

**MINUTES OF THE SPECIAL MEETING
OF THE STOCKHOLDERS OF**

P-H-O-E-N-I-X PETROLEUM PHILIPPINES, INC.

2nd Floor, Marco Polo Hotel
C.M. Recto Street, Davao City
September 06, 2012, 2:00 p.m.

Number of Shares Represented: 830,593,191

Number of Shares Outstanding: 932,808,617

Common Shares	927,808,617
Preferred Shares	5,000,000

Directors Present:

1. Domingo T. Uy (Chairman)
2. Dennis A. Uy (Director & President)
3. Romeo B. De Guzman (Director)
4. Jose Manuel R. Quimson (Director)
5. Socorro T. Ermac-Cabreros (Director & Corporate Secretary)

Other Officers:

1. Chryss Alfonsus V. Damuy (Treasurer, VP for Finance)
2. Reynaldo A. Phala (AVP, Treasury)

PROCEEDINGS OF THE MEETING

I. Call to Order

The Chairman, Mr. Domingo T. Uy, called the meeting to order and presided over the proceedings. The Corporate Secretary, Atty. Socorro T. Ermac-Cabreros, recorded the minutes of the meeting.

II. Proof of Notice and Determination of Existence of Quorum

The Corporate Secretary certified that: (i) notice of the meeting, stating the time, date, venue and purpose thereof, together with the agenda and the Definitive Information Statement of the Company were duly sent beginning August 14, 2012 to all stockholders of record as of August 07, 2012 by courier with postage pre-paid, (ii) based on the record of attendance, present in the meeting in person or by proxy were stockholders holding Eight Hundred Thirty Million Five Hundred Ninety Three Thousand One Hundred Ninety One (830,593,191) shares equivalent to 89.04% of the

outstanding capital stock of the Company, and (iii) there was, therefore, a quorum to transact business.

The Chairman therefore declared the existence of a quorum and the meeting duly constituted for the transaction of business. The Chairman also acknowledged the presence in the meeting of the other incumbent directors: (1) Mr. Dennis A. Uy, the President & CEO; (2) Mr. Romeo B. De Guzman, Chief Operating Officer; (3) Mr. Jose Manuel R. Quimson; (4) Atty. Socorro Ermac Cabreros, the Corporate Secretary (5) Domingo T. Uy, as Chairman and Presider of the meeting together with other officers (6) Chryss Alfonsus A. Damuy (Treasurer & VP for Finance) and (7) Reynaldo A. Phala (AVP, Treasury).

III. Approval of the Minutes of the Previous Annual Stockholders' Meeting Held on March 11, 2011

The next order of business was the approval of the minutes of the previous annual stockholders' meeting held on March 08, 2012, copies of which were sent and enclosed in with the Definitive Information Statement as of August 14, 2012 to all the stockholders of record as of August 07, 2012. Copies of the said minutes and Definitive Information Statement were likewise given to the stockholders together upon registration.

Upon the motion of Mr. Maceste Uy, and duly seconded by Ms. Ma. Christina Pangan, without any objections, the stockholders approved the minutes of the previous Annual Stockholders' Meeting held on March 08, 2012, as recorded.

IV. Update on the Operational and Financial Highlights

The Chairman then asked the President of the Company, Mr. Dennis A. Uy, to give an update on the operation and financial highlights for the first half of the year 2012.

Mr. Dennis Uy then called upon Mr. Chryss Alfonsus Damuy to render the report.

Mr. Damuy reported that as of 30 June 2012:

- From 220 retail stations by end of December 2011, a total of 255 retail stations have been rolled out broken down as follows: Luzon 71 stations, Visayas 15 and Mindanao 169
- On a YTD June 2012, as compared to June 2011, Volume in terms of liters rose from 360 million to 429 million while revenue increased from Php 13,979m to Php 16,896 million. Cost of Sales likewise increased from Php 12,999 million to Php 15,842 million; Gross margin from Php 980 million to Php 1,054 million. With the increase in volume and business activities, OPEX likewise increased from Php 665 million to Php 835 million.

- However Net Income for the first half 2012 against the first half of 2011 was down from Php 305 million to Php 206 million due to a series of price rollbacks
- The Company celebrated its 5th listing anniversary at the PSE last July 11, 2012 with the traditional bell ringing ceremony.
- On return to investors particularly stock dividends, the Company has averaged about 38% annually for the last 5 year with 50% stock dividend being the biggest/highest so far this year, 2012; Cash dividend averaged to 18 centavos per share (adjusted) for the last 4 years with exception in 2009 where no cash dividend was declared.
- On stock performance, PNX stock price increased by 313% for the last 5 years (adjusted) and returns (stock appreciation and dividends) was seen at 350% for the last 5 years, both with a straight average of 70% per annum and a CAGR of 44%
- The Company is among the top 1,000 corporations in the country from 570th in 2006 climbing to 84th in 2010.
- It was awarded as the third best small cap companies by Finance Asia in May 15, 2012 following Jollibee Foods and EEI Corp. which garnered the 2nd and 1st respectively.
- The Company participated in the Franchise Expo in SMX on July 29, 2012 at the SMX Convention Center, Mall of Asia Complex, Pasay city where it was awarded as one of the Best Booth under Non-food 54-sq. meter category.
- The Company has updated its Vision Mission to reflect the actual direction, inspiration and goal of the Company.

Vision: **To be an indispensable partner in the journey of everyone whose life we touch**

Mission:

- We provide the best value in products and services to our customers and business partners
- We provide opportunities for learning, growth and recognition to the Phoenix family
- We deliver maximum returns to our shareholders, investors and financial partners
- We conduct our business with integrity and respect to our stakeholders
- We take social responsibility to heart by building programs to nurture the environment and welfare of the communities we serve

Stockholder Gigi Talion requested elaboration on the decline of the net results for 2nd quarter of 2012 vs. the net results of the 2nd quarter of 2011. The Chairman referred the question to the Chief Operating Officer, Romeo de Guzman. Mr. de Guzman explained that the decline was attributed to the global decline of fuel price during the second quarter of this year. The decline of fuel prices ate up whatever was earned during the first quarter. There are also external factors to consider such as the Philippine economy as well as other foreign economies. However, the third quarter is expected to give good margins and if it continues until the fourth quarter, most likely, the year will end on a positive note.

Stockholder Steven Soliven inquired if the Company is audited considering that he only saw the unaudited Financial Statement of Chelsea and the Company in the Definite Information Statement and if not, he recommends the Diaz, Morillo and Dagupan Accounting Firm in Chinatown Davao. The Chairman referred the inquiry to Mr. Damuy, VP for Finance. Mr. Damuy confirmed that the full disclosure was made last March on the Company's Audited Financial Statement and Atty. Cabreros further explained that the event currently held pertained to a Special Stockholders Meeting and the SEC as well as PSE has required the submission and presentation of the interim unaudited FS for the first half of the year. Thus, the unaudited FS presented in the DIS. She emphasized that the audited FS of the Company for 2011 was submitted and presented during the Annual Stockholders' Meeting last March 2012.

Stockholder Soliven further sought clarification that the figure or number pertaining to the beginning balance of the retained earnings for June 2012 which is Php 1,402,617,415.00 does not tally with the ending balance of the retained earnings of Jun 3 2011 which is Php 1,565,711,759.00. Mr. Damuy pointed and clarified that comparative figures pointed have different basis for beginning balances such as: for June 2012, the basis for the beginning balance is January 2012 while the beginning balance for Jun 2011 had its basis on the beginning balance of January 2011. The comparative figures shown and prescribed by the SEC and the PSE is for June 2012 and June 2011 and not June 2012 and December 2011.

V. Approval of Corporate Actions

The next in the agenda was the approval of proposed corporate actions, which proposed corporate actions were described and stated in the Definitive Information Statement which was sent to the stockholders last August 14, 2012.

a) Proposed Amendment of Article II of the Articles of Incorporation on Secondary Purpose

The first item for approval is the resolution of the Board of Directors approving the proposed amendment of Article II of the Articles of Incorporation of the Company on Secondary Purpose. The Chairman asked the Corporate Secretary, Atty. Socorro Ermac Cabreros to explain this item.

Atty. Cabreros explained the amendment as follows:

On Secondary Purpose, the following amendments were shown:

- 1.x x x x x x x
- 2. To purchase, acquire, own, lease, sell and convey real properties, such as lands, buildings, factories and warehouses, machinery, equipment and other personal properties as may be necessary or beneficial to

the conduct of corporate activities and other related activities advanced by the Corporation and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness or other securities, as may be deemed expedient, for any business or property acquired by the corporation;

3. To borrow or raise money necessary to meet the financial requirements of its activities by the issuance of bonds, promissory notes and other evidences of indebtedness, including issuance of any types of derivatives and notes and other securities and to secure repayment thereof by mortgage, pledge, deed of trust or lien upon the properties of the corporation or to issue pursuant to law shares of its capital stock, debentures and other evidence of indebtedness in payment for properties acquired by the corporation or for money borrowed in the prosecution of its lawful business;
4. To invest and deal with the money and properties of the corporation in such a manner as may from time to time be considered wise or expedient for the advancement of its interest and to sell, dispose of, or transfer the business, properties and goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;
5. x x x x x x x
6. To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company, partnership or person, such charter, contracts, franchise, privileges, exemption, licenses and concessions as may be conducive to any of the objects of the corporation;
7. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business without any restrictions as to place or amount including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge, and convey or otherwise deal in and with real and personal property anywhere within the Philippines; and
8. Generally, to do every and other act and things necessary, suitable or proper for the accomplishment of the business of the corporation as may now or hereafter be authorized by law, and to perform any and all acts connected with the business above-defined or arising therefrom or incidental thereto."

Atty. Cabreros further explained that amendments were proposed (1) to remedy the warrant negotiation with BDO and authorize the Company to issue the necessary warrants for the current negotiation (2) the issuance of any kind of derivatives in the future authorizes more negotiation room and broadens the scope of authority for the Company (3) broadening the scope of the secondary purpose is consistent with good corporate governance practice.

After the presentation and explanation, a motion was made by Stockholder Ma. Merceditas Barrios Talaver to approve the amendments pertaining to Article II of the

Articles of Incorporation on Secondary Purpose which was seconded by Stockholder Vincent Paul Montejo.

Before voting on the motion, the Chairman called upon the Atty. Cabrerros, Corporate Secretary to explain the voting procedure.

Atty. Cabrerros explained that each of the stockholders who registered before the start of the meeting were given IDs with control numbers. The control numbers per ID has a corresponding entry in the database with the following information: the name of the stockholder (or proxy, as the case may be), the number of shares being held by such shareholder. Each ID are color coded: blue fonts represent the minority common and preferred shareholders while the red fonts represent the major stockholders, affiliates, directors and officers. Thus, when a motion is under votation, the Chairman shall be asking the stockholders/proxies to raise the IDs and the external auditor, Punongbayan and Araullo shall be tasked to record the votes and count them.

The Chairman placed the proposed action to vote.

The Chairman declared that Yes had it and the Motion was approved:

“RESOLVED, that the resolution of the Board of Directors approving the Proposed Amendment of Article II of the Articles of Incorporation on Secondary Purposes is hereby approved.”

b) Proposed Amendment of Article VI of the Articles of Incorporation and Amendment of Article III Section 1(a) of the Corporation's By-laws, both increasing the Composition of the Board of Directors from nine (9) to eleven (11) members

The next item for approval is the Proposed Amendment of Article VI of the Corporation's Articles of Incorporation and Article III Section 1 (a) of the Corporation's By-laws, both items increasing the composition of the Board of Directors from nine (9) to eleven (11) members. The Chairman called on the Corporate Secretary to explain the item.

Atty. Cabrerros presented and explained that the proposed amendment changes the composition of the Board of Directors from nine (9) members to eleven (11) members. The rationale behind the proposed amendment is suited to accommodate additional and credible directors consistent with good corporate governance practice and affords the shareholders more representation.

When no questions were posed by the shareholders present in the meeting, a motion was made by Stockholder Giselle Gonzales Talion to approve the resolution of the Board of Directors approving the amendment in Article II of the Articles of Incorporation and Article III Section 1 (a) of the By-Laws increasing the composition of the Board of Directors from nine (9) to eleven (11) members, which motion was duly seconded by Stockholder Maceste Uy.

After putting the motion to vote, the external auditor handed the results to the Chairman and thus, declared the approval of the proposed amendment as follows:

"RESOLVED, that the P-H-O-E-N-I-X Petroleum Philippines, Inc. (the "Corporation") hereby approve and authorize the amendment of Article VI of the Articles of Incorporation and Article III Section 1(a) of the Corporation's By-Laws increasing the composition of the Board of Directors from nine (9) to eleven (11) members."

*c) Proposed Issuance of
Php180,000,000.00 warrants in
relation to the issuance of Php
500,000,000.00 Convertible Notes
to BDO Unibank, Inc.*

The next item in the agenda is the Proposed Issuance of Php180,000,000.00 warrants in relation to the Issuance of Php 500,000,000.00 Convertible Notes to BDO Unibank, Inc. The Chairman called on the Asst. Vice President for Treasury, Reynaldo A. Phala to elucidate on the proposal.

Mr. Phala presented and explained that on 06 July 2012, the Board of Directors approved the Issuance of Php180 million worth of warrants which is part of the Php500 million Issuance of convertible notes to BDO Unibank, Inc. The features of the convertible notes to better understand the proposal are as follows:

- The term is for three (3) years
- Principal Repayment : Bullet
- Interest Rate: 3-yr PDST-F + 250bps, payable quarterly
- Convertible Option: Anytime (in whole or in part)
- Conversion Price: 30-day VWAP (volume weighted average price) (prior to the signing date) + 15% premium

On the other hand, the feature of the warrants are as follows:

- Amount: Php 180 million
- Option Period: Starting end of 3rd year and expires after 5 years
- Exercise Price: 30-day VWAP + 15% premium at signing of convertible debt.

Stockholder Kenneth Dabi inquired on the meaning of warrants and what are its advantages and effects to the particular transaction with BDO. The Chairman referred the question to Mr. Phala who explained that warrants under financial terms are derivative security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time frame. Further, he explained that warrants are often included in a new debt issue as a "sweetener" to entice investors. Hence, he proceeded to point out that the advantages of warrants in this particular transaction is: (1) the entry of the SM/BDO group will give the Company a seal of good housekeeping and improve credit standing in and access to the capital markets as well as possibly push up PNX price; (2) there are likewise potential synergies created due to possible access to best practices, revenues from the SM/BDO group.

When no further questions were asked from the floor, stockholder Peter Paul M. Tombo moved that the resolution of the Board of Directors approving the proposed issuance of Php180,000,000.00 warrants to BDO Unibank, Inc. be approved. Stockholder Ma. Petrocel A. Pantojan seconded the motion.

After the motion was put to vote and the external auditor certified the results, the Chairman declared the approval of the motion and resolution as follows:

"RESOLVED, that the Corporation is hereby authorized to issued stock warrants worth Php 180,000,000.00 to BDO Unibank, Inc. in relation to the Php 500,000,000.00 convertible notes."

d) Proposed Acquisition of 100% shares of stock in Chelsea Shipping Corp.

The next item in the agenda is the proposed acquisition of 100% shares of stock in Chelsea Shipping Corp. The Chairman called upon Mr. Damuy to present and explain the proposal.

Mr. Damuy presented and explained that the proposed acquisition was based on the Independent Fairness Assessment of Penta Capital Investment Corp. which made the following assessment:

- Fair Value Range : Php 1.26 billion - Php 2.31 billion
- Total Investment Components: Purchase Price + Php 231 million (increase in capital stock in 2012)
- Valuation Methodology: (1) Adjusted Book Value (based on appraisals by Eagle Marine Consultants, Inc. & Cuervo Appraisers, Inc.) (2) Future Earnings (DCF)
- Therefore, the **recommended price was Php1.578 billion** which is based on a midpoint of the valuation range. The price is basically a "recovery" of all investments made into CSC by the shareholder
- Thus, at Php 249.92 per share represents a PE multiple of 7.7x vs. PNX's 9x+

- NPV of Php399.4 million even using 11.75% discount rate
- IRR of 14.39% vs. internal hurdle rate of 11.75%

PAYMENT MODE

- 90% Share Swap:
 - estimated value: Php 1.42 billion
 - PNx price based on prior 30-day VWAP from date of BOD approval (may 24, 2012 - July 05, 2012)
 - PNx VWAP: Php 8.2931 per share
 - Total number of PNx shares: 171,250,799 common shares
 - estimated PPPI dilution: 18.9%
- 10% Cash:
 - Value: Php 157,799,998.8 to cover for settlement of taxes by the Sellers

Stockholder Soliven sought clarification if there was any due diligence conducted on Chelsea Shipping considering that the latter has a negative working capital. The Chairman referred the question to Mr. Damuy who confirmed that due diligence was conducted on Chelsea Shipping. In fact, this was part of the valuation process and included in the Fairness Valuation Report conducted and submitted, respectively, by Penta Capital. On the matter of the negative working capital, Mr. Damuy further explained that Chelsea Shipping was acquiring a number of vessels to add to its fleet which explains for the increase in its PPE(property, plant and equipment) entry. Mr. Damuy further justified that given the fact that Chelsea Shipping is a service company, working capital will be more focused or concentrated on fuels and services as against a trading company which will have to include huge inventories.

Stockholder Soliven inquired about further plans on Chelsea Shipping after the acquisition such as its dissolution and merging its operation with the Company and plans on its possible listing with the PSE. Mr. Damuy elaborated that Chelsea will be operating as a wholly owned subsidiary of Phoenix Petroleum as the intention is likewise to continue to serve other clients of Chelsea. On the matter of listing, Mr. Damuy clarified that listing with the PSE will depend on the opportunities in the future that will be presented to the company, Chelsea.

Stockholder Paul Montejo inquired that since the investment is substantial what is the main plan behind the acquisition and also the reason behind the acquisition when Chelsea is already an affiliate. The Chairman again referred the question to Mr. Damuy who elaborated that acquisition of Chelsea will further strengthen the balance sheet of Phoenix Petroleum, increase the market capitalization enticing more local and possibly foreign investors to invest in the Company.

Stockholder Peter Paul M. Tombo moved that the proposed acquisition of 100% shares of stock in Chelsea Shipping Corp. be approved which motion was seconded by stockholder Giselle Talion.

The Chairman then placed the motion to vote which yielded the following results:

Yes:	830,593,191	100%
No:	0	
Abstain:	0	

Thereafter, the Chairman declared the motion approved and the following resolution:

"RESOLVED, as it is hereby resolved that the Corporation is hereby authorized and empowered to acquire and purchase 100% shares of stocks in Chelsea Shipping Corp. via share for share swap."

Corporate Secretary, Atty. Cabreros made a point of clarification to the Chairman that under the Rules on Additional Listing of the Philippine Stock Exchange (PSE), since the acquisition of CSC is a related party transaction, it requires the conduct of a rights offering to existing stockholders. However, such right offering may be waived by a majority of the minority shareholders present or represented in the meeting. Thus, there is a need to vote on the waiver of a rights offering requirement of the PSE among minority shareholders present or represented in this meeting. She further explained that a rights offering for the information of the body present is similar to a pre-emptive rights where the company's existing shareholders are given the right to buy a proportional number of additional securities at a given price within a fixed period.

Stockholder Kenneth Dabi then moved that the rights offering requirement by the PSE be waived which motion was seconded by stockholder Christina Pangan.

The Chairman then put the motion to vote which yielded the following results:

Yes:	74,849,500	100%	(total number of minority present or represented in the meeting)
No:	0		
Abstain:	0		

The Chairman declared the motion approved and following resolution:

"RESOLVED, as it is hereby resolved that by vote of the majority of the minority of the stockholders presented or represented during the special meeting of 06 September 2012, the conduct rights offering to existing shareholders is hereby waived in relation to the acquisition of 100% shares of stock in Chelsea Shipping Corp."

VI. Other Matters

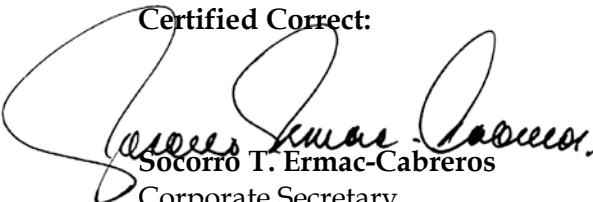
The Chairman then asked whether there are any other matters which may be properly taken up by the stockholders.

The Corporate Secretary, Atty. Cabreros informed the Chairman that there were no other matters for stockholders' approval.

X. Adjournment


There being no further business to transact and upon motion made and duly seconded, the meeting was adjourned.

Certified Correct:



Socorro T. Ermac-Cabreros
Corporate Secretary

Attested:



Domingo T. Uy
Chairman