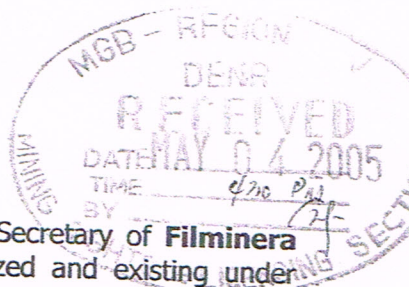


ANNEX "A"

**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.

IN WITNESS WHEREOF, I have hereunto set my hand this APR 05 2005 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:

<u>Name</u>	<u>Community Tax Certificate No.</u>	<u>Place/ Date of Issue</u>
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 APR 05 2005 day of April 2005.

Emmanuel C. Paras
EMMANUEL C. PARAS
Appointed Notary Public in 2006
Roll of Notaries 2007
PTR No. 94424-07 Makati City
IBP No. 639362 - 6401705 Makati Chapter

ANNEX "B"

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

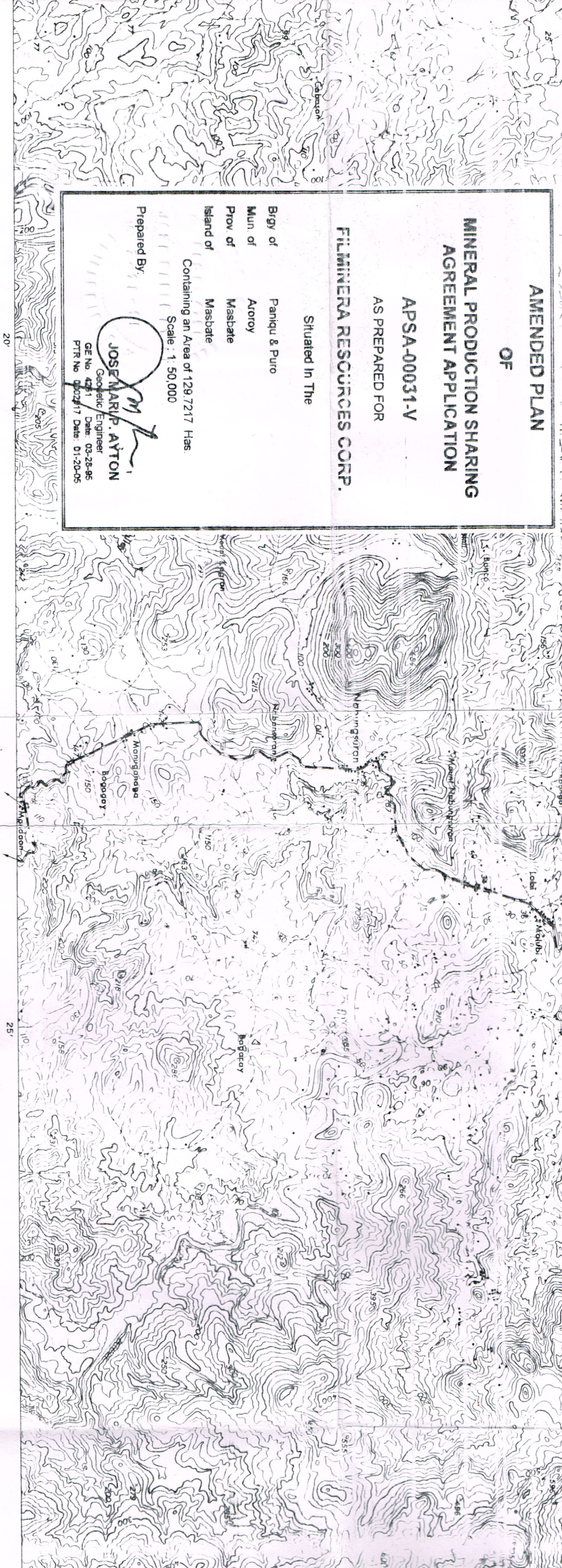
**AMENDED PLAN
OF
MINERAL PRODUCTION SHARING
AGREEMENT APPLICATION**

APSA-00031-V
AS PREPARED FOR
FILMINERA RESOURCES CORP.

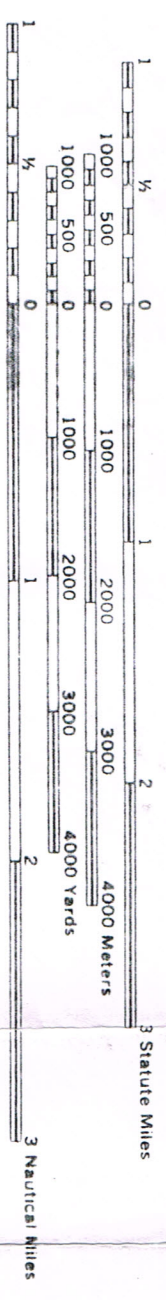
Situated In The
Brgy of Paniqu & Puro
Mun. of Aroroy
Prov. of Masbate
Island of Masbate

Containing an Area of 129.7217 Has.
Scale: 1:50,000

Prepared By
JOSE NARIP. AYTON
Geomatic Engineer
GE No. 4251 Date: 03-26-96
PTR No. 0907217 Date: 01-20-05

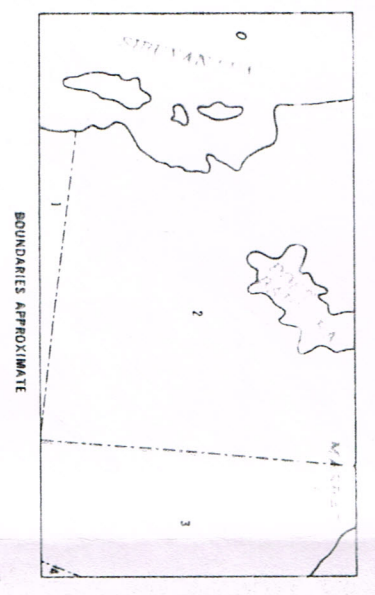


Scale 1:50,000

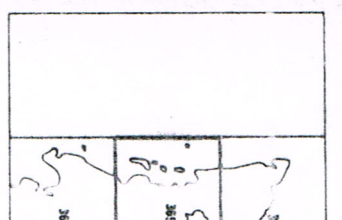


CONTOUR INTERVAL 20 METERS WITH SUPPLEMENTARY
CONTOURS AT 10 METER INTERVALS
VERTICAL DATUM: MEAN SEA LEVEL
TRANSVERSE MERCATOR PROJECTION
HORIZONTAL DATUM: LUZON DATUM
HYDROGRAPHIC DATUM: MEAN LOWER LOW WATER

Published by
Department of Environment and Natural Resources
NATIONAL MAPPING & RESOURCE INFORMATION AUTHORITY
Fort Bonifacio, Makati
Metro Manila



INDEX TO BOUNDARIES



INDEX TO A

ANNEX "C"

**EXPLORATION WORK
PROGRAM**

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: <filminera@surfshop.net.ph>

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

2.0 Location of Project (specify geographic coordinates):

The gold-silver prospect is located at Barangays Puro and Panique within the Municipality of Aroroy, Province of Masbate, Masbate Island, Philippines. It is bounded by geographic coordinates 12°27'00" to 12°28'30.00" N latitude and 123°22'59 to 123°23'30" E longitude with the following technical descriptions:

Corner	LATITUDE	LONGITUDE
1	12° 27' 00.001"	123° 22' 59.992"
2	12° 27' 16.273"	123° 22' 59.992"
3	12° 27' 16.273"	123° 23' 24.366"
4	12° 28' 09.093"	123° 23' 24.366"
5	12° 28' 09.088"	123° 23' 03.834"
6	12° 28' 16.253"	123° 22' 59.974"
7	12° 28' 29.922"	123° 22' 59.994"
8	12° 28' 30.001"	123° 23' 30.000"
9	12° 28' 11.953"	123° 23' 30.000"
10	12° 28' 11.619"	123° 23' 29.346"
11	12° 28' 10.382"	123° 23' 29.999"
12	12° 27' 00.001"	123° 23' 30.000"

3.0 Area or size of coverage (hectares):

This prospect covers a total area of 129.7217 hectares encompassing two (2) 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 Masbate, the prospect site is easily accessible to any type of motorized vehicle utilizing the Masbate-Milagros road or the Aroroy- Baleno road. On the other hand, flights from Manila to Masbate and vice versa is available on a daily regular basis with an air travel time of one (1) hour and twenty (20) minutes.

4.3 Drainage System/s -

The prospect area is bounded by the Guinobatan River on the east and northeast portion and by the tributaries of Lanang River at the southwest. Both rivers drain westward to the Port Barrera Cove.

4.4 Vegetation -

The area has limited forest trees. It is generally covered with cogon grasses and shrubs suited for grazing. Mangroves and swampy areas are found in the eastern portion of the prospect along the coastal areas. The hills and valleys are practically barren except for corn farmlands, wild bananas, coconuts and vegetative crops which grow in clusters.

4.5 Land Use -

The proposed area is 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

ACMDC previous staff geologists and geological aides generated extensive records of surface trenching, underground geological mapping and sampling, assay data, drill hole logs, blast hole assay, bench plans and survey data. These data are still available at the project site

5.1.1.1 nature or type of study or undertaking -

Research work shall focus in the review of all the available ACMDC records sorting out of plan maps, cross section and other relevant files, of particular to the Main Vein pit historic production records, geological mapping and assays. The objective is to consolidate the geological information from the Main Vein pit whose NNW gold mineralization trend is still open towards the applied area. Research will also be undertaken as to the extent of the ACMDC Waste Dumpsites which probably covered some good surface vein exposures and old workings.

5.1.1.2 duration – Two (2) months

5.1.1.3 coverage – Applied area and vicinities

5.1.1.4 proponent – Filminera Resources Corporation

5.1.1.5 results or conclusions arrived at – The outcome will dictate the scope and amount of exploration work to be introduced in the area targeted initially to define any gold mineralization potential, or some possibility of mineable reserves existence in the area.

5.1.2 Data compilation/collation – All previous exploration data will be compiled and stored carefully. Relevant geological information from old maps and sections such as grade, structures, lithology and alteration zones will be digitized to produce a working geological map. Old assays and drill data will be stored in the computer to form database files.

5.1.2.1 geochemical/geophysical data – None.

5.1.2.2 lithological data – Rock types based on old maps will be compiled and verified in the field

5.1.2.3 mineralization/alteration studies – Mineralization and alteration map will be digitized

5.1.2.4 various thematic maps covering the target area – N/A

5.1.2.5 estimated cost – Php 100,000.00

5.2 Reconnaissance/Regional Survey or Studies

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, a large format camera and other field equipments 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 brought 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, trend of vein structures, trend 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.

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.

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

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

5.2.1.4 coverage (hectares) – 129.7217 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

- 5.2.2 Regional Geological Survey - **None.**
 - 5.2.2.1 coverage (hectares) - **N/A**
 - 5.2.2.2 duration - **N/A**
 - 5.2.2.3 manpower complement - **N/A**
 - 5.2.2.4 estimated cost - **N/A**
 - 5.2.2.5 output - **N/A**
- 5.2.3 Regional Geochemical Survey - **None.**
 - 5.2.3.1 coverage - **N/A**
 - 5.2.3.2 sampling media/sample type - **N/A**
 - 5.2.3.3 sampling density/estimated number of samples - **N/A**
 - 5.2.3.4 mode of analysis/target elements - **N/A**
 - 5.2.3.5 manpower complement - **N/A**
 - 5.2.3.6 estimated cost - **N/A**
 - 5.2.3.7 output - **N/A**
- 5.2.4 Geophysical Survey - **None.**
 - 5.2.4.1 nature or type of survey - **N/A**
 - 5.2.4.2 coverage (hectares) - **N/A**
 - 5.2.4.3 duration - **N/A**
 - 5.2.4.4 manpower complement - **N/A**
 - 5.2.4.5 estimated cost - **N/A**
 - 5.2.4.6 output - **N/A**

5.3 Semi-detailed survey or follow-up studies Year 1**5.3.1 Geological mapping/alteration studies**

A semi- detailed geologic mapping program concomitant with rock sampling will immediately commence after the interpretation of the color aerial photography. In the identification of priority exploration targets, the completed aerial photography will be correlated with the past exploration maps of ACMDC. The mapping activity will be undertaken using compass and tape traverses tied to survey control tie points. Such activity will focus in the mapping of structures, lithology, alteration and quartz veinings. Chip and channel sampling will be conducted primarily on mineralized altered zones and quartz vein outcrops or exposures from trenches. The sampling density is estimated to be one (1) sample per hectare but can also be denser depending on altered and mineralized outcrops.

The estimated total number of samples which is about 130 will be submitted to McPhar Laboratory for the analysis of gold and silver content. Duplicate or reference samples will be stored at the mine site. Samples for laboratory analysis will be shipped to McPhar Laboratory in Makati with proper 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) – 129.7217 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

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

5.3.1.5 Output

- Semi-detailed map at 1:5000 scale covering 130.851 hectares

5.3.2 Geochemical Survey – The conduct of Geochemical Survey in the area is discounted due to possible contamination from wind blown dust generated from nearby ACMDC mill plant having operated for 14 years (1980 -1994) processing gold ore. Leachates from the ACMDC open pit waste dumps draining into the applied area contributes contamination into creeks.

5.3.2.1 coverage - N/A

5.3.2.2 sampling media - N/A

5.3.2.3 sampling density/number of samples - N/A

5.3.2.4 mode of analysis/target elements - N/A

5.3.2.5 manpower complement - N/A

5.3.2.6 estimated cost - N/A

5.3.2.7 output - N/A

5.3.3 Geophysical Survey – None.

5.3.3.1 nature or type - N/A

5.3.3.2 coverage - N/A

5.3.3.3 manpower complement - N/A

5.3.3.4 estimated cost - N/A

- 5.3.3.5 output - N/A
- 5.3.4 Subsurface investigation – **None.**
 - 5.3.4.1 type - N/A
 - 5.3.4.2 number and overall length or depth - N/A
 - 5.3.4.3 estimated number of samples to be taken - N/A
 - 5.3.4.4 mode of analysis/target elements - N/A
 - 5.3.4.5 manpower complement - N/A
 - 5.3.4.6 estimated cost - N/A
 - 5.3.4.7 output - N/A
- 5.4 Topographic Survey – **None.**
 - 5.4.1 coverage - N/A
 - 5.4.2 scale and contour intervals - N/A
 - 5.4.3 manpower complement - N/A
 - 5.4.4 estimated cost - N/A
 - 5.4.5 output - N/A

5.5 Detailed Survey or Studies - **Year 1 & 2**

5.5.1 Detailed Geological Mapping

After the semi-detailed survey has been conducted, a detailed geological work will follow. The 130 hectares explored during the semi-detailed phase will be delineated into areas judged to have favorable gold mineralization potential for target testing. Target testing will involve a much thorough compass and tape geological mapping, trenching and sampling works to delineate the highly favorable zones for drilling. Closed spaced trenching (15 meters apart) shall be undertaken and 1.0 meter sampling will be implemented in the altered and mineralized vein outcrops. About 200 surface samples mostly from trench and vein outcrops will be collected and sent to McPhar laboratory in Manila for gold analysis. The estimated cost of sample analysis including transport id Php 100,000.

5.5.1.1 nature or type of survey

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

5.5.1.2 coverage (hectares) - **Area will depend on the results of semi-detailed mapping delineating the favorable zones.**

5.5.1.3 duration - **Four (4) Months**

5.5.1.4 manpower complement

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

5.5.1.5 estimated cost

-	Two (2) Geologists	Php280,000.00
-	Four (4) Mapping Aides	120,000.00
-	Five (5) Samplers	120,000.00
-	One (1) Surveyor	60,000.00
-	Three (3) Survey Aides	90,000.00

	Total -	Php670, 000.00

5.5.1.6 output

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

5.5.2 Detailed Geochemical Survey – The conduct of Geochemical Survey in the area is discounted due to possible contamination from wind blown dust generated from nearby ACMDC mill plant having operated for 14 years (1980 -1994) processing gold ore. Leachates from the ACMDC open pit waste dumps draining into the applied area contributes contamination into creeks.

- 5.5.2.1 coverage of grid survey - N/A
- 5.5.2.2 estimated number of samples - N/A
- 5.5.2.3 mode of analysis/target elements - N/A
- 5.5.2.4 manpower complement - N/A
- 5.5.2.5 estimated cost - N/A
- 5.5.2.6 output - N/A

5.5.3 Subsurface Investigation

5.5.3.1 drilling -

5.5.3.1.1 type – Reverse Circulation and Diamond Drills

Initial drilling will avail of a contractor's Diamond Drill unit for 2 months duration including mobilization. Six (6) drill holes spaced 50 meters apart will be sufficient to drill indicate about 300 meters of ore mineralization at the applied area. Drilling will be supervised by one (1) geologist and two (2) samplers working closely with the contractor's drill operator and helpers to log and sample the drill core. Assuming favorable results from the 6 holes further infill drilling (Phase III) with the use of Reverse Circulation will be planned out to fully firm up the reserves for the Feasibility Study. The Phase II drilling budget and plan is not considered in this program yet as it will

depend on the outcome of the Phase I diamond drilling.

- 5.5.3.1.2 number and depth
 - six (6) drill holes at sixty (60) meters average depth.

- 5.5.3.1.3 estimated number of samples
 - Around three hundred (300) meter samples of half split core will be bagged for delivery to the McPhar Laboratory for gold analysis.

- 5.5.3.1.4 estimated cost –
 - Php 1,250,000.00 broken down as follows:

Geology Labor and Materials	P 100,000
Assaying Cost	150,000
Drilling Cost	750,000
Drill Mobilization	250,000

5.5.3.2 trenching/test pitting – None.

- 5.5.3.2.1 number –
 - Twenty (20) trenches at 15 meters average length

- 5.5.3.2.2 over-all length or depth –
 - Three hundred (300) meters

- 5.5.3.2.3 estimated number of samples –
 - Three hundred (300) samples

- 5.5.3.2.4 estimated cost –
 - Php150,000.00

5.5.3.3 tunneling or aditting – None.

- 5.5.3.3.1 number - N/A
- 5.5.3.3.2 over-all length or depth - N/A
- 5.5.3.3.3 estimated number of samples - N/A
- 5.5.3.3.4 estimated cost - N/A

6.0 Total Estimated Exploration Cost (Pesos) - **Php3,630,000.00**

Year 1 **Php1,353,000.00**

Year 2 **Php2,277,000.00**

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:

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

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: **<filminera@surfshop.net.ph>**

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

Tel/Fax No.: **(02) 845 0714**

Email address: **<filminera@surfshop.net.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 major fault structure that may have induced tensional fractures within the applied area in Aroroy, Masbate. This is best portrayed and delineated by the wide-quartz breccia structure for potential lode of gold deposit of the claim area.

The objectives are:

- 1) To conduct detailed geologic mapping of the prospect group of claims and southward to Panique 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 3.630 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>
<i>First Year</i> :	1.230	0.123	1.353
<i>Second Year</i> :	2.070	0.207	2.277
Total :	3.300	0.330	3.630

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 Puro and Panique within the Municipality of Aroroy, Province of Masbate and bounded by the coordinates 123° 20' 23" to 123° 23' 30" and 12° 27' 00" to 12° 28' 30" (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 129.7217 hectares, spanning over and covering two (2) adjoining barangays of the Municipality of Aroroy, Province of Masbate in Masbate Island.

Total Area (hectares) = 129.7217

Location of Claims = Barangays Puro and Panique 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 comprising barangays.

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

Regular water and sediment samplings are collected at strategic sampling points. 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 and Sediment Sampling Results as indicated below for reference.

ENVIRONMENTAL BASELINE WATER & SEDIMENT SAMPLINGS

Monthly water and sediment sampling are continuously collected on the following sample monitoring stations:

1. Panique Creek Upstream
2. Panique Creek Downstream
3. Rio Guinobatan Upstream
4. Rio Guinobatan Downstream
5. Port Barrera

The following are the most recent data collected from the above monitoring stations:

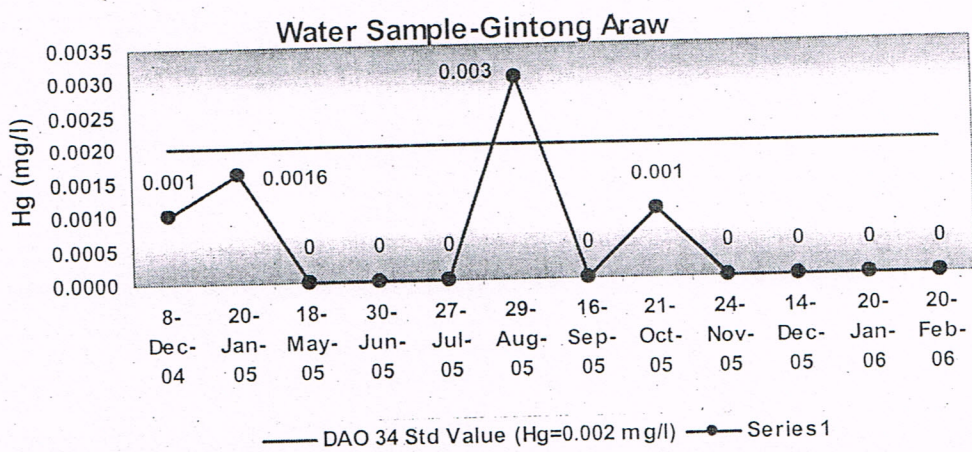
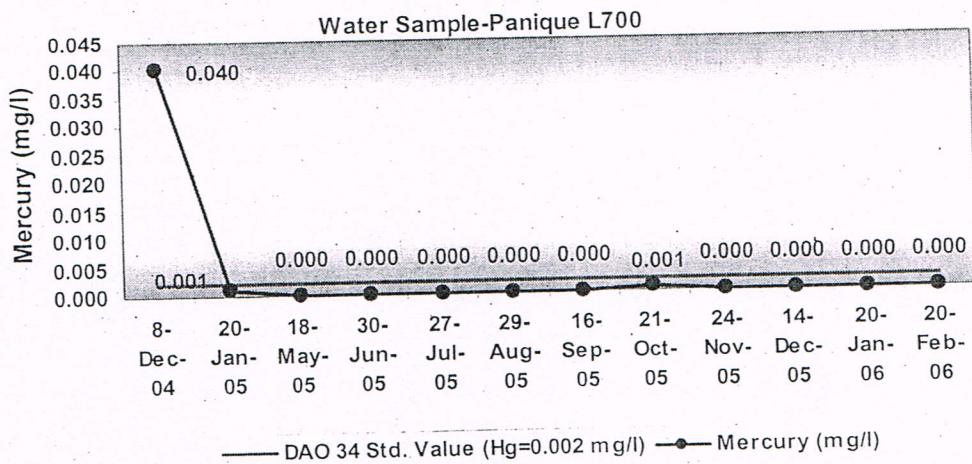
Water Samples	January 2006	February 2006
Location	Mercury (ppm)	Mercury (ppm)
Panique Creek Upstream	<0.001	<0.001
Panique Creek Downstream	<0.001	<0.001
Rio Guinobatan Upstream	<0.001	<0.001
Rio Guinobatan Downstream	<0.001	<0.001
Port Barrera	<0.001	<0.001

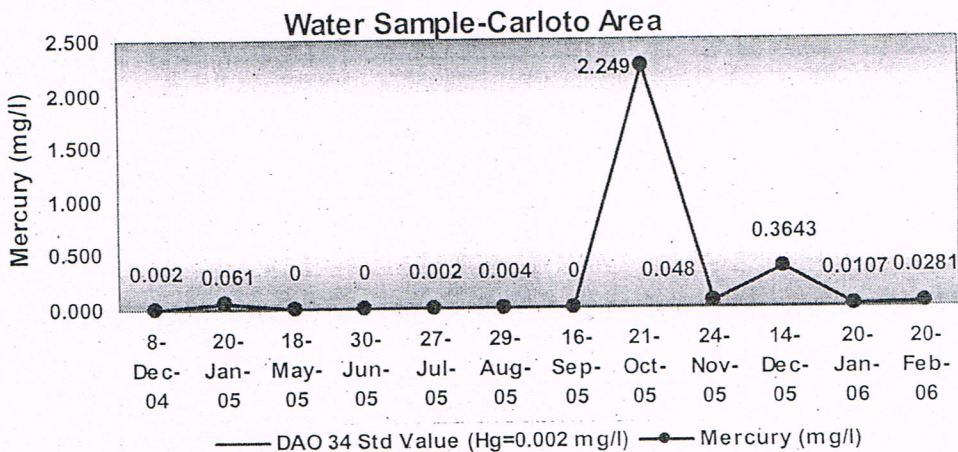
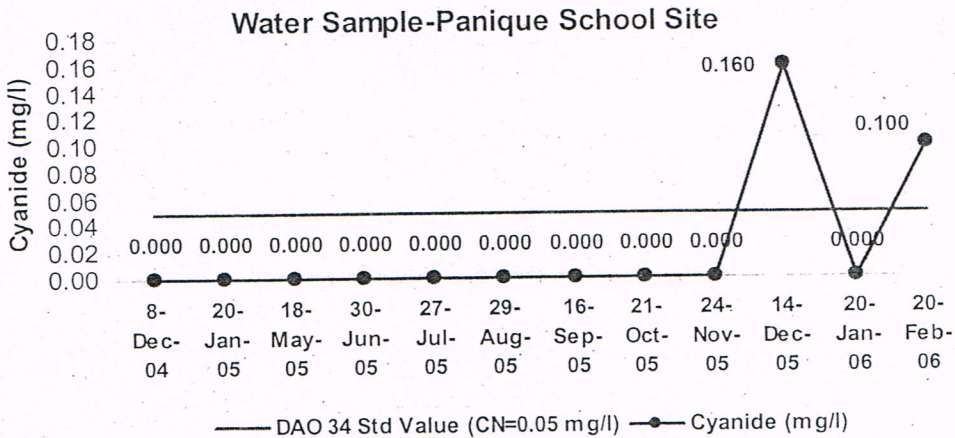
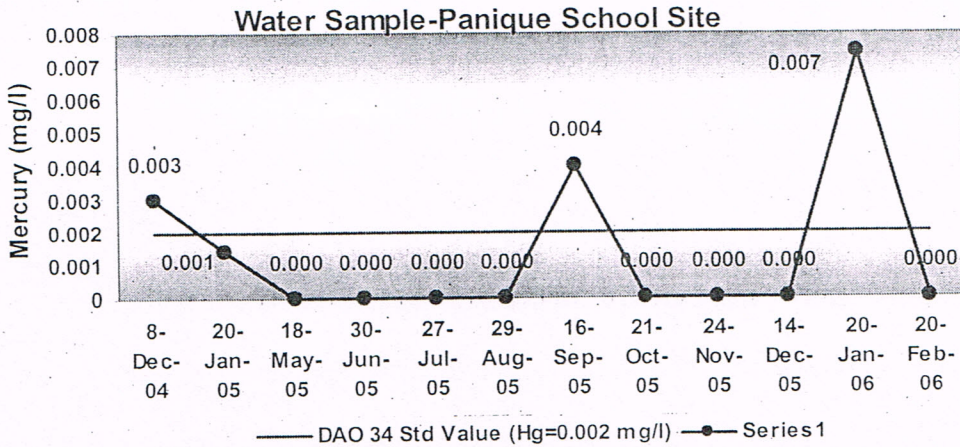
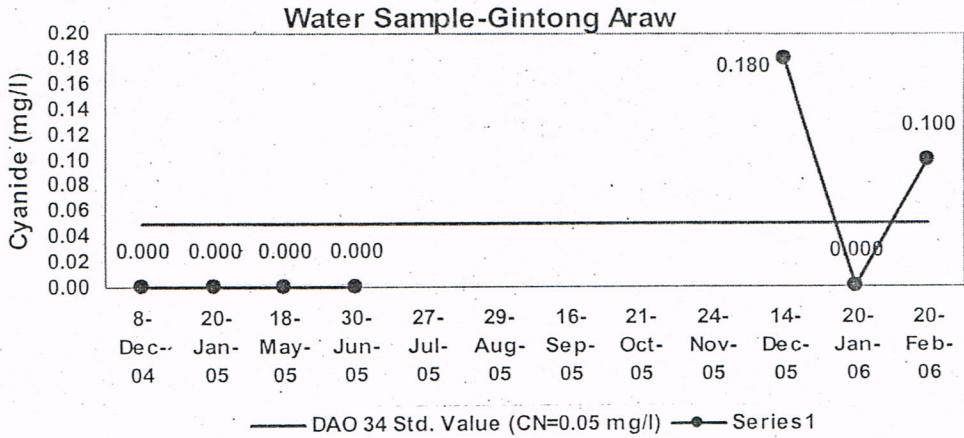
Sediment Samples	January 2006	February 2006
Location	Mercury (ppm)	Mercury (ppm)
Panique Creek Upstream	<0.004	<0.004
Panique Creek Downstream	<0.004	<0.004
Rio Guinobatan Upstream	<0.004	<0.004
Rio Guinobatan Downstream	<0.004	<0.004
Port Barrera	<0.004	0.423

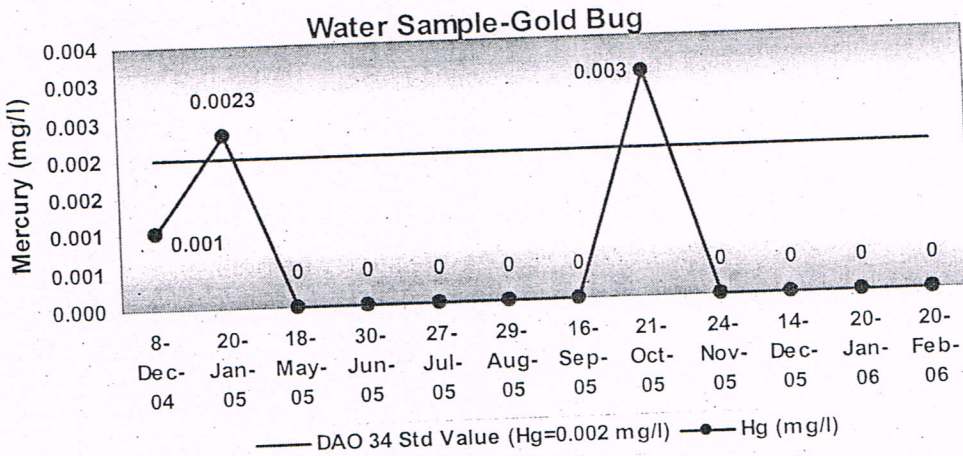
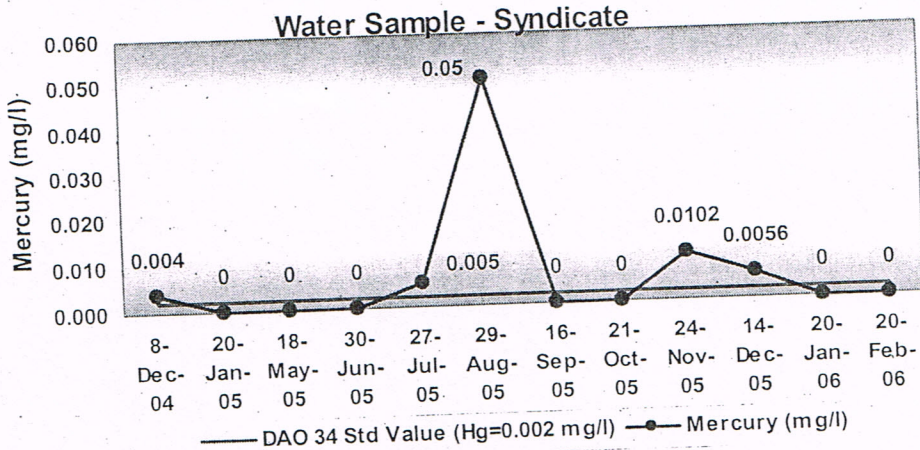
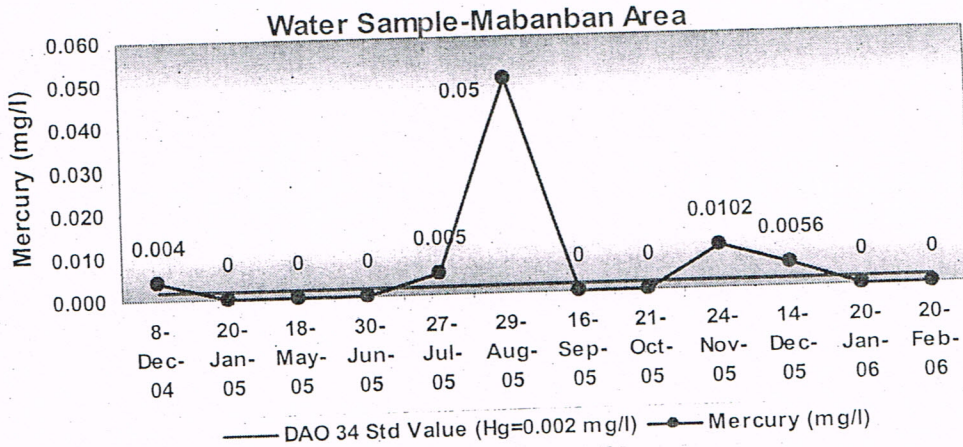
Started on December 2004, additional monitoring stations were established to monitor the effect of the activity of the small scale mining, cyanidation plants and rod milling. The selections of the monitoring stations were based on the survey of the common creeks and drainage within the area where small scale mining is predominant.

The following are the graphical presentation of the results from the water and sediment sampling from the additional monitoring stations.

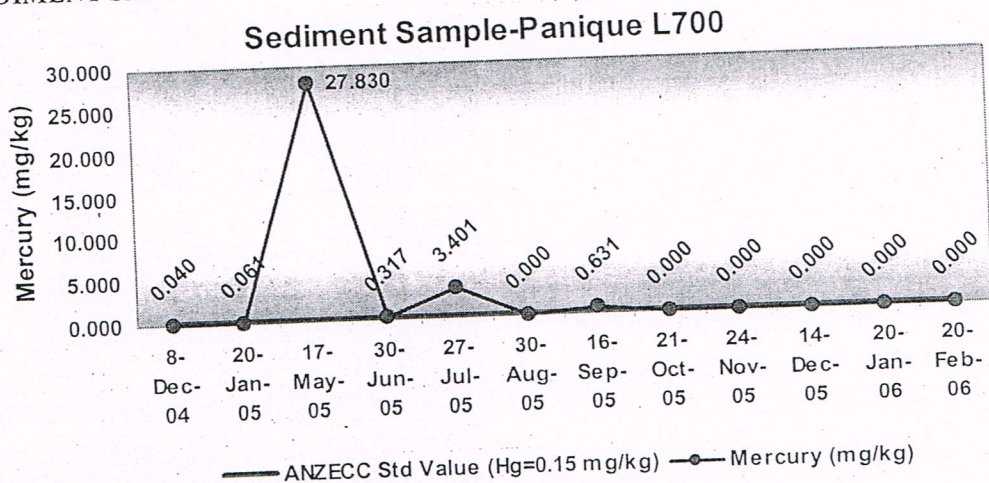
WATER SAMPLE



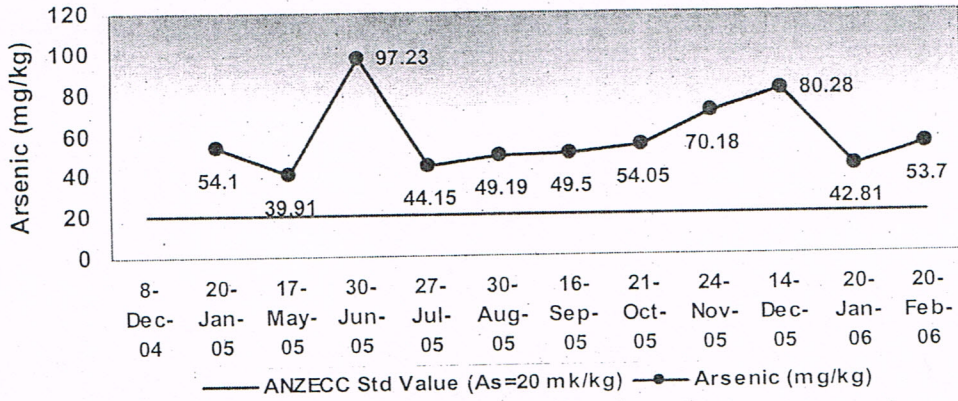




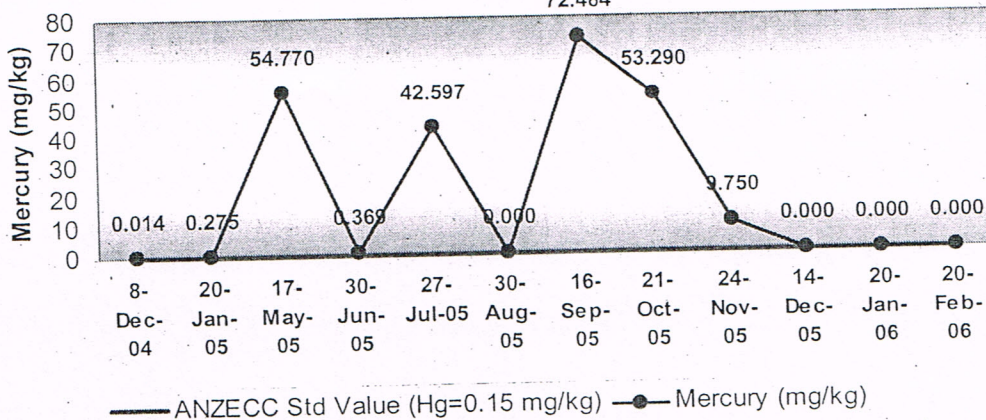
SEDIMENT SAMPLES



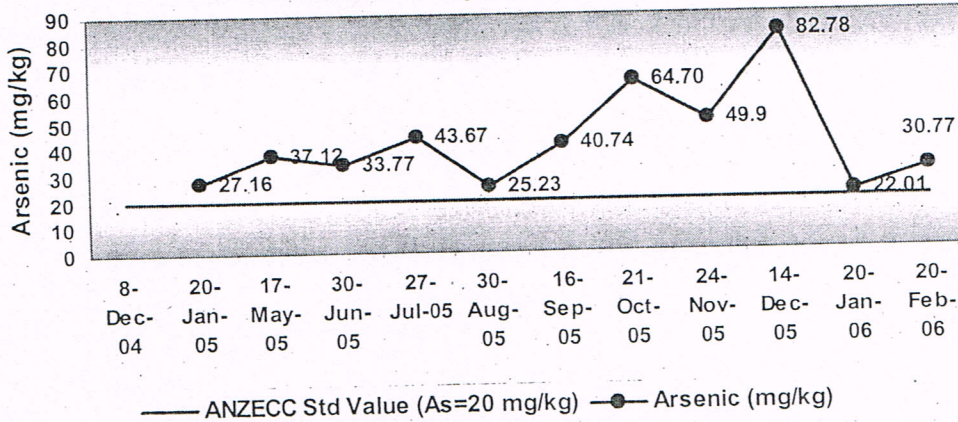
Sediment Sample-Panique L-700



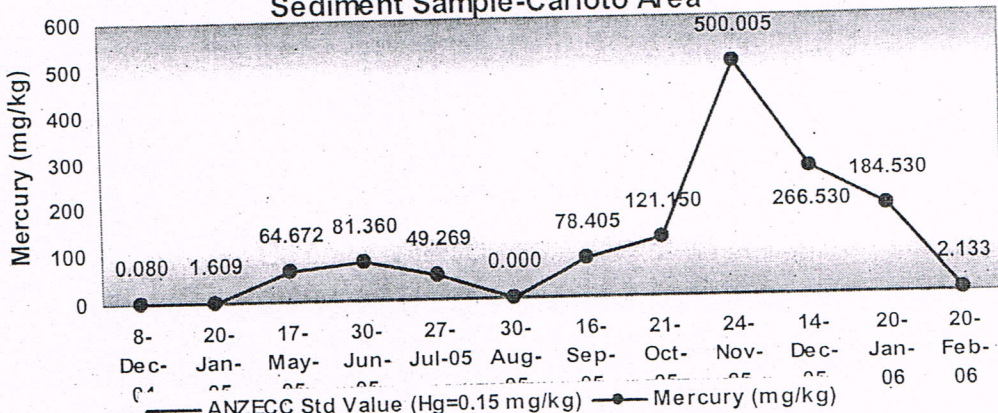
Sediment Sample-Gintong Araw

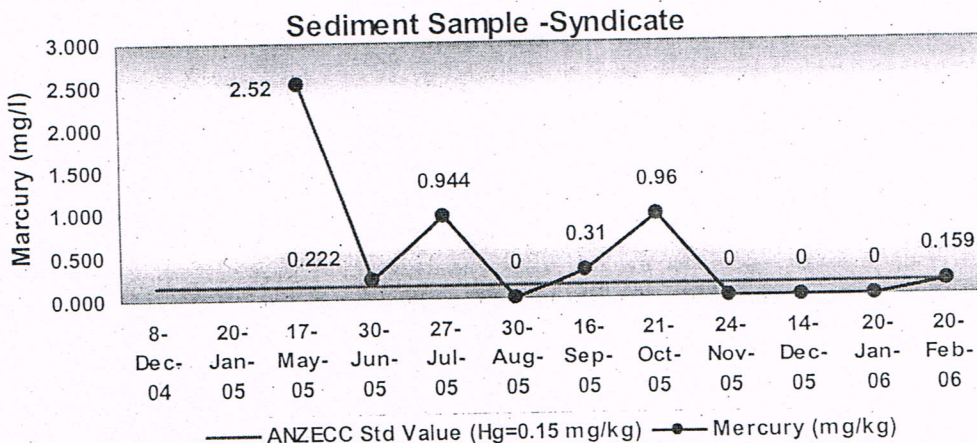
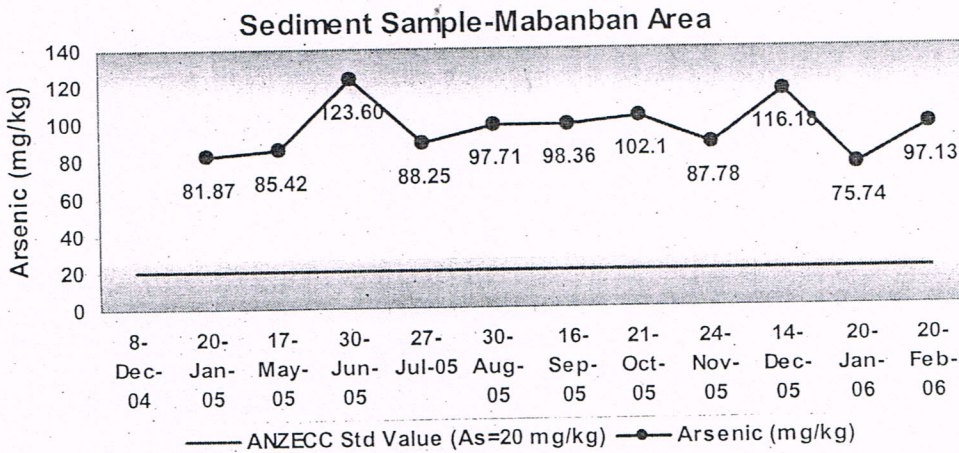
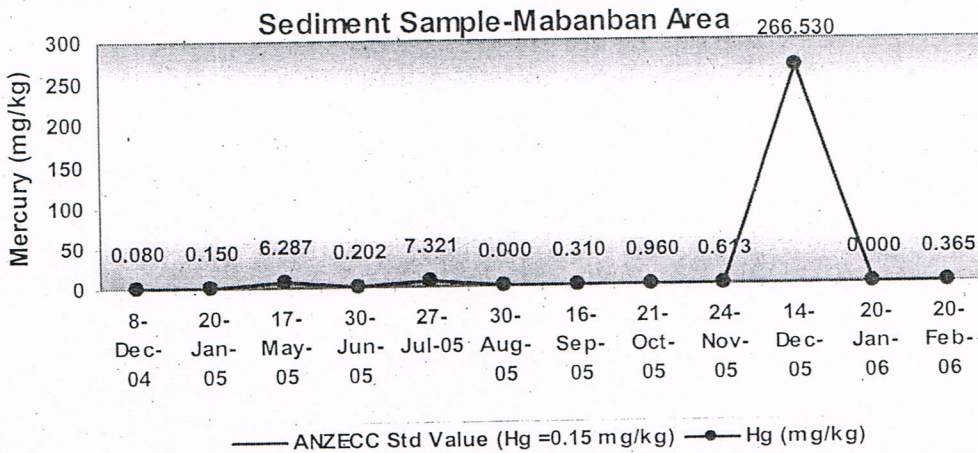
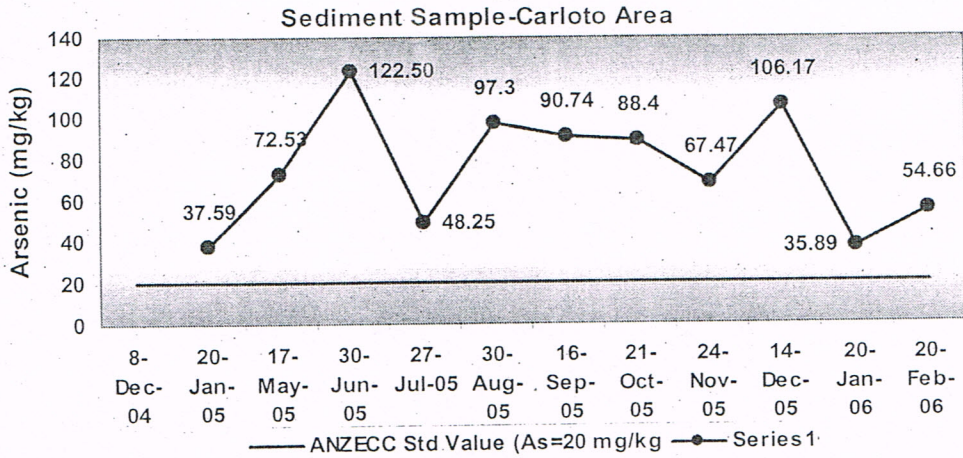


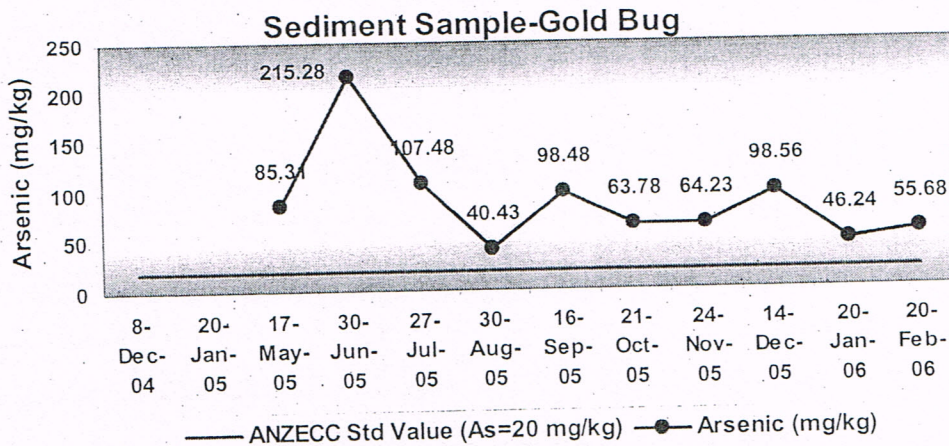
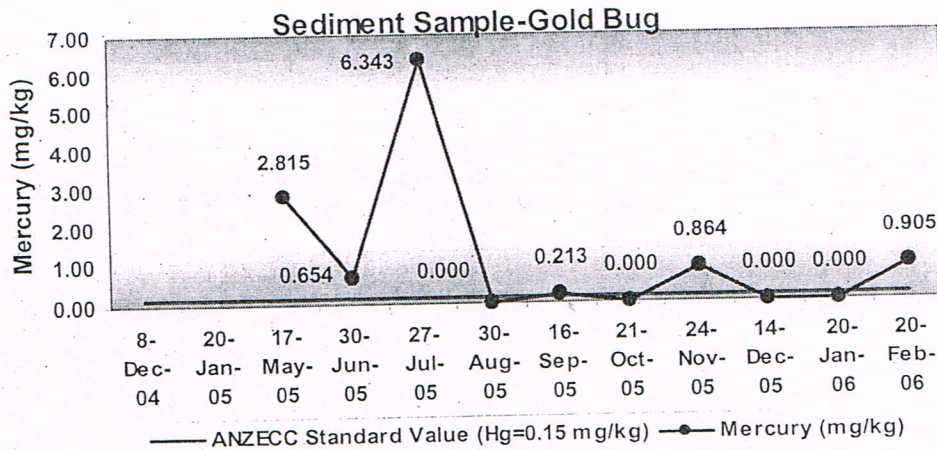
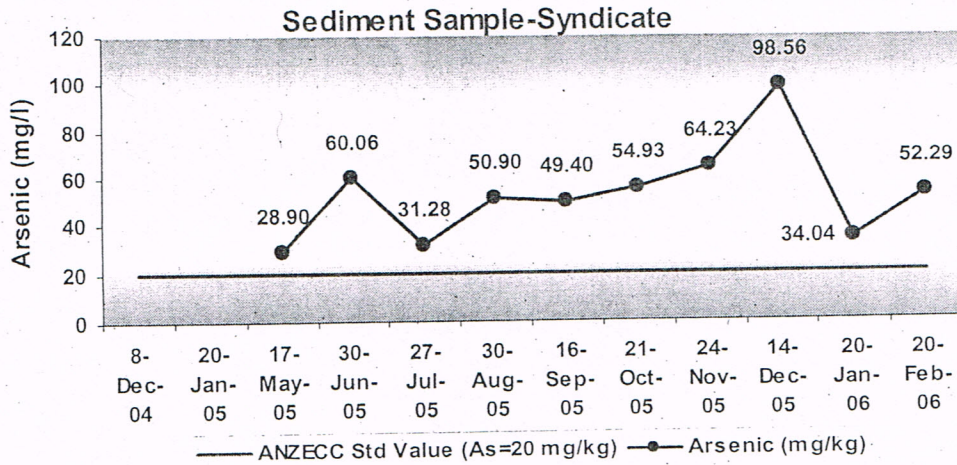
Sediment Sample- Gintong Araw



Sediment Sample-Carloto Area







Mercury for both water and sediment samples at Carloto Area is significantly high. The monitoring station is close to a cyanidation plant. Level 700 monitoring is the common drainage from various rod mills and has also registered high level of mercury for both sediment and water.

The samples are analyzed by Ostrea Mineral Laboratories, Incorporated located at Binan, Laguna. The laboratory is accredited by the following:

1. ISO/IEC 17025-2000
Accreditation No. LA-1997-0017

2. Department of Environment and Natural Resources
(Analysis performance, documentation and related technical capability)

3. Department of Health (Certified Laboratory)

With the anticipated increase in activity during construction and operation stages, environmental monitoring will expand its scope and coverage. The monitoring will then include air quality, noise survey and drinking water monitoring.

Except for the air quality and noise survey, all samples will be continuously being collected every month.

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 March, April and May. From June to February, the climate is generally cool with coolest period during December to February.

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 ultramafic complex. The ore minerals consist principally of native gold with some arsenopyrite and chalcocite. Quartz is the

dominant gangue mineral. The type of rock that is present underground (from old tunnels of Atlas Consolidated Mining and Development Corporation) are serpentized peridotite granodiorite, aplite and lamprophyre. Granodiorite is by far the predominant 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 Guinubatan 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 and western flanks on the site. It is the assemblage of inter-grading meta-tuff and agglomerate.
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-0031).

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 Puro, Panique and Lanang. Makeshift houses are scattered within the areas but will not be affected by the exploration activities. Electricity is not available in the area. Privately owned generators are the only source of power.

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 Aerial Photography

Aerial Photography has been undertaken on the prospect, in lieu of the Geophysical Survey, which was already completed. This was undertaken for the whole areas of concern of the Company (areas granted and areas applied/undergoing evaluation). This was undertaken during the Mining Feasibility Study for the granted MPSA 095-97-V. The aerial photography will aid in creating historical data prior to the actual mining operations.

The aerial photography will be a more detailed study on the environment as part of the exploration work program and would serve as future reference over these mining areas as far as environmental disturbance is concerned.

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	940,000	840,000	1,780,000
Samples/Assay Costs	60,000	150,000	210,000
Field Supplies	30,000	80,000	110,000
Drill Site/Mobilization	-	250,000	250,000
Contract Core Drilling	-	750,000	750,000
Aerial Photography	<u>200,000</u>	<u>-</u>	<u>200,000</u>
T o t a l (Php)	1,230,000	2,070,000	3,300,000
Add: 10% Contingency	123,000	207,000	330,000
<u>Grand Total (Php)</u>	<u>1,353,000</u>	<u>2,277,000</u>	<u>3,630,000</u>

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 is 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

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 natural drainage system.**
- 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.**
- 7.16 **No Exploration activity to be conducted at the Panique Tailings Storage Facility Area.**

ADDITIONAL BASELINE INFORMATION ON THE LAND USE/CAPABILITY OF THE PROJECT AREA AND SUMMARY MATRIX OF EXPLORATION ACTIVITIES INCORPORATED IN THE REVISED EXPLORATION WORK PROGRAM:

Activity	Impact	Mitigating Measures	Schedule of Implementation	Cost
1. Rehabilitation of road network	Excessive dust	Water sprinkling to suppress dust	Second quarter of second year	Php 70,000
	Change in air quality	1. Proper maintenance of vehicles and heavy equipment. 2. Ground smoke belching units.		
	Alteration of existing vegetation	No cutting of trees unless very necessary.		
	Increase noise level	Proper maintenance of equipment		
2. Removal of oil-contaminated ground	Ground contamination	Collect contaminated soil and store in drums or any appropriate container for further treatment.	Second quarter of second year	Php 25,000
	Excessive noise from heavy equipment	Provide safety paraphernalia to workers		

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FILMINERA RESOURCES CORPORATION
 MASBATE GOLD PROJECT

TWO (2) - YEAR ENVIRONMENTAL WORK PROGRAM
 APSA - V - 00031

ACTIVITIES	FIRST YEAR												SECOND YEAR												REMARK
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Company Environmental Mngt. Office																									Covered by con- Environmental
Information and Education Campaigns																									20.0
Compensation for Damages to Crops of Affected Farmers/Planters																									100.
Revegetation of Affected Areas:																									
-Nursery for reforestation/afforestation project																									20.0
-Nursery for fruit bearing trees																									25.0
-Reforestation																									
Backfilling/Recontouring of Major Excavation																									50.0
Rehabilitation of Road Network																									70.0
Removal of Oil Contaminated Ground																									25.0
QUARTERLY TOTAL (Php)				5,000			20,000			45,000			40,000			120,000			20,000			80,000			330.