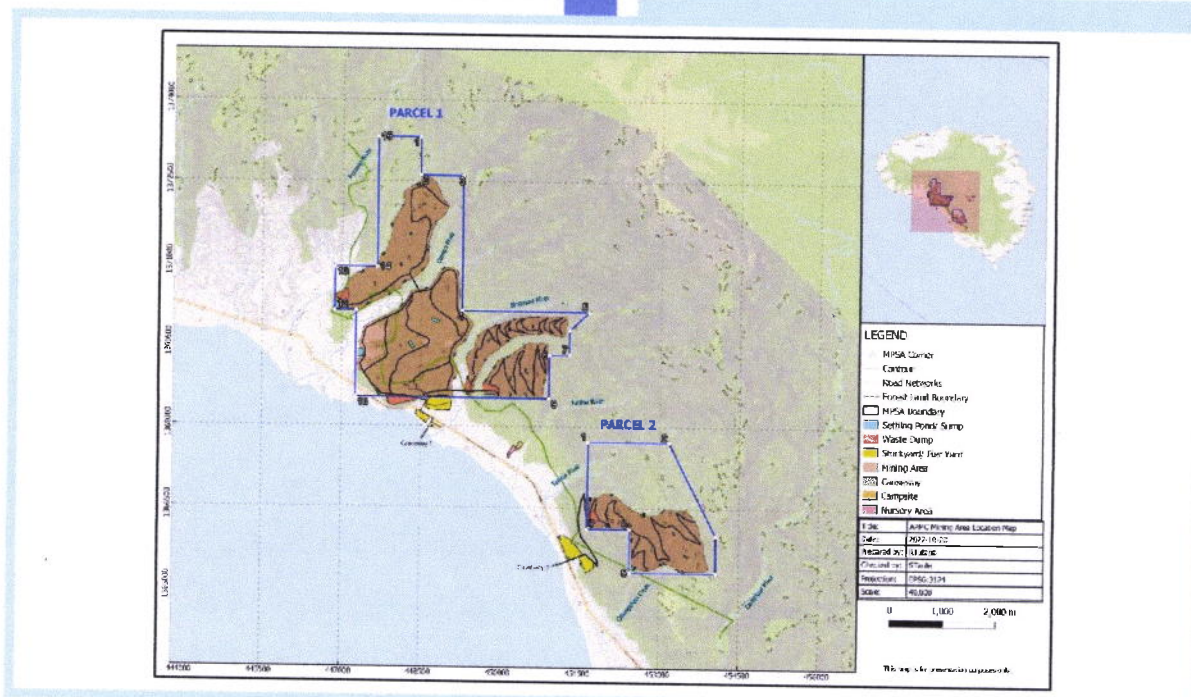


PROJECT DESCRIPTION FOR SCOPING (PDS)

ALTAI PHILIPPINES MINING CORPORATION (APMC) PROPOSED NICKEL PROJECT

Brgys. España and Taclobo, Municipality of San Fernando,
Sibuyan Island, Province of Romblon



**ALTAI PHILIPPINES
MINING CORPORATION
(APMC)**
Project Proponent

PROJECT DESCRIPTION FOR SCOPING (PDS)

1 Basic Project Information

Table PD-1. **Project Fact Sheet**

Name of Project	Altai Philippines Mining Corporation (APMC) Proposed Nickel Project	
Project Location	Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon	
Project Category & Type (based on Annex A of MC 2014-005)	Category A - ECP, extraction of metallic ore/Minerals (onshore) with an Area of ≥ 25 ha (regardless of Capacity)	
Project Size	Component	Area (ha)
	MPSA: Parcel 1	1,140.7790
	Parcel 2	440.0220
	Sub-Total	1,580.8010
	Facilities within the MPSA	
	Mine Pits	870
	Waste/Overburden Dump	40
	Haul Roads/Access Roads	47
	Settling Ponds and Drainage System	13.52
	Facilities Outside the MPSA	
	Waste Dump	6.4
	Haul Roads/Access Roads	3
	Settling Ponds/Sump	1.3
	Pieryard	12.14
	Stockyard	22.6
	Nursery	1
	Fuel Depot	0.01
	Field Office	0.5
	Employees Quarters/ Mine Camp	0.1
	Contractor's Camp, Powerhouse, Motorpool	1
	Causeway (separate ECC Application)	1
	Sub-Total	49.05
	Annual Production	Initial of 500 Thousand WMT with staggered increase up to 3M WMT
Project Cost	Approx 300 Million Pesos	
MPSA Ref. No.	MPSA No. 304-2009-IVB	
Mining Area	870 ha	
Mining Method	Surface Contour Mining	
Commodity	Nickel Iron Laterite	
Project Duration	Minimum of 25 Years	
Major Project Components	<ul style="list-style-type: none"> • Mine Pits • Waste/Overburden Dump • Haul Roads/Access Roads • Settling Ponds and Drainage System • Stockyard • Nursery • Fuel Depot, Field Office, Employees Quarters, Assay Laboratory • Contractor's Camp, Powerhouse & Motorpool • Pieryard and Causeway (Separate ECC Application) 	
Project Proponent	Altai Philippines Mining Corporation (APMC)	

	Contact Person: Mr. Hanniel T. Ngo Position: President Tel No.: 02-8529-6868 1901 Tycoon Center, Pearl Drive Ortigas Center, San Antonio, Pasig City
EIA Preparer	APMC In-house Consultant Contact Person: Engr. Renato M. Vergara 09175383865 rvergara1628@gmail.com

2 Project Proponent and Tenement History

Project Proponent

Altai Philippines Mining Corporation (APMC) is a company duly registered in the Securities and Exchange Commission (SEC) under its Certificate of Incorporation with registration No.: AS096-001691, dated February 14, 1996 and its Amended Articles of Incorporation issued on the 9th day of June 2021. It is a 100% Filipino. Altai Philippines Mining Corporation's incorporators are Mr. Hanniel T. Ngo, the Chairman and President; Rosalie B. Ambat, the Corporate Treasurer; Lauraine F. San Roque, the Corporate Secretary; and Steve L. Taule and Babelyn R. Mantos, the corporate Directors. All are Filipino Citizens.

Tenement History

On June 23, 1972, The Lease Contract No. PLC-V-547 was awarded to Sta. Barbara Development Corp. (STABADECO) and subsequently exploration works was implemented in the property.

Proclamation No. 746 was signed by the President Fidel V. Ramos on February 20, 1996, Proclaiming Mt. Guiting-Guiting as Natural Park with an aggregate area of 15, 265.48 hectares as protected. The significant part of the APMC claim was directly affected by the proclamation but was excised to avoid conflict in area. Sta. Barbara Development Corporation and Altai Philippines Mining Corporation signed a Deed of Assignment (DOA) last March 19, 1996 wherein STABADECO transferred its PLC-V547 to APMC and gave authority to APMC to file and pursue an MPSA.

May 13, 1996 Sta. Barbara Development Corp. and Altai Philippines Mining Corporation DOA was registered with MGB Regional Office.

On May 21, 1996 APMC Filed MPSA Application No. AMA-IVB-025 with the MGB Regional Office, covering an area of 1,854 hectares.

A Memorandum of Understanding (MOU) earlier was executed on November 9, 2004, by and between APMC, the Claimowner, and Sunshine Gold Party Ltd, Sunpacific Resources Philippines, Inc. and All Acacia Resources Inc., the Operators, in relation to APMC's pending Mineral Production Sharing Agreement Application No.AMA-IVB-025. Under the MOU, the operator will carry out the exploration and mineral evaluation of the subject mineral property. The operators proceeded by supporting the processing and perfection of the APMC application for a mineral agreement.

On May 03, 2005, a Certification of Pre-Condition (Control No. ADO-CP-IV-05-05-0243) was issued by the National Commission on Indigenous Peoples (NCIP).

On November 28, 2005, Resolution No. 10 was issued by Barangay Taclobo, San Fernando, Romblon, endorsing the mining projects situated in the Barangay Taclobo, San Fernando, Romblon, endorsing the mining projects situated in the Barangay.

On November 29, 2005, a Resolution No. 11-2005-139 was issued by the Sangguniang Panlalawigan of Romblon, favorably endorsing the immediate approval of the application of APMC for Nickel Mining projects at the Municipality of San Fernando.

Another Barangay Resolution No. 15, S 2005 was issued on August 10, 2006 by the Barangay España, San Fernando Romblon endorsing the application of Nickel mining of APMC in their barangay.

The Mineral Production Sharing Agreement (MPSA) No. 304- 2009-IVB (**Annex 1**) was executed on December 23, 2009 by and between, Altai Philippines Mining Corporation (APMC) and Secretary Jose L. Atienza of the Department of Environment and Natural Resources.

On September 23, 2010, an Agreement on Assumption of Rights and Obligations was executed by and between Sunshine Gold Pty Ltd, Sunpacific Resources Philippines Inc. and All Acacia Resources Inc., on one hand, and Sibuyan Nickel Properties Development Corporation (SNPDC), on the other hand, for SNPDC to assume the rights and obligations of the former in relation to the mineral property of APMC.

APMC executed a Deed of Assignment on September 7, 2010, hereto, transferring its rights and interest over MPSA No. 304-2009-IVB to SNPDC. The subject Deed was registered with the Mines and Geo-Sciences Bureau Region IVB on September 24, 2010 after payment of all required fees including the transfer fee. To date, the processing and evaluation of the Deed of Assignment did not proceed and APMC retained its ownership as MPSA holder.

On September 13, 2011, A complaint was filed by then Mayor Dindo Coronel Rios against Altai Philippines Mining Inc. (Sibuyan Nickel Properties Development Corp or Sibuyan for brevity) due to alleged danger of the mining activities in the rivers and streams of Sibuyan Island.

On September 19, 2011, Cease and Desist Order was issued by DENR-Geosciences Bureau

On November 10, 2021, Deed of Assignment of Mining Rights / Properties by APMC and SNPDC was withdrawn.

On September 09, 2021, the issued Cease and Desist Order by DENR was lifted.

Finally, on July 12, 2022, the First Renewal of Exploration Permit under MPSA No. 304-2009-IVB was issued by DENR-MGB to Altai Philippines Mining Corporation.

3 Project Area, Location and Accessibility

The Romblon Island Group is situated in the central part of the Philippine archipelago and comprised of several islands. The prominent clusters with significant land coverage are Tablas, Romblon, and Sibuyan. The Romblon province is bounded on the northwest by Mindoro Island, thence on the east by Masbate Island and Panay Island on the south.

Sibuyan Island, the location of the project represents the eastern physiographic group of the province. The island covers an area of 405 square kilometers (40,500 hectares) and subdivided into three municipalities namely, San Fernando, Magdiwang and Cajidiocan.

Relative to mining, Romblon has been active in the production of non-metallic deposits. Marble, the trademark product of the province, has been mined since the Spanish colonization period up to the present where local private entrepreneurs produce products for construction and ornamental purposes. Extraction of sand and gravel deposits province wide is also common for local construction projects. The province is likewise potential for metallic deposits such as nickel, iron, and copper and gold, however, majority of these areas remained unexplored and as mere prospects.

The proposed project will be located in Barangays España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon. The mining tenement held by APMC denominated as MPSA No. 304-2009-IVB has a total area of 1,580.8010 hectares.

The mining tenement has a total area of 1,580.8010 hectares, consisting of two parcels, Parcel 1 is 1,140.7790 hectares and Parcel 2 is 440.0220 hectares. The table shows the boundaries of the two parcels and shown in **Figures PD-1 to PD-2**.

Table PD-2. **Geographical Coordinates of Project Area (WGS 84)**

Point	Latitude	Longitude
Parcel 1: Area 1,140.7790 hectares		
1	12° 25' 07.999"	122° 31' 33.631"
2	12° 24' 45.000"	122° 31' 33.631"
3	12° 24' 45.000"	122° 32' 00.167"
4	12° 23' 23.856"	122° 32' 00.167"
5	12° 23' 23.856"	122° 33' 19.611"
6	12° 23' 12.792"	122° 33' 07.500"
7	12° 22' 57.821"	122° 33' 07.500"
8	12° 22' 57.821"	122° 32' 55.000"
9	12° 22' 31.786"	122° 32' 55.000"
10	12° 22' 31.786"	122° 30' 53.952"
11	12° 23' 23.856"	122° 30' 53.952"
12	12° 23' 23.856"	122° 30' 40.710"
13	12° 23' 49.885"	122° 30' 40.710"
14	12° 23' 49.885"	122° 31' 07.196"
15	12° 25' 07.999"	122° 31' 07.196"
Parcel 2: Area 440.0220 hectares		
16	12° 22' 05.774"	122° 33' 19.611"
17	12° 22' 05.774"	122° 34' 10.000"
18	12° 21' 10.000"	122° 34' 39.713"
19	12° 20' 47.643"	122° 34' 39.713"
20	12° 20' 47.643"	122° 33' 46.096"
21	12° 21' 13.678"	122° 33' 46.096"
22	12° 21' 13.678"	122° 33' 19.611"

Figures PD-3 to PD-4 illustrate the location of the project area with respect to regional, provincial and barangay boundaries. Moreover, **Figure PD-5** shows the location of the project area vis-à-vis the protected area (Mount Guiting-Guiting Natural Park). The MPSA boundaries are at least 500m from the Natural Park and is also outside the buffer zone of the park.

**Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon**

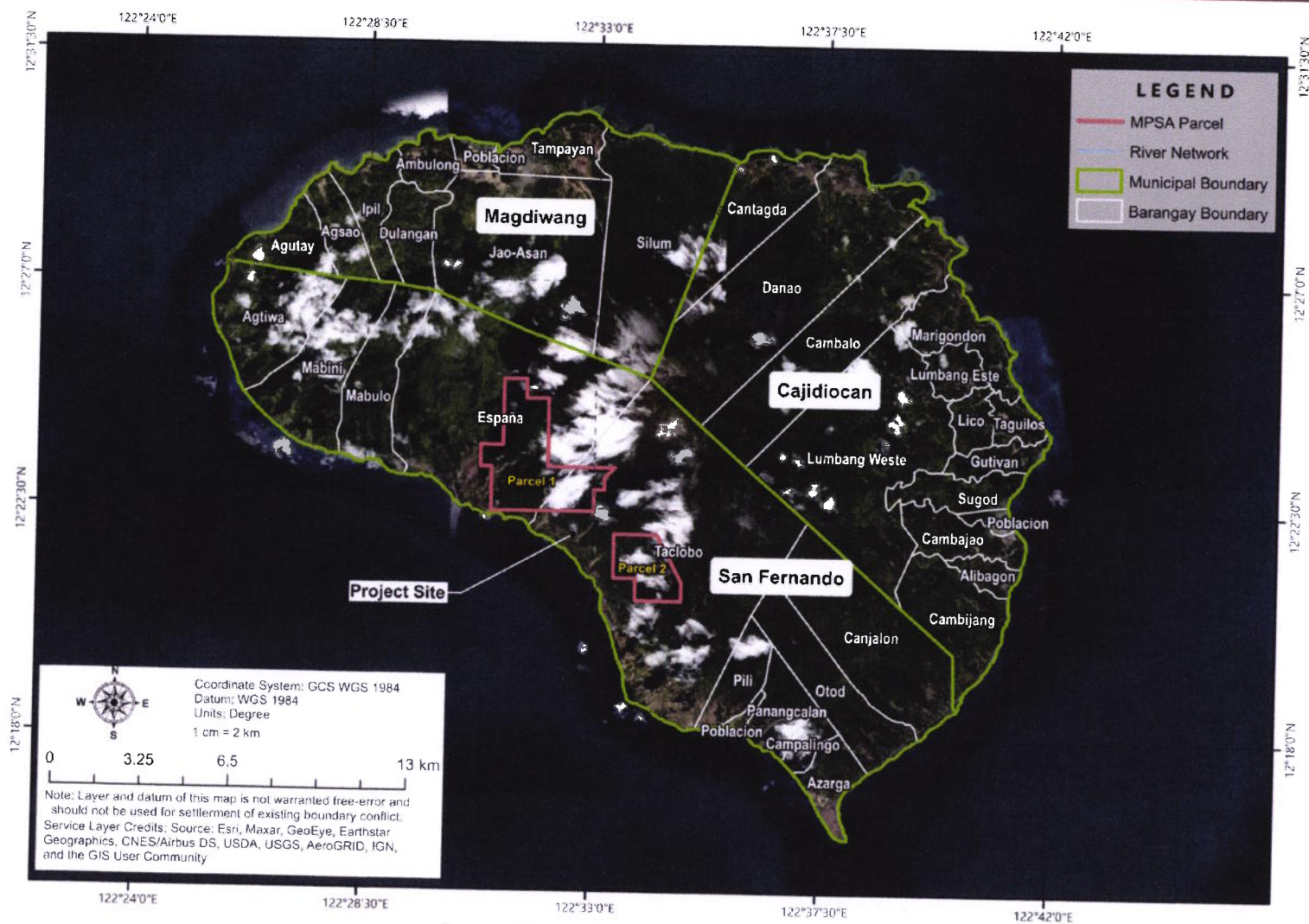


Figure PD-1. **Tenement (MPSA) in Google Earth Image**

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon

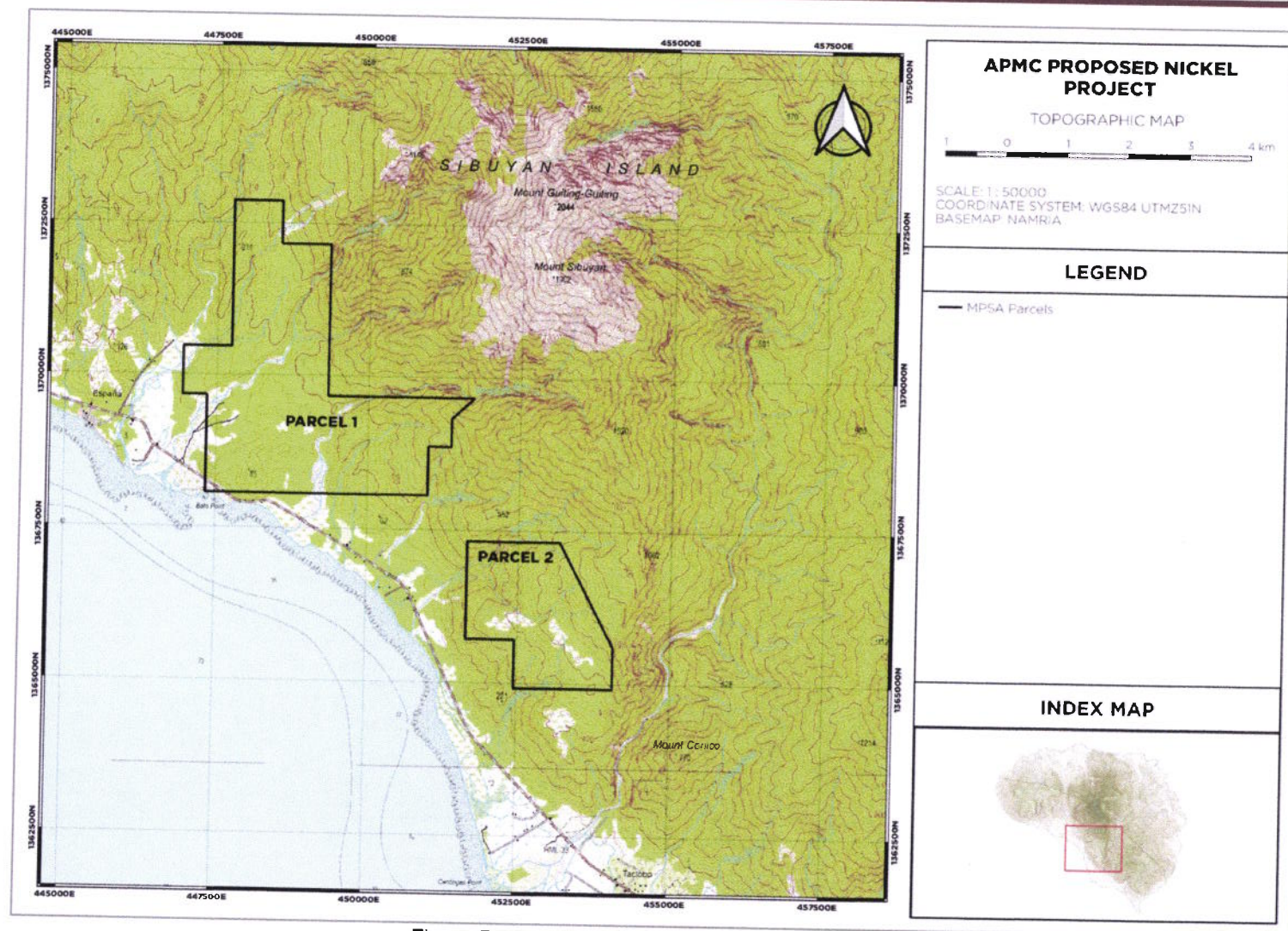


Figure PD-2. Tenement (MPSA) in NAMRIA Topographic Map

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon

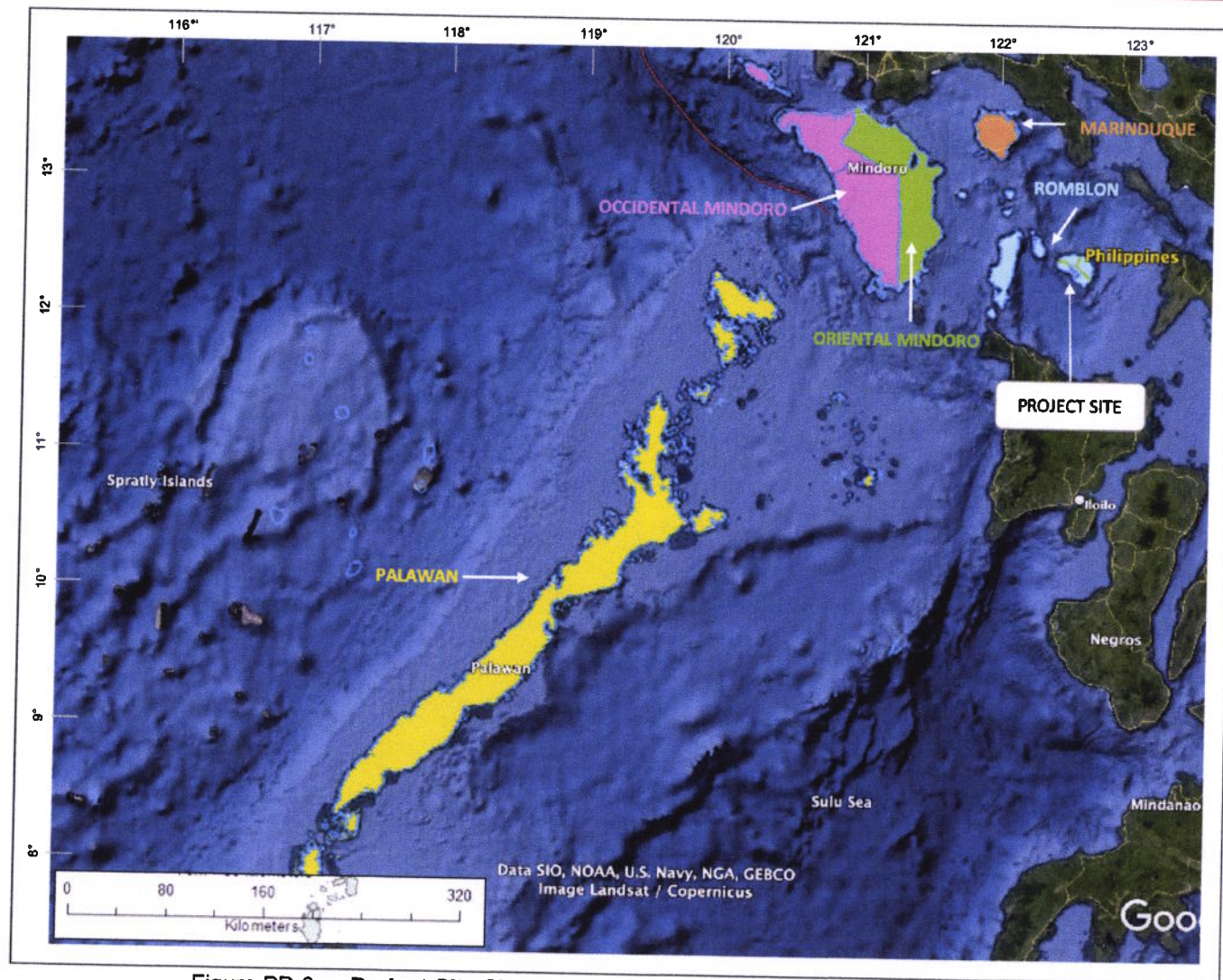


Figure PD-3. Project Site Showing the Regional Boundaries of MIMAROPA and its Provinces

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
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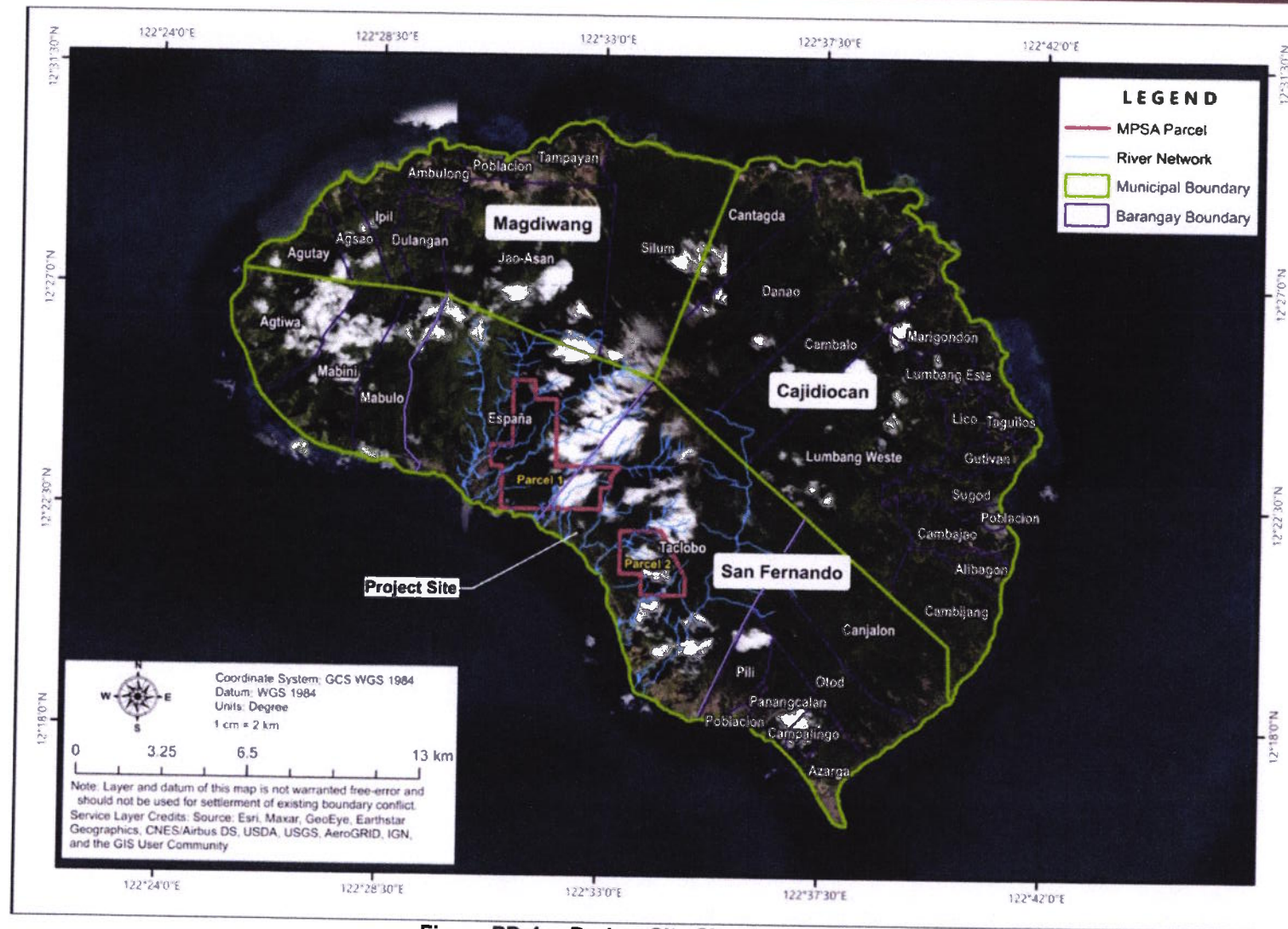


Figure PD-4. Project Site Showing Barangay Boundary Map

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon

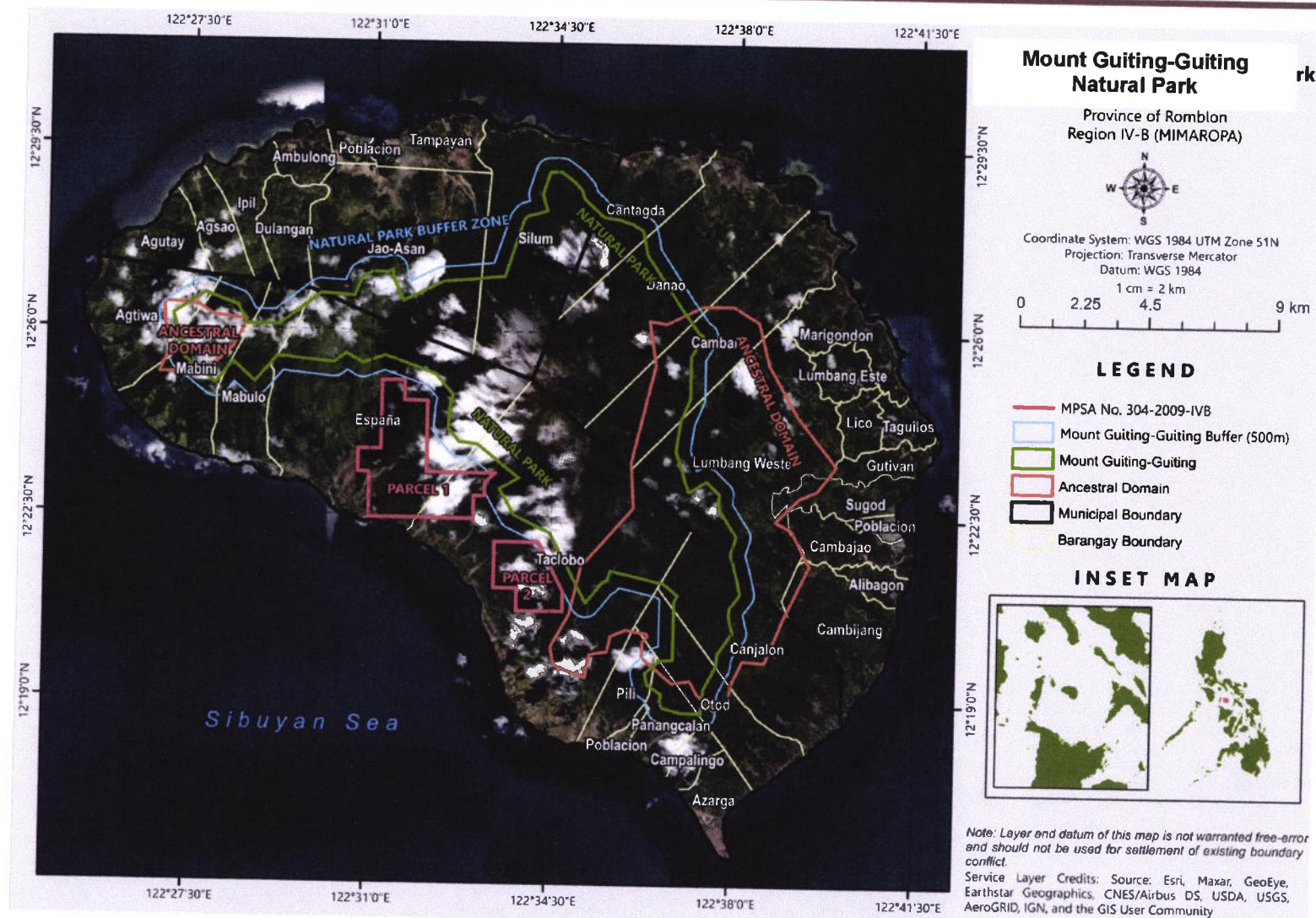


Figure PD-5. Map Showing the Distance of the Proposed Project from Mt. Guiting-Guiting Natural Park

Accessibility

Sibuyan Island could be reached by sea travel. Starlight Ferry plies the route to Romblon thrice a week, leaving the Port of Batangas at 5pm every Monday, Wednesday and Friday, and calls at the port of Ambulong, Magdiwang Town, Sibuyan Island at 4 am the next day. The project area in the town of San Fernando can then be reached by land travel via the circumferential road in the island.

Impact Areas

The identified pre-EIA direct impact areas (DIA) covered by MPSA are barangays España and Taclobo. Mine pits will be located within the two barangays. The support facilities such as causeway, stockyards/pieryards, waste dumps, settling ponds/sumps and portions of the haul road will be located in both barangays as well, while the mine camp, nursery and laboratory site are within Brgy. Taclobo.

Based on the initial environmental assessment other direct impact areas are as follows:

- Olango, Binayaan and Punong rivers along with Talaba and Cabitangahan creeks serve as the drainage systems of the tenement area
- Areas along Sibuyan Bay determined thru sediment transport modeling as the affected areas in case of failure of structures containing sediment/silt including buffer zone.

As to the Indirect Impact Areas (IIA), the IIAs are the areas around the tenement and area of other facilities as well as the areas along Sibuyan Bay within 500m from the primary impact areas.

Figure PD-6 shows the impact area map of the proposed project.

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon

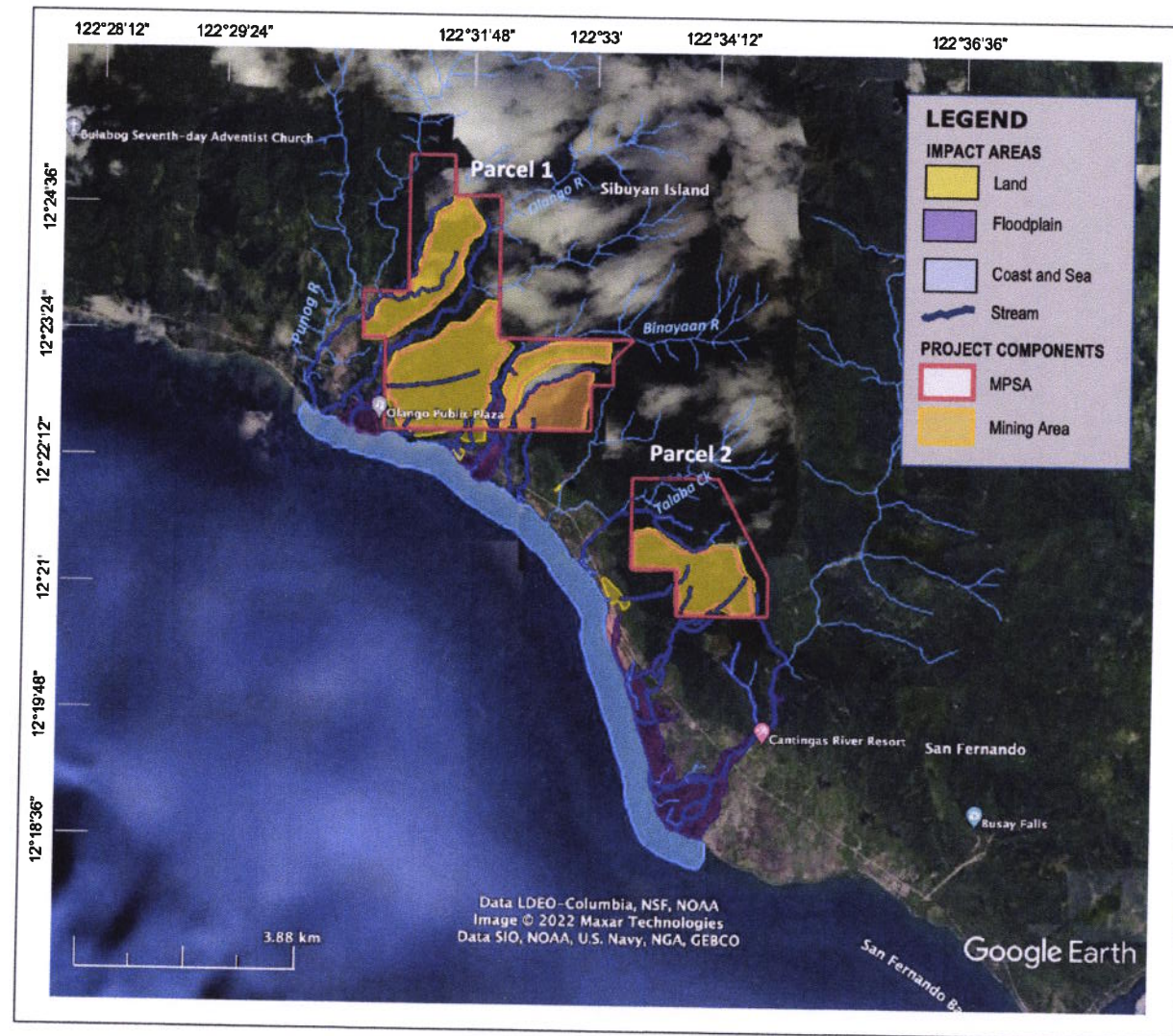


Figure PD-6. Map of Pre - EIA Impact Areas

4 Project Rationale

Executive Order No. 270 recognizes the important role of the mining industry to the national economy. To optimize the industry's socio-economic benefits, the Order outlines the National Policy Agenda that will promote the rational exploration, development, utilization and conservation of mineral resources in a sustainable and responsible mining operation.

To support Executive Order No. 270, Altai Philippines Mining Corporation (APMC) Proposed Nickel Project will further boost the production as well as on the following major aspects:

- Community Development- increase in revenue and operating expenses of the company will also significantly increase the Social Development Management Program (SDMP).
- Taxation- increased collection of taxes and fees due to both the National and Local Government Units.
- Employment- additional employment opportunities for the local communities within the Sibuyan Island and within the province. Provision of employment in rural areas will help ease the pressure of major cities due to influx of migrating workers; and
- Socio-Economic Benefits - downstream business will thrive with increasing economic activities. Local communities will be the recipients of livelihood programs and skills development that can be used for economic gains, both technological and technical skills.
- Local Production/GDP - since the products of the mine will be exported, the foreign revenue earnings of the country will also gain from this.
- Investments - the Proponent will infuse additional investment in direct and indirect capital for the entire project duration. This includes million pesos per annum investment into the nickel project.

5 Project Alternatives

In terms of project alternatives, there are none since the project is already covered with an MPSA mining permit.

The primary consideration for site selection is the location of the mineral resource/deposit. Mining development is constrained by the fixed location of the mineralized zone, site topography, and limited waste storage alternatives. These constraints are influenced by the location of the project site, hence subsequently influencing the evaluation of the project development aspects and project alternatives. The optimization of the project site boundary considered the following key requirements:

- Provision for sufficient safe operating room for the development and operation of the mine, and
- Provision of suitable buffer distances between the mine facilities, activities and the boundary, in order to limit potential amenity impacts on neighboring communities.

5.1 Project Alternatives

5.1.1 Project Type, Components, Siting and Size

The main objectives of applying for the MPSA were mineral exploration and consequent mining, wherein which, the Proponent has conducted exploration activities in the past. The proposed project that is the subject of this EIA is the extraction/mining of the nickel resources (with associated iron) that are within its tenement area. To date, it is the only mineral resource that has been defined through exploration, and therefore, no other minerals can be mined therein. This shall be a Direct Shipping Ore (DSO) operation, i.e., no processing of minerals shall be done except for sun drying before loading to barge.

The options with respect to the siting of mining area/s is limited to the mining tenement that the Proponent holds, which in this case is MPSA No. 304-2009-IVB. It is the only area within the vicinity where the Proponent is allowed to mine. The delineated resources within the proposed MPSA will be mined and no new sites or alternative sites were considered. Moreover, the size of the mining area/s is dependent on the occurrence of the mineral resource.

With regards to components, there are the usual mining components related to surface nickel ore mining that are essential to the project to ensure proper project implementation. The discussion of alternatives is in relation to their siting and size. These are the following:

- **Mine Pits** (870 ha) – this is dictated by the occurrence of the mineral resource including the location, size and depth as established in the exploration stage.
- **Waste/Overburden Dump** (46.4 ha) – the dump must be near the mining area/s in consideration of hauling distance. It must be located in areas with appropriate slope stability to avoid failure of structure that could lead to massive siltation or even danger to lives and properties. Hence, the areas with the gentlest slope in the site are considered suitable. Strength properties of the ground which waste will be dumped on, are likewise to be considered. The presence of groundwater can have adverse effect on the stability of the base ground of the waste dump as well as the potential of water contamination. In this case, however, studies show that there are no water tables beneath the project area, and therefore does not present an issue.

Another consideration is the area's susceptibility to earthquakes. The MPSA is traversed by the Sibuyan Island Fault, and therefore, the whole area is susceptible to ground shaking (PHIVOLCS Hazard Assessment 2022). The best option is to locate the waste dump as far as possible from the fault line.

- Strength properties of the ground which waste will be dumped on, are also required for the stability investigations.

Moreover, waste dumps are also temporary since it depends on the yearly target mining areas. Mined-out areas from the previous year could be utilized as waste dump in the following year. Wastes should also be utilized within six (6)-month period.

- **Pre-pile Stockyard** (35) – this must be located close to port/causeway for ease of hustling. As much as possible, it has to be distant from existing waterways or otherwise construct an environmental mitigating structures and not prone to flooding to prevent erosion/spills to the surface waters in the vicinity. There will be separate stockyard for each parcel of the MPSA.
- **Haul Roads/Access Roads** (50) – the factors considered in choosing the course of the haul road include: gradient (resulting slope of road should not be more than 10 percent); distance from mine area to pier (shortest possible); availability of pre-existing roads/trails; land use (should not be in conflict); land ownership (available for purchase or lease); and presence/absence of residential houses, , structures, etc. that might be directly impacted (as much as possible, will not cause dislocation of settlers.).
- **Settling Ponds and Drainage System** (15) – this has to be built in stable ground close to the mining area/s and in series from higher to lower ground.

5.1.2 Technology/Operation Processes Selection

Location, dimension and physical properties of the orebody as well as project economics and consideration of health, safety and the environment determine the choice of a mining method.

Surface mining is employed when the deposit occurs near the surface, where overburden is thin or when the deposit is structurally not suitable for underground excavation.

No comparison has been established as surface mining is the only feasible method to extract the ore body.

There will be no processing of ore as this is to be a Direct Shipping Ore operation (DSO).

5.1.3 Resources Utilization

Power – The power requirement will be used for the nickel-iron laterite mining operations only such as: mine lighting; equipment at the offices and shops; mine camp; laboratory XRF machine; power tools at construction sites and motor pool facility; and other logistical requirement. There will be no ore processing, hence, power demand will be very minimal. The power consumption for the mine operations is estimated at 2007.5 MW per annum.

APMC is studying various options for its power supply. One of the options is the ROMELCO– local concessionaire. APMC is also considering the use of a 25 kVA, 35 kVA and 180 kVA GENSETs as back-up power source during times when power from the preferred source will be unavailable.

Water –Water requirement for domestic use in the mine support facilities, offices and other support facilities will be sourced from the established deep well on the mine camp.

Drinking water may have to be purchased from local suppliers of bottled water.

The water requirement for dust suppression, irrigation and nursery maintenance, barge, and environmental emergency will be obtained from the rivers and creeks, which are far from mining operations and also from the siltation ponds (recycling). Alternative water sources are the existing artesian deep wells outside the MPSA and collection of rainwater in tanks.

5.2 Summary and discussion of comparison of environmental impacts of each alternative for facility siting, development design, process technology selection and resource utilization

Facility Siting

1. **Mine Pit/s** – no alternatives except where the ore occurs, no comparison needed.

2. **Waste Dumps**

Alternative 1 – Locate the waste dump outside the target mining area to avoid double handling of waste materials. But as mining progress, mining areas will become farther from the waste dump and take longer distance for hauling. It needs to have a perimeter canal towards the settling pond since it is prone for siltation.

Alternative 2 – Utilize mined-out areas as waste dumps to easily backfill and reshape the area for progressive rehabilitation purposes. And it does not need perimeter canal since it is already inside the mining area has already a perimeter canal and settling ponds.

Alternative 3 – Both alternatives are the best options since waste dumps are dynamic. Locate waste dumps outside of the mining area for the first month or year of the operation and later utilize it as stockyard, garage and other ancillary facility on the following month or year. Mined out areas from the prior month or year could be utilized as waste dump in the succeeding period.

Please refer to **Figure PD-7**.

3. **Pre-pile Stockyard/ Pieryard**

Alternative 1 – Pier yard – 1 is close to causeway that could ease hustling activity especially during rainy days since it has a near distance to haul the ore materials from stockyard to LCT. However, the pier yard can only hold for up to 70,000 WMT (wet metric ton), which will limit the ore blending options. It needs to have a perimeter canal and settling pond to mitigate siltation towards the sea. Land lot is already acquired.

Alternative 2 – Stockyard -1 can hold for up to 180,000 WMT that gives many options for ore blending. It needs to have a perimeter canal and settling pond to mitigate siltation towards the adjacent swamp. Land lot is not fully acquired.

Alternative 3 – Combine both options, with the existing pier yard for easy hustling plus a stockyard for ore blending options. Establish sufficient and efficient environmental mitigating measures to protect nearby water bodies.

Please refer to **Figure PD-8**.

4. Haul Roads/Access Road

Alternative 1: Perimeter road – could implement one-way road to easily access mine benches that would minimize heavy traffic to hauling trucks. Better mining transition and mine benching. However, it could only apply to nearly flat terrain that would not affect the road gradient.

Alternative 2: Switching back road – is better option for steep terrain as it goes along the ridge to access mine benches. However, two-way road could affect the traffic of the hauling trucks and safety condition in the switch back.

Alternative 3: Dependent on the terrain of the mining area, all alternatives are optional as long as the safety and productivity are observed.

Please refer to **Figure PD-9**.

- 5. Settling Ponds** – no alternatives as long as the capacity of the settling ponds could suffice the requirement of run-off volume based on rainfall data and catchment basin.

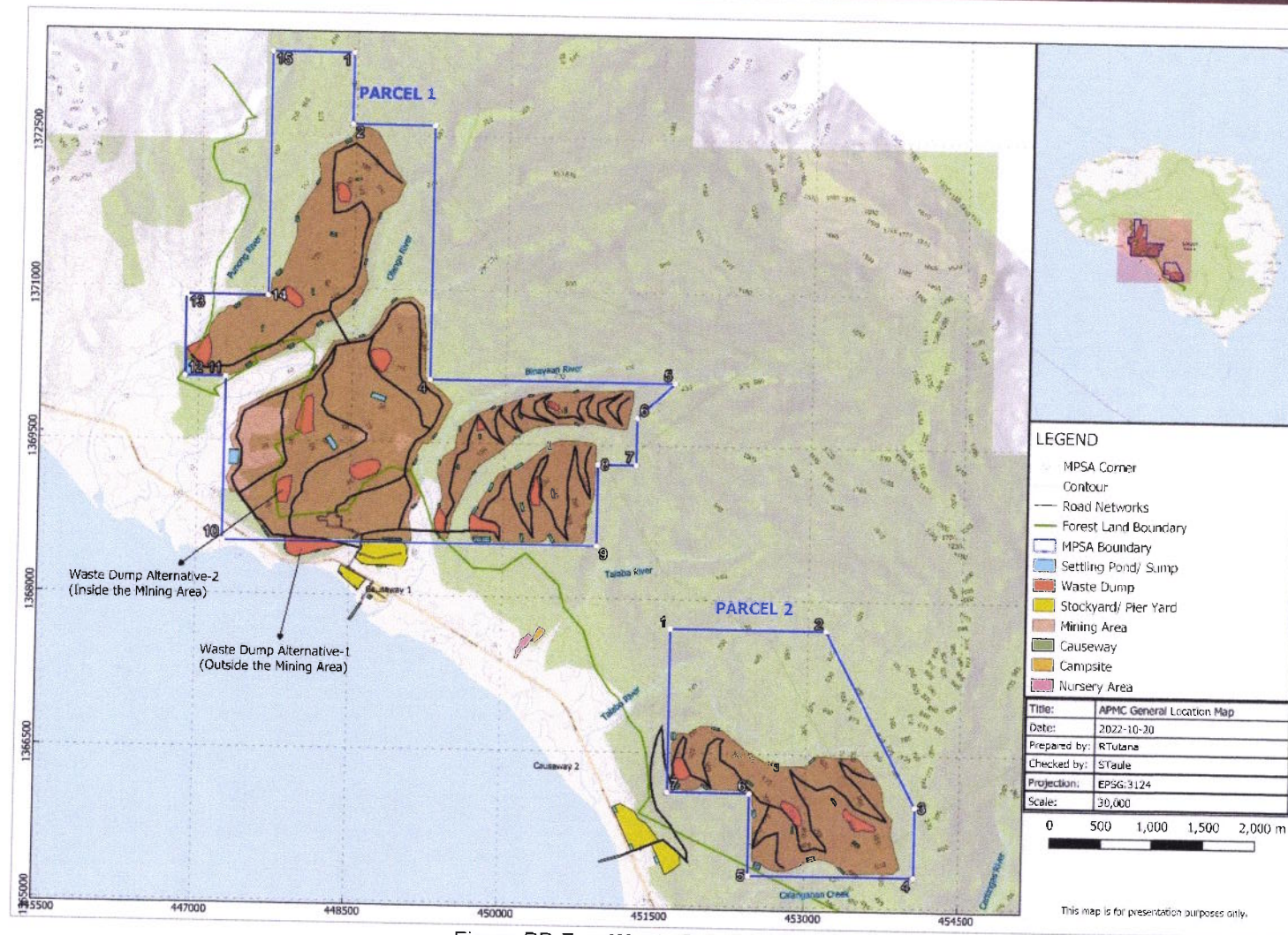
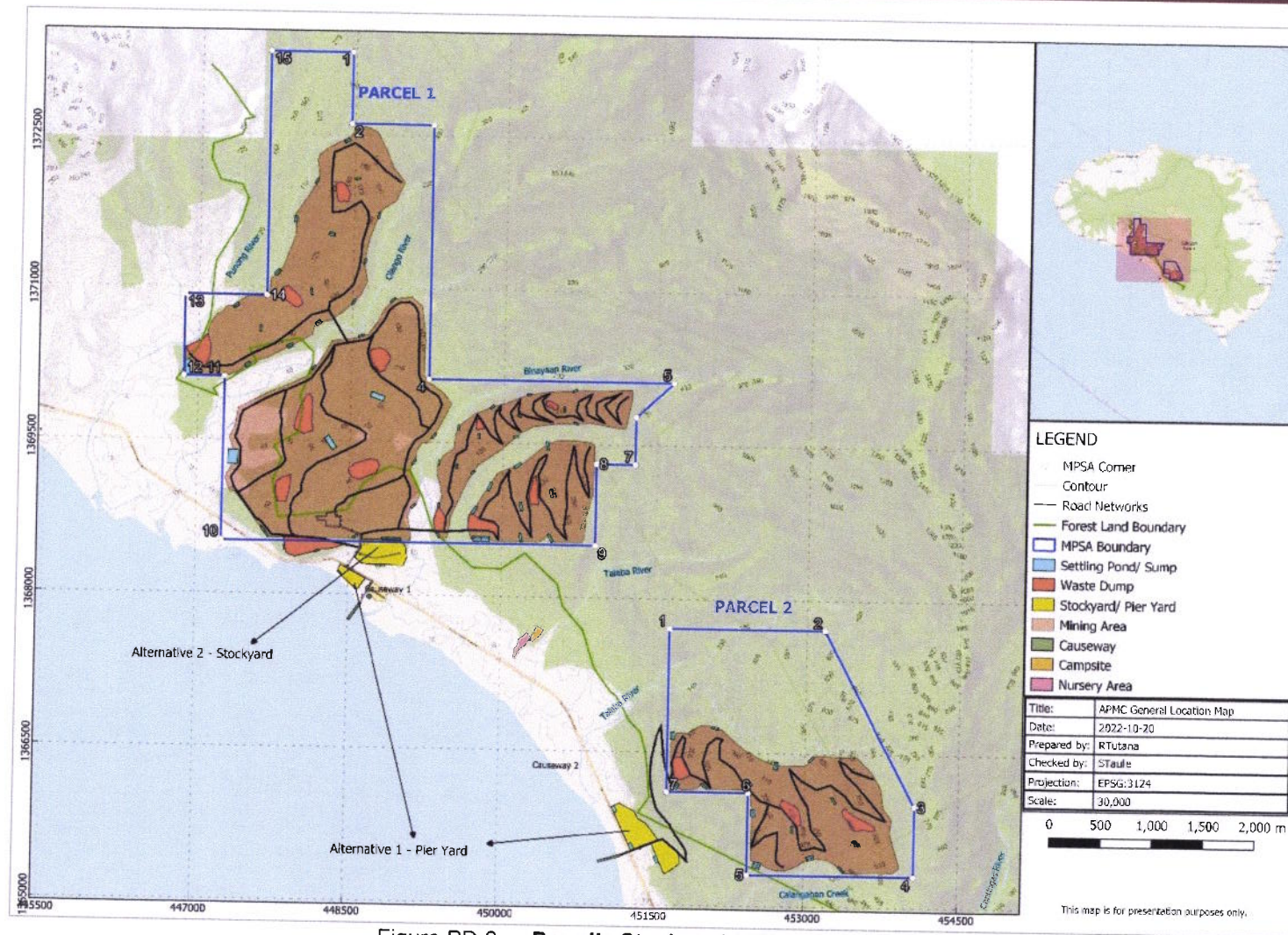


Figure PD-7. Waste Dumps Alternative Sites

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon



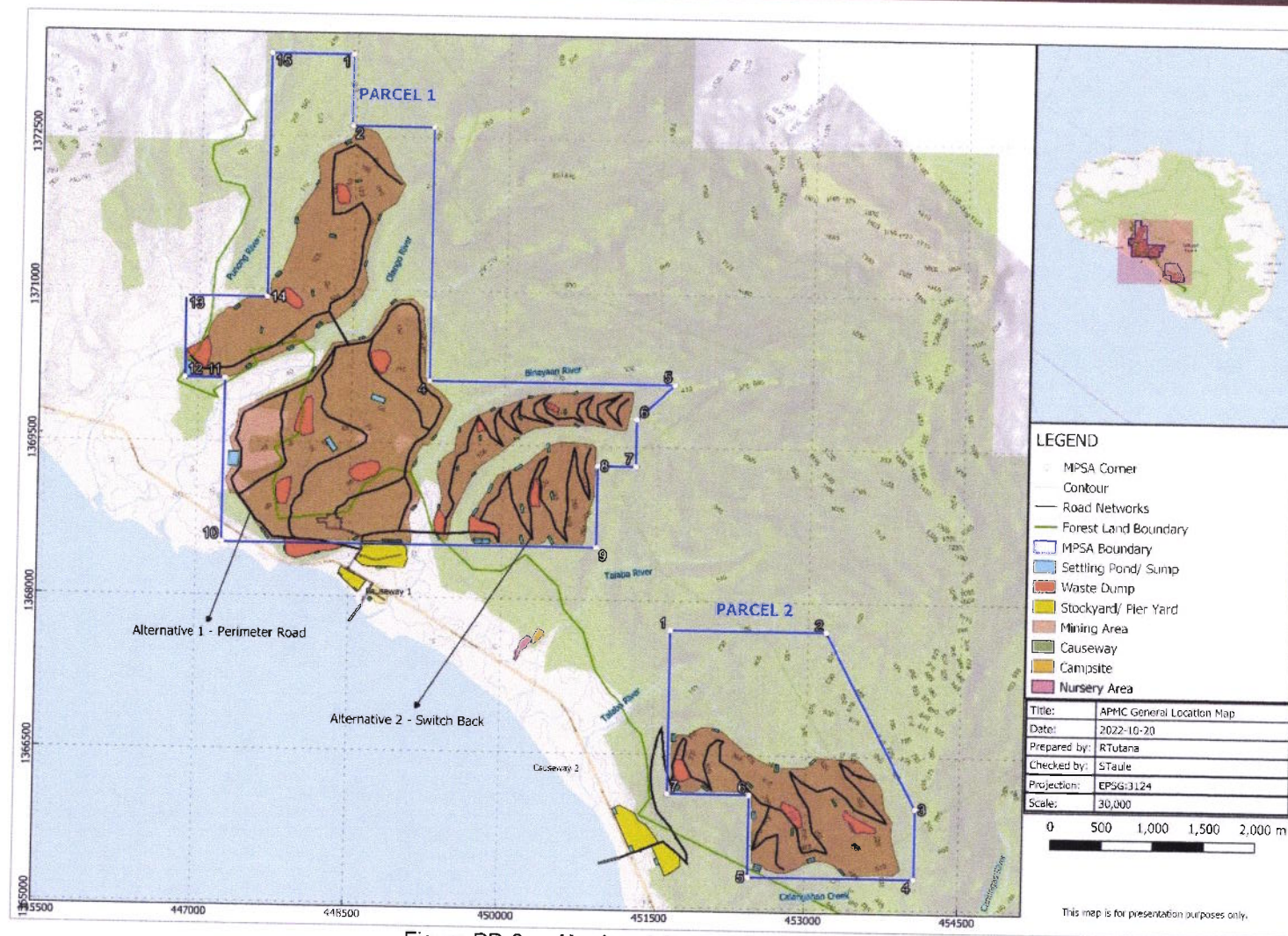


Figure PD-9. Haul and Access Roads Alternative Sites

Process/Technology

Surface mining is employed when the deposit occurs near the surface, where overburden is thin or the resource is at or very near the ground surface. This is the most appropriate and acceptable method of extracting the nickel laterite deposit in the project area. No comparison has been established as surface mining is the only feasible method to extract the ore body.

Nonetheless, alternative measures for the prevention of the occurrence of major impacts include:

- Immediate backfilling of mined-out areas;
- Revegetation of deforested surface areas proximal to the mine area;
- Monthly maintenance of drainage canals and waterways; and
- Regular maintenance of siltation ponds.

Surface mining will entail ground clearings and alteration of slopes. The consequences are erosion and sedimentation and turbidity of streams, which will affect the surrounding sea. To manage the impacts, APMC will develop and mine the deposit in parcels and blocks. Complementing this disturbance minimization approach is the recovery of topsoil and progressive rehabilitation wherein rehabilitation works will immediately commence once a mining block is mined out.

Resource Utilization

1. Power

Alternative 1 – source from local electric cooperative (Romblon Electric Cooperative or ROMELCO). Since power demand will be very minimal, competition with other local users will be nil. No structures or facilities needed to be built.

Alternative 2 – own generator sets – will require large amount of fuel to run the gensets and therefore more emissions; fuel depot needs to be expanded; fuel source is very distant (from the Municipality of Magdiwang near Ambulong Port) and hence, larger supply requirement will mean more logistics will be needed.

Alternative 3 – from ROMELCO with standby genset units for power outages – minimal environmental impact and will ensure continuity of power supply

2. Water

Alternative 1: existing deep wells outside the MPSA - water supply from these wells may not be sufficient for the water requirements for the entire operation. It may also may cause competition in use of resources with the locals.

Alternative 2: rivers and creeks – lay out pipelines and extract by gravity or pumping. No adverse environmental impacts foreseen but supply may not be reliable during long periods of no rain.

Alternative 3: recycled water from siltation ponds – recycling is environmentally-friendly in itself; ensures regular pumping of water from the ponds, thus maintaining acceptable water levels. Supply may not be sufficient and not suitable for domestic use in the camps and offices unless treated.

Alternative 4: recycled rainwater – recycling is environmentally-friendly in itself, does not affect local water supply in the area. Supply will be insufficient.

Alternative 5: combination of all the above – this is the best option to ensure enough water supply and since there will be various sources, no competition of resource use with local users will occur.

5.3 General Lay-out of Facilities

The mining area and facilities are laid out as per **Figure PD-10** below. The mining areas are within both parcels 1 and 2, covering an aggregate area of 870 hectares. In Parcel 1, it is physically divided into 4 areas by the rivers while in Parcel 2, it is one area only. The settling ponds and sumps are distributed throughout the mining areas. The waste dumps, on the other hand, are located initially just

outside the MPSA boundary/mine area for the first year of operations, which will later be utilized for other auxiliary purposes. Henceforth, the waste dump shall be moved to the edge of a mined-out area. The wastes will then serve as backfill materials for the progressive rehabilitation of that particular mined-out pit. There will be separate stockyards/pieryards as well as causeway for both parcels. The campsite and nursery area shall be sited in between both parcels but outside the MPSA. The mine roads shall follow the contour of the area and therefore will be winding down from the mine areas to the stockyard and causeway. .

Altai Philippines Mining Corporation (APMC) Proposed Nickel Project
Brgys. España and Taclobo, Municipality of San Fernando, Sibuyan Island, Province of Romblon

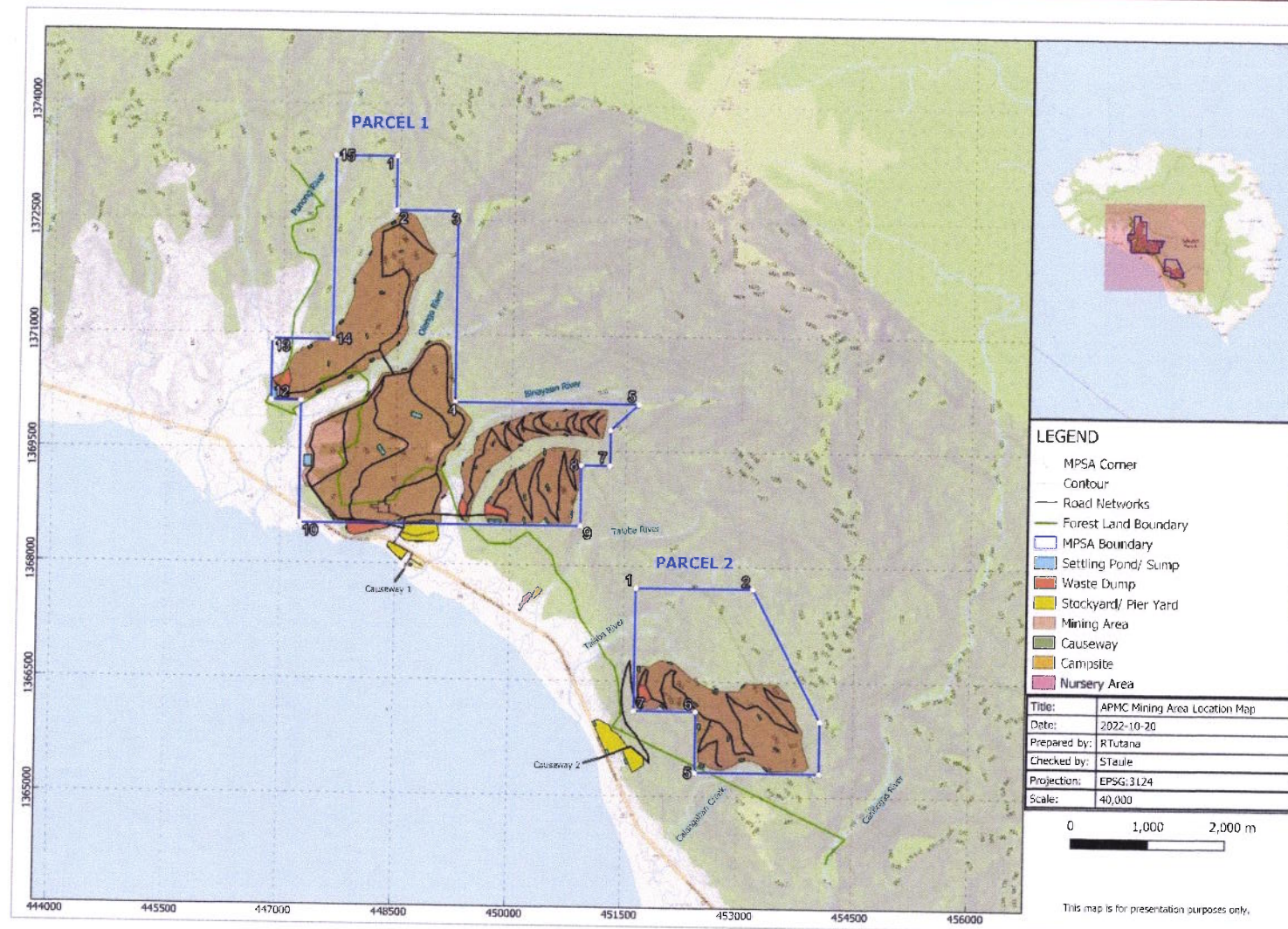


Figure PD-10. General Lay-out of Facilities

5.4 Access/Transportation

The proposed project site can be reached via ferry from Batangas Port to Sibuyan Island. There are several ports located in the island. From these port, land travel is facilitated by the concrete circumferential road of Sibuyan connecting the three towns. The project site is easily accessed by any form of motorized vehicle.

The APMC ore transport system will be through sea transport, by barge to the ore ship and by crane to unload the ore from the barge. The use of barges involves double handling of ore. Hence, longer time will be needed to complete a shipment. The navigational lanes have to be managed during this period to assure the free passage of barges to and from the ore ship offsetting this handicap is the shorter causeway needed, smaller environmental footprint and capital cost will therefore be lower.

Consequences of Not Proceeding with the Project or the "No Project Scenario"

In case of a "no project scenario, the potential consequences are as follows:

1. Opportunities for the enhancement of the host barangays and municipality both in terms of economic and social well-being will be denied.
2. Opportunities for job and livelihood generation will be prejudiced.
3. Inasmuch as the ores produced by the project serves the mineral importation industry, difficulties could be experienced in terms of income generation.
4. The image of the country as a viable investment haven for responsible mining companies such as the Project Proponent could suffer.

6 Project Components

Key components, with corresponding details are presented in **Table PD-3**. The Site Development Map of the project is presented in **Figure PD-11**.

Table PD-3. Project Components

Component	Description
Mining Area	This application covers the whole tenement area.
Waste Dump	This will be used for the temporary storage of the extracted topsoil and overburden materials. The generated overburden waste is estimated based on the mining strip ratio. The topsoil and overburden will be separately piled. The topsoil shall be backfilled to revegetation areas in the future. On the other hand, the mine wastes will be utilized as backfill for mined-out areas and for construction of environmental structures such as settling pond dikes, perimeter and safety berm construction and other related development, repair and maintenance works.
Ore stockpile / stockyard area	The mined ore would be brought to designated ore stockpile/stockyard. The ore stockyard will be located in the Barangays of Taclobo and España.
Haul Roads/Access Roads	Access road/s from mine pit/s to stockyard and port
Causeway	2 causeways will be constructed near the ore stockyard for each tenement parcel to support the direct shipment operation of the project. The causeways will be under the FLA. (FOR SEPARATE ECC APPLICATION)
Field Office, Employees Quarters, Contractor's Camp, Motorpool, Fuel Depot Laboratory and Sample Storage, Nursery and Power House	To be constructed outside the MPSA area, in between the 2 parcels
Settling Ponds and Drainage System	Settling ponds will be constructed within the mine site along strategic locations considering various factors such as amount of water runoff, terrain of the area and concentration of mining ores.

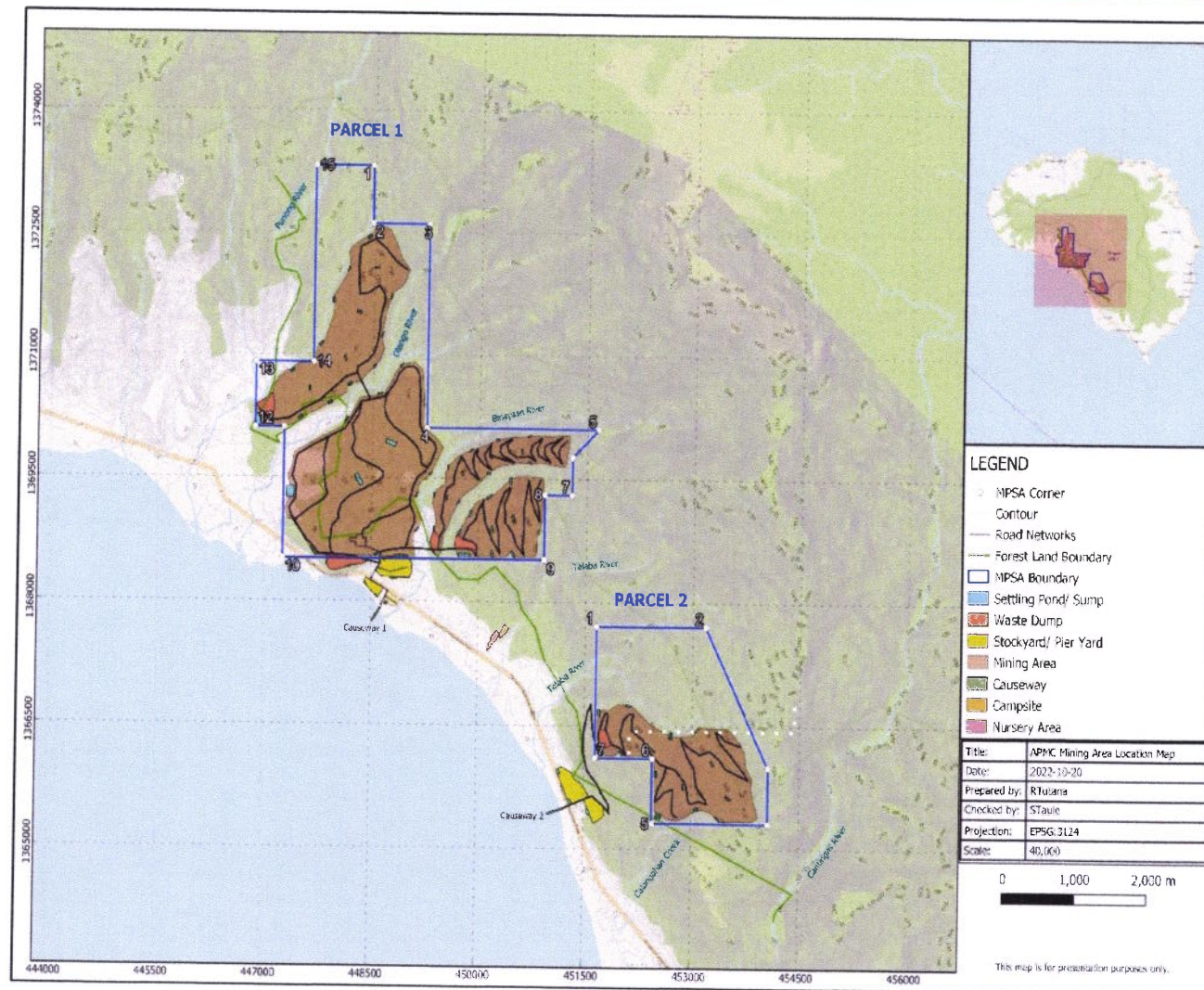


Figure PD-11. Site Development Map

Power Supply

The mine requirement will be used for mine lighting, offices and shops, mine camp and other logistical requirement. Power requirement of the project shall be supplied by **Romblon Electric Cooperative** and back up electricity will be provided by the three electric generator.

Fuel Requirement

Fuel requirement for the trucks, barges, generator sets and other mobile equipment will be supplied using company owned refueling facility.

Water Supply

The mining method is dry. Use of water shall be limited to road spraying for dust control, domestic, nursery, reforestation, and drinking.

APMC will source out water supply from local deep well at the area and local water distributor for domestic use and purchase bottled water for drinking. Water for haul road spraying shall come from deep well and local water distributor.

7 Process Technology

The nickel ore is extracted through surface mining called the Contour Mining Method. The sequence of operations comprises the following processes:

- Development drilling;
- Clearing and overburden removal;
- Limonite mining and stockpiling;
- Soft saprolite ore mining;
- Hard saprolite ore mining;
- Waste material handling;
- Ore beneficiation involving solar drying of raw soft ore, reclamation of solar dried ore, screening and crushing, transfer of marginal ore to stockpiles;
- Ore hauling and stockpiling of beneficiated ore;
- Direct shipping.

8 Project Size

8.1 Total Ore/ Mineral Reserves based on Exploration Data

Total Inferred Geologic Resource: 31,957,501 MT @1%Ni

Table PD-4. Combined Nickel Resource of ALTAI

Area	Declared Resource Per Nickel Content - MT		
	1.50%	1.30%	1.00%
Bato	900,070	3,454,790	6,113,420
Binayaan	595,780	881,170	2,613,560
Taclobo	1,244,760	2,924,130	10,457,690
Total	2,740,610	7,260,090	19,184,670
	29,185,370		

Table PD-5. Initial Nickel Resource of All-Acacia

Area	Declared Resource Per Nickel Content-MT		
	1.50%	1.60%	0.95%
Taclobo	63,497	204,187	1,653,671
Binayaan	70,653	29,343	1,118,460
Total		2,772,131	

Note: Further drilling at Olango prospect may contribute another 6 to 10 million tonnes @1%Ni.

8.2 Total Project Area

The proposed project covers an MPSA area of 1,580.80 hectares. In addition, the support facilities outside the MPSA cover **49.07 hectares**. It should be noted that the planned mining area (mine pits) covers an aggregate area of **870 hectares only**.

8.3 Threshold and Working Days/Hours

Annual Extraction Rate : Initial 500 Thousand WMT with staggered increase up to 3M WMT
Operation Days : 6 days a week
Operating Hours : 12 hours

9 Development Plan, Description of Project Phases and Corresponding Timeframes

9.1 Pre-Construction Phase

Pre-construction phase involves the acquisition of permits and clearances from concerned government agencies, entering into a Project Financing Statement, negotiations and actual land acquisition and crop damage compensation, detailed follow up survey, mapping and design for road routes, mining areas and other work sites; procurement and construction tendering, bidding of, and awarding to contractors. There will be no major land disturbances in this phase of the project except from the trampling of vegetation in the conduct of detailed surveys and mapping of access road and other work areas.

Major activities include: Project Planning; Environmental Impact Assessment and preparation of required documentation; Community Information and Consultation; Environmental and Community Management Systems Preparation; Feasibility Study, Work Programs, EPEP, SDMP, SHP and FMR/DP Preparations; Submission of DMPF, EPEP, SDMP and FMR/DP; Submission of Required Environmental Impact Assessment Report; Review by DENR-EMB and MGB; Issuance of ECC; Approval of DMPF; and Detailed Engineering and Permitting.

9.2 Construction Phase

The Construction Phase would involve the following:

- Establishment and improvement of the existing access road, as necessary;
- Additional haul and access road construction within the proposed project areas;
- Land preparation for, and construction or installation of mine facilities (ore stockyards, causeway, maintenance shop, fuel depot, exploration office, administration office improvement, assay laboratory, and additional staff houses);
- Land preparation and construction of the environmental facilities (settling ponds/dams, overburden and waste rock dumpsites, drainage facilities, and Nursery) and;
- Initial overburden stripping

The construction phase of the succeeding mining areas would require additional haul roads and environmental facilities. Land preparation would generally involve clearing and grubbing, excavation/leveling, hauling of soils and drainage installation. The design of the drainage system would be dependent on the topography (terrain, contour) and existing gullies in the area. Mine haul roads would be developed in mining areas initially on natural topographic surface. These roads will be constructed with appropriate road base to allow safe and efficient traffic management. Setting of all facilities would consider the occurrence of natural hazards, minimization of surface and groundwater hydrological alterations, control of siltation to within allowable standard, minimization of major terrestrial ecological impacts, and avoidance as much as possible of socio-economic dislocations such as right of way or crop damages. These criteria would be applied to Technical/Engineering options and economic objectives of the Project. Construction will involve the implementation of the procurement and construction execution plans and detailed engineering designs.

9.3 Operation Phase

The company will employ contour/surface/benching mining method system for the nickel ores extraction. This method involves several phases. This will involve development of mining blocks, ore preparation, and shipment of ore as well as the progressive rehabilitation of mined-out areas. Operation phase activities are as follows:

- Construction of environmental structures
- Road network development
- Ground clearing and grubbing
- Topsoil recovery and overburden stripping
- Ore extraction/ mining
- Stockpiling
- Pier operations and transshipment (separate ECC application)

9.4 Abandonment Phase

This phase includes rehabilitation of mined-out areas based on based on the provisions stipulated in the Philippine Mining Act and its Implementing Rules and Regulations and amendments thereof.

After depletion of the last mining parcels (blocks) inside the MPSA Area, APMC will implement its Final Mine Rehabilitation and Decommissioning Plan (FMR/DP). This plan is yet to be formulated in collaboration with the MGB and the impact Barangays. Its key features are:

- Rehabilitation of the last mining parcel;
- Removal of industrial buildings, equipment and wastes from the project site;
- Land and real estate development for the company owned lot;
- Cleaning, stabilization and re-vegetation of working areas; and
- Donation of usable structure (outside company owned land) with community value to the local government.

Final mine rehabilitation shall adapt progressive rehabilitation scheme. Areas to be rehabilitated are the disturbed areas of operation such as clearings, mine-out areas, benches, slopes and other areas with direct physical impacts. Progressive rehabilitation shall cover re-vegetation, slope stabilization, reinforcements, re-forestation, landscaping and other environment enhancement measures. Re-vegetation shall involve: initially, stabilizing crops that will enhance growth of endemic species and initiate faunal adaptation to the rehabilitated area.

10 Manpower Requirement

The project will be requiring a minimum manpower of 148 as presented in the table below which will increase based on added operational requirements and increase in annual production.

The Company will hire technical consultants with expertise in mining, geology, sociology and other aspects of the operation to assist in the preparation of the detailed mining development plan for the proposed project. Nonetheless, the company will prioritize hiring of local residents in its operation. It will be ensured that the requirements of the Labor Code of the Philippines will be met in determining the compensation and workplace concerns including wages, benefits and workplace health and safety.

Table PD-6. Manpower Requirements

Department	Total
Office of the Resident Manager	1
Administration	10
Safety	3
MEPEO	1
Quality Control and Assay Laboratory	8
Mining	3
Mine Engineering and Geology	2

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Department	Total
Heavy Equipment	80
Construction and General Services	40
Total	148

11 Indicative Project Investment Cost

The estimated project investment cost is **300 Million Pesos**.

12 Implementation Schedule

Construction of port and other support facilities started this November. Estimated target Start of full blast mining operation is on February 2023.

13 Photos of the Project Site

ESPAÑA AREA



Plate PD-1. Olango Area Looking North, right side area with trees are within the Bato area and MPSA



Plate PD-2. Olango Area looking NW (outside of MPSA)



Plate PD-3. Punong-Poblacion España



Plate PD-4. Olango-Punong Area



Plate PD-5. Bato Area looking east (España) within the MPSA area



Plate PD-6. Bato Port, España



Plate PD-7. Bato Port and Cabitangahan River



Plate PD-8. Bato Port Facing Northeast



Plate PD-9. Bato Port Facing North

TACLOBO AREA



Plate PD-10. **BASE CAMP, Brgy. Taclobo**



Plate PD-11. **Main Highway to Base Camp Access**



Plate PD-12. **Silab Area**



Plate PD-13. **POBLACION TACLOBO**



Plate PD-14. Taclobo Port, Facing Southeast



Plate PD-15. Taclobo Facing Northeast

Table PD-7. **PRELIMINARY IDENTIFIED ENVIRONMENTAL ASPECTS FOR EACH ALTERNATIVE**

Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
PRE-CONSTRUCTION PHASE:				
No perceived impacts. The pre-construction phase will cover activities like planning, engineering design, and procurement of equipment.				
CONSTRUCTION / DEVELOPMENT PHASE				
<ul style="list-style-type: none"> • Site Clearing, Removal of vegetative cover, Excavation • Mine development • Road Construction • Causeway Construction • Construction of office and other mine support facility 	Land	<ul style="list-style-type: none"> • Impact in terms of compatibility with existing land use • Encroachment in environmentally critical areas • Impairment of visual aesthetics • Change in surface landform/ geomorphology • Hindrance to wildlife access • Soil erosion / loss of topsoil/overburden 	<ul style="list-style-type: none"> • Progressive rehabilitation program of the project to ensure the re-greening of the area according to its final landform design. • Good housekeeping will be done along with the implementation of the reforestation program. • Revegetation and enhancement of buffer zone. • Construction/installation of culverts at selected portions of the mine access for ground vertebrate to migrate and cross through. • Provide area to stockpile construction wastes before hauling. • Implementation of ecological solid waste management system. • Apply erosion control using by vegetative means and mechanical means. • Site preparation and surface mining shall be done in stages. Unnecessary land clearing shall be avoided. 	APMC
	Water	<ul style="list-style-type: none"> • Degradation of groundwater, surface and coastal/marine water quality. • Threat to existence and/or loss species of important local habitat • Threat to abundance, frequency and distribution of species • Disruption in water circulation pattern, littoral current, and coastal erosion and deposition • Change in bathymetry • Potential impact to marine waters due to soil erosion, siltation, and flow of storm water runoff. 	<ul style="list-style-type: none"> • Contaminated rainwater in the maintenance area will be directed to the oil and water separator before discharged to the drainage system. • Installation of catch basin and silt pond to mitigate runoff water from direct discharge to the water bodies. • Contain erosion at source and entrap fugitive sediments by installing temporary silt traps around piles of earth materials to be used in construction. • Geo-engineering technologies should be employed to ensure that the diversion will not further affect other productive lands. 	APMC

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Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
			<ul style="list-style-type: none"> • Apply vegetative and mechanical erosion control measures • Maintain appropriate setback distances from the sea for all activities that might increase storm water runoff or cause erosion or sedimentation. • Appropriate dumping of soil wastes into the Waste Dump for temporary storage equipped with siltation ponds. Will be reused during road paving and compaction 	
	Air Quality	<ul style="list-style-type: none"> • Potential Impacts to Air Quality due to dust emissions 	<ul style="list-style-type: none"> • Cover trucks to control dust emissions before traveling on public roads. • Spray water at least twice a day on roads and dust-generating areas. • Enforce speed limits to reduce airborne fugitive dust from the vehicular traffic. • Revegetate disturbed areas and implement maintenance to ensure growth. 	APMC
	Noise	<ul style="list-style-type: none"> • Possible increase of noise level 	<ul style="list-style-type: none"> • Provide silencers and mufflers to minimize noise. • Construction activities should be done only during daytime. • Proper maintenance of the equipment and vehicles. 	APMC

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Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
	People	<ul style="list-style-type: none"> In-migration. Attract workers and entrepreneurs because of increased business and livelihood opportunities Physical injuries arising from accidents 	<ul style="list-style-type: none"> Prioritizing hiring of construction workers to local residents with strict hiring policy for migrant workers. Require all local job applicants to secure working permit from LGU, unless own recruit Daily toolbox meeting should be strictly imposed. Workers must be compelled to wear at all times during working hours (usually 8hours) the PPEs. Contractors shall have a Safety Engineer to oversee health hazards over the personnel all throughout the construction. First aid kit shall be made available at all times at the project site. 	APMC
OPERATIONS PHASE				
Mining/Ore Extraction Ore stockpiling Ore hauling Ship loading Motorpool operation Operation of other mine facilities	LAND	<ul style="list-style-type: none"> Disruption of/ incompatibility with existing land use Generation of solid wastes including toxic and hazardous waste materials Change in landform / topography Change in subsurface geology Potential Rockslides/ Landslides / Mass Movement Soil erosion / loss of topsoil/overburden Vegetation removal and loss of habitat Threat to existence and/or loss of important local species Threat to abundance, frequency and distribution of important species Hindrance to wildlife access 	<ul style="list-style-type: none"> Progressive rehabilitation to ensure the re-greening of the area according to its final landform design. Suitable species should have the capability to overcome the natural heavy metal toxicity and lack of major nutrients in the soil. Improve soil quality thru organic amendments. Good housekeeping will be done along with the implementation of the reforestation program. Provision of segregated trash bins at all facilities and offices. 3 receptacles trash bins classified into biodegradable, non-biodegradable and recyclable. Install network of drain canals with series of sediment traps to efficiently route runoff towards existing natural drainage Maintaining slope stability by proper engineering measures. Reduction of cut slopes by terracing Regular desilting of settling ponds, and more frequent or as needed during rainy season 	APMC

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Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
			<ul style="list-style-type: none"> Spoil piles shall be properly placed and stabilized to reduce soil erosion. Best efforts shall be done to avoid mixing of the subsoil with the topsoil during stripping. Topsoil and overburden to be piled separately. Phased site preparation and surface mining. Avoid unnecessary land clearing. Progressive rehabilitation of disturbed area, idle lots & buffer zones Conduct annual biodiversity monitoring/assessment Compliance to R.A. # 9147 and other related laws/policies on wildlife conservation 	
	WATER	<ul style="list-style-type: none"> Change in drainage morphology/inducement of flooding / reduction in stream volumetric flow Change in stream water depth Depletion of water resource / competition in water use Disruption in water circulation pattern, littoral current, and coastal erosion and deposition Potential impact to water quality of nearby creeks and seas due to erosion, siltation, and flow of storm water runoff. Threat to existence and/or loss of species of important local habitat Threat to abundance, frequency and distribution of species 	<ul style="list-style-type: none"> Progressive rehabilitation and well-designed drainage system. Revegetation using native/indigenous plant species will be conducted to reduce soil erosion and to arrest the surface runoff to give it more time to infiltrate the soil. Drainage, silt traps/fences and sedimentation ponds will be strategically constructed to lessen the transport of soil materials to the rivers. Overburden and stockpiles to be located away from water bodies, areas prone to surface runoff, landslides and flooding. Proper disposal of wastewater to be observed throughout the project A network of drain canals should be constructed to efficiently route runoff towards existing natural drainage system. Geo-engineering technologies should be employed to ensure that the diversion will not further affect other productive lands. Apply erosion control using by vegetative means and mechanical means 	APMC

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Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
			<ul style="list-style-type: none"> • River water quality parameters will be maintained within baseline or natural ranges. • Construction/installation of culverts at selected portions of the mine access for ground vertebrate to migrate and cross through • Periodic monitoring of TSS in coastal waters fed by rivers from the project site in tandem with monitoring issues associated with coral cover monitoring. • Curtailment of domestic wastewater pollution using 3-chambered septic tanks shall be installed. • Implement Oil Spill Contingency Plan with the intent of giving guidelines • River rehabilitation and siltation mitigation projects shall be focused on the restoration of the ecological ability of the river system • Protection of Marine Protected Areas to rehabilitate both coral reef colonies and associated fish populations. 	
	Air and Noise	<ul style="list-style-type: none"> • Degradation of Air Quality due to dust and noise emission • Greenhouse gas emissions 	<ul style="list-style-type: none"> • Proper maintenance of equipment to reduce dust and noise. Regular watering of haul roads • Proper maintenance of equipment to reduce dust and noise. Regular watering of haul roads 	APMC
	PEOPLE	<ul style="list-style-type: none"> • Public health and safety issues related to project implementation • Employment and livelihood opportunities for local people and entrepreneurs • Delivery of supplemental basic social services to local people 	<ul style="list-style-type: none"> • Provision and maintenance of signages demarcating mine buffer zone. • Practice good housekeeping. • Provide the affected local people with supplemental livelihood training • Prioritize local labor in employment. • Strict screening of migrant labor, require Barangay clearance and certificate of good moral character, etc. 	APMC

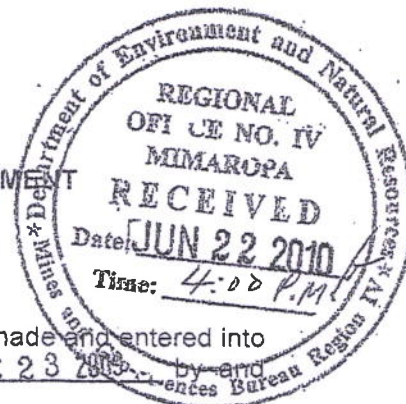
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Project Activity which will likely Impact the Environmental Component	Environmental Component Likely to be Affected	Potential Impact	Options for Prevention or Mitigation* or Enhancement	Responsible Entity
			<ul style="list-style-type: none"> • Generation of livelihood opportunities by allowing local entrepreneurs to provide support services to the project and its workers 	
DECOMMISSIONING AND ABANDONMENT PHASE				
Implementation of the MGB approved FRMR/DP, which includes: Rehabilitation of mined-out areas Dismantling of structures	LAND	<ul style="list-style-type: none"> • Erosion and/or collapse of rehabilitated areas. • Generation of solid waste including toxic and hazardous waste from dismantling of structures. 	<ul style="list-style-type: none"> • Ensure that geotechnical considerations are considered in the final pit design and these followed in the progressive restoration of the quarried-out areas. • Solid wastes generated will be managed through the implementation of ecological solid waste management system. • Used oil and other toxic and hazardous wastes materials should be hauled out only by DENR accredited waste transporter/hauler and Treatment, Storage and Disposal (TSD) facility. 	APMC
	People	<ul style="list-style-type: none"> • Retrenchment • Loss of livelihood 	<ul style="list-style-type: none"> • Implement satisfactory retrenchment package. • Assist workers in job hunting to other mining firms considering the skills they acquired 	APMC

ORIGINAL

MINERAL PRODUCTION SHARING AGREEMENT

No. 304 - 2009-IVB



This MINERAL PRODUCTION SHARING AGREEMENT is made and entered into in Quezon City, Philippines, this DEC 23 2009 day of by and between:

THE REPUBLIC OF THE PHILIPPINES, herein referred to as the GOVERNMENT, represented in this act by the Secretary of the Department of Environment and Natural Resources, with offices at the Department of Environment and Natural Resources Building, Visayas Avenue, Diliman, Quezon City

and

ALTAI PHILIPPINES MINING CORPORATION, a corporation duly organized and existing under the laws of the Republic of the Philippines, herein referred to as the CONTRACTOR, with office at 78 Visayas Avenue, Quezon City and represented in this act by its President, Pio C. Fortuno, as authorized by its Board of Directors (please refer to ANNEX "A")

WITNESSETH:

WHEREAS, the 1987 Constitution of the Republic of the Philippines provides in Article XII, Section 2 thereof that all lands of the public domain, waters, minerals, coal, petroleum and other natural resources are owned by the State and that their exploration, development and utilization shall be under the full control and supervision of the State;

WHEREAS, the Constitution further provides that the State may directly undertake such activities, or it may enter into a Co-Production, Joint Venture, or Mineral Production Sharing Agreement with Filipino citizens, or cooperatives, partnerships, corporations or associations at least sixty per centum of whose capitalization is owned by such citizens;

WHEREAS, pursuant to Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995," which took effect on 09 April 1995, the Secretary of the Department of Environment and Natural Resources is authorized to enter into Mineral Production Sharing Agreements in furtherance of the objectives of the Government and the Constitution to bolster the national economy through sustainable and systematic development and utilization of mineral lands;

WHEREAS, the Government desires to avail itself of the financial resources, technical competence and skill, which the Contractor is capable of applying to the mining operations of the project contemplated herein;

WHEREAS, the Contractor desires to join and assist the Government in the initial rational exploration and possible development and utilization for commercial purposes of nickel, iron, cobalt, chromite and other associated mineral deposits existing in the Contract Area (as herein defined);

SK

[Handwritten signatures and initials]

WHEREAS, the Contractor has access to all the financing, technical competence, technology and environmental management skills required to promptly and effectively carry out the objectives of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants, terms and conditions hereinafter set forth, it is hereby stipulated and agreed as follows:

SECTION I

SCOPE

- 1.1. This Agreement is a Mineral Production Sharing Agreement entered into pursuant to the provisions of the Act and its implementing rules and regulations. The primary purpose of this Agreement is to provide for the rational exploration, development and commercial utilization of nickel, iron, cobalt, chromite and other associated mineral deposits existing within the Contract Area, with all necessary services, technology and financing to be furnished or arranged by the Contractor in accordance with the provisions of this Agreement. The Contractor shall not, by virtue of this Agreement, acquire any title over the Contract/Mining Area without prejudice to the acquisition by the Contractor of the land/surface rights through any mode of acquisition provided for by law.
- 1.2. The Contractor shall undertake and execute, for and on behalf of the Government, responsible mining operations in accordance with the provisions of this Agreement, and is hereby constituted and appointed, for the purpose of this Agreement, as the exclusive entity to conduct mining operations in the Contract Area.
- 1.3. The Contractor shall assume all the exploration risk such that if no minerals in commercial quantity are developed and produced, it will not be entitled to reimbursement.
- 1.4. During the term of this Agreement, the total value of production and sale of minerals derived from the mining operations contemplated herein shall be accounted for and divided between the Government and the Contractor in accordance with Section VIII hereof.

SECTION II

DEFINITIONS

As used in this Agreement, the following words and terms, whether singular or plural, shall have the following respective meaning:

- 2.1. Act refers to Republic Act No. 7942, otherwise known as the "Philippine Mining Act of 1995."
- 2.2. Agreement means this Mineral Production Sharing Agreement.
- 2.3. Associated Minerals mean other ores/minerals, which occur together with the principal ore/mineral.

- 2.4. Bangko Sentral means Bangko Sentral ng Pilipinas.
- 2.5. Budget means an estimate of expenditures to be made by Contractor in mining operations contemplated hereunder to accomplish the Work Program for each particular period.
- 2.6. Bureau means Mines and Geosciences Bureau.
- 2.7. Calendar Year or Year means a period of twelve (12) consecutive months starting with the first day of January and ending on December 31, while "Calendar Quarter" means a period of three consecutive months with the first calendar quarter starting with the first day of January.
- 2.8. Commercial Production means the production of sufficient quantity of minerals to sustain economic viability of mining operations reckoned from the date of commercial operation as declared by the Contractor or as stated in the feasibility study, whichever comes first.
- 2.9. Constitution or Philippine Constitution means the 1987 Constitution of the Republic of the Philippines adopted by the Constitutional Convention of 1986 on October 15, 1986 and ratified by the People of the Republic of the Philippines on February 2, 1987.
- 2.10. Contract Area means the area onshore or offshore delineated under the Mineral Production Sharing Agreement subject to the relinquishment obligations of the Contractor and properly defined by latitude and longitude or bearing and distance.
- 2.11. Contract Year means a period of twelve (12) consecutive months counted from the Effective Date of this Agreement or from the anniversary of such Effective Date.
- 2.12. Contractor means Altai Philippines Mining Corporation or its assignee(s) of interest under this Agreement: Provided, That the assignment of any of such interest is accomplished pursuant to the pertinent provisions of the implementing rules and regulations of the Act.
- 2.13. Declaration of Mining Project Feasibility means a document proclaiming the presence of minerals in a specific site, which are recoverable by socially acceptable, environmentally safe and economically sound methods specified in the Project Feasibility Study.
- 2.14. Department or DENR means the Department of Environment and Natural Resources.
- 2.15. Director means the Director of Mines and Geosciences Bureau.
- 2.16. Effective Date means the date of execution of this Agreement by the Contractor and by the Secretary on behalf of the Government.
- 2.17. Environment means all facets of man's surroundings: physical, ecological, aesthetic, cultural, economic, historic, institutional and social.
- 2.18. Exploration means searching or prospecting for mineral resources by geological, geophysical and geochemical surveys, remote sensing, test





pitting, trenching, drilling, shaft sinking, tunneling or any other means for the purpose of determining the existence, extent, quality and quantity of mineral resources and the feasibility of mining them for profit.

- 2.19. Exploration Period shall mean the period from the Effective Date of this Agreement, which shall be for two (2) years, renewable for like periods but not to exceed a total term of six (6) years for nonmetallic minerals and eight (8) years for metallic minerals, subject to the pertinent provisions of the implementing rules and regulations of the Act.
- 2.20. Force Majeure means acts or circumstances beyond the reasonable control of the Contractor including, but not limited to war, rebellion, insurrection, riots, civil disturbances, blockade, sabotage, embargo, strike, lockout, any dispute with surface owners and other labor disputes, epidemics, earthquake, storm, flood or other adverse weather conditions, explosion, fire, adverse action by the Government or by any of its instrumentality or subdivision thereof, act of God or any public enemy and any cause as herein described over which the affected party has no reasonable control.
- 2.21. Foreign Exchange means any currency other than the currency of the Republic of the Philippines acceptable to the Government and the Contractor.
- 2.22. Government means the Government of the Republic of the Philippines or any of its agencies and instrumentalities.
- 2.23. Gross Output means the actual market value of the minerals or mineral products from each mine or mineral land operated as a separate entity, without any deduction for mining, processing, refining, transporting, handling, marketing or any other expenses: Provided, That if the minerals or mineral products are sold or consigned abroad by the Contractor under C.I.F. terms, the actual cost of ocean freight and insurance shall be deducted: Provided further, That in the case of mineral concentrates which are not traded in commodity exchanges in the Philippines or abroad such as copper concentrate, the actual market value shall be the world price quotation of the refined mineral products contained thereof prevailing in the said commodity exchanges, after deducting the smelting, refining, treatment, insurance, transportation and other charges incurred in the process of converting mineral concentrates into refined metal traded in those commodity exchanges.
- 2.24. Mine Development refers to work undertaken to prepare an ore body or a mineral deposit for mining, including the construction of necessary infrastructure and related facilities.
- 2.25. Minerals mean all naturally occurring inorganic substances in solid, liquid, gas or any intermediate state excluding energy materials such as coal, petroleum, natural gas, radioactive materials and geothermal energy.
- 2.26. Mineral Products mean materials derived from mineral ores/rocks and prepared into marketable state by metallurgical processes which include beneficiation, cyanidation, leaching, smelting, calcination and other similar processes.

- 2.27. Mining Area means that portion of the Contract Area identified by the Contractor as defined and delineated in a Survey Plan duly approved by the Director/Regional Director concerned for purposes of development and/or utilization and sites for support facilities.
- 2.28. Mining Operations means mining activities involving exploration, feasibility study, environmental impact assessment, development, utilization, mineral processing and mine rehabilitation.
- 2.29. Notice means notice in writing, telex or telecopy (authenticated by answer back or confirmation received) addressed or sent as provided in Section 16.2 of this Agreement.
- 2.30. Ore means naturally occurring substance or material from which a mineral or element can be mined and/or processed for profit.
- 2.31. Pollution means any alteration of the physical, chemical and/or biological properties of any water, air and/or land resources of the Philippines, or any discharge thereto of any liquid, gaseous or solid wastes or any production of unnecessary noise or any emission of objectionable odor, as will or is likely to create or render such water, air, and land resources harmful, detrimental or injurious to public health, safety or welfare or which will adversely affect their utilization for domestic, commercial, industrial, agricultural, recreational or other legitimate purposes.
- 2.32. Secretary means the Secretary of the Department of Environment and Natural Resources.
- 2.33. State means the Republic of the Philippines.
- 2.34. Work Program means a document which presents the plan of major mining operations and the corresponding expenditures of the Contractor in its Contract Area during a given period of time, including the plan and expenditures for development of host and neighboring communities and of local geoscience and mining technology, as submitted and approved in accordance with the implementing rules and regulations of the Act.

SECTION III

TERM OF AGREEMENT

- 3.1. This Agreement shall have a term of twenty five (25) years from Effective Date, and may be renewed thereafter for another term not exceeding twenty five (25) years. The renewal of this Agreement, as well as the changes in the terms and conditions thereof, shall be upon mutual consent by the parties. In the event the Government decides to allow mining operations thereafter by other Contractor, this must be through competitive public bidding. After due publication of notice, the Contractor shall have the right to equal the highest bid upon reimbursement of all reasonable expenses of the highest bidder.
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SECTION IV

CONTRACT AREA

- 4.1. Size, Shape, and Location of Contract Area - This Agreement covers a Contract Area of approximately One Thousand Five Hundred Eighty and 8,010/10,000 (1,580.8010) hectares, situated in San Fernando, Romblon, Sibuyan Island, and bounded by the following geographical coordinates (please refer to ANNEX "B" - 1:50,000 scale Location Map/Sketch Plan):

Parcel 1

Area = 1,140.7790 hectares

Corner	Latitude	Longitude
1	12° 25' 07.999"	122° 31' 33.631"
2	12° 24' 45.000"	122° 31' 33.631"
3	12° 24' 45.000"	122° 32' 00.167"
4	12° 23' 23.856"	122° 32' 00.167"
5	12° 23' 23.856"	122° 33' 19.611"
6	12° 23' 12.792"	122° 33' 07.500"
7	12° 22' 57.821"	122° 33' 07.500"
8	12° 22' 57.821"	122° 32' 55.000"
9	12° 22' 31.786"	122° 32' 55.000"
10	12° 22' 31.786"	122° 30' 53.952"
11	12° 23' 23.856"	122° 30' 53.952"
12	12° 23' 23.856"	122° 30' 40.710"
13	12° 23' 49.885"	122° 30' 40.710"
14	12° 23' 49.885"	122° 31' 07.196"
15	12° 25' 07.999"	122° 31' 07.196"

Parcel 2

Area = 440.0220 hectares

Corner	Latitude	Longitude
1	12° 22' 05.774	122° 33' 19.611"
2	12° 22' 05.774	122° 34' 10.000"
3	12° 21' 10.000	122° 34' 39.713"
4	12° 20' 47.643	122° 34' 39.713"
5	12° 20' 47.643	122° 33' 46.096"
6	12° 21' 13.678	122° 33' 46.096"
7	12° 21' 13.678	122° 33' 19.611"

SECTION V

EXPLORATION PERIOD

- 5.1. Timetable for Exploration - The Contractor shall commence Exploration activities not later than three (3) months after the Effective Date for a period of two (2) years, renewable for like periods but not to exceed a total term of six (6) years for nonmetallic minerals and eight (8) years for metallic

minerals, subject to annual review and approval by the Director in accordance with the implementing rules and regulations of the Act.

- 5.2. Renewal of Exploration Period - In case the Contractor opts for a renewal of its Exploration Period, it shall file prior to the expiration thereof, a renewal application in the Mines and Geosciences Bureau Central Office, accompanied by the mandatory requirements stipulated in the implementing rules and regulations of the Act. The Director may grant the renewal of the Exploration Period on condition that the Contractor has substantially complied with the terms and conditions of the Agreement.

In cases where further exploration is warranted beyond the six (6)- or eight (8)-year period and on condition that the Contractor has substantially implemented the Exploration and Environmental Work Programs as verified by the Bureau, the Director may further grant renewal of the Exploration Period: Provided, That the Contractor shall be required to set up a performance surety equivalent to the expenditure requirement of the Exploration and Environmental Work Programs.

- 5.3. Work Programs and Budgets - The Contractor shall strictly comply with the approved Exploration and Environmental Work Programs together with their corresponding Budgets (please refer to ANNEXES "C" and "D").

The amount to be spent by the Contractor in conducting Exploration activities under the terms of this Agreement during the Exploration Period shall be in the aggregate of not less than that specified for each of the Contract Years, as follows:

For the Exploration Work Program:

1st Contract Year	:	PhP 2,933,500.00
2nd Contract Year	:	PhP 4,922,500.00
Total	:	PhP 7,856,000.00

For the Environmental Work Program : PhP 800,000.00

In the event of renewal of the Exploration Period, the amount to be spent every year shall first be agreed upon by the parties.

In the event of termination of this Agreement, the Contractor shall only be obliged to expend the pro-rata amount for the period of such Contract Year prior to termination. If during any Contract Year, the Contractor should expend more than the amount to be expended as provided above, the excess may be subtracted from the amount required to be expended by the Contractor during the succeeding Contract Years, and should the Contractor, due to unforeseen circumstances or with the consent of the Government, expend less during a year, then the deficiency shall be applied to the amount to be expended during the succeeding Contract Years.

- 5.4. Relinquishment of Total/Portion of the Contract Area - During the Exploration Period, the Contractor may relinquish totally or partially the original Contract Area. After the Exploration Period and prior to or upon approval of a Declaration of Mining Project Feasibility by the Director, the Contractor shall finally relinquish any portion of the Contract Area not

necessary for mining operations and not covered by any Declaration of Mining Project Feasibility.

- 5.5. Final Mining Area. - The Director may allow the Contractor to hold more than one (1) final Mining Area subject to the maximum limits set under the implementing rules and regulations of the Act: Provided, That each final Mining Area shall be covered by a Declaration of Mining Project Feasibility.
- 5.6. Declaration of Mining Project Feasibility - Within the term of the Exploration Period, the Contractor shall file in the Regional Office concerned, the Declaration of Mining Project Feasibility of the Contract Area/final Mining Area supported by Mining Project Feasibility Study, Three (3)-Year Development and Construction or Commercial Operation Work Program, complete geologic report, an application for survey and the pertinent Environmental Compliance Certificate, among other applicable requirements. Failure of the Contractor to submit the Declaration of Mining Project Feasibility during the Exploration Period shall be considered a substantial breach of this Agreement.
- 5.7. Survey of the Contract Area - The Contractor shall cause the survey of the perimeter of the Contract Area/final Mining Area through an application for survey, complete with requirements, filed in the Regional Office concerned simultaneous with the submission of the Declaration of Mining Feasibility. Survey returns shall be submitted to the Regional Director concerned for approval within one (1) year from receipt of the Order of Survey complete with the mandatory requirements stated in the implementing rules and regulations of the Act.
- 5.8. Reporting
 - a. During the Exploration Period, the Contractor shall submit to the Director, through the Regional Director concerned, quarterly and annual accomplishment reports under oath on all activities conducted in the Contract Area from the Effective Date of this Agreement. The quarterly report shall be submitted not later than fifteen (15) days at the end of each Calendar Quarter while the annual accomplishment report shall be submitted not later than thirty (30) days from the end of each Calendar Year. Such information shall include detailed financial expenditures, raw and processed geological, geochemical, geophysical and radiometric data plotted on a map at a minimum 1:50,000 scale, copies of originals of assay results, duplicated samples, field data; copies of originals from drilling reports, maps, environmental work program implementation and detailed expenditures showing discrepancies/ deviations with approved exploration and environmental plans and budgets as well as all other information of any kind collected during the exploration activities. All information submitted to the Bureau shall be subject to the confidentiality clause of this Agreement.
 - b. Final Report - The Contractor shall submit to the Director, through the Regional Director concerned, a final report under oath upon the expiration of the Exploration Period which shall be in the form and substance comparable to published professional reports of respectable international institutions and shall incorporate all the findings in the Contract Area including location of samples, assays,

chemical analysis, and assessment of mineral potentials together with a geologic map of 1:50,000 scale at the minimum showing the results of the exploration. Such report shall also include detailed expenditures incurred during the Exploration Period. In case of diamond drilling, the Contractor shall, upon request of the Director/Regional Director concerned, submit to the Regional Office concerned a quarter of the core samples, which shall be deposited in the Regional Office Core Library for safekeeping and reference.

- c. Relinquishment Report - The Contractor shall submit a separate relinquishment report with a detailed geologic report of the relinquished area accompanied by maps at a scale of 1:50,000 and results of analyses and detailed expenditures, among others.

SECTION VI

DEVELOPMENT AND CONSTRUCTION PERIOD

- 6.1. Timetable - The Contractor shall complete the development of the mine including the construction of production facilities within thirty six (36) months from the submission and approval of the Declaration of Mining Project Feasibility, subject to such extension based on justifiable reasons as the Director may approve, upon recommendation of the Regional Director concerned.
- 6.2. Reporting
 - a. Annual - The Contractor shall submit, within sixty (60) days after December 31 of each year, to the Director, through the Regional Director concerned, an annual report, which states the major activities, achievements and detailed expenditures during the year covered, including maps, assays, rock and mineral analyses and geological and environmental progress reports during the Development and Construction Period.
 - b. Final Report - Within six (6) months from the completion of the development and construction activities, the Contractor shall submit a final report to the Director, through the Regional Director concerned. Such report shall integrate all information in maps of appropriate scale and quality, as well as in monographs or reports in accordance with international standards.

SECTION VII

OPERATING PERIOD

- 7.1. Timetable - The Contractor shall submit, within thirty (30) days before completion of mine development and construction of production facilities, to the Director, through the Regional Director concerned, a Three-Year Commercial Operation Work Program. The Contractor shall commence commercial utilization immediately upon approval of the aforesaid Work Program. Failure of the Contractor to commence Commercial Production

within the period shall be considered a substantial breach of the Agreement.

- 7.2. Commercial Operation Work Program and Budget - During the Operating Period, the Contractor shall submit to the Director, through the Regional Director concerned, Work Programs and Budgets covering a period of three (3) years each, which shall be submitted not later than thirty (30) days before the expiration of the period covered by the previous Work Program.

The Contractor shall conduct Mining Operations and other activities for the duration of the Operating Period in accordance with the duly approved Work Programs and corresponding Budgets.

- 7.3. Expansion and Modification of Facilities - The Contractor may make expansions, modifications, improvements, and replacements of the mining facilities and may add new facilities as the Contractor may consider necessary for the operations: Provided, That such plans shall be embodied in an appropriate Work Program approved by the Director.

7.4. Reporting

- a. Quarterly Reports - Beginning with the first Calendar Quarter following the commencement of the Operating Period, the Contractor shall submit, within thirty (30) days after the end of each Calendar Quarter, to the Director, through the Regional Director concerned, a Quarterly Report stating the tonnage of production in terms of ores, concentrates, and their corresponding grades and other types of products; value, destination of sales or exports and to whom sold; terms of sales and expenditures.
- b. Annual Reports - During the Operating Period, the Contractor shall submit within sixty (60) days from the end of each Calendar Year, to the Director, through the Regional Director concerned, an Annual Report indicating in sufficient detail:
- b.1. The total tonnage of ore reserves, whether proven, probable, or inferred, the total tonnage of ores, kind by kind, broken down between tonnage mined, tonnages transported from the minesite and their corresponding destination, tonnages stockpiled in the mine and elsewhere in the Philippines, tonnages sold or committed for export (whether actually shipped from the Philippines or not), tonnages actually shipped from the Philippines (with full details as to purchaser, destination and terms of sale), and if known to the Contractor, tonnages refined, processed or manufactured in the Philippines with full specifications as to the intermediate products, by-products or final products and of the terms at which they were disposed;
- b.2. Work accomplished and work in progress at the end of the year in question with respect to all the installations and facilities related to the utilization program, including the investment actually made or committed; and

- b.3. Profile of work force, including management and staff, stating particularly their nationalities, and for Filipinos, their place of origin (i.e., barangay, town, province, region).

The Contractor shall also comply with other reporting requirements provided for in the implementing rules and regulations of the Act.

SECTION VIII

FISCAL REGIME

- 8.1. General Principle - The fiscal regime of this Agreement shall be governed by the principle according to which the Government expects a reasonable return in economic value for the utilization of non-renewable mineral resources under its national sovereignty while the Contractor expects a reasonable return on its investment with special account to be taken for the high risk of exploration, the terms and conditions prevailing elsewhere in the industry and any special efficiency to be gained by a particularly good performance of the Contractor.
- 8.2. Registration Fees - Within fifteen (15) days upon receipt of the notice of approval of the Agreement from the Regional Office concerned, the Contractor shall cause the registration of this Agreement with the said Regional Office and pay the registration fee at the rate provided in the existing rules and regulations. Failure of the Contractor to cause the registration of this Agreement within the prescribed period shall be sufficient ground for cancellation of the same.
- 8.3. Occupation Fees - Prior to registration of this Agreement and at the same date every year thereafter, the Contractor shall pay to the Municipal/City Treasurer concerned an occupation fee over the Contract Area at the annual rate provided in the existing rules and regulations. If the fee is not paid on the date specified, the Contractor shall pay a surcharge of twenty five percent (25%) of the amount due in addition to the occupation fees.
- 8.4. Share of the Government - The Government Share shall be the excise tax on mineral products at the time of removal and at the rate provided for in Republic Act No. 7729 amending Section 151 (a) of the National Internal Revenue Code, as amended, as well as other taxes, duties and fees levied by existing laws. The Excise Tax shall be timely and completely paid to the nearest Bureau of Internal Revenue Office in the province concerned.

For purposes of determining the amount of the herein Government Share, the Contractor shall strictly comply with the auditing and accounting requirements prescribed under existing laws and regulations.

The Government Share shall be allocated in accordance with Sections 290 and 292 of Republic Act No. 7160, otherwise known as "The Local Government Code of 1991."

- 8.5. Pricing of Sales - The Contractor shall dispose of the minerals and by-products produced at the highest market price prevailing in the locality. The Contractor shall also pay the lowest achievable marketing commissions and related fees and shall negotiate for more advantageous terms and

conditions subject to the right to enter into long-term sales or marketing contracts or foreign exchange and commodity hedging contracts, which the Government acknowledges to be acceptable notwithstanding that the sale price of the minerals and by-products may from time to time be lower, or the terms and conditions of sales are less favorable, than that available elsewhere. The Contractor shall seek to strike a balance between long-term sales or marketing contracts or foreign exchange and commodity hedging contracts comparable to policies followed by independent producers in the international mining industry.

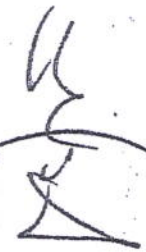
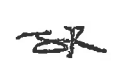


The Contractor shall likewise seek a balanced distribution among consumers. Insofar as sales to Contractor's affiliate(s) are concerned, prices shall be at arm's length standard, and competing offers for large scale and long-term contracts shall be procured. Before any sale and/or shipment of mineral product is made, existing and future marketing contract(s)/sales agreement(s) shall be submitted to the Director, copy furnished the Regional Director concerned, for registration. At the same time, the Contractor shall regularly inform the Director in writing of any revisions, changes or additions in said contract(s)/agreement(s).

The Contractor shall reflect in its Monthly/Quarterly Report on Production, Sales and Inventory of Minerals, as well as in the Integrated Annual Report, the corresponding registration number(s) of the marketing contract(s)/agreement(s) governing the export or sale of minerals.

- 8.6. Associated Minerals - If minerals other than nickel, iron, cobalt, chromite are discovered in commercial quantities in the Contract Area, the value thereof shall be added to the value of the principal mineral in computing the Government share.

SECTION IX

WORK PROGRAMS

- 9.1. Submission to Government - Within the periods stated herein, the Contractor shall prepare and submit to the Director, through the Regional Director concerned, a Work Program and corresponding Budget for the Contract Area stating the Mining Operations and expenditures which the Contractor proposes to carry out during the period covered with the details and particulars set forth elsewhere in this Agreement or in the supporting documents.
- 9.2. Government's Examination and Revision of Work Program - Should the Government decide to propose a revision to a certain specific feature in the Work Program or Budget, it shall, within thirty (30) days after receipt thereof, provide a Notice to the Contractor specifying in reasonable detail its reasons therefore. Promptly thereafter, the Government and Contractor will meet and endeavor to agree on the revision proposed by the Government. In any event, the revision of any portion of said Work Program or Budget in which the Government shall fail to notify the Contractor of the proposed revision shall, insofar as possible, be carried out as prescribed herein. If the Government should fail within sixty (60) days from receipt thereof to notify Contractor of the proposed revisions, the
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Work Program and Budget proposed by the Contractor shall be deemed to be approved.

- 9.3. Contractor's Changes to Work Program - It is recognized by the Government and the Contractor that the details of any Work Program may require changes in the light of changing circumstances. The Contractor may make such changes: Provided, That it shall not change the general objective of the Work Program: Provided further, That changes which entail a negative variance of at least twenty percent (20%) shall be subject to the approval of the Director.

In case of any positive variance in the future, the Contractor shall submit to the Bureau and Regional Office concerned a copy each of the revised Work Programs, for information.

- 9.4. The Government's approval of a proposed Work Program and Budget will not be unreasonably withheld.

SECTION X

ENVIRONMENTAL PROTECTION AND MINE SAFETY AND HEALTH

- 10.1. The Contractor shall manage its Mining Operations in a technically, financially, socially, culturally and environmentally responsible manner to achieve the sustainable development objectives and responsibilities as provided for under the implementing rules and regulations of the Act.
- 10.2. The Contractor shall ensure that the standards of environmental protection are met in the course of the Mining Operations. To the extent possible, control of pollution and the transformation of the mined-out areas or materials into economically and socially productive forms must be done simultaneously with mining.
- 10.3. The Contractor shall submit an Environmental Work Program during the Exploration Period as prescribed in the implementing rules and regulations of the Act.
- 10.4. An Environmental Compliance Certificate (ECC) shall be secured first by the Contractor prior to the conduct of any development works, construction of production facilities and/or mine production activities in the Contract Area.
- 10.5. The Contractor shall submit within thirty (30) calendar days after the issuance and receipt of the ECC, an Environmental Protection and Enhancement Program (EPEP) using MGB Form No. 16-2 covering all areas to be affected by development, utilization and processing activities under this Agreement. The Contractor shall allocate for its initial environment-related capital expenditures approximately ten percent (10%) of the total project cost or in such amount depending on the environmental/geological condition, nature and scale of operations and technology to be employed in the Contract Area.
- 10.6. The Contractor shall submit, within thirty (30) days prior to the beginning of every calendar year, an Annual Environmental Protection, and

Enhancement Program (AEPEP), using MGB Form 16-3, which shall be based on the approved EPEP. The AEPEP shall be implemented during the year for which it was submitted. To implement its AEPEP, the Contractor shall allocate annually three to five percent (3%-5%) of its direct mining and milling costs depending on the environmental/geologic condition, nature and scale of operations and technology employed in the Contract Area.

- 10.7. The Contractor shall establish a Contingent Liability and Rehabilitation Fund (CLRF) which shall be in the form of the Mine Rehabilitation Fund (MRF) and the Mine Waste and Tailings Fee (MWTF).

The MRF shall be based on the financial requirements of the approved EPEP as a reasonable environmental deposit to ensure satisfactory compliance with the commitments/strategies of the EPEP/AEPEP and availability of funds for the performance of the EPEP/AEPEP during the specific project phase. The MRF shall be deposited as Trust Fund in a government depository bank and shall be used for physical and social rehabilitation of areas affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation.

The MWTF shall be collected based on the amounts of mine waste and mill tailings generated during the conduct of Mining Operations. The MWTF collected shall accrue to a Mine Waste and Tailings Reserve Fund and shall be deposited in a government depository bank for payment of compensation for damages caused by the Mining Operations.

- 10.8. The Contractor shall set up mitigating measures such as mine waste and mill tailings disposal system, mine rehabilitation or plan, water quality monitoring, etc. to minimize land degradation, air and water pollution, acid rock drainage and changes in hydrogeology.
- 10.9. The Contractor shall set up an Environmental and Safety Office at its minesite manned by qualified personnel to plan, implement and monitor its approved EPEP.
- 10.10. The Contractor shall be responsible in the monitoring of environmental, safety and health conditions in the Contract Area and shall strictly comply with all the rules and regulations embodied under DAO No. 2000-98, otherwise known as the "Mine Safety and Health Standards."
- 10.11. The Contractor shall be responsible for the submission of a final mine rehabilitation and/or decommissioning plans, including its financial requirements and incorporating the details and particulars set forth in the implementing rules and regulations of the Act.

SECTION XI

RIGHTS AND OBLIGATIONS OF THE PARTIES

- 11.1. Obligations of the Contractor:

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- a. To exclusively conduct sustainable Mining Operations within the Contract Area in accordance with the provisions of the Act and its implementing rules and regulations;
- b. To construct and operate any facilities specified under the Mineral Agreement or approved Work Program;
- c. To determine the exploration, mining and treatment process to be utilized in the Mining Operations;
- d. To extract, remove, use and dispose of any tailings as authorized by an approved Work Program;
- e. To secure all permits necessary or desirable for the purpose of Mining Operations;
- f. To keep accurate technical records about the Mining Operations, as well as financial and marketing accounts, and make them available to Government representatives authorized by the Director for the purpose of assessing the performance and compliance of the Contractor with the terms of this Agreement. Authorized representatives of other Government Agencies may also have access to such accounts in accordance with existing laws, rules and regulations;
- g. To furnish the Bureau all the data and information gathered from the Contract Area and that all the books of accounts and records shall be open for inspection;
- h. To allow access to Government during reasonable hours in inspecting the Contract Area and examining pertinent records for purposes of monitoring compliance with the terms of this Agreement;
- i. To hold the Government free and harmless from all claims and accounts of all kinds, as well as demands and actions arising out of the accidents or injuries to persons or properties caused by Mining Operations of the Contractor and indemnify the Government for any expenses or costs incurred by the Government by reason of any such claims, accounts, demands or actions;
- j. In the development of the community:
 - j.1. To recognize and respect the rights, customs and traditions of indigenous cultural communities over their ancestral lands and to allocate royalty payment of not less than one percent (1%) of the value of the gross output of minerals sold;
 - j.2. To coordinate with proper authorities in the development of the mining community and for those living in the host and neighboring communities through social infrastructure, livelihood programs, education, water, electricity and medical services. Where traditional self-sustaining income and the community activities are identified to be present, the Contractor shall assist in the preservation and/or enhancement of such activities;

- j.3. To allot annually a minimum of one percent (1%) of the direct mining and milling costs necessary to implement the activities undertaken in the development of the host and neighboring communities. Expenses for community development may be charged against the royalty payment of at least one percent (1%) of the gross output intended for the concerned indigenous cultural community;
- j.4. To give preference to Filipino citizens who have established domicile in the neighboring communities, in the hiring of personnel for its mining operations. If necessary skills and expertise are currently not available, the Contractor must immediately prepare and undertake a training and recruitment program at its expense; and
- j.5. To incorporate in the Mining Feasibility Study the planned expenditures necessary to implement (j.1) to (j.3) of this Section;
- k. In the development of Mining Technology and Geosciences:
 - k.1. In the course of its operations, to produce geological, geophysical, geochemical and other types of maps and reports that are appropriate in scale and in format and substance which are consistent with the internationally accepted standards and practices. Such maps shall be made available to the scientific community in the most convenient and cost effective forms, subject to the condition that the Contractor may delay release of said information for a reasonable period of time which shall not exceed three (3) years;
 - k.2. To systematically keep the data generated from the Contract/ Mining Area such as cores, assays and other related information, including economic and financial data and make them accessible to students, researchers and other persons responsible for developing mining, geoscience and processing technology subject to the condition that the Contractor may delay release of data to the science and technology community within a reasonable period of time which shall not exceed three (3) years;
 - k.3. To transfer to the Government or local mining company the appropriate technology it may adapt in the exploration, development and commercial utilization of the minerals in the Contract Area;
 - k.4. To allocate research and development budget for the advancement of mining technology and geosciences in coordination with the Bureau, research institutions, academe, etc.; and
 - k.5. To replicate data, maps and reports cited in (k.1) and (k.2) and furnish the Bureau for archiving and systematic

safekeeping which shall be made available to the science and technology community for conducting research and undertaking other activities which contribute to the development of mining, geoscience and processing technology and the corresponding national pool of manpower talents: Provided, however, that the release of data, maps and the like shall be similarly constrained in accordance with (k.1) and (k.2) above;

- l. To incorporate in the Mining Feasibility Study the planned expenditures necessary to implement all the plans and programs set forth in this Agreement; and
- m. To pay all other taxes and fees mandated by existing laws, rules and regulations.

11.2. Rights of the Contractor:

- a. To conduct Mining Operations within the confines of its Contract/Mining Area in accordance with the terms and conditions hereof and without interfering with the rights of other Contractors/Lessees/Operators/Permittees/Permit Holders;
- b. Possession of the Contract Area, with full right of ingress and egress and the right to occupy the same, subject to surface and easement rights;
- c. To use and have access to all declassified geological, geophysical, drilling, production and other data relevant to the mining operations;
- d. To sell, assign, transfer, convey or otherwise dispose of all its rights, interests and obligations under the Agreement subject to the approval of the Government;
- e. To employ or bring into the Philippines foreign technical and specialized personnel, including the immediate members of their families as may be required in the operations of the Contractor, subject to applicable laws and regulations: Provided, That if the employment connection of such foreign persons with the Contractor ceases, the applicable laws and regulations on immigration shall apply to them. Every time foreign technologies are utilized and where alien executives are employed, an effective program of training understudies shall be undertaken. The alien employment shall be limited to technologies requiring highly specialized training and experience subject to the required approval under existing laws, rules and regulations;
- f. To enjoy easement rights and use of timber, water and other natural resources in the Contract Area subject to pertinent laws, rules and regulations and the rights of third parties;
- g. Repatriation of capital and remittance of profits, dividends and interest on loans, subject to existing laws and Bangko Sentral ng Pilipinas rules and regulations; and

- h. To import when necessary all equipment, spare parts and raw materials required in the operations in accordance with existing laws and regulations.
- 11.3. Obligations of the Government:
- a. To ensure that the Contractor has the Government's full cooperation in the exercise of the rights granted to it under this Agreement;
 - b. To use its best efforts to ensure the timely issuance of necessary permits and similar authorizing documents for use of the surface of the Contract Area; and
 - c. To cooperate with the Contractor in its efforts to obtain financing contemplated herein from banks or other financial institutions: Provided, That such financing arrangements will in no event reduce the Contractor's obligation on Government rights hereunder.

SECTION XII

ASSETS AND EQUIPMENT

- 12.1. The Contractor shall acquire for the Mining Operations only such assets that are reasonably estimated to be required in carrying out such Mining Operations.
- 12.2. All materials, equipment, plant and other installations of a movable nature erected or placed on the Contract Area by the Contractor shall remain the property of the Contractor. The Contractor shall have the right to remove and re-export such materials and equipment, plant and other installations from the Philippines, subject to existing rules and regulations. In case of cessation of Mining Operations on public lands occasioned by its voluntary abandonment or withdrawal, the Contractor shall have a period of one (1) year from the time of cessation within which to remove its improvements; otherwise, all social infrastructures and facilities shall be turned over or donated tax free to the proper government authorities, national or local, to ensure that said infrastructures and facilities are continuously maintained and utilized by the host and neighboring communities.

SECTION XIII

EMPLOYMENT AND TRAINING OF PHILIPPINE PERSONNEL

- 13.1. The Contractor agrees to employ, to the extent possible, qualified Filipino personnel in all types of mining operations for which they are qualified; and after Commercial Production commences shall, in consultation and with consent of the Government, prepare and undertake an extensive training programme suitable to Filipino nationals in all levels of employment. The objective of said programme is to reach within the timetable set forth below the following targets of "Filipinization:"

Unskilled (%)	Skilled (%)	Clerical (%)	Professional (%)	Management (%)
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Year 1	100	100	100	75	75
Year 3	100	100	100	80	80
Year 5	100	100	100	90	90
Year 7	100	100	100	95	95
Year 10	100	100	100	95	95
Year 15	100	100	100	95	95

- 13.2. Cost and expenses of training such Filipino personnel and the Contractor's own employees shall be included in the Operating Expenses.
- 13.3. The Contractor shall not discriminate on the basis of gender and shall respect the right of women workers to participate in policy and decision-making processes affecting their rights and benefits.

SECTION XIV

ARBITRATION

- 14.1. The Government and the Contractor shall consult with each other in good faith and shall exhaust all available remedies to settle any and all disputes or disagreements arising out of or relating to the validity, interpretations, enforceability, or performance of this Agreement before resorting to arbitration as provided for in Section 14.2. below.
- 14.2. Any disagreement or dispute which can not be settled amicably within a period of one (1) year from the time the issue is raised by a Party shall be settled by a tribunal of three (3) arbitrators. This tribunal shall be constituted as follows: one to be appointed by the Contractor and the other to be appointed by the Secretary. The first two appointed arbitrators shall consider names of qualified persons until agreement on a mutually acceptable Chairman of the tribunal is selected. Such arbitration shall be initiated and conducted pursuant to Republic Act No. 876, otherwise known as the "Arbitration Act."
- In any event, the arbitration shall be conducted applying the substantive laws of the Republic of the Philippines.
- 14.3. Each party shall pay fifty percent (50%) of the fees and expenses of the Arbitrators and the costs of arbitration. Each party shall pay its own costs and attorney's fee.

SECTION XV

SUSPENSION OR TERMINATION OF CONTRACT, TAX INCENTIVES AND CREDITS

- 15.1. This Agreement may be suspended for failure of the Contractor: (a) to comply with any provision or requirement of the Act and/or its implementing rules and regulations; (b) to pay on time the complete taxes, fees and/or other charges demandable and due the Government.

- 15.2. This Agreement terminates or may be terminated for the following causes: (a) expiration of its term, whether original or renewal; (b) withdrawal from the Agreement by the Contractor; (c) violation by the Contractor of the Agreement's terms and conditions; (d) failure to pay taxes, fees/or charges or financial obligations for two (2) consecutive years; (e) false statement or omission of facts by the Contractor; and (f) any other cause or reason provided under the Act and its implementing rules and regulations, or any other relevant laws and regulations.
- 15.3. All statements made in this Agreement shall be considered as conditions and essential parts hereof, and any falsehood in said statements or omission of facts which may alter, change or affect substantially the fact set forth in said statements shall be a ground for its revocation and termination.
- 15.4. The Contractor may, by giving due notice at any time during the term of this Agreement, apply for its cancellation due to causes which, in the opinion of the Contractor, render continued mining operation no longer feasible or viable. In this case, the Secretary shall decide on the application within thirty (30) days from notice: Provided, That the Contractor has met all the financial, fiscal and legal obligations.
- 15.5. No delay or omissions or course of dealing by the Government shall impair any of its rights under this Agreement, except in the case of a written waiver. The Government's right to seek recourse and relief by all other means shall not be construed as a waiver of any succeeding or other default unless the contrary intention is reduced in writing and signed by the party authorized to exercise the waiver.
- 15.6. In case of termination, the Contractor shall pay all the fees and other liabilities due up to the end of the year in which the termination becomes effective. The Contractor shall immediately carry out the restoration of the Contract Area in accordance with good mining industry practice.
- 15.7. The withdrawal by the Contractor from the Mineral Agreement shall not release it from any and all financial, environmental, legal and fiscal obligations under this Agreement.
- 15.8. The following acts or omission, *inter alia* shall constitute breach of contract, upon which the Government may exercise its right to terminate the Agreement:
- a. Failure of the Contractor without valid reason to commence Commercial Production within the period prescribed; and/or
 - b. Failure of the Contractor to conduct mining operations and other activities in accordance with the approved Work Programs and/or any modification thereof as approved by the Director.
- 15.9. The Government may suspend and cancel tax incentives and credits if the Contractor fails to abide by the terms and conditions of said incentives and credits.

SECTION XVI

OTHER PROVISIONS

16.1. Any terms and conditions resulting from repeal or amendment of any existing laws or regulation or from the enactment of a law, regulation or administrative order shall be considered a part of this Agreement.

16.2. Notice

All notices, demands and other communications required or permitted hereunder shall be made in writing, telex or telecopy and shall be deemed to have been duly given notice, in the case of telex or telecopy, if answered back or confirmation received, or if delivered by hand, upon receipt or ten days after being deposited in the mail, airmail postage prepaid and addressed as follows:

If to the Government:

THE SECRETARY
Department of Environment and Natural Resources
DENR Building, Visayas Avenue
Diliman, Quezon City

If to the Contractor:

THE PRESIDENT
Altai Philippines Mining Corporation
78 Visayas Avenue, Quezon City

Either party may substitute or change such address on notice thereof to the other party: Provided, That the Contractor shall, in case of any change of address during the term of this Agreement, notify the Director in writing. Failure to do such notification shall be deemed as waiver by the Contractor to be informed about any communications as provided in Section 16.2 above.

16.3. Governing Law

This Agreement and the relation between the parties hereto shall be governed by and construed in accordance with the laws of the Republic of the Philippines. The Contractor hereby agrees and obliges itself to comply with the provisions of the Act, its implementing rules and regulations and other relevant laws and regulations.

16.4. Suspension of Obligation

- a. Any failure or delay on the part of any party in the performance of its obligation or duties hereunder shall be excused to the extent attributable to *Force Majeure* as defined in the Act: Provided, That the suspension of Mining Operations due to *Force Majeure* causes shall be subject to approval by the Director.

- b. If Mining Operations are delayed, curtailed or prevented by such *Force Majeure* causes, then the time for enjoying the rights and carrying out the obligations thereby affected, the term of this Agreement and all rights and obligations hereunder shall be extended for a period equal to the period involved.
- c. The Party, whose ability to perform its obligations is affected by such *Force Majeure* causes, shall promptly give Notice to the other in writing of any such delay or failure of performance, the expected duration thereof and its anticipated effect and shall use its efforts to remedy such delay, except that neither Party shall be under any obligation to settle a labor dispute: Provided, That the suspension of obligation by the Contractor shall be subject to prior approval by the Director.

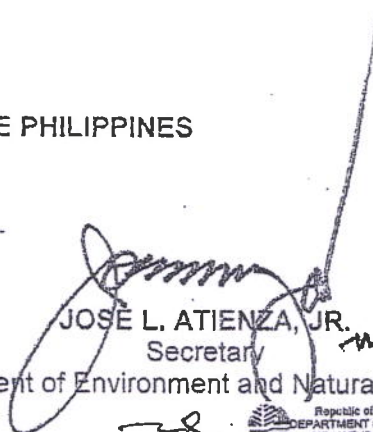
16.5. Amendments

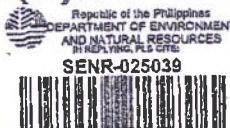
This Agreement shall not be annulled, amended or modified in any respect except by mutual consent in writing of the herein parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement, as of the day and year first above written

THE REPUBLIC OF THE PHILIPPINES

BY:

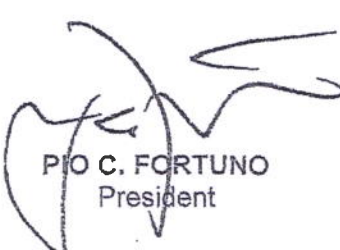

JOSE L. ATIENZA, JR.
Secretary
Department of Environment and Natural Resources



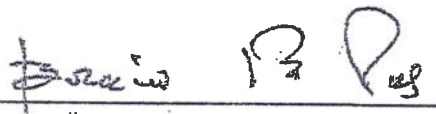
ALTAI PHILIPPINES MINING CORPORATION

TIN: 004-775-807

BY:


PIO C. FORTUNO
President

SIGNED IN THE PRESENCE OF:


HORACIO C. RAMOS
(Signature over Printed Name)

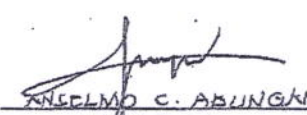

JESUS G. CABARRUS
(Signature over Printed Name)

ACKNOWLEDGMENT

Republic of the Philippines)
Quezon City) s s

Before me, a Notary Public for and in the City of Quezon, personally appeared JOSE L. ATIENZA, JR., with Community Tax Certificate No. 11263944 issued on January 22, 2009 at QUEZON CITY, in his capacity as Secretary of the Department of Environment and Natural Resources, and PIO C. FORTUNO, with Community Tax Certificate No. 18206016 issued on December 23, 2009 at QUEZON CITY, in his capacity as President, Altai Philippines Mining Corporation, both known to me and to me known to be the same persons who executed the foregoing instrument consisting of twenty three (23) pages, including this acknowledgment page, and acknowledged to me that the same is their voluntary acts and deeds.

IN WITNESS WHEREOF, I have hereunto set my hand and affix my notarial seal, this _____ day of DEC 23 2009.


ANGELMO C. ABUNGAN
Notary Public.

Until December 31, 2010

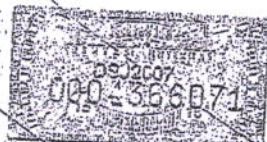
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Page No. 26
Book No. IX
Series of 2009



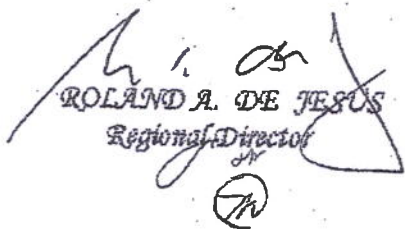
Handwritten mark

MINES AND GEOSCIENCES BUREAU
Regional Office No. IV-B MIMAROPA

CERTIFICATE OF REGISTRATION

The filing fee therefore having been paid, the foregoing instruments was filed for record in this Office at 04 o'clock and 00 minutes, P.M. on the 22nd day of June A.D. 2010 and has been recorded in Book No. I of the Records of MINERAL PRODUCTION SHARING AGREEMENT NO. 304-2009-IVB in this Region on page 01 as Document No. 10

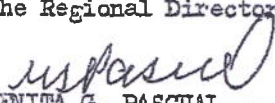
Filing Fee paid under Official Receipt No. 4462749 dated January 19, 2010 in the amount of Php 20,000.00.


ROLAND A. DE JESUS
Regional Director

Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEO-SCIENCES BUREAU
Regional Office No. IV -B MIMAROPA

I hereby certify that the foregoing is a true and certified copy of MPSA-304-2009-IVB of ALTAI PHILIPPINES MING CORPORATION on file with the Mining Claims Examination Section of the Mines Regional Office No. IV. This certified copy which consist of (23) twenty three pages is issued this 17th of October 2011 at the request of SIBUYAN NICKEL PROPERTIES CORP. who has paid the charges hereof in the amount of ₱ 248.00 evidenced by Official Receipt No. 8666644 dated Oct. 17, 2011
(certified xerox copies)

For the Regional Director:


ELENITA G. PASCUAL
Economist II

