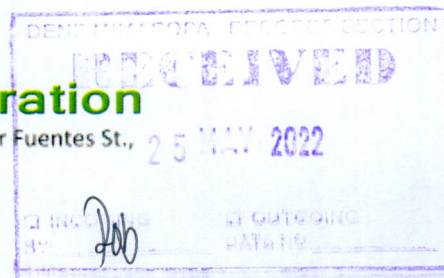




Ipilan Nickel Corporation

Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St.,
Aseana, Paranaque City
Office: (632) 519 7888 Fax: (632) 519 7999



May 24, 2022

Lormelyn E. Claudio, CESO IV
OIC Regional Executive Director
DENR - MIMAROPA
DENR by the Bay Building,
1515 Roxas Boulevard,
Ermita, Manila

Dear Director Claudio:

Request for status and release of the corresponding Order of Payment for INC MLA Appraisal Report and application for provisional MLA

We would like to follow up on the status and request the release of the corresponding Order of Payment for the Miscellaneous Lease Appraisal Report of INC. To recall, on March 30, 2022, CENRO Brooke's Point transmitted its Appraisal Report on the MLA and concurrent provisional MLA application of INC for the appropriate action and evaluation of DENR-MIMAROPA.

Upon further coordination with DENR-MIMAROPA, INC was informed that CENRO - Brooke's Point (CENRO-BPT) Appraisal Committee recommended that INC pay an annual Miscellaneous Lease rental fee of P8,940,484.14 for the use and utilization of approximately 118,580 square meters of foreshore lands, broken down as follows:

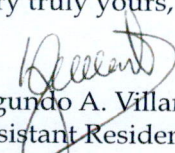
Recommended Rental Rate per Annum	
Land	P7,114,800.00
Improvements	P1,825,684.14
Total:	P8,940,484.14

Thus, to facilitate the company's preparation to commence commercial operations within Q2 of 2022, we would like to request your assistance in issuing the necessary Order of Payment for the settlement of INC's 2022 Miscellaneous Lease Annual Rental fee as recommended by CENRO-BPT.

Rest assured that INC is willing to immediately settle the assessed appraisal amount and whatever difference in amount DENR-MIMAROPA may deem appropriate.

Should you have questions, please do not hesitate to contact me at 0917 817 3729 or savillanueva@gfni.com.ph. Thank you very much.

Very truly yours,


Segundo A. Villanueva
Assistant Resident Mine Manager



20 December 2021

**SUBJECT: APPRAISAL REPORT ON MLC 045306-13 OF
IPILAN NICKEL CORPORATION
REPRESENTED BY CARLO A. MATILAC
UNDER PLAN MLC-045301-13-D WITH AN
AREA OF 118,580 SQM LOCATED AT BGY.
MAASIN (FORMERLY MAMBALOT),
BROOKE'S POINT, PALAWAN**

I. SCOPE AND PURPOSE OF THE APPRAISAL

The Department of Environment and Natural Resources (DENR) through Land Management Bureau (LMB) is responsible for formulating policies concerning the efficient and effective administration, management, survey and disposition of alienable and disposable (A&D) lands of the public domain and other lands outside the responsibility of other agencies.

Also, DENR through LMB is involved in appraisal of real property valuation to determine the present value of asset essential for acquisition, disposal and rental of public lands computed depending on the purpose intended therein and its present market value and/or latest BIR Zonal value, whichever is applicable and greater.

The Appraisal Committee constituted pursuant to Regional Special Order No. 497 dated 23 October 2017 and Section 4 of DENR Administrative Order 98-20 dated 20 May 1998, is charge with the duty of determining the appraisal value preparatory to its lease to qualified applicants thereon.

II. PROPERTY IDENTIFICATION, LOCATION AND OWNERSHIP

Offshore/seashore area adjacent to Lot No. 1166, PLS 96 identical to Lot No. 5701, Cad 796-D covered by Miscellaneous Lease Application for Corporation 045306-13 of Ipilan Nickle Corporation represented by Carlo A. Matilac located at Bgy. Maasin (formerly Mambalot), Brooke's Point, Palawan.

The property being appraised is particularly identified in Plan MLC 045306-13-D approved on 09 December 2021 by MIMAROPA Regional Office as surveyed for Ipilan Nickel Corporation represented by Carlo A. Matilac containing an area of 118,580 square meters' foreshore/seashore area adjacent to Lot No. 1166, PLS 96 by Geodetic Engineer Arsenio D. Tamayao on 07 October 2021. Further, Lot No. 1166, PLS 96 identical to Lot No. 5701, Cad 796-D is covered by Original Certificate of Title No. P-5692 issued on 26 December 1969 in the name of Benson Maglaya, the same Benson Maglaya represented by his Attorney-in-fact, Maria B. Maglaya, who sold said lot by virtue of a Deed of Absolute Sale dated 13 November 2015 in favor of Kirby Erin C. Ng and Cymbelly Delos Santos, the same Kirby Erin C. Ng and Cymbelly Delos Santos who executed a Special Power of Attorney dated 24 September 2021 appointing Carlo A. Matilac to transact on their behalf with regards to the mentioned lot

The site is located approximately 2 kilometers from the 60-meter National Highway which is being used by passenger/private vehicles from different points of origin.

III. LAND CLASSIFICATION, IMPROVEMENTS AND GENERAL CONDITION

The foregoing property is classified as offshore/seashore land fronting Lot No. 1166, PLS 96 identical to Lot No. 5701, Cad 796-D, a foreshore land intended to be used for industrial purposes adjoining alienable and disposable land (A & D Zone) under LC Map No. 2046, Project No. 12-J, Block II, FAO No. 4-563, duly certified by the Bureau of Forestry on 23 November 1956;

It is accessible to all types of land transportation vehicle via National Highway to barangay road (not yet opened) and applicant-corporations private road with width ranging ten meters wide.

Considered as some of the important improvements in the vicinity are:

- | | |
|-------------------------------|--|
| _____ 1. Government buildings | _____ 5. Schools (public/private) |
| _____ 2. Public market | _____ 6. Shopping centers |
| _____ 3. Churches | _____ 7. Business establishment |
| _____ 4. Hospitals | _____ <u>X</u> 8. Employees' bunkhouse/
town site |

Industrial area utilized by the applicant-corporation as causeway, jetty port, berthing facility and breakwater.

The market data gathered are shown under:

SALE:

On 13 November 2015, a parcel of land known as Lot 1166, PLS 96, containing area of 56,240 square meters, more or less located at Bgy. Maasin, Brooke's Point, Palawan was reportedly sold in favor of Kirby Erin C. Ng and Cymbelly Delos Santos for a consideration of **Php 3,000,000.00** or an average of **Php 53.34 per square meter**.

LISTINGS:

1. Sometime in N/A a property having an area of N/A square meters, more or less, located in N/A was offered for lease through N/A at an asking price of N/A square meters.
2. Sometime in N/A a property having an area of N/A square meters, more or less, located in N/A was offered for sale through the N/A at an asking price of N/A per square meters.

IV. HIGHEST AND BEST USE

Taking into consideration the location, size actual use and the prevailing land use in the vicinity, the highest and best use of the subject property sought to be leased for industrial purposes, if having been developed for that purposes by the applicant-corporation.

V. LAND APPRAISAL:

In the light of the criteria laid down by the DENR Administrative Order No. 98-20, dated May 20, 1998 specifically Section 3 thereof, the committee in the approval of the property has taken foremost consideration of its location and proximity to the town to arrive at the present appraisal value.

The property is bounded by the following properties:

North-Western: Lot No. 1166, PLS 96

East: SULU SEA

South: SULU SEA

West: SULU SEA

The proposed improvement is 493-meter T-shaped causeway filled rocks/land filled and compacted with a 5:1 slope protection made of armored rocks. The adjacent land is flat terrain. The average elevation of the causeway is uniform at 5-meter.

The tract will be developed and utilized as **industrial** to be built with 493-meter T-shaped causeway (length) by 100-meter LCT docking area (width), jetty port and mooring dolphins. The RORO ramp is proposed to be at 30m x 100m designed for loading of 4 to 5 LCT (landing craft, tank) barges with capacity of 2000 to 5000 DWT.

However, the property (negative factors e.g. flooding near garbage dumpsites, presence of squatters) has no negative factors except of course the depreciation of materials due to corrosion and other natural causes such as adverse weather conditions.

STATISTICAL DATA

Latest BIR Zonal Valuation from Revenue District Office No. 36 for Palawan shows the following:

Bgy. Maasin, Brooke's Point, Palawan - Classification Industrial (I) - Php 2,000.00/sqm

Latest assessment of the property for land as shown in the Tax Declaration of Real Property with Property Identification No. 066-06-009-11-064 for Lot 1166, PLS 96 is **Php 8.40/sqm** for 56,240 square meter area classified at Agricultural (coconut land) comprising a total market value of Php 472,416.00 under Tax Declaration No. 18-06-009-0791.

Hence, after careful analysis, through deliberation and taking into consideration all the positive and negative factor e.g. potential erosion which affect the valuation of the land, the committee set the value of the land to be at **Php 2,000.00** per square meter or **Php 237,160,000.00** for the whole tract applied for since it is utilized for industrial purposes.

Total Land Area: **118,580 square meters**

Appraisal Value per sq. meter = **Php 2,000.00**

Total Land Appraised Value = **Php 237,160,000.00**

VI. BUILDING APPRAISAL

Description:
(Proposed) 469m x 23m Causeway (Pier) & 24m x 101m Jetty Port
AREA 1 Causeway: (493m – 24m) x 23m = 10,787 sqm
AREA 2 Jetty Port: 24m x 101m = 2,424 sqm
TOTAL Area: 13,211 sqm
UNIT CONSTRUCTION COST: Php 182,568,414.00/ 13,211 sqm= Php 13, 819.42/ sqm
LIFE SPAN OF IMPROVEMENTS: 10 years
AGE OF IMPROVEMENTS: 0 years

A. Total Repro. Cost: floor area x unit construction cost =	Php 182,568,414.00
B. Residual Value: $\text{Php } 182,568,414.00 \times 10\%$	Php 18,256,841.40
C. Value to be depreciated: $\text{Php } 182,568,414.00 - \text{Php } 18,256,841.40$	Php 164,311,572.60
D. Total Depreciated: $(\text{Php } 164,311,572.60 / 00 \text{ years}) \times 0 \text{ years}$	Php 0.00
E. Depreciation per year: $\text{Php } 0.00 / 0 \text{ year/s}$	Php 0.00
F. Appraised Value: $\text{Php } 182,568,414.00 - \text{Php } 0.00$	Php 182,568,414.00

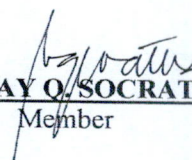
VII. APPRAISED VALUE OF PROPERTY


LAND	- Php 237,160,000.00	x 3% = Php 7,114,800.00
IMPROVEMENTS	- Php 182,568,414.00	x 1% = Php 1,825,684.14
TOTAL		= Php 8,940,484.14

VIII. RECOMMENDATION RENTAL RATE PER ANNUM

LAND	- Php 7,114,800.00
RECOMMENDED RENTAL PER ANNUM	- Php 7,114,800.00
RECOMMENDED RENTAL PER MONTH	- Php 592,900.00

IMPROVEMENTS	- Php 1,825,684.14
RECOMMENDED RENTAL PER ANNUM	- Php 1,825,684.14
RECOMMENDED RENTAL PER MONTH	- Php 152,140.34


MAY O. SOCRATES
 Member


FLORANTE A. CANDIDO
 Member


CONRADO M. CORPUZ
 CENTRO

APPROVED: _____

IX. ENCLOSURES:

1. CSW Report submitted by the Appraisal Committee
2. Geotagged Photos
3. Certified True Copy of Tax Declaration
4. BIR Zonal Valuation
5. Copy of approved survey plan