COVER SHEET

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SEC Registration Number

P	H	I	L	E	X		M	I	N	I	N	G				C	O	R	P	O	R	A	T	I	O	N				

(Company's Full Name)

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

Danny Y. Yu

(Contact Person)

631-1381 to 88

(Company Telephone Number)

1	2

Month

3	1

Day

(Calendar Year)

I	A	C	G	R

(Form Type)

0	6

Month

2	7

Day

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number		LCU
Document ID		Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended : **December 31, 2018**

2. SEC Identification Number : **10044**

3. BIR Tax Identification No. : **000-283-731-000**

4. Exact name of issuer as specified in its charter : **Philex Mining Corporation**

5. **PHILIPPINES**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **2nd Floor, Reliance Cor. Sheridan Sts.,Mandaluyong City** **1550**
   Address of principal office Postal Code

8. **+632 (631-1381)**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – I-ACGR

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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	**ADDITIONAL INFORMATION**	**EXPLANATION**
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	**The Company is led by a competent Board of Directors, composed of eleven (11) Directors, majority of which are non-executive directors, duly elected by stockholders during the Annual General Stockholders' Meeting.** **Information on the age, date of first appointment, academic qualification, experience, continuing professional education & seminars attended for the year and directorship in other listed companies of each director is available at the link below: http://www.philexmining.com.ph/the-board-of-directors/** **Profile: http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **Training: http://www.philexmining.com.ph/wp-content/uploads/2017/01/Seminars-and-Trainings-Attended-Directors-and-Officers-2018.pdf** **Profiles of the Directors may also be found in the Company's Annual Report SEC Form 17-A: http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf (page 43)**	
2. Board has an appropriate mix of competence and expertise.	Compliant		

3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	**The Company's Revised Manual on Corporate Governance (RMCG) Principle 1.1 provides that: "The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Company's industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction."** **(Revised Manual on Corporate Governance : http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf (page 6)** **The Company's Nominations Committee is guided by the Nominations Committee Charter: http://www.philexmining.com.ph/wp-content/uploads/2017/01/D-PX_Nomination-Committee-Charter-Final.pdf and Policy on the Board Nomination incorporated in the Charter. The Company adopts general guidelines to assist the Board and its Nominations Committee in the effective and efficient search, screening and selection of candidates for election/re-election as members of the Board, which can be found on the link below:** **Search, Screening and Selection of Directors http://www.philexmining.com.ph/wp-content/uploads/2017/05/Guidelines-on-Search-Screening-and-Selection-of-Directors.pdf** **Annual training of the members of the Board and Company officers ensures that they are informed of the developments in the business and regulatory landscapes of the industry. With these trainings, it is the Company's belief that the Board and the Officers will enhance their effectiveness and competency in addressing the needs of the Company. http://www.philexmining.com.ph/wp-content/uploads/2017/01/B-PX_Directors-Orientation-Policy_Final.pdf**	

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	**The Board of Directors is composed of eleven (11) directors duly elected by the stockholders entitled to vote in accordance with the By-Laws, the Corporation Code, and the Securities Regulation Code.** **The Board is composed of 7 Non-Executive Directors, 2 Independent Directors, and 2 Executive Directors.** **Please see link for information:** **Website: http://www.philexmining.com.ph/the-board-of-directors/** **SEC Form 17-A: http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf page 43**	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	**The RMCG of the Company includes in its Annex the Directors' and Officers' Orientation and Training Policy. Please see below links of the Company's RMCG, the Directors' and Officers' Orientation and Training Policy and the Training, Seminars and External Courses Attended for 2018.**	
2. Company has an orientation program for first time directors.	Compliant	**Revised Manual on Corporate Governance (RMCG)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf (page 7)**	
3. Company has relevant annual continuing training for all directors	Compliant	**Directors' and Officers' Orientation and Training Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/B-PX_Directors-Orientation-Policy_Final.pdf**	

Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	**The Company's Board Diversity Policy, which aims to ensure that optimal and sound decision-making is achieved by diversifying the composition of the Company's Board of Directors ("Board"), was approved on April 26, 2017 and was subsequently amended and endorsed by the CG Committee on May 29, 2018.** **Board Diversity Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Board-Diversity-Policy_-5292018-2.pdf** **Currently the Board of Directors of the Company is composed of the following individuals, with ages ranging from 48-81 years old:** • **Three (3) females to promote gender equality;** • **Three (3) lawyers with experience and exposure on highly regulated mining industry;** • **Four (4) financial experts in business, merger and acquisition, credit, capital market, derivatives, taxation and fund raising;** • **Three (3) industry experts with background on mining operations and mining industry;** • **A member of an indigenous people (IP) group to represent the interests of IPs;** • **Almost if not all have sound Corporate Governance mind set,** • **More than half are incumbent or former CEOs of operating entities; and** • **Individuals with experience in social, environmental and community development.**	

Optional Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	**The Company's Board Diversity Policy was first approved April 26, 2017 and was further amended and endorsed by the CG Committee on May 29, 2018.** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Board-Diversity-Policy_-5292018-2.pdf** **Currently the Board of Directors of the Company is composed of the following individuals, with ages ranging from 55-80 years old:** • **Three (3) females to promote gender equality;** • **Three (3) lawyers with experience and exposure on highly regulated mining industry;** • **Four (4) financial experts in business, merger and acquisition, credit, capital market, derivatives, taxation and fund raising;** • **Three (3) industry experts with background on mining operations and mining industry;** • **A member of an indigenous people (IP) group to represent the interests of IPs;** • **Almost if not all have sound Corporate Governance mind set,** • **More than half are incumbent or former CEOs of operating entities; and** • **Individuals with experience in social, environmental and community development.**	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	**The Company's Corporate Secretary is Atty. Barbara Anne C. Migallos, whose profile appears below.** **BARBARA ANNE C. MIGALLOS Corporate Secretary Age: 64** **Date of First Appointment: June 26, 2013** **Academic Background:** **Ms. Migallos graduated cum laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as cum laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.** **Business and Professional Background/ Experience** **Ms. Migallos was elected to the Board of Directors of PMC and PGPI on June 28, 2017. She is also the Company's Corporate Secretary since July 1998. She is also Director and Corporate Secretary of PXP Energy Corporation, and Corporate Secretary of Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos has been a Director of Mabuhay Vinyl Corporation since 2000 and Philippine Resins Industries since 2001, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. since 2005 and Nickel Asia Corporation since 2010. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.** **Directorship in other Listed Companies in the Philippines** **1. Mabuhay Vinyl Corporation - Non-Executive Director** **The profile of Atty. Migallos is included in the Company's SEC Form 17-A and may be seen also in the Company's website:** **See Profile of Atty. Barbara Anne C. Migallos** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **See Corporate Secretary** **http://www.philexmining.com.ph/key-mandates/** **SEC Form 17-A** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2017-SEC-17A-REPORT.pdf (page 53)**	

2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	**The Company's Compliance Officer is Mr. Danny Y. Yu, the Company's Chief Financial Officer and Senior Vice-President for Finance.**	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		**The Company's Corporate Secretary, Atty. Barbara Anne C. Migallos, is also a Director of the Company. She has been a Director of the Company since June 26, 2013.** **The overall principle of having a competent and working Board (Principle 1 of the CG Code for PLCs) is achieved because Atty. Migallos is herself a valuable member of the Board due to her professional experience and background. She is best suited to be the Company's Corporate Secretary for the same reason.** **She also serves as the holdover person between previous and current shareholders. Moreover,** • **The Corporate Secretary is a different individual from the Head of the Legal Department (Atty. Jonas Emanuel S. Santos)** • **The Office of the Corporate Secretary is separate from the Company's Regulatory Affairs Division (headed by Atty. Michael T. Toledo)** • **The Corporate Secretary is a different individual from the Company's Corporate Governance Officer (Mr. Danny Y. Yu)**

<table>
<tr>
<td>4. Corporate Secretary attends training/s on corporate governance.</td>
<td>Compliant</td>
<td>Revised Manual on Corporate Governance
http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf (page 10)

For 2018, Atty. Barbara Anne C. Migallos attended the Corporate Governance Forum as provided below:
<table>
<tr><th>Date (No. of Hours)</th><th>Topic/Title</th><th>Training Provider</th></tr>
<tr><td>November 16, 2018
(4 hours)</td><td>Sustainability Strategy in a Disruptive Business Environment:
ESG Best Practices and Compliance Issues; and
Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues</td><td>Annual Corporate Governance Enhancement Session of PLDT, SMART, MERALCO, MPIC and Philex Mining Corporation</td></tr>
</table>
Trainings and Seminars attended by the Directors and Officers are provided in the following link.
http://www.philexmining.com.ph/wp-content/uploads/2017/01/Seminars-and-Trainings-Attended-Directors-and-Officers-2018.pdf</td>
<td></td>
</tr>
<tr><td colspan="4">Optional: Recommendation 1.5</td></tr>
<tr>
<td>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</td>
<td>Compliant</td>
<td>The Company regularly sends soft copies of the complete set of Board materials to directors via e-mail at least five days in advance. The hard copies are physically distributed on the day of the Board meeting or earlier upon request of director/s.

Please see Secretary's Certification (Annex A)</td>
<td></td>
</tr>
</table>

Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	**Danny Y. Yu, the Company's CFO and Senior Vice President for Finance, is also the Compliance Officer designated to ensure adherence with best practices as well as compliance with all regulations that cover the Company. Mr. Paul C. Cheah, who is the Head for Investor Relations and Corporate Governance, is the Deputy Compliance officer.**	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	**See Compliance Officer** **http://www.philexmining.com.ph/key-mandates/** **The Compliance Officer is not a member of the Board of Directors** **MR. DANNY Y. YU. – 57, Filipino citizen. Mr. Yu was appointed Senior Vice President for Finance and Chief Financial Officer ("CFO") on September 2, 2013. He is also the Company's Compliance Officer and Corporate Governance Officer. Prior to joining the Company, Mr. Yu was CFO of Digitel Communications, Inc. (subsidiary of PLDT) and of Digitel Mobile Philippines, Inc. (Sun Cellular) from November 2011 to July 2013. He was also Group CFO of ePLDT, Inc. and subsidiaries (November 2010 to December 2011); CFO of PLDT Global Corporation (June 2004 to November 2010) and of Mabuhay Satellite Corporation (March 1999 to May 2004). Mr. Yu was also Vice President-Corporate Development of Fort Bonifacio Development Corporation (March 1997 to March 1999). A CPA, he was previously connected with Sycip, Gorres and Velayo & Co. Mr. Yu obtained a Bachelor of Science Degree in Commerce, Major in Accounting (Magna Cum Laude) from the San Carlos University in Cebu City. In 1995, he completed a Master in Management at the Asian Institute of Management.** **Mr. Yu is a fellow of the Institute of Corporate Directors (ICD), a member Corporate Governance Committee of the Financial Executives of the Philippines (FINEX) and an active member of Tax Management Association of the Philippines (TMAP), and Good Governance Advocates and Practitioners of the Philippines (GGAPP).** **Profile of Mr. Danny Y. Yu can be also found in the (SEC Form 17-A)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf (page 50)**	
3. Compliance Officer is not a member of the board.	Compliant		

4. Compliance Officer attends training/s on corporate governance.	Compliant	**Date (No. of Hours)**	**Topic/Title**	**Training Provider**		
		October 11, 2018 (4 hours)	**Sustainability, Block Chain Technology and Data Privacy**	**GGAPP 6th Annual Forum on Good Governance, Ethics and Compliance: Keeping Pace with a Dynamic Corporate Landscape**		

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	**Each director has a three-fold duty of obedience, diligence, and loyalty to the corporation s/he serves. The 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 his/her 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 interests of the company and for the common benefit of the Company's shareholders and other stakeholders.** **Principle 2.1 of the Company's RMCG states that "The Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all shareholders."** **RMCG: http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf (page 9)** **Page 7 Section IV, Board Charter : http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf** **Website: http://www.philexmining.com.ph/key-mandates/**	

Recommendation 2.2			
1. 'Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	**The Company created Silangan Project Committee – an Adhoc Committee of the Philex Board – to oversee the Company's biggest project, which is expected to complement Padcal and sustain the Company's long-term growth.** **The Company's Board Charter provides that "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.** **Page 7 Section IV, Board Charter: http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf** **The Company's objectives are disclosed in Page 5, SEC Form 17-A : http://www.philexmining.com.ph/wp-content/uploads/2017/01/2017-SEC-17A-REPORT.pdf**	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	**The Company's Vision and Mission and Core Values, which is reviewed annually, was last updated in 2018 by the management and approved by the Board of Directors on November 28, 2018. The goal is to develop a global mindset while keeping a Filipino heart.** **Having expanded its Vision and Mission and geared this toward Philex Mining becoming a premier mining company as well as a highly-respected and world-class business entity, it is important for the company to keep its Core Values alive in the hearts and actions of its employees and key partners.** **Vision/Mission: http://www.philexmining.com.ph/vision-and-mission/** **Core Values: http://www.philexmining.com.ph/core-values/**	

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	**The Board of Directors reviews and approves the corporate strategies on an annual basis and monitors/oversees the implementation of such corporate strategies.** **On November 28, 2018, the Company's management and the Board of Directors reviewed and approved the corporate strategy for 2019.** **Further, the President provides leadership to the management in developing and implementing the business strategies, policies, processes and budgets approved by the Board. At every Board meeting, the President together with senior management, provides detailed reports on the status of the formulated Corporate Objectives and strategies.** **The Company's Directors are guided by the Company's RMCG and Board Charter specifying its specific duties and responsibilities.** **The Company's RMCG Principle 2.2 provides that the Board shall oversee the development and approval of the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.** **RMCG** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf (page 9)**	

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	**The Company's Chairman of the Board of Director is Mr. Manuel V. Pangilinan.** **MANUEL V. PANGILINAN, Chairman, Non-Executive Director Age: 72** **Date of First Appointment: November 28, 2008** **Academic Background:** **Mr. Pangilinan graduated cum laude from the Ateneo de Manila University with a Bachelor of Arts degree in Economics. He received his Master of Business Administration degree from Wharton School of the University of Pennsylvania in 1968.** **Business and Professional Background/ Experience:** **Mr. Pangilinan founded First Pacific Company Limited, a corporation listed on the Hong Kong Stock Exchange, in May 1981. He served as Managing Director of First Pacific Company Limited since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. In May 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante, in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines.** **The full Profile of Mr. Pangilinan may be also found in the Company's SEC Form 17-A and Website, with links provided below:** **SEC Form 17-A** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf (page 43)** **Website: See Mr. Manuel V. Pangilinan** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf**	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	**The Company shall implement a Succession Planning program to promote constant employee development and advancement as well as ensure the organization's readiness to replace key positions, in the event such roles and functions are vacated due to retirement, resignations, and other unforeseen circumstances.** **The Company's Succession Planning Policy was subsequently endorsed by the Corporate Governance Committee.** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Succession-Planning-Policy_05292018.pdf** **RMCG(Board Governance responsibility 2.4) (page 10)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	**Remuneration Policy** **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** **Key officers are entitled to receive fixed and variable remuneration, in accordance with the compensation plans approved by the Board. Variable remuneration includes (1) equity-based benefits and (2) productivity or performance based bonus scheme or under an approved plan.** **Compensation Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/H-PX_Compensation-Committee-Charter-Final.pdf** **RMCG (Principle 2.5) (page 10)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	**There are no arrangements for additional compensation of directors other than that provided in the Company's by-laws, which provides compensation to the directors, at the Board's discretion to determine and apportion as it may deem proper, an amount up to one and a half percent (1½ %) of the Company's net income before tax of the preceding year.** **Variable compensation for the CEO and executive officers come in the form of:** **(1) Stock options under the Company's Stock Option Plan; and** **(2) Bonuses under duly approved plans applying to groups or levels of employees (may be across the board or based on productivity or key results areas).**	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	**The officers receive bonuses solely under the above plans and no bonuses are paid to any officer outside of these plans.** **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; (Compensation Committee Charter 3.4)** **Compensation Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/H-PX_Compensation-Committee-Charter-Final.pdf** **RMCG (Principle 2.5) (page 10)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	**Duties and Responsibilities of the Compensation Committee under its Charter includes :** **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;** **Compensation Committee Charter (page 2, section 3.2)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/H-PX_Compensation-Committee-Charter-Final.pdf** **RMCG Board Governance responsibility 2.5) (page 10)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **The Compensation Committee last reviewed the Senior Executives Compensation upon the appointment of Atty. Joan A. De Venecia-Fabul as Vice President for Legal and General Counsel last 2015. For 2018 no new Senior Executive was hired by the Company.**	

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	**President and CEO** **The President/CEO is entitled to receive fixed and variable remuneration, in accordance with the compensation plans approved by the Board. Variable remuneration includes: (1) equity-based benefits (long-term) and (2) productivity or performance-based bonus scheme or under an approved plan (short-term).** **Key Officers** **Key officers are entitled to receive fixed and variable remuneration, in accordance with the compensation plans approved by the Board. Variable remuneration includes (1) equity-based benefits (long-term) and (2) productivity or performance based bonus scheme or under an approved plan (short-term).** **The Company may grant productivity bonus based on the achievement of annual performance objectives on:** • **Production** • **Safety records** • **Environmental Adherence** • **Core Net Income** **The Company's Stock Option Plan (SOP) which was approved by the board on April 27, 2011, covers managers in accordance with the above philosophies and principles. The objectives of the 2011 SOP were to:** **1. enable qualified participants who are largely responsible for the further growth and development of the Philex Group of Companies to obtain an ownership interest in the Company;** **2. encourage long-term commitment to the Group;** **3. motivate them to continue their efforts in contributing to the long term financial success of the Group; and** **4. encourage other talents needed for the business to join the Group.**	

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	**PMC also respects and recognizes the right of minority shareholders to nominate directors. This right is corollary to the right to vote, which is guaranteed under the Corporation Code of the Philippines and recognized in the Company's By-Laws and RMCG. Under the Company's By- Laws, shareholders may submit nominations to the Board of Directors' Nominations Committee. The deadline for submission of nominations is on the 30th day of April of each year, or such other date as may be determined by the Board of Directors.** **For 2018, the deadline for nominations was on April 16, 2018, which was announced by the Company last February 28, 2018.** **Kindly note of the following documents as reference to the Company's Nomination and Election Policy:** **RMCG (Principle 2.6 page 10)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Guidelines on Search, Screening and Selection of Directors** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Guidelines-on-Search-Screening-and-Selection-of-Directors.pdf** **Nominations Committee Charter including (Part V)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/D-PX_Nomination-Committee-Charter-Final.pdf**	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		

Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	**Guidelines on Search, Screening and Selection of Directors: http://www.philexmining.com.ph/wp-content/uploads/2017/05/Guidelines-on-Search-Screening-and-Selection-of-Directors.pdf** **(ICD for example)**	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	**On April 26, 2017, the Board approved the spin-off of the Related Party Transaction (RPT) Committee from the CG Committee and the establishment of its own Charter. Under the RPT Charter, material RPTs need the approval of all the Company's Independent Directors. The Board likewise approved the amendment of the RPT policy, which requires the RPT Committee to review RPT transactions instead of the CG Committee and the revision of the RPT Definition.** **All material and/or significant (RPT) are subject to the review and endorsement of the RPT Committee with the concurrence of all Independent Directors prior to the approval of the Board to ensure that they are in the best interests of the Company and its shareholders in accordance with the Company's RPT policy.** **For 2018, the committee reviewed the Subscription Agreement in relation to the Company's additional subscription of 260,000,000 common shares of PXP Energy Corporation at 11. 85 and approved such subscription based on the subscription of Dennison Holdings Corporation ("Dennison") to 340,000,000 common shares at a price of Php11.85 per share.** **RPT Committee Charter http://www.philexmining.com.ph/wp-content/uploads/2017/01/K-PX_RPT-Committee-Charter_-Final.pdf** **Related Party Transaction Policy http://www.philexmining.com.ph/wp-content/uploads/2017/01/E-PX_RPT-Policy_Final.pdf**	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		

Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Compliant	**For purposes of this Policy, a Material and/or Significant RPT is defined as those transactions with a Related Party which involve an aggregate amount or value equal to or greater than Fifty Million Pesos (P50Million) over a twelve (12) month calendar year period ("Material and/or Significant RPT");** **RPT Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/E-PX_RPT-Policy_Final.pdf** **RPT Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/K-PX_RPT-Committee-Charter_-Final.pdf**	

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Non-Compliant	Provide information on voting system, if any.	**In view of a number of factors, a voting system as called for in this item has not been established. However, the objective of ensuring that related party transactions are fair and at arm's length is achieved because shareholders elect independent directors who are expected to represent the interest of non-related party shareholders in the review of significant or material related party transactions.** **The Company's independent directors are members of the Related Party Transactions Committee. The Chairman is Mr. Wilfredo A. Paras, an Independent Director. All significant or material related party transactions are subject to the review and endorsement of the said Committee, which endorsement must be concurred in by all Independent Directors. Endorsement of the Committee is required prior to Board approval of the related party transaction.** **RPT Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/E-PX_RPT-Policy_Final.pdf**

Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	**The Board is primarily responsible for approving the selection and assessing the performance of the Management led by the Chief Executive Officer (CEO), and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).** **RMCG(Principle 2.8) (page 11)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Specific Duties of the Board as stated in the Company's Board Charter includes the "selection and appointment of the CEO and other Senior Officers as defined under the Company's By-laws.** **Board Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf** **Company's Chief Compliance Officer is Mr. Danny Y. Yu while the Chief Audit Executive is Ms. Geraldine B. Ateo-an.**	

<table>
<tr>
<td>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</td>
<td>Compliant</td>
<td>
Board Performance Appraisal Assessment Policy

The objective of this Policy, which was approved on February 25, 2015, is to enable the Board to periodically identify overall strengths and specific areas for improvements based on the results of assessment, and to obtain important feedback and views from the members of the Board, which will collectively form part of the Company's overall strategy, and/or its future directions or endeavors. Directors will be requested to complete a standard self-assessment annually, which will be evaluated as follows:

<table>
<tr><th>Performance Evaluation</th><th>Self - Assessment</th><th>Evaluated By</th></tr>
<tr><td>Board of Directors</td><td>/</td><td>Individual Director/s</td></tr>
<tr><td>Director</td><td>/</td><td>Individual Director/s</td></tr>
<tr><td>Board Committees</td><td>/</td><td>Member of Committee</td></tr>
<tr><td>President and CEO</td><td>N/A</td><td>Individual Director/s</td></tr>
</table>

The Board conducted a performance evaluation last 25 July 2018 covering the year 2017 performance individually and as a Board.

The Board Assessment of the CEO
http://www.philexmining.com.ph/wp-content/uploads/2017/05/Board-Performance-Appraisal-Assessment-Policy.pdf

The Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive will be assessed on their performance on an annual basis, starting with their 2017 performance and onwards.

The CRO's, CCO's and CAE's Assessment Forms was endorsed by the CG Committee on May 29, 2018.
http://www.philexmining.com.ph/wp-content/uploads/2017/01/Board-Assessment-of-CAE-Chief-Risk-Officer-and-Chief-Compliance-Officer-CG-Com.pdf
</td>
<td></td>
</tr>
</table>

Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	**The Company has performance management framework, through the Key Results Area (KRA) System developed by management and approved by the Board, to ensure that management's performance is at par with the standards set by the Board and the Senior Management.** **Please see attached KRA form. (Annex B)** **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.** **Please see Board Charter Section V (pages 8-10) Specific Duties and Function** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf**	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	**The Company has in place an internal control system whereby the internal audit can conduct independent and objective internal-audit activities designed to add value, improve the company's operations, and help it accomplish its objectives.**	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	**The Company's Internal Control System** **The System provides for a risk-based approach for internal audit processes, by identifying possible risks and checking whether controls/ mitigating processes are in place. This shall provide a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes through which the Board, management, and stockholders shall be provided with reasonable assurance that the company's key organizational and procedural controls are appropriate, adequate, effective and complied with. For this purpose, pertinent categories include the following:** **effectiveness and efficiency of operations;** **i. reliability of financial reporting;** **ii. compliance with applicable laws and regulations; and** **iii. safeguarding of assets.** **Internal Control System** **http://www.philexmining.com.ph/risk-management/** **Internal Audit** **http://www.philexmining.com.ph/internal-audit/**	
3. Board approves the Internal Audit Charter.	Compliant	**Board Risk Oversight Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/J-PX_BROC-Charter-Final.pdf** **Internal Audit Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/F-1Revised-IA-Charter-Revision-No.-4.pdf**	

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks. 2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant Compliant	**Review of Risk Management and Internal Control Systems** **The review of material controls, including financial, operational, and compliance controls, and risk management functions – including the identification, evaluation, and management of all material risks related to enterprise risk management (ERM) – are done twice a year and attested by the confirmation statements, signed by the Chairman of the Audit Committee, Internal Audit Head, the Risk Committee and the Chief Risk Officer, and submitted to First Pacific Company Limited based in Hong Kong.** **In addition, the Company engages IMIU (International Mining Industry Underwriters), a well-respected Lloyds underwriter in London in the field of mining, to assist in its risk management. IMIU is widely engaged by other reinsurers to conduct independent risk assessments, which is required by the London reinsurers prior to the yearly renewal of Padcal properties insurance. IMIU Risk Engineers have been conducting risk assessment exercises on site Padcal Mine since May 2015.** **An effective management of risk is vital to the continued growth and success of the Group and the Company is committed to manage risks in a proactive and effective manner across the organization. This commitment is embodied in the Philex Group Risk Management Philosophy Statement, as follows:** ***"The Philex Group shall undertake a Risk Management Program that will mitigate or eliminate identified physical, socio-ecological and economic risks inherent in its mining business thereby ensuring a productive and profitable operation."*** **Risk Management Policy** **http://www.philexmining.com.ph/risk-management/** **Internal Audit** **http://www.philexmining.com.ph/internal-audit/** **Board Risk Oversight Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/J-PX_BROC-Charter-Final.pdf**	

Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	**The Company's Board Charter sets forth its purposes, authority, duties and responsibilities, structure and procedures in accordance with Securities and Exchange Commission 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.** **Board Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf**	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	**Consistent with the Company's adherence to the principles of good corporate governance, the Insider Trading Policy was issued to prohibit dealings by corporate insiders in Company shares of stock.** **Coverage** **This Policy applies to and shall be implemented by all members of the Board of Directors (each a "Director" and collectively, the "Directors"), Employees (each, an "Employee" and collectively, the "Employees"), and Consultant/s of PMC.** **Amended Policy on Dealings in Company Shares of Stock** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Amended-Policy-on-Dealings-in-Company-Shares-of-Stock.pdf**	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	**The Company shall not, directly or indirectly through any subsidiary or affiliate, grant or arrange for any credit, or extensions thereof, in the form of personal loans to any directors or officers, unless allowed by applicable laws and regulations.** **Please see Code of Business Conduct and Ethics Under Conflict of Interest** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics.pdf**	

2. Company discloses the types of decision requiring board of directors' approval.	Compliant	**Please see Board Charter Specific Duties of Directors:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf** **The types of decisions requiring Board of Directors' approval are, but not limited to, the following:** **1. Approval of Dividends** **2. Approval of Company Policies including Corporate Governance Policies** **3. Appointment of New Director** **4. Approval of Stockholders Meeting and Amendments to Articles of Incorporation or By Laws subject for approval of the Stockholder** **5. Press Release on the Company's Operational and Financial Performance on Quarterly basis** **6. Stock Option Plan** **7. Borrowing or lending money;** **8. Hiring or resignation of members of senior management** **9. Appointment of a new Member of the Board** **10. Sale or other distribution of all or substantially all of the assets of the company;** **11. Dissolution or winding up of the company; and** **12. Entering into any agreements that could be of material importance to the company or RPTs** **13. Annual Budget;** **Material Transactions approved by the Board are disclosed by the Company via PSE Edge, SEC 17-C and the website:** **Disclosures:** **http://www.philexmining.com.ph/sec-form-17-c-2/**	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	**Board Committees** **Board Committees are set up, to the extent possible, to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established are detailed in their publicly-available Committee Charters.** **http://www.philexmining.com.ph/the-board-committees/**	

Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	**The primary purpose of the Company's Audit Committee is to assist the Board in its oversight of the following:** **i. the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;** **ii. the Company's compliance with legal and regulatory requirements;** **iii. the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence and;** **Its duties and responsibilities include recommendation of the appointment and removal of the company's external auditor.** **Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Non-Compliant	**Audit Committee** **Oscar J. Hilado – Independent Director, Chairman** **Mr. Joseph Ng – Non Executive Director replaced Mr. Richard Nicholson on March 11, 2019** **Anita B. Quitain – Non-Executive Director replaced Mr. Michael G. Regino June 27, 2018** **Marilyn A. Victorio-Aquino- Non-Executive Director** **Wilfredo A. Paras- Independent Director** **Please see profile of each director: http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A as well provides (Profile of each Director) http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf (page 43)**	**The Company's Audit Committee is composed of five (5) Non-Executive Directors, including the Company's two (2) Independent Directors, one of which is Chairman of the Committee. The objective of effectively overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework is achieved because all members of the Audit Committee are Non-Executive Directors, and each is thus capable of providing an impartial view on senior management's performance in the relevant areas. The professional qualifications and stature of the Company's Independent Directors also ensures that their views are acknowledged and considered by the other members of the Committee even if the said Independent Directors do not comprise majority of the Committee.**

3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	**The Audit Committee Chairman is Mr. Oscar J. Hilado, a Certified Public Accountant, and a Doctorate in Business Management and was the Chairman & Chief Executive Officer of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005), and currently the Chairman of the Board.** **Mr. Robert C. Nicholson is a lawyer and was qualified as a solicitor in England and Wales and in Hong Kong. He has wide experience in corporate finance and cross border transactions, including mergers and acquisitions, regional telecommunications, debt and equity capital markets, corporate reorganizations and privatizations in China replaced by Mr. Joseph Ng last March 11, 2019** **Mr. Joseph H.P. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales.** **Mr. Regino graduated Cum Laude and Salutatorian from the Ateneo de Zamboanga University in 1981, with a degree of Bachelor of Science, Major in Economics. He later obtained his Masters in Business Administration in 1985 from the Ateneo de Manila University. He once served as Finance and Treasury Manager, Chief Financial Specialist, and Instructor in Economics. Mr. Regino has an extensive background on mining operations with his previous employment in the private sector.** **Ms. Anita B. Quitain has a Bachelor of Science Degree in Elementary Education from the University of Mindanao. Ms. Quitain is currently a Commissioner of the Social Security System (SSS). She previously held the following SSS positions: Section Head of Membership, Real Estate, Operations, Accounting, Membership Assistance Center and Sickness, Maternity and Disability in Region 9. Ms. Quitain officially retired from the SSS in 2019 after thirty-one (31) years of continuous and dedicated service.** **Ms. Marilyn A. Victorio-Aquino graduated cum laude (class salutatorian) from the University of the Philippines College of Law in 1980 and placed second in the Philippine Bar Examinations. She was a partner in Sycip Salazar Hernandez and Gatmaitan Law Offices. Ms. Aquino's practice focused on banking, finance securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources.**	

		Mr. Wilfredo A. Paras had his Master in Business Administration at the De La Salle University in 1991. He also completed an Executive Program at the University of Michigan at Ann Arbor, Michigan, USA. Mr. Paras was previously the Executive Vice President, Chief Operating Officer and Director of JG Summit Petrochemical Corporation, President and Director of PT Union Carbide Indonesia, Managing Director of Union Carbide Singapore, and Business Director for Union Carbide Asia Pacific. **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2.pdf** **SEC Form 17-A as well provides (Profile of each Director) (page 43)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2017-SEC-17A-REPORT.pdf**	

4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant		**The Audit Committee Chairman is Mr. Oscar J. Hilado, a Certified Public Accountant, and a Doctorate in Business Management and was the Chairman & Chief Executive Officer of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005), and currently the Chairman of the Board of PHINMA.** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page44** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **The Chairman of the Audit Committee, Mr. Oscar J. Hilado, the Company's Lead Independent Director, is also the Chairman of the Board Risk Oversight Committee. Mr. Hilado's qualifications and stature make him best suited to chair both Committees. His performance as Chairman of both Committees shows that he has the capacity to be effective as both at the same time.**

Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	**The Audit Committee Charter provides that the Audit Committee shall:** **3.1.3. review and approve in consultation with the Internal Audit Head and the head of the finance organization, all audit and non-audit services to be performed by the External Auditor and all fees to be paid to the External Auditor for such services; and ensure that non-audit services, if allowed or approved, are disclosed in the Company's annual report;** **Audit Committee Charter (Duties and Responsibilities 3.1.3)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf** **All audit and non-audit engagements were approved by the Company's Audit Committee - SEC Form 17-A (page 42)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	**Please see Secretary's Certification (Annex A)**	

<table>
<tr><th colspan="4">Optional: Recommendation 3.2</th></tr>
<tr><td>1. Audit Committee meet at least four times during the year.</td><td>Compliant</td><td>In 2018, the Audit Committee had five meetings. On February 27, 2018, the Committee reviewed the 2017 AFS, discussed Key Audit Matters with the external auditor and recommended the financial reports and corresponding disclosures for Board approval. It likewise reviewed and approved the external auditors' scope of work and all audit fees. On May 2, July 24, and October 22 and November 26, 2018, the Chief Audit Executive, Ms. Geraldine B. Ateo-an, presented the Internal Audit Plan, the Internal Audit Quarterly Accomplishment Reports, and various Internal Audit findings. The Chief Financial Officer also presented Quarterly Financial Performance vis-à-vis the previous years and against budget. The Committee likewise reviewed the Company's internal control and risk management system and discussed First Pacific Code of Corporate Governance practices questionnaire for compliance and submission to First Pacific Company Limited. On November 26, 2018, the Committee approved the 2019 external audit plan.

Attendance of Directors in the Audit Committee Meetings:
<table><tr><th>Directors</th><th>Attendance</th></tr><tr><td>Michael G. Regino – replaced by Ms. Quitain June 27, 2018</td><td>1/2</td></tr><tr><td>Anita B. Quitain – member since June 27, 2018</td><td>3/3</td></tr><tr><td>Marilyn A. Victorino-Aquino</td><td>5/5</td></tr><tr><td>Oscar J. Hilado</td><td>5/5</td></tr><tr><td>Robert C. Nicholson</td><td>5/5</td></tr><tr><td>Wilfredo A. Paras</td><td>5/5</td></tr></table></td><td></td></tr>
<tr><td>2. Audit Committee approves the appointment and removal of the internal auditor.</td><td>Compliant</td><td>The Company's Audit Committee Charter provides that the Audit Committee shall:

3.2.1 review the appointment, removal and replacement of the Internal Audit Head who shall be appointed by Management in accordance with the Company's employment policies but shall functionally report directly to the Committee, and ensure that the internal audit organization shall be free from interference by Management in the performance of its work;

Audit Committee Charter (Duties and Responsibilities 3.2.1)
http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf</td><td></td></tr>
</table>

Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	**The primary purpose of the Corporate Governance Committee is to assist the Board in performing the corporate governance duties as required under the RMCG, Code of Corporate Governance of the Securities and Exchange Commission (SEC), and the Corporate Governance Guidelines and the listing rules of the Philippine Stock Exchange (PSE).** **Corporate Governance Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/G-PX-CG-Committee-Charter_final.pdf** **The Company has separate Nominations and Compensation Committees:** **The Nominations Committee ensures that 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.** **Nomination Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/D-PX_Nomination-Committee-Charter-Final.pdf** **The Compensation Committee's purpose 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.** **Compensation Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/H-PX_Compensation-Committee-Charter-Final.pdf**	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant	**Corporate Governance Committee:** **Marilyn A. Victorio-Aquino – Non-Executive Director, Chairman** **Oscar J. Hilado – Independent Director** **Wilfredo A. Paras- Independent Director** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A as well provides profile of each Director)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf (page 43)**	**The Corporate Governance Committee is composed of three (3) members, including the Company's two (2) Independent Directors. Independence of the Committee is ensured because the Independent Directors comprise a majority of the Committee.**
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant	**Atty. Victorio-Aquino graduated cum laude (class salutatorian) from the University of the Philippines College of Law in 1980 and placed second in the Philippine Bar Examinations. She is an Assistant Director of First Pacific Company Limited since July 2012, following her 32-year law practice at SyCip Salazar Hernandez and Gatmaitan Law Offices, where she was Partner from 1989 to 2012.** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page 45** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	**The Chairperson of the Corporate Governance Committee is Atty. Marilyn A. Victorio-Aquino. Atty. Aquino's qualifications make her best suited for the position of Chairperson of the Committee. Her effectiveness as Chairperson of the Committee is reflected in the Company's excellent performance in the area of corporate governance. While Atty. Aquino is not an Independent Director, the independence of the Committee is assured because a majority of the Committee, i.e. 2 out of 3, are Independent Directors.** **The Chairman of the Corporate Governance Committee is a Non-Executive Director. While not an ID her role is basically to synchronize CG policies across the First Pacific Group.**

Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	Compliant	**The Corporate Governance Committee had two meetings. On May 02 and 29, 2018, the Committee discussed the Integrated Annual Corporate Governance Report and likewise endorsed for Board approval the following Corporate Governance policies:** **1. Succession Planning Policy** **2. Revised Board Diversity Policy** **3. IT Governance Framework** **4. Assessment Forms for Chief Audit Executive, Chief Compliance Officer, and Chief Risk Officer.** **Attendance of Directors in the CG Committee Meetings:** **Marilyn A. Victorio-Aquino — 2/2** **Oscar J. Hilado — 2/2** **Wilfredo A. Paras — 2/2**	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	**The primary purpose of the Committee is to assist the Board in assessing and managing enterprise risks, including financial, regulatory, strategic and operational risks, and ensuring that there is an effective and integrated risk management process developed for the benefit of the Company and its shareholders.** **Board Risk Oversight Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/J-PX_BROC-Charter-Final.pdf**	

2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant	**Board Risk Oversight Committee** **Oscar J. Hilado – Independent Director, Chairman** **Mr. Joseph Ng – Non-Executive Director (replaced Mr. Robert C. Nicholson)** **Michael G. Regino – Non-Executive Director** **Marilyn A. Victorio-Aquino- Non-Executive Director** **Wilfredo A. Paras- Independent Director**	**The BROC is composed of three (3) members, including the Company's two (2) Independent Directors. Mr. Oscar J. Hilado, the Company's Lead Independent Director, is Chairman of the BROC. Independence of the BROC is ensured because an Independent Director is Chairman, and because a majority of the BROC, i.e. 2 out of 3, are Independent Directors.**

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant	**The Board Risk Oversight Committee Chairman is *Mr. Hilado,* a Certified Public Accountant, and a Doctorate in Business Management and was the Chairman & Chief Executive Officer of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005), and currently the Chairman of the Board.**	**The Chairman of the Board Risk Oversight Committee is also the Chairman of the Audit Committee.** **The Chairman of the BROC is Mr. Oscar J. Hilado, the Company's Lead Independent Director, who is also Chairman of the Audit Committee. Mr. Hilado's qualifications and stature make him best suited to chair both Committees. His performance as Chairman of both Committees shows that he has the capacity to be effective as both at the same time.** **The Chairman of the Risk Committee does not hold any executive position therefore he has ample time to focus on different audit and risk oversight responsibilities.**

4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Compliant	**The Board Risk Oversight Committee is composed of individuals who have been Executive Directors, President and lawyers of different Corporations gaining relevant knowledge on the different aspects of risk and risk management of the mining industry:** **The Chairman is *Mr. Hilado*, a Certified Public Accountant, and a Doctorate in Business Management and was the Chairman & Chief Executive Officer of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005), and currently the Chairman of the Board.** ***Mr. Nicholson* is a lawyer and was qualified as a solicitor in England and Wales and in Hong Kong. He has wide experience in corporate finance and cross border transactions, including mergers and acquisitions, regional telecommunications, debt and equity capital markets, corporate reorganizations and privatizations in China. (replaced by Mr. Joseph Ng see profile on page 33)** ***Mr. Regino* served as the President and member of the Board of Directors of San Agustin Services, Inc., Agata Mining Ventures, Inc. and Exploration Drilling Corp.; as the Senior Vice President and Chief Operating Officer of St. Augustine Gold and Copper Ltd.; and, as the Executive Director of TVI Resources Development Phils., Inc. He also became one of the members of the Board of Directors of Nationwide Development Corporation and KingKing Mining Corp., where he took charge of the Davao operations.** ***Ms. Victorio-Aquino* is an Assistant Director of First Pacific Company Limited since July 2012, following her 32-year law practice at SyCip Salazar Hernandez and Gatmaitan Law Offices, where she was Partner from 1989 to 2012. Ms. Aquino's practice focused on banking, finance securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources.** ***Mr. Paras* was previously the Executive Vice President, Chief Operating Officer and Director of JG Summit Petrochemical Corporation, President and Director of PT Union Carbide Indonesia, Managing Director of Union Carbide Singapore, and Business Director for Union Carbide Asia Pacific.** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page 43** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	**The primary purpose of the Committee is to assist the Board in reviewing all material related party transactions of the Company.** **Related Party Transaction Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/K-PX_RPT-Committee-Charter_-Final.pdf**	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	**Related Party Transactions Committee** **Wilfredo A. Paras – Independent Director, Chairman** **Oscar J. Hilado – Independent Director** **Marilyn A. Victorio-Aquino – Non-Executive Director** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page 43** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	**The Board Committees will monitor the activities and undertake a regular review of matters under their respective areas. The different Committee Charters set forth its purposes, authority, duties and responsibilities, structure and procedures in accordance with PMC's** **Revised Manual on Corporate Governance** **http://www.philexmining.com.ph/the-board-committees/** **The Company's evaluation of Committees is included in the Company's Board Performance, Appraisal and Assessment Policy, the basis of which are the individual Committee Charters.** **Board Performance, Appraisal and Assessment Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Board-Performance-Appraisal-Assessment-Policy.pdf**	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	**The different Board Committee Charters are disclosed in the link below:** **http://www.philexmining.com.ph/the-board-committees/**	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	**The Board has a pre-determined schedule of meetings at the beginning of each calendar year. Discussions during these meetings are open and independent views are given due consideration. As necessary, the Board likewise holds meetings through the use of telecommunications or other electronic media.** **RMCG (Principle 4.1) page 14** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	**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.** **Board Charter page 11** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf** **The Company regularly sends soft copies of the complete set of Board materials to directors via e-mail at least five days in advance. The hard copies are physically distributed on the day of the Board meeting or earlier upon request of director/s.**	

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	**The Company's RMCG provides that:** **4.1 The Directors shall attend and actively participate in all meetings of the Board, Committees, and Shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the Director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.** **RMCG (Principle 4.1) page 14** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant	**Please see profile of each Directors:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2.pdf**	**The Company's Non-Executive Directors concurrently serve as Directors, as much as practicable, to a maximum of five publicly listed companies and have sufficient time to fully prepare for meetings, challenge management's proposals/views, and oversee the long-term Corporate objectives.** **A majority of the Company's Non-Executive Directors, i.e. 7 out of 9, serve as Directors in less than five (5) publicly-listed companies. Each of Mr. Manuel V. Pangilinan (Chairman) and Mr. Oscar J. Hilado (Lead Independent Director) are Directors in five (5) other publicly-listed companies. However, their performance as Chairman and Lead Independent Director, respectively, show that they have sufficient time to fully prepare for meetings, challenge Management's proposals/ views, and oversee the long-term strategy of the Company.**

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	**The Company's RMCG provides that:** **4.4 A Director shall notify the Board where s/he is an incumbent Director before accepting a directorship in another company.** **RMCG (Principle 4.4)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	**The Company's Executive Directors are Mr. Eulalio B. Austin, Jr. and Atty. Barbara Anne C. Migallos, both having only one Directorship in other listed companies outside Philex Mining Corporation.** **Their Directorship in other listed companies are disclosed in the following:** **Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page 43** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	**The Board has a pre-determined schedule of meetings at the beginning of each calendar year. Discussions during these meetings are open and independent views are given due consideration. As necessary, the Board likewise holds meetings through the use of telecommunications or other electronic media. The Corporate Secretary assists in preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agenda for those meetings.** **RMCG page 7** http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf	

3. Board of directors meet at least six times during the year.	Compliant	**The Board of Directors met seven (7) times in 2018.** **Please see Annex A**	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-Compliant		**Attendance at Board meetings was generally 100%, and in instances where the attendance was less than 100%, in no instance was attendance less than 2/3 of the members of the Board.** **The Company complies with the Corporation Code in that a majority of all of the members of the Board of Directors constitutes a quorum.**

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Non-Compliant		**The Company has eleven (11) directors, two (2) of whom are independent directors. It is compliant with Sec. 38 of the SRC.** **The Board has reviewed the Company's present complement of directors, its productivity and goals achievement over the past three years and the availability of a qualified person who would be suitable and an appropriate fit for the corporate organization. After extended discussions, the Board has deferred the election of a third independent director to a more opportune and appropriate time.** **The objective of having the Board exercise objective and independent judgment on all corporate affairs is nonetheless achieved because even the non-Independent Directors of the Company exercise objective and independent judgment owing to their fiduciary duty and loyalty to the Company, and not necessarily to the shareholders they are related to. For instance, in discussing major corporate actions, the Chairman, Mr. Manuel V. Pangilinan, always makes it a point to discuss the implications of such corporate actions to the Company, on the one hand, and to a particular shareholder or shareholders, on the other, to emphasize that there is a distinction between the two, and that Directors should vote in favour of the Company's interests.**

Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	**Please see full profile of each director:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **SEC Form 17-A page 43** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **Please see Certification of Independent Director on pages 41 and 43 of the Company's Definitive Information Statement (DIS)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	**PMC shareholders have the right to participate effectively and vote in general shareholders' meetings. The Company ensures that shareholders are informed of the rules, including the voting procedures, that govern general shareholders' meetings.** **By-Laws** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Amended-By-Laws.pdf** **RMCG** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Definitive Information Statement (DIS)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	

Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	**Messrs. Hilado and Paras were first elected as independent directors on December 7, 2009 and June 29, 2011, respectively. Both Messrs. Hilado and Paras have each served less than the maximum cumulative nine (9) year term recommended by the Code of Corporate Governance for Publicly Listed Companies (reckoned from 2012). The Certificates of Qualification as Independent Director of Messrs. Hilado and Paras are attached to the Definitive Information Statement.** **Definitive Information Statement page 26** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	**5.3 Independent Directors shall serve for a maximum cumulative term of nine (9) years, reckoned in accordance with pertinent rules of the SEC after which the Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a Non-Independent Director. In the instance that the Company wants to retain an Independent Director who has served for nine (9) years beginning January 2012, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.** **RMCG (Principle 5.3) page 14-15** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	**Independent Directors shall serve for a maximum cumulative term of nine (9) years, reckoned in accordance with pertinent rules of the SEC after which the Independent Director shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a Non-Independent Director. In the instance that the Company wants to retain an Independent Director who has served for nine (9) years beginning January 2012, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.** **RMCG (Principle 5.3) pages 14-15** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	**The Chairman of the Board is Mr. Manuel V Pangilinan while the Chief Executive Officer is Mr. Eulalio B. Austin, Jr.**	

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	**Chairman's Role** **The Chairman of the Board ensures that the Board functions effectively. He assists in ensuring compliance with best practices in corporate governance policies and practices. He provides leadership to the Board and ensures that the Board works effectively. He discusses key issues in a timely manner – taking into account proposals and recommendations of the CEO and management. In addition, the Chairman ensures that an open line of communication and a free flow of information between Management and the Board are maintained.** **The President and the Chief Executive Officer (CEO)** **The President and CEO shall be responsible for the general care, management, and administration of the business of the Company. He ensures that the operational and financial affairs of the Company are managed in a sound and prudent manner and those financial and internal controls are adequate and effective to ensure reliability integrity of financial and operational information. Further, he oversees the effectiveness and efficiency of operations and safeguards assets in compliance with laws, rules and regulations. The President and CEO provides leadership to the management in developing and implementing business strategies, policies, processes and budgets to the extent approved by the Board and takes the lead in identifying and managing operational, financial, and other business risks.** **RMCG (Principle 2.3: Chairman's Role and Principle 5.4: President and CEO's Role)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Website** **http://www.philexmining.com.ph/key-mandates/**	

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	**On August 2, 2017, the Company appointed a Lead Independent Director:** **Disclosure on Appointment of Lead Independent Director** **http://www.philexmining.com.ph/wp-content/uploads/2017/04/Appointment-of-Lead-Independent-Director-and-Data-Protection-Officer.pdf**	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	**Transactions, which are or may have the potential of being deemed as Conflict of Interest transactions, are prohibited. All business decisions of the Directors, Employees and Consultants must be based on the best interest of PMC and its subsidiaries and affiliates and must not be motivated by personal considerations and other relationships that can interfere with their independent judgment.** **Revised Manual on Corporate Governance Principle 5.5 page 15** http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf **Code of Business Conduct and Ethics** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics.pdf** **Conflict of Interest Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Conflict-of-Interest-Policy.pdf**	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	**Please see Secretary's Certification (Annex A)**	
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	**None of the Current Company's Director has been a former CEO of Philex over the last two years. Mr. Eulalio B. Austin has been the President and CEO of the Company since April 3, 2013.**	

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Board Performance Appraisal/ Assessment Policy This policy enables the Board to annually identify overall strengths and specific areas for improvements based on results of assessment, and to obtain important feedback and views from the members of the Board which will collectively form part of Company's overall strategy, performance and/or future directions or endeavors.	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		

Performance Evaluation	Self - Assessment	Evaluated By
Board of Directors	/	Individual Director/s
Director(including the Chairman)	/	Individual Director/s
Board Committees	/	Member of Committee
President and CEO	N/A	Individual Director/s

The Board conducted a performance evaluation last 25 July 2018 covering the year 2017 performance individually and as a Board.

Board Performance Appraisal/ Assessment Policy
http://www.philexmining.com.ph/wp-content/uploads/2017/05/Board-Performance-Appraisal-Assessment-Policy.pdf

5. Every three years, the assessments are supported by an external facilitator.	Compliant	**The Company plans to hire an external facilitator after the third year of assessment, reckoning the adoption of the Company's RMCG on May 30, 2017.** **6.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, individual members and committees. Every three years, the assessment shall be supported by an external facilitator.** **RMCG Principle 6.1 (Page16)** http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	**Board Performance Appraisal/ Assessment Policy** **This policy enables the Board to annually identify overall strengths and specific areas for improvements based on results of assessment, and to obtain important feedback and views from the members of the Board which will collectively form part of Company's overall strategy, performance and/or future directions or endeavors.** **Board Performance Appraisal/ Assessment Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Board-Performance-Appraisal-Assessment-Policy.pdf**	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	**RMCG (Principle 6.2) (page 16)** http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf **To allow for a feedback mechanism from the shareholders for the performance of the Board, the individual Directors and committees, the Company shall provide shareholders a chance to comment on their performance in the ballot forms and electronic voting forms.**	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	**Philex Mining Corp. is dedicated to doing business in accordance with the highest standards of ethics. The Company, its directors, officers, and employees endeavor to promote a culture of good corporate governance by observing and maintaining its core business principles of integrity, teamwork, work excellence, respect for individuals, corporate responsibility, and social and environmental responsibility in their relationships among themselves and with the company's customers, suppliers, competitors, business partners, other stakeholders, regulators, and the public.** **Business Conduct and Ethics** **http://www.philexmining.com.ph/code-of-business-conduct-and-ethics/**	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	**The Code of Business Conduct and Ethics was reviewed and approved by the Board of Directors on 26 February 2014, and disseminated to Senior Management and Employees. A copy of the policy is available in the Company website.** **The Company has been conducting Corporate Governance Training Seminar to increase awareness of employees of the Company's Corporate Governance Policies. For 2018, the Company conducted Corporate Governance Awareness training both at the mine site and head office.**	
3. The Code is disclosed and made available to the public through the company website.	Compliant	**A copy of the policy is available in the Company website.** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics.pdf**	

Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	**The Company's Whistle Blowing Policy provides a system and venue for the proper submission, handling or resolution of employees' complaints or disclosures regarding violations of corporate governance rules, questionable accounting or auditing matters, and offenses covered by the Company's existing Code of Discipline or equivalent policy.** **Whistle Blowing Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf** **Vendor Relations Policy** **Any Director, Employee and Consultant found to have violated this Policy shall be liable to the extent of the damage/loss suffered by PMC, and/or may be subject to penalties and sanctions as may be determined by the appropriate authorities, whether or not damage is actually suffered by PMC, in accordance with the law and existing company policies. These penalties range from reprimand to dismissal, depending on the gravity and frequency of the offense or violation)** **Suppliers who violate this policy shall also be penalized. Sanctions include but are not limited to termination of business relationship with the Company and blacklisting.** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Vendor-Relations-Policy.pdf**	

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	**The Corporate Governance Committee oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;** **Corporate Governance Committee Charter (Duties and Responsibilities item a) http://www.philexmining.com.ph/wp-content/uploads/2017/01/G-PX-CG-Committee-Charter_final.pdf** **All changes in the policies and all CG policies are endorsed by the CG Committee for Board Approval prior to dissemination to employees.** **The Corporate Governance Office reports any material issues regarding the compliance of all directors, officers and employees regarding the Company's Code of Business Conduct and Ethics, the RMCG and other Corporate Governance Policies.** **The Code of Business Conduct and Ethics sets forth the Company's business principles and values which shall guide and govern all business relationships of the Company, its directors, officers and employees, including their decisions and actions when performing their respective duties and responsibilities.** **Code of Business Conduct and Ethics - Policy Statement http://www.philexmining.com.ph/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics.pdf**	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant		

<table>
<tr><th colspan="4">Disclosure and Transparency</th></tr>
<tr><td colspan="4">Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</td></tr>
<tr><td colspan="4">Recommendation 8.1</td></tr>
<tr><td>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</td><td>Compliant</td><td colspan="2">The Company's Investor Relations program adheres to strict transparency and disclosure rules as well as investor communication and financial reporting standards, in line with global best practices in corporate governance.

Website:
http://www.philexmining.com.ph/investor-relations-program/

Disclosure Policy:
http://www.philexmining.com.ph/wp-content/uploads/2017/01/DISCLOSURE-POLICY_-board-approval.pdf</td></tr>
<tr><td colspan="4">Supplement to Recommendations 8.1</td></tr>
<tr><td>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</td><td>Compliant</td><td colspan="2">Please see table below comparison:
<table>
<tr><th>Report</th><th>Date of Disclosure SEC Form 17-A/ SEC Form 17-Q</th><th>SEC mandated deadline</th></tr>
<tr><td>Audited Financial Statement 2017</td><td>February 28, 2018</td><td>April 16, 2018</td></tr>
<tr><td>FY 2017 Financial and Operating Results (SEC-17A)</td><td>April 11, 2018</td><td>April 16, 2018 (90 days)</td></tr>
<tr><td>Q1 2018 Results</td><td>May 11, 2018</td><td>May 15, 2018</td></tr>
<tr><td>1H 2018 Results</td><td>August 2, 2018</td><td>August 15, 2018</td></tr>
<tr><td>9M 2018 Results</td><td>November 12, 2018</td><td>November 15, 2018</td></tr>
</table></td></tr>
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2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliant	**The Company has no controlling shareholders and discloses the stockholders who own more than five percent (5%) of the Company's stock on a quarterly basis including the Public Ownership Report. The Company as well has no cross-holdings among company affiliates and have no imbalances on shareholders' voting power by virtue of no controlling shareholder**.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	**The Amended Policy on Dealings in Company's Shares of Stock requires all concerned directors, officers and/or employees to report to the Compliance Officer all respective dealings in company shares within two (2) business days and for the Company to disclose the same within three (3) business days from date of transaction.** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Amended-Policy-on-Dealings-in-Company-Shares-of-Stock.pdf** **The only change in Ownership of Directors and Officers of the Company was due to the change in Nominee Directors of the Social Security System (SSS).** **Security Ownership is Disclosed by the Company on a quarterly basis through the public ownership report:** http://www.philexmining.com.ph/other-disclosures-to-sec-pse-and-other-pertinent-agencies/	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant		
Supplement to Recommendation 8.2			

1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	**Shareholdings of Directors and Officers are disclosed on a quarterly basis via the Public Ownership Report. The information is also found in the Company's SEC 17A and Notice of AGM or DIS. Any change in the holdings of any of the Director or Officer is disclosed within three (3) days from date of transaction through SEC Form 23-B.** **Public Ownership Report and Top 100** **http://www.philexmining.com.ph/other-disclosures-to-sec-pse-and-other-pertinent-agencies/** **SEC form 23-A/B (Changes in Beneficial Ownership)** **http://www.philexmining.com.ph/sec-form-23-ab/** **Shareholding Structure** **http://www.philexmining.com.ph/shareholding-structure/** **Corporate Structure** **http://www.philexmining.com.ph/corporate-structure/**	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	**Profile: http://www.philexmining.com.ph/wp-content/uploads/2017/01/Directors-Profile-2019.pdf** **Training : http://www.philexmining.com.ph/wp-content/uploads/2017/01/Seminars-and-Trainings-Attended-Directors-and-Officers-2018.pdf** **Profile of Directors may as well be found in the Company's Annual Report SEC 17 A :** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	**Training : http://www.philexmining.com.ph/wp-content/uploads/2017/01/Seminars-and-Trainings-Attended-Directors-and-Officers-2018.pdf** **Profile of Officers may as well be found in the Company's Annual Report SEC Form 17-A: http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	**SEC Form 17-A : page 52 http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	**SEC Form 17-A : page 52 http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

<table>
<tr>
<td>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</td>
<td>Non-Compliant</td>
<td>
Individual Director Remuneration
In 2018, a total of P21.8 million was paid to all executive and non-executive directors, details of which are as follows:
<table>
<tr><th>Name</th><th>Position</th><th>Amount (Php Millions)</th></tr>
<tr><td>Manuel V. Pangilinan</td><td>Chairman</td><td>1.9</td></tr>
<tr><td>Eulalio B. Austin, Jr.*</td><td>President & Chief Executive Officer</td><td>1.9</td></tr>
<tr><td>Marilyn A. Victorio-Aquino</td><td>Non-Executive Director</td><td>2.3</td></tr>
<tr><td>Oscar J. Hilado</td><td>Independent Director</td><td>2.2</td></tr>
<tr><td>Barbara Anne C. Migallos</td><td>Executive Director</td><td>2.3</td></tr>
<tr><td>Robert C. Nicholson</td><td>Non-Executive Director</td><td>2.2</td></tr>
<tr><td>Wilfredo A. Paras</td><td>Independent Director</td><td>2.2</td></tr>
<tr><td>Edward A. Tortorici</td><td>Non-Executive Director</td><td>1.7</td></tr>
<tr><td>Jose Gabriel M. La Vina**</td><td>Non-Executive Director</td><td>1.3</td></tr>
<tr><td>Michael G. Regino</td><td>Non-Executive Director</td><td>1.8</td></tr>
<tr><td>Anita B. Quitain</td><td>Non-Executive Director</td><td>1.7</td></tr>
<tr><td>Gonzalo T. Duque</td><td>Non-Executive Director</td><td>0.3</td></tr>
<tr><td>Total</td><td></td><td>21.8</td></tr>
</table>
A total of P5.1 million was remitted directly and made payable to SSS, which covers the director fees paid to SSS- Nominated Directors in Philex.
</td>
<td>
The Company discloses the remuneration of each Director, including the Director's fee paid to the CEO on an individual basis.

*For reasons of safety and security, the Company does not disclose the remuneration of officers on an individual basis, The CEO's salary as an Executive Officer is included in the aggregated salary of the top 5 officers as disclosed in the Company's Annual Report SEC 17-A.
SEC 17_A
http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf

The Termination and Disqualification provisions are found in the Company's Board Charter
http://www.philexmining.com.ph/wp-content/uploads/2017/01/A-Board-Charter_Final.pdf

The Board Directors are elected by Stockholders and are not subject to retirement.

Retirement Age for Executive Directors and Key Officers are to be included in the Succession Planning Policy.
http://www.philexmining.com.ph/wp-content/uploads/2017/01/Succession-Planning-Policy_05292018.pdf
</td>
</tr>
</table>

Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	**RPT Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/E-PX_RPT-Policy_Final.pdf** **Directors, Employees and Consultants are proscribed from participating in any part of any transaction, dealing or decision-making process with respect to any existing or potential supplier, contractor, business partner, or consultant of the Company in which they or their Affiliate have an interest, including any acts that may be deemed as seeking to influence any action or inaction with respect to such parties.** **Conflict of Interest Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Conflict-of-Interest-Policy.pdf** **RMCG (Principle 8.5)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	**The Company's last material Related Party Transaction was approved by the CG Committee on 2016 with the concurrence of the Company's Independent Directors. For 2018, the RPT committee reviewed the Subscription Agreement in relation to the Company's additional subscription of 260,000,000 common shares of PXP Energy Corporation at 11. 85 and approved such subscription based on the subscription of Dennison Holdings Corporation ("Dennison") to 340,000,000 common shares at a price of Php11.85 per share.** **The Company disclosed payments made to the Company from past Advances made to Subsidiaries disclosed in Item 12 of the Company's SEC Form 17-A (page 56):** http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf	

Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	**Primarily, Directors, Employees and Consultants must disclose in writing any actual or potential instances and/or situations where they may have a Conflict of Interest or the appearance of a Conflict of Interest to the relevant authorities specified herein, as soon as they become aware of such actual or potential instances and/or situations. Depending on the nature of the conflict situation, conflicted Directors, Employees and Consultants may be required to comply with other requirements. (Conflict of Interest Policy page 8) http://www.philexmining.com.ph/wp-content/uploads/2017/05/Conflict-of-Interest-Policy.pdf**	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	**General Principles 2.2 of the RPT Policy provides that "In the review and approval of RPT, the Company shall at all times abide by the following standards: a. That the RPT is "fair and at arm's length…" http://www.philexmining.com.ph/wp-content/uploads/2017/01/E-PX_RPT-Policy_Final.pdf** **Certain Relationships and Related Transactions** **The Company's significant related party transactions as of December 31, 2018, 2017 and 2016, which are under terms *that are no less favorable* than those arranged with third parties, and account balances are disclosed in Item 12 SEC 17 A page 56 http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	**The Company is committed to the highest standards of disclosure, transparency and fairness in information dissemination to the business and investment community and all its shareholders. The Company provides the public with strategic, operating and financial information through adequate and timely disclosures to the regulatory bodies, such as the Philippines' Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).** **Along with regular periodic reports, PMC discloses all material information about the Company that may have an impact on valuation, stock price and trading volume of its listed securities. All financial and non-financial, structured and unstructured disclosures, are immediately posted on the Company Disclosures section of the Company's website.** **http://www.philexmining.com.ph/sec-form-17-c-2/**	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	**The Board either designates a committee of directors and/or a group of senior officers to choose an independent consultant (usually an investment bank), who will formulate the objectives and parameters of the study and the desired end-product or deliverable of the transaction.** **In cases of mergers and acquisitions, the CEO and the CFO, together with external financial and technical advisers and consultants, prepare a detailed recommendation for approval by the Board.** **RMCG (Principle 8.6)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	**There are no voting trust agreements, confidentiality agreements, and such other agreements that may have impact on the control, ownership, and strategic direction of the company.**	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	**The Company's corporate governance policies, programs and procedures are contained in its Revised Manual on Corporate Governance (RMCG). This was submitted to the SEC on 30 May 2017 including its corresponding Annexes.** **RMCG** http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf	
2. Company's MCG is submitted to the SEC and the PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	**Please see Annex C for Stamp Received by the SEC and PSE Edge** **PSE Edge** **http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=137**	

Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		**SEC Form 17-A** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **Corporate Objectives – page 4** **Financial and Non-Financial Performance Indicators – page 40** **Dividend Policy – page 28** **Biographical details of all directors – page 43** **Attendance details of each director – included in the glossy Annual Report – See Annex A** **Total remuneration of each director – page 53**	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	**SEC Form 17-A page 57** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	**Document to be included in the Company's Glossy Annual Report** **Please see link: Audit and Risk Committee's Statement on Adequacy of Internal Risk Control** **http://www.philexmining.com.ph/risk-management/**	

4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	**Document to be included in the Company's Glossy Annual Report** **Please see link : Audit and Risk Committee's Statement on Adequacy of Internal Risk Control** **http://www.philexmining.com.ph/risk-management/**	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	**SEC Form 17-A page 22** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	**The Audit Committee has the direct responsibility for the appointment, setting of compensation, retention, removal and oversight of the work of the External Auditor, in a manner consistent with applicable laws, regulations and valid corporate practice.** **Audit Committee Charter page 2 (Duties and Responsibilities 3.1)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	**A Majority Vote is required for the Appointment of Independent Auditors:** **"The Audit Committee screened the nominees for independent external auditor and endorsed the appointment of Sycip Gorres Velayo and Company (SGV) as the Company's independent external auditors for the year 2018. Resolution to be adopted: Shareholders will vote on a resolution for the appointment of said auditing firm as independent external auditor of the Company for 2018."**	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	**There was no incident involving the removal of the External Auditor.**	

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	**The certifying partner of the Company's independent external auditor is rotated at least once every five (5) years, with a two (2) year cooling off period, as applicable, in accordance with SRC Rule 68, Part 3(b)(iv)(ix).** **page 32 of the Notice of Annual Stockholders Meeting/ DIS** http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-2.pdf	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	**The primary purpose of the Company's Audit Committee is to assist the Board in its oversight of the following:** **i. the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;** **ii. the Company's compliance with legal and regulatory requirements;** **iii. the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence and;** **Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	**Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	**Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	**Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	**All audit and non-audit engagements by the external auditors were approved by the Company's Audit Committee.** **SEC Form 17-A page 42** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	**Audit Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Revised-Audit-Committee-Charter-1.pdf**	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	**For 2018, The Company has not engaged the external auditors for non-audit services.** **SEC Form 17-A page 42** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	

Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	**1. Name of the audit engagement partner : Alexis Benjamin C. Zaragoza** **2. Accreditation number; 1627-A (Group A)** **3. Date Accredited; April 4, 2017** **4. Expiry date of accreditation; April 3, 2020** 5. **Name, address, contact number of the audit firm. SyCip Gorres Velayo & Co..; 6760 Ayala Avenue 1226 Makati City; (632) 891 0307**	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	**SGV is subjected to the SEC SOAR Program** **1. SyCip Gorres Velayo & Co..; 6760 Ayala Avenue 1226 Makati City; (632) 891 0307**	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	I**nvestor Relations Program** **http://www.philexmining.com.ph/investor-relations-program/** **Disclosure Policy:** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/DISCLOSURE-POLICY_-board-approval.pdf**	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	**The Company's Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI) Standard. The report discloses information on the Material Aspects that are significant to the company's sustainability and their various impacts that substantively influence the assessments and decisions of its stakeholders.** **Sustainability Report** **http://www.philexmining.com.ph/sustainability-report/**	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

<table>
<tr><th colspan="4">Recommendation 11.1</th></tr>
<tr>
<td>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</td>
<td>Compliant</td>
<td>In addition to the interim financial statements provided quarterly, operating statistics and other vital information are also disseminated to both equity and credit analysts, in a format that is convenient and handy, to aid in their analysis and valuation of the Company. Analyst briefings were conducted via teleconferences to be more convenient and easily accessible to both local and foreign analysts. In 2018, the Company held four (4) Analysts Briefings, via teleconferencing, during the following dates:

<table>
<tr><th>Report</th><th>Date of Briefing</th></tr>
<tr><td>FY 2017 Financial and Operating Results</td><td>3 March 2017</td></tr>
<tr><td>1Q 2018 Results</td><td>10 May 2018</td></tr>
<tr><td>1H 2018 Results</td><td>26 July 2018</td></tr>
<tr><td>9M 2018 Results</td><td>26 October 2018</td></tr>
</table>

Financial
http://www.philexmining.com.ph/financials/

Photo Release
http://www.philexmining.com.ph/category/PHOTO-releases/

Press Release
http://www.philexmining.com.ph/category/press-releases/

Company Presentations
http://www.philexmining.com.ph/company-presentations/

Video Gallery
http://www.philexmining.com.ph/category/video-gallery/

News Related Articles
http://www.philexmining.com.ph/category/NEWS-Related/</td>
<td></td>
</tr>
</table>

Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		**a.) Financial Statement :** http://www.philexmining.com.ph/financials/ **b.) Materials provided in briefings to analysts and media :** http://www.philexmining.com.ph/company-presentations/ **c.) Downloadable Annual Report :** http://www.philexmining.com.ph/sec-form-17-a/ http://www.philexmining.com.ph/annual-reports/ **d.) Notice of ASM and/ or SSM :** http://www.philexmining.com.ph/notice-of-stockholders-meetings/ http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-2.pdf **e.) Minutes of ASM and/ SSM :** http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/ **f.) Company's Article of Incorporation and By-Laws** http://www.philexmining.com.ph/by-laws-and-articles-of-incorporation/	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	**Please see website:** www.philexmining.com.ph	

Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	**The Company has in place an internal control system whereby the internal audit can conduct independent and objective internal-audit activities designed to add value, improve the company's operations, and help it accomplish its objectives. This shall provide a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control, and governance processes through which the Board, management, and stockholders shall be provided with reasonable assurance that the company's key organizational and procedural controls are appropriate, adequate, effective and complied with. For this purpose, pertinent categories include the following: (i) effectiveness and efficiency of operations; (ii) reliability of financial reporting; (iii) compliance with applicable laws and regulations; and (iv) safeguarding of assets.** **The Company's review of the internal control system is done semi-annually and is being reported to First Pacific Company Limited, a publicly listed Corporation in Hong Kong.** **Risk Management Policy** **http://www.philexmining.com.ph/risk-management/** **Internal Audit** **http://www.philexmining.com.ph/internal-audit/** **Internal Audit Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/F-1Revised-IA-Charter-Revision-No.-4.pdf** **Board Risk Oversight Committee Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/J-PX_BROC-Charter-Final.pdf**	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	**The Company has adopted a Risk Management Policy Manual, which encompasses the Enterprise Risk Management (ERM) framework for managing risk at an enterprise-wide level within Philex Mining Corp. and its subsidiaries (or the Philex Group). It contains the guidelines governing the risk management process of the Philex Group, including the roles and responsibilities for its implementation. The policy aims to help the organization integrate risk management into business and strategic planning by enabling operational units to identify significant risks and take appropriate decisions and actions to treat these risks.** **The company's ERM activities is in accordance with internationally recognized frameworks, such as but not limited to COSO, or the Committee of Sponsoring Organizations of the Treadway Commission, I and II.** **Company's risk management procedures and processes** **http://www.philexmining.com.ph/risk-management/** **Discussion of Major Business Risk and How Managed** **SEC Form 17-A pages 22-24** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **The review of material controls, including financial, operational, and compliance controls and risk management functions; the identification, evaluation, and management of all material risks related to enterprise risk management (ERM) done twice a year and is evidenced by the confirmation statements submitted to First Pacific Company, Limited based in Hong Kong. This is signed by the chairman of the Audit Committee and the head of Internal Audit Department, the Risk Committee and the Chief Risk Officer.**	

Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	**A discussion on the compliance on relevant laws and regulation is presented in the Company's SEC Form 17-A Annual Report, which is submitted annually to the SEC.** **Please see discussion on Item 1 pages 3-27 of SEC Form 17-A http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** .	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	**IT Governance framework formulated by the Company's I.T Department and was subsequently endorsed by the CG Committee.** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/IT-GOVERNANCE-FRAMEWORK_05292018.pdf**	

Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	**The Internal Audit Group (IAG) is a separate and independent unit, which directly reports to the Audit Committee and is headed by Ms. Geraldine B. Ateo-an. In accordance with company's employment requirements and policies, the Chief Audit Executive functionally reports to the Audit Committee. The role of the internal auditor is to provide independent, objective assurance, and consulting services to the management designed to add value and improve the company's operations. The role also includes ensuring the adequacy of the network of risk management, control, and governance processes.** **As provided in the Audit Committee Charter, the IAG provides an annual report to the Audit Committee on the internal audit organization's activities, purposes, authorities, responsibilities, and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report shall include significant risk exposures and control issues, corporate governance issues, evaluation of compliance with the Code of Conduct for the management and other matters requested by the Committee or the Board.** **Internal Audit Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/F-1Revised-IA-Charter-Revision-No.-4.pdf**	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	**The Internal Audit Group (IAG) is a separate and independent unit, which directly reports to the Audit Committee, headed by Ms. Geraldine B. Ateo-an.** **RMCG Page 20** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Internal Audit Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/F-1Revised-IA-Charter-Revision-No.-4.pdf**	

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	**RMCG Page 20** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Internal Audit Charter** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/F-1Revised-IA-Charter-Revision-No.-4.pdf**	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	**The Internal Audit Group (IAG) is a separate and independent unit, which directly reports to the Audit Committee, headed by Ms. Geraldine B. Ateo-an.**	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	**The Company has a multi-level Risk Management Function, through the Management Committee and the Board Risk Oversight Committee, respectively.** **The risk management function is discussed in the Company's RMCG page 21** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Identify source of external technical support, if any. **The Company engages IMIU (International Mining Industry Underwriters), a well-respected Lloyds underwriter in London in the field of mining, to assist in its risk management. IMIU is widely engaged by other reinsurers to conduct independent risk assessments, which is required by the London reinsurers prior to the yearly renewal of Padcal properties insurance. IMIU Risk Engineers have been conducting risk assessment exercises on site Padcal Mine since May 2015**.	

Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	**The Company's Chief Risk Officer in 2017 was Manuel Agcaoili, who was replaced by Mr. Danny Y. Yu effective December 2017.** **Profile of Mr. Yu may be read in the Company's SEC Form 17-A** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **The CRO's Duties and Responsibilities is provided in the Company's RMCG page 22** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The CRO is a Senior Vice President and the Company's Chief Financial Officer. He also leads the Management Risk Oversight Committee and has the support of the Company's Chief Executive Officer. **Profile of Mr. Yu may be read in the Company's SEC Form 17-A** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf**	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	**The Attestation is signed by the Chief Audit Executive and Chief Risk Officer** **See Annex D**	

Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	**RMCG (Principle 13)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	**Basic Shareholders Rights are disclosed in the Company's website and included in the Company's RMCG, DIS and By-Laws which are also disclosed in the Company's website:** **Website** **http://www.philexmining.com.ph/shareholders/** **RMCG (Principle 13)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf** **Definitive Information Statement (DIS)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	**By-Laws** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Amended-By-Laws.pdf** **Definitive Information Statement (DIS)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	

2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	**The Company has only one class of shares (Common).** **(SEC Form 17-A Market Information)** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **RMCG (Principle 13)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
3. Board has an effective, secure, and efficient voting system.	Compliant	**Voting is by poll.** **Please see procedure on the Company's DIS (page 37)** **Definitive Information Statement (DIS)** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/DEFINITIVE-INFORMATION-STATEMENT.pdf**	

4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		**In view of a number of factors, a voting system as called for in this item has not been established. However, the objective of ensuring that related party transactions are fair and at arm's length is achieved because shareholders elect independent directors who are expected to represent the interest of non-related party shareholders in the review of significant or material related party transactions.** **The Company's independent directors are members of the Related Party Transactions Committee. The Chairman is Mr. Wilfredo A. Paras, an Independent Director. All significant or material related party transactions are subject to the review and endorsement of the said Committee, which endorsement must be concurred in by all Independent Directors. Endorsement of the Committee is required prior to Board approval of the related party transaction.** **As with any other corporation that has various shareholder groups with differing philosophies, concerns and interests, the exercise by the major shareholder/s of voting power may place the minority shareholders at risk in that their concerns and interests may not be prioritized, or that the interests of the major shareholder/s may be given priority at the expense of the minority shareholders.** **To address this risk, policies are in place towards ensuring that the Board will, in all cases, consider the corporate interest as a whole among them:** **(i) emphasis on the fiduciary responsibilities of the Board and the officers to the Company and its shareholders and the duties of care and prudence;** **(ii) emphasis on the avoidance of conflicts of interest and on prompt disclosure of potential conflict;** **(iii) prompt, full and fair disclosure of material information;** **(iv) adoption of policies on related party transactions, which requires approval of all independent directors; and** **(v) other policies towards avoidance of actions that will favor the major shareholder/s at the expense of the minority shareholder.** **(vi) Pre-emptive rights** **(vii) No shareholder owning more than 50%** (viii) **Presence of second significant shareholder, with three (3) board seats, which technically act as independent directors**

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	**The Company, through its RMCG, allows Minority stockholders holding at least ten percent of the Company's shares the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company upon Board approval.** **See page 24-25 of the RMCG http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	**PMC respects the rights of the minority shareholders and develops policies towards ensuring that the Board, in all cases, shall consider the corporate interest above all, as a whole. The key guidelines include:** **1. Emphasis on the fiduciary responsibilities of the Board, the officers to the Company and its shareholders as well as the duties of care and exercise of prudence;** **2. Avoidance of conflicts of interest and prompt disclosure of potential conflict;** **3. Prompt, full and fair disclosure of material information;** **4. Formulation of other policies towards prevention of actions that will favor the controlling interest or major shareholder/s at the expense of the minority shareholders; and** **5. Adoption of policies on RPTs which ensures that:** **a.) RPTs that can be classified as financial assistance to entities that are considered as Company's subsidiaries are all disclosed in the Company's financial statements; and** **b.) RPTs should be conducted in a way that ensures fair and at arm's length dealings and requires approval of all independent directors;** **6. Adoption of policies towards avoidance of actions that will favor the major shareholder/s at the expense of the minority shareholder.** **7. Pre-emptive rights;** **8. No shareholder owning more than 50%;** **9. Preserve of and significant shareholder with 3 board seats which technically act as independent directors; and** **10. Dividend Policy** **In 2018, the Company complied with all the key guidelines discussed above.** **Website** **http://www.philexmining.com.ph/shareholders/** **RMCG Principle 13** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	

<table>
<tr><td>7. Company has a transparent and specific dividend policy.</td><td>Compliant</td><td>Dividends
Beginning 2010, the Company's Board of Directors has adopted a policy to declare cash dividend of up to 25% of the Company's core net income should the circumstances allow for its declaration.

SEC Form 17-A page 28
http://www.philexmining.com.ph/wp-content/uploads/2017/01/2017-SEC-17A-REPORT.pdf

In August 2014, the Company has adopted a policy on the timing of cash dividend payment, which should be within 30 calendar days from the date of declaration.

In 2018, the Company declared and paid out cash dividends that satisfy both these best practices in corporate governance.

Cash Dividends
<table><tr><th>Date of Declaration</th><th>Payment Date</th><th>Amount</th></tr><tr><td>February 27, 2018</td><td>March 26, 2018</td><td>P0.04/share</td></tr><tr><td>July 25, 2018</td><td>August 24, 2018</td><td>P0.035/share</td></tr></table>
No scrip dividend was paid in 2018.</td><td></td></tr>
<tr><td colspan="4">Optional: Recommendation 13.1</td></tr>
<tr><td>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</td><td>Compliant</td><td>At the 2018 Annual Stockholders Meeting, the shareholders designated SGV and Co, Company's independent auditors, as Election Inspector to serve as such until the close of today's annual meeting. The election Inspector, together with the Company's stock transfer agent, Stock Transfer Services, Inc. (STSI) tabulated the proxies and the ballots.</td><td></td></tr>
<tr><td colspan="4">Recommendation 13.2</td></tr>
</table>

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	**Disclosure and Release of Notice of ASM to Shareholders** **The Company disclosed to the PSE the Company's 2018 Definitive Information Statement (DIS) on 11 May 2018.** **The Company likewise sent out the Notice of AGSM on 24 May 2018 to shareholders which is more than 30 days prior to the AGSM, which states the date, time, and place of meeting, including the rationale and explanation for each item in the agenda that requires shareholders' approval.** **The AGSM was announced 27 February 2018, months before the actual date of the meeting and was published in at least two major newspapers of general circulation. For 2018, the Notice of AGSM was published in BusinessWorld and The Philippine Star on 13 June 2018 There were no changes in the remuneration of Directors that needs Shareholders approval.** **SEC Form 20-IS** **http://www.philexmining.com.ph/sec-form-20-is/** **http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:		**Notice of Annual Stockholders' Meeting/ Definitive Information Statement (SEC Form 20-IS)** **http://www.philexmining.com.ph/sec-form-20-is/** **http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	**Notice of Annual Stockholders' Meeting/ Definitive Information Statement Item 5 page 18: http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	
b. Auditors seeking appointment/re-appointment	Compliant	**Notice of Annual Stockholders' Meeting/ Definitive Information Statement Item 7 page 32: http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	
c. Proxy documents	Compliant	**Notice of Annual Stockholders' Meeting/ Definitive Information Statement Part 2 page 40: http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Complaint	**Notice of Annual Stockholders' Meeting/ Definitive Information Statement (EXPLANATION AND RATIONALE For each item on the Agenda of the 2017 Annual Stockholders' Meeting) page 6: http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-1.pdf**	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	**Results of ASM are posted by the Company right after the ASM. Minutes however are posted within 5 days after the ASM.** **Results** **http://www.philexmining.com.ph/wp-content/uploads/2017/04/PX-2018-ASM-Results-28JUN18.pdf** **Minutes of Annual Stockholders Meetings** **http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/**	

2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	**Minutes of Annual Stockholders Meetings** **http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/**	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	**"The Chairman introduced the Directors present at the meeting. The shareholders were informed of the presence of the Company's senior officers, the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV & Co.)."** **Minutes of Annual Stockholders Meetings page 1** **http://www.philexmining.com.ph/minutes-of-all-general-or-special-stockholders-meetings/**	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Complaint	**RMCG Principle 13,4** **Alternative Dispute Resolution System (page 26-28)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	**RMCG Principle 13,4** **Alternative Dispute Resolution System (page 26-28)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	**http://www.philexmining.com.ph/investor-relations/** **Mr. Danny Y. Yu** **Chief Compliance Officer** **Mr. Paul C. Cheah** **Division Manager – Investor Relations** **Telephone No.: (632) 631-1381 to 88** **Fax No ; (632) 638 -7423** **Email: philex@philexmining.com.ph**	

2. IRO is present at every shareholder's meeting.	Compliant	**The then Company's Investor Relations Officer, Mr. Rolando S. Bondoy was present during the last Annual Stockholders Meeting at Marco Polo Hotel Ortigas last 27 June 2018. The new Investor Relations Officer is Mr. Paul C. Cheah was appointed last December 2018.**	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	**The Company has no anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.**	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	**The Company's Public Float as of 31 December 2018 is at 33.51%** **Public Ownership Report:** **http://www.philexmining.com.ph/wp-content/uploads/2017/04/PX-public-ownership-as-of-December-31-2018.pdf**	
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	**The Chief Executive Officer, the Chief Financial Officer, and the Head of Investor Relations and Corporate Governance, make themselves available throughout the year for meetings with institutional investors and stock market analysts through pre-arranged company visits, site tours, and teleconferences.** **Analyst site visit in Padcal** **The Company, upon invitation, attends local and international investor conferences, corporate days and non-deal roadshows, to expand the Company's investor base and coverage. The Investor Relations desk likewise directly communicates with these investors through one on-one meetings, calls and written communications.** **Furthermore, the Company's Investor Relations and Corporate Governance Division continue to address the concerns of the investing community. In addition to the interim financial statements provided quarterly, operating statistics and other vital information are also disseminated to both equity and credit analysts, in a format that is convenient and handy, to aid in their analysis and valuation of the Company. Analyst briefings were conducted via teleconferences to be more convenient and easily accessible to both local and foreign analysts.** **(Website)** **http://www.philexmining.com.ph/investor-relations-program/**	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	**Notice of Annual Stockholders' Meeting/ Definitive Information Statement (Annex B- ONLINE VOTING INSTRUCTIONS) page 9:** http://www.philexmining.com.ph/wp-content/uploads/2017/04/DIS-2.pdf	

Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	**Discussion of the on the Company stakeholders may be seen in the Company's Profile on pages 3-27 of the Company's SEC Form 17-A. http://www.philexmining.com.ph/wp-content/uploads/2017/01/2018-SEC-Form-17-A-Report_Final-1.pdf** **Further details may be seen in the Corporate Governance Section – Part C of the Company's Glossy Annual Reports http://www.philexmining.com.ph/annual-reports/** **Detailed discussion is shown in the Company's Sustainability Report http://www.philexmining.com.ph/sustainability-report/**	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	**Policies and programs to provide a mechanism on the fair treatment and protection of stakeholders are available through the Corporate Governance Section – Part C of the Company's Glossy Annual Reports http://www.philexmining.com.ph/annual-reports/**	

Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	**CONTACT US** **Address: 2nd Floor LaunchPad, Reliance Street corner Sheridan Street, Mandaluyong City, Metro Manila, Philippines** **Phone: 02-631-1381** **Email: philex@philexmining.com.ph** **Website: http://philexmining.com.ph** **INVESTOR RELATIONS** **Mr. Danny Y. Yu** **Chief Compliance Officer** **Mr. Rolando S. Bondoy** **Division Manager – Investor Relations** **Telephone No.: (632) 631-1381 to 88** **Email: philex@philexmining.com.ph** **http://www.philexmining.com.ph/investor-relations/** **STOCK TRANSFER AGENT** **Antonio M. Laviña** **STOCK TRANSFER SERVICE, INC.** **34th Floor, Rufino Plaza, Ayala Avenue, Makati City** **Tel No.: + 63 2 403-2410 or + 63 2 403-2412** **Fax No.: +63 2 403-2414** **Email: amlavina@stocktransfer.com.ph** **Whistleblowing Policy:** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf**	

Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	**The Company's Alternative Dispute Resolution System is included in the RMCG.** **RMCG (Alternative Dispute Resolution System pages 26-28)** **http://www.philexmining.com.ph/wp-content/uploads/2018/05/PX-Revised-CG-Manual.pdf**	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	**The Company did not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.**	

2. Company respects intellectual property rights.	Compliant	**The Company conducts its businesses strictly in accordance with the Philippine and international laws, rules or regulations governing intellectual property and intellectual property rights including trademarks, patents, and copyrights.** **PATENTS, TRADEMARKS AND LICENSES** **The Company has several areas targeted for exploration within the vicinity of the Padcal Mine, which has a total of 12,059 hectares covered by the mining agreements and applications identified in the table above and in the Exploration and Development section of this report. Also on September 27, 2017, the DENR issued an Environmental Compliance Certiifcate for the Company's Tailings Storage Facility No. 3, a pollution-control device. Apart from these mining properties and tenements, the Company holds no other patents, trademarks, copyrights, licenses, franchises and concessions from the government issued and granted to the Company by government authorities on which the Company's Padcal mine operations depend on.** **SEC Form 17-A page 10** **http://www.philexmining.com.ph/wp-content/uploads/2017/01/2017-SEC-17A-REPORT.pdf**	
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	Compliant	I**The Company ensures that it follows the International Maritime Solid Bulk Cargoes Code on the Transportable Moisture Limit of the Company's Copper Concentrate.** **Aside from the Company's Assay Analysis Report and Certification for Non-Dangerous Goods/Non-Hazardous of the Philex Copper Concentrate, the Company also provides for Material Safety Data Sheet which the Customer demands before any shipment is made.** **The Company also commissions a third party consultant to test the aggregate sample of the Company's concentrate to make sure that no hazardous chemicals are to be found in the concentrate for shipment to Japan.** **In 2018, the Company satisfied the conditions for the 12 shipments of copper concentrates to Pan Pacific Copper Co., Ltd. Transamine Trading SA, and IXM S.A.** **Corporate Governance Section – Part C of the Company's Glossy Annual Reports** **http://www.philexmining.com.ph/annual-reports/**	

2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	**Suppliers/Contractors practice** **Under this policy, the Company shall promote and implement standards of relationships with suppliers that embody the code's principles and core values as defined in the code. Directors, employees and consultants shall maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions through the following guidelines:** **1. The Company shall seek and maintain mutually beneficial relationships with suppliers that uphold the Company's principles and core values;** **2. The Company shall give qualified suppliers adequate, fair, and equal opportunity to bid on goods and services;** **3. The Company shall accredit suppliers based on established criteria; and** **4. As a general rule, the Company shall implement competitive bidding.** **In the event that it will be for the best interest of the Company to enter into strategic partnerships with suppliers, the Company may apply the Negotiated Contract (NC) option. Transparency in all these transactions shall be maintained at all times.** **Vendor Relations Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Vendor-Relations-Policy.pdf**	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	**The Company establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.** **The Company respects the dignity and human rights of its employees, including the rights guaranteed by existing labor laws. PMC promotes safety, non-discrimination, environmental awareness and commitment in the workplace, and supports programs that champion the engagement and development of employees.** **In 2018, the Company conducted learning sessions and employee development programs. Each program is tailor fit for a specific audience within the organization to ensure focus and generate the best results.**	
Supplement to Recommendation 15.1			

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	**The Compensation Philosophy/Principles of the Company are as follows:** **1. Pay for performance;** **2. Pay for competencies and skills;** **3. Pay competitively versus local competitors and other comparative companies;** **4. Provide a total rewards package that includes pay, benefits, employee recognition, employee development and a work environment conducive to high performance; and** **5. Benchmark against an effective performance management process.** **The Company's Stock Option Plan (SOP) which was approved by the board on April 27, 2011, covers managers in accordance with the above philosophies and principles. The objectives of the 2011 SOP were to:** **1. enable qualified participants who are largely responsible for the further growth and development of the Philex Group of Companies to obtain an ownership interest in the Company;** **2. encourage long-term commitment to the Group;** **3. motivate them to continue their efforts in contributing to the long term financial success of the Group; and** **4. encourage other talents needed for the business to join the Group.** **Corporate Governance Section – Part C of the Company's Glossy Annual Reports** **http://www.philexmining.com.ph/annual-reports/**	

2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	**Environment, Health & Safety Programs** **The Company is committed to maintain at all times good environmental, health and safety (EHS) practices and standards. On a regular basis, management implements risks review of safety procedures and health programs at its operations and exploration sites. The review includes material safety, occupational health, environmental and community risks, to assess whether adequate risk-based controls are in place, how effective they are and what priority actions would be required to substantially improve the EHS performance of the sites.** **Having a certificate on Occupational Safety and Health Standards (OSHAS 18001), the Company adheres to a Site Safety Policy and is committed to the highest levels of health and safety programs to ensure every stakeholder's safety, and espouses loss prevention as a way of life. PMC strives to maintain a sound and safe working place to prevent injury, illness, property damage and loss to processes, in compliance with all relevant legislations and the preservation of the environment as well.** **PMC has adopted safety and health management programs to allow it to undertake projects safely and without endangering the health of employees, host communities, indigenous peoples and those who may be directly or indirectly affected by its mining activities.** **In 2018, the Company published its 2017 Annual Sustainability Report, which covers the activities on the proper management of the environment and the promotion of health and safety among employees.** **Corporate Governance Section – Part C of the Company's Glossy Annual Reports** **http://www.philexmining.com.ph/annual-reports/**	

3. Company has policies and practices on training and development of its employees.	Compliant	**In 2018, the Company conducted learning sessions and employee development programs. Each program is tailor fit for a specific audience within the organization to ensure focus and generate the best results.** **Safety Trainings** **Safety remains a paramount objective at PMC and the Company ensures that employees, their dependents, and people living within the mine site community continue to observe and improve safety awareness and practices through the various activities conducted last year.** **Such as but not limited to:** • **Safe Start Project** • **Underground Emergency Management** • **Incident Investigation, Analysis and Reporting Seminar** • **Overhead Crane Safety Seminar** • **Defensive Driving Course** • **Fire Safety Seminar** • **Basic Occupational Safety and Health (BOSH) Seminar** • **Basic Life Support Cardio-Pulmonary Resuscitation with Automated External Defibrillator** • **Standard First Aid Training** • **Occupational First Aid Training** **Website http://www.philexmining.com.ph/434-2/**	

Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	**Anti-corruption Programs and Procedures** **The Company, as approved by the Board of Directors, formulated a Code of Business Conduct and Ethics, which upholds professionalism and ethics in business dealings and transactions. In relation to this, the Board of Directors likewise approved the following policies: Conflict of Interest Policy, Vendor Relations Policy and Policy on Gifts, Entertainment and Sponsored Travel.** **Code of Conduct and Ethics** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Code-of-Business-Conduct-and-Ethics.pdf** **Policy on Gifts, Entertainment and Sponsored Travel** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Policy-on-Gifts-Entertainment-and-Sponsored-Travels.pdf** **Vendor Relations Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Vendor-Relations-Policy.pdf** **Conflict of Interest Policy,** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Conflict-of-Interest-Policy.pdf** **Whistle Blowing Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf**	

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	**The Code of Business Conduct and Ethics, including other Corporate Governance Policies, was reviewed and approved by the Board of Directors on 26 February 2014, and subsequently disseminated to Senior Management and Employees. A copy of the CG policy is available on the Company website.** **http://www.philexmining.com.ph/0ur-policies/** **E-mail reminders are sent to all employees and the Company is continuously conducting Corporate Governance Training Seminar to increase awareness of employees of the Company's Corporate Governance Policies.** **(See Annex for E-mail Reminders)** **On April 5 and June 19, 2018 the Company provided CG Training to Head Office and Padcal Mine Site to increase to disseminate the policy to employees across the organization.**	

Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	**Directors, Employees and Consultants are prohibited from the following actions: (a) soliciting, accepting, or attempting to accept any Bribe; (b) providing, attempting to provide, or offering to provide any Bribe; and (c) taking part in an illegal or unethical collusion or any other arrangement or agreement with bidders. Each functional group is responsible for detecting, reporting and preventing the offer or acceptance of a Bribe in exchange for being awarded a contract or the grant of any advantage given to Suppliers.** **Vendor Relations Policy** **Any Director, Employee and Consultant found to have violated this Policy shall be liable to the extent of the damage/loss suffered by PMC, and/or may be subject to penalties and sanctions as may be determined by the appropriate authorities, whether or not damage is actually suffered by PMC, in accordance with the law and existing company policies. Penalties range from reprimand to dismissal depending on the gravity and frequency of the offense or violation.** **Suppliers who violate this policy shall also be penalized, with sanctions include but are not limited to termination of business relationship with the Company and blacklisting.** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Vendor-Relations-Policy.pdf** **No violation has been reported.**	

Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	**The Company's Whistleblowing Policy includes procedures to protect the employees from retaliation.** **Whistle Blowing Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf** **Contact details to report any illegal or unethical behavior.** **Padcal – Ms. Geraldine B. Ateo-an** **gbateoan@philexmining.com.ph** **Philex Mining Corporation, Padcal, Tuba, Benguet** **Head Office – Kristine N. Navalta** **knnavalta@philexmining.com.ph** **Philex Mining Corporation, 2nd Floor LaunchPad, Reliance cor. Sheridan Sts., Mandaluyong City**	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	**The whistleblowing allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. Section 5.10 of the Whistle Blowing Policy handles Complaints cognizable by the Board"** **Whistle Blowing Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf**	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	**The CGO shall maintain a log of all (Whistleblower) Complaints received and shall submit a monthly report to the Board and Audit Committee on:** • **all (Whistleblower) Complaints received;** • **the AIU to whom the case was referred;** • **the status of outstanding (Whistleblower) Complaints;** • **the final disposition or resolution of** • **(Whistleblower) Complaints.** **Whistleblowing Policy** **http://www.philexmining.com.ph/wp-content/uploads/2017/05/Whistle-Blowing-Policy.pdf** **The Company did not receive any Whistleblowing complaints for 2017. The last whistle blowing case the Company received was on December 2014, which was resolved in January 2015.**	

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	**As any company involved in extracting natural resources, it is expected that Padcal mine will eventually deplete its ore reserves and cease operations. Recognizing its effect on the communities that will be left in Padcal, the Company has concerned itself with how to sustain the communities' socio-economic development.** **Company Projects on Health, Education, Livelihood Programs, Public Infrastructure and Environment are explained and illustrated through the links below.** **Health** **http://www.philexmining.com.ph/health/** **Environment** **http://www.philexmining.com.ph/environmental-management/** **Education** **http://www.philexmining.com.ph/education/** **Livelihood Program** **http://www.philexmining.com.ph/livelihood/** **Public Infrastructure** **http://www.philexmining.com.ph/public-infrastructure/** **Further details may be found in the Company's Sustainability report.** **http://www.philexmining.com.ph/sustainability-report/**	
Optional: Principle 16			

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	**As a socially and environmentally responsible Company, The Company is committed to the continuous improvement of operations through its existing Environmental Policy. Under this policy, the Company shall be mindful of any adverse environmental impact and ensure faithful compliance with all laws, legislations and other regulatory policies, pertaining to the promotion of environmental awareness and preservation among its employees at all levels.** **1. Ensuring an environmentally-friendly value chain.** **a. Consistent with the Company's Environmental Policy, one of the criteria in its procurement process requires that the vendor must have an Environmental Policy or must be a member of an organization espousing environmental protection awareness.** **b. Consistent with such policy mandating environmental awareness, there should be focus on the use of efficient and recyclable materials in relation to energy efficiency, shipping materials, content and supplier waste management.** **Corporate Governance Section – Part C of the Company's Glossy Annual Reports** **http://www.philexmining.com.ph/annual-reports/**	

2. Company exerts effort to interact positively with the communities in which it operates	Compliant	**Philex Mining Corp. has been operating the Padcal mine in Benguet for over half a century. During its 61 years of operations, the Company has established a complete residential community for its employees and a main economic resource for the indigenous communities in the area.** **The Different Programs are disclosed in the Company's website:** **Health** **http://www.philexmining.com.ph/health/** **Environment** **http://www.philexmining.com.ph/environmental-management/** **Education** **http://www.philexmining.com.ph/education/** **Livelihood Program** **http://www.philexmining.com.ph/livelihood/** **Public Infrastructure** **http://www.philexmining.com.ph/public-infrastructure/** **Further details may be found in the Company's Sustainability report.** **http://www.philexmining.com.ph/sustainability-report/**	

In accordance with the requirements of the Securities and Exchange Commission, this Integrated - Annual Corporate Governance Report is signed on behalf of PHIIEX MINING CORPORATION by the undersigned in the City of Makati, on 29 May 2019.

MANUEL V. PANGILINAN
Chairman of the Board

EULALIO B. AUSTIN, JR.
President & CEO

OSCAR J. HILADO
Lead Independent Director

WILFREDO A. PARAS
Independent Director

DANNY Y. YU
Compliance Officer

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 29th day of May 2019, affiants exhibiting to me, as competent evidence of their identity, the following:

Name	Passport No.	Date and Place of Issue
MANUEL V. PANGILINAN	EC1452578	20 June 2014 DFA Manila
EULALIO B. AUSTIN, JR.	P9041046A	05 October 2018 DFA Manila
BARBARA ANNE C. MIGALLOS	P71489981A	11 May 2018 -DFA NCR South
DANNY Y. YU	P87373079A	18 August 2018 – DFA Manila
OSCAR J. HILADO	P7959521A	16 July 2018 – DFA NCR East
WILFREDO A. PARAS	P0966042A	19 November 2016 – DFA NCR South

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Page No. 78
Book No. II
Series of 2019.

JOYCE A. SAPLA
NOTARY PUBLIC FOR AND IN THE CITY OF MANDALUYONG
APPOINTMENT NO. 0490-19 (2019-2020)
COMMISSION EXPIRES ON DECEMBER 31, 2020
2nd Floor, FairlanePad, Reliance St. cor. Sheridan St.,
Mandaluyong City, 1550
STP No. 3810915, 01/07/2019, Mandaluyong City
Lifetime IBP No. 010874; RSM Chapter
Roll of Attorneys No. 60429

Annex A

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino and with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Metro Manila, being the duly elected and incumbent Corporate Secretary of **PHILEX MINING CORPORATION** (the "**Company**"), a corporation duly organized and existing in accordance with the laws of the Republic of the Philippines, and with principal office address at 2nd Floor LaunchPad, Reliance Street corner Sheridan Street, Mandaluyong City, Metro Manila, hereby state and certify under oath to the following:

1. The Company schedules Board meetings before the start of the financial year. At the regular meeting of the Board of Directors held on November 29, 2017, the Directors, upon the recommendation of management, set the schedule of Board meetings for 2018. The schedule of the meetings to be held in 2019 was approved by the Board in its meeting held on November 28, 2018.

2. It is the Company's policy that the Board of Directors meet at least six (6) times in a year. In 2018, the Board of Directors held seven (7) meetings. The attendance details of each director in meetings held during 2018 is attached as Annex "A".

3. It is the Company's policy to distribute materials for Board meetings at least five (5) business days before the scheduled meeting. This policy is generally followed except when there are delays in the consolidation of reports from the Company's various departments, including reports from the mine site. On such occasions, the materials were distributed no later than five (5) calendar days before the scheduled meeting. Hard copies of said Board meeting materials are also distributed on the day of the Board meeting, or earlier, upon request of the Directors.

4. The Company's Audit Committee openly communicates and holds dialogues with the external audit team of the Company, and conducts meetings on key audit items, when necessary.

5. The non-executive directors (NEDs) have separate periodic meetings, when necessary, with the external auditor and heads of the internal audit, compliance and risk functions, without any executive or member of management present. Said meetings were chaired by the lead independent Director.

This Certification is executed in support of the Company's Integrated Annual Corporate Governance Report, and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of May 2019 at Makati City, Metro Manila, Philippines.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 28th day of May 2019, affiant exhibiting to me her Community Tax Certificate No. 14455705 issued on 7 January 2019 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 380;
Page No.: 78;
Book No.: III;
Series of 2019.
R154 I-ACGR Certification /dfp51

DANEIA ISABELLE F. PALAD
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-226 (2018-2019)
COMMISSION EXPIRES ON DECEMBER 31, 2019
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 7335804; Makati City; 1/4/2019
IBP O.R. No. 060584; Quezon City; 1/4/2019
TIN 500-029-394
Attorney's Roll No. 64582, April 2015
MCLE Compliance No. VI-0025454
Certificate issued on 9 May 2019

Attendance of Board of Directors

Directors	Board Attendance	Committees						
		Nominations	Audit	CG	BROC	Silangan	Finance	RPT
Manuel V. Pangilinan	7/7	2/2						
Eulalio B. Austin Jr.	7/7					3/3	2/2	
Barbara Anne C. Migallos	7/7							
Michael G. Regino	7/7		1/2		2/2	3/3		
Edward A. Tortorici	5/7					2/3		
Gonzalo T. Duque	7/7	2/2					2/2	
Anita B. Quitain	7/7		3/3					
Marilyn A. Victorino-Aquino	7/7	2/2	5/5	2/2	2/2	3/3		1/1
Oscar J. Hilado	7/7		5/5	2/2	2/2		2/2	1/1
Robert C. Nicholson	7/7	2/2	5/5		2/2	3/3	2/2	
Wilfredo A. Paras	7/7	2/2	5/5	2/2	2/2			1/1

Annex B

PHILEX MINING CORPORATION

2018 BUSINESS COMMITMENT FORM

EMPLOYEE NAME : _____ DATE HIRED : _____

POSITION TITLE : _____ DEPT. / GROUP : _____

APPRAISED BY : _____ POSITION TITLE : _____

PERIOD COVERED : (pls. tick one)

☐ Mid-year Performance ☐ End year performance

KPO	Weight Distribution	KRA	KPI	Mid-Year Rating	Total Score	End Year Rating	Total Score

PART 1 PERFORMANCE RESULTS _____

RATING SCALE :

Rating	Descriptive Rating
2.61 - 3.00	Exceeds Expectations

MID-YEAR RATING : -

END YEAR RATING : -

2.00 - 2.60	Meets Expectations	**TOTAL RATING :**	**0.00**
1.00 - 1.99	Needs Improvement		

PART 2 MID-YEAR SUMMARY ASSESSMENT AND DIAGNOSTICAL INTERVENTION

A. *Strengths* (Identify positive skills and behaviors demonstrated by the employee that can be considered as a great attribute to his/her job performance)

B. *Areas for Improvement* (Identify weaknesses as skills and behaviors that limit the employee from achieving his/her highest potential in a job performance.)

C. *Intervention Plan for Areas of Improvement and Expected Results*
(Outline specific techniques, strategies, and support to improve job performance on identified areas of improvement. Enumerate expected results for every outlined item.)

PART 3 YEAR-END SUMMARY ASSESSMENT AND DIAGNOSTICAL INTERVENTION (Write NA if for Mid-year assessment)

A. *Review of Actual Results from Intervention Plan* (Define and appraise outcome of the intervention initiated after Mid-Year Appraisal in comparison to the listed expected outcomes.)

B. *Recommendation Based on Outcome* (Make recommendations based on the outcome of the intervention plan if needed, i.e. further assessment, additional intervention)

C. *Developmental Plan* (Identify action plans that aim to enhance the skills and behaviors of the employee necessary for growth within the organization)

EVALUATION COMPLETED AND DISCUSSED WITH APPRAISEE ON : _____

_____ _____

SIGNATURE OF APPRAISEE / DATE SIGNATURE OF APPRAISER / DATE

Annex C

PHILEX MINING CORPORATION

REVISED MANUAL ON CORPORATE GOVERNANCE

The Board of Directors of Philex Mining Corporation ("Philex" or the "Company") approved and adopted the Company's Manual on Corporate Governance on 27 April 2010 and revised said Manual on 23 February 2011[1]. On 25 June 2014, the Board of Directors (the "Board") approved the further revision of the Manual on Corporate Governance in compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 9, Series of 2014[2]- Amendment to the Revised Code of Corporate Governance. On 30 May 2017, the Board approved and adopted the further revision of the Revised Manual on Corporate Governance ("RMCG") substantially adopting the SEC-issued Code of Corporate Governance for Publicly-Listed Companies ("Corporate Governance Code").

The structures and processes set forth in this RMCG, the Articles of Incorporation and By-Laws, in conjunction with the Company's commitment to the corporate governance principles of transparency, accountability, fairness and integrity, the various corporate governance policies adopted by the Board[3], and the revised Charters of the different Committees[4] form the Company's basic framework of governance by which its Board, officers, executives and employees shall strive to achieve the Company's strategic objectives, create value for all its shareholders and sustain its long-term viability.

This RMCG 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.

Our Vision

Our vision is to be a highly respected, world-class natural-resource Company committed to deliver excellent value to its investors, employees, and other stakeholders.

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[1] This Manual supersedes the Revised Manual on Corporate Governance that was approved and adopted by the Company on 25 June 2014.

[2] Issued on 06 May 2014.

[3] Such policies include the Code of Business Conduct and the policies on Conflict of Interest, Whistle-blowing, Supplier Relations, Gifts, Entertainment and Sponsored Travel, Related Party Transactions, and the Amended Policy on Dealings in Company Shares of Stock, Directors and Officers' Orientation and Training Policy and Board Performance Appraisal/ Assessment Policy which are all available on the Company's website.

[4] Audit Committee, Risk Committee, Corporate Governance Committee, Nominations Committee, Compensation Committee, Finance Committee, Executive Committee, Silangan Executive Committee

PHILEX MINING CORPORATION

Annex D

ATTESTATION

This is to attest the Audit Committee of Philex Mining Corporation ("Philex") has conducted a review of the effectiveness of the Philex Group's (including its subsidiaries, except PXP Energy) internal control systems for the year 2018. The review covered all material controls, including financial, operational and compliance controls.

The review is conducted at least twice a year based on the criteria provided under the Audit Committee Charter and sound business and management principles.

Based on our review of the internal audit reports, and discussion with the internal and external auditors and with the Management, we would like to confirm that the internal controls (including financial, operational and compliance controls) of the Philex Group are adequate and effective.

We have not noticed any material deviation from local as well as Hong Kong Listing Rules requirements, including Inside Information.

Signed:

Eulalio B. Austin, Jr,
President & Chief Executive Officer
Philex Mining Corporation

Geraldine B. Ateo-an
Chief Audit Executive
Philex Mining Corporation

Annex E

Kristine N. Navalta

From:	Kristine N. Navalta
Sent:	Tuesday, 4 December 2018 9:00 AM
To:	ALL EMPLOYEES
Subject:	Policy on Gifts Entertainment and Sponsored Travel
Attachments:	Policy on Gifts Entertainment and Sponsored Travels(1).pdf

Dear All,

Please be reminded of the Company's Policy on Gifts, Entertainment & Sponsored Travels especially during this season of gift-giving.

As such, all employees are encouraged to refrain from putting themselves in situations or acting in a manner that could significantly affect the objective, independence or effective performance of their duties and responsibilities in the Company.

What needs to be done?

It is the duty of any employee who is offered or receives a Gift, Entertainment and/or Sponsored Travel to immediately disclose the offer or receipt thereof to his respective superior. These shall be handled in the following manner:

TYPE OF GIFT	Disposition
1. **Cash, check/check certificates,** or any other cash equivalents of any amount.	Shall be politely refused and/or returned to the Third Party.
2. Token Gifts (gifts P4,000 and below in value)	Shall be kept by the recipient.
3. Expensive gifts (gifts above P4,000 in value)	
i.) Non-perishable goods	Shall be raffled-off for the benefit of all Employees and of the Company.
ii) Perishable Gift	Shall be shared and consumed by the Employees in the business unit to which the recipient belongs.
4.) Raffle Prizes	Shall be kept by the winner/recipient

Attached is the copy of the policy for reference.

Thanks.