



Confirmation statement from Philex's Board Risk Oversight Committee:

February 28, 2018

The Audit and Risk Management Committee

First Pacific Company Limited
24th Floor, Two Exchange Square
8 Connaught Place
Hong Kong

Dear Committee Members,

This is to inform you that the Board Risk Oversight Committee of Philex Mining Corporation (Philex) has conducted a review of the effectiveness of Philex Group's (including its subsidiaries, except PXP Energy) Enterprise Risk Management (ERM) systems for the six-month period ended 31 December 2017. The review identified material strategic, financial, operational and compliance risks.

Please refer to the attached summary report for the six-month period ended 31 December 2017 highlighting the key enterprise risks identified and the corresponding mitigation measures to address those risks.

Based on our review of Philex's ERM process, reviewing the periodic ERM report and discussions with the Chief Risk Officer as well as the external auditors, we have assured ourselves the material risks are periodically identified, evaluated, managed and reported appropriately by the Management.

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

We hope that this letter suffices your requirements.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Oscar J. Hilado", written over a horizontal line.

Oscar J. Hilado
Chairman of the Board Risk Oversight Committee
Philex Mining Corporation

A handwritten signature in black ink, appearing to read "Danny Y. Yu", written over a horizontal line.

Danny Y. Yu
Chief Risk Officer
Philex Mining Corporation

Appendix A

PHILEX MINING CORPORATION

STATEMENT OF INTERNAL CONTROL AND MANAGEMENT OF THE TOP ENTERPRISE RISKS

Corporate Governance Certificate of Confirmation to First Pacific Co. Limited

1. During the 2nd half of 2017, the internal audit department has not identified any major internal control issues based on its review of the business processes and system of internal control. The results of the business processes review were regularly reported to the Audit Committee and the Board Risk Oversight Committee. For its part, the Management implemented the internal auditors' recommendations on operational control issues and process improvements.
 2. The Group's external auditors, SGV & Co., did not find any major internal control issues that may materially impact the Company's financial report ended December 31, 2017.
 3. The top enterprise risks identified in the 2nd half of 2017 and corresponding mitigation measures were as follows:
 - **Regulatory** – The local mining industry remains heavily regulated and the level of regulation largely dictates the performance of mining operations and investments into the sector. The new government's more stringent stance on the mining sector has delayed the issuance of various permits and raised challenges in complying with new policies as well as in pursuing expansion plans, such as:
 - Requirement for a Free, Prior and Informed Consent (FPIC) process of exploration
 - Identification of "no-go zones" for mining and;
 - Ban on the use of open-pit method of mining
- Mitigants:**
- Ensure strict compliance with existing regulations
 - Maintain strong working relationships with local and national government agencies directly and indirectly
 - Increase transparency of tax payments to the national and local governments to heighten public awareness on the Company's contribution to national treasury
 - Make constant representations to the government through various public forums
 - Continue to effectively communicate the positive impacts of mining through multi- media platforms
 - Adhere to globally-accepted best practices in mining, such as the Canadian and Australian mining industry standards

- Work and coordinate closely with the Chamber of Mines of the Philippines
- Continue to highlight the Company's Social Development Programs and Corporate Social Responsibility Programs
- **Strategic** (*capital project execution*) – New policy directions, technical issues, and social complexities encountered during exploration phases at Padcal and Silangan present challenges to the Company's long-term growth objectives.

Mitigants:

- Continue to engage international consultants to resolve technical issues and concerns
- Constantly improve efficiency at Padcal mine to compensate for low metal grades, ensure continued operations and generate cash to fund exploration projects
- Continue to explore and develop existing exploration projects with highest potential for success to ensure business continuity beyond Padcal's declared mine life at 2022
- Maintain good professional relationships with regulatory agencies, local government units (LGUs), and host and neighboring communities
- Actively participate in LGUs' programs
- **Operational** (*social license to operate*) – The Company's social license to operate (SLTO) for exploration projects remains at risk with the continued opposition from anti-mining sectors across multi-media channels. In addition, the reemergence of insurgency threats pose risks to safety and security, which could jeopardize the timely completion of the Company's exploration activities and expansion plans and affect operations.

Mitigants:

- Ensure strict compliance with regulatory requirements specifically with respect to ensuring safety and environmental protection in all aspect of operations.
- Continue to maintain good relations with regulatory agencies, LGUs, and host communities.
- Constant participation in LGU's community development programs and social enrichment activities.
- Instill positive perception on mining among the general public by effectively and actively communicating the benefits of mining
- Continue to serve, support and sustain the families in our host and neighboring communities
- Increase safety measures within and outside camp and engage the assistance of the armed forces and law enforcement agencies