



UNIVERSAL BASALT AGGREGATES CORP.

Crushing Plant: So. Malbeg, Bacungan, Puerto Princesa City
Mailing Address: c/o Fernandez cor. Manalo St. Bgy Tanglaw, Puerto Princesa City
Corporate Address: 5-I Future Point Plaza 3, Panay Ave. South Triangle, QC

August 3, 2021

Engr. Glenn Marcelo C. Noble
Regional Director
Mines and Geosciences Bureau
Regional Office No. IV-B (MIMAROPA)
7/F, 1515 DENR Building, Roxas Boulevard
Ermita, Manila

SUBJECT: Reply to Show Cause Order Dated July 16, 2021

Dear Sir:

This pertains to the letter we received from your office dated July 16, 2020, duly received today, August 3, 2021, requiring us to show cause why the company should not be penalized for not securing an OTP from your office pursuant to Section 117 of DAO No. 2010-21 for crushed basalt originating from the plant. Further, it gave a reminder that MPP was issued by your Office, hence, the permit to transport should be secured from the issuing office.

Kindly consider the following causes:

1. Ore Transport Permit (OTP) is not included in the conditions indicated in the terms and conditions of the Mineral Processing Permit.

Since we are the first company in Puerto Princesa City to secure the MPP, we can only rely on the conditions to be complied with as indicated in the terms and conditions of the Mineral Processing Permit. There being both no precedent in actual industry practice and in the expressed conditions, good faith to comply may be inferred.

2. This is the second MPP inspection from commencement of operation.

Also, provided that this is already the second audit of MPP compliance since operation, we were not informed and it has not come up as part of our noncompliance in the first inspection. Thus, in this regard, there is a presumption that we have substantially complied with the conditions set thenceforth.



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3. We need support on the implementing rules or procedure for this requirement.


We need guidance from your office to secure such permit, especially on the procedure for the following:

- a. How to secure, including frequency (i.e. is this per customer or per term/period); we do not have fixed customers like in a mining company; we just receive orders on a daily basis, sometimes to be delivered right away.
- b. The forms, records to be maintained, and monitoring procedure; and
- c. Coherence with CMRB requirements.

4. We are willing to comply upon proper instructions on how to proceed.

We appreciate that we were given the opportunity to be heard on this matter. We hope that we have provided sufficient cause for your good office not to impose such penalty. Thank you for the usual support of the MGB team.

Respectfully yours,



STEPHEN P. TAN
President