

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

**Held on 20 May 2014 at 2:00 PM
at the SGV Hall, AIM Conference Center Manila,
Benavidez cor. Trasierra Streets, Makati City**

Directors Present:

Manuel V. Pangilinan, *Chairman and CEO*
Emerlinda R. Roman, *Independent Director; Chairman, Audit & Risk Committee*
Benjamin S. Austria, *Independent Director; Chairman, Resource Committee*
Marilyn A. Victorio-Aquino, *Chairman, Corporate Governance Committee*
Eulalio B. Austin, Jr.
Barbara Anne C. Migallos

Also Present:

Justice Florentino P. Feliciano, *Senior Consultant*
Arturo A. Morado, Jr., *Managing Director and CEO, Pitkin Petroleum Plc*
Jaime del Rosario, *SGV & Co. (External Auditor)*
Jose Pepito E. Zabat, *SGV & Co (Engagement Partner, External Auditor)*
Banco de Oro Unibank (BDO) Corporate Agencies and Stock Transfer Service

CALL TO ORDER

The Chairman, Mr. Manuel V. Pangilinan, 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. The shareholders were informed of the presence of the Chairman of the Audit & Risk Committee and of representatives of the Company's independent external auditors, Sycip Gorres Velayo & Company.

PROOF OF REQUIRED NOTICE OF THE MEETING

The Corporate Secretary certified that notices of the Annual Stockholders' Meeting, together with the Agenda and the Information Statement, duly approved by the Securities and Exchange Commission (SEC), were sent to shareholders on 21 April 2014 and in no case later than 28 April 2014, within the periods prescribed under applicable rules and in conformity with corporate governance best practices. She reported that the Notice with Agenda was published in two major newspapers of general circulation on 21 April 2014 and 19 May 2014.

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 **1,438,449,349** shares or **84.61%** 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 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. To approve an item on the agenda, the affirmative vote of at least a majority of those present is required. The Corporate Secretary noted that there are no items on today's Agenda that require a higher vote as provided in the Corporation Code. The voting procedure is as follows:

1. Voting is by balloting.
2. There are registration tables outside the meeting hall. Representatives of the Company's stock transfer agent, Banco de Oro Unibank Corporate Agencies and Stock Transfer Service (BDO), are present at these registration tables.
3. Upon registration, shareholders and proxy holders are provided with ballots. A ballot box, where shareholders may cast their ballots, is prominently displayed.
4. The votes are tallied by BDO.
5. 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. Votes cast before the start of the meeting are to be included in the tally. Votes cast after the start of the meeting will be tallied and recorded.

The Corporate Secretary said that the proxy form, which was provided to the shareholders together with the Notice and Agenda and the Information Statement distributed well before the meeting, contains every item on the Agenda requiring a vote, with spaces provided for YES, NO or ABSTAIN. The shareholder issuing the proxy indicates his vote on each of the items, and the votes are cast in accordance with the shareholder's instruction. This procedure allows shareholders who cannot be present to cast their vote and ensures that the vote of the shareholder issuing the proxy is counted for each of the items on the Agenda.

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 previous meeting of the shareholders held on 21 May 2013.

A shareholder moved that the reading of the Minutes of the Annual Stockholders' Meeting held on 21 May 2013 be dispensed with and that the 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 **1,438,448,259** shares, representing **84.61%** of the outstanding capital stock of the Company, voted YES to the approval of the Minutes of the Annual Stockholders' Meeting held on 21 May 2013. No shareholder voted "NO" to the approval of the Minutes. The proxy of a shareholder holding 1,090 shares indicated "ABSTAIN" on this item. The Chairman declared the motion carried. The Minutes of the 21 May 2013 Annual Stockholders' Meeting 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 2013. The Annual Report contains the Company's Financial Statements and Notes thereto for the year ended 31 December 2013 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. Arturo A. Morado, Jr., Managing Director and CEO of Pitkin Petroleum, a subsidiary of the Company, to present the highlights of the annual report and the audited financial statements for the year 2013.

Mr. Morado started by presenting the PXP Group Asset Portfolio as of May 2014, noting that the Company remains to be a 65% owned subsidiary of Philex Mining Corporation. The Company currently has interests in 15 Petroleum Service Contracts (SC) in the Philippines and two exploration blocks in Peru that are held directly by the Company or indirectly through Forum Energy, a 60% owned subsidiary, and Pitkin Petroleum, a 50% owned subsidiary. Mr. Morado then presented the key changes in the Company's asset portfolio for 2013, as follows: (1) successful acquisition of two new Service Contracts, SC74 and SC75 from the Fourth Philippine Energy Contracting Round (PECR); (2) acquisition of a controlling interest in Pitkin Petroleum; (3) sale of Pitkin Petroleum's 25% interest in Vietnam Block 07/03; (4) closure of Brixton Energy's coal mine in Diplahan, Zamboanga Sibugay, and the transfer of its interest in Coal Operating Contract 130 to Grace Coal Mining; and (5) sale of the Company's interest in PetroEnergy Resources.

On the Company's bottom line, Mr. Morado reported that in 2013, the Company incurred a lower consolidated net loss of Php101 million, compared to a consolidated net loss of Php1.086 Billion in 2012. The decrease in the Company's net loss for 2013 was due to the recognition of a gain in the sale of Pitkin Petroleum's assets in the amount of Php 246 million. This gain was partly offset by the increase in the general and administrative expenses in relation to the consolidation of Pitkin Petroleum. In contrast, in 2012, the Company made a provision for the impairment of assets of Brixton Energy and Forum Energy of nearly Php 1 billion.

For the first quarter of 2014, Mr. Morado reported that the Company reported a consolidated net income of P25.7 million, compared to a consolidated net loss of P24.5 million during the same period last year. The net income in 2014 was mainly due to higher petroleum revenues of Forum Energy in SC 14C1 (Galoc), which was partly offset by the increase in general and administrative expenses related to the consolidation of Pitkin Petroleum.

Mr. Morado then summarized the key exploration activities of the Company and its subsidiaries for 2013 to present, as follows: (1) Completion of the Phase 2 development of the Galoc oil field in SC14C1; (2) Resource assessment of the West Linapacan A oil field in SC14C2; (3) Completion of a 2D and 3D seismic acquisition survey in SC6A (Octon); (4) Completion of a 2D seismic acquisition survey in SC75 (NW Palawan); and (5) Completion of an aerial gradiometry and magnetometry survey in Peru Block 28.

On SC14C1 (Galoc), in which Forum Energy holds a 2.2% interest, Mr. Morado noted that the Galoc oil field is currently the only crude oil producing block in the country. The Galoc Phase II development was completed in November 2013, with the addition of two (2) production wells to the two (2) existing production wells. Total oil production from the four (4) wells is expected to increase to approximately 2.9 million barrels this year from 1.6 million barrels in 2013. Aside from increasing oil production

from the Galoc oil field, the Galoc Phase II development is expected to extend the end-of-field life to beyond 2020.

On SC14C2, Mr. Morado reported that an independent resources assessment of the West Linapacan A oil field, in which Pitkin Petroleum holds a 29% interest, was completed by Gaffney Cline & Associates, as of 30 June 2013. He said that based on a two (2) multi-lateral well development scenario, Gaffney Cline & Associates estimates the Proved Undeveloped Reserves of the W. Linapacan A field to be 9.6 million barrels. The Operator, RMA West Linapacan, is finalizing the Front End Engineering and Design of the proposed redevelopment of the West Linapacan oil field, after which the SC14C2 consortium will have to make the final investment decision on the project.

On SC62 (Octon), in which Pitkin Petroleum holds a 70% interest, Mr. Morado reported that the Company completed the acquisition of 3D and 2D seismic data in November 2013. Fairfield is currently completing the processing of the seismic data in its seismic processing center in Vietnam. Mr. Morado noted that after the processing and evaluation of the seismic data, the Company will be able to decide whether to proceed with the drilling of exploration wells.

On SC75, (NW Palawan), Mr. Morado stated that the Company has completed the acquisition of 2,235 kilometers of 2D seismic data in April 2014, barely 4 months since the Service Contract was signed. He reported that the seismic data is currently being processed in CGG's seismic processing center in India and that with the early completion of the seismic acquisition survey, the Sub-Phase 1 Work Program is expected to be completed 9 months ahead of December 2015 deadline. Mr. Morado noted that SC 75 is the first company-operated Petroleum Service Contract, with the Company having a 50% interest therein.

Mr. Morado then reported on the Company's interests in oil blocks in South America. Pitkin Petroleum holds a 100% interest in Block 28 onshore Peru, where the Company has completed an aerial gradiometry and magnetometry survey. The processing and interpretation of the acquired data is currently ongoing and a gas-to-power study relating to possible gas deposits in the block is also currently in progress.

As to Block Z38, in which Pitkin Petroleum has a 25% interest, the prospect evaluation has indicated the presence of a diverse range of potentially large oil and gas prospects. Mr. Morado said that the drilling of at least two (2) exploration wells in Block Z38 has unfortunately slipped further to 2015 pending the completion of a partial farm-out of the block operator's 75% interest.

Mr. Morado then presented a table showing the indicative exploration and development timelines of the Company. He said that the Company remains focused on establishing the hydrocarbon potential of its exploration assets and realizing the value of potential oil and gas resources through commercially robust developments. Mr. Morado reported that the key exploration and development activities expected in the next 12 to 18 months include: (1) Drilling of at least two exploration wells in Peru Block Z38; (2) Final investment decision on the proposed redevelopment of the W. Linapacan A field in SC14C2; (3) Evaluation of the remaining hydrocarbon potential of the SC14C1 Galoc block; (4) Completion of the processing and interpretation of the seismic and gradiometric data acquired in SC75, SC6A (Octon), and Peru Block 28, which will be the basis for pursuing further exploration and appraisal; and (5) Continuing discussions with the Philippine Government on how best to progress the exploration work in SC72.

Further, Mr. Morado said that the Company will also continue with the selective acquisition and divestment of assets based on prudent assessment of risks and upside potential, as well as with the ongoing initiatives to rationalize the structure and resources within the Philex Petroleum Group.

Open Forum

The Chairman then invited questions from the shareholders.

Mr. Jose Ferrer, shareholder, inquired about the Company's plans for SC72 given the delay caused in the exploration on account of the ongoing dispute with China over the West Philippine Sea. The Chairman said that there have been previous discussions with CNOOC regarding the development of SC72 but that progress has been delayed due to the territorial issue. He said that given the circumstances, at this stage, it is uncertain when the talks would resume. Mr. Ferrer then remarked that the uncertainty of a partnership with CNOOC should not stop the Company from pursuing the development of SC72. In response, the Chairman noted that developing SC72 is indeed the plan of the Company and in fact, plans for the drilling of appraisal wells have been set in place. The Chairman stated that the lead time needed for the drilling of such appraisal wells is 12 to 18 months for the mobilization of equipment and facilities, and as such, the earliest time the Company can begin any drilling activity would be the first quarter of 2016.

Another shareholder inquired about the last slide in the presentation of Mr. Morado, in relation to the Company's indicative exploration and development timelines and sought some clarifications as to the legends employed in the table. In response, Mr. Morado explained the meaning of each of the legends used.

There being no other questions from the shareholders, a shareholder moved for the adoption of the following motion:

“RESOLVED, that the Annual Report, together with the Company's Audited Financial Statements and the Notes thereto for the year ended 31 December 2013, 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 that shareholders holding **1,438,449,349** shares, representing **86.41%** 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 2013, and the Notes thereto. Thus, the following resolution was adopted. The Chairman declared the motion carried and the Annual Report, the Audited Financial Statements and the Notes thereto for the year ended 31 December 2013 has been approved, ratified and confirmed.

RATIFICATION AND APPROVAL OF THE ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS FOR 2013 TO DATE

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 2013 and up to the date of the meeting.

An Information Statement containing a summary of the major actions of the Board was previously distributed to the shareholders, together with the Agenda and Notice, before the meeting. All Board actions are reflected in the Minutes of Meetings of the Board of Directors which are available for inspection, at the request of a shareholder. 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 up to the date of the meeting, as set forth in the Minutes of the Meetings of the Board of Directors 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 that a majority of shareholders, specifically those holding **1,438,449,349** shares, representing **86.41%** of the outstanding capital stock of the Company, have 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.

APPOINTMENT OF INDEPENDENT AUDITORS

The Chairman then proceeded to the appointment of independent auditors of the Company for the year 2014. The auditing firm of SyCip Gorres Velayo & Company had been the independent auditor of the Company for 2013. The Chairman said that the Audit Committee had recommended, and the Board had approved, their appointment for the year 2014. A shareholder moved for the adoption of the following motion:

“RESOLVED, that the auditing firm of SyCip Gorres Velayo & Company be, as it is hereby appointed as the independent auditors of the Company for 2014 and until their successors are duly appointed.”

The motion was duly seconded. At the request of the Chairman, the Corporate Secretary informed the body that a majority of shareholders, specifically those holding **1,438,449,349** shares, representing **86.41%** 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 2014. The Chairman declared the motion carried. SyCip Gorres Velayo & Company are appointed as the independent auditors of the Company for 2014.

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 nominated to the Board:

1. Marilyn V. Aquino
2. Eulalio B. Austin, Jr.
3. Benjamin S. Austria (Independent Director)
4. Barbara Anne C. Migallos

5. Robert C. Nicholson
6. Carlo S. Pablo
7. Manuel V. Pangilinan
8. Diana 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. 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 V. Aquino
2. Eulalio B. Austin, Jr.
3. Benjamin S. Austria (Independent Director)
4. Barbara Anne C. Migallos
5. Robert C. Nicholson
6. Carlo S. Pablo
7. Manuel V. Pangilinan
8. Diana 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:

MANUEL V. PANGILINAN
Chairman