

MINERAL PRODUCTION SHARING AGREEMENT

MPSA NO. 007-92-X

This MINERAL PRODUCTION SHARING AGREEMENT (this "Agreement") is made and entered into in Metro-Manila, Philippines, this 13th day of January, 1992 by and between:

THE REPUBLIC OF THE PHILIPPINES, hereinafter referred to as the GOVERNMENT, acting through and represented in this act by the Secretary of the Department of Environment and Natural Resources FULGENCIO S. FACTORAN, JR., with offices at the Department of Environment and Natural Resources Building, Visayas Avenue, Diliman, Quezon City, Metro-Manila.

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CASE CONSTRUCTION and DEVELOPMENT CORPORATION, a one hundred per cent (100%) filipino-owned corporation duly organized and existing under the laws of the Republic of the Philippines, hereinafter referred to as the CONTRACTOR with offices at 546 P. Gomez cor. Ronquillo Sts., Quiapo, Manila, represented in this act by its President, MELITO M. VERGARA, as authorized by its Board under "Annex A" which forms an integral part hereof.

WHEREAS, the 1987 Constitution of the Republic of the Philippines (the "Constitution") provides in Article XII, Section 2 that all lands of the public domain, waters, minerals, coal, petroleum, and other natural resources are owned by the State, and that the exploration, development, and utilization of natural resources shall be under the full control and supervision of the State; and

WHEREAS, the Constitution further provides that the State may directly undertake such activities, or it may enter into co-production, joint venture, or production sharing agreements with Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens; and

WHEREAS, by Executive Order No. 279 issued on July 25, 1987, the Secretary of the Department of Environment and Natural Resources is authorized to enter into production sharing agreement in furtherance of the objectives of the Government and the Constitution to bolster the national economy through systematic development and utilization of mineral lands; and

WHEREAS, the Government desires to avail itself of the financial resources, technical competence and skill which Contractor is capable of applying to the Mining Operations of the project contemplated herein; and

WHEREAS, Contractor desires to join and assist the

Government in the development and utilization for commercial purposes of certain nickel deposits existing in the Contract Area (as hereinafter defined) and any other Minerals which may be discovered in such Contract Area; and

WHEREAS, Contractor has available to it the capital, technical competence and skills necessary to carry out the Mining Operations herein described.

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants, terms and conditions hereinafter set forth, it is hereby stipulated and agreed as follows:

## SECTION I

### SCOPE

1.1 This Agreement is a Mineral Production Sharing Agreement entered into pursuant to Executive Order No. 279. The primary purpose of this Agreement is to provide for the exploration, development, and commercial utilization of certain nickel deposits existing within the Contract Area, with all necessary services, technology and financing to be furnished or arranged for by the Contractor in accordance with the provisions of this Agreement. The Contractor shall not, by virtue of this Agreement, acquire any title to lands encompassed within the Contract Area.

1.2 The Contractor shall undertake and execute, for and on behalf of the Government, Mining Operations in accordance with the provision of this Agreement, and is hereby constituted and appointed for the purposes of this Agreement the exclusive entity to conduct Mining Operations in the Contract Area. However, it is agreed upon that the Contractor shall not conduct mining operations in areas covered by valid and existing small scale mining permits at the time of the signing of this Agreement.

1.3 The Contractor shall assume all exploration risk such that if no Minerals in commercial quantity are developed and produced, it will not be entitled for reimbursement.

1.4 During the term of this Agreement the total value of production and sale of Minerals derived from the Mining Operations contemplated herein shall be accounted for and divided between the Government and Contractor in accordance with Section VIII hereof.

## SECTION II

### DEFINITIONS

As used in this Agreement, the following words and terms, whether in the singular and plural, shall have the following respective meanings:

2.1 Agreement means this Mineral Production Sharing Agreement.

2.2 Associated Minerals means ore minerals which occur together with the principal ore mineral.

2.3 Budget means an estimate of expenditures to be made by Contractor in Mining Operations contemplated hereunder to