

JOINT AUDIT AND BOARD RISK OVERSIGHT COMMITTEES' STATEMENT

**ON THE ADEQUACY OF THE COMPANY'S INTERNAL CONTROLS
AND RISK MANAGEMENT SYSTEM**

PHILEX MINING CORPORATION

In compliance with the Audit Committee and the Board Risk and Oversight Committee Charters, we confirm that:

1. an Independent Director (ID) chairs the Audit Committee and the Board Risk and Oversight Committee, and that the Committees have two IDs as members;
2. the Audit Committee and the Board Risk and Oversight Committee held five (5) and three (3) meetings, respectively, during the year 2017;
3. the Audit Committee reviewed and approved all audit services provided by SGV & Co. to the Philex Group, and related fees for such services;
4. the Audit Committee discussed with Philex Mining Corporation's (PMC's) Internal Audit Group and SGV & Co. the overall scope and plans of their respective audits, as well as the results of their examinations, evaluation of PMC and subsidiaries' internal controls, and the overall quality of the PMC Group's financial reporting;
5. the Audit Committee deliberated with SGV & Co. on matters required under the prevailing applicable Auditing Standards. The Committee received written disclosures and letter from SGV & Co. as required by the prevailing Independence Standards (Statement of Independence) and discussed with the same its independence from PMC Group and PMC Group management;
6. the Audit Committee and the Board Risk and Oversight Committee conducted a review of the effectiveness of the Company's internal control and risk management systems. Based on both Committees' review, in conjunction with the Internal Auditor's report, the Audit Committee and the Board Risk and Oversight Committee confirmed that the internal controls and enterprise risk management of PMC are adequate and effective;
7. in the performance of the Audit Committee's oversight responsibilities, the Committee reviewed and discussed the audited financial statements of Philex Group, as of and for the year ended December 31, 2017, with the PMC Group's management, who has the primary responsibility for the financial statements, and SGV & Co., the PMC Group's independent auditor, who is responsible for expressing an opinion on the conformity of PMC Group's audited financial statements with the Philippine Financial Reporting Standards (PFRS);
8. based on the reviews and discussions referred to above, in concurrence with the PMC Group's management and SGV & CO., and subject to the limitation of its roles and

responsibilities, the Audit Committee recommended to the Board of Directors the inclusion of the Company's consolidated financial statements, as of and for the year ended December 31, 2017, in the Company's Annual Report to the stockholders and report to the Philippine SEC via SEC Form 17-A; and

9. based on the review of SGV & Co.'s performance and qualifications, with due consideration of management's recommendation, the Audit Committee recommended to the board the appointment of SGV & Co. as PMC Group's independent external auditor for the year 2018.


Respectfully submitted,

Signed:


OSCAR J. HILADO
Committee Chair-Independent


MARILYN A. VICTORIO-AQUINO
Member


WILFREDO A. PARAS
Member


ROBERT C. NICHOLSON
Member


MICHAEL G. REGINO
Member