

**Enclosure No.1****(Translation)**

**Minutes of the Annual General Meeting of Shareholders for the Year 2013  
Of  
Banpu Public Company Limited**

The Meeting was convened on April 3, 2013 at 13.00 hours at Plaza Athenee I, Plaza Athenee Bangkok, A Royal Meridien Hotel, No. 61 Wireless Road, Lumpini, Pathumwan, Bangkok and presided over by Mr. Krirk-Krai Jirapaet, Chairman of the Board of Banpu Public Company Limited (“Chairman”)

Mrs. Boonsiri Charusiri, the Company Secretary, presented the shareholders with the video presentation of Good Corporate Governance with regard to the shareholders meeting of listed companies of which the Stock Exchange of Thailand and Thai Listed Company Association would like the listed companies to disseminate to their shareholder.

The Company Secretary informed the Meeting of the ten major shareholders of the Company as of 6 March 2013 which was the Record Date for collecting the names of the shareholders pursuant to Section 225 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551, by closing the share register book of the Company on 7 March 2013, which was the closing date of the Company’s shares register book for determining the rights of shareholders to attend the Annual General Meeting for the year 2013, with the following details:

<b>Major Shareholders</b>	<b>Number of shares held</b>	<b>(%)</b>
1. THAI NVDR CO., LTD.	29,879,892	11.00
2. MITR PHOL SUGAR CORP., LTD.	14,406,408	5.30
3. THE BANK OF NEW YORK MILLION –CGT TAXABLE	9,596,412	3.53
4. HSBC (SINGAPORE)NOMINEES PTE LTD	8,956,810	3.30
5. STATE STREET BANK AND TRUST COMPANY	8,628,284	3.18
6. TME CAPITAL CO., LTD.	6,051,600	2.23
7. MR. ISARA VONGKUSOLKIT	6,040,444	2.22
8. STATE STREET BANK EUROPE LIMITED	4,808,761	1.77
9. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION	4,664,000	1.72
10. MR. KAMOL VONGKUSOLKIT	3,859,621	1.42

The Chairman informed that at the commencement of the Meeting, there were 1,104 shareholders attending in person and 1,063 shareholders attending by proxy, totally 2,167 shareholders representing 109,032,502 shares, equivalent to 40.12 per cent of the total 271,747,855 shares which have been issued and distributed, the quorum was, then, constituted in accordance with the law and Clause 34 of the Articles of Association of the Company, stipulating that in a general shareholders' meeting, in order to form a quorum at least twenty-five shareholders or proxies (if any) or at least half of all shareholders, and representing at least one-thirds of shares distributed shall be required.

The Chairman convened the meeting, welcomed the shareholders and introduced to the Meeting the directors, managements and auditors attended the Meeting in order to deliver additional information and answer the questions to the Meeting. In addition, the Company invited the Legal Advisor to act as observer for transparency of the Meeting and to comply with the law and the Articles of Association of the Company. The Company designated the Company Secretary to record the Minutes of Meeting as follows:

**The following directors attending the Meeting:**

1. Mr. Krirk-Krai	Jirapaet	Independent Director / Chairman of the Board
2. Mr. Vitoon	Vongkusolkit,	Director / Vice Chairman
3. Mr. Somkiat	Chareonkul	Independent Director / Chairman of the Audit Committee
4. Mr. Anothai	Techamontrikul	Independent Director/ Chairman of the Corporate Governance and Nomination Committee
5. Mr. Rutt	Phanijphand	Independent Director / Chairman of the Compensation Committee
6. Mr. Montri	Mongkolswat	Independent Director
7. Mr. Teerana	Bhongmakapat	Independent Director
8. Mr. Rawi	Korsiri	Director
9. Mr. Chanin	Vongkusolkit	Director and Chief Executive Officer
10. Mr. Metee	Auapinyakul	Director
11. Mr. Ongart	Auapinyakul	Director
12. Mr. Verajet	Vongkusolkit	Director

**The following Management attending the Meeting:**

1. Mr. Somyot	Ruchirawat	Deputy Chief Executive Officer
2. Mr. Voravudhi	Linananda	Chief Operating Officer

3. Mrs. Somruedee	Chaimongkol	Chief Financial Officer
4. Mr. Sathidpong	Wattananuchit	Deputy Chief Executive Officer – Corporate Services
5. Mr. Akaraphong	Dayananda	Deputy Chief Executive Officer – Strategy and Business Development
6. Mrs. Udomlux	Olarn	Senior Vice President – Corporate Affairs
7. Mrs. Boonsiri	Charusiri	Company Secretary

**The following Auditor and Representatives attending the Meeting:**

1. Mr. Somchai	Jinnovart	Auditor of PricewaterhouseCoopers ABAS (PwC)
2. Ms. Amornrat	Pearmpoonvatanasuk	Auditor of PricewaterhouseCoopers ABAS (PwC)
3. Mr. Theerayut	Panyathaweesub	Representative of the Auditor (PwC)
4. Ms. Rodjanart	Banyatananusard	Representative of the Auditor(PwC)

**The following observer attending the Meeting:**

1. Ms. Panlapa. Chai-a-ya	Baker & McKenzie Co., Ltd.
2. Mr. Youththachai Vitheekol	Baker & McKenzie Co., Ltd.

The Chairman informed the meeting for the governing rules of shareholder meetings described in details as appeared in the Enclosure No. 5 and 6 which had been sent to the shareholders together with the notice of this Meeting.

- Prior to the voting of any agenda, the Chairman will invite shareholders to ask questions.
- One share shall be entitled to one vote.
- Shareholder(s) who has/have special interest in any agenda, will not be eligible to the voting in the respective agenda.
- The Chairman will inform the Meeting that the voting of each agenda shall be made openly.
- Shareholders who disapprove or abstain voting of any agenda will be able to submit their votes in the voting ballots provided for shareholders while processing their registration. Such votes would be deducted from the total shares collected by the computerized database system during registration. The shareholders attending in persons who did not submit any voting ballots, it would be considered as agreement to particular agenda.
- The Chairman will announce the scores of the votes by specifying the number of votes which are in favor, against or abstained.

- The Chairman is empowered to issue meeting rules for the purpose of conducting the meetings in order and ensuring equitable treatment to all shareholders.

The Chairman informed the Meeting that the Company affords the shareholders the opportunity to propose the agenda of the Annual General Meeting of Shareholders for the year 2013 in advance via the Company's website from 1 December 2012 until 31 January 2013 and the opportunity to propose the nominated director in advance from 1 November 2012 until 31 January 2013 through the electronic media of the Stock Exchange of Thailand. The Company stipulated the procedures and criteria in considering the proposals including qualifications of shareholder eligible to submit the proposal, proposal not to be included in the Meeting agenda, proposal forms, channels for submitting the proposal, and consideration procedures. As a result, there was no meeting agenda and nominated director proposed by the shareholders.

Then, the Chairman commenced the Meeting and conducted the following business agenda, in addition, there were additional shareholders attended during the meeting.

#### **Agenda 1. To acknowledge the minutes of the Annual General Meeting of Shareholders of 2012**

The Chairman informed the Meeting of the opinion of the Board of Directors that the minutes of the Annual General Meeting of Shareholders of 2012, which was held on 5 April 2012. The Board of Directors has considered and is of opinion that the minutes of the Annual General Meeting of Shareholders of 2012 prepared by the Company Secretary, correctly reflected the resolutions passed by the said Shareholders' Meeting, and proposed the Meeting to acknowledge the said minutes of Annual General Meeting of Shareholders of 2011, the copies of which had been sent to the shareholders together with the notice of this Meeting as per the Enclosure No. 2.

The Chairman invited the shareholders to ask questions and voice their additional observations.

Mr. Thammanoon Chunmaneechote, a shareholder's proxy, told the Meeting that he had received an invitation to attend the meeting on March 29, 2013, which was fewer than seven days before the meeting date as provided by Section 101 of the Public Company Act, B.E 2535 (1992) amended in B.E. 2551 (2008). Banpu, he suggested, should improve this to upgrade its corporate governance practice. He asked which clause of the Company's Articles of Association was applied to call for the seconding of the company's performance.

- Chairman of the Meeting explained that there was no law requiring the seconding of the minutes of the meeting. In practice, it was equally difficult to second the report of the previous year as in reality, several factors had already been changed. As for Banpu's delay in sending the invitation letter, this had nothing to do with corporate governance. Rather, it concerned internal management. The Chairman acknowledged the shareholder's suggestion for further improvement.

The Chairman, then, requested the Meeting to acknowledge the minutes of the Annual General Meeting of Shareholders of 2012.

**The Meeting resolution:**

The Meeting passed a resolution to acknowledge the minutes of the Annual General Meeting of Shareholders of 2012.

**Agenda 2. To acknowledge the performance of the Company for the year 2012 and adopt the directors' report for the performance of the Company for the year ended on December 31, 2012**

The Chairman informed the Meeting that the Company had prepared the report of the Board on the performance of the Company for the year ended on 31 December 2012, as attached to the notice of this Meeting as per the Enclosure No. 3, which the Board considered correct and adequate. Thus, the Chairman requested the Meeting to acknowledge the performance of the Company for the year 2012 and adopt the directors' report for the performance of the Company for the year ended on 31 December 2012. The Chairman requested Mr. Chanin Vongkusolkit, Chief Executive Officer, to explain the details of the other Company's performance to the Meeting.

Mr. Chanin Vongkusolkit reported to the Meeting for the performances for year 2012, which CD has been delivered to shareholders. Banpu 's guiding code of conduct will always be based on Honesty , Good Governance, Morality and Legality as Chairman has expressed in the Annual Report 2013. However, in the past year , Banpu management discussed and assessed the probability and potential impacts of different risks and considered actions that Banpu could take to divert, mitigate, and eliminate them.

Founded in May 1983, Banpu will celebrate our 30<sup>th</sup> birthday anniversary in 2013. Throughout the past 30 years, the Company continued in each period to enhance management and strategic development to suit each period summarized as follows.

1983-1989	The initial phase during which Banpu started a small-scaled coal business in the North of Thailand and was later listed in the Stock Exchange of Thailand (SET).
1990-1996	The expansion and diversification era during which Banpu experienced growth and expanded horizontally and vertically. The company started to venture into the power business.
1997-2001	This was a period during which Thailand faced a financial crisis during which the company adjusted its investment structure to handle the crisis.
2002-2010	The era during which Banpu focused at two major businesses: coal and coal-fired power plant.
2011-2012	The era of stability and growth where organization structure has been improved with collaboration from all departments.

### **Banpu's business investments in Thailand and abroad**

#### **1. Investment in Thailand**

Banpu holds 50 per cent of the BLCP Power Plant's paid-up capital with Electricity Generating Public Company Limited. The 1,400-megawatt coal-fired BLCP Power Plant imports 100 per cent of its coal and has been in operation for six years.

#### **2. Overseas investments**

- Indonesia: Banpu operates six mines in Indonesia that produce 27.2 million tons of coal. The company holds 65 per cent of ITM's equity which is listed in the Indonesia stock exchange.
- Australia: Banpu's seven mines in the south of Australia produce more than 14 million tons of coal.
- China: Banpu has co-invested in two coal mines that produce approximately 5.3 million tons of coal at Shanxi and Henan Provinces in which it holds 45 per cent and 40 per cent equity, respectively. Meanwhile, the Gaohe coal mine has already started its production in 2012. Banpu has already operated power plants in China for seven years where it owns three steam power plants that generate approximately 400 megawatts.
- Mongolia: Banpu is currently exploring and developing coal resources.
- Lao PDR: Banpu holds 40 per cent of equity in the Hongsaa Power Plant project which is currently under construction.

## **Summary of coal reserves and resources**

During the past 4-5 years, Banpu continues to maintain its coal reserves at 15 years. For Indonesia, this remains a reasonable period as Banpu will be able to secure additional coal resources without having to invest too much. As for China and Australia, the rate of coal reserves and coal resources remains at 20 years where additional exploration can be made in the existing areas. Banpu's total coal reserves amount to 686 million tons which is less than 20 per cent of its existing coal resources of 3.573 billion tons.

## **Industrial situation in 2012**

The world coal price continued to fall during the latter half of 2012 making an average price registered earlier of the year at US\$110-120 per ton to drop to US\$96 per ton compared to an average 2011 price of US\$121 per ton. The decline was due to the fact that coal exporters in Indonesia, Australia, Colombia, South Africa, Russia and the US all increased their production at the same time thanks to ideal weather condition. Although demands for imported coal by high-growth countries were robust in 2012 with a 11-per cent jump from the previous year which accounted for 840 million tons of the total coal being imported, the fact that US exported more coal than before to the market forced the coal price to fall. The coal price will continue to be sensitive in 2013. Energy consumption in the future will affect not only coal price but also gas and oil prices as structure of energy consumption, choices of energy and evolving technology will dictate the change.

During the past year, an incident that highly affected the coal industry was the US coal export which accounted for 6 per cent of total coals being imported or 50 million tons. This was due to increasing demands for gas in the US after the country produced more shale gas that subsequently drove the gas price down as evident from the Henry Hub reference price, which was US\$1-2/million BTU. Besides, with the slowdown of the US economy and its mild weather in late 2012 that made the US demand less energy, coal destined to generate the electricity in the US dropped from 50 per cent to 40 per cent. The US coal surplus was therefore exported to Europe and Asia.

## **Shale gas development**

Shale gas is likely to be developed in countries whose people have high demands for gas such as the US, China and India. Besides, these countries are to have promising geological characteristics and pipeline facilities to avoid transporting gas in a form of LNG.

LNG exporting and importing countries must also have basic infrastructure in place to accommodate shale gas. That's why development of shale gas won't be as rapidly as one may anticipate and is still restricted. Meanwhile,

the current price of shale gas is US\$4/million BTU excluding costs mentioned earlier. Banpu will continue monitoring the situation.

### **Coal business and sales of coal in 2012**

#### **Indonesia**

27.2 million tons of coal was produced and sold in 2012. Of this, 14.6 million tons belonged to Indominco Mine while Trubaindo Mine and Barinto Mine sold 8.3 million tons and 0.6 million tons of coal, respectively. The volumes of coal produced and sold were slightly higher than the target set earlier.

**Cost of production:** As the world coal price weakened, Banpu management shred production and sales costs from US\$74 per ton in Q1 to remain, after continued fall over every quarter, at U\$70 per ton for an average all-year cost. In 2013, the company plans to cut costs further by another 10 per cent or around US\$7 a ton. The tightening measures will continue in 2013 and possibly into 2014.

**Average sales price:** In early 2012, an average sales price per ton was quite high before dwindling at the end of the year. The all-year average coal price index (6,700 kcal/kg) was US\$91 per ton compared to the all-year average sales price of US\$96 per ton. In other words, Banpu's average sales price, despite its decline, was quite closed to the world coal price.

#### **Australia**

Centennial sold a total of 14.3 million tons in 2012 or 0.5 million tons down from the previous year. This was due to temporary closure of small mines of Airy and Manning in late 2012 after their operation that encompassed high operation cost had failed to meet the target. Meanwhile, the Springvale Mine with a production capacity of 3.5 million tons a year was having production problem due to permit delay and geological restrictions.

**Costs of production:** as production remained highly unstable, there was a need to substitute loss of production at Mandalong Mine, an act that drove production cost higher. At the same time, Australian dollar was strengthened than anticipated. The management, in an attempt to resolve the production problem, brought in experts from Banpu's coal mines in China. The average cost of production in 2011 was A\$53 per ton. Banpu plans to cut down production costs further in 2013 by another 6 per cent.

Average sales price: In 2012, the average sales price was A\$73 a ton, a slight increase by A\$2-3 a ton from 2011's price thanks largely to a 8-per cent increase of exported sales, most of which to domestic power plants to whom coal was sold at a higher average price after new contracts were signed.

### **China**

The Gaohe Mine in which Banpu holds 45 per cent of its shares finally got a production and safety permit in Q3 of 2012. The mine sold 4.3 million tons of coal. The Hebi Mine, in which Banpu holds 40 per cent of its shares, produced 1.2 million tons of coal in 2012, a slight decline from 2011 due to the government's safety policy. However, Baht 885 million was recognized as profit from both mines in 2012 based on Banpu's shareholding ratio compared to Baht 300 million in 2011.

### **Mongolia**

Banpu is exploring and conducting a feasibility study of the Altai Nuurs Coaking Coal Resource to the west of Mongolia which boasts quality coal for steel production. The operation which can be carried out in summer only was a continuation from what was done in 2012 while exploration results were evaluated in winter. In addition, Banpu was testing demands for the Tsant Uul coal at power plants and chemical factories.

## **The Power Business**

### **China**

The three power plants in China of Luannan, Zhengding and Zouping with a total of 400 megawatts of electricity all enjoyed significant results. Thanks to the decline of coal price, their production costs went down as well. The power business registered a profit of US\$15 million which increased from last year's US\$8 million. Banpu plans to continue enhancing development in the power business.

### **Thailand**

The BLCP Power Plant continues to generate impressive operating results for the sixth consecutive year where its availability payment shot up 4-5 per cent from 2011 to Baht 8.086 billion. Meanwhile, the reason its EBITA fell was because of a 7-per cent rise of the energy value from 2011. Banpu already recognized Baht 2.361 billion shared profit based on its equity in the project or a rise by 21 per cent from a year ago.

### **Lao PDR**

The Hongsa Power Plant in which Banpu co-invests with Ratchburi Electricity Generating Holding Public Company Limited enjoys a good progress in its construction. Having been recognized by several sectors including

the Lao PDR government and the public, the power plant is expected to generate its first electricity in Q4/2015 as 45 per cent of its construction has already been completed.

### **Summary of Banpu's 2012 operation performances**

- The decline of the world coal price, problems of production volumes and Australian underground mines that failed to meet the plan.
- In Indonesia, sales volumes were up, so was sales cost per ton during the first half of the year, resulting in a fall of both gross profit margin and earnings before interest and tax, depreciation and amortization (EBITDA).
- In China, coal production managed to generate a material profit share after the commercial start-up of Gaohe Mine.
- Banpu emphasized at cost management, increase of production efficiency and business operation.
- US\$500 million was trimmed from budget under the 2012-2015 investment plan to remain at US\$1.25 billion; investment plan was revised and cash flow was maintained.

### **Major risks in 2012**

#### **1. Strategic risk**

Banpu will continue focusing at the coal business during the next three to five years as a result of promising growth of the coal market. In addition, during the next one to two years, Banpu will start booking profit from the Hongsaa Power Plant whose shared profit ratio is intended to be increased to 30 per cent.

#### **2. Financial risk**

Banpu has already extended its loan payment period from five to six years and there is tendency to extend it again to seven years. To manage interest rate risk, in 2012, as the proportion of Banpu's floating-rate loans was 56 per cent thanks to low interest rates, the company gradually converted them into fixed loans. Besides, Banpu attempted to achieve a balance between foreign-currency assets and liabilities since most of its assets were overseas and most incomes were in US dollar. As a result, Banpu has changed approximately 60 per cent of its loans and debentures into US dollar to reduce Baht-denominated assets.

#### **3. Risk in the coal business**

Banpu has expertise in the coal business and it also has high-quality coal reserves that answer to market demands. The coal business therefore remains Banpu's main business to be focused at during the next 3-7 years. So far, Banpu has managed delivery risk. It plans to develop basic infrastructure such as building larger roads to transport

coal at Indominco Mine and Trubaindo-Barinto Mine and investing in railway and coal terminal to achieve efficient and reliable coal transportation.

#### 4. Risk from changes of rules and policies in countries where Banpu has investment

During the past year, countries in which Banpu has invested already changed a lot of their rules and policies. This resulted in not many changes.

#### 5. Risk from the Hongsa Power Plant's litigation

Banpu has set up a working team comprising members from the Board of Directors and the management to monitor progress and to closely analyze the situation together with legal advisors while a specific team has been assigned to monitor the subject matter in the long run. As for Banpu's move at the Appeals Court, the management and the Board of Directors are of the view that Banpu has clear facts and legal positions to be presented to the Court.

### **Future strategies and trends**

In 2013, Banpu will continue strengthening its "foundation," which refers to the existing coal and power businesses as follows:

1. Growing from the existing assets – Banpu will maximize existing assets while stabilizing its EBITDA.
2. Strengthening financial status – this refers to reducing total liabilities, extending loan repayment period, increasing liabilities in US currency and diversifying liabilities to subsidiaries that directly hold the assets.
3. Developing human resources – Banpu intends to continue its senior leadership program, leadership program and management development program as well as to develop human resources to meet corporate needs in the future.
4. Planning investment – unnecessary project investment will be temporarily postponed and short-term unnecessary investment will be suspended.
5. Managing costs, increasing production and reducing coal production expenses
6. Connecting the coal and power business – Banpu intends to link existing businesses by adding values to the existing resources.

### **Outstanding projects in 2012**

1. The share buyback plan for the purpose of financial management

Objectives:

- To send a signal to investors that Banpu's financial status remains very strong; and to reflect a positive return on investment from Banpu's existing assets as Banpu's stock price is lower than its fundamental.
- To increase return on equity (ROE) and earnings per share (EPS)

Details:

- Banpu will spend up to Baht 6.150 billion to buy back the shares.
- About 13.56 million shares or five per cent of all shares sold will be bought back.
- The buyback plan will be between March 15-September 14, 2013 (a period of six months during which purchase will be done in the Stock Exchange of Thailand (SET) and transactions will be disclosed to the SET.)
- The buyback price will not exceed an average closing price of Banpu's stock during five trading days prior to the transaction date on each occasion plus 15 per cent of such average closing price.
- Banpu is to set aside Baht 6.150 billion retained earnings to buy back the shares.

## 2. Issuance of foreign-currency debentures

Details:

- Issuer: Banpu Public Company Limited
- Type of instrument: Unsubordinated unsecured foreign-currency debentures
- Currency: US dollar
- Total offered amount: US\$150 million
- Maturity period: 10 years
- Interest rate: 3.99 per cent per annum
- Credit rating: AA- by Tris Rating

Mr. Chanin Vongkusolkit asked Mrs. Somruee Chaimongkol, Chief Financial Officer, to inform financial performances of Banpu and its subsidiaries in 2012 based on the financial statements published in the 2012 Annual Report to the Shareholders' Meeting.

Mrs. Somruee Chaimongkol informed Banpu's 2012 performance to the Shareholders' Meeting as follows.

Banpu enjoyed total sales incomes of Baht 117.337 billion or a 4-per cent increase from the same period a year ago totaling Baht 4.933 billion thanks to sales of coal from its mines in Indonesia which increased from 24.7 million tons in 2011 to 27.2 million tons a year later.

In 2012, the total amounts of coal sold from Australia and Indonesia were 41.6 million tons, a five-per cent increase that accounted for 2 million tons.

An average sales price of coal in 2012 from Indonesian mines was US\$90.98 per ton while that from Australian mines was A\$72.86 a ton or a 10-per cent fall from 2011. This was compared to the world coal price that fell 21 per cent from US\$121 per ton to US\$97 per ton.

Banpu's 2012 gross profit was Baht 44.812 billion or Baht 4.632 billion down, most of which was due to the decline of the coal business's gross profit after the slump of the world coal price.

Banpu's gross profit margin was 38 per cent which was down from 2011's 44 per cent. Its coal business's gross profit margin was 39 per cent compared to 46 per cent in 2011; while the power business's gross profit margin was up from 10 per cent the previous year to 17 per cent in 2012.

Earnings before interest, tax, depreciation and amortization (EBIDA) was Baht 29.251 billion or a decline by 8 per cent totaling Baht 2.570 billion from the previous year. Of this, Baht 26.870 billion was EBITDA from the coal business and the remaining Baht 2.381 billion was from the power business.

Banpu's net profit in 2012 was Baht 9.293 billion, a sharp decline by 54 per cent or Baht 10.767 billion from a year ago because during the past year, Baht 6.308 billion profit after tax generated from sales of Daning Mine in China worth Baht 8.254 billion had been booked into the account. However, if only profit from Banpu's main businesses was considered, the Company's net profit was down by 21 per cent. Overall speaking, Banpu's assets are still able to generate good returns. This is especially the case of its power business in Thailand and China which is able to generate stable profit to the company in the long run.

Earnings per share (EPS) in 2012 were Baht 34.20 per share, which was 54 per cent down from last year's Baht 73.82 per share.

The total net liabilities were Baht 73.804 billion or an increase of Baht 8.515 billion from a year ago after Banpu issued Baht 6 billion worth of debentures of seven and 15 years of maturity and after a reduction of Baht 6.043 billion operating cash. At the same time, Baht 1.524 billion worth of loan was partially repaid.

The net debt to equity (D/E) ratio was up from 0.74 as of end of 2011 to 0.83 as of end of 2012.

Other details were in the 2012 Annual Report.

The Chairman opened the floor for the Meeting to pose questions and express opinions. Shareholders took turns to ask questions and express recommendations to which the Board of Directors and the management answered and made clarification as follows.

1. Mr. Winai Thanasaksombat asked about background of the Hongsa Power Plant's litigation. He advised Banpu to inform the public of today's coal clean technology (CCT) for coal-fired power plant to reduce opposition over its pollution.

Mr. Chanin Vongkusolkit explained that Banpu had led the energy parliamentary committee and the press to visit the BLCP power plant. As many as 7,000 persons had visited the plant a year. This year, Banpu would start arranging a visit to the Hongsa Power Plant.

2. Mr. Methee Anadirekkul, a proxy from the Thai Investors Association, asked why Banpu's operation results fell drastically although the coal price was down by only 3 per cent. He also asked whether such decline was due to operation performance of Banpu's Australian business.

Mrs. Somruedee Chaimongkol, Assistant Chief Executive Office of Finance, explained that the reason Banpu profit fell 54 per cent from 2011 while incomes slid only 3 per cent from the previous year was because profit from sales of investment in 2011 went down. Banpu registered Baht 20.060 billion profit in 2011, of which Baht 6.308 billion was profit from sales of its investment. In other words, if this profit from investment sales was deducted, in 2012, Banpu's profit would have been down by 21 per cent only. This was mainly due to the decline of an average sales price of coal in Indonesia that fell US\$7 per ton; while cost of production there was up US\$3 per ton. In Australia, an average sales price rose A\$3 per ton while its production cost also edged up A\$6 per ton. Besides, sales expenses rose Baht 2 billion. As Australia exported 0.6 million tons more coal than last year, export expenses also increased by Baht 700 million. Likewise, while the Indonesian mines sold 2.6 million tons more coal than before, their sales expenses rose by Baht 300 million. In addition, there were costs of managing transportation and coal terminals.

#### **Questions about results of Australia's operation**

3. Mr. Wasan Pongputtamon asked about operation results of Banpu's mines in Australia, what percentage of cost-reduction measures would become; and what measures would be introduced.

4. Mr. Jirapan Buaboocha asked about progress to increase production efficiency and reduce time required for moving Longwall machine in Australia. He also asked what action Banpu had done after planning to reduce operating expenses by 6 per cent and whether this was meeting the target. He also asked about risk factors concerning labor shortage, remunerations, welfare and the ratio of Thai staff working in Australia and Indonesia.

Mr. Chanin Vongkusolkit explained that measures executed in Australia included increasing incomes, improving operating efficiency by developing a coal transportation system and reducing expenses. In this regard, high-cost mines whose results did not meet the target; namely Airly and Mannering, were temporarily shut down. As for Mannering, which was mined by the continuous miner method and whose machines were smaller than Longwall, its manpower and machines had already been moved to Clarence on the west and Newstan. In addition, Australia-dollar loans were converted into US dollar for its lower financial cost. Cost-reduction measures will continue to be implemented in 2013.

Regarding manpower, since this is an overseas business, Banpu is considering an idea of having a foreign director who understands the nature of areas where the operation is located. Regarding labor shortage, ITM is listed company in Indonesian stock exchange with approximately US\$2.5 billion sales a year and renowned for its corporate governance. The firm therefore has not suffered from labor shortage except in specialized positions such as mining engineer and geologist. Still, in case of shortage, Thai staff can be assigned to help. At present, there are 400 Thai employees working overseas.

#### **Questions about shale gas and other energy**

5. Mr. Rittichai Yibcharoenporn asked about emission of CO<sub>2</sub> that may affect the coal market in the future when compared to lesser CO<sub>2</sub> emission by shale gas. He also asked about results of Banpu's study of shale gas.
6. Mr. Supoj Pongkidakarn, a shareholder, asked about costs between natural gas and share gas.  
Shareholders asked if Banpu was likely to enter the bioenergy business in the future.

Mr. Chanin Vongkusolkit explained that to decide whether the cost of carbon emission would affect the coal market or not, one would have to consider limitation and opportunity of the alternative energy as well. At present, there are increasing demands for energy. For example, Thailand has enjoyed natural gas from the Gulf of Thailand during the past 30 years. The country has lately imported natural gas from Myanmar, most of which for generating electricity and that's why electricity is more expensive than before. At present, Thailand imports approximately one million tons of LNG a year to accommodate demands for electricity that increases 6 per cent annually. That's

why alternative energy is a choice for several countries. Yet, for emerging markets such as Vietnam, the Philippines, Indonesia, Malaysia, India, Sri Lanka and Africa, importing natural gas remains somewhat restricted because long-term purchase agreement has to be signed and the countries need to put in place basic infrastructure. Due to these restrictions, there remains demand for coal at which Banpu will continue to focus. This can be seen from countries such as Japan which locates high-technology coal-fired power plants; or Malaysia which boasts a huge amount of natural gas. Banpu meanwhile will continue focusing at our main businesses of coal and power plant and won't venture in the bioenergy business yet.

Mr. Chanin Vongkusolkit asked Mr. Akrapong Thaiyanon, Vice President, Business Development, to explain about shale gas, which is natural gas from shale. The attempt to drill shale oil simultaneously yields associated gas. In the US, land is rented to drill gas and oil which results in a huge volume of shale gas when compared to natural gas produced by a conventional method. However, the volume of shale gas will be high during an initial phase of the drilling only before dropping rapidly after a year of production or two, which will lead to a need to find a new source. That's why high volumes of shale gas were witnessed in the market last year since all drilling had started almost at the same time. In addition, thanks to a mild weather condition and the fact that the US economy was weakening and therefore demanded less energy, the price of gas in the US tumbled and this eventually affected the coal price.

Mr. Chanin Vongkusolkit added that while conventional gas would be in a form of large wells whose production would continue for many years as in the case of wells in the Gulf of Thailand, shale gas however would be produced in smaller wells here and there in a vast area which could dry up easily after a few years. That's why shale gas would have no effect to the coal market.

7. Ms. Siriporn Siripaiboon asked (1) why although sales of 14.47 million tons of coal in 2012 by Indominco-Bontang Mine slightly fell from 14.80 million tons in 2011, its total incomes in 2012 dived to Baht 37.659 billion in 2011 from Baht 43.209 billion a year earlier; whereas sales volumes and incomes from the Centennial Mine were not much different; (2) why incomes in each mine were so different and whether the mines sold coals to local or overseas markets; and (3) why other incomes drastically fell.

Mrs. Somruee Chaimongkol, Chief Financial Officer, explained that as price per unit of Indonesian mines fell US\$7 per ton on average in 2012, although sales volumes of coal were higher, that could not compensate the decline of their incomes. Besides, the average sales price of Indominco Mine also declined since it had a lower heat value than coal from the western block. In the future, Indominco mine will start producing more coal from its eastern block. As a result, there won't be much room for its sales price to increase much unless the world coal

price will rise. Regarding which coal would be sold, Banpu's marketing department will thoroughly consider and identify the source. To answer why other incomes went down, in 2011, profit worth Baht 8.254 billion from sales of Daning Mine was booked. Yet, the company had no profit from sales of its asset to book in 2012.

### **Questions regarding mining operation in Mongolia and the Hongsaa Power Plant**

8. Mr. Chokbun Chitpradabsin asked when Banpu's operation in Mongolia could start.
9. Mr. Piriya Patrapeeraya asked whether the Hongsaa Power Plant's environmental issue would delay its start-up operation.

Mr. Worawut Leenanon, Chief Operating Officer, informed the Meeting of the progress of the Hongsaa Power Plant's construction that as of March 2013, the project had completed 45 per cent of its construction and everything was according to the plan. What had been done so far was in compliance with the World Bank's environmental requirements. During the construction, substances such as dust, noise, NO<sub>2</sub>, SO<sub>2</sub> were measured. Equipment was installed at the project and in the radius of 3-6 kilometers. Results of the measurement were later sent to the Lao PDR Government for inspection. Regarding pollution that could affect the power plant's operation, Banpu had conducted a study before the project started and decided that the Hongsaa Power Plant would be a clean coal technology (CCT) power plant to be equipped with dust and CO<sub>2</sub> collector and a computerized wastewater treatment to monitor that substances were within the World Bank's standards. In addition, an air quality inspection device was installed inside Thailand to prevent possible impact as the project was only 36 kilometers away from Nan Province. The Electricity Generating Authority of Thailand was responsible for construction of transmission line from the Thai territory and its construction was according to the plan.

In Mongolia, Banpu was exploring and conducting a feasibility study of the Altai Nuurs (AN) coking coal resource located in western Mongolia. A project expected to produce and start commercial distribution next year was a coal production project for the Tsant Uui (TU) Power Plant.

### **Questions about the share buyback plan**

10. Mrs. Orasa Chuangchai asked why Banpu did not gradually buy its shares to drive up the price.
11. Mrs. Wiyada Kongseri asked whether or not the Baht 1.65 billion retained earnings would be transformed into shares; and if yes, what kind of shares it would be.
12. Mr. Sasiroj Inkapak, a shareholder, asked whether the Company expected to buy back as much as five per cent of all shares sold or 13.56 million shares or not since the buyback period was limited. If that's the case, it

would mean that the Company would have to buy back as many as 110,000 shares a day. However, based on a daily share buyback report, Banpu did not buy up to the average amount.

Mr. Chanin Vongkusolkit asked Mrs. Somruedee Chaimongkol, Chief Financial Officer, to explain the share buyback plan. Banpu had started buying back its shares since March 15, 2013. The reason Banpu did not buy up to an average amount each day was because it would consider the share price, investment condition and the world coal price. Banpu had already set aside Baht 6.15 billion retained earnings as required by the Stock Exchange of Thailand (SET). This share buyback plan would not affect shareholders since Banpu would buy them with existing cash. That's why there would be no effect to Banpu's payment of dividend to shareholders.

Mr. Chanin Vongkusolkit explained that Banpu would start selling the buyback shares six months after the expiration date starting from the project's end date. If within three years from the project's end date Banpu failed to sell all the buyback shares, it would write off the shares by reducing its registered capital. As a result, if it could maintain profit margin; since the number of shares would reduce, earnings per share (EPS) would increase. This share buyback plan was to help Banpu manage its finance and Banpu would buy back an appropriate amount of its shares.

### **Questions about the Hongsaa Power Plant's litigation**

13. Mr. Subsak Pipobmongkol asked about the progress of the Hongsaa Power Plant litigation and whether or not Banpu had set aside reserves for this lawsuit. He asked if there was a possibilities for the parties to compromise.
14. Mr. Chokboon Chitpradubsin asked when the case would end.
15. Mr. Methee Anadirekkul, a proxy from the Thai Investors Association, suggested that an auditor clearly mention this litigation in Notes to Financial Statements. He asked about reserves being set aside of the Hongsaa Power Plant lawsuit.
16. Ms. Siriporn Siripaiboon asked if the Hongsaa Power Plant litigation would affect Banpu.
17. Mr. Winai Thanasaksombat asked about background of the Hongsaa Power Plant litigation.

Chairman of the Meeting explained that since the case of Hongsaa Power Plant was currently under the judicial process, Banpu may disclose as much information as already disclosed to the public only. With due respect to the justice, the Court could exercise its own discretion. Yet, because the Thai judicial process comprised three courts for the purpose of justice, the case had yet become final. The company had a right under the judicial process to present facts and other legal issues to prove the case. Banpu had conducted its business with integrity throughout the past 30 years during which it committed to the principles of integrity, fairness and justice and corporate

governance that made the firm recognized by the public. Shareholders should be reassured that the company saw no need to deceive anyone to win the project.

Regarding the project's background, it started when the plaintiff was granted a concession from the Lao PDR Government to operate a coal mine and a power plant in 1992. In 2005, with information in hands, the plaintiff invited Banpu to participate in the project. As the Plaintiff failed to get started the project from the day when it was getting concession up to that moment, Banpu saw the possibility for the project and agreed to sign the Joint Development Agreement (JDA) to co-develop the project. It also invested to develop the project's information. In 2006, the plaintiff asked to terminate the JDA with Banpu. A while later, the Lao PDR government cancelled the concession it had granted to the plaintiff. In late 2006, the Lao PDR government opened new bids for both the mine and the Hongsaa Power Plant projects in which Banpu was one of the bidders. The company won the bid and was awarded the project as an operator.

The plaintiff later filed a suit accusing Banpu of having deceived it to acquire the project's information; of using information without permission and of failing to return the information to the plaintiff.

The Court of the First Instance finally ruled that Banpu had not deceived the plaintiff and that Banpu had not breached the contract it had with the plaintiff. However, the Court was of the view that Banpu had used the information and thereby ordered Banpu to compensate Baht 2 billion as the cost of information and Baht 2 billion as the cost of investment to the plaintiff. The Court also ordered Banpu to pay the cost of lost opportunity totaling 25 years amounting to around Baht 30 billion to the plaintiff.

Banpu's Board of Directors was regularly updated of the case's progress by the management. Besides, the litigation had been disclosed in Notes to Financial Statements in September 2012 prior to the reading of the Court's decision. As there had been no reason or premonition for Banpu to treat this case differently from other cases resulted from its operations such as those in Indonesia or Mongolia, the Court's decision therefore could not be foreseen. Besides, Banpu did not expect that it would be ordered to pay such a huge amount of damages, either. In any case, Banpu remained confident in the facts and legal issues to be used to defend itself for the purpose of justice.

As the case will continue into the Appeals Court, the process is likely to take another 3-5 years and there is tendency that the case will be referred to the Supreme Court. Banpu treats this case seriously as it believes in the principle of doing business with integrity. At present, Banpu is preparing a defense in a thorough and prudent manner.

The fact that Banpu did not set aside reserves for this lawsuit was due to several factors such as the SET rules and regulations, accounting standards, legal issues, opportunity to defend the case and fairness to shareholders. After considering this matter with several parties, Banpu was of the view that there was no need to set aside the reserves for this suit. Yet, if it would have to do so, this would not affect Banpu's financial status, either, thanks to its financial stability reflected through retain earnings of Baht 70 billion.

Chairman of the Meeting asked Mr. Somchai Jinnovat, Banpu's auditor, to explain about the reserves. Mr. Somchai answered that the auditor had closely monitored the lawsuit on a quarterly basis and had revealed it in Notes to Financial Statements but did not underline it in particular. The auditor did not expect the Court to order Banpu to pay this much, either. However, after discussing with the Audit Committee and the Board of Directors, the auditor felt that the case would not affect Banpu's financial status. PWC was a world-class company and it complied with auditing standards. A joint discussion was made with PWC's senior executives and legal advisors regarding legal observations and the setting aside of reserves according to

Accounting Standard No. 37, Re: Estimates of liabilities and assets that may incur. This Accounting Standard defined estimates of liabilities as those which had no certainty as to when and how much it had to be paid. Estimates of liabilities would be recognized only when they meet all of the following conditions: (1) the business has an obligation now as a result of what happened in the past whether or not such obligation was a legal one or resulted from an assumption; (2) it's very likely that the business will lose resources with economic value in order to repay the obligation; and (3) the estimate of this obligation is reliable.

Based on this Accounting Standard, the reserves will be set aside only when all three conditions to recognized estimated liabilities are met. However, since the case has not been finalized, there is always a chance for it to change; for example, that Banpu may be obliged to pay less or nothing. That's why there is no need to set aside reserves just yet. Meanwhile, the auditor explained that he was not a sole person to decide whether the reserves must be set aside. This was a result of the PWC Board's consideration.

The Chairman, then, requested the Meeting to acknowledge the performance of the Company for the year 2012 and adopt the directors' report for the performance of the Company for the year ended on December 31, 2012.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to acknowledge the performance of the Company for the year 2012 and adopt the directors' report for the performance of the Company for the year ended on December 31, 2012 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	111,963,975	99.88
2. Objected	4,100	0.00
3. Abstained	125,760	0.11

**Remark:** During the conduct of this agenda, there were additional shareholders attending the Meeting, representing 3,061,333 shares. Thus, the total number of shares present in the Meeting were 112,093,835 shares.

**Agenda 3. To approve the audited balance sheet and the profit and loss statements for the year ended  
on 31 December 2012**

The Chairman informed the Meeting that the Company had prepared the balance sheet and the profit and loss statements for the year ended on 31 December 2012, which was duly audited, and that the Audit Committee and the Board considered it to be correct, complete and adequate in accordance with the general accounting principles, which was illustrated in the Section “Company and Consolidated Financial Statements” of the 2012 annual report of the Board of Directors. The Chairman requested Mrs. Somruedee Chaimongkol, Chief Financial Officer to explain this agenda in details.

Mrs. Somruedee Chaimongkol explained to the Meeting the details of the balance sheet and the profit and loss statements for the year 2012, which was audited by Mr. Somchai Jinnovart of C.P.A. No. 3271, the auditor from PricewaterhouseCoopers ABAS (“PwC”), and was considered to be correct, complete and adequate in accordance with the general accounting principles. The Meeting was, therefore, proposed to consider and approve the balance sheet and the profit and loss statements as per the annual report for year 2012 as follows:

Total assets of Banpu and its subsidiaries were Baht 222.047 billion, down 1 per cent or Baht 2.964 billion compared to as at December 31, 2011.

Total liabilities went down 2 per cent or Baht 2.913 billion to remain at Baht 133.442 billion which already included Baht 97.283 billion worth of loans and debentures; Baht 88.604 billion of shareholders’ equity, of which Baht 9.293 billion net profit had been computed and Baht 11.169 billion dividend had been paid to shareholders. Meanwhile, the issued and paid-up capital remained unchanged.

### **Statements of Profit and Loss**

Banpu's total sales incomes were Baht 117.337 billion or a 4-per cent increase from the same period the previous year totaling Baht 4.933 billion thanks largely to increasing sales volumes of coal from Indonesian mines.

Cost of sales totaled Baht 72.526 billion which was up 15 per cent. An average cost of sales per ton of coal in Australia increased A\$5.6 per ton after more coals were exported from Australia and after Airly and Mannering mines were temporarily closed.

The 2012 gross profit was Baht 44.811 billion, down Baht 4.632 billion or nine per cent due to a decline of gross profit margin of Banpu's coal business which had been affected by the downfall of the world coal price.

The gross profit margin accounted for 38 per cent which fell from last year's 44 per cent. The coal business registered 39 per cent gross profit margin in 2012 compared to 46 per cent a year ago. The power business's gross profit margin this year was 17 per cent, up from last year's 10 per cent.

Sales and administrative expenses jumped 11 per cent to Baht 17.103 billion due to increasing volumes of coal sold by Banpu's subsidiary in Indonesia and Australia. As an additional 0.57 million tons of coal was exported to overseas compared to last year, Banpu's Australia also recorded higher costs of transporting coal from mines to coal terminal for export purpose.

Other incomes fell because in 2011, Baht 8.254 billion profit from sales of Daning had been booked in last year's account while no profit from sales of Banpu's asset was booked in 2012.

Banpu registered a total of Baht 21.348 billion operating profit which was down 40 per cent.

Banpu also enjoyed Baht 2.873 billion shared profit from its subsidiaries. It recognized Baht 2.361 billion shared profit from the BLCP Power Plant and Baht 510 billion from Banpu's coal business in China and others.

Banpu's interest expenses increased Baht 176 million due to interest paid to Baht 6 billion debentures issued earlier. Besides, there was US\$225 million of loan interest paid by Banpu's subsidiary in Australia in Q4 of 2011. This led to an increase of interest expenses in 2012 because the interest was computed for the entire year. Corporate income tax was down from the previous year as there was no special profit resulted from sales of its investment.

Banpu registered Baht 9.293 billion net profit in 2012 or a 54-per cent decline from last year's Baht 10.767 billion, most of which was due to weakening operating results of coal mines being recognized and profit from sales of investment recognized in 2011. If only operating profit in 2011 and 2012 were compared, it went down 21 per cent or Baht 2.513 billion only.

#### Financial ratios:

- Gross profit margin: 38.19 per cent
- Net profit margin: 7.56 per cent
- Return on assets: 4.16 per cent
- Return on equity: 10.49 per cent
- Interest coverage ratio: 9.13
- Debt to equity ratio: 0.83
- Earnings per share: Baht 34.18 per share
- Book value: Baht 326.05 per share

Other details were in the balance sheet and the profit and loss statements as per the annual report for year 2012.

The Chairman invited shareholders to ask questions or voice their observations. Shareholders raised some issues which were summarized as follows:

1. Mr. Jirapan Buaboochai asked (1) how the Audit Committee oversaw the audit of Banpu's overseas investments; coverage of audited areas and recommendations made by the Audit Committee; (2) whether or not reduction of staff expenses from the 2011 level was related to reserves set aside for their expenses; (3) directions in 2013 to reduce fines from delay in coal loading; and (4) decision of the lower court regarding a litigation in Indonesia.
  - Mr. Montri Mongkolsawad, a member of the Audit Committee, explained that the Audit Committee had supervised Banpu's internal auditing and approved an audit plan made in advance which would cover all subsidiaries in every country, having the office of internal auditing to coordinate within the group. Results of the auditing would be reported to the Audit Committee who had given recommendations such as to manage project contract in correspondence with investment budget to reduce costs and expenses.

- Mrs. Somruedee Chaimongkol, Chief Financial Officer, explained that due to the production cost management, mine employees in Australia and China were made redundant. Besides, bonus paid to employees drastically fell when compared to 2011.
- Mr. Chanin Vongkusolkit explained that the more coal was transported, the higher its transportation expense. He insisted that Banpu would try to lower the cost of its shipping in 2013.
- Mr. Sutthichai Laohawiroj, Senior Director, Legal, explained that a lawsuit in Indonesia involved a claim by a party that the land on which Banpu business was located belonged to him. But the fact was that Banpu had already bought the land from the party and duly registered the land ownership. The lower court ruled for Banpu to win the case. The damaged party appealed; the Appeals Court upheld the decision of the lower court. The case is currently at the Supreme Court.

The Chairman, then, requested the Meeting to approve the audited balance sheet and the profit and loss statements for the year ended on 31 December 2012.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to approve the audited balance sheet and the profit and loss statements for the year ended on 31 December 2012 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	112,028,880	99.94
2. Objected	23,550	0.02
3. Abstained	42,810	0.03

**Remark:** During the conduct of this agenda, there were additional shareholders attending the Meeting, representing 1,405 shares. Thus, the total number of shares present in the Meeting were 112,095, 240 shares.

### **Agenda 4. To approve the distribution of annual profits and annual dividend payment**

The Chairman requested Mr. Chanin Vongkusolkit, the Chief Executive Officer, to explain this agenda to the Meeting.

Mr. Chanin Vongkusolkit advised the Company's dividend payment policy to the Meeting as follows:

"The Company will pay dividend at a rate approximate to 50 per cent of the net profits of the consolidated accounts after provisioning all statutory reserves, provided that the rate of dividend payment will be subject to cash flows and investment plans of the Company and its subsidiaries, as well as regulatory restrictions and other requirements."

In addition, the policy of the Company on dividend payment is that the dividend shall be distributed to shareholders upon the following requirements being met:

1. The performance of the Company is positive.
2. No retained loss exists.
3. Cash flow is sufficiently available for the dividend payment.
4. The dividend payment is subject to various investment projects.

In this year, the Company has earned profits and carried no retained loss. In addition, the Company has sufficient cash flow to pay dividends. Taking into account of the various investment projects, the Board considered that the Company should appropriate the annual profits to pay the annual dividend at the rate of 18 Baht per share, amounted to THB 4,891.46 million, which consists of the annual dividend for the period during January 1 to June 30, 2012 at the rate of 9 Baht per share, amounted to THB 2,445.73 million on 26 September, 2012. Thus, the remaining 9 Baht dividend for 2012 performance would be further paid out at the rate of 9 Baht per share, amounted to THB 2,445.73 million.

Therefore, the Meeting was proposed to approve the payment of the annual dividends as recommended by the Board which would be further paid out of the retained earnings and the profits from the operations during the period of July 1, 2012 to December 31, 2012 payable to the shareholders at the rate of 9 Baht. The dividends would be appropriated from the corporate income tax – exempted profit on which shareholders are not entitled to tax credits. The Record Date was scheduled on April 10, 2013 for the right to receive the dividend and the Closing Date of share register book was scheduled on April 11, 2013 in order to gather the shareholders' names in accordance with the Section 225 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E.2551. The dividend payment would be made on April 26, 2013. No appropriation of the profits to the legal reserve was required since the legal reserve has already reached 10 per cent of the registered capital as stipulated by laws.

The Chairman invited shareholders to ask questions or voice their observations. Shareholders raised some issues which were summarized as follows:

Mr. Methee Anadirekkul, a proxy from the Thai Investors Association, asked about tax credit rate and whether tax would be exempted.

- Mrs. Somruedee Chaimongkol, Chief Financial Officer, explained that Banpu had paid dividend out of its tax-exempted net profit. Shareholders therefore could no longer use it for tax credit. Mr. Chanin Vongkusolkit further explained that most of Banpu's profits were incurred overseas.

The Chairman invited the shareholders to ask questions and voice their additional observations. No questions being raised.

The Chairman, then, requested the Meeting to approve the distribution of annual profits and annual dividend payment.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to approve the distribution of annual profits and annual dividend payment with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	112,033,590	99.94
2. Objected	23,400	0.02
3. Abstained	38,250	0.03

### **Agenda 5. To consider the appointment and fix the remuneration of directors**

#### **5.1 Approval of the appointment of directors in place of those retiring by rotation**

The Chairman advised the Meeting that in accordance with Clause 17 of the Company's Articles of Association, which stated that "One-third of the total number of Directors shall be required to vacate their offices by rotation at every general meeting of shareholders. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate their offices. Directors who have to vacate their offices during the first and second year after the Company has been registered shall be decided by drawing of names. For the successive

years, Directors who have been in offices for the longest shall retire from their offices. A retiring director is eligible for reelection.”

The Chairman informed the Meeting that, this year, there were four (4) directors who had to retire by rotation and were proposed by the Corporate Governance and Nomination Committee to be the directors for another term and the Board agreed with the proposal. The Chairman requested Mr. Anothai Techamontrikul, the Chairman of the Corporate Governance and Nomination Committee, to explain this agenda.

Mr. Anothai Techamontrikul informed the Meeting that, in the Meeting of Shareholders for year 2013, there were four (4) directors who had to retire by rotation, namely, Mr.Somkiat Chareonkul, Mr.Rawi Korsiri, Mr.Chanin Vongkusolkitand Mr.Chanin Vongkusolkit.

Mr. Anothai Techamontrikul explained the procedure of how to nominate directors. The Board would assign the Corporate Governance and Nomination Committee to select appropriate persons to be directors in accordance with the certain criteria, which are comprised of:

- the components of the Board;
- general qualifications, specific qualifications;
- qualifications of an independent director (in case of the selection of an independent director) and;
- the performance in the past.

The Meeting was, therefore, proposed to consider and approve the nomination of each director as follows:

5.1 To elect Mr. Somkiat Chareonkul to be a director, the Corporate Governance and Nomination Committee and the Board considered that Mr. Somkiat Chareonkul has appropriate qualification and has been well-performed as director. The credentials and backgrounds of the said independent director were presented in the notice of meeting as per the Enclosure No. 4.

Therefore, the Meeting was proposed to re-elect Mr. Somkiat Chareonkul, a director retiring by rotation, to be a director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016.

The Chairman invited the shareholders to ask questions and voice their additional observations.

Mr. Jirapan Buaboochai asked about the director's age indicated in an invitation to attend the Meeting and what was presented on the screen that they were not identical. He requested the accurate age and commented that if the director was 72 years old, this may be against Banpu's regulation.

- Chairman of the Meeting explained that the director was not yet 72 years old on this AGM date. When the director reached 72 at the next AGM, he would resign on the basis of the corporate governance principle.

The Chairman, then, requested the Meeting to re-elect Mr. Somkiat Chareonkul, a director retiring by rotation, to be a director for another term.

#### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to re-elect Mr. Somkiat Chareonkul, a director retiring by rotation, to be a director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	109,538,841	97.71
2. Objected	1,387,350	1.23
3. Abstained	1,179,749	1.05

5.2 To elect Mr. Rawi Korsiri to be a director, the Corporate Governance and Nomination Committee and the Board considered that Mr. Rawi Korsiri has appropriate qualification and has been well-performed as Director. The credentials and backgrounds of the said director were presented in the notice of meeting as per the Enclosure No. 4.

Therefore, the Meeting was proposed to re-elect Mr. Rawi Korsiri, a director retiring by rotation, to be an independent director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016.

The Chairman invited the shareholders to ask questions or raise their observations. No questions being raised. The Chairman, then, requested the Meeting to re-elect Mr. Rawi Korsiri, a director retiring by rotation, to be an director for another term.

#### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to re-elect Mr. Rawi Korsiri, a director retiring by rotation, to be a director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2015 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	107,616,732	95.99
2. Objected	4,327,148	3.86
3. Abstained	162,060	0.14

5.3 To elect Mr. . Teerana Bhongmakapat, be an independent director, the Corporate Governance and Nomination Committee and the Board considered that . Teerana Bhongmakapat appropriate qualification and has been well-performed as a director. The credentials and backgrounds of the said director were presented in the notice of meeting as per the Enclosure No. 4.

Therefore, the Meeting was proposed to re-elect Mr. Teerana Bhongmakapat, a director retiring by rotation, to be an independent director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016.

The Chairman invited the shareholders to ask questions or raise their observations. No questions being raised. The Chairman, then, requested the Meeting to re-elect Mr. Teerana Bhongmakapat, a director retiring by rotation, to be a director for another term.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to re-elect Mr. Teerana Bhongmakapat, a director retiring by rotation, to be a independent director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	111,927,527	99.84
2. Objected	23,753	0.02
3. Abstained	154,660	0.14

5.4 To elect Mr. Chanin Vongkusolkit be a director, the Corporate Governance and Nomination Committee and the Board considered that Mr Chanin Vongkusolkit has appropriate qualification and has been well-performed as a director. The credentials and backgrounds of the said director were presented in the notice of meeting as per the Enclosure No. 4.

Therefore, the Meeting was proposed to re-elect Mr. Chanin Vongkusolkit, a director retiring by rotation, to be a director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016.

The Chairman invited the shareholders to ask questions or raise their observations. No questions being raised. The Chairman, then, requested the Meeting to re-elect Mr. Chanin Vongkusolkit, a director retiring by rotation, to be a director for another term.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to re-elect Mr. Chanin Vongkusolkit, a director retiring by rotation, to be a independent director for another term with a term of office from 3 April 2013 to the Annual General Meeting of Shareholders for the Year 2016 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	111,627,247	99.57
2. Objected	323,933	0.29
3. Abstained	154,760	0.14

**Remark:** During the conduct of this agenda, there were additional shareholders attending the Meeting, representing 10,700 shares. Thus, the total number of shares present in the Meeting were 112,105,940 shares.

### **Agenda 6 . Approval of the directors' remunerations**

The Chairman advised the Meeting that according to Section 90 of the Public Limited Company Act B.E. 2535, no company shall pay money or give any property to any director unless it is a payment of remuneration under the

articles of association of the company, and that in addition thereto, clause 30 paragraph 1 of the Articles of Association of the Company states that directors are eligible to remuneration, which may be paid in one or more or all forms of monthly cash payment, meeting allowance, per diem, bonus, welfare, securities of the Company or benefits of other natures, etc., provided that they shall be determined by a shareholder meeting. The shareholder meeting may either fix the amount of remuneration or consider fixing the remuneration from time to time or setting up the criteria for the remuneration or effecting the remuneration perpetually until it is changed.

The Chairman requested Mr. Rutt Phanijphand, Chairman of the Compensation Committee, to explain this agenda in details.

Mr. Rutt Phanijphand informed the Meeting for the supporting information on determining the directors' remuneration by proposing the comparison of the dividend payment and net profit, and also informed the Meeting that the directors' remuneration should be determined from the performance of the Company and the dividend distributed for the shareholders.

The Compensation Committee and the Board have taken into consideration the performance of the Company Group as well as the duties and responsibilities of directors of each committee and been of opinion that the Meeting fixed the remunerations of the directors as follows:

1. Total annual remunerations of 49 Million Baht for the year 2012 payable to all directors decrease from the year 2011. The details of the remuneration of each director appear in the Section "Remuneration of the Board of Directors and Management" of the annual report, which has been sent to the shareholders together with the notice of this meeting as per the Enclosure No. 3. The remunerations of the Chairman and the Vice Chairman are higher than the other Board members 30% and 15% respectively.
  
2. Remunerations to all committees of the Company for the year 2013 have been considered to compare to the practices among the companies in various business. The directors' remuneration has been proposed to maintain the remuneration of the Board and all sub-committees compare with the year 2012. Thus, the meeting allowances and the remunerations of the board and other committees of the Company for the year 2013 are as follows:

## 2.1 Remunerations of the Board comprising of

- 2.1.1 Monthly compensation payable to the Chairman at the rate of 78,000 Baht/month, Vice-

Chairman 69,000 Baht/month and each of other Board members 60,000 Baht/month.

- 2.1.2. Meeting allowances to the Board payable only attending the meeting in person per meeting to the Chairman at the rate of 39,000 Baht, Vice-Chairman 34,500 Baht and each of other Non-Executive Board members 30,000 Baht.

- 2.2 Meeting allowances to the Audit Committee payable only attending the meeting in person per meeting to the Chairperson at the rate of 46,800 Baht and each of the other committee members 36,000 Baht.

- 2.3 Meeting allowances to the Corporate Governance and Nomination Committee and the Compensation Committee payable only attending the meeting in person per meeting to the Chairpersons at the rate of 39,000 Baht and each of the other committee members 30,000 Baht.

The Chairman informed the Meeting that shareholders being the directors of the Company holding an aggregate of 5,790,678 shares who had special interest in the fixing of directors' remunerations, and that they were not eligible for voting on the remunerations of directors and meeting allowances of committee members. Thus, the total of eligible shares present in the Meeting for voting on this agenda was 106,315,262 shares.

The Chairman invited the shareholders to ask questions or raise their observations. No questions being raised.

The Chairman, then, requested the Meeting to approve the annual remunerations for the year 2012 and remunerations to all committeees of the Company for the year 2013.

### **Meeting Resolution**

After due consideration, the Meeting passed a resolution to approve the directors' remunerations with the voting not less than two-thirds as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	106,183,639	99.88
2. Objected	65,303	0.06
3. Abstained	66,320	0.06

**Agenda 7. To appoint the Company's auditor and fix his/her remuneration**

The Chairman informed the Meeting that in accordance with Clause 41(5) of the Company's Articles of Association, it states that an annual general meeting shall act upon the following. To appoint the Company Auditor and to fix the remuneration.

The Chairman requested Mr. Somkiat Chareonkul, Chairman of the Audit Committee, to explain this agenda in details.

The Board and the Audit Committee considered selecting PricewaterhouseCoopers ABAS (or "PwC") to be the Company's Auditor since PwC has been well-performed for the past years and has multinational networks, which has been recognized internationally. The details appear in the Section "Report of the Audit Committee to Shareholders" of the annual report, which has been sent to the shareholders together with the notice of this meeting.

The Board and the Audit Committee proposed the Meeting to appoint the auditors and fix their remuneration for the accounting year ended on December 31, 2013 as follows:

1. Mr. Somchai Jinnovart of C.P.A. No. 3271 and/or;
2. Mr. Amornrat Pearmpoonvatanasuk of C.P.A. No. 4599 and/or;
3. Mr. Vichien Khingmontri of C.P.A. No.3977.

from PwC and fix the audit remuneration at THB 2,100,000 has been proposed to maintain remain with the year 2012, excluding out of pocket expenses such as domestic transportation, communication, post, duty stamp, photocopying etc., but not over 5% of the audit fee.

The auditors named above do not have neither relation with nor interest in the Company, its subsidiaries, management, major shareholders or other related persons. Therefore, all proposed auditors are independent to audit and express their opinions for the Financial Statement of the Company. The Meeting was then proposed to consider and approve the appointment of auditor and the remuneration.

The Chairman invited the shareholders to ask questions or raise their observations. No questions being raised. The Chairman, then, requested the Meeting to appoint the Company's auditor and fix his/her remuneration.

## **Meeting Resolution**

After due consideration, the Meeting passed a resolution to appoint the Company's auditors and fix their remuneration for the accounting year ended on December 31, 2013 with the majority voting as follows:

<b>Resolution</b>	<b>Total Votes (1 share = 1 vote)</b>	<b>Per cent of the total votes of shareholders attending the Meeting and entitle to vote</b>
1. Approved	111,112,444	99.11
2. Objected	948,296	0.85
3. Abstained	45,200	0.04

### **Agenda 8. Other businesses (if any)**

The Chairman advised that this agenda was provided for shareholders to ask questions and/or for directors to clarify any queries of the shareholders (if any). No issue would be proposed for consideration and approval, and therefore, no voting would be made.

The Chairman invited the shareholders to ask questions and voice their additional observations.

1. Ms. Wasinee Mitprachapranee asked why Banpu bought back few shares only although the current stock price was low. She requested that Banpu further clarified the buyback share plan and asked the company to cancel the sale of these buyback shares.

Mr. Chanin Vongkusolkit answered that selling the buyback shares would depend on appropriate circumstances in the future. In case the profit was high, sales of buyback shares would mean that the company would secure higher retains earning or higher equity.

2. Ms. Siriporn Siripaiboon suggested that Banpu add its opinion in the Annual Report regarding damages to be paid in the Hongsaa Power Plant's litigation as to whether there was a risk for Banpu to pay the amount.

Chairman of the Meeting explained that risk information of the Hongsaa Power Plant and Banpu's opinions were on Page 56 and Page 167 of the Annual Report.

3. Mr. Theerachat Kijrungruengpaisan asked about sales target of coal in the next five years; the future trend of coal price and effect to Banpu's net profit if Baht appreciated.

Mr. Chanin Vongkusolkit stated that in 2013, Banpu expected to sell 29.5 million tons of coal in Indonesia, up from last year's 27.2 million tons. In Australia, the target would be 14.5 million tons which were closed to the 2012 level. In China, as Gaohe Mine was expanding its production, sales volumes should increase and it was likely that the total production and sales volume would rise by 5 per cent or around 2 million tons.

Sales target of coal in Indonesia was set at 29 million tons. In 2014-2015, the target would be 32 million tons. In Australia, sales target was set to increase from 14.5 million tons to 15-17 million tons and 18 million tons in 2015. Banpu had no plan to buy an additional coal business in Australia but may increase production in Indonesia. The future coal price remained sensitive. The coal price was expected to be US\$95 per ton by the end of the year. Meanwhile, Baht appreciation had few impacts to Banpu's business.

If coal price remained what it was when the average 2012 price fell to the bottom at US\$80 per ton before climbing to US\$95 per ton in Q1/2013 and falling again to US\$90 per ton in March of the same year, despite Banpu's tightening its operation costs in 2012, operation results in 2013 would not be significantly higher than the previous year. As for the power business, the result should be similar to 2012 because the Hongsaa Power Plant would not start yet. Banpu prepared a budget to enhance the power business so that it could generate a better profit.

Since the price of Banpu's 15-year coal reserves was set at US\$100 per ton, if it fell to US\$85 per ton for a long period of time, several mines would have to be shut down. This would have a positive impact as supply in the market would be less. It could be a period during which Banpu may have to decide how it would profit from the existing infrastructure that it had. Meanwhile, Banpu's share price in the near term may not be good but Banpu was ready in terms of assets, human resources, technology and others and this would have a positive effect to Banpu's stock price in the long run.

4. Ms. Jitwipa Warasiri asked about Banpu's statement that it would use innovation to drive the organization. She asked Banpu to explain coal innovation vs. energy and environment that would be positive for our energy consumption.

Mr. Chanin Vongkusolkit explained that innovation referred to the fact that everyone may come up with new ideas that shall not be limited to technology only. Banpu encouraged innovation competition as in the case of US-currency debentures which Banpu was the first company in Thailand to issue such an instrument. In addition, Banpu had production and transportation innovations as well as innovated information technology process. Banpu had actively supported innovation contest. In 2012, the questionnaire survey on Banpu Spirits' confidence revealed 81 per cent as the most-recognized value. Also the "Innovation Value" which is the 1 of 4 in Banpu Spirit values has been increasing its confidential level compared last year.

5. Mrs. Apairat Orwiwatkul asked about the management's challenges in managing Banpu's business.

Mr. Chanin Vongkusolkit answered that an issue that must be resolved in the short term was the fact that Banpu still failed to generate enough profit in Australia where it owned a lot of assets. Long-term challenges were new emerging technology, new demands for energy including alternative energy and direction of energy consumption. Banpu had to make a thorough decision if it wanted to focus at other energy and in which direction to not weaken its strength in the coal business.

6. Mr. Arun Niramonparadee asked about Banpu's cost reduction where mines in Australia had been temporarily shut down as to how Banpu would find a new market; if there were expenses to compensate redundant workers; how long the mines would be shut and Australia's policy to replace coal-fired power plants with other alternative energy which could reduce sales volumes of coal in Australia in the future.

Mr. Chanin Vongkusolkit explained that Banpu had already reflected its staff redundancy expenses and everything was smoothly done. Airy mine was readier and could be opened next year. Australia still used a lot of coal to generate electricity. In other words, demands remained high while there were a limited number of coal mines that could produce coal for these power plants. That's why sales of coal to local power plants were crucial. The sales were also in Australia dollar which means the cost could be protected from currency risk.

Chairman of the Meeting opened the floor to the Meeting to pose questions and exchange ideas but no one had additional questions. The 2013 AGM set at least three records in Banpu's AGM history. It was the AGM attended by the highest number of participants; that shareholders posed the highest number of questions and all questions were relevant and valuable. Amid the world's economic slowdown, factors such as the weakening coal price in the world market, role of alternative energy and the Hongsaa Power Plant's litigation, these questions made directors

and executives become aware of hard work with caution and far-sightedness on the basis of corporate governance for a sustainable return to all shareholders.

The Chairman informed the Meeting that the Company would prepare the minutes of the Annual General Meeting of Shareholders for the year 2013 within 14 days from the date of the Meeting, which would be posted on the Company's website at [www.banpu.com](http://www.banpu.com). The shareholders who would like to propose a material amendment of minutes of shareholders meeting, please inform the Company Secretary at [bod\\_sec@banpu.co.th](mailto:bod_sec@banpu.co.th) within 30 days after the dissemination

The Chairman asked whether there was any question to be raised, but no shareholder raised any issue. Thus, the Chairman declared the meeting adjourned.

The meeting was adjourned at 4.45 p.m.

Signed            - signature -            Chairman of the Meeting  
(Mr. Krirk-Krai Jirapaet)  
Chairman of the Board

Signed            - signature -            Secretary to the Meeting  
(Mrs. Boonsiri Charusiri)  
Company Secretary  
Minutes Recorder