

MINERAL PRODUCTION SHARING AGREEMENT

MPSA No. 139-99-V

This **MINERAL PRODUCTION SHARING AGREEMENT** (this "Agreement") is made and entered into in Quezon City, Philippines, this _____ day of SEP 20 1999 by and between :

THE REPUBLIC OF THE PHILIPPINES, hereinafter referred to as the **GOVERNMENT**, represented in this act by the Secretary of the Department of Environment and Natural Resources, with offices at the Department of Environment and Natural Resources Building, Visayas Avenue, Diliman, Quezon City

and

JOHSON GOLD MINING CORPORATION, a corporation duly organized and existing under the laws of the Republic of the Philippines, hereinafter referred to as the **CONTRACTOR**, with office at the Unit 12 Ameriza Complex, 37 President Avenue, BF Homes, Parañaque City and represented in this act by its President, **ERNESTO C. GALILO**, as authorized by its Board (please refer to ANNEX "A")

WITNESSETH :

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

WHEREAS, the Constitution further provides that the State may directly undertake such activities, or it may enter into a Co-Production, Joint Venture, or Mineral Production Sharing Agreement with Filipino citizens, or cooperatives, partnerships, corporations or associations at least sixty per centum of whose capitalization is owned by such citizens;

WHEREAS, pursuant to Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995", which took effect on 09 April 1995, the Secretary of the Department of Environment and Natural Resources is authorized to enter into Mineral Production Sharing Agreements in furtherance of the objectives of the Government and the Constitution to bolster the national economy through sustainable and systematic development and utilization of mineral lands;

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

WHEREAS, commercial mining operation has been undertaken in the Contract Area since October 11, 1966 by virtue of a mining lease contract granted under the previous mining law, which the Contractor intends to continue under the purview of Republic Act No. 7942 and its implementing rules and regulations;