



June 21, 2019

PUNONG BARANGAY ERENIO G. BOBOLA
BARANGAY COUNCIL
Didipio, Kasibu
Nueva Vizcaya

[Handwritten Signature]
6/21/19

Dear Punong Barangay Bobola and Barangay Council

Re: Resolution No. 59 Series of 2019

We refer to the above Resolution of the Barangay Council (**Resolution**), a copy of which was provided to us this afternoon. We thank the Council for providing us the opportunity to clarify the matter.

As shared with you by our representatives in engagements earlier this year, OGPI filed as early as March 2018 the Notice of Renewal of the Financial or Technical Assistance Agreement between OGPI and the Republic of the Philippines dated June 20, 1994 (FTAA). The renewal was filed in accordance with Section 3.1 of the FTAA:

SECTION III
TERM OF THE AGREEMENT

3.1 The initial term of this Agreement shall be twenty-five (25) Contract Years from the Effective Date renewable for another period of twenty-five (25) years under the same terms and conditions. The term of this Agreement shall be divided into the following periods:

(a) Exploration Period -- This shall be for a period of five (5) Contract Years from and after the Effective Date of this Agreement and including the earlier of (a) the date of the Declaration of Mining Feasibility or (b) completion of five (5) Contract Years from the Effective Date, with further extensions based on justifiable grounds upon such terms and conditions as may be mutually agreed upon by the CONTRACTOR and the Secretary.

(b) Construction, Development and Production Period -- This shall be for the remaining period of the Agreement after expiry of the Exploration Period. (emphasis supplied)

The FTAA renewal was then endorsed by the Mines and Geosciences Bureau (MGB) Region II to the MGB Central Office. The MGB Central Office, in turn, endorsed the FTAA renewal to the Department of Environment and Natural Resources (DENR). The DENR subsequently favorably endorsed the FTAA renewal to the Office of the President.

Whilst the renewal is being processed, OGPI has the right to continue operating the Didipio Mine despite the end of the initial term of the FTAA pursuant to Section 18 of Book VII, Chapter 3 of Executive Order No. 292 or the Administrative Code.

SECTION 18. Non-expiration of License. -- Where the licensee has made timely and sufficient application for the renewal of a license with reference to any activity of a continuing nature, the existing license shall not expire until the application shall have been finally determined by the agency.

The FTAA embodied a form of permission to explore, develop, and utilize the mineral resources in the contract area, which is an activity of a continuing nature. The decision of the Supreme Court in *Pagat Industrial Corporation of the Philippines v. Deputy Executive Secretary et al*, G.R. No. 79311, April 26, 1990, also supports the position that the above provision of the Administrative Code applies to OGPI.

We are also pleased to provide you the enclosed letter from the MGB Central Office dated June 20, 2018, which we received today, confirming that OGPI is permitted to continue its mining operations pending the approval of the renewal of the FTAA. This addresses the statement in the Resolution that the Barangay has not received any order for the continued operations of the Didipio Mine. We encourage you to speak to the MGB Regional Office, the Government regulatory body overseeing the Didipio Mine, if you have any questions on our continued operations.

In light of the foregoing, we will continue with the operation of the Didipio Mine as contractor of the Philippine Government. We do so also for the more than 1,500 employees working at the Didipio Mine, the 11 beneficiary communities, scholars, contractors and the many other stakeholders of the Didipio Mine from both Nueva Vizcaya and Quirino.

We trust that the foregoing discussion has clarified matters. We propose to meet with you on Monday to address any questions you may have or provide additional information on the matter.

Thank you very much for understanding.

Yours Sincerely,
OCEANAGOLD (PHILIPPINES), INC.



David Way
General Manager