



1.0 Objective:

To establish a definite pattern of conduct and discipline among the employees of Lepanto Consolidated Mining Company (“Company”) and provide fair disciplinary / corrective actions for infractions in order to improve employee performance, work habits and capabilities and gear their attitude towards a higher level of productivity.

2.0 Scope:

This shall apply to all employees of this Company.

3.0 Roles and Responsibilities:

Each employee is responsible for his or her own compliance with the Code of Conduct. Any question of interpretation should be directed to the Corporate Human Resource and Administration Department. All alleged violations will be fully investigated and employees reporting any such matter should fear no reprisal.

The Office of the Corporate Human Resource and Administration shall be responsible for the review, updating, dissemination and implementation of the Code of Conduct.

4.0 Definition of Terms:

Every organization has expectations of how its members should act among each other and with those outside of the organization. The set of principles that govern these expectations is referred to as a *Code of Conduct*. It is a set of behavioral guidelines issued to and for the compliance of all employees in order to help them conduct their actions in accordance with the Company’s primary values and ethical standards.

It is important that all newly-hired employees undergo an orientation on the Company’s Code of Conduct and a copy be given to each of them.

5.0 Guidelines:

5.1 GENERAL REGULATIONS -

I. ON ASSET PROTECTION

The Company’s assets are the resources with which it conducts business. Assets include, but are not limited to, all physical properties such as buildings, equipment, machines and



inventories, including evidence thereof, e.g, original certificates of title, of stock or of registration and tax declarations, as well as intangible assets such as confidential information, goodwill, inventions, processes, methods, business plans and ideas, whether stored on paper, computer media or as knowledge. Intangible assets could at times be more valuable than physical assets and are usually more difficult to guard or to protect from loss, theft or unauthorized use.

It is hereby declared that 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.

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.

HANDLING OF CONFIDENTIAL INFORMATION

In the course of employment, many may have access to confidential information including, but not limited to, business plans, procedures/methodologies, financial information, product development, personnel and salary information, legal strategies, terms of commercial agreements, etc. Also included in the confidential category are results, or existence of, company research and development activities. In case of doubt and unless the information is known to the public or part of public records, information should be deemed 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.

In cases when there are queries about confidential matters, the rule of thumb shall be not to provide such information unless one is specifically authorized to do so. In such case, the query must be addressed to the proper department or officer for handling.



UTILIZATION OF CONFIDENTIAL INFORMATION

Employees have the obligation to properly use the confidential information that they may possess in connection with specific job responsibilities. This is especially true because the Company's shares are listed on the Philippine Stock Exchange and any premature or irresponsible release of information, accurate or inaccurate, could unnecessarily affect the market price of the shares to the prejudice of the shareholders or the investing public. Should employees become privy to confidential information that they are not authorized to have or to use, they shall keep the same confidential and surrender to the officer concerned all documents or papers, including electronic copies, that they may have to prevent any further leakage of the information.

CONFIDENTIALITY AGREEMENT

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.

Finally, the Confidentiality Agreement obligates every employee not to disclose or misuse any confidential information acquired in case of separation from the company.

INFORMATION AND RECORDS KEEPING

Under existing local laws, the company is required to maintain financial records that accurately and fairly present its activities and transactions. Documents, including written agreements, invoices, check requests and expense reports, are likewise required to fairly and accurately reflect the information contained therein for scrutiny of the shareholders and public authorities.

The mandate for accurate and proper recording of information goes beyond the accounting and financial functions of the company. Every employee must honestly and fairly record information within their respective job responsibilities. For instance, attendance and time worked, laboratory tests, market research tests, financial schedules and expense reports must be reported truthfully within the parameters set by approved and existing corporate policies on the matter.

PUBLIC DISCLOSURE AND REPORTING

Reporting of financial information to stockholders and to the Securities and Exchange Commission requires the highest standard of fairness and honesty. The harm done to the company's reputation and to its investors by fraudulent or misleading reporting can be



severe. Dishonest financial reporting can also result in civil or criminal penalties to the individuals involved or to the company. Consequently, the reporting of any false or misleading information in internal or external financial reports is strictly prohibited.

II. CORPORATE BUSINESS ETHICS

The following describes the company's commitment to environment, safety and health, employees' welfare, welfare of the society at large and to the legal and business ethical standards that govern dealings with suppliers, customers, competitors and employees.

ON ENVIRONMENT, SAFETY & HEALTH

The company is committed to conduct its business with outmost care for the environment. Its primary goal is to continually integrate safety, health and environmental concerns in all phases of operations. It shall use the best environmental management practices and shall strive to foster mutually beneficial partnership with host communities.

To continually improve safety, health and environment performance, the company is committed to:

- comply with relevant local statutes, regulations, and industry initiatives;
- promote sustainable use and responsible development of resources by adopting appropriate technologies;
- minimize, reuse or recycle, treat, and dispose properly all wastes;
- enhance the land use and form in all operational areas;
- promote safety, health and environmental awareness and interaction among its employees, suppliers, contractors, host communities and other interest groups;
- continually provide appropriate training and ensure competence among the company's personnel for effective maintenance of its environmental management system; and
- develop livelihood programs and upgrade skills of host communities to contribute and enhance quality of life.

COMMITMENT TO EMPLOYEES

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.

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.

The manufacture, possession, distribution, dispensation, sale or use of alcohol, illicit drugs and/or other controlled substances by employees on company premises is prohibited except in the case of individual use of legally obtained prescription drugs or the serving of alcoholic beverages in connection with an authorized event within Company premises.

Drug test shall be administered in accordance with law and those found positive of drug use shall be handled medically and legally according to severity of use and its impact to the workforce and its possible social influence to the host community.

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 shall be its guide at all times.

GIFTS AND ENTERTAINMENT

Some of the most common ethical questions arise about gifts and entertainment. 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.

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.



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.

EXPENSE REIMBURSEMENT

It is the policy of the Company to reimburse its employees for actual, reasonable and necessary expenses incurred in the conduct of its Company business.

II. OTHER GOVERNING POLICIES

CONFLICT OF INTEREST

All officers and employees are expected to be loyal to the Company. Therefore, at all times, they should avoid situations where their personal interest may conflict directly or indirectly with the Company's interest. No specific definition of such a situation appears practicable in view of the many different forms in which conflict or apparent conflicts of interest may arise. In general, however, 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.

Accepting gifts other than customary ones, and entertainment from or on behalf of anyone doing or seeking to do business with the Company, especially if such gift, favor or entertainment is given by reason of the employee's position and influence in the Company, is another situation that might create a conflict of interest.

Whether or not any interest conflicts with that of the Company's depends on the circumstances of each case, including the nature and relative importance of the interest, which may be financial or may involve individual relationships. 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.

ON QUALITY AND QUANTITY OF WORK

The Company expects every employee to do his best in performing his/her functions/jobs. An employee should strive to be more than an average performer and under no circumstances should an employee restrict or attempt to restrict his/her work or production. He/ She should never engage in any form of sabotage.



ON WORK ATTITUDE

Employees are expected to report to work regularly. Should his/her absence be necessary, the employee must comply with the pertinent provisions on Filing of Leave of Absence. They must always be on time for work, and must remember that tardiness does not only reflect inefficiency, but also disrupts operations. To avoid causing disturbance, an employee must not loiter around or visit other employees for no functional reasons.

An employee must pay close attention to his/her work. Carelessness may result in personal injury to oneself or to his co-employees and may also cause damage to Company equipment or properties. An employee must report to his superior all instances of pilferage and wasteful, unsanitary and unsafe practices.

Everyone must observe respect to fellow employees at all times, and refrain from threatening, intimidating, coercing or interfering with threats or attempting bodily injury to or assaulting fellow employees, especially when such action interferes with working relationships. Use of profane or abusive language should be avoided.

An employee is expected to be honest at all times. Falsifying company / personnel records, stealing and dishonesty of any sort is condemned and will be dealt with accordingly.

5.2 DISCIPLINARY ACTIONS

Violations of the Code of Conduct are deemed serious offenses which may result in disciplinary action, suspension or dismissal and when warranted, the filing of civil and/or criminal actions against the violator.