BELMONT HOTEL BORACAY, INC.

AUDIT COMMITTEE CHARTER

The Audit Committee (the "Committee") of Belmont Hotel Boracay, Inc. (the "Corporation") hereby adopts this Audit Committee Charter (the "Charter") to provide for the purpose, membership, structure, operations, duties and responsibilities of the Committee, including the procedures which shall guide the conduct of its functions.

Section 1. Purpose

The Audit Committee shall assist the Board of Directors ("Board") in fulfilling its oversight responsibilities with respect to the Corporation's financial reporting process, internal control, risk management, internal audit, external audit, management and overall compliance framework.

Section 2. Structure

2.1 Membership and Qualifications

The Committee shall be composed of at least three (3) members of the Board, who shall preferably have accounting, auditing and finance backgrounds, one of whom shall be an Independent Director and another shall have audit experience. The members of the Committee must have a good understanding of the Corporation's business and the industry in which it operates. The Chairman of the Committee shall be an Independent Director.

2.3 Appointment and Removal

The Chairman and members of the Committee shall be appointed, and may be removed from office, by a majority vote of the members of the Board constituting a quorum. In case of vacancy in the membership of the Committee, the Board shall appoint a new member from among the directors. In case of vacancy in the position of Chairman, the Board shall appoint a new Chairman from the members of the Committee.

2.4 Committee Secretary

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, shall act as the Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee.

Section 3. Operation

3.1 Meetings

The Committee may meet and vote in person or through teleconference, videoconference or other similar means, at such times and places as it considers appropriate. The Chairman of the Committee, any Committee member, or the Committee Secretary, may call a meeting of the Committee.

The Chairman shall preside in all meetings. In the absence of the Chairman, any member shall preside.

Meetings may be held, and the members can participate in meetings of the Committee, through teleconference, videoconference or other similar means.

3.2 Quorum

Attendance of at least two (2) Committee members shall constitute a quorum for all meetings.

3.3 Voting

The affirmative vote of a majority of such quorum shall be required to authorize any corporate action.

3.4 Notices

A notice of each meeting of the Committee specifying the place, date, time, and agenda and matters to be discussed during the meeting shall be given to each member of the Committee personally, in writing or orally, or sent to him by mail, facsimile, electronic mail or other similar means at least two (2) days prior to the date of the meeting. Each member shall give the Committee Secretary his address, facsimile number and electronic mail address for the service of notices of meetings. A member may waive notice of any meeting of the Committee and may consent to shorter notice of any meeting. Any Committee meeting called by shorter notice shall be deemed to have been duly convened if it is so agreed by the members present in the meeting at which there is a quorum.

3.5 Minutes and Record

The Committee Secretary shall maintain minutes or other records of the Committee meetings and activities.

Section 4. Duties and Responsibilities

4.1 The duties and responsibilities of the Committee are as follows:

a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.

c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from 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;

d. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f. Organize and oversee an internal audit department, and recommend and consider, when necessary and desirable, the appointment and/or grounds for approval of an independent internal audit head or Chief Audit Executive and the terms and conditions of its engagement and removal, as well as for outsourcing internal audit services;

g. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system including financial reporting control and information technology security;

h. Review the reports submitted by the internal and external auditors;

i. Review and approve the interim and annual financial statements before their submission to the Board, with particular focus on the following matters:

   i. Any change/s in accounting policies and practices;
   ii. Major judgmental areas;
   iii. Significant adjustments resulting from the audit;
   iv. Going concern assumptions;
   v. Compliance with accounting standards; and
   vi. Compliance with tax, legal and regulatory requirements.

j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fee paid to the external auditor in relation to its significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with its duties as an external auditor or may pose a threat to its independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report and Annual Corporate Governance Report;

l. When applicable, establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;

m. Ensure that in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; and

n. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Securities and Exchange Commission, who shall undertake an independent audit of the Corporation, and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

Section 5. Authority and Resources

5.1 Authority

The Committee shall have the authority to conduct or order the investigation into any matter within the scope of its responsibilities. The Committee may invite members of Management, organization staff, the Internal Audit Group or external auditor to attend and provide pertinent information or data.

5.2 Resources

The Committee shall have full access to Management, personnel and records in the performance of its duties and responsibilities. The Committee may also engage external legal counsel or independent professional advisors if it considers necessary in the performance of its functions. The Committee shall be provided by the Corporation with sufficient resources to enable it to fully discharge its duties and functions hereunder including resources for the training and education of its members and staff.

Section 6. Reporting

The Chairman of the Committee, or in his absence, the Chairman of the meeting, shall report to the Board on the decisions and recommendations made by the Committee following each meeting.

The Committee may prepare an annual report of its activities to the Board and such other reports and certifications that the Board may require from the Committee such as those on critical compliance issues.

Section 7. Effectivity

This Charter shall take effect immediately upon approval by the Board.