



Republic of the Philippines
 Supreme Court
 Manila

SECOND DIVISION

REPUBLIC OF THE PHILIPPINES, represented by the PHILIPPINE MINING DEVELOPMENT CORPORATION,

G.R. No. 220828

Present:

Petitioner,

PERLAS-BERNABE, S.A.J.,
Chairperson,
 HERNANDO,
 INTING,
 DELOS SANTOS, and
 BALTAZAR-PADILLA,* JJ.

- versus -

APEX MINING COMPANY INC.,

Promulgated:

Respondent.

07 OCT 2020

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DECISION

INTING, J.:

Before the Court is a Petition for Review¹ under Rule 45 of the Rules of Court assailing the Decision² dated December 22, 2014 and the Resolution³ dated September 23, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 133927. The assailed CA Decision reversed and set aside the Decision⁴ dated October 28, 2009 of the Mines Adjudication Board (MAB), Department of Environment and Natural Resources (DENR) in MAB Case Nos. 0156-07 and 0157-07; and declared Apex Mining Company, Inc. (Apex) to have prior and preferential rights in its

* On leave.

¹ *Rollo*, pp. 16-55.

² *Id.* at 59-93; penned by Associate Justice Myra V. Garcia-Fernandez with Associate Justices Mariflor P. Punzalan Castillo and Francisco P. Acosta, concurring.

³ *Id.* at 94-98.

⁴ *Id.* at 810-817; signed by Chairman Jose L. Atienza, Jr., and Members Eleazar P. Quinto and Horacio C. Ramos.

applications for mineral production sharing agreement with the DENR. The assailed CA Resolution, on the other hand, denied the Motion for Reconsideration (of the Decision dated December 22, 2014)⁵ filed by the Philippine Mining Development Corporation (PMDC).

The Facts

Republic of the Philippines is represented in this case by the PMDC, a government corporation attached to the DENR. The PMDC became the successor-in-interest of the mining rights of North Davao Mining Corporation (NDMC).

NDMC held mining claims over areas located in the Province of Compostela Valley which were covered by mining lease contracts and published lode lease applications, as follows:

I. By Mining Lease Contracts –

A. Owned by NDMC:

- LLC No. V – 523 granted on January 22, 1965
- MLC No. MRD-155 granted on December 13, 1978
- MLC No. MRD-156 granted on December 13, 1978
- MLC No. MRD-157 granted on December 13, 1978
- MLC No. MRD-158 granted on December 13, 1978

B. Under Operating Agreement with NDMC:

- MLC No. MRD-290 granted on March 22, 1982

II. By Published Lode Lease Applications –

A. LLA No. V-14203 Amd published in the newspaper on November 18, 1982 and posted on the same date

B. LLA No. 14204 [sic]⁶ published in the newspaper on March 31, 1988 and posted on the same date.

C. LLA No. V-14205 published in the newspaper of general circulation [on] March 31, 1988 and posted on the same date.⁷

⁵ *Id.* at 99-117.

⁶ Should be "LLA No. V-14204."

⁷ See Mines Adjudication Board (MAB) Decision dated October 28, 2009, *rollo*, p. 811.

NDMC had two mining projects in the Province of Compostela Valley, namely: (1) the Amacan Copper Project, which commenced commercial operation in August 1982 and ceased in May 1992; and (2) the Hijo Gold Project, which commenced in May 1980 and ceased in 1985.⁸

During its commercial operations, NDMC secured a loan from the Philippine National Bank (PNB) using its properties, including its mining claims and rights, as collateral for the loan. As of June 30, 1986, NDMC's outstanding loan balance with the PNB amounted to ₱4,708,135,920.00. Due to NDMC's inability to pay the loan and its interest, the PNB foreclosed its properties, including the subject mining claims.⁹

On February 27, 1987, the National Government of the Philippines (Government) and the PNB executed a Deed of Transfer,¹⁰ whereby the PNB turned over several of its assets to the Government, including NDMC's mining claims and rights.

Meanwhile, Proclamation No. 50¹¹ was issued by then President Corazon C. Aquino on December 8, 1986, creating the Committee on Privatization (COP) and the Asset Privatization Trust (APT). The COP and the APT were primarily tasked to take title to and possession of, conserve, provisionally manage and dispose of, assets identified for privatization or disposition and transferred to APT for the benefit of the Government.

On April 21, 1995, Apex filed with the Mines and Geo-Sciences Bureau (MGB), Regional Office No. XI, Davao City applications for Mineral Production Sharing Agreement (MPSA). The applications were denominated as APSA (XI) 99 and APSA (XI) 100. On July 26, 1995,

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 154-163.

¹¹ Entitled "Proclaiming and Launching a Program for the Expeditious Disposition and Privatization of Certain Government Corporations and/or the Assets Thereof, and Creating the Committee on Privatization and Asset Privatization Trust."

Apex filed another MPSA application denominated as APSA (XI) 112.¹² Apex and other claimants averred that their applications cover mining claims situated in the Municipalities of Maco, Nabunturan and Maragusan in Compostela Valley, held by them either as registered claim owners, assignees or operators.¹³

On January 8, 1996, the NDMC filed an application for Financial and Technical Assistance Agreement (FTAA) with the MGB Regional Office No. XI, Davao City.¹⁴ The FTAA application was registered as FTAA No. (XI) 014.¹⁵ It covered, among others, the mining areas subject of Lode Lease Contract No. V-523, Mining Lease Contract Nos. MRD-155, MRD-156, MRD-157, MRD-158 and MRD-290, as well as published Lease Application Nos. V-14203 Amd, V-14204 and V-14205, covering a total area of 27,058 hectares. However, after the plotting was conducted, the MGB found that the FTAA application overlapped the valid mining rights belonging to other persons within the area in question. Thus, the MGB excluded the areas covered by these mining rights, thereby reducing the FTAA application to 20,237 hectares.¹⁶

On September 17, 1997, then Acting DENR Secretary Antonio G. M. La Viña issued a Memorandum¹⁷ enjoining all MGB Regional Directors to close areas to new mining locations or applications if these areas are covered by valid and existing mining claims held in trust by APT or other similar entities.

One year later, or on September 17, 1998, Apex filed an Adverse Claim/Protest¹⁸ against the FTAA application of NDMC before the Panel of Arbitrators (POA) for MGB Regional Office No. XI, Davao City. In the main, Apex argued that NDMC's mining claims were null and void for failure to comply with the mining laws.

¹² See Regional Panel of Arbitrators (POA), Mines and Geosciences Bureau Decision dated July 4, 2006 in MAC No. POA 98-003 (XI), *rollo*, p. 604.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ See Notice of Application for Financial and Technical Assistance Agreement of North Davao Mining Corporation, *id.* at 164.

¹⁶ See POA Decision dated July 4, 2006, *id.* at 605.

¹⁷ *Id.* at 179.

¹⁸ *Id.* at 563-593.

On December 29, 1998, NDMC filed its Answer contending that the Adverse Claim/Protest filed by Apex should be dismissed on the ground of prescription, laches, lack of cause of action, and lack of merit.¹⁹

Thereafter, NDMC's Notice of Application for FTAA was published on March 16 and 18, 1999.²⁰

On March 24, 1999, Apex filed a manifestation and motion praying that: 1) its Adverse Claim/Protest be treated as an adverse claim against the published FTAA application of NDMC; 2) the areas free of conflict be segregated; and 3) it be allowed to file amended MPSA applications.²¹

In its Order dated January 27, 2000, the POA granted Apex's motion and ordered the segregation of the "free areas."²² NDMC moved to reconsider the Order, but the POA denied it in its Order dated March 28, 2000.²³

Meanwhile, on December 6, 2000, Executive Order No. (EO) 323²⁴ was issued creating the Inter-Agency Privatization Council (PC) and the Privatization and Management Office (PMO) under the Department of Finance. EO 323 was aimed to continue the privatization of government assets and corporations. The PC assumed all the powers, functions, duties and responsibilities, all properties, real or personal assets, equipment and records, as well as all obligations and liabilities previously held by the COP and APT under Proclamation No. 50.²⁵ Pursuant to EO 323, NDMC's assets were turned over from COP and APT to PMO.²⁶

¹⁹ *Id.* at 812.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ Entitled "Constituting an Inter-Agency Privatization Council (PC) and Creating a Privatization and Management Office (PMO) under the Department of Finance for the Continuing Privatization of Government Assets and Corporations," signed on December 6, 2000.

²⁵ See MAB Decision dated October 28, 2009, *rollo*, pp. 812-813.

²⁶ *Id.* at 813.

On July 4, 2003, the Natural Resources Mining and Development Corporation (NRMDC) was created under Securities and Exchange Commission (SEC) Registration No. CS200314923.²⁷ As stated in the Memorandum from the President²⁸ dated April 9, 2003, the NRMDC shall be primarily tasked to “conduct and carry on the business of exploring, developing, exchanging, selling, disposing, importing, exporting, trading and promotion of gold, silver, copper, iron and all kinds of mineral deposits and substances.”

On June 6, 2005, the PC designated the NRMDC as the trustee and disposition entity for NDMC in lieu of the PMO.²⁹

On April 7, 2006, the NRMDC and the Government, through the PC, executed a Trust Agreement³⁰ whereby the mining assets of NDMC were transferred, conveyed, and assigned to the NRMDC for development and/or disposition. As a result, NDMC’s subject mining claims have been entrusted to the NRMDC.

Thereafter, pursuant to Board Resolution No. 97, Series of 2007, the corporate name of NRMDC was changed to PMDC.³¹

The Ruling of the POA

For ease of reference, the POA grouped the disputed claims into six (6) clusters, denominated as Clusters 1, 2, 3, 4, 5, and 6. In its Decision³² dated July 4, 2006, the POA dismissed the adverse claim of Apex, holding NDMC to have preferential right over Clusters 1, 2, 3, 5, and 6 only.

²⁷ *Id.*

²⁸ RE: Incorporation of the Natural Resources Mining and Development Corporation under the Department of Environment and Natural Resources, Memorandum from the President, signed by then President Gloria Macapagal-Arroyo on April 9, 2003.

²⁹ *Rollo*, p. 813.

³⁰ *Id.* at 180-185.

³¹ See Secretary’s Certificate dated April 15, 2007, *id.* at 186.

³² *Id.* at 594-616; signed by Chairperson Ma. Mercedes Villarosa-Dumagan, and Members Maximo G. Lim and Roberto Luis F. de la Fuente

Apex filed a Motion for Reconsideration (of Decision dated 4 July 2006).³³ NDMC also filed a motion for partial reconsideration with respect to the POA's ruling that it does not have preferential rights over Cluster 4.³⁴

On June 14, 2007, the POA issued an Order³⁵ denying both motions. Thus, Apex and NDMC filed their respective appeals³⁶ with the MAB.

The Ruling of the MAB

On October 28, 2009, the MAB rendered its Decision³⁷ in favor of NDMC, and dismissed Apex's appeal for lack of merit. The MAB set aside the POA Decision insofar as it declared that neither party had preferential rights over Cluster 4, and insofar as how Clusters 1 and 2 were plotted. Accordingly, NDMC was declared to have preferential rights over Cluster 4 in addition to Clusters 1, 2, 3, 5 and 6. The plotting of Clusters 1 and 2 was likewise ordered amended to conform to the plotting of LLA No. V-14203-Amd and LLA No. V-14205, as published.

On December 23, 2009, Apex filed a Motion for Reconsideration (of Decision dated 28 October 2009),³⁸ which the MAB denied in its Resolution³⁹ dated December 26, 2013. Consequently, Apex elevated the case to the CA *via* a Petition for Review.⁴⁰

The Ruling of the CA

In the assailed Decision⁴¹ dated December 22, 2014, the CA ruled in favor of Apex and set aside the MAB Decision dated October 28,

³³ *Id.* at 617-663.

³⁴ See Court of Appeals Decision dated December 22, 2014, *id.* at 69.

³⁵ *Id.* at 665-672.

³⁶ *Id.* at 673-795, 796-809.

³⁷ *Id.* at 810-817.

³⁸ *Id.* at 818-860.

³⁹ *Id.* at 864-872; signed by Chairman Ramon J.P. Paje, and Members Leo L. Jasareno and Demetrio L. Ignacio, Jr.

⁴⁰ *Id.* at 411-556.

⁴¹ *Id.* at 59-93.

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2009 and Resolution dated December 26, 2013. The dispositive portion of the CA Decision reads:

WHEREFORE, the petition for review is GRANTED. The decision of the Mines Adjudication Board (MAB) dated October 28, 2009 and resolution dated December 26, 2013 in MAB Case No. 0156-07 and MAB Case No. 0157-07, are REVERSED and SET ASIDE. Petitioner Apex Mining Company, Inc. is declared to have prior and preferential right in its applications for mineral production sharing agreement with the Department of Environment and Natural Resources pursuant to Section 29 of Rep. Act No. 7942, covering areas subject of its applications, particularly, Clusters 1, 2, 3, 4, 5 and 6 as shown in Annex 7 of the Panel of Arbitrators' decision dated July 4, 2006, with Clusters 1 and 2 to be amended to conform to the plotting of LLA No. V-14203-Amd and LLA No. V-14205 as mentioned in the Mines Adjudication Board's decision dated October 28, 2009.

SO ORDERED.⁴²

The CA found that under Republic Act No. (RA) 7942,⁴³ otherwise known as the Philippine Mining Act of 1995, the requirements for the filing and approval of mineral agreements are different from the requirements for the filing and approval of FTAA applications. The CA relied on the ruling in the case of *Diamond Drilling Corp. of the Phils. v. Newmont Phils., Inc.*⁴⁴ (*Diamond Drilling Corporation*), which applied Section 8⁴⁵ of DENR Administrative Order No. 63, Series of 1991 (DAO

⁴² *Id.* at 92-93.

⁴³ Entitled "An Act Instituting a New System of Mineral Resources Exploration, Development, Utilization, and Conservation," approved on March 3, 1995.

⁴⁴ 664 Phil. 688 (2011).

⁴⁵ Section 8 of Department of Environment and Natural Resources (DENR) Administrative Order No. 63, Series of 1991 (DAO 63) reads:

SEC. 8. *Acceptance and Evaluation of FTAA.* — All FTAA proposals shall be filed with and accepted by the Central Office Technical Secretariat (MGB) after payment of the requisite fees to the Mines and Geosciences Bureau, copy furnished the Regional Office concerned within 72 hours. The Regional Office shall verify the area and declare the availability of the area for FTAA and shall submit its recommendations within thirty (30) days from receipt. *In the event that there are two or more applicants over the same area, priority shall be given to the applicant who first filed his application.* In any case, the Undersecretaries for Planning, Policy and Natural Resources Management; Legal Services, Legislative, Liaison and Management of FASPO; Field Operations and Environment and Research, or its equivalent, shall be given ten (10) days from receipt of FTAA proposal within which to submit their comments/recommendations and the Regional Office, in the preparation of its recommendation shall consider the financial and technical capabilities of the applicant, in addition to the proposed Government share. Within five (5) working days from receipt of said recommendations, the Technical Secretariat shall consolidate all comments and recommendations thus received and shall forward the same to the members of the

63),⁴⁶ stating in part that priority shall be given to the applicant that first filed its application over the same area. Thus, as between the MPSA applications of Apex and the FTAA application of NDMC, the CA held that Apex should be given priority since it filed its MPSA applications over the contested mining areas on April 21, 1995 and on July 26, 1996, while NDMC filed its FTAA application only on January 8, 1996.

Moreover, the CA held that DENR Memorandum dated September 17, 1997, which directed all MGB Regional Directors to close to new mining applications areas already covered by valid and existing mining claims, was not an impediment to the application of Apex. The CA ratiocinated that at the time of the issuance of the Memorandum, Apex had already filed its MPSA applications with the MGB, during which time the subject mining areas were not yet closed to mining applications.

Furthermore, the CA held that the MAB committed reversible error in upholding the mining lease contracts or published lode lease applications of NDMC in support of the latter's FTAA application despite noncompliance with RA 7942 and its implementing rules and regulations (IRR) for continued recognition of its mining claims. The CA ruled that NDMC failed to submit or file any application for mineral agreement on or before September 15, 1997, the mandatory deadline for the filing of mineral agreement applications by holders of valid and existing mining claims and lease/quarry applications, pursuant to Section 113⁴⁷ of RA 7942, Section 273⁴⁸ of DAO 96-40⁴⁹ (IRR of RA 7942), and

FTAA Negotiating Panel for evaluation at least within thirty (30) working days. (Italics supplied)

⁴⁶ Guidelines for the Acceptance, Consideration and Evaluation of Financial or Technical Assistance Agreement Proposals; signed on December 12, 1991.


⁴⁷ Section 113 of Republic Act No. (RA) 7942 reads:

Section 113. Recognition of Valid and Existing Mining Claims and Lease/Quarry Applications. — Holders of valid and existing mining claims, lease/quarry applications shall be given preferential rights to enter into any mode of mineral agreement with the government within two (2) years from the promulgation of the rules and regulations implementing this Act.

⁴⁸ Section 273 of DAO 96-40 reads:

Section 273. Recognition of Valid and Existing Mining Claims and Lease/Quarry Applications.

Holders of valid and existing mining claims, lease/quarry applications shall be given preferential rights to enter into any mode of Mineral Agreement with the Government until September 14, 1997: Provided, That failure on the part of the holders of valid and subsisting mining claims, lease/quarry applications to exercise their preferential rights within the said period to enter into any mode of Mineral Agreements shall constitute automatic abandonment of the mining claims, quarry/lease applications and the area thereupon shall be declared open for mining application by other interested parties.



Section 8⁵⁰ of DENR Memorandum Order No. (DMO) 97-07.⁵¹ According to the CA, the FTAA application of NDMC does not partake of the nature of a mineral agreement. It cited Section 3(ab) of RA 7942 which defines a mineral agreement as "*a contract between the government and a contractor, involving mineral production-sharing agreement, co-production agreement, or joint-venture agreement;*" and declared that FTAA, on the other hand, is a service contract for financial and technical assistance.

The CA concluded that NDMC in effect abandoned its mining claims when it failed to file an application for mineral agreement on or before September 15, 1997. Additionally, it held that NDMC's abandonment of its mining claims is coupled by the fact of the bankruptcy and revocation of its certificate of registration by the SEC and the suspension of its mining operations.

Furthermore, the CA ruled that the MAB erred in declaring NDMC to have preferential rights in its FTAA application despite the absence of certain requirements provided under RA 7942, including the following: 1) prior evaluation of the application by the MGB; 2) findings by the MGB of the sufficiency and merit of the proposal of the FTAA; and 3) the eligibility and qualification of NDMC or its successor

⁴⁹ "Revised Implementing Rules and Regulations of Republic Act No. 7942, Otherwise Known as the 'Philippine Mining Act of 1995,'" dated December 19, 1996.

⁵⁰ Section 8 of DENR Memorandum Order No. 97-07 (DMO 97-07) reads:

Section 8. Claimants/Applicants Required to File Mineral Agreement

Only holders of mining claims and lease/quarry applications filed prior to the effectivity of the Act which are valid and existing as defined in Section 5 hereof who have not filed any Mineral Agreement applications over areas covered by such mining claims and lease/quarry applications are required to file Mineral Agreement applications pursuant to Section 273 of the IRR on or before September 15, 1997; *Provided*, that the holder of such a mining claim or lease/quarry application involved in a mining dispute/case shall instead file on or before said deadline a Letter of Intent to file the necessary Mineral Agreement application; *Provided, further*, That if the mining claim or lease/quarry application is not determined to be invalid in the dispute/case, the claimant or applicant shall have thirty (3) days from the final resolution of the dispute/case to file the necessary Mineral Agreement application; *Provided, finally*, that failure by the claimant or applicant to file the necessary Mineral Agreement application within said thirty (30)-day period shall result in the abandonment of such claim or application, after which, any area covered by the same shall be opened for Mining Applications.

Holders of such valid and existing mining claims and lease/quarry applications who had filed or been granted applications other than those for Mineral Agreements prior to September 15, 1997 shall have until such date to file/convert to Mineral Agreement applications, otherwise, such previously filed or granted applications shall be cancelled.

⁵¹ "Guidelines In The Implementation Of The Mandatory September 15, 1997 Deadline For The Filing Of Mineral Agreement Applications By Holders Of Valid And Existing Mining claims And Lease/Quarry Applications And For Other Purposes," dated August 27, 1997.

corporation to enter into an FTAA. The CA stressed that NDMC is presently a non-operating mining corporation whose mining exploration activities have been suspended during its insolvency and conservation by APT/PMDC.

Finally, the CA held that when APT filed the FTAA proposal on January 8, 1996 in the name of NDMC, it should not be understood to mean that the State had undertaken by itself and on its own its mandate under Section 2,⁵² Article XII of the 1987 Philippine Constitution (Constitution). The CA declared that the fact that NDMC was placed under APT does not mean that the State will undertake on its own the exploration and development of natural resources.

The PMDC filed a Motion for Reconsideration (of the Decision dated December 22, 2014)⁵³ and a Supplemental Motion for Reconsideration (of the Decision dated December 22, 2014).⁵⁴ However, these were denied in the CA Resolution⁵⁵ dated September 23, 2015.

Hence, the instant petition with the following assignment of errors:

I

THE COURT OF APPEALS GRAVELY ERRED WHEN IT RULED THAT APEX HAS PRIOR AND PREFERENTIAL RIGHT OVER APT/NDMC BY VIRTUE OF ITS EARLIER MPSA APPLICATION.

⁵² Section 2, Article XII of the Constitution reads:

Section 2. All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State. 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. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law. In cases of water rights for irrigation, water supply fisheries, or industrial uses other than the development of water power, beneficial use may be the measure and limit of the grant.

⁵³ *Rollo*, pp. 99-117.

⁵⁴ *Id.* at 121-132.

⁵⁵ *Id.* at 94-98.

II

THE COURT OF APPEALS GRAVELY ERRED WHEN IT FOUND THAT AT THE TIME OF APEX' MPSA APPLICATION, THE SUBJECT MINING AREAS ARE NOT YET CLOSED TO MINING APPLICATIONS.

III

THE COURT OF APPEALS GRAVELY ERRED WHEN IT HELD THAT THE MINES AND ADJUDICATION BOARD COMMITTED REVERSIBLE ERROR IN UPHOLDING NDMC/APT'S MINING LEASE CONTRACTS OR PUBLISHED LODE LEASE APPLICATIONS.

IV

THE COURT OF APPEALS GRAVELY ERRED WHEN IT RULED THAT THE MAB COMMITTED AN ERROR IN DECLARING NDMC/PMDC TO HAVE PREFERENTIAL RIGHT IN ITS FTA A APPLICATION DESPITE THE ABSENCE OF THE REQUIREMENTS UNDER REPUBLIC ACT NO. 7942.

V

THE COURT OF APPEALS GRAVELY ERRED WHEN IT CONCLUDED THAT APT'S FILING OF FTA A IN THE NAME OF NDMC IS NOT TO BE UNDERSTOOD AS THE STATE'S INTENTION TO EXPLORE, DEVELOP, AND UTILIZE THE COUNTRY'S NATURAL RESOURCES.⁵⁶

Essentially, the main issue to be resolved in this case is: *Who between the PMDC, as the successor-in-interest of NDMC, and Apex has preferential rights over the contested mining areas?*

The Court's Ruling

The petition is impressed with merit.

⁵⁶ *Id.* at 26-27.

I. The factual findings of the MAB are treated with deference in recognition of its expertise and technical knowledge over disputes relative to mining rights; they are deemed conclusive and binding on the parties.

Factual considerations relating to mining applications properly fall within the administrative competence of the DENR.⁵⁷ The factual findings of the DENR are binding upon this Court in the absence of any showing of grave abuse of discretion, or that the factual findings were arrived at arbitrarily or in disregard of the evidence on record.⁵⁸ Since the DENR possesses the specialized knowledge and expertise in its field, its factual findings are accorded great respect and even finality by the appellate courts.⁵⁹

The POA and the MAB are quasi-judicial bodies within the DENR which have been created pursuant to the enactment of RA 7942.⁶⁰ These bodies are charged to resolve mining disputes. A mining dispute is a dispute involving (a) rights to mining areas, (b) mineral agreements, FTAAAs, or permits, and (c) surface owners, occupants and claimholders/concessionaires.⁶¹

Under RA 7942, the POA is vested with exclusive and original jurisdiction to hear and decide mining disputes.⁶² A party not satisfied with the decision or order of the POA may file an appeal with the MAB,⁶³ whose powers and functions are listed in Section 79 of the same Act. As explicitly stated in Section 79, “[t]he findings of fact of the [MAB] shall be conclusive and binding on the parties and its decisions or order shall be final and executory.”

Appeals from decisions of the MAB may be taken to the CA through petitions for review in accordance with the provisions of Rule

⁵⁷ *Alecha, et al. v. Atienza, et al.*, 795 Phil. 126, 143 (2016).

⁵⁸ *Id.*, citing *Japson v. Civil Service Commission*, 663 Phil. 665, 675 (2011).

⁵⁹ *Id.*

⁶⁰ See Sections 77 to 79 of RA 7942.

⁶¹ *Heirs of Eliza Q. Zoleta v. Land Bank of the Phils., et al.*, 816 Phil. 389, 410 (2017), citing *Gonzales v. Climax Mining Ltd.*, 492 Phil. 682, 692 (2005).

⁶² See Section 77 of RA 7942.

⁶³ See Section 78 of RA 7942.

43 of the Rules of Court.⁶⁴ It is worthy to stress Section 10⁶⁵ of Rule 43 which acknowledges the primacy and deference accorded to decisions of quasi-judicial agencies, specifically stating that their factual findings, when supported by substantial evidence, shall be binding on the CA. In this regard, the findings of the MAB, as the administrative body with jurisdiction over disputes relative to mining rights, should be treated with deference in recognition of its expertise and technical knowledge over such matters.⁶⁶

As found by the MAB, affirming the POA, NDMC had valid and existing mining claims over the contested areas denominated as Clusters 1, 2, 3, 5, and 6. Further, after evaluating the parties' respective appeals from the Decision of the POA, the MAB also found that NDMC had preferential rights over the mining areas under Cluster 4.

Cluster 1 covers NDMC's LLA No. V-14203-Amd, while Cluster 2 covers its LLA No. V-14205. As found by the POA, the notice of LLA No. V-14203-Amd was published on November 18, 1982, while the notice of LLA No. V-14205 was published on March 31, 1988 and April 7, 1988.⁶⁷ Pursuant to Section 48⁶⁸ of Presidential Decree No. (PD) 463,⁶⁹

⁶⁴ *Carpio v. Sulu Resources Devt. Corp.*, 435 Phil. 836, 849 (2002).

⁶⁵ Section 10, Rule 43 of the Rules of Court reads:

Section 10. *Due course.* — If upon the filing of the comment or such other pleadings or documents as may be required or allowed by the Court of Appeals or upon the expiration of the period for the filing thereof, and on the records the Court of Appeals finds *prima facie* that the court or agency concerned has committed errors of fact or law that would warrant reversal or modification of the award, judgment, final order or resolution sought to be reviewed, it may give due course to the petition; otherwise, it shall dismiss the same. The findings of fact of the court or agency concerned, when supported by substantial evidence, shall be binding on the Court of Appeals.

⁶⁶ *Naredico, Inc. v. Krominco, Inc.*, G.R. No.196892, December 5, 2018, citing *JMM Promotions & Management, Inc. v. Court of Appeals*, 439 Phil. 1, 10-11 (2002); *Sps. Calvo v. Sps. Vergara*, 423 Phil. 939, 947 (2001); *Hon. Alvarez v. PICOP Resources, Inc.*, 538 Phil. 348, 397 (2006).

⁶⁷ See POA Decision dated July 4, 2006, *id.* at 610.

⁶⁸ Section 48 of Presidential Decree No. (PD) 463 partly reads:

SECTION 48. *Protests and Adverse Claims.* x x x

In the case of an adverse claim against a lease application, filed under Section 34 hereof, such adverse claim shall be filed within fifteen (15) days after the first date of publication of the notice of lease application if such claim was not previously investigated and decided under Presidential Decree No. 309. When an adverse is filed under this paragraph, all proceedings, except the publication of the notice of application for lease, the submittal of the affidavit in connection therewith and the processing of applications for temporary permit, shall be stayed until the controversy is settled or decided by the Director. *Provided*, That the operations and production under a mines temporary permit issued prior to the adverse claim shall be allowed to continue subject to the provisions of Section 33 concerning the posting of bonds.

⁶⁹ Entitled "Providing for a Modernized System of Administration and Disposition of Mineral Lands and to Promote and Encourage the Development and Exploitation Thereof" dated May 17, 1974.

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the law in force at that time, Apex had 15 days from the date of first publication to file its adverse claims, if any, against these applications. Further, it is stated under Section 40 of PD 463 that “[i]f no adverse claim is filed within fifteen (15) days after the first publication, it shall be conclusively presumed that no such adverse claim exists and thereafter no objection from third parties to the grant of the lease shall be heard, except protest pending at the time of publication x x x.” No adverse claim or any kind of protest was filed with respect to LLA No. V-14203-Amd.⁷⁰ On the other hand, the adverse claim of Apex on LLA No. V-14205 was filed on September 17, 1988, which is way beyond the 15-day period following the first date of publication on March 31, 1988.⁷¹ Thus, the MAB correctly affirmed the POA in ruling that Apex was already barred from questioning the validity of NDMC’s mining claims covered by Clusters 1 and 2.

The POA also found that NDMC had better rights to Cluster 3. It observed that prior to NDMC, the claims over the disputed areas under Cluster 3 were held by Myrna C. Tenorio and Fred Antonio T. Tejada, the original holders of Declarations of Location (DOL). They later executed in favor of NDMC Deeds of Assignment dated July 1, 1983 and July 17, 1987.⁷² Apparently, there is evidence showing that NDMC had existing claims over the areas covered by Cluster 3.

With respect to the areas under Cluster 4, while the POA ruled that neither NDMC nor Apex had preferential rights over these areas, the Court finds that the MAB was correct in reversing the POA and ruling that NDMC’s claim should be upheld. NDMC had been filing the required Affidavits of Annual Work Obligations and paid the occupation fees for several years on behalf of Empire, Hijo, and Goldcoast.⁷³ On the contrary, while Apex claimed the existence of DOLs, it nonetheless admitted that these DOLs were not registered due to prior claims of NDMC.⁷⁴ Hence, Apex had not acquired any right over Cluster 4.

⁷⁰ See POA Decision dated July 4, 2006, *rollo*, p. 610.

⁷¹ *Id.* at 611.

⁷² *Id.* at 615.

⁷³ See MAB Decision dated October 28, 2009, *id.* at 815; see also ANNEX “O” of Petition for Review, *id.* at 210-258.

⁷⁴ See MAB Decision dated October 28, 2009, *id.* at 815.

The POA was also convinced that NDMC had better rights to the claims covered by Cluster 5. It observed:

However, based on the records of the MGB-RO No. XI, the Panel is convinced that NDMC has better rights to the claims comprising Cluster "5." APEX's APSA (XI) 112 dated 26 July 1995, (consisting of the "Edgar-IV, V and VI" blocks) appears to have been filed over areas considered closed to mining because the latter are subject to the earlier Commonwealth Act No. 137 claims of NDMC ("RA" claims). x x x⁷⁵

The POA cited Section 19(c) of RA 7942 which provides that mineral agreement or financial or technical assistance agreement applications shall not be allowed "in areas covered by valid and existing mining rights."

The POA similarly found NDMC to have better rights to the claims under Cluster 6, which is contiguous to Cluster 5. As supported by the records of the MGB, these claims were ceded to NDMC by Samar Mining Company, Inc. through a Deed of Assignment.⁷⁶ The POA noted that within Cluster 6, there was a mining lease contract issued in favor of NDMC denominated as MLC-MRD 523.⁷⁷

It bears stressing that courts will not interfere in matters which are addressed to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency.⁷⁸ In their evaluation of evidence and exercise of adjudicative functions, administrative agencies are given wide latitude, which includes the authority to take judicial notice of the facts within their special competence.⁷⁹

Additionally, administrative agencies like the DENR enjoy a strong presumption of regularity in the performance of official duties; they are vested with quasi-judicial powers in enforcing the laws affecting their respective fields of activity, the proper regulation of

⁷⁵ *Id.* at 615.

⁷⁶ See POA Decision dated July 4, 2006, *id.* at 616.

⁷⁷ *Id.*

⁷⁸ *Dept. of Agrarian Reform v. Samson, et al.*, 577 Phil. 370, 381 (2008).

⁷⁹ *Id.* at 381-382.

which requires of them such technical mastery of all relevant conditions obtaining in the nation. Unless rebutted by clear and convincing evidence to the contrary, the presumption becomes conclusive.⁸⁰

Apparently, the findings of the POA and the MAB have been reached after a meticulous and judicious evaluation of the records and the evidence presented by the parties. These findings deserve the Court's respect and should be deemed conclusive and binding on the parties.

II. Apex, not being a holder of valid and existing mining claims and lease/quarry applications over the contested areas prior to the effectivity of RA 7942, cannot be granted a preferential right to enter into any mode of mineral agreement under Section 113 of RA 7942, Section 273 of the IRR of RA 7942, and Section 8 of DMO 97-07.

It must be emphasized that the preferential right to enter into any mode of mineral agreement, as mentioned in Section 113 of RA 7942, Section 273 of the IRR of RA 7942, and Section 8 of DMO 97-07 applies to *holders of valid and existing mining claims and lease/quarry applications prior to the effectivity of RA 7942*. No new, primary, and original mining rights are created under these provisions. The provisions are quoted as follows:

Section 113 of RA 7942

Section 113. *Recognition of Valid and Existing Mining Claims and Lease/Quarry Applications.* — Holders of valid and existing mining claims, lease/quarry applications shall be given preferential rights to enter into any mode of mineral agreement with the government within two (2) years from the promulgation of the rules and regulations implementing this Act.

Section 273 of the IRR of RA 7942

Section 273. *Recognition of Valid and Existing Mining Claims and Lease/Quarry Applications.*

⁸⁰ See *Alecha, et al. v. Atienza, et al.*, *supra* note 57 at 144-145. Citations omitted.

Holders of valid and existing mining claims, lease/quarry applications shall be given preferential rights to enter into any mode of Mineral Agreement with the Government until September 14, 1997: Provided, That failure on the part of the holders of valid and subsisting mining claims, lease/quarry applications to exercise their preferential rights within the said period to enter into any mode of Mineral Agreements shall constitute automatic abandonment of the mining claims, quarry/lease applications and the area thereupon shall be declared open for mining application by other interested parties.


Section 8. of DMO 97-07

Section 8. Claimants/Applicants Required to File Mineral Agreement.

Only holders of mining claims and lease/quarry applications filed prior to the effectivity of the Act which are valid and existing as defined in Section 5 hereof who have not filed any Mineral Agreement applications over areas covered by such mining claims and lease/quarry applications are required to file Mineral Agreement applications pursuant to Section 273 of the IRR on or before September 15, 1997; *Provided*, that the holder of such a mining claim or lease/quarry application involved in a mining dispute/case shall instead file on or before said deadline a Letter of Intent to file the necessary Mineral Agreement application; *Provided, further*, That if the mining claim or lease/quarry application is not determined to be invalid in the dispute/case, the claimant or applicant shall have thirty (30) days from the final resolution of the dispute/case to file the necessary Mineral Agreement application; *Provided, finally*, that failure by the claimant or applicant to file the necessary Mineral Agreement application within said thirty (30)-day period shall result in the abandonment of such claim or application, after which, any area covered by the same shall be opened for Mining Applications.

Holders of such valid and existing mining claims and lease/quarry applications who had filed or been granted applications other than those for Mineral Agreements prior to September 15, 1997 shall have until such date to file/convert to Mineral Agreement applications, otherwise, such previously filed or granted applications shall be cancelled.

NDMC filed its FTAA application on January 8, 1996, while Apex filed its MPSA applications on April 21, 1995 and on July 26, 1996. Notably, the applications of NDMC and Apex over the same




mining areas were all filed before September 15, 1997, the mandatory deadline set for the filing of mineral agreement applications *by holders of valid and existing mining claims and lease/quarry applications.*

In this case, the CA gravely erred in ruling that Apex should be given priority as its MPSA applications were filed earlier than the FTAA application of NDMC. The CA completely brushed aside the MAB's findings relative to the parties' prior claims over the areas in dispute.

As found by the MAB, prior to the effectivity of RA 7942, it was NDMC, not Apex, that had valid and existing mining claims over the contested areas denominated as Clusters 1, 2, 3, 4, 5, and 6. Regrettably, the CA altogether disregarded the factual findings of the POA and the MAB which were inevitable considerations in applying the provisions of Section 113 of RA 7942, Section 273 of the IRR of RA 7942, and Section 8 of DMO 97-07.

To highlight, the above-mentioned provisions presuppose that the applicants are *holders of valid and existing mining claims, and lease/quarry applications prior to the effectivity of RA 7942.* It is of no consequence that Apex's MPSA applications were filed earlier than NDMC's FTAA application in view of the finding that Apex had no pre-existing and valid claims over the contested areas. Verily, the preferential right under these provisions should be given to NDMC.

Apart from disregarding the prior mining lease contracts and published lode lease applications of NDMC, the CA erroneously applied Section 8 of DAO 63 as cited in the case of *Diamond Drilling Corporation.* A reading of Section 8 of DAO 63 shows that it specifically pertains to the acceptance and evaluation of FTAA's. Also, the application of this provision in the *Diamond Drilling Corporation* case did not have any relation to the provisions of Section 113 of RA 7942, Section 273 of the IRR of RA 7942, and Section 8 of DMO 97-07. Evidently, Section 8 of DAO 63 is far from being applicable to the instant case.



III. NDMC's FTAA application had closed the areas covered by Clusters 1 to 6 to other mining applications.

Under Section 19(c) of RA 7942, areas covered by valid and existing mining rights are closed to mining applications. However, a precondition to the closing of these areas is provided in Section 8 of DMO 97-07. It states that *holders of valid and existing mining claims and lease/quarry applications,⁸¹ filed prior to the effectivity of RA 7942, are required to file mineral agreement applications pursuant to Section 273 of the IRR on or before September 15, 1997 if they have not filed any mineral agreement applications over areas covered by such mining claims and lease/quarry applications.*

As earlier stated, the MPSA applications of Apex and FTAA application of NDMC were all filed before September 15, 1997. However, since Apex had been found to have no valid and existing mining claims and lease/quarry applications over the areas covered by Clusters 1 to 6, its MPSA applications were of no consequence.

⁸¹ Section 5 of DMO 97-07 defines "valid and existing mining claims and lease/quarry applications." It reads:

Section 5. Valid and Existing Mining Claims and Lease/Quarry Applications

For purposes of this Order, a mining claim shall be considered valid and existing if it has complied with the following requirements.

- a. For a mining claim which Declaration of Location (DOL) was filed within the period from July 19, 1987 to July 18, 1988, it must be covered by a timely and duly filed Application for Survey and Survey Returns (if a Survey Order was issued);
- b. For a mining claim which DOL was filed under the provisions of Presidential Decree No. 463 as amended, Presidential Decree No. 1214 and the CMAO as Amended but not later than July 18, 1997, it must be covered by a timely and duly filed Application for Mining Lease, Applications for Survey and Survey Returns (if a Survey Order was issued);
- c. For a mining claim located/filed under the provisions of Commonwealth Act No. 137 and/or earlier laws, it must be covered by a timely and duly filed Applications for Availment under Presidential Decree No. 463 as Amended, Application for Mining Lease, Application for Survey and Survey Returns (if a Survey Order was issued).

Provided, That the holder of a mining claim DOL was filed between July 19, 1988 and January 4, 1991 with or without a Letter of Intent to file for a Mineral Agreement application, shall be given up to September 15, 1997 to file the necessary Mineral Agreement application.

For purposes of this Order, a mining lease application shall be considered valid and existing only if all mining claims contained in such lease application are valid and existing as defined in this section, while applications for Quarry Licenses and Quarry Permits filed prior to April 9, 1995 shall be considered valid and existing if the concerned applicant had timely and duly filed the Application for Survey and duly submitted the Survey Returns (if the Survey Order was issued).

Notwithstanding the preceding provisions of this section, a mining claim or lease/quarry application over which an order of rejection or cancellation has been issued shall not be considered valid and existing as of the date of issuance of such order.

On the other hand, given that NDMC is a holder of valid and existing mining claims and lease applications over the contested areas, an important issue to address is whether its FTAA application filed on January 8, 1996 is a "mineral agreement application" within the contemplation of Section 113 of RA 7942, Section 273 of the IRR of RA 7942, and Section 8 of DMO 97-07. Another issue to address is whether the FTAA application of NDMC had closed to other mining applications the areas covered by Clusters 1 to 6.

Under RA 7942, a *mineral agreement* is defined in Section 3(ab) as "a contract between the government and a contractor, involving mineral production-sharing agreement, co-production agreement, or joint-venture agreement." Section 3(r) separately defines *financial or technical assistance agreement* as "a contract involving financial or technical assistance for large-scale exploration, development, and utilization of mineral resources."

In its Comment,⁸² Apex argues that an FTAA application is not the mineral agreement required by the IRR of RA 7942. It cited the Memorandum dated November 19, 1998 issued by the Director of the MGB which partly states: "[w]ith Section 8 of DMO No. 97-07, it is settled that holders of valid and existing mining claims and lease/quarry applications can only apply for a Mineral Agreement, that is, Mineral Production Sharing Agreement, Co-Production Agreement or Joint Venture Agreement."⁸³

Notably, in the same Memorandum dated November 19, 1998, the MGB also stated:

The case of NDMC, however, should be taken differently. Here is a situation where Government's interest is directly at stake. With NDMC at the hands of the Asset Privatization Trust (APT), it has assumed the character of a government-owned entity and, therefore, it cannot be placed in the same level with private mining applicants. A cursory review of the Mining Act, the Revised IRR and DMO No. 97-07 will show that practically all these regulatory provisions, save for the provision on Government Gratuitous Permit, refer to mineral resources disposition by contractors.

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⁸² *Rollo*, pp. 280-327.

⁸³ *Id.* at 290.

Hence, this Office is of the position that the FTAA application of NDMC is acceptable, not because there is no prohibition in the law allowing holders of valid and existing mining claims and lease/quarry applications to enter into other modes of mining rights other than Mineral Agreements, but solely because of direct Government's interest.⁸⁴

The Court observes that the MGB issued the above Memorandum in the exercise of its quasi-judicial power. Quasi-judicial or administrative adjudicatory power is the power to hear and determine questions of fact to which the legislative policy is to apply and to decide in accordance with the standards laid down by the law itself in enforcing and administering the same law.⁸⁵ The administrative body exercises its quasi-judicial power when it performs in a judicial manner an act essentially of an executive or administrative nature, where the power to act in such manner is incidental to or reasonably necessary for the performance of the executive or administrative duty entrusted to it.⁸⁶

Significantly, the MGB itself clarified in the Memorandum that an FTAA is not one of those considered as a mineral agreement. However, in accepting NDMC's FTAA application, the MGB took into consideration the fact that NDMC had been placed in the hands of APT and had assumed the character of a government-owned entity. The MGB set aside technicalities inasmuch as the Government's interest is directly at stake.

The opinion of MGB is well taken. In the sound exercise of its quasi-judicial power, the MGB aptly considered NDMC's case as different from that of private mining applicants. The reason for MGB's acceptance of the FTAA application filed on January 8, 1996 is clear—it is solely due to the direct interest of the Government over NDMC's mining claims and rights, which were already entrusted to APT at the time of the FTAA application.

⁸⁴ As culled from the Comment dated March 18, 2016, *id.* Underscoring omitted.

⁸⁵ *The Chairman and Executive Director, Palawan Council For Sustainable Development, et al. v. Lim*, 793 Phil. 690, 698 (2016).

⁸⁶ *Id.*

Notably, the MAB also stressed in its Decision⁸⁷ that the subject mining claims of NDMC were among the assets transferred by the PNB to the Government. Briefly, the MAB explained:

It bears stressing that the subject mining claims were among the assets/properties transferred by PNB to the National Government. Thereafter, a certificate of sale over [NDMC]'s properties was issued to APT being then [sic] highest bidder. Pursuant to E.O. 323, the [NDMC] assets, among others, were turned over to PMO from the COP/APT. Then the assets/properties were transferred to the NRMDC, now PMDC, as trustee and disposition entity. Finally, on 07 April 2006, the PMDC and the National Government executed a Trust Agreement whereby the mining assets of x x x NDMC were transferred, conveyed and assigned to PMDC to develop and/or dispose of said properties.⁸⁸

Taking the foregoing antecedents into consideration, the Court affirms the MGB's determination that the FTAA application of NDMC should be treated differently and should be understood as the State's exercise of its right of ownership over NDMC's mining claims. In accepting NDMC's FTAA application, the MGB in this case merely recognized the rights of the Government to the mining property of NDMC, who held valid and existing mining claims over the contested areas. The application was not an FTAA application *per se*, considering that the Government cannot enter into an agreement with itself. By reason of the Government's direct interest over the mineral property of NDMC, the FTAA application was meant to close to other mining applications the areas over which the NDMC had mining claims. Apparently, these areas were among those ordered closed by then Acting DENR Secretary Antonio G. M. La Viña through his issuance of the Memorandum⁸⁹ dated September 17, 1997, which enjoined all MGB Regional Directors to close to new mining locations or applications those areas covered by valid and existing mining claims held in trust by APT or other similar entities.

⁸⁷ *Rollo*, pp. 810-817.

⁸⁸ *Id.* at 814.

⁸⁹ *Id.* at 179.

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IV. Prescription does not lie against the State.

The CA mistakenly concluded that NDMC had in effect abandoned its mining claims when it failed to file an application for mineral agreement on or before September 15, 1997, holding that NDMC's FTAA application is not a mineral agreement within the contemplation of RA 7942. Moreover, it erred in holding that the bankruptcy revocation of NDMC's certificate of registration by the SEC and the suspension of mining operations supported the finding that NDMC had indeed abandoned its mining claims.

In arriving at the above conclusion, the CA failed to consider that it was the Government's interest that was at stake. At the time of the filing of the FTAA application, the mining claims of NDMC were among the assets and properties turned over by the PNB to the Government. These assets and properties were then placed in the possession of APT. At present, the PMDC is the trustee of NDMC's mineral property. Verily, before the Court and the CA, the Government has been represented by the PMDC, as the successor-in-interest of NDMC's mining property.

The Court affirms the CA in ruling that an FTAA is not one of the mineral agreements that holders of valid and existing mining claims and lease/quarry applications could apply for in order to close the subject areas to other mining applications. As explained by the MGB, a mineral agreement could only be any of the following: an MPSA, a co-production agreement, or a joint venture agreement.

Nonetheless, while the FTAA is admittedly not a mineral agreement within the contemplation of RA 7942, it bears reiterating that NDMC's FTAA application was not an FTAA application *per se* and should be considered as the Government's direct interest and intention to exercise its ownership over the mineral property of NDMC. In addition, the FTAA application was also meant to close to other mining applications the mining areas over which the NDMC had mining claims. Therefore, it did not matter whether it was a mineral agreement or an FTAA that was applied for by NDMC. The sole reason that the MGB accepted the FTAA application was the Government's direct interest in the case.

At this juncture, it is worthy to emphasize Section 2, Article XII of the Constitution which pertinently states that “[a]ll lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. x x x The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State.” Thus, as the owner of natural resources, the State has the primary power and responsibility in their exploration, development, and utilization.

Affirming Section 2, Article XII of the Constitution is Section 4 of RA 7942 which partly reads:

Section 4. Ownership of Mineral Resources. - Mineral resources are owned by the State and the exploration, development, utilization, and processing thereof shall be under its full control and supervision. The State may directly undertake such activities or it may enter into mineral agreements with contractors.

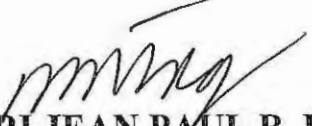
Thus, the Court holds that the CA erred in concluding that the FTAA application should not be considered as the State’s intention to explore, develop, and utilize the country’s natural resources. To insist that the Government should enter into a specific mineral agreement under RA 7942 would be a direct affront to its power to fully control and supervise the exploration, development, and utilization of the country’s mineral resources. Ultimately, it amounts to depriving the State of its ownership of all natural resources.

In any case, it is a time-honored principle that the statute of limitations or the lapse of time does not run against the State.⁹⁰ Hence, even assuming that the NDMC did not file the FTAA application or failed to file a valid mineral agreement application on or before September 15, 1997, the areas included in the FTAA application of NDMC would still be closed to other mining applications for the simple reason that it is the Government that owns the mineral property of NDMC.

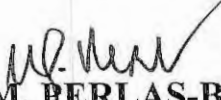
⁹⁰ *Rep. of the Phils. v. Hachero, et al.*, 785 Phil. 784, 797 (2016).


WHEREFORE, the petition for review is **GRANTED**. The Decision dated December 22, 2014 and the Resolution dated September 23, 2015 of the Court of Appeals in CA-G.R. SP No. 133927 are **REVERSED** and **SET ASIDE**. The Decision dated October 28, 2009 of the Mines Adjudication Board, Department of Environment and Natural Resources in MAB Case Nos. 0156-07 and 0157-07 is **REINSTATED**. Accordingly, the Philippine Mining Development Corporation, as the trustee of the mineral property of North Davao Mining Corporation, is declared to have prior and preferential rights over the areas covered by its application for Financial and Technical Assistance Agreement filed on January 8, 1996.


SO ORDERED.


HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:


ESTELA M. BERLAS-BERNABE
Senior Associate Justice
Chairperson

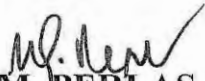

RAMON RAUL L. HERNANDO
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice

(On leave)
PRISCILLA J. BALTAZAR-PADILLA
Associate Justice

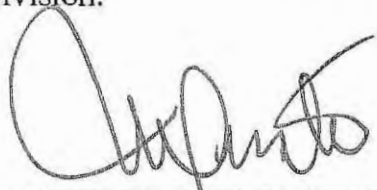
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


DIOSDADO M. PERALTA
Chief Justice

