Republic of the Philippines

S.S.

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT made and entered into this 30 May 2018 by and between:

MINDANAO ISLAMIC TELEPHONE COMPANY, INC., a corporation duly organized and existing under and by virtue of the Laws of the Republic of the Philippines with business address at Unit 1602, 16th Floor, 139 Corporate Center, 139 Valero Street, Makati City, Philippines, represented in this Act by its Chairman of the Board of Directors, DANILIO M. CORTEZ, and its President, NICANOR L. ESCALANTE, evidenced by a Board Resolution herewith attached, and hereinafter to be referred to as MISLATEL;

-and-

DIGIPHIL TECHNOLOGY, INC., a corporation duly organized and existing under and by virtue of the Laws of the Republic of the Philippines with business address at 902 OSMA Building, San Miguel Ave., Ortigas Center, Pasig City represented in this Act by its Chairman, Engr. Eduardo N. Millana, evidenced by a Board Resolution herewith attached, and hereinafter to be referred to as "DIGIPHIL";

MISLATEL and DIGIPHIL shall be collectively referred to as the Parties and singly as the Party.

RECITALS:

(i) MISLATEL, by virtue of R.A. No.8627, copy of which is herewith attached, was granted a legislative franchise “to construct, establish, install, maintain and operate for commercial purposes and in the public interest, wired, mobile and fixed wireless telecommunications system such as paging system, cellular phone system, personal communications network, trunked radio services related to the foregoing, now known to science or which in the future may be developed through technical innovations and advances, throughout the Philippines, for public domestic and international telecommunications”;

(ii) MISLATEL has also represented that it was issued Provisional Authorities (PAs) by the National Telecommunications Commission (NTC) authorizing it to operate and offer to the public telecommunications services;

(iii) DIGIPHIL is engaged in the business of providing, among others, multi-media, multi-platform IP data casting, pay television, multi-casting and Internet distribution;
(iv) DIGIPHIL is likewise engaged in the business of constructing, selling and distributing telecommunication equipments as well as provisioning of engineering services to various telecommunication companies in the Philippines;

(v) MISLATEL’s Authorized Capital Stock (ACS) is Philippine Pesos: Two Hundred Million (Php 200,000,000.00) divided into 200,000,000 common shares with par value of Philippine Peso: One (Php 1.00);

(vi) MISLATEL agreed that DIGIPHIL will be allowed to subscribe to 2,500,000 common shares (the “Subject Shares”) from the ACS of MISLATEL;

(vii) MISLATEL and DIGIPHIL agree to jointly venture into business to provide strategic, reliable and cost-efficient broadband and telecommunications services, and other information and communications technology services, infrastructure, systems and resources, particularly in the unserved and underserved areas in the country, as contribution to nation-building;

THEREFORE, in consideration of the foregoing premises, and as the Parties desire to define their rights and obligations in relation to one another, and with respect to their joint venture, its management and operations, as well as the covenants, conditions, representations and warranties herein, the Parties have agreed to set out the following:

1. PURPOSE/S AND SCOPE OF THE AGREEMENT: This Agreement is entered into to formalize and realize the objective/s of MISLATEL and DIGIPHIL both geared to provide the public, particularly in the unserved and underserved areas in the country, with affordable and reliable access to broadband, value added services, Internet applications and content, telecommunications and other ICT-related services, as the Parties are likewise contemplating in the future to include the provision of cellular mobile telephony, local exchange, international gateway facility/ies (IGF), international IP Gateway and inter-exchange (IX) facilities, allowing the transit of outbound and inbound telecommunications voice, voice-band data, multimedia and other integrated voice-data traffic, and in general any other business or service that is within the scope of MISLATEL’s legislative franchise.

To achieve the objective/s of the joint venture, the Parties, among others, agree to:

(a) For MISLATEL, to file application/s or petition/s before the NTC or similar government agencies to secure frequency/ies, permits, licenses and other authorizations for the establishment, operation and maintenance of the above-mentioned services and systems;

(b) For DIGIPHIL, to fund the said application/s or petition/s before the NTC or similar government agencies;

(c) For DIGIPHIL, to fund the roll-out and construction of the network/s or system/s that will be used in connection with paragraph (a) hereof;

(d) For DIGIPHIL, to build, construct, install and integrate such equipment and facilities that will be used by the network; and

(e) For DIGIPHIL, to contribute its technical and operational expertise in achieving the objective/s enumerated in paragraphs (a), (b), (c) and (d) hereof;
2. SHARES ACQUISITION. DIGIPHIL will subscribe Two Million Five Hundred Thousand (2,500,000) MISLATEL common shares at Php 2.00 per share, with assurance that DIGIPHIL shall have at least one (1) seat in the Board of Directors of MISLATEL.

On the date of this Agreement, DIGIPHIL shall hand the amount of Php 5 Million to MISLATEL as full payment for the Two Million Five Hundred Thousand (2,500,000) common shares, and a Subscription Agreement or any other similar agreement for the acquisition of the Subject Shares shall be executed by MISLATEL in favor of DIGIPHIL or its nominee.

Likewise, simultaneous with the receipt of payment of Php 5 Million, MISLATEL shall issue a Board Resolution authorizing DIGIPHIL or its representative to file an application/s or petition/s to secure the allocation in its favor of frequency/ies, permits, licenses and other authorizations before the NTC or similar agencies of the government.

MISLATEL represents and warrants that the shares of stock to be assigned or transferred to DIGIPHIL or its nominee are free and clear of all warrants, options, liens, encumbrances, liabilities, pledges, and any other interests of third parties; that there are no outstanding taxes, fees or other liabilities payable with respect to the said shares of stock; that there are no indentures or other agreements that would prevent the sale of these shares of stock; and that upon delivery to DIGIPHIL or its nominee of the said shares of stock, DIGIPHIL or its nominee will acquire good and marketable title to the Subject Shares.

MISLATEL agrees that DIGIPHIL shall be allowed to subscribe to more shares of stock as may be agreed upon in the future, and as an assurance of good faith, MISLATEL also grants DIGIPHIL a right of first refusal whereby its stockholders shall offer their respective equities to DIGIPHIL before the same are offered to third parties to purchase such equity stakes. DIGIPHIL shall pay Php 5 Million as consideration for the right of first refusal and will be paid to MISLATEL upon filing of the Application/s referred to in this Agreement.

3. FILING OF APPLICATION/S. Upon signing of this Agreement, MISLATEL and DIGIPHIL shall coordinate for the filing of application/s or petition/s before the NTC or other agencies of the government to secure frequency allocation/s, permits, licenses and other authorizations for the establishment, operation and maintenance of the services enumerated above to be offered to the public and to charge rates therefor. DIGIPHIL shall be charged with the responsibility of engaging the personnel/witnesses to be presented, including the counsel/s, who shall assist in pursuing the said application/s or petition/s.

MISLATEL and DIGIPHIL both acknowledge and understand that while the application/s or petition/s shall be filed under the name of MISLATEL, MISLATEL will however consent to the assignment or transfer of the same or will agree to the assignment or transfer of the rights, title to or interests over the said frequency/ies, permits, licenses or other authorizations once approved by the NTC and other government agencies, to DIGIPHIL or to another enfranchised entity nominated by DIGIPHIL.

4. EXCLUSIVITY. MISLATEL warrants and represents that DIGIPHIL and/or DIGIPHIL's nominated partner/s or business associate/s will be
MISLATEL’s sole and exclusive partner in the utilization of such frequency/ies, permits, licenses or authorizations that may be approved through the application/s or petition/s mentioned herein, except if both MISLATEL and DIGIPHIL consent to the utilization thereof by third parties.

MISLATEL further represents and warrants that it shall not lease, provide any access to such frequency/ies, permits, licenses or other authorizations, and neither mortgage, hypothecate, or grant another entity any option, right of first offer or right of first refusal, whether vested or contingent, or enter into any other contract, that will effectively allow such frequency/ies, permits, licenses or other authorizations to be used or operated or accessed or acquired by another.

Neither party shall assign this Agreement, or any of its rights or obligations hereunder to any third party, without the prior written consent of the other party.

5. UNDERTAKINGS AS TO EXPENDITURES. The Parties agree that the costs of filing the application/s or petition/s for the pursuit of such authorizations before the NTC and other government agencies to obtain the frequencies/spectrum, permits, licenses and other authorizations, shall be chargeable to DIGIPHIL, including all incidental fees or miscellaneous expenses therefor. Likewise, DIGIPHIL shall fund the roll-out of the network or system and/or build, construct, install and integrate such equipment and facilities of the network or system that will be anchored upon the use of the frequency/ies or spectrum, permits, licenses and other authorizations granted by the NTC and other government agencies.

MISLATEL shall not be obliged to contribute funding for the roll-out, construction and/or installation or integration of the equipment and facilities of the network or system that DIGIPHIL shall use in the provisioning of broadband services, value added services, Internet applications and content, telecommunications and other ICT-related services, including in the future, those required for cellular mobile telephony, local exchange, international gateway facility/ies (IGF), international IP Gateway and inter-exchange (IX) facilities.

Neither shall MISLATEL be obliged to share in DIGIPHIL’s capital expenditures and operational expenditures relating to the foregoing activities. In the same manner, DIGIPHIL shall not be obliged to contribute to the expenses that MISLATEL will spend for its projects, now or in the future, and neither shall DIGIPHIL be required to share or contribute to MISLATEL’s capital expenditures and operational expenditures.

6. SHARING AND OTHER PAYMENT TERMS. Either of the Parties may utilize such frequencies/spectrum, permits, licenses or authorizations and undertake projects independently of each other, provided that the same shall not compete with the business/es or service/s offered by the other in a certain service area, or interfere with the use/s of the other Party of such frequencies/spectrum, permits, licenses or authorizations. In this wise, each Party shall not be obliged to share to the other profits or dividends earned from their respective operations, subject however to the proceeding paragraphs.

For projects that will be jointly pursued by MISLATEL and DIGIPHIL using the frequencies/spectrum, permits, licenses or authorizations described above, MISLATEL and DIGIPHIL shall agree on a ratio and proportion scheme.
that will factor in or consider their respective contributions, excluding the value of the franchise and value of such frequencies/spectrum, permits, licenses or authorizations.

For projects to be undertaken alone by MISLATEL using the aforesaid frequencies/spectrum, permits, licenses or authorizations, DIGIPHIL notwithstanding its ownership of common shares of stock in MISLATEL, shall have no participation in the profits or dividends to be issued by MISLATEL.

For projects to be undertaken alone by MISLATEL using only the network, system or facilities built or constructed or integrated by DIGIPHIL, MISLATEL shall pay or reimburse DIGIPHIL for the use of such network, system or facilities, or with both parties consenting, DIGIPHIL’s services shall be equitized and the price per share shall be based on the net book value.

However, for projects to be undertaken alone by DIGIPHIL using the aforesaid frequencies/spectrum, permits, licenses or authorizations, MISLATEL shall be allowed to participate in the profits or dividends of DIGIPHIL up to TEN PERCENT (10%) share in the gross profits.

7. **INDEMNIFICATION.** Each party shall indemnify and hold harmless the other, its officers, directors, employees, and agents, against and from any liability, loss, damage, cost and expense (including attorney’s fees and costs of litigation) arising out of or in connection with any claim or action which any person or entity, other than the other party, may file or threaten to file against either party, its officers, directors, employees or agents relating to the acts or omissions of a party under this Agreement or those relating to the acts or omissions of a party in relation to the project/s that each pursues independently of the other. The indemnification provided herein shall survive the termination of this Agreement and the termination of any service provided pursuant to this Agreement.

8. **EXECUTION OF FURTHER DOCUMENTS AND ACTIONS.** Each of the parties shall from time to time upon the request of the other Party and/or as may be necessary to pursue the objective/s under this Agreement, execute any additional document/s or contracts and accomplish any other acts or things which may reasonably be required to effectuate the purpose/s of this Agreement.

9. **REPRESENTATIONS AND WARRANTIES.** Each party represents and warrants to the other as follows:

(a) MISLATEL and DIGIPHIL, respectively, is a duly incorporated entity, validly existing and in good standing under Philippine Laws and have their respective principal office at the addresses first above written.

(b) Each party has full legal right, power and authority to carry on its present businesses, to own its properties and assets, to incur the obligations provided for in this Agreement, to execute and deliver this Agreement, and to perform and observe the terms and conditions hereof.

(c) Each party has taken all appropriate and necessary corporate and legal actions to authorize the execution, delivery and performance of this Agreement.
(d) Each party represents and warrants that there is no litigation, claim, or dispute pending, or to its knowledge threatened against or affecting it or its properties, the adverse determination of which might materially adversely affect its financial condition or operations or impair its ability to perform its obligations under this Agreement or any other instrument or agreement required hereunder.

(e) The making, execution and delivery of this Agreement, and any document or instrument in implementation hereof, as well as the performance and observance of the terms hereof, will not contravene or violate any provision of its articles of incorporation or by-laws or of any applicable law, regulation, order or ruling, and of any contact, agreement or instrument binding on it and its properties.

10. AMBIGUITIES. The Parties have participated fully in the review and revision of this Agreement and thus any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

11. AMENDMENT. This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by all parties.

12. SEVERABILITY. If any provision of this Agreement becomes invalid, illegal or unenforceable, the parties will endeavor, acting in good faith, to agree on the terms of a provision that may be substituted for the invalid, illegal or unenforceable provision. The invalidity, illegality or unenforceability of any provision will not affect the remaining provisions of this Agreement. To the extent legally permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision that will implement the commercial purpose/s of the illegal, invalid or unenforceable provision/s.

13. CONFIDENTIALITY. Each party will hold any and all Confidential Information in strict confidence and will ensure that each of the party’s personnel does not: (a) disclose any Confidential Information to any person without the prior written consent of the other party; (b) make any use Confidential Information or any part of it except for the proper performance of the party’s obligations under this Agreement; (c) make any use of Confidential Information or any part of it to the competitive disadvantage of the other party; (d) and copy or duplicate Confidential Information or any part of it without the prior written consent of the other party except to the extent necessary for the proper performance of the party’s obligations under this Agreement. Each party agrees to provide all reasonable assistance (and must procure that each of the party’s personnel provide all reasonable assistance) to the other party to assist in preventing any unauthorized use or disclosure of that Confidential Information and in taking action against those who use or disclose such Confidential Information without authorization from the other party. Each party expressly understands that the Confidential Information is of a commercially valuable and highly sensitive nature. In the event that a party discovers that the other party has made or makes or intends to make or causes to be made any unauthorized disclosure of the Confidential Information, it shall be entitled to take out an injunction against the other party or any third party involved in such unauthorized disclosure, to restrain it from making any such disclosure. In addition or in the alternative, as the case may be, a party
shall be entitled to exercise any and all other legal and equitable remedies as are available in respect of the breach of this Agreement and to further protect the Confidential Information.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first written above.

MINDANAO ISLAMIC TELEPHONE CO., INC.

By:

[Signature]

DANilo M. CORTEZ

-and-

NICANOR ESCALANTE

DIGIPHIL TECHNOLOGY, INC.

By:

[Signature]

EDUARDO N. MILLANA

Witnesses:

[Signature]

[Signature]