

# **PHILEX MINING CORPORATION**

## **Compensation Committee Charter**

### **I. Introduction**

Philex Mining Corporation's (PMC or the "Company") Revised Charter of the Compensation Committee (the "Committee") sets forth its purpose, authority, duties and responsibilities, structure and procedures as prescribed by the Revised Manual on Corporate Governance ("RMCG"). The Committee shall conduct an annual review and assessment of this Charter, and recommend to the Company's Board of Directors (the "Board") revisions as it may deem necessary or beneficial to the Committee's functions.

### **II. Purpose, Authority, Duties and Responsibilities**

#### **1. Purpose**

The primary purpose of the Committee is to establish a formal and transparent procedure for recommending the appropriate remuneration of directors consistent with Corporation Code and officers (Vice President and above, as per the Company's By-Laws) of the Company to ensure that their compensation is consistent with the Company's financial strategy, sound risk culture as well as the business environment in which it operates.

#### **2. Authority**

2.1 The Committee shall report directly to the Board and shall, where appropriate, consult the Board Chairman and/or Chief Executive Officer of the Company for any clarification on proposals relating to the remuneration of directors and officers.

2.2 The Committee is authorized to seek any information reasonably necessary to the performance of its duties.

2.3 The Committee is authorized to obtain independent external professionals with relevant experience and expertise, to render advice on matters it considers necessary. The Committee shall have the authority to approve all reasonable related fees and terms of engagement of these independent external professionals for the account of the Company.

### **3. Duties and Responsibilities**

The duties of the Committee shall include the following aspects:–

- 3.1 To make recommendations to the Board on the Company's policy and structure for all directors' and officers' remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;
- 3.2 To review and recommend, with delegated responsibility, the remuneration packages of directors and officers, keeping in mind the Board's corporate goals, objectives and strategies. This shall include, without limitation, basic salaries, deferred compensation, stock options and any benefits in kind, pension rights, incentive payments and any other compensation payments;
- 3.3 In determining the Company's remuneration policy and packages, the Committee shall consider factors such as salaries paid by companies in the same or similar industry, time commitment, responsibilities and employment conditions elsewhere within the group and in the market;
- 3.4 To ensure that no director is involved in determining his own remuneration, recommendations of the Committee increasing the remuneration of the Board, if eventually approved, shall not take effect until after the expiration of the term of the Board;
- 3.5 To administer and oversee the Company's share option policy, if any, in accordance with the terms and conditions of the share option policy, including the granting of options to the Company's directors and officers under the share option policy and the exercise of options by them thereunder (including, but not limited to, number of options, exercise price, option period, minimum period which must be held before the options can be exercised and performance targets which must be met before the options can be exercised), and/or to administer and oversee any other share incentive policy or other equity-based compensation in place from time to time;
- 3.6 To review and recommend compensation and/or related arrangements for directors and officers for any loss or termination of office or appointment, including that resulting from dismissal or removal of

directors for misconduct, in order to ensure that these arrangements are consistent with contractual terms and is otherwise fair, reasonable, appropriate and not excessive; and

- 3.7 To review from time to time, as may be appropriate, this Charter and to recommend to the Board any necessary changes required.

### **III. Composition**

1. The Committee shall consist of at least three (3) members, each of whom, including the Chairman thereof, shall be appointed by the Board.
2. The Chairman must be an independent director.
3. The office of a Member shall *ipso facto* be vacated:
  - i. if he resigns as a Member of the Committee or of the Board;
  - ii. if he is removed by a resolution of the Board;
  - iii. if he is declared to be incompetent or of unsound mind; or
  - iv. if he is subsequently disqualified from becoming a Member.

A Member shall be disqualified from being part of the Committee during the remainder of his tenure if, upon determination by the Board or Nomination Committee, he ceases to meet the qualifications for directorship, or he becomes disqualified from directorship based on any grounds for disqualification set forth in the recently- issued RMCG.

4. The Board may, from time to time, vary the composition of the Committee as may be required by the Securities and Exchange Commission (SEC) or other codes, rules and regulations as may be prescribed by the applicable regulatory authority.
5. The Company's Corporate Secretary or his/her nominee shall be the Secretary of the Committee.

## **IV. Committee Procedures**

### **1. Meetings**

#### **1.1 Frequency**

The Committee shall meet at least twice in a calendar year. In addition, the Committee's Chairman may convene additional meetings at his discretion, and at such other time as the Committee may consider appropriate and necessary to perform its responsibilities.

#### **1.2 Notice**

- a. Notice of any meetings of the Committee will be given at least five (5) days prior to any such meeting being held unless all Members unanimously waive such notice; provided however that the Chairman of the Committee, motu proprio or at the request of the Chairman of the Board or of the CEO, may call the meeting at shorter notice when the circumstances so require. Irrespective of the length of notice being given, attendance in a meeting by a Member shall be deemed a waiver of the notice requirement.
- b. Each Member shall give to the Secretary of the Committee a mailing address, an electronic mail address (e-mail) and a facsimile number for the service of notices of meetings of the Committee.
- c. Notice of a meeting of the Committee shall be deemed duly served upon a Member if it is given to him personally, or sent to him by mail, e-mail or facsimile transmission to his address or facsimile number on file with by the Secretary of the Committee.

#### **1.3 Quorum**

A majority of the members of the Committee shall constitute a quorum, provided that the majority must always include an independent, non-executive director.

If after the lapse of thirty (30) minutes from the scheduled time of the meeting, a quorum is not reached, the meeting shall be adjourned until such date, time and place as the Chairman may determine.

## **2. Attendance**

- 2.1 The Committee may invite the Chairman of the Board, other Directors, external advisers and/or any other persons who have specific responsibility for, or interest or expertise in, the subject under review to attend all or part of any meetings of the Committee.
- 2.2 Members may participate in a meeting through tele/videoconferencing in accordance with the provisions of Securities and Exchange Commission Memorandum Circular No. 15 dated November 20, 2001.
- 2.3 Only Members are entitled to vote at Committee meetings.
- 2.4 In the absence of the Chairman and/or an appointed deputy, the remaining Members present shall elect one of the Members to chair the Committee meeting.

## **3. Escalation**

The Committee shall timely refer to the Board its recommendations or decisions which require ratification or approval by the Board or as it may deem necessary or proper.

## **4. Resolutions**

- 4.1 Every resolution of at least a majority of the Members present during the meeting at which a quorum is present shall be valid.
- 4.2 A resolution in writing signed by all Members shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted. A written notification of confirmation of such resolution in writing sent by a Member shall be deemed to be his signature to such resolution in writing for such purpose. Such resolution in writing may be signed in counterparts.

## **5. Minutes and Records**

- 5.1 The Secretary of the Committee shall keep full minutes of all Committee meetings. Draft minutes of meetings of the Committee shall be sent to all Members for their comments within a reasonable time after the meeting.

Final version of the minutes, duly signed by the Chairman, shall be sent to all Members for their records.

- 5.2 The Secretary of the Committee shall keep the following records:
- a. appointments and resignation of the Members;
  - b. all agenda and other documents sent to the Members;
  - c. minutes of proceedings and meetings of the Committee; and,
  - d. such other documents as may be necessary in the performance of the Committee's functions.
- 5.3 Any such records shall be open for inspection by any Member at reasonable hours on business days. Demands for inspection must be made in good faith and for a legitimate purpose. Any cost arising from the conduct of inspection shall be borne by the Member requesting for inspection.
- 5.4 Minutes of any meeting of the Committee, if purported to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

## **V. Remuneration of Members**

Except for the reasonable per diems approved by the Board for such purposes, no fees or other remuneration shall be payable to the Members in respect of their services under this Charter.

No fees or compensation shall be paid directly or indirectly to any Member or his firm for consultancy or advisory services rendered to the Company directly by the Member or indirectly through his firm. However, this prohibition shall not apply to ordinary compensation paid to a Member or his firm in respect of any business relationship or transaction determined to be at arm's length terms and could not materially interfere with or influence the exercise of his independent judgment.

## **VI. 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.