

Philex Mining Corporation
Board Charter

I. Introduction

This Constitutes the Charter of the Board of Directors (the “Board”) of Philex Mining Corporation (the “Company”) which sets forth its purposes, authority, duties and responsibilities, structure and procedures in accordance with Securities and Exchange Commission (“SEC”) Memorandum Circular No. 19, Series of 2016, otherwise known as the Revised Code of Corporate Governance for Publicly Listed Companies issued on November 22, 2016.

The Company should be led by a competent Board of Directors, who has plenary powers over matters of governance and managing the regular and ordinary business of the Corporation. Within the Board’s chartered authority, the directors, acting collectively as a Board, have the fullest powers to regulate the concerns of the Corporation and provide independent oversight on Management, according to their best judgment. It shall be the Board's responsibility to promote and adhere to the principles and best practices of corporate governance, foster the long-term sustainability and success of the Corporation, and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders, and other stakeholders.

This Board Charter shall apply suppletorily to the Company’s Articles of Incorporation, as amended, Corporate By-Laws, the Securities Regulation Code, and the Corporation Code of the Philippines but shall, in no way, supersede the same.

II. Composition, Term and Election

- (a) The Board shall be composed of eleven (11) Directors or such number of Directors provided in the Articles of Incorporation, majority of whom are non-executive directors, duly elected by stockholders entitled to vote in accordance with the Company’s By-Laws, the Corporation Code and the Securities Regulation Code. A Director must possess the necessary qualifications to effectively participate in, and help secure independent judgment on, corporate affairs and to provide proper checks and balances.

- (b) The Board shall have at least two (2) independent directors, or such number as to constitute at least 20% of the Board.
- (c) The Directors shall be elected in the annual meeting of the stockholders in accordance with the provisions of the Company's By-laws.
- (d) A duly elected director shall hold office for a period of one (1) year until his/her successor in interest is elected and qualified. Any vacancy in the Board before the end of the term shall be filled in accordance with the Company's By-laws.

III. Qualifications for or Disqualifications from Directorship

The following are the minimum qualifications of a Director of the Company, which may be amended from time to time to include additional qualifications provided in the Company's By-laws, Corporation Code, Securities Regulation Code, Corporate Governance Code and other relevant laws, rules and regulations.

QUALIFICATIONS OF A DIRECTOR

- a. Must own at least one (1) share of the capital stock of the Company standing in his name on the books of the Company;
- b. Must have a college education or equivalent academic degree;
- c. Must be at least twenty-one (21) years old;
- d. Must possess integrity and probity;
- e. Must have practical understanding of the business of the Company or previous business experience; and,
- f. Must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

The Nominations Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing

laws or any amendments thereto or new law applicable to the Company, including but not limited to, membership in good standing in a relevant industry, business or professional organization.

Further, the Nominations Committee shall assess the candidates' background, educational qualifications, relevant work experience, industry affiliations, expertise and stature as would enable the Board to make an informed deliberation.

The Nominations Committee shall also consider other relevant factors, such as any conflict of interest and directorships and/or positions in other corporations, which may compromise their capacity to diligently and effectively serve and perform their duties as Director, when elected.

The Nominations Committee may use external sources, such as professional search firms, director databases and/or other reputable external sources to ensure that the nominees are thoroughly and properly screened.

The selection process for directors is based on the competency and capability of nominees to evaluate, in accordance with the guidelines aligned with the Company's Mission/Vision and strategic directions, the soundness of the Company goals and objectives as well as the adequacy of the Board's duties and responsibilities.

In case of independent directors, the Nominations Committee shall review the business relationships and activities of the nominees to ensure that they have all the qualifications and none of the disqualifications as independent directors.

GROUNDS FOR DISQUALIFICATION OF A DIRECTOR

Permanent Disqualification

The following may be considered as grounds for the permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant,

commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification should also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- e. Any person judicially declared as insolvent;

- f. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- g. Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and,
- h. Other grounds as the SEC may provide.

Temporary Disqualification

In addition, the following may be grounds for temporary disqualification of a director:

- a. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification should apply for purposes of the succeeding election;
- b. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- c. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and,
- d. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

The grounds for disqualification, whether permanent or temporary, may be amended from time to time to conform to the provisions of the Corporation Code of the Philippines, Securities Regulation Code, SEC-issued Code of Corporate Governance and other relevant laws, rules and regulations, and such other rules as may be approved by the Board.

QUALIFICATIONS OF AN INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of management and the controlling shareholder and is free from any business or other relationship which could, or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. An independent director refers to a person who ideally:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the Company;
- b. Is not a director, officer, employee of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- c. Is not an owner of more than two percent (2%) of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;
- d. Is not a relative of a director, officer, or substantial shareholder of the Company or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- e. Is not acting as a nominee or representative of any director of the Company or any of its related companies;
- f. Is not a securities broker-dealer of listed companies and registered issuers of securities. “Securities broker-dealer” refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- g. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;
- h. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm’s length and could not materially interfere with or influence the exercise of his independent judgment;

- i. Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and,
- j. Is not employed as an executive officer of another company where any of the Company's executives serve as directors.

Related companies, as used in this section, refer to (a) the Company's holding/parent company; (b) its subsidiaries; and, (c) subsidiaries of its holding/parent company.

To qualify for nomination as an Independent Director, a person must possess all of the qualifications and have none of the disqualifications for directorship in the Company as set forth in this charter, and must meet the independence criteria enumerated above and such other criteria provided under applicable law or regulation or as determined by the Board of Directors or the Nomination Committee.

An incumbent Independent Director shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the Board or the Nomination Committee: (a) he ceases to meet any of the independence criteria provided above, or (b) he becomes disqualified from directorship based on any of the grounds for disqualification as enumerated herein.

IV. General responsibilities of the Board and the Directors

The Board shall exercise the corporate powers, conduct the business, and control the properties of the Company and shall be responsible for fostering the long-term success of the Company and securing its sustained competitiveness in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Consistent with the director's three-fold duty of obedience, diligence and loyalty to the Company, a director shall:

- (a) Act within the scope of power and authority of the Company and the Board as prescribed in the Articles of Incorporation, By-Laws, and in existing laws, rules and regulations;

- (b) Exercise the best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and,
- (c) Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

V. Specific Duties and Functions of the Board

To ensure a high standard of governance for the Company, and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall:

- (a) Implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among independent, non-executive and executive directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- (b) Constitute an Audit Committee, Risk Committee, Nominations Committee, Compensation Committee, Corporate Governance Committee, and such other committees that it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (c) Select and appoint the CEO and other Senior Officers as defined under the Company's By-laws;
- (d) Determine and review annually, together with Management, the Company's vision, mission and strategic objectives;
- (e) Oversee Management's implementation of business strategies, plans and objectives and periodically evaluate Management's overall performance;
- (f) Oversee Management's establishment and maintenance of effective and adequate financial reporting and internal control systems;
- (g) Oversee Management's adoption and implementation of a system for identifying, monitoring and managing key risk areas, and review Management's reports to the Board on major risk exposures of the

Company and the actions taken to monitor, minimize, control or manage such risk;

- (h) Oversee, through the Compensation Committee, Management's adoption of compensation plans and professional development programs and succession planning for Executive Directors and the Chief Executive Officer;
- (i) Align the compensation of key officers and Board members with the long-term interests of the company as much as practicable.
- (j) Ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's organizational and operational controls are complied with;
- (k) Ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- (l) Ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- (m) Ensure that the Company has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company;
- (n) Ensure that the Company has a program for communication with the sectors in the community in which the Company operates or which are directly affected by its operations. The Board, in coordination with Management, shall identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;
- (o) Ensure that the Company establishes appropriate governance policies and procedures pursuant to the Revised Manual of Corporate Governance, including, but not limited to, policies on conflict of interest and related party transactions, and oversee the effective implementation thereof;

- (p) Properly discharge Board functions by meeting regularly, give due consideration to independent views and ensure the integrity of decision making during Board meetings;
- (q) Ensure that the Board and Board Committees are able to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties;
- (r) Establish and maintain an alternative dispute resolution system in the Company that can, where practicable or feasible, amicably settle conflicts or difference between the Company and its stockholders and the Company and third parties, including regulatory authorities;
- (s) Promote a culture that advocates responsible mining at all times through timely, appropriate and effective corporate social responsibility initiatives, with specific focus on community development, social progress, and environmental management, in accordance with all pertinent Philippine laws, rules and regulations;
- (t) Adopt a globally-recognized standard or framework in reporting sustainability initiatives and accomplishments as well as non-financial information through the Annual Sustainability Report, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, to ensure long-term sustainability and social acceptability;
- (u) Strictly observe and apply, at all times, the high ethical standards and professional behaviour in internal and external dealings; and
- (v) Such other functions as may be necessary in the furtherance of the best interest of the Company, its shareholders and other stakeholders.

VI. Specific Duties and Responsibilities of a Director

A Director should act in a manner characterized by integrity, transparency, accountability and fairness. Consistent with this, a Director shall:

- (a) Conduct business transactions with the Company fairly. He shall ensure that his personal interest does not conflict with the interests of the

Company or affect his independent judgment and the Board's decisions, and fully and immediately disclose an actual or potential conflict of interest that may arise;

- (b) Devote the time and attention necessary to properly and effectively discharge his/her fiduciary duties and responsibilities;
- (c) Act judiciously on matters brought before the Board, thoroughly evaluating the issues involved before making any decision;
- (d) Exercise independent judgment;
- (e) Have a working knowledge of the statutory and regulatory requirements that affect the Company and its operations, including the provisions of the Company's Articles and By-Laws, the requirements of the SEC and other regulatory agencies having jurisdiction over the Company, and keep abreast with industry developments and business trends; and,
- (f) Observe and safeguard confidentiality of non-public information acquired by reason of his position as a Director.

VII. Board Meetings

- (a) The Board shall schedule and hold regular meetings in accordance with its By-Laws and convene for special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors prior to each meeting. The Corporate Secretary shall ensure that minutes are taken during every Board Meeting in accordance with the By-Laws.
- (b) Each Director shall attend each Board meeting, except when justifiable causes prevent his attendance, to ensure that the quorum requirement will be met. Justifiable causes include, among others, but are not limited to, grave illness, death of an immediate family member, or serious accidents.
- (c) In any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By-Laws, the absence of an Independent Director shall not affect the quorum requirement.

- (d) In order to monitor the directors' compliance with the attendance requirements, the Company shall submit to the SEC every January of the following year, the Directors' record of attendance during Board meetings.
- (e) The Board shall hold executive sessions with the Chairman, the Independent Directors and the non-Executive Directors at least once a year and at such other times as the Board may deem necessary or appropriate. Such sessions shall be presided by the Chairman.

VIII. Compensation of Directors

Directors shall not receive any compensation as such, except for reasonable per diems, unless such compensation is provided in the By-Laws or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company.

IX. Directorships in Other Boards

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. In any case, the capacity of Directors to diligently and efficiently perform their duties and responsibilities to the Company should not be compromised.

A director should notify the Board before accepting a directorship in another company.

X. Amendment

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.