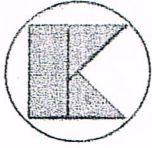


ANNEX "A"

**CORPORATE SECRETARY'S
CERTIFICATION**



KROMINCO, INC.

2232 Don Chino Roces Avenue
Makati City, Metro Manila
Tel nos. 8933278 – 8191130 - 8191125

SECRETARY'S CERTIFICATE

I, **SUSANA L. CHUNG** of legal age, married, Filipino Citizen with business address at 2232 Don Chino Roces Avenue, Makati City, after having been sworn to in accordance with law, do hereby certify:

- 1.0 That I am the duly elected and incumbent Corporate Secretary of KROMINCO, INC., a corporation organized and existing under and in accordance with the laws of the Republic of the Philippines, with principal office and place of business at the above-stated address;
- 2.0 That as such Corporate Secretary, I am the custodian of the corporate records of KROMINCO, INC., including the minutes of meetings of its Board of Directors;
- 3.0 That the meeting of the Board of Directors held at its principal place of business on February 28, 2008, at which meeting, a quorum was present and acted throughout, the following resolution were adopted and approved:

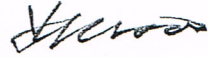
"Resolved that the incumbent and concurrent Chairman, MR. ERIC L. LEE and President, ATTY. ROMEO S. PEREZ of KROMINCO, INC. are granted the full authority to sign or enter into agreements, compromise and or any binding legal instruments for in and behalf of the corporation in pursuit of the present corporate thrust;

"Resolved furthermore that relative to the above MPSA Application, MR. ERIC L. LEE and ATTY. ROMEO S. PEREZ are authorized to sign for and in behalf of the corporation related to filing of MINERAL PRODUCTION SHARING AGREEMENT (MPSA), and other similar and analogous instruments with all concerned government entities,"
- 4.0 That the foregoing resolutions have not been altered, modified or revoked and that the same are still in full force and effect;
- 5.0 That I am executing this Certificate for whatever legitimate purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand at Makati City on this ___ day of _____.

OCT 31 2008

SUBSCRIBED AND SWORN to before me this _____ day of _____
, 2008, at MAKATI CITY, affiant exhibited to me his Community Tax
Certificate No. _____, issued at _____ on _____
, 2008.



Notary Public **M. VELASCO**

NOTARY PUBLIC

Until Dec. 31, 2009

PTR O.R. No. 023-211 - Mla. 01/02/08

IBP O.R. No. 712-888 - Mla. 12/20/07

TIN 212-965-989

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ANNEX "C"

**UTILIZATION/DEVELOPMENT
WORK PROGRAM**

THREE YEAR MINING WORK PROGRAM

1.0. CORPORATE DATA

- 1.1. Project Name : **Dinagat Island Chromite Project**
- 1.2. Name of Company : **KROMINCO, INCORPORATED**
- 1.3. Addresses
- 1.3.1. *Head Office* : 2nd Floor, UMC Building
2232 Chino Roces Avenue, Makati City
Metro Manila
Tel Nos. 819-1130/813-2986
Fax No. (632) 819-1125
- 1.3.2. *Mine Site* : Mt. Redondo, Loreto
8415 Surigao del Norte
- 1.3.3. *Liaison Office*: Yuipco Bldg., Navarro Street
8400 Surigao City
Tel No. 231-7376
- 1.4. Contact Person : **ENGR JESUS A. BIRONDO**
Resident Manager

2.0. PROJECT DESCRIPTION

2.1. Project Details

2.1.1. Project Location

The Project Area covers Seven Hundred Fifty Seven and 118/1000 (757.118) hectares located in the Municipality of Loreto, Province of Dinagat Islands and bounded by the following geographic coordinates:

Corner	Latitude	Longitude
1	10° 19' 30"	125° 37' 30"
2	10° 20' 00"	125° 37' 30"
3	10° 20' 30"	125° 37' 00"
4	10° 21' 00"	125° 37' 00"
5	10° 21' 00"	125° 37' 30"
6	10° 21' 30"	125° 37' 30"
7	10° 21' 30"	125° 38' 30"
8	10° 21' 00"	125° 38' 30"
9	10° 21' 00"	125° 39' 00"

10	10° 20' 30"	125° 39' 00"
11	10° 20' 30"	125° 38' 30"
12	10° 20' 00"	125° 38' 00"
13	10° 19' 30"	125° 38' 00"

Topography and Drainage

The region is characterized by moderately rugged topography, with the highest elevation of 980 meters above sea level. The mountain ridges generally trend northeast-southwest and are commonly matted by reddish lateritic soil.

The area is principally drained by the Kanlangugan Creek and its tributaries, which form dendritic and radial drainage patterns, attributed to the uniformity of the rocks over large areas.

General Geology

The company's mineral property, found in the northern portion of Dinagat Island, is underlain by ultramafic rocks which include highly serpentinized dunite and harzburgite that are closely associated with hypabyssal gabbro bodies (diabase). The ultramafic rocks are highly fractured and jointed because of their positions are within the Philippine Mobile Belt.

In most of the areas covered by the exploration, the ultramafic complex was seen to be overlain by lateritic soil, in some areas containing high grade chromite sands. This phenomenon is attributed to the erosion of either massive chromite deposits themselves, or dunite rocks containing disseminated chromite. The secondary chromite sands were subsequently carried down, deposited and concentrated to lower levels along with the lateritic soils.

Chromite mineralization in the region occurs mainly as parallel layering, lenses, pods, and as disseminations or nodules in peridotite, formed during the different stages of gravitational settling in the ophiolite's Dunite-Harzburgite Transition Zone.

The major faults in the area trend in the northeast-southwest direction. They have great influence in the topography, and provide structural control over the chromite mineralization and deposition in the region.

2.1.2. Estimated Capital Cost

Based on the 1999 Financial Statement, the company has current assets of PHP 125 Million.

2.1.3. Type of Mineral Mined

Metallurgical Chromite.

2.1.4. Present Status of the Project

The company, then known as Malayan Wood Products Inc. started chromite production in 1979. In 1980, the company discovered the Mt. Redondo deposit, which is being mined until now. A 600 MT per day gravity concentrating plant was built at the mine site in Mt. Redondo, Loreto, Dinagat Islands.

In June 1986, the mining operation was suspended due to the unilateral cancellation of the Operating Contracts by the then Minister of Environment and Natural Resources. The company appealed to the said cancellation and as a compromise, a new Operating Contract was executed on February 27, 1989 for a period of sixteen (16) years.

Since the Asian crisis, Krominco, Incorporated remains to be the only metallurgical chromite mine in operation, undertaking both mining and exploration at the same time. The company, in spite of the slump of the World Market Price for chromite in 1999 to 2002, continuously operating until the Environmental Management Bureau issued a Cease and Desist Order (CDO) on March 22, 2000. The said CDO was issued on the ground that the company is operating without an Environmental Compliance Certificate (ECC). The CDO was lifted by the Department of Environment and Natural Resources on November 22, 2000, after it found out that the company is qualified to be exempted from the Environmental Impact Statement (EIS) System and therefore from the ECC requirement. However, the operation was continually suspended due to continuous slump of the chromite prices. The company resumed operation in the 2nd quarter of 2004 because of good market for chromite.

2.1.5. Mining Method

Open Pit Mining

2.1.6. Estimated Annual Production

Projected average Annual Production is about 10,000 MT of chromite Lumps ore (direct shipping ore) and another 10,000 MT of chromite concentrate combined.

2.1.7. Type of Milling Process

Gravity concentration.

2.1.8. Description of Milling Process (*Pls. see attached flow sheet*)

Crushing and Milling

The milling grade ore are fed to the dump bin of the jaw crusher to reduce the size to minus 1 3/4". The crashed materials from jaw crusher are conveyed to the double deck vibrating screen, where water is introduced, specifically at the top deck to separate the slimes. The screen oversize is recycled to the Symon cone crusher to further reduce the particle size to minus 5/8". The screen undersize goes to the fine ore bin then to the rod mill to reduce the size of the particle to about 80% minus 100 mesh.

Classification and Concentration

The rod mill product goes to the spiral classifier. The classifier slimes are pumped to the Krebs cyclone. The cyclone underflow is fed directly to the shaking tables while the cyclone overflow goes to the tailings thickener. The classifier sand is pumped to the Riechert Spirals then to the shaking tables.

At the shaking tables, the chromite concentrate product, which is about 48% Cr₂O₃, goes to the final concentrate bins, the middling is fed to the ballmill, and the ballmill product is recycled back to the shaking tables, while the tailings go to the tailings thickener.

Reclaim Water and Tailings Ponds

At the tailings thickener, the overflow water is reclaimed back to the mill circuit using a pump. The thickener's underflow goes to the tailings pond. The solid wastes in the tailings are allowed to settle down and only the effluents leave the tailings pond. The solid wastes are then recovered through dredging by using a backhoe and are used for construction, road surfacing, domestic use and other purposes.

Remarks

The Krominco Mill Plant has a rated capacity of 600 MT per day. Plain water is introduced into the mill circuit to recover chromite minerals. No chemicals are added in the entire process.

2.2. Minerals Reserves and Resources

2.2.1. Ore Reserves/Resources

REDONDO OPEN PIT

In view of its high potential for chromite mineralization, much work was done in the area. Preliminary exploration work comprising of test pitting, x-ray drilling, and deep diamond drilling disclosed economic and mineable ore reserves.

Chromite occurs in the form of alternating layers or bands of high grade and milling grade chromite ore, mostly found within dunite bodies, and at the same time adjacent to the shear zone that is present in the area. The chromite-bearing zone in Mt. Redondo generally strikes in the west-east and northwest-southeast direction, dipping southward, though much deviation from these attitudes are expected and observed because of folding and the chromite's proximity to the shear zone.

Measured Chromite Reserves : 329,500 MT

Indicated Chromite Reserves : 257,000 MT

REDONDO OPEN PIT ORE RESERVES

BENCH	HIGH GRADE (MT)	MEDIUM GRADE (MT)	LOW GRADE (MT)	WASTE IN ORE (MT)	TOTAL ORE RESERVES (MT)
870	1,300	1,600	800	2,000	5,700
860	4,800	6,200	2,500	5,000	18,500
850	13,500	15,500	2,600	20,000	51,600
830	19,200	12,700	4,600	23,300	59,800
820	9,000	1,400	1,000	9,600	21,000
810	9,000	5,200	1,600	11,300	27,100
800	30,300	11,200	2,000	26,000	69,500
790	49,900	16,000	5,700	53,700	125,300
780	21,500	6,700	9,900	44,600	82,700
770	23,900	5,400	5,700	27,100	62,100
760	21,700	7,000	3,300	22,300	54,300
755	2,800	600	0	5,500	8,900
TOTAL	206,900	89,500	39,700	250,400	586,500

SANGAY AREA

In 1990, 1991, 1996 and 1997, Krominco, Incorporated conducted exploration activities comprising of geologic mapping, auger drilling and X-ray drilling in the Sangay area.

The exploration work was able to outline three potential zones of chromite mineralization, named Sangay 1, 2 and 3. In Sangay 1, a deposit of chromite sand hosted by lateritic soils was delineated via Auger drilling. In Sangay 2, X-ray drilling was able to outline a zone of mineralization of about 20 meters wide and 250 meters long of dominantly, milling grade chromite. Exploration work in Sangay 3 area was unfinished, and so was unable to affirm the presence of chromite boulders and numerous floats in the area, though, suggest that an economic deposit may be lying within the Sangay 3 area.

Sangay 1 (Measured Chromite Reserves) : 16,000 MT (Chromite Sand)

Sangay 2 (Measured Chromite Reserves) : 125,000 MT

SOUTHEAST REDONDO PROSPECTS

From 1994-1995, the Southeast Redondo deposit, situated 800 meters southeast of the Redondo Open Pit was discovered. The prospect is a consolidation of two chromite deposits, namely Southeast Prospect 1 and Southeast Prospect 2. The two prospects are 130 meters apart, with initial assay results of 38% Cr₂O₃ and 54% Cr₂O₃, respectively. Further exploration work comprising of auger drilling, test pitting and x-ray drilling delineated the presence of near surface high grade chromite that is found, almost always, overlying gabbro, which in turn overlies the harzburgite basement. Analysis of all the geologic data suggests that the localized chromite deposits in the Southeast Redondo Prospects were brought up to the near-surface by the gabbro dikes.

Though the deposits are relatively small compared to the other areas, what makes them favorable is their near-surface occurrence.

Prospect 1 Measured Reserves : 900 MT

Prospect 2 Measured reserves : 700 MT

Total Chromite Reserves : 1,600 MT

TOTAL CHROMITE RESERVES

OF KROMINCO, INCORPORATED : 729,100 MT

As of December 2007, the Company has Milling Ore
Stockpiled ready for processing : 42,000 MT

2.2.2. Average Grade

The Chromite Reserves of Krominco have average grade of 30% Cr₂O₃.

2.2.3. Cut-off Grades

The company has two products, each having a different cut-off grade.

For Sorting (Lumpy) Ore : 30% Cr₂O₃

For Milling Ore : 12% Cr₂O₃

2.2.4. Estimated Mine Life

Based on the company's Chromite Ore Reserves, the Milling Ore stockpiled after sorting, and the 600 TPD Mill Plant rated capacity, the life of the mine is estimated at ten (10) years and could go beyond because of the ongoing exploration in the whole contract area that expect to uncover more chromite deposits, aside from extensions of the present Redondo deposit.

2.2.5. Potential for Additional Reserves

Exploration of the company's whole contract area is currently being done. This involves Auger drilling, spaced 100 m x 100 m, that is intended to spot other potential chromite deposits.

Aside from that, three (3) areas (Sangay 1, 2 and 3) which display good indications of chromite deposition are still to be tested further by auger and diamond drilling in order to locate the source of the chromite floats and boulders present in the area.

2.3. Access / Transportation

From Surigao City, the project area can be reached in three to four hours by commercial motorized bancas, which dock at the Loreto Pier, though the company has its own piersite located at Sitio Cambinliw, Barangay Santiago in Loreto.

From the company piersite to the mine site, located on the northern slope of Mt. Redondo, it takes 15 to 20 minutes to travel by motor vehicle, via an all-weather road of eight kilometers that was built by the company.

Surigao City is accessible either by inter-island vessels from Cebu, or by bus from Butuan City, both having direct flights from Metro Manila.

2.4. Utilities

2.4.1. Power Supply

Milling operation and the other mine site facilities are supplied with 440 Volts (3 phase) / 220 Volts (2 phase) by three units of Caterpillar Gensets (250 kW each) in synchronized operation. One Genset unit (175 kW) serves as alternate supply, while another unit (25 kVA Perkins) acts as the stand-by unit, used for lighting loads only. All the Gensets are owned and operated by the company.

2.4.2. Water Supply

The mine site has two (2) sources of water: (1) by gravity from the nearby tributaries of Kanlangugan Creek, and (2) from the company's freshwater dam, which is the water source of water of the Mill Plant. The plant uses two (2) units of 30 HP water pumps for its water requirements.

2.5. Mining and Milling equipment

2.5.1. Equipment for Mining

2.5.1.1. Mobile Equipment

1 unit	Caterpillar D7-G Bulldozer
3 units	950 Wheel Loader
1 unit	Caterpillar 320 D Excavator
1 unit	Komatsu Grader
1 unit	Caterpillar 325 L Excavator
2 units	Volvo 861 Dumper
1 unit	Volvo 5350 Dumper
4 units	Isuzu Dump Truck
1 unit	Atlas Copco ROC 301 Crawler Drill
1 unit	Service Truck

2.5.1.2. Fixed and Miscellaneous Equipment

3 units	Caterpillar 3304T 85 kW Prime Power Genset
3 units	Caterpillar 3406TA 250 kW Prime Power Genset
1 unit	TOYO Brushless Generator 2 kW Power
1 unit	Caterpillar 3208 Generator
1 unit	Perkins P-22
1 unit	Joy Triple Frum Slusher

1 lot Air hoses (different sizes), oilers,moil points, drill rods,
tungsten drill bets, diamond drill bits, etc.

2.5.2. Equipment for Milling

1 unit	SALA Screw Classifier 3' X 18'
1 unit	SALA Screw Classifier 3' X 36'
1 unit	Kurimoto Ball Mill
2 units	SALA Vertical Slurry Pump 4" X 3" 12kW
4 units	SALA Vertical Slurry Pump 5" X 4" 15kW
2 units	Warman Slurry Pump 4" X 3"
3 units	Slurry Tanks
12 units	Diester No. 6 Concentrating Table (single table)
4 units	Diester No. 999 Concentrating Table (triple deck)
2 banks	7 Twin Reichert Spiral Concentrator
2 banks	8 Twin Reichert Spiral Concentrator
1 unit	Dorr-Oliver Thickener 40' X 13'
1 unit	Dorr-Oliver Thickener Drive
1 unit	Reciprocating Feeder 3' X 6'
1 unit	Cedar Rapids Jaw Crusher 15' X 30'
1 unit	Symons 3' Cone Crusher
1 unit	Double Deck V-Screen 4' X 8'
4 pcs	Poly-Urethene screen 4' X 4'
2 pcs	Melwire Stainless Steel Curved Screen
4 units	MCM Taylor Water Pump with 25 Hp Electric Motor
1 unit	Belt Conveyor 200' X 18"
1 unit	Belt Conveyor 40' X 24"
1 unit	Belt Conveyor 40' X 18"
1 unit	Belt Conveyor 20' X 14"
4 units	Motor Control Center
2 units	Krebbs D15B Cyclone
3 units	Krebbs D10B Cyclone
1 unit	25 kVA 3 Phase Dry-type Step Down Transformer
1 lot	Electrical Wiring, Switches, Conduits, etc.
1 unit	Run of Mine Ore Bin (Dump Bin)
1 unit	Fine Ore Bin
3 units	Finished Product Concentrate Bin
1 unit	Double Deck V-Screen 4' X 12'
1 unit	Byron Jackson Pump

Note: All mill equipment are fixed equipment

2.6. Workforce Information

2.6.1. Total Operational Workforce

Below is the update of the labor statistics and total operational workforce as of September 2006:

Department	No. of Employees
1. Administration	16
2. Accounting	7
3. Mine Production	30
4. Mine Engineering/Safety/MEPEO/CRDO	18
5. Motorpool	27
6. Mill	36
7. Electrical	9
8. Geology and Exploration	8
9. Warehouse	4
10. Laboratory	9
11. General Services	9
12. Contractual & Rotation Personnel	127
Total :	300

2.6.2. Staff Organization Set-up

ENGR. JESUS A. BIRONDO

Resident Manager of Krominco, Inc.

Engr. Jesus Birondo is a licensed Mining Engineer and obtained his bachelor degree from Mapua Institute of Technology.

Before he joined Krominco, Engr. Birondo was holding top positions in other mining companies engaging in copper, gold, nickel and chromite projects. His experience in mining operations is unprecedented.

ENGR. REYNALDO M. GASPE

Mine Superintendent of Krominco, Inc.

Engr. Reynaldo M. Gaspe is the duly registered and licensed Mining Engineer and passed the board exam in 1982 - the same year that he graduated.

Engr. R. M. Gaspe holds the Mine Superintendent position for more than ten (10) years. From 1982 to 1994, he was then connected to Atlas Consolidated Mining and Development Corporation, Atlas Ventures Incorporated, and Manto Coal Mines, before joining the company in 1995.

ENGR. WINIFREDO C. GENTAPA

Mill Superintendent of Krominco, Inc.

Engr. Winifredo C. Gentapa is a holder of the degree of Bachelor of Science in Chemical Engineering.

Engr. W. C. Gentapa holds the position of Mill Superintendent for more than ten (10) years. He has had wide experience in ore beneficiations in copper, gold and chromite, having been connected in the past to Atlas Consolidated Mining and Development Corporation and North Davao Mining Corporation.

ENGR. NILO L. DAMONDAMON

Motorpool Superintendent of Krominco, Inc.

Engr. Nilo L. Damondamon is a duly registered and licensed Mechanical Engineer and is a bonafide member of the Philippine Society of Mechanical Engineers. Previously, he was the Mobile Superintendent of North Davao Mining Corporation.

2.6.3. Housing

The company provides staff house for staff personnel located at the mine site. Daily and contractual workers are staying in their houses, about 4 to 7 kilometers from the operation area, since the company provides service trucks to and from the minesite (every shift).

2.7. Exploration Work Program

For the next five years, the exploration activities of Krominco, Incorporated will focus on the systematic gathering of geologic data from all over the company's claim area. The exploration work program shall consist of auger drilling, test pitting, surface geologic mapping and diamond drilling.

Foremost among the said activities is the 100 meter x 100 meter spaced auger drilling which will cover the whole contract area. Those areas with high chromite content shall be further evaluated by digging closely-spaced auger drilling and test pitting. If chromite indications are promising, shallow winkie drilling will be undertaken to test the depth of the deposits. Deeper s-ray drilling will also be done once it is proven that the chromite extends even deeper than what the winkie drill can reach.

Since the conduct of auger drilling of the whole contract area will need a very long time to complete, more closely spaced auger drilling will also be done in the other prospects in order to speed up the delineation of possible occurrence of ore deposits. In the same way as the above, it will be followed by test pitting, shallow drilling, and deep penetrating x-ray drilling.

Year One (1)

1. Scout Auger drilling (100 m x 100 m) of the contract area = 778 holes

2. Continuation of Exploration of the Redondo Open Pit
 - 2.1. Detailed Surface Geologic Mapping = 8 hectares
 - 2.2. X-ray drilling in the Southeast Portion = 225 meters
 - 2.3. Shallow Winkie drilling = 50 meters

3. Geologic Investigation of the Redondo-Sangay 3 Area
 - 3.1. Semi-detailed auger drilling (20 m x 200 m) = 9 hectares; 88 holes
 - 3.2. Test pits/trenches = 40 m at least 10 pits
 - 3.3. Surface geologic mapping = 9 hectares
 - 3.4. Detailed auger drilling = 192 m; 64 holes
 - 3.5. Shallow winkie drilling = 250 m; 10 holes
 - 3.6. Deeper x-ray drilling
(depending on the shallow drilling results) = 540 m; 12 holes

Year Two (2)

1. Continuation of Exploration of the Redondo Open Pit
 - 1.1. Surface geologic mapping = 8 hectares
 - 1.2. X-ray drilling in the Southeast Portion = 225 m
 - 1.3. Shallow winkie drilling = 50 m

2. Geologic Investigation of the Redondo-Cambinliw Area
 - 2.1. Semi-detailed Auger drilling (20 m x 20 m) = 9 hectares/88 holes
 - 2.2. Test pits/Trenches = 40 m; at least 10 pits

- 2.3 Surface Geologic Mapping = 9 hectares
- 2.4. Detailed Auger drilling = 192 m; 64 holes
- 2.5. Shallow Winkie drilling = 250 m; 10 holes
- 2.6. Deeper X-ray drilling
(depending on the shallow drilling results) = 540 m; 12 holes

Year Three (3)

- 1. Continued Exploration of the Redondo Open Pit
 - 1.1. Surface Geologic Mapping = 8 has.
 - 1.2. X-ray drilling in the Southeast Portion = 225 m
 - 1.3. Shallow Winkie drilling = 50 m

- 2. Geologic Investigation of the Area Northeast of Redondo Mine Pit / East of the Dam Area
 - 2.1. Semi-detailed Auger drilling (20 m x 20 m) = 9 has.; 88 holes
 - 2.2. Test pits/Trenches = 40 m; at least 10 pits
 - 2.3. Surface Geologic Mapping = 9 ha
 - 2.4. Detailed Auger drilling = 192 m; 64 holes
 - 2.5. Shallow Winkie drilling = 250 m; 10 holes
 - 2.6. Deeper X-ray drilling
(depending on the shallow drilling results) = 540 m; 12 holes

- 3. Geologic Investigation of the 109-111-138-136 Block (Northern portion of the claim Area)
 - 3.1. Semi-detailed Auger drilling (20 m x 20 m) = 9 ha; 88 holes
 - 3.2. Test pits/Trenches = 40 m; at least 10 pits
 - 3.3. Surface Geologic Mapping = 9 ha
 - 3.4. Detailed Auger drilling = 192 m; 64 holes

- | | | |
|---|---|-----------------|
| 3.5. Shallow Winkie drilling | = | 250 m; 10 holes |
| 3.6. Deeper X-ray drilling
(depending on the shallow drilling results) | = | 540 m; 12 holes |

Exploration Program Cost Estimates:

The company's Exploration Program for the next three years is projected to cost **P3,333,700.00**, averaging around P1,111,200.00 per year.

2.8. Mining Work Program

Mining activity will still be focused in the Redondo Open Pit for the next five years. The company will continue to extract metallurgical chromite through the open pit method. Excavation will be done with the use of two (2) units of backhoe excavators (1.5 cubic meters capacity each), assisted by three (3) units of articulated trucks (20 MT capacity each) and seven (7) units of Isuzu dumptrucks (12 MT capacity each). The average annual material movement is projected to be 400,000 MT. (*Pls. see attached section of 3-year Mine Development Plan*)

Year One (1)

1. Continuation of Mine Development and Ore Extraction in the Redondo Open Pit.
2. Extraction of about 70,700 MT of Sorting Ore from the Mining Faces.
3. Projected Production of 10,000 MT of high grade chromite lumps, with final average grade of 46% Cr₂O₃.
4. Stockpiling of additional 60,700 MT of Milling Ore to the existing millfeed stockpile.
5. Projected chromite concentrate production of 10,000 MT, with final average grade of 48% Cr₂O₃. Projected Milling Tonnage of 60,700 MT of milling ore.

Year Two (2)

1. Continuation of Mine Development and Ore Extraction in the Redondo Open Pit

2. Extraction of about 70,700 MT of Sorting Ore.
3. Projected Production of 10,000 MT of high grade chromite lumps, with final average 46% Cr₂O₃.
4. Stockpiling of additional 60,700 MT of Milling Ore to the existing Millfeed stockpile.
5. Projected chromite concentrate production of 10,000 MT, with final average grade of 48% Cr₂O₃. Projected Milling Tonnage of 60,700 MT of milling ore.

Year Three (3)

1. Continuation of Mine Development and Ore Extraction in the Redondo Open Pit
2. Extraction of about 70,700 MT of Sorting Ore.
3. Projected Production of 10,000 MT of high grade chromite lumps, with final average 46% Cr₂O₃.
4. Stockpiling of additional 60,700 MT of Milling Ore to the existing Millfeed stockpile.
5. Projected chromite concentrate production of 10,000 MT, with final average grade of 48% Cr₂O₃. Projected Milling Tonnage of 60,700 MT of milling ore.

2.9. Production Program and Cost Estimate

2.9.1. Lumpy Production (Direct Mining Cost)

YEAR	WASTE (MT)	SORTING ORE (MT)	LUMPY PRODUCED (MT)	ESTIMATED COST (PhP)
1	386,400	70,700	10,000	32,736,300.00
2	367,600	70,700	10,000	32,736,300.00
3	370,000	70,700	10,000	32,736,300.00
TOTAL	112,4000	212,100	30,000	98,208,900.00

2.9.2. Concentrate Production (Direct Milling Cost)

YEAR	MILL FEED (MT)	CHROMITE CONCENTRATE (MT)	COST ESTIMATE (PhP)
1	60,700	10,000	12,140,000.00
2	60,700	10,000	12,140,000.00
3	60,700	10,000	12,140,000.00
TOTAL	182,100	30,000	36,420,000.00

2.9.3. Total Projected Production

60,000 MT Lumpy and Concentrate combined for 3 years.

2.9.4. Total Estimated Cost Of Production (DMMC)

PhP 134,628,900.00 for three years.

3.0. COMMUNITY DEVELOPMENT PROGRAM

Krominco, Incorporated is one of the eight companies in Caraga Region that has adopted the Mines and Geosciences Bureau's Information, Communication, Education (ICE) - Community Development (CD) Program, with the signing of the Memorandum of Agreement last 1998. As with all the other companies that signed the MOA, Krominco has allotted an amount equal to 1% of its total Direct Mining and Milling Costs annually for Community Development. Ten (10%) of it goes to Science & Research Study. The remaining 90% will be distributed to the livelihood (70%) & infrastructure projects (30%) of the company's two host barangays (Esperanza and Santiago).

The company has already formed its Technical Working Group - Speakers Bureau, headed by four Krominco representatives, two MGB XIII staff, one PENRO/DENR representative, the Mayor of Loreto, the two Barangay Captains of the concerned Barangays, representatives of the Loreto Roman Catholic Church and the Philippine Independent Church, and another two from the Non-Government Organizations based in the Municipality - the REACH Foundation.

The multi-sectoral team is in charge of facilitating and monitoring the ICE-CD programs of Krominco, most especially the livelihood projects that the community will choose to undertake. The TWG-SB of Krominco believes that the communities are the company's partners in development, and believes in the Pro-People, Pro-Environment, and Responsible Mining philosophy. But before giving the amount **in the form of livelihood projects** to the community, the Krominco TWG-SB will ensure that the communities will have the proper social preparation. Thus, Krominco's Community Development program starts off with the continuation of its Information, Communication and Education (ICE) Projects (which started in 1999), before subjecting the communities to a series of Value Formation seminars and

Technical Capability and Financial Management trainings necessary for the success of their chosen livelihood projects.

Year One (1)

1. Continuation of the Information, Communication, Education (ICE) - Community Development (CD) Program that was started in 1999.
 - a. To continue sending out News Features and Articles for the Quarterly Newsletter of the Caraga Region Mining Communities.
 - b. Participation in the Quarterly Radio Program of the Caraga Region Mining Communities.
 - c. Conduct regular meeting to members of Krominco, Inc. - Community Technical Working Speakers Bureau
2. Continue the immersion of the Community Relations & Development Officers in the two Barangays.
3. Value Formation Seminars.
4. Continue extending assistance of Livelihood and Infrastructure Projects to the host mining communities and municipality.
5. Monitor the progress of Livelihood projects extended to the host mining communities.

Estimated Cost: PhP448,663.00 based on the estimated Direct Mining and Milling Costs for Year 1.

Year Two (2)

1. Continuation of the ICE-CD Program.
 - a. Educational Talks and Minesite tour for Graduating High School students of Loreto National High School and Loreto Academy.
 - b. To continue sending out News Features and Articles for the Quarterly Newsletter of the Caraga Region Mining Communities.
 - c. Participation in the Quarterly Radio Program of the Caraga Region Mining Communities.
 - d. Conduct regular meeting to members of Krominco, Inc. - Community Technical Working Speakers Bureau
2. Continue the immersion of the Community Relations & Development Officers in the two Barangays.

3. Value Formation Seminars.
4. Continue extending assistance of Livelihood and Infrastructure Projects to the host mining communities and municipality.
5. Monitor the progress of Livelihood projects extended to the host mining communities.

Estimated Cost: PhP448,663.00 based on the estimated Direct Mining and Milling Costs for Year 2.

Year Three (3)

1. Continuation of the ICE-CD Program.
 - a. Educational Talks and Minesite tour for Graduating High School students of Loreto National High School and Loreto Academy.
 - b. To continue sending out News Features and Articles for the Quarterly Newsletter of the Caraga Region Mining Communities.
 - c. Participation in the Quarterly Radio Program of the Caraga Region Mining Communities.
 - d. Conduct regular meeting to members of Krominco, Inc. - Community Technical Working Speakers Bureau.
2. Continue the immersion of the Community Relations & Development Officers in the two Barangays.
3. Value Formation Seminars.
4. Continue extending assistance of Livelihood and Infrastructure Projects to the host mining communities and municipality.
5. Monitor the progress of Livelihood projects extended to the host mining communities.

Estimated Cost: PhP448,663.00 based on the estimated Direct Mining and Milling Costs for Year 3.

Total Information Communication, Education-Community Development (ICE-CD) Program Cost

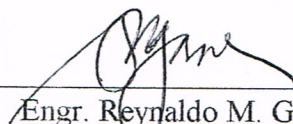
PhP1,228,260.00 based on the estimated Direct Mining and Milling Costs from Years 1 to 3.

4.0 ENVIRONMENTAL MANAGEMENT AND PROTECTION COST ESTIMATE

The following is from the summary Cost of Krominco, Inc.'s Environmental Protection and Enhancement Program, though adjusted to show the cost estimates for three years:

1. Mine Environmental Protection and Enhancement Office	
- Construction and Maintenance	P 6,000.00
- Personnel Salaries	684,000.00
- Office Supplies	1,500.00
2. Nursery	
- Maintenance	5,400.00
- Supplies	28,800.00
- Personnel Salaries	180,000.00
3. Settling Ponds Maintenance	
- Regular removal of Tailings sand from the settling ponds	600,000.00
- Hauling cost of disposing tailings sand for road surfacing, construction and others from the stockpile.....	1,200,000.00
4. Siltation Ponds Maintenance	
- Dredging and Hauling cost of silt from the silt ponds impoundment area	600,000.00
5. Reforestation/Vegetation	
- Settling ponds, waste dumps, mined out area/s and other disturbed areas	1,500,000.00
6. Mine Safety and Health Program	
- Personal Protective equipment, seminars/conferences supplies, etc.	<u>1,524,000.00</u>
TOTAL	P 6,329,700.00

Prepared by:


Engr. Reynaldo M. Gaspe
Mine Superintendent
Mining Engineer
PRC License No. 2021
PTR No. 0988444
Date of Issue: Jan. 15, 2008
Place of Issue: Loreto, Dinagat Is.

CONFORME:


JESUS A. BIRONDO

ANNEX "D"

**CERTIFICATE OF
NON-COVERAGE**

CERTIFICATE OF NON-COVERAGE
CNC-_____

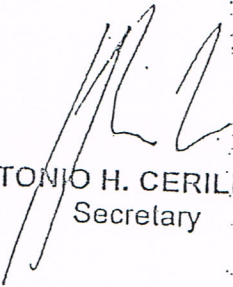
The Department of Environment and Natural Resources (DENR) through the Environmental Management Bureau (EMB) hereby grants this Certificate of Non-Coverage (CNC) to Dinagat Island Chromite Project of Krominco, Inc. located in a 729-hectare mining claim at Mt. Redondo, Loreto, Dinagat Island, Surigao del Norte bounded by 10°20'30" to 10°23'30"N; and 125°37'30" to 125°38'30"E.

1

This Certificate is being issued subject to the following conditions:

1. The proponent shall submit its Environmental Protection and Enhancement Program within one (1) month upon issuance of this Certificate; provided that pending approval of said program, the proponent shall establish an interim Mine Rehabilitation Fund in such amount to be determined by the Mines and Geosciences Bureau;
2. Failure of the proponent to comply with any of the conditions stipulated in this Certificate shall be ground for suspension of its mining operation.

Granted this 11th day of April 2000


ANTONIO H. CERILLES
Secretary

OR No. 0219686
Amount: 600.00
Date 12/12/00

RECEIVED FROM THE EIA DIVISION
DATE: <u>12-12-2000</u>
SIGNATURE: <u>[Signature]</u>
OFFICE: <u>For Krominco</u>
DATE/TIME: _____
ID NO. _____

