



May 5, 2010

**THE PHILIPPINE STOCK EXCHANGE, INC.**  
4<sup>th</sup> Floor, Philippine Stock Exchange Center  
Exchange Road, Ortigas Center, Pasig City

Attn.: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

Re: Clarification of news articles

Gentlemen:

This has reference to your clarificatory notice regarding the news articles published in today's issue of The Manila Times and BusinessMirror, respectively, as follows:

1. "Semirara Mining expects higher output to lift profit" in the Manila Times which reported in part that:

... In a briefing, Isidro Consunji, Semirara Mining vice chairman, said the firm's core business are expected to generate about P4 billion in earnings this year from P1.81 billion in 2009. The coal miner hopes to earn P2 billion as it increase its production capacity to 5.5 to 6.5 million tons from 4.8 million in 2009. Its Calaca power plant business is expected to add another P2 billion to profits. Semirara Mining will also allot \$25 million for capital expenditures and another P4 billion to P5 billion for the rehabilitation of the Calaca facility. The mining firm will borrow at least \$11 million from Hongkong and Shanghai Banking Corp. to finance portion of its capex, which will be used to acquire more barges and replace old equipment required for capacity expansion... Coal sales are expected to reach P12 billion to P14 billion on the back of higher output, while power sales are projected at P6 billion...

By way of reply to the foregoing, please be advised that the Corporation wishes to clarify some statements stated in the above-mentioned news article. The Corporation expects to generate about P2 billion in earnings this year as opposed to P4 billion. The stated P2 billion profits expected from the Corporation's power plant is projected after the plant rehabilitation.



With respect to the loan of at least \$11 million from HSBC, the same shall be used to acquire more barges and tugboats and another \$10-12 million to replace old equipment required for capacity expansion. The rest of the statements in the above-quoted news article are hereby confirmed. For clarity, we wish to re-quote the news article with our comments as follows:

... In a briefing, Isidro Consunji, Semirara Mining vice chairman, said the firm's core business are expected to generate about P2 billion in earnings this year from P1.81 billion in 2009. The coal miner hopes to earn P2 billion as it increase its production capacity (sale) to 5.5 to 6 million tons from 4.5 million in 2009. Its Calaca power plant business is expected to add another P2 billion to profits after plant rehabilitation. Semirara Mining will also allot \$25 million for capital expenditures and another P4 billion to P5 billion for the rehabilitation of the Calaca facility. The mining firm will borrow at least \$11 million from Hongkong and Shanghai Banking Corp. to finance portion of its capex, which will be used to acquire more barges and tugboats and another \$10-12 million to replace old equipment required for capacity expansion... Coal sales are expected to reach P12 billion to P13 billion on the back of higher output, while power sales are projected at P6 billion...

2. "Semirara to increase coal output" in the BusinessMirror which reported in part that:

... He said sales have already reached 2.6 million metric tons for the first four months ending April 30, higher than 2 million metric tons during the same period last year...

We confirm that coal sales as of April 30, 2010 (four-month period) already registered at 2.6 million metric tons.

Thank you.

Very truly yours,

SEMIRARA MINING CORPORATION

By:

  
JOHN R. SABULLO  
Corporate Secretary