

**THE PHILODRILL CORPORATION**  
**MINUTES OF THE**  
**ANNUAL MEETING OF STOCKHOLDERS**

held on June 15, 2016, 2:30 p.m.  
*The Legend Villas, Banahaw Room*  
*60 Pioneer cor. Madison Streets, Mandaluyong City*

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Number of Shares Issued and Outstanding	:	191,868,805,358
Shares represented in person and by proxies	:	105,008,096,598
Percentage of Attendance	:	54.73%

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**CALL TO ORDER AND PROOF OF SERVICE OF NOTICE**

The Chairman of the Board welcomed the stockholders to the 2016 Annual Stockholders' Meeting (the "Meeting") and called the meeting to order at 2:30 p.m. He requested the Secretary for proof that the required notices for the present Meeting were duly sent to all stockholders of record as of March 16, 2016 (the "Record Date").

For the purpose of providing proof that required notices for the Meeting were duly sent to stockholders, the Secretary has executed an Affidavit stating that in accordance with the Company's By-Laws, notices containing the date, time, place and agenda of the Meeting were sent at least one (1) month prior to the date of the Meeting (by personal delivery on May 10, 2016 and by mail on May 11, 2016) to each stockholder as of Record Date at the address of such stockholder appearing in the corporate registry. Notices of the Meeting were also published in the June 6 and 8, 2016 issues of the Manila Bulletin, a newspaper of general circulation, specifying the date, time, place and agenda of the Meeting.

The Certification executed by an authorized officer of the messengerial company utilized for the purpose and the Sworn Statement of the undersigned authorizing such publication by the Manila Bulletin are attached to the Secretary's Affidavit. The Chairman directed the Secretary to file his Affidavit with the Minutes of the Meeting.

**CERTIFICATION OF THE PRESENCE OF QUORUM**

The Chairman inquired from the Secretary whether or not a quorum is present for the transaction of business at the Meeting.

The Secretary replied that out of the Company's 191,868,805,358 issued and outstanding shares as of Record Date, there are present in person and/or represented by proxies 105,008,096,598 shares or 54.73% thereof. Thus, on the basis of the registered attendance, the Secretary certified the presence of a quorum for the transaction of business as may properly come at the Meeting.

The Chairman then endorsed to the President the next proceeding for continuation.

**READING AND APPROVAL OF THE MINUTES OF THE LAST ANNUAL  
MEETING OF STOCKHOLDERS**

The President announced that the next item in the Agenda is the reading and approval of the Minutes of the last Annual Stockholders' Meeting held on June 17, 2015, the original



copy of which was made available for inspection at the Office of the Corporate Secretary and copies of which were furnished to each stockholder upon request as they came into the Meeting. The same is likewise accessible through the Corporation's website @ <http://www.philodrill.com>

The President asked if there are any questions regarding the Minutes of the last Annual Stockholders' Meeting. There being none, a stockholder moved that the reading of the Minutes of the Annual Stockholders' Meeting held last June 17, 2015 be dispensed with and that said Minutes, as it appears recorded in the Minutes Book of the Company, be confirmed, ratified and approved. The motion was duly seconded and, there being no objections, the President declared the motion approved.

## **REPORT OF THE BOARD OF DIRECTORS**

The President announced that the next item in the Agenda is the Management Report on the Results of Operations for the year 2015.

### **A. EXPLORATION & PRODUCTION REPORT**

The Vice President for Exploration & Production, Mr. Alessandro O. Sales, presented the highlights of Operations for 2015 and some updates on the exploration & production activities for 2016.

Mr. Sales started his report with an overview of the eleven service contracts in the country wherein the Company has existing participating interests. Out of these eleven service contracts, the Company acts as operator in seven service contracts (SC 14A Nido block, SC 14B Matinloc block, SC 14B-1 N. Matinloc block, SC 14D Retention block, SC 14C-2 West Linapacan, SC 6A Octon Block, and SC 6B Bonita block). Philodrill has participation in the remaining four service contracts (SC 14C-1 Galoc block, SC53 Onshore Mindoro, SC 14 Tara Block, and SC 74 Linapacan Block). The Company currently has petroleum production in Galoc, Nido, Matinloc and N. Matinloc blocks. Philodrill also intends to acquire participating interests in two other areas, namely, the SWAN Block (NW Palawan) and the Sulu Sea Block.

### **PRODUCTION BLOCKS**

#### ***Service Contract 14 C-1 (Galoc)***

This field is operated by the Galoc Production Company, a wholly owned subsidiary of Nido Petroleum. Philodrill owns 7.21% participating interest in Galoc field. Mr. Sales presented the Galoc Production Performance since the field opened in October 2008. By October 2016 the field will have been producing for 8 years. With the current cumulative production of 17.655MM barrels by 2017, it is on target to surpass the Nido field production.

In 2015, the field produced about 2.2MM barrels, a little above the forecast. For 2016, the target is to produce 1.9MM barrels with cumulative production forecast of over 18MM barrels by end of 2016. Given the field's benign decline rate and the optimization of production, it is expected that production rate will be at around 5,000 bopd by the end of the year.

In March 2016, the independent audit firm Gaffney, Cline & Associates (GCA) submitted its assessment of the remaining reserves and resources for the Galoc field as at 31 December 2015. GCA computed the remaining 2P reserves at about 8MMstb for Phase 1 and 2 of Galoc.



On the Galoc Phase 3 Development, Mr. Sales presented an outline of the Galoc Field denoting the location of the present production wells, including the proposed location of the new wells. Phase 3 development contemplates drilling production wells in the mid-Galoc Field area. However, with the prevailing slump in the crude prices and the substantial development costs to be required, the operator elected in 2015 to delay the decision on the drilling of the Galoc-7 well until the market conditions have improved.

With the recovery of the oil price to USD 50/bbl recently, GPC is now completing the technical documentations for presentation and consideration of the Galoc Joint Venture for the drilling of Galoc-7 well and the conduct of an extended well test for Galoc Phase 3.

***Service Contract 14 Production Blocks (Nido/Matinloc/North Matinloc)***

Philodrill owns 26.1% participating interest in Nido field, 41.6% interest in Matinloc field and 33.1% in North Matinloc field. The combined production from the Nido, Matinloc and North Matinloc Fields in 2015 totaled 150,225 barrels which is about 4% less than the fields’ combined output of 157,053 barrels in 2014. The slight decrease is attributed to normal depletion in all the remaining production wells. A summary of the 2015 production from the three fields is shown below:

**2015 Crude Oil Production Summary**  
(in barrels)

	<b>Nido</b>	<b>Matinloc</b>	<b>North Matinloc</b>	<b>2015 Total</b>	<b>2014 Total</b>
January	6,443	7,717	948	<b>15,108</b>	<i>11,357</i>
February	1,539	6,883	850	<b>9,272</b>	<i>13,604</i>
March	6,484	4,049	1,306	<b>11,839</b>	<i>14,446</i>
April	6,504	7,703	1,307	<b>15,514</b>	<i>13,974</i>
May	6,515	6,765	997	<b>14,277</b>	<i>13,569</i>
June	4,980	6,256	802	<b>12,038</b>	<i>11,617</i>
July	6,463	5,225	410	<b>12,098</b>	<i>11,232</i>
August	6,535	3,215	406	<b>10,156</b>	<i>13,675</i>
September	6,005	6,474	429	<b>12,908</b>	<i>12,871</i>
October	6,550	5,732	507	<b>12,789</b>	<i>14,069</i>
November	6,629	5,207	15	<b>11,851</b>	<i>14,357</i>
December	6,500	5,490	385	<b>12,375</b>	<i>12,282</i>
<b>Total</b>	<b>71,147</b>	<b>70,716</b>	<b>8,362</b>	<b>150,225</b>	<b>157,053</b>

The company’s production operations were not spared by the downward spiral in crude oil prices, brought about by the continuing imbalance of global crude supply exceeding demand starting in mid-2014. To counter its negative impact and to sustain economic viability of our operations, Philodrill has implemented cost reduction measures for 2015.

For 2016, further cost cutting measures will include reduction in the number of deployed storage/transport vessels from the current three to one, and the suspension of the helicopter contract which started in March this year. With these measures, production forecast is expected to be lower this year. These measures however, will be implemented without jeopardizing the safety of personnel and the facilities.

**PHILODRILL OPERATED BLOCKS**

***Service Contract 6A (Octon)***

Erstwhile block operator Pitkin Petroleum Plc opted to withdraw from the service contract effective 31 December 2014. Prior to Pitkin’s formal exit, the remaining consortium members approved a resolution designating Philodrill as the new block



operator effective 1 January 2015. Consequently, a Deed of Assignment was executed by the consortium to formalize the transfer of Pitkin's interest back to the continuing partners. This was eventually approved by the Department of Energy on May 14, 2015. This has resulted to Philodrill increasing its interest on the block from 15.495% to 51.65%.

Philodrill's core activities for 2015 for the block were designed primarily to provide continuity to the works done by the previous operator and to progress current exploration efforts to mature prospects within the license area to drillable status. A more detailed mapping work was undertaken using the TQ3D seismic data volume acquired by Pitkin in 2013, which showed significant improvement in data quality vis-a-vis the 1997 3D volume from which current understanding of the mapped and identified structures were built on. Preliminary results of the completed in-house resource analysis point to robust computed resources in the Main Anticlinorium. A very large structure with three independent closures. Saddle Rock in the North, in the center of the structure is Salvacion and the Malajon in the south.

As currently mapped and understood, however, uncertainties on the quality and distribution of the primary target Galoc Clastic Unit reservoir across the northern portion of the block still exist. To address these uncertainties, Philodrill is currently undertaking quantitative interpretation (QI) work which will entail re-processing of a sizeable volume of 3D data block to broadband quality and seismic inversion of the reprocessed data set. This QI program has been approved by the DOE as the 2016 work program for the SC. Results from these activities are envisaged to provide an improved image and a better resource evaluation of the identified structures. DownUnder Geosolutions based in Kuala Lumpur in Malaysia has been selected to undertake the reprocessing and QI work, which will be the core work program of the Octon Block consortium for 2016.

#### ***Service Contract 6B (Bonita)***

In early 2015, geophysical contractor Cosine International completed its satellite gravity study which entailed the processing and interpretation of satellite gravity data grid within the SC 6B. Results from the gravity modeling study were integrated into Philodrill's in-house seismic mapping which focused on the northern and eastern sections of the block. The gravity model and the ensuing seismic mapping work, in turn, helped Philodrill in designing the coverage of the programmed seismic re-processing work aimed at attaining an improved imaging of the deeper pre-Nido sections particularly of the potentially large Elephant structure. The re-processed seismic is also envisaged to contribute to a more confident delineation of a postulated inboard half-graben system as a potential hydrocarbon kitchen to the east of the block.

WesternGeco/Schlumberger has recently completed the re-processing work covering about 400 sq km of 3D seismic data and Philodrill has been mapping the data. Some interesting potentials were discovered on the East Cadlao structure. Philodrill intends to do special re-processing to verify the probability of oil contained in this feature.

#### ***Service Contract No. 14 D (Retention Block)***

In February 2015, Philodrill proposed and secured partners approval to conduct a short-term technical evaluation of the SC 14D Retention Block aimed at providing a better understanding of its prospectivity and potential. The regional seismic interpretation and mapping of key horizons was started in March 2015. The study, completed in late August, has affirmed the presence of a number of potential submarine fan complexes in the area, possibly equivalent to the highly productive Galoc Clastic Unit reservoir in the nearby Galoc field. However these remain high risk as they all constitute stratigraphic traps.



### ***Service Contract NO. 14 C-2 (West Linapacan)***

In late 2014, the West Linapacan farming-out partners gave then block operator RMA West Linapacan Limited (RMA WL) until end-December 2014 to secure the necessary funding requirement for the drilling, completion, and extended well test of West Linapacan A-7 which did not materialize, despite the several earlier extensions granted to them. This prompted the farming-out partners to terminate the farm-in agreement in January 2015. A final extension by DOE which gave RMA WL until March 5, 2015 to show substantial proof of funding and financial capability to carry out its obligations had also lapsed. In a joint resolution submitted to the DOE, the consortium formally sought for the withdrawal of the DOE approvals of the assignments to Pitkin and RMA WL, the reversion to the contract participation structure prior to the assignments, and the appointment of Philodrill as the new block operator effective 12 March 2015. The DOE finally approved the re-assignment of Pitkin's and RMA's interests back to the farming-out partners in August 2015.

As the new operator, Philodrill proposed a 6-month interim work program which was basically a commercial and technical audit of the service contract with the main objective of reconstituting the joint venture records and resources. This was approved by the DOE as the consortium's work program for 2015. Unfortunately, there has been no success up to the present time in securing all technical records and results of the previous works from RMA WL, which would have been the basis for designing a more substantive forward work plan for the block.

With practically very little data to work on coupled with the prevailing weak market environment, the consortium agreed to adopt a work program for 2016 basically consisting of service contract administration activities and continuing technical audit as the firm program components. This was subsequently approved by the DOE. The consortium also considered an earlier proposed ROV subsea survey of the West Linapacan wellhead trees as contingent work activity for 2016.

### **NON-OPERATED BLOCKS**

#### ***Service Contract 53 (Onshore Mindoro)***

The Onshore Mindoro consortium agreed to drill the Progreso-2 well and its back-to-back well Progreso-3 whose preliminary locations and budgets were first presented in April 2014. From then on, operator Pitkin spent the rest of 2014 and the early months of 2015 in securing the necessary government permits as well as the consent of various communities in the area. Unfortunately, consortium partner RMA Limited failed to give a timely approval of the proposed locations and budget, pushing further the negotiations and signing of a drilling contract with rig provider DESCO which had to prioritize availability of its drilling rig to do instead a prior commitment project in northern Luzon.

In July 2015, the DOE revoked the approval of the Deed of Assignment (DOA) between Pitkin and RMA Limited and the corresponding transfer of Pitkin's 35% interests to RMA. This came after RMA Limited failed to present categorical proof of financial capability to perform its obligations under the DOA and the SC. This development again prevented any drilling to happen in 2015.

Pitkin Petroleum announced in August 2015 its offer to sell its 70% participating interest in the Onshore Mindoro Service Contract. A local company - Mindoro Palawan Oil and Gas Inc. bought the interest from Pitkin. The necessary documents formalizing the sale and MPOGI's entry into the SC and assumption of operatorship is currently awaiting approval of the DOE. Drilling of the Progreso 2 well is now programmed for 1<sup>st</sup> Quarter of 2017.



Service Contract 53 has high potential for a hydrocarbon discovery, and in the near term, a potentially quick gas-to-power project in the proposed Progreso-2 drilling program. With this, Philodrill will continue to be an active member of the Onshore Mindoro block.

#### ***Service Contract 74 (Linapacan)***

The Department of Energy granted operator Pitkin Petroleum an extension of the contract's Sub-Phase 1 from 13 February 2015 to 13 August 2015 to allow the re-processing and interpretation of the necessary portion of the 1997 TQ3D data set and the completion of the reservoir modeling studies for the Linapacan discoveries, prospectivity analysis, and prospects and leads evaluation. Prior to the extension, all other activities for Sub-Phase 1 have already been completed.

On 3 June 2015, PNOC specs and leads evaluation. Philodrill executed a Deed of Assignment transferring 5% interest to PNOC-EC with Philodrill retaining 25% participating interest in the block. The transfer was submitted and eventually approved by the DOE on 23 October 2015.

As agreed during the TCM/OCM held in July 2015, Pitkin requested a further 6-month extension of Sub-Phase 1 until 13 February 2016 in order to complete all outstanding activities under the existing approved budget, which the DOE approved in the same month.

In November 2015, the DOE approved Pitkin's request to extend the option to enter Sub-Phase 2 of the contract and to submit the 2016 WP&B until 13 April 2016, to be reckoned starting 13 February 2016 consistent with the granted extensions should Pitkin decide to enter the next sub-phase. As this developed, Pitkin's affiliate firm Philex Petroleum Corporation had already initiated the transfer of Pitkin's interests to them following Pitkin's offer made in August last year to divest all petroleum interests in the country. As of time of writing, the JV has entered into the SCs sub-Phase 2 with the successful acquisition of about 1,600 line kms of new 2D broadband seismic over the block. The acquisition, processing and interpretation of this new data is in compliance with the sub-Phase 2 work program commitment of the JV. Philodrill continues to be part of the Linapacan block with 25% participating interest.

#### ***Renewable Energy Opportunities***

With the recent developments in the upstream oil industry, Philodrill started looking at renewable energy opportunities in the Philippines to diversify its assets without going far from its core business. It is currently doing scoping economic analysis for certain opportunities in solar power, taking into consideration NPVs, dealing with stable power off takers and price of electricity generated.

### **B. FINANCIAL REPORT**

The Treasurer and Vice-President for Administration, Mr. Reynaldo E. Nazarea, presented the Financial Report consisting of a summary of the Company's operating results and financial performance for the year ending December 31, 2015, followed by an update on the interim financial results covering the first five months of the year, up to May 31, 2016.

It was noted that the complete Audited Financial Report is contained in the 2015 Annual Report furnished to the stockholders.

Compared with the figures for the year 2014, the consolidated financial highlights for the calendar year ended December 31, 2015 are as follows:

FINANCIAL HIGHLIGHTS (in million pesos)		
	Consolidated	
	2015	2014
FOR THE YEAR		
Petroleum Revenues	535.6	969.3
Investment Income	24.2	14.0
Interest & Other Income	50.5	49.8
Net Income	114.7	1. 374.7
AS OF END OF YEAR		
Total Assets	3,615.4	3,418.7
Total Liabilities	74.0	109.7
Net Worth	3,541.5	3,309.0
Authorized Capital	2,000.0	2,000.0
Issued & Subscribed Capital	1,743.4	1,743.4

The Company's petroleum revenues decreased to P535.6M in 2015 on account of the steep drop in crude prices and the effect of the natural decline in the production wells of Galoc, the Company's principal revenue generator. Investment income for 2015, consisting primarily of equitized share in the income from PentaCapital Investment Corporation & PentaCapital Holdings Corporation amounted to P24M which increased from P14M in 2014. Interest & other miscellaneous income for 2015 remained at the constant level of P50M compared to P49.8M in 2014. Total net income for the year 2015 dropped to P114.7M from P374.7M in 2014.

As of end of December 2015, total assets amounted to P3.615B, which increased to close to P200M from P3.418B total asset level in 2014. The Company continued to be debt-free as of end of 2015, with total liabilities, consisting mainly of accounts payable and accrued expenses, at P74M, which is P36M lower compared to P109.7M in 2014. Stockholders' equity/net worth slightly increased from P3.309B in 2014 to P3.541B in 2015 on account of the net income generated during the year plus the reversal of the valuation reserve of the investment in Atlas, less cash dividend declared in 2015. The Company's authorized capital stock remained the same for both years at P2.0B. Issued & subscribed capital were the same in both years with P1.74B.

The 2015 and 2014 comparative consolidated income statements are as follows:

CONSOLIDATED STATEMENTS OF INCOME (in million pesos, except EPS)		
	2015	2014
REVENUES		
Petroleum Operations	535.6	969.3
Equity in Net Earnings of Associates	24.2	14.0



Interest & Other Income	50.6	49.8
	610.4	1,033.1
COSTS AND EXPENSES		
Production & Depletion Costs	406.4	505.1
General & Administrative	62.2	75.2
	468.6	580.3
INCOME BEFORE TAX	141.8	452.8
PROVISION FOR INCOME TAX	27.1	78.1
NET INCOME	114.7	374.7
EARNINGS PER SHARE	0.0006	0.0020
RETURN ON AVERAGE EQUITY	3.3%	11.5%

Total revenues for the year 2015 considerably dropped from P1.033B in 2014 to P610.4M, mainly on account of lower petroleum revenues (i.e., from P969.3M to P535.6M) resulting to 49% drop in the average price of crude, from US\$100/barrel in 2014 to US\$51/barrel in 2015. Another factor which contributed to lower revenues was the lower production rate in Galoc due to the natural decline in the production wells.

There was also a decline in the total costs and expenses for the year 2015 of about P112M, on account of the drop in operating expenses from petroleum operations and also depletion expense due to the lower level of production. The Company's net income for the year 2015 amounted to P114.7 corresponds to an EPS of P0.0006 compared to EPS of P0.0020 in 2014. Return on average equity is at 3.3% for 2015 from 11.5% in 2014.

PETROLEUM OPERATIONS	2015	2014
Production Volume (in barrels)		
Galoc	2,212,267	2,855,260
Nido/Matinloc/North Matinloc	150,129	157,053
	2,362,396	3,012,313
Average price per barrel (in US\$)		
Galoc	51.09	99.59
Nido/Matinloc/North Matinloc	47.31	84.69

The total 2015 output from the four fields was 2,362,396 barrels. Total Galoc production of 2,212,267 barrels is 22% lower than the 2,855,260 barrels of crude produced in 2014. For Nido/Matinloc/North Matinloc, the total aggregate production from the three fields



was 150,129 barrels which is 4% lower than the 157,053 barrels of crude production in 2014.

Average price per barrel of Galoc crude for the year 2015 was at US\$51.09 per barrel compared to US\$99.59 per barrel for the same period in 2014. Crude from Nido/Matinloc/North Matinloc was priced at an average of US\$47.31 per barrel in 2015, compared to US\$84.69 per barrel for the same period in 2014.

Mr. Nazarea also presented a graph showing the behavior of crude prices and the exchange rates for 2015 which affected the Company’s revenues.

Based on the Company’s audited financial statements, the comparative consolidated balance sheets for the calendar years 2015 and 2014 are as follows:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in million pesos, except BVPS)		
	2015	2014
Current Assets	1,130.1	934.8
Property & Equipment	702.5	797.0
Deferred Oil Exploration & Development Costs	981.8	949.7
Investments & Other Assets	801.0	737.2
	3,615.4	3,418.7
Liabilities	74.0	109.7
Equity	3,541.4	3,309.0
	3,615.4	3,418.7
Book Value Per Share	0.0194	0.0182

As of end of December 2015, total assets of the Company amounted to P3.6B versus P3.4B as of end of December 2014. Current assets (cash, receivables, inventories) posited the biggest increase from P934.8M in 2014 to P1.130B in 2015 due to the continued cash generation from operations, despite the drop in crude prices. There was a decline of about P94M in Property and Equipment for 2015 on account of the depletion expense booked for the year. There was an increase of about P32M in deferred oil exploration and development costs (from non-producing assets), from P949.7M in 2014 to about P981.8M in 2015. Investments and other assets increased by around P64M mainly due to the equitized earnings booked during the year plus the reversal of the valuation reserve in investment in Atlas.

Total liabilities as of the end of December 2015 decreased fromP109.7M to P74M and the Company remains debt-free. Stockholders’ equity increased by P232M from P3.31B in 2014 to P3.54B in 2015 due to the net income booked in year 2015 plus reversal of the Atlas investment. Book value per share amounted to P0.0194 in 2015 versus P0.0182 in 2014.

The interim financial results of the Company estimated to the end of May 2016 are as follows:



STATEMENT OF INCOME (in million pesos, except EPS)	
	Unaudited YTD
	May 2016
REVENUES	
Petroleum Operations	138.4
Equity in Net Earnings of Associates	9.0
Interest & Other Income	7.8
	155.2
COSTS AND EXPENSES	
Production & Depletion Costs	143.9
General & Administrative	20.6
Foreign Exchange Loss	3.3
Provision for Income Tax-Deferred	(2.0)
	165.8
NET LOSS	10.6

Total estimated revenues for the first five months of the year 2016 amounted to P155.2M, total estimated costs and expenses as of end of May 2016 is at P165.8M, for an interim loss figure of about P10M on account of the well pressure testing in Galoc done in May, which resulted in loss of production volume of about 30,000 barrels. But the said test was necessary for the re-certification of Galoc.

PETROLEUM OPERATIONS	Jan - May 2015
Production Volume (in barrels)	
Galoc	805,791
Nido/Matinloc/North Matinloc	60,929
	866,720
Average price per barrel (in US\$)	
Galoc	42.13
Nido/Matinloc/North Matinloc	35.18

For the five-month period ending May 2016, total output from the four oil fields is estimated at 866,720 barrels, with 805,791 barrels from Galoc, and 60,929 barrels of combined Nido/Matinloc/North Matinloc crude. Year-to-date average of crude price per barrel for Galoc is estimated at \$42.13, while the estimate for Nido/Matinloc/North Matinloc crude price is \$35.18 per barrel.

Mr. Nazarea also presented a graph showing the behavior of crude prices and the exchange rates for the first five months of 2016.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in million pesos, except BVPS)	
	Unaudited May 2015
Current Assets	1,109.0
Property & Equipment	670.6
Deferred Oil Exploration & Development Costs	992.2
Investments & Other assets	839.8
	3,611.6
Liabilities	47.3
Equity	3,564.3
	3,611.6
Book Value Per Share	0.0195

As of end of May 2016, total assets of the Company which is estimated at P3.611B. This consists of current assets amounting to P1.109B, investments at P839.8M, property and equipment of P670.6M, deferred oil exploration and development costs at P992.2M.

Estimated total liabilities and equity for the period ending May 2016 amounts to P3.611B, consisting of P47.3M of estimated liabilities and P3.564B worth of stockholders' equity. Book value per share is estimated at P0.0195 for the month of May 2016.

Lastly, Mr. Nazarea gave a rundown of the Cash Dividend Payments made by Philodrill from 2010.

At this point, the President opened the floor for any questions that the stockholders may have regarding the Management Report presented by Messrs. Sales and Nazarea. He likewise requested the stockholder/s who will raise questions to first identify themselves and that the question/s should refer to the item in the agenda under consideration.

A Stockholder commended the Company for its performance in 2015 despite a tough year for the industry. He inquired on how long will the company remain in production relative to its resources. Mr. Sales explained that as of last audit, the reserves remaining as of end of 2015 is about 8M bbls. Given the production forecast, the Company is expected to remain in production until 2022, depending on the oil price. The Company is likewise continuously exploring ways and studying on how to increase its reserves base.

Another stockholder, Mr. Robert Go, inquired about the term "clastic" as used in "Galoc Clastic Unit". Mr. Sales explained that clastic refers to sandstone, the type of rock where oil is extracted. A follow up question was raised if the Company was looking at other prospects like the Benham Rise, the President answered in the negative and explained that Philodrill's prospects are within the EEZ of the Philippines and that there are still a lot of prospects within its Service Contracts now. What the Company intends to do is to conduct further studies and apply the latest technologies to increase the certainty of these prospects.



A Stockholder inquired about the Company's plans and timetable to invest in renewable energy. Mr. Navarro explained that the company will seriously consider investing in RE when the conditions are favorable, when the regulatory risks are cleared and other incentives for RE proponents are in place.

Other stockholders raised clarifications on some technical terms like FAN and the Company's plans relating to power generation, in relation to its Service Contract in Onshore Mindoro.

After the Management Reports presented by Messrs. Sales and Nazarea and considering that the stockholders have been sufficiently informed of the current status of the Company, a motion was raised for the approval of Philodrill's 2015 Annual Report and the 2015 Consolidated Financial Statements of the corporation and its subsidiary as audited by SyCip Gorres Velayo & Co.

The motion having been seconded and there being no objections, the President declared the motion carried and duly approved.

#### **APPROVAL, RATIFICATION AND / OR CONFIRMATION OF THE ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The President announced that the next item in the agenda is the ratification of the acts and resolutions of the Board of Directors and Management. A stockholder moved for the approval of the following resolution:

“RESOLVED, That the Minutes of the meetings and all acts and resolutions taken or adopted by the Board of Directors, Board Committees and Management since the last Annual Meeting of Stockholders last June 17, 2015 up to the date of this meeting be confirmed, ratified and approved.”

The motion having been seconded and there being no objections, the President declared the motion carried and the resolution approved.

#### **APPOINTMENT OF EXTERNAL AUDITOR FOR CALENDAR YEAR 2016**

The next item in the agenda is the appointment of the independent external auditor for the Company for the calendar year 2016. The President inquired if there are nominees for appointment as external auditor of the Company.

A stockholder nominated the auditing firm of SyCip Gorres Velayo & Company for appointment as the Company's external auditor for the calendar year ending December 31, 2016. The nomination was duly seconded.

There being no other nominees, the nomination was, upon motion duly made and seconded, closed. The President declared SyCip Gorres Velayo & Company duly appointed as the Company's external auditors for the calendar year ending December 31, 2016.



## ELECTION OF DIRECTORS

The Chairman announced that the next item in the Agenda is the election of the Directors and opened the nominations therefore. He requested the Secretary to read the names of the nominees for directors as certified by the Nominations and Elections Committee.

The Secretary announced the following individuals who have been duly nominated to compose the Board of Directors of the Company and to serve as such for one (1) year and until their successors shall have been duly elected and qualified in the next annual meeting of the stockholders in 2017:

1. Alfredo C. Ramos
2. Presentacion S. Ramos
3. Francisco A. Navarro
4. Christopher M. Gotanco
5. Adrian Paulino S. Ramos
6. Maureen Alexandra R. Padilla
7. Gerard Anton S. Ramos
8. Honorio A. Poblador III – Independent Director
9. Nicasio I. Alcantara– Independent Director

The Chairman then asked if there are other nominations. There being none, and upon motion duly made and seconded, the nomination for the Board of Directors was closed. There being no objection to the closing of the nomination and considering that there are only nine (9) nominees to the nine-member Board, the Chairman directed the Secretary to cast all votes in favor of all the nominees to the Board of Directors and, thereafter, declared the above-named nominees as the duly-elected directors of the Company.

## ADJOURNMENT

The Chairman inquired if there are matters which the stockholders would want to discuss in the Meeting.

There being no further questions and matters to discuss, and upon motion duly made and seconded, the Meeting was adjourned at 4:00 p.m.

Certified Correct:

ADRIAN S. ARIAS  
*Secretary of the Meeting*

Attest:

ALFREDO C. RAMOS  
*Chairman of the Meeting* 6/24



REPUBLIC OF THE PHILIPPINES)  
PASIG CITY ) S.S.

SUBSCRIBED AND SWORN to before me this JUN 21 2016 at  
PASIG CITY, affiants exhibiting to me their respective valid government-  
issued IDs as follows:

Name	Community Tax Certificate No./Valid Gov't ID	CTC/ID Date Issued	CTC/ID Place Issued
	TIN No.		
ALFREDO C. RAMOS	08276907	01-02-2014	Manila
	TIN 132-017-513		
ADRIAN S. ARIAS	22756932	01-09-2014	Mandaluyong City
	TIN 107-439-052		

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Book No. CW  
Series of 2016.

RAMON L. CARPIO  
PUBLIC FOR PASIG CITY  
ALMA WEST CAPITOL DRIVE  
PASIG CITY  
MENT NO. 63  
DECEMBER 31, 2016  
112/01/04/16/PASIG CITY  
888475/PASIG CITY  
ATTORNEY'S NO. 22172  
6300/6/19/12/PASIG CITY