

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

OF

SEMIRARA MINING CORPORATION

May 6, 2013, 10:00 A.M.
Fairways Room, Manila Golf & Country Club
Harvard Road, Forbes Park, Makati City, Metro Manila

DIRECTORS PRESENT:

DAVID M. CONSUNJI	-	Chairman of the Board of Directors
ISIDRO A. CONSUNJI	-	Vice-Chairman & Chief Executive Officer Chairman, Nomination & Election Committee
VICTOR A. CONSUNJI	-	President & Chief Operating Officer Member, Audit Committee
MA. CRISTINA C. GOTIANUN	-	Vice President, Administration & HRD Chairperson, Compensation & Remuneration Committee
GEORGE G. SAN PEDRO	-	Compliance Officer Vice President - Operations/Resident Manager
VICTOR C. MACALINCAG	-	Independent Director Chairman, Audit Committee Member, Nomination & Election Committee, Member, Compensation & Remuneration Committee
FEDERICO E. PUNO	-	Independent Director Member, Audit Committee Member, Nomination & Election Committee Member, Compensation & Remuneration Committee
JORGE A. CONSUNJI	-	Non-Executive Director
HERBERT M. CONSUNJI	-	Non-Executive Director
CESAR A. BUENAVENTURA	-	Non-Executive Director
MA. EDWINA C. LAPERAL	-	Non-Executive Director

OTHERS PRESENT:

JOHN R. SADULLO	-	Corporate Secretary
JUNALINA S. TABOR	-	Chief Finance Officer
NENA A. ARENAS	-	Corporate Governance Officer

SGV & Co :

- Cirilo Noel, Managing Partner
- J. Carlitos Cruz, Deputy Managing Partner
- Davee M. Zuniga, Assurance Partner
- Assurance Associates

1. CALL TO ORDER

Mr. David M. Consunji, Chairman of the Board, turned over the floor to the Company's 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 11, 2013. As of March 27, 2013, the "Record Date", the Company has 356,250,000 issued and outstanding common shares. Based on the Certification of the Company's Stock Transfer Agent, Rizal Commercial Banking Corporation, at least 288,899,570 or 81.09% of the Company'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.

Prior to proceeding with the Agenda the Corporate Secretary apprise 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. The Company appointed auditing firm, Sycip Gorres Velayo & Co. as the independent party to conduct the counting and validation of votes.

3. APPROVAL OF MINUTES OF PREVIOUS MEETING OF STOCKHOLDERS

The Vice Chairman proceeded with item 3 of the Agenda on the approval of the Minutes of the Previous Meeting of Stockholders held May 7, 2012 and entertained a motion which was duly seconded for the approval, confirmation and ratification by the stockholders of the Minutes of the Stockholders held last May 7, 2013 copies of which were duly furnished to the stockholders' present, with the following resolution unanimously approved, confirmed and ratified by the stockholders' present consisting of at least 277,527,320 or 77.90% of the Company's issued and outstanding capital stock voting favorably by poll balloting thereafter:

Stockholders' Resolution

"RESOLVED, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the "Company") representing 277,527,320 or 77.90% of the Company'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 7, 2012."

4. MANAGEMENT REPORT FOR THE FISCAL YEAR 2012

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

GROWTH AMIDST CHALLENGES

The year 2012 posed a lot of challenges to your company in 2012, as market condition was unfavourable to the coal business while rehabilitation of the Calaca Unit 1 tested our engineering competency.

COAL

Run-of mine coal production increased by 5% or at 8.2 million tonnes with 15% improvement in strip ratio at 8.66:1 from 10.13:1 last year. Total materials moved decreased by 9% due to longer hauling cycle as mining operations were concentrated at the lowest level of the pit and lower operating days.

The advance stripping activities in the previous periods contributed to higher production during the year. Coal recovery improved with the use of unwashed coal to Sem-Calaca power Unit 2 contributing to the 8% increase in net total product of 7.7 million tonnes from 7.1 million in 2011.

Coal inventory at year-end was at 1.4 million tons, which is 39% higher than beginning inventory.

Total coal sold in 2012 increased by 10% at 7.18 million tons compared to 6.52 million Tons in 2011.

Sale to power plants decreased by 14% at 2.53 million tonnes. Sem-Calaca's off-take this year increased by 6% at 1.49 million tonnes as Q4 deliveries picked up after the completion of Unit 1 rehab. Meanwhile deliveries to other power plants dropped in the second half, resulting to a 33% drop year-on-year at 1.04 million tons.

With three new customers this year, sales to cement plants increased by 59% at 1.05 million tonnes from 660 thousand tonnes last year.

The 9% drop in sales to other local customers was mainly caused by weaker purchases by some small traders.

The increase in sales to cement plants offset the decrease in deliveries to power plants and other industrial customers, posting a 2% drop in local sales at 4.01 million tonnes this year.

Meanwhile, export sales rebounded in Q4, bringing total exports to 3.17 million tonnes this year, posting a 31% growth over last year.

Our supply contracts are already priced at market, thus the drop in global coal prices brought down composite average FOB price per tonne this year by 20% at PHP2,453 from last year's PHP3,078.

POWER

When power Unit 1 was turned-over in December 2009, its rated capacity was only 53% at 160 MW using pure Semirara Coal.

The original equipment manufacturers for the turbine, boiler and generator were engaged to supervise the repair and commissioning of the plant. The target load capacity using pure Semirara coal was at least 220 MW or 73% of its rated capacity. Post rehab, the average load capacity is now at 235 MW or 77% of its rated capacity, thereby improving by 24%.

Unit availability was only 2,697 hours or 31% compared to 54% last year since it was down for rehab for about 7 months of the year . Total energy generated was 531 Gwh, down by 27% compared to last year.

Power Unit 2 is now on its second year of operation post-rehab, and it recorded better performance in all aspects of operation in 2012. Gross generation increased by 71% or 1,932 Gwh. Unit availability improved from 60% to 88% and forced outage was limited to only 12% from 36% last year. Running hours in 2012 is remarkably higher at 7,761 hours than 2011 or 48% increase.

The average load capacity in 2012 is at 249 MW or 20% more than last year. Load capacity is limited due to some leaks on two of its high pressure heaters. Energy sales during the period posted a 16% increase growth from 2,025 GWh in 2011 to 2,355 GW this year.

Sales under bilateral contracts increased to 2,007 GWH from 1,553GWh in 2011 or 29% improvement. This mainly came from the contract with MERALCO which was effective since December 26, 2011.

MERALCO is still the single biggest customer of the power segment in 2012, accounting for 80% share of the total energy sales to bilateral contracts.

Sales to spot market dropped by 26% at 348 GWh from 472 GWh in 2011 . The decrease in spot sales was due to the increase in contracted power which effectively reduced the excess capacity for sale in the spot market.

Of the total energy sold in 2012, 85% went to bilateral contracts, while 15% to the spot market. Due to the decrease in global coal fuel price, composite average price per KWh decreased by 13% at PHP4.12 from PHP4.75 last year.

Of the total energy sold, 99% came from the generation of the power plants, while 1% was purchased from the spot market.

The abrupt forced outages and scheduled maintenance of major power plants which decreased the supply in the months of May to July caused spot price volatility in 2012. Also, it was observed that the demand increased by an average of 4% during the year. These two factors caused the increase of spot prices in the market.

The planned outages of other power generators in the last quarter of the year drove spot prices upward as demand for energy rose in the same period. This situation in the market provided Unit 1 an opportunity to generate more revenues as power generated during the plant's testing and commissioning were sold to the spot market.

The synergism between our coal and power businesses was clearly validated by the market condition in 2012, as manifested in the Company's strong financial condition and results of operations posting growth despite a challenging market.

With two power units running starting August enabled the power segment to compensate for the low profitability in the first half and mitigated the negative impact of the drop in international coal prices to the coal mining segment's profitability.

As a result, consolidated net income hit a new record of PHP6.36 billion in 2012, 5% higher than previous year's net income of PHP6.03 billion.

Despite the drop in global coal prices, the coal segment managed to sustain its earnings by increasing sales volume and by tightening control on costs and increasing coal production. This mitigated the drop in coal segment's net income after eliminations to 7% at PHP3.10 billion from PHP3.33 billion last year despite the 20% drop in composite average coal price.

The power segment boosted your Company's profitability with a 21% increase in net income after eliminations at PHP3.28 billion from PHP2.71 billion in 2011. Increase in total generation offset the decline in composite average per kwh caused by the drop in coal fuel prices. Likewise, cost per kwh sold also recorded a significant 25% reduction at PHP2.36 from PHP3.16 last year due to decrease in fuel cost and minimal spot purchases. This pricing mechanism cushions the impact of fuel cost volatility to earnings.

Your Company's strong cash generation allowed us to pay off maturing debts amounting to PHP5.3 billion; fund CAPEX requirements of PHP5.37 billion; fund additional equity infusion of PHP2.5 billion for the power expansion; and pay off cash dividends of PHP4.27 billion.

Your Company paid a record high dividend per share of PHP12 in 2012, a 20% increase from previous year's dividend of PHP10 per share with a payout ratio of 71%. Consequently, last April 30, the Board declared a PHP12 dividend this year with a payout ratio of 71% based on 2012 earnings.

The healthy financial condition of your Company is clearly exhibited by the continuous strengthening of our balance sheet. Consolidated total assets grew from PHP35.7 billion last year to PHP36.2 billion this year, while consolidated total liabilities reduced from PHP20.9 billion in 2011 to PHP19.3 billion and consolidated stockholders equity increased from PHP14.8 billion to PHP16.9 billion as at the end of this year.

Despite our investment activities, our debt-to-equity ratio posted an 18% improvement from 1.41:1 as at the start of the year to 1.14:1 by yearend. Meanwhile, after down payments and other progress payments for the power expansion project and debt service, consolidated current ratio dropped to 0.96 x from 1.25 x last year.

The Company's strong backbone are its physical infrastructure, supply chain, good governance and human capital, thus the delivery of aforementioned better results.

To realize the maximum benefit of this business model we are replicating this synergy through the expansion of our power capacity. The Phase 1 of the power expansion project is already in-progress and is expected to be completed by 2015. The new 2 x 150 MW coal fired power plants are designed using the latest circulating fluidized bed (CFB) technology.

We seek continuous improvement of our quality management processes, particularly on safety and environment. We continue to strengthen our safety systems and recently hired a Geological Engineer and a Hydrogeologist and engaged a third party specialist for Geotechnical and Hydrological services to monitor slope stability, among others.

In behalf of the Company, I would like to express deep gratitude to all the officers, employees, partner communities, government agencies and stakeholders who supported us in continuously delivering good results for the Company's growing business.

With the continuous success of our Company, I am reiterating our firm commitment to continuously enhance our CSR initiatives, through our expanded 5 E's program, encompassing Electrification, Education, Employment and Livelihood, Economic Empowerment and Environment Protection to our host communities and in appreciation of their acceptance of your company to become their partner in promoting environmental and economic sustainability.

Noteworthy to mention, we continued to build classrooms, in partnership with the local government, in Semirara island, wherein 19 additional classrooms, complete with facilities, will be ready this coming school year. We also built 4 classrooms in the island of Elin, San Jose, Mindoro.

Meanwhile, 50 new classrooms were built in 9 barangays in Calaca, Batangas, which will be ready by this coming school year. All these classrooms are complete with facilities, such as tables and chairs, electric fans, and comfort rooms in every elementary classroom.

We also extended our support to different church organizations in Semirara and in Batangas by restoring or building their places of worship. We donated materials for the Baptist church and Four Square; we restored a church in Lobo, Batangas; after restoring the San Rafael church last year, we also restored its convent and patio in 2012; we constructed a chapel in Barangay Baclaran, in Balayan, Batangas; and we built a church and convent in Elin, Mindoro.

Before concluding his report the President informed the stockholders that last April 30, 2013, the Board of Directors of the Company declared cash dividends in the amount of P12.00 per share with record date of May 17, 2013 and payment date of May 29, 2013.

After the delivery 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:

After a motion was duly seconded for the approval of the Management Report and the voting by poll balloting subsequently conducted, the Stockholders consisting of at least 260,058,765 or 73% of the Company's issued and outstanding capital stock voted favorably thereafter by poll balloting for the approval of the management report, as follows:

Stockholders' Resolution

“RESOLVED, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the “Company”) representing 260,058,765 or 73% of the Company's issued and outstanding capital stock approve, confirm and ratify, as they do hereby, by poll balloting the Management Report, as read and delivered by the Company's President and Chief Operating Officer, Mr. Victor A. Consunji, for the fiscal year 2012.”

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 Company performed or undertaken in the year 2012 and until the date of this meeting.

Upon motion duly made and seconded the following resolution was unanimously approved, confirmed and ratified by stockholders consisting of at least 277,527,320 or 77.90% of the Company's issued and outstanding capital stock voting favorably thereafter by poll balloting for its approval:

Stockholders' Resolution

“RESOLVED, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the “Company”) representing at least 277,527,320 or 77.90% of the Company'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 Company made or undertaken in the year 2012 and until the date of this meeting, as these are reflected in the books and records of the Company.”

6. ELECTION OF DIRECTORS FOR THE YEAR 2013-2014

The next item is the election of directors for the year 2013-2014. 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 Company, 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 Company is required under SEC regulations and the Company'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 Company, 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 Company'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.

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 11, 2013, 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:

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

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:

A. Regular Directors:

	<u>Number of Votes</u>
1. David M. Consunji	277,531,320
2. Isidro A. Consunji	276,762,750
3. Victor A. Consunji	277,526,920
4. Jorge A. Consunji	277,526,920
5. Cesar A. Buenaventura	277,526,920
6. Herbert M. Consunji	277,526,920
7. Ma. Cristina C. Gotianun	276,308,100
8. Ma. Edwina C. Laperal	261,087,695
9. George G. San Pedro	275,864,930

B. Independent Directors:

	<u>Number of Votes</u>
10. Victor C. Macalincag	277,526,920
11. Federico E. Puno	277,526,920

8. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR

The meeting proceeded with the last item in the Agenda on the appointment of the external auditors of the Company for the current fiscal year. Upon motion duly made and seconded, the stockholders consisting of at least 277,527,320 or 77.90% of the Company's issued and outstanding capital stock thereafter voted favorably by poll balloting for the appointment of Sycip Gorres Velayo & Co. as the Company's independent external auditors for the current fiscal year, with the following resolution being unanimously adopted:

Stockholders' Resolution

“RESOLVED, as it is hereby resolved, that the stockholders of **Semirara Mining Corporation** (the “Company”) representing at 277,527,320 or 77.90% of the Company’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 Company for the current fiscal year.”

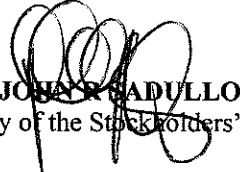
9. ADJOURNMENT

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. ADULLO

Secretary of the Stockholders' Meeting