



**PHILEX MINING
CORPORATION**

July 31, 2014

PHILIPPINE STOCK EXCHANGE, INC.
3/F Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

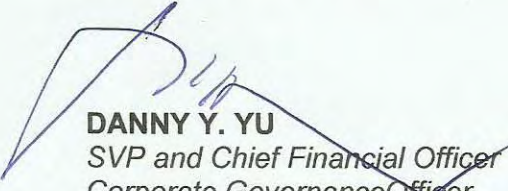
Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Gentlemen:

We submit to you herewith a copy of the Revised Manual on Corporate Governance of Philex Mining Corporation.

This is in compliance with SEC Memorandum Circular No.9, series 2014 dated May 6, 2014, and PSE Memorandum CN – No. 2014-40 dated July, 28, 2014.

Very truly yours,



DANNY Y. YU
SVP and Chief Financial Officer
Corporate Governance Officer



**PHILEX MINING
CORPORATION**

30 July 2014

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

ATTENTION: **DIRECTOR JUSTINA F. CALLANGAN**
Corporate Finance Department

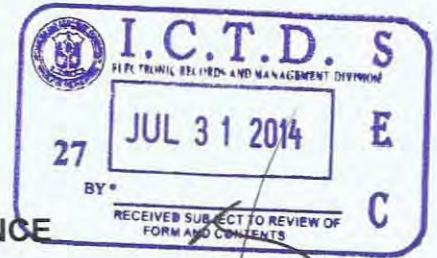
Gentlemen/Madame:

Pursuant to SEC Memorandum Circular No. 9 Series of 2014, we hereby submit the Revised Manual on Corporate Governance of **PHILEX MINING CORPORATION** as approved by the Board of Directors on 25 June 2014.

Very truly yours,


BARBARA ANNE C. MIGALLOS
Corporate Secretary

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 2011¹. On 25 June 2014, the Board of Directors approved the further revision of the Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 9, Series of 2014, re Amendment to the Revised Code of Corporate Governance. The underlined portions of this Manual indicate the revisions.

The structures and processes set forth in this Revised Manual, the Articles of Incorporation and By-Laws, in conjunction with our commitment to the corporate governance principles of transparency, accountability, fairness and integrity, the various corporate governance policies adopted by the Board², and the Charters of the different Committees³ form the Company’s basic framework of governance by which its Board of Directors, 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.

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.

Our Mission

We are a responsible mining corporation that discovers and processes minerals and energy resources for the use of society.

1. Definitions and Interpretation

1.1. Defined Terms

¹ This Manual supersedes the Manual of Corporate Governance that was approved and adopted by the Company on 17 July 2002 and amended on 29 July 2003 and 26 February 2004.

² 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, which are all available on the Company’s website.

³ Audit and Risk Committee, Corporate Governance Committee, Nominations Committee and Compensation Committee

The following terms are used in this Manual with the respective meanings ascribed to such terms below, unless the context otherwise requires:

“Articles of Incorporation”	means the Articles of Incorporation of the Company and all amendments thereto;
“Board”	means the Board of Directors of the Company, as constituted from time to time;
“Board Committees”	means the Audit and Risk Committee, Nominations Committee, Compensation Committee, Finance Committee, Corporate Governance Committee, and such other Committees which the Board may constitute from time to time;
“BSP”	means the Bangko Sentral ng Pilipinas;
“By-Laws”	means the By-Laws of the Company and all amendments thereto;
“CEO”	means the Chief Executive Officer of the Company;
“Chairman”	means the Chairman of the Board;
“Commission”	means the Philippine Securities and Exchange Commission;
“Company” or “Philex”	means Philex Mining Corporation;
<u>“Corporate Governance”</u>	<u>means the framework of rules, systems and processes in the Company that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates;</u>
“Corporation Code”	means Batas PambansaBlg. 68, otherwise known as the Corporation Code of the Philippines;

“Director”	means a duly elected member of the Board;
“Employees”	means employees of the Company below the rank of Manager;
“Exchange”	means the Philippine Stock Exchange;
“Executives”	means the executives of the Company with the rank of Manager up to the Assistant Vice President;
“Governance Code”	means SEC Memorandum Circular No. 6, Series of 2009, otherwise known as the “Revised Code of Corporate Governance”;
“Independent Director”	shall have the meaning ascribed to such term in Annex A hereof;
“Management”	means the body composed of the CEO and Officers responsible for the day-to-day conduct of business of the Company and the implementation of its business strategies, plans and policies;
“Manual”	means this Revised Manual on Corporate Governance, including its Annexes, as the same may be amended from time to time;
“Officers”	means the officers of the Company with the rank of Vice President and above;
“Securities Regulation Code”	means Republic Act No. 8799; and
“Year”	means a calendar year.

1.2. Interpretation

- (a) Unless the context otherwise requires:
- (i) Words in the singular include the plural, and vice versa; and,
 - (ii) Words importing any gender include all genders.

- (b) A reference to a statute or statutory provision shall be construed as a reference to the statute or provision as from time to time amended, modified, or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules or regulations made under the relevant statute or statutory provision.
- (c) The headings in this Manual are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

2. Governance Structure

2.1. Board of Directors

2.1.1. Composition

- (a) The Board shall be composed of eleven (11) Directors, or such number of Directors provided in the Articles of Incorporation, duly elected by stockholders entitled to vote in accordance with the By-Laws, the Corporation Code and the Securities Regulation Code. The Directors elected in the annual meeting of the stockholders shall serve a one-year term and until their successors are elected and qualified. Any vacancy in the Board before the end of the term shall be filled in accordance with applicable law and rules.
- (b) The Board shall have such number independent directors as shall constitute at least twenty per cent (20%) of the total membership of the Board, but which shall in no case be less than two (2).

2.1.2. Qualifications for or Disqualifications from Directorship

- (a) The minimum qualifications for Directors of the Company shall be those set forth in Annex B, as may be amended from time to time to include additional qualifications provided under any amendments to the Corporation Code, Securities Regulation Code, Governance Code and other relevant laws, rules and regulations, and such other qualifications approved by the Board and incorporated in amendments to the By-Laws.
- (b) The grounds for disqualification from directorship in the Company shall be those set forth in Annex C, as may be amended from time to time to include additional qualifications provided under any amendments to the Corporation Code, Securities Regulation Code,

Governance Code and other relevant laws, rules and regulations, and such other grounds for disqualification as may be approved by the Board and incorporated in amendments to the By-Laws.

2.1.3. General responsibilities of the Board and the Directors

Compliance with the principles of good corporate governance instituted in this Manual shall be the paramount responsibility of, and shall start with, the Board.

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

Consistent with a director's three-fold duty of obedience, diligence and loyalty to the corporation he serves, the Directors 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 their best care, skill and judgment, and observe utmost good faith in the conduct and management of the business and affairs of the Company; and
- (c) Act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.

2.1.4. Specific Duties and Functions of the Board

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

- (a) Implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among independent, non-executive and executive directors in the context

of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;

- (b) Constitute an Audit and Risk Committee, Nominations Committee, Compensation Committee, Corporate Governance Committee, and such other committees which it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (c) Select and appoint the CEO and other Officers;
- (d) Determine and review, together with Management, the Company's vision, mission and strategic objectives;
- (e) Oversee Management's implementation of business strategies, plans and objectives and periodically evaluate Management's overall performance;
- (f) Oversee Management's establishment and maintenance of effective and adequate financial reporting and internal control systems;
- (g) Oversee Management's adoption and implementation of a system for identifying, monitoring and managing key risk areas, and review Management's reports to the Board on major risk exposures of the Company and the actions taken to monitor, minimize, control or manage such risk;
- (h) Oversee Management's adoption of compensation plans and professional development programs for Officers and succession planning for senior Management;
- (i) Ensure that the Company has an internal audit system that can reasonably assure the Board and Management that the Company's organizational and operational controls are complied with;
- (j) Ensure that the Company has an independent audit mechanism for the proper audit and review of the Company's financial statements by independent auditors;
- (k) Ensure that the Company complies with all relevant laws, rules and regulations and endeavors to adopt best business practices;
- (l) Ensure that the Company has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company;

- (m) Ensure that the Company has a program for communication with the sectors in the community in which the Company operates or which are directly affected by its operations. Identify the Company's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.;
- (n) Ensure that the Company establishes appropriate governance policies and procedures pursuant to the Manual and the Governance Code, including, but not limited to, policies on conflict of interest and related party transactions, and oversee the effective implementation thereof;
- (o) Properly discharge Board functions by meeting regularly, give due consideration to independent views and ensure the integrity of decision making during Board meetings; and
- (p) Ensure that the Board and Board Committees are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties.
- (q) Establish and maintain an alternative dispute resolution system in the Company that can, where practicable or feasible, amicably settle conflicts or difference between the Company and its stockholders and the Company and third parties, including regulatory authorities. (Added on 23 February 2011)

2.1.5. Specific Duties and Responsibilities of a Director

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

- (a) Conduct business transactions with the Company fairly, ensure that his personal interest does not conflict with the interests of the Company or affect his independent judgment and the Board's decisions, and fully and immediately disclose an actual or potential conflict of interest that may arise;
- (b) Devote the time and attention necessary to properly and effectively discharge his fiduciary duties and responsibilities;

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

2.1.6. Board Meetings

- (a) The Board shall schedule and hold regular meetings in accordance with its By-Laws and convene for special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials shall be furnished to the Directors prior to each meeting, which meeting must be duly minuted.
- (b) Each Director shall attend each Board meeting, except when justifiable causes prevent his attendance, to ensure that the quorum requirement will be met. Justifiable causes include, but are not limited to, grave illness, death of an immediate family member, or serious accidents.
- (c) In any meeting of the Board, an Independent Director should always be in attendance to promote transparency. However, unless otherwise provided in the By-Laws, the absence of an Independent Director shall not affect the quorum requirement.
- (d) In order to monitor the directors' compliance with the attendance requirements, the Company shall submit to the Commission, on or before January 30 of the following year, a sworn certification about the Directors' record of attendance in Board meetings.
- (e) The Board shall hold executive sessions with the Chairman, the Independent Directors and the non-Executive Directors at least once a year and at such other times as the Board may deem necessary or appropriate. Such sessions shall be presided by an

Independent Director or non-Executive Director designated by the Board.

2.1.7. Compensation of Directors

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

2.1.8. Directorships in Other Boards

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

2.2. Board Committees

To aid in ensuring compliance with the principles of good corporate governance, the Board shall constitute an Audit and Risk Committee, Nomination Committee, Corporate Governance Committee, and Compensation Committee. The Board may form other committees as it may deem appropriate.

2.2.1. Appointment of Members

- (a) The Board shall appoint the members and chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the Directors are elected. In case of any vacancy in the Committee, the Board shall appoint a replacement who will fill up the vacancy at any meeting of the Board.
- (b) All of the members of each Board Committee shall be Directors. Each Board Committee shall have at least three (3) members or such number of members as the Board may deem appropriate.
- (c) The Board shall ensure that: (i) at least two (2) members of the Audit and Risk Committee, including the chairman thereof (who shall be chosen from among the members), shall be Independent

Directors, and each member of the Audit and Risk Committee is financially literate and the chairman has accounting or related financial management expertise, as such qualifications are interpreted by the Board based on its business judgment; and (ii) at least one member of the Nominations Committee, the Compensation Committee, and such other committees as may be created by the Board, shall be an Independent Director.

2.2.2. Charters

- (a) Each Board Committee shall have a Charter which shall define and govern, among other matters, its purposes, composition, membership qualifications and disqualifications, duties and responsibilities, conduct of meetings, and procedures for escalation to the Board of decisions of such Board Committees.
- (b) The respective Charters of the Board Committee shall be approved by the Board and shall not be amended, altered, or varied unless the Board shall have approved such amendment, alteration or variation.

2.2.3. Purposes

- (a) The primary purpose of the Audit and Risk Committee, the Nominations Committee, the Compensation Committee and **the Corporate Governance Committee** shall be those set out in Annexes D, E, and F, and G respectively.
- (b) Each Board Committee shall submit to the Board at least once a year a report of its accomplishments and a self-assessment of its performance.

2.3. The Chairman

The Chairman shall assist in ensuring compliance with and performance of the corporate governance policies and practices.

In accordance with applicable regulations, the roles of Chairman and CEO should, as practicable, be separate for an appropriate balance of power, increased accountability and better capacity for independent decision making by the Board. Where the Chairman and the CEO are separate, there should be a delineation of functions between such positions.

The Chairman shall ensure that Board meetings are held in accordance with the By-Laws and the annual schedule approved by the Board. He shall supervise the preparation of the agenda of each meeting in coordination with the Corporate Secretary, taking into consideration the proposals of the CEO, Management and Directors of the Company. He shall provide leadership for the Board and ensure that the Board works effectively and performs its duties responsibly. He shall also ensure that the lines of communication and flow of information between Management and the Board are maintained.

2.4. The CEO and Management

2.4.1. Duties and Responsibilities

- (a) The CEO shall have general care, management and administration of the business operations of the Company. He shall ensure that: (i) the business and affairs of the Company are managed in a sound and prudent manner, and (ii) operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.
- (b) The CEO shall provide leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. He shall provide the Board with a balanced and understandable account of the Company's performance, financial condition, results of operation and prospects on a regular basis.
- (c) In order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.
- (d) Management shall formulate, under the oversight of the Audit and Risk Committee, financial reporting and internal control systems, rules and procedures in accordance with the following guidelines:

- (i) The extent of Management's responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports, effectiveness and efficiency of operations, protection of assets and compliance with laws, rules, regulations and contracts should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, rules, regulations and contracts;
- (iv) The Company should consistently comply with the financial reporting requirements of the Commission;
- (v) The External Auditor should be rotated or changed every five (5) years, or its lead audit partner primarily responsible for the audit of the Company or the review thereof should be changed with the same frequency, in accordance with applicable laws and regulations; and
- (vi) The Internal Auditor or the internal audit organization, through the Internal Audit Head/Chief Audit Officer, should submit to the Audit and Risk Committee and Management a quarterly or annual report on the internal audit activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Audit and Risk Committee/Board and Management. The Internal Auditor or the Internal Audit Head/Chief Audit Officer should certify that the internal audit activities are conducted in accordance with the International Standards on the Professional Practice of Internal Auditing and disclose to the Audit Committee/Board and Management the reasons for non-compliance therewith.

2.4.2. Compensation

The compensation of the CEO and other Officers shall be subject to review and approval by the Compensation Committee. Equity-based plans and long-term incentive plans for Officers which the Compensation Committee may recommend shall be subject to review and approval by the Board and, as applicable, stockholders' approval.

2.5. The Corporate Secretary and Assistant Corporate Secretary

2.5.1 Qualifications

- (a) The Corporate Secretary and Assistant Corporate Secretary shall be Filipino citizens and residents of the Philippines.
- (b) They must possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties and responsibilities, and have at least an understanding of basic financial and accounting matters.
- (c) They must have a working knowledge of the operations of the Company.

2.5.2. Duties and Responsibilities

- (a) As Officers, the Corporate Secretary and Assistant Corporate Secretary must be loyal to the mission, vision and objectives of the Company.
- (b) The duties and responsibilities of the Corporate Secretary and Assistant Corporate Secretary shall be those provided in the By-Laws of the Company. In addition to said duties and responsibilities, the Corporate Secretary and/or Assistant Corporate Secretary shall:
 - (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
 - (ii) Work fairly and objectively with the Board, Management, stockholders and other stakeholders;

- (iii) Inform the Directors, in accordance with the By-laws, of the schedule and agenda of Board meetings and ensure that Management provides them complete accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (iii) Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
- (iv) Ensure that all Board procedures, rules and regulations are strictly followed by the Directors; and
- (v) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual and the Governance Code.

2.6. Internal Auditor

2.6.1. Internal Audit Functions

- (a) The Company shall have in place an internal audit system whereby an internal audit or organization conducts independent and objective internal audit activities designed to add value to and improve the Company's operations and to help it accomplish its objectives by providing 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 of the Company shall be provided with reasonable assurance that the Company's key organizational and procedural controls are appropriate, adequate, effective and complied with.
- (b) The Company shall maintain an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all stockholders and other stakeholders.
- (c) Internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company's financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of

operations, protection of assets, and compliance with laws, rules, regulations and contracts.

2.6.2. Internal Audit Head or Chief Audit Officer

- (a) The Internal Audit Head or Chief Audit Officer shall be the head of the Company's internal audit organization and shall functionally report to the Audit and Risk Committee.
- (b) He shall be responsible for the internal audit activities and submit to the Audit and Risk Committee an annual internal audit plan conforming with the objectives of the Company, which plan shall include the audit scope, resources and budget necessary to implement it.
- (c) He shall submit to the Audit and Risk Committee and Management a quarterly or annual report on the internal audit organization's activities, responsibilities, and performance relative to the audit plans and strategies as approved by the Audit and Risk Committee.
- (d) He shall certify that internal audit activities are conducted in accordance with the International Standards on the Professional Practice of Internal Auditing and, if otherwise, the reasons for non-compliance.

2.7. External Auditor

2.7.1. Selection/Appointment/Resignation/Dismissal

- (a) The Board, after consultations with the Audit and Risk Committee, shall recommend to the stockholders an External Auditor duly accredited with the Commission, or remove and replace such External Auditor as the Board, on recommendation of the Audit Committee, may deem necessary.
- (b) If the External Auditor resigns or is removed or ceases to perform service to the Company, the reasons therefor and the date thereof shall be reported in the Company's annual and current reports. Said report shall include a discussion of any disagreement with the said former External Auditor in any matter of accounting principles or practices, financial disclosures or auditing procedures which the

former External Auditor and the Company failed to resolve satisfactorily.

- (c) The External Auditor or the lead partner thereof primarily responsible for the audit of the Company or the review thereof shall be rotated or changed at least once every five (5) years.

2.7.2. Functions and Restrictions

- (a) The External Auditor shall enable an environment of sound corporate governance as reflected in the financial records and reports of the Company. The External Auditor shall undertake an independent audit and provide an objective assurance on the manner by which the Company's financial statements have been prepared and presented. If the External Auditor believes that any statement made in the Company's annual report, information or proxy statement or any report filed with the Commission or any regulatory body during the period of its engagement is incorrect or incomplete, the External Auditor shall present its views in said reports.
- (b) The External Auditor of the Company shall not at the same time be engaged as the internal auditor thereof.
- (c) When the External Auditor is tasked to perform non-audit work, the Company shall ensure that said non-audit work shall not be in conflict with its functions as an independent auditor.

2.8. Compliance Officer

2.8.1. Appointment

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall hold the position of at least a Vice President or its equivalent.

2.8.2. The Compliance Officer shall perform the following duties:

- (a) Monitor compliance by the Company with the provisions and requirements of this Manual, the Corporate Governance Code and

such other laws, circulars, rules and regulations issued in relation thereto (the “CG Rules”);

- (b) Report violation(s) of the provisions of this Manual, with the Governance Code, and the CG Rules to the Chairman and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, subject to further review and approval by the Board;
- (c) Appear before the Commission when summoned in relation to compliance with the Governance Code or the CG Rules;
- (d) Issue a certification every January 30th of the year on the extent of the Company’s compliance with this Manual and the Governance Code for the immediately preceding year, and if there are any deviations, explain the reasons therefor;
- (e) Assist the Board in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the corporate governance structure and policies of the Company, and to assist in the conduct of a self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in this Manual and the respective Charters of the Board Committees.

3. Adequate and Timely Information

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings, as provided in Section 2.4.1 (c) of this Manual.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense, as provided in Section 2.1.4 (p) of this Manual. (This section was added on 23 February 2011)

4. Stockholders' Right and Protection

4.1. Stockholders' Right

The Board shall respect the right of the stockholders as provided for in the Corporation Code, as well as the Articles of Incorporation, By-Laws and all resolutions adopted by the Board establishing and designating classes or series of shares of stock of the Company (the "Constitutive Documents"). These rights are as follows:

- (a) **Right to vote** on the matters that require their approval pursuant to the relevant provisions of the Corporation Code and the Constitutive Documents. At every meeting of the stockholders for the election of Directors, owners of shares of common stock of the Company are entitled to cumulative voting in accordance with the By-Laws.
- (b) **Pre-emptive right** or the right to subscribe to or purchase any unissued shares of stock of the Company offered for subscription or purchase, except as provided in Section 39 of the Corporation Code which states that pre-emptive right shall not extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public, or to shares to be issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.
- (c) **Right to inspect** corporate books and records including minutes of Board meetings and stock registries; provided that, such right may be denied by the Board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the Board determines it necessary to safeguard the rights and legitimate interest of the Company such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the Company if such records were made available for inspection.

- (d) **Right to receive information** that is required to be disclosed by the Company pursuant to the Corporation Code or Securities Regulation Code.
- (e) **Right to dividends** subject to the provisions of the Corporation Code, the Company's Articles and By-Laws, and the resolutions duly adopted by the Board.
- (f) **Appraisal right** or the right to dissent and demand payment of the fair value of their shares in the instances provided for under the Corporation Code.

4.2. Duty to Promote Stockholders' Right

- (a) The Board should promote stockholders' right and facilitate the exercise thereof. Stockholder may seek redress for violation of their rights as such in accordance with applicable laws.
- (b) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of the applicable laws, regulations and the By-Laws.
- (c) The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholder's participation in meetings, whether in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board. Although all stockholders should be treated equally or without discrimination, where feasible or practicable the Board should give 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. (Added on 23 February 2011)

5. Disclosure of Material Information

5.1. Commitment to Disclose Material Information

All material information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information shall include, among others, earnings result, acquisition or disposal of significant assets, off-balance-sheet transactions, related party transactions, Board membership changes, shareholding of Directors and Officers and any changes thereto, and remuneration of Directors and Officers.

The Board shall commit at all times to full disclosure of material information and dealings and shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

5.2. Selective Disclosure of Non-Public Material Information

The Company, its Directors, Officers, Executives and employees shall not communicate material non-public information about and involving the Company, including any act, transaction, development or event unless the Company is ready to simultaneously disclose the material non-public information to the Commission, Exchange and other regulatory bodies having jurisdiction. This rule shall not apply if the disclosure is made to:

- (a) A person who is bound by a duty to maintain trust and confidence to the Company such as but not limited to the Company's consultants, auditors, legal counsels, investment bankers, financial advisers; and
- (b) A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

Any disclosure of material non-public information to securities analysts, institutional investors or other third parties who do not fall under letters (a) and (b) above ahead of the disclosure to be made to the Exchange and the general public, shall be considered as a violation of this rule.

Material information means any information about or involving the Company's affairs, events and conditions that has a significant impact in the Company's operations such as, but not limited to, those relating to the Company's financial condition, prospects and development projects which, when brought to the attention of the public, is reasonably expected to

induce or otherwise materially affect the market activity and the market price of the Company's shares.

The Board shall ensure that internal controls are established that will ensure that the Company, its Directors, Officers, Executives and employees and any other person who is privy to the Company's material non-public information shall comply with the requirement of this rule.

6. Monitoring and Implementation

- 6.1. The Board shall establish the appropriate evaluation system for purposes of monitoring and assessing compliance with this Manual and the applicable provisions of the Governance Code by the Company, Board and Management.
- 6.2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval by the Board.

7. Communication Process

7.1. Inspection of Manual

This Manual shall be available for inspection by any stockholder of the Company at reasonable hours on business days subject to such express limitations provided by the Corporation Code and other relevant laws, circulars, rules and regulations.

7.2. Dissemination of Manual

This Manual shall be disseminated to all the Directors, Officers, Executives and employees for their information and compliance with the provisions hereof. At least one (1) hard copy of this Manual shall be furnished to every department/division of the Company.

7.3. Communication and Education Programs

The Company shall implement the appropriate communication and training program for the Directors, Officers, Executives and employees, including corporate governance education program for the Board, to ensure the effective implementation of this Manual.

The Company's Manual on Corporate Governance was approved by the Board of Directors of **PHILEX MINING CORPORATION** on 27 April 2010. This **Revised Corporate Governance Manual** was approved and ratified by the Board of Directors on the 25th day of June 2014.

Signed:

(Original Signed)

EULALIO B. AUSTIN, JR.

President and Chief Executive Officer

(Original Signed)

DANNY Y. YU

Compliance Officer

ANNEX A – INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company and includes, among other persons, one who:

- (i) is not a director or officer of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not a director (other than an Independent Director) of the Company who resigned or whose term ended within the last two (2) years;
- (iii) was not the chairman emeritus or an ex-officio director/officer or a member of the advisory board of the Company or otherwise appointed in a capacity to assist the Board of the Company in the performance of its duties and responsibilities within the last one (1) year;
- (iv) does not own more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) has not been employed in any executive capacity by the Company or any of its related companies or any of its substantial shareholders within the last five (5) years;
- (viii) is not retained or, within the last five (5) years, has not been retained as a professional adviser by the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;

- (ix) has not engaged and does not engage in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial;
- (x) is not employed as an officer or executive of another entity where any of the Company's officers or executives serves on that entity's Compensation Committee;
- (xi) is not affiliated with or employed by or, within the last five (5) years, has not been affiliated with or employed by the Company's present or former external auditors or their affiliates; or
- (xii) is not a securities broker-dealer or a person holding any office of trust and responsibility in a broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer.

When used in relation to a company, "related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

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

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

ANNEX B – QUALIFICATIONS FOR DIRECTORSHIP

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

The Nominations Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new law applicable to the Company, including but not limited to, membership in good standing in relevant industry, business or professional organization.

ANNEX C – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP

Permanent Disqualification

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Commission:
 - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
 - (b) any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; or
 - (c) having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation or, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP.

2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above.

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

organization suspending or expelling him from membership, participation or association with a member or participant of the said organization;

3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;
4. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
5. Any person judicially declared as insolvent;
6. Any employee, officer, manager or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty percent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;
7. Any employee, officer, manager or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and
8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Sections 6 and 7 above.
9. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Company. (Added on 23 February 2011)

Temporary Disqualification

The Nominations Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;

- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;
- (iii) Dismissal or termination for cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director);
- (v) If the beneficial ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. (Added on 23 February 2011)
- (vi) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Nominations Committee to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The Nominations Committee may consider and recommend to the Board other grounds for disqualification that are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.

ANNEX D – AUDIT AND RISK COMMITTEE

The Charter of the Audit and Risk Committee was adopted on 24 September 2012 and is available on the Company's website.

The primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for:

1. The integrity of the Company's accounting and financial reporting, principles, policies and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;
2. The Company's compliance with legal and regulatory requirements;
3. The Company's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and
4. The Company's audit process and the performance of the Company's internal audit organization and external auditors, including the external auditors' qualifications and independence.

ANNEX E – NOMINATIONS COMMITTEE

The primary purposes of the Committee are to:

1. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated for election to other positions requiring appointment by the Board;
2. Identify persons believed to be qualified to become members of the Board;
3. Assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and Officers; and
4. Assist the Board in developing and implementing the Board's performance evaluation process.

ANNEX F – COMPENSATION COMMITTEE

The primary purpose of the Committee is to establish a formal and transparent procedure for developing policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

ANNEX G – CORPORATE GOVERNANCE COMMITTEE

The primary purpose of the Committee is to assist the Board of Directors of the Company in performing the corporate governance duties in compliance with the Company's Corporate Governance Manual, the Revised Code of Corporate Governance of the Securities and Exchange Commission and the Corporate Governance Guidelines and the listing rules of the Philippine Stock Exchange.