


SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2014**
2. Exact Name of Registrant as Specified in its Charter **Geograce Resources Philippines, Inc.**
3. **7<sup>th</sup> floor Peaksun Bdg., 1505 Shaw Boulevard. corner**  
**Princeton Street, Mandaluyong City** **1552**  
Address of Principal Office Postal Code
4. SEC Identification Number **41004** 5. (SEC Use Only)  
Industry Classification Code 
6. BIR Tax Identification Number **000-718-626-000**
7. **(+632-570-9754)**  
Issuer's Telephone number, including area code
8. \_\_\_\_\_  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if D, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
<b>CHI HO CO</b>	<b>NED</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>20 Dec.2013</b>	<b>20 Dec. 2013</b>	<b>ASM</b>	<b>2 years</b>
<b>Jose Francisco E. Miranda</b>	<b>ED</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>21Dec. 2011</b>	<b>20 Dec. 2013</b>	<b>ASM</b>	<b>1 yr.</b>
<b>Delfin S. Castro, Jr,</b>	<b>ED</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>9 Aug. 2006</b>	<b>20 Dec. 2013</b>	<b>ASM</b>	<b>6yrs.</b>
<b>Florentino M. Herrera III</b>	<b>NED</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>18 May 1998</b>	<b>20Dec. 2013</b>	<b>ASM</b>	<b>16 yrs.</b>
<b>Raymond T. Koa</b>	<b>NED</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>17 Dec. 2012</b>	<b>20 Dec. 2013</b>	<b>ASM</b>	<b>4 yrs.</b>
<b>Florencio T. Mallare</b>	<b>ID</b>	<b>NA</b>	<b>Jose Francisco E. Miranda</b>	<b>18 May 1998</b>	<b>20 Dec. 2013</b>	<b>ASM</b>	<b>16 yrs.</b>

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

***Geograce's corporate governance policy outlines the specific roles of the board of directors, the Chairman, CEO, compliance officer, corporate secretary, committees, external and internal auditors. Said policy also indicates the compliance system of the company, reportorial or disclosure system, treatment of shareholders and measures on respecting the rights of shareholders. The company is committed to respect the following rights of the shareholders: right to vote; power of inspection; right to information; right to dividend; and appraisal right. Although all shareholders should be treated equally or without discrimination, the Board may give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation as far as practicable and consistent with the relevant provisions of the By-Laws.***

- (c) How often does the Board review and approve the vision and mission?

***The Company's vision and mission statement is reviewed and approved by the Board as often as needed or required.***

- (d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
N/A		

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<i>Jose Francisco E. Miranda</i>	<i>NiHao Mineral Resources International, Inc.</i>	<i>ED</i>
	<i>Dizon Copper-Silver Mines</i>	<i>ED</i>
	<i>Lodestar Investmetnet Holdings, Inc.</i>	<i>ED</i>
	<i>Asiabest Group International</i>	<i>NED</i>
<i>Florentino M. Herrera III</i>	<i>Filsyn Corporation</i>	<i>ED</i>
<i>Arsenio C. Cabrera, Jr.</i>	<i>NiHao Mineral Resources International, Inc.</i>	<i>COS, ED</i> <i>ED</i>
<i>Delfin C. Castro, Jr.</i>	<i>Dizon Copper-Silver Mines</i>	<i>Chairman, ED</i>
	<i>NiHao Mineral Resources International, Inc.</i>	<i>ED</i>
	<i>Asiabest Group International</i>	<i>ED</i>

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
N/A		
N/A		
N/A		
N/A		

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

*No specific limit has been expressly provided as the high attendance turnout during Board meetings shows that the other directorships held by the Company's current directors do not pose as a hindrance for the performance by the relevant director of his functions and obligations to the Company.*

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	
Non-Executive Director	N/A	
CEO	N/A	

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>CHI HO CO</i>	<i>10,000</i>	<i>0</i>	<i>0.00029%</i>
<i>Jose Francisco E. Miranda</i>	<i>60,198,000</i>	<i>-</i>	<i>1.72%</i>
<i>Delfin S. Castro, Jr,</i>	<i>72,468,571</i>	<i>-</i>	<i>2.07%</i>
<i>Florentino M. Herrera III</i>	<i>16,655,179</i>	<i>3,008,622 held through PCD Nominee Corporation</i>	<i>0.562%</i>
<i>Manuel Ong</i>	<i>10,000</i>		
<i>Raymond T. Koa</i>	<i>1,000</i>	<i>-</i>	<i>0.0001%</i>
<i>Florencio T. Mallare</i>	<i>1,953,433</i>	<i>-</i>	<i>0.558%</i>
<b>TOTAL</b>	<b>146296,183</b>	<b>8,008,622</b>	<b>4.553%</b>

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

Identify the Chair and CEO:

Chairman of the Board	<i>Chi Ho Co</i>
CEO/President	<i>Jose Francisco E. Miranda</i>

*The presence of internal controls, such as: (a) a Board that ensures that the Corporation is properly and effectively managed and supervised; (b) 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 operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations and contracts; and (c) an effective internal control system, which shall include control objectives and common control points for financial reporting as well as roles and responsibilities in executing and monitoring internal control in the Corporation, provides a system of check and balance.*

*In addition, the Board ensures that the Corporation is properly and effectively managed and supervised. The Board is responsible for identifying and electing a President as well as for approving and implementing a process of evaluation of his or her performance both on an on-going and annual basis. An evaluation of the President's performance shall be made annually by the Non-executive Directors based on objective and*

**subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development and organizational development.**

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	<b>Chairman</b>	<b>Chief Executive Officer</b>
Role	<i>The Chairman of the Board of Directors shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may assign to him.</i>	<i>The President, who shall be a director, shall be the Chief Executive Officer of the corporation and shall also have administration and direction of the day-to-day business affairs of the corporation.</i>
Accountabilities		<ul style="list-style-type: none"> <li><i>a) To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the Board of Directors.</i></li> <li><i>b) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;</i></li> <li><i>c) To have general supervision and management of the business affairs and properties of the corporation;</i></li> <li><i>d) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control;</i></li> <li><i>e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries.</i></li> <li><i>f) To oversee the preparation of the</i></li> </ul>
Deliverables		

		<p><i>budgets and the statements of accounts of the corporation;</i></p> <p><i>g) To prepare such statements and reports of the corporation as may be required of him by law;</i></p> <p><i>h) To represent the corporation at all functions and proceedings;</i></p> <p><i>i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</i></p> <p><i>j) To make reports of the Board of Directors and stockholders;</i></p> <p><i>k) To sign certificates of stock;</i></p> <p><i>l) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</i></p>
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- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

*The Nomination Committee shall periodically review the Corporation's succession plans for the President and, as needed, make recommendations to the Board regarding the selection of individuals to fill this position. There shall be an annual report to the Board by the Nomination Committee on the Corporation's plans regarding its President and other senior management succession planning.*

*An evaluation of the President's performance shall be made annually by the Non-executive Directors based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development and organizational development.*

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

*The directors shall possess such qualifications for membership in the Board as prescribed by the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations. The Non-executive Directors shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.*

*In addition, the Corporation shall require all of its directors before assuming office as such, to attend a seminar on corporate governance conducted by a duly recognized private or government institute.*



**Among others, the following qualifications shall be considered in a director's nomination and election to the Board:**

- 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; and**
- iv. Vast and successful business experience.**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

**In addition to the minimum qualifications for each nominee described above, at least one (1) Non-Executive Director should have experience in the sector or industry in which the Corporation belongs to.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	<p><i>As the President is likewise a member of the board, the roles, accountabilities, and deliverables of a non-executive director are likewise applicable to him.</i></p> <p><i>In addition thereto, the President:</i></p> <ul style="list-style-type: none"> <li><i>i. is the head and legal representative of the Corporation, and shall preside at all meetings, when the Chairman of the Board is absent;</i></li> <li><i>ii. shall manage and have general supervision of the affairs of the company;</i></li> <li><i>iii. shall sign and countersign, all certifications, checks and warrants, and as authorized by the Board of Directors, all contracts, and other instruments of the Company;</i></li> </ul>	<p><i>A director's office is one of trust and confidence. He/She shall act in a manner characterized by transparency, accountability and fairness. He/She should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.</i></p> <p><i>It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its shareholders.</i></p> <p><i>The Board shall formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance, and <u>take care of the interests of the shareholders and protect their investment through the implementation of sound corporate policies and plans while maintaining its independent assessment on Management's performance.</u></i></p>	
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li><i>iv. shall make reports to the Directors and Stockholders;</i></li> <li><i>v. shall see that the resolutions of the Board of Directors are duly implemented.</i></li> </ul>	<p><i>A member of the Board shall:</i></p> <ul style="list-style-type: none"> <li><i>i. conduct himself with honesty and integrity;</i></li> <li><i>ii. conduct fair business transactions with the Corporation</i></li> <li><i>iii. ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation;</i></li> <li><i>iv. devote time and attention necessary to properly discharge his/her duties and responsibilities;</i></li> <li><i>v. act judiciously;</i></li> <li><i>vi. exercise independent judgment;</i></li> <li><i>vii. have a working knowledge of the statutory and regulatory requirements</i></li> </ul>	

		<p><i>affecting the Corporation</i></p> <p><i>viii. observe confidentiality; and,</i></p> <p><i>ix. ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment</i></p>
<p><b>Deliverables</b></p>		<p><b><i>Te Board shall:</i></b></p> <p><i>i. Install and implement a process for the selection of directors;</i></p> <p><i>ii. Appoint competent, professional, honest and highly motivated management officers, and adopt an effective succession planning program for Management;</i></p> <p><i>iii. Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program;</i></p> <p><i>iv. Adopt a system of internal checks and balances;</i></p> <p><i>v. Identify key risk areas and key performance indicators and monitor these factors with due diligence;</i></p> <p><i>vi. Properly discharge Board functions by meeting regularly and all such meetings shall be duly minuted;</i></p> <p><i>vii. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures;</i></p> <p><i>viii. Identify the sectors 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;</i></p> <p><i>ix. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions;</i></p> <p><i>x. Constitute an Audit Committee and such other committees it deems necessary;</i></p> <p><i>xi. Establish and maintain an alternative dispute resolution system in the Corporation; and</i></p> <p><i>xii. Appoint a Compliance Officer.</i></p>

Provide the company's definition of "independence" and describe the company's compliance to the definition.

***The company's definition of an independent director is as follows: An independent director means a person, who, apart from his/ her 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/ her exercise of independent judgment in carrying out his/ her responsibilities as a director of the corporation. He must also possess all the qualifications and none of the disqualifications of an independent director provided under SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant SEC issuances and regulations.***

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no

more than four additional years? Please explain.

*The Company follows the SEC's guidelines on setting the term limit for an Independent Director as set forth in SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.*

*To ensure that the objectivity and impartiality of an independent director is not compromised, an independent director shall be ineligible for nomination and re-election, after serving the Company for five (5) consecutive years. However, after a "cooling off" period of two (2) years, the independent director may be re-elected as an independent director of the Company. During this period, such person should not engage in any activity that, under the Securities Regulation Code and other relevant rules, disqualifies him from being elected as an independent director. Re-election of a person who has served as an independent director for five years is allowed after the mandatory two-year cooling-off period. Upon reelection, such person may serve as an independent director for another four consecutive years. However, after serving for ten (10) years, a person is perpetually barred from serving as an independent director, without prejudice to his being elected as such in other companies outside the Company.*

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
<i>Jerry C. Angping</i>	<i>Director</i>	<i>October 1, 2012</i>	<i>Time constraints imposed by other business activities</i>

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p><i>The following rules shall apply with respect to the nomination and election of all members of the Corporation's Board of Directors:</i></p> <p><i>(a) Nomination of directors shall be conducted by the Nomination Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Nomination Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.</i></p> <p><i>(b) The Nomination</i></p>	<p><b>Qualifications of Regular Directors:</b></p> <p><i>(i) Directors sitting on the Board must own at least one (1) share of the outstanding capital stock of the Corporation which share shall stand in his name in the books of the Corporation;</i></p> <p><i>(ii) Majority of directors must be residents of the Philippines;</i></p> <p><i>(iii) Directors sitting in the Board must assess all the qualifications and none of the disqualifications of regular directors under the Revised Corporate Governance Manual</i></p> <p><b>Additional Qualifications of Independent Directors apart from the qualifications set forth above are as follows:</b></p> <p><i>(i) must be independent of the Corporation's management and free</i></p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

	<p><i>Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for directors.</i></p> <p><i>(c) After the nomination, the Nomination Committee shall prepare a Final List of Candidates to be submitted to the Board of Directors, which shall contain all the information regarding the background and experience of the nominees required to be ascertained and made known under the Securities Regulation Code and relevant rules and regulations of the Securities and Exchange Commission. Said Final List of Candidates shall be disclosed in the reports required by law, rules and regulations to be submitted to the Securities and Exchange Commission and to all stockholders.</i></p> <p><i>(d) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.</i></p> <p><i>(e) It shall be responsibility of the Chairman of the stockholders' meeting to inform all stockholders in attendance of the mandatory qualifications and procedures for nominating and electing directors.</i></p> <p><i>(f) Specific slots for independent directors shall not be filled up by unqualified nominees.</i></p> <p><i>(g) Any controversy or issue arising from the selection, nomination or election of independent directors shall be</i></p>	<p><i>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 of the Corporation; and</i></p> <p><i>(ii) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the SRC Rule 38 on the requirements on nomination and election of Independent Directors.</i></p>
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	<p><i>resolved by the Securities and Exchange Commission by appointing independent directors from the list of nominees submitted by the stockholders.</i></p> <p><i>(h) In case of failure of election, resignation, disqualification or cessation of independent directorship, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancy shall be filled only by candidates approved by the Nomination Committee. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office."</i></p> <p><i>(Section 8, Article IV of the By-Laws; and Company's June 2013 Revised Corporate Governance Manual)</i></p>	
<b>b. Re-appointment</b>		
<p>(i) Executive Directors</p> <p>(ii) Non-Executive Directors</p> <p>(iii) Independent Directors</p>	<p><i>The process for initial selection or appointment is likewise adopted for re-appointments</i></p>	<p><i>The same criteria mentioned above for selection/ appointment is likewise observed for re-election of directors.</i></p> <p><u><i>The President's performance shall likewise be evaluated annually by the Non-executive Directors.</i></u></p>
<b>c. Permanent Disqualification</b>		
<p>(i) Executive Directors</p> <p>(ii) Non-Executive Directors</p> <p>(iii) Independent Directors</p>	<p><i>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</i></p>	<p><i>The following shall be grounds for the permanent disqualification of a director:</i></p> <p><i>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; (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/her fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person or any of them;</i></p> <p><i>ii. Any person who, by reason of misconduct, after hearing, is permanently enjoined by final</i></p>

		<p><i>judgment or order of the SEC 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 sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</i></p> <p><i>iii. such person is currently the subject of an order of the SEC 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 SEC or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the SEC or BSP, or has otherwise 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;</i></p> <p><i>iv. Any person judicially convicted by final judgment of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</i></p> <p><i>v. Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</i></p> <p><i>vi. Any person judicially declared to be</i></p>
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		<p><i>insolvent;</i></p> <p><i>vii. Any person earlier elected as Independent Director who becomes an officer, employee, or consultant of the same Corporation;</i></p> <p><i>viii. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and</i></p> <p><i>ix. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his/her election or appointment.</i></p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p><i>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</i></p>	<p><i>Any of the following shall be a ground for the temporary disqualification of a director:</i></p> <p><i>i. Refusal to fully disclose the extent of his/her business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his/her refusal persists;</i></p> <p><i>ii. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his/her incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i></p> <p><i>iii. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he/she has cleared himself of any involvement in the alleged irregularity;</i></p> <p><i>iv. Being under preventive suspension by the Corporation;</i></p> <p><i>v. Conviction that has not yet become</i></p>
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p><i>final referred to in the grounds for the disqualification of directors; and</i></p> <p><i>vi. If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries or affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</i></p> <p><i>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he/she fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</i></p>
<b>e. Removal</b>		
(i) Executive Directors	<b><i>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</i></b>	<b><i>He possesses any of the criteria enumerated for permanent disqualification, as stated above.</i></b>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	<b><i>Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.</i></b>	<b><i>Same criteria as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.</i></b>
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	<b><i>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</i></b>	<b><i>He possesses any of the criteria enumerated for temporary disqualification, as stated above.</i></b>
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Chi Ho Co	<b>44%</b>
Jose Francisco E. Miranda	<b>44%</b>
Delfin S. Castro, Jr,	<b>44%</b>
Arsenio C. Cabrera, Jr.	<b>44%</b>
Florentino M. Herrera III	<b>44%</b>
Raymond T. Koa	<b>44%</b>
Florencio T. Mallare	<b>44%</b>

6) Orientation and Education Program



- (a) Disclose details of the company's orientation program for new directors, if any.

*The Company, under the direction of the Nomination Committee, as mandated by its Corporate Governance Guidelines for the Board of Directors, conducts an orientation for newly elected members of the Board. This orientation shall familiarize each new Director with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct, corporate governance and principal officers. Such new Director shall, as appropriate, attend outside director education courses sponsored by recognized organizations. It shall also include meetings with and presentations by key management and visits to Company facilities.*

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

*The Board recognizes the importance of continuing education of its members. Each director is expected to participate, as appropriate, in continuing education in order to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Board acknowledges that director continuing education may be provided in a variety of different forms, including external or internal education programs, presentations or briefings on particular topics, educational materials, meetings with key management and visits to Corporation facilities. The Corporation, under the direction of the Nomination Committee, will assist the Board in pursuing continuing education programs for its directors.*

*The company is in the process of developing in-house training programs and identifying relevant external courses for the Directors and Senior Management.*

*Completion of corporate Governance Seminar of Directors and Executive officers .*

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

*The company is in the process of developing in-house training programs and identifying relevant external courses for the Directors and Senior Management*

Name of Director/Officer	Date of Training	Program	Name of Training Institution

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<i>Directors, Officers and employees have a duty of loyalty to Geograce and are therefore expected to always act in Geograce's best interests. A conflict arises when the personal interests or activities of an employee influence or have the potential to influence the exercise of his or her judgment in the performance of his or her duties. Conflicts of interest and even the appearance of a conflict of interest may compromise Geograce's reputation and must be avoided. Geograce respects its employees' right to privacy in their personal activities and</i>		

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	<i>financial affairs. It is the responsibility of each employee to ensure that his or her personal conduct adheres to high levels of professional and ethical standards of conduct and make the proper disclosures, whenever applicable, to allow the Company to determine and address conflicts of interest issues.,</i>
(b) Conduct of Business and Fair Dealings	<i>The Company believes in dealing fairly with its competition and other stakeholders. Geograce requires its Directors, Officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.</i>
(c) Receipt of gifts from third parties	<i>Directors, officers and employees are not permitted to give or accept, directly or indirectly such as gifts and business courtesies that might create the appearance of an impropriety, cash payments, discounts or vouchers, no matter how small, must not be accepted in your personal capacity in any circumstances from current or potential Geograce customers, suppliers, vendors or other contractors.</i>
(d) Compliance with Laws & Regulations	<i>Geograce is subject to a number of laws, rules and regulations with respect to the conduct of its business. Directors, Officers and employees are expected to maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.</i>
(e) Respect for Trade Secrets/Use of Non-public Information	<i>During the normal course of business, employees may have access to non-public information regarding Geograce's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. This information is a key corporate asset and every employee has an obligation to protect it and keep it in the strictest confidence, except when disclosure is explicitly authorized pursuant to the Corporation's Disclosure Policy or when disclosure is legally required. The unauthorized use or disclosure of Geograce's confidential information could destroy its value and give unfair advantage to others. Care should be taken in disposing of documents containing confidential information, for example, shredding documents, before discarding. An employee's obligation to protect Geograce's confidential information exists whether or not the information is explicitly labelled as being confidential and the obligation continues even after leaving the employ of Geograce.</i>
(f) Use of Company Funds, Assets and Information	<i>Employees, officers and directors owe a duty to Geograce to advance its legitimate interests when the opportunity arises to do so. Except as otherwise permitted in Geograce's Code of Ethics, employees, officers and directors, may not (a) take for themselves opportunities that are discovered through the use of Geograce property, information or position; (b) use Geograce's property, information, or position for personal gain; or (c) compete with Geograce. All employees of Geograce should endeavour to protect Geograce's assets and ensure they are used for legitimate business purposes only. Theft, carelessness and waste have a direct impact on Geograce's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation. The assets of Geograce include information, equipment, office supplies, hardware, software, intellectual property and time. Such assets may not be used for personal benefit, nor may they be sold, borrowed or given away without proper authorization. Occasional personal use of certain corporate resources (e.g. computer, fax, e-mail) is acceptable where the interests of Geograce are not adversely affected.</i>
(g) Employment & Labor Laws & Policies	<i>It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours, compensation, opportunity, human rights and working conditions. Geograce strictly prohibits discrimination or harassment against any employee because of the individual's race, ethnicity, color, religion, gender, sexual orientation, age, and disability. In addition to local laws and regulations, the Company prohibits the employment of people under the age of 18. Forced or compulsory labor of any workers is also prohibited. It is also Geograce's policy that all employees work in a clean, orderly and safe environment. The Company requires full compliance with applicable workplace</i>

	<b>safety and industrial hygiene standards</b>
(h) Disciplinary action	<p><b>To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers and staff in case of violation of any of the provision of this Manual:</b></p> <ul style="list-style-type: none"> <li>➤ <b>In case of first violation, the subject person shall be reprimanded.</b></li> <li>➤ <b>Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.</b></li> <li>➤ <b>For third violation, the maximum penalty of removal from office shall be imposed.</b></li> </ul> <p><b>The commission of a third violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</b></p>
(i) Whistle Blower	<b>No retaliatory action of any kind will be permitted against anyone reporting any violation in the company's code of ethics in good faith, and the Company's Audit Committee will strictly enforce this prohibition.</b>
(j) Conflict Resolution	<b>When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those individuals investigating a suspected violation will attempt to keep confidential the identity of the individual or individual who reports a suspected violation or who participates in an investigation.</b>

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

**Yes**

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

**Directors, officers, and employees of the Company commit to comply with both the letter and spirit of the Code of Conduct and Ethics and the Company endeavours to obtain the same commitment from its business partners. In this connection, directors and officers should explain to employees and business partners the Company's principles and values set forth in the Code, and emphasize the importance of conducting themselves in accordance with the standards set by the Code in order to attain financial rewards for the Company and to deter wrongdoing.**

**The Company shall also regularly monitor the compliance of all directors, officer and employees to the Code through the Audit Committee and encourages the reporting of known and suspected violations of the Code.**

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

<b>Related Party Transactions</b>	<b>Policies and Procedures</b>
(1) Parent Company	<b>The Corporation recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Corporation's and its stockholders' best</b>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	

(5) Substantial Stockholders	<i>interests.</i>
(6) Officers including spouse/children/siblings/parents	<b>Identification of Potential Related-Party Transactions:</b>
(7) Directors including spouse/children/siblings/parents	<b>All Related-Party Transactions must be brought to the Management's attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.</b>
(8) Interlocking director relationship of Board of Directors	<p><b>All Related-Party Transactions must be brought to the Management's attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.</b></p> <p><b>Any potential Related-Party Transaction that is raised will be analyzed by the Corporation's Legal Department, in consultation with Management and, whenever warranted, the Corporation's External Auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction.</b></p> <p><b>Review and Approval of Related Party Transactions:</b></p> <p><b>At each of its meetings, the Audit Committee will be provided with the details of each existing or proposed Related-Party Transaction that it has not previously approved or disapproved with the following information:</b></p> <ul style="list-style-type: none"> <li><b>i. The terms of the transaction;</b></li> <li><b>ii. The business purpose of the transaction;</b></li> <li><b>iii. Benefits to the Corporation and to the relevant director, executive officer or employee.</b></li> </ul> <p><b>In the event the Legal Department determines that it is impractical or undesirable to wait until the next committee meeting to review a Related-Party Transaction, the Chairman of the Audit Committee may act on its behalf to review and approve the Related-Party Transaction. In determining whether to approve a Related-Party Transaction, considerations should be placed on whether the terms of the Related-Party Transaction are fair to the Corporation or on terms at least equally favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of the Corporation.</b></p> <p><b>The following parameters must be applied in the approval of Related Party Transactions:</b></p> <ul style="list-style-type: none"> <li><b>i. There should be good demonstrable business reasons for the Corporation to enter into the Related Party Transaction;</b></li> <li><b>ii. The Related-Party Transaction should not impair the independence of a director; and</b></li> </ul> <p><b>The Related-Party Transaction should not present an improper conflict of interests for any director, executive officer or employee of the Corporation, taking into account the size of the transaction, the overall financial position of the director, executive officer or employee, the direct or indirect nature of the interest of the director, executive officer or employee in the transaction, the ongoing nature</b></p>

	<i>of any proposed relationship, and any other relevant factors.</i>
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(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved –

		<b>Details of Conflict of Interest (Actual or Probable)</b>
Name of Director/s	<i>Delfin S. Castro, Jr.</i>	<p><i>Director of Geograce, Director of Garnierite Mining, Inc. (GMI), Director of Sapolite Mining, Inc.(SMI) and Director of NiHAO Mineral Resources, Inc. (NiHAO)</i></p> <p><i>1. In January and February 2007, the Company entered into Memorandum of Agreements with Garnierite Mining, Inc. (“GMI”) and Sapolite Mining, Inc. (“SMI”) for the acquisition of their mining rights over certain number of hectares of nickel property located in Zambales, Palawan and Bukidnon, through either (1) property-for-share swap or (2) share-for-share swap, whereby the Company will issue new shares in favor of the shareholders of GMI and SMI in exchange for 100% of the issued and outstanding capital stock of GMI and SMI, subject to the completion of technical due diligence and valuation of the mining rights.</i></p> <p><i>On September 17, 2007, various Share Swap Agreements were executed by and among the Company and the shareholders of GMI and SMI, for the acquisition by the Company of the entire issued and outstanding capital stock of GMI and SMI in exchange for a total of 173,736,363 common shares to be issued at par value of P1.00 per share (“the Swap Shares”)</i></p> <p><i>The Company initially filed an application with the PSE for the listing of the Swap Shares. However, the Company has not submitted all the required documents and decided that it will no longer pursue the application for the listing of the same.</i></p> <p><i>On 20 March 2009, the Company and the shareholders of GMI and SMI executed a Cancellation Agreement to formalize the termination of the Share Swap Agreements dated September 17, 2007. The parties agreed to cancel the Share Swap Agreements in view of the prevailing market conditions and the drop in the market price of the Company’s shares. As of 23 February 2009,</i></p>

		<p><i>the average market price for the last thirty (30) trading days dropped at P0.46 per share which is lower than the issue price of P1.00 per share.</i></p> <p><i>2. In the beginning of January 9, 2008, the Company entered into Heads of Agreement with NiHAO where the Company shall be granted exclusive right to various mining tenements controlled by NiHAO.</i></p>
Name of Director/s	<b>Jose Francisco E. Miranda</b>	<p><b>Director of Geograce and Director of NiHAO</b></p> <p><i>1. The Company entered into HOA with Geograce whereby the latter shall be granted exclusive right to various mining tenements controlled by the Company. Geograce, together with the Company, also signed a Cooperation Agreement with Jiangxi Rare Earth and Rare Metals Tungsten Group Co. (Jiangxi).</i></p>
Name of Significant Shareholder	<b>Antonio Victoriano F. Gregorio III</b>	<p><b>Significant shareholder of Geograce and Director of NiHAO</b></p> <p><i>1. The Company entered into HOA with Geograce whereby the latter shall be granted exclusive right to various mining tenements controlled by the Company. Geograce, together with the Company, also signed a Cooperation Agreement with Jiangxi Rare Earth and Rare Metals Tungsten Group Co. (Jiangxi).</i></p>

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

<b>Directors/Officers/Significant Shareholders</b>	
Company	<p><i>Pursuant to disclosure requirements of the SRC and relevant accounting standards, the Company promptly discloses to the public all material information, including all related party transactions, in the Annual Report on SEC Form 17-A, Quarterly Reports on SEC Form 17-Q, Information Statements and related Notes to financial statements,</i></p>
Group	<p><i>The Company has likewise adopted a Code of Business Conduct and Ethics that is founded on principles of fairness, accountability, integrity, transparency and honesty.</i></p> <p><i>The Company adheres to high levels of professional and ethical standards of conduct. The Code is adopted to avoid public perceptions and financial consequences detrimental to the Company arising from the misuse of an individual's position and influence. It also provides the procedures to appropriately manage conflicts in accordance with the legal requirements and goals of accountability and</i></p>

	<p><b>transparency in the organization.</b></p> <p><i>The employee having a conflict of interest is required to make the proper disclosure to allow the Company to determine and address conflicts of interest issues. With all interests disclosed, the management shall determine whether the Company should take action or disclose the situation more broadly and solicit resolution of conflicts elevated to them. Disclosure of conflict of interest must be documented and reported to the Audit Committee.</i></p>
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5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A		
N/A		
N/A		
N/A		

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		
N/A		
N/A		
N/A		

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	<p><i>The Board of Directors shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders.</i></p>
Corporation & Third Parties	
Corporation & Regulatory Authorities	

<sup>4</sup>Family relationship up to the fourth civil degree either by consanguinity or affinity.

### C. BOARD MEETINGS& ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

**Beginning**

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	<i>Chi Ho Co</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Member	<i>Jose Francisco E. Miranda</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Member	<i>Florentino M. Herrera</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Member	<i>Delfin S. Castro, Jr.</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Member	<i>Raymond T. Koa</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Independent	<i>Florencio T. Mallare</i>	<i>20 Dec. 2013</i>	<i>2</i>	<i>2</i>	<i>100%</i>
Independent	<i>Manuel Ong</i>	<i>20 Dec. 2012</i>	<i>2</i>	<i>2</i>	<i>100%</i>

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

**No**

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

***The Company's Amended By-Laws provide that quorum at any meeting of the Board of Directors shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any question that may come before the meeting.***

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

***The Company's Amended By-Laws provide that notices of meetings shall be given by the Secretary to each member of the board not less than three (3) days before any such meetings.***

- (b) Do board members have independent access to Management and the Corporate Secretary?

**Yes.**

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.



***The Company Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees as well as other documents, records and information essential to the conduct of duties and responsibilities. The Company Secretary is also responsible in ensuring that all members of the Board are: informed of the agenda of meetings; have accurate information and that all Board procedures are strictly followed by the members.***

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

**Yes.**

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedures
Executive	<p><b><i>The Corporate Secretary shall be responsible for the timely and proper distribution of notices, agenda and other relevant meeting materials for discussion during the pertinent board meeting through the recognized modes of transmission of information i.e., personal delivery, fax, mail of courier. Receipt should be ensured to allow for ample review by the members of the Board to enable them to fully comprehend the matters to be discussed during the relevant meeting.</i></b></p> <p><b><i>Notices of meetings must be given by the Secretary to each member of the board not less than three (3) days before any such meetings.</i></b></p>
Audit	
Nomination	
Remuneration	
Others (specify)	

- 6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
	<p><b><i>The members, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Corporation's expense.</i></b></p>

- 7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
<p><b><i>Corporate Governance Manual</i></b></p>	<p><b><i>Amended Corporate Governance Manual</i></b></p>	<p><b><i>Expanded and improved the corporate governance manual to include policies on internal controls/ audit and risk management.</i></b></p>

## **D. REMUNERATION MATTERS**

- 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<i>Market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities.</i>	
(2) Variable remuneration	<i>Not Applicable</i>	<i>Not Applicable</i>
(3) Per diem allowance	<i>Board Resolution</i>	<i>Not Applicable</i>
(4) Bonus	<i>Not Applicable</i>	<i>Not Applicable</i>
(5) Stock Options and other financial instruments	<i>Not Applicable</i>	<i>Not Applicable</i>
(6) Others (specify)	<i>Not Applicable</i>	<i>Not Applicable</i>

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>Not Applicable.</i>		
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<p><i>Other than per diems in the amount of Five Thousand Pesos (P5,000.00) for each Board meeting attended, the Directors of the Company are not compensated, directly or indirectly, for any services provided as such including committee participation or any special assignments. There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, for any services provided as a director.</i></p> <p><i>The By-Laws of the Company provide that the officers of the Company shall be paid such salaries as the Board of Directors may determine.</i></p>	<p><i>This has been disclosed in the Company's Information Statement, and noted by the stockholders during its Annual Meeting held on 14 December 2012.</i></p>

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	-	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	<b>5,000 per meeting</b>	<b>5,000 per meeting</b>	<b>5,000 per meeting</b>
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan			
(g) Car Plan	-	-	-
(h) Others (Specify)	-	-	-
<b>Total</b>	-	-	-

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
<b>Not Applicable</b>	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
<i>Not Applicable</i>	-	-
-	-	-
-	-	-

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
<i>There is no member of management who is not at the same time an executive director.</i>	
-	
-	
-	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	<i>Not Applicable</i>						
Audit	2		1	<i>Audit Committee Charter</i>	<i>a) Check all financial reports against its compliance with pertinent accounting standards, including laws and regulatory requirements;</i> <i>b) Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</i> <i>c) Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;</i>		

					<p><i>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;</i></p> <p><i>e) Perform oversight functions with the 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;</i></p> <p><i>f) Elevate to international standards the accounting and auditing processes, practices and methodologies of the Corporation;</i></p> <p><i>g) Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation;</i></p> <p><i>h) 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;</i></p> <p><i>i) 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 (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</i></p> <p><i>j) Organize an internal audit department, and consider the appointment of an independent Internal Auditor and the terms and conditions of its engagement and removal;</i></p> <p><i>k) Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;</i></p> <p><i>l) Review the reports submitted by the internal and External Auditors; Review the quarterly, half-year and annual financial ;</i></p> <p><i>m) 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 annual income of the External Auditor and to the Corporation's overall consultancy expenses. The Audit</i></p>
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					<p><i>Committee shall disallow any non-audit work that will conflict with his/her duties as an External Auditor or may pose a threat to his/her independence. The non-audit work, if allowed, shall be disclosed in the Corporation's annual report;</i></p> <p><i>n) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his/her duties and responsibilities. He/She shall functionally report directly to the Audit Committee.</i></p> <p><i>The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he/she shall be free from interference by outside parties.</i></p>
Nomination	2	-	1	None	<i>The Nomination Committee shall review and evaluate the qualification of all persons nominated to the Board of Directors as well as those matters that the Board may from time to time delegate to it.</i>
Remuneration	1	1	1	None	<i>The Committee may be tasked by the Board to establish the appropriate procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.</i>
Risk Management	1	1	1	None	<p><i>a) Ensures that the Board and Management are aware of all actual and potential risks, both internal and external, facing the business;</i></p> <p><i>b) Implement an effective system to identify, monitor and assess risks;</i></p> <p><i>c) Review, on a quarterly basis, the Corporation's business for risk identification, mitigation and monitoring;</i></p> <p><i>d) Establish consistency and best practices rules in the managing, monitoring and reporting of risks;</i></p> <p><i>e) Identify risks which may be beneficial to the Corporation if properly managed and controlled;</i></p> <p><i>f) Ensure that risk-taking is an informed process within a pre-determined range;</i></p> <p><i>g) When deemed necessary, appoint a Risk Management Officer;</i></p> <p><i>h) Operationalize a Risk Management Program.</i></p>

Governance	1	-	2	None	<p><i>The Governance Committee shall assist the Board with respect to governance matters most especially in the implementation of practices and standards to be observed in an effective stewardship environment.</i></p> <p><b>Duties and Responsibilities:</b></p> <p>a) <i>Undertaking and approving an annual performance assessment of the Board, its committees and the individual directors. The Performance Assessment Guidelines and Scorecard shall be prepared in accordance with the mandates of this Manual;</i></p> <p>b) <i>Preparation and approval of an annual program of governance including the planning of an annual continuing education program for the Board and Management;</i></p> <p>c) <i>Approval of policies, programs and processes to be contained in a manual and directors' handbook insofar as the same will supplement this Manual;</i></p> <p>d) <i>Assessing the competency requirements and compliance levels of the members of the Board insofar as continuing board education is concerned;</i></p> <p>e) <i>Reviewing policies of the Board and its committees insofar as they relate to governance matters; and</i></p> <p>f) <i>Reviewing governance standards published by other Philippine listed companies with a view of assessing their relevance and developing a more current set of standards for the Corporation.</i></p>
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2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>Not applicable.</i>					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee

Chairman (ID)	<i>Florencio Mallare</i>	<i>20 Dec. 2013</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3 yrs.</i>
Member (ED)	<i>Jose Francisco E. Miranda</i>	<i>20 Dec. 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>N/A</i>
Member (ED)	<i>Delfin S. Castro, Jr.</i>	<i>18 Jan. 2008</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4 yrs.</i>

Disclose the profile or qualifications of the Audit Committee members.

*Florencio Mallare 81 years old is a graduated of the Far Eastern Univesity (II.B) n. He is the Chairman of A & E Industrial Corporation, Fil Fiber Mfg Inc and Phil Data Networking Corp. President of Word News Publication Corp, Phil Proc Imp & Exp Inc. and New Era Travel and Tour . From 1994 to 1996 and from 1001 to 2005 . Mr. Mallare was a Director of First Metro Investment Corp from April 2005 up to present, Mr. Mallare serves as a consultant of First Metro Investment Corp.,*

*Mr. Jose Francisco Miranda was elected as Director, President and COO of the Company on 21 December 2011 and was elected as Member of the Audit Committee on 14 December 2012.*

*Mr. Castro was elected as Director/Treasurer and Compliance Officer of the Company on 9 August 2006. He was elected as Member of the Audit and Remuneration Committee on 18 January 2008.*

Describe the Audit Committee's responsibility relative to the external auditor.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	<i>Manuel Ong</i>	<i>18 Dec. 2009</i>	<i>1</i>	<i>1</i>	<i>100%</i>	<i>2 yrs.</i>
Member (ED)	<i>Arsenio C. Cabrera, Jr.</i>	<i>18 Dec. 2009</i>	<i>1</i>	<i>1</i>	<i>100%</i>	<i>3 yrs.</i>
Member (ED)	<i>Michael T. Defensor</i>	<i>18 Dec. 2009</i>	<i>1</i>	<i>1</i>	<i>100%</i>	<i>3 yrs.</i>

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	<i>Florencio T. Mallare</i>	<i>18 Jan. 2008</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4 yrs.</i>
Member (ED)	<i>Delfin S. Castro, Jr.</i>	<i>18 Jan. 2008</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4 yrs.</i>

(e) Others (Specify)

**Risk Management Committee**

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	<i>Delfin S. Castro Jr</i>	<i>20 June 2013</i>	<i>1</i>	<i>1</i>	<i>100</i>	<i>2 years</i>
Member (ED)	<i>Jose Francisco E. Miranda</i>	<i>20 June 2013</i>	<i>1</i>	<i>1</i>	<i>100</i>	<i>2 years</i>

**Governance Committee**

Provide the same information on all other committees constituted by the Board of Directors:



Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	<i>Manuel Ong.</i>	<i>20 June 2013</i>	<i>1</i>	<i>1</i>	<i>100</i>	<i>2 years</i>
Member (ED)	<i>Delfin S. Castro, Jr.</i>	<i>20 June 2013</i>	<i>1</i>	<i>1</i>	<i>100</i>	<i>2 years</i>
Member (ID)	<i>Florencio T. Mallare</i>	<i>20 June 2013</i>	<i>1</i>	<i>1</i>	<i>100</i>	<i>2 years</i>

### 3) Changes in Committee Members

There have been no changes in membership of the different Committees.

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

### 4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	<i>Issuance of the Audited Consolidated and separate Financial statements of the group.</i>	<i>No significant issues addressed.</i>
Nomination	<i>Determines and screens the candidates eligible for election to the Board of Directors.</i>	<i>No significant issues addressed.</i>
Remuneration		
Others (specify)		

### 5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>Not Applicable</i>	
Audit	<i>Review the reports submitted by the internal and external auditors;</i>  <i>Review the quarterly, half-year and annual financial statements before their submission to the Board</i>  <i>Check all financial reports against its compliance with pertinent accounting standards, including laws and regulatory requirements</i>	<i>Oversee the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations</i>
Nomination	<i>Pre-screen the qualifications of all nominees to the Board of Directors</i>	<i>Ensure that the nominees to the Board of Directors are qualified and</i>

	<i>and prepare a final list of all candidates</i>	<i>that the process of selection of such nominees are in accordance with the Company's Amended By-Laws, Amended Manual on Corporate Governance and relevant laws, rules and regulations</i>
Remuneration	<i>Creation of a formal and transparent procedure for developing policies on executive remuneration packages for directors and executive officers</i>	<i>Ensure sufficient compensation for the services of, and attract, retain and motivate an able and competent roster of executive officers, at the same time keeping in mind the interests of stockholders</i>
Risk	<i>Formulate and operationalize a Risk Management Plan/Program</i>  <i>Conduct an annual review of the Risk Management System</i>	<i>Ensure that the Board and Management are aware of all actual and potential risks, both internal and external, facing the business</i>  <i>Implement an effective system to identify, monitor, assess, manage, control and mitigate risks</i>
Governance	<i>Undertake an annual performance assessment of the Board, its committees and the individual directors</i>  <i>Prepare an annual program of governance including the planning of an annual continuing education program for the Board and Management</i>	<i>Oversee and monitor the Company's compliance with respect to the Company's Amended Manual on Corporate Governance, Code of Business Conduct and Ethics and relevant laws, rules and regulations.</i>  <i>Assess the competency requirements and compliance levels of the members of the Board insofar as continuing board education is concerned</i>  <i>Review policies of the Board and its committees insofar as they relate to governance matters;</i>

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

*The Board recognizes the importance of identifying and controlling various risks to prevent undue or uncalculated negative impact on the Corporation. The Board also recognizes that risk oversight, implementation of comprehensive controls and assurance processes are part of its core functions.*

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

*The risk management system only commenced with the organization of the Risk Management Committee on 20 June 2013.*

(c) Period covered by the review;

*The risk management system only commenced with the organization of the Risk Management Committee on 20 June 2013.*

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

***The Risk Management Program shall be reviewed annually and all material changes to the Corporation's risk profile shall be noted.***

- (e) Where no review was conducted during the year, an explanation why not.

***The risk management system only commenced with the organization of the Risk Management Committee on 20 June 2013 Risk.***

2) Risk Policy

- (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
<b><i>The Risk Management Committee, which was recently organized on 20 June 2013, has been tasked to identify and assess relevant risks to the Company.</i></b>		

- (b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
<b><i>The Risk Management Committee, which was recently organized on 20 June 2013, has been tasked to identify and assess relevant risks to the Company.</i></b>		

- (c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<b><i>While minority stockholders have the right to vote on all matters that require their consent or approval, the exercise by the controlling shareholders of their voting power may authorize preferences in the controlling shareholders' favor.</i></b>

3) Control System Set Up

- (a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<b><i>The Risk Management Committee, which was recently organized on 20 June 2013, has been tasked to identify and assess relevant risks to the Company and formulate and operationalize a Risk Management Plan/Program.</i></b>		

- (b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<p><i>The Risk Management Committee, which was recently organized on 20 June 2013, has been tasked to identify and assess relevant risks to the Company and formulate and operationalize a Risk Management Plan/Program.</i></p>		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee		<ul style="list-style-type: none"> <li><i>o Ensures that the Board and Management are aware of all actual and potential risks, both internal and external, facing the business;</i></li> <li><i>o Implement an effective system to identify, monitor and assess risks;</i></li> <li><i>o Review, on a quarterly basis, the Corporation's business for risk identification, mitigation and monitoring;</i></li> <li><i>o Establish consistency and best practices rules in the managing, monitoring and reporting of risks;</i></li> <li><i>o Identify risks which may be beneficial to the Corporation if properly managed and controlled;</i></li> <li><i>o Ensure that risk-taking is an informed process within a pre-determined range;</i></li> <li><i>o When deemed necessary, appoint a Risk Management Officer;</i></li> <li><i>o Operationalize a Risk Management Program.</i></li> </ul>
Internal Audit		<p><i>Internal audit requires various functions related to the evaluation of the effectiveness the Corporation's risk management, internal controls and governance. Internal audit helps ensure:</i></p> <ul style="list-style-type: none"> <li><i>i. Risks are appropriately</i></li> </ul>

		<p><i>identified and managed;</i></p> <p><i>ii. Significant financial, managerial, and operating information is accurate, reliable, and timely;</i></p> <p><i>iii. Resources are used efficiently and adequately safeguarded;</i></p> <p><i>iv. Operations are transacted in accordance with sufficient internal controls, good business judgment, and high ethical standards;</i></p> <p><i>v. Quality and continuous improvement are fostered in the Corporation's internal control processes.</i></p>
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## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

*Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal auditing is a catalyst for improving an organization's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice.*

*Internal control aims to ensure that the Corporation's business activities are efficient and proficient, financial reporting is reliable and that applicable laws, regulations and internal policies are followed.*

*The control environment of the Corporation consists of the following: (i) The Board who ensures that the Corporation is properly and effectively managed and supervised; (ii) A Management who actively manages and operates the Corporation in a sound and prudent manner; (iii) Organizational and procedural controls supported by effective management information and Risk Management reporting systems; (iv) 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 operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations and contracts; and (v) An effective internal control system, which shall include control objectives and common control points for financial reporting as well as roles and responsibilities in executing and monitoring internal control in the Corporation.*

*Implementation of the Internal Controls shall be a joint effort by and among the Board, various committees, particularly the Audit Committee, CEO and Chief Finance Officer. It must be implemented to provide reasonable, and not absolute, assurance on the integrity and reliability of the financial statements. Measures must also be in place to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, and loss and material misstatement.*

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

**2013A Certification signed by the Compliance Officer that the Company has substantially adopted all the provisions of the Manual on Corporate Governance for 2012 was filed with the Securities and Exchange Commission on 3 January 2013.**

(c) Period covered by the review;

**1 January 2012 to 31 December 2012**

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

**Annually**

(e) Where no review was conducted during the year, an explanation why not.

**Internal Control policy was created in June 2013**

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<i>The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.</i>	<i>The Internal Auditor's annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.  The Internal Auditor shall certify that he/she conducts his/her activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he/she does not, he/she shall disclose to the Board and Management the reasons why he/she has not fully complied with the</i>	<i>The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.</i>	<i>The Internal Auditor's annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.  The Internal Auditor shall certify that he/she conducts his/her activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he/she does not, he/she shall disclose to the Board and Management the reasons why he/she has not fully complied with the</i>	<i>The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.</i>

	<p><i>said standards.</i></p> <p><i>Recommendations in an internal audit report should help the Corporation achieve effective and efficient governance, risk and control processes associated with operations objectives, financial and management reporting objectives; and legal/regulatory compliance objectives.</i></p> <p><i>Audit findings and recommendations may also relate to particular assertions about transactions, such as whether the transactions audited were valid or authorized, completely processed, accurately valued, processed in the correct time period, and properly disclosed in financial or operational reporting, among other elements.</i></p> <p><i>The Internal Auditor will be responsible for the execution of Corporation activities advising Management and the Board regarding ways and means to better execute their functions and responsibilities. The Internal Auditor to be appointed maybe on employment or</i></p>		<p><i>said standards.</i></p> <p><i>Recommendations in an internal audit report should help the Corporation achieve effective and efficient governance, risk and control processes associated with operations objectives, financial and management reporting objectives; and legal/regulatory compliance objectives.</i></p> <p><i>Audit findings and recommendations may also relate to particular assertions about transactions, such as whether the transactions audited were valid or authorized, completely processed, accurately valued, processed in the correct time period, and properly disclosed in financial or operational reporting, among other elements.</i></p> <p><i>The Internal Auditor will be responsible for the execution of Corporation activities advising Management and the Board regarding ways and means to better execute their functions and responsibilities. The Internal Auditor to be appointed maybe on employment or</i></p>	
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	<i>consultancy basis, depending on the needs and requirements of the Corporation and its on-going businesses.</i>		<i>consultancy basis, depending on the needs and requirements of the Corporation and its on-going businesses.</i>	
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

**Yes**

- (c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

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

***The Internal Auditor shall 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 Internal Auditor has direct and unfettered access to the Board of Directors and the Audit Committee and to all records, properties and personnel of the Company which are relevant for the performance of his/her functions.***

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

<b>Name of Audit Staff</b>	<b>Reason</b>
<b>N/A. The internal control policy was created only in June 2013 and the Company still has to form its internal audit staff.</b>	

***Internal Control policy was created in June 2013***

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

<b>Progress Against Plans</b>	<b><i>The Company was able to improve the effectiveness of its internal control systems, and align its internal audit activities with the International Standards on the Professional Practice of Internal Auditing</i></b>
<b>Issues<sup>6</sup></b>	<b><i>No significant issue noted.</i></b>
<b>Findings<sup>7</sup></b>	<b><i>No significant finding noted.</i></b>
<b>Examination Trends</b>	<b><i>Lack of documentation on policies and work procedures.</i></b>

<sup>6</sup>“Issues” are compliance matters that arise from adopting different interpretations.

<sup>7</sup>“Findings” are those with concrete basis under the company’s policies and rules.



**Internal Control policy was created in June 2013**

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

<b>Policies &amp; Procedures</b>	<b>Implementation</b>
<i>The integrity of the Company’s financial statements and the financial reporting process</i>	<i>Implemented</i>
<i>The appointment, qualifications, remuneration, independence and performance of the internal auditors and the integrity of the audit process as a whole</i>	<i>Implemented</i>
<i>The effectiveness of the systems of internal control and the risk management process</i>	<i>Implemented</i>
<i>The performance and leadership of the internal audit function</i>	<i>Implemented</i>
<i>The Company’s compliance with applicable legal, regulatory and corporate governance requirements</i>	<i>Implemented</i>

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

<b>Auditors (Internal and External)</b>	<b>Financial Analysts</b>	<b>Investment Banks</b>	<b>Rating Agencies</b>
<i>Established an Audit Committee</i>	<i>Established an Audit Committee</i>	<i>Established an Audit Committee</i>	<i>Established an Audit Committee</i>
<i>Rotation of audit partner</i>	<i>Ensure the integrity of the Company’s Financial Statements</i>	<i>Ensure the integrity of the Company’s Financial Statements</i>	<i>Ensure the integrity of the Company’s Financial Statements</i>
<i>Restrictions on non-audit processes</i>			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

*For 2012, the Company's annual Certification on compliance with the SEC's Code of Corporate Governance, which was executed and filed with the SEC pursuant to the requirements of SEC Memorandum Circular 6, Series of 2009, was signed by the Compliance Officer and duly noted by the President/CEO.*

**H. ROLE OF STAKEHOLDERS**

1) Disclose the company's policy and activities relative to the following:

	<b>Policy</b>	<b>Activities</b>
Customers' welfare	<i>Fair dealing policy, privacy policy/ confidential information</i>	<i>The company has existing policies but it is not yet in the operating stage thus it has no customers</i>
Supplier/contractor selection practice	<i>Fair dealing policy, privacy policy/ confidential information, policy on accepting gifts</i>	<i>The company has existing policies but it is not yet in the operating stage thus it has no customers/suppliers</i>
Environmentally friendly value-chain	<i>Corporation strives to conform to all applicable environmental laws and regulations and to promote respect to the environment in its activities</i>	<i>The company has existing policies but it is not yet in the operating stage thus there are no negative impacts on the environment from mining operations</i>
Community interaction	<i>Community Relations Policy</i>	<i>The company has set strategies to limit and control environmental impacts of our mining operations as well as comply with all laws and regulations pertaining to reforestation and rehabilitation should it start operations.</i>
Anti-corruption programmes and procedures?	<i>Policies on bribing, accepting gifts, businesses courtesies, political contributions</i>	<i>The Company has no activity yet on Anti-corruption.</i>
Safeguarding creditors' rights		<i>The Company has no activity yet on safeguarding creditor's rights.</i>

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

**No**

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

*Besides the mandatory requirements on employees' safety, health and welfare such as Social Security System Coverage (sickness, maternity, disability, retirement, and death benefits), Philhealth Benefits (inpatient hospital care, outpatient care), PAG-IBIG Fund (Provident loan, housing loan) and 13<sup>th</sup> Month Pay, the Company has maternity benefits, paternity leave, retirement plan, military leave, vacation leave, sick leave, emergency leave, bereavement leave, study leave, medical benefit, dental benefit, annual and physical examination.*

(b) Show data relating to health, safety and welfare of its employees.

*The company is currently compiling employee data on health, safety and welfare.*

(c) State the company's training and development programmes for its employees. Show the data.

**The company is currently developing training and development program for its employees.**

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

**The company's remuneration committee is drafting reward/ compensation policy for the performance of the company beyond short-term financial measures.**

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

**Employees may also report questionable behavior in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters to the Corporation's auditors. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.**

## I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more[as of 31 March 2013]

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>Antonio Victoriano F. Gregorio III</b>	<b>220,000,000</b>	<b>6.28571%</b>	<b>same as shareholder</b>
<b>Garry Lincoln C. Taboso</b>	<b>200,001,000</b>	<b>5.7143%</b>	<b>same as shareholder</b>

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<b>Jose Francisco E. Miranda</b>	<b>60,198,000</b>	-	<b>1.72%</b>
<b>Delfin S. Castro, Jr,</b>	<b>72,468,571</b>	-	<b>2.07%</b>
<b>Arsenio C. Cabrera, Jr.</b>	<b>9,182</b>	-	<b>0.0003%</b>
<b>TOTAL</b>	<b>132,675,753</b>		<b>3.79%</b>

2) Does the Annual Report disclose the following:

Key risks	<b>Yes</b>
Corporate objectives	<b>No</b>
Financial performance indicators	<b>Yes</b>
Non-financial performance indicators	<b>No</b>
Dividend policy	<b>No. The Company has not been able to declare dividends due to its continuing net loss performance. These facts have been disclosed in the Company's annual report.</b>
Details of whistle-blowing policy	<b>No. The Company does not have any whistle-blowing policy in place.</b>
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	<b>Yes</b>
Training and/or continuing education programme attended by each director/commissioner	<b>No. The Company is still in the process of formulating training and/or continuing education programs for its directors.</b>
Number of board of directors/commissioners meetings held during the year	<b>No</b>

Attendance details of each director/commissioner in respect of meetings held	<b>No</b>
Details of remuneration of the CEO and each member of the board of directors/commissioners	<b>Yes</b>

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
<b>Sycip Gorres Velayo &amp; Co.</b>	<b>P750,000</b>	<b>N/A</b>

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

**Shareholders are provided with information through disclosures to the SEC, PSE and other relevant regulating agencies, disclosures in notices, Information Statements and Annual Reports which are distributed to stockholders, disclosures during General Assemblies, disclosures in the Company's website and news media.**

5) Date of release of audited financial report: **April 16, 2013**

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	<b>Yes</b>
Financial statements/reports (current and prior years)	<b>Yes</b>
Materials provided in briefings to analysts and media	<b>No</b>
Shareholding structure	<b>Yes</b>
Group corporate structure	<b>Yes</b>
Downloadable annual report	<b>Yes</b>
Notice of AGM and/or EGM	<b>Yes</b>
Company's constitution (company's by-laws, memorandum and articles of association)	<b>No</b>

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

**Materials provided in briefings to analysts and media and the Company's constitution are not uploaded to the Company's website due to their volume. Notices of Stockholders' meetings are likewise not uploaded to the Company's website as the same are already posted in the PSE's website and disseminated to the stockholders personally or by mail at least fifteen (15) business days prior to the meeting. Notwithstanding the foregoing, the aforesaid documents are available upon request of a stockholder or investor.**

7) Disclosure of RPT

RPT	Relationship	Nature	Value
<b>Heads of Agreement with NiHAO Mineral Resources</b>	<b>Common shareholders and Interlocking directors</b>	<b>On 9 January 2008, the</b>	

<p><i>International, Inc.</i></p>		<p><i>Company executed a Heads of Agreement with NiHAO Mineral Resources International, Inc. ("NiHAO") whereby the Company was granted the exclusive right to explore, develop and operate various mining tenements controlled by NiHAO through its wholly owned subsidiaries, namely, Mina Tierra Gracia, Inc., Bountiful Geomines, Inc. and Visayas Ore Philippines, Inc.</i></p> <p><i>Pursuant to the Heads of Agreement, the parties shall execute the necessary Operating Agreements within sixty (60) days from the date Exploration Permits and/or Small-Scale Mining Permits are secured for the various mining tenements covered by the Heads of Agreement. Subject to such other terms and conditions as the parties may agree upon in the Operating Agreements, the Company shall be entitled to receive at least fifty percent (50%) of the net profits arising from or relating to the operation of the mining tenements.</i></p> <p><i>The Heads of Agreement also granted the Company the option to purchase any, some or all of the mining tenements by way of cash or through property-for-share swaps whereby the Company shall issue unissued shares in exchange for the target</i></p>	
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		<p><i>mining tenements. The Company's option to purchase is subject to the completion of satisfactory due diligence, the fair valuation of the mining tenements and approval by the appropriate regulatory agencies.</i></p>	
<p><b><i>Subscription Agreements re: Private Placement Transaction</i></b></p>	<p><b><i>Shareholders and Directors of the Company</i></b></p>	<p><b><i>On 6 May 2011, the Company entered into various Subscription Agreements with investors involving a private placement transaction covering Nine Hundred Fifty Two Million Four Hundred Eighteen Thousand Five Hundred Seventy One (952,418,571) shares (the "Shares") of the Company at One Peso (PHP1.00) per share. The subscription price of One Peso (PhP1.00) per share represents a premium over the closing price over the PHP .63 closing price of the Company's shares as of May 5, 2011. The payment terms were as follows: (a) twenty-five percent (25%) of the subscription price shall be paid upon the execution of the Subscription Agreements; and (b) the balance of the subscription price shall be paid upon call by the Board.</i></b></p>	
<p><b><i>Contract of Lease</i></b></p>	<p><b><i>The Lessor is owned by a shareholder of the Company.</i></b></p>	<p><b><i>On 21 October 2011, the Company entered into a Contract of Lease with Angping &amp; Associates Securities Inc. (AASI) for the lease of its office space and parking slots. The lease is for a period of two (2) years beginning</i></b></p>	

		<p><b>October 21, 2011 until October 20, 2013. The monthly rental of ₱0.1 million inclusive of taxes and association dues. The security deposit for the lease amounting to ₱0.3 million will be returned to the Parent Company not earlier than sixty (60) days after the termination of the lease contract. The security deposit is recorded in "Other noncurrent assets" account in the consolidated statement of financial position.</b></p>	
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When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

***All Related-Party Transactions must be brought to the Management's attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.***

***Any potential Related-Party Transaction that is raised will be analyzed by the Corporation's Legal Department, in consultation with Management and, whenever warranted, the Corporation's External Auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction requiring compliance with the policies set forth in the Company's Amended Manual on Corporate Governance. If it is determined that the transaction or relationship is in fact a Related-Party Transaction, the same shall be subject to the review and approval of the Audit Committee.***

***The Audit Committee shall be guided by the following parameters in the approval of Related Party Transactions: (i) there should be good demonstrable business reasons for the Corporation to enter into the Related Party Transaction; (ii) the Related-Party Transaction should not impair the independence of a director; and (iii) the Related-Party Transaction should not present an improper conflict of interests for any director, executive officer or employee of the Corporation, taking into account the size of the transaction, the overall financial position of the director, executive officer or employee, the direct or indirect nature of the interest of the director, executive officer or employee in the transaction, the ongoing nature of any proposed relationship, and any other relevant factors.***

## **J. RIGHTS OF STOCKHOLDERS**

### **1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings**

#### **(a) Quorum**

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	<p><b><i>A quorum at any meeting of the stockholders shall consist of a majority of the voting stock of the company represented in persons or by proxy, and a majority of such quorum shall</i></b></p>
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	<i>decide any question that may come before the meeting, save and except any such matters in which the laws of the Philippine requires the affirmative vote of a greater proportion</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Votation
Description	<p><i>Each share of the Common Stock outstanding on the record date will be entitled to one (1) vote on all matters.</i></p> <p><i>For the election of directors, the Company's Corporate Secretary is instructed to count all votes represented at the meeting in favor of the nominees. Cumulative voting shall be followed.</i></p> <p><i>For all matters subject to a vote of the stockholders, the Chairman can ask that voting be conducted by raising of hands or viva voce.</i></p>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<i>Stockholders' Rights concerning Annual/Special Stockholders' Meeting are in accordance with the provisions of the Corporation Code.</i>	<i>There are no stockholders' rights concerning Annual/Special Stockholders' Meeting that are not in the Corporation Code.</i>

Dividends

Declaration Date	Record Date	Payment Date
<i>Not Applicable.</i>		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

2. Measures Adopted	3. Communication Procedure
<i>The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholders 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 By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the</i>	<ol style="list-style-type: none"> <li><i>1. The shareholders are provided with copies of the notice, agenda, Definitive Information Statement and Financial Statements at least fifteen (15) days prior to the date of the Annual Stockholders' Meeting.</i></li> <li><i>2. Public disclosures of the Annual Stockholders' Meeting, the notice, agenda, Definitive Information Statement and Financial Statements</i></li> </ol>



<p><i>shareholder's favor.</i></p> <p><i>It shall be the duty of directors to promote shareholders' rights, remove impediments to the exercise of these rights, and allow possibilities to seek redress for violation of their rights. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person.</i></p> <p><i>Accurate and timely information should be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</i></p> <p><i>Although all shareholders should be treated equally or without discrimination, the Board may give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation as far as practicable and consistent with the relevant provisions of the By-Laws.</i></p>	<p><i>related thereto are likewise made to the SEC, PSE and other relevant regulating agencies.</i></p> <p><i>3. Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code.</i></p> <p><i>4. Shareholders, upon request, are provided with periodic reports of the Company.</i></p> <p><i>5. The Company has also designated relations officers to handle investor and shareholder queries and requests.</i></p> <p><i>6. The Company maintains a website to provide timely information updates.</i></p>
4.	5.

6. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

*Any provision or matter stated in the Articles of Incorporation may be amended by a the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders. (Section 16 of the Corporation Code)*

*The Company' By-Laws maybe amended, repealed or altered in whole or in part by a majority vote of the entire outstanding stock of the Company at any regular meeting of the stockholders, or at any special meeting where such action been announced in the call and notice of such meeting. (Section 1, Article XI of the Amended By-Laws).*

*Any amendments to the Company's constitution, as well as the voting procedures for the approval by the stockholders of said amendments, are set out in the Definitive Information Statement, which is sent to all stockholders of record at least ten (10) days before the date of meeting.*

b. Authorization of additional shares

*The authorization of additional shares, as well as the voting procedures for the approval by the stockholders of such authorization, are set out in the Definitive Information Statement, which is sent to all stockholders of record at least ten (10) days before the date of meeting.*

c. Transfer of all or substantially all assets, which in effect results in the sale of the company

*The authorization for the sale of all or substantially all of the assets of the Company, as well as the voting procedures for the approval by the stockholders of such authorization, are set out in the Definitive Information Statement, which is sent to all stockholders of record at least ten (10) days before the date of meeting.*

7. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

a. Date of sending out notices:

**The Company sends its notices of Annual Stockholders' Meeting to the stockholders of record date at least ten (10) days before the date of meeting.**

- b. Date of the Annual/Special Stockholders' Meeting: **16 December 2014**

**The annual meetings of the stockholders of the Company shall be held on the Last Friday of April of each year, while special meetings of the stockholders may be called at any time by resolution of the Board of Directors, or by order of the President.**

**In 2012, the Company held an Annual Stockholders' Meeting on 16 December 2014.**

8. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

**None.**

9. Result of Annual/Special Stockholders' Meeting's Resolutions

10. Resolution	11. Approving	12. Dissenting	13. Abstaining
<b>Approval, Ratification and Confirmation of Corporate Acts from 9 December 2011 to 20 December 2014</b>	<b>All Votes in attendance except one (44% in Dec 16, 2014 outstanding shares)</b>	<b>14. N/A</b>	<b>15. N/A</b>

16. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

**The results of the Annual Stockholders' Meeting are disclosed to the Securities and Exchange Commission within five (5) days after said meeting and to the Philippine Stock Exchange immediately after the Organizational Meeting of the Board of Directors.**

- (e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
<b>There are no modifications made in the regulations of the Annual or Special Stockholders' Meeting held during the most recent year.</b>	<b>Not applicable.</b>

- (f) Stockholders' Attendance

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<b>Delfin S. Castro, Jr. Jose Francisco E. Miranda, Florentiono M. Herrera III, Arsenio C. Cabrera, Jr. Leonardo B. Cua Raymond T. Koa Florencio Mallare</b>	<b>16 Dec 2014</b>	<b>show of hands</b>			<b>44%</b>
Special	<b>Not Applicable.</b>					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

***The Company's Corporate Secretary is instructed to count all votes represented at the meeting, with the assistance of the Company's external auditors.***

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

**Yes**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	<b>Company's Policies</b>
Execution and acceptance of proxies	<b><i>Proxies must be in writing, signed by the stockholder or his duly authorized representative and filed before the scheduled meeting with the Corporate Secretary</i></b>
Notary	<b><i>Proxies executed within the Philippines are not required to be notarized.</i></b>
Submission of Proxy	<b><i>All proxy forms shall be submitted to the Corporate Secretary at the date and place indicated in the Notice of the Stockholders' Meeting, which in no case shall be less than five (5) calendar days prior to the date of Stockholders' Meeting.</i></b>
Several Proxies	<b><i>The stockholders can appoint several proxies to represent him/her in the Stockholders' Meeting.</i></b>
Validity of Proxy	<b><i>Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time.</i></b>
Proxies executed abroad	<b><i>Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.</i></b>
Invalidated Proxy	<b><i>There shall be a presumption of regularity in the execution of Proxies. Proxies shall be accepted if they have the appearance of prima facie authenticity in the absence of a timely and valid challenge.</i></b>  <b><i>Notwithstanding the foregoing, unsigned and undated proxies shall be invalidated, and no broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customer.</i></b>
Validation of Proxy	<b><i>Validation of proxies shall be held at the Office of the Corporate Secretary, five (5) calendar days prior to the date of Stockholders' meeting.</i></b>
Violation of Proxy	<b><i>Any violation of the rules on Proxy shall be subject to the administrative sanctions provided for under the Corporation Code and the Securities Regulation Code.</i></b>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

<b>Policies</b>	<b>Procedure</b>
<p><i>Written notice of meetings for every regular or special meeting of the stockholders shall be given to each stockholder not less than fifteen (15) business days prior to the day set for each meeting.</i></p> <p><i>No failure or irregularity of notice of any regular or special meeting, at which all of the shareholders are present or represented and voting without protest, shall invalidate such meeting or any proceeding thereat. (See, Section 3, Article III of the By-Laws)</i></p>	<p><i>1. Written notice of meetings for every regular or special meeting or stockholders shall be served on the stockholder either personally or by mail. Such notice shall be sent using the stockholder's last known address on file with the Corporate Secretary.</i></p> <p><i>2. Except as otherwise provided by law, no publication of notice of annual meeting of stockholders shall be required.</i></p> <p><i>3. The attendance of any shareholder at a meeting, in person or by proxy, without rotesting prior to the conclusion of the meeting to lack of notice of such meeting, shall constitute a waiver of notice by him.</i></p> <p><i>4. The printed copy of the Definitive Information Statement which includes the 'Notice of Annual Meeting of Stockholders', shall be sent to all stockholders of record at least fifteen (15) business days from the date of the Stockholders' meeting.</i></p>

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	<b>521</b>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<b>25 November 2014</b>
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	<b>25 November 2014</b>
<b>State whether CD format or hard copies were distributed</b>	<b>CD format</b>
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	<b>Yes</b>
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	<b>Yes</b>
The auditors to be appointed or re-appointed.	<b>Yes</b>

An explanation of the dividend policy, if any dividend is to be declared.	<b>Yes</b>
The amount payable for final dividends.	<b>Not applicable</b>
Documents required for proxy vote.	<b>Not applicable</b>

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

<b>Policies</b>	<b>Implementation</b>
<p><i>The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the Corporation. The shareholders 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 By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.</i></p> <p><i>It shall be the duty of directors to promote shareholders' rights, remove impediments to the exercise of these rights, and allow possibilities to seek redress for violation of their rights. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person.</i></p> <p><i>Accurate and timely information should be made available to the shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</i></p> <p><i>Although all shareholders should be treated equally or without discrimination, the Board may give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation as far as practicable and consistent with the relevant provisions of the By-Laws.</i></p>	<p><i>Each share in the Company entitles the holder to one (1) vote that may be exercised in person or by proxy at Shareholders' meetings.</i></p> <p><i>Shareholders are informed at least 15 business days prior to the scheduled date of the Annual Stockholders' Meeting.</i></p> <p><i>Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Information Statement disseminated to stockholders.</i></p> <p><i>Shareholders are provided with information through disclosures to the SEC, PSE and other relevant regulating agencies, disclosures in notices, Information Statements and Annual Reports which are distributed to stockholders, disclosures during General Assemblies and disclosures in the Company's website.</i></p>

(b) Do minority stockholders have a right to nominate candidates for board of directors?

**Yes. Nomination of directors shall be conducted by the Nomination Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Nomination Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting**

**K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

*Apart from the reports and disclosures to the SEC, PSE and other regulatory agencies, the Company actively maintains its website to provide timely information updates to shareholders and investors. The Company also has a Corporate Information Officer to communicate with shareholders and investors, and handle the latter two’s queries and requests. All major Company announcements are reviewed and approved, prior to its release, by the President.*

- 2) Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	<i>To build, promote and sustain shareholder and investor trust and interest in the Company.</i>
(2) Principles	
(3) Modes of Communications	<i>To set-up and maintain effective communication channels with the Company’s shareholders and the investing community. To address shareholder and investor queries and requests promptly and satisfactorily.</i>
(4) Investors Relations Officer	NONE

- 3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

*The Company does not have a separate rule or procedure governing the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets other than those provided under the relevant provisions of the Corporation Code of the Philippines and Securities Regulations Code.*

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

**Not Applicable.**

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Created a social development and management program whose objectives are: 1. Community empowerment; 2. To meet the minimum basic needs of the mining communities and enhance human welfare; 3. To assist in the establishment of a self-sustained livelihood projects; 4. To provide construction materials and ensure availability of heavy equipment for various local social infrastructure projects; 5. To assist in the preservation and protection of the	Host and neighboring communities

communities' socio-cultural values.	
Said social development and management program will be implemented once operations commences.	

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	<b>Process</b>	<b>Criteria</b>
<b>Board of Directors</b>	<p><i>The Board of Directors conducts a Self-Assessment Performance Evaluation Review.</i></p> <p><i>The Nomination Committee is likewise responsible for reviewing, on a periodic basis, the qualifications of directors.</i></p>	<p><i>Board role - adequacy of the processes which monitor business performance, board member interaction with management, adequacy of board knowledge, adequacy of business strategy, board being informed, evaluation process for executives and directors.</i></p> <p><i>Board membership - appropriateness of balance and combination of skills, size of board, input of individual board members, adequacy on performance feedback to board members, adequacy of procedures dealing with inadequate performance by a board member.</i></p> <p><i>Procedure and practice - board's effectiveness in use of time, if board allows sufficient opportunity to adequately assess management performance, board's ability to keep abreast of developments in wider environment which may affect Company, discussion of values at board level, focus on community issues and adequacy of meeting frequency and duration of meetings.</i></p> <p><i>Committee structure - sufficiency and effectiveness of current committee structure and membership, availability of resources to committees to enable them to reach objectives.</i></p> <p><i>Partnership and style - working relationship between chairman and chief executive officer, segregation of duties between board and management, capacity of directors to express views on each other and to management in constructive manner, adequacy of board discussions.</i></p> <p><i>Personal - concerns with position as director and own performance, ability to raise issues at board level, availability of resources.</i></p>
<b>Board Committees</b>	<p><i>The Board Committees conduct a Self-Assessment Performance Evaluation Review.</i></p>	<p><i>Committee role -correctness of balance and combination of skills, size of committee, contribution of individual committee members, adequacy on performance feedback to committee members, adequacy of procedures dealing with inadequate performance by committee member.</i></p> <p><i>Committee membership -the balance and combination of skills and member contribution.</i></p> <p><i>Procedure and practice -use of committee time, competence of committee papers and frequency of meetings, ability to access resources, ability to keep informed in relevant area, provision for continued development.</i></p>

		<p><i>Committee structure -sufficiency and value of current committee structure and membership, availability of resources to committees to enable them to reach goals.</i></p> <p><i>Partnership and style -working relationship between chairman and chief executive officer, segregation of duties between committee and management, ability of directors to express opinions on each other and to management in a positive manner, adequacy of committee deliberations.</i></p> <p><i>Personal -individual members of the Committee have an opportunity to comment on the systems about their own participation to the Committee, any concerns they may have about the Committee including the member's ability to canvass issues with the Committee.</i></p>
<b>Individual Directors</b>	<p><i>The Board of Directors have a Self-Assessment Performance Evaluation Review.</i></p> <p><i>The Nomination Committee is likewise responsible for reviewing, on a periodic basis, the qualifications of directors.</i></p>	<p><i>Effective governance -ability to contribute to Company's performance while observing the values of good governance.</i></p> <p><i>Leading through vision and mission - ability to inspire commitment to Company's vision and mission.</i></p> <p><i>Strategic thinking and decision making -capacity to analyze and evaluate the impact of contingencies on the Company and identify best responses based on the business' capacity.</i></p> <p><i>Commercial/business judgment - ability to contribute to the increase in the wealth of stockholders.</i></p> <p><i>Teamwork - capacity to interrelate with fellow Board members and the senior executives in a manner that is consistent with achieving shared business goals.</i></p>
<b>CEO/President</b>	<p><i>An evaluation of the President 's performance shall be made annually by the Non-executive Directors based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development and organizational development.</i></p>	<p><i>Effective governance -ability to have general supervision and control of the Company's day-to-day business activities and its officers and employees and shall see to it that all orders and resolutions of the Board of Directors are carried into effect. He should be able to contribute to the Company's performance while observing the values of good governance.</i></p> <p><i>Leading through vision and mission - ability to inspire commitment to the Company's vision and mission.</i></p> <p><i>Strategic thinking and decision making -capacity to execute on behalf of Company all contract, agreements and other instruments affecting the interests of the Company and to analyze and evaluate the impact of contingencies on the Company and identify best responses based on the business' capacity.</i></p> <p><i>Commercial/business judgment - ability to contribute to the increase in the wealth of stockholders.</i></p>

#### **N. INTERNAL BREACHES AND SANCTIONS**

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

<b>Violations</b>	<b>Sanctions</b>
<b>First Violation</b>	<i>In case of first violation, the subject person shall be reprimanded.</i>
<b>Second Violation</b>	<i>Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the</i>



	<b><i>violation.</i></b>
<b><i>Third Violation</i></b>	<b><i>For third violation, the maximum penalty of removal from office shall be imposed. The commission of a third violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</i></b>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Mandaluyong on 12 Jan 2015.