

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
COAL ASIA HOLDINGS INCORPORATED

Held at Discovery Primea, Makati City  
on 23 March 2017

**PRESENT:**

HARALD R. TOMINTZ  
ARISTIDES S. ARMAS  
ERIC Y. ROXAS  
JOHNSON A. SANHI, JR.  
DEXTER Y. TIU  
JUAN KEVIN G. BELMONTE  
A. BAYANI K. TAN

**ALSO PRESENT:**

ANN MARGARET K. LORENZO

**CALL TO ORDER**

The Chairman, Mr. Harald R. Tomintz, called the meeting to order and presided over the same. The Assistant Corporate Secretary, Ms. Ann Margaret K. Lorenzo recorded the minutes of the proceedings.

**CERTIFICATION OF QUORUM**

All of the members of the Board being present, the Secretary certified the existence of a quorum for the transaction of the business at hand.

**OPERATIONS UPDATES**

*Mine Activity Report*

The Vice President, Mr. Enrique C. Payawal, presented the Mine Activity Report. He presented to the Board photographs of the mine sites. Mr. Payawal also discussed the Mine Pit Development and the Road Maintenance Work. For the Mine Pit Development, he explained that there was incidental coal production where the Company managed to excavate and haul 1,700MT incidental coal from April 2016 to February 2017. This completes the 8,000MT Permit to Sell issued by the Department of Energy (DOE). He then gave updates on other mine activities such as ECC compliance activities including the silt trap maintenance, drainage improvement, and the rehabilitation and maintenance of the Barangay Roads. He also discussed the maintenance work for the road where the Company undertook the widening and deepening of the pit drainage canal to maintain pit water discharge to the desilting pond and desilting the silt trap ponds to prevent overflow of sludge to Lingayao Creek. Mr. Payawal showed photographs of the maintenance activities undertaken by the Company. In the Pier Stockpile Area, the Company has loaded around 150 truckloads of incidental coal onto 30MT capacity winged vans/trucks to date.

Mr. Payawal next presented the milestones on the conversion of Coal Operating Contract 159 (COC 159) or the Davao Oriental Project. He explained that the DOE requires four items before the Exploration Permit is converted into Development and Production, namely (1) Final Exploration Report, (2) Mining Plan/ Feasibility Study, (3) ECC, and (4) National Commission on Indigenous Peoples (NCIP) Issuance of Certificate of Non-Overlap (CNO) for areas covered by land titles or Certification Precondition (CP) for areas within the Certificate of Ancestral Domain Title. For the Davao Oriental Project, the first three items have already been accomplished. The NCIP, however, has refused to acknowledge the existence of titled properties and has recommended the conduct of a Free Prior Informed Consent (FPIC), a process by which a project proponent obtains the consent of an indigenous group for the implementation of a project within their ancestral domain. After consultations with the DOE, the DOE agreed to issue the conversion upon submission of the following: (1) Revised Feasibility Study to include only areas covered by titled properties (Macopa and Sagasa), and (2) Copy of the land titles and land survey in Titan Mining Energy Corporation

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(TMEC)'s Macopa and Sagasa Area. The Company is currently undertaking the completion of these 2 items.

He likewise reported on the COC 166 (Zamboanga Sibugay Project) conversion milestones. Last 12 August 2016, the Company has submitted all four items required for the conversion of the Exploration Permit to the DOE. DOE has recently reverted with a letter to TMEC to comply with certain deficiencies on the Five-Year Mining Plan/Feasibility Study which is currently being amended. The amended Mining Plan/Feasibility Study is targeted for submission by the end of March 2017.

After the discussion, the Board noted the Operations Report.

#### *Marketing Report*

The Company's President, Mr. Johnson A. Sanhi, Jr. reported on the Marketing/Business development highlights. Mr. Sanhi explained that given the limited current operations of the Company, there are just two (2) market customers for the Company now, CNJ (canneries) and Sarangani Energy Corporation (SEC-CONAL). The President presented to the Board the table showing the volume of coal sold to canneries and SEC-CONAL from January 2016 to February 2017. Mr. Sanhi also explained to the Board the Direct Production Cost for 1,000 MT of coal, the profit margin and the gross margin. Mr. Sanhi explained that the current markets of the Company are coal-fired power plants in Southern Mindanao and canneries/processing plants. Mr. Sanhi also informed the stockholders that the Company recently signed a long-term 10-year coal supply agreement with SEC-CONAL. The expected delivery will begin in November 2018, after the Company acquires the conversion from DOE. Scheduled commercial operation date is in April 2019. The terms of the agreement with SEC-CONAL involve the delivery of 132,000 MT/year or about 11,000 MT/month with the selling price at CFR invoice price pegged at the global Coal Newcastle Rate, subject to certain adjustments. Mr. Sanhi then presented a CFR sample computation. Mr. Sanhi next presented to the Board Coal Pricing in the world market for the past six (6) months.

After discussion, the Board noted the Marketing Report.

#### *Financial Report*

Mr. Rolando Domingo, the Company's Chief Financial Officer (OIC), next reported on the financial position of the Corporation for the year ended 2016. For the year ending 31 December 2016, the Company earned ₱6.09 Million from its sale of incidentally-produced coal (Other Income), while General and Administrative Expenses amounted to ₱20.90 Million. The Company also incurred ₱1.90 Million for Finance Cost, pertaining to interest expenses charged in the financing of the transportation and heavy equipment. The Company also reported Interest Income of ₱0.74 Million. In summary, the Company reported a Total Comprehensive Loss in the amount of ₱14.18 Million. Total Assets of the Company as of end of 2016 was at ₱3.93 Billion. Total Equity was at ₱3.93 Billion while Total Liabilities was at ₱29.07 Million.

He then reported on the use of the IPO proceeds as of 15 March 2017. The Net Proceeds were ₱726.9 Million and the following amounts were disbursed: (i) ₱529.8 Million for the Davao Oriental Project; (ii) ₱52.3 Million for the Zamboanga-Sibugay Project; and, (iii) ₱126.9 Million disbursement for working capital. This leaves a balance of ₱31.5 Million as of 15 March 2017.

After the discussion, the Board noted the Financial Report.

#### **APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AND THE REPORT OF INDEPENDENT AUDITORS**

The Chairman informed the Board of the proposal of the Corporation to approve its 2016 Audited Financial Statements and the Report of Independent Auditors. The same was approved and recommended for approval by the Audit and Risk Committee. Accordingly, upon motion duly made and seconded, the Board approved the following resolution:

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“RESOLVED, that **COAL ASIA HOLDINGS, INCORPORATED** (the ‘Corporation’) approves the Corporation’s Audited Financial Statements and the Report of Independent Auditors, Reyes Tacandong & Co., for the year ending 31 December 2016.”

**AUTHORIZATION TO SECURE REPORTS ON THE BENEFICIAL OWNERS FROM PHILIPPINE DEPOSITORY & TRUST CORP.**

The Chairman next informed the Board of the need for the Corporation to secure the pertinent reports on the beneficial owners of the Corporation from Philippine Depository & Trust Corp., as required by the Securities and Exchange Commission and Philippine Stock Exchange Rules. After deliberation and upon motion duly made and seconded, the Board approved the following resolution:

“RESOLVED, that **COAL ASIA HOLDINGS, INCORPORATED** (“Corporation”), be authorized to secure the pertinent reports on the beneficial owners of the Corporation from Philippine Depository & Trust Corp. in accordance with the disclosure requirements of the Securities Regulation Code and its implementing rules and regulations, as well as the Revised Disclosure Rules of the Philippine Stock Exchange. For this purpose, **Ms. Rosanna T. Desiderio**, in her capacity as the Compliance Officer, be authorized to sign the request letter and other documents necessary to procure the said reports.”

**AUTHORIZATION TO WITHDRAW PETITION FOR REVIEW**

The Chairman also informed the Board of the proposal for the Corporation to withdraw its Petition for Review filed against the Philippine Stock Exchange, Inc., et. al. entitled Coal Asia Holdings Incorporated vs. Philippine Stock Exchange, Inc., Roel A. Refran in his capacity as Chief Operating Officer and Hans B. Sicat in his capacity as President and CEO, docketed as SEC EB Case No. 05-15-374. After deliberation, and upon motion duly made and seconded, the Board approved the following resolutions:

“RESOLVED, that **COAL ASIA HOLDINGS, INCORPORATED** (the “Corporation”) be authorized to withdraw its Petition for Review filed against the Philippine Stock Exchange, Inc., et. al. entitled *Coal Asia Holdings, Incorporated vs. Philippine Stock Exchange, Inc., Roel A. Refran in his capacity as Chief Operating Officer and Hans B. Sicat in his capacity as President and CEO*, docketed as SEC EB Case No. 05-15-374, and pending before the Securities and Exchange Commission;

RESOLVED, FURTHER, that the Corporation be authorized to pay and settle the penalties imposed by the Philippine Stock Exchange for the late submission of the Technical Report;

RESOLVED, FURTHER, that the Corporation’s Legal Counsel, **Atty. Victor C. Fernandez**, be designated as the Corporation’s authorized representative to implement the above resolutions, with full power to sign, execute, and deliver, for and on behalf of the Corporation, an Affidavit of Desistance and/or Motion to Withdraw Petition and any and all instruments as may be necessary or proper, under such terms and conditions as he may deem to be in the best interest of the Corporation.”

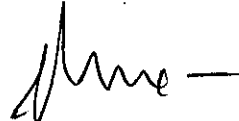
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**ADJOURNMENT**

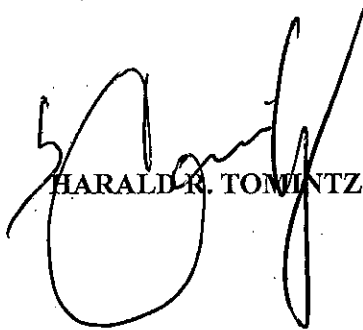
There being no other matters to discuss, the meeting was thereupon adjourned.

  
**ARISTIDES S. ARMAS**

  
**ERIC Y. ROXAS**

  
**JOHNSON A. SANHI, JR.**


  
**DEXTER Y. TIU**

  
**HARALD R. TOMINTZ**

  
**JUAN KEVIN G. BELMONTE**

**A. BAYANI K. TAN**

Attested by:

  
**ANN MARGARET K. LORENZO**  
Assistant Corporate Secretary

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