



Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU

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31 August 2012

MEMORANDUM

FOR : The Regional Director
Mines and Geosciences Bureau
Regional Office No. IVB (MIMAROPA)
7th Floor DENR Bldg., 1515 Roxas Blvd.
Ermita, Manila

FROM : The Acting Director
This Bureau

SUBJECT : Deed of Assignment of 16 January 2012 Executed By
and Between Lebach Mining Corporation and Chengde
Mining Group, Inc. Involving the Mineral Production
Sharing Agreement No. 285-2009-IVB (Amended)

This refers to your Memorandum dated 20 June 2012 to the Secretary of the Department of Environment and Natural Resources, thru this Office, forwarding the subject, together with the pertinent documents, involving the Mineral Production Sharing Agreement (MPSA) No. 285-2009-IVB (Amended) granted to Lebach Mining Corporation (Lebach), for approval.

Our evaluation of the said documents shows the following deficiencies:

✓ 1 **Original** or Mines and Geosciences Bureau (MGB) Regional Office (RO) No. IVB (MIMAROPA)-certified true copy of the Board Resolution/s of each of Lebach and Chengde Mining Group, Inc. (Chengde) regarding the authority of the signatories to the said Deed of Assignment (Assignment).

✓ 2 Certification by MGB RO No. IVB (MIMAROPA) as to Lebach's compliance with the terms and conditions of MPSA No. 285-2009-IVB (Amended).

[Note: The submitted Certification dated 25 November 2011 is for the "application for renewal of Exploration Permit denominated as EP-001-2009-IVB" and not for MPSA No. 285-2009-IVB (Amended), hence, is inadmissible.]

3 Proof of financial capability of **Chengde** to implement the Work Programs under MPSA No. 285-2009-IVB (Amended), in the form of credit line(s) and/or certification(s) of bank deposit showing the amount of at least PhP2,100,557.00 in addition to the PhP20,999,443.00 current account deposit per Certification dated 11 June 2012 of Allied Bank. ✓

[Note: The said amount of PhP20,999,443.00 is not sufficient to implement the proposed Work Programs for the first renewal of the Exploration Period under MPSA No. 285-2009-IVB (Amended), which have a combined budget estimate of PhP23,100,000.00. Hence, the additional proof of financial capability is required.]



4. Supplemental Deed of Assignment showing a provision that all the obligations of Lebach with respect to MPSA No. 285-2009-IVB (Amended) shall be assumed by Chengde, or Affidavit by Chengde that it will assume all the obligations of Lebach with respect to the MPSA. ✓

5. A sworn statement to the effect that Chengde is consenting to the inclusion of a provision in the MPSA, to quote:

"...the subject MPSA shall automatically terminate, upon field verification that the Assignee has violated any of the acts provided for in Section 15.2 of the MPSA Contract."

Neck Revision

6. Certification by MGB RO No. IVB (MIMAROPA) attesting that -

- a. There is no opposition to or dispute involving the said Assignment of MPSA No. 285-2009-IVB (Amended) by Lebach to Chengde; and
- b. The Regional Director shall be held responsible should there be such opposition or dispute not being disclosed.

This Certification has become a mandatory requirement for the assignment of an MPSA in view of a recent incident that necessitated such.

7. Categorical recommendation by MGB RO No. IVB (MIMAROPA) for approval of said Assignment. ✓

8. Original or MGB RO No. IVB-certified true copy of the Strategic Environment Plan clearance for MPSA No. 285-2009-IVB (Amended) issued by the Palawan Council for Sustainable Development. *(lacking)*

In view of the above deficiencies, we are constrained to return the subject Assignment for appropriate action.



W. Juan

LEO L. JASARENO

Encl.: as stated

cc.: The President
Lebach Mining Corporation
Silangan House
7607 Guijo St., San Antonio Village
Makati City

The President
Chengde Mining Group, Inc.
Silangan House
7607 Guijo St., San Antonio Village
Makati City