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tenements by itself or in partnership or in joint venture with a qualified private party or contractor.

Due to the huge financial investment required in undertaking exploration and development activities and the financial risks involved, in addition to the inadequate financial resources of PMDC, PMDC management has opted to engage a Partner/Operator to undertake the mining exploration and development, thereby shifting the financial burden and risks to the Partner/Operator. Aside from the up-front and non-refundable commitment fee being charged by PMDC from the winning Partner/Operator, PMDC will receive a royalty fee from the Partner/Operator, in the event that the mining tenement proves to be financially viable. However, in case the mining tenement turns out to be not viable, financially or otherwise, only the Partner/Operator will bear the loss.

PMDC is committed to monitor, in accordance with set standards and regulatory laws, the operation of companies which have been awarded the contract to explore and develop its mining properties and ensure that all relevant rules and regulations are complied with, appropriate revenues for the National Government are generated on time, and host communities benefit therefrom.

0.4.2 Vision and Mission

Vision Statement

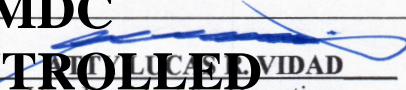
“By 2028, PMDC is a sustainable mining firm generating bigger revenues for the State, embracing first-rate norms and international standards in responsible mining, espousing policies that protect the environment, and helping transform communities into healthy, progressive, and ecologically-sound settlements.”

Mission Statement

“We serve as the government’s mining arm to generate revenue and develop progressive communities through responsible mining.”

0.4.3 Core Values

- Patriotism
- Integrity
- Excellence
- Spirituality

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0.4.4 Organizational Structure

The PMDC’s organizational structure is expressed in the chart below:

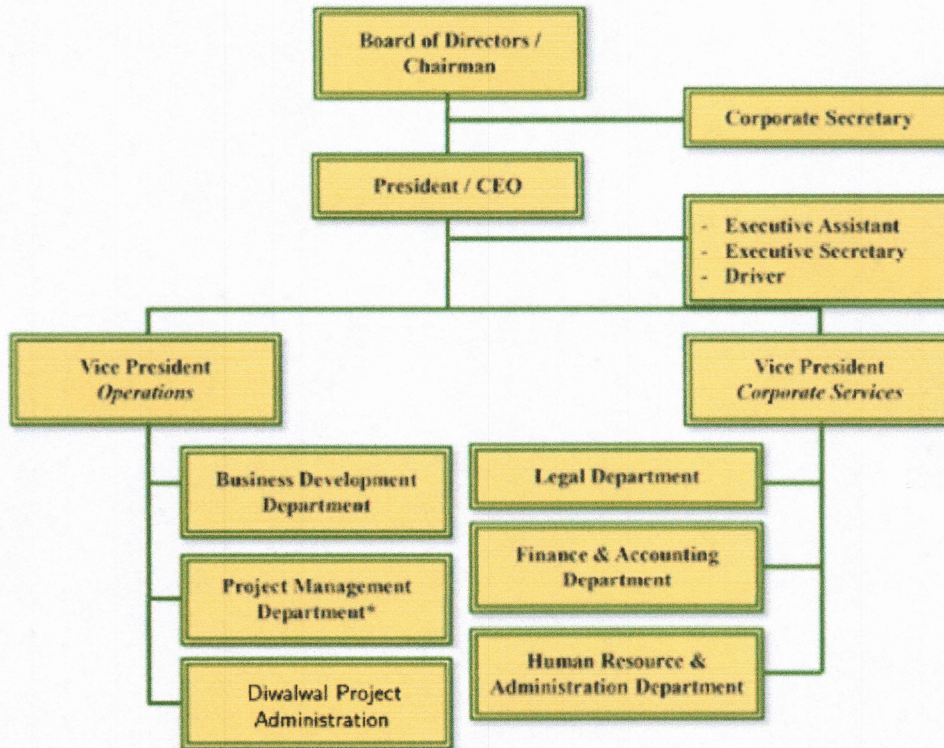


Fig. 1. The PMDC Organizational Structure

1. Quality Management System

1.1 Quality Management System Model


Due to resource constraints, PMDC predominantly operates as an asset management company that oversees the operation of government-owned mining properties by qualified investors, referred to as the company’s Partners/Operators. To ensure the efficient and timely operation of said Partners/Operators, a process-based quality management system model has been adopted. Through its adoption of the system, the PMDC aims to efficiently and effectively undertake the operation and management of state-owned mining properties and to establish a credible presence within its host communities.

The PMDC pursues this QMS as part of its objectives of making the state-owned mining properties productive. As such, it intends to work closely with its Partner-Operators in

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Date: NOV 04 2024

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order to ensure that the mining projects operate in accordance with agreed timelines and statutory/regulatory requirements, and accordingly generate the expected revenues for the government.

PMDC's customers are its Partner-Operators, and host communities.

Quality Management System Model - ISO 9001:2015

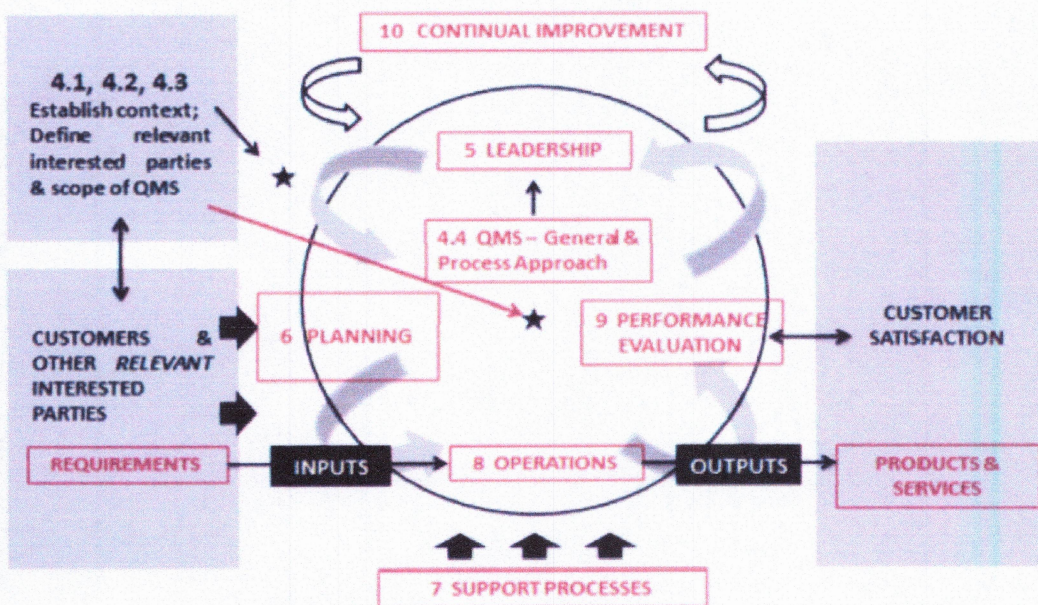


Fig. 2. QMS Framework


1.2 Scope and Application

This Manual applies to the processes relevant to the Project Management function of the company and explains in detail, the 1) Project Generation process from List of Unbidded Tenements to Joint Operating Agreement (JOA) and 2) Project Monitoring processes from Joint Operating Agreement (JOA) Signing to Revenue Entry. The operation and management of state-owned mining properties through PMDC's Partners/Operators, simply referred to as Project Management, as well as the support services rendered by Legal, Finance and Accounting, and HR and Administration Departments are the intangible product or service of PMDC that are being considered for ISO 9001:2015 certification. The system also ensures the availability of information on the procedures of the entire Project Management processes including the support processes interfacing with the established QMS - i.e. Procurement, Human Resources, Legal, Finance, Records and Administrative Support and Management related processes.

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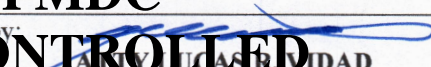
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The Manual contains the basic policies, objectives and guidelines as established by the PMDC with regard to the different elements involved in its Project Management system, which can be implemented as a tool for satisfying customer expectations.

1.3 Definition of Terms

- 1.3.1 Active Records – records within the active retention period.
- 1.3.2 Active Retention Period – the period designated for maintaining records relevant to the operations of projects throughout its lifetime and depends on the type of record and its corresponding legal, fiscal, and regulatory requirements.
- 1.3.3 Business Development – refers to the formulation, development, and implementation of relevant new business development strategies, projects and activities to enhance the company’s growth and profitability.
- 1.3.4 Certificate of Analysis – refers to the document issued by a qualified laboratory containing the assay of mineral samples and indicating the method of analysis and preparation duly signed and certified by the authorized representative.
- 1.3.5 Community – refers to the area where the mining property/project is located. It also refers to the group of people directly affected by the mining project. Said group of people, also called the stakeholders, include the local officials, the residents, indigenous people and all other key players.
- 1.3.6 Contract – refers to the written agreement that governs PMDC’s operating relationship with its contractors, called the Partners/Operators. Said contract is referred to as the Joint Operating Agreement (JOA).
- 1.3.7 Control Measures – refers to actions to be taken to prevent occurrence of an identified nonconformity.
- 1.3.8 Controlled Copy – reproduced copy of the original document, latest issued document; indicated by blue “Controlled Copy” stamp.
- 1.3.9 Corrective Action – action to eliminate the cause of a detected nonconformity (NC) or opportunities for improvement (OFI) or other undesirable situation. Corrective action is taken to prevent recurrence. There can be more than root cause for an NC/OFI.
- 1.3.10 Corporate Social Responsibility (CSR) – refers to the program of the Company being undertaken for the welfare and development of the identified and selected host and neighboring communities.

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- 1.3.11 Documents – as referred to in the QMS, are the quality procedures, standard operational instructions, the Quality Manual, and other procedures/standard forms indicated in the Document Masterlist.
- 1.3.12 Document Controller/Custodian (DC/C) – Individual/s assigned to oversee the implementation of the Document Control procedure and maintain controlled copies of documents.
- 1.3.13 Documented Information – as referred to, are QMS quality procedures, standard operational instructions, the Quality Manual, and other procedures/standard/form indicated in the Document Masterlist.
- 1.3.14 Document Masterlist – a list of the documents being controlled by the Document Controller/Custodian in terms of creation, approval, revision, distribution, access, and use.
- 1.3.15 Document Feedback Form (DFF) – a form used to suggest any revision to an existing document or manual.
- 1.3.16 External Documents – documents generated from external sources.
- 1.3.17 Environmental Compliance Certificate (ECC) – refers to the document issued by the government agency concerned certifying that the project under consideration will not bring about an unacceptable environmental impact, and that the proponent has complied with the requirements of the environmental impact statement system.
- 1.3.18 Exploration Work Program (EWP) – refers to the comprehensive and strategic plan to delineate the ore body of a deposit through the various stages of exploration methods.
- 1.3.19 Free and Prior Informed Consent (FPIC) – the consensus of all members of the Indigenous Cultural Communities/Indigenous Peoples (ICC/IP) which is determined in accordance with their respective customary laws and practices that is free from any external manipulation, interference and coercion and obtained after fully disclosing the intent and scope of the program/project/activity, in a language and process understandable to the community.

The Free and Prior Informed Consent is given by the concerned ICCs/IPs upon the signing of the Memorandum of Agreement containing the conditions/requirement, benefits as well as penalties of agreeing parties as basis for the consent.

- 1.3.20 Inactive Records – records within the inactive retention period.

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1.3.33 Project Management – refers to the activity in which the Project Management Department (PMD) conducts monitoring of the mining projects and activities within the Diwalwal Mineral Reservation Area (DMRA) and other mine sites, verification of compliances with all regulatory requirements at every stage of mining operations, and evaluation of unbidded tenements for eventual packaging and promotion to investors.

Project Monitoring is carried out through site visits, review of reports and work programs, and communication with the Partner-Operator and the stakeholders, as needed, to ensure that problems are addressed or facilitated, relevant programs/projects/services are provided to or implemented in the mining communities, and revenues are generated on time. Project Monitoring also includes periodic checking of the JOA to ensure that all its provisions, particularly the Partner-Operator’s obligations are complied with.

1.3.34 Procurement/Goods and Services – refers to the evaluation and selection of suppliers based on their ability to supply goods or services in accordance with the organization’s requirements and the provisions of the Government Procurement Reform Act. These include the preparation of documentary and reportorial requirements of governing agencies, i.e. DBM-TSO and GPPB, which form part of the BAC Secretariat functions.

1.3.35 Record – evidence of performing a process or activity or an output of a process; information that is created, received, and maintained as evidence by PMDC in the transaction of its day-to-day business or pursuit of legal obligations.

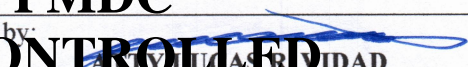
1.3.36 Records Controller – or the Records Officer; the personnel or office which oversees the implementation of the Control of Records procedure.


1.3.37 Records Custodian – refers to identified individuals from each unit who are held responsible for the maintenance, filing and safekeeping of records relevant to evidences of implementation of the Quality Management System processes and procedures. Each Project shall also serve as Records Custodian for the particular project/s he/she handles.

1.3.38 Request for Action (RFA) Form – used to initiate and record the identified NC/OFI and monitor the status and actions taken relative to the NC/OFI.

1.3.39 Uncontrolled Copy – reproduced copy of a controlled copy document strictly for reference use. It is a copy issued to non-copy holders or non-Process Owners.

1.3.40 Vital Records – records that are essential for resuming and/or continuing operations during an emergency.

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All uncontrolled documents shall not bear any control marks by the DC/C and shall not be updated. These may be distributed to customers or stakeholders when considered commercially beneficial or when demanded as a contract requirement. All external distribution shall be subject to the approval of Management.

2. Management Responsibility

2.1 Management Commitment

The Top Management recognizes the importance of demonstrating leadership and commitment with respect to the company's quality management system.

The following are the Quality Objectives set by the company:

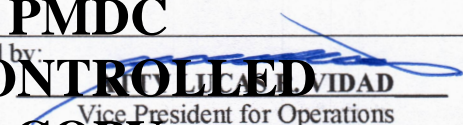
1. Enhanced company profitability;
2. Enhance Operator's Capacity;
3. Sustain Progressive Communities through Responsible Mining;
4. Develop the Diwalwal Mining Area and other Mining Tenements
5. Enhance Operational Efficiency;
6. Improve manpower competence and management effectiveness; and
7. Institutionalize the Quality Management System

The company measures the attainment of these objectives through the use of a performance scorecard which is reviewed periodically.

2.2 Quality Management System Planning

The Company's strategic and operational plans are the results of the annual corporate planning processes. This is the venue where the strategic thrusts of the company are defined, commitments obtained, and resource requirements determined and allocated. Objectives and targets are set and prioritized at appropriate levels, with specific quality objectives defined in relation to the company's business processes and customer satisfaction.

Prior to the conduct of corporate planning activities, the various operating units conduct pre-planning activities to assess performance, identify prior year's weaknesses/problems using the 7S framework, gather information on customer feedback, requirements and expectations, etc. The outputs of the planning process include, among others: strategies for business and operational improvement; pursuit of the company's mandates; and, innovations or improvements for enhancing citizen-focused services.

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4.0 PMDC's Business Process and Scope of QMS

4.1 PMDC Business Process Map

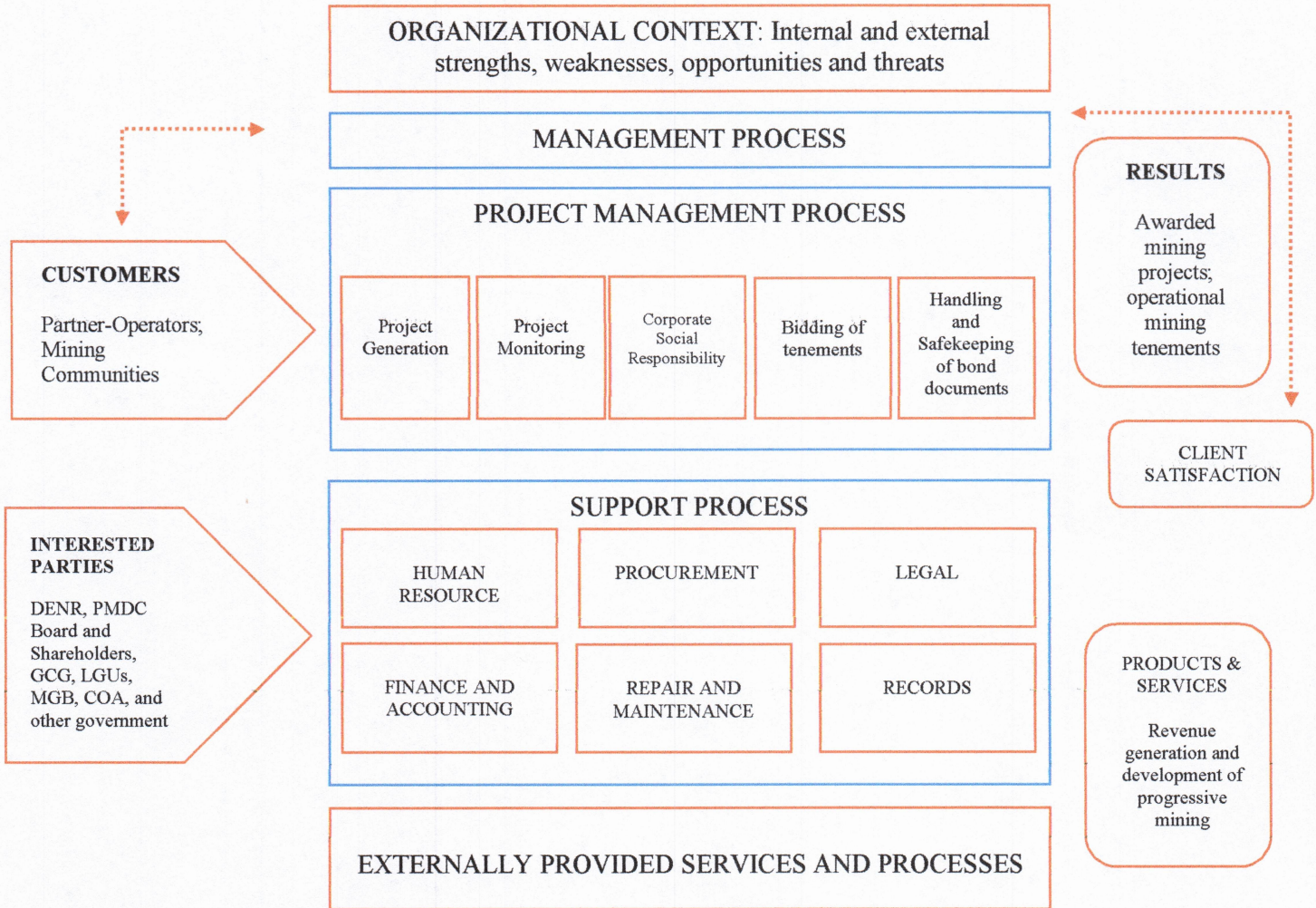


Fig 3. PMDC Business Process Map

The details of the processes under Project Management and Support Services are reflected in the respective Quality Procedures.

The table below shows the input required and output expected from each processes, as well as the responsible units/departments.

PROCESS	INPUT	OUTPUT	RESPONSIBILITIES AND AUTHORITIES
Project Generation	List of Unbidded Tenements	Joint Operating Agreement (JOA)	Project Management Department (PMD)
Project Monitoring	JOA	Revenue Entry	Project Management Department (PMD)



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Corporate Social Responsibility (CSR)	Approved CSR Program for the Year	Post Activity Report	PMD/CSR Unit
Handling and Safekeeping of Bond Documents	Legal's Review	Valid Bond on File	Legal Department, Concerned Department, and FAD
Hiring	Approval for Hiring	Employment Contract	HRAD
Training and Development	Request for Training	Registration of employee to public seminars/training	HRAD Manager, Employee's Immediate Supervisor, Vice President, and President and CEO for the processing of training request; Concerned Department Assistant for the registration of participants and processing of payment order for registration fees
Procurement	Approved Purchase Requisition	Receiving Report	Procurement Unit
Contract/Document Review	Copy of the contract or document for review	Recommendation, comments, opinion on the contract or document	Legal Department
Repair and Maintenance	Request for Maintenance and Repair (RMR)	RMR – Post Maintenance/Repair Inspection	Property Officer Procurement
Records	Incoming and Outgoing Documents	Controlled Documents, safekeeping, retrieval, retention, and disposal of records	Records Unit

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LUIS A. VIDAL
 Vice President for Operations

Date: **NOV 04 2024**