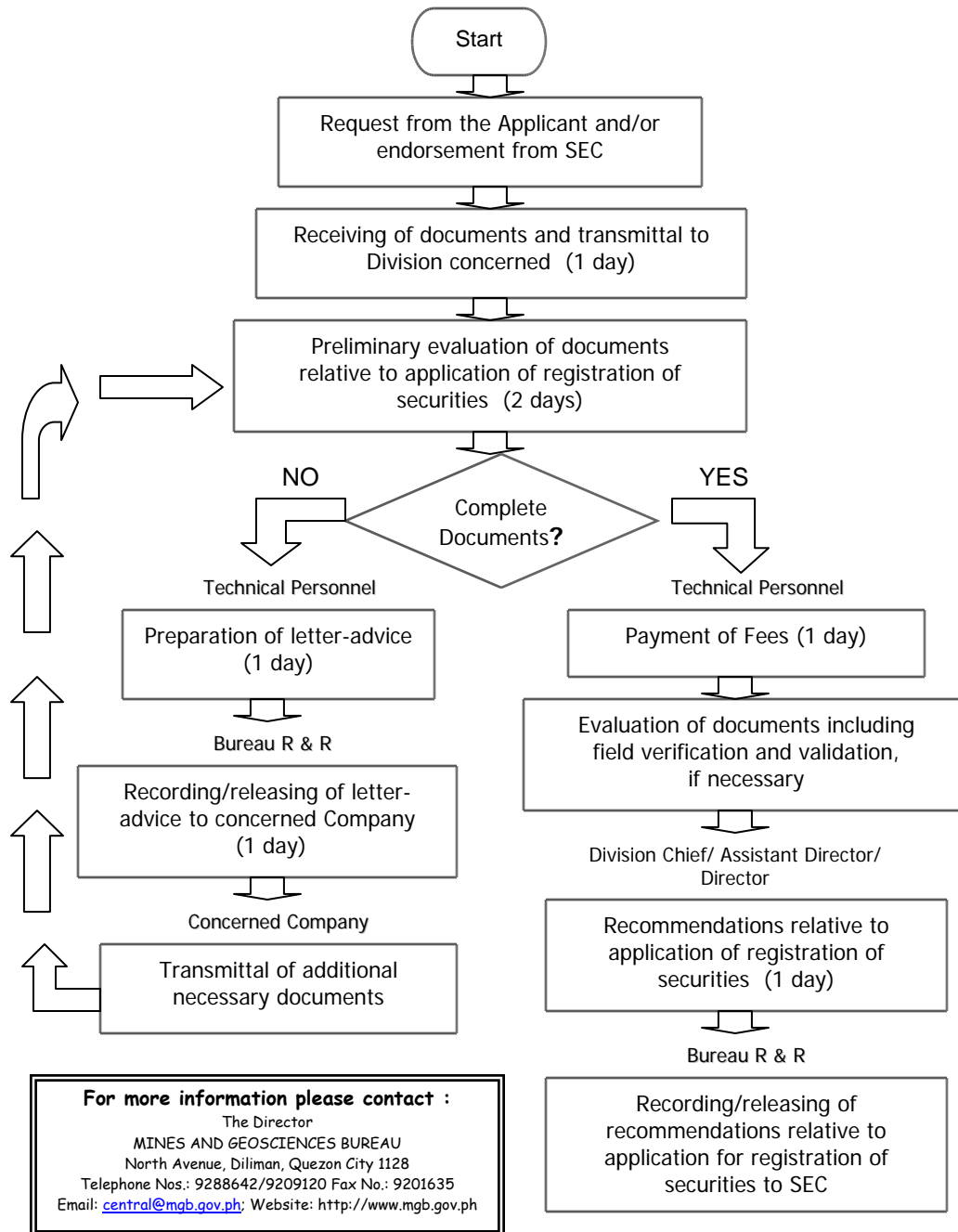


FLOW DIAGRAM OF EVALUATION OF APPLICATION FOR REGISTRATION OF SECURITIES



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PRIMER ON REGISTRATION OF MINING SECURITIES

Consistent with the policy of the Government to protect and safeguard the interest of public investors, a Memorandum of Agreement (MOA) between the Securities and Exchange Commission (SEC) and Department of Environment and Natural Resources-Mines and Geosciences Bureau (DENR-MGB) was signed and updated on June 1, 1999.

Under the MOA, all mining companies filing their Registration Statements, to engage in either (a) exploration or (b) development and/or exploitation activity, for the purpose of selling their securities to the public should specify the use of their proceeds from declared and registered activity.

In all cases of registration, the registrant shall, at its own expense, request the MGB to make the necessary verification and evaluation of all pertinent documents and mining claims. The findings and recommendations of the MGB shall form part of the Registration Statement to be filed at the SEC.

REQUIREMENTS OF MINING COMPANIES FOR APPLICATION FOR REGISTRATION OF SECURITIES

A. Registration for purpose of exploration

1. Mining Rights

- a. List of all mining rights proposed to be explored, developed, and/or exploited;
- b. Mining lease contracts (if any);
- c. Mining patents (if any);
- d. Exploration permits (if any);
- e. Mineral agreements (if any);
- f. Transfer documents(s);
- g. Application for approval of the transfer document(s) in accordance with Sec. 40 of DAO No. 96-40;
- h. Proof of approval of the transfer of the transfer document(s) by government authorities concerned;
- i. Proof of payment of annual rental;
- j. Proof of payment of occupation fee;
- k. Proof of payment of excise tax; and
- l. Proof of payment of royalties (if any)

2. Report on the Status of the Project

For companies that have started exploration works, a report of a duly licensed Geologist and/or Mining Engineer indicating the extent of prospecting and exploration works already introduced in the area. The report should indicate:

- a. Detailed prospecting and exploration works undertaken with corresponding expenses incurred including labor, supplies, fuel, oil, lubricants, timber, explosives, supervision and other expenses.
 - b. Map of such scale sufficient to clearly indicate the relative location and dimensions of various such as tunnels, adit, trenches, test pits, drill holes, access roads, building and other structures.
 - c. Pertinent plans, cross-sectional, longitudinal, and/or assay maps
- #### *3. Exploration Work Program*
- The exploration work program prepared and signed by a duly licensed Geologist and/or Mining Engineer should include the following:
- a. Detailed geologic report.
 - b. Detailed program of the proposed exploration works indicating a yearly schedule of activities to be undertaken.
 - c. Detailed estimate of financial requirements of each activity indicating basis of estimates.
 - d. Map of such scale sufficient to clearly indicate the exploration works proposed to be undertaken.
 - e. Technical personnel employed by the applicant to undertake the proposed work programme. Submit their names, bio-data, and employment contracts.

B. Registration for Purposes of Development

- 1. A technical, economic, financial and market feasibility study prepared by a duly licensed Mining Engineer in accordance with MGB guidelines.*
- 2. Requirements under items A(1), and A(2) above.*

C. Registration for Purposes of Commercial Production

- 1. Three (3) years Development Work Program as per MGB guidelines.*
- 2. Environmental Compliance Certificate (ECC) issued by DENR.*
- 3. Environmental Protection Enhancement Program (EPEP) approved by MGB.*

D. Proofs of Financial Capabilities

- 1. Summary of authorized, subscribed and paid-up capital as certified by a responsible officer of the applicant.*
- 2. Latest Financial Statement and accompanying Long Form Audit Reports rendered by an independent Certified Public Accountant.*