

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

May 2, 2016, 10:00 A.M.  
Big Function Room, Manila Golf & Country Club, Inc.  
Harvard Road, Forbes Park, Makati City, Philippines

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**Present:**

1. **Isidro A. Consunji**, *Chairman of the Board, CEO, and Member of the Nomination and Election Committee*
2. **Victor A. Consunji**, *Vice-Chairman, President, Chief Operating Officer, and Member of the Audit Committee*
3. **Victor C. Macalincag**, *Independent Director, Chairman of the Audit Committee and Compensation & Remuneration Committee, and Member of the Nomination & Election Committee*
4. **Rogelio M. Murga**, *Independent Director, Chairman of the Nomination and Election Committee, Member of the Audit Committee and Compensation & Remuneration Committee*
5. **Jorge A. Consunji**, *Non-Executive Director*
6. **Herbert M. Consunji**, *Non-Executive Director*
7. **Cesar A. Buenaventura**, *Non-Executive Director*
8. **Josefa Consuelo C. Reyes**, *Non-Executive Director*
9. **Maria Cristina C. Gotianun**, *Executive Vice President and Member of the Compensation & Remuneration Committee*
10. **Ma. Edwina C. Laperal**, *Non-Executive Director*
11. **George G. San Pedro**, *Vice-President and Resident Manager*

**Others Present:**

1. **John R. Sadullo**, *Vice President, Legal and Corporate Secretary*
  2. **Junalina S. Tabor**, *VP & Chief Finance Officer*
  3. **Jaime B. Garcia**, *VP, Procurement & Logistics*
  4. **Nena D. Arenas**, *Vice President, Chief Governance Officer, and Compliance Officer*
  5. **Antonio R. Delos Santos**, *Vice President, Treasury*
  6. **Jose Anthony T. Villanueva**, *Vice-President, Marketing*
  7. **Sharade E. Padilla**, *Assistant Vice-President, Investor & Banking Relations*
  8. **Leandro D. Costales**, *Comptroller*
  9. **SGV & Co:**
    - a. **Cyril Jasmin B. Valencia**, *Assurance Partner*
    - b. **Bernalette L. Ramos**, *Engagement Partner*
    - c. **Beatriz Mari V. Carlos**, *Senior Associate*
    - d. **Clarice C. Tayag**, *Associate*
    - e. **Aizel Y. Ceñidoza**, *Associate*
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## 1. CALL TO ORDER

Mr. Isidro A. Consunji, Chairman of the Board presided over the meeting. Mr. John R. Sadullo, the Corporate Secretary of the Corporation, 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 6, 2016. As of March 10, 2016, the "Record Date", the Corporation has 1,068,750,000 issued and outstanding common shares. Based on the Certification of the Corporation's Stock Transfer Agent, Rizal Commercial Banking Corporation, at least 833,356,028 or 77.97% of the Corporation's issued and outstanding capital stock were present in person or represented by proxies at today's meeting. Thus, a quorum existed for the transaction of corporate business.

Before proceeding, the Corporate Secretary apprised the stockholders that matters requiring approval by the stockholders will be voted upon through poll balloting after all items have been discussed and the proper motion for its approval duly made and seconded. He however emphasized that stockholders who are ready to vote may do so notwithstanding.

The counting and validation of votes shall be supervised by a committee appointed by the Nomination & Election Committee of the Corporation headed by the Corporate Secretary. The Corporation appointed the auditing firm of SyCip Gorres Velayo & Co. as the independent body to count and validate the votes by poll cast by the stockholders at today's meeting.

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

The Chairman proceeded with item 3 of the Agenda on the approval of the minutes of the previous meeting of stockholders held on May 4, 2015, copies of which were duly furnished to the stockholders' present at the meeting. After due deliberation, a motion was entertained, which was duly seconded, and the votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	833,346,624	100%
Against	None	None
Abstain	None	None

Based on the foregoing, the stockholders consisting of at least 833,346,624 or 100% of the Corporation's issued and outstanding capital stock unanimously approved, confirmed and ratified, and the following resolution was adopted by the stockholders:

### **Stockholders' Resolution**

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the "Corporation") consisting of at least 833,346,624 or 100% of the Corporation's issued and outstanding capital stock, approve, confirm and ratify, as they do hereby, by poll balloting the Minutes of Annual Stockholders' Meeting held on May 5, 2014."

#### 4. MANAGEMENT REPORT FOR THE FISCAL YEAR 2015

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

*“Our Company managed to surpass a number of challenges in 2015. We closed the year with a historical high consolidated net income - a clear manifestation of our Company’s unwavering strength.*

*We have a good reason to revel in the remarkable performance of our Company, but we also grieve deeply for the nine lives lost in the land slip in the northern edge of Panian mine on 17 July. This incident fueled us to further intensify mine safety. The incident was totally unacceptable to the management team such that we commit to take all the necessary safety precautions over and above acceptable standards of safety for both coal and power plant operations to protect the lives of our workers and make “Safety” our number one priority.*

##### **Safety Efforts**

*We intensified our Safety efforts with the following activities during the year:*

- 1. Revision of mining and operating protocols on in-situ materials and overburden materials.*
- 2. Strengthen our organizational structure by expanding the scope of our concurrent full time geotechnical consultant to include examination of monthly mining plans for stability analysis of benches and over-all slope. We also hired additional safety personnel for safety monitoring and manning of safety equipment.*
- 3. Augmenting our safety equipment with the acquisition of two units of Slope Stability Radar (SSR) systems to complement our existing Total Robotic Station for real time, 24-hour slope movement monitoring. The SSR is a state-of-the-art technology for monitoring mine walls and general slopes and is now a generally-accepted tool for high-risk slope management.*
- 4. Enhancing our safety culture with more safety trainings. Safety trainings during the year reached 26,898 hours, constituting 70% of the total training hours of 38,576.*

*All these manifest our Company’s resolute attention to Safety.*

##### **Operational challenges**

*Mining operations were suspended for two months following the slide in Panian mine in July. However, the dry El Nino weather as well as previous years' pre-stripping activities allowed mining operation to catch up on its production target despite the temporary halt in operations. Coal production only showed a slight 1% drop at 7.98 million tons from a historical high of 8.1 million tons in 2014.*

*Global coal prices continued to fall, directly impacting on our average selling price or ASP. However, we were able to correspondingly bring down our production cost due to the following:*

- 1. Decrease of oil price, which is the single biggest cost component of our mining operations.*

2. *In-pit dumping of overburden materials resulting to shorter hauling distance also contributed to lesser fuel consumption per bank cubic meter (bcm).*
3. *We expanded conveying capacity to reduce cost of transporting coal by augmenting the conveyor belt size.*

*At the start of the year, our Company's objective is to continue to deploy resources and tap mining technologies to make our coal extraction and support activities more productive and cost efficient. The impact of the low coal prices was effectively cushioned by the lower production cost. Coal segment gross profit ratio improved to 47% compared to 35% in 2014.*

*In 2015 coal sales volume dropped 9% to 8.4 million tons from 8.9 million tons in 2014. Coal Revenues dropped 13% due to lower volume and continuous softening of global coal prices.*

*Meanwhile, in the power segment, our wholly-owned Sem-Calaca Power Generation Corporation (SCPC) registered a stellar performance with its two plants operating steadily after a series of rehabilitation works in the previous years. Both plants recorded a historical high combined generation of almost 4,000 GWh, increasing by 39% from last year's 2,840 GWh.*

*Power ASP also decreased due to the drop in fuel prices, which is benchmarked to international indices. However, with plants running more efficiently, our profitability improved despite being on tax position already after our registration with the Board of Investment expired in 2014.*

*On the other hand, Southwest Luzon Power Generation (SLPGC) incurred delays in declaring commercial operations of the 2 x 150 CFB power plants in 2015 due to the following:*

1. *There was around two months delay in connecting to the grid for backfeed power pending the transfer of ownership of the transmission assets to NGCP;*
2. *When transfer of the substation to NGCP was still not effected, we were delayed in connecting to the grid to synchronize; and*
3. *We encountered several equipment quality issues while on commissioning.*

*The good news however, is that during the year, we were able to secure 222 MW of power supply contracts, representing 84% of the net rated capacity - after station service - of the upcoming additional capacity. We also generated 211 GWh while on testing and commissioning.*

*To give you the latest update, we already secured NGCP certification, which is a prerequisite of ERC's issuance of a Provisional Authority to Operate or PAO. ERC already inspected the plants last April 26 and 27, after which, it will issue the PAO. Once we get the PAO, we will already declare commercial operations. We expect to get the PAO and declare commercial operations within this month.*

*Target turn-over and acceptance of the plants is around late 3Q or early 4Q.*

### **Record high profitability, stable dividends**

*Notwithstanding the difficulties in 2015 and failure of the 2x150 MW plants to contribute to the net earnings of our Company, we achieved 24% growth in profitability, posting a NIAT of Php8.5 billion from Php6.9 billion the previous year.*

*Our healthy cash generation of Php10.7 billion enabled us to finance our growth activities as well as maintain our dividend payout of Php4.3 billion. Dividend payout ratio in 2015 is 55%, almost thrice the 20% minimum set in the policy. Last April 29, the board declared Php4 dividend per share for this year, with payment date on May 27. Our robust ending cash balance of Php4.75 billion presents us the ability to continue financing our growth prospects in the following year.*

### **Corporate Sustainability**

*We continue to strive to enhance our CSR efforts by expanding our scope to formally include Emergency Preparedness in our 5Es CSR program to equip the community with proper training to prepare for and survive calamities. We have redefined our 5Es to cover Electrification, Economic Empowerment, Education and Skills Training, Environmental Protection, and Emergency Preparedness. We envision to continue providing holistic support and development of our host communities through our CSR initiatives for sustainability.*

*After surviving - with no casualty - the strongest typhoon that hit the country, typhoon Yolanda, we undertook to further strengthen emergency preparedness of the whole municipality of Caluya. We have committed to build a 720 - square meter evacuation center for 17 barangays in the islands as part of our Emergency Preparedness efforts. To date, we are finishing one in barangay Tinogboc. These centers will accommodate the residents in time of calamities to ensure zero casualties in the islands.*

*I would also like to mention that as of 2015, we have planted trees and mangroves in almost 625 hectares, more than tenth of the total size of the 5,500 hectare island. Of this area, around 200 hectares are mangrove plantations. -*

*We continue to support education in the island. When classes start in June, Semirara will be K to 12 ready with the additional 12 classrooms we are building in Divine Word School of Semirara.*

*Our Company was named first runner-up in the Corporate Social Responsibility (CSR) category of the 2015 ASEAN Energy Awards in Kuala Lumpur, Malaysia for our reef rehabilitation efforts in Semirara Island. The rehabilitation project involves spawning and reseeding endangered giant clams through its Marine Hatchery Laboratory.*

*We also continue our campaign to improve our corporate culture by improving our good governance practices. In 2015, our Company ranked among the top 50 publicly listed companies in the Philippines in the Asean Corporate Governance Scorecard.*

### **Resilience**

*The obstacles in 2015 provided us valuable lessons that we will carry with us as we continue to improve and grow our Company. Amidst disappointments, we were able to strengthen our Company's fundamentals; overcoming the challenges made us more resilient.*

*Against a backdrop of a bear market and a number of operational challenges during the year, our stock price rebounded towards the end of 2015, showing the market's confidence in our Company. We undertake to prudently plan the expansion of our business to achieve sustainable growth and value creation for our stakeholders.*

*We start this year more optimistic of the future.*

*Before 2015 ended, DENR approved our ECC application for expansion of our power business with a 3 x 350 MW coal-fired plants additional capacity in the Calaca complex. Last Wednesday, April 27, we signed a Joint Venture Agreement with Meralco Power Generation, a subsidiary of MERALCO to construct and operate 2 out of the 3 x 350 MW. The project company will be St. Raphael Power Generation Corporation.*

*On 12 February, DENR approved our application to amend our ECC allowing us to increase our mining capacity from 8 million tons to 12 million tons.*

*Moreover, we were able to register with the Board of Investments a new mine, Molave mine. Molave contains higher quality coal which can be sold to local plants that are designed to use coal fuel higher than our average 5,300 kcal coal. Initial drilling results showed that heating value of the new mine's coal reserves is around 6,000 kcal.*

### **Closing**

*In closing, I would like to convey my sincerest gratitude to all our partners and different stakeholders who continue to support our businesses, in good and bad times, especially to the families of the workers affected in the mine incident, who continued to trust and remain faithful to our Company.*

*Together, we will continue to grow with unwavering strength.*

*Thank you."*

After the delivery of the Management Report, the Chairman then welcomed stockholders' queries and/or clarifications on the Management Report. However, no questions or clarifications were raised by the stockholders. Thus, the Chairman entertained a motion to approve the Management Report, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	832,595,624	99.91%
Against	None	None
Abstain	750,600	0.09%

Based on the foregoing, the stockholders consisting of at least 832,595,624 or 99.91% of the Corporation's issued and outstanding capital stock unanimously approved, confirmed and ratified, and the following resolution was adopted by the stockholders:

### **Stockholders' Resolution**

**"RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the "Corporation") representing at least 832,595,624 or 99.91% of the Corporation's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, by poll balloting the

Management Report for the fiscal year 2015, as read and delivered by the Corporation’s President and Chief Operating Officer, Mr. Victor A. Consunji.”

**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 2015 and until the date of this meeting.

After due deliberation, a motion was entertained, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	832,595,624	99.91%
Against	None	None
Abstain	750,600	0.09%

With the foregoing, the stockholders consisting of at least 832,595,624 or 99.91% of the Corporation’s issued and outstanding capital stock unanimously approved, confirmed and ratified, and the following resolution as adopted by the stockholders:

**Stockholders’ Resolution**

“**RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the “Corporation”) representing at least 832,595,624 or 99.91% of the Corporation’s issued and outstanding capital stock approve, confirm and ratify, as they do hereby, by poll balloting all the acts, decisions and resolutions of the Board of Directors and Officers of the Corporation made or undertaken in the year 2015 and until the date of this meeting, as these are reflected in the books and records of the Corporation.”

**6. ELECTION OF DIRECTORS FOR THE YEAR 2016-2017**

The next item is the election of directors for the year 2016-2017. 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 Company 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 Rogelio M. Murga have been nominated by a stockholder of the Company, Mr. Antonio C. Olizon, as independent directors. The Nomination and Election Committee has passed upon the qualifications of Messrs. Macalincag and Murga in accordance with the Corporation's Revised Code of Corporate Governance, SEC's Guidelines on the Nomination and Election of Independent Directors, and the term limit requirement pursuant to SEC Memorandum Circular No. 9, Series of 2011. The nominees for Independent Directors were nominated to the Board due to their outstanding business and financial acumen which provided invaluable contribution to the Company's strategy.

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 February 29, 2016, there are eleven (11) nominees for directorship inclusive of two (2) nominees for independent directorship. All nominees have been determined to possess the qualifications, skills and experience appropriately aligned to the Corporation's strategy.

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:

**Regular Directors:**

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

**Independent Directors:**

10. Victor C. Macalincag
11. Rogelio M. Murga

The following nominees were elected as directors for the ensuing year by poll balloting conducted thereafter to serve for a period of one (1) year, and to serve as such until their successors shall have been duly elected and qualified:

Director	Vote Cast (one vote per share) and the Percentage of Shares represented at ASM with Balloting Rights		
	For	Against	Abstain
<b><i>Regular Director</i></b>			
1. Isidro A. Consunji	832,014,499 (99.84%)	259,825 (0.03%)	1,071,900 (0.13%)
2. Victor A. Consunji	785,076,023 (94.21%)	4,792,385 (0.58%)	43,477,816 (5.22%)
3. Jorge A. Consunji	789,585,153 (94.75%)	259,825 (0.03%)	43,501,246 (5.22%)
4. Cesar A. Buenaventura	789,584,913 (94.75%)	259,825 (0.03%)	43,501,486 (5.22%)
5. Herbert M. Consunji	789,608,523 (94.75%)	259,825 (0.03%)	43,477,876 (5.22%)
6. Josefa Consuelo C. Reyes	789,532,503 (94.74%)	312,115 (0.04%)	43,501,606 (5.22%)
7. Maria Cristina C. Gotianun	789,607,067 (94.75%)	259,825 (0.03%)	43,479,332 (5.22%)
8. Ma. Edwina C. Laperal	788,874,583 (94.66%)	970,035 (0.12%)	43,501,606 (5.22%)
9. George G. San Pedro	788,949,027 (94.67%)	917,745 (0.11%)	43,479,452 (5.22%)
<b><i>Independent Director</i></b>			
10. Victor C. Macalincag	833,084,279 (99.97%)	259,825 (0.03%)	2,120 (0.00%)
11. Rogelio M. Murga	832,374,069 (99.88%)	259,825 (0.03%)	2,120 (0.00%)



**11. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR**

The meeting proceeded with the last item in the Agenda on the appointment of external auditors of the Corporation for the current fiscal year. After due deliberation, a motion was entertained, which was duly seconded. The votes cast as validated showed the following results:

<b>Opinion</b>	<b>Vote Cast (one vote per share)</b>	<b>Percentage of Shares represented at ASM with balloting rights</b>
For	833,346,224	100%
Against	None	None
Abstain	None	None

Thus, the stockholders consisting of at least 833,346,224 or 100% of the Corporation’s issued and outstanding capital stock unanimously approved, confirmed and ratified, and the following resolution was adopted by the stockholders:

**Stockholders’ Resolution**

“**RESOLVED**, as it is hereby resolved, that the stockholders of **Semirara Mining and Power Corporation** (the “Company”) representing at least 833,346,224 or 100% of the Corporation’s issued and outstanding capital stock, approve, confirm and ratify, as they do hereby, by poll balloting the appointment of **SyCip Gorres Velayo & Co.** as the independent external auditors of the Corporation for the current fiscal year.”

**12. ADJOURNMENT**

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

**ATTESTED:**

  
**ISIDRO A. CONSUNJI**  
Chairman of the Stockholders’ Meeting

  
**JOHN R. SADULLO**  
Secretary of the Stockholders’ Meeting