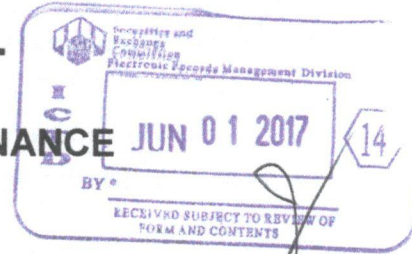




APEX MINING CO., INC.

MANUAL ON CORPORATE GOVERNANCE (Updated 2017)



The Board of Directors and Management, i.e. officers and staff, of Apex Mining Co., Inc. (the "Corporation") hereby commit themselves to the principles and best practices contained in this Manual, in accordance with SEC Memorandum Circular No. 6, Series of 2009 and No. 19, series of 2016 (the "Code"), and acknowledge that the same may guide the attainment of our corporate goals.

OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, trust that corporate governance is a necessary component of what comprises an upright strategic business management and will therefore undertake every effort necessary to create responsiveness within the organization.

Article 1: Definition of Terms

- a) **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long term economic, moral, legal and social obligations towards their stakeholders. It is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior Management accountable for ensuring ethical behavior – reconciling long term customer satisfaction with shareholder value – to benefit of all stakeholders and society. Its purpose is to maximize the organization's long term success, creating sustainable value for its shareholders, stakeholders and the nation;
- b) **Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and control its properties;
- c) **Exchange** – an organized market place or facility that brings together buyers and sellers, and executes trades of securities and/or commodities;
- d) **Management** – the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation;
- e) **Independent director** – a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which

- could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;
- f) **Executive director** – a director who is also an officer or the head of a department or unit of the corporation or performs any work related to its operation;
 - g) **Non-executive director** – a director who is not an officer or the head of a department or unit of the corporation nor performs any work related to its operation;
 - h) **Non-audit work** – the other services offered by an external auditor to a corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other service that may compromise the independence and objectivity of an external auditor;
 - i) **Internal control** - the system established by the Board of Directors and Management to provide reasonable assurance on the accomplishments of the corporation's objectives through efficient and effective operation of its business, reliable financial reporting and management system, and faithful compliance with applicable laws, regulations and internal rules effected by the Board of Directors, senior Management, and all levels of personnel;
 - j) **Internal control system** – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combinations of risks or business activities, to which the corporation is exposed;
 - k) **Internal audit** – an independent and objective assurance activity designed to add value to and improve the corporation's operations, and 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;
 - l) **Internal audit department** – a department or unit of the corporation that provide independent and objective assurance services in order to add value to and improve the corporation's operations;
 - m) **Internal Auditor** – the highest position in the corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.
 - n) **Enterprise Risk Management** - a process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives;
 - o) **Related Party** - shall cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the

company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company;

- p) **Related Party Transactions** - a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party;
- q) **Stakeholders** - any individual, organization or society at large who can either affect and/or be affected by the company's strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates. The Corporation understands that it is impossible to treat all stakeholders equally because they have different and, at times, contradictory interests with respect to the Corporation. In the event the Corporation is faced with a situation where the interests of various stakeholders are contradictory to each other, then the Board of Directors, or the Chairman/CEO, or Senior Management, shall determine who among the stakeholders will have priority and the attention of the Corporation following the provisions of the Corporation Code and other binding laws.

Article 2: Rules of Interpretation

- A) All references to the masculine gender in the salient provisions of this Code shall likewise cover the feminine gender.
- B) All doubts or questions that may arise in the interpretation or application of this Code shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the corporation.

Article 3: Board Governance

The Board of Directors (the "Board") is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

A) Compositions of the Board

1. The Board shall be composed of seven (7) members who are elected by the stockholders in accordance with the law and the by-laws.
2. The directors shall have collective working knowledge, experience, expertise in the Corporation's business or industry or in other disciplines or industries which can provide the appropriate insight and diversity to respond to the needs of an evolving business and provide strategic direction to the Corporation.

3. The corporation shall have at least two (2) independent directors or such number independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2) as provided by law.

4. Independent directors shall serve for a maximum cumulative term of nine (9) years. After which such director shall be perpetually barred from re-election in the Corporation, but he/she may continue to qualify for nomination and election as a non-independent director. In case the Corporation intends to retain the independent director after serving nine years, the Board should provide meritorious justification/s and seek approval of the shareholders during the annual shareholders' meeting.

5. The membership of the Board shall be a combination of executive and non-executive directors (which include independent directors) to allow a healthy balance of ideas, opinions, wisdom and experience on the management of the business and in order that no director or small group of directors can dominate the decision making process.

6. The Board shall promote attendance of directors in annual continuing training and development program to keep the directors abreast of the developments in business and regulatory environment. An orientation program for first time directors shall be established.

7. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

B) Multiple Board Seats

The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporation. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

C) The Chair and Chief Executive Officer

The role of the Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

- (i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;
- (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors, to focus the agenda on strategic matters, including overall risk appetite, developments in business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- (iii) Require Management to provide accurate, timely, relevant, insightful and clear information to the Board;
- (iv) Facilitate discussions on key issues and allow healthy inquiries on reports and representations of Management during Board meetings;
- (v) Maintain qualitative and timely lines of communication and information between the Board and Management;
- (vi) Arrange the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- (vii) Lead the evaluation of the performance of the Board once a year and the discussions and follow ups.

D) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- (i) College education or equivalent academic degree;
- (ii) Practical understanding of the business of the corporation;
- (iii) Membership in good standing in relevant industry, business or professional organizations;
- (iv) Previous professional or business experience;
- (v) Record of integrity and good repute;
- (vi) Sufficient time to carry out the responsibilities as a director; and
- (vii) Ability to promote smooth inter-action among directors;

E) Disqualification of Directors

1. Permanent Disqualification

The following shall be grounds for the permanent disqualification of a director:

- (i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) 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 (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission (SEC), Bangko Sentral ng Pilipinas (BSP), or any court or administrative body of competent jurisdiction from: (a) acting as 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 subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission, BSP, 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 Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person 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 organization.

- (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) Any person who has been adjudged by final judgment or order of the Commission, BSP, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- (vi) Any person judicially declared as insolvent;
- (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;
- (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

2. Temporary Disqualification

The Board may provide for the temporary disqualification of a director for any of the following reasons:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
- (ii) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.
- (iii) Dismissal or termination for cause as director of any corporation covered by the SEC rules on Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliated exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within 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.
- (vi) Being a director, officer or substantial stockholder of a company or business that is directly in competition with the business of the corporation, as determined by the Board.

F) Nomination of Directors

1. Nominations for directors shall be submitted in writing addressed to the Corporate Secretary at the office of the corporation at Unit 3304B West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City. The nomination shall include the name, age, address, education, business or profession and the interest and position of the nominee in other companies or business. The nominee shall sign the nomination to signify his acceptance of the nomination. These formal requirements shall not be required for nominees who are incumbent members of the Board of Directors of the Corporation.

2. Any stockholder of record of the Corporation, including a minority stockholder, may nominate a candidate for election to the Board. Only a stockholder of record entitled to notice of, and to vote in the stockholder meeting shall be qualified to be nominated and elected as a director.

3. The nomination shall be submitted only during the 20-day nomination period which shall not be earlier than 40 days nor later than 20 days prior to the date of the stockholders meeting for the election of directors.

4 All the nominations received shall be submitted to the Nomination Committee for evaluation as to compliance with rules on the form and requirement of the nomination and the qualification and disqualification of the candidate under this Manual, the by-laws and applicable laws. Only nominees who passed the evaluation of the Nomination Committee and are included in its final list of candidates shall be qualified to run for and be elected as a director of the Corporation. No other nominations shall be entertained after the final list of candidates has been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting, as provided under the Implementing Rules of the SRC.

5. Specific slots for independent directors shall not be filled-up by unqualified nominees.

6. The Board shall assess and evaluate the effectiveness of this nomination process and process for replacement of a director.

G) Responsibilities, Duties and Functions of the Board

1. General Responsibility

It is the Board's responsibility to foster the long-term success of the corporation, act on fully informed basis, and to sustain its competitiveness and profitability in manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively attain the same and the mechanism to monitor Management's performance.

2. Duties and Functions

To ensure a high standard of best practice for the corporation its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following rules and functions:

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Appoint competent, professional, honest and highly motivated management officers, adopt an effective succession planning program for Management.

- b) Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength.

Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.

- c) Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
- d) Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or chief financial officer shall exercise oversight responsibility over this program.
- e) Identify the corporation's stakeholders in the community in which the corporation operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.
- f) Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
- g) Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- h) Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- i) Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- j) Establish and maintain, subject to the approval and consent of all parties to the dispute, an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities in accordance with Republic Act No. 9285 (Alternative Dispute Resolution Act of 2004).
- k) Meet at such times or frequency as may be needed. The minutes of such meeting should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

- l) Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- m) Appoint a Compliance Officer who may have the rank of vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

H) Specific Duties and Responsibilities of a Director

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.

A director should observe the following norms of conduct:

(i) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interest of the corporation.

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

(ii) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A director should devote sufficient time to familiarize himself with the corporation's business. He should be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

(iii) Act judiciously.

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

(iv) Exercise independent judgment

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should

not be afraid to take and unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation.

- (v) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.**

A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

- (v) Observe confidentiality.**

A director should also keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

I) Internal Control Responsibilities of the Board

The control environment of the corporation consists of (a) the Board which ensured that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
 - a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls;
 - b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - c) Evaluation of proposed senior of qualified and competent management officers; and
 - d) Selection and appointment of qualified and competent management officers; and
 - e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and Management succession plan.

- (ii) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture;

volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

(iii) A corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that the corporation's key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

J) Board Meetings and Quorum Requirement

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission. They should review meeting materials and contribute in the discussion and decision making. Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings, unless he is duly notified of the meeting and fails to attend same, or if the independent director resigns or ceases to be an independent director pending the appointment of or of his replacement.

To monitor the directors' compliance with the attendance requirements, corporations 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. The certification may be submitted through SEC Form 17-C or in a separate filing.

K) Remuneration of Directors and Officers

The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

Corporations may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.

The corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of a corporation, the Commission may, in exceptional cases, e.g. when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

L) Board Committees

The Board shall constitute the proper committees to assist it in good corporate governance.

- (1) **The Audit Committee** - The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:
 - a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
 - b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
 - c) Perform oversight functions over the corporation's internal and external auditors, It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 - d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
 - e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper to coverage and minimize duplication of efforts.
 - f) Organize an internal audit department, and consider the appointment of an independent internal auditor and terms and conditions of its engagement and removal;
 - g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
 - h) Review reports submitted by the internal and external auditors;
 - i) Review the quarterly, half year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices

- Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concerns assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal regulatory requirements
- j) Coordinate, monitor and facilitate compliance with laws, rules and regulations:
- k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- 2) **The Enterprise Risk Management (ERM) Committee** - The Enterprise Risk Management Committee shall be composed of three (3) directors, majority of whom shall be non-executive.

The Committee has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place to arrive at a well informed decisions, taking into consideration the risk related to significant business activities, plans and opportunities. The Committee shall have the following functions:

- (a) Develop a formal enterprise risk management plan which contains the following:
 - i. common risk language
 - ii. risk management goals and objectives
 - iii. risk management process on identifying, assessing, implementing risk management strategies
 - iv. continuing risk assessment to improve risk strategies, processes and measures.
- (b) Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. revisit risk management strategies to anticipate emerging or changing material exposures, and to stay abreast of significant developments that impact the likelihood of the harm or loss;

- (c) Oversee the implementation of the risk management process and review regular management reports and assess how business risk owners are managing the risks. Priority areas of concern are those risks that most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
 - (d) Annually review the company's risk appetite and risk tolerance limits based on business changes and developments, regulatory changes and external economic environment.
 - (e) Provide oversight function over management's activities in managing credit, market, liquidity, operational, legal and other risk exposure of the corporation;
 - (f) Report to the Board on a regular basis, or as deemed necessary, the company's risk appetite levels, risk tolerance limits, material risk exposures, management actions taken and recommend further actions/plans as necessary.
- 3) **The Related Party Transaction (RPT) Committee** – The Related Party Transaction Committee shall be composed of three (3) directors, majority of whom shall be non-executive.

The Committee shall have the responsibility to assist the Board in reviewing all material Related Party Transactions (RPT) of the Corporation. The RPT Committee shall have the following functions:

- (a). Oversee on an-going basis the existing relationship counterparties between and among businesses to properly identify, evaluate and monitor all RPTs including subsequent changes in the relationships;
- (b). Report to the Board and, if required, regulatory agency on related parties, related party transactions and changes in the relationships;
- (c). Oversee the Corporation's implementation on identifying, monitoring, measuring, controlling and reporting RPTs including periodic review of its RPT policies and procedures.
- (d). Evaluate all material RPTs if in accordance with economic terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances, that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise in connection with the transactions.
- (e). Disclose to the regulating authorities, if required, relating to the company's RPT exposures and conflicts or potential conflicts of interest including the management approach in addressing such material conflict of interest.

- (f). Ensure that RPTs, including write-off if exposures, are subject to an independent periodic review or audit process;
- (g). Report to the Board on a regular basis the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.

4) **Other Committees**

The Board may also organize the following committees:

- a) A **Nominations Committee**, which may be composed of at least three (3) members and one of whom should be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- b) A **Compensation or Remuneration Committee**, which may be composed of at least three (3) members one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment in which it operates.

M) The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and resident of the Philippines, is an officer of the corporation. He should –

- (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 corporation;
- (ii) Be loyal to the mission, vision and objectives of the corporation;
- (iii) Work fairly and objectively with the Board, Management and Stockholders and other stakeholders;
- (iv) Have appropriate and administrative and interpersonal skills;
- (v) If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vi) Have a working knowledge of the operations of the corporation;
- (vii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate

information that will enable them to arrive at intelligent decisions on matters that require their approval;

- (viii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (ix) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (x) If he is also the Committee Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

N) The Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chair of the Board. He shall perform the following duties:

- (i) Monitor compliance by the corporation with this Code and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- (ii) (ii) Appear before the commission when summoned in relation to compliance with this Code; Issue a certification every January 30th of the year on the extent of the corporation's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation; and
- (iv) Identify possible areas of compliance issues and work towards the resolution of the same, and collaborate with other departments to properly address compliance issues which may be subject to investigation.

Article 4. 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. 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.

Article 5: Accountability and Audit

- A) The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its own responsibility in the preparation of the financial statements of the corporation, 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 and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders.
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and the effectiveness of controls that cover the corporation's 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 contracts, laws, rules and regulations;
- (iv) The corporation 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 earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changes with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management, The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professionals Practice of Internal Auditing. If he does

not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

- B) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work maybe given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give comments or vies on the matter in the said reports.

Article 6: Stockholders' Rights and Protection of Minority Stockholders' Interest

- A) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:
- (i) Right to vote on all matters that their consent or approval is required under the law;
 - (ii) Cumulative voting shall be allowed in the election of officers ;
 - (iii) Right to inspect corporate books and records;
 - (iv) Right to information as provided under the Corporation Code;
 - (v) Appraisal Right as provided under Section 82 of the Corporation Code;
 - (vi) Right to Dividends, when the Board declares dividends.
- B) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, 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.

The Board shall allow the electronic filing and distribution of shareholder information necessary to make informed decisions as may be allowed by law.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate 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.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders an opportunity to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation, as the by-laws may provide.

Article 7: Governance Self-Rating System

The Board may create an internal self-rating that can measure the performance of the Board and Management in accordance with the criteria provided for in this Manual.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the corporation's annual report.

This Manual shall be subject to periodic review as may be provided by the Board.

Article 8: Disclosure and Transparency

The essence of corporate governance is transparency. The principle is recognized that the more transparent the internal workings of the corporation are, the more difficult it will be for anyone, including those in Management and dominant stockholders, to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders and other stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanism and submissions to the Commissions.

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

The corporation shall include media and analysts' briefing as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.

Article 9: Commitment to Good Corporate Governance

Apex Mining Company Inc. (the "corporation") established and will implement its corporate governance rules in accordance with this Manual of Corporate Governance. The rules embodied in this Manual can be used as reference by the members of the Board and Management.

This Manual shall be made available to any director, officer, or employee of the corporation. It shall be available for inspection by any shareholder at reasonable hours on business days. This Manual shall be posted in the website of the corporation.

The corporation shall conduct information campaigns, orientation program or workshops on Corporate Governance under this Manual to its directors, officers and employees.

Article 10: Regular Review of the Code and the Scorecard

The Compliance Officer shall accomplish annually a scorecard on the scope, nature and extent of the actions the corporation has taken to meet the objectives of this Manual of Corporate Governance pursuant to existing circulars as well as rules and regulations of the SEC and other applicable regulatory agencies

Article 11: Qualifications

Nothing in this Manual shall be interpreted:

1. To compel any act which constitutes a violation of law, regulation or contract applicable to the Corporation (including laws against unfair discrimination, confidentiality agreements, and privacy statutes), and the latest amended articles of incorporation and by-laws of the Corporation.
2. To violate the Corporation's right to maintain the confidentiality of proprietary information, trade secrets, and other information, the premature disclosure of which will prejudice the legitimate interest of the Corporation.
3. To violate the Corporation Code, including the rights of minority directors and minority shareholders.
4. To breach the applicable rules and regulations of the DENR or the MGB or other regulatory agencies having jurisdiction over Corporation and its business.

5. To put the Corporation in a disadvantage vis-à-vis its competitors and industry rivals, or to allow persons or entities with unlawful or illegitimate interest to disrupt business or prejudice the Corporation.

Certified correct:



RAMON Y. SY
Chairman of the Board



RENATO N. MIGRINO
Compliance Officer