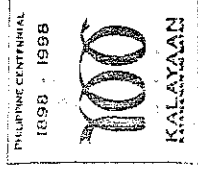


REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila



SEC Reg. No. 40938

**CERTIFICATE OF FILING OF
CERTIFICATE OF DECREASE OF CAPITAL STOCK**

KNOW ALL MEN BY THESE PRESENTS:


This is to certify that the certificate of decrease of capital stock of the

UNITED PARAGON MINING CORPORATION

copy annexed, from P 3,027,000,000.00, divided into 250,000,000,000 Common with par value of P.01 each, 2,700,000,000 Preferred "A" with par value of P0.01 each, & 5,000,000 Preferred "B" shares of the par value of P100 each to P1,903,500,000.00 divided into 1,850,000,000 Common with par value of P1.00 each, 13,500,000 Preferred "A" with par value of P1.00 & 400,000 Preferred "B" shares with a par value of P100 each, approved by a majority of the Board of Directors on June 1, 1999 and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on July 30, 1999, certified to by the Chairman and the Secretary of the stockholders' meeting and a majority of the Board of Directors of the corporation, was approved by the Commission on the date indicated hereunder in accordance with the provision of Section 38 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 26 day of November, Nineteen Hundred and ninety-nine.

CERTIFIED MACHINE COPY
Page 1 of 1 Pages
Verified By: _____


SONIA M. BALLO
Director
Corporate and Legal Department

COVER SHEET

UNITED PARAGON MINING CORPORATION

(Company's Full Name)

8TH F, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City
(Company's Address: No. Street, City/Town/Province)

636-5133
(Company's Telephone Number)

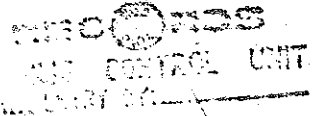
December 31
(Fiscal Year Ending)
(Month & Day)

May of each year
(Annual Meeting)

"Decrease of Capital Stock and Amended Articles of Incorporation"
(FORM TYPE)

N/A
(Amendment Designation if Applicable)

The Shares of Stock of the Company are registered under the provisions of the
Revised Securities Act
(Secondary License Type, if any)



Registration & Exchange Commission
By: [Signature]
Cashier

LCU
DTU
40938
S.E.C. Reg. No.

Central Receiving Unit
File Number

908-334

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Verified By: [Signature]

CERTIFICATE OF DECREASE OF CAPITAL STOCK
OF
UNITED PARAGON MINING CORPORATION

We, the undersigned, majority of the members of the Board of Directors of UNITED PARAGON MINING CORPORATION, (the "Corporation"), the Chairman and Secretary, respectively, of the annual stockholders' meeting of the Corporation held on July 30, 1999

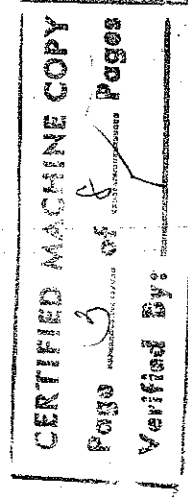
DO HEREBY CERTIFY:

I

That the annual meeting of the stockholders of the Corporation was held at the Morong Room, Valle Verde Country Club, Pasig City on July 30, 1999 to take up, among other things, the proposed decrease of the authorized capital stock of the corporation from THREE BILLION TWENTY SEVEN MILLION PESOS (3,027,000,000.00) to ONE BILLION NINE HUNDRED THREE MILLION FIVE HUNDRED THOUSAND PESOS (1,903,500,000.00).

II

That notice of the proposed decrease of the capital stock, and the time and place of the stockholders' meeting at which the proposed decrease of capital stock was to be considered, was given to each stockholder of record as provided in the by-laws.



III

That pursuant to said notice, there appeared at the said meeting in person and by proxy, stockholders holding at least two-thirds (2/3) of the outstanding capital stock of the corporation.

IV

That Mr. Alfredo C. Ramos and Atty. Augusto B. Sunico acted as Chairman and Secretary, respectively, of the meeting.

V

That at the said meeting, upon motion duly made and seconded, the following resolutions were adopted by the vote of the stockholders present or represented by proxy, constituting more than two-thirds (2/3) of the entire capital stock outstanding:

"RESOLVED, that the stockholders of UNITED PARAGON MINING CORPORATION (the "Corporation") approve and ratify, as they hereby approve and ratify, the following resolutions of the Board of Directors of the Corporation:

- (i) the decrease of the Corporation's outstanding capital stock by fifty percent (50%) in order to reduce company deficit, and accordingly, the decrease of its authorized capital stock from P3,027,000,000.00 to P1,903,500,000.00;
-
- (iii) the amendment of Article Seventh of the Amended Articles of Incorporation to reflect the aforementioned changes.
- (iv) the reclassification of 2,200,000 unissued Preferred "B" shares to common shares;

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 Verified By: _____

(v) the change of the par value of preferred "A" shares from P0.01 to P1.00 per share; and

"RESOLVED, that the stockholders amend, as they hereby amend, Article Seventh of the Amended Articles of Incorporation to reflect the decrease in the Corporation's outstanding capital stock by fifty percent (50%) in order to reduce company deficit, and accordingly, to decrease its authorized capital stock from P3,027,000,000.00 to P1,903,500,000.00, to read as follows:

.....
Seventh. That the capital stock of the Corporation is ONE BILLION NINE HUNDRED THREE MILLION FIVE HUNDRED THOUSAND PESOS (P1,903,500,000.00), Philippine currency, and said capital stock is divided into (a) common stock consisting of 1,850,000,000 shares of the par value of P1.00 per share; (b) Class "A" Preferred stock consisting of 13,500,000 shares of the par value of P1.00 per share and (c) Class "B" Preferred stock consisting of 400,000 shares of the par value of P100.00 each.

AND RESOLVED, FINALLY, that the proper officers of the Corporation be as they are hereby authorized and directed to do all acts or things as may be necessary, requisite or proper to fully implement the foregoing resolutions."

VI

That as above set forth, all the requirements of Section 38 of the Corporation Code of the Philippines have been complied with.

VII

That the aggregate amount of the decrease in the authorized capital stock of said corporation is ONE BILLION ONE HUNDRED TWENTY THREE MILLION FIVE HUNDRED THOUSAND PESOS (P1,123,500,000.00), Philippine

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Verified By: [Signature]

Currency, thereby decreasing the present authorized capital stock of the said corporation from THREE BILLION TWENTY SEVEN MILLION PESOS (3,027,000,000.00) to ONE BILLION NINE HUNDRED THREE MILLION FIVE HUNDRED THOUSAND PESOS (1,903,500,000.00).

VIII

That in connection with the said decrease of authorized capital stock, the present subscribed and paid-up capital stock totalling to P1,841,910,574.00 will be correspondingly decreased by 50% or by P920,955,287.00, such that after the decrease, the outstanding capital stock would be P920,955,287.00.

The amount of P920,955,287.00 representing the reduction in the Corporation's subscribed and paid-up capital stock as aforesaid shall be used to offset against or to reduce the Corporation's deficit to the extent of the said amount.

A summary of the Corporation's capital structure before and after the capital decrease is shown below:

	<u>Present</u>	<u>Decrease</u>	<u>As Decreased</u>
Common	P2,500,000,000	P650,000,000 ¹	P1,850,000,000
Preferred "A"	27,000,000	13,500,000	13,500,000
Preferred "B"	<u>500,000,000</u>	<u>460,000,000²</u>	<u>40,000,000</u>
	<u>P3,027,000,000</u>	<u>P1,123,500,000</u>	<u>P1,903,500,000</u>

Authorized Capital Stock:

¹ Inclusive of P220,000,000 worth of unissued Preferred "B" shares reclassified to Common Shares.

² Consist of (i) P220,000,000 - reclassification to Common Shares; (ii) P200,000,000 - retirement of previously issued but redeemed shares; and (iii) P40,000,000 - 50% decrease in subscribed and paid-up capital stock.

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Subscribed and Paid-up:

Common	-	1,734,910,574	867,455,287	867,455,287
Preferred "A"-	27,000,000		13,500,000	13,500,000
Preferred "B"-	<u>80,000,000</u>		<u>40,000,000</u>	<u>40,000,000</u>
	<u>1,841,910,574</u>		<u>920,955,287</u>	<u>920,955,287</u>

IX

That the actual indebtedness of the Corporation at the time of the stockholders' meeting was approximately P913,459,142.

X

That no bonded indebtedness on the part of the Corporation has been created, incurred or increased at the time of the said meeting.

XI

That present or represented at the meeting were stockholders owning or representing at least two-thirds (2/3) of the entire outstanding capital stock of the Corporation who unanimously voted in favor of the decrease of capital stock and the amendment to the Articles of Incorporation.

XII

That the decrease of the authorized capital stock was likewise approved by the vote of a majority of all the directors at their meeting held on June 1, 1999.


IN WITNESS WHEREOF, the undersigned directors of UNITED PARAGON MINING CORPORATION have signed this Certificate of Decrease of Capital Stock, and the undersigned Chairman and Secretary of the aforesaid

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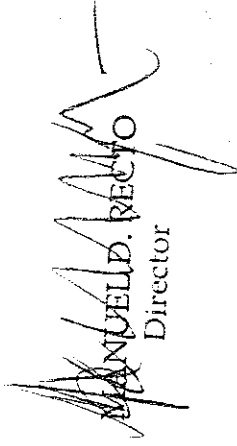
stockholders' meeting have countersigned the same this 11 day of August, 1999
at Makati City.


RICARDO MIGUEL S. RAMOS
Director


CARLOS G. DOMINGUEZ
Director

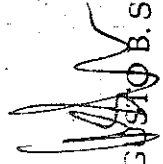

EDUARDO B. CASTILLO
Director


MAXIMO G. LICAUCO III
Director


MANUEL D. RECTO
Director

COUNTERSIGNED BY:


ALFREDO C. RAMOS
Chairman of the Meeting/Director


AUGUSTO B. SUNICO
Secretary of the Meeting/Director

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Verified By: 