

THE PHILODRILL CORPORATION

CORPORATE GOVERNANCE MANUAL

The Board of Directors and Management of The Philodrill Corporation (the "Company") commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same shall guide the attainment of corporate goals.

1. OBJECTIVE

This Manual institutionalizes the principles of good corporate governance in the Company.

The Board of Directors and Management, the employees and shareholders believe that corporate governance is an indispensable component of sound strategic business management and will undertake every effort necessary to create awareness and promote adherence to its principles within the organization.

2. COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. Appointment

To insure adherence to the principles and best practices of corporate governance contained in this Manual, the Chairman of the Board (hereafter, the "Chairman") shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. The Compliance Officer shall have direct reporting responsibilities to the Chairman.

2.1.2. Duties

The Compliance Officer shall perform the following duties:

- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and,
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulations.

(c) **Duties and Responsibilities of a Director**

A director shall have the following duties and responsibilities:

- To conduct fair business transactions with the Company and ensure that personal interests do not influence Board decisions;
- To devote time and attention necessary to properly discharge his duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the SEC

and, where applicable, the requirements of other regulatory agencies.

- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

2.2.2. **Board Committees**

To aid in complying with the principles of good corporate governance, the Board shall constitute Committees.

(a) **Nomination Committee**

The Board shall create a Nomination Committee to be composed of at least three (3) voting directors (one of whom must be an independent director) and one (1) non-voting member in the person of the Human Resources Director/Manager or similar officer. The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the following guidelines:

Qualifications

- Holder of at least one (1) share of stock of the Company;
- He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;

