

**MINUTES OF THE ANNUAL GENERAL MEETING  
OF THE STOCKHOLDERS OF  
PHILEX PETROLEUM CORPORATION**

**Held on 17 May 2016 at 2:30 PM  
at Ballroom A, Marco Polo Ortigas Manila,  
Meralco Avenue, Sapphire Street, Ortigas Center, Pasig City**

**Directors Present:**

Eulalio B. Austin, Jr., *Presiding Chairman*

Daniel Stephen P. Carlos, *President*

Emerlinda R. Roman, *Independent Director; Chairman, Audit Committee*

Benjamin S. Austria, *Independent Director; Chairman, Risk and Resources  
Committees*

Diana B. Pardo-Aguilar

Barbara Anne C. Migallos, *Corporate Secretary*

**Also Present:**

Banco de Oro Unibank (BDO) Corporate Agencies and Stock Transfer Service

**CALL TO ORDER**

Mr. Eulalio B. Austin, Jr., a Director of the Company, acted as Chairman and called the meeting to order. The Corporate Secretary, Atty. Barbara Anne C. Migallos, recorded the minutes of the proceedings.

The Chairman introduced the Directors present at the meeting, among them Dr. Emerlinda R. Roman, Independent Director and Chairman of the Audit Committee, and Dr. Benjamin S. Austria, Independent Director, Chairman of the Risk and Resources Committees.

**PROOF OF REQUIRED NOTICE OF THE MEETING**

The Corporate Secretary certified that notices of the Annual General Stockholders' Meeting, together with the Agenda and the Information Statement, duly approved by the Securities and Exchange Commission (SEC), were sent to shareholders on 19 April 2016 and in no case later than 22 April 2016, within the periods prescribed under applicable rules and consistent with corporate governance best practices. She reported that the Notice with Agenda was published in two major newspapers of general circulation.

The Corporate Secretary presented a notarized certification that she executed to attest to these facts under oath.

## **PROOF OF THE PRESENCE OF A QUORUM**

The Corporate Secretary certified that there were present, in person or represented by proxy, shareholders holding **1,293,869,486** shares or **76.11%** of the outstanding capital stock of the Company and that there was a quorum to transact business for the meeting.

## **VOTING PROCEDURE**

In accordance with corporate governance best practices, the Corporate Secretary explained the voting procedures and protocol for the meeting.

The Corporate Secretary informed the body that the required quorum for the meeting will be determined by the presence in person or by proxy of stockholders holding a majority of the outstanding capital stock. The Corporate Secretary, however, noted that there will be one item on the agenda that will require the affirmative vote of stockholders representing 2/3 of the outstanding capital stock. The amendment of Article First of the Company's Articles of Incorporation to change the corporate name from Philex Petroleum Corporation to PXP Energy Corporation will require the affirmative vote of shareholders holding at least 2/3 of the outstanding capital stock. The voting procedure is as follows:

1. Voting is by balloting.
2. Shareholders who are present and did not submit proxies prior to the meeting are given ballots upon registration. In the case of proxies submitted prior to the meeting, the designated proxy is provided with ballots for casting in accordance with the instructions contained in the proxies.
3. The Company's transfer agent, Banco de Oro (BDO) Stock Transfers, will tabulate the proxies and the ballots.
4. The votes cast for each of the items on the Agenda will be announced when the particular item on the Agenda is taken up by the body.
5. Voting results will be posted on the Company's website.

The Corporate Secretary said that the proxy form contains every item on the Agenda requiring a vote, with spaces provided for YES, NO or ABSTAIN. In the case of the election of directors, the names of each of the nominees are stated in the proxy with three options: VOTE FOR ALL, WITHHOLD VOTE FOR ALL, and WITHHOLD VOTE FOR CERTAIN NOMINEES, with spaces provided for the names of the nominees not being voted for. The shareholder issuing the proxy indicates his/her vote on each of the items, and the votes are cast in accordance with the shareholder's instruction.

## **READING OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING AND ACTION THEREON**

With legal notices sent and a quorum present, the Chairman proceeded to the reading and approval of the Minutes of the Annual Stockholders' Meeting held on 19 May 2015 and of the Special Stockholders' Meeting held on 11 August 2015.

A shareholder moved that the reading of the Minutes of the Annual Meeting of Stockholders held on 19 May 2015 and of the Special Meeting of Stockholders held on 11 August 2015 be dispensed with and that the said Minutes be approved. This motion was by duly seconded by another shareholder.

At the Chairman's request, the Corporate Secretary informed the body that, as reflected in the tally prepared by BDO, shareholders holding **1,293,869,486** shares, representing **76.11%** of the outstanding capital stock of the Company, voted YES to the approval of the Minutes of the Annual Stockholders' Meeting held on 19 May 2015 and of the Special Stockholders' Meeting held on 11 August 2015. The Chairman declared the motion carried. The Minutes of the Annual Stockholders' Meeting held on 19 May 2015 and of the Special Stockholders' Meeting held on 11 August 2015 are approved.

## **PRESENTATION OF ANNUAL REPORT AND ACTION THEREON**

The next item on the agenda was the presentation of the Annual Report and the Audited Financial Statements of the Company for the year ended 31 December 2015. The Annual Report contains the Company's Financial Statements and Notes thereto for the year ended 31 December 2015 which were examined by the Company's independent auditors, SyCip Gorres Velayo & Company. Shareholders were previously provided copies of the Annual Report and the audited financial statements, together with the Notice and Agenda for today's meeting.

The Chairman requested Mr. Daniel Stephen P. Carlos, President of the Company, to present the highlights of the annual report and the audited financial statements for the year 2015.

### **2015 Operational Highlights**

Mr. Carlos started by presenting the 2015 operational highlights of the Company. The Company, either directly or through its subsidiaries Forum Energy Ltd (Forum Energy) and Pitkin Petroleum Plc (Pitkin), is among the Philippine companies that are operating petroleum service contracts in the country. The Company remains committed in advancing its exploration and production efforts despite the challenges that the Company is now facing. In particular, the low oil crude prices and the maritime dispute in the West Philippine Sea that is hampering two of the Company's most promising assets.

On Service Contract 72 (Recto Bank), in which Forum Energy is the designated operator and holds 70% interest, Mr. Carlos reported that exploration work in the block is on hold following suspension by the Department of Energy (DOE) of petroleum activities in certain areas of the West Philippine Sea. This is due to the ongoing arbitration case between the Philippines and China. The United Nations Arbitral Tribunal is now deliberating the case after completion of hearings and submission of documents last December 2015 and a decision is expected in the coming months. Once the suspension is lifted, Forum Energy will have 20 months to complete its Sub Phase 2 work commitment that includes the drilling of two wells, Sampaguita 4 and Sampaguita 5. In the meantime, Forum Energy has carried out an interpretation of 2D seismic data. This work validated the North Bank prospect, located north of the Sampaguita gas field. A 3D seismic survey is being recommended to further evaluate the prospect, which will be carried out once the suspension is lifted.

On Service Contract 75, in which the Company is the designated operator and holds 50% interest, Mr. Carlos said that the joint venture, with PNO Exploration Corporation and PetroEnergy Resources Corporation, completed its work commitment for the first Sub Phase in 2015. The work included an interpretation of 2D seismic data acquired in 2014. However, similar to Service Contract 72, Service Contract 75 is also under force majeure, since 26 December 2015, which is also the expiry date of the first Sub Phase. As a result, all exploration activities in the block have also been suspended. Once the DOE lifts the suspension, the plan for the Sub Phase 2 includes acquisition of at least 1,000 square kilometers of 3D seismic survey, as minimum work obligation, over some identified leads in the block.

As to Service Contract 74 (Linapacan), in which the Company is the designated operator and holds 70% interest, Mr. Carlos reported that the Company acquired the block through a Deed of Assignment, executed last February 2016, from its subsidiary, Pitkin, and the DOE approved the Company's operatorship last 25 April 2016. The partners of the Company are Philodrill Corporation and PNO Exploration Corporation. The joint venture is preparing for a block wide 2D seismic survey which will be conducted late May 2016 by CGG Services SA (CGG). Simultaneous with the seismic survey, marine gravity and magnetic data will also be acquired by an affiliate of CGG.

On Service Contract 14C1 (Galoc), in which Forum Energy holds 2.27% interest, Mr. Carlos reported that the consortium, led by Galoc Production Company, has initiated measures to maintain commerciality of the producing Galoc field in view of the current oil price situation and the normal decline of production of the producing well. The initiative includes cost cutting measures and renegotiation of third party contracts to reduce operating cost. The production levels of the Galoc Field and oil prices for the past two years were then presented by the President.

In relation to Galoc Phase 3 development, the joint venture is considering drilling an appraisal well in the Galoc Mid Prospect, immediately north of the existing

Galoc field, named Galoc-7. Should the Galoc-7 well prove to be successful, one to two horizontal production wells will be drilled in the area. Phase 3 is expected to produce 9 million barrels of recoverable oil and extend the life of the Galoc field. Regarding the oil price, Mr. Carlos noted that the price has recovered since the end of 2015. There is a steady increase in price since January 2016 and for the first half of May 2016, the Galoc oil price, which is based on the Dubai oil price, is averaging USD42 per barrel.

On Block Z-38, located in offshore Peru and in which Pitkin holds 25% interest, Mr. Carlos reported that the block has been under force majeure since 2014 due to the inability of the operator, Karoon Gas Australia Ltd (Karoon), to secure a suitable drilling rig. Upon lifting of the force majeure, the joint venture will have approximately 22 months to complete the third phase of the work obligation, comprising of the drilling of two exploration wells. Mr. Carlos noted that Pitkin will be carried in the cost of drilling the wells. The approved work program for 2016 includes well preparation for a possible drilling of Bonito and Marina prospects in 2017.

#### 2015 Financial Highlights

Mr. Carlos reported that 2015 was a very challenging year for the petroleum industry due to the global setting of low crude oil prices, as average oil price dropped from USD105 Dollars per barrel in 2014 to USD53.8 Dollars per barrel in 2015. The Company also experienced a normal decline of oil production in the Galoc oil field, from a total output of 2.8 million barrels or 9 liftings in 2014 to 2.43 million barrels or 7 liftings completed in 2015. As a result, revenues from petroleum declined by 44%, from Php308 Million in 2014 to Php172 Million in 2015. In 2015, management continued its cost containment plan, which included rationalization of the group's portfolio and sharing of resources within the group. Cost and expenses were reduced by 25%, from Php436 Million in 2014 to Php327 Million in 2015. Under other income and charges, an income of Php11 Million was reported in 2015, in contrast to a charge of Php312 Million in 2014 due to impairment charges in Pitkin's SC6A Octon. Finally, the Company incurred a lower net loss of Php144 Million in 2015, compared to Php449 Million net loss in 2014.

Presenting the balance sheet, Mr. Carlos reported that total assets, as of 31 December 2015, amounted to Php7,228 Million, compared to Php8,497 Million in 2014. This was due to the reduction in cash and cash equivalent following Pitkin's share buyback of USD30 Million, of which USD14 Million was distributed to third parties and USD10 Million was paid to the parent company, Philex Mining Corporation, as partial payment of the Company's debt. Total liabilities decreased by 12%, from Php4,824 Million in 2014 to Php4,261 in 2015. Total equity amounted to Php2,967 Million at the end of 2015, compared to Php3,673 Million in 2014.

#### 2016 First Quarter Financial Highlights

Mr. Carlos reported that oil revenues amounted to Php23.1 Million for the first quarter of 2016, as compared to Php37.6 Million during the same period in 2015.

This was due to a drop in oil prices, from USD53.8 per barrel in 2015 to USD38.8 per barrel in 2016; and the normal decline in Galoc Field production, which resulted to only 1 lifting made in the first quarter of 2016, as compared to 2 liftings in 2015. Management substantially reduced overhead cost by 60%, from Php81.4 Million in 2015 to Php32.5 in 2016. This was principally due to the transfer of Pitkin's office in Makati to the Company's head office in Pasig as well as the delisting of Forum Energy in the London Stock Exchange. The Company incurred a lower reported net loss of Php15 Million in 2016 as compared to Php44.2 Million in 2015.

For the balance sheet, total assets was at Php7,103 Million at the end of the first quarter of 2016, compared to Php7,228 Million as of 31 December 2015. Cash and cash equivalents increased by 10.6%, from Php526 Million at the end of 2015 to Php582 for the first quarter of 2016. Total liabilities at the end of the first quarter this year amounted to Php4,259 Million, compared to Php4,261 Million as of 2015 year end. Total equity amounted to Php2,844 Million, compared to Php2,967 in 2015 year end.

To conclude his report, Mr. Carlos said that the Company will continue its efforts to rationalize business structure and assets portfolio of the Philex Petroleum Group. With the transfer of Service Contract 74 from Pitkin to the Company, the Company is now operating two blocks in Northwest Palawan. In Peru, the Company, through Pitkin, will continue its participation in Block Z-38 of which Pitkin has a carried interest of 25% for two wells. In Forum Energy, the delisting of the Company from the London Stock Exchange was completed in June 2015 which significantly reduced administrative costs. Mr. Carlos noted that prior to the delisting, the Company purchased shares of minority shareholders, increasing the Company's shareholdings from 60.49% to 67.19% in Forum Energy. Mr. Carlos said that the Company is confident that the arbitration case over the West Philippine Sea will result to an expedient and impartial ruling that will create a positive business environment and enable the Company to proceed with its exploration programs in Service Contract 72 and Service Contract 75. In the meantime, the Company will continue to monitor its exploration expenditures, constantly evaluate its asset portfolio, and remain active in its oil exploration activities.

### **Open Forum**

The Chairman then invited questions from the shareholders.

Mr. Ernesto B. Llaneza, a stockholder, asked about the production capacity of Service Contract 72. Mr. Carlos responded that the estimated reserve of the Sampaguita gas field is comparable to the Malampaya field. The life span of the Sampaguita gas field, once developed, is at least twenty years and can help supply the energy needs of the country, especially Luzon.

Mr. Jose T. Ferrer, a stockholder, inquired about the reason for the change of corporate name and whether the Company will diversify to other businesses. The Corporate Secretary explained that the primary purpose of the Company is to

engage in business related to petroleum and other sources of energy. The name PXP Energy Corporation is broader and is consistent with the Articles of Incorporation.

There being no other questions from the shareholders, there was a motion for the adoption of the following resolution:

**“RESOLVED**, that the Annual Report, together with the Company’s Audited Financial Statements and the Notes thereto for the year ended 31 December 2015, prepared by the Company’s external auditors, Sycip Gorres Velayo & Co. be, as they are hereby, approved, ratified and confirmed.”

The motion was duly seconded by another shareholder. At the request of the Chairman, the Corporate Secretary informed the body of the voting results on the fifth item on the Agenda, shareholders’ action on the Annual Report and the audited financial statements for the year ended 31 December 2015.

The Corporate Secretary informed the body that shareholders holding **1,293,557,486** shares, representing **76.09%** of the outstanding capital stock of the Company, have voted YES to the approval of the Annual Report and the Audited Financial Statements for the year ended 31 December 2015, and the Notes thereto. The Chairman declared the motion carried. The Annual Report, the Audited Financial Statements and the Notes thereto for the year ended 31 December 2015 has been approved, ratified and confirmed.

#### **AMENDMENT OF ARTICLE FIRST OF THE COMPANY’S ARTICLES OF INCORPORATION**

The Chairman then took up the next item on the Agenda, which is the amendment of Article First of the Company’s Articles of Incorporation to change the corporate name from Philex Petroleum Corporation to PXP Energy Corporation. The Chairman requested the Corporate Secretary to explain this item.

The Corporate Secretary reported that at the meeting of the Board of Directors of the Company held on March 9, 2016, the Board adopted resolutions for the amendment of Article First of the Company’s Articles of Incorporation to change the corporate name from Philex Petroleum Corporation to PXP Energy Corporation. The Corporate Secretary noted that PXP is the Company’s stock trading symbol in the Philippine Stock Exchange. The change in corporate name is consistent with the Company’s primary purpose which is not only to engage in business related to petroleum but also other sources of energy as provided in the Company’s Articles of Incorporation.

The approval of the shareholders is sought for the proposed amendment to Article First of the Company's Articles of Incorporation to change the corporate name, as contained in the following resolutions:

**“RESOLVED**, that the corporate name of Philex Petroleum Corporation (the “Company”) be amended to **PXP ENERGY CORPORATION**;

**“RESOLVED FURTHER**, that Article First of the Articles of Incorporation of the Company be amended to read as follows:

**‘FIRST: -** That the name of said Corporation shall be

**PXP ENERGY CORPORATION’**

**“RESOLVED, FURTHER**, that the foregoing resolutions of the Board of Directors to change the corporate name be presented for ratification and approval by stockholders of the Company at the Annual Stockholders’ Meeting scheduled on 17 May 2016.”

A shareholder then moved for the adoption and approval of the following resolutions:

**“RESOLVED**, that the shareholders of Philex Petroleum Corporation (the ‘Company’) approve, as they hereby approve, that the corporate name of Philex Petroleum Corporation be amended to **PXP ENERGY CORPORATION**;

**“RESOLVED, FURTHER**, that Article First of the Articles of Incorporation of the Company be amended to read as follows:

**‘FIRST: -** That the name of said Corporation shall be

**PXP ENERGY CORPORATION’**

The motion was seconded. The Chairman requested the Corporate Secretary to inform the body of the votes of the stockholders in favor of the change in corporate name to PXP Energy Corporation.

The Corporate Secretary informed the body that shareholders holding **1,293,869,231** shares, representing **76.11%** of the outstanding capital stock of the Company, have voted YES to the change in corporate name from Philex Petroleum Corporation to PXP Energy Corporation and the corresponding amendment to Article First of the Company's Articles of Incorporation.

The Chairman then approved the change in corporate name to PXP Energy Corporation and the corresponding amendment to Article First of the Articles of Incorporation.



## **RATIFICATION AND APPROVAL OF THE ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

The Chairman then took up the next item on the Agenda, which is the ratification and approval of the acts of the Board of Directors and the Executive Officers of the Company during the year 2015.

A shareholder moved for the adoption of the following resolution:

**“RESOLVED**, that all acts made or taken by the Board of Directors and/or the officers of the Corporation during the past year and/or all acts and proceedings performed or taken pursuant thereto, be, as it is hereby ratified, approved and confirmed.”

The motion was duly seconded. At the request of the Chairman, the Corporate Secretary informed the body of the voting results for this item of the Agenda. The Corporate Secretary certified that shareholders holding **1,293,557,486** shares, representing **76.09%** of the outstanding capital stock of the Company, voted YES to the approval, ratification and confirmation of all acts made or taken by the Board of Directors and Officers of the Company during the past year. The Chairman declared the motion carried. All acts made or taken by the Board of Directors and/or the officers of the Corporation during the past year are approved and ratified.

## **APPOINTMENT OF INDEPENDENT AUDITORS**

The Chairman then proceeded to the appointment of independent auditors of the Company for the year 2016. The Chairman said that the Audit Committee had recommended, and the Board approved, the appointment of SyCip Gorres Velayo and Company as independent auditors of the Company for the year 2016. A shareholder moved for the adoption of the following resolution:

**“RESOLVED**, that the auditing firm of SyCip Gorres Velayo & Company be, as it is hereby appointed as the independent auditors of the Company for 2016 and until their successors are duly appointed.”

The motion was duly seconded. At the request of the Chairman, the Corporate Secretary informed the body of the voting results for this item of the Agenda.

The Corporate Secretary certified that shareholders holding **1,293,869,486** shares, representing **76.11%** of the outstanding capital stock of the Company, voted YES to the appointment of Sycip Gorres Velayo & Company as the independent auditors of the Company for 2016. The Chairman declared the motion carried.

SyCip Gorres Velayo & Company are appointed as the independent auditors of the Company for 2016.

### **ELECTION OF DIRECTORS**

The Chairman then proceeded to the election of directors for the ensuing year. The Chairman said that there are nine (9) seats to be filled, and two (2) of the directors must be independent directors. The Corporate Secretary was requested to read the names of the nominees.

The Corporate Secretary announced that there were nine (9) nominees for the nine (9) seats on the Company's Board of Directors. The Nominations Committee screened the nine (9) nominees and prepared a final list of candidates, which was incorporated in the Information Statement distributed to the shareholders, together with the Notice and Agenda, before the meeting. The following are the nine (9) nominees for election to the Board:

1. Marilyn A. Victorio-Aquino
2. Eulalio B. Austin, Jr.
3. Benjamin S. Austria (Independent Director)
4. Daniel Stephen P. Carlos
5. Barbara Anne C. Migallos
6. Robert C. Nicholson
7. Manuel V. Pangilinan
8. Diana B. Pardo-Aguilar
9. Emerlinda R. Roman (Independent Director)

The Chairman then requested the Corporate Secretary to advise the body of the votes cast in favor of the nominees for election to the Company's Board of Directors. The Corporate Secretary informed the body that each of the nine (9) nominees for the nine (9) seats on the Board received sufficient votes to elect them as Director of the Company. The tabulation of the votes will be posted on the Company's website after the meeting. Thereafter, the Chairman declared that the following had been elected as directors of the Company, to serve as such for the ensuing year and until their successors have been duly elected and qualified:

1. Marilyn A. Victorio-Aquino
2. Eulalio B. Austin, Jr.
3. Benjamin S. Austria (Independent Director)
4. Daniel Stephen P. Carlos
5. Barbara Anne C. Migallos
6. Robert C. Nicholson
7. Manuel V. Pangilinan
8. Diana B. Pardo-Aguilar
9. Emerlinda R. Roman (Independent Director)

**ADJOURNMENT**

The Chairman inquired whether there were other matters to be taken up at the meeting.

There being no other business to transact, the Chairman entertained the motion made by a shareholder that the meeting be adjourned. Upon such motion duly seconded, the Chairman declared the meeting adjourned.

Prepared By:

**BARBARA ANNE C. MIGALLOS**  
Corporate Secretary

ATTEST:

**EULALIO B. AUSTIN, JR.**  
Chairman of the Meeting

**Minutes of the Annual General Stockholders' Meeting**  
**Philex Petroleum Corporation;**  
Tuesday, 17 May 2016 at 2:30P.M.  
PXP AGM 2016 Minutes (final)/kci14