

ANNEX "A"

**CORPORATE SECRETARY'S
CERTIFICATION**

SECRETARY'S CERTIFICATE

The undersigned, being the duly elected and qualified Corporate Secretary of **Filminera Resources Corporation** (the "Corporation"), a corporation duly organized and existing under Philippine law, is authorized to certify, and hereby certifies on behalf of the Corporation, that:

1. Mr. Rolando Amores is the incumbent and duly elected President of the Corporation to serve as such until his successor shall have been duly elected and qualified.

2. Under Section 4, Article V of the Corporation's By-Laws, Mr. Rolando Amores' functions as President include:

xxx

c) [***H]av[ing] general supervision and management of the business affairs and property of the corporation;

xxx

g) [***P]repar[ing] such statements and reports of the corporation as may be required of him by law;

h) [***R]epresent[ing] the corporation at all functions and proceedings;

i) [***E]xecut[ing] on behalf of the corporation all contracts, agreements and other instruments affecting the interest of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;

xxx

3. The foregoing statements are true and correct and in accordance with the records of the Corporation.

APR 05 2005

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April 2005 at Makati City.

Ma. Cherell L. de Castro
MA. CHERELL L. DE CASTRO

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Community Tax Certificate No.	Place/ Date of Issue
Ma. Cherell L. de Castro	14687461	Makati City January 31, 2005

who is known to me to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this 05 day of April 2005.

APR 05 2005

Emmanuel C. Paras
EMMANUEL C. PARAS

Appointment No. 226 until Dec. 31, 2006
Roll of Atty. No. 27192
PTR No. 9442945C 01/08/2005 Makati City
IBP No. 630362 01/04/2005 Makati Chapter
SSHG Law Centre, 105 Paseo de Roxas
Makati City, 1226 Metro Manila
Philippines

Doc. No. 231a
Page No. 49;
Book No. 137;
Series of 2005

ANNEX "B"

**Location Map/Sketch Plan
on
1:50,000 scale NAMRIA Map**

TECHNICAL DESCRIPTION

CORNER	LATITUDE	LONGITUDE
1	12 ° 28 ' 29.9 "	123 ° 23 ' 0.1 "
2	12 ° 29 ' 29.9 "	123 ° 23 ' 0.0 "
3	12 ° 30 ' 29.9 "	123 ° 22 ' 59.9 "
4	12 ° 30 ' 39.1 "	123 ° 23 ' 3.1 "
5	12 ° 30 ' 43.2 "	123 ° 23 ' 4.4 "
6	12 ° 30 ' 49.8 "	123 ° 23 ' 14.6 "
7	12 ° 30 ' 50.6 "	123 ° 23 ' 24.5 "
8	12 ° 30 ' 51.1 "	123 ° 23 ' 29.9 "
9	12 ° 30 ' 43.0 "	123 ° 23 ' 29.9 "
10	12 ° 30 ' 44.7 "	123 ° 23 ' 23.8 "
11	12 ° 30 ' 40.1 "	123 ° 23 ' 15.1 "
12	12 ° 30 ' 31.5 "	123 ° 23 ' 19.8 "
13	12 ° 30 ' 29.9 "	123 ° 23 ' 16.9 "
14	12 ° 30 ' 29.9 "	123 ° 22 ' 59.9 "
15	12 ° 29 ' 29.9 "	123 ° 23 ' 0.0 "
16	12 ° 29 ' 29.9 "	123 ° 23 ' 12.2 "
17	12 ° 29 ' 27.2 "	123 ° 23 ' 7.5 "
18	12 ° 29 ' 18.8 "	123 ° 23 ' 12.5 "
19	12 ° 29 ' 13.9 "	123 ° 23 ' 3.9 "
20	12 ° 29 ' 5.4 "	123 ° 23 ' 8.9 "
21	12 ° 29 ' 3.1 "	123 ° 23 ' 4.5 "
22	12 ° 28 ' 55.6 "	123 ° 23 ' 10.7 "
23	12 ° 28 ' 57.1 "	123 ° 23 ' 13.7 "
24	12 ° 29 ' 5.7 "	123 ° 23 ' 8.9 "
25	12 ° 28 ' 49.6 "	123 ° 23 ' 18.4 "
26	12 ° 28 ' 51.9 "	123 ° 23 ' 21.7 "
27	12 ° 28 ' 53.0 "	123 ° 23 ' 21.1 "
28	12 ° 28 ' 54.4 "	123 ° 23 ' 23.0 "
29	12 ° 28 ' 53.2 "	123 ° 23 ' 23.7 "
30	12 ° 28 ' 57.9 "	123 ° 23 ' 25.0 "
31	12 ° 29 ' 10.6 "	123 ° 23 ' 17.5 "
32	12 ° 29 ' 15.5 "	123 ° 23 ' 26.1 "
33	12 ° 29 ' 23.9 "	123 ° 23 ' 21.1 "
34	12 ° 29 ' 28.8 "	123 ° 23 ' 29.7 "
35	12 ° 29 ' 30.2 "	123 ° 23 ' 28.9 "
36	12 ° 29 ' 30.2 "	123 ° 23 ' 30.0 "
37	12 ° 29 ' 28.5 "	123 ° 23 ' 30.0 "
38	12 ° 29 ' 28.8 "	123 ° 23 ' 29.7 "
39	12 ° 29 ' 21.9 "	123 ° 23 ' 22.6 "
40	12 ° 29 ' 15.0 "	123 ° 23 ' 29.7 "
41	12 ° 29 ' 15.4 "	123 ° 23 ' 30.0 "
42	12 ° 29 ' 8.8 "	123 ° 23 ' 30.0 "
43	12 ° 29 ' 6.0 "	123 ° 23 ' 25.2 "
44	12 ° 29 ' 0.2 "	123 ° 23 ' 27.4 "
45	12 ° 28 ' 59.7 "	123 ° 23 ' 27.6 "
46	12 ° 28 ' 57.9 "	123 ° 23 ' 24.9 "
47	12 ° 28 ' 53.2 "	123 ° 23 ' 23.7 "
48	12 ° 28 ' 51.9 "	123 ° 23 ' 21.7 "
49	12 ° 28 ' 49.6 "	123 ° 23 ' 18.4 "
50	12 ° 28 ' 47.7 "	123 ° 23 ' 15.5 "
51	12 ° 28 ' 39.7 "	123 ° 23 ' 21.2 "
52	12 ° 28 ' 45.2 "	123 ° 23 ' 29.4 "
53	12 ° 28 ' 44.2 "	123 ° 23 ' 30.1 "
54	12 ° 28 ' 30.2 "	123 ° 23 ' 30.1 "

Tie Line from Triangulation Station Bagadila.1991 - 51 Aroroy. Masbate
S 56-00W; 1,713.51 Meters to Corner No.1



12°30' 123°12' 15'

Users noting errors on this map are requested to notify the National Mapping and Resource Information Authority (NAMRIA), Fort Andres Bonifacio, Makati, Metro Manila.

LEGEND

ANNEX "C"

**EXPLORATION WORK
PROGRAM**

2 v c

Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
North Avenue, Diliman, Quezon City

EXPLORATION WORK PROGRAM

1.0 Name and Address of Company/Proponent:

FILMINERA Resources Corporation
Main Office: 3rd Floor, Corinthian Plaza Condominium Bldg.,
121 Paseo de Roxas, Legazpi Village, Makati City
Philippines
Telephone No. (02) 811 3451 (Connecting All Depts.)
Facsimile No. (02) 811 3463
Email address: rqamores@filminera.com.ph

Minesite : Barangay Puro, Aroroy, Masbate, 5414 Philippines
Telephone No. (02) 845 0714 (Connecting All Depts.)
Facsimile No. (02) 845 0714
Email address: dlatuga@filminera.com.ph

2.0 Location of Project (specify geographic coordinates):

The gold-silver prospect is located at Barangays Talaba-an, Bangon and Puro, within the Municipality of Aroroy, Province of Masbate, Masbate Island, Philippines.

The area boundary is at 12°28'30" to 12°30'51" latitude and at 123°23'00" to 123°23'30" longitude.

TECHNICAL DESCRIPTIONS

<i>CORNER</i>	<i>LATITUDE</i>	<i>LONGITUDE</i>
1	12°28'29.9"	123°23'0.1"
2	12°29'29.9"	123°23'0.0"
3	12°30'29.9"	123°22'59.9"
4	12°30'39.1"	123°23'3.1"
5	12°30'43.2"	123°23'4.4"
6	12°30'49.8"	123°23'14.6"
7	12°30'50.6"	123°23'24.5"
8	12°30'51.1"	123°23'29.9"
9	12°30'43.0"	123°23'29.9"
10	12°30'44.7"	123°23'23.8"
11	12°30'40.1"	123°23'15.1"
12	12°30'31.5"	123°23'19.8"
13	12°30'29.9"	123°23'16.9"
14	12°30'29.9"	123°22'59.9"
15	12°29'29.9"	123°23'0.0"
16	12°29'29.9"	123°23'12.2"
17	12°29'27.2"	123°23'7.5"
18	12°29'18.8"	123°23'12.5"
19	12°29'13.9"	123°23'3.9"
20	12°29'5.4"	123°23'8.9"
21	12°29'3.1"	123°23'4.5"

23	12°28'57.1"	123°23'13.7"
24	12°29'5.7"	123°23'8.9"
25	12°28'48.6"	123°23'18.4"
26	12°28'51.9"	123°23'21.7"
27	12°28'53.0"	123°23'21.1"
28	12°28'54.4"	123°23'23.0"
29	12°28'53.2"	123°23'23.7"
30	12°28'57.9"	123°23'25.0"
31	12°29'10.6"	123°23'17.5"
32	12°29'15.5"	123°23'26.1"
33	12°29'23.9"	123°23'21.1"
34	12°29'28.8"	123°23'29.7"
35	12°29'30.2"	123°23'28.9"
36	12°29'30.2"	123°23'30.0"
37	12°29'28.5"	123°23'30.0"
38	12°29'28.8"	123°23'29.7"
39	12°29'21.9"	123°23'22.6"
40	12°29'15.0"	123°23'29.7"
41	12°29'15.4"	123°23'30.0"
42	12°29'8.8"	123°23'30.0"
43	12°29'6.0"	123°23'25.2"
44	12°29'0.2"	123°23'27.4"
45	12°28'59.7"	123°23'27.6"
46	12°28'57.9"	123°23'24.9"
47	12°28'53.2"	123°23'23.7"
48	12°28'51.9"	123°23'21.7"
49	12°28'49.6"	123°23'18.4"
50	12°28'47.7"	123°23'15.5"
51	12°28'39.7"	123°23'21.2"
52	12°28'45.2"	123°23'29.4"
53	12°28'44.2"	123°23'30.1"
54	12°28'30.2"	123°23'30.1"

*Tie Line from Triangulation Station Bagadila, 1991 – 51 Aroroy, Masbate
S 56 -00 W, 1,713.51 Meters to Corner No.1.*

3.0 Area or size of coverage (hectares):

The total area of this prospect covers 126.1442 hectares encompassing three (3) barangays in the Municipality of Aroroy, Province of Masbate.

4.0 Project Area Description :

4.1 Terrain/Physiography –

The prospect area is characterized by moderate to rolling topography with conspicuous domal/conical promontories, flanked by relatively flat terrain. Rugged topography with sharp ridges is noted in the prospect area.

4.2 Accessibility –

From Manila, the area is accessible by air transportation to Masbate City, Masbate Province. Daily regular flights are available and air travel time is about one (1) hour and twenty (20) minutes.

4.3 Drainage System/s -

The prospect area is bounded by the Panique River in the northernmost portion and by the Lanang River at the central portion of the exploration area. Both rivers drained westward and towards the Port Barrera Cove.

4.4 Vegetation -

The area has limited forest trees. Cogon grass flourish and coconut trees abound with wild ipil-ipil trees. Wild bananas are thriving best along creeks.

The area is generally covered with cogon grass and shrubs suited for grazing. Mangroves and swampy areas are found in the northwestern portion of the mining claims along the coastal areas. The hills and valleys are practically barren except for corn farmlands and vegetative crops, which grow in clusters.

4.5 Land Use -

The proposed areas are classified as mineral lands. The surrounding areas are suited for grazing hence, the presence of many cattle ranches. Although an estimated 1/10 of its total land area is flat and suitable for agricultural/vegetative crops, the residents prefer the quick and more lucrative gold panning as their means of livelihood.

5.0 Description of Exploration Program

5.1 *Research Work Year 1*

5.1.1 *Survey of previous work/s on the area -*

5.1.1.1 *nature or type of study or undertaking – a geologist and geologic aide will search and review all the stored ATLAS and pre-war maps and data and look for all the geological information on the applied area.*

5.1.1.2 *duration – One (1) month*

5.1.1.3 *coverage – Applied area and its adjacent areas*

5.1.1.4 *proponent – Filminera Resources Corporation (FRC)*

5.1.1.5 *results or conclusions arrived at – Old mine workings plotted on the applied area including mineralized/altered zones adjacent or surrounding the area.*

5.1.2 *Data compilation/collation*

Research on the available data and maps of Atlas Consolidated Mining and Development Corporation and pre-war data which covers the southern and northern part of the applied area will be

5.1.2.1 various thematic maps covering the target area – old tenement map, geologic map showing Atlas and pre-war geologic maps.

5.1.2.5 estimated cost – **Php 100,000**

5.2 Reconnaissance/Regional Survey or Studies Year 1

5.2.1 Remote sensing studies

5.2.1.1 nature or type of survey or study (e.g. airphoto interpretation, SAR, aeromagnetism, etc)

- **Color Aerial Photography Production & Interpretation**

Aerial photography by GEO-SURVEYS and MAPPING Inc. (GSMI, a Metro Manila based Geomatics company).

GSMI upon implementation of the activity will fly-in its company owned CESSNA plane equipped with LEICA RC30 large format camera and other peripherals namely: GPS Flight Navigation System, a GYRO, FLYKIN GPS data processing software and a PC for data acquisition and recording.

GSMI plane, while onsite will utilize the project airfield for the duration of the Aerial Survey. Personnel involved in the activity are six (6) from GSMI (pilot, co-pilot, aircraft mechanic, camera technician and 2 surveyors). GSMI field surveyors will be accompanied by 4 Filminera personnel assisting GSMI to stake out their ground survey photo control points.

Recorded flight data gathered during the survey will be bought by GSMI to own photo laboratory to generate the orthophoto mosaics. Two (2) hardcopies of the orthophoto mosaics plotted in (1:10,000m scale) glossy paper and digital data of the images in CD recordable disk delivered to Filminera Resources Corporation will represent the final output of this activity.

The advantages of color photography in geologic work are such that it replaces the costly field data collection.

It is used by geologist in a variety of applications including mapping to delineate zones of hydrothermal alteration, trench of vein structures, trench of fault structures and in the interpretation of various geomorphic features useful in locating the natural resources.

Aerial photos provide interpretation for spatial data that can be inputted in layers in a GIS for area assessments, i.e.: land use, environment monitoring, mine planning etc.

The production of color aerial photographs will be conducted by Geo-Surveys & Mapping, Inc. and the identification and interpretation of geologic and other features will be done by the FRC geologists including ground verification.

The advantages of color photography in geologic work are easy

by human eye. This gives an entire new dimension to photography and is a step toward having a "real" image of the terrain. Still, the procedures and tools of color photogeology and color photogrammetry are essentially the same as those mentioned for black-and-white photography.

Geologists can use color photography to delineate zones of hydrothermal alteration, trend of vein structures, trend of fault structures and wonder how much information they missed.

Other information that can be identified and delineated from the color photograph are the vegetative cover, drainage and other water bodies, old mine workings/structures and residential areas.

5.2.1.2 *duration – Five (5) months to undertake, i.e.: Two (2) weeks preparation, two (2) weeks commencement of aerial photography, two (2) months delivery of output, and, two (2) months geo interpretation.*

5.2.1.3 *proponent (companies or groups which will undertake the survey or study)*

- *Geo-Surveys & Mapping, Inc.*
- *FRC geologists*

5.2.1.4 *coverage (hectares) – 126.1 Hectares*

5.2.1.5 *total or estimated cost – Php400,000.00*

Php200,000.00 (Php90,000 for images and Php110,000 for the Contour Map.)
Php200,000 (2 geologists and 2 geo aides)

5.2.1.6 *main output (maps, reports, etc)*

- *Ortho Mosaic images of ground and Contour Map at 1:10,000 Scale.*
- *Geo-interpreted map with other features.*

5.3 *Semi-detailed survey or follow-up studies Year 1*

5.3.1 *Geological mapping/alteration studies*

After the interpretation of the color aerial photographs, follow-up or semi-detailed mapping of the lithology, alteration and vein structures will be conducted. GPS equipment will be used in locating (utilizing local grid system) the mapped and/or sampled rocks and other features. The sampling density is estimated to be one (1) sample per hectare but can also be denser on altered and m/or mineralized outcrops.

The estimated total number of samples which is about 120 will be submitted to McPhar Laboratory for the analysis of gold and silver. Duplicate or reference samples will be stored at the mine

McPhar Laboratory in Makati by boat accompanied with sample dispatch sheet and Ore Transport Permit (OTP) approved by MGB-V. The laboratory procedure conducted by McPhar includes:

- Samples for Drying/fine pulverizing, 2kg minimum/sample*
- Samples for Drying/fine pulverizing, excess of 2kg*
- Samples (-200 mesh)for Au fire assay 50g (catch weight) w/ AAS finish*
- Samples (-200 mesh) for Ag geochem by AAS following hot HCL & HCL/HNO₃ leach in latter stages for 1 hr on 0.25g sample*
- Cert. Ref. Material for Au by fire assay*

5.3.1.1 *coverage (hectares) – 126.1 Hectares*

5.3.1.2 *duration – Four (4) Months*

5.3.1.3 *manpower complement*

- *Two (2) Geologists*
- *Four (4) Mapping Aides*
- *Five (5) Samplers*
- *One (1) Surveyor*
- *Three (3) Survey Aides*

5.3.1.4 *estimated cost*

-	<i>Two (2) Geologists</i>	<i>Php280,000.00</i>
-	<i>Four (4) Mapping Aides</i>	<i>120,000.00</i>
-	<i>Five (5) Samplers</i>	<i>120,000.00</i>
-	<i>One (1) Surveyor</i>	<i>60,000.00</i>
-	<i>Three (3) Survey Aides</i>	<i>90,000.00</i>
-	<i>Laboratory Analysis</i>	<i>(60,000.00)</i>
	<i>Total</i>	<i>-----</i>
		<i>Php730,000.00</i>
		<i>=====</i>

5.3.1.5 *output*

- *Semi-detailed Map at 1:3,000 Scale Map covering 126.1 Hectares.*

5.4 *Detailed Survey or Studies Year 1& 2*

5.4.1 *Detailed Geological Mapping*

After the semi-detailed survey has been conducted, a detailed geological and geochemical survey follows. The 126 hectares explored during the semi-detailed phase will now be reduced to about 50-60% and the scale of the map(s) will also become larger. This stage will involve compass and tape traverse where stations will be tied to existing survey control points (e.g drill holes, triangulation stations and new tie point stations) closed to the observations or sampling points.

Contemporaneous with detailed mapping will identify altered/mineralized veins/zones for trenching and channel sampling.

5.4.1.1 *nature or type of survey*

- *Compass and Tape Traverse tied to the Survey Control Stations.*

5.4.1.2 *coverage (hectares) - 60-80 Hectares*

5.4.1.3 *duration - Four (4) Months*

5.4.1.4 *manpower complement*

- *Two (2) Geologists*
- *Four (4) Mapping Aides*
- *Five (5) Samplers*
- *One (1) Surveyor*
- *Three (3) Survey Aides*

5.4.1.5 *estimated cost*

-	<i>Two (2) Geologists</i>	<i>Php280,000.00</i>
-	<i>Four (4) Mapping Aides</i>	<i>120,000.00</i>
-	<i>Five (5) Samplers</i>	<i>120,000.00</i>
-	<i>One (1) Surveyor</i>	<i>60,000.00</i>
-	<i>Three (3) Survey Aides</i>	<i>90,000.00</i>
	<i>Total</i>	<i>----- Php670,000.00 =====</i>

5.4.1.5 *output*

- *Detailed Geologic Map 1:1,000 Scale showing lithology, alteration, structures and sample locations.*

5.4.2 *Subsurface Investigation*

5.4.2.1 *drilling*

5.4.2.1.1 *type – Reverse Circulation(RC) & Diamond Drilling shall be employed depending on the type and location of the proposed drill holes.*

5.4.2.1.2 *number and depth – 6 drillholes/300m per drill hole are proposed to be work out to get the accurate mineralization of the prospect. These numbers however, could be increased or decreased depending on the actual condition of the ground.*

5.4.2.1.3 *estimated number of samples – 150 is the minimum target, however increasing the number could be opted to get the realistic mineralization of the prospect area.*

5.4.2.2 trenching/testpitting

5.4.2.2.1 number –

- **Ten (10) trenches at fifteen (15) meters average length are projected. However, these numbers could be increased as maybe determined during the actual exploration works.**

5.4.2.2.2 over-all length or depth

- **One Hundred Fifty (150) meters. But could be increased depending on the condition of the area.**

5.4.2.2.3 estimated number of samples

- **Two Hundred (200) Samples. But would be increased to get the most accurate mineralization data of the prospect area.**

5.4.2.2.4 estimated cost

- **Php150,000.00**

5.5 Other Activities: Year 2

5.5.1 Environmental Impact Assessment Studies -

For the baseline assessment, monthly monitoring in the area includes water, sediments and food chain sampling. Collected water and food chain samples are analyzed for Hg, As, Pb and CN. Sediment samples are analyzed for Hg, As, Ba, Cd, Cr, Pb, Se and CN. Samples will be submitted to an assaying and environmental testing specialist (i.e. Ostrea Mineral Laboratories, Inc.).

5.5.1.1 Duration - 12 mos.

5.5.1.2 Estimated Cost - **Php200,000**

5.5.2 Preparation of the Mining Project Feasibility and Lodging of Declaration of Mining Project Feasibility

This activity includes the preparation and validation of data base, interpretation of the vein/alteration and ore zones, and, lithology and oxidation zones. The sections and level plans will be digitized and wire-framed utilizing the Surpac software. Final ore reserve computation will be done by the mining consultant in Australia also utilizing the same software.

About three (3) months after the evaluation of the ore deposit by FRC and its mining consultant, the mining project feasibility will be lodged to the Mines and Geosciences Bureau for evaluation and approval.

5.6.2.1 Duration - 3 mos.

5.6.2.2 Estimated Cost - **Php100,000**

6.0 Total Estimated Exploration Cost (Pesos) - **Php3,100,000.00**

Year 1 Php1,230,000.00

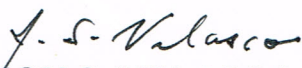
Year 2 Php1,870,000.00

7.0 Schedule of Activities (Gantt Chart) – Please Refer to Appendix “___”.

8.0 Map Attachments - Topographic map showing the Applied Area in 1:50,000 scale.

9.0 Signature of proponent or person preparing the exploration work program, please specify PRC License and PTR number:

PREPARED BY:


RAMON S. VELASCO
Corporate Geologist
PRC Reg. No. 01267
PTR No. 2614871 A
Issued on March 11, 2004
At Aroroy, Masbate, Philippines.

Conforme:


ROLANDO Q. AMORES
President, FILMINERA Resources Corporation

ANNEX "D"

**ENVIRONMENTAL WORK
PROGRAM**

Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
North Avenue, Diliman, Quezon City

ENVIRONMENTAL WORK PROGRAM

1.0 NAME AND ADDRESS OF THE PROJECT PROPONENT:

1.1 Name of Proponent : **FILMINERA Resources Corporation**

1.2 Address of Proponent:

Makati Office: **3rd Floor Corinthian Plaza
121 Paseo de Roxas, Legazpi Village,
Makati City 1229 Philippines**

Tel. No.: **(02) 811 3451**

Fax No.: **(02) 811 3463**

Email address: **<rqamores@filminera.com.ph>**

Minesite: **Barangay Puro, Aroroy,
Masbate 5414 Philippines**

Tel/Fax No.: **(02) 841 1346**

Email address: **<dlatuga@filminera.com.ph>**

2.0 TYPE AND NATURE OF PROJECT:

2.1 Project description:

This prospect is for a gold-silver exploration project over potential areas covered by the Eastern Fraction of Aries Claim at the higher relief area, which could have potential open pit ore extension of the Colorado Vein System. The low-land western section of the mining claims, Aries and Aquarius Fractions adjacent to the Rio Guinobatan could be probed by Auger Drilling for placer type of gold deposits which is within the applied area in Aroroy, Masbate.

The objectives are:

- 1) To conduct detailed geologic mapping and outcrop sampling and undertake trench probing to establish the potential gold mineralization of the area in order to block mineable ore reserves to support high production demand requirement for the viability of the project.
- 2) To evaluate further potential mineralized areas for increased ore reserves for extended mine life.

The amount needed to implement the proposed exploration work is approximately Php 3.410 Million. This includes budget for the environmental work program and socio-economic development programs, distributed yearly as follows:

	<i>Exploration Work</i>	<i>Environmental Work</i>	<i>Total</i>
First Year :	1.230	0.123	1.353
Second Year :	1.870	0.187	2.057

3.0 **GENERAL LOCATION AND AREA TO BE COVERED BY THE PROPOSED PERMIT/CONTRACT AREA:**

3.1 Location and Accessibility:

The proposed exploration project is in Barangays Talaba-an, Bangon and Puro within the Municipality of Aroroy, Province of Masbate and bounded by the coordinates 123° 23' 00" to 123° 23' 30" and 12° 28' 30" to 12° 30' 51" (See Survey Plan on Annex A).

From Manila, the area is accessible by air transportation to Masbate City, Masbate Province. Daily regular flights are available and air travel time is about one (1) hour and twenty (20) minutes.

From Masbate City Proper, the area is accessible by land thru a 67 kilometers gravel provincial roads.

3.2 Total Area Covered By The Application:

The prospect covers a contiguous area of 126.1442 hectares, spanning over and covering three (3) adjoining barangays of the Municipality of Aroroy, Province of Masbate in Masbate Island.

Total Area (hectares) = 126.1442

Location of Claims = Barangays Talaba-an, Bangon and Puro all in the Municipality of Aroroy, Province of Masbate

Kinds of Minerals = Gold, Silver and other associated minerals.

4.0 **DESCRIPTION OF THE EXISTING ENVIRONMENT WHERE WORK IS PROPOSED TO BE UNDERTAKEN**

4.1 Land Environment:

The information and data of the earth or soil mantle that covers the prospect area is relatively competent. There are no major landslides or erosions. Minimal erosions could be observed in river and creek banks, which were due to the effects of running water that occurs during rainy seasons.

4.1.1 Topography/Physiography

The exploration areas are generally characterized by moderate to rolling topography with many conspicuous domal/conical promontories, flanked by relative flat terrain. The prominent topographical height reaches 325 meters above sea level. More rugged topography with sharp ridges is noted at the eastern and southern portion of the project areas extending to the boundaries of the

4.1.2 Land Use/Capability

The prospect areas are classified as mineral lands. The surrounding areas are suited for grazing hence the presence of many cattle ranches. Although an estimated 1/10 of its total land area is flat and suitable for agricultural/vegetative crops, the residents prefer the quick and more lucrative gold panning as their means of livelihood.

Makeshift houses made of nipa, bamboo and light wooden materials are found along areas where slopes are more favorable and closer to the access road.

4.1.3 Pedology

The topographical relief features distinct vegetation growth, reflective of the dominant soil type found in the applied area. The mountainous eastern and southern sections of the prospect area have shallow soil accumulations (clays and talus), mainly due to moderate and steeply sloping ground.

The eastern mountain areas generally represent the mineralized ground where most of the exploration activities will be conducted. Poor vegetation growth at this section is largely due to thin and mineralized soil cover. Slight to moderate erosion are confined on rill and gullies.

The unmineralized western parts of the applied area are characterized by flat to very gently sloping grounds, mostly grasslands and patchy ricefields in alluvium soil.

4.2 Water Environment

4.2.1 Water quality

Quarterly water samplings are collected at strategic sampling points and sent to Intertek Testing Services laboratory in Manila on regular basis. This is made religiously to ascertain potability and/or contamination of its sources to ensure the safety and health of its users and protection of the environment as well.

The following is the Average Water Sampling Results as indicated below for reference.

ENVIRONMENTAL WATER SAMPLES

Max. Tolerable Limits	February 2003		May 2003		December 2003	
	<0.01 ppm	0.07 ppm	<0.01 ppm	0.07 ppm	<0.01 ppm	0.07 ppm
Location	Cyanide	Mercury	Cyanide	Mercury	Cyanide	Mercury
A. Syndicate	ND	ND	ND	ND	ND	ND
B. Earth Dam	0.003	ND	ND	ND	ND	ND
C. Siwavan	ND	ND	ND	ND	ND	ND

4.2.2 Hydrology

During rainy season, run-off water in the area is high due to frequent stormy weather and prolonged monsoon rains aggravated by the rugged topography. Rare instances of river swelling and flooding occur, normally at the height of strong typhoons. The Lanang River is the main source of both domestic and industrial water of the local residents and the mining community all year round. From historic record, the annual average water inflow during the rainy season far exceeds 6,000 gpm, while dry season average inflow is about 1,000 gpm. Excellent climate and uninhabited watershed areas contribute to continued water supply to the inhabitants. The prospect areas, however, are outside the watershed.

4.3 Climatology/Meteorology

The climate is relatively humid with annual rainfall varying from 24 to 26 cms. The average rainfall data were obtained from the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAG-ASA), Masbate Station. Rainy season is from June to January with dry season for the rest of the months. The area has an excellent climate and good air circulation due to the absence of heavy vehicular traffic, high-rise buildings and other industries.

The temperature is warm during the months of February, March, April and May. From June to January, the climate is generally cool with coolest period during December and January.

4.4 Geological/Geomorphological Environment

4.4.1 General Geology and Geomorphology

The prospect area is of low-relief and rolling topography which is characterized by many conspicuous domal/conical promontories (volcanic plugs) flanked by relatively flat terrain which are blanketed by agglomerates lithified tuff and some volcanoclastics about the watermost flank.

The principal mineral to be explored is gold, classified into two genetic types of ore deposits; gold-bearing quartz vein and placer. The gold-bearing quartz veins are localized and confined within the northeast trending tensional joints or faults in the grandiorite stock.

In general, the highest-grade gold ore follows the contact of the grandiorite and ultramatic complex. The ore minerals consist principally of native gold with some galena, sphalerite and chalcopyrite. Quartz is the dominant gangue mineral. The type of rock that is present underground (from old tunnels of Atlas Consolidated Mining and Development Corporation)

rock. Biotite flakes impart foliation to the rock and they are crinkled in such a way that the crinkles constitute lineation. The principal sulfides consist of pyrite, sphalerite, chalcopyrite and galena. These minerals are intimately associated with native gold and some silver.

The placer type refers to the river deposits, which represents the continuous and successive depositions of detrital materials derived mainly from the weathering and disintegration of surrounding rock units in the area. They are mostly made up of fragments of altered rocks, ultramafics, intrusives and extrusives and associated sedimentary rocks. These materials were transported by surface waters occurring as veins or as discrete particles in the country rock must have undergone the same process. During the process of panning, the gold particles intimately associated with fine magnetic minerals and other heavy minerals are recovered.

The Panique and the Lanang Rivers at its central and the southeastern peripheries bound the prospect area, respectively. Both rivers drained westward at the central section and empties at the flat marshy grounds of the Port Barrera Cove.

Except for some occasional ornamental and fruit trees, the area is generally covered with cogon. The cultivated ground along slopes and flat areas within the claims are planted with a few coconut clusters while the rest are bare and are considered for cattle grazing.

4.4.2 Structural Setting

The locations of all of the five (5) gold mining districts are along the so-called Philippine Rift zone or the Philippine Mobile Belt. This tectonic belt has some genetical control on the gold deposits in the country. The Masbate vein system is thought to be a northwest split or branch of the rift zone, which controlled the mega fractures and the alignment of the volcanic plugs. These splits and branches of the rift zone could have potential for gold mineralization.

The prospect area is transected by several northwest trending tension fractures and is apparently situated on an elevated fault block reflecting the great upward push by extensive and continuous volcanic activity. The northwest recurrent-shear zones are further complicated by the post-tension fractures. An extensive exploration-drilling program must confirm these.

4.4.3 Lithology

1. Metasedimentary Rocks (MS): Consist of mildly metamorphosed sandstone and siltstone interbeds occupying the eastern boundary of the minesite, is the oldest rock formation exposure.
2. Tuffaceous Agglomerate (TA): The most widespread in the area and vicinity which occupies the northern

3. Andesite Agglomerate (AA): They are located distinctly within the Main Vein and appeared in close association with the Andesite flows and dikes of later volcanic plug assimilating the agglomerate.
4. Hornblende-Augite Andesite Porphyry (HAA): Intruded mostly the pyroclastics in close proximity with the quartz veining consisting of lath-shaped hornblende and short stubby augite phenocrysts in an andesitic groundness.

4.4.4 Mineralization and Hydrothermal Alteration

Free gold and silver metal deposition is controlled by silica flooding and argillization. However, the gold-silver metals are more concentrated in the quartz veins and/or in the silicified and intensely argillized wall rocks in the form of ultra-fine (10-20 microns) disseminations.

Silicification ranges from pure fracture filling to pervasive-replacement within the fracture and about 1-3 meters beyond argillization (bleaching) is most intense. Further away, chloritization and pyritization predominates and the gold and silver values die out. Ore values are only within the quartz veins and the argillized zones.

Calcite dilutes the gold concentration and chalcopyrite is occasionally seen.

Black and sooty pyrolusite is a very common residual product in the leached brecciate veins. The resulting quartz vein appears to be cellular and resembles a honeycomb structure with black and sooty coatings. It is from these veins where tonnage and grade estimation can throw us off because of its light and friable character and of its unusually high (on occasion, above 20 g/dmt) gold values. Au and Mn ions, being more stable, were left behind and re-concentrated in the cavities.

The consistently higher-grade values (above 3 g/dmt) are usually hosted in the brecciated and re-cemented quartz veins. The vein mass is composed of quartz and silicified rock fragments re-cemented in quartz. The process of silica-flooding, silification and brecciation has been recurrent thereby enriching further the vein mass. These brecciated veins are located at or near the intersection of the major quartz veins (Wyoming-Doris and Breccia) and Breccia veins itself. Although the veins are not more than 90 meters wide, the intersection measures 150 meters across. The resulting vein structure assumes a pipe-like shape and also happens to be the most ideal orebody configuration for open pit mining.

The tuffaceous agglomerate appeared more receptive to quartz veining and replacement than its lithic to lapilli tuff counterpart considering the relative degree of porosity-permeability. Furthermore, the formation could have been at the epithermal-low pressure setting in the stratification sequence of host rocks.

4.5 Biological Environment

4.5.1 Terrestrial plants and animals

i. Animals

Cattle ranches are abundant in the surrounding areas. Herds of cows are seen outside the prospect areas grazing for green vegetation. Though some of these ranches are inside other MPSA application, these are outside and distant from the proposed exploration projects under this application (APSA-V-0033).

Domesticated animals such as carabaos, horses, cows, goats, pigs and chicken are also found in the area. Their number is limited since the site is not an agricultural land and very few residents are engage in farming. A few specie of migrating birds are seen in the areas but is not home to any form of exotic or rare animal species that requires protection. The ecological niche occupied by the native fauna is almost taken over by the introduced animal species. Wildlife, such as deer, wild boar, monitor lizard and monkeys is no longer in the area.

ii. Plants

The area is generally covered with cogon grasses and shrubs suited for grazing. Mangroves and swampy areas are found in the northwestern side of the prospected mining claims and along the coastal areas of Port Barrera. Occasional trees can be seen along the banks of creeks, brooks, streams and rivers. The hills and valleys are practically barren except for patches of rice and corn farmlands, vegetative crops, and coconut trees, which grow in clusters.

4.5.2 Marine Plants and Animals

A number of fish species such as carp, bangus and tilapia can be found in the Lanang and Guinobatan Rivers.

4.6 Socio-Economic Environment

The development of the Municipality of Aroroy lags behind in comparison to the booming and buzzing urban centers in the neighboring provinces. Except for the few elite residents, the economic and social conditions of the majority are below standard. About 10% of the town folks depend on gold panning as their main source of livelihood. Other residents are engaged in fishing, small-scale business like buying and selling, eateries, sari-sari stores and the transportation business utilizing jeepneys and motorized bancas. Some are employed in the government offices.

Residential houses are mostly concentrated in the barrio sites of Talaba-an, Bangon and Puro. Makeshift houses are scattered within the areas but will not be affected by the exploration

The Company will undertake a more detailed study on the environment as part of its exploration work program. The study will be comprehensive and will be submitted to the Bureau within the two-year exploration period. This will include detailed data presentation of the existing condition of the surface and subsurface water, water quality, current water use, marine environment adjacent to the proposed project site, current land use (particularly discussion on the forest reserve and contract reforestation are close to the project), soil chemical characteristics, coastal use, socio-economic profile to include people's perception on the proposed project present biological (flora and fauna) environment, near shore and marine environment and other relevant information.

5.0 DESCRIPTION OF EXPLORATION WORK

5.1 Description of Exploration Methods and Equipment to be used

5.1.1 Geological Mapping

The prospect areas covered by this application are in a contiguous prospective mineralized zone.

Compass - tape traverses will be limited to rock and mineralized veins that may be exposed incidental to the earth moving activities in preparing the access roads and drill pads.

Rock outcrop sampling on veins and altered mineralized zones will be done by channeling with hand moil and sledge hammer, for initial assay for gold grade determination.

5.1.2 Geophysical Methods

Geophysical survey, which should commence and will otherwise, needs to be completed as part of the exploration activities, may be initiated. This will aid in the identification of extension of the main mineralized areas along strike obscured by waste dumps, colloidal scree slopes, alluvium, etc., which may conceal potential future ore reserves. Geophysical method that may be applied may use the following:

- ◆ Low-level, high-resolution aeromagnetic survey.
- ◆ Use of DIGHEM (electromagnetic) survey.

5.1.3 Exploration Drilling/Others

The exploration and development works carried out should led to the definition of ore resources and reserves.

A phase of drilling should be planned to further define the mineralized zones and to increase and upgrade any current resource base (maximize amount of proven reserves), to comply with the current guidelines of CIM and JORC codes for reporting the resources and reserves.

Assuming final definition of the gold-silver prospect on the First Year, the Second Year exploration activities will be devoted into a review of other potential target areas within the applied area, however much of the activities is more likely focused on various other pre-feasibility study works.

The Diamond or Core Drilling Method will be utilized to drill deeper holes. Core drilling method relies heavily on lube oil, grease, diesel fuel, bentonite-drilling muds, gels and various mud additives as the main chemical agents used during drilling operations.

The Reverse Circulation or RC Drilling Method will be utilized to drill and sample shallow holes, which will comprise 80% of the planned drilling meterage. RC drilling method operates on compressed air supplied by compressor as the drilling medium. Unlike core drilling, RC drilling operations uses lube oil, grease, diesel fuel and drilling foams to stabilize caving holes.

The following major equipment will be used:

- ◆ Drill equipment - RCD and DD
- ◆ Trucks
- ◆ Bulldozer/Road Grader
- ◆ Water pumps

5.2 Preliminary Processing of Samples

Collected samples from the field outcrop exposures, drill core and RC drill pulp samples will be split at the sample/core house for duplicate preserved reference and the other samples submitted to Assay Laboratory for gold assay analysis.

5.3 Map Showing the Location of the Proposed Work Area in Relation to Readily Identified Geographic and Environmental Features.

Please refer to Geologic Map on Appendix.

5.4 Estimated Exploration Costs

<u>EXPLORATION EXPENSES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>TOTAL</u>
Labor and Supervision	730,000	670,000	1,400,000
Contract Drilling	-	750,000	750,000
Samples/Assay Costs	-	150,000	150,000
Field Supplies	100,000	150,000	250,000
Trenching	-	150,000	150,000
Aerial Photography	<u>400,000</u>	<u> </u>	<u>400,000</u>
Total (Php)	1,230,000	1,870,000	3,100,000
Add: Environmental Costs	123,000	187,000	310,000
Grand Total (Php)	<u>1,353,000</u>	<u>2,057,000</u>	<u>3,410,000</u>

Drilling activities will utilize extensively the Reverse Circulation (RC) Drilling Method to drill about 70% of the proposed meterage. RC Drilling method is not only fast but also relatively cheap compared to core drilling. Core drilling to be initiated will utilize the same RC drill units which are equipped or be converted to perform Core Drilling when required.

6.0 IDENTIFICATION OF POTENTIAL ENVIRONMENTAL EFFECTS

6.1 On Land

With the road network already existing during the operation of Atlas Consolidated Mining and Development Corporation (ACMDC), there are no significant potential environmental effects identified on constructing access roads. The planned exploration activities will only involve the construction of short and narrow feeder roads.

The possible environmental effect may come during movement of drilling equipment and drill site preparations. The drilling operations will strip rock materials and the vegetation growth within the confines of the drilling site. Drilling operations will produce some noise and fumes/dust. There will be minimal surface disturbance and soil contamination considering that existing roads and short extensions will be utilized for access to the drill sites.

The exploration campsites will be properly maintained with proper sanitation and hygiene. Non-biodegradable waste (e.g. container drums, lube oils, grease and other exploration waste) will be removed from the exploration site and disposed of properly. The exploration team will be quartered at the existing mine facilities since the housing compound is close to the exploration sites.

6.2 Changes in Hydrology

Major flooding will be a remote possibility due to a limited watershed and drainage network. There will be no major ecological alteration. Vegetation that would be destroyed will be replenished or compensated by the present reforestation/afforestation project of the company. Existing hydrologic cycle will thus be maintained. Water used in drilling is returned uncontaminated.

6.3 On the Ecology

Vegetative cover in the project area composed mainly of cogon grasses and shrubs and bushes, trees of low commercial value and a number of fruit trees. This would affect only small areas since drilling activities will be conducted at areas where potential deposits are needed to be explored.

7.0 ENVIRONMENTAL MANAGEMENT MEASURES

7.1 Colour Aerial Photography

Colour Aerial Photography of the prospect area at 1:10,000 scale will be included in the Aerial Photography of the approved MPSA 095-97-V area which is wrapping up its exploration phase and undergoing the Mining Feasibility Study, together with the rest of the applied areas to commence anytime during this period. This will provide the necessary photo coverage for the:


- ♦ *Historical recording of current infrastructure (both mining and community), environment, etc., prior to further activity (can be useful in identifying actual habitations prior to mining, etc.);*
- ♦ *Planning of mining activities, infrastructure locations, definition of environmentally and socially sensitive areas, presentations and so on;*
- ♦ *Geological photographic interpretation mapping and so forth to delineate areas of potential for hosting additional resources.*

- 7.2 Creation of Company Environmental Management Officers who will be responsible for monitoring and implementing programs for regulatory compliance.
- 7.3 To protect any special habitat of flora and fauna in the area, hunting of wildlife and rare animal/bird species shall be strictly prohibited in the area. "Kaingin" and setting fire on the vegetation shall be restricted.
- 7.4 Drainage system will be planned in a way to minimize erosion and landslides. Major excavations will be backfilled and recontoured, in such a way that slopes' failure will not occur and the area will be landscaped.
- 7.5 Cutting of trees will be avoided as much as possible.
- 7.6 At the exploration sites, drill sumps will be lined with impervious materials to prevent the possibility of contaminating the soil. The effluents from the drill equipment will be directed into a collecting sump for proper disposal.
- 7.7 All excavated materials will be contained for subsequent backfilling, re-vegetation and prevention of ARD.
- 7.8 Drill sumps shall be cleaned of possible contaminants prior to backfilling of original materials.
- 7.9 Vegetation that will be destroyed will be replenished or compensated by reforestation/afforestation projects. A nursery is being maintained for this purpose.
- 7.10 The exploration activities will ensure that the ranches and coconut plantations in the vicinity and the nearby coastal areas will not be affected.

7.11 The drill sites will be located as much as possible away from

- 7.12 Information Education Campaigns will be implemented for the communities during the exploration stage and an assessment of public perception to the project will be undertaken. The activities will be coordinated with the affected residents.
- 7.13 Damages resulting from the exploration activities will be compensated.
- 7.14 The environmental management budget is 10% of the total cost of exploration work program.
- 7.15 Priority employment of available local labor during drilling operations.

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