

ANNEX – C

**TEMPORARY
EXPLORATION PERMIT
(TEP-III-004-2002)**

May 16, 2003

MR. MODESTO B. BERMUDEZ
President
Crau Mineral Resources Corp.
No. 1-E Sta. Maria St., Brgy. Kapitolyo
Pasig City, Metro Manila

Dear Mr. Bermudez:

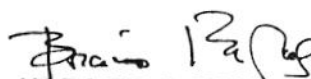
Subject: Availment of the Unused Period of Temporary Exploration
Permit denominated as TEP-III-004-2002

This Office hereby grants your request, per Letter dated March 10, 2003, to avail of the unused period of eight (8) months under the Temporary Exploration Permit of Crau Mineral Resources Corp. (Crau) denominated as TEP-III-004-2002 effective this date, subject to the following conditions:

1. Such period of eight (8) months shall not constitute an extension of the term of the TEP;
2. Crau shall continue to comply with the obligations stipulated under the TEP during the said period of eight (8) months; and
3. Crau shall strictly implement the activities under the approved Work Programs and ensure that the conduct of the exploration activities in the area shall be carried out in a manner that will at all times safeguard the environment.

Thank you.

Very truly yours,



HORACIO C. RAMOS

Director

cc: The Regional Director
Mines and Geosciences Bureau
Regional Office No. III
Cleofers Bldg., Gen. Hizon Ave.
San Fernando, Pampanga

Kinloch Resources Limited
Unit 602 Vasquez Madrigal Plaza
51 Annapolis St., Greenhills
San Juan, Metro Manila

Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU
North Avenue, Diliman, Quezon City

DUPLICATE

TEMPORARY EXPLORATION PERMIT

Temporary Exploration Permit No.: **TEP-III-004-2002**
Permittee: **Crau Mineral Resources Corporation**
Address: **1-E Sta. Maria St., Brgy. Kapitolyo, Pasig City, Metro Manila**

This Temporary Exploration Permit (TEP) covering an area of 3,765.3853 hectares situated at Sta. Cruz and Candelaria, Zambales bounded by the following geographical coordinates:

CORNER LATITUDE LONGITUDE

(Please refer to attached Annex A: Technical Description and Annex B: Sketch Map marked "TEP No. III-004-2002")

is hereby granted to Crau Mineral Resources Corporation, having filed the applications for Mineral Production Sharing Agreement (MPSA) denominated as MA-P-III-11-98 and said TEP in the Mines and Geosciences Bureau Regional Office No. III in accordance with Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995" and all the pertinent implementing rules and regulations promulgated thereunder: *Provided*, That areas with conflict, within ancestral lands/domains without the free and prior informed consent by the concerned Indigenous Peoples, within adequately stocked forests/proclaimed watershed forest reserves/critical watershed, and/or classified under the NIPAS are excluded therefrom, and subject to the following **Terms and Conditions**:

1. The right to explore under the TEP shall be subject to valid and existing rights of any party(ies) within the Permit Area;

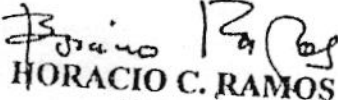
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2. This TEP shall be for the exclusive use and benefit of the Permittee and shall, under no circumstances, be used for purposes other than mineral exploration: *Provided*, That the exercise of the rights thereunder by another entity/party shall be subject to the prior approval of the Department Secretary;
3. The term of the TEP shall be for a period of one (1) year from date of approval: *Provided*, That said term shall be deducted from the Exploration Period of the MPSA that may be approved in favor of the Permittee thereafter: *Provided, further*, That in the event that the MPSA application is disapproved by the Department Secretary, this TEP is deemed automatically cancelled;
4. The Permittee shall submit to the concerned Regional Office, copy furnished the Bureau Central Office, within thirty (30) calendar days after the end of each semester, a report under oath of the implementation and expenditures of the Exploration Work Program showing discrepancies/deviations, if any, and including the results of surveys, laboratory reports and geological reports/maps, subject to semi-annual inspection and verification by the Bureau at the expense of the Permittee;
5. The Permittee shall submit to the concerned Regional Office, copy furnished the Bureau Central Office, within thirty (30) calendar days from the end of six (6) months after the approval of the TEP, and at the end of the term of the TEP a report on the compliance with the Environmental Work Program (EWP);
6. The Permittee shall submit to the concerned Regional Office, copy furnished the Bureau Central Office, upon the expiration of the TEP, a final exploration report in a form and substance comparable to published reports of respected international organizations incorporating all the findings in the Permit Area, including locations of samples, assays and assessment of the mineral potential. Such report shall include complete detailed exploration expenditures incurred;
7. In case of core drilling, the Permittee shall, upon request of the Director/concerned Regional Director, submit a quarter of the core samples which shall be deposited in the concerned Regional Office Core Library for safekeeping and reference;
8. The Exploration Work Program shall be carried out in a manner that will, at all times, safeguard the environment;
9. The Permittee shall allow the Department Secretary, Director, concerned Regional Director or their duly authorized representative/s to periodically review its performance, and shall not deny access to the Permit Area for purposes of such reviews and monitoring of field activities;
10. The TEP may be suspended by the Director in cases of *force majeure* as defined in the Philippine Mining Act of 1995;
11. The Director may, at any time, cancel this TEP for violation of the provisions of the Philippine Mining Act of 1995 and all the pertinent implementing rules and regulations or the terms and conditions of this Permit;
12. The Permittee shall strictly secure a written consent from any surface owners of the land/s, occupant/s and concessionaire/s within the Permit Area prior to entry or conduct of any form of exploration activities therein;

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13. The Permittee shall submit to the Bureau Central Office a copy of the baseline environmental study, i. e., pedological and water quality, within six (6) months after the issuance of this TEP; and
14. The Permittee shall furnish a copy of the approved EWP to the Sangguniang Panlalawigan concerned.

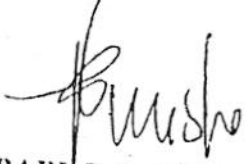
Quezon City, Philippines, MAR 21 2007


HORACIO C. RAMOS
Director

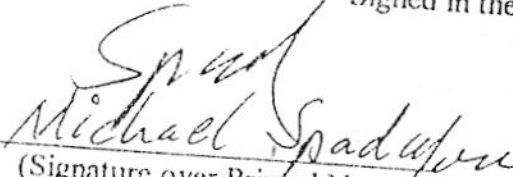
I hereby accept the terms and conditions of this TEP as above stated.


CRAU MINERAL RESOURCES CORPORATION
Permittee

By:


PABLO R. AMISTOSO
Vice President-Operations
TIN 104-613-443

Signed in the presence of:


Michael Spadafora
(Signature over Printed Name)


LEO L. JARAMENO
(Signature over Printed Name)

ACKNOWLEDGEMENT

Republic of the Philippines _____)
Quezon City _____) s. s.

SUBSCRIBED AND SWORN to before me, HORACIO C. RAMOS, with Community Tax Certificate No. 00010172 issued on February 20, 2002 at Quezon City, in his capacity as Director of the Mines and Geosciences Bureau and PABLO R. AMISTOSO, with Community Tax Certificate No. 08998636 issued on January 2, 2002 at Marikina City, in his capacity as Vice President-Operations of Crau Mineral Resources Corporation, both known to me and to me known to be the same persons who executed the foregoing instrument consisting of four (4) pages, including this acknowledgement page, and acknowledged to me that the same is their voluntary act and deeds.

IN WITNESS WHEREOF, I have hereunto set my hand and affix my Notarial Seal, this MAR 21 2002

Esteban D. Kampitan
ATTY. ESTEBAN D. KAMPITAN
Notary Public
Until December 31, 2002
IEP No. 108209 dtd 2-12-02 at C
PTR No. 30340877 dtd 2-1-02 at C

Doc. No. 429
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Book No. 144
Series of 2002

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