

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**  
**OF**  
**SEMIRARA MINING CORPORATION**

May 7, 2012, 10:00 o'clock in the morning  
Fairways Room, Manila Golf & Country Club  
Harvard Road, Forbes Park, Makati City, Metro Manila

---

---

**DIRECTOR PRESENT**

DAVID M. CONSUNJI  
ISIDRO A. CONSUNJI  
VICTOR A. CONSUNJI  
JORGE A. CONSUNJI  
HERBERT M. CONSUNJI  
MA. CRISTINA C. GOTIANUN  
CESAR A. BUENAVENTURA  
GEORGE G. SAN PEDRO  
VICTOR C. MACALINCAG  
FEDERICO E. PUNO

**DIRECTOR ABSENT**

MA. EDWINA C. LAPERAL

---

---

**1. CALL TO ORDER**

Mr. David M. Consunji, Chairman of the Board, turned over the floor to the Vice-Chairman, Mr. Isidro A. Consunji to preside over the meeting. Atty. John R. Sadullo, as the Secretary of the meeting, recorded the minutes of the proceedings.

**2. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM**

The Secretary certified that the Definitive Information Statement and Notice of today's meeting were transmitted and delivered by registered mail to the stockholders' of record at their respective addresses as indicated in the corporate records, at least fifteen (15) business days prior to the date of this meeting, or on April 12, 2012. As of March 20, 2012, the "Record Date", the Corporation has 356,250,000 issued and outstanding common shares. Based on the Certification of the Corporation's Stock Transfer Agent, Rizal Commercial Banking Corporation, at least 256,674,687 or 72.05% of the Corporation's outstanding common capital stock were present in person or represented by proxies at today's meeting. Thus, a quorum existed for the transaction of corporate business.

**3. APPROVAL OF MINUTES OF PREVIOUS MEETING OF STOCKHOLDERS**

Upon motion duly made, the Secretary informed the stockholders' present that at least 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock with proxies in favor of the Chairman voting favorably for the approval of the minutes of the May 2, 2011 stockholders' meeting, copies of which have been furnished to the stockholders' present at today's meeting.

After the motion has been duly seconded, the following resolution was unanimously approved, confirmed and ratified by the stockholders:

### Stockholders' Resolution

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the "Corporation") representing 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, the Minutes of Annual Stockholders' Meeting held on May 2, 2011."

#### **4. MANAGEMENT REPORT FOR THE FISCAL YEAR 2011**

Mr. Victor A. Consunji, President and Chief Operating Officer of the Corporation rendered the Management Report, as follows:

##### COAL SEGMENT-

*Total material movement posted an 8% growth, setting a new record at 85 million bank cubic meters (bcm) from 79 million bcm. Coal released also improved by 4% at 7.8 million tonnes run-of-mine as against 7.5 million tonnes ROM in 2010, and resulting net product coal of 7.1 million tonnes from 6.95 million tonnes in 2010.*

*Total coal sales volume registered at 6.5 million tonnes, down by 9% from 2010 volume of 7.1 million tonnes. Although sales volume decreased, composite average price posted a substantial increase of 31% at PHP3,078 per tonne from PHP2,343 in 2010. Higher global coal prices contributed to the improvement as all supply contracts are already priced at market.*

*The decrease in sales volume came from export deliveries which dropped by 41% at 2.4 million tonnes from 4.1 million tonnes in 2010, while local sales increased by 34% at 4.1 million tonnes from 3 million tonnes in 2010.*

*Increasing local demand triggered a shift in marketing efforts to prioritize the domestic market to fully benefit from our competitive advantage over imported coal. Thus, from a 43%:57% market share in favor of export sales in 2010, the scale tipped to 63%:37% in favor of local sales in 2011.*

##### POWER SEGMENT-

*Running the 2 x 300 MW power plants in Calaca, Batangas gave us an opportunity to advance our competence in operating power plants with bigger capacities, and also provided us comprehensive understanding of the power industry.*

##### **UNIT 2**

*Unit 2 ran at an average load of 254 MW from 170 in 2010. Although rehabilitation works were done in mid-January, plant commissioning was extended to March due to high pressure heater leak adjustments. Gross generation improved by 57% at 1,132 GWh from 720 GWh in 2010 as operating hours increased. Capacity factor and availability registered at 43% and 60%, respectively.*

##### **UNIT 1**

*Unit 1 continued to run at a limited average load of 157 MW in 2011 from 160 MW in 2010 due to maintenance issues. However, forced outage dropped to 4% compared to 25% in 2010. Gross generation was 20% lower at 727 GWh as against 915 GWh in*

2010 since the unit was shut down starting August 29 for rehabilitation. Capacity factor and availability rates were at 28% and 54%, respectively.

SCPC's recorded sales for bilateral contracts in 2011 increased by 11% at 1,522 GWh from 1,369 GWh in 2010. This is attributed to 1) the revised contract with BATELEC I; 2) new power supply contracts with Trans-Asia Oil and Energy Development Corporation; and 3) an arrangement with NPC for a non-firm power supply to MERALCO on top of its existing transition supply contract.

MERALCO remained to be the biggest customer, accounting for 62% of energy sales of the bilateral contracts, or 47% of total energy sales.

Sales to the spot market dropped by 1% at 472 GWh from 476 GWh in 2010, mainly due to the approval of non-firm nominations of Meralco.

Total energy sales in 2011 is higher by 8% at 1,994GWh from 1,845 GWh in 2010; 77% sold under bilateral contracts, and 23% to the spot market.

Of the total energy sold, 87% was sourced from our own generation, while 13% was purchased from the spot market to meet our supply obligation to MERALCO.

In December, we signed a new power supply contract with Meralco effective December 26, 2011 for 210 MW per operational unit for a term of 7 years, with an option to extend for another 3 years upon mutual agreement. Total contracted energy as of year-end was 274 MW.

### III. FINANCE

Consolidated Revenues posted 13% growth at PHP25.8 billion; P16.2 billion from coal and P9.6 billion from energy sales.

As both business segments are still enjoying Income Tax Holidays, consolidated Net Income After Tax grew by 51% at PHP6.03 billion; PHP4.17 billion from coal and PHP1.87 billion from power. Earnings per Share increased by 40% at PHP16.93 from PHP12.10 in 2010.

Healthy cash position allowed more investments by the Company. Equity infusions were made to two new wholly owned companies incorporated in 2011. One is Southwest Luzon Power Generation Corp. which will undertake the expansion of the power capacities with the construction of 2 x 150 MW plants. We incorporated another company, Sem-Cal Industrial Park Developers, Inc., with a primary purpose of developing the Calaca property into an economic zone.

Meanwhile, consolidated PPE amounted to PHP35.63 billion, while total consolidated debt repayment was also sizeable at PHP2.8 billion.

Consolidated ending cash position improved by 31% at PHP5 billion despite the substantial cash out, PHP1.2 billion is the net cash generation during the period.

Consolidated Total Assets posted a 17% growth, closing at PHP35.6 billion from PHP30.5 billion in 2010; PHP12.6 billion from coal and PHP23 billion from power.

Consolidated Total Liabilities also increased by 15%, closing at PHP20.8 billion from beginning balance of PHP18.2 billion; PHP9.4 billion from coal and PHP11.4 billion from power.

The 20% increase in consolidated Total Stockholders' Equity came from growth in Retained Earnings from beginning balance of PHP 12.3 billion to PHP14.8 billion as at close of 2011, despite high cash dividend payout of P3.6 billion, of which P1.2 billion was contributed by the power segment.

Consolidated Current Ratio dropped by 16% at 1.24:1 from 1.48:1 in 2010 due to the increase in Current Liabilities. On the other hand, Debt-to-Equity ratio improved by 4% at 1.41:1 from 1.47:1 in 2010.

## **BLAZING THROUGH**

The evolution of our Company's business paves the way to creating a compounded value for shareholders' investments. We look forward to more upsides as we grow our businesses by continuing to explore latest technology, like our new power plants which will use clean coal technology that could burn low-grade coal.

Our achievements further fostered our commitment to our CSR projects, both for coal mining and power plant operations. Here are some of our CSR efforts during the year:

- 1) We built a total of 32 classrooms, 24 for high school and 8 for elementary schools; We also built a new building for our voc-tech school, the Semirara Training Center, to accommodate more students; we partnered with Dep-Ed in establishing a library center; we collaborated with the LGUs in upgrading the quality of education by partnering with Synergeia Foundation, Inc. for training of grade school teachers in Semirara; we also provided training to 78 teachers and donated 136 computers to different public elementary schools in Calaca.
- 2) We constructed a total of 45 kms of circumferential roads in the nearby islands during the year – 25.5 kms in Culuya and 19.6 kms in Sibay; we also provided technical assistance and materials to the LGU in constructing water wells and water distribution system;
- 3) We continue to supply electricity to the community at subsidized rate;
- 4) We continue to support local livelihood programs (such as fishing); we upgraded the ice plant; currently there are already a total of 10 fishing boats that local fisherfolks use in their operations.
- 5) We improved Company facilities for our employees and the community – we constructed additional housing units during the year both in Semirara and Calaca; we upgraded our hospital; we constructed a new public market, a commissary, and a transport terminal building; we set up a water filtration and refilling stations to improve water quality; we provided access to electronic banking in the island; we constructed a new gym, tennis courts and track and field oval.
- 6) We continue our environmental protection and preservation program with the establishment of marine sanctuary and hatchery to propagate giant clams, abalone and sea cucumber; we are also implementing a reforestation program of depleted Unong mine and present Panian mine; we also continue our inland and mangrove reforestation activities.
- 7) Meanwhile, we also restored the 150 - year old St. Raphael Parish Church in Calaca, Batangas, as well as the renovation of its convent and courtyard.

*We aggressively pursue these programs to address our corporate social responsibility of promoting sustainable growth and development for our host communities.*

*Finally, we closed the year in high spirits, with immense enthusiasm to blaze through our exciting prospects.*

After the rendition of the Management Report, the Vice-Chairman then opened the floor for any questions and/or clarifications.

Since there are no questions or clarifications on the Management Report, as read and delivered, the Vice-Chairman proceeded to entertain a motion for the approval of the Management Report.

Thereafter, upon motion duly made, the Secretary informed the stockholders that at least 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock with proxies in favor of the Chairman voting favorably for the approval of the management report.

After the motion has been duly seconded, the following resolution was unanimously approved, confirmed, and ratified by the stockholders:

#### Stockholders' Resolution

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the "Corporation") representing 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, the Management Report, as read and delivered by the Corporation's President and Chief Operating Officer, Mr. Victor A. Consunji, for the fiscal year 2011."

#### **5. RATIFICATION OF THE ACTS OF THE OFFICERS AND BOARD OF DIRECTORS**

The meeting then proceeded to the next item of the agenda on the ratification of the acts of Officers and Board of Directors of the Corporation performed or undertaken in the year 2011 and until the date of this meeting.

Upon motion duly made, the Secretary informed the stockholders that at least 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock with proxies in favor of the Chairman voting favorably for its approval.

Thereafter, the motion upon being duly seconded, the following resolution was unanimously approved, confirmed and ratified:

#### Stockholders' Resolution

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the "Corporation") representing at least 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and Officers of the Corporation made or undertaken in the year 2011 and until the date of this meeting, as these are reflected in the books and records of the Corporation."

## 6. APPROVAL AND/OR RATIFICATION OF CORPORATION'S INTERIM SURETYSHIP AND SHAREHOLDER'S SUPPORT FOR CONSTRUCTION OVERRUNS VIA EQUITY OR SUBORDINATED LOANS, PLEDGE OF 67% SHARES HELD IN SLPGC

The Secretary, upon being directed by the Vice-Chairman, explained to the stockholders that in 2007 the Corporation's stockholders approved the Corporation's venture to invest in power generation. On December 2, 2009, the 2x300 MW Batangas Coal-Fired Thermal Power Plant in Batangas ("Power Plant") was turned-over by the National Power Corporation to SEM-Calaca Power Corporation, a wholly-owned subsidiary of the Corporation.

On August 31, 2011, Southwest Luzon Power Generation Corporation (Southwest Luzon), a wholly-owned subsidiary of the Corporation was incorporated to be the project company of the 2x150 MW Coal-Fired Thermal Power Plant ("New Plant") located in Calaca, Batangas adjacent to the Calaca Power Plant with an estimated cost of P19.8 billion. Southwest Luzon has an authorized capital stock of P10 billion and paid-up capital of P3 billion.

To partially finance the engineering, procurement and construction costs, interest during construction, taxes and duties, financing fees and costs, legal and consulting costs, and working capital of the New Plant, Southwest Luzon signed a syndicated ten (10)-year term loan under a Project Debt Facility of up to P14 billion with BDO Capital & Investment Corporation as the Lead Arranger.

On February 3, 2012, the Corporation's Board of Directors in a special meeting confirmed and approved:

- a) The terms of the Project Debt Facility of up to P14 billion for the 2x150 MW Coal-Fired Thermal Power Plant between Southwest Luzon and BDO Capital & Investment Corporation.
- b) The execution of the following securities as required by the Project Debt Facility and as contained the Omnibus Loan and Security Agreement ("Omnibus Loan") to be executed by and among Southwest Luzon, BDO Unibank, Inc. (BDO), Bank of the Philippine Islands (BPI) and China Banking Corporation (CBC) and the Corporation:
  - (i) Interim Suretyship, that will guarantee the repayment of all obligations under the Project Debt Facility for the amount of loan to be obtained by Southwest Luzon;
  - (ii) Shareholder's support by the Corporation that will fund the project's construction cost overruns via equity or subordinated loans; and
  - (iii) Corporation's pledge of 67% of its shares held in Southwest Luzon.

On February 24, 2012, Southwest Luzon, the Corporation, BDO, BPI and CBC, BDO Capital & Investment Corporation, BPI Capital Corporation and BDO Unibank, Inc.-Trust and Investment Group executed an Omnibus Loan and Security Agreement of P11.5 billion.

Under the terms of the Omnibus Loan, the Corporation will provide the following securities or guarantee to secure Southwest Luzon's obligations:

- a) Interim Suretyship the terms of which shall be suspended under the terms of the Project Debt Facility and the Omnibus Loan.

- b) Shareholder's Support via equity investments in, or subordinated shareholder loan in favor of Southwest Luzon: (i) the amount in excess of the Project Cost (or its peso equivalent) required to fund the construction costs of the New Plant, including costs for the installation of a generator circuit breaker, (ii) any and all costs and expenses needed to repair, undertake remedial measures or otherwise address any defect, damage, breakdown or similar incidents involving or sustained by the New Plant that otherwise would have been covered by the warranties of the New Plant's supplier, China National Electric Engineering Co. Ltd. ("CNEEC Warranties") had such warranties been effective for 24 months from Project Takeover Date, provided, however, that the Corporation's obligation to fund any such costs and expenses shall apply only to any defect, damage, breakdown or similar incident occurring after the expiration of the CNEEC Warranties but not later than 24 months from Project Takeover Date of the New Plant, and (iii) any such defect, damage, breakdown or similar incidents due to non-installation of a generator circuit breaker for the New Plant (as may be reasonably determined by the Lenders upon consultation with the Lender's Engineer); and
- c) Pledge of 67% of the Corporation's shares held in Southwest Luzon.

Upon motion duly made, the Secretary informed the stockholders that at least two-thirds (2/3) or 72.05% (256,673,954) of the Corporation's issued and outstanding capital stock with proxies in favor of the Chairman, voting favorably, for the approval and/or ratification of the foregoing.

After the motion has been duly seconded, the following resolution was approved, confirmed and ratified:

#### Stockholders' Resolution

"RESOLVED, as it is hereby resolved, that the Stockholders of **Semirara Mining Corporation** (the "Corporation") comprising at least two-thirds (2/3) or 72.05% (256,673,954) of the issued and outstanding capital stock of the Corporation, approve, confirm and ratify, as they do hereby, the execution of the guarantees or securities under the terms of the Omnibus Loan and Security Agreement dated February 24, 2012 and approved by the Board of Directors on February 3, 2012, which securities will secure and guarantee the P11.5 billion loan obtained by Southwest Luzon Power Generation Corporation from BDO Unibank, Inc., Bank of the Philippine Islands and China Banking Corporation (collectively referred to as the "Lenders"), to wit:

- (i) Interim Suretyship to guarantee Southwest Luzon Power Generation Corporation's obligations under the terms of the Project Debt Facility and of the Omnibus Loan and Security Agreement dated February 24, 2012;
- (ii) Shareholder's Support via equity investments in, or subordinated loans in favor of Southwest Luzon Power Generation Corporation as follows:
- a. the amount in excess of the Project Cost (or its peso equivalent) required to fund the construction of the 2x150 MW Coal-Fired Thermal Power Plant (the "New Plant"), including costs for the installation of a generator circuit breaker,

- b. any and all costs and expenses needed to repair, undertake remedial measures or otherwise address any defect, damage, breakdown or similar incidents involving or sustained by the New Plant that otherwise would have been covered by the warranties of the New Plant's supplier, China National Electric Engineering Co. Ltd. ("CNEEC Warranties") had such warranties been effective for 24 months from Project Takeover Date, provided, however, that the Corporation's obligation to fund any such costs and expenses shall apply only to any defect, damage, breakdown or similar incident occurring after the expiration of the CNEEC Warranties but not later than 24 months from Project Takeover Date of the New Plant, and
  - c. any such defect, damage, breakdown or similar incidents due to non-installation of a generator circuit breaker for the New Plant (as may be reasonably determined by the Lenders upon consultation with the Lender's Engineer); and
- (iii) Pledge of 67% of the Corporation's shares held in Southwest Luzon Power Generation Corporation."

## 7. ELECTION OF DIRECTORS FOR THE YEAR 2012-2013

The meeting proceeded with the election of the members of the Board of Directors. The Secretary apprised the stockholders of the mechanics on the election of directors. He explained that pursuant to Article I, Section 5 of the Amended By-laws of the Corporation, at all meetings of stockholders for the election of the members of the Board of Directors, cumulative voting is allowed and each stockholder may distribute his votes in accordance with the applicable law.

Section 24 of the Corporation Code of the Philippines provides that a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name in the stock books of the Corporation on record date and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit. The quorum required in the election of the members of the Board of Directors is a majority of the outstanding capital stock entitled to vote. The eleven (11) nominees obtaining the highest number of votes in accordance with Section 24 of the Corporation Code shall be proclaimed directors.

Moreover, being a publicly-listed company, the Corporation is required under SEC regulations and the Corporation's Revised Code of Corporate Governance to have at least two (2) independent directors being twenty (20%) of the seats of the Board. Messrs. Victor C. Macalincag and Federico E. Puno have been nominated by a stockholder of the Corporation, Mr. Antonio C. Olizon, as independent directors. The Nomination and Election Committee has passed upon the qualifications of each of Messrs. Macalincag and Puno in accordance with the Corporation's Revised Code of Corporate Governance and the SEC's Guidelines on the Nomination and Election of Independent Directors.

Further, the Secretary explained that based on the nominations received by the Nomination Committee and/or Corporate Secretary in accordance with the Procedure



on Nomination and Election of Directors prior to deadline for submission of nominations on March 15, 2012, there are eleven (11) nominees for directorship inclusive of two (2) nominees for independent directorship. After the determination of the final list of candidates, no other nomination will be allowed on the floor in accordance with the Amended By-Laws of the Corporation. The following names of nominees' appeared in the Final List of Candidates for Directorship:

As Regular Directors:

1. David M. Consunji
2. Victor A. Consunji
3. Isidro A. Consunji
4. Cesar A. Buenaventura
5. Jorge A. Consunji
6. Herbert M. Consunji
7. Ma. Cristina C. Gotianun
8. Ma. Edwina C. Laperal
9. George G. San Pedro

As Independent Directors:

10. Victor C. Macalincag
11. Federico E. Puno

There being no objections, the Chair hereby directed the Corporate Secretary to cast the votes of the stockholders' present or represented by proxies at today's meeting for the persons who have been so nominated; and with the casting of votes, the Chair hereby declared the following as directors of this Corporation for a period of one (1) year and until their successors shall have been duly elected and qualified.

Regular Directors:

1. David M. Consunji
2. Victor A. Consunji
3. Isidro A. Consunji
4. Cesar A. Buenaventura
5. Jorge A. Consunji
6. Herbert M. Consunji
7. Ma. Cristina C. Gotianun
8. Ma. Edwina C. Laperal
9. George G. San Pedro

Independent Directors:

10. Victor C. Macalincag
11. Federico E. Puno

## 8. APPOINTMENT OF EXTERNAL AUDITOR

Finally, the meeting proceeded with the appointment of the external auditors of the Corporation for the current fiscal year. Upon motion duly made, the Secretary informed the stockholders that at least 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock with proxies in favor of the Chairman voting favorably for the appointment of Sycip Gorres Velayo & Company, as the Corporation's external auditors for the current fiscal year.

After the motion has been duly seconded, the following resolution was unanimously adopted:

**Stockholders' Resolution**

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the "Corporation") representing at 256,673,954 or 72.05% of the Corporation's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, the appointment of **SyCip Gorres Velayo & Company** as the external auditors of the Corporation for the current fiscal year."

**9. OTHER MATTERS**

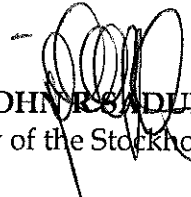
Before the adjournment, however, the Vice-Chairman instructed the Secretary of the meeting to announce to the stockholders the declaration of cash dividend. Accordingly, the Secretary informed the stockholders that last April 30, 2012, the Board of Directors of the Corporation at its special meeting approved and authorized the declaration of cash dividend in the amount of P12.00 per share. The Board fixed May 29, 2012 as the Record Date and June 25, 2012, as the Payment Date.

**10. ADJOURNMENT**

There being no other matters to be taken, the same was, upon motion made and duly seconded, adjourned.

**ATTESTED:**

  
**DAVID M. CONSUNJI**  
Chairman of the Stockholders' Meeting

  
**JOHN R. ADILLO**  
Secretary of the Stockholders' Meeting