

ANNEX "A"

**SECRETARY'S
CERTIFICATE**

SPECIAL MEETING OF THE BOARD OF DIRECTORS OF CITINICKEL MINES AND DEVELOPMENT CORPORATION

The special meeting was held at Suite 1760 Taft Avenue corner Cinco de Nobyembre, Pasay City on January 03, 2007. The following directors were present:

FEDINAND M. PALLERA
MA. CORAZON LEYNES-XAVIER
PHILIP WALTER EDWARD KING
KENNETH C. RADAZA
REYNILDA CABAUG DE LEON
GOLDEN SPIN REALTY, INC.

The meeting was called to order at 10a.m.

After due deliberations the following resolution was approved and passed:

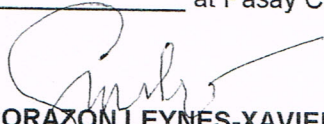
RESOLUTION NO. CMDC 07-0116

RESOLVED, as it is hereby resolved by the Board of Directors, that **MR. FERDINAND M. PALLERA**, is designated as **INTERIM PRESIDENT** of the Corporation from January 03 to 31, 2007.

I further certify that the foregoing are still in force and effect and have not been amended nor revoked.

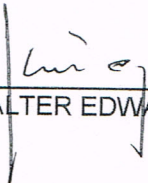
JAN 18 2007

IN WITNESS WHEREOF I have hereunto set my hand this _____ at Pasay City.


MA. CORAZON LEYNES-XAVIER
Corporate Secretary

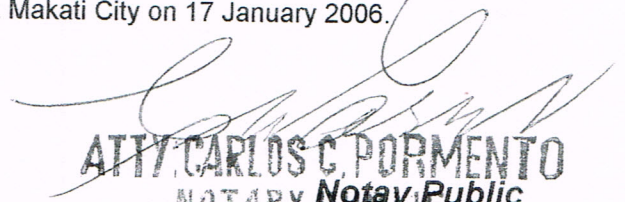
Noted by:


GOLDEN SPIN REALTY INC.


PHILIP WALTER EDWARD KING

SUBSCRIBED AND SWORN to before me this JAN 18 2007 day of _____, affiant exhibit to me her Community Tax Certificate No, 24812980 issued at Makati City on 17 January 2006.

Doc. No. 377
Page No. 77
Book No. 1
Series of 2006


ATTY. CARLOS C. PORMENTO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2007
PTR NO. 0821852/1-8-07 PASAY CITY
IBP NO. 692756/1-10-07 PASAY CITY
ROLL NO. 30650

DUPLICATE

SECRETARY'S CERTIFICATE

I, **MA. CORAZON LEYNES-XAVIER**, of legal age, married, Filipino Citizen and with postal address at Suite 1219 Makati Palace Hotel P. Burgos Street, Makati City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly elected Corporate Secretary of **CITINICKEL MINES AND DEVELOPMENT CORPORATION** (the "**Corporation**"), a legitimate business corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal address at 1760 Taft Avenue Pasay City.

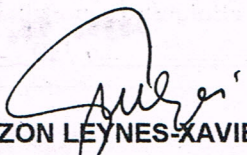
2. At the special meeting of the Board of Directors of the corporation held on September 11, 2006, wherein majority of its members were present, the following resolution was unanimously approved:

RESOLUTION NO. CMDC 06-0610

BE IT RESOLVED, as it is hereby resolved by the Board of Directors, that the Vice President, **Mr. Ferdinand M. Pallera**, be authorized to sign and execute documents and papers on behalf of the corporation in connection with its MPESA application designate as **AMA-IVB-40** and perform all acts and things necessary in furtherance of said matters.

I further certify that the foregoing are still in force and effect and have not been amended nor revoked.

IN WITNESS WHEREOF I have hereunto set my hand this SEP 12 2006 at MAKATI CITY

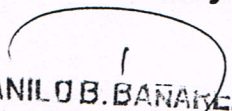

MA. CORAZON LEYNES-XAVIER
Corporate Secretary

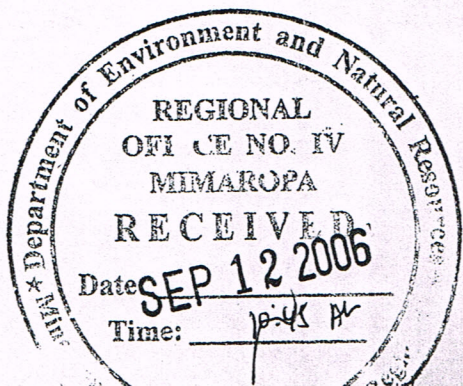
SEP 12 2006

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiant exhibit to me her Community Tax Certificate No. 24812980 issued at Makati City on 17th of January 2006.

Notary Public

Doc. No. 120
Page No. 25
Book No. XVIII
Series of 2006.

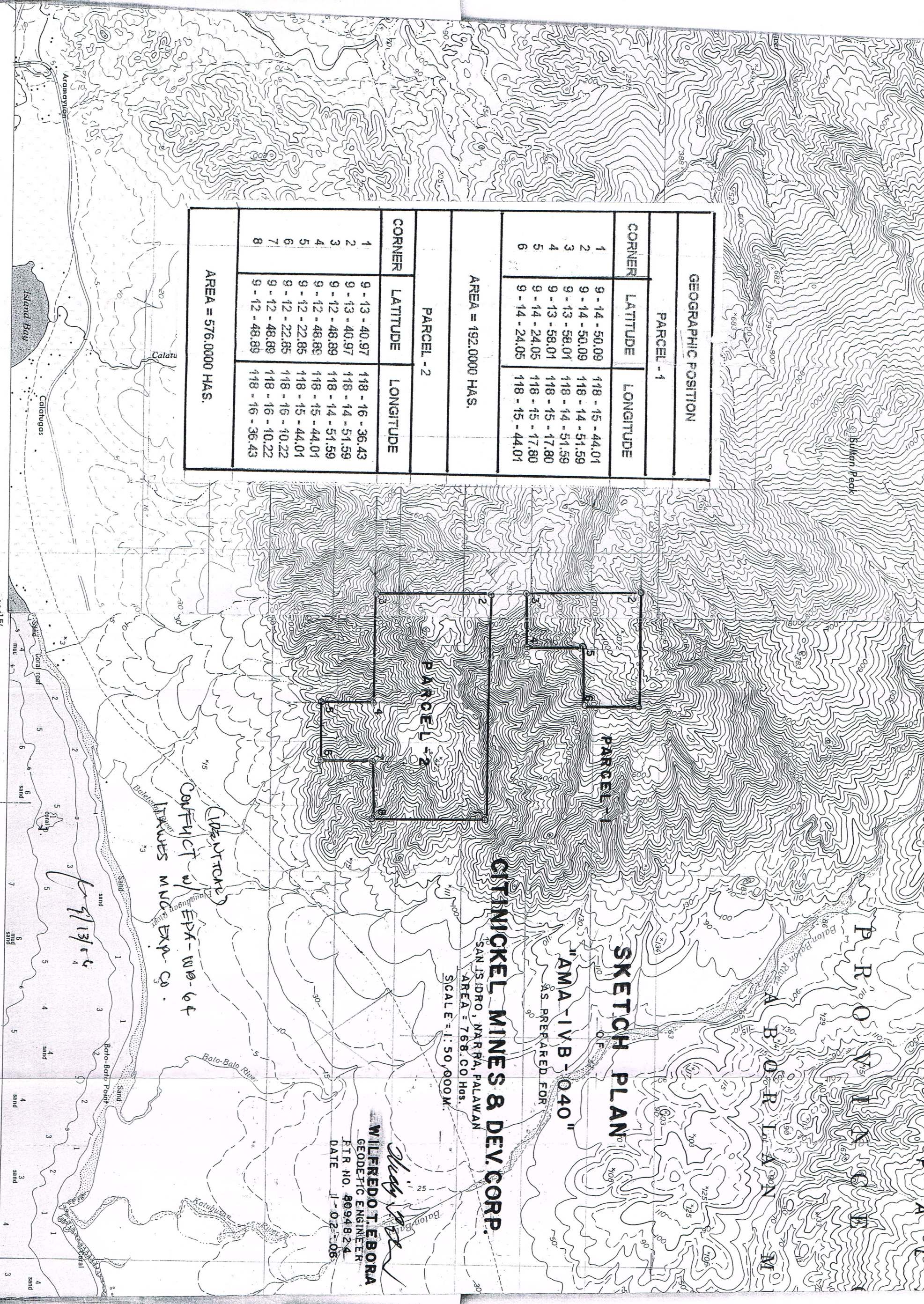

DANILO B. BANARES
NOTARY PUBLIC
UNTIL **DEC. 31, 2007**
TIN **130-811-889**
IBP LIFE ROLL # **413/01-04-01**
PTR NO. **4558192 /01-03-06**


REGIONAL
OFFICE NO. IV
MIMAROPA
RECEIVED
Date **SEP 12 2006**
Time: 10:45 AM

ANNEX "B"

**LOCATION MAP
OR
SKETCH PLAN**

GEOGRAPHIC POSITION		
PARCEL - 1		
CORNER	LATITUDE	LONGITUDE
1	9 - 14 - 50.09	118 - 15 - 44.01
2	9 - 14 - 50.09	118 - 14 - 51.59
3	9 - 13 - 58.01	118 - 14 - 51.59
4	9 - 13 - 58.01	118 - 15 - 17.80
5	9 - 14 - 24.05	118 - 15 - 17.80
6	9 - 14 - 24.05	118 - 15 - 44.01
AREA = 192.0000 HAS.		
PARCEL - 2		
CORNER	LATITUDE	LONGITUDE
1	9 - 13 - 40.97	118 - 16 - 36.43
2	9 - 13 - 40.97	118 - 14 - 51.59
3	9 - 12 - 48.89	118 - 14 - 51.59
4	9 - 12 - 48.89	118 - 15 - 44.01
5	9 - 12 - 22.85	118 - 15 - 44.01
6	9 - 12 - 22.85	118 - 16 - 10.22
7	9 - 12 - 48.89	118 - 16 - 10.22
8	9 - 12 - 48.89	118 - 16 - 36.43
AREA = 576.0000 HAS.		



SKETCH PLAN

"AMA-IVB-040"

AS PREPARED FOR

CITINICKEL MINES & DEV. CORP.

SAN JSIDRO, NARRA, PALAWAN

AREA = 768.00 HAS.

SCALE = 1:50,000 M.

WILFREDO T. EBORA
 GEODETIC ENGINEER
 PTR NO. 8094824
 DATE 11-02-06

(Handwritten)
 CONFIDENTIAL
 TRAVES MIND EXP. CO.

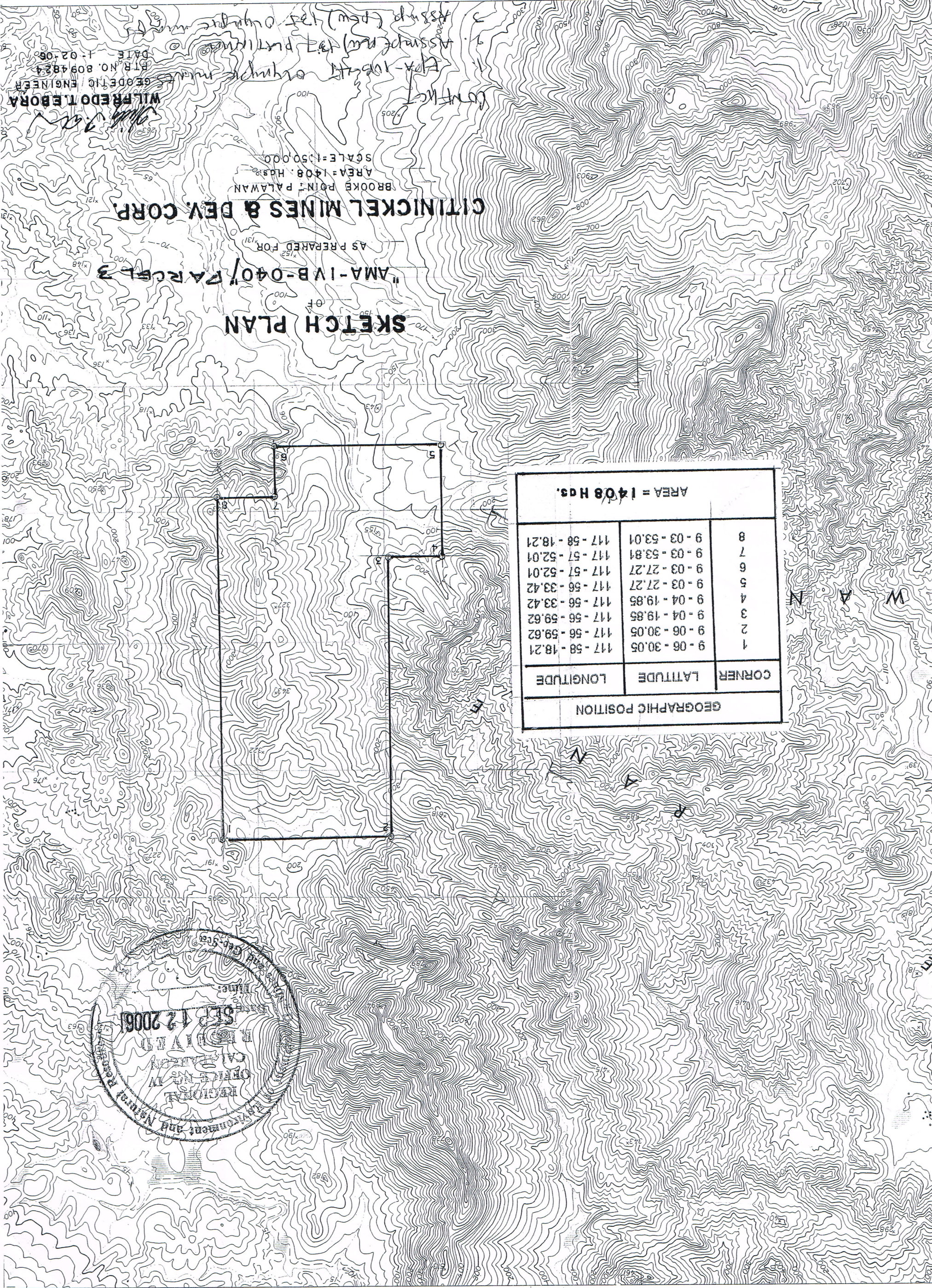
11/13/04

0.7 KM.

11d15'

20'

4. EPN-IV-C1 TRAVES

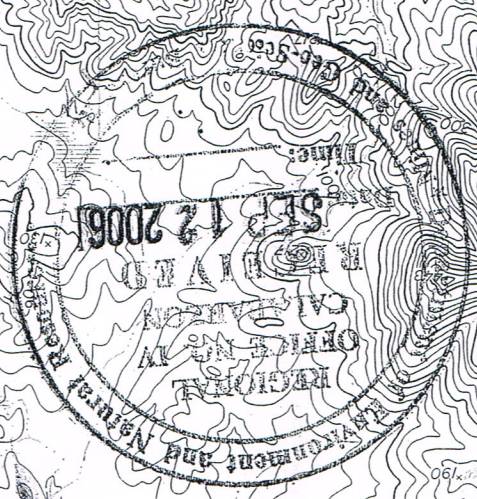


WILFREDO T. EBORA
 GEODETIC ENGINEER
 PTR. NO. 8094824
 DATE: 1-02-06

SKETCH PLAN
 "AMA-IV-B-040" PARCEL 3
 AS PREPARED FOR
CITINICKEL MINES & DEV. CORP.
 BROOKE POINT PALAWAN
 AREA = 1408 Hds.
 SCALE = 1:50,000

GEOGRAPHIC POSITION		
CORNER	LATITUDE	LONGITUDE
1	9-06-30.05	117-58-18.21
2	9-06-30.05	117-56-59.62
3	9-04-19.85	117-56-59.62
4	9-04-19.85	117-56-33.42
5	9-03-27.27	117-56-33.42
6	9-03-27.27	117-57-52.01
7	9-03-53.81	117-57-52.01
8	9-03-53.01	117-58-18.21

AREA = 1408 Hds.



ANNEX "C"

**EXPLORATION
WORK PROGRAM**

Republic of the Philippines
Department on Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Region IV
Manila

**TWO (2) YEAR EXPLORATION WORK PROGRAM
ON THE AREA COVERED BY THE APPLICATION FOR
MINERAL PRODUCTION SHARING AGREEMENT
LOCATED BRGY. PULOT III & BGRY. SAN ISIDRO
MUNICIPALITIES OF SOFRONIO ESPAÑOLA AND NARRA
PROVINCE OF PALAWAN**

1.0 COMPANY/PROPONENT:

1.1 Name of Applicant:

CITINICKEL MINES AND DEVELOPMENT CORPORATION

1.2 Mailing Address:

**# 1760 Taft Ave., Pasay City
Tel. # (+632) 889-7193**

1.3 Contact Person:

**Ferdinand M. Pallera
Mobile # (+63917) 853-3664**

2.0 LOCATION OF PROJECT

The area covered by this Exploration Permit Application (EPA) is located in Barrio Pulot III and Brgy. San Isidro, within the municipal jurisdictions of Sofronio Española and Narra, Province of Palawan.

The areas covered by the application consists of Areas 1 and 2 which are situated in the following barangays:

Area 1 – Pulot III, Espanola, Palawan

Area 2 – San Isidro, Narra, Palawan

The blocks are bounded by the following geographical coordinates:

Area 1 – Latitude: 9° 03'30" to 9° 06'30.036"
Longitude: 117° 57'00" to 117° 58'18.221"

Area 2 - Latitude: 9° 12'00" to 9° 14'50.091"
Longitude: 118° 14'30" to 118° 16'36.430"

3.0 AREA OR SIZE OF COVERAGE (HECTARES)

The area covered by the application in 2,176.0 hectares more or less.

4.0 PROJECT AREA DESCRIPTION

4.1 Terrain/Physiography

Areas 1 and 2 are within a rolling to slightly mountainous terrain. The range is disposed in a north-south direction, has sub-rounded and sub-elongated peaks ranging in elevation from 100 to 500 meters above sea level. The west area is bounded by high and rugged mountains with highest elevation of 1,272 meters of the Sultan Peak.

Area 2 is located in a rolling terrain with elevation ranging from 50 to 400 meters.

4.2 Accessibility

The areas are located within the Municipalities of Narra and Espanola, Province of Palawan. These areas can be reached from Manila by plane or by inter-island vessel up to Puerto Princesa City of Palawan and then travel by land southward through asphalted national highway up to the areas. A network of dirt roads and foot trails make accessibility within the vicinities relatively easy during dry season.

4.3 Drainage System

The major drainage system that affect the areas in San Isidro are the Baleteong and Pinagdugan Rivers while the Pulot area is drained by the tributaries of Pulot River.

4.4 Vegetation

Generally, the project areas are vegetated with cogon grass and under bushes. Secondary forest growth trees are noted on the mountainous areas underlain by limestones, shale and metavolcanic rocks.

4.5 Land Use

All primary forest have already been logged and mostly converted to kaingin farms planted to upland rice, corn, banana, and coconuts.

Generally, gentle areas are almost deforested. Higher areas are dominated by patches of forest. Low lying areas have been classified as alienable and disposable, covered by official cadastral survey and mostly privately owned lands now.

5.0 DESCRIPTION OF EXPLORATION PROGRAM (PLS. SEE ANNEX II)

5.1 Research Work

The proponent through its technical staff shall conduct research work on the geology and mineral potential of the area among other things. The data thus collected will serve as prospecting and exploration guidelines for the technical crew.

5.1.1 Survey of previous work/s on the area.

5.1.1.1 Nature or type of study or undertaking

Pre-fieldwork office research will be conducted making use of every pertinent literature, scientific journals, professional papers and previous geologic reports (published and unpublished) which deal primarily on the subjects of geology and mineralization. During this stage also, researches shall be conducted on the geohazards and hydrology. Data and information gathering shall be done primarily in the offices of government agencies such as MGB, Philvocs, PAGASA, NWRC and NAMRIA among others. If possible, on the spot interviews with the local government officials will also be conducted.

5.1.1.2 Duration

It is estimated that office research will require about 2 months to complete.

5.1.1.3 Coverage

The area, subject of said investigation is more or less 2, 176.0 hectares as shown in the two (2) claim maps.

5.1.1.4 Proponent

Research work and ensuing exploration exercises shall be undertaken by the proponent's technical staff.

5.1.1.5 Results or conclusions arrived at

Preliminary information from limited geologic literature and personal communications with geologists who have worked previously within the areas/vicinity indicate its potential for nickel and cobalt mineralization.

5.1.2 Data Compilation/collation

5.1.2.1 Preparation of Maps

Different thematic maps with regards to geochemical and geophysical data, lithology and stratigraphy, mineralization and alteration studies and drainage system shall be prepared in such a way that each subject is represented by a map plotted on a transparency paper. All the maps shall be on the same scale so that can be super-imposed on the other for correlation and interpretation purposes. A topographic map, also of the same scale shall serve as the base.

5.1.2.2 Estimated Costs

P30,000.00

5.2 Reconnaissance/Regional Survey of Studies

5.2.1 Remote Sensing Studies

Not necessary

5.2.2 Regional Geological Survey

5.2.2.1 Coverage

2,176.0 hectares

5.2.2.2 Duration

2 months

5.2.2.3 Manpower Complement

Position	Required Number	Salary/Wage	2-month total 24 working days/mo	Monthly Total
Geologist	1	P30,000.00/mo	P30,000.00	P30,000.00
Geologist Aide	1	6,000.00/mo	12,000.00	6,000.00
Brusher	2	200.00/day	19,000.00	9,600.00
Sampler	1	200.00/day	9,600.00	4,800.00
Cook	1	200.00/day	9,600.00	4,800.00
Total	6		110,400.00	55,000.00

5.2.2.4 Estimated Cost

Manpower	P110,000.00
Tools and Laboratory	42,500.00
Laboratory charges	12,000.00
Total	P164,000.00

5.2.2.5 Output

A geological report incorporating all data regarding the geology, structures and mineralization of the area together with 1:50,000 map.

5.2.3 Regional Geochemical Survey

Not necessary

5.2.4 Geophysical Survey

Not necessary

5.3 Semi-detailed survey

5.3.1 Geologic Mapping

5.3.1.1 Coverage

Approximately 2,000 hectares.

5.3.1.2 Duration

2 months

5.3.1.3 Manpower Complement

The same number and constitution of original exploration crew shall be retained.

5.3.1.4 Estimated Cost

P110,400.00

5.3.1.5 Output

1 1:25,000 geologic map with corresponding report on the lithology, geologic structure and nature and extent of laterization.

5.3.2 Geochemical Survey

5.3.2.1 Coverage

Approximately 1,800 hectares

5.3.2.2 Duration

2 months

5.3.2.3 Estimated Costs

Manpower	110,400
Laboratories	60,000
Total	170,000

5.3.3 Geophysical Survey

5.3.4 Subsurface Investigation

5.3.4.1 Type

Basically test pitting

5.3.4.2 Number and Over-all Length of Depth

300 test pits with and over-all depth of 4,500 meters.

5.3.4.3 Estimated Number of Samples

Approximately 3,000 samples

5.3.4.4 Target Elements

Nickel, Cobalt, etc.

5.3.4.5 Manpower Complement

12 test-pitters

2 samplers

5.3.4.6 Estimated cost

Manpower	P403,000.00
Additional Tools	30,000.00
Laboratory charges, P300/sample	900,000.00
Total	P1,333,200.00

5.3.4.7 Output

Activity report including logs of test-pits/trenches

5.4 Topographic Survey

5.4.1 Coverage

1,500 hectares more or less

5.4.2 Scale and Contour

1:10,000, 4-meter contour interval

5.4.3 Manpower Complement

To be contracted

5.4.4 Estimated Cost

P900,000.00

5.4.5 Output

Topographic map complete with test pit locations and collar elevations, triangulation stations and other ground controls.

5.5 Detailed Survey or Studies

5.5.1 Detailed Geologic mapping

5.5.1.1 Nature or type of survey

Compass and tape, grid

5.5.1.2 Coverage

1,300 hectares

5.5.1.3 Duration

3 months

5.5.1.4 Manpower Complement

Original Explorations Staff

5.5.1.5 Estimated Cost

P165,000.00

5.5.1.6 Output

A 1:10,000 geologic map showing lithologic contacts, structures and mineralization together with a completed geologic report.

5.5.2 Detailed Geochemical Survey

Not necessary

5.5.3 Subsurface Investigation

5.5.3.1 Drilling

5.5.3.1.1 Type
Vibro Drill

5.5.3.1.2 Number and Depth
40 holes, 1,200 meters

5.5.3.1.3 Estimated Number of Samples
1,200

5.5.3.1.4 Estimated Cost

Drilling (to contracted)	P1,800,00.00
Laboratory charges	360,000.00

Total	P2,160,000.00
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5.5.3.2 Test Pitting

5.5.3.2.1 Number
150 pits

5.5.3.2.2 Over-all Depth
2,250 meters

5.5.3.2.3 Estimated Number of Samples
1,000

5.5.3.2.4 Estimated Cost

Manpower	P201,600.00
Additional Tools	10,000.00
Laboratory Charges	300,000.00

Total	P511,600.00
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5.6 Reserve Estimate

5.7

5.7.1 Duration

2 months

5.7.2 Estimated Cost

P200,000.00

5.8 Preparations of Final Report

5.8.1 Duration

1 months

5.8.2 Estimated Cost

P100,000.00

6.0 TOTAL ESTIMATED EXPLORATION COST

Year 1 P 1,364,500.00

Year 2 4,481,00.00

Total P5,845,500.00

7.0 SCHEDULE OF ACTIVITIES (GANTT CHART), PLS. SEE ANNEX I

8.0 MAP ATTACHMENTS (please see Annex II)

Prepared by:

ALVARO S. ABENOJAR, JR.

Mining Engineer

Registration No. 1169

PTR No. 4836252

Place of Issue Manila

Date of Issue January 12, 2006

Endorsed by:

Citnickel Mines and Development Corp.

Ferdinand M. Pallera

President

2 - YEAR EXPLORATION WORK PROGRAM

PANY : CITINICKEL MINES AND DEVELOPMENT CORP.

: AMA-IV B-040

ATION : Brgy. Pulot III, Sofronio Espanola and Brgy. San Isidro, Narra, Palawan

GANTT CHART

ACTIVITY	YEAR 1												YEAR 2												ESTIMATED COST		
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12			
Research	1	2	3																							P30,000	
Reconnaissance Mapping				4	5	6	7	8																			164,900
Detailed mapping				4	5	6	7	8																			110,400
Chemical Survey				4	5	6	7	8																			170,400
Sampling/Test Pitting				4	5	6	7	8																			1,333,200
Geological mapping				4	5	6	7	8																			165,000
Geographic survey				4	5	6	7	8																			90,000
Geological test-pitting and drilling				4	5	6	7	8																			511,600
Geological estimate				4	5	6	7	8																			216,000
Final estimate				4	5	6	7	8																			200,000
Final report preparation				4	5	6	7	8																			100,000
TOTAL																											P5,845,500

ANNEX – D

**ENVIRONMENTAL
WORK
PROGRAM**

Republic of the Philippines
Department on Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
Region IV
Manila

**ENVIRONMENTAL WORK PROGRAM
ON THE AREA APPLIED FOR
MINERAL PRODUCTION SHARING AGREEMENT
LOCATED AT BRGY. PULOT III and BRGY. SAN ISIDRO
MUNICIPALITIES OF SOFRANIO ESPAÑOLA and NARRA , RESPECTIVELY
PROVINCE OF PALAWAN**

1.0 NAME AND ADDRESS OF COMPANY/PROPONENT

1.1 Name of Applicant:

CITINICKEL MINES and DEVELOPMENT CORP.

1.2 Mailing Address:

**#1760 Taft Ave., Pasay City
Tel #: (+632) 889-7193**

1.3 Contact Person:

**Ferdinand M. Palleria
Mobile No. (+63917) 853-3664**

2.0 TYPE AND NATURE OF PROJECT:

2.1 Project description

2.1.1 Objectives

Prevention/avoidance of possible damages to the environment during the 2-year exploration period.

2.1.2 Schedule

The "Environmental Work Program" shall be implemented during and after the exploration period

2.1.3 Estimated Cost

The project proponent proposes to allot the sum of **PhP300,000.00** annually for the restoration/rehabilitation of areas that might be negatively affected by the exploration activities.

2.2 Type and Nature of Mineral Deposit(s) to be Explored and Mineral(s) to be Derived Thereof

The proponent intends to explore the lateritic deposit in the area for nickel, cobalt, chromite, etc.

3.0 GENERAL LOCATION AND AREA TO BE COVERED BY THE PROPOSED PERMIT APPLICATION

3.1 Location and Accessibility

Area number 1 of the EPA is located in Brgy Pulot III Municipality of Soproño Espanola, while Area 2 is located in Brgy. San Isidro, Narra, both in the Island Province of Palawan. From Manila, the proposed exploration sites can be reached via Princessa City where regular domestic flights are maintained along the route. Flying time is approximately one (1) hour. From Puerto Princessa City both areas can be accessed by means of motor vehicle in about three (3) hours to the proposed project site in Narra and 4 and ½ hours to Pulot III Soproño Espanola.

3.2 Total Area Covered by the Application

2,176.0 hectares, more or less.

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

4.1 Land and Environment

4.1.1 Topography/Physiography

Areas 1 and 2 are within a rolling to slightly mountainous terrain. The range is disposed in a north-south direction, has sub-rounded and sub-elongated peaks ranging in elevation from 100 to 500 meters above sea level. The west area is bounded by high and rugged mountains with highest elevation of 1,272 meters of the Sultan Peak.

Area 2 is located in a rolling terrain with elevation ranging from 50 to 400 meters.

4.1.2 Land Uses

All primary forest have already been logged and mostly converted to kaingin farms planted to upland rice, corn, banana, and coconuts.

Generally, gentle areas are almost deforested. Higher areas are dominated by patches of forest. Low-lying areas have been classified as alienable and disposable, covered by official cadastral survey and mostly privately owned lands now.

4.2 Water Environment

4.2.1 Water Quality

Water samples still have to be obtained to establish the chemical and biological properties of water resources. It is however assumed that in such remote and rural settings, the same can be considered safe for human consumption. The area is sparsely populated while absence of industrial establishments negates the presence of pollutants and other materials.

4.2.2 Hydrology/Hydrogeology

A number of streams and their tributaries that drain the area. These waterways flows southwestwardly into the sea and represent the major sources of water. The presence of water-bearing aquifers that may constitute a significant groundwater resource may be established through geologic mapping and geo-resistivity surveys. Existing groundwater and deepwell studies however might be available at the National Water Resources Board (NWRB)

4.3 Climatology/Meteorology

According to the Climate Map of the Philippines by PAGASA, the application site is covered by the Type I Climate type. Seasons are not very pronounced; relatively dry from November to April and wet during the rest of the year.

4.4 Geological/Geomorphological Environment

Previous works of various authors indicate that the area is underlain by different rock formations of differing ages and lithologies: quaternary, alluvium, sedimentary rocks (sandstone, shale and siltstone) and ultramafic rocks (peridotite, saxonite, dunite, etc.).

The area is either bordered or traversed by two tributaries of Pulot river. To the east, the floodplains of one tributary is fairly wide (about 200 meters of the average while to the west, the alluvial plain generated by the other tributary is relatively narrow (about 100 meter). The most prominent geomorphic feature is north-trending ridge within the central of the area where highest elevation is attained at hill 570. The southeastern plank of said ridge is characterized by low relief while the eastern limb exhibits steep slopes.

4.5 Biological Environment

4.5.1 Terrestrial Plants and Animals

i. Plants

There are no plant species that are in danger of extinction at the site. The general vegetative cover consists of tropical grasses, shrubs, sedges and second-growth forests.

ii. Animals

While it is generally assumed that Palawan is a distinct Faunal Region and hosts a number of animals classified as EN (endangered), a thorough site-specific study and investigation of its faunal wildlife are in order.

Domestic animals such as cows, pigs, carabaos and poultry are raised in populated areas.

4.5.2 Marine Plants and Animals

Not applicable

4.6 Socio-Economic Environment

4.6.1 Demography

Just like any typical location in the far-flung sections of Palawan, Barangay Pulot III is sparsely populated. Inversely Brgy. San Isidro is densely populated.

4.6.2 Manpower

For an exploration program such as being proposed sufficient manpower can be easily sourced from the area.

4.6.3 Transportation

The project area in Pulot III is linked to the town of Bataraza by roads that vary from concrete to asphalt to dirt stretches. There is a number of transportation companies that ply these routes though schedules are irregular. The project area in San Isidro is about 7 kms. from the provincial highway and is accessible by all types of motor vehicles coming from the south or north of the area.

4.6.4 Housing and Community

Houses are usually built of native materials like sawali, bamboo and small-diameter trees as posts. Others are partially made up of concrete materials with galvanized tin roofs.

4.6.5 Lifestyle

The lifestyle of the population is typically rural where most still subscribes to long-held traditional customs and beliefs.

5.0 DESCRIPTION OF EXPLORATION WORK

5.1 Description of Exploration Method and Equipments to be Used

5.1.1 Geological Mapping

The purpose of geological mapping is to establish the lithology, structures and mineralization of the area. This shall be done through the conventional compass and tape surveys. The tools that will be needed are Brunton Compass, tape, sample picks and shovels.

5.1.2 Test-pitting

This exploration method is used to determine the vertical and lateral extents of mineralization. It also facilitates getting of samples for laboratory analysis. The tools and equipments to be used are picks, shovels, ropes, G.I. pails, pulleys, finch bars, chisels and plastic sample bags.

5.1.3 Drilling

This is a method employed to ascertain the vertical and horizontal continuities of an ore deposit just like the testing-pitting operation. The machine to be used is the Vibro drill, which is capable of ground penetration up to a depth of 30 meters.

5.2 Processing of Samples

All rock and soil sample shall be prepared and sent to competent laboratories for petrographic and chemical analysis.

5.3 Map Showing the location of the EPA Area

(Pls. see Annex II)

5.4 Estimated Exploration Costs

Year I	P 1,364,580.00
Rear II	4,481,000.00
Total	P 5,845,580.00

6.0 IDENTIFICATION OF POTENTIAL ENVIRONMENT EFFECTS

6.1 On Land

6.1.1 Surface disturbance of the mineral property subject of Exploration

- i. Construction of temporary field camps and installation of facilities might entail ground leveling, minor excavations and minor forests clearing, thus possibly causing damage to landform and vegetative cover.
- ii. Clearing and blazing of trails from campsite to worksites might disturb or damage existing vegetative cover.
- iii. The transport of machineries, equipment and explorations supplies might necessitate repair and widening of roads and trails. This can also lead to land and vegetation being damaged or disturbed.

6.1.2 Surface disturbance on the mineral property subject and exploration such as, but not limited to the following

- i. Changes in landform due to excavations might be brought about by camp construction and other field facilities. Exploration trenches as well as test-pitting operations are also likely to alter existing land configuration as well as vegetation. Drilling operations on the other hand will require bigger space for the machinery and wider access paths. This can also lead to negative impacts both on land and vegetation.
- ii. Changes in Rate of Erosion – without the built-in mitigating and preventive measures, excavations can lead to uncontrolled erosion and mass movements.

6.2 On Hydrology and Water Quality

6.2.1 Potential Generation of Acid Mine Drainage

None

6.2.2 Siltation and Pollution of Surface Waters

Minimal

6.2.3 Changes in Hydrology

An exploration program of this nature and scale is not expected to affect the existing water quality in the area.

6.3 On the Ecology

Because of the scope, scale and nature of the exploration program which can cause only minimal disturbance to the environment, the existing ecological balance is very likely unchanged.

6.4 On Socio-Economic Life of the Population

As the exploration program commences until it is brought to completion, job generation becomes a direct consequence. Thus, at least within this period, there will always be a surplus of ready cash as workmen earn wages. Thus situation eventually raises living standards, directly affecting the current lifestyle of families to a certain degree.

7.0 ENVIRONMENTAL MANAGEMENT MEASURES INCLUDING TOTAL COST

- a. Backfilling of all the pits and trenches as soon as sampling and logging are completed.
- b. Revegetation of areas where significant clearing and blazing or trails and pathways have adversely affected vegetative cover.
- c. Location of test-pits and drill sites on flatter areas so as not to induce landslide.
- d. Stockpiling of excavated materials at sites that are least affected by surface run-off during rainy days.
- e. As much as possible, only small non-timber trees must be cut only during camp construction and in the preparation of drill sites.
- f. Cooking fires and the like should be well tended to avoid forest fires during the dry months.
- g. Only conventional methods of fishing along rivers and creeks must be observed.
- h. Installation of sanitary facilities such as toilets/latrines and washing/bathing areas at campsite.
- i. Hunting of games and wildlife must be strictly prohibited

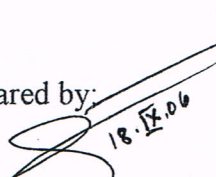
To maximized the socio-economic benefits that the project will generate, the proponent commits:

- a. To provide employment and give job preference to local residents
- b. To compensate workers with salaries/wages according to set standards provided by law.

- c. To observed safety regulations and preserve the health of workers.
- d. To actively participate in worthwhile community projects and activities.

The project proponent also agrees to set aside the amount **P300,000.00** yearly to compensate for the damages that the project might cause to the environment.

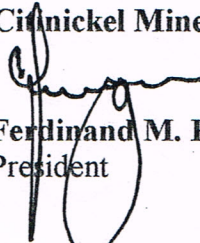
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