BELMONT HOTEL BORACAY, INC.

INTERNAL AUDIT CHARTER

I. MISSION

Belmont Hotel Boracay, Inc. (the "Corporation") shall have in place an independent internal audit function which shall be performed by an Internal Auditor or an Internal Auditor Group or a similar office ("Internal Audit"), through which its Board of Directors ("Board"), Management, and the shareholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

The Internal Auditor shall functionally report directly to the Audit Committee.

II. OBJECTIVE

To assist the Corporation to achieve its objectives and strategic direction by:

a. Providing assurance on the adequacy and effectiveness of risk management process, as well as the efficiency and effectiveness of the control environment, in reducing risk exposures down to acceptable levels.

b. Providing consulting services related to the improvement of the Corporation's policies, processes and procedures.

III. SCOPE

The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors:

a. the nature and complexity of business and the business culture;

b. the volume, size and complexity of transactions;

c. the degree of risks involved;

d. the degree of centralization and delegation of authority;

e. the extent and effectiveness of information technology; and,

f. the extent of regulatory compliance.

IV. FUNCTION

Internal Audit shall have the following functions:

a. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and

accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;

b. Perform regular and special audit as contained in the annual audit plan and/or based on the Corporation's risk assessment;

c. Perform consulting and advisory services related to governance and control as appropriate for the organization;

d. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;

e. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Corporation;

f. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;

g. Evaluate specific operations at the request of the Board or Management, as appropriate; and

h. Monitor and evaluate governance processes.

V. AUTHORITY AND ACCESS

The Internal Audit activity, with strict compliance to accountability for confidentiality and safeguarding records and information, is authorized with full, free and unrestricted access to any and all of the Corporation's records, physical properties and personnel pertinent to carrying out any engagement. All employees are requested to assist Internal Audit activity in fulfilling its roles and responsibilities. The Internal Audit will also have free and unrestricted access to the Board.

VI. REPORTING

The result of audit is communicated through an executive report which is issued and distributed to the Audit Committee and to the relevant members of the Management.

The report contains an executive summary stating the audit opinion and results of audit which includes findings and management's response; and Audit Finding Form documenting the detailed description of findings, recommendation, risk exposure, root cause analysis, correction and corrective action and its target implementation.

VII. EFFECTIVITY

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