



March 31, 2010

**ATTY. JUSTINA F. CALLANGAN**

Director  
Corporation Finance Department  
SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA  
Mandaluyong City

**MS. JANET A. ENCARNACION**

Head, Disclosure Department  
Philippine Stock Exchange, Inc.  
4/F PSE Centre, Exchange Road  
Ortigas Center, Pasig City

Dear Atty. Callangan/Ms Encarnacion:

Please find enclosed herewith is the preliminary draft of Proxy Statement of Basic Energy Corporation. The said preliminary draft does not include the Audited Financial Statements as of December 31, 2009, Quarterly Report for March 31, 2010, Certification of Independent Directors and the Management Statement's Responsibility for Financial Statements which will be submitted before the submission of our Definitive Proxy Statement.

Thank you for your usual prompt attention.

Very truly yours,



**ATTY. ANGEL P. GAHOL**  
Asst. Corporate Secretary/  
Compliance Officer

# COVER SHEET

3 6 3 5 9

SEC Registration Number

BASIC ENERGY CORPORATION

(Company's Full Name)

7th Floor, Basic Petroleum

Building, C. Palanca, Jr. Street,

Legaspi Village, Makati City

(Business Address: No. Street City/Town/Province)

Atty. Angel P. Gahol

(Contact Person)

(632) 817-8596 & 98

(Company Telephone Number)

1 2 3 1

Month Day  
(Calendar Year)

S R C 2 0

(Form Type)

0 5 any

Month Day  
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Corporate Finance

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

NA  
Domestic

NA  
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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## **NOTICE OF ANNUAL STOCKHOLDERS MEETING**

**NOTICE** is hereby given that the regular Annual Meeting of Stockholders of **BASIC ENERGY CORPORATION** will be held at the **MANILA GOLF AND COUNTRY CLUB**, Harvard Road, Forbes Park, Makati City, on Friday, June 18, 2010 at 2:00 p.m., with the following agenda:

### **A G E N D A**

1. Call to Order
2. Certification of Due Notice of Meeting and Existence of Quorum
3. Approval of Minutes of the Stockholders Meeting Held on June 30, 2009
4. Presentation of the 2009 Annual Report
5. Ratification of All Acts of the Board and Management
6. Election of Directors
7. Appointment of External Auditors
8. Other Matters
9. Adjournment

Only stockholders of record at the close of business on May 26, 2010 are entitled to notice of, and to vote at, this meeting. For this purpose, the Stock and Transfer Books of the Corporation will be closed from May 26 to June 18, 2010.

**In case you cannot attend in person, please accomplish the attached Proxy Form and deliver at the office of the Corporate Secretary at the Corporation's address mentioned below, on or before June 3, 2010 at 3:00 p.m.**

Minutes of the 2009 Annual Stockholders Meeting are available for your perusal at the office of the Corporation during business hours.

We look forward to your attendance at the Annual Stockholders Meeting.

Makati City, May 23, 2010.

**CORAZON M. BEJASA**  
Corporate Secretary

**PROXY FORM**  
**ANNUAL STOCKHOLDERS' MEETING**  
 June 18, 2010 – 2:00 P.M.  
 MANILA GOLF AND COUNTRY CLUB  
 Harvard Road, Forbes Park, Makati City

The undersigned stockholder of **BASIC ENERGY CORPORATION** (the "Corporation"), hereby appoints, names and constitutes \_\_\_\_\_ or, in his absence, the Chairman of the Board of the Corporation, as proxy to represent and vote all shares registered in the name of the undersigned at the Annual Meeting of the stockholders of Corporation scheduled on June 18, 2010, at 2:00 P.M., and any postponements or adjournment(s) thereof, and hereby ratifying and confirming any and all action taken by said proxy on matters which may properly come before such meeting or its postponements or adjournment(s) thereof. In particular, the undersigned hereby directs the proxy to vote the shares on the following agenda items in the manner indicated below, or if not so indicated, the proxy shall exercise full discretion in acting thereon.

AGENDA ITEMS	ACTION			
	Approve	Disapprove	Abstain	
1. Approval of the Minutes of the June 30, 2009 Meeting				
2. Notation of the 2009 Annual Report				
3. Ratification of all acts of the Board and Management for 2009				
4. Election of Directors				<b>Authority to Vote Withheld</b>
<b>Oscar C. De Venecia</b>				
<b>Francis C. Chua</b>				
<b>Ramon L. Mapa</b>				
<b>Oscar L. De Venecia, Jr.</b>				
<b>Ma. Florina M. Chan</b>				
<b>Eduardo V. Manalac</b>				
<b>Jaime J. Martinez</b>				
<b>Gabriel R. Singson, Jr.</b>				
<b>Isidoro O. Tan</b>				
<b>Dennis D. Decena (Independent Director)</b>				
<b>Oscar S. Reyes (Independent Director)</b>				
5. Appointment of SGV & Co. as External Auditor				
6. Extension of Exercise Period of SOP				

The above-named nominees were screened and pre-qualified in accordance with the Corporation's Code of Corporate Governance and SEC Circular No. 16, Series of 2002.

Signed this \_\_\_\_ of June, 2010 at \_\_\_\_\_.

\_\_\_\_\_  
 Name of Stockholder

\_\_\_\_\_  
 Signature of Authorized Signatory

**Notes:**

- (a) All proxies for the meeting should be received by the Corporate Secretary on or before June 3, 2010 at 3:00 P.M.
- (b) The proxy for a stockholder which is a corporation or a partnership should be executed by a duly authorized officer of the corporation or partnership and must be accompanied by a Corporate Secretary's Certificate quoting the Board or Partners' resolution or extracts thereof authorizing the said corporate officer to execute said proxy.

**(THIS PROXY IS BEING SOLICITED ON BEHALF OF BASIC ENERGY CORPORATION)**

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20  
PROXY STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Filed by the Registrant BASIC ENERGY CORPORATION
2. Filed by a Party other than the Registrant N/A
3. Check the appropriate box:  
 Preliminary Proxy Statement  
 Definitive Proxy Statement  
 Additional Materials
4. Name of Registrant as specified in its charter BASIC ENERGY CORPORATION
5. Incorporated in the Philippines  
Province, country or other jurisdiction of incorporation or organization
6. SEC Identification Number 36359
7. BIR Tax Identification Code 000-438-702
8. 7/F Basic Petroleum Bldg., C. Palanca St., Legaspi Vill., Makati City 1229  
Address of principal office Postal Code
9. Registrant's telephone number, including area code 817-8596 & 98
10. Name of Persons other than the Registrant Filing Proxy Statement  
NONE  
Address \_\_\_\_\_  
Phone Number \_\_\_\_\_
11. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock<br>Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| <u>Common</u>       | <u>2,410,675,330</u>  |
12. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes  No   
If so, disclose name of the Exchange: Philippine Stock Exchange

**PART I**

**GENERAL INFORMATION**

**ITEM I. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS**

The 2010 Annual Meeting of Stockholders of BASIC ENERGY CORPORATION (the Corporation) will be held on Friday, June 18, 2010, at 2:00 P.M. at the Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City.

The complete mailing address of the principal office of the Corporation is:

7<sup>th</sup> Floor, Basic Petroleum Bldg.  
104 C. Palanca Jr. St., Legaspi Village  
Makati City

**RECORD DATE**

The record date for the purpose of determining stockholders entitled to notice of, and to vote at, the Annual Meeting is May 26, 2010.

**APPROXIMATE DATE OF RELEASE OF PROXY STATEMENT AND PROXY FORM**

Date: May 24, 2010

**REVOCABILITY OF PROXY**

A stockholder giving a proxy has the power to revoke it by a written instrument at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

**ITEM II – DISSENTERS' RIGHT OF APPRAISAL**

The appraisal right may be exercised by any stockholder who shall have voted against (1) an amendment to the Articles of Incorporation that changes or restricts the rights of any stockholder or class of shares, or authorizes preferences in any respect superior to the outstanding shares of any class, or extends or shortens the corporate existence; (2) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; or (3) a merger and consolidation; by making a written demand on the Corporation for payment of the fair value of his share(s). The written demand, together with the share certificate/s of the withdrawing stockholder, must be received by the Corporation within thirty (30) calendar days from the date on which the vote was taken. Failure to make the written demand or to surrender the share certificate/s within such period shall be deemed a waiver of the appraisal right.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Corporation within thirty (30) days after such award is made. No payment shall be made to any withdrawing stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment. Upon payment by the Corporation of the agreed or awarded price, the stockholders shall forthwith transfer his shares to the Corporation.

The appraisal right is also available to a dissenting stockholder in case the Corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose as provided in Title IV, Section 42 of the Corporation Code. In addition, the Corporation shall take up and seek approval by stockholders of the denial of pre-emptive rights of stockholders to issuances from the un-issued authorized capital stock of the Corporation. This matter may give rise to the exercise of any dissenter's appraisal right.

**BASIC ENERGY CORPORATION, IN ITS BEHALF, IS SOLICITING PROXIES IN CONNECTION WITH ITS ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THE DATE, TIME AND PLACE AFOREMENTIONED.**

## **PART II**

### **SOLICITATION INFORMATION**

#### **ITEM III- PERSON MAKING THE SOLICITATION**

The solicitation of proxies is being undertaken by the Corporation in order to obtain the required quorum and the required vote to approve the matters to be taken up at the annual meeting of stockholders. The proxy shall be executed in favor of the Chairman of the Board or in his absence, the Secretary of the meeting.

The Corporation has not received any written information by any director of any intention to oppose any action intended to be taken up by the Corporation in the annual meeting of stockholders.

The Corporation intends to utilize couriers and messengers and the services of the Philippine Post Office to undertake the personal delivery of the proxy statements and proxy forms. Costs will be limited to the normal costs of such services and mailing, estimated at about Php250,000.00 and will be shouldered by the Corporation.

**Proxies should be submitted to the Corporate Secretary of the Corporation on or before 3:00 p.m. of June 3, 2010.**

#### **ITEM IV - INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No director or officer of the Corporation or nominee for election as director, or officer of the Corporation, or past director or officer of the Corporation at anytime since the beginning of the last fiscal year, and to the best knowledge of the Corporation, no associate of a director or officer or nominee for election as director or officer of the Corporation has any substantial

interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Annual Meeting of Stockholders, other than election to office as directors.

**PART III**  
**CONTROL AND COMPENSATION INFORMATION**

**ITEM V - VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

- a) **Number of common shares** – 3,873,175,330 shares (inclusive of subscribed and unpaid shares), as of February 28, 2010. Each share is entitled to one vote, subject to cumulative voting, as explained below. There are no restrictions that limit the payment of dividends on common shares.
- b) **Record Date** – May 26, 2010.
- c) **Voting Rights** - At the annual meeting of stockholders, every stockholder entitled to vote shall be entitled to one vote for each share of stock registered in his name in the books of the Corporation. However, in the election of directors, every stockholder entitled to vote shall be entitled to cumulate his vote in accordance with the provisions of law in such case made and provided. Hence, a holder of shares of common stock may vote such number of shares recorded in his name in the books of the Corporation as of Record Date, for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute such shares of stock on the same principle among as many candidates as he shall see fit.
- d) **Security Ownership of Certain Record and Beneficial Owners and Management**

**(1) Security Ownership of Certain Record and Beneficial Owners**

The entity known to the Registrant to be directly or indirectly the record or beneficial owner of more than 5% of the Corporation's outstanding common shares as of February 28, 2010 is:

(1) Title of Class	(2) Name & Address of Record Owner & Relationship with Issuer	(3) Name of Beneficial Ownership and Relationship with Record Owner	(4) Citizen-ship of Record Owner	(5) No. of Shares Held & Nature of Ownership (Record/Beneficial)	(6) Percentage
Common Shares	PCD Nominee Corp.* 37/F Tower I Enterprise Center Ayala Avenue cor. Paseo de Roxas Makati City (No relationship with the Corporation)	Various Participants of PCD	Filipino	1,812,286,540 (Record)	75.18%



\*PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. (PCD), a private corporation organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal security account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. None of the participants of PCD holds more than five percent of the Corporation's total outstanding common shares of stock.

## (2) Security Ownership of Directors and Key Officers

The following are the number of common shares known to the Corporation to be owned beneficially and/or of record by the incumbent directors and key officers of the Corporation, and the percentage of shareholdings of each, as of February 28, 2010:

### **DIRECTORS**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount of Beneficial Ownership &amp; Relationship w/ Beneficial Owner</b>	<b>Citizenship</b>	<b>Percentage</b>
Common	Oscar C. De Venecia	8,110,000(direct)	Filipino	0.340%
Common	Francis C. Chua	2,000,000(direct)	Filipino	0.080%
Common	Ramon L. Mapa	268,635 (direct)	Filipino	0.011%
Common	Oscar L. De Venecia, Jr.	516,334 (direct)	Filipino	0.021%
Common	Ma. Florina M. Chan	10,000(direct)	Filipino	0.000%
Common	Eduardo V. Manalac	10,000(direct)	Filipino	0.000%
Common	Jaime J. Martinez	10,000(indirect)	Filipino	0.000%
Common	Gabriel R. Singson, Jr.	10,000(indirect)	Filipino	0.000%
Common	Isidoro O. Tan	24,822,276(direct)	Filipino	1.030%
Common	Oscar S. Reyes	10,000(direct)	Filipino	0.000%
Common	Dennis D. Decena	10,000(indirect)	Filipino	0.000%
	<b>TOTAL</b>	<b>35,777,245</b>		<b>1.484%</b>

### **EXECUTIVE OFFICERS**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount of Beneficial Ownership &amp; Relationship w/ Beneficial Owner</b>	<b>Citizenship</b>	<b>Percentage</b>
Common	Alberto P. Morillo	1,554,121 (direct)	Filipino	0.060%
	<b>TOTAL</b>	<b>1,554,121</b>		<b>0.060%</b>

### **DIRECTORS AND OFFICERS AS A GROUP**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount of Beneficial Ownership &amp; Relationship w/ Beneficial Owner</b>	<b>Citizenship</b>	<b>Percentage</b>
Common	Directors as a Group	35,777,245(direct/indirect)	Filipino	1.484%
	Executive Officers as a Group	1,554,121(direct)	Filipino	0.060%
	<b>Total</b>	<b>37,331,366</b>		<b>1.544%</b>

### **Changes in Control**

Management is not aware of any existing arrangement which may result in a change in control of the Corporation by stockholders.

### **ITEM VI - DIRECTORS AND EXECUTIVE OFFICERS**

The following are the incumbent directors of the Corporation:

<b><u>Name</u></b>	<b><u>Period of Service</u></b>
Oscar C. De Venecia	1972 to July 12, 2007; February 12, 2009 up to the present
Francis C. Chua	1998 up to the present
Ramon L. Mapa	1976 up to the present
Oscar L. de Venecia, Jr.	1999-2006; March 30, 2007 up to the present
Ma. Florina M. Chan	April 3, 2008 up to the present
Eduardo V. Manalac	September 30, 2009 up to the present
Jaime J. Martinez	October 10, 2007 up to the present
Gabriel R. Singson, Jr.	April 3, 2008 up to the present
Isidoro O. Tan	1993 up to the present
Oscar S. Reyes	April 04, 2007 up to the present
Dennis D. Decena	August 8, 2008 up to the present

Each director of the Corporation holds office for a one (1) year term beginning on the date of his election and expiring at the annual meeting of stockholders next after his election and until his successor shall have been elected and qualified.

### **NOMINATION OF DIRECTORS AND INDEPENDENT DIRECTORS**

The Nominating Committee of the Board of Directors of the Corporation composed of Mr. Oscar C. De Venecia, as Chairman, with Mr. Oscar S. Reyes, Mr. Ramon L. Mapa, Mr. Oscar L. De Venecia, Jr., and Mr. Dennis D. Decena, as members, has determined that the incumbent directors, shall be nominated for re-election at the annual meeting of stockholders, and that all the nominees possess all the qualifications and have none of the disqualifications for

directorship as prescribed in the Corporation's By-Laws and the Manual of Corporate Governance. For the purpose of electing the independent directors, the Nominating Committee adopted the independence criteria set out in the Corporation's Manual of Corporate Governance and under SRC Rule No. 38 and are consistent with SEC Memorandum Circular No. 16, Series of 2002. The two independent directors-nominees, namely: Messrs. Dennis D. Decena and Oscar S. Reyes are not officers or employees of the Corporation nor any of its subsidiaries, and are free from any business or other relationship with the Corporation which could or could reasonably be perceived to materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors

The following are nominated as members of the Board of Directors for 2010:

Oscar C. De Venecia	Francis C. Chua
Ramon L. Mapa	Oscar L. de Venecia, Jr.
Ma. Florina M. Chan	Jaime J. Martirez
Eduardo V. Manalac	Gabriel R. Singson, Jr.
Isidoro O. Tan	
Dennis D. Decena.-Independent Director	
Oscar S. Reyes-Independent Director	

The following nominees for election as independent directors of the Board of Directors were nominated, as follows:

<u>Nominee</u>	<u>Nominating Party</u>	<u>Relationship</u>
Dennis D. Decena	Oscar C. De Venecia	none
Oscar S. Reyes	Oscar C. De Venecia	none

None of the above directors declined to stand for re-election to the Board of Directors because of any disagreement with the Corporation or any matter relating to the Corporation's operations, policies or practices.

#### **Board Committees**

The members of the Audit Committee which reviews the audit plans, report and findings of the internal and external auditors of the Corporation, are:

Oscar S. Reyes (Independent Director)	-	Chairman
Dennis D. Decena (Independent Director)	-	Member
Ma. Florina M. Chan	-	Member
Jaime J. Martirez	-	Member
Gabriel R. Singson, Jr.	-	Member

The members of the Nominating Committee, which reviews the qualifications of nominees to the Board of Directors and the key officers of the Corporation, are:

Oscar C. De Venecia	-	Chairman
Oscar S. Reyes (Independent Director)	-	Vice Chairman
Oscar L. De Venecia, Jr.	-	Member
Ramon L. Mapa	-	Member
Dennis D. Decena (Independent Director)	-	Member

The members of the Compensation and Remuneration Committee, which is responsible for reviewing the Corporation's compensation and remuneration structure for directors and officers of the Corporation, are:

Oscar L. De Venecia , Jr.	-	Chairman
Francis C. Chua	-	Member
Jaime J. Martinez	-	Member
Isidoro O. Tan	-	Member
Dennis D. Decena (Independent Director)	-	Member

The members of the Finance and Investments Committee, which reviews the financial reports of the Corporation and all project and investment proposals, prior to submission to the Board of Directors, are:

Jaime J. Martinez	-	Chairman
Ramon L. Mapa	-	Vice Chairman
Oscar L. De Venecia, Jr.	-	Member
Ma. Florina M. Chan	-	Member
Eduardo V. Manalac	-	Member
Oscar S. Reyes (Independent Director)	-	Member
Gabriel R. Singson, Jr.	-	Member
Isidoro O. Tan	-	Member
Prudencio C. Somera, Jr.	-	Member

The members of the Corporate Governance Committee, which is responsible for maintaining and ensuring good governance of the Corporation, are:

Francis C. Chua	-	Chairman
Gabriel R. Singson, Jr.	-	Vice Chairman
Ma. Florina M. Chan	-	Member
Eduardo V. Manalac	-	Member
Jaime J. Martinez	-	Member
Dennis D. Decena (Independent Director)	-	Member

The following are the incumbent officers of the Corporation:

Oscar C. De Venecia	Chairman & CEO
Oscar L. De Venecia, Jr.	President & COO
Marietta V. Villafuerte	VP & Treasurer
Corazon M. Bejasa	VP & Corporate Secretary
Alberto P. Morillo	VP- Operations
Angel P. Gahol	AVP-Compliance Officer & Asst. Corporate Secretary
Mary Jean G. Alger	AVP- Corporate Planning

## **BACKGROUND INFORMATION**

The following are the names, ages, positions and period of service in the Corporation of the incumbent directors, who were nominated for election as directors for the term 2010-2011, and key officers of the Corporation:

### **1. DIRECTORS**

**OSCAR C. DE VENECIA**, 77 years old, Filipino, is the Chairman of the Board, effective February 12, 2009. Prior thereto, he was the Chairman of the Advisory Board since July 12, 2007, and was the Chairman of the Board from 1988 to July 12, 2007. He is the Vice-Chairman of Basic Ecomarket Farms, Inc. and Basic Biofuels Corporation, wholly-owned subsidiaries of the Corporation, and the Chairman of the other subsidiaries of the Corporation, namely: iBasic, Inc., Basic Diversified Holdings, Inc., Southwest Resources, Inc. and Pan-Phil Aqua Culture Corporation. He is also the Vice-Chairman, International Relations – in charge of Business Councils, Philippine Chamber of Commerce and Industry, Director of Pangasinan Economic Development Foundation, Inc. and Trustee of the Free Rural Eye Clinic Foundation, Inc. He is the Honorary Consul General of Ukraine in the Philippines and past Dean of the Consular Corps of the Philippines. He was Rear Admiral (Honorary) of the Philippine Coast Guard Auxiliary, Past Chairman of the Rotary Golfing Fellowship Foundation of the Philippines, Inc., and the Past Chairman & President, Petroleum Association of the Philippines. He was a director of the Manila Economic & Cultural Office (MECO), was an Independent Director of Export & Industry Bank, and Past District Governor of Rotary International, District 3830. He is a member of the Management Association of the Philippines and the Rotary Club of Makati West. He was the recipient of various awards from private and government institutions and professional and civic organizations. He obtained his degree in Bachelor of Science in Civil Engineering at the Mapua Institute of Technology, Manila and his Bachelor of Science in Industrial Engineering at Syracuse University, Syracuse, New York, USA. He obtained his Graduate Studies on Executive Program at Stanford University, Stanford, California, USA and on Petroleum Management Program at Institute Francais Du Petrole, Paris, France.

**FRANCIS C. CHUA**, 60 years old, Filipino, is a director of the Corporation since 1998 and the second Vice Chairman of the Board of the Directors effective November, 2007. He is the Special Envoy on Trade and Investments of the Department of Foreign Affairs since June, 2007 and was Special Envoy on Trade and Investments (China) from 2006 to May, 2007. He is the Honorary Trade and Investment Representative of the Department of Trade and Industry from 2002 up to the present. He is also the Consul General, Honorary Consulate General of the Republic of Peru in Manila, since 2006. He is a Special Adviser on Economic Affairs, Office of the Speaker of the House of Representatives, Congress of the Philippines, since 1997 and member of the Board of Trustees of the Technical Education and Skills Development Authority (since 2006). He is the Chairman and President of BA Securities; President of the Philippine Satellite Corporation; Vice-Chairman/Treasurer of Mabuhay Satellite Corporation.; and Director of the subsidiaries of the Corporation. He was a member of the Board of Governors and Treasurer of the Philippine Stock Exchange from 2000 to 2002. For his civic affiliations, among others, he is the Honorary President of the Federation of Filipino Chinese Chambers of Commerce & Industry, President Emeritus of the Chamber of Commerce of the Philippines Foundation; and Eminent Director of the Philippine Chamber of Commerce & Industry. He obtained his

degree in Bachelor of Science in Industrial Engineering (Cum Laude) from the University of the Philippines, in 1967.

**RAMON L. MAPA**, 66 years old, Filipino, is a director of the Corporation since 1976 and a Vice Chairman of the Board of Directors effective October, 2007. He is the President of Wise Securities, Inc. since 1999, and Director of the subsidiaries of the Corporation. He is a Director of Sta. Elena Properties, Inc., since 2002 and Director and Treasurer of Maple Agricultural Corporation, and Maple Realty Corporation since 2002. He was a Director of Wise Holdings, Inc. from 2002 to 2006. He obtained his degree in Bachelor of Arts, major in Economics from the Ateneo University in 1965 and earned MBA credits also at the Ateneo University in 1966.

**OSCAR L. DE VENECIA, JR.**, 42 years old, Filipino, is a director and the President and COO of the Corporation since July, 2007. Prior thereto, he was the Executive Vice President & COO of the Corporation since April 04, 2007. He has served the Corporation in various executive positions, namely, as SVP and COO from June, 1997 up to June, 2001 and was the President and CEO from December, 2002 up to November, 2005. He is the President of Basic Ecomarket Farms, Inc. and Basic Biofuels Corporation, the President & COO of Basic Diversified Industrial Holdings, Inc., the Chairman and President of iBasic, Inc., director of Basic Consolidated International, Inc. and President of Southwest Resources, Inc. He was the President of Forum Energy Philippines, Inc. from November 2005 to April 2007, Chairman and CEO of Blue Bamboo Solutions, Inc. from September, 2002 to December, 2005, a Consultant for Strategic Alliance Development Corporation from March, 2002 and moved as Business Development Manager of Stradcom Corporation from May to November, 2002. He obtained his degree in Bachelor of Arts in Economics from Fordham University, New York City, in 1996 and a Master in Entrepreneurship from the Asian Institute of Management in 2000.

**MA. FLORINA M. CHAN**, 54 years old, Filipino, is a Director of the Corporation since April 3, 2008. She is the President & COO of Philippine Commercial Capital, Inc., with which she has been employed since 1988, and a director of PCCI Insurance Brokerage, Inc., ICC Leasing and Finance Corporation and PCCI Equities, Inc., since 2005. She obtained her degree in Bachelor of Science in Business Economics at the University of the Philippines in 1977 and Master in Business Administration at the Fordham University in 1980.

**DENNIS D. DECENA**, 58 years old, Filipino, is an independent director of the Corporation since August 8, 2008. He was the EVP and COO of Roxaco Land Corporation from 1997 to 2008 and Treasurer of Roxas & Company from 2003 to 2008. Prior thereto, from 1976 to 1996, he held various responsible positions in the Jaka Group of Companies, Urban Bank, Union Bank, RCBC, UCPB and FEBTC. He is presently a director of Club Punta Fuego, Inc., Fuego Development Corporation, Fuego Land Corporation and Roxaco-ACM Development Corporation. He was and still is active in various professional and civic organizations such as the FINEX Foundation, Rotary International and the Debbie Decena Memorial Educational Foundation. He is an active member of the Rotary Club of Makati West, FINEX, MAP, SHDA, among others. He obtained his degree in Bachelor of Arts in Economics (Cum Laude) from the Ateneo de Manila University in 1974 and his Master Degree in Business Administration from the University of the Philippines in 1976. He is a Postgraduate Fellow of the Fletcher School of Law and Diplomacy, TUFTS University, at Massachusetts, U.S.A., where he obtained his postgraduate certificate in International Business in 1989.

**JAIME J. MARTIREZ**, 55 years old, Filipino, is a director of the Corporation and its subsidiaries since October, 2007. He is the President & CEO of Majalco Finance & Investments, Inc., Senior Vice President, Treasurer and Director of Unicapital, Inc., Treasurer and Director of Unicapital Securities, Inc., Chairman, and President & CEO of Unaventure, Inc., a PEZA registered enterprise facilities provider. He holds other director positions, in Majalco, Inc., a diversified holding corporation, Malayan Savings Bank, CCC Insurance Corporation, HMR PTY Ltd of Australia, and the Philippine Finance Association, and is a member of the Makati Business Club. He has acquired and developed professional expertise in the field of Investment Banking for the last 26 years, since 1976. He obtained his degree in Bachelor of Science in Management from De La Salle University in 1975 and is a candidate for a Masters degree in Business Administration from the Ateneo de Manila University Graduate School in 1979.

**EDUARDO V. MANALAC**, 64 years old, Filipino, is a director of the Corporation and its subsidiaries since October, 2009. He is presently the President of TransEnergy International Limited and Chairman of Wellex Industries. He was Undersecretary of the Department of Energy (DOE) from 2003 to late 2004, where he promoted the standardization and use of coconut biodiesel that culminated in a Memorandum Order for the blending of 1% biodiesel for all government vehicles and led the DOE's efforts in developing the "Biofuels Law." He was appointed President and CEO of the Philippine National Oil Company (PNOC) on August, 30, 2004, President and CEO of the PNOC Exploration Corporation (PNOC-EC) in September, 2004, and subsequently Chairman of the PNOC Energy Development Corporation (PNOC-EDC) within the same time period. He was responsible for the historic signing of the Tripartite Agreement for a Joint Marine Seismic Undertaking in the South China Sea between the Philippines (PNOC), China (China National Offshore Oil Corporation), and Vietnam (Petrovietnam). Prior to 2003, he joined the Phillips Petroleum Company and affiliates with assignments in China, Pakistan, Indonesia and the US. He attended the University of the Philippines in Diliman, Q.C. Philippines where he received a Bachelor of Science degree in Geology in 1967, and where he completed post-Graduate studies in petroleum geology through 1969. He is also a graduate of the U.P. Preparatory High School in Manila.

**OSCAR S. REYES**, 64 years old, Filipino, and a director of the Corporation and its subsidiaries since June, 2007. He is presently a Director of various listed corporations, like the Bank of the Philippine Islands, Manila Water Co., Pepsi Cola Products Philippines, Inc., Philippine Long Distance Telephone Co., and Universal Robina Corporation, and of various non-listed companies such as Sun Life of Canada (Phils.), Inc., Link Edge, Inc., Unicapital Securities Co., Inc., Smart Communications, Inc., Sun Life Financial Plans, Inc., Petrolift, Inc. among others. He is the Chairman of Link Edge, Inc. and MRL Gold Philippines, Inc. He is also a Trustee of the Pilipinas Shell Foundation, Inc., El Nido Foundation, Inc. and the Knowledge Institute. He was a Director of Pilipinas Shell Petroleum Corporation from 2002 to 2006, Managing Director of Shell Phils. Exploration B.V. from 2002 to 2004, Country Chairman of the Shell companies in the Philippines from 1997 to 2001. He obtained his degree in Bachelor of Arts, major in Economics (Cum Laude) from the Ateneo de Manila University in 1965, completed academic units for a Master of Business Administration degree from the Ateneo Graduate School of Business Administration in 1971, a Program for management development at the Harvard Business School in Boston, U.S.A. in 1976 and had undergone a Commercial Management Study

program at the Lensbury Centre, Shell International Petroleum Co., at the United Kingdom in 1986.

**GABRIEL R. SINGSON, JR.**, 44 years old, Filipino, is a Director of the Corporation since April 3, 2008 and director of the subsidiaries of the Corporation. He was formerly the Undersecretary of the Department of Finance for Privatization in 2005-2006 and prior thereto, he was the Chairman of SR Capital Holdings, Inc. from 2000 to 2005, the Vice Chairman of Pilipino Cable Corporation from 1998 to 2004 and the President of Telemodial Holdings, Inc. from 1997 to 2004. He was the Chief Financial Officer of Macondray & Co., Inc. from 1990 to 1996, then Chief Operating Officer thereof from 1996 to 1999, and a director of Del Monte Philippines from 1996 to 1999. He obtained his degree in Business Management from the Ateneo de Manila University in 1986, graduating Magna Cum Laude and Master in Business Administration- Finance from the Wharton School, University of Pennsylvania in 1989.

**ISIDORO O. TAN**, 61 years old, Filipino, is a director of the Corporation since 1993 and director of the subsidiaries of the Corporation. He is also the President & Director of Filspin, Inc.; Vice-President & Director of Filtex Manufacturing Corporation and Foremost Integrated Corporation, for the last five (5) years at least. He obtained his degree in Bachelor of Science in Industrial Engineering at the Adamson University in 1969.

## **2. OFFICERS**

**CORAZON M. BEJASA**, 62 years old, Filipino, is the Corporate Secretary of the Corporation since July 12, 2007, with the rank of Vice President. She was Head, Legal and Human Resources of ValueGen Insurance Corporation and Banclife Insurance Corporation from 2002 to 2006. Earlier, she was Corporate Secretary and Senior Vice President for Support Services and occupied various department head positions for legal, human resources, credit, administration, mortgage banking and consumer banking at Urban Bank from 1983 to 2000. She was also employed as legal research officer then legal executive assistant at the Central Bank of the Philippines from 1974 to 1983 and Assistant to the Secretary of the Monetary Board in 1991, and as legal researcher at the Supreme Court of the Philippines from 1972 to 1974. She obtained her Bachelor of Laws from the University of Santo Tomas, Magna Cum Laude, in 1972 and was 8<sup>th</sup> Place in 1972 Bar Examinations.

**ALBERTO P. MORILLO**, 54 years old, Filipino, first joined the Corporation in July 1987 as Geologist and became Vice President in 1989 until 1997. He continued serving the Corporation as a Consultant from 1997 until he was rehired as Vice President for Petroleum Operations in 2007. Prior to re-joining the Corporation, he was Vice President for Exploration of Forum Exploration, Inc. from 1997 to 1999. His earlier work included stints as Geologist in various exploration and mining companies including PNOC – Exploration Corporation, Semirara Coal Corporation and Jasra Kutei Basin Ltd. in Indonesia among others. He is also concurrently a Director of First Exploration and Development Services, a technical consultancy firm. He obtained his Bachelor of Science degree in Geology from the University of the Philippines in 1978, and has earned MBA units from the Ateneo de Manila University. He has taken the Management Development Program from the Asian Institute of Management in 1994, and an MS in Computer Science (pending thesis) from the AMA Computer College in 2001.



**MARIETTA V. VILLAFUERTE**, 63 years old, Filipino, is the Vice President for Finance of the Corporation since January, 2008. She was the Senior Vice President & Comptroller of PentaCapital Finance Corporation, with whom she was employed as Comptroller since September, 1993. Previous to that, she assumed various positions in General Credit Corporation (which subsequently became PentaCapital) as Personnel Manager, Credit Manager and then Comptroller. She is a Certified Public Accountant, and obtained her degree in Bachelor of Science in Business Administration, Major in Accounting, from the University of the Philippines, in 1968.

**MARY JEAN G. ALGER**, 39 years old, Filipino, is the Assistant Vice President for Corporate Planning of the Corporation. She has been involved in financial advisory and investment banking in the last eight years and is also currently connected with BancPros, Inc. (a financial and management services Corporation) as Asst. Vice President. She also served as the Investment Officer of BancLife Insurance Co., Inc. and ValueGen Financial Insurance Corporation, Inc., the wholly owned life and non-life insurance companies of Export and Industry Bank (EIB), respectively from 2002 to 2007. She obtained her Bachelor of Science in Business Economics degree from the University of the Philippines in 1991.

**ANGEL P. GAHOL**, 57 years old, Filipino, is the Assistant Vice President- Legal Department of the Corporation since August 15, 2006. He is the Assistant Corporate Secretary and Compliance Officer of the Corporation. He has been the Legal and Human Resources Manager of the PHINMA's industrial estate, Bacnotan Industrial Park Corporation, and Bacnotan Steel Industries, Inc. from 1997 to 2002 and of the mini-steel mill plant project located in Calaca, Batangas as HRD Manager on a concurrent basis. He has been with Bacnotan Consolidated Industries, Inc. for eight years as Legal Assistant and with PHINMA's Legal Department for more than seven years as Assistant Legal Counsel. He obtained his degree in Bachelor of Arts, major in Economics, from the University of Santo Tomas in 1973 and his degree in Bachelor of Laws from the same university in 1979.

## **SIGNIFICANT EMPLOYEES**

The key officers of the Corporation who are expected to make a significant contribution to the business of the Corporation consist of the above-named directors holding executive positions and officers. To retain these key officers, the employee benefits of the Corporation as defined in its Personnel Manual, may be upgraded when warranted by an improved financial condition of the Corporation, to make these benefits competitive with the industry.

## **FAMILY RELATIONSHIPS**

Mr. Oscar L. de Venecia, Jr., President & COO, is the son of Mr. Oscar C. De Venecia, the Chairman & CEO of the Corporation.

## **INVOLVEMENT IN ANY LEGAL PROCEEDINGS**

The Corporation is not aware of any bankruptcy proceedings filed against any of its directors or key officers, nor of any criminal conviction or final judgment barring or limiting any business involvement or on a violation of a securities or commodities law or regulation against any of its directors or key officers during the past five (5) years.

## ITEM VII – COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

NAME/POSITION	FISCAL YEAR	SALARIES	BONUSES	OTHER COMPENSATION
<b>Oscar C. De Venecia</b> Chairman & CEO				
<b>Oscar L. de Venecia, Jr.</b> President & COO				
<b>Marietta V. Villafuerte</b> VP-Treasurer				
<b>Corazon M. Bejasa</b> VP & Corporate Secretary				
<b>Alberto P. Morillo</b> VP-Operations				
<b>Total</b>	<i>2010</i>	4,664,400 (estimated)	388,700 (estimated)	0
	<i>2009</i>	5,265,733	439,979	0
	<i>2008</i>	10,283,487	855,291	0
<b>All Other Officers as a Group Unnamed</b>	<i>2010</i>	1,333,800 (estimated)	111,150 (estimated)	0
	<i>2009</i>	1,431,856	127,021	0
	<i>2008</i>	3,342,473	1,313,791	0

The Directors of the Corporation do not receive compensation from the Corporation, except per diems for attendance at Board and Committee Meetings at Php5,500.00 and Php2,750.00 per attendance, respectively. Except for the stock option plan discussed under Item IX below and the existing retirement plan for officers and employees of the Corporation, there is no existing compensatory plan or arrangement covering bonuses, profit-sharing, warrants and other rights for directors and officers of the Corporation, or which will arise from the resignation, retirement, expiration of term of employment, change in control or change in the officer's responsibilities.

### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except as discussed below, there has been no material transaction during the past two years, nor is there any material transaction currently proposed, to which the Corporation was or is to be a party with any incumbent director and/or officer of the Corporation. In the ordinary course of business, the Corporation may have transactions with other companies in which some of such persons may have an interest.

## **ITEM VIII. INDEPENDENT AUDITORS**

Sycip, Gorres, Velayo & Co. (SGV) was the Corporation's independent auditors for the year 2009. The same auditing firm is being recommended for appointment as the Corporation's external auditor for the year 2010 by the stockholders at the annual meeting of stockholders. Representatives of SGV will be present during the annual meeting of stockholders and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions from stockholders, should there be any. SGV has accepted the Corporation's invitation to stand for re-election this year.

Audit services of SGV for the fiscal year ended December 31, 2009 included the examination of the books and consolidated financial statements of the Corporation, assistance in the preparation of the Corporation's final income tax returns and other services related to filing of reports made with the Securities and Exchange Commission. The audit fees for 2008 and 2009 were Php468,500.00 and Php580,000.00, respectively. The audit fee for 2008 was fully paid on May 15, 2008, while Php406,000.00 has already been paid on March 23, 2010 as partial payment of the audit fees for 2009.

In addition to the audit related services, SGV rendered tax and financial accounting services in connection with the sale of the Corporation's entire interest in Basic Petroleum and Minerals, Inc. in 2006. In June, 2007, SGV rendered financial accounting services in connection with the acquisition of Zambo Norte Biofuels Corporation.

There was no event in the past five (5) years where SGV and the Corporation had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

Upon recommendation of the Audit Committee and the Board of Directors, SGV will be recommended as the external auditor who will conduct the audit of the Corporation for the fiscal year 2010, subject to approval by the stockholders. In compliance with SEC Memorandum Circular 8, Series of 2003 (Rotation of External Auditors), the SGV partner in charge of the Corporation for the fiscal years 2009 and 2010 is Ms. Aileen L. Saringan.

## **ITEM IX – COMPENSATION PLANS**

A stock option plan was approved by the stockholders at the 2007 annual meeting of stockholders, whereby directors and members of the Advisory Board, officers and selected employees of the Corporation and its subsidiaries, and other persons as determined by the Board of Directors shall be granted the option to purchase shares of stock of the Corporation from its un-issued capital stock at par value, and exercisable on the 3<sup>rd</sup> year from approval of the plan by the stockholders. However, the details and mechanics of the plan have yet to be submitted for the approval of the Board of Directors. There is no SEC approval yet on the said stock option plan and the Corporation will seek approval by the SEC, when the mechanics thereof are approved by the Board of Directors. The extension of the exercise period from July 12, 2010 to July 11, 2013 shall be submitted for approval of the stockholders at the annual stockholders meeting.

There are no other plans, under which cash or non-cash compensation may be paid or distributed to directors and officers of the Corporation, which will be taken up at the annual meeting of stockholders.

## **PART IV**

### **ISSUANCE AND EXCHANGE OF SECURITIES**

#### **ITEM X - AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE**

There is no capital increase or issuance of securities which will be submitted for approval of stockholders at the annual stockholders meeting.

#### **ITEM XI - MODIFICATION OR EXCHANGE OF SECURITIES**

There is no modification or exchange of securities which will be submitted for approval of stockholders at the annual stockholders meeting.

#### **ITEM XII - FINANCIAL AND OTHER INFORMATION**

##### **(a) 2009 Audited Financial Statements**

The 2009 financial statements of the Corporation were audited by the Corporation's external auditors:

SGV & Company  
Mailing Address: SGV Building, 6760 Ayala Avenue, Makati City 1226  
Certifying Partner: Aileen L. Saringan  
C.P.A. No. 72557  
PTR No. 2087572 dated January 4, 2010.

The Consolidated Audited Financial Statements of the Corporation as of December 31, 2009 are attached as part of this Proxy Statement.

##### **(b) Changes in and disagreements with accountants on accounting and financial disclosures**

There are no disagreements with the Corporation's external auditors on any accounting principles or practices, and financial statement disclosures or auditing scope or procedures in the 2009 audited financial statements of the Corporation.

There are, however, changes in accounting policies and disclosures based on the adoption of new Philippine interpretations based on the International Financial Reporting Committee Interpretations, which have been effective January 1, 2009, namely:

- i) PAS 1-Presentation of Financial Statements  
The Corporation elected to present a single Statement of Comprehensive Income.
- ii) Amendment to PFRS 7-Financial Instruments: Disclosures  
The fair value hierarchy and liquidity position were included in the Audited Financial Statements
- iii) PAS 41-Agriculture  
Removed reference to the use of pre-tax discount rate to determine fair value.

The above changes were disclosed in the Consolidated Audited Financial Statements of the Corporation as of December 31, 2009, attached as part of this Proxy Statement.

**(c ) Participation of Representatives of External Auditors**

Representatives of SGV and Company, which audited the aforementioned financial statements of the Corporation (i) are expected to be present at the annual meeting of stockholders (ii) will have the opportunity to make a statement if they desire to do so; and (iii) are expected to be available to respond to appropriate questions from stockholders during said meeting.

**(d) Incorporation by Reference**

The following documents are incorporated herein by reference and are attachments to this Proxy Statement:

- (1) Notice of Annual Stockholders Meeting and Proxy Form;
- (2) 2009 Management Report
- (3) Audited Financial Statements of the Corporation as of December 31, 2009; and
- (4) SEC Form 17-Q covering the Interim Financial Statements of the Corporation as of March 31, 2010.

**ITEM XIII - MERGER, CONSOLIDATION, ACQUISITION & SIMILAR MATTERS**

There are no actions to be taken up at the annual meeting of stockholders which will involve the merger or consolidation of the Corporation with another entity or acquisition by the Corporation of any other going business or the assets thereof.

**ITEM XIV – ACQUISITION/DISPOSITION OF PROPERTY**

There are no actions to be taken up at the annual meeting of stockholders which will involve the acquisition or disposition of property, whether real or personal, of the Corporation.

**ITEM XV - RESTATEMENT OF ACCOUNTS**

There are no actions to be taken up at the annual meeting of stockholders which will involve the restatement of any asset, capital or surplus account of the Corporation.

**PART V**

**OTHER MATTERS**

**ITEM XVI – ACTION WITH RESPECT TO REPORTS**

The following actions on reports of the Corporation shall be sought for in the annual meeting of stockholders:

- (a) Approval of the Minutes of the 2009 Annual Stockholders' Meeting held on June 30, 2009.

The Minutes contain the following:

- Approval of the Minutes of the 2008 Stockholders' Meeting.
- Notation of the 2008 Management Report and the 2008 Audited Financial Statements.
- Ratification of all acts done by the outgoing Board of Directors and Management
- Election of the Directors of the Corporation for the term 2009-2010

- Appointment of SGV & Co. as the external auditor for 2009; and
- (b) Notation of the 2009 Management Report and the Audited Financial Statements for the year ending December 31, 2009.

#### **ITEM XVII - MATTERS NOT REQUIRED TO BE SUBMITTED**

There are no matters to be taken up at the annual meeting of stockholders which are not required to be submitted for stockholders' vote or approval.

#### **ITEM XVIII – AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BY-LAWS**

There are no proposed amendments to the Amended Articles of Incorporation and Amended By-laws of the Corporation for stockholders' approval at the annual meeting of stockholders.

#### **ITEM XIX - OTHER PROPOSED ACTIONS**

The following matters will also be submitted for stockholders' action at the annual meeting of stockholders:

- (a) Ratification of all acts of the Board of Directors and Management for the period covering the term 2009-2010, which consist of the following actions:
- Appointment of officers, members of the Board and Management Committees and directors and officers of subsidiaries for the term 2009-2010
  - Approval for the Contract for a Feasibility Study of a Cassava-Based Bio-Ethanol Plant Project with the Alternative Energy Institute of Thailand Foundation and Ethanol Thai Ltd
  - Authority for the opening of a trust or investment management account with Metropolitan Bank and Trust Corporation-Trust Banking Group
  - Signing of the settlement agreement with ZNBPI of its remaining commitments under the Share Purchase Agreement dated July 11, 2007, as amended on September 1, 2007 (SPA) and the Agreement for the Acquisition of Lands dated June 19, 2007
  - Additional equity investment in Basic Ecomarket Farms, Inc. which is undertaking the cassava project in the Zamboanga peninsula up to Php9.0 million and approval of the revised business plan for 2009-2013
  - Appointment of Mr. Eduardo V. Manalac as director of the Corporation and its subsidiaries and membership to the Finance and Investments Committee and the Corporate Governance Committee
  - Authority of Management to advise the Corporation's external counsel, Romulo Mabanta Buenaventura Sayoc Delos Angeles (RMBSA), to pursue arbitration proceedings for the settlement of the Corporation's claim for payment of the historical cost recoveries on the assets sold to Forum Energy Plc under the Sale and Purchase Agreement dated April 3, 2006, and such other legal actions or remedies as may be recommended by RMBSA.
  - Amendments to the Memorandum of Agreement with Ecomarket Farms, Inc (EMF) executed last August 8, 2008 and the Deed of Assignment of Project and Property Rights both dated November 23, 2008 for the acquisition of the cassava project of EMF in Tungawan, Zamboanga City, excluding certain assets from the properties to be acquired under said agreements

- Approval of the budget for the Controlled Source Magneto-Telluric (CSMT) survey totalling Php 2,184,480.00 and the engagement of Mr. Asahi Hatori, as consultant for the CSMT survey to be conducted for the Mabini, Batangas Geothermal Energy Project
  - Approval for the grant of Christmas bonuses to officers and employees of the corporation equivalent to 35% to 50% respectively, of their monthly salaries
  - Approval of the salary adjustments of the officers and employees of the corporation effective January 2010
  - Reduction of per diems of directors from Php7,500.00 to Php5,000 per Board meeting attended and Php2,500 per Board/Management Committee meeting attended, which were subsequently increased to Php5,500.00 and Php2,750.00, respectively, effective January 2010
  - Approval of the 2010 Budget for general and administrative expenses
  - Approval of the Corporation's Revised Manual on Corporate Governance, in pursuant to the Securities and Exchange Commission (SEC) Memorandum Circular No. 6 Series of 2009
  - Authority of Management to sell the remaining Forum Energy Plc shares held by the Corporation up to 786,259 shares to Philex Petroleum Corporation at 65 pence per share and 40,000 shares at the prevailing market price at the London Stock Market, and to retain 40,000 shares
  - Approval of the schedule of the Annual Stockholders' Meeting of the corporation on Friday, June 18, 2010 at 2:00pm at Manila Golf and Country Club
  - Approval for issuance of the 2009 Consolidated Audited Financial Statements of the Corporation and its subsidiaries
  - Authority of Management to advise the Corporation's external counsel, RMBSA, to proceed with the arbitration proceedings for its claim against Forum Energy Plc (Forum) for its share on the historical cost recoveries (HCR) that it is entitled to received under the Sale and Purchase Agreement (SPA) executed between Forum and Basic Consolidated, Inc. (now Basic Energy Corporation) dated April 3, 2006.
  - Other acts which will be summarized in the list of resolutions adopted/actions taken by the Board during the period to be furnished to all stockholders of the Corporation.
- (b) Election of the Members of the Board of Directors including Independent Directors for the ensuing year;
- (c) Appointment of External Auditors for the fiscal year 2010; and
- (d) Extension of the exercise period under the stock option plan approved by the stockholders on July 11, 2007 from July 12, 2010 to July 11, 2013.

## **ITEM XX - VOTING PROCEDURES**

### **(a) VOTE REQUIRED**

Motions in general require the affirmative vote of a majority of the shares of the Corporation's common stock present and/or represented and entitled to vote in the annual

meeting of stockholders.. There are no items that will require the affirmative vote of at least two thirds ( $\frac{2}{3}$ ) of the outstanding and issued capital stock of the Corporation.

(b) **ELECTION OF DIRECTORS**

In the election of directors, every stockholder entitled to vote shall be allowed to accumulate his vote in accordance with the provisions of law. For this year's election, the top eleven (11) nominees with the most number of votes will be declared as the elected directors. If the number of the nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballot.

(c) **METHOD OF COUNTING VOTES**

Counting of votes will be done by the Corporate Secretary (or his authorized representatives) with the assistance of the representatives of the independent auditors and stock transfer agent of the Corporation. All votes attaching to the shares of common stock owned by stockholders whose proxies were received by the Corporation will be cast in accordance with the instructions given or authority granted under the proxies.

**ATTACHMENTS**

The attachments to this Proxy Statement consist of the Proxy Form, the Corporation's 2009 Management Report, the 2009 Consolidated Audited Financial Statements of the Corporation and SEC Form 17-Q covering the Interim Financial Statements of the Corporation as of March 31, 2010.

**The Corporation will provide without charge each person solicited, on the written requirement of any such person, a copy of the Corporation's Annual Report for 2009 (SEC Form 17-A). Such written request should be directed to the:**

Corporate Secretary  
Basic Energy Corporation  
7<sup>th</sup> Floor, Basic Petroleum Bldg.  
104 C. Palanca St., Legaspi Village  
Makati City

Copies of resolutions of the Board of Directors, since the date of the 2008 Annual Stockholders' Meeting, are available for examination during office hours at the office of the Corporate Secretary.



**PART VI**

**SIGNATURES**

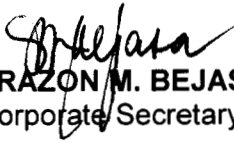
Pursuant to the requirements of the Securities Regulation Code, and after reasonable inquiry and to the best of our knowledge and belief, on behalf of the Corporation, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on March 30, 2010.



**OSCAR L. DE VENECIA, JR.**  
President & COO



**MARIETTA V. VILLAFUERTE**  
Treasurer



**CORAZON M. BEJASA**  
Corporate Secretary