 of prior service cost and $369,363 of net losses, for a total of $386,432, will be amortized from accumulated other comprehensive income into net periodic pension cost.

The accumulated benefit obligation for all defined benefit pension plans was $6,435,218 and $5,642,374 at December 31, 2008 and 2007, respectively.

	2008	2007
Components of net periodic pension cost		
Service cost	$ 240,432	$ 348,352
Interest cost	313,509	374,693
Expected return on plan assets	(284,143)	(368,752)
Prior service cost component	35,904	37,717
Net loss component	163,977	226,165
Net periodic pension cost	$ 469,679	$ 618,175

	2008	2007
Changes recognized in accumulated other comprehensive income		
Net loss	$1,801,129	$ 353,799
Prior service cost	20,124	—
Amortization of net loss	(163,977)	(226,165)
Amortization of prior service cost	(35,904)	(37,717)
Change in accumulated other comprehensive income	$1,621,372	$ 89,917

Assumptions used to determine benefit obligations are:

	2008	2007
Discount rate	6.30%	6.00%
Rate of compensation increase	7.00%	7.00%

The assumptions used to determine net periodic pension cost are:

	2008	2007
Discount rate	6.00%	5.75%
Expected long-term return on plan assets	7.25%	8.00%
Rate of compensation increase	7.00%	7.00%

The assumption used to determine expected long-term return on plan assets was based on historical and future expected returns of multiple asset classes in order to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

The asset allocations at December 31, 2008 and 2007, by asset category, were as follows:

	2008	2007
Asset Category		
Equity Mutual Funds & Securities	43%	42%
Fixed Income Mutual Funds	57%	58%

Equity securities included common stock of The Adams Express Company, the Corporation's non-controlled affiliate, in the amount of $144,866 (3% of total plan assets) and $241,170 (5% of total plan assets) at December 31, 2008 and 2007, respectively. The primary objective of the Corporation's pension plan is to provide capital appreciation, current income, and preservation of capital through a diversified portfolio of stocks and fixed income securities.

The Corporation's policy is to contribute annually to the plans those amounts that can be deducted for federal income tax purposes, plus additional amounts as the Corporation deems appropriate in order to provide assets sufficient to meet benefits to be paid to plan participants. The Corporation contributed $531,208 to the plans in 2008 and anticipates contributions of approximately $500,000 in 2009.

The following benefit payments, which reflect expected future service and certain assumptions, are eligible to be paid in the years indicated:

	Pension Benefits
2009	$2,590,000
2010	211,000
2011	212,000
2012	202,000
2013	203,000
Years 2014-2018	4,020,000

The Corporation also sponsors a defined contribution plan that covers substantially all employees. The Corporation expensed contributions to this plan of $118,460 and $105,301 for the years ended December 31, 2008 and December 31, 2007, respectively. The Corporation does not provide postretirement medical benefits.

6. EQUITY-BASED COMPENSATION

Although the Stock Option Plan of 1985 (“1985 Plan”) has been discontinued and no further grants will be made under this plan, unexercised grants of stock options and stock appreciation rights granted in 2004 and prior years remain outstanding. The exercise price of the unexercised options and related stock appreciation rights is the fair market value on date of grant, reduced by the per share amount of capital gains paid by the Corporation during subsequent years. All options and related stock appreciation rights terminate 10 years from date of grant, if not exercised.

A summary of option activity under the 1985 Plan as of December 31, 2008, and changes during the year then ended is presented below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)
Outstanding at December 31, 2007	49,681	$11.53	3.68
Exercised	(17,341)	10.05	
Cancelled	—	—	
Outstanding at December 31, 2008	32,340	$ 9.68	3.34
Exercisable at December 31, 2008	6,787	$ 7.68	3.66

The options outstanding as of December 31, 2008 are set forth below:

Exercise price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
$5.00-$6.99	10,370	$ 6.62	4.00
$7.00-$8.99	—	—	—
$9.00-$10.99	9,508	9.79	3.00
$11.00-$12.99	12,462	12.14	3.05
Outstanding at December 31, 2008	32,340	$ 9.68	3.34

Compensation cost resulting from stock options and stock appreciation rights granted under the 1985 Plan is based on the intrinsic value of the award, recognized over the award’s vesting period, and remeasured at each reporting date through the date of settlement. The total compensation cost/(credit) recognized for the year ended December 31, 2008 was $(341,764).

The 2005 Equity Incentive Compensation Plan (“2005 Plan”), adopted at the 2005 Annual Meeting, permits the grant of stock options, restricted stock awards and other stock incentives to key employees and all non-employee directors. The 2005 Plan provides for the issuance of up to 872,639 shares of the Corporation’s Common Stock, including both performance and nonperformance-based restricted stock. Performance-based restricted stock awards vest at the end of a specified three year period, with the ultimate number of shares earned contingent on achieving certain performance targets. If performance targets are not achieved, all or a portion of the performance-based restricted shares are forfeited and become available for future grants. Nonperformance-based restricted stock awards vest ratably over a three year period and nonperformance-based restricted stock units (granted to non-employee directors) vest over a one year period. Payment of awards may be deferred, if elected. It is the current intention that employee grants will be performance-based. The 2005 Plan provides for accelerated vesting in the event of death or retirement. Non-employee directors also may elect to defer a portion of their cash compensation, with such deferred amount to be paid by delivery of deferred stock units. Outstanding awards were granted at fair market value on grant date. The number of shares of Common Stock which remain available for future grants under the 2005 Plan at December 31, 2008 is 815,767 shares.

A summary of the status of the Corporation’s awards granted under the 2005 Plan as of December 31, 2008, and changes during the year then ended is presented below:

Awards	Shares/ Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2007	32,162*	$33.00
Granted:		
Restricted stock	9,220	37.50
Restricted stock units	4,000	36.85
Deferred stock units	1,263	30.09
Vested & issued	(3,542)	31.63
Forfeited	—	—
Balance at December 31, 2008 (includes 31,934 performance-based awards and 11,169 nonperformance-based awards)	43,103	$31.83

* *Includes 2,000 units previously denoted as vested that were deferred.*

Compensation costs resulting from awards granted under the 2005 Plan are based on the fair value of the award on grant date (determined by the average of the high and low price on grant date) and recognized on a straight-line basis over the requisite service period. For those awards with performance conditions, compensation costs are based on the most probable outcome and, if such goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The total compensation costs for restricted stock granted to employees for the year ended December 31, 2008 were $393,911. The total compensation costs for restricted stock units granted to non-employee directors for the year ended December 31, 2008 were $153,089. As of December 31, 2008, there were total unrecognized compensation costs of $358,094, a component of additional capital surplus, related to nonvested equity-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be recognized over a weighted average period of 1.56 years. The total fair value of shares vested and issued during the year ended December 31, 2008 was $137,207.

7. OFFICER AND DIRECTOR COMPENSATION

The aggregate remuneration paid during the year ended December 31, 2008 to officers and directors amounted to $2,637,962, of which $345,357 was paid as fees to directors who were not officers. These amounts represent the taxable income to the Corporation's officers and directors and therefore differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with generally accepted accounting principles.

8. PORTFOLIO SECURITIES LOANED

The Corporation makes loans of securities to approved brokers to earn additional income. It receives as collateral cash deposits, U.S. Government securities, or bank letters of credit valued at 102% of the value of the securities on loan. The market value of the loaned securities is calculated based upon the most recent closing prices and any additional required collateral is delivered to the Corporation on the next business day. Cash deposits are placed in a registered money market fund. The Corporation accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Corporation also continues to receive interest or dividends on the securities loaned. Gain or loss in the fair value of securities loaned that may occur during the term of the loan will be for the account of the Corporation. At December 31, 2008, the Corporation had securities on loan of $76,089,513 and held cash collateral of $76,988,162; additional collateral was delivered the next business day in accordance with the procedure described above. The Corporation is indemnified by the Custodian, serving as lending agent, for loss of loaned securities and has the right under the lending agreement to recover the securities from the borrower on demand.

9. NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, the Financial Accounting Standards Board issued the Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("FAS 161"), which is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about derivative and hedging activities, including how such activities are accounted for and their effect on financial position, performance and cash flows. Application of the standard is not expected to materially impact the Corporation's financial statements and related disclosures.

This report, including the financial statements herein, is transmitted to the stockholders of Petroleum & Resources Corporation for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Corporation or of any securities mentioned in the report. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

	Year Ended December 31				
	2008	2007	2006	2005	2004
Per Share Operating Performance					
Net asset value, beginning of year	$42.99	$36.61	$35.24	$28.16	$24.06
Net investment income	0.43	0.46	0.47	0.53*	0.41
Net realized gains and increase (decrease) in unrealized appreciation	(17.71)	10.37	4.91	8.29	5.05
Change in accumulated other comprehensive income	(0.07)	0.00	(0.09)	—	—
Total from investment operations	(17.35)	10.83	5.29	8.82	5.46
Less distributions					
Dividends from net investment income	(0.38)	(0.49)	(0.47)	(0.56)	(0.44)
Distributions from net realized gains	(2.61)	(3.82)	(3.33)	(1.22)	(0.88)
Total distributions	(2.99)	(4.31)	(3.80)	(1.78)	(1.32)
Capital share repurchases	0.08	0.10	0.15	0.10	0.01
Reinvestment of distributions	(0.24)	(0.24)	(0.27)	(0.06)	(0.05)
Total capital share transactions	(0.16)	(0.14)	(0.12)	0.04	(0.04)
Net asset value, end of year	$22.49	$42.99	$36.61	$35.24	$28.16
Per share market price, end of year	$19.41	$38.66	$33.46	$32.34	$25.78
Total Investment Return					
Based on market price	(42.2)%	28.9%	15.3%	32.3%	14.4%
Based on net asset value	(39.8)%	31.0%	15.7%	32.0%	23.3%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	$538,937	$978,920	$812,047	$761,914	$618,887
Ratio of expenses to average net assets	0.51%	0.54%	0.60%	0.59%	0.56%
Ratio of net investment income to average net assets	1.10%	1.12%	1.22%	1.61%	1.58%
Portfolio turnover	16.89%	7.36%	9.95%	10.15%	13.44%
Number of shares outstanding at end of year (in 000's)	23,959	22,768	22,181	21,621	21,980

* In 2005, the Fund received dividend income of $3,032,857, or $0.14 per share, as a result of Precision Drilling Corp.'s reorganization.

December 31, 2008

	Shares	Value (A)
Stocks — 87.8%		
Energy — 84.7%		
Integrated — 36.4%		
Chevron Corp. (B)	915,000	$ 67,682,550
ConocoPhillips (B)	411,891	21,335,954
Exxon Mobil Corp.	895,000	71,447,850
Hess Corp. (B)	195,000	10,459,800
Royal Dutch Shell plc ADR	265,000	14,029,100
Total S.A. ADR	200,000	11,060,000
		196,015,254
Exploration & Production — 19.2%		
Apache Corp. (B)	200,000	14,906,000
Devon Energy Corp. (B)	250,000	16,427,500
EOG Resources, Inc.	200,000	13,316,000
Forest Oil Corp. (C)	69,477	1,145,676
Noble Energy, Inc. (B)	340,000	16,734,800
Occidental Petroleum Corp. (B)	400,000	23,996,000
XTO Energy Inc.	487,500	17,194,125
		103,720,101
Utilities — 12.9%		
Energen Corp.	300,000	8,799,000
Equitable Resources, Inc.	398,800	13,379,740
MDU Resources Group, Inc. (B)	375,000	8,092,500
National Fuel Gas Co.	200,000	6,266,000
New Jersey Resources Corp. (B)	300,000	11,805,000
Northeast Utilities	200,000	4,812,000
Questar Corp.	240,000	7,845,600
Spectra Energy Corp.	108,812	1,712,701
Williams Companies, Inc.	450,000	6,516,000
		69,228,541
Services — 16.2%		
Baker Hughes Inc.	205,000	6,574,350
Complete Production Services, Inc. (C)	400,500	3,264,075
Halliburton Co.	700,000	12,726,000
Hercules Offshore, Inc. (B) (C)	500,000	2,375,000
Nabors Industries Ltd. (B) (C)	520,000	6,224,400
National Oilwell Varco, Inc. (C)	138,538	3,385,869
Noble Corp.	775,000	17,119,750
Schlumberger Ltd.	250,000	10,582,500
Transocean Inc. (C)	307,953	14,550,779
Weatherford International Ltd. (C)	987,120	10,680,638
		87,483,361

December 31, 2008

	Shares/ Prin. Amt.	Value (A)
Basic Industries — 3.1%		
Basic Materials & Other — 3.1%		
CONSOL Energy Inc.	125,000	$ 3,572,500
duPont (E.I.) de Nemours and Co.	157,500	3,984,750
International Coal Group, Inc. (B) (C)	3,000,000	6,900,000
Massey Energy Co.	180,000	2,482,200
		16,939,450
Total Stocks		
(Cost $321,930,975) (D)		473,386,707
Short-Term Investments — 12.8%		
Commercial Paper — 3.1%		
Chevron Funding Co., 1.05%, due 1/14/09	$ 3,200,000	3,198,787
ConocoPhillips, 0.85-1.20%, due 1/7/09-1/8/09	$10,000,000	9,997,758
Toyota Motor Credit Corp., 1.59%, due 1/13/09	$ 2,300,000	2,298,781
United Parcel Service of America, Inc., 0.42%, due 1/6/09	$ 1,300,000	1,299,924
		16,795,250
Money Market Funds — 9.6%		
Fidelity Institutional Money Market – Government Portfolio, 1.02% (D)	20,000,000	20,000,000
Fidelity Institutional Money Market – Treasury Only Portfolio, 0.54% (D)	10,000,000	10,000,000
Fidelity Institutional Money Market – Treasury Portfolio, 0.34% (D)	1,650,000	1,650,000
Vanguard Federal Money Market, 1.74% (D)	20,000,000	20,000,000
Vanguard Admiral Treasury Money Market, 0.93% (D)	50,000	50,000
		51,700,000
Time Deposit — 0.1%		
Citibank, 0.06%, due 1/2/09		181,988
Total Short-Term Investments		
(Cost $68,677,238)		68,677,238
Total Securities Lending Collateral — 14.3%		
(Cost $76,988,162)		
Money Market Funds — 14.3%		
Invesco Aim Short-Term Investment Trust – Liquid Assets Portfolio (Institutional Class), 1.67% (D)		76,988,162
Total Investments — 114.9%		
(Cost $467,596,375)		619,052,107
Cash, receivables, prepaid expenses and other assets less liabilities — (14.9)%		(80,115,165)
Net Assets — 100.0%		$538,936,942

Notes:
(A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange or the NASDAQ.
(B) A portion of shares held are on loan. See note 8 to financial statements.
(C) Presently non-dividend paying.
(D) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.

During the Three Months Ended December 31, 2008
(unaudited)

	Shares		
	Additions	**Reductions**	**Held Dec. 31, 2008**
Noble Corp.	175,000		775,000
Transocean Inc.	70,000		307,953
Air Products & Chemicals, Inc.		115,000	—
ConocoPhillips		145,000	411,891
CONSOL Energy Inc.		75,000	125,000
Exxon Mobil Corp.		350,000	895,000
Hercules Offshore, Inc.		88,300	500,000
Marathon Oil Co.		240,000	—
Massey Energy Co.		50,808	180,000
Murphy Oil Corp.		266,500	—
Schlumberger Ltd.		450,000	250,000
Suncor Energy		300,000	—
Total S.A. ADR		190,000	200,000

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Petroleum & Resources Corporation:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Petroleum & Resources Corporation (the “Corporation”) at December 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Corporation’s management; our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

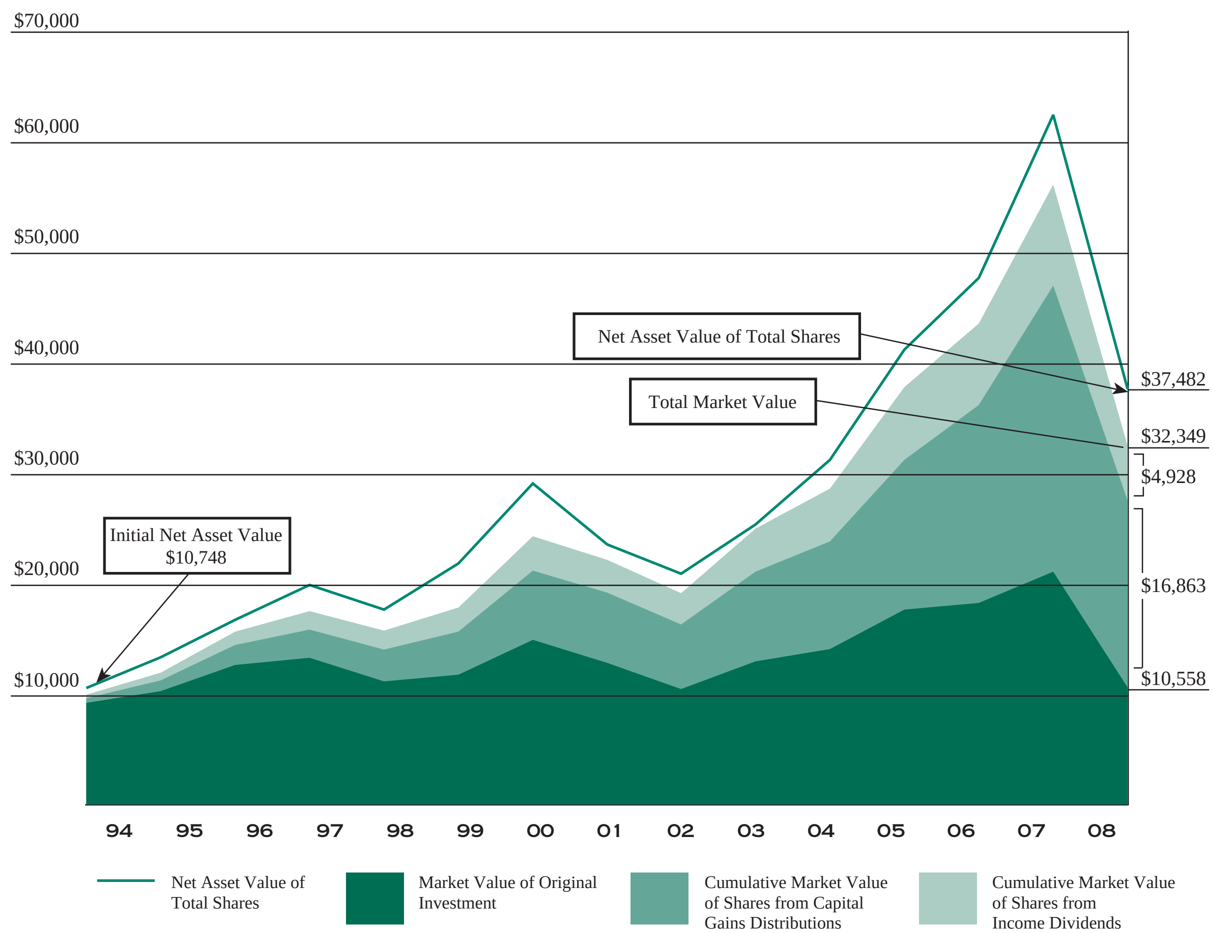
Baltimore, Maryland
February 11, 2009

Calendar year end	Market value of original shares	Cumulative market value of capital gains distributions taken in shares	Cumulative market value of income dividends taken in shares	Total market value	Total net asset value
1994	$ 9,154	$ 431	$ 306	$ 9,891	$10,517
1995	10,242	980	689	11,911	13,289
1996	12,603	1,789	1,228	15,620	16,669
1997	13,234	2,571	1,632	17,437	19,809
1998	11,107	2,891	1,714	15,712	17,595
1999	11,695	3,927	2,164	17,786	21,773
2000	14,855	6,243	3,099	24,197	28,963
2001	12,761	6,337	3,000	22,098	23,454
2002	10,433	5,814	2,817	19,064	20,853
2003	12,913	8,100	3,909	24,922	25,257
2004	14,023	9,728	4,751	28,502	31,133
2005	17,591	13,525	6,584	37,700	41,080
2006	18,200	17,887	7,354	43,441	47,531
2007	21,028	25,805	9,143	55,976	62,246
2008	10,558	16,863	4,928	32,349	37,482

ILLUSTRATION OF AN ASSUMED 15 YEAR INVESTMENT OF $10,000

(unaudited)

Investment income dividends and capital gains distributions are taken in additional shares. This chart covers the years 1994–2008. Fees for the reinvestment of interim dividends are assumed as 2% of the amount reinvested (maximum of $2.50) and commissions of $0.05 per share. There is no charge for reinvestment of year-end distributions. No adjustment has been made for any income taxes payable by stockholders on income dividends or on capital gains distributions or the sale of any shares. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.



(unaudited)

Dec. 31	Value of Net Assets	Shares Outstanding*	Net Asset Value Per Share*	Market Value Per Share*	Dividends From Investment Income Per Share*	Distributions From Net Realized Gains Per Share*	Total Dividends and Distributions Per Share*	Annual Rate of Distribution**
1994	$332,279,398	18,570,450	$17.89	$16.83	$.61	$ .79	$1.40	7.40%
1995	401,404,971	19,109,075	21.01	18.83	.58	.81	1.39	7.57
1996	484,588,990	19,598,729	24.73	23.17	.55	.88	1.43	6.84
1997	556,452,549	20,134,181	27.64	24.33	.51	1.04	1.55	6.37
1998	474,821,118	20,762,063	22.87	20.42	.52	1.01	1.53	6.48
1999	565,075,001	21,471,270	26.32	21.50	.48	1.07	1.55	7.00
2000	688,172,867	21,053,644	32.69	27.31	.39	1.35	1.74	6.99
2001	526,491,798	21,147,563	24.90	23.46	.43	1.07	1.50	5.61
2002	451,275,463	21,510,067	20.98	19.18	.43	.68	1.11	5.11
2003	522,941,279	21,736,777	24.06	23.74	.38	.81	1.19	5.84
2004	618,887,401	21,979,676	28.16	25.78	.44	.88	1.32	5.40
2005	761,913,652	21,621,072	35.24	32.34	.56	1.22	1.78	5.90
2006	812,047,239	22,180,867	36.61	33.46	.47	3.33	3.80	11.26
2007	978,919,829	22,768,250	42.99	38.66	.49	3.82	4.31	11.61
2008	538,936,942	23,958,656	22.49	19.41	.38	2.61	2.99	8.88

* Adjusted for 3-for-2 stock split effected in October 2000.

** The annual rate of distribution is the total dividends and capital gain distributions during the year divided by the average daily market price of the Corporation's Common Stock.

Common Stock

Listed on the New York Stock Exchange

Petroleum & Resources Corporation

Seven St. Paul Street, Suite 1140, Baltimore, MD 21202

(410) 752-5900 or (800) 638-2479

Website: www.peteres.com

E-mail: contact@peteres.com

Counsel: Chadbourne & Parke LLP

Independent Registered Public Accounting Firm: PricewaterhouseCoopers LLP

Transfer Agent & Registrar: American Stock Transfer & Trust Co.

Custodian of Securities: Brown Brothers Harriman & Co.

STATEMENT ON QUARTERLY FILING OF COMPLETE PORTFOLIO SCHEDULE

In addition to publishing its complete schedule of portfolio holdings in the First and Third Quarter Reports to shareholders, the Corporation also files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Corporation's Forms N-Q are available on the Commission's website at *www.sec.gov*. The Corporation's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Corporation also posts its Forms N-Q on its website at: *www.peteres.com*, under the heading "Financial Reports" and then "All Other SEC Filings".

ANNUAL CERTIFICATION

The Corporation's CEO has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

PROXY VOTING POLICIES AND RECORD

A description of the policies and procedures that the Corporation uses to determine how to vote proxies relating to portfolio securities owned by the Corporation and information as to how the Corporation voted proxies relating to portfolio securities during the 12 month period ended June 30, 2008 are available (i) without charge, upon request, by calling the Corporation's toll free number at (800) 638-2479; (ii) on the Corporation's website by clicking on "Corporate Information" heading on the website; and (iii) on the Securities and Exchange Commission's website at *www.sec.gov*.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Corporation's actual results are the performance of the portfolio of stocks held by the Corporation, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of the Corporation will trade in the public markets, and other factors discussed in the Corporation's periodic filings with the Securities and Exchange Commission.

PRIVACY POLICY

In order to conduct its business, the Corporation, through its transfer agent, currently American Stock Transfer & Trust Company, collects and maintains certain nonpublic personal information about our stockholders of record with respect to their transactions in shares of our securities. This information includes the stockholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about stockholders whose shares of our securities are held in "street name" by a financial institution such as a bank or broker.

We do not disclose any nonpublic personal information about you, our other stockholders or our former stockholders to third parties unless necessary to process a transaction, service an account or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about our stockholders to those employees who need to know that information to provide services to our stockholders. We also maintain certain other safeguards to protect your nonpublic personal information.

WE ARE OFTEN ASKED —

How do I invest in Petroleum & Resources?

Petroleum & Resources Common Stock is listed on the New York Stock Exchange. The stock's ticker symbol is "PEO" and may be bought and sold through registered investment security dealers. Your broker will be able to assist you in this regard. In addition, stock may be purchased through our transfer agent, American Stock Transfer & Trust Company's INVESTORS CHOICE Plan (see page 21).

Where do I get information on the stock's price, trading and/or net asset value?

The *daily* net asset value (NAV) per share and closing market price may be obtained from our website at *www.peteres.com.* The daily NAV is also available on the NASDAQ Mutual Fund Quotation System under the symbol XPEOX. The *week-ending* NAV is published on Saturdays in various newspapers.

Petroleum's daily trading is shown in the stock tables of many daily newspapers, often with the abbreviated form "PetRes." Local newspapers determine, usually by volume of traded shares, which securities to list. If your paper does not carry our listing, please telephone the Corporation at (800) 638-2479 or visit our website.

How do I replace a lost certificate(s) or how do I correct a spelling error on my certificate?

Your Petroleum stock certificates are valuable documents and should be kept in a safe place. For tax purposes, keep a record of each certificate, including the cost or market value of the shares it covers at the time acquired. If a certificate is lost, destroyed or stolen, notify the transfer agent immediately so a "stop transfer" order can be placed on the records to prevent an unauthorized transfer of your certificate. The necessary forms and requirements to permit the issuance of a replacement certificate will then be sent to you. A certificate can be replaced only after the receipt of an affidavit regarding the loss accompanied by an open surety bond, for which a small premium is paid by the stockholder.

In the event a certificate is issued with the holder's name incorrectly spelled, a correction can only be made if the certificate is returned to the transfer agent with instructions for correcting the error. Transferring shares to another name also requires that the certificate be forwarded to the transfer agent with the appropriate assignment forms completed and the signature of the registered owner Medallion guaranteed by a bank or member firm of The New York Stock Exchange, Inc.

Is direct deposit of my dividend checks available?

Yes, our transfer agent offers direct deposit of your interim dividend and year-end distribution checks. You can request direct deposit with American Stock Transfer either on-line or by calling them at the phone number provided on page 21.

Who do I notify of a change of address?

The transfer agent.

We go to Florida (Arizona) every winter. How do we get our mail from Petroleum & Resources?

The transfer agent can program a seasonal address into its system; simply send the temporary address and the dates you plan to be there to the transfer agent.

I want to give shares to my children, grandchildren, etc., as a gift. How do I go about it?

Giving shares of Petroleum is simple and is handled through our transfer agent. The stock transfer rules are clear and precise for most forms of transfer. They will vary slightly depending on each transfer, so write to the transfer agent stating the exact intent of your gift plans and the transfer agent will send you the instructions and forms necessary to effect your transfer.

How do I transfer shares held at American Stock Transfer (AST)?

There are many circumstances that require the transfer of shares to new registrations, e.g., marriage, death, a child reaching the age of maturity, or giving shares as a gift. Each situation requires different forms of documentation to support the transfer. You may obtain transfer instructions and download the necessary forms from our transfer agent's website: www.amstock.com. Click on Shareholder Services, then General Shareholder Information and Transfer Instructions.

DIVIDEND PAYMENT SCHEDULE

The Corporation presently pays dividends four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1 and (b) a "year-end" distribution, payable in late December, consisting of the estimated balance of the net investment income for the year and the net realized capital gain earned through October 31. Stockholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all **stockholders of record** are sent a dividend announcement notice and an election card in mid-November.

Stockholders holding shares in "street" or brokerage accounts may make their elections by notifying their brokerage house representative.

INVESTORS CHOICE

INVESTORS CHOICE is a direct stock purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, American Stock Transfer & Trust Company (AST). The plan provides registered stockholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Petroleum & Resources shares.

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below.

Initial Enrollment and Optional Cash Investments	
Service Fee	$2.50 per investment
Brokerage Commission	$0.05 per share
Reinvestment of Dividends*	
Service Fee	2% of amount invested (maximum of $2.50 per investment)
Brokerage Commission	$0.05 per share
Sale of Shares	
Service Fee	$10.00
Brokerage Commission	$0.05 per share
Deposit of Certificates for safekeeping (waived if sold)	$7.50
Book to Book Transfers	Included

To transfer shares to another participant or to a new participant

Fees are subject to change at any time.

Minimum and Maximum Cash Investments

Initial minimum investment (non-holders)	$500.00
Minimum optional investment (existing holders)	$50.00
Electronic Funds Transfer (monthly minimum)	$50.00
Maximum per transaction	$25,000.00
Maximum per year	NONE

A brochure which further details the benefits and features of INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

For Non-Registered Stockholders

For stockholders whose stock is held by a broker in "street" name, the AST INVESTORS CHOICE Direct Stock Purchase and Sale Plan remains available through many registered investment security dealers. If your shares are currently held in a "street" name or brokerage account, please contact your broker for details about how you can participate in AST's Plan or contact AST.

The Corporation

Petroleum & Resources Corporation
Lawrence L. Hooper, Jr.
Vice President, General Counsel and Secretary
Seven St. Paul Street, Suite 1140, Baltimore, MD 21202
(800) 638-2479
Website: www.peteres.com
E-mail: contact@peteres.com

The Transfer Agent

American Stock Transfer & Trust Company
Address Stockholder Inquiries to:
Shareholder Relations Department
59 Maiden Lane
New York, NY 10038
(866) 723-8330
Website: www.amstock.com
E-mail: info@amstock.com

Investors Choice Mailing Address:
Attention: Dividend Reinvestment
P.O. Box 922
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New York, NY 10269-0560
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*The year-end dividend and capital gain distribution will usually be made in newly issued shares of common stock. There are no fees or commissions in connection with this dividend and capital gain distribution when made in newly issued shares.

Personal Information	Position Held with the Fund	Term of Office	Length of Time Served	Principal Occupations During the Last 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships
Independent Directors						
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 67	Director	One Year	Since 1987	Professor of Finance and Economics, formerly, Vice Dean of Academic Affairs of the Graduate School of Business, Columbia University.	Two	Director of The Adams Express Company and Credit Suisse Asset Management Funds (31 funds) (investment companies), Epoch Holdings Corporation (asset management), and Starcomms Plc (telecommunications).
Phyllis O. Bonanno 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 65	Director	One Year	Since 2003	President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Vice President of Warnaco Inc. (apparel).	Two	Director of The Adams Express Company (investment company), Borg-Warner Inc. (industrial), Mohawk Industries, Inc. (carpets and flooring).
Kenneth J. Dale 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 52	Director	One Year	Since 2008	Senior Vice President and Chief Financial Officer of The Associated Press.	Two	Director of The Adams Express Company (investment company).
Daniel E. Emerson 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 84	Director	One Year	Since 1987	Retired Executive Vice President of NYNEX Corp. (communications), retired Chairman of the Board of both NYNEX Information Resources Co. and NYNEX Mobile Communications Co. Previously Executive Vice President and Director of New York Telephone Company.	Two	Director of The Adams Express Company (investment company).
Frederic A. Escherich 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 56	Director	One Year	Since 2006	Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with J.P. Morgan.	Two	Director of The Adams Express Company (investment company).
Roger W. Gale, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 62	Director	One Year	Since 2005	President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly, member of management group, PA Consulting Group (energy consultants).	Two	Director of The Adams Express Company (investment company), Ormat Technologies, Inc. (geothermal and renewable energy), and U.S. Energy Association.
Thomas H. Lenagh 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 90	Director	One Year	Since 1987	Financial Advisor. Formerly, Chairman of the Board and CEO of Greiner Engineering Inc. (formerly Systems Planning Corp.) (consultants). Formerly, Treasurer and Chief Investment Officer of the Ford Foundation (charitable foundation).	Two	Director of The Adams Express Company, Cornerstone Funds, Inc. (3 funds) (investment companies), and Photonics Product Group, Inc. (crystals).

Personal Information	Position Held with the Fund	Term of Office	Length of Time Served	Principal Occupations During the Last 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships
Independent Directors (continued)						
Kathleen T. McGahran, Ph.D., J.D., C.P.A 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 58	Director	One Year	Since 2003	President & CEO of Pelham Associates, Inc. (executive education), and Adjunct Associate Professor, Tuck School of Business, Dartmouth College. Formerly, Associate Dean and Director of Executive Education and Associate Professor, Columbia University.	Two	Director of The Adams Express Company (investment company).
Craig R. Smith, M.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 62	Director	One Year	Since 2005	President, Williston Consulting LLC (consultants to pharmaceutical and biotechnology industries), and Chief Operating Officer and Director of Algenol Biofuels Inc. (ethanol manufacturing). Formerly, Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceuticals and biotechnology).	Two	Director of The Adams Express Company (investment company), LaJolla Pharmaceutical Company, and Depomed, Inc. (specialty pharmaceuticals).
Interested Director						
Douglas G. Ober 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 62	Director, Chairman, President and CEO	One Year	Director since 1989; Chairman of the Board since 1991	Chairman & CEO of the Corporation and The Adams Express Company.	Two	Director of The Adams Express Company (investment company).

Board Of Directors

Enrique R. Arzac [2,4]
Phyllis O. Bonanno [1,4,5]
Kenneth J. Dale [3,4]
Daniel E. Emerson [1,3,5]
Frederic A. Escherich [2,3]
Roger W. Gale [1,3,5]
Thomas H. Lenagh [2,3]
Kathleen T. McGahran [1,4,5]
Douglas G. Ober [1]
Craig R. Smith [2,4]

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee
5. Member of Nominating and Governance Committee

Officers

Douglas G. Ober	*Chairman, President and Chief Executive Officer*
Robert E. Sullivan	*Executive Vice President*
Joseph M. Truta	*Executive Vice President*
Lawrence L. Hooper, Jr.	*Vice President, General Counsel and Secretary*
Maureen A. Jones	*Vice President, Chief Financial Officer and Treasurer*
Nancy J.F. Prue	*Vice President*
Brian S. Hook	*Assistant Treasurer*
Christine M. Sloan	*Assistant Treasurer*
Geraldine H. Paré	*Assistant Secretary*

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