

Risk Management Policy

General Policy Statement

VIMC is a publicly listed Company, participant in several service contracts, mineral production sharing agreements, and geophysical survey and exploration contracts entered with the Philippine Government. Our right to operate and our reputation as a publicly-listed company wholly depends upon our adherence to the prevailing laws, regulations and technical & industry standards.

In addition to the prevailing laws, regulations and technical & industry standards, VIMC's management has a focused obligation to manage the risks inherent to its business. This coupled with individual leadership and accountability empowers the Company to operate profitably while promoting its Risk Management Policy.

The Board and Management is committed to ensuring that it plans, performs the business activities diligently and ensures that the risks inherent in the business are identified and then avoided or kept as low as reasonably practicable.

Management will strive to identify and manage the risks inherent in the business and will continuously seek to improve its risk management performance so that it can protect its stakeholders, the environment, its assets and reputation.

Policy Strategies

To ensure the implementation of this policy we will:

- Comply with all prevailing laws, regulations and standards while aspiring to higher standards.

- Ensure adequate risk management is undertaken for all business activities.

- Delay or stop activities where risk identification has not been undertaken.

- Ensure that all activities are conducted in a safe and efficient manner and risks are avoided or are kept as low as reasonably practicable.

- Apply best industry standards where laws and regulations do not exist.

- Ensure that all employees and contractors are trained and suitably supervised so that they can perform their jobs efficiently.

- Ensure that procedures are in place to identify, assess and control workplace hazards.

- Use due influence to promote this policy in non-operated ventures.

- Promote the Company's values and culture so that all its employees will act in accordance with this policy.

Application

The Management is accountable to the Board of Directors for ensuring that this policy is implemented. This policy will reviewed on a yearly basis.

This Policy applies to all employees, contractors and joint venturers engaged in activities under VIMC's operational control.

Credit Risk Policy

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash with banks, short term deposits and receivables.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

Liquidity Risk Policy

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS investments.

Market Risk Policy

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters. The exposures to specific market risks are as follows:

Foreign Exchange Risk

The Group uses the Philippine pesos its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.