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**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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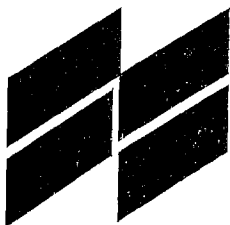
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Manila Mining Corporation

20th Floor, BA-Lepanto Bldg, 8747 Paseo de Roxas
Makati, Metro Manila, Philippines
P.O. Box 1460 Makati • Telephones: 815-9447 • 812-7241
Fax: 819-3786 • 751-6317

01 July 2013

Disclosure Department
Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City


Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: Annual Corporate Governance Report

Gentlemen:

We are submitting herewith our Annual Corporate Governance Report (ACGR) for the year 2012 in compliance with the Securities and Exchange Commission's Memorandum Circular Nos. 5 and 9, Series of 2013.

Very truly yours,


ODETTE A. JAVIER
Assistant Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year 2013
2. Exact Name of Registrant as Specified in its Charter MANILA MINING CORPORATION
3. 20/F Lepanto Building, 8747 Paseo de Roxas, Makati City
Address of Principal Office 1226
Postal Code

4. SEC Identification Number 4429 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-164-442
7. (632) 815-9447
Issuer's Telephone number, including area code
8. None
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	9
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Actual number of Directors for the year	9
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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 ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Felipe U. Yap	ED	Lepanto Consolidated Mining Company	Bryan U. Yap	June 7, 1979	April 29, 2013	Annual Meeting	34 yrs.
Bryan U. Yap	ED	F. Yap Securities, Incorporated	Chase Leonard S. Yap	April 18, 1994	April 29, 2013	Annual Meeting	19 yrs.
Eduardo A. Bangayan	ID	n/a	Ranulfo Fernandez, Jr. (No relation)	April 17, 1989	April 29, 2013; 10 years	Annual Meeting	24 yrs.
Rene F. Chanyungco	ED	F. Yap Securities, Incorporated	Chase Leonard S. Yap	April 19, 2004	April 29, 2013	Annual Meeting	9 yrs.
Ethelwoldo E. Fernandez	NED	F. Yap Securities, Incorporated	Chase Leonard S. Yap	April 16, 2001	April 29, 2013	Annual Meeting	12 yrs.
Rodolfo S. Miranda	ID	n/a	Gerard I. Consolacion (No relation)	April 21, 2009	April 29, 2013; 4 years	Annual Meeting	4 yrs.
Augusto C. Villaluna	ED	LCMC	Bryan U. Yap	April 19, 2004	April 29, 2013	Annual Meeting	9 yrs.
Patrick K. Yap	ED	F. Yap Securities, Incorporated	Chase Leonard S. Yap	April 18, 2005	April 29, 2013	Annual Meeting	8 yrs.
Stephen Y. Yap	ED	F. Yap Securities, Incorporated	Chase Leonard S. Yap	April 29, 2013	April 29, 2013	Annual Meeting	n/a

- (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.

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY STATEMENT

We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part.

We commit to become a model of a socially responsible mining organization through effective implementation of the integrated management system – its standards, objectives, programs and procedures.

¹ Reckoned from the election immediately following January 2, 2012.

We commit to a high compliance rating in all applicable government laws, regulations, policies and industry standards in order to uphold a trusting and enduring relationship with all stakeholders.

We commit to continually improve our IMS performance by:

- Conducting safe and responsible operations utilizing the best available technologies to maximize their impact on quality, human health, community and the environment;
- Developing and enhancing the organizational capabilities and employee competencies toward an efficient and globally competitive operation;
- Motivating employees to be focused and disciplined in the performance of their jobs toward attaining a deep sense of ownership and loyalty;
- Keeping all facilities safe, well-maintained, orderly and clean to prevent incidents;
- Promoting IMS awareness among our employees, suppliers, contractors and business partners to encourage a sense of commitment and accountability;
- Supporting community development to assist host and neighboring communities improve their quality of life.

We further commit to consistently implement, measure, monitor, review and openly communicate our IMS performance to improve stakeholder confidence.

(c) How often does the Board review and approve the vision and mission? **Every 10 years**

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

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.
Felipe U. Yap	LCMC, Shipline, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Inc. Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Chairman/CEO
Bryan U. Yap	LCMC, Shipline, Incorporated, Lepanto Investment and Development Corporation, Far Southeast Gold Resources, Inc. Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Executive
Ethelwoldo E. Fernandez	LCMC and Far Southeast Gold Resources Inc.	Non-Executive
Rene F. Chanyungco	Far Southeast Gold Resources Inc., Diamond Drilling Corporation of the Philippines and Diamant Manufacturing & Trading Corporation	Executive
Augusto C. Villaluna	Far Southeast Gold Resources Inc.	Executive

(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

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

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
Felipe U. Yap	Prime Orion Philippines, Incorporated and Zeus Holdings, Incorporated	Executive - Chairman
Augusto C. Villaluna	Zeus Holdings, Incorporated	Non- Executive

(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
Felipe U. Yap	LCMC	Chairman & CEO
Bryan U. Yap	LCMC	President and COO
Augusto C. Villaluna	LCMC	Executive Vice President
Rene F. Chanyungco	LCMC	Vice President
Ethelwoldo E. Fernandez	LCMC	Director and Corporate Secretary

(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:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.	The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the Nomination Committee.
Non-Executive Director	Same as above	Same as above
CEO	Same as above	Same as above

(e) 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
Felipe U. Yap	265,191,181	76,418,032	0.17%
Bryan U. Yap	3,070,294,146	498,658,038	1.77%
Eduardo A. Bangayan	33,577,140		.02%
Rene F. Chanyungco	6,798,101	20,230,962	.01%
Ethelwoldo E. Fernandez	1	16,800,000	0%
Rodolfo S. Miranda	-	3,000,000	0%
Augusto C. Villaluna	146,900	5,264,068	.01%
Patrick K. Yap	7,814,221	33,058,777	.02%

Stephen Y. Yap	-	1,000,000	0%
TOTAL	3,383,821,690	654,429,877	2.00%

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	FELIPE U. YAP
CEO	FELIPE U. YAP

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	1. Presides over Board and stockholders' meetings; 2. calls for special meetings of the Board or stockholders whenever necessary 3. Ensure that the meetings of the Board are held in accordance with the By-laws as the Chair may deem necessary. 4. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Management and the directors; 5. Maintain qualitative and timely lines of communication and information between the Board and Management.	Directs the affairs of the company; Ensures that Board decisions are promptly implemented
Accountabilities		
Deliverables		

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions? **After the President, the 3 levels of Vice Presidents—Senior Vice President, Vice President and Asst. Vice President.**

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. **Yes. The discretion is left with the Nomination Committee.**

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

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

	Executive	Non-Executive	Independent Director
Role	As COO, responsible for the company's operations and reports	Review and approval of budget; appointment of officers; ensures	Oversight function, especially over governance matters;

	<p>thereon; Recommends the appointment or promotion of officers ; Recommends the approval of certain contracts or transactions; 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 stockholders.</p> <p>The Board should 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.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	<p>compliance with regulations; they basically should ask the right questions to determine why targets are not met, how best to achieve targets, or whether targets are achievable or overly conservative; The Board shall ensure that the corporation is properly and effectively managed and supervised; 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 stockholders.</p> <p>The Board should 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.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>	<p>review and approval of budget; The Board shall ensure that the corporation is properly and effectively managed and supervised; 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 stockholders.</p> <p>The Board should 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.</p> <p>Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.</p>
Accountabilities	Budget; performance of Management		
Deliverables	Production and income		

Provide the company's definition of "independence" and describe the company's compliance to the definition.
The company complies with SEC Memorandum Circular No. 16, Series of 2002, which is written into the Qualifications for Independent Director under the Guidelines of the Nomination Committee. In the Company's Revised Code of Corporate Governance, the following definition of Independent Director is adopted: "a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director".

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. **SEC regulations are deemed written into the Company's Revised Code of Corporate Governance. The Company will therefore comply with the 5-year limit, starting in 2012.**

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
Jose S. Cervantes	Non-Executive	April 29, 2013	Retirement

(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
a. Selection/Appointment		
(i) Executive Directors	The Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting	<ol style="list-style-type: none"> 1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years; 3. He shall possess integrity/probity; and 4. He shall be assiduous). 5. Should be "full-time" in the management of the Company's affairs. For the purposes hereof, affiliates or wholly-owned subsidiaries of the Company or corporations controlled by the family of the concerned director shall not be deemed as another corporation. 6. Has none of the disqualifications set forth below.
(ii) Non-Executive Directors	The Nomination Committee (NC) accepts written nomination letters and such is taken up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the	<ol style="list-style-type: none"> 1. He shall have at least 1 share of stock of the Company; 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of

	<p>annual stockholders' meeting.</p> <p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p> <ol style="list-style-type: none"> 1. The nature of the business of the Corporations where the nominee is a director; 2. Age of the director; 3. Number of directorships/active memberships and officerships in other corporation or organizations; and 4. Possible conflict of interest; 	<p>the Company for at least 5 years;</p> <ol style="list-style-type: none"> 3. He shall possess integrity/probity; and 4. He shall be assiduous). 5. Has none of the disqualifications set forth below.
(iii) Independent Directors	<p>The Company discloses to the SEC and the PSE at least 2 months prior to the annual meeting the date of the annual meeting and the deadline and requirements for nomination of independent director; The NC accepts the written nomination letters and takes it up (qualifications and disqualifications are determined) at the NC meeting at least 1 month prior to the annual stockholders' meeting.</p> <p>Other than the criteria listed herein, the NC also considers the following during its meeting:</p> <ol style="list-style-type: none"> 1. The nature of the business of the Corporations where the nominee is a director; 2. Age of the director; 3. Number of directorships/active memberships and officerships in other corporation or organizations; and 4. Possible conflict of interest; 5. The optimum number of directorship outside the Company shall be related to the capacity of a director to perform his duties diligently in general. 6. Subject to the foregoing. The Company's Directors may be members of as many boards as they may accept or be elected into subject to periodic evaluation by the NC. 	<p>In addition to the criteria above:</p> <ol style="list-style-type: none"> 1. Is not a director or officer or substantial stockholder (stockholder owning at least 10% of outstanding shares) of the Company or of its related Companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing); 2. Is not a relative of any director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; 3. Is not acting as a nominee or representative of a substantial shareholder of the Company, any of its related companies or any of its substantial Shareholders; 4. Has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial shareholders within the last 5 years; 5. Is not retained as professional adviser by the Company, any of its related companies or any of its substantial shareholders within the last 5 years, either

		<p>personally or through his firm;</p> <p>6. Has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.</p>
b. Re-appointment		
(i) Executive Directors	Appointed by the Board at the organizational meeting after the annual meeting	
(ii) Non-Executive Directors	Not applicable as directors are elected, not appointed	
(iii) Independent Directors	Not applicable as directors are elected, not appointed	
c. Permanent Disqualification		
(i) Executive Directors	Determined by the NC, based on complaints or on its own information, during the NC Meeting	<p>1. Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induces or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas;</p> <p>2. Any person judicially declared to be insolvent;</p> <p>3. 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</p>

		<p>paragraphs; and</p> <p>4. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
d. Temporary Disqualification		
(i) Executive Directors	Same as above	<p>1. Refusal to fully disclose the extent of his 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 refusal persists;</p> <p>2. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>4. Being under preventive suspension as an officer or employee of the Company;</p> <p>5. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(ii) Non-Executive Directors	Same as above	<p>1. Refusal to fully disclose the extent of his 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 refusal persists;</p> <p>2. Absence or non-</p>

		<p>participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;</p> <p>3. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <p>4. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.</p>
(iii) Independent Directors	Same as above	<p>In addition to the above:</p> <p>1. He becomes an officer or employee of the Company or of its related companies or substantial shareholder of the Company (owning at least 10% of the outstanding capital stock);</p> <p>2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company;</p>
e. Removal		
(i) Executive Directors	A complaint or petition is filed with the NC. NC takes up the complaint/petition, then recommends appropriate action to the Board.	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(ii) Non-Executive Directors	Same as above	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
(iii) Independent Directors	Same as above	Same grounds for permanent or temporary disqualification; in addition, infidelity to the Company or actions/ conduct inimical to the interest of the company
f. Re-instatement Not applicable; a director may be re-elected at an annual meeting, but not reinstated in the interim unless a vacancy occurs and the disqualified director becomes qualified in the meantime.		
(i) Executive Directors		

(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Same as removal	Same as removal
(ii) Non-Executive Directors	Same as removal	Same as removal
(iii) Independent Directors	Same as removal	Same as removal

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Felipe U. Yap	120,576,940,201
Bryan U. Yap	120,576,940,201
Eduardo A. Bangayan	120,576,940,201
Rene F. Chanyungco	120,576,940,201
Ethelwoldo E. Fernandez	120,576,940,201
Rodolfo S. Miranda	120,576,940,201
Augusto C. Villaluna	120,576,940,201
Patrick K. Yap	120,576,940,201
Stephen Y. Yap	120,576,940,201

6) Orientation and Education Program

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

New directors are invited to visit/ flown to the mine site to get oriented on the company's exploration activities or operations; they are advised on the company's policies especially in respect of directors' reportorial and disclosure requirements.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: **NONE**

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. **NONE**

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	The Director should not use his position to	All officers and employees are expected to be loyal	All officers and employees are expected to be loyal to

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

	<p>profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position.</p>	<p>to the Company. At all times, they should avoid situations where their personal interest may conflict directly or indirectly with the Company's interest.</p> <p>In general, there is a possible conflict of interest whenever an officer or employee or a member of his immediate family is doing business with the company or has direct or indirect interest in any transaction with the Company (e.g. customers and suppliers) and the interest is to such an extent or of such a nature as would influence or prejudice his decision or official functions. In case of doubt, the officer or employee should disclose to higher management officials present and future acts or undertakings that may give rise to a conflict of interest situation.</p> <p>As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company.</p>	<p>the Company. At all times, they should avoid situations where their personal interest may conflict directly or indirectly with the Company's interest.</p> <p>In general, there is a possible conflict of interest whenever an officer or employee or a member of his immediate family is doing business with the company or has direct or indirect interest in any transaction with the Company (e.g. customers and suppliers) and the interest is to such an extent or of such a nature as would influence or prejudice his decision or official functions. In case of doubt, the officer or employee should disclose to higher management officials present and future acts or undertakings that may give rise to a conflict of interest situation.</p> <p>As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company.</p>
(b) Conduct of Business and Fair Dealings	<p>1. A director should conduct fair business transactions with the corporation, and to ensure that his personal interest does not conflict with the interests of the corporation.</p>	<p>The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence</p>	<p>The Company is committed to being a good corporate citizen. It shall do its share in national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes</p>

	2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.	to legal processes and statutes shall be its guide at all times.	shall be its guide at all times.
(c) Receipt of gifts from third parties		<p>As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company. Gifts include, but are not limited to, money and tangible property, as well as services and discounts on purchases of goods and services or any similar favor.</p> <p>Accordingly, to avoid the appearance of a conflict of interest, gifts should not be accepted beyond the level which is reasonable and customary under the circumstances of the business relationship. Any gift which does not meet this standard should be returned to the sender together with an explanation that it is against the Company's policy to accept such items.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.</p>	<p>As a general rule, the company's goal is to avoid all situations in which an employee's interest may conflict, or appear to conflict, with the Company's business interests. In particular, gifts and entertainment should not be accepted if they will make the employee feel obligated to repay or reciprocate the donor with corporate business to the detriment of the company. Gifts include, but are not limited to, money and tangible property, as well as services and discounts on purchases of goods and services or any similar favor.</p> <p>Accordingly, to avoid the appearance of a conflict of interest, gifts should not be accepted beyond the level which is reasonable and customary under the circumstances of the business relationship. Any gift which does not meet this standard should be returned to the sender together with an explanation that it is against the Company's policy to accept such items.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.</p>
(d) Compliance with Laws & Regulations	The Board shall ensure the corporation's faithful compliance with all applicable	The Company is committed to being a good corporate citizen. It shall do its share in	The Company is committed to being a good corporate citizen. It shall do its share in national development

	laws, regulations and best business practices.	national development and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.	and growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.
(e) Respect for Trade Secrets/Use of Non-public Information	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.	On first joining the company, every employee is required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of	On first joining the company, every employee is required to sign a "Confidential Information, Inventions and Developments Agreement." Such agreement obligates an employee to transfer to the company all rights to inventions or discoveries, to protect the company's trade secrets and to keep information confidential. Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.

		confidentiality not to mention violation of security policies.	
(f) Use of Company Funds, Assets and Information	<p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p>Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or consumption.</p> <p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to</p>	<p>Assets owned by the company, whether physical or intangible, are to be utilized exclusively in the pursuit of company business and are not for personal use or consumption.</p> <p>Every employee of the company shall be responsible for the assets under his direct control and supervision. Everyone shall have the responsibility to be mindful of appropriate security procedures and to be alert for situations or conditions that may lead to loss, destruction, theft or misuse of Company assets.</p> <p>Confidential information should be available only to Company personnel who need to know the same. Disclosure of confidential information outside the Company, especially to competitors, or adverse parties could be detrimental. Confidential information or data should be maintained in locked files and storage areas and properly disposed of in accordance with our records retention policy. Also, care should be exercised when handling or discussing confidential information not only outside, but also within the office premises to ensure that the confidential information do not become available to employees not authorized to have access to such information and to non-employees and the public. Permitting unauthorized access to office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to</p>

		office, mine or milling facilities by Company personnel likewise constitutes breach of confidentiality not to mention violation of security policies.	mention violation of security policies.
(g) Employment & Labor Laws & Policies		<p>The company is committed to a policy of recruiting, promoting and supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health-conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations. Adherence to legal processes and statutes shall be its guide at all times.</p>	<p>The company is committed to a policy of recruiting, promoting and supporting the professional growth of, a globally competitive work force through equal employment opportunities. Determinations regarding the hiring of applicants and subsequent employee actions such as training, compensation and promotion shall be made and communicated in a manner which ensures that no discrimination on the basis of gender, sexual preference/orientation, age, religion or disability occurs unless justified by the nature or requirements of work. A work environment free from harassment and intimidation shall be maintained for all employees at all times.</p> <p>The company is committed to ensure and maintain a healthy and a health-conscious workforce. It shall continue to provide health programs that are geared towards the total prevention and/or elimination of illnesses common to underground mining operations. Adherence to legal processes and statutes shall be its guide at all times.</p>
(h) Disciplinary action	o In case of first violation, the subject	Violations of the Code of	Violations of the Code of Conduct are deemed

	<p>person shall be reprimanded.</p> <ul style="list-style-type: none"> o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. o For third violation, the maximum penalty of removal from office shall be imposed. <p>8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>	<p>Conduct are deemed serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may result in fines, penalties or other legal remedies. The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>	<p>serious offenses which may result in disciplinary action, suspension, dismissal or may result in civil action by the company. In addition, violations of the Code of Conduct which are also violations of law may result in fines, penalties or other legal remedies. The Code of Conduct of the Company provides for a Table of Disciplinary Actions</p>
(i) Whistle Blower	none	<p>Each employee is responsible for his or her own compliance with the Code of Conduct</p> <p>All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.</p>	<p>Each employee is responsible for his or her own compliance with the Code of Conduct.</p> <p>All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.</p>
(j) Conflict Resolution	Settlement of conflicts or cases are discussed and approved at the Board level.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.	The Company exhausts all avenues for settlement of conflicts prior to resorting to judicial action, and even after the matter has been lodged with the courts.

- 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. **For officers and employees, the Human Resource and Administration Dept monitors compliance with the Code of Business Ethics. For the Directors, complaints may be lodged with the Nomination Committee, who will investigate the matter.**
- 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.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Not applicable
(2) Joint Ventures	All transactions are on arm's length basis.
(3) Subsidiaries	All transactions are on arm's length basis.
(4) Entities Under Common Control	All transactions are on arm's length basis.
(5) Substantial Stockholders	Shareholders provide advances to the Company from time to time
(6) Officers including spouse/children/siblings/parents	Not applicable. There are no transactions with officers or their families.
(7) Directors including spouse/children/siblings/parents	Not applicable. There are no transactions with directors or their families.
(8) Interlocking director relationship of Board of Directors	Some of the Company's directors and officers are directors also of Lepanto Consolidated Mining Company, a significant (19.60% interest) shareholder

(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.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(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.

	Directors/Officers/Significant Shareholders
Company	Any entity that wishes to transact with the company has to get accredited. For accreditation, we require a copy of the Articles of Incorporation of the company and require documents indicating the ownership of the said entity. A site/plant/office visit is then conducted. It is only after accreditation that negotiations/ canvassing take place, at which the Purchasing Department ensures that the Company gets the best deal possible, and always on arm's length basis.
Group	Same as above.

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ 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:
None

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (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: **None**

Names of Related Significant Shareholders	Type of Relationship	Brief Description
LCMC	LCMC owns 19.6% of Manila Mining Corporation	LCMC charges MMC for MMC's usage of LCMC facilities, equipment, laboratory services, plane, etc., including office space rental.
Diamond Drilling Corporation of the Philippines (DDCP)	100% owned subsidiary of LCMC, which in turn owns 19.6% of Manila Mining Corporation	DDCP provides various drilling and hauling services to the Company.

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

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

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	Not applicable; no conflicts with shareholders
Corporation & Third Parties	Before deciding to go to court, the Company exhausts all possibilities of settling disputes; for cases that are already with the courts, the company resorts to mediation and has successfully terminated cases on such basis.
Corporation & Regulatory Authorities	The company works closely with the regulatory authorities and complies with regulations to avoid any disputes.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? **It is in the By-Laws that the Board should meet on the third Monday of every month.**

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the Year	No. of Meetings Attended	%
Chairman	Felipe U. Yap	April 17, 2012	6	6	100%
Member	Bryan U. Yap	April 17, 2012	6	6	100%
Member	Eduardo A. Bangayan	October 15, 2012	6	6	100%
Member	Jose G. Cervantes	April 17, 2012	6	6	100%
Member	Rene F. Chanyungco	April 17, 2012	6	6	100%
Member	Ethelwoldo E. Fernandez	April 17, 2012	6	5	92%
Member	Rodolfo S. Miranda	April 17, 2012	6	6	100%
Independent	Augusto C. Villaluna	April 17, 2012	6	6	100%
Independent	Patrick K. Yap	April 17, 2012	6	5	92%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **Not as a non-executive Board but as a Committee, that is, Audit Committee.**

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. **The requirement is majority of the members present; however, when very important decisions have to be made, the Chairman requires all directors to be present or otherwise to be made aware of the importance of the matters to be tackled and the details thereof.**

5) Access to Information

(a) How many days in advance are board papers for board of directors meetings provided to the board? **At least 3 days in advance.**

(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?: **Roles of the Corporate Secretary:**

(i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;

(ii) Be loyal to the mission, vision and objectives of the corporation;

(iii) Work fairly and objectively with the Board, Management and stockholders;

(iv) Have appropriate administrative and interpersonal skills;

(v) If he is not at the same time the corporation's legal counsel, be aware of the laws, rule and regulations necessary in the performance of his duties and responsibilities;

(vi) Have a working knowledge of the operations of the corporation;

(vii) Inform the members of the Board, in accordance with the by-laws, of the agenda

of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

(viii) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so; and

(ix) Ensure that all Board procedures, rules and regulations 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	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Audit	Members have direct access to management but to facilitate requests, they are coursed through the Asst. Corporate Secretary or the Head of Internal Audit.
Nomination	All requests for information are coursed through the Asst. Corporate Secretary.
Remuneration	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO
Others : Stock Option Committee	All requests for information are coursed through the Asst. Corporate Secretary except financial matters which are coursed through the CFO

6) External Advice

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

Procedures	Details
No formal procedure but they may so request during board meetings as they have in the past.	

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:
NONE

Existing Policies	Changes	Reason
N/A		

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	None. Since MMC stopped operations in 2001, the Chairman has not been receiving any remuneration for his services or position.	Taken up by the Remuneration and Compensation Committee based on industry standards and the financial standing of the Company
(2) Variable remuneration	None	None
(3) Per diem allowance	None other than for attendance of Board meetings, which is set by the Board	None other than for attendance of Board meetings, which is set by the Board
(4) Bonus	None	None
(5) Stock Options and other financial instruments	The purpose of the Stock Option Plan is to grant options to purchase shares of the Company's common stock not as a way of remuneration but to benefit the Company and its subsidiary(ies) by giving the optionees added incentive to continue and advance in their employment and a greater personal interest in the success of the Company and its subsidiary(ies).	The purpose of the Stock Option Plan is to grant options to purchase shares of the Company's common stock not as a way of remuneration but to benefit the Company and its subsidiary(ies) by giving the optionees added incentive to continue and advance in their employment and a greater personal interest in the success of the Company and its subsidiary(ies).
(6) Others (specify)	None	None

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	<u>Executive Directors are paid a per diem for attendance of Board or Committee meetings, as fixed by the Board</u>	None	Company's capacity to pay
Non-Executive Directors	Non- Executive Directors are paid per diem for attendance of Board or Committee	None	Company's capacity to pay

	meetings, as fixed by the Board		
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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
The ByLaws of the Company provides that "Directors shall receive such compensation for their services as may from time to time be fixed by the Board of Directors.	1949; has not been amended

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors (As such directors)	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None	None	None
(b) Variable Remuneration	None	None	None
(c) Per diem Allowance	P36,000	P6,000	P12,000
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	The purpose of the Stock Option Plan is to grant options to purchase shares of the Company's common stock not as a way of remuneration but to benefit the Company and its subsidiary(ies) by giving the optionees added incentive to continue and advance in their employment and a greater personal interest in the success of the Company and its subsidiary(ies).	The purpose of the Stock Option Plan is to grant options to purchase shares of the Company's common stock not as a way of remuneration but to benefit the Company and its subsidiary(ies) by giving the optionees added incentive to continue and advance in their employment and a greater personal interest in the success of the Company and its subsidiary(ies).	
(f) Others (Specify)	None	None	None
Total	P36,000	P6,000	P12,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None

(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total			

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 (Outstanding)	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Felipe U. Yap	Total number of shares allotted to directors less than 0.3% of outstanding capital	None	NA	nil
Bryan U. Yap		None	NA	nil
Augusto C. Villaluna		None	NA	nil
Rene F. Chanyungco		None	NA	nil
Ethelwoldo E. Fernandez		None	NA	nil
Patrick K. Yap		None	NA	nil

(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: None

Incentive Program	Amendments	Date of Stockholders' Approval

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
FELIPE U. YAP – Chief Executive Officer	P2.5 million
BRYAN U. YAP – Chief Operating Officer	
RENE F. CHANYUNGCO – Senior Vice President and Treasurer	

PATRICK K. YAP – Senior Vice President	
AUGUSTO C. VILLALUNA – Senior Vice President	

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)				
Audit	1		2	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Nomination	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below
Remuneration	1	1	1	None	Pls see discussion below	Pls see discussion below	Pls see discussion below
Others Stock Option	1	1	1	Yes	Pls see discussion below	Pls see discussion below	Pls see discussion below

FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- Meets at least quarterly to perform its functions
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the company, and crisis management.
- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently of 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.
- Assist the Board in the performance of its oversight responsibility for the monitoring of compliance with applicable laws, rules and regulations.
- Elevate to international standards the accounting and auditing processes, practices and methodologies.
- Ensure that a business continuity plan is in place.
- Report to the Board quarterly its activities and findings.
- Review the reports submitted by the internal and external auditors.
- Review the status of all internal audit and external audit recommendations and their implementation.
- Review and approve the annual internal audit plan. The plan shall include, among others, a) the resources and budget necessary to implement it; b) audit scope and frequency; and c) a review of internal control mechanisms, related party transactions, fraud prevention and risk awareness.
- Ensure that the Internal Audit head functionally reports directly to the Committee and is free from interference by outside parties.
- Recommend to the Board the appointment of the Company's External Auditor.
- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit.
- Check financial reports against compliance with both internal financial management handbook and pertinent accounting standards, including regulatory requirements and issue certifications on critical compliance issues.
- 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; the committee shall disallow any non-audit work that will conflict with the external auditor's duties as such or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the company's annual report.

- p. Assess its performance regularly.

POWERS OF THE AUDIT COMMITTEE

- Have direct access to senior management, including the Chief Executive Officer and Chief Financial Officer, Internal Audit Department and the external auditor.
- Have direct access to the Company's financial records.
- Have direct access to financial resources for the dispensation of its functions, including the engagement of advisors or consultants and attendance of trainings and seminars.

Require any officer or department head of the Company to report to the Committee at any regular or special meeting.

FUNCTIONS AND RESPONSIBILITIES OF THE NOMINATION COMMITTEE

- Meets at least once a year at least a month before the annual meeting for the purpose of evaluating the eligibility for directorship of all nominees;
- Evaluates the performance of the directors.
- Shortlists the nominees for election to the Board.

POWERS OF THE NOMINATION COMMITTEE

- Determines the qualifications or disqualifications of nominees;
- Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval;
- Acts on complaints concerning the conduct or disqualification of directors.
- Assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors;

FUNCTIONS AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- Meets to discuss the remuneration of management prior to the implementation of any recommended increase or change in such remuneration;
- Recommends to the Board such increase or change in remuneration.

POWERS OF THE REMUNERATION COMMITTEE: Recommendatory

FUNCTIONS AND RESPONSIBILITIES OF THE STOCK OPTION COMMITTEE

- Administers the Company's Stock Option Plan;
- Recommends to the Board a stock option award with the following parameters: names of optionees and number of shares awarded to each; price of the option; date of effectivity;

POWERS OF THE STOCK OPTION COMMITTEE: Recommendatory

2) Committee Members

(a) Executive Committee - Not Applicable

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

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Eduardo A. Bangayan	May 24, 2004	4	4	100	9 yrs.
Member (ED)	Augusto C. Villaluna	May 24, 2004	4	3	100	9 yrs.
Member (ID)	Rodolfo s. Miranda	May 19, 2009	4	4	100	4 yrs.

Disclose the profile or qualifications of the Audit Committee members.

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)	Eduardo A. Bangayan	May 24, 2004	1	1	100	9 yrs.
Member (ED)	Bryan U. Yap	May 27, 2013	1	1	100	1 yr.
Member (NED)	Ethelwoldo E. Fernandez	May 24, 2004	1	1	100	9 yrs.

(d) Remuneration Committee - **No meeting in 2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Ethelwoldo E. Fernandez	May 24, 2004				9 yrs.
Member (ED)	Bryan U. Yap	May 27, 2013				1 yr.
Member (ID)	Eduardo A. Bangayan	May 24, 2004				9 yrs.

(e) Others (Specify) **Stock Option Committee**

Provide the same information on all other committees constituted by the Board of Directors: **No meeting in 2012**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Rene F. Chanyungco	May 19, 2009				4 yrs.
Member (ED)						
Member (NED)	Rodolfo S. Miranda	May 19, 2009				4 yrs.
Member (ID)	Eduardo A. Bangayan	May 19, 2009				4 yrs.
Member	-----					

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes: **None**

Name of Committee	Name	Reason
Executive		
Audit		
Nomination	Bryan U. Yap replaced Jose G. Cervantes	Retirement of Jose G. Cervantes

Remuneration	Bryan U. Yap replaced Jose G. Cervantes	Retirement of Jose G. Cervantes
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	None, as the Board met regularly	
Audit	1. Approval of Internal Audit Plan 2. Approval of quarterly reports 3. Approval of Amended Audit Charter 4. Recommended the appointment of external auditor 5. Reviewed compliance of financial statements with applicable standards 6. Recommended to the Board the approval of the audited financial statements 7. Discussed risk issues and other financial concerns 8. Reviewed internal audit reports and made recommendations	Matters that arose in the relation to internal audit reports
Nomination	Shortlisted nominees based on qualifications; Evaluated performance of nominees	
Remuneration	None this year as no change in management remuneration was made and the company is not operating	
Others Stock Option	None in 2012.	

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
Audit	Continue Self-evaluation	
Nomination	Self-evaluation for the members of the Board	
Remuneration	To be discussed	
Others : Stock Option	None	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

In the management of its financial risks, the Company adheres to the following policies:

- (i) Ensure that there are sufficient capital inflows to match repayments of short-term debt.
- (ii) Maintain a balance between continuity of funding and flexibility;
- (iii) Manage liquidity risk by cash-planning on a monthly basis; regularly evaluate projected and actual cashflows.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
The Board of Directors approve the yearly budget and in the course of the review of the budget, risk exposures in respect of liquidity risk and cost items are also studied.
- (c) Period covered by the review; Yearly
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;
Yearly
- (e) Where no review was conducted during the year, an explanation why not.

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
Environmental Risks	Integrate safety, health and environmental concerns in all phases of its operations, which means complying with all international safety, health and environmental standards.	Embracing highest safety and environmental standards and ensuring that these are implemented.
Liquidity Risk	Manage its liquid funds through cash planning on a monthly basis; Ensure that there are sufficient capital inflows to match repayments of short-term debt.	Maintain a balance between continuity of funding and flexibility.

(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
Environmental Risks	International standards on safety, health and environmental should be met at all times.	Embracing highest safety and environmental standards and ensuring that these are implemented

(c) Minority Shareholders

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

Risk to Minority Shareholders
Controlling shareholders theoretically have the power to steer the company into any direction they desire. But it has been the policy of the Board to carefully deliberate on any important issue, with each director being asked for his views, before decisions are made. More often than not, decisions are unanimously made. On the other hand, if the controlling shareholder should make a mistake, he tends to suffer the most, financially and otherwise.

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)
Environmental Risks	All environmental concerns reported to the Resident Manager on a daily basis; Monthly reports to the Board	International standards are complied with; complies with DENR monitoring system;
Liquidity	This is monitored on a regular basis by the Treasurer.	The office of the Treasurer periodically reviews the cash position vis-à-vis cash requirements. Advances from shareholders resorted to from time to time.

(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)
Environmental Risks	All environmental matters are monitored and reported to the Resident Manager	International standards are complied with.

(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
Audit Committee has taken on this function	Monitoring through reports from the Treasurer and other officers.	Quarterly review of performance; Perform oversight financial management functions specifically in the risk areas; Assist the Board in the performance of its oversight responsibility for the monitoring of compliance with applicable laws, rules and regulations.

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 control is defined by the Company as a process, influenced by its Board of Directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (i) effectiveness and efficiency of operations; (ii) reliability of reporting; and (iii) compliance with applicable laws and regulations.

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

The internal control system of the Company is reviewed by the Internal Audit Group periodically. The Audit Committee approves the annual Audit Plan which guides the internal auditors in performing their work. The Plan details the subjects of the review, the schedule and frequency of such review, and necessary manpower to complete the task. The results of all reviews are reported to the Audit Committee.

- (c) Period covered by the review;
January to December 2013.
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; There are internal control systems that are reviewed more frequently than the others, pursuant to the Audit Plan. The most frequent is quarterly. The results are reported to the Audit Committee and are taken up during the quarterly committee meetings. All concerns raised by the Audit Committee are addressed immediately by the Internal Audit Group and the concerned departments.
- (e) Where no review was conducted during the year, an explanation why not. Not applicable.

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
Internal Audit Manager	Parent Company and its subsidiaries	In-house	Ferdinand Ponce	Quarterly to Audit Committee
Internal Auditor	-do-	-do-	-do-	Daily

- (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 Audit Group of the Company reports directly to the Audit Committee. All of the audit activities of the former are approved by or otherwise proposed by the Audit Committee. These are summarized in the annual Audit Plan. Further, the Internal Audit Group and the Audit Committee have access to all records, properties and personnel of the Company.

- (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.

Name of Audit Staff	Reason
Julius Palisoc	Mr. Palisoc resigned a week after his appointment for medical reasons.

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

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

Progress Against Plans	The items regularly reviewed, as approved by the Audit Committee, are: (a) Accounting process and financial reporting -Completed (b) Exploration cost monitoring -Completed; (c) Review of community relations operation; (d) Materials and equipment inventory; and (e) other topics that may be requested by the Management.
Issues ⁵	Adoption of policies as regards (a) capitalizable amount of fixed assets; and (b) cash management;
Findings ⁶	Minor deviations from set procedures noted and reported to personnel concerned/ superiors.
Examination Trends	None.

(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."

Policies & Procedures	Implementation
Adoption of policies as regards (a) capitalizable amount of fixed assets;	On-going assessment by the Management; subject to Audit group's post audit review and/or assistance.
Performance of regular cash count and reconciliation of various funds	Implemented.

(g) Mechanisms 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):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Internal Auditor group of the Company reports directly to the Audit Committee; their Audit Plan is approved by the Audit	Not applicable	Not applicable	Not applicable

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

Committee. The external auditor, SGV & Company, likewise reports directly to the Audit Committee, which approves as well their Audit Plan.			
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- (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.

Chairman and CEO.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part.	
Supplier/contractor selection practice	Any entity that wishes to transact with the company has to get accredited. For accreditation, we require a copy of the Articles of Incorporation of the company and require documents indicating the ownership of the said entity. A site/plant/office visit is then conducted. It is only after accreditation that negotiations/canvassing take place, at which the Purchasing Department ensures that the Company gets the best deal possible, and always on arm's length basis.	
Environmentally friendly value-chain	We commit to excellence in quality, environmental protection, safety, health and security in our mining operations and in the community of which we are a part. We commit to improving our Integrated Management System performance by, among others, conducting safe and responsible operations utilizing the best available technologies to maximize their impact on quality, human health, community and the environment;	
Community interaction	We commit to improving our Integrated Management System	

	performance by, among others, assisting host and neighboring communities improve their quality of life. We further commit to consistently implement, measure, monitor, review and openly communicate our IMS performance to improve stakeholder confidence.	
Anti-corruption program and procedures	<p>Relevant policies:</p> <p>The Company is committed to being a good corporate citizen. It shall do its share in the national development and local growth of the host community. It shall pay all taxes due accurately and promptly. Adherence to legal processes and statutes shall be its guide at all times.</p> <p>No employee should give a gift beyond the level which is reasonable and customary under the circumstances of the business relationship to any officer or employee of a customer or supplier.</p>	
Safeguarding creditors' rights	Policy on Asset Protection	

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
No, since the company is not in operation but appropriate systems and procedures are being put in place.
- 3) Performance-enhancing mechanisms for employee participation.
- (a) What are the company's policy for its employees' safety, health, and welfare?
The Company reimburses certain medical expenses of employees. Annual medical examinations are also provided. Other benefits have been on hold since the suspension of operations in 2001.
- (b) Show data relating to health, safety and welfare of its employees.
The Company reimburses certain medical expenses of employees. Annual medical examinations are also provided. Other benefits have been on hold since the suspension of operations in 2001.
- (c) State the company's training and development program for its employees. Show the data. **The Company's Mine Engineering Manager was recently sent to Australia to train on certain Geology tools/software. Other engineers and the accountants regularly attend the required continuing education/seminars by their respective professional regulatory agencies. Regular trainings have been on hold since the suspension of operations in 2001.**
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures: **On-hold since the suspension of the company's operations.**
- (e) 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.
Complaints are lodged with the HR department. All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.

4) DISCLOSURE AND TRANSPARENCY

(a) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Lepanto Consolidated Mining Company	32,524,559,019	16.10%	Lepanto Consolidated Mining Company
F. Yap Securities, Incorporated	23,180,567,352	11.48%	F. Yap Securities, Incorporated
Lepanto Investment and Development Corporation	6,519,594,723	3.23%	100% wholly owned subsidiaries of Lepanto Consolidated Mining Company
Shipside, Incorporated	592,976,669	0.29%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares // Through (name of record owner)	% of Capital Stock
Felipe U. Yap	265,191,181	76,418,032	.17%
Bryan U. Yap	3,070,294,146	498,658,038	1.77%
Rene F. Chanyungco	6,798,101	20,230,962	.01%
Augusto C. Villaluna	146,900	5,264,068	.01%
Patrick K. Yap	7,814,221	33,058,777	.02%
TOTAL	3,350,244,549	633,629,877	1.97%

a. Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education program attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

b. External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip Gorres Velayo & Co.	P330,000.00	none

c. Medium of Communication

List down the mode/s of communication that the company is using for disseminating information. **Disclosures via OdiSy (PSE); Letters or notices dispatched by hand or by mail; email; company website**

d. Date of release of audited financial report: **April 3, 2013**

e. Company Website

Does the company have a website disclosing up-to-date information about the following? **Yes.**
www.manilamining.com

Business operations	✓
Financial statements/reports (current and prior years)	✓
Materials provided in briefings to analysts and media	n.a
Shareholding structure	As part of Form 17-A and 20-IS
Group corporate structure	✓
Downloadable annual report	✓
Notice of AGM and/or EGM	✓
Company's constitution (company's by-laws, memorandum and articles of association)	No

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

f. Disclosure of RPT

RPT	Relationship	Nature	Value
Pls see discussion below			
(figures in thousand pesos)			

- The Company provides cash advances and pays expenses on behalf of its 95%-owned subsidiary, KCGRI. This is presented in the parent company statements of financial position under "Receivables" account and is generally payable on demand.
- LCMC charges MMC for MMC's usage of LCMC facilities, equipment, laboratory services, plane, etc., including office space rental.
- Diamond Drilling of the Philippines (DDCP), a wholly-owned subsidiary of LCMC, provides various drilling and hauling services to the Company.

G. 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.

Quorum Required	Majority
------------------------	----------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting
Description	A motion is made and seconded, after which a vote is taken.

(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 not in The Corporation Code
	Election of 2 independent directors

Dividends: **The last was in 1996.**

Declaration Date	Record Date	Payment Date
March 29, 1996	May 16, 1996	June 14, 1996

(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.

Measures Adopted	Communication Procedure
Nomination of Independent Directors	Announced by way of disclosure about 2 weeks before the deadline for nomination. This is posted on the website.
The Chair encourages shareholders to ask questions during the meeting and even to approach him or other concerned officers after the meeting.	The Chair announces this during the meeting after he renders the annual report.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution:
The Articles of Incorporation may be amended by a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock, without prejudice to the appraisal right of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - b. Authorization of additional shares:
This requires a majority vote of the Board of Directors and the written assent of 2/3 of the outstanding capital stock; Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company.
There has been no such transaction. However, the policy is the company may transfer all or substantially all of its property and assets by a majority vote of the Board of Directors, upon such

terms and for such consideration as the Board of Directors may deem expedient, when authorized by the vote of the stockholders representing 2/3 of the outstanding capital stock, without prejudice to the appraisal rights of shareholders. Written notice of the proposed action and of the time and place of the stockholders' meeting where the proposed amendment shall be taken up should be promptly served upon the stockholders.

9. 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? **No, we observe the 15 calendar day rule.**

a. Date of sending out notices: **April 3, 2013**

b. Date of the Annual/Special Stockholders' Meeting: **April 29, 2013**

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

a) A shareholder asked when mining operations shall resume in Placer. The President replied that it will depend on the finalization of the feasibility study and that Australian outfits had been engaged to review the ore resource estimates.

b) On the status of the Exploration Permit for the Kalayaan, the Vice President for Mining Claims replied that the application for renewal was filed with the MGB prior to the expiry of the permit last year.

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

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of the Annual Meeting	unanimous	None	None
Approval of Annual Report	unanimous	None	None
Election of Directors	unanimous	None	None
Appointment of External Auditor	unanimous	None	None

12. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: **Immediately after the meeting through a disclosure.**

(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: **none**

Modifications	Reason for Modification

(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	Please see attached "Annex A"	April 29, 2013	Show of hands	1.70%	57.98%	59.69%
Special	n.a					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? **The transfer agent and the external auditors are invited to attend the meeting for that purpose. And they are always introduced to the shareholders during the meeting.**

- (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.

	Company's Policies
Execution and acceptance of proxies	The company accepts proxies.
Notary	Notarization is not required for individual proxies but is required for corporate proxies.
Submission of Proxy	At least 1 week before the meeting.
Several Proxies	This has not happened. In any case, the one of later date should prevail.
Validity of Proxy	Valid for a maximum period of 5 years.
Proxies executed abroad	This is accepted.
Invalidated Proxy	Not counted.
Validation of Proxy	Done by the office of the Corporate Secretary and Controller based on records provided by the transfer agent.
Violation of Proxy	Never happened

(h) Sending of Notices

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

Policies	Procedure
The printed Notice should be served by hand to shareholders within Metro Manila and mailed elsewhere, accompanied by the Information or Proxy Statement in CD format.	Couriers are used for Metro Manila. The rest are mailed through the Phil. Postal Office.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	3,825 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 3, 2013
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	April 3, 2013
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

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.

Policies	Implementation
The Board is committed to respect the rights of all shareholders as follows:	<ul style="list-style-type: none"> - Right to be present at and to vote at the stockholders' meetings: They are promptly notified of the annual or special meetings of shareholders - Right to nominate directors—through announcements/disclosure, they are advised of the requirements and deadlines for nomination of independent directors - Pre-emptive right- right to subscribe to the capital stock of the corporation - Right to inspection- they are allowed to inspect corporate books and records in accordance with the Corporation Code - Right to Information- the company discloses timely material information and submits all required reports to the SEC and PSE, and uploads the same onto the company website; shareholders' queries are encouraged and addressed during stockholders' meetings - Right to dividends- as provided by the Corporation Code and subject to discretion by the Board of Directors - Appraisal right- as provided by law - Without charge to the shareholders (except applicable transaction charges, fees or taxes of the transfer agent, brokers, the PSE or the BIR), assist shareholders who wish to be apprised of their holdings, sell or transfer shares or replace lost stock certificates – all requests are attended to by the office of the Corporate Secretary

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

H. 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.
External communications are made through disclosures made by the office of the Chief Information Officer. Major company announcements are approved by the Board of Directors. In any event, drafts are initiated by the office of the Corporate Secretary or Chief Information Officer.
- 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	Shareholders, other stakeholders and the public in general are directed to the right person in the Corporation to address their concerns.
(2) Principles	Prompt attention should be given to shareholders and other stakeholders who have concerns or wish to transact with the company.
(3) Modes of Communications	via email to mis@lepantomining.com or letters addressed to the appropriate officer. Should no officer or department be named in the letter, the Administration Office forwards letters to the office of the Asst. Corporate Secretary who attends to the matter at hand or otherwise forwards it to the department concerned. The company's reply is via email, if an address is provided, or a letter mailed through the postal service or hand-delivered, if possible.
(4) Investors Relations Officer	The Assistant Corporate Secretary acts as Investor Relations Officer.

- 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?

No acquisition of corporate control in the capital markets and extraordinary transactions have taken place in the last ten years. In any event, such acquisition will require board approval.

The only major transaction in recent history is the Farm-In Agreement entered into with Philex Mining Corporation (PMC) in respect of the Kalayaan Project, pursuant to which, in addition to the 5% interest in Kalayaan Copper Gold Resources, Inc. that PMC purchased from MMC, Philex shall earn an additional 55% interest in Kalayaan by sole-funding all pre-development expenses including a final feasibility study for the Kalayaan Project. The Board of Directors deliberated on and approved the transaction.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. **None**

I. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
The Company had various CSR projects for the municipality of Placer, Surigao del Norte but some of them were put on hold when the company suspended operations in 2013.	Host communities
The Company brought LGU officials of Placer to the Lepanto minesite in Benguet in 2012 to orient them on the CSR initiatives of LCMC and determine which projects will be suitable for the host communities in	Host communities

Placer and generally to show them how communities benefit from mining.	
The company is in the process of executing agreements with the different barangays for the pertinent Community Development Plans.	Host communities

J. 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.

	Process	Criteria
Board of Directors	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Amended Manual on Corporate Governance
Board Committees	Only the Audit Committee has a procedure for this	As provided in the Revised Audit Committee Charter pursuant to SEC Memorandum Circular No. 4, Series of 2012
Individual Directors	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Manual on Corporate Governance
CEO/President	Nomination Committee takes this up at its annual meeting but the Committee has resolved to formulate within the year a Self-Assessment mechanism/questionnaire	Sections 2.2.1 and 2.2.2 of the Manual on Corporate Governance

K. 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

Violations	Sanctions
Violation of the provisions of the Amended Manual on Corporate Governance	<ul style="list-style-type: none"> o In case of first violation, the subject person shall be reprimanded. o Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. o For third violation, the maximum penalty of removal from office shall be imposed. <p>8.2. The commission of a third violation of this manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.</p>

Violation by officers or employees of the Employees' Code of Conduct

Written warning, suspension, or dismissal depending on the gravity of the offense and the number of similar previous offenses.

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 Makati on June 28, 2013.

SIGNATURES

FELIPE U. YAP

Chairman of the Board and Chief Executive Officer

EDUARDO A. BANGAYAN

Independent Director

RODOLFO S. MIRANDA

Independent Director

RENE F. CHANYUNGCO

Compliance Officer

MAKATI CITY

SUBSCRIBED AND SWORN to before me this JUL 01 2013 day of June 2013, affiants exhibiting to me their SSS ID, as follows:

NAME

NO.

FELIPE U. YAP

SSS#06-0091101-0

EDUARDO A. BANGAYAN

RODOLFO S. MIRANDA

RENE F. CHANYUNGCO

SSS#03-4793502-9

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BOOK NO. 2013

SERIES OF 2013

ATTY. GERVACIO B. ORTIZ Jr.
NOTARY PUBLIC FOR MAKATI CITY

UNTIL DECEMBER 31, 2013

PTR No. 366 4330 / 01-02-2013 / MAKATI

IBP No. 656 155 - LIFE TIME MEMBER

APPT. M-84 / 2010 ROLL NO. 40091

MANILA MINING CORPORATION

Attendance in the Annual Stockholders' Meeting

April 29, 2013

NAMES OF BOARD MEMBERS PRESENT:

FELIPE U. YAP
BRYAN U. YAP
EDUARDO A. BANGAYAN
RENE F. CHANYUNGCO
ETHELWOLDO E. FERNANDEZ
RODOLFO S. MIRANDA
AUGUSTO C. VILLALUNA
PATRICK K. YAP
STEPHEN Y. YAP

OFFICERS PRESENT:

FELIPE U. YAP	- Chairman of the Board and Chief Executive Officer
BRYAN U. YAP	- President and Chief Operating Officer
RENE F. CHANYUNGCO	- Senior Vice President and Treasurer
PATRICK K. YAP	- Senior Vice President
PABLO T. AYSON, JR.	- Vice President
TEODORO G. ABLANG	- Vice President and Resident Manager
KNESTOR JOSE Y. GODINO	- Assistant Vice President- Human Resource
MA. LOURDES B. TUASON	- Assistant Treasurer
ETHELWOLDO E. FERNANDEZ	- Corporate Secretary
ODETTE A. JAVIER	- Assistant Corporate Secretary