
Extracting value in transparency
The Third PH-EITI Report (FY2014)





Foreword



The government abides with the Philippine Extractive Industries Transparency Initiative (PH-EITI) as we disclose to the general public the accounts pertaining to all extractive industries in the Philippines.

I have always been for fair and responsible extractive industries. They are the key to spurring development and encouraging economic growth, especially in the countryside where opportunities are sparse and limited. As long as extractive operations in the country continue to follow international and government-established protocols; pay the correct taxes; as well as remain mindful of the needs of its host communities and the environment, they will have a strong ally in the government and the Filipino people.

That is why I have directed not just the Department of Environment and Natural Resources, but all concerned government agencies to review permits granted to environmental sensitive activities to ensure compliance with established government standards. We will not hesitate to introduce amendments, suspend licenses, or revoke permits if they fail to meet what is dictated by law.

This 3rd Country Report is our attempt to promote transparency and accountability in the administration of our natural resources. Together with the PH-EITI Multi Sectoral Group, it is my hope that this report will ensure that all extractive activities will provide meaningful and impactful opportunities and benefits not just for the economy, but for everyone concerned. I trust that we will continue to abide with the principles that led to its establishment and use it to usher in the just, equitable, and prosperous future we envision for all Filipinos.

Rodrigo Roa Duterte
President of the Philippines
Manila, January 2017



Message from the Secretary

The Department of Finance (DOF) gladly welcomes the publication of the 3rd Country Report of the Philippine Extractive Industries Transparency Initiative (PH-EITI).

The President has, time and again, expressed his repugnance for secrecy in government, and swiftly matched his words with action by issuing Executive Order No. 2, s. 2016 on freedom of information in his first month in office. Following suit, the DOF issued Department Order No. 61-2016 prescribing the DOF Freedom of Information Manual. Now in its third cycle, the PH-EITI Country Report continues to further the cause of transparency, and falls into step with the new Administration's promise of genuine change.

Presenting comprehensive contextual information about the mining, oil and gas, and coal industries in the Philippines and reconciling about PHP 53 billion in taxes and fees for 2014, the Report makes a significant contribution to ensuring open and accountable governance of the natural wealth of our nation. It brings together and discloses data from 7 National Government Agencies, 63 Local Government Units (LGUs) hosting extractive operations, 31 large-scale mining companies, and 5 oil and gas companies, constituting a compendium of facts that can serve as valuable input to government policies, and, to the people, an account of the state of resource extraction and development in the country.

Moreover, the DOF sees the Philippine EITI as aligned with at least three goals in the Duterte Administration's ten-point socioeconomic agenda: institute more effective tax collection, increase competitiveness and the ease of doing business, and promote rural and value chain development, as to a critical albeit specific sector. The first is evident, as the Report can surface discrepancies in collections/payments, thereby identifying leakages and leading to measures to improve tax administration. It can also aid in monitoring and forecasting revenues. The second stems from observing international transparency standards as a demonstration of commitment to good governance, thereby increasing investor confidence and improving the business environment. The third arises from giving attention to extractives' contribution to and impact on regional development, particularly in LGUs that host extractive activities. Publishing reliable data on these activities can help the LGUs to effectively manage the natural resources within their jurisdictions such that their constituents, especially the communities most affected, duly benefit from them.

In support of the last goal, the DOF, within the first quarter of this Administration assuming office, issued Department Order No. 49-2016 mandating the inclusion of environment and natural resources data in the electronic Statement of Receipts and Expenditures (eSRE) system for local treasurers. This directive was in part premised on the PH-EITI Country Report's requirement that all LGUs hosting extractive operations participate in the initiative to ensure that payments made by extractive companies are reported accurately and in a timely manner.

Finally, may this Country Report fulfill its purpose and become an instrument not only to promote transparency but also to effect needed reforms. And may PH-EITI continue to advocate a bureaucracy bold enough to be seen through so as to see its commitment to the Filipino people through, a Government that substantiates accountability with action, and an Administration that maintains its mandate not by the delivery of words but by the delivery of services and real development.

A handwritten signature in black ink, appearing to read "Carlos G. Dominguez". The signature is fluid and cursive, written over a white background.

CARLOS G. DOMINGUEZ
Secretary of Finance



Republic of the Philippines
DEPARTMENT OF ENERGY

Energy Center, Rizal Drive cor. 34th Street, Bonifacio Global City, Taguig



MESSAGE

The Department of Energy is one with the Extractive Industries Transparency Initiative (EITI) in its most noble advocacy, which is in accord with President Rodrigo Duterte's clear directive of institutionalizing transparency and freedom of information in all agencies of government.

Cognizant of the finiteness of our natural resources and that constant education and participation of the people is key to the success of this very important initiative, the DOE is compelled by its mandate to the Filipino people to foster and promote the ideals of EITI within and throughout the energy sector. Hence, we pledge our firm commitment to the cause, and pursue with vigor and consistency the standards set by the EITI, through conscientious regulation of the companies and institutions under our auspices and through the implementation of kindred programs and projects.

In solidarity with the Multi-Sectoral Group, the DOE rallies the entire nation in working toward the country's EITI validation and in our continued adherence to the ideals of transparency and accountability in the extractive industries.

Para sa sambayanang Pilipino, ngayon at sa mga susunod pang henerasyon!

Maraming salamat at mabuhay!


ALFONSO G. CUSI
Secretary





Message from the Secretary



The Department of Environment and Natural Resources (DENR) congratulates the Philippine Extractive Industries Transparency Initiative (PH-EITI) on publishing the 3rd PH-EITI Country Report. In light of the Duterte presidency's strong advocacy for transparency and adamant about imposing the strictest international standards for mining, this Country Report provides timely and significant support to this Administration's platform for change, particularly in the development and management of our country's natural resources.

The Report's comprehensive information and independently-audited data on the mining, oil and gas, and coal sectors enable stakeholders to examine and evaluate the impact of these extractive industries not only on the national economy but also on local communities. It provides facts that can fuel and enlighten the debate on whether or not extractive activities redound to the benefit of the people and contribute to national development.

The DENR aims to transform itself from being a mere regulatory arm to serving as a "development arm" whose work has direct bearing on poverty alleviation, specially in rural areas. Accordingly, we want to ensure that extractive activities in the country translate to growth, a better economy, and improved lives for Filipinos. We want the extractive industries to put primary importance on the welfare of affected communities and the environment, comply with the economic, social and environmental policies of the land, and adhere to international standards. The Extractive Industries Transparency Initiative (EITI) helps us in this regard. By requiring a multi-stakeholder approach to instill transparency along the entire value chain of the extractive sector, the EITI allows monitoring, promotes accountability, and facilitates reforms with a view to ensuring that the sector delivers sustainable benefits to the people.

As a whole, this initiative is in harmony with the four pillars of the Gross National Happiness index that we aspire for: sustainable development, preservation and promotion of cultural values, conservation of the natural environment, and establishment of good governance. Thus, the DENR reaffirms its mandate under Executive Order No. 79, s. 2012 to ensure that mechanisms are established to operationalize the EITI, and commits to support its effective implementation in the country. May this 3rd PH-EITI Country Report be a testament to our continuing cooperation in the service of the Filipino people.

HON. REGINA PAZ L. LOPEZ
Secretary of Environment and Natural Resources



Message



CONGRATULATIONS TO THE MANAGEMENT AND STAFF OF THE PHILIPPINE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (PH-EITI) ON THE LAUNCHING OF THE 3RD EDITION OF THE PH-EITI COUNTRY REPORT.

We, at the Department of Environment and Natural Resources-Mines and Geosciences Bureau (DENR-MGB), as stewards of the country's mineral resources, have always been on the side of *sustainable mineral resources development*, aware of its contribution to the national economic growth and countryside development.

Being firm on such advocacy proves to be a challenge when met with opposing views directed toward concerns for the environment and social development, where some stakeholders harbor negative impression, even with the sturdiest effort put in by the government.

It is in this light that we welcome the advent of the Philippine Extractive Industries Transparency Initiative (EITI). The EITI, being a global standard ensuring transparency in disclosing revenues from natural resources, provides a platform to systematically report, review and assess what is paid by companies and received by governments through a system of bilateral disclosures, as well as promotes dialogues.

Moving toward submitting the 3rd PH-EITI report as a candidate country, we, at the DENR-MGB, show our commitment by providing all information required to complete the said report such as, but not limited to, revenues generated, mineral reservation areas, and environmental and social development funds. Thus, we enjoin all mining companies to participate in the initiative to ensure transparency in the industry.

Rest assured that we, at the DENR-MGB, will give our full support to the programs of the PH-EITI and commit to continue introducing reforms and innovations in our system in particular in the full disclosure of information in order to have an improved/enhanced database as well as contribute to the successful implementation of the EITI process.

We hope that this advocacy toward transparency would reflect the efforts of the whole industry in attaining sustainable and responsible mining in the country.

ATTY. DANILO U. UYKIENG

Officer-In-Charge

Office of the Director



**Chamber of Mines
of the Philippines**



MESSAGE FROM THE CHAMBER OF MINES OF THE PHILIPPINES

Congratulations on the publication of the third PH-EITI country report!

With the Standard revised and our scope broadened, this third report is truly a remarkable achievement. The numerous logistical challenges that confronted the Multi-Stakeholder Group and the National Secretariat throughout the year make this achievement even more significant.

The first two country reports underscores the close cooperation, trust, and understanding that the Multi-Stakeholder Group has created and nurtured the last four years. The coming validation process will test the quality of our work but us in the private sector are confident that the MSG's consensus-based working relationship will serve the PH-EITI in good stead as the country moves towards being validated and hopefully, found compliant with EITI Standards for transparency.

The new administration has created new challenges for the mining industry by setting additional requirements for social acceptability and environmental protection. We are confident that the industry will be able to meet these challenges and prove that the mining industry is a reliable partner for social progress and economic development. We hope that our work in the PH-EITI will serve as basis for future evidence-based policies that will lead, not only to rational regulation, but to a robust and competitive mining industry as well.

We look forward to working with our partners in government and civil society in strengthening transparency reporting in the country. For future reports, we hope to finally move forward on these identified initiatives: the disclosure of beneficial ownership; integrating transparency and disclosure processes into government systems; and eventually expanding the coverage of the report by getting the coal and non-metallic mineral sectors to participate in the EITI.

We remain committed to the cause of transparency and we look forward to reaping the fruits of our labor in the coming years: positive change in the understanding, governance, and management of our country's mineral resources.

Mabuhay ang Philippines-EITI!

ARTEMIO F. DISINI

Chairman, Chamber of Mines of the Philippines



MESSAGE FROM THE PHILIPPINE PETROLEUM ASSOCIATION

of the Upstream Industry (Oil & Gas), Inc. (PAP)



The publication of this third Report of EITI Philippines is an important milestone in the path towards becoming a fully Compliant Member of EITI. The process of producing this Report is a magnificent demonstration of how much the different stakeholders in the extractive industries could achieve by working together to promote the common goal of transparency and good governance. The Chairman's Award received during the EITI Global Conference held in Peru earlier this year is a recognition of the outstanding work of EITI Philippines in publishing the first two country reports. Clearly, the implementation of the EITI process and the cooperation of various stakeholders are worthy of emulation by other sectors of our society.

The upstream petroleum industry is particularly pleased to see an independent validation of the negligible variance between payments and revenues of government from our upstream industry and the significant contribution of petroleum production to the country's economy. Against the backdrop of low petroleum prices and difficulties in the search for, development and production of indigenous petroleum resources, this is one of the few bright spots. The Petroleum Association of the Philippines therefore earnestly looks forward to a similar spirit of productive collaboration with various stakeholders on our shared goal of achieving energy security and availability that are most essential to the public welfare and our country's socioeconomic growth and progress.

We also look forward to the continuing exceptional work of EITI Philippines in the implementation of the EITI Standard.

Congratulations!

With best wishes,

ANTHONY P. FERRER

President, PAP
Country Representative, Nido Production (Galoc)
and Galoc Production Company



MESSAGE FROM BANTAY KITA

We commend the Philippine Extractive Industries Transparency Initiative (PH-EITI) for producing the third PH-EITI Report, despite the challenges brought about by institutional and operational uncertainty. Through EITI, access to pertinent information on mining, oil, and gas contracts, taxes paid, income declared, and royalty payments due to indigenous peoples has considerably improved. Disclosure has given way to objectively identify gaps and gains, and encourage evidence-based discussion and debate. Transparency afforded by EITI has gradually empowered stakeholders to demand for accountability and seek their fair share.

PH-EITI has been a consistent frontrunner in the provision of access to relevant documents beyond what is necessitated by EITI. In recognition of this, PH-EITI was conferred with the 2016 International Chair Award. Unfortunately, however, we are disappointed to note that PH-EITI has fallen short of the standards it has set for itself. Despite having members from regulatory agencies, PH-EITI has yet to engage the participation of the only material coal company. It has yet to achieve the level of disclosure it has committed to. We have consistently demanded for full access to the annexes of mining contracts that contain technical details of auxiliary rights of mining companies, to monitoring reports of Multipartite Monitoring Teams, and to other social and environmental compliance monitoring reports, among others.

For improved minerals management, it is imperative to see the industry's full contribution to the economy, and consider its social and environmental impacts. Its economic impact may significantly be reflected by compelling all extractive companies to participate in EITI. To require company participation, assure government commitment to EITI, and guarantee meaningful engagements of mining affected communities, civil society, and especially indigenous peoples, a law must be enacted.

We strongly encourage concerned government agencies in the PH-EITI Multi-Stakeholder Group (MSG) to keep their commitment to transparency and accountability, exercise their regulatory powers over the extractive companies, and submit the required documents. We look forward to continuously engaging in spirited discussions with industry MSG members. Bantay Kita recognizes that despite different perspectives, MSG members are united in their goal to work together towards enhanced resource governance.

May the PH-EITI continue to push the boundaries of disclosure towards greater transparency and accountability in the extractive industry.

We, the members of the Philippine Extractive Industries Transparency Initiative Multi-Stakeholder Group, have reviewed this 3rd Country Report to our satisfaction and hereby approve and endorse the same to the EITI International Board.

Signed this 31st day of December 2016.



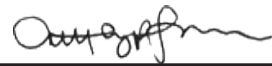
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* A member organization of Bantay Kita-Publish What You Pay Philippines

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The Extractive Industries Transparency Initiative (EITI): Primer

The EITI is a global standard of transparency that requires oil and gas and mining companies to publish what they pay to the government, and the government to publish what they collect from these companies.

The initiative aims to encourage countries to be more transparent in reporting the benefits they receive from their country's natural resources. By publishing material information on payments and revenues, the EITI aims to promote prudent use of natural resource wealth as an important engine for sustainable economic growth that contributes to continuing development and poverty reduction.

The EITI standards rest on three pillars:

- All revenues from extractive industries should be regularly published and independently verified.
- Publication of data should be managed by a multi-stakeholder group composed of members from the government, the extractive industries, and civil society organizations, and
- Data should be effectively shared with the country's citizens and stimulate an informed debate about how natural resources are governed.

Benefits of EITI implementation include the following:

Governments benefit from following an internationally recognized transparency standard that demonstrates commitment to reform and combatting corruption, leads to improvements in the tax collection process, and enhances trust and stability in a vulnerable sector.

Companies benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and more stable investment climate in which they can more effectively engage with citizens and civil society.

Citizens and civil society benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold to account the government and companies.

The EITI organization

Globally, EITI is overseen by an international board led by a Chairman, and composed of 21 members who represent implementing countries, supporting countries, civil society groups, business, and investment companies.

The EITI Board is supported by an International secretariat which operates under Norwegian law.

The International community provides support to EITI implementation both bilaterally and through the Extractive Global Programmatic Support Multi-Donor Trust Fund managed by the World Bank.

At the national level, the EITI is governed by a multi-stakeholder group composed of representatives from the government, the extractive industries, and civil society. This body sets the direction for EITI implementation by formulating country objectives, engaging stakeholders, crafting and implementing a work plan, publishing an EITI report, and recommending reforms based on the findings of the EITI report.

The EITI process

A country admitted to the EITI first assumes the status of a Candidate Country. It then publishes within 18 months from admission a report which contains the following information:

1. Contextual information about the extractive industries
2. Material payments from the extractive sector as reported by the companies and the government
3. Identification and explanation of discrepancies in the reported figures, and
4. Recommendations on how to address the problems identified by the report.

An Independent Administrator performs the reconciliation process. After publication, the report is widely disseminated to stimulate public debate and improve the citizens' understanding on how their natural resources are and should be governed.

Following the publication of the report, a candidate country goes through a validation process to determine if its implementation of EITI complies with the EITI Standards. A validator appointed by the International Board evaluates the country's overall implementation according to the following requirements:

1. Effective oversight by the multi-stakeholder group
2. Timely publication of comprehensive and reliable EITI Reports
3. EITI Reports that include contextual information about the extractive industries, particularly licenses and contracts and data on exploration and production
4. Production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, disclosure of all material payments to government by oil, gas and mining companies, including disclosure on revenue management and distribution and on socio-economic spending
5. A credible assurance process applying international standards
6. EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate, and
7. The multi-stakeholder group is taking steps to act on lessons learned and to review the outcomes and impact of EITI implementation.

In addition to the above assessment, the validator also conducts an impact analysis, addressing the following areas:

1. Impact of EITI on national priorities for the extractive industries as identified by the Multi-Stakeholder Group's (MSG) work plan
2. Sustainability of the process, describing the outlook for EITI in the country
3. Assessment of innovations and actions being undertaken by the MSG that are complementary to and exceeding the EITI provisions, and
4. Conclusions, lessons learnt and recommendations for widening the impact of the EITI process, including any opportunities for embedding the EITI in government systems.

Compliance with each individual EITI requirement will be assessed based on progress, whether it is (1) satisfactory, (2) meaningful, (3) inadequate, or if (4) there was no progress. Drawing on this assessment, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard. Where validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as EITI compliant. Consequences of non-compliance are detailed on Figure 1.

A country may hold EITI candidate status for not more than five (5) years from the date of its admission as an EITI candidate. If a country has not achieved compliant status within two and a half years of becoming a candidate, the country will be designated as an EITI candidate country or will be suspended while undertaking final corrective actions. The Board may revoke the country's candidate status when it has exceeded the maximum candidacy period, or where the validation shows inadequate progress has been achieved in the subsequent validations.

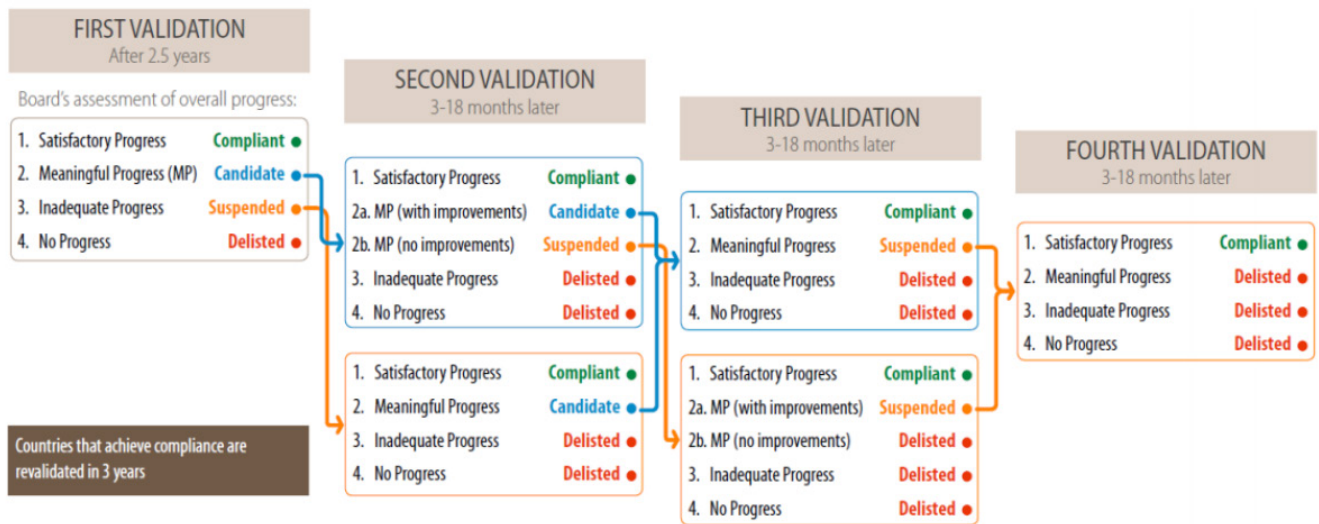
EITI implementation in the Philippines

The Philippines expressed its commitment to participate in the EITI through Executive Order (EO) No. 79 and EO No. 147 (Annex A). The latter executive issuance formally established the Philippine EITI MSG and laid down the operational requirements for the initiative. The MSG is tasked to ensure sustained commitment to the initiative, set the strategic direction for implementing the EITI, remove barriers to its implementation, set the scope of the EITI process, and make sure that the initiative is effectively aligned with the government's reform agenda.

The Philippine MSG is composed of representatives from the government, the extractive industries, and the civil society. The government is represented by the following:

1. Department of Finance (DOF);
2. Department of Environment and Natural Resources (DENR), Mines and Geosciences Bureau (MGB);
3. Department of Energy (DOE);
4. Department of the Interior and Local Government (DILG); and
5. Union of Local Authorities of the Philippines (ULAP)

Figure 1. EITI Validation Scenarios



Civil society is mainly represented by Bantay Kita Philippines (Publish What You Pay Philippines), a broad coalition of civil society organizations advocating transparency and accountability.

The extractive industries are represented by the Petroleum Association of the Philippines, Chamber of Mines of the Philippines, and an elected representative from non-chamber members.

The MSG is supported by a Technical Working Group (TWG) and a Secretariat lodged in the DOF which implements the directives of the MSG. (The list of MSG and TWG members, Secretariat and profiles of the agencies or organizations they represent are provided in Annexes B-D)

The Philippines was admitted as a Candidate Country by the EITI Board on 22 May 2013 at the EITI Global Conference in Sydney, Australia. Subsequently, the MSG determined its objectives for EITI implementation by examining major issues in natural resource management in the country.

Consultations with government, industries, and civil society organization (CSO) representatives revealed several issues that should be addressed, which include more transparency and accountability in the extractive industries; conflicting laws and fiscal regime in relation to extractive industries, and lack of or conflicting information on taxes paid, and benefits received by communities from extractive industries, among others. To address the issues noted, the action plans should be governed by the following common goals and objectives:

1. Show direct and indirect contribution of extractives to the economy.
2. Improve public understanding of the management of natural resources and availability of data.
3. Strengthen national resource management and governance systems.
4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders.
5. Pursue and strengthen the extractive sector's contribution to sustainable development.

The fifth objective of the MSG was revised during the year. Previously, it was to “strengthen business environment and increase investments”. However, upon assessment, it was determined that while PH-EITI contributes to the transparency of the companies’ revenues and taxes, it does not directly affect the way companies do business. Alternatively, it was suggested that the objective be reframed to recognize the industry’s contribution to sustainable development, as this would also encourage companies to disclose their current social and economic contributions and facilitate a review of these disclosures to ensure that such contributions have sustainable impact.

The first and second PH-EITI report also include a detailed overview of EITI. Learn more about PH-EITI at www.ph-eiti.org.

Overview of the third PH-EITI Report

In its continuing effort to elevate transparency and accountability, the Republic of the Philippines published its third PH-EITI report covering 2014 collections/revenues to the EITI International Board in December 2016. The report covered a total of 36 companies, comprised of 31 large-scale metallic mining companies, and five oil and gas operating companies. (2013 - 36 participating companies).

The report also covered seven national government agencies and 63 Local Government Units (LGUs). The national government agencies include the BIR, DENR-MGB, DOE, Department of Budget and Management (DBM), Bureau of Customs (BOC), Philippine Ports Authority (PPA), and National Commission on Indigenous Peoples (NCIP). For reconciliation purposes, however, revenue streams attributed to PPA such as wharfage fees were not considered material; hence, excluded. The LGUs were limited to provinces and municipalities that host large-scale and/or small-scale companies.

The third PH-EITI report covers the following chapters:

1. **Chapter 1** covers the contextual information about the Philippine extractive industry. It provides a comprehensive picture of the legal framework and governance mechanisms for the sector, the contracts and licensing processes, including payments and revenue-sharing schemes at the national and subnational (local) levels. It also covers discussions on state-owned extractive enterprises and the process for securing the free and prior informed consent (FPIC) of indigenous peoples.

Contextual information in the third PH-EITI report focuses on updates and developments impacting mining, oil and gas and coal; hence should be read together with the first and second PH-EITI

report. In addition, this section takes a look at both industries as a whole with mining encompassing large and small-scale metallic and non-metallic; and oil and gas and coal reporting on entities both under exploration and commercial operations.

2. **Chapter 2** presents the results of the reconciliation procedures and contains information on the material revenue streams from the extractive industry as reported by the participating companies and the national government agencies. These cover both fiscal payments (taxes, fees, charges) and non-fiscal payments, such as Social Development and Management Program (SDMP) funds, environmental protection and rehabilitation funds, and royalty payments to indigenous peoples. It also identifies and explains any discrepancies in the reported figures, offering recommendations on how to address such issues. As cited earlier, participating companies only represent the large-scale metallic mining sector and operating oil and gas and coal entities. Small-scale metallic and non-metallic mining are to be considered and evaluated in the succeeding report based on the results of respective scoping studies as presented in the second volume.

Information on large-scale metallic mining and on the extractive industries in the ARMM are covered in scoping studies included in the second PH-EITI report, with updates included in Section V, *Other Information* of this report. A portion of small-scale metallic mining, covering updates on *Minahang Bayan (MB)*, is also provided in Section V, *Other Information*.

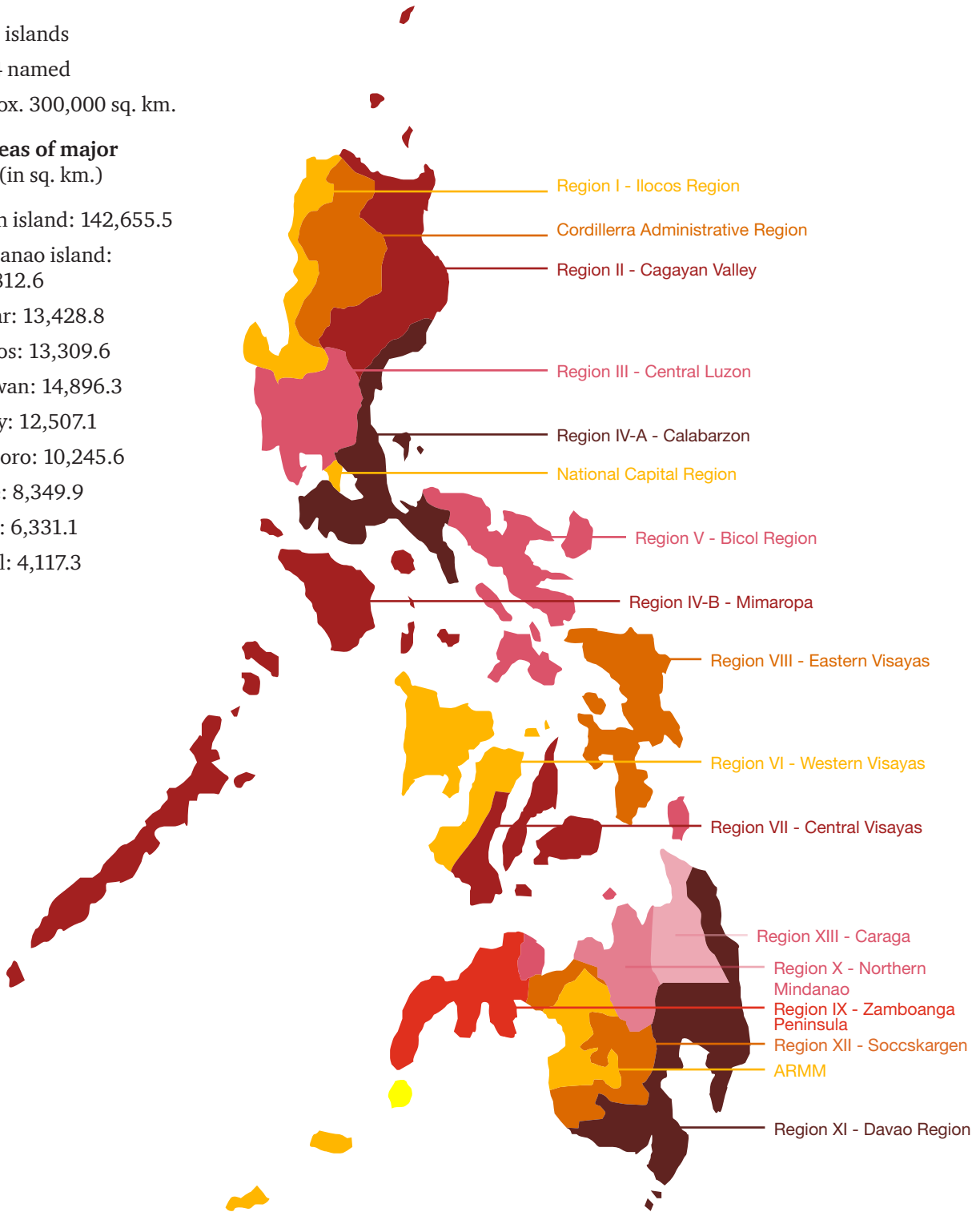
Illustration 1. Map of the Philippines

Composition

- 7,107 islands
- 3,144 named
- Approx. 300,000 sq. km.

Land areas of major islands (in sq. km.)

- Luzon island: 142,655.5
- Mindanao island: 102,812.6
- Samar: 13,428.8
- Negros: 13,309.6
- Palawan: 14,896.3
- Panay: 12,507.1
- Mindoro: 10,245.6
- Leyte: 8,349.9
- Cebu: 6,331.1
- Bohol: 4,117.3



chapter

1

I. Legal and institutional framework, including allocation of contracts and licenses

A. The legal framework and fiscal regime

The taxes and licenses covered by the third PH-EITI report arise from the governing laws, policies and issuances created specifically for the oil and gas, mining and coal industries. This third report provides updates where applicable and should be read together with the first and second PH-EITI report. The legal and regulatory framework for extractive industries in the country, including discussions on license processes, fiscal regime, subnational payments, state-owned enterprises, Indigenous Peoples' FPIC processes and the sector's contribution to the economy are discussed thoroughly in the first PH-EITI report, while the second PH-EITI report provided subsequent developments, reforms and more recent data from the different government agencies, focusing on large-scale metallic mining companies, and included a discussion on the level of fiscal devolution pertinent to the industry covered.

Ongoing reforms as regard the above laws, policies, and issuances are discussed in the succeeding section.

1. Revenue Sharing Scheme

Mining

a. Mineral Agreements

Large-scale mining operations are covered mainly by the following forms of mineral agreements: Mineral Production Sharing Agreement (MPSA), Co-production Agreement (CA) and Joint Venture Agreement (JVA), as stated in Section 2 of the of the Philippine Mining Act of 1995 or the Republic Act (RA) No. 7942, limited by Section 2, Article XII of the 1987 Philippine Constitution. For these arrangements, corporations must have at least 60% of its capital owned by Filipinos.

Income derived by the national government from these mineral agreements follow a revenue-sharing scheme, wherein collections consist of the contractor's income tax, royalty fees on mineral reservations, excise tax, special allowance, withholding tax due from its foreign stockholders, other taxes, duties, and fees under existing laws.¹

¹ Section 81, RA No. 7942, The Philippine Mining Act of 1995
Sections 213-214, DENR Administrative Order (DAO) No. 2010-21, Consolidated DAO for the Implementing Rules and Regulations (IRR) of RA No. 7942, The Philippine Mining Act of 1995

The 1987 Philippine Constitution and the Philippine Mining Act of 1995 also authorise the national government to enter into financial or technical assistance agreements (FTAAs) with any qualified person, including foreign-owned corporations, with technical and financial capability to undertake large-scale exploration, development, and utilization of mineral resources. Unlike mineral agreements, FTAA allows for 100% foreign equity ownership.

b. Revenue Sharing Mechanism

The national government’s share in FTAAs is revenue-sharing in nature and consist of a Basic Government Share and an Additional Government Share, where the latter is the amount to be paid by the Contractor when the Basic Government Share is less than 50% of the Net Mining Revenue. The Basic Government Share consist of all direct taxes, royalties, fees and related payments required by existing laws, rules and regulations to be paid by the Contractor.

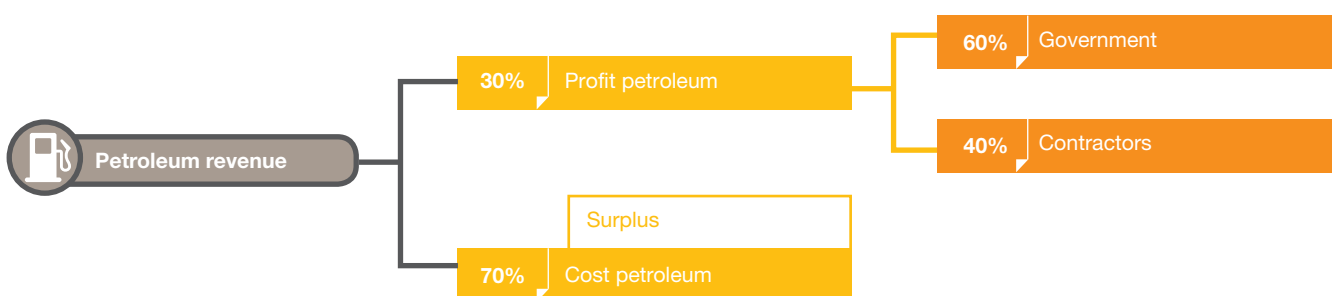
For mineral reservations, the national government collects an additional share of 5% royalty. The royalty is at least 5% of the market value of the gross output of the minerals, exclusive of all other taxes. 10% of this royalty from mining on mineral reservations accrues to the MGB as a trust fund and is allotted for special projects and administrative expenses related to the exploration, development, and environmental management of minerals in these reservations.

Oil and gas

Extractive activities for oil and gas and coal are covered by service contracts. Unlike the revenue-sharing scheme followed by the mining sector, income derived by the national government from the petroleum and coal sectors covered by service contracts follow a proceeds-sharing fiscal regime.

Section 18(b) of PD No. 87 provides that the Government share, including all taxes paid by or on behalf of the service contractor, should not be less than 60% of the net proceeds. The service contractor receives as a service fee up to 40% of the net proceeds from petroleum operations. The service contractor bears all the costs of exploration and development, and is allowed to recover costs up to 70% of gross proceeds, and any unrecovered costs are carried forward. The national government collects its share of the gross sales through the DOE and the BIR.

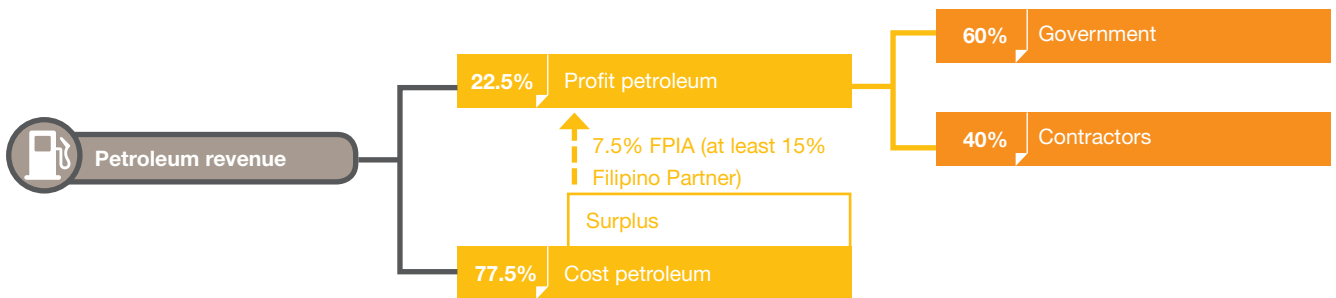
Figure 2. Production sharing - service contract



Details on the production sharing mechanism for petroleum and coal service contracts are found in the second PH-EITI report.

To further encourage Philippine participation in the development of the petroleum sector, a Filipino Participation Incentive Allowance (FPIA) of up to 7.5% of gross proceeds is allowed, depending on the aggregate participation in the contract by Filipino citizens and corporations.

Figure 3. Production sharing - service contract (FPIA)



The operating expense limit cannot exceed 70% and the contractors' share of net proceeds, after deducting operating expenses and FPIA, cannot exceed 40%.

As discussed earlier, Section 18(b) of PD No. 87 provides that the Government share, including all taxes paid by or on behalf of the service contractor, should not be less than 60% of the net proceeds. Income tax (and any other applicable taxes) is part of the national government share in oil and gas.

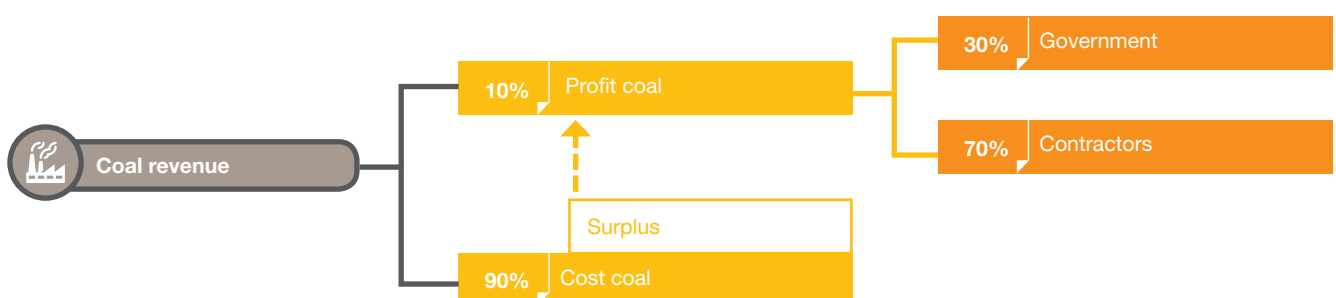
However, the Commission on Audit (COA), in its 2009 COA audit report, has a different interpretation of the above legal provision specifically for the Service Contract (SC) 38 or the Malampaya Deepwater Gas-to-Power Project (the Malampaya Gas Project). The SC-38 contractors consist of Shell Philippines Exploration B.V. (SPEX), Chevron Malampaya LLC (Chevron Malampaya) and state-owned Philippine National Oil Company Exploration Corporation (PNOC EC) (collectively referred to as the Consortium).

The COA's position is that the corporate income taxes of the Consortium members should not form part of the 60% national government share. On the other hand, the DOE believes that the payment of corporate income tax from the Government's share is authorized under PD No. 87 and is not contrary to law. COA has since has instructed the DOE to collect the alleged undercollection of PHP53.1bn in royalties from 2002 to 2009.

This issue is now the subject of proceedings before the COA Commission Proper and is currently under appeal through a Motion for Reconsideration by both the DOE and the Consortium.

Coal

Figure 4. Production sharing - coal operating contract



Under the existing sharing scheme of coal revenues, a Coal Operating Contractor may reimburse operating expenses not exceeding 90% of the gross proceeds from production in any year. The Contractor is also entitled to a special allowance of not exceeding 70% of the balance of the gross proceeds after deducting all operating expenses.

To provide perspective on the production sharing agreement of coal operators, we take the coal revenue of Semirara Mining and Power Corporation (Semirara) in 2013 and 2014 and computed the government's share in accordance with the production-sharing scheme for coal revenues, assuming that the company had availed of the maximum deduction for operating expenses and the special allowance. See Table 1 for details. In actual, government's share in Semirara's production amounts to PHP1.86bn and PHP1.3bn for 2014 and 2013, respectively. The higher reported actual government share in 2014 and 2013 may be attributed to higher profit coal allocation in both periods; hence total cost recovery was lower than the ceiling limit of 90%. Refer to Chapter 2, *Financial reconciliation*, under the Executive Summary for other details on the tax payments made by Semirara.

Table 1. Presumptive computation of the government's share in coal revenues

	2014	2013
Coal revenue	PHP 16,276,929,798	PHP 12,573,569,245
Cost coal (90%)	14,649,236,818	11,316,212,321
Profit coal (10%)	1,627,692,980	1,257,356,925
Special allowance to contractor (70%)	1,139,385,086	880,149,847
Government's share (30%)	488,307,894	377,207,077

2. Fiscal devolution

As detailed in the second PH-EITI report, LGUs have the responsibility of delivering local and basic public services and raising local revenues for financing their expenditure assignment, in accordance with the Local Government Code of 1991. While provisions of the Local Government Code may be appended by ordinances and legislations at the barangay, municipal, city and provincial levels, LGUs, in general, have the autonomy in deciding on the composition of local spending, taxing and borrowing that they would need to meet local development objectives. LGUs are also encouraged to explore alternative sources of revenue by exercising their corporate powers in partnership with the private sector. Examples of local taxes imposed through municipal and city ordinance are soil depletion tax (Dinagat Islands Provincial Ordinance No. 08-58) and storage fees for combustible and flammable materials (Loreto Municipality Ordinance No. 11-204). Annex E provides a more comprehensive list of taxes and fees collected by LGUs hosting extractive operations (information obtained through the reporting templates submitted by LGUs).

3. Overview of the relevant laws and regulations

Mining

The Philippine Mining Act of 1995 (RA No. 7942) lays down the requirements for the exploration, development, and utilization of mineral resources. The Act promotes mining as a means to spur national growth in a way that safeguards the environment and protects the rights of communities. Together with its Implementing Rules and Regulations (IRR), the Mining Act defines the agreements for mineral resources development, provides the requirements for acquiring mining rights, and outlines the responsibilities of each party.² The DENR-MGB is the primary government agency responsible for the conservation, management, development, and proper use of the country's mineral resources including those in reservations, watershed areas, and lands of the public domain.

² Sections 213-214, DAO No. 2010-21, Consolidated DAO for the IRR of RA No. 7942, The Philippine Mining Act of 1995

In 2012, former President Benigno Aquino III issued EO No. 79 to improve environmental standards and increase revenue in mining as a means to promote sustainable economic development and social growth. Among other reforms, EO No. 79 added areas closed to mining applications and imposed a moratorium on new mining agreements until a new legislation rationalizing existing revenue sharing schemes and mechanisms is approved. The incumbent DENR secretary is taking this a step further by looking into ways of revising the Philippine Mining Act in order to increase the government's and communities' share in the profit of mining companies. A more detailed discussion on ongoing reforms can be found in the next section.

Oil and gas

The oil and gas sector is governed by PD No. 87.³ This law aims to hasten the discovery and production of indigenous petroleum through the utilization of government and/or private resources, local and foreign. Subject to existing private rights, PD No. 87 authorises the national government to directly or indirectly explore and produce indigenous petroleum under service contracts. It also outlines the rules on reimbursement of operating expenses and on the revenue sharing scheme. PD No. 87 was later amended by PD No. 1857 to allow the grant of new incentives to petroleum service contractors. The amendments include improved fiscal and contractual terms to service contractors (e.g., reimbursement of amortisation and depreciation of intangible and tangible exploration costs and financing interests).⁴

Coal

PD No. 972 or the Coal Development Act of 1976 governs the coal sector, as amended by PD No. 1174. It introduced the coal operating contract system and issued guidelines for coal operations in the country. Under the system, the national government retains ownership of the resource, while the operator is assigned the right to explore, develop, and market coal. In addition, as part of the incentives granted by PD No. 972, the provision of any law to the contrary notwithstanding, a coal operating contract is eligible for the following incentives:

- Exemption from all taxes except income tax
- Exemption from payment of tariff duties and compensating tax on importation of machinery and equipment and spare parts and materials required for the coal operations, subject to certain conditions
- Accelerated depreciation for purposes of computing for the amount of depreciation to be considered in the computation of taxable income
- Right to remit at the prevailing exchange rate at the time of remittance of such sum as may be necessary to cover principal and interest of foreign loans and foreign obligations arising from technological assistance contracts relating to the performance of the coal operating contract, subject to the regulations of the Bangko Sentral ng Pilipinas (BSP)
- Preference in grant of government loans from government financial institutions
- Alien technical personnel are allowed entry
- Right of ingress to and egress from the COC areas

Other salient provisions of PD No. 972 are discussed in detail in the second PH-EITI report.

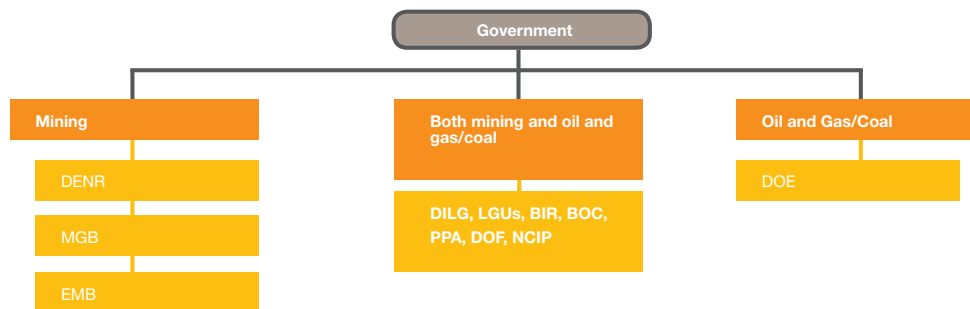
³ Oil Exploration and Development Act of 1972. Its predecessor law, RA No. 387 (1949), continues to be the basis for determining auxiliary rights in petroleum projects.

⁴ Presidential Decree No. 1857

Information on the roles and responsibilities of the relevant government agencies

Figure 5 below shows the key national government agencies regulating the extractive industry sectors. The first PH-EITI report discusses the specific mandates of these government agencies and to date, there are no significant changes in their roles.

Figure 5. Key government agencies regulating the extractive industry sector



Reforms

On 30 June 2016, the 16th President of the Republic of the Philippines took office bringing with him waves of changes, including those affecting the government's stand on the extractive industry.

The administration has also brought about changes in related government agencies, such as the appointment of Regina Paz Lopez as the new secretary for the DENR, and Mario Luis Jacinto, as the new Undersecretary for Mining and concurrent Director of the MGB.

The section on Ongoing Reforms discusses regulations that have been enacted since the second PH-EITI report. Proposed Reforms include bills that have been filed in Congress related to proposed amendments on the rules and regulations on the extractive industry.

Ongoing reforms

Audit of all operating mines and moratorium on new mining projects

The first act of the new DENR Secretary is DENR Memorandum Order No. 2016-01. In July 2016, the DENR Secretary signed the memorandum, which sets out the audit of all operating mines and mines under suspension and/or care and maintenance status and a moratorium on the approval of new mining projects, including the acceptance, processing and/or approval of mining applications and/or new mining projects for all metallic and non-metallic minerals. The Memorandum Order mandates that an audit shall be undertaken in order to determine the adequacy and efficiency of the environmental protection measures of each mining operation, to identify gaps in environmental protection measures, and to determine the appropriate penalties in case of violations of the mining and environmental laws. This is in accordance with certain provisions of RA No. 7942, the Philippine Mining Act of 1995.

Since implementation of DENR Memorandum Order No. 2016-01, the DENR has been conducting the said audits, although there have been no conclusive findings as of date.

Full enforcement of environmental standards in mining

As mentioned in the second PH-EITI report, the DENR has been promulgating several initiatives in its efforts to lead the implementation of environmental standards. One of these initiatives is the issuance of DENR Administrative Order No. 2015-07 dated 30 April 2015, mandating mining contractors to secure ISO 14001 Certification, particularly on Environmental Management Systems. Based on the latest data by the Chamber of Mines of the Philippines, 13 of its members have already complied with ISO 14001 standards, while eight are still in the process of securing such.

The companies that are considered compliant as of 20 December 2016 are as follows:

- AAM-Phil Natural Resources Exploration and Development Corporation
- Benguet Corp.
- BenguetCorp. Nickel Mines, Inc.
- Cagdianao Mining Corporation
- Carmen Copper Corp.
- Carrascal Nickel Corporation
- Citinickel Mines and Development Corporation
- Coral Bay Nickel Corporation*
- CTP Construction and Mining Corporation
- Eramen Minerals, Inc.
- FCF Minerals Corporation
- Filminera Resources Corp.
- Greenstone Resources Corp.
- Hinatunan Mining Corp.
- Krominco, Inc.
- Lepanto Consolidated Mining Co.
- LNL Archipelago Minerals, Inc.
- Marcventures Mining and Development Corp.
- Mindanao Mineral Processing and Refining Corporation*
- OceanaGold (Philippines), Inc.
- Philex Mining Corp.
- Philippine Gold Processing and Processing Corp.*
- Philsaga Mining Corporation
- Platinum Group Metals Corporation
- Rio Tuba Nickel Mining Corp.
- SR Metals, Inc.
- Taganito Mining Corp.
- TVI Resource Development, Inc.
- Westernshore Nickel Corp.

The following companies, on the other hand, are still undergoing the ISO certification process:

- Apex Mining Company, Inc.
- Berong Nickel Corporation
- Pacific Nickel Phils., Inc.

Review of the Performance of Existing Mining Operations and Cleansing of Non-Moving Rights Holders (Section 3 of EO No. 79)

As previously discussed in the first PH-EITI report, the MGB adopted a “use it or lose it policy”, wherein the performance of the mining rights holders are reviewed with the objective of cancelling the mining rights of those that have failed to implement their exploration work programs for two consecutive years or whose exploration permits have already expired. The objective of the policy is to limit mining operations to legitimate exploration companies and true miners. The MGB,

* processing plants of mining companies

through the Regional Multi-Stakeholder Team, has already completed the first review of the existing mining operations last 2014 and has resulted to the identification of 43 MPSAs recommended for cancellation. Pursuant to EO No. 79, the review of the Multi-Sectoral Team in every Region shall be undertaken every two years.

Tax Incentives Management and Transparency Act (TIMTA)

RA No. 10708, known as the Tax Incentives Management and Transparency Act or TIMTA, was signed into a law by former President Benigno Aquino III last 9 December 2015 and took effect on 29 December 2015. Its related IRR (DOF-DTI Joint Administrative Order No. 1-2016) was approved on 23 June 2016 and took effect on 6 July 2016. The objective of TIMTA is to promote fiscal accountability and transparency in the grant and management of tax incentives by developing means to promptly measure the government's fiscal exposure on these grants and to enable the government to monitor, review, and analyze the economic impact of such and thereby optimize the social benefits of these incentives.

TIMTA requires companies to submit an Annual Tax Incentive Report to Investment Promotion Agencies (IPA) 30 days from the statutory deadline of filing for their income tax return and the payment of the tax due, if any. The Annual Tax Investment Report contains information on income-based tax incentives, value-added tax and duty exemptions, deductions, credits, or exclusions from the tax base as provided in the charter of the IPA concerned. IPA, on the other hand, pertains to government entities in-charge of promoting investments by administering tax and non-tax incentives and overseeing the operations of the economic zones and free ports. Examples of IPAs include the Board of Investments, Philippine Economic Zone Authority (PEZA), and Subic Bay Metropolitan Authority (SBMA).

The IPAs will consolidate all Annual Tax Incentive Reports received and submit to the BIR a master list of all companies who had submitted Annual Tax Incentive Reports and a summary of the tax incentives therein within 60 days from the statutory filing deadline for filing of income tax returns.

Lastly, the BIR and BOC shall submit to the DOF the tax and duty incentives of companies as reflected in their income tax returns and import entries, respectively, and the actual tax and duty incentives as evaluated by the BIR and BOC.

The DOF shall maintain a single database for monitoring and analysis of tax incentives granted based on the information received from the process described above. These data shall be submitted to the DBM and will be reflected by the DBM in the annual Budget of Expenditures and Sources of Financing, under the Tax Incentives Information section.

The IPAs will also send the National Economic and Development Authority (NEDA) an Aggregate Annual Tax Incentives Report, which contains aggregate tax incentives and investment-related data, on a sectoral or per industry basis. The Aggregate Annual Tax Incentives Report lists investment projects, investment cost, actual employment, export earnings and all other benefits derived from registered projects. NEDA is mandated to conduct a cost-benefit analysis on the investment incentives to determine the impact of such on the Philippine economy.

Noncompliance with the filing requirements shall subject the companies to penalties, but will not be considered as grounds for suspension of any income tax holiday (ITH) granted and/or other income-based incentives availment.

Note that TIMTA does not prejudice the right of the BIR and BOC to conduct assessments within the prescribed period by the National Internal Revenue Code (NIRC) and the Tariff and Customs Code, respectively. Initial reports shall cover the year ended 31 December 2015.

While PH-EITI promotes transparency with the taxes paid that companies in the extractives industry pay, TIMTA discloses incentives and tax exemptions availed by qualified companies.

No-Go Zone Map

As stated in the first and second PH-EITI report, the Mining Industry Coordinating Council (MICC) prepared the Go and No-Go Zone Map to ensure that mining is not allowed in areas prohibited by law such as protected areas, critical watersheds and the like. The map delineated the areas that are closed to mining operations based on existing laws, rules and regulations and was prepared by the Technical Working Group on Environmental Protection and Legislation. It identified a total of 15.32 million hectares or 52% of the country's total area closed to mining application, which was based on the overlay of the following maps on: (i) protected areas; (ii) critical watershed forest reserves; (iii) Strategic Agriculture and Fisheries Zones; (v) Tourism Development Areas; (vi) existing mining tenements; (vii) Certificates of Ancestral Domain Title (CADTs); and (viii) multi-hazard maps. Further enhancements on the map will consider other areas with indigenous peoples (IPs) and indigenous cultural communities (ICCs) not covered by titles, areas vulnerable to climate change, and lands covered by Agrarian Reform Communities and Agrarian Reform Beneficiaries.

The Go and No-Go Zone Map was submitted to the Office of the President through the Office of the Executive Secretary last 27 October 2013 and is pending approval to date. In the meantime, the MICC has approved its adoption by the MGB during its 15th Council meeting last 8 January 2014. As of 7 March 2016, MGB has already accepted 264 Exploration Permit Applications based on the said map. A copy of the map can be found in the website of NEDA's Philippine Council for Sustainable Development. Link is as follows: <https://app.box.com/s/wo8fdd04ap65qenyi3ru>.

Roadmap for value-adding activities and the downstream industries (Section 8 of EO No. 79)

Pursuant to Section 8 of EO No. 79, a multistakeholder committee composed of the DENR, DTI, Department of Science and Technology (DOST) and NEDA was created for the development of value-adding activities and downstream industries for strategic metallic ores.

A consultant was hired by DTI-Bureau of Investments (BOI) to formulate the road map for value adding activities and the downstream industries for metallic minerals covering gold and other metallic commodities (i.e., nickel, chromite, manganese, and iron).

The draft gold and nickel roadmap was completed and presented to the multi-stakeholder committee last August 2016. The roadmap for the copper industry was completed and presented to the MICC and Industry Development Council on 30 May 2014 and 15 October 2014, respectively. The copper roadmap is being implemented by an Inter-Agency Working Group composed of the Philippine Associated Smelting and Refining Corporation, Philippine Electric Wires Manufacturers Association (downstream), copper mines (upstream), International Copper Association Southeast Asia, DTI-National Development Company (NDC) and BOI, among others depending on the issues being addressed. For additional information on the copper industry and roadmap, refer to the following links: <http://industry.gov.ph/industry/copper/> and <http://industry.gov.ph/wpcontent/uploads/2015/05/1st-TID-Mr.-Velosopresentation-on-copper.pdf>.

DOF-DBM Joint Circular No. 2016-1 Guidelines on the Direct Release of Funds by the Bureau of Treasury to the LGUs in FY 2016 and Thereafter

The joint circular covers the release of funds authorized for LGUs under the appropriations law, including share in national wealth. Under the new scheme, the Bureau of Treasury (BTr) releases the IRA and other special shares of LGUs through authorized government banks. This is different from the previous process where the DBM Central Office releases the IRA to the DBM regional offices comprehensively at the beginning of the year. The DBM regional offices then process and effect the monthly downloading of funds to the accounts of LGUs. The new process aims to streamline the release of LGU shares from national taxes, which previously necessitated certifications from various agencies that resulted to delayed release of these shares, and contribute to a faster and more efficient system to ensure that LGUs are now receiving their share in national wealth, among others, on a timely basis.

Environment and Natural Resources Data Management Tool (ENRDMT)

The Secretary of Finance issued Department Order No. 049-2016 on 5 September 2016 mandating that the data requirements be a part of the PH-EITI and the Philippine Poverty-Environment Initiative annual reports to be a part of the quarterly electronic Statement of Receipts and Expenditures (eSRE) submitted by local treasurers to report the payments made by extractive industries and detailed account of the share in national wealth. The ENRDMT was developed by the DoF through the Bureau of Local Government Finance (BLGF) in partnership with the Department of the Interior and Local Government (DILG). The system was officially launched in February 2016 during the PH-EITI National Conference and was rolled-out to the different LGUs in October 2016.

RA No. 7076 or the People's Small-Scale Mining Act of 1991

The Metallurgical Technology Division (MeTD) of the MGB beefed up its campaign to assist small-scale miners especially in the field of mineral processing and extractive metallurgy of gold. The project is aligned with the passage of the revised Implementing Rules and Regulation of RA No. 7076 otherwise known as People's Small-Scale Mining Act, wherein the establishments of centralized custom mills within Minahan ng Bayan areas are required. With this, MeTD's role is to assist the processors in the design and construction of modular gold cyanidation plants including tailings detoxification and storage facilities.

Furthermore, the MICC approved the revised IRR of RA No. 7076 during its 15th Council meeting held last 8 January 2014. The salient provisions of the revised IRR include: (i) incorporation of the provisions of EO No. 79; (ii) providing for a centralized custom mills within a mineral processing zone inside a Minahan ng Bayan; (iii) limiting the total term of small-scale mining contract to a maximum of 6 years; (iv) imposition of royalty payment on mineral reservation; and (v) adoption of current regulations on the transport and export of minerals/mineral products. Following the MICC's approval of the IRR, the Secretary of the DENR issued DENR Administrative Order (DAO) No. 2015-03 on 16 March 2015 for the immediate adoption and implementation of the People's Small Scale Mining Act. The DAO took effect on 2 April 2015.

Proposed Reforms

Mining

PH-EITI Act (Senate Bill No. 1125 and House Bill No. 4116)

On 5 September 2016, Sen. Joel Villanueva filed a bill to institutionalize the creation of PH-EITI to ensure the continuation of the governance reforms introduced and established by the said initiative. A similar bill was also filed by Rep. Ramon Vicente Rocamora on 18 October 2016. The bill aims to enable the multi-sectoral initiative not only to continue its efforts but also to pursue other reforms that will allow the country to further maximize the benefits from the extractive industry. The Senate Bill is currently pending with the Committees on Environment and Natural Resources, Ways and Means and Finance, while the House Bill is pending with the Committee on Natural Resources since 7 November 2016.

Amendment to Philippine Mining Act of 1995 (House Bill No. 391)

Rep. Jose Panganiban Jr. of ANAC-IP Partylist filed House Bill No. 391⁵ on 30 June 2016. The bill seeks to protect and promote the rights of indigenous peoples affected by mining operations in ancestral domains.

To date, the bill remains pending with the Committee on Indigenous Cultural Communities and Indigenous Peoples of the House of Representatives.

⁵ An Act to Protect and Promote the Rights of Indigenous Peoples affected by Mining Operations in Ancestral Domains, Amending for the Purpose RA No. 7942, the Philippine Mining Act of 1995

The bill seeks to make appropriate amendments to the Philippine Mining Act of 1995 in order to protect the rights of the members of ICCs and IPs and ease the confusion regarding said provisions by amending sections 16 and 17.

Section 16 of the Philippine Mining Act states that, “No ancestral land shall be opened for mining operations without prior consent of the indigenous cultural community concerned.” House Bill No. 391 provides clarification to the statement, such that free and prior informed consent is required, including a certification precondition issued for the purpose by the NCIP, as specified under Section 59 of RA No. 8371 (The Indigenous Peoples’ Rights Act of 1997). Such certification will only be issued after a field-based investigation is conducted by the Ancestral Domains Office of the area concerned. The ICCs and IPs have the right to stop or suspend, in accordance with RA No. 8371, any project that has not satisfied the requirement of the consultation process.

Section 17 of the Philippine Mining Act states that, “In the event of an agreement with an indigenous cultural community pursuant to the preceding section, the royalty payment, upon utilization of the minerals shall be agreed upon by the parties. The said royalty shall form part of a trust fund for the socioeconomic well-being of the indigenous cultural community.” The amendment changes the provisions such that it specifically states that the royalty payment shall be given to the ICC by the contractor, permit holder or mining operator. The amendment also specifies the amount of royalties that the ICCs/IPs should receive, which should be equal to 20% of the gross output. The royalty shall benefit the members of the ICC, as opposed to a general statement that it would benefit the ICC.

Philippine Fiscal Regime and Revenue Sharing Arrangement for Large-scale Metallic Mining Act of 2016 (House Bill No. 422)

The bill provides for taxes of either 10% of a miner’s gross revenue or 55% of adjusted net mining revenue, whichever is higher and 60% of any windfall profit to be charged to large-scale metallic mining companies. This is in lieu of all national and local taxes, including corporate income tax, royalty for ICCs, duties on imported specialized capital mining equipment, and other fees imposed by the host LGUs pursuant to the Local Government Code.

The bill applies to all new Mineral Agreements (MAs) and FTAAAs covering large-scale metallic mining operations that are entered into after the effectivity of the act, including the renewal and renegotiation of existing MAs and FTAAAs.

Further, all mining areas governed by the act shall be declared by the President as a Mining Industry Zone (MIZ) through a presidential proclamation upon endorsement by the Secretary of the DENR. The allocation of the government share shall be as follows: 60% to the national government and 40% to the LGUs hosting the MIZ.

The bill was filed on 30 June 2016 and was being finalized around the time of the publication of the second PH-EITI report. The bill has since been filed with the the 17th Congress and is pending with the Committee on Ways and Means. Currently, there are two Senate Bills covering the fiscal regime and revenue sharing arrangement for large-scale metallic mining companies, Senate Bill No. 225 by Sen. Franklin Drilon and Senate Bill No. 927 by Sen. Ralph Recto. The only noted differences between the two bills are that the Committee to promulgate the rules and regulations to implement the provisions of the act includes the NCIP in Sen. Recto’s Act and that Sen. Drilon’s version includes the provision that valid MAs and FTAAAs existing prior to the effectivity of the act that do not provide that any terms and conditions resulting from repeal or amendment of existing laws or regulations from the enactment of a law or regulation shall continue to be governed by the terms and conditions contained in their respective mining contracts, and that Sections 80 (Government share in MPSA), 81 (Government share in other mining agreements), 84 (Excise tax on mineral products), 86 (Occupation fees), 87 (Manner of payment of fees), 88 (Allocation of occupation fees), 90 (Incentives), 92 (Income tax-carry forward of losses) and 93 (Income tax-accelerated depreciation) of RA No. 7942 are repealed or amended to the extent that they relate to the scope of the act.

Mining Responsibility Act of 2016 (House Bill No. 488)

This bill is based on the draft standard for responsible mining released by the Initiative for Responsible Mining Assurance based in Canada. It prescribes the standards of responsible mining, including business integrity, social responsibility, environmental responsibility, reclamation and closure, and management systems. As of date, the bill is pending with the Committee on Natural Resources. It was introduced on 30 June 2016 by Rep. Gloria Macapagal Arroyo and Rep. Prospero Pitchay Jr.

Act declaring as closed to mining applications those areas declared by LGUs as No Mining Zones (House Bill No. 1618)

On 14 July 2016, Bayan Muna Representative filed House Bill No. 1618 to amend Section 19 (Areas Closed to Mining Applications) of the Philippine Mining Act of 1995 and include the following: (1) areas declared by LGUs as No-Go Mining Zone, (2) prime agricultural lands as defined by the Comprehensive Agrarian Reform Program Extension with Reforms Law (RA No. 9077), and (3) areas where there are cultural property as enumerated under the Natural Cultural Heritage Act of 2009 (RA No. 10066). The bill has been pending with the Committee on Natural Resources since 2 August 2016.

Act providing for the mandatory processing of all mineral ores (House Bill No. 2165)

This bill was first filed in September 2014 by Representative Erlpe Amante, 2nd District, Agusan del Norte as House Bill No. 4728 and was filed again in August 2016 by Rep. Amante as House Bill No. 2165. House Bill No. 4728 was filed together with Senate Bill No. 2374, authored by Sen. Paolo Benigno Aquino IV, to ban the export of unprocessed mineral ores and encourage growth and develop the capability of mineral processing industry in the country. This ban would lead to the establishment of mineral processing plants and is expected to be one of the major drivers of economic growth. The processed minerals would eventually result in stabilization and increase in prices of the output. As of date, the bill is pending with the Committee on Natural Resources.

People's Mining Act of 2016 (House Bill No. 2715)

One of the more significant reforms expected to take place is the "People's Mining Act of 2016". Meant to replace the Philippine Mining Act of 1995, the People's Mining Act was filed by Bayan Muna Partylist Rep. Carlos Zarate, the new chairperson of the House Committee on Natural Resources, and Act Teachers Party Rep. France Castro on 9 August 2016.

The People's Mining Act was first filed in 2011 in the 15th Congress as House Bill No. 4315 (authored by Rep. Teodoro Casino) and refiled in 2013 in the 16th Congress as House Bill No. 171 (introduced by Rep. Neri Colmenares). House Bill No. 171 was supposed to harmonize the bill together with the Alternative Minerals Management Bill, a bill authored by Ifugao Rep. Teodoro Baguilat. The Alternative Minerals Management Bill is filed again by Sen. Ana Theresia Hontiveros Baraquel on 25 August 2016 as Senate Bill No. 1069.

Under the People's Mining Act of 2016, the state shall take the lead in mining industry development that shall be pursued according to a National Industrialization Plan and Mining Plan that adheres to the medium- and long-term needs of the Philippines and the advancement of the industry's technology with emphasis on existing indigenous knowledge, research and development, among others. Significant revisions proposed by the bill include a change from the current export-orientation of mining to a domestic needs-based development of the industry. Consequently, the government shall provide the appropriate support and protection to Filipino corporations to further develop and increase their participation in the industry. In addition, foreign corporations will only be allowed to invest in the mineral industry in exceptional cases. The development of the mining industry will be geared towards serving the needs of the country's agrarian reform program and helping modernize Philippine agriculture.

The more significant changes proposed by the bill are as follows:

- a. As a rule, all areas are closed to mining. The decision to open an area to mining shall be left to a Multi-Sectoral Minerals Council, composed largely of non-governmental organizations (NGOs) and CSOs.
- b. Minerals within ancestral domains will be the collective private property of ICCs, to the exclusion of the national government.
- c. Only the MGB may conduct mineral exploration.
- d. Mining and mineral processing shall be limited only to Filipino citizens or corporations 60% of whose equity is owned or controlled by Filipino citizens (60:40). FTAAAs will no longer be allowed.
- e. Enlarging the areas closed to mining applications.
- f. Maximum area allowed for mining shall not exceed 500 hectares.
- g. Mining rights shall be non-transferrable.
- h. Maximum term of MPSAs shall be mine life plus five years, but in no case to exceed 15 years.
- i. Each and every stage of mining operation shall require mines to undergo the FPIC process.
- j. Open pit mining method shall be prohibited.
- k. Government share shall be equivalent to 10% of gross revenue.
- l. IP royalty shall be an additional 10% of gross revenue.

The functions of the MGB remains as the scientific research institute under the DENR, including being the regulatory body of the operations of persons involved in all mining activities and working with the Multi-Sectoral Mineral Council in the monitoring of mining activities.

In addition, information and documents related to the proposals, mineral agreements, permits and mining operations shall not be considered confidential. The MGB, being the repository of such information, is mandated to grant the public access to any information in its custody.

To ensure that the Act will be implemented properly, PHP100bn is planned to be appropriated for the functioning of the MGB, MICC and the other bodies established under this Act.

The bill is currently pending with the Committee on Natural Resources. Refer to Annex F for a copy of the bill.

Act promoting small-scale mining by exempting from the payment of income and excise taxes the sale of gold pursuant to RA No. 7076 (Small-scale Mining Act) (House Bill No. 3297 and Senate Bill No. 958)

The bill provides that income derived from the sale of gold pursuant to the People's Small-scale Mining Act of 1991 to the BSP by registered small-scale miners and to accredited traders for eventual sale to the BSP shall not be included in gross income and shall be exempt from taxation. In addition, gold sold to the BSP shall be exempted from the payment of excise tax. In summary, the sale of gold by registered small-scale miners to accredited traders for eventual sale to the BSP shall enjoy the same tax treatment and privileges given to the direct sale of gold to the BSP under the NIRC. The bill was filed on 24 August 2016 in the House of Representatives by Rep. Evelina Escudero, and on 1 August 2016 in the Senate by Sen. Juan Edgardo Angara.

Oil and gas

Moratorium on oil exploration activities in SC 72 and SC 75

The DOE issued a moratorium on oil exploration activities in the West Philippine Sea, due to the disputes between China and Philippines over the area. A force majeure was released by DOE on SC 72 and SC 75 because these contract areas fall within the territorial disputed area of the West Philippine Sea, which was the subject of a United Nations (UN) arbitration process. This is effective until DOE lifts the suspension and announces when exploration activities in the said area may commence again. In July 2016, the international arbitral tribunal court ruled in favor of the Philippines, saying that China has no legal basis to claim historic rights to the majority of the West Philippine Sea. Despite this ruling, DOE has yet to lift the force majeure issued on SC 72 and SC 75. Exploration activities in the area remain on hold as the government is yet to deduce its next move.

Current House Bills in process pertain to amendments and/or abolishment of the Downstream Oil Industry Deregulation Law of 1998 and restoration of the VAT exempt status of petroleum and petroleum products. There are no other bills or regulations related to the oil and gas industry.

Coal

Act Amending the Coal Mining Development Act of 1976 (Senate Bill No. 1223)

On 25 October 2016, Sen. Joel Villanueva filed Senate Bill No. 1223 seeking to increase public share from coal proceeds, minimize the environmental impact of coal mining operations, and strengthen the role of coal operators to the development of communities. In particular, the bill proposes to lower the allowable deduction of 90% to 70% of gross proceeds, and exclude taxes and fees from the items included in operating expense that can be deducted from the gross proceeds. The bill also aims to repeal the 30% special allowance further provided after deducting all operating expenses, which will then leave the share of operators to 40% of net proceeds and exclude as well excise taxes on coal and local taxes, fee and charges from the list of incentives granted to operators. Lastly, to align with the regulatory requirements on the mining industry, the proposed amendment would require COC operators to incorporate an Environmental Protection and Enhancement Program in the operators' exploration and production programs, create a Mine Rehabilitation Fund to be used for physical and social rehabilitation of areas and communities affected by coal mining activities, and require coal mining operators to allocate 1.5% of their operating expense for programs and projects designed to improve the well-being of host communities. The bill is currently pending with the Committee on Environment and Natural Resources and with the Committee on Ways and Means.

For copies of the House Bills and Senate Bills, refer to <http://www.congress.gov.ph/legisdocs/?v=bills> and https://www.senate.gov.ph/lis/leg_sys.aspx?congress=17&type=bill, respectively.

B. License Allocations

Mining

License transferring or awarding procedures

The procedures for the acquisition/allocation of mining rights/licenses depend on the type of license/agreement applied for. The detailed narrative and flowchart of the license approval process is included in the second PH-EITI report.

Technical and financial criteria used

Applications for mineral agreements are open to the following:

1. Philippine citizens
2. Corporations, partnerships, associations or cooperatives organized or authorized to engage in mining, provided the entity's capital is not more than 40% foreign-owned.

Corporations that do not have more than 40% equity foreign ownership are qualified to apply for EPs, Mineral Processing Permits (MPP), and MPSAs. Applicants for EPs, Mineral Agreements and FTAAAs must possess the technical and financial capability to undertake mineral resources development and must be duly registered in accordance with law.

Per DENR Memorandum Order No. 2013-1 pursuant to EO No. 79, the minimum authorized and paid-up capital requirements from mining applicants is PHP100m and PHP6.25m, respectively. With respect to an FTAA applicant, the applicant must have a minimum paid up capital of PHP500m at the time the FTAA is granted by the President and prior to the registration of the FTAA with the MGB. Under the Memorandum Order, all mining applicants with pending applications for EP, Mineral Agreements, and FTAA are required to comply with the Memorandum Order within 60 days from its effectivity. Failure of the mining applicants to comply with the Memorandum Order shall cause the denial of their mining applications as deemed appropriate by the MGB.

There were no significant changes noted on the license awarding and transferring procedures from the first and second PH-EITI report. Details on the technical and financial criteria used are also discussed in the aforementioned. A comprehensive list of licenses (EPs, MPSAs and FTAAAs) are found in Annexes G to H.

Information on the recipients of the license awarded and transferred

EP

Permits Awarded

Following the completion of the “No-Go Mining Zone Map”, the MGB lifted its moratorium on the issuance of EPs and FTAAAs in March 2014 through DENR Administrative Order No. 2013-11 Procedural Guidelines in the Filing and Processing of Applications for Exploration Permit Pursuant to EO No. 79. The moratorium was imposed in January 2011 as the DENR ordered the MGB to review pending and inactive mining projects in the country. **Table 2** lists the EPs that were awarded subsequent to the lifting of the moratorium.

Table 2. List of EPs awarded in 2014

No.	Holder	Tenement No.	Location	Region	Area (Has)	Commodity	Date of Approval	Date of Expiration
1	88 Kiamba Mining and Development Corporation	EP-014-2014-XII	Maitum, Kiamba, Sarangani; and Maasim, Lake Sebu & T'boli, South Cotabato	Region XII	7,047.0000	Gold, Copper	20 August 2014	20 August 2016
2	Bunawan Mining Corporation	EP-XIII-033	Rosario, Agusan del Sur	Region XIII	677.0285	Gold	18 August 2014	18 August 2016
3	Goodearth Mining & Devt. Inc.	EXP-000021-II	Dinapigue, Isabela	Region II	1,968.0622	Nickel, Chromite and other associated mineral deposits	23 May 2014	23 May 2016

Transfers/Assignments

An EP holder can only transfer or assign his rights over the EP to another Qualified Person upon approval of the Director of MGB. For the year ended 31 December 2014, there were no EPs that were transferred or assigned.

MPSA

Transfers/Assignments

A holder of an application for or a granted EP, mineral agreement, or FTAA may transfer or assign its rights to another entity, subject to the approval of any of the MGB Director, DENR Secretary, or the President. In all instances, the transferee or assignee must likewise be qualified to hold the application or permit, with the same eligibility as its predecessor. For both applied and granted mineral agreements and FTAA, the transfer is not allowed in speculative cases. In granted agreements, the DENR requires that the transferee or assignee assumes the obligations of its predecessor under the existing agreement. It may also impose new conditions upon its approval.

Refer to Table 3 for details on the MPSAs transferred/assigned in 2014.

Table 3. List of MPSAs transferred/assigned in 2014

MPSA No.	Date of Transfer	Assignee	Assignor
Metallic			
Existing MPSAs			
MPSA-310-2010-XIII	8 August 2014	ASIA ALSTRON Mining and Dev't Corp.	Lamberto N. Lim
MPSA-311-2010-XIII	8 August 2014	PHIL ALSTRON Mining Corp.	Crisnorman S. Linconada
Non-Metallic			
Existing MPSAs			
MPSA-294-2009-III (Amended B)	6 March 2014	Teresa Marble Corporation	Holcim Philippines, Inc

Source: MGB

Expansions

Applications for expansion of contract areas for MPSAs should be approved by the DENR through the issuance of a DENR Order, pursuant to the pertinent provisions of DAO No. 2014-06, which further amends DAO No. 2012-07, the implementing rules and regulations of EO No. 79.

Section 7 of DAO No. 2012-07 provides that “no expansion of existing contract areas shall be allowed by the DENR Secretary unless there is an imminent and/or threatened economic disruption... as determined by the Economic Development Cabinet Cluster.” Prior to the issuance of DAO No. 2014-06, a number of operating mines in the country require the expansion of their existing contracts in order to sustain their operations, as the Economic Development Cabinet Cluster, as reported to the MICC, cannot issue the required certification as there is no imminent and/or threatened economic disruption.

Thus, during the 17th meeting of the MICC on 30 May 2014, the MICC, recognizing the implication of mine closure to the economy, agreed to amend Section 7 of DAO No. 2012-07 through DAO No. 2014-06 in order to allow the expansion of contract areas of operating mines with available mineral resources/reserves, subject to the validation by the MICC and its Technical Working Group on Environmental Protection.

Operations of existing mines with dwindling resources could be expanded provided that the expansion area applied for is adjacent to the contract area or is situated within the immediate vicinity or a municipality. A Declaration of Mining Project Feasibility also needs to be submitted for the expansion areas to prove the economic viability of deposits. The new regulation applies to existing contract areas covered by MPSAs and FTAAs. The area limitation of maximum of 8,000 hectares per mining company in the province within which it operates and maximum of 16,000 hectares nationwide still applies.

Upon amendment of an MPSA, only the denomination is changed, e.g., MPSA No. 295–2009-1 becomes MPSA No. 295-2009-I (Amended).

As of date, the following is the list of MPSAs with approved area expansion.

Table 4. List of MPSA with approved area expansion as of 30 September 2016

MPSA No.	Company	Original Area (hectares)	Amended Area (hectares)	Approval Date
295-2009-I (Amended)	Holcim Mining and Development Corporation (Assignment from Holcim Philippines, Inc.)	328.9000	657.8361	14 July 2015
281-2009-X (Amended)	Holcim Resources and Development Corporation (Assignment from Holcim Philippines Manufacturing Corporation)	433.4240	518.0196	14 July 2015
054-96-1X- Amended	TVI Resource Development Philippines Inc.	508.3396	1,016.6579	30 March 2016
259-2007-XIII- SMR- Amended-II	Adnama Mining Resources, Inc.	1,012.02	1,086.5043 (1st Amendment) 7,017.7143 (2nd Amendment)	24 July 2015 and 19 May 2016, respectively
250-2007-111- Amended I	Shangfil Mining and Trading Corporation	448.9048	2,508.6155	25 May 2016
009-92-XI- Amended II	Kingking Mining Corporation (Assignment from Nationwide Development Corporation)	1,656.00	3,423.1641	02 June 2016
289-2009-XI- Amended I	Core Mining Corporation	1,697.16	3,884.6978	06 June 2016
274-2008-XI- Amended II	Holcim Mining and Development Corporation	642.1537	1,406.5704 (1st Amendment) 3,865.9416 (2nd Amendment)	14 July 2015 and 15 June 2016, respectively
022-94-X- Amended I	Stagno Mining Corporation	729.00	1,149.8301	20 June 2016
263-2008-XI- Amended I	Sinophil Mining and Trading Corporation	2,364.9535	8,728.2918	24 June 2016
111-98-VII- Amended 1	Quarry Ventures Phils., Inc.	607.5	2,080.0558	27 June 2016
345-2010-IVA- Amended I	Rapid City Realty and Development Corporation	1,015.169	2,146.7319	27 June 2016
115-98-VIII- Amended I	Global Min-Met Resources, Inc.	270.6800	2,744.5305	27 June 2016

MPSA No.	Company	Original Area (hectares)	Amended Area (hectares)	Approval Date
129-98-VI- Amended B-I	Parvisgold, Inc.	4,914.46	7,996 7143	27 June 2016
315-2010-111- Amended I	Mina Tierra Gracia, Inc.	5,081.6408	7,881.627	27 June 2016
252-2007-V- Amended I	Investwell Resources, Inc.	333.1983	1,144 8878	27 June 2016

Source: MGB

Note that for 2014, there were no new MPSAs issued by the MGB. There were also no FTAAAs that were awarded or assigned in 2014 based on the records by MGB.

Identified deviations from the applicable legal and regulatory framework governing license transfers and awards

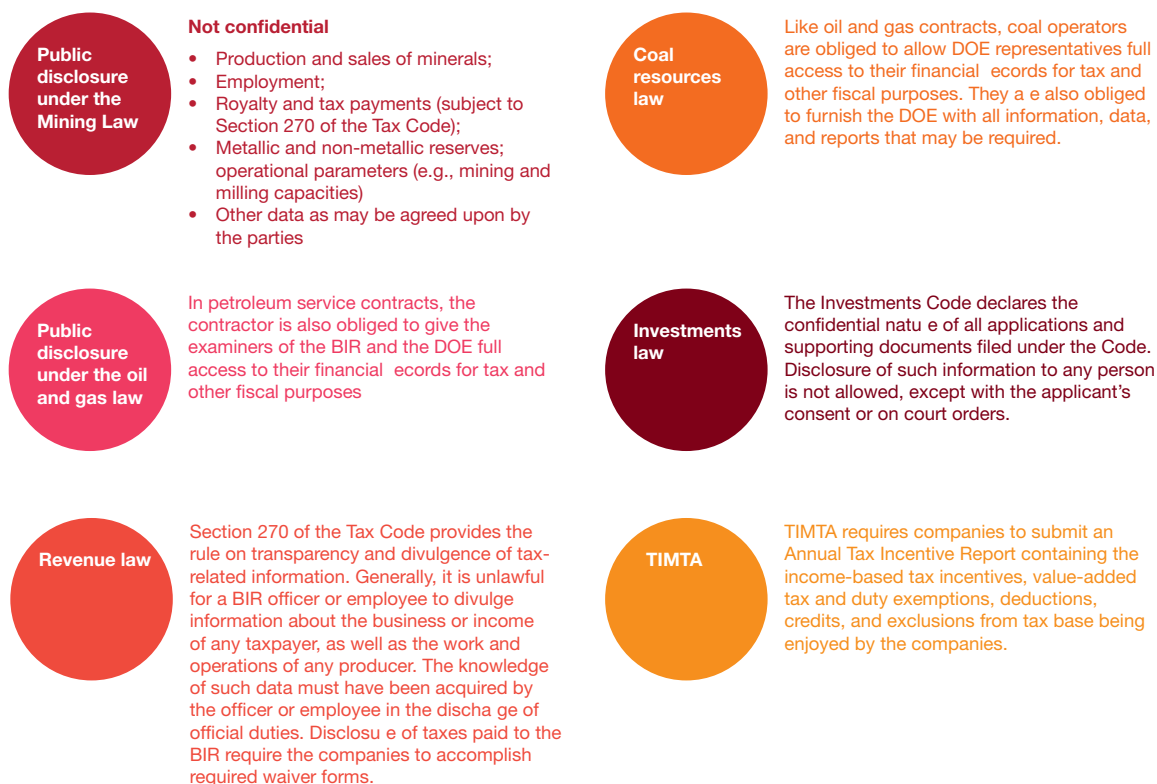
There are no identified deviations with respect to the regulatory requirements that applicants need to comply in terms of license applications or granting of awards. The permit applicants undergo the necessary procedures and must submit the required documents in order for the applications to be approved.

Legal and practical barriers on comprehensive disclosure

The first PH-EITI report included a comprehensive discussion on constitutional provisions that deal with concepts of public disclosure, information and participation.

As presented in the second PH-EITI report, the more relevant laws governing public disclosure in the extractive industry are as follows:

Figure 6. Laws governing public disclosure in the extractive industry



Specific to the mining industry, it was noted in the second PH-EITI report that MGB maintains a list of all approved mining permits/contracts in its website and includes the following information:

1. Permittee/Contractor
2. Contact information
3. License reference number
4. Location
5. Area
6. Commodity
7. Date of approval
8. Date of expiry

However, the MGB's list does not include information about the date of application and the coordinates of the license area. It was recommended that MGB also includes these information in the register and for it to be accessible by the public via the agency's website. As a response, the MGB has designed and implemented the Mineral Industry Central Database in 2016. The database will facilitate the improvement of MGB's database to include EITI data and ensure that the information specified in the EITI reporting templates will be accessible by the public, also at the level of disaggregation required by the EITI. Information that will be available through the database include data on: (i) mining tenement; (ii) lands geology; (iii) mining technology; (iv) mineral economics; (v) mining environment and safety; (vi) metallurgical technology; and (vii) marine geology. As of date, the MGB is populating 2009 to 2012 information into the database. The encoding of prior year data is expected to be completed by 2017, and by then, data will be input into the system on a concurrent basis.

The date of application are, for the meantime, obtained from the MGB Regional Offices and are listed in Annex I. Also, coordinates of the licensed areas were lifted from the signed contracts and are presented in Annex J. The contracts are accessible as well at contracts.ph-eiti.org.

List of applicants and the bid criteria for the bidding rounds

The grantees of permits or mineral agreements have the rights over the approved exploration area and are given the right of first refusal to develop and utilize the minerals in their respective areas upon approval of a mining project's feasibility and the effectivity of new legislation on mining. However, the holders of licenses must make their respective areas operational within the prescribed period, otherwise, they will automatically lose their license.

The granting of mining rights and mining tenements over areas with known and verified mineral resources and reserves, including those owned by the national government and all expired mining tenements, shall be undertaken through competitive public bidding. In the case of an expired mining tenement, the previous holder, if qualified, may also participate in the bidding process. For expiring 25-year mining tenements, the qualified mining tenement holder which aims to renew the contract for another 25-year term shall file the pertinent mining application with the MGB not later than six months prior to its expiration. The renewed mining contract/agreement shall be subject to new terms and conditions pursuant to the laws, and rules and regulations that are existing at the time of renewal.

The MGB shall prepare the necessary competitive bid packages and formulate the proper guidelines and procedures to conduct the bidding procedure and ensure the local community's approval of the renewal. The competitive bid packages shall contain such vital technical information as technical description, geology, mineral commodities, volume/tonnage and grade of resource/reserve, assay results, feasibility study, and details of resource estimation, among others.

There are no identified list of bidders with respect to any expired mining tenements based on the latest records of MGB.

The application dates for certain MPSAs are included in Annex I. However, there remains five mining licenses the dates of which could not be retrieved or provided based on existing or available records.

Efficiency and effectiveness of these systems

The Mining Tenements Management Division of MGB receives numerous applications for mining permits/licenses which need to be processed within the required timeline including those applications that are still under appeal. However, due to the limited manpower resources available, the processing of these requests could be delayed, which may result in a backlog of pending applications from various stakeholders. Thus, we recommend that there should be an increase in manpower to ensure that applications for mining permit/licenses are processed on time. As of date, there have been no significant change on the streamlining of the process.

Summary of information on mining permits

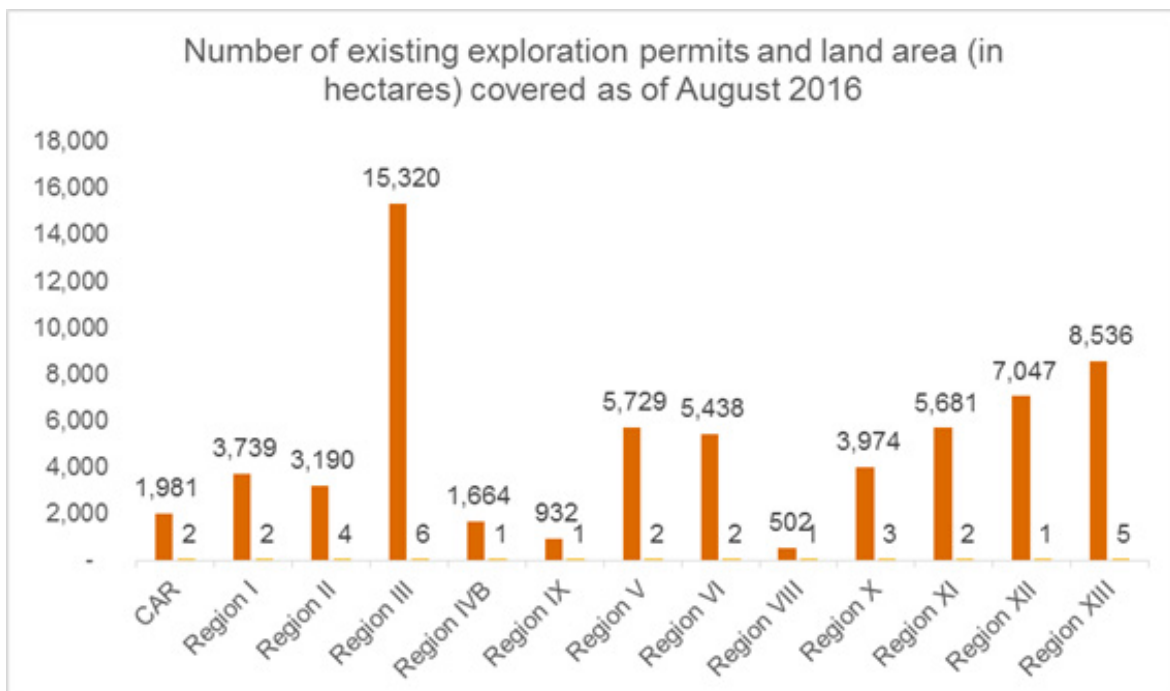
Refer to the comprehensive list of licenses (i.e. EPs, MPSAs, FTAAAs) in Annexes G to H. As confirmed by the MGB, the Date of Approval indicated on the list of existing EPs/MPSAs/FTAAAs/MPPs is the effective date of the respective contracts.

EPs

As of August 2016, there are 32 existing EPs covering a total land area of 67,713 hectares (2015 - 30 EPs covering 115,150.38 hectares). In addition, 14 EPs have already expired in this period.

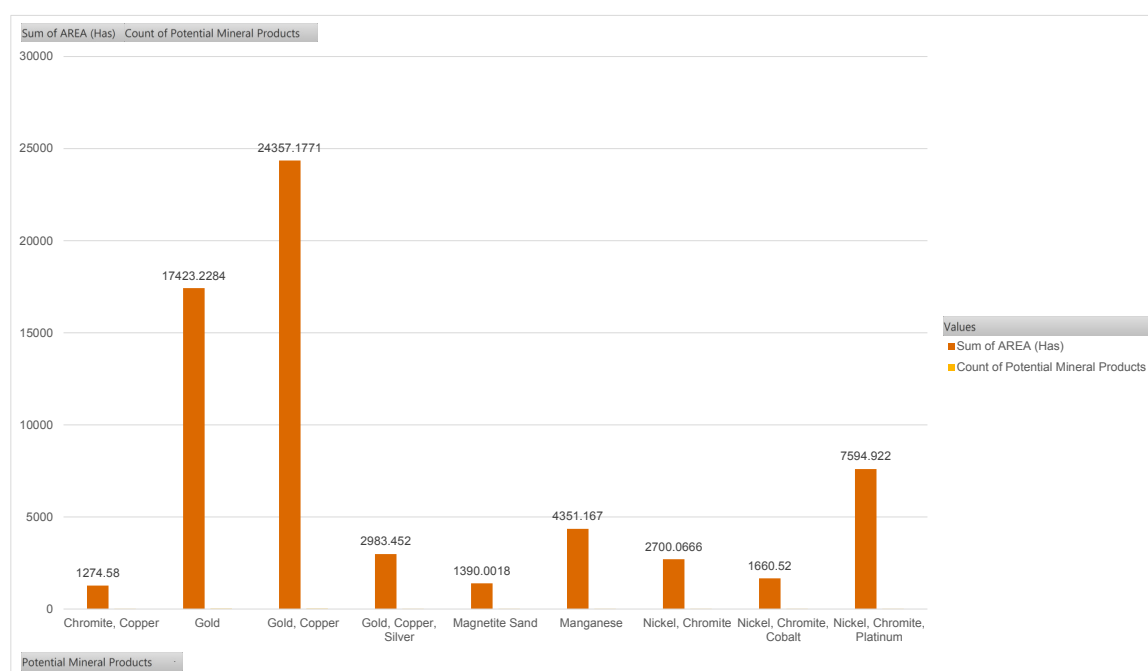
Almost all of the country’s regions have existing EPs. Notable exceptions are Region IVA and VII (Cebu and Negros). Region III (Central Luzon) and Region XIII (Agusan and Surigao) have the most numbers of EPs each, with six and five projects, respectively. Majority of EPs (22 out of 32) have gold and copper as their potential commodities, covering as well the most land area (refer to following graph). Other commodities covered by EPs include chromite, silver, magnetite sand, manganese, nickel, cobalt and platinum. As of date, six EPs were granted and another six more were renewed since the mining moratorium was lifted last March 2013. 376 applications are currently pending with the MGB.

Figure 7. Number of existing exploration permits and land area (in has.) covered as of August 2016



Source: MGB

Figure 8. Potential mineral products of existing EPs and corresponding hectares covered, as of August 2016



Source: MGB

MPSAs

There are 330 awarded and existing MPSAs covering an area of 610,435 hectares (2015 - 338 MPSAs covering 601,679 hectares); 237,049 has. in Luzon; 102,245 has. in Visayas, and 273,513 has. in Mindanao. The status of each MPSA is in the table below. The complete list of MPSAs may be found in Annex H.

Table 5. Status of MPSAs as of August 2016

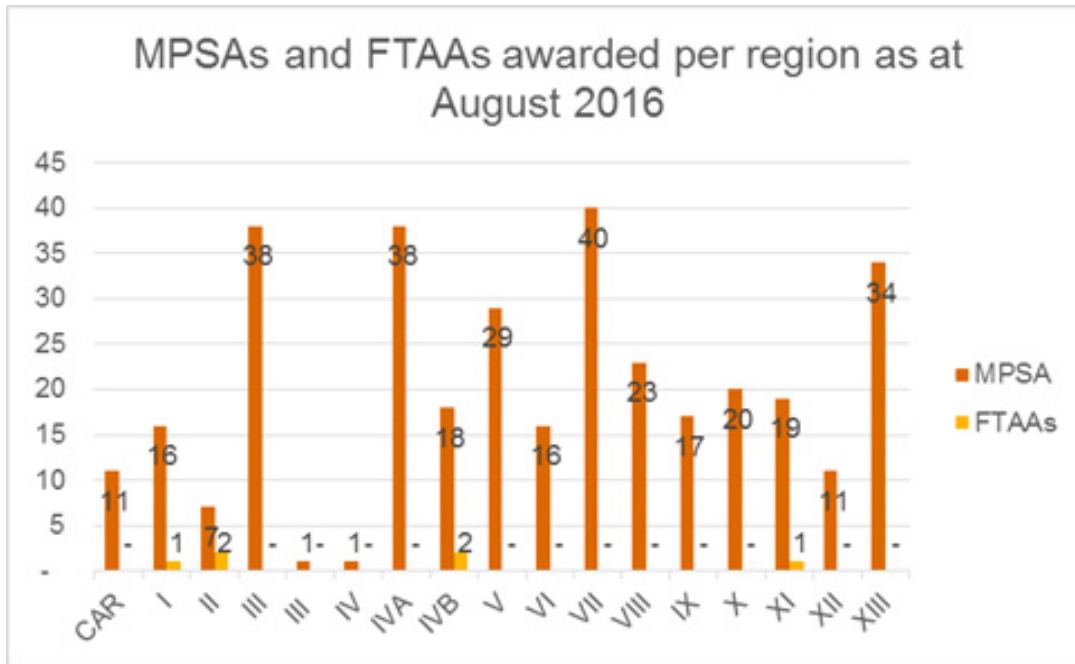
	No. of MPSAs	Area (in has.)
Existing	313	582,027.42
Expired	2	2,428.97
Cancelled with Motion for Reconsideration	9	12,771.69
Suspended	6	13,207.38
Cancelled	9	6,474.75
Total	339	616,910.20

FTAAs

As of August 2016, there are six existing FTAAs, covering a total land area of 100,136.08 hectares (2015 - 6 FTAAs covering 108,873 hectares). While there was no change in the number of existing FTAAs, the area covered by OceanaGold (Philippines), Inc. decreased from 14,187.33 has. to 12,864 has. as the company relinquished a portion of its area on 1 February 2016. This is partially offset by the increase in the area covered by Sagittarius Mines, Inc. whose area size increased from 23,571 has to 28,540 has. due to an expansion to include EP-000001-08-XI.

One of these was cancelled on 6 July 2011 arising from a decision by former President Benigno Aquino III to cancel the FTAA in consideration of the company's foreign ownership. Thus, only five are effective as of date. Of these, only the FTAAs of OceanaGold (Philippines), Inc. and FCF Minerals Corporation are operating. The rest are considered non-moving. Refer to Annex H for the complete list of existing FTAAs as of date.

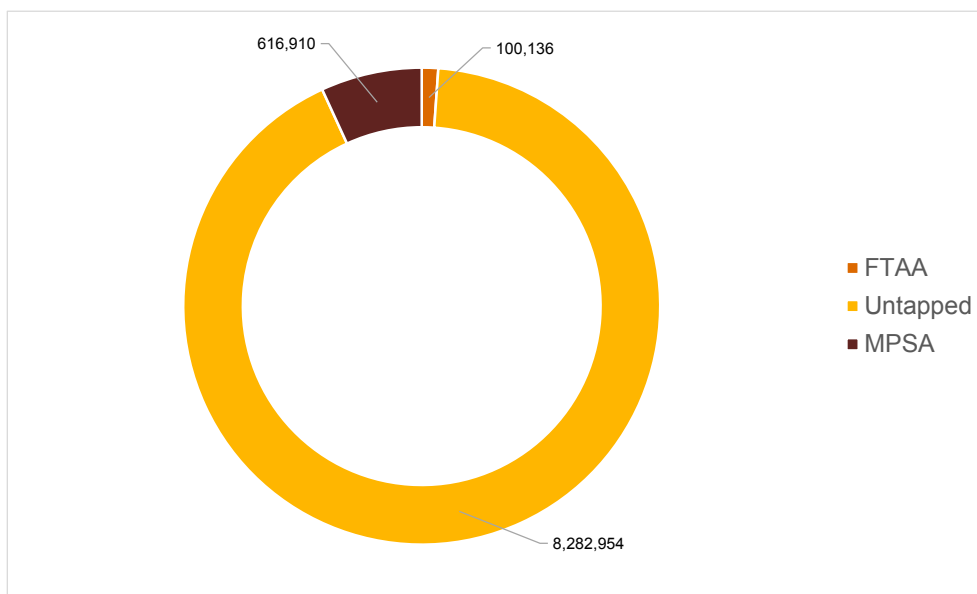
Figure 9. Number of MPSAs and FTAAAs awarded as of August 2016



Source: MGB

Note that there were no FTAAAs and MPSAs that were issued in 2014 due to the mining moratorium. There are nine million hectares of geographically prospective areas in the Philippines, according to the MGB. Of this, 92% remains untapped. As of date, it is not yet determined whether all of the 92% are within the go mining zones.

Figure 10. Geographically prospective areas in the Philippines (in hectares)



Source: MGB

The Philippines has 46 operating metallic mines as of December 2014. 45 mines are covered by MPSAs and one is covered by an FTAA (OceanaGold).⁶ Out of these mines, more than half are

⁶ The list above does not include agreements and licenses in ARMM (e.g., SR Languyan Mining Corp. in Tawi-Tawi) as these are outside the scope of DENR-MGB.

located in the Mindanao region, which are mostly nickel producers. More specifically, 23 mines are in Region XIII (CARAGA), 20 of which are nickel producers. The other four mines in Mindanao are located in Region IX (Zamboanga Peninsula) and Region XI (Southern Mindanao). 14 mines are located in Luzon, eight of which are also nickel mines. The remaining five operating mines are located in Visayas, in Region VII (Central Visayas) and Region VIII (Eastern Visayas). Table 6 provides additional details on the operating mines in the country as of December 2014.

Table 6. List of operating metallic mines in the Philippines as of December 2014

Mineral	Company	Project name	Mine location
Gold with Silver	(1) Lepanto Consolidated Mining Company	Victoria Gold Project	CAR
	(2) Filminera Resources Corporation	Masbate Gold Project	Region V
	(3) Johson Gold Mining Corporation	Paracale Gold Project	Region V
	(4) Apex Mining Company Inc.	Apex Maco Operation	Region XI
	(5) Philsaga Mining Corporation	Co-o Gold Project	Region XIII
	(6) Greenstone Resources Corporation	Siana Gold Project	Region XIII
Copper with Gold	(1) OceanaGold (Philippines) Inc.	Didipio Project	Region II
Copper with Gold and Silver	(1) Philex Mining Corporation	Padcal Copper-Gold Operation	CAR
	(2) Carmen Copper Corporation	Toledo Copper Project	Region VII
	(3) TVI Resource Development Philippines, Inc.	Canatuan Mining Project	Region IX
Chromite	(1) Krominco Inc	Dinagat Chromite Project	Region XIII
	(2) Cambayas Mining Corporation	Homonhon Chromite Project	Region VIII
Iron	(1) Leyte Ironsand Corporation	Leyte Magnetite Project	Region VIII
	(2) Strong Built (Mining) Development Corporation	Leyte Iron Sand Project	Region VIII
	(3) Ore Asia Mining & Development Corporation	Camachin Iron Ore Mining Project	Region III
	(4) Investwell Resources, Incorporated	Larap Iron Project	Region V
	(5) Atro Mining - Vitali Inc.	Vitali Iron Ore Mining Project	Region IX

Mineral	Company	Project name	Mine location
Nickel	(1) Zambales Diversified Metals Corporation	Sta. Cruz Candelaria Project	Region III
	(2) BenguetCorp. Nickel Mines Inc.	Sta. Cruz Nickel Project	Region III
	(3) Rio Tuba Nickel Mining Corporation	Rio Tuba Nickel Project	Region IVB
	(4) Citinickel Mines and Development Corporation	Toronto and Pulot Mining Projects	Region IVB
	(5) Berong Nickel Corporation	Berong Nickel Project	Region IVB
	(6) SR Metals, Incorporated	Tubay Nickel-Cobalt Mining Project	Region XIII
	(7) AAM-Phil Natural Resources Exploration and Development Corporation	Dinagat Chromite Nickel Mining Project - Parcel 2B	Region XIII
	(8) Cagdianao Mining Corporation	Cagdianao Nickel Project	Region XIII
	(9) Hinatuan Mining Corporation	Tagana-an Nickel Project	Region XIII
	(10) Shuley Mine Incorporated	Nonoc Nickel Project	Region XIII
	(11) Platinum Group Metals Corporation	Cagdianao Nickel Project	Region XIII
	(12) Taganito Mining Corporation	Taganito Nickel Project	Region XIII
	(13) CTP Construction and Mining Corporation	Adlay Mining Project	Region XIII
	(14) CTP Construction and Mining Corporation	Dahican Nickel Project	Region XIII
	(15) Carrascal Nickel Corporation	Carrascal Nickel Project	Region XIII
	(16) Marcventures Mining and Development Corp.	Cantilan Nickel Project	Region XIII
	(17) Oriental Synergy Mining Corporation	Bel-at Nickel Project	Region XIII
	(18) Adnama Mining Resources Incorporated	Urbiztondo Nickel Project	Region XIII
	(19) Eramen Minerals Inc.	Sta. Cruz Nickel Project	Region III
	(20) LNL Archipelago Minerals Inc.	Guinabon Nickel Project	Region III
	(21) Sinosteel Phils. H.Y. Mining Corporation	H.Y. Nickel-Chromite Project	Region XIII
	(22) Century Peak Corporation	Casiguran Nickel Project	Region XIII
	(23) Century Peak Corporation	Esperanza Nickel Project	Region XIII
	(24) Rapu-Rapu Minerals, Inc.	Rapu-Rapu Polymetallic Project	Region V
	(25) TVI Resources Development, Inc.	Agata Nickel Laterite Project	Region XIII
	(26) Norweah Metals and Minerals Company, Inc.	Palhi Mining Project	Region XIII
	(27) Wellex Mining Corporation	Wellex Parcel 1 Nickel Mining Project	Region XIII
	(28) Libjo Mining Corporation	Libjo Nickel Laterite Mining Project	Region XIII
Total	46 Operating Mines		

Source: MGB

Oil and Gas

License transferring or awarding procedures

The procedures for awarding service contracts are discussed in detail in the succeeding section, Registration of Licenses.

Technical and financial criteria used

Qualifications, work program and technical documentation required for service contract application are detailed in the first and second PH-EITI report. There were no significant changes noted for this third PH-EITI report. Refer to the aforementioned for details on the technical and financial criteria used from in awarding and transferring licenses.

Information on the recipients of service contracts awarded or transferred

The requirements for the transfer of the rights and obligations in petroleum service contracts under PD No. 87, as amended, are governed by DOE Circular No. 2007-04-003. These rights and obligations cannot be transferred without the prior approval of the DOE, unless the transferee or assignee is as qualified as the transferor or assignor to enter into such a contract with the government. All requests for the transfer or assignment shall be in writing, signed by an authorized officer or representative of the service contractor and addressed to and filed with the Office of the DOE Undersecretary in charge of the Energy Resource Development Board, together with the required documents and information. This will be evaluated by the Office of the Undersecretary before submission to the Office of the DOE Secretary.

There are no service contracts awarded or transferred for the year ended 31 December 2014.

Identified deviations from the applicable legal and regulatory framework governing license transfers and awards

There are no identified deviations with respect to the regulatory requirements that applicants need to comply in terms of license applications or granting of service contract awards. The permit applicants undergo the necessary procedures and must submit the required documents in order for the applications to be approved.

Legal and practical barriers on comprehensive disclosure

As noted in the second PH-EITI report, the DOE maintains a list of SCs that includes the following information:

1. Service Contract No.
2. Name of contractor/operator
3. Effective date
4. Expiration date, including stage/sub-phase of exploration
5. Location
6. Area (in hectares)

However, we have noted that the list that can be found on the DOE website is not updated and had to be obtained directly from the DOE. Thus, the list of SCs still lacks information on the coordinates of the license area, date of application, and the commodity being produced. As noted in the second PH-EITI report, we recommend DOE to maintain a summary of information, including the data currently lacking in the system, and update the same on a regular basis (at least annually). The same updated summary should be published in DOE's website. As a response, the DOE is currently developing the Energy Data Center of the Philippines online inquiry site. Details on the same are in the section below on publicly available registers and cadaster systems.

In the meantime, the coordinates of the license areas of the service contracts are lifted from the signed service contracts and are presented in Annex K.

List of applicants and the bid criteria for the bidding rounds

In evaluating the documentation submitted by each applicant, the DOE Review and Evaluation Committee (REC) will assess the application based on the criteria listed in the next section on Registration of Licenses.

The DOE has received the following applications for Philippine Energy Contracting Round (PECR) 5.

Table 7. Applications for PECR 5 (Petroleum)

Area	Location	Acreage	Applicant
Applications			
Area 4	East Palawan	416,000 hectares	Ratio Petroleum Ltd.
Area 5	East Palawan	576, 000 hectares	Colossal Petroleum Corp.
Area 7	Recto Bank	468,000 hectares	Colossal Petroleum Corp.
Qualified for evaluation			
Area 4	East Palawan	416,000 hectares	Ratio Petroleum Ltd.
Area 5	East Palawan	576, 000 hectares	Colossal Petroleum Corp.
Area 7	Recto Bank	468,000 hectares	Colossal Petroleum Corp.

Source: DOE

However, awarding of the service contracts under PECR 5 has been experiencing delays as the DOE has been encountering problems. The contracts have been forwarded with the DoF, as the DoF needs to review and endorse the contracts for final approval by the Office of the President.

Efficiency and effectiveness of these systems

The PECR serves as a competitive auction of prospective on shore and offshore oil and gas blocks and provides a more transparent system of awarding petroleum contracts. PECR5 continues to draw interest from oil and gas operators which manifests the continued drive and commitment to discover new areas that can yield higher oil and gas production. To further enhance the process, DOE is developing an online application and monitoring for selected processes. Target completion of the project has yet to be finalized.

Summary of information on petroleum service contracts

As of 2016, there are 22 active petroleum service contracts wherein a total of 1.98 MMscf of oil was produced from January to June 2016, and 73,665 mmcsf was produced from January to August 2016.

Table 8. List of Petroleum Service Contracts, 2014

Service contract no.	Name of operator	Effective date	Expiration date/ (Exploration stage sub phase (SP))	Location	Acreage (hectares)	
1	SC6A (Octon)	The Philodrill Corp.	1 September 1973	28 February 2024 (Production stage)	NW Palawan	108,146.59

	Service contract no.	Name of operator	Effective date	Expiration date/ (Exploration stage sub phase (SP))	Location	Acreage (hectares)
2	SC 6B (Bonita)	The Philodrill Corp.	1 September 1973	28 February 2024 (Production stage)	NW Palawan	53,293.95
3	SC 14 (4 Blocks)	The Philodrill Corp.	17 December 1975	17 December 2025 (Production stage)	NW Palawan	19,178.88
	SC14A (Nido)					2,383.85
	SC14B Matinloc PL					15,374.30
	SC14C (Galoc)	Galoc Production Co. WLL				16,300.95
4	SC 37	PNOC EC	18 July 1990	18 July 2022 (Production stage)	Cagayan	36,000
5	SC 38	Shell Philippines Exploration BV	23 February 1989	23 February 2024 (Production Stage)	NW Palawan	83,000
6	SC 40	Forum Exploration, Inc.	19 February 1994	19 February 2029 (Production stage)	North Cebu	458,000
7	SC 44	Gas2Grid Ltd.	28 January 2004	28 July 2015 (Exploration stage SP2)	Central Cebu	75,000
8	SC 49	China International Mining and Petroleum Inc.	1 March 2005	30 Jun 2014	South Cebu	197,000
9	SC 51	Otto Energy Investments Ltd.	8 July 2005	31 July 2014 (Exploration stage SP5)	East Visayan Basin	332,000
10	SC 53	PXP Energy Corporation	8 July 2005	8 July 2014 (Exploration stage- SP2)	Onshore Mindoro	724,000
11	SC54-A	Nido Petroleum	5 August 2005	5 August 2014 (Exploration stage- SP6)	NW Palawan	87,616.15
	SC54-B	Nido Petroleum	5 August 2005	5 August 2014 (Exploration stage- SP6)	NW Palawan	314,000
		Nido Petroleum	5 August 2005	5 August 2014 (Exploration stage- SP6)	NW Palawan	
		Nido Petroleum	5 August 2005	5 August 2014 (Exploration stage- SP6)	NW Palawan	
12	SC 55	Otto Energy Investments Ltd.	5 August 2005	5 August 2013 (Exploration stage- SP4)	West Palawan	988,000
13	SC 56	Mitra Energy Ltd.	1 September 2005	1 September 2015 (Exploration stage- SP7)	Sulu Sea	430,000

	Service contract no.	Name of operator	Effective date	Expiration date/ (Exploration stage sub phase (SP))	Location	Acreage (hectares)
14	SC 57	PNOC EC	15 September 2005	15 September 2010 (Exploration stage- SP2) (SC on hold)	Calamian Block/ NW Palawan	712,000
15	SC 58	Nido Petroleum	12 January 2006	19 July 2015 (Exploration stage- SP3)	West Calamian Block, NW Palawan	1,344,000
16	SC 59	BHP Billiton	13 January 2006	13 July 2014 (Exploration stage- SP3)	West Balabac, SW Palawan	1,476,000
17	SC 63	PNOC EC	24 November 2006	24 November 2014 (Exploration stage- SP2)	SW Palawan	1,056,000
18	SC 69	Trans Asia Petroleum Corporation	7 May 2008	7 November 2013 (Exploration stage- SP3) (under request for extension)	Visayan Basin	528,000
19	SC 70	Polyard Petroleum International Co. Ltd.	28 August 2008	28 February 2014 (Exploration stage- SP1) (requesting for extension)	Central Luzon Basin	684,000
20	SC 72	Forum Ltd.	15 February 2010	15 August 2015 (Exploration stage- SP2)	Reed Bank	880,000
21	SC 74	PXP Energy Corporation	13 August 2013	13 February 2015 (Exploration stage- SP1)	NW Palawan	426,800
22	SC 75	PXP Energy Corporation	27 December 2013	27 December 2015 (Exploration stage- SP1)	NW Palawan	616,000

Source: DOE

Table 8 enumerates the different service contracts in effect as of 2014, which likewise specifies projects that are either under exploration or production. As indicated, projects under PXP Energy Corporation, Nido Petroleum and Otto Energy Investments are all under exploration; hence these entities were not included as part of the report scope. Related service contracts were already effective before 2014; hence corresponding revenue streams on exploration are no longer applicable. Accordingly, the MSG did not expect these entities to report any material payments in 2014. Consistent to previous years, Philodrill declined to participate.

Coal

License transferring or awarding procedures

The procedures for awarding coal operating contracts are discussed in detail in the succeeding section, Registration of Licenses.

Technical and financial criteria used

Qualifications, work program and technical documentation required for coal operating contract application are detailed in the first PH-EITI report. There were no significant changes noted for this third PH-EITI report. Refer to the aforementioned for details on the technical and financial criteria used in awarding and transferring licenses.

*Added background for Table 8 to expound on the status of projects and related contracts.

Information on the recipients of coal operating contracts awarded or transferred

PD No. 972 requires that the transfer or assignment to a Qualified Person of any right or obligation under the Coal Operating Contract needs prior approval of the DOE and that the transferor has fulfilled all his obligations under the contract. This is reiterated in the Model Contract for PECR-5 which further requires that the DOE's prior approval must be in writing and that the transferee must be a qualified person with resources and capability to continue the coal operations. Transfers or assignments during the exploration, however, can only be done if the transferee or assignee is an affiliate of the operator, or is created for the special purpose of handling the project.

There are no service contracts transferred for the year ended 31 December 2014.

Identified deviations from the applicable legal and regulatory framework governing license transfers and awards

There are no identified deviations with respect to the regulatory requirements that applicants need to comply in terms of license applications or granting of service contract awards. The permit applicants undergo the necessary procedures and must submit the required documents in order for the applications to be approved.

Legal and practical barriers on comprehensive disclosure

The DOE maintains a list of COCs that includes the following information:

1. Coal Operating Contract No.
2. Name of company
3. Award date
4. Expiration date, including stage/sub-phase of exploration
5. Location of contract area
6. Stage/sub-phase of exploration
7. Contact person and address of the contractor

However, we have noted that the list that can be found on the DOE website is not updated and had to be obtained directly from the DOE. Thus, the list of COCs still lacks information on the coordinates of the license area and date of application. Similar to the observation on DOE's information on oil and gas service contracts, we recommend DOE to maintain a summary of information, including the data currently lacking in the system, and update the same on a regular basis (at least annually). The same updated summary should be published in DOE's website. As a response, the DOE is currently developing the Energy Data Center of the Philippines online inquiry site. Details on the same are in the section below on publicly available registers and cadaster systems

In the meantime, the coordinates of the license areas of the coal operating contracts are lifted from the signed coal operating contracts and are presented in Annex X.

List of applicants and the bid criteria for the bidding rounds

In evaluating the documentation submitted by each applicant, the DOE REC will assess the application based on the criteria listed in the next section on Registration of Licenses.

PECR 5 was launched in 9 May 2014, and offered 15 prospective coal areas in Mindanao. Five companies submitted a total of nine applications for seven coal areas. On 18 December 2014, all seven coal operating contracts were awarded to the companies who have satisfactorily complied with the technical, legal and financial requirements of the DOE.

Details of the COCs awarded are as follows:

Table 9. COCs awarded in 2014

Area	Location	Acreage	Awardee
Area 2	Surigao del Sur	4 coal blocks/4,000 hectares	Coal Black Mining Corp.
Area 4	Agusan del Sur and Agusan del Norte	8 coal blocks/8,000 hectares	Sahi Mining Corp.
Area 5	Agusan del Sur and Agusan del Norte	7 coal blocks/7,000 hectares	Sahi Mining Corp.
Area 6	Agusan del Sur	4 coal blocks/4,000 hectares	Philsaga Mining Corp.
Area 7	Agusan del Sur	5 coal blocks/5,000 hectares	Philsaga Mining Corp.
Area 10	Zamboanga del Norte and Zamboanga Sibugay	3 coal blocks/3,000 hectares	Sahi Mining Corp.
Area 11	Zamboanga del Norte and Zamboanga Sibugay	5 coal blocks/5,000 hectares	Sahi Mining Corp.

Source: DOE

Efficiency and effectiveness of these systems

The PECCR serves as a competitive auction of prospective on shore and offshore oil and gas blocks and provides a more transparent system of awarding coal operating contracts. To further enhance the process, DOE is developing an online application and monitoring for selected processes. Target completion of the project has yet to be finalized.

Summary of information on coal operating contracts

As of 2014, there are 78 active coal operating contracts that produced 8.4MT during the year.

Table 10. List of Coal Operating Contracts, 2014

Name of company	COC no.	Date of COC awarded - date of expiration	Location	Type of COC
Altura Mining Philippines, Inc.	182	6 February 2013	Bagamanoc, Caramoran and Panganiban, Catanduanes	Exploration
Blackstone Mineral Resources, Inc.	183	6 February 2013	Naga, Zamboanga Sibugay	Exploration
PNOEC	184	15 February 2013	Trento, Agusan del Sur and Lingig, Surigao del Sur	Exploration
	185	15 February 2013	Buug and Malangas, Zamboanga Sibugay	Exploration
	186	15 February 2013	Imelda, Payao & Malangas, Zamboanga Sibugay	Exploration
Alco Steam Energy Corporation	187	15 February 2013	Trento, Agusan del Sur	Exploration
Mega Philippines Incorporated	188	26 February 2013	Lake Sebu, South Cotabato, Palimbang, Sultan Kudarat and Maitum, Sarangani	Exploration
Semirara Mining Corporation	189	29 April 2013	Bulalacao, Oriental Mindoro	Exploration
	190	7 July 2013	Maitum and Kiamba, Sarangani	Exploration
South Davao Development Corporation, Inc.	191	7 July 2013	San Jose and Magsaysay, Oriental Mindoro	Exploration
Empire Asia Mining Corporation	192	14 June 2013	Bislig and Lingig, Surigao del Sur	Exploration

Name of company	COC no.	Date of COC awarded - date of expiration	Location	Type of COC
Coal Black Mining Corporation	193	29 December 2014	Tandag and Tago, Surigao del Sur	Exploration
Sahi Mining Corporation	194	29 December 2014	Butuan City, Agusan del Norte and Sibagay, Agusan del Sur	Exploration
	195	29 December 2014	Butuan City, Agusan del Norte and Sibagay, Agusan del Sur	Exploration
Philsaga Mining Corporation	196	29 December 2014	Bunawan, Agusan del Sur	Exploration
	197	29 December 2014	Bunawan and Trento, Agusan del Sur	Exploration
Sahi Mining Corporation	198	29 December 2014	Godod, Zamboanga del Norte and Kabasalan, Zamboanga Sibugay	Exploration
	199	29 December 2014	Godod, Zamboanga del Norte and Kabasalan, Zamboanga Sibugay	Exploration
Semirara Mining Corporation	5	11 July 1977 - 11 July 2027	Semirara Island, Caluya, Antique	Development & Production
Ibalong Resources & Development Corporation	13	27 June 1978 - 27 June 2028 02 Sept. 2003 - 02 Sept. 2023	Dalaguete, Cebu	Development & Production
Adlaon Energy Development Corporation	9	14 March 1978 - 14 March 2028	Dalaguete, Cebu	Development & Production
	89	31 Aug. 1993 - 31 Aug. 2013	Compostela, Cebu	Development & Production
Benguet Corporation	83	23 May 1988 - 23 May 2011 (Request for extension)	Lianga, Marihatag & San Miguel, Surigao del Sur	Development & Production
Filipinas (Prefab) Systems, Inc.	68	11 July 1984 - 11 July 2013	Bulalacao, Mindoro Oriental	Development & Production
	77	06 March 1987 - 06 March 2013	Imelda and Payao, Zamboanga Sibugay	Development & Production
	78	06 March 1987 - 06 March 2013	Payao, Zamboanga Sibugay	Development & Production
A Blackstone Energy Corporation	93	02 Feb. 1989 - 02 Feb. 2012	Imelda, Zamboanga Sibugay	Development & Production
D. M. Wenceslao and Associates, Inc.	116	24 June 2004 - 24 June 2024	Baculod, Gattaran and	Development & Production
	123	24 June 2004 - 24 June 2024	Iguig, Cagayan	Development & Production
Bislig Venture Construction & Development, Inc.	127	05 May 2003 - 05 May 2013	Bislig, Surigao del Sur	Development & Production
PNOC-Exploration Corporation	41	14 Aug. 1980 - 14 Aug. 2012	Malangas, Zamboanga Sibugay	Development & Production
	122	23 Dec. 2003 - 23 Dec. 2023	Cauayan, Isabela	Development & Production
	140	July 5, 2005 - Dec. 15, 2013	Cagwait & Marihatag, Surigao del Sur	Exploration
	141	July 5, 2005 - Dec. 5, 2012	Naguilian, Isabela	Exploration
Batan Coal Corporation	104	14 May 1991 - 14 May 2013	Liguan, Batan Is., Rapu-Rapu,	Development & Production
	137	26 May 2009 - 26 May 2019	Albay Batan Island, Rapu-Rapu, Albay	Development & Production

Name of company	COC no.	Date of COC awarded - date of expiration	Location	Type of COC
Lima Coal Development Corporation	125	29 May 2001 - 29 May 2021	Calanaga and San Ramon Batan Island, Rapu-Rapu, Albay	Development & Production
	153	01 April 2009 - 01 April 2011 (request for extension)	Bacon and Gubat, Sorsogon	Exploration
Dagama Agro Minerals Inc.	126	26 March 2008 - 26 March 2028	Ned, Lake Sebu, South Cotabato and Sultan Kudarat	Development & Production
SAMAJU Corporation	128	19 July 2015 (Exploration stage- SP3)	Bilbao, Batan Island, Rapu-Rapu, Albay	Development & Production
	129	02 Sept. 2003 - 02 Sept. 2023	San Ramon, Batan Island, Rapu-Rapu, Albay	Development & Production
Brixton Energy & Mining Corp.	130	05 May 2008 - 05 May 2018	Diplahan and Buug, Zamboanga Sibugay	Development & Production
Forum Cebu Coal Corporation	131	23 Feb. 2009 - 23 Feb. 2019	Dalaguete, Cebu Dalaguete, Cebu	Development & Production
First Asia Resource Mining Corp.	132	28 Aug. 2008 - 28 Aug. 2018	Balamban, Cebu	Development & Production
Sultan Energy Phils. Corporation	134	23 Feb. 2009 - 23 Feb. 2019	Lake Sebu, South Cotabato	Development & Production
SKI Energy Resources, Inc.	135	26 May 2007 - 26 May 2017	Danao City, Cebu	Development & Production
	136	26 May 2005 - 26 May 2009 (request for conversion to D/P)	Alpaco, Naga, Cebu	Exploration
Bonanza Energy Resources, Inc.	138	25 May 2009 - 25 May 2019	South Cotabato & Sultan Kudarat	Development & Production
Visayas Multi-Minerals Mining and Trading Corporation	142	05 July 2009 - 05 July 2019	Toledo City, Cebu	Development & Production
Calatrava Coal Multipurpose Cooperative	144	25 May 2006 - 25 May 2016	Calatrava, Negros Occidental	Development & Production
Great Wall Mining and Power Corporation	145	18 Dec. 2008 - 18 Dec. 2018	San Miguel & Tandag, Surigao del Sur	Development & Production
Aragorn Coal Resources, Inc.	146	05 Jan. 2007 - 05 Jan. 2010 (request for extension)	Benito Soliven & Naguilian, Isabela	Exploration
	147	05 Jan. 2007 - 05 Jan. 2010 (request for conversion to D/P)	Cataingan, Masbate	Exploration
Abacus Coal Exploration and Development Corp.	148	10 Jan. 2010 - 10 Jan. 2019	Tandag, Surigao del Sur	Development & Production
IL Rey'c Coal Mining Exploration Corp.	149	27 Aug. 2007 - 27 Aug. 2017	Danao City, Cebu	Development & Production
Guidance Management Corp.	150	28 Aug. 2008 - 28 Aug. 2010 (request for extension)	Bayawan, Negros Oriental	Exploration
	151	28 Aug. 2008 - 28 Aug. 2012	Calatrava, Negros Occidental	Exploration
DMC-Construction Equipment Resources, Inc.	154	01 Apr. 2009 - 01 April 2012	South Cotabato and Sultan Kudarat	Exploration
Lebach Mining Corp.	157	16 Sept. 2009 - 16 Sept. 2011 (request for extension)	Gubat, Sorsogon	Exploration

Name of company	COC no.	Date of COC awarded - date of expiration	Location	Type of COC
Titan Exploration & Dev. Corp.	159	16 Sept. 2009 - 16 Sept. 2013	Manay, Davao Oriental	Exploration
	166	18 Nov. 2009 - 18 Nov. 2013	Diplahan-Buug, Zamboanga Sibugay	Exploration
	167	18 Nov. 2009 - 18 Nov. 2011 (request for extension)	Diplahan, Zamboanga Sibugay	Exploration
Eoil and Gas Co., Inc.	160	26 Oct. 2009 - 26 Oct. 2011 (request for extension)	Bunawan, Agusan del Sur	Exploration
ASK Mining & Exploration Corp.	162	16 Sept. 2009 - 16 Sept. 2012	Kagwait-Marihatag, Surigao del Sur	Exploration
3Kings Sunrise Mining Corp.	165	16 Sept. 2009 - 16 Sept. 2012 (request for extension)	Carmen, Cebu	Exploration
Blackgem Resources & Energy Inc.	169	18 Nov. 2009 - 18 Nov. 2013	Tarragona, Davao Oriental	Exploration
Dell Equipment & Construction Corp.	170	18 Nov. 2009 - 18 Nov. 2013	Sarangani & South Cotabato	Exploration
Cedaphil Mining Corp.	171	24 March 2010 - 24 March 2012 (request for conversion to D/P)	Toledo City, Cebu	Exploration
Core 8 Mining Corp.	172	24 March 2010 - 24 March 2012 (request for extension)	Toledo City, Cebu	Exploration
BBB Mining and Energy Corp.	173	14 December 2011 - 14 December 2013	Asturias, Balamban, Danao & Cebu City	Exploration
BlackGem Resources and Energy, Inc.	174	14 December 2011 - 14 December 2013	Batan Island, Rapu-rapu, Albay	Exploration
BlackGem Resources and Energy, Inc.	175	14 December 2011 - 14 December 2013	Baganga, Davao Oriental	Exploration
Goodyield Resources Development, Inc.	176	14 December 2011 - 14 December 2013	Lingig, Surigao del Sur	Exploration
Gdeal Mineral Resources Co., Inc.	177	14 December 2011 - 14 December 2013	Godod, Zamboanga del Norte	Exploration
Kwangming Mineral Co. Inc.	178	14 December 2011 - 14 December 2013	Naga & Kabasalan, Zamboanga Sibugay	Exploration
SKI Energy Resources, Inc.	179	14 December 2011 - 14 December 2013	Carmen, Asturias and Catmon, Cebu	Exploration
	180	14 December 2011 - 14 December 2013	Pinamungahan and Naga, Cabu	Exploration
Timberwolves Resources, Inc.	181	14 December 2011 - 14 December 2013	Guigaquit, Surigao del Norte	Exploration

Source: DOE

The sole targeted entity is Semirara Mining and Power Corporation (Semirara) which only has one project in 2014. MSG has determined this to be sufficient given the industry representation of Semirara – both in terms of production and revenue.

C. Registration of Licenses

The term ‘license’ refers to any license, lease, title, permit, or concession by which the government confers on a company(ies) or individual(s) the right(s) to explore or exploit oil, gas and/or mineral resources⁷. The first PH-EITI report contains an extensive discussion of the licensing processes in the country. A condensed version with updated information is provided below.

⁷ EITI Standard 2016, Section 2.3

*Added narrative to Table 10 to underscore that Semirara has only one project in 2014.

Table 11. Summary of licensing processes

	Oil and gas/Coal	Mining																						
System of awarding contracts	PECR, the most recent of which is PECR5	Integrated Mining Tenements Statistics Report (MISR)																						
Department/ agency responsible for the system	DOE through REC	DENR through the Mining Tenements Division of MGB																						
Documentation requirements	<ul style="list-style-type: none"> Legal documentation Work program documentation 	<ul style="list-style-type: none"> Technical documentation Financial documentation 																						
Criteria	<ul style="list-style-type: none"> Legal qualification - Pass or Fail Work Program - 40% <table border="1"> <thead> <tr> <th>Pass</th> <th>Fail</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Business existence Business type Business jurisdiction Payment of application fee </td> <td> <ul style="list-style-type: none"> Incomplete documentation Invalid documents Submission beyond deadline Non-payment of application fee </td> </tr> </tbody> </table>	Pass	Fail	<ul style="list-style-type: none"> Business existence Business type Business jurisdiction Payment of application fee 	<ul style="list-style-type: none"> Incomplete documentation Invalid documents Submission beyond deadline Non-payment of application fee 	<ul style="list-style-type: none"> Legal qualification - per requirements of RA No. 7942 and its IRR Work program - mandatory requirement Technical qualification - capacity track records in mining operations and environmental management Financial qualification - financial capability and stability to undertake the program Payment of required fees 																		
Pass	Fail																							
<ul style="list-style-type: none"> Business existence Business type Business jurisdiction Payment of application fee 	<ul style="list-style-type: none"> Incomplete documentation Invalid documents Submission beyond deadline Non-payment of application fee 																							
Timeline	<p>Oil and gas</p> <table border="1"> <thead> <tr> <th>Status/stage</th> <th>Average timeline</th> </tr> </thead> <tbody> <tr> <td>Launching of PECR</td> <td>1 day</td> </tr> <tr> <td>Pre-submission conference</td> <td>1 week from launching</td> </tr> <tr> <td>PECR application submission</td> <td>1 month</td> </tr> <tr> <td>Review of PECR applications</td> <td>2 months from last day of submission of application</td> </tr> <tr> <td>Endorsement of winning applicants</td> <td>The winning applicant has 7 days from receipt of the Notice of Award to pay the processing fee.</td> </tr> </tbody> </table> <p>Coal</p> <table border="1"> <thead> <tr> <th>Status/stage</th> <th>Average timeline</th> </tr> </thead> <tbody> <tr> <td>Launching of PECR</td> <td>1 day</td> </tr> <tr> <td>Pre-submission conference</td> <td>1 week from launching</td> </tr> <tr> <td>PECR application submission</td> <td>4 months</td> </tr> <tr> <td>Review of PECR applications</td> <td>2 months from last day of submission of application</td> </tr> </tbody> </table>	Status/stage	Average timeline	Launching of PECR	1 day	Pre-submission conference	1 week from launching	PECR application submission	1 month	Review of PECR applications	2 months from last day of submission of application	Endorsement of winning applicants	The winning applicant has 7 days from receipt of the Notice of Award to pay the processing fee.	Status/stage	Average timeline	Launching of PECR	1 day	Pre-submission conference	1 week from launching	PECR application submission	4 months	Review of PECR applications	2 months from last day of submission of application	Varies based on the type of permit applied. Normally, it takes six months to approve/disapprove an application based on Section 7 of DAO 2012-7.
Status/stage	Average timeline																							
Launching of PECR	1 day																							
Pre-submission conference	1 week from launching																							
PECR application submission	1 month																							
Review of PECR applications	2 months from last day of submission of application																							
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Launching of PECR	1 day																							
Pre-submission conference	1 week from launching																							
PECR application submission	4 months																							
Review of PECR applications	2 months from last day of submission of application																							
Approval of service and operating contracts	DOE Secretary based on winning applicants endorsed by the REC	President, DENR Secretary or Regional Directors depending on the type permit acquired.																						

The websites of DOE and MGB include additional information on licensing at www.doe.gov.ph and www.mgb.gov.ph, respectively.

Licensing system for the extractive industry

Licensing systems, including types of agreements, permits, and specific requirements, for oil and gas, mining and coal are comprehensively discussed in the first and second PH-EITI report. There were no significant changes in the requirements in 2014. An outline of the significant points in the licensing process for each of the industry is presented below.

A. Mining

1. Areas open and closed to mining

The Philippine Mining Act of 1995 and its IRRs enumerate the areas that are open and not open to mining applications. A more comprehensive list of areas closed to mining, also called No-Go Zones, is provided under EO No. 79 (2012).

2. Types of agreements, permits, and their specific requirements

The requirements and procedures for obtaining the mine permits and agreements slightly vary depending on the type of permit or agreement applied for, whether EP, mineral agreement (MPSA, JVA or CA), or FTAA. Detailed information on the specific requirements may be found in the first PH-EITI report.

3. Procedure for approval

The procedure of approval for the different mining permits are summarized by the figures below:

Figure 11. Approval procedure for EPs

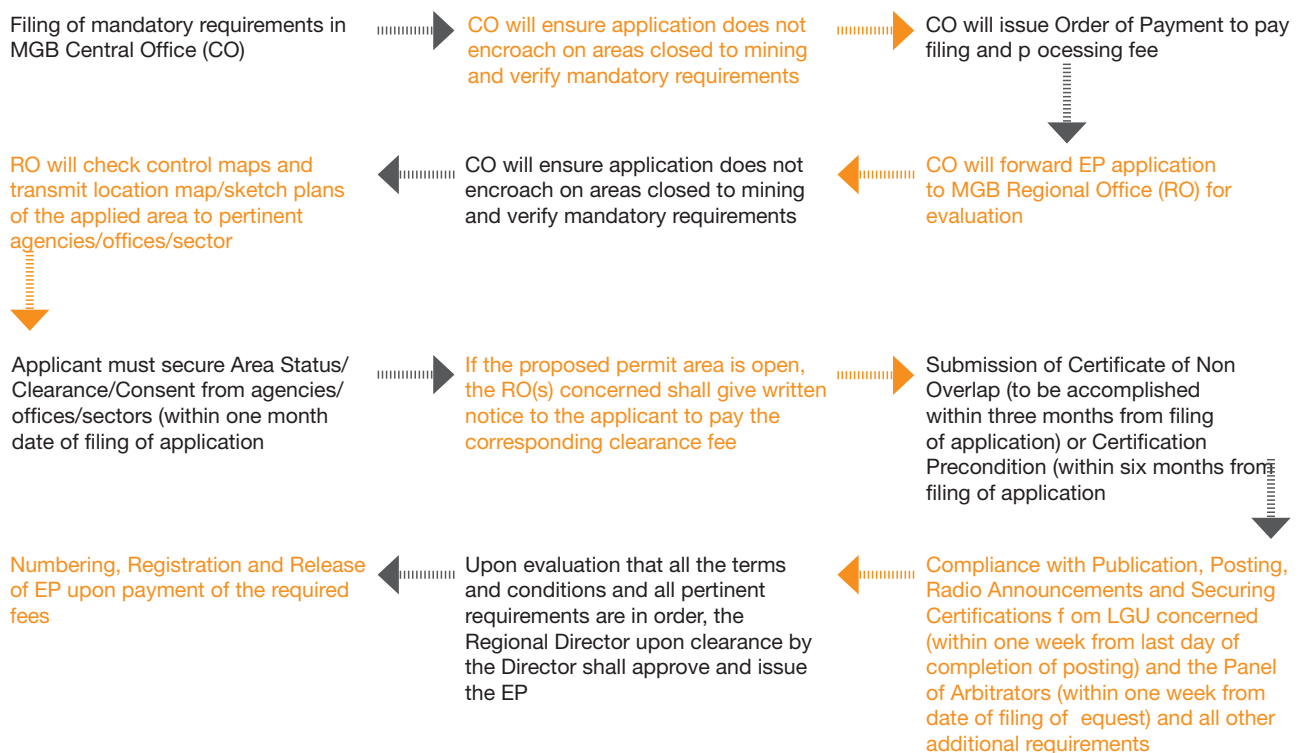


Figure 12. Approval procedure for Mineral Agreements

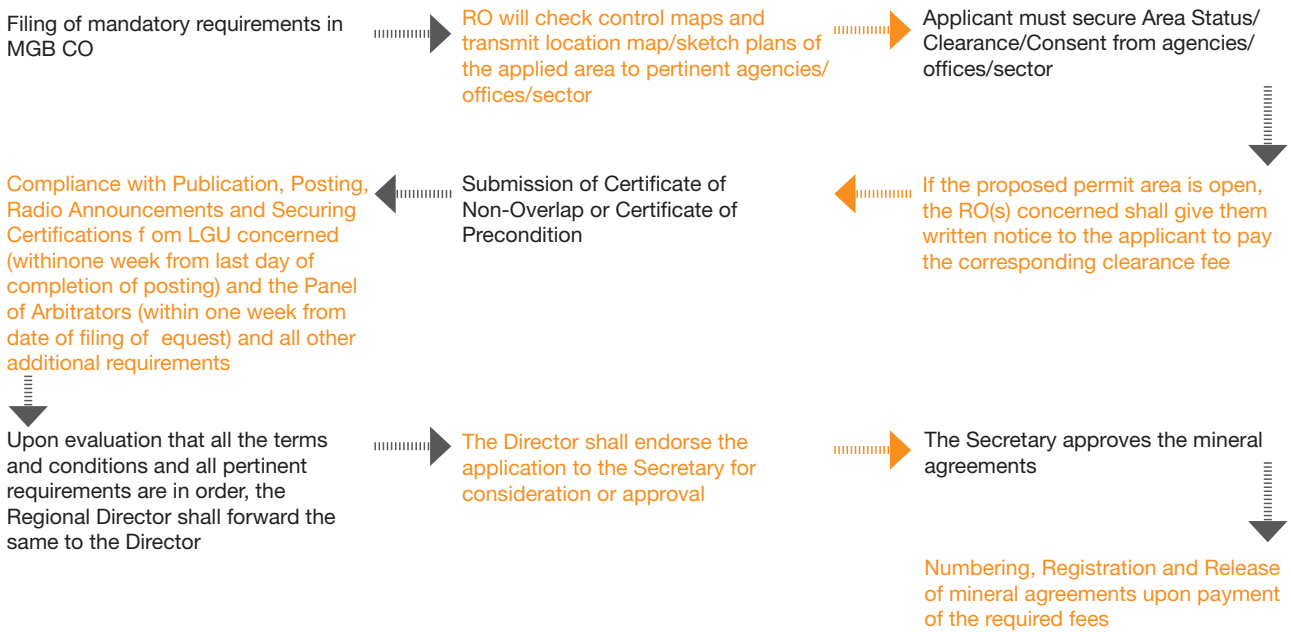
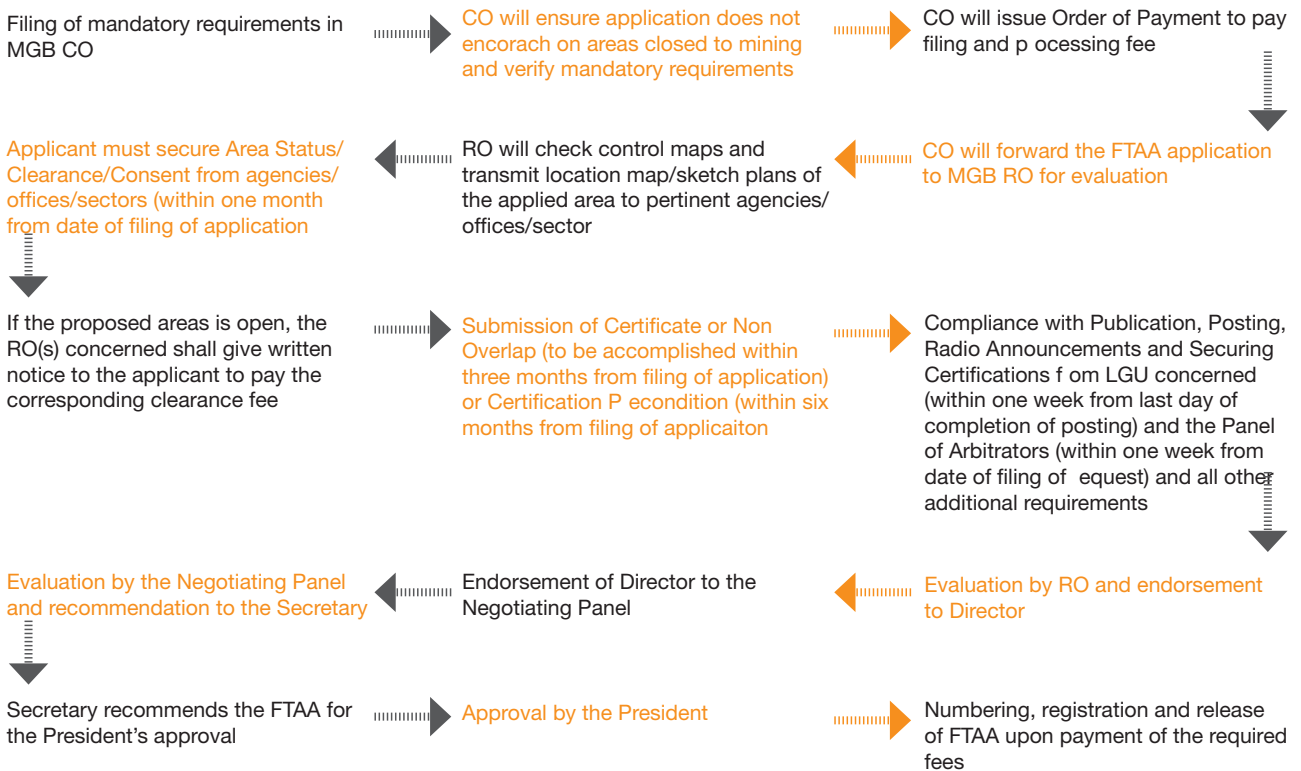


Figure 13. Approval procedure for FTAA



B. Oil and gas

1. Types of agreements, permits, and their specific requirements

License requirements include the following:

- A joint venture agreement
- Legal, technical, and financial documents
- A non-refundable application fee of PHP200,000 (approx. US\$4,735) per area
- An information sheet showing a summary of the application, work program documentation, geological and geophysical evaluation of the contract area applied for, and the economics and development concepts for possible petroleum discoveries.

Detailed information on the specific requirements can be found in the first PH-EITI report.

2. Procedure for approval

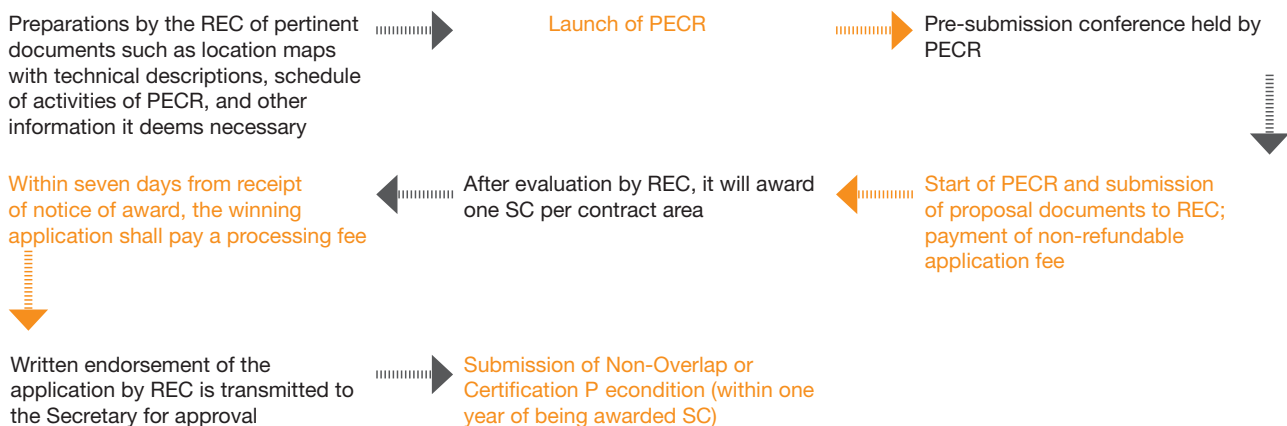
The procedure of approval for DOE licenses and for petroleum service contracts are summarized by the figures below:

Figure 14. DOE license approval process



Note: To be facilitated by Energy Resource Development Bureau – Office of the Director/Petroleum Resources Development Division

Figure 15. Petroleum service contract approval process



C. Coal

1. Types of agreements, permits, and their specific requirements

PECR requirements include PECR documents which contain a description of available data and the prospect of coal resources in each area include, among others:

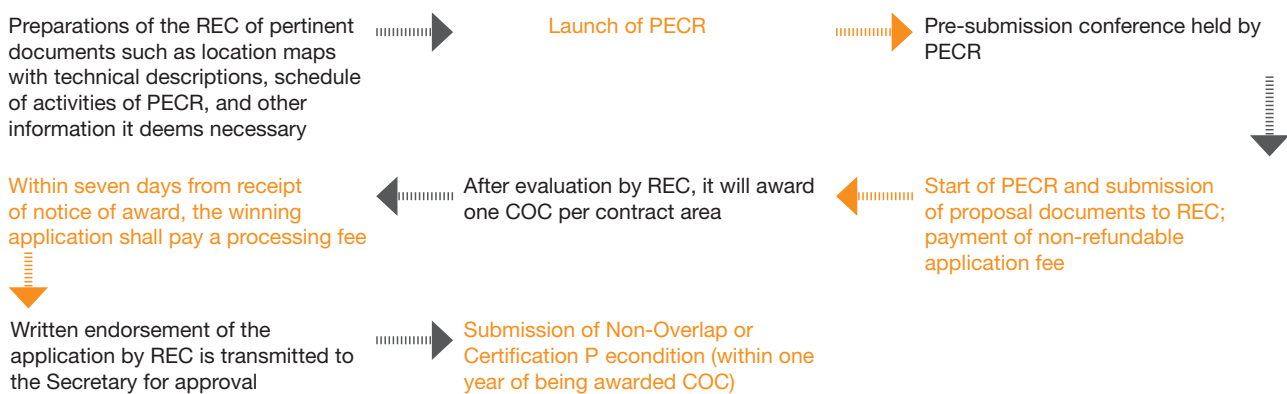
- Location map and technical description of the areas being offered during the PECR
- Schedule of activities for the PECR
- Such other information as the REC may deem appropriate.

Detailed information on the specific requirements can be found in the first PH-EITI report.

2. Procedure for approval

The same procedures of review and evaluation are observed by the REC and DOE for petroleum and coal resources. The procedure for the approval of coal operating service contracts is summarized by the figure below:

Figure 16. Coal operating contract approval process



Reference to publicly available register and cadaster systems

Information on licenses and license holders are found on the websites of MGB and DOE.

Mining licenses and license holders can be found in www.mgb.gov.ph/2015-05-13-01-44-56/2015-05-13-01-46-18/2015-06-03-03-42-49. In this link, the following information are provided by the MGB:

- List of approved mining permits and contracts (including MPSAs, FTAAAs, MPPs, Industrial Sand and Gravel Permits (ISAG/IPs), EPs, and lease contracts). The lists are updated on a monthly basis
- List of applications for MPSAs, ISAG/IPs, EPs and FTAAAs
- List of mining applications in regional offices
- Mining tenement maps per region

Coordinates of the licensed areas were lifted from the signed contracts and are presented in Annex J. The contracts are also accessible at contracts.ph-eiti.org.

DOE is currently developing the Energy Data Center of the Philippines (EDCP) online inquiry site, a virtual storage facility for energy data and information involving energy exploration and development in the Philippines. The EDCP includes information on DOE licenses and license holders. (Link: <https://www.doe.gov.ph/energy-data-center-philippines-edcp>)

In the meantime, the DOE’s EDCP is a storage facility for data and information generated and used by both the government and private sectors involved in energy exploration and development in the Philippines. The center has more than 120,000 analog and about 15,000 digital data holdings.

Other information included in the DOE website are as follows:

Oil and gas: List of petroleum service contracts. The list includes the service contract no., name of the contractor, effective date, expiration date and location (http://beta.doe.gov.ph/sites/default/files/pdf/pecr5/list_of_scac.pdf)

Coal: List of existing coal operating contract holders. The list includes the name of the contract holder, date of COC award and expiration, location of COC area and type of COC: http://beta.doe.gov.ph/sites/default/files/pdf/energy_statistics/List%20of%20Updated%20COC%20Holders.pdf

As with the MGB, coordinates of the service contracts were lifted from the signed contracts and are presented in Annex K. The contracts are accessible at contract.ph-eiti.org.

D. Contracts

Extractive contracts in the Philippines contain standard provisions that specify the obligations of the parties, terms and conditions, and any additional privileges. The first PH-EITI report provided a detailed discussion on the national government’s policy on the disclosure of contracts and licenses that govern the exploitation of oil, gas, and minerals.

In 2015, PH-EITI launched an open database of mining, oil and gas contracts in the Philippines, where contracts of all companies participating in the Philippine EITI process are disclosed. These contracts and their supporting documents may be accessed at contracts.ph-eiti.org.

The contracts and production sharing agreements granted by/entered into by the government for the exploration of mineral, petroleum and coal resources have been discussed thoroughly in the previous sections. Full text of these contracts are provided in Annexes L to N.

Contracts with Indigenous Peoples

Companies operating in ancestral domains have additional obligations to IP communities within their area of operations. Among the additional obligations are the payment of IP royalties and observance of procedures to obtain the IPs’ free and prior informed consent to ensure that the IPs in the area have been sufficiently consulted and have consented to the conduct of extractive activities within their ancestral domain. These obligations are documented in the memorandum of agreement signed and agreed with the different ICCs/IPs.

Of the 31 large-scale metallic mining companies covered by this report, 15 are operating within the ancestral lands of IPs. Refer to the table below for the list of the companies operating in ancestral domains as of December 2014.

Table 12. List of mining companies operating within ancestral domains covered in Chapter 2 of this Report as of December 2014

Region	IP	Company
CAR	Ibaloi/Kankana-ey	Philex Mining Corporation
IV-B	Palaw’an	Rio Tuba Nickel Mining Corp.

Region	IP	Company
IV-B	Tagbanua/Palawano	Cit nickel Mines & Development Corporation
IV-B	Tagbanua	Berong Nickel Corporation
IX	Subanon	TVI Resource Development Philippines, Inc.
IX	Mansaka	Apex Mining Company
XIII	Mamanwa	Taganito Mining Corporation
XIII	Manobo	Philsaga Mining Corp.
XIII	Mamanwa and Manobo	SR Metals, Inc.
XIII	Mamanwa and Manobo	TVI Resource Development Philippines, Inc. (Contractor: Minimax Mineral Exploration Corporation)
XIII	Mamanwa and Manobo	Marcventures Mining and Development Corp.
XIII	Manobo	Carrascal Nickel Corporation
XIII	Mamanwa	Adnama Mining Resources, Incorporated (Assignor: Oriental Synergy Mining Corp.)
XIII	Mamanwa	Platinum Group Metals Corporation (Contractor: Surigao Integrated Resources Corporation)
XIII	Mamanwa	Greenstone Resources Corporation

Source: NCIP

The relevant IP processes, including the Free Prior and Consent (FPIC) concept, have been described in the first PH-EITI report, while updates are included in detail in *Section V, Other Information*, under Procedures as to and Treatment of Extractive Operations in Ancestral Domains. FPIC is the consensus of all members of the IPs to be determined in accordance with their respective customary laws and practices.

E. Beneficial ownership

The Securities Regulation Code of the Philippines (SRC) was enacted to regulate the trading of securities in the market. SRC also ensures the protection of the participating investors who are considered beneficial owners of equity securities like shares of stock of a corporation and debt securities (e.g., bonds, banknotes). SRC Section 3 defines a beneficial owner or beneficial ownership as any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or to direct the voting of such security) and/or investment returns power (which includes the power to dispose of or direct the disposition of such security) provided, however, that this person has an indirect beneficial ownership interest in any security which can be classified as such. All securities of the same class beneficially owned by a person shall be aggregated in calculating the number of shares beneficially owned by such person.

However, the MSG is still finalizing its definition of beneficial owner in the context of the PH-EITI report, as required by the EITI Standards, and in consideration of RA No. 10173, also known as the Data Privacy Act of 2012. The National Privacy Commission had issued the IRR for the Data Privacy Act on 30 August 2016, which sets out the specific rules and measures to protect the personal information collected both by the government and the private sector in the Philippines. The implementing rules covered data privacy principles, lawful processing of personal data, security measures for protection of personal data, and security of sensitive personal information in the government. Personal data, as defined by the Data Privacy Act, covers the information required to be disclosed by the EITI Standards, such as the national identity number, date of birth and residential or service address.

In addition to the challenge presented by laws on confidentiality, the EITI standards require disclosure of beneficial ownership on a per individual level. Examination of the General Information Sheet (GIS) submitted by companies to the SEC shows that corporations are usually owned by such individuals and by other corporations. Thus, determining the individual owners of a particular company would entail looking into several GIS, in order to determine the individual owners of

the corporate shareholders. As the country moves towards compliance for this EITI requirement, a roadmap was developed by the MSG that would address the definition of beneficial ownership and the threshold or percentage of ownership to be considered material, spanning a period of four years. Details of the roadmap can be found in Annex V and in the following link: <http://ph-eiti.org/Resources/#/Work-Plan-and-BO-Roadmap>

Publicly available register of the beneficial owners

Only publicly-listed companies are required by the SEC to submit a list of their beneficial owners (PSE Disclosure Form POR-1 Public Ownership Report). Of the companies in scope, only three (3) are publicly-listed: Apex Mining Company, Inc., Lepanto Consolidated Mining Company, and Philex Mining Corporation. These companies are listed with the Philippine Stock Exchange (PSE). Details on the PSE and stock exchange filings can be found on <http://edge.pse.com.ph>.

However, all domestic stock corporations are required to submit their General Information Sheet (GIS) to the SEC on a yearly basis. The GIS includes information on a company's stockholders, such as name, nationality, current residential address, Tax Identification No. (TIN), number of shares subscribed and percentage of ownership. The GIS should be certified and sworn to by the corporate secretary, or by the president, or any duly authorized officer of the corporation. Copies of the GIS are available and can be downloaded from the SEC website for a service fee. For the GIS of EITI participating entities, refer to the following link: <http://ph-eiti.org/Resources/#/GIS>

The SEC General accountant gave a presentation during the 37th MSG meeting held on 4 November 2016. Details of this can be found on *Section V, Other Information*, under Narrative of Special reports under MSG Meetings.

F. State participation in the extractive industries

Legal Framework

There are two government-owned and controlled corporations (GOCCs) in the Philippine extractive sector: PNOEC for the oil and gas industry and Philippine Mining Development Council (PMDC) for the mining sector.

GOCC refers to any agency organized as stock or non-stock corporation vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Philippines directly or through its instrumentalities either wholly, or where applicable in the case of stock corporations, to the extent of at least a majority of its outstanding capital. GOCCs, by definition, are considered state-owned enterprises. A more detailed discussion on GOCCs can be found on the second PH-EITI report, including information on the prevailing rules and practices covering the financial relationship between the government and these GOCCs.

Table 13. **Contractual and fiscal information of GOCCs in the extractive industries**

	PNOEC	PMDC
Payments made to the government	PHP1,179,711,316	PHP27,985,893
Contract or arrangement involving exchange of goods or services	None	None
Transfer of funds, earnings, reinvestment, and third party financing	Other than the transfer of funds through dividend payment and loans, there are no other fund arrangements with the government or third party.	

	PNOC EC	PMDC
Terms attached to equity stake, including level of responsibility to cover expenses at various phases of the project cycle	PNOC EC covers expenses up to the extent of their equity share/ interest in the service contracts or depending on the agreement with partners where the latter may cover all expenses up to a certain phase of operations. Refer to Table 15 for the details of equity share of PNOC EC in petroleum service contracts.	All expenses for the projects are covered by the partner firms (i.e., mining companies) of PMDC.
Source of revenue	Malampaya project and other operating service contracts	Commitment fees and royalty fees
Required dividends to be remitted to the government	<ul style="list-style-type: none"> • At least 50% of its annual net earnings • Other earnings are utilized for the day- to-day operations 	<ul style="list-style-type: none"> • At least 50% of its annual net earnings • Other earnings are utilized for the day- to-day operations
Actual dividend declaration in 2014	PNOC EC directly remitted an amount of PHP1.5bn to the BTr from dividends arising from the 2014 earnings of PNOC.	None
Payments made to finance/ fund social services, public infrastructure, fuel subsidies and national debt	Social performance programs provided to host communities. No public infrastructure or fuel subsidies.	
Change in ownership	None	None
Loans/borrowings extended from the national government or department agencies	None	Loans from National Development Corporation (NDC) amounting to PHP89.4m.
Loans or loan guarantees to mining, oil and gas companies operating within the country	None	None
Quasi-fiscal expenditures	There are no quasi-fiscal expenditures or activities during 2014.	

PNOC EC

The Philippine Government, through PNOC EC, owns a 10% stake in the upstream component of SC 38, the Malampaya Gas Project.

PNOC EC, under PD No. 334 dated 9 November 1973, was incorporated on 20 April 1976 and is mandated by the government through the DOE to take the lead in the exploration, development and production of the country's oil, gas and coal resources.

PNOC EC has a contributed capital of PHP2.02bn as of 31 December 2014. 99.79% of the total share capital is owned by the PNOC and the remaining 0.21% is owned by public stockholders.

The funds of PNOC EC are derived from its share in the Malampaya Project and other operating service contracts. The company did not secure any loans from the government in 2014.

On 17 February 2014, PNOC EC declared cash dividends amounting to PHP3.007bn arising from its 2013 accumulated earnings. These were subsequently paid out on 5 March 2014.

While not mandated by law to provide social services, whether on a national level or to the host communities, PNOC EC conducts social performance programs to the host communities of its existing contracts. It did not participate in any public infrastructure works or fuel subsidies in 2013 and 2014. The projects initiated by PNOC EC are intended to provide sustainable benefits to the host communities and promote a partnership between the company and the stakeholders in addressing possible issues ensuing from its operations. The company's corporate social responsibility (CSR) activities for 2014 are summarized below:

Table 14. PNOC EC CSR activities in 2014

Area/location	Social program
Batangas	Disaster Management Training Program conducted in Mabini, Batangas on September 2014 Teacher Training Program
Cebu	Free circumcision program in Naga, Cebu
Zamboanga Sibugay	Medical-Dental Mission on August 2014
Isabela	Information, Education, and Communications campaign for the area affected by its COC 122 Project "Kaagapay Para sa Karunungan," a scholarship programs for 35 high-school and college students Water-sealed toilets for 10 families in the municipality of Benito Soliven

Source: PNOC EC

PNOC EC currently has oil and gas exploration and development rights through eight SCs with the DOE in areas throughout the Philippines. PNOC EC has operating ownership in four of the SCs, namely SC 63 East Sabina, SC 37 Cagayan Basin, SC 47 Offshore Mindoro and SC 59 West Balabac (after BHP Billiton advised PNOC EC of its withdrawal in 2013). PNOC EC is also a non-operating partner in four additional SCs, namely SC 38 Malampaya Gas Project, SC 57 Calamian, SC 58 West Calamian, and SC-75 Northwest Palawan (interest acquired in 2014). SC 38, the Malampaya Gas Project, in which PNOC EC has a 10% participating interest, is the Philippines' largest upstream energy infrastructure project. Commercial gas and condensate production at SC 38 started in January 2002 and SPEX is the current operator.

In 2014, the Malampaya Gas Project sold 125.89 billion standard cubic feet of gas and 4.41 million barrels of condensate. These results were higher than those of 2013, at 119.39 billion standard cubic feet and 3.821 million barrels, respectively. The Malampaya Gas Project is jointly owned by PNOC EC (10%), SPEX (45%) and Chevron Malampaya LLC (45%) (also referred to as the Consortium). SPEX, being the operator of the Consortium, performs monthly calculation of cost recovery and revenue allocation, after which it disburses the share of PNOC EC and Chevron Malampaya to DOE. PNOC EC records its 10% participating interest in the Malampaya Gas Project as part of its net income. PNOC EC also declares and pays dividends to the national government based on its annual net earnings.

Interests acquired in 2014

PNOC EC holds 35% interest in the SC 75 Northwest Palawan block, with Philex Petroleum (operator) holding 50% and PetroEnergy with the remaining 15%. It is located west of SC 58 West Calamian and north of SC 63 East Sabina and covers an area of 10,560 sq. km. in the offshore Northwest Palawan Basin. Details of all existing SCs and the corresponding percentage of PNOC EC ownership are shown in the succeeding table.

Table 15. Equity share of PNOC EC in petroleum service contracts

Contract area	PNOC EC ownership/ partnership interest	Operator	Acreage (in sq. km.)
SC 37, Cagayan Basin	100%	PNOC EC	360
SC 38, Malampaya Gas Project	10%	SPEX	830
SC 47, Offshore Mindoro	97%	PNOC EC	10,480
SC 57, Calamian	28%	China National Offshore Oil Company International Limited	7,200
SC 58, West Calamian	50%	Nido Petroleum Philippines Pty. Ltd.	13,440
SC 59, West Balabac	100%	PNOC EC	14,760

Contract area	PNOEC ownership/ partnership interest	Operator	Acreage (in sq. km.)
SC 63, East Sabina	50%	PNOEC	10,560
SC 75, Northwest Palawan Basin	35%	Philex Petroleum	6,160

Source: PNOEC

Additionally, PNOEC holds six COCs, namely: COC 41 (Malangas), COC 122 (Isabela), COC 141 (Isabela), COC 184 (Agusan del Sur), COC 185 (Buug-Malangas) and COC 186 (Diplahan-Imelda). As part of its coal business, the company also trades coal from other sources through its four (4) coal terminals located in Manila, Malangas (in Zamboanga Sibugay), Batangas and Cebu. Total coal production from COC 41 in 2014 amounted to 63.16 thousand metric tons, coming directly from the production of small-scale coal miners, while the related direct sales volume was registered at 199.16 thousand metric tons. PNOEC holds 100% stakes in all of its COCs.

Aside from the coal business, PNOEC is also into international oil trading, supplying petroleum products to other countries. In 2014, PNOEC delivered a total of 545.81 thousand metric tons of petroleum products to Bangladesh Petroleum Corporation and PT Pertamina Energy Services in Indonesia.

PNOEC likewise owns and operates a private commercial port - the Energy Supply Base – in Mabini, Batangas which provides berthing, cargo handling, storage and warehousing facilities to its customers.

PNOEC neither requests nor requires the exchange of goods or services with its joint venture partners.

PMDC

PMDC, formerly called Natural Resources Mining Development Corporation (NRMDC), is a wholly-owned and controlled government corporation. It was registered with the SEC in 2003 pursuant to a Memorandum of the President of the Philippines dated 9 April 2003. The PMDC was organized primarily to undertake the development, promotion and management of various mining projects classified into Mineral Reservations, Privatization Management Office Assets, and Cancelled Tenements. The nature of these mining projects was discussed in detail in the first PH-EITI report.

Being a GOCC, PMDC was attached to the DENR. Pursuant to DENR Administrative Order No. 2003-38 and by virtue of a Memorandum of Agreement between and among the DENR, PMDC and NRDC, PMDC was designated/appointed as the new implementing arm of the DENR in undertaking the mining and mineral processing operations in the 8,100-hectare Diwalwal Mineral Reservation located in the municipality of Monkayo, Compostela Valley Province. It was specifically tasked by the Philippine government to implement the program of putting up a world class mine in Diwalwal. The company was created for the purpose of, among others, addressing the environmental, health, social and economic well being of the occupants of the area, and to rationalize the mining and mineral processing operations in the reservation for greater efficiency, and to provide for adequate environmental protection and mine rehabilitation measures. As of 31 December 2014, PMDC had an authorized and paid up capital of PHP125m, 44% of which are held by the DENR-Natural Resources Development Corporation (NRDC), 36% from the PNOEC, and 20% from the National Development Corporation (NDC). PMDC neither divested nor changed its equity standing since its setup in 2003.

PMDC primarily derives its revenues from commitment and royalty fees. Commitment fees from the awarded mining tenements represent payment for the privilege to explore/study the potential of the mineral area and account for less than 1% of its total revenue in 2014. For 2014, the entire amount of PHP1,188,000 of commitment fees was received from Filipinas Systems, Inc., a project operator. The rest of the company's revenue is earned from royalties from the Dinagat Nickel-Chromite Project. There are no royalty fees earned from PMDC's other projects as these are still in the exploration stage.

Table 16. **PMDC Revenues in 2013 and 2014**

Source of revenues	2014	2013
Royalty Fees - Dinagat Nickel and Chromite Project	PHP134,458,778	PHP125,688,674
Commitment Fees - Mining Tenements	1,188,000	4,892,857

Source: PMDC

A detailed discussion on the processes on projects, permits and fees of PMDC are included in the second PH-EITI report.

No dividends were declared in 2013 and 2014 as PMDC was capital deficient as of said periods.

PMDC has continued to implement its CSR agenda in 2014, focusing on supporting the communities affected by its mining operations. Refer to the summary below for the activities and services that the company has provided its neighboring communities in 2014.

Table 17. **PMDC CSR activities in 2014**

Area/location	Social program
Compostela Valley	<p>Medical and dental services, including provision of medical supplies</p> <p>Provision of school supplies to day-care pupils and to 400 grade school pupils</p> <p>Continuing food services</p> <p>Midwifery services in Mt. Diwata Health Center</p> <p>Food assistance support to the local community health center, LGUs, and the soldiers and police officers securing the area</p> <p>Agro-Reforestation Program within the Lake Leonard Watershed, Maco and Diwalwal</p>
Dinagat Islands	<p>Provision of school supplies to 400 grade school pupils</p> <p>Medicines and vitamins for municipalities of Loreto and Basilisa</p>
Kalinga	Medicines and vitamins for the municipality of Pasil

Source: PMDC

PMDC is financially independent from the government, receiving neither guarantees nor concessions since its inception. Moreover, its financial statements are audited by the COA.

Although financially independent from the government, PMDC has an existing loan from NDC, a GOCC. The balance of the loan as of 31 December 2014 amounts to PHP89.4m (2013 - PHP97.8m).

The amount payable in 2013 to NDC is composed of two PHP25m loans granted in August 2005 and November 2006, respectively, and the interest as of December 2013 totaling PHP247.8m. PMDC and NDC managements have agreed on 28 May 2013 to restructure the loan such that PMDC has ten years to settle the revised loan by fixed monthly payments of PHP21,402,687, with a 12% annual interest rate, with the payments commencing in July 2013 up to June 2023. Subsequent to the settlement of the revised loan balance of PHP297.8m, PMDC has 39 months (or 3.25 years) to settle the accrued penalties on the original loans worth PHP254.6m. Payments will be made monthly in the amount of PHP21.4m commencing in July 2023 (one month after the completion of the revised loan) up to June 2026.

The said revised loan agreement was formally signed late January 2014. Payments made by PMDC to NDC in 2014 are in accordance with the agreed upon loan repayment schedule, amounting to a total of PHP16.8m in principal.

PMDC has no additional projects for 2014. Of the 28 awarded projects, two are under operational stage: the Dinagat Nickel Chromite Parcel 1 (Loreto) and Parcel 2B (Basilisa area), while the remaining 24 projects are in active exploration status and two projects are having technical issues and are under litigation.

Table 18. Summary of PMDC Projects for 2014

No	Project	Commodity	Location	Operator	Stage of mining	Project status as of September 2015
1	Hernani	Chromite	Gen. MacArthur, Eastern Samar	Masada Resources & Mining Corp. (MRMC)	Exploration	Operator is still in the process of completing the requirements for filing the Declaration of Mining Project Feasibility (DMPF) of the project. PMDC has recently reviewed the submitted Feasibility Study, and revisions have been recommended. Operator is still in negotiations with the LGU in order to secure endorsement of the project. The said endorsement is one of the requirements in the filing of the DMPF.
2	Homonhon	Chromite	Homonhon, Guiuan, Eastern Samar	Mt. Sinai Mining Exploration & Devt Corp. (Mt. Sinai)	Exploration	A Technical Conference/meeting between PMDC, MGB and the Operator regarding the Joint Operating Agreement (JOA) terms will be scheduled as requested by MGB RO No. VIII.
3	Magdiwang	Gold	Magdiwang, Sibuyan Island, Romblon	MRMC	Exploration	There are no exploration activities conducted in the area. Exploration activities were hampered by the opposition of the LGU and community to mining activities in the area. Small-scale mining by the local communities persist on the other hand.
4	Maydulong	Chromite	Maydulong, Eastern Samar	MRMC	Exploration	A Technical Conference/meeting between PMDC, MGB and the Operator regarding the JOA terms will be scheduled as requested by MGB RO No. VIII.
5	Palawan	Silica	Bo. Tagbita, Rizal, Palawan	Vic-Soc Mining Corp	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
6	Pantukan	Gold	Pantukan, Compostella Valley	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	On 22 July 2015, a site visit was conducted in the area. No exploration activities in the area were observed.
7	Malitbog	Chromite	Malitbog, Bukidnon	SBG 3A Corp	Exploration	No exploration activities in the project area, as an anti-mining resolution is still in effect.
8	Rogongon	Copper, Gold	Rogongon, Iligan City, Lanao Del Norte	MRMC	Exploration	MRMC is continuing with the FPIC process through series of dialogues and consultations with the IPs. MOA signing between MRMC and the IP Community of Rogongon scheduled last 29 November 2014 was postponed due to non-submission of requirements by the Tribal Council of Rogongon. The MOA is currently under review by the NCIP Regional Office No. X

No	Project	Commodity	Location	Operator	Stage of mining	Project status as of September 2015
9	San Fernando	Limestone	San Fernando, Cebu	Mabuhay Fil Cement	Exploration	Endorsements by the Brgy. Councils of Basak and Tonggo were secured. Lobbying for the project endorsement by the Municipal LGU of San Fernando is ongoing.
10	Itogon	Gold	Itogon, Benguet	CNMC Mining and Development Corp.	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
11	Pina-mungahan	Limestone	Toledo and Pinamungahan, Cebu	Century Peak Corp (CPC)	Exploration	Environmental Compliance Certificate was issued last 31 July 2015. CPC is in the process of completing the necessary requirements for the filing of the Declaration of Mining Project Feasibility.
12	Toledo	Copper	Toledo, Cebu	T & D Kim Philippines	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
13	Opol Gold	Gold	Opol, Misamis Oriental	Black Stone Mineral Resources, Inc. (BMRI)	Exploration	MOA signing between BMRI and the Tribal Council of Nangaon was signed on 16 October 2014 in order for BMRI to proceed with its exploration activities. Waiting for the endorsement of the NCIP Misamis Oriental for the issuance of Certification Partner/Operator is currently preparing for the commencement of exploration activities.
14	Paracale	Gold	Brgy. Labnig, Paracale, Camarines Norte	BMRI	Exploration	An Information, Education, and Communication Campaign (IEC) was held in Brgys. Labnig and Mangkasay in Paracale, Camarines Norte on 1 December 2014. The shares of the three barangays with respect to the CDP fund were clarified, and the barangay councils submitted resolutions stating their proposed projects. BMRI is in the process of negotiating with the landowners with respect to right of way and surface rights.
15	Lagonoy	Chromite	Brgy. Himagtokon & Pina-miga-han, Lagonoy, Camarines Sur	Hua Fu Corporation	Exploration	Proposed cancellation of the JOA with the Operator is approved by the PMDC Board of Directors. Extra judicial steps are to be taken to finalize the cancellation.
16	Liloy	Limestone	Liloy, Zamboanga del Norte	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.
17	Matalom-Maasin	Limestone	Matalom & Maasin, Leyte	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.

No	Project	Commodity	Location	Operator	Stage of mining	Project status as of September 2015
18	Talibon	Silica	Talibon, Bohol	Mt. Sinai Mining Exploration & Devt Corp.	Exploration	No reported activities by the Partner/ Operator.
19	Opol Chromite	Chromite	Opol, Misamis Oriental	Filipinas (Prefab) Systems, Inc.	Exploration	Filsystems is currently undergoing FPIC Process. Two community assemblies were held in Brgy. Awang as part of the said FPIC Process. The next step is the drafting of MOA between Filsystems and IPs of Brgy. Awang.
20	North Davao	Copper, Gold	Maco, Compostella Valley	Asia Alliance Mining	With technical issues and under litigation	Under litigation, with a preliminary injunction order by the RTC of Pasig Branch 167.
21	Batong Buhay	Copper, Gold	Brgy. Balatoc, Pasil, Kalinga	Carascal Nickel Corp. - Faratuk Mining Inc.	Exploration	Exploration was suspended due to Injunction Order effective 19 September 2013. There are no exploration activities in the area except for Community Development Programs (supervised by Gerry Padua of CNC-Faratuk). A turn-over of CNC-Faratuk Ambulance was held last 28 June 2014. The said Injunction Order is still in effect.
Diwalwal Mineral Reservation Area						
22	Upper-Ulip	Copper, Gold	Brgy. Upper Ulip, Monkayo, Compostella Valley	Paraiso Consolidated Mining Corp	Exploration	Mapping and sampling of small scale mining tunnels are continuous. PMDC conducted field verification/ assessmen in the area on May 2015.
23	Higanteng Bato	Copper, Gold	Monkayo, Compostella Valley	Carrascal Nickel Corp.	Exploration	Detailed mapping and geochemical sampling was finished at the end of 1st quarter of 2014. IP magnetic survey is expected to commence within last quarter of 2015.
24	Letter V	Gold	Diwalwal Mineral Reservation Area	Black Stone Mineral Resources Inc.	Exploration	Exploration activities were hampered by the presence of NPA in the area; Coordination with the LGU and the AFP on the said matter is continuous.
25	Trima	Gold/ Copper	Monkayo, Compostella Valley	ICC of Monkayo	With technical issues and under litigation	PMDC to await the decision of NCIP regarding the Agreement between the 4 tribes and FF Cruz & Co.
Dinagat Nickel-Chromite Projects						
26	Dinagat Parcel 1	Nickel, Chromite	Brgy. Panamaon, Loreto, Dinagat Island	AAM-Phil Natural Resources & Devt Corp	Production	On going mining production. The application for ECC amendment is under the evaluation of the DENR - EMB.
27	Dinagat Parcel 2A	Nickel, Chromite	Basilica and Cagdianao, Dinagat Island	Pacific Nickel Phils. Inc	Exploration	Communication with Chief Geologist of PNP indicates that there is a plan for infill drilling in the area.
28	Dinagat Parcel 2B	Nickel, Chromite	Basilica and Cagdianao, Dinagat Island	AAM-Phil Natural Resources & Devt Corp	Production	On going mining production. Operator filed its application of the Declaration of Mining Project Feasibility covering the whole project area.

Source: PMDC

II. Exploration and production

The impacts of mining activities on the Philippine economy

Mining activities in the Philippines have been controversial, often times characterized by intense debates. One of the most closely followed and discussed topics about the mining industry in the country is whether it makes economic sense to support and allow it to thrive—whether the economic value of mining in the Philippines is significant or not. Those who oppose mining insist that mining has very low (if not insignificant) impact on the economy, and ultimately, on the Filipinos' welfare; while, those who believe in the mining industry as a contributor to the country's economic progress, insist otherwise. Observers not belonging to both these groups contend, however, that while mining has a lot of potential to contribute to economic growth in the Philippines because of the country's mineral resource deposits, this very potential has not been realized due mainly to: 1) the low value-added to the raw ore extracted and sold; and, 2) because of the existing environmental issues attributed to extraction activities that have not been completely addressed. This paper, does not take a stand, but rather will report on the data and provide explanations to the trends in the data.

Whether you are a supporter or a critic of the extractive industry in the Philippines, there are a few things that both sides would be in agreement based on facts. First, the country does have a significant amount of mineral reserves, amounting to an estimated US\$1.4 trillion for gold, copper, nickel, aluminum, and chromite which are distributed across around 9 million hectares of area with high mineral potential. This is considered one of the largest potential reserves in the world. This means that the mining sector, if harnessed properly, has a significant potential to contribute to economic growth and development by spurring employment, household income generation, tax revenue generation, exports, and aggregate income growth.

Second, is that mining activities also contribute to significant environmental degradation, ranging from forest destruction, to water contamination brought about by mining spills and similar occurrences. This is not to say that all entities engaged in mineral extraction cause these environmental problems, but it cannot be avoided that the entire industry would be judged and scrutinized even if there are mining firms that practice what is regarded as “responsible mining”. Given this context, to evaluate the contributions of the extractive industries to economic growth naturally necessitates the inclusion in the analysis. This is especially appropriate and possible soon, given that the Philippines will be adopting green accounting in the estimation of the country's gross domestic product and other aggregate income indicators.

In this report, the primary focus will be on whether the activities of the extractive industries significantly impact the Philippine economy. This will be done by presenting the quantitative contributions of the members of the extractive industry to the country's aggregate income, employment, and export. In assessing the impacts of the mining activities and investment to the economy, this report will include in the analysis the expanded effects of these activities on the economy as captured by the mining multiplier. At the end of the report, the gaps and issues in determining the full economic impacts of the extractive industries will be highlighted for consideration in future studies.

In the following sections, the activities in the extractive industries are presented and discussed to determine and highlight the degree of robustness in the sector. In the succeeding discussion, the level of activity in this sector is evaluated against the total economic activity in the country in terms of Gross Domestic production, employment, and taxes paid. Data limitations, however, do not allow the discussion to go beyond the obvious direct impacts—an issue that will be addressed in this report's final section, which is about ways forward and gaps in the analysis.

Direct impacts on the economy

We begin this section by examining the level of activities in the extractive industry grouped according to sub-sectors: Metals, Oil, Gas and Coal. Note that the data presented in the following sections were generated primarily from the Philippine Statistics Authority (PSA) and the MGB. The relative economic impacts of these activities are discussed in the succeeding sub-sections.

Metals

The MGB estimates that the Philippines' untapped mineral wealth could reach US\$840bn, the largest chunk of which would be in the production of the said metals. Among all of the extractive industries, it is the metal extraction that is expected to have the largest potential impact on the Philippine economy because of world demand and the size of its potential reserve.

Production volume

The table below shows the metallic production of certain selected metals by volume over the period 2009-2014. The graphs that follow were constructed from the table for the reader's better appreciation of the trends in production. It must be noted that the (line) graphs were separated into three groups to take into account the differences in units used for each metal, and to allow for better comparison in production. The graph for nickel shows nickel production, but it is presented with reference to the other metals to emphasize the fact that nickel production far outpaces the production of the other metals (other than gold and silver).

Table 19. Metallic production by volume from 2009 to 2014 (in thousands)

Commodity	2014	2013	2012	2011	2010	2009	Total
Gold (in KG)	18.42	17.25	15.76	31.12	40.85	37.05	160.45
Silver (in KG)	23.00	40.04	67.48	45.53	41.00	33.81	250.86
Copper Concentrate (in DMT)	349.27	376.11	268.05	253.05	236.98	236.81	1,720.27
Nickel Sulfides (in DMT)	87.28	45.62	41.38	38.80	33.54	30.33	276.85
Nickel Ore (in DMT)	30,433.37	25,225.38	25,134.01	20,683.13	13,172.54	8,283.11	122,931.54
Zinc (in DMT)	-	37.25	40.21	37.35	19.82	21.68	156.31
Chromite (in DMT)	47.06	26.16	36.63	25.48	14.81	14.32	164.46
Iron (in DMT)	826.75	1,056.69	216.18	126.18	-	-	2,225.80

Figure 17. Gold and silver production from 2009 to 2015 (in unit thousands)

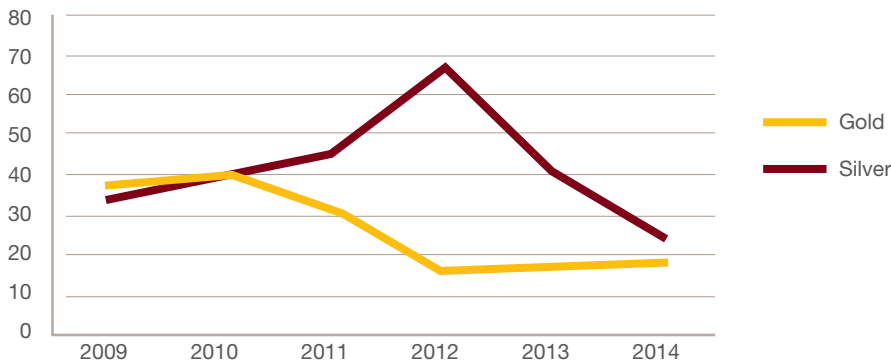


Figure 18. Nickel ore production from 2009 to 2014 (in unit thousands)

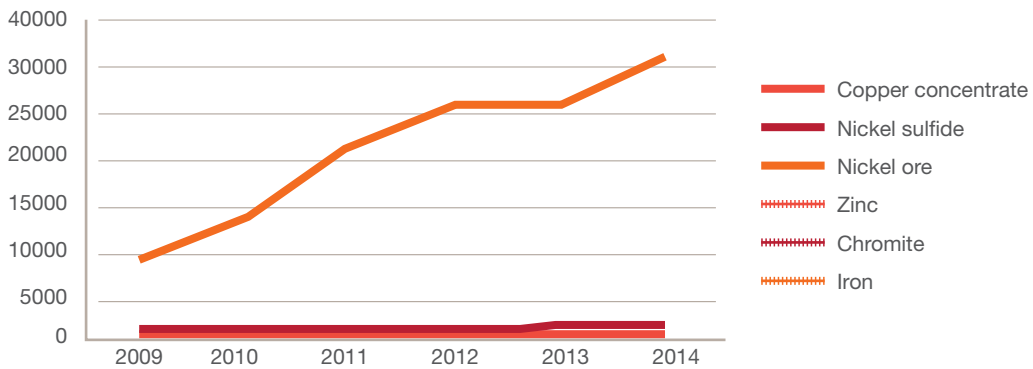
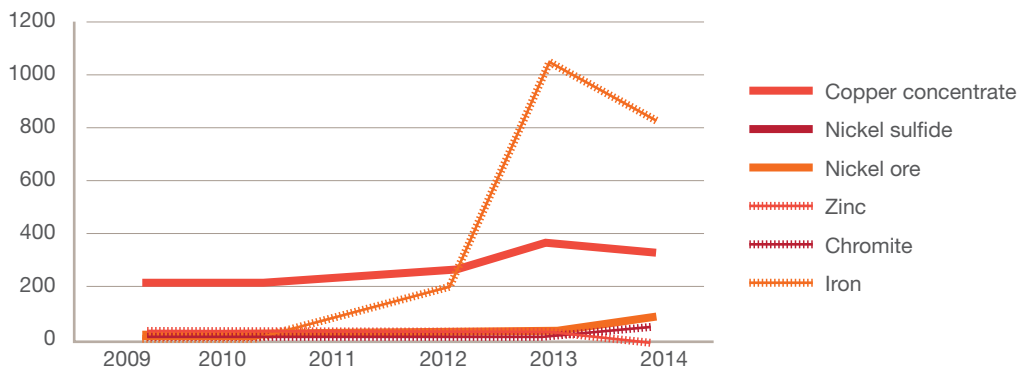


Figure 19. Other metals production from 2009 to 2014 (in unit thousands)



It is worth mentioning, from the graphs, that the trend between the years 2013 and 2014 point to the rise in gold extraction—possibly due to rising demand—and a drop in silver production. The trend also indicates that zinc production has declined to zero production, while other metals—chromite, iron, copper concentrates, and nickel sulfides—registered growth. Nickel production remains strong in response to a growing worldwide demand for nickel, which is expected to persist as global economies experience growth.

Value of production

The tables below show the total production and value of the major metals in the Philippines for the year 2009-2014. Production data is broken down according to the metal product and region, and

shows both the total quantity for that product in that region, as well as the total value as shown in Table 20.

Table 20. Metallic production by value (in million PHP) and no. of projects from 2009 to 2014 (in million PHP)

	Chromite	Copper Concentrate	Gold	Iron Ore	Nickel Ore	Nickel Sulfides	Silver	Zinc	Total
2014	337	22,758	32,970	976	60,641	20,311	617	-	138,610
	2	5	12*	2	20	2	11	2	56
2013	175	22,358	32,441	1,487	29,359	11,469	1,332	697	99,318
	2	6	14*	2	19	2	12	2	59
2012	221	15,546	32,721	1,837	34,875	11,158	1,887	792	99,037
	2	4	10*	2	20	1	9	2	50
2011	145	19,092	63,143	-	25,602	11,197	2,056	1,037	122,272
	2	4	10*	-	18	1	10	2	47
2010	117	15,776	70,508	-	14,081	9,765	1,190	503	111,940
	1	4	10*	-	13	1	9	1	39
2009	126	10,818	52,768	-	7,070	7,738	716	424	79,660
	1	4	11*	-	9	1	11	1	38
Total value	1,121	106,348	284,551	4,300	171,628	71,638	7,798	3,453	650,837

Note:

- 1) Evaluated based on the number of mining projects instead of per mineral because some sites produce more than one mineral product.
- 2) *excluding output from small scale mines

Table 21. Total production and value (in million PHP) of selected metals in the Philippines, by region, in 2014

Region	Gold		Copper		Nickel		Chromite		Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	752	888.5	-	-	-	-	-	-	273	6.5	-	-	-	-	-	-
II	3,305	5,901.6	100,502	7,636.4	-	-	-	-	5,696	144.3	-	-	-	-	-	-
III	-	-	-	-	2,232,489	3,715.7	-	-	-	-	-	-	29,275	87.6	-	-
IV A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV B	-	-	-	-	4,906,579	9,758.1	-	-	-	-	-	-	-	-	41,661	11,233.1
V	5,608	10,092.5	-	-	-	-	-	-	3,818	103.4	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	819	1,458.6	178,165	10,355.7	-	-	-	-	2,983	85.1	-	-	-	-	-	-
VIII	-	-	-	-	-	-	36,358	253.4	-	-	-	-	-	-	-	-
IX	9	14.8	541	32.4	-	-	-	-	176	4.8	-	-	-	-	-	-
X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI	896	1,605.4	-	-	-	-	-	-	4,953	133.7	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII	2,840	5,114.5	-	-	23,294,301	47,167.6	10,698	83.7	726	19.4	-	-	797,470	888.5	45,619	9,077.9
CAR	4,194	7,466.5	70,061	4,733.1	-	-	-	-	4,381	119.2	-	-	-	-	-	-
Total	18,423	32,970.4	349,269	22,757.5	30,433,370	60,641.4	47,056	337.1	23,006	616.4	-	-	826,745	976.1	87,280	20,311.0

It can be seen from the tables above that nickel ore extraction has contributed the most to the income from metal extraction, generating more than PHP60.6bn in revenues in 2014, while chromite registered the lowest contribution at PHP0.33bn in value. It was followed by gold and copper production which generated PHP33bn and PHP22.8bn respectively.

The trend in 2013 was similar, although it was gold that took the top spot in terms of production value at PHP32.4bn in revenues. Nickel was second with a total production value of PHP29.4bn, and copper was third with PHP22.3bn. The performance of the whole sector per region in 2013 is summarized in Table 22.

Comparing the performance of the metal extraction sector in 2013 and 2014, it can be observed that gold and nickel were the consistent top performers, registering growths both in quantity of production and value. Chromite production rounded up the performance of the sector as shown in Table 23.

Table 22. Total production and value (in PHP) of selected metals in the Philippines, by region, in 2013

	Gold		Copper		Nickel		Chromite		Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in MT)	Value	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	410	765.7m	-	-	-	-	-	-	28	1.0m	-	-	-	-	-	-
II	2,069	3,831.7m	87,835	7,190.1m	-	-	-	-	-	-	-	-	-	-	-	-
III	-	-	-	-	2,720,636	3,617.7m	-	-	-	-	-	-	71,654	223.2m	-	-
IV A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV B	-	-	-	-	3,675,099	3,713.1m	-	-	-	-	-	-	-	-	38,068	9,086.5m
V	6,385	12,228.7m	44,221	1,512.2m	-	-	-	-	14,816	440.8m	27,383	662.9m	-	-	-	-
VI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	651	1,151.9m	155,404	7,583.7m	-	-	-	-	2,815	162.7m	-	-	-	-	-	-
VIII	-	-	-	-	-	-	18,413	122.1m	-	-	-	-	-	-	-	-
IX	312	607.7m	28,063	1,545.5m	-	-	-	-	10,408	353.8m	9,869	34.0m	-	-	-	-
X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI	835	1,532.9m	-	-	-	-	-	-	4,695	147.1m	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII	2,252	4,441.4m	-	-	18,829,647	22,028.4m	7,751	53.1m	1,932	67.0m	-	-	985,041	1,264.1m	7,556	1,662.9m
CAR	4,334	7,881.1m	60,583	4,526.9m	-	-	-	-	5,349	159.2m	-	-	-	-	-	-
Total	17,248	32,441.1m	376,106	22,358.3m	25,225,382	29,359.1m	26,164	175.2m	40,043	1,331.6m	37,252	696.9m	1,056,695	1,487.3m	45,624	11,469.4m

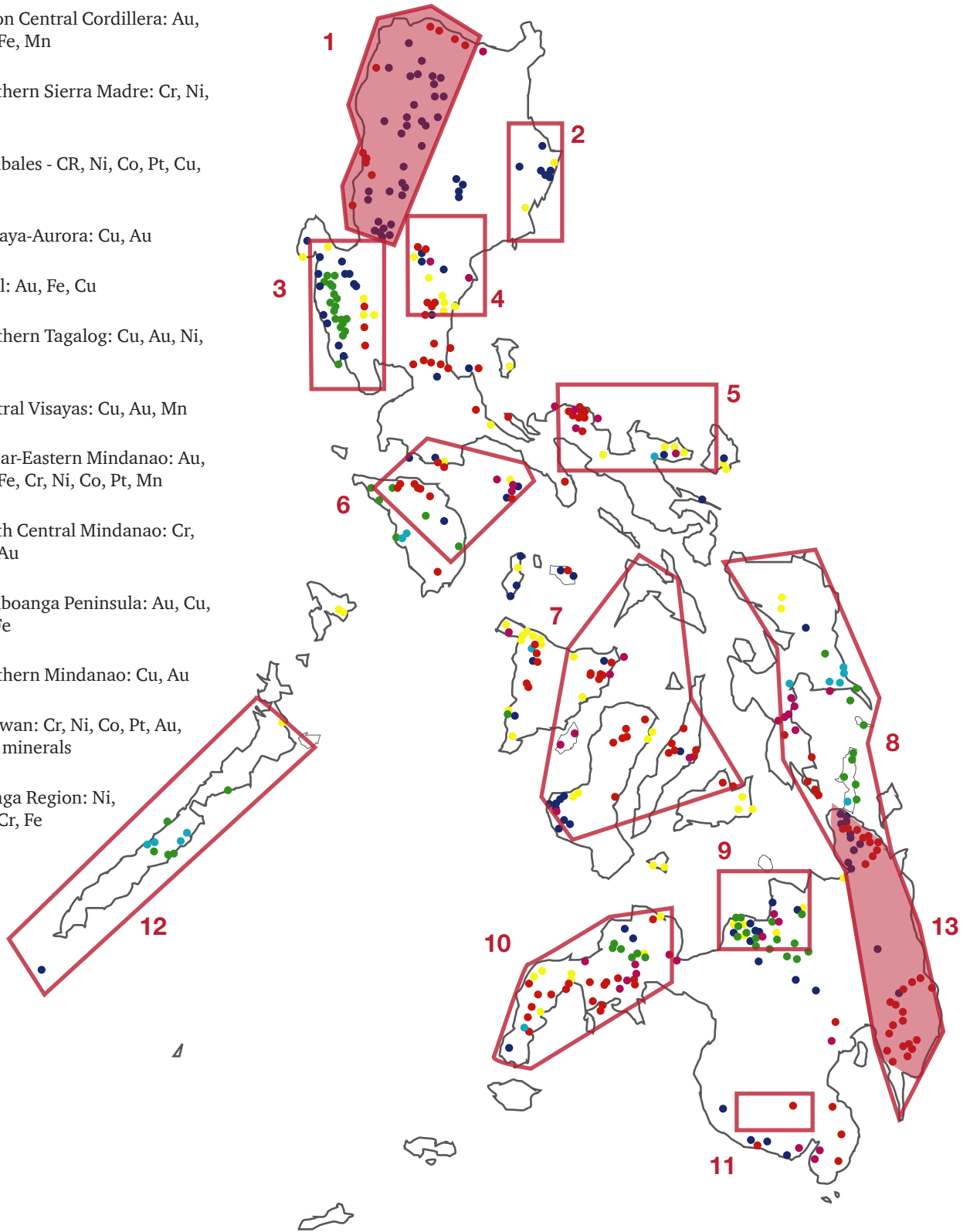
Table 23. Total production (in value and quantity, in million PHP) of selected metals in the Philippines in 2013 and 2014

Year	Gold		Copper		Nickel		Chromite		Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
2013	17,248	32,441m	376,106	22,358m	25,225,382	29,359m	26,164	1,752m	40,043	1,332m	37,252	697m	1,056,695	1,487m	45,624	10,749m
2014	18,423	32,970m	349,269	22,758m	30,433,369	60,641m	47,056	337m	23,006	616m	0	0	826,745	976m	87,280	20,311m
% change	6.81%	1.63%	-7.14%	1.79%	20.65%	106.55%	79.85%	92.45%	-42.55%	-53.71%	-100.00%	-100.00%	-21.76%	-34.37%	91.30%	88.95%

Illustration 2. Map of Areas with Potential Mineral Deposits

Potential areas and deposits

1. Luzon Central Cordillera: Au, Cu, Fe, Mn
2. Northern Sierra Madre: Cr, Ni, Cu
3. Zambales - CR, Ni, Co, Pt, Cu, Au
4. Vizcaya-Aurora: Cu, Au
5. Bicol: Au, Fe, Cu
6. Southern Tagalog: Cu, Au, Ni, Co
7. Central Visayas: Cu, Au, Mn
8. Samar-Eastern Mindanao: Au, Cu, Fe, Cr, Ni, Co, Pt, Mn
9. North Central Mindanao: Cr, Cu, Au
10. Zamboanga Peninsula: Au, Cu, Cr, Fe
11. Southern Mindanao: Cu, Au
12. Palawan: Cr, Ni, Co, Pt, Au, rare minerals
13. Caraga Region: Ni, Au, Cr, Fe



In terms of the source of the level of activity in the whole metal extraction sector per region, the table below (in peso value) indicates that it is Region XIII that is the main contributor to the aggregate performance.

Table 24. Total production, by region, in 2013 and 2014

Region	2013		2014		Average Total Production	Ave. percentage of total
	Total production of selected metals	Percentage of total production	Total production of selected metals	Percentage of total production		
I	766,700,410	0.78%	1,322,873,251	0.95%	1,044,786,831	0.88%
II	11,021,806,448	11.18%	13,682,294,443	9.87%	12,352,050,446	10.41%
III	3,840,899,433	3.90%	3,803,286,971	2.74%	3,822,093,202	3.22%
IVA	-	0.00%	-	0.00%	-	0.00%
IVB	12,799,531,163	12.98%	20,991,208,302	15.14%	16,895,369,733	14.25%
V	14,844,546,580	15.06%	10,195,873,544	7.36%	12,520,210,062	10.56%
VI	-	0.00%	-	0.00%	-	0.00%
VII	8,898,217,097	9.02%	11,899,444,955	8.58%	10,398,831,026	8.77%
VIII	122,095,713	0.12%	253,449,828	0.18%	187,772,771	0.16%
IX	2,540,923,355	2.58%	51,988,103	0.04%	1,296,455,729	1.09%
X	-	0.00%	-	0.00%	-	0.00%
XI	1,680,035,651	1.70%	1,739,116,352	1.25%	1,709,576,002	1.44%
XII	-	0.00%	-	0.00%	-	0.00%
XIII	29,516,855,544	29.94%	62,351,607,873	44.98%	45,934,231,709	38.73%
CAR	12,567,241,735	12.75%	12,318,801,571	8.89%	12,443,021,653	10.49%
TOTAL	98,598,853,129	100.00%	138,609,945,193	100.00%	118,604,399,161	100.00%

From the table, Region XIII—the Caraga Administrative Region¹ — contributed the most to total extraction of metals in 2013, accounting for almost 45% of total production, with Region IVB a far second with 15.4% of total production. The lowest contribution to total production among the regions with mining activities is Region VIII with 0.18% only.

For 2014, Region XIII remains the main contributor for metal production, but with a significantly reduced rate (from 2013 to 2014) of contribution at 29.9%. The other regions' contribution to total picked up, although the lowest contributor, Region VIII remained low at 0.12%. Average percentage contribution to total value of the output of the extractive industries per region indicates that Region XIII has the most activity although the mining sector in general has a low contribution to the region's economic production, as can be seen in Table 25.

In terms of performance changes, the information presented in the table below (where the increases (green text) and decreases (red text) in the production and value of the metals extracted are listed), indicates that there have been interesting trends in the activities in the extractive industries per region. Immediately, one can observe some notable changes, such as the sudden stop in the production of Zinc. The figures also show that Region V had experienced a decline in the output of gold and silver, and completely halted its production of copper and zinc in 2014. The situation is even more pronounced for Region IX which reduced production of its gold, copper and silver by almost 98% between 2013 and 2014, and ceased its production of zinc. All in all, the data indicates

¹ Region XIII or the Caraga Region is located in the northeastern part of Mindanao and is composed of five provinces, namely: Agusan del Norte, Agusan del Sur, Surigao del Norte, Surigao del Sur and Dinagat Islands.

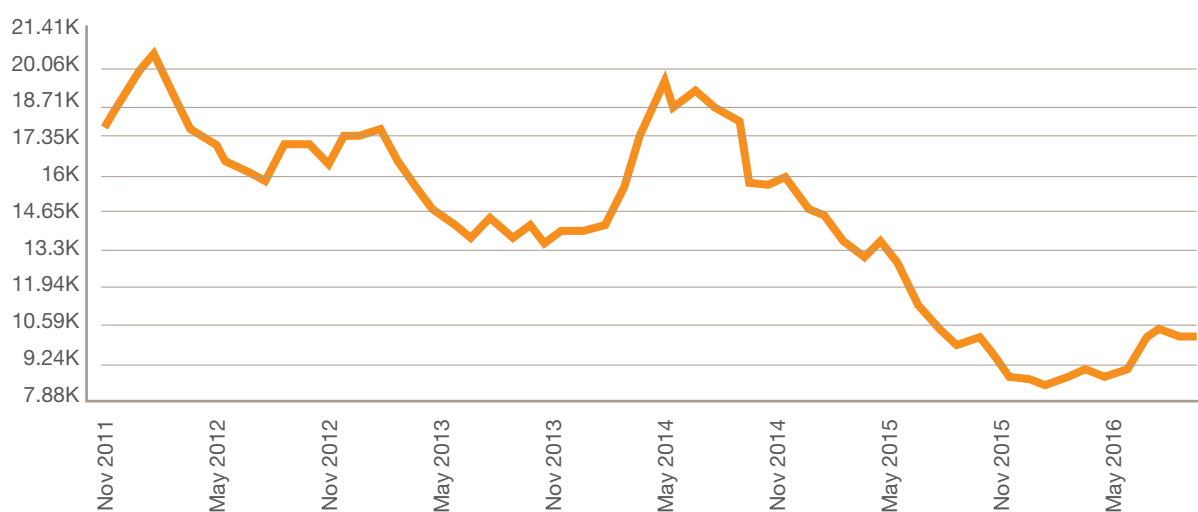
that the production of iron decreased overall, with the only two provinces that produce iron decreasing its production, and the production of silver being slashed by more than half.

Table 25. Percentage Increase of Total Quantity and Total Value produced for selected metals, by region 2013-2014

	Gold		Copper		Nickel		Chromite		Silver		Zinc		Iron		Nickel Sulfides	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in MT)	Value	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
I	83.41%	71.91%	-	-	-	-	-	-	875.00%	576.42%	-	-	-	-	-	-
II	59.74%	54.02%	14.42%	6.21%	-	-	-	-	-	-	-	-	-	-	-	-
III	-	-	-	-	-17.94%	2.71%	-	-	-	-	-	-	-59.14%	-60.74%	-	-
IV A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV B	-	-	-	-	33.51%	162.81%	-	-	-	-	-	-	-	-	9.44%	23.62%
V	-12.17%	-17.47%	-100.00%	-100.00%	-	-	-	-	-74.23%	-76.54%	-100.00%	-100.00%	-	-	-	-
VI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	25.81%	26.63%	14.65%	36.55%	-	-	-	-	5.97%	-47.66%	-	-	-	-	-	-
VIII	-	-	-	-	-	-	97.46%	107.58%	-	-	-	-	-	-	-	-
IX	-97.12%	-97.56%	-98.07%	-97.91%	-	-	-	-	-98.31%	-98.64%	-100.00%	-100.00%	-	-	-	-
X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI	7.31%	4.73%	-	-	-	-	-	-	5.50%	-9.12%	-	-	-	-	-	-
XII	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII	26.11%	15.16%	-	-	23.71%	114.12%	38.02%	57.62%	-62.42%	-71.02%	-	-	-19.04%	-29.71%	503.75%	445.92%
CAR	-3.23%	-5.26%	15.64%	4.55%	-	-	-	-	-18.10%	-25.14%	-	-	-	-	-	-
Total	6.81%	1.63%	-7.14%	1.79%	20.65%	106.55%	79.85%	92.45%	-42.55%	-53.71%	-100.00%	-100.00%	-21.76%	-34.37%	91.30%	88.95%

The price and production trends have been quite interesting to follow, with sharp changes in both. The total quantity of nickel produced, for instance, increased only by a little more than 20%, but the total value of the extracted metal shot up by 107%, signifying a steep price increase between the two years.² The graph below, lifted directly from www.indexmundi.com, supports this conclusion.

Figure 20. Nickel monthly price (in USD per metric ton) from November 2011 to October 2016



Note: Graph is from www.indexmundi.com

² A check of the world prices proves this point. For more information, please check the website www.indexmundi.com.

From the information examined, it is evident that the prices during the year 2014 are significantly higher than the prices in 2013, thus increasing the total value produced.

Exports

The contribution of exports from the major metal extraction, to the country's total goods exports (not including export of services) is approximately 4.5% in 2013 and 7.0% in 2014, or an average of 5.8% for both years. Even as the sector's export contribution is not something that can be downplayed as unimportant, it is not as high as one could expect it to be. As such, it is not easy to situate the importance of metal extraction to the country's international trade of goods between these years because of the relatively low contribution, as reflected in the table below:

Table 26. Total metal exports in 2013 and 2014

Year	Total Export Value of Major Metals (current prices, in million pesos)	Total Value of Export Goods (current prices, in millions)	Total Value of Exports (Goods and Services) (current prices, in million pesos)	Percentage Contribution to Value of Export Goods of Major Metals	Percentage Contribution to Value of Total Exports (Goods and Services) of Major Metals
2013	95,502	2,104,278	3,232,795	4.5%	3.0%
2014	167,787	2,387,344	3,623,352	7.0%	4.6%
Average	131,644	2,245,811	3,428,074	5.8%	3.8%

As can be gleaned from the data, the aggregate contribution to the economy by way of exports of the metals extraction sector is unremarkable. It must be emphasized, however, that the sector has a low but not insignificant impact, in terms of export contribution. This being said, it is reasonable to evaluate the sector's potential for larger social contribution.

Table 28. Total metal export (in value and quantity) in 2013 and 2014

Year	Gold		Copper		Nickel		Chromite	
	Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
2013	13,864	26,545,213,159	286,893	23,535,295,666	23,197,991	30,646,147,363	41,443	281,569,996
2014	16,862	30,210,342,985	431,077	37,548,210,807	28,523,459	70,084,928,266	42,410	294,692,222
% change	21.62%	13.81%	50.26%	59.54%	22.96%	128.69%	2.33%	4.66%

Table 27. Total exports per region in 2013 and 2014

Region	2013		2014		Ave. total production	Ave. percentage of total
	Total production of selected metals	Percentage of total production	Total production of selected metals	Percentage of total production		
I	-	0.00%	-	0.00%	-	0.00%
II	11,260,604,416	11.79%	17,039,670,679	10.16%	14,150,137,548	10.75%
III	3,247,162,357	3.40%	5,331,788,605	3.18%	4,289,475,481	3.26%
IVA	-	0.00%	-	0.00%	-	0.00%
IVB	15,257,749,734	15.98%	24,182,128,576	14.41%	19,719,939,155	14.98%
V	12,788,902,222	13.39%	10,716,988,683	6.39%	11,752,945,453	8.93%
VI	-	0.00%	-	0.00%	-	0.00%
VII	10,562,568,061	11.06%	20,804,398,453	12.40%	15,683,483,257	11.91%
VIII	163,915,245	0.17%	252,966,230	0.15%	208,440,738	0.16%
IX	1,842,527,988	1.93%	337,626,498	0.20%	1,090,077,243	0.83%
X	-	0.00%	-	0.00%	-	0.00%
XI	1,836,450,900	1.92%	1,618,565,498	0.96%	1,727,508,199	1.31%
XII	-	0.00%	-	0.00%	-	0.00%
XIII	27,766,180,123	29.07%	74,257,735,008	44.26%	51,011,957,566	38.75%
CAR	10,776,033,348	11.28%	13,244,974,288	7.89%	12,010,503,818	9.12%
TOTAL	95,502,094,394	100.00%	167,786,842,518	100.00%	131,644,468,456	100.00%

In terms of per metal contribution to export, nickel ore is the top export performer both in 2013 and 2014, totaling more than PHP10bn. Nickel exports also contributed the highest growth in value (128.7% growth), although it is the volume of exports of iron that had the largest jump (141.6%).

Silver		Zinc		Iron		Nickel Sulfides	
Quantity (in KG)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value	Quantity (in DMT)	Value
29,222	896,020,887	19,284	563,062,109	247,724	383,907,239	45,513	12,650,877,975
23,699	651,514,579	-	-	598,481	520,780,756	86,589	28,476,372,903
-18.90%	-27.29%	-100.00%	-100.00%	141.59%	35.65%	90.25%	125.09%

Impact on GDP and Employment

Since the contribution of the metals sector to export has already been determined to be low, it follows then that its share in the national economy would be low as well—although that will be verified in this section. In order to capture the full impact of the economic activities of the metals extraction sector on the country's aggregate income, the multiplier effect³ should also be taken into account. To do this adjustment based on the multiplier, data on the metal extracting firms' cost of production (especially labor expenses) must be available. In the absence of this information, only the direct contribution to GDP (or Gross Domestic Product) can be determined. In summary, the metal extraction sector's share in GDP and contribution to employment are presented in Table 29.

³ The multiplier effect pertains to the expansion of aggregate income due to an increase in spending. The mining multiplier has been estimated by PSA to be 1.7 which means that the mining sector's spending—purchase of inputs, payment of salaries, and other expenditures and investments—of PHP1 leads to an expansion of GDP by PHP1.70.

Table 29. Metals sector contribution to employment and GDP

Year	Production value	GDP	Share in GDP	GVA	Labor employed	Total employment	Percentage of total employment
2013	98,599	11,542,286	0.85%	48,736	250,000	57,960,148	0.43%
2014	138,610	12,642,736	1.10%	57,708	239,000	56,771,328	0.42%

Note: Production and GDP figures are in Php millions

From the information presented above, it can be concluded that the metal extraction sector's contribution to national income is quite small, only 0.85% of GDP in 2013 and slightly improving to 1.10% in 2014. Gross Value Added (GVA) is also low, considering that the country only produces and exports raw ores. In terms of contribution to the country's employment, the sector's portion had been even smaller in significance, registering only a contribution of 0.43% in 2013 and 0.42% in 2014. In terms of direct economic impacts, therefore, the metal extraction sector's effect on the national economy has been very low. The sector's economic impact, however, slightly improves on the regional level, as shown in the table below:

Table 30. Contribution of selected metals to gross regional domestic product, 2013 and 2014

Region	2013			2014		
	Total production of selected metals	Gross regional domestic product	Percentage of GRDP	Total production of selected metals	Gross regional domestic product	Percentage of GRDP
I	766,700,410	358,359,588,772	0.21%	1,322,873,251	390,510,620,809	0.34%
II	11,021,806,448	207,505,115,024	5.31%	13,682,294,443	234,314,843,076	5.84%
III	3,840,899,433	1,017,229,688,714	0.38%	3,803,286,971	1,147,550,133,236	0.33%
IVA	-	1,874,747,266,563	0.00%	-	2,014,890,468,463	0.00%
IVB	12,799,531,163	189,408,700,024	6.76%	20,991,208,302	212,218,108,948	9.89%
V	14,844,546,580	243,907,226,917	6.09%	10,195,873,544	264,495,011,893	3.85%
VI	-	459,866,854,625	0.00%	-	502,800,278,682	0.00%
VII	8,898,217,097	738,081,294,807	1.21%	11,899,444,955	831,833,275,005	1.43%
VIII	122,095,713	250,299,808,131	0.05%	253,449,828	258,739,056,520	0.10%
IX	2,540,923,355	235,559,220,808	1.08%	51,988,103	257,060,398,095	0.02%
X	-	436,392,220,523	0.00%	-	485,705,076,101	0.00%
XI	1,680,035,651	459,391,820,474	0.37%	1,739,116,352	519,068,668,215	0.34%
XII	-	320,522,903,941	0.00%	-	351,356,594,054	0.00%
XIII	29,516,855,544	133,580,576,576	22.10%	62,351,607,873	155,296,006,873	40.15%
CAR	12,567,241,735	217,799,119,722	5.77%	12,318,801,571	230,705,787,340	5.34%
TOTAL	98,598,853,129	7,142,651,405,622	1.38%	138,609,945,193	7,856,544,327,310	1.76%

As can be seen from the table, for those regions which have metal extraction activities, the impact on the regional gross domestic product ranged from 0.05% to 22.1% (or an average of 1.38%) in 2013, and 0.02% to 40.15% (average of 1.76%) in 2014. The metal extraction sector's contribution to aggregate income is slightly higher if evaluated against the economic performance of the individual regions.

Oil, gas, and coal

Petroleum exploration in the Philippines has been in existence for more than a hundred years with the height of exploration happening between the 1950s to the 1970s. Gas exploration, on the other

hand, started rather late—only in the 1990s—when the Malampaya gas field—the largest source of natural gas in the country—was discovered.

Like gas, coal production in the country started relatively late, with production beginning in the early 2000s. Since then, as a result of the growing demand for energy, coal production has been increasing steadily with production reaching 8.4 million metric tons in 2014, from 1.5 million metric ton in 2002. Coal production is expected to rise even more with an in-situ reserve of 470 million metric tons, according to the Department of Energy (DOE). Currently, DOE estimates that 92% of coal production in the Philippines is attributed to Semirara Mining and Power Corporation in Semirara island. It must be noted that the country is still heavily reliant on coal for power generation, accounting for approximately 44.5% of the country's power production (DOE).

Production volume

Similar to the analysis in the metal extraction sector, the oil and gas extractions are evaluated based on production and economic impacts. This section begins with the examination of the production level registered by the oil, gas and coal producers as shown on Table 31:

Table 31. Oil and gas production by volume from 2009 to 2014 (in bbl)

	2009	2010	2011	2012	2013	2014
Oil						
Nido	83,342	86,731	74,858	73,492	84,463	79,234
Matinloc	67,594	68,806	51,485	71,136	66,279	69,329
North Matinloc	33,129	18,364	16,106	10,597	10,029	8,489
Tindalo	-	180,846	-	-	-	-
Galoc	2,763,323	2,704,727	2,183,142	1,482,664	1,723,063	2,914,986
Oil (in bbl) total	2,947,388	3,059,474	2,325,591	1,637,889	1,883,834	3,072,038
Gas						
San Antonio/Libertad	-	-	-	72	79	35
Malampaya	138,030	129,288	140,364	134,028	123,866	130,321
Gas (in MMscf) - Total	138,030	129,288	140,364	134,100	123,945	130,356

Table 32. Oil and gas production in volume (percentage of total)

	2009	2010	2011	2012	2013	2014
Oil						
Nido	2.83%	2.83%	3.22%	4.49%	4.48%	2.58%
Matinloc	2.29%	2.25%	2.21%	4.34%	3.52%	2.26%
North Matinloc	1.12%	0.60%	0.69%	0.65%	0.53%	0.28%
Tindalo	0.00%	5.91%	0.00%	0.00%	0.00%	0.00%
Galoc	93.75%	88.40%	93.87%	90.52%	91.47%	94.89%
Oil (in bbl) total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gas						
San Antonio/Libertad	0.00%	0.00%	0.00%	0.05%	0.06%	0.03%
Malampaya	100.00%	100.00%	100.00%	99.95%	99.94%	99.97%
Gas (in MMscf) - Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The information above shows a steady production of oil and gas from 2009-2014, and that production of both products is concentrated in two areas: Galoc for oil while Malampaya for gas. The oil produced in Galoc contributes around 88%-95% each year with slight variances, while the gas from Malampaya is practically the entire production of the resource in the Philippines. For better

appreciation of these trends, the following shows a line graph for the production of oil through the years 2009 to 2014:

Figure 21. Oil production from 2009 to 2014 (in bbl)

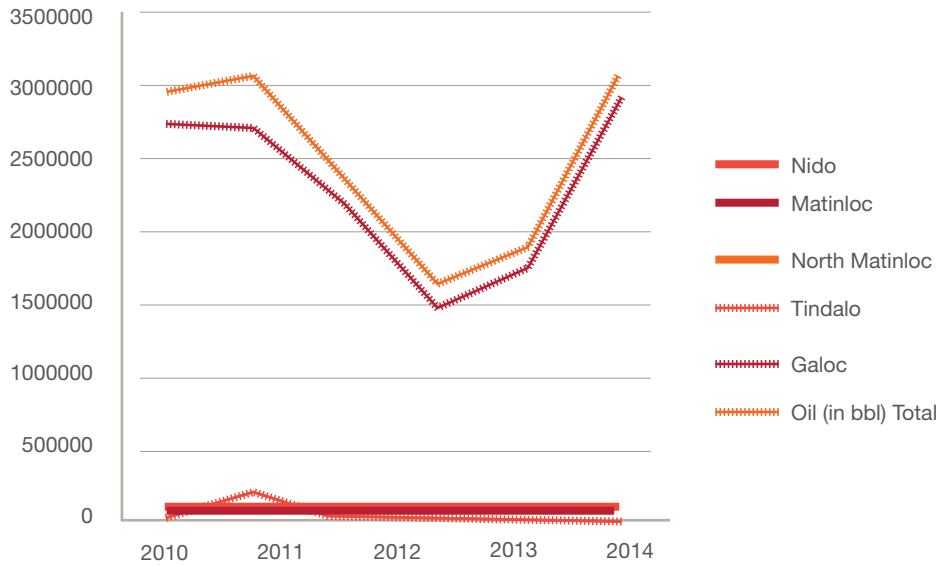


Figure 22. Gas Production from 2009 to 2014 (in MMscf)

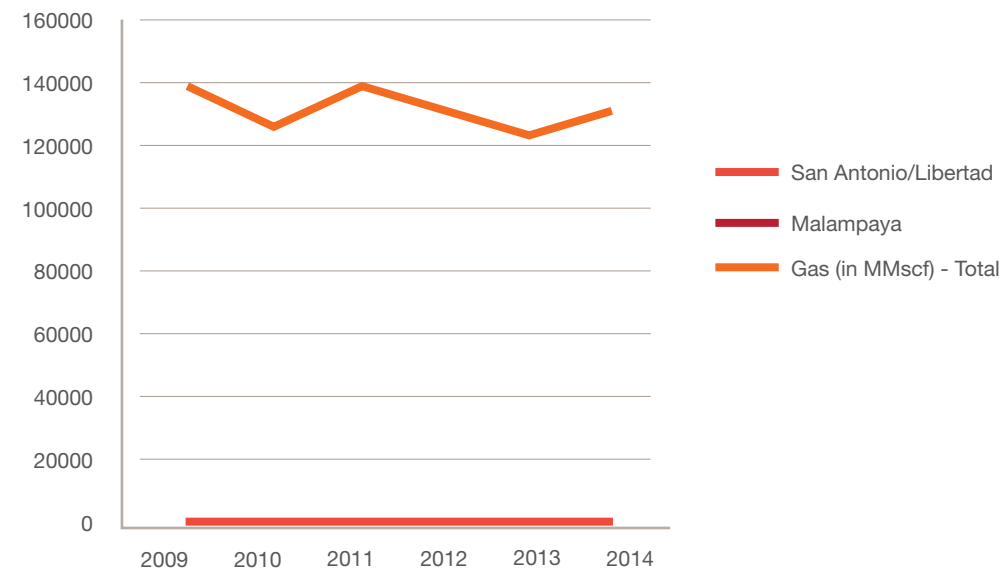


Illustration 3. Map of areas with potential deposits of petroleum

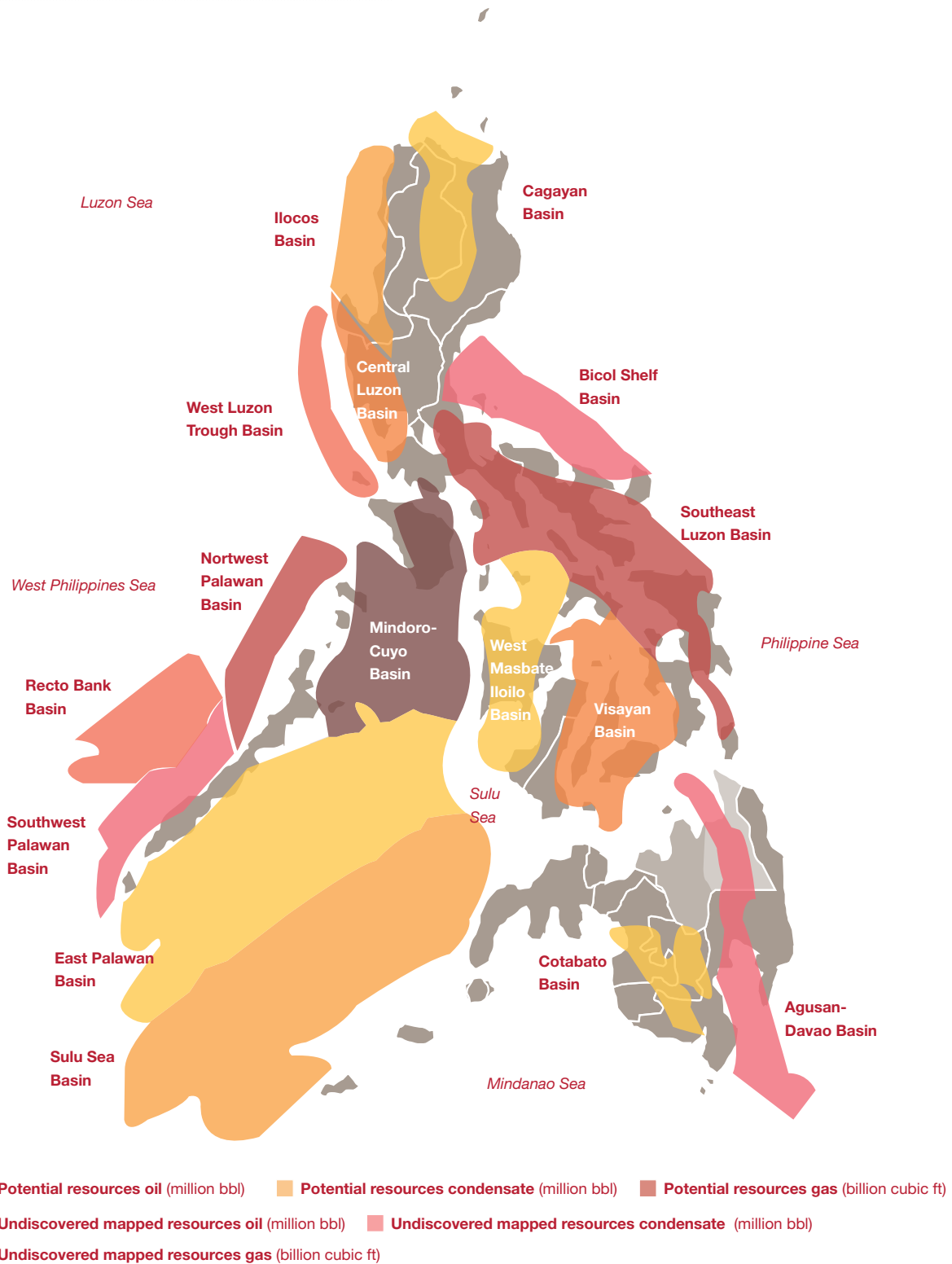
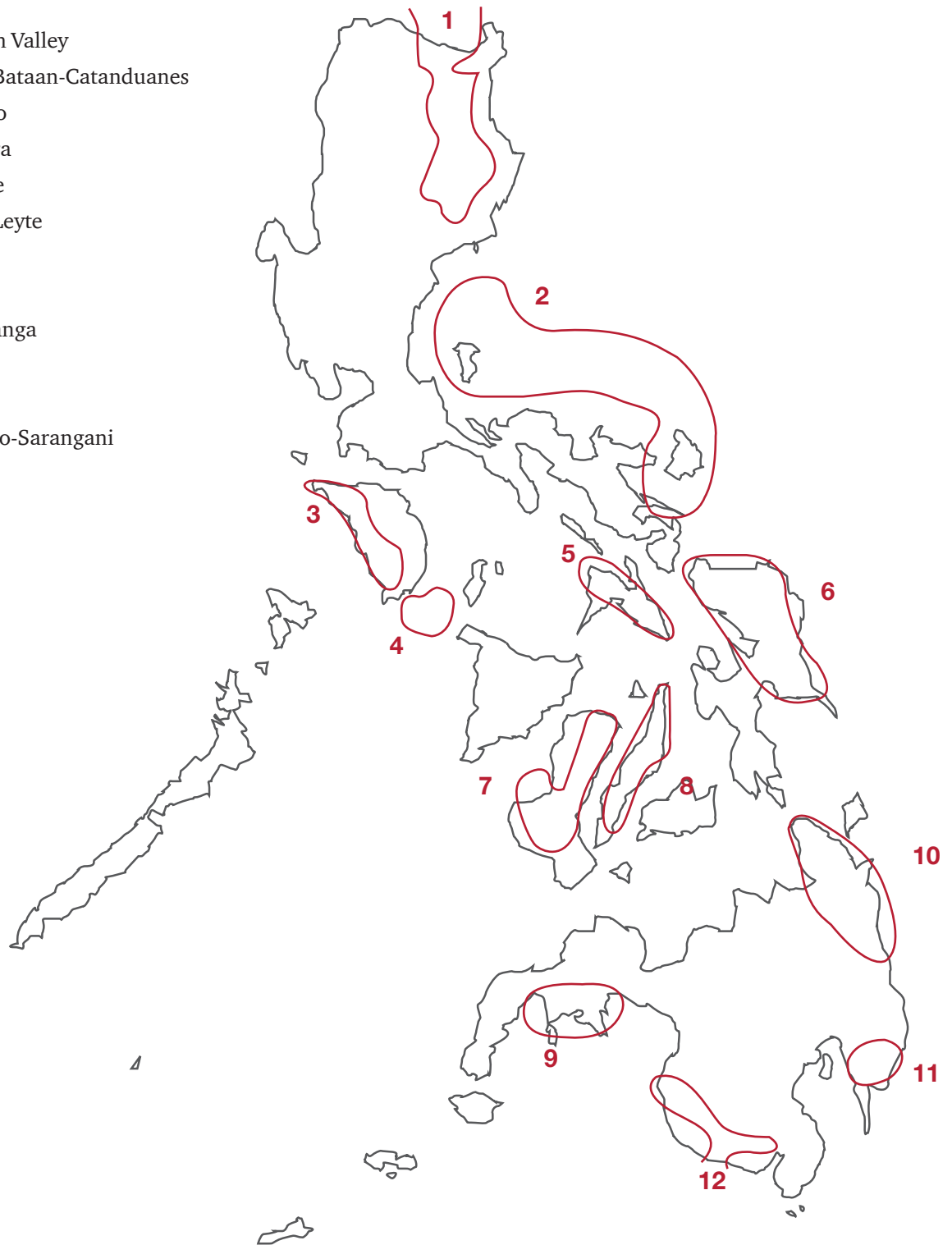


Illustration 4. Map of areas with potential mineral deposits

Coal Regions of The Philippines

1. Cagayan Valley
2. Polilio-Bataan-Catanduanes
3. Mindoro
4. Semirara
5. Masbate
6. Samar-Leyte
7. Negros
8. Cebu
9. Zamboanga
10. Surigao
11. Davao
12. Cotabato-Sarangani



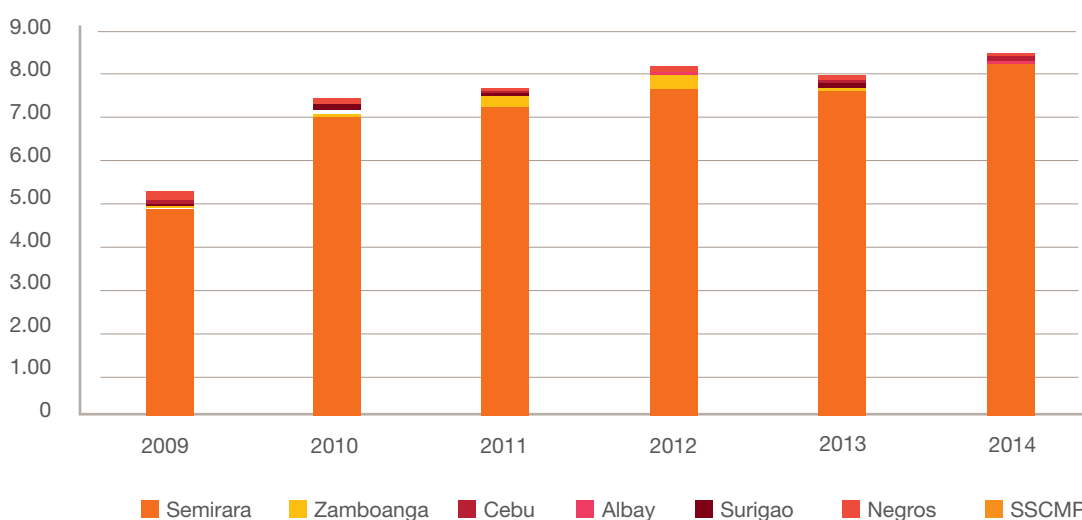
The aggregate production of coal, on the other hand, had risen steadily from 2007-2012, as can be seen from the table below:

Table 33. Production volume and value of coal (2007 to 2012)

Year	Production Volume (in MMT)	Value of Coal Production (in '000 PHP)
2007	3.7	5,303,910
2008	4.0	7,374,710
2009	5.2	9,719,087
2010	7.3	15,977,426
2011	7.6	22,426,286
2012	8.2	18,011,359

The data on coal shows that Semirara accounts for almost all of the coal production in the country. For completeness of information, however, the graph below is presented to inform the reader about the other (albeit minor) sources of coal in the Philippines from 2009-2014.

Figure 23. Volume of coal production among different provinces from 2009 to 2014 (in mmt)



Production Value

There is little information regarding the production of the non-metallic extraction sector, perhaps due to the fact that its contribution to aggregate income is relatively small, even smaller than the metal extraction sector. This is mainly due to the fact that national gas is sold locally and only condensate is exported. The table below shows the value of production for oil and gas, while the data on the value of the coal production is shown the previous table on coal production.

Table 34. Oil and gas production from 2009 to 2014 (in million US\$)

	2009	2010	2011	2012	2013	2014
Philodrill	6.56	8.1	9.51	8.75	10.56	8.35
Galoc	196.11	207.58	273.33	119.5	192.71	299.85
Nido	-	14.62	6.99	-	-	-
Malampaya (gas)	1109.2	1187.24	1531.64	1662.93	1452.97	1450.09
Libertad (gas)	-	-	-	0.1	0.11	0.06
Total	1311.87	1417.54	1821.48	1791.29	1656.36	1758.35

Exports

The following tables show the contribution of the non-metal extraction sector to total Philippine exports.

Table 35. Oil and Malampaya condensate exports from 2009 to 2014 - production and value

	Oil (in bbl)	Malampaya condensate (in bbl)	Value (in thousand PHP)	Percentage of total exports in the country
2009	2,247,186	5,178,636	27,773,318	1.53%
2010	2,614,857	4,904,738	33,594,859	1.35%
2011	2,447,974	5,235,824	48,817,829	2.28%
2012	1,401,603	4,587,018	43,954,525	1.85%
2013	1,388,822	3,821,394	82,520,867	3.06%
2014	2,834,781	4,412,210	79,637,364	2.63%

Table 36. Coal exports from 2007 to 2012 (in MMT and in thousand PHP)

	Volume of exports (in MMT)	% of the country's total coal output	Value of coal export (in '000 PHP)	% of the country's total exports
2007	0.799	21.38	1,133,976	0.04
2008	0.993	24.97	1,841,465	0.06
2009	2.262	43.7	4,247,241	0.16
2010	4.099	55.87	8,926,588	0.28
2011	2.43	31.93	7,160,713	0.23
2012	3.173	38.92	7,010,021	0.22

As can be seen from the information presented, the non-metal extraction sector's contribution to exports is lower than the metal extraction sector's. The overall contribution of the extractive industry to total exports is approximately 6% on average during 2013 and 2014.

Impact on GDP and Employment

The overall impact of the non-metal extraction sector to national income and employment is quite low, even less than the metal-extraction sector. Note, however, that the data on GVA below does not include the 2013 and 2014 figures for coal, as data is not currently available. The table below reflects an average of 0.615% contribution to GDP, and 0.0028% contribution to total employment.

Table 37. Oil, gas, and coal contribution to employment and GDP

Year	Production value	GDP	Share in GDP	GVA	Labor employed	Total employment	Percentage of total employment
2013	70,312	11,542,286	0.61%	37,701	5,600	57,960,148	0.0097%
2014	78,053	12,642,736	0.62%	39,474	3,600	56,771,328	0.0063%

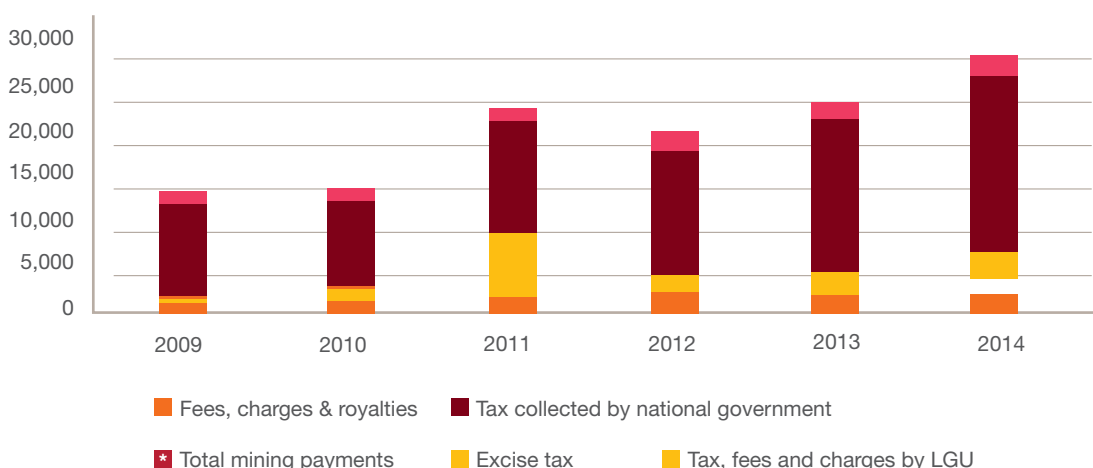
Impact on the government's revenues

The magnitude of the extractive industry's contribution to tax revenues and royalties is probably one of the most contentious issues regarding the sector from the beginning. The mining industry members contend that the current tax burden on extraction activities is nearing the point of prohibition, while many from civil society and government insist that the royalties and taxes the industry pays is too low. The debate has not been put to rest as of yet, and may not be settled anytime soon. This report does not have sufficient information to contribute to the discussion appropriately, and as such, will not. The only objective of this section is to report the taxes and royalties that were paid by the extractive industry for the reader's perusal and reference. Having said that, it is worth mentioning that the taxes and royalties that the extractive industry pay have the potential to expand the industry's impact on economic growth and, ultimately, on poverty. This is particularly true if the government has a sound plan to effectively convert tax revenues into development projects geared for the reduction of income inequality and poverty as a whole.

Tax and Royalty Payments

The information collected for this report indicates that total tax revenues and royalty payments from the extractive industry sector have been growing, with the bulk of the tax revenues originating from payments to national government such as income tax. A reproduction of the graph (Figure 10 in the report) from a previous report illustrates this:

Figure 24. Mining tax revenues from 2009 to 2014 (in million PHP)



Source: MGB

In terms of the distribution of taxes, royalties, and other government fees paid by the extractive industry in 2014, the information indicates that the lion's share of tax payments was paid out to the Department of Energy, from the non-metals sector. The tables below show that DOE received 50.32% (PHP27.1bn) of the total tax payments of the extractive sector, while the BIR received 43.64% (PHP23.5bn) of the total tax payments. The MGB received an amount of PHP2.03bn (3.76%), while the BOC received an amount of PHP0.57bn (1.06%). The LGUs and the NCIP were paid PHP320.8m and PHP303.6m in taxes, royalties and other fees, to round up the government taxes, fees, and royalties paid by the extractive industry sector.

Table 38. Summary of taxes and fees per government agency, per industry sector

	Reconciled oil and gas	Reconciled mining	Total reconciled amounts
BIR	15,387,880,563	8,184,259,204	23,572,139,767
BOC	-	570,844,638	570,844,638
DOE	27,055,539,705	-	27,055,539,705
LGU	-	320,782,806	320,782,806

	Reconciled oil and gas	Reconciled mining	Total reconciled amounts
MGB	-	2,029,816,208	2,029,816,208
NCIP	-	303,607,900	303,607,900
Total	42,443,420,268	11,409,310,756	53,852,731,024

Table 39. Percentage of government agency per industry sector to total

	Reconciled oil and gas	Reconciled mining	Total reconciled amounts
BIR	36.26%	71.73%	43.77%
BOC	-	5.00%	1.06%
DOE	63.74%	-	50.24%
LGU	-	2.81%	0.60%
MGB	-	17.79%	3.77%
NCIP	-	2.66%	0.56%
Total	100.00%	100.00%	100.00%

Breaking down the tax payments per agency and per subsector yields the following information:

Table 40. Metal and non-metal extraction sector's payment of taxes, royalties, and other government fees

	Reconciled nickel	Reconciled copper/gold/silver/zinc	Reconciled chromite	Reconciled mining (other entities)	Reconciled oil and gas
BIR	6,340,530,929	1,810,766,887	819,229	32,142,159	15,387,880,563
BOC	41,732,016	527,444,832	1,483,618	184,172	-
LGU	90,787,667	226,509,131	2,453,118	1,032,890	-
MGB	2,027,774,169	-	2,042,039	-	-
NCIP	258,079,151	45,528,749	-	-	-
DOE	-	-	-	-	27,055,539,705
Total	8,758,903,932	2,610,249,599	6,798,004	33,359,221	42,443,420,268

To complete the information on government tax and royalty payments, the specific payments to government by the extractive industry, in turn, are disaggregated and summarized in the succeeding tables.

Table 41. Disaggregation of taxes, royalties, and other government fees paid by the metal extraction sector

	Reconciled nickel	Reconciled copper/gold/silver/zinc	Reconciled chromite	Reconciled mining (other entities)	Total reconciled amounts
BIR					
Excise tax on minerals	948,731,921	850,653,887	819,229	2,972,302	1,803,177,339
Corporate income tax	4,784,635,889	837,707,328	-	29,169,857	5,651,513,074
Withholding tax - foreign shareholder dividends	519,545,256	17,203,219	-	-	536,748,475
Withholding tax - royalties to claim owners	87,617,863	105,202,453	-	-	192,820,316

	Reconciled nickel	Reconciled copper/gold/silver/zinc	Reconciled chromite	Reconciled mining (other entities)	Total reconciled amounts
BOC					
Custom duties	6,901,063	80,204,481	-	14,940	87,120,484
VAT on imported materials and equipment	34,830,953	447,240,351	1,483,618	169,232	483,724,154
LGU					
Local business tax	82,036,348	145,938,400	2,271,868	939,818	231,186,434
Real property tax - basic	4,531,775	57,738,526	90,625	93,072	62,453,998
Real property tax - special education fund	4,219,544	22,832,205	90,625	-	27,142,374
MGB					
Royalty on mineral reservation	2,027,774,169	-	2,042,039	-	2,029,816,208
NCIP					
Royalty for IPs	258,079,151	45,528,749	-	-	303,607,900
Total	8,758,903,932	2,610,249,599	6,798,004	33,359,221	11,409,310,756

Table 42. Disaggregation of taxes, royalties, and other government fees paid by the non-metal extraction sector

	Reconciled
BIR	
Corporate income tax	12,074,597,174
Withholding tax - profit emittance to principal	3,313,283,389
DOE	
Government share from oil and gas production	27,055,539,705
Total	42,443,420,268

Impact of payments of the extractive industry on government revenues

From the data collected, it seems that the share of the tax and royalty payments made by the members of the extractive industry in the government's tax collection is very small, at an average of 1% from 2009-2014, as reflected in the table below:

Table 43. Share of mining tax revenue to total government receipts from 2009 to 2014 (in billion PHP)

	2009	2010	2011	2012	2013	2014
National Government Revenue (A)	1,123.20	1,207.90	1,359.90	1,534.90	1,716.10	1,908.50
Total LGU Revenue from Local Sources (B)	95.70	106.00	114.90	125.80	135.20	150.70
Total Revenue (A+B)	1,218.90	1,313.90	1,474.80	1,660.70	1,851.30	2,059.20
Total Revenue from Mining	12.70	13.40	22.40	19.40	22.80	27.80
Share of Mining Revenue to Total	0.01	0.01	0.02	0.01	0.01	0.01

In terms of impact on local government units' tax collection, the mining taxes create a better story, with tax revenues from mining operations contributing close to 23.1% of Region XIII's tax

collections. Mining tax revenues also contribute a significant share to Region VII's and Region V's tax revenues at 24.9% and 16.3% respectively.

Table 44. Summary of LGU collections disaggregated per region

	Amount - mining	Percentage of total LGU collections
CAR	17,639,603	5.50%
NCR	12,290,253	3.83%
Region I	-	0.00%
Region II	33,353,319	10.40%
Region III	293,779	0.09%
Region IVB	21,457,663	6.69%
Region V	52,354,331	16.32%
Region VII	79,686,580	24.84%
Region XI	29,618,752	9.23%
Region XIII (Caraga)	74,088,526	23.10%
Total	320,782,806	100.00%

In terms of royalty payments to LGUs, the information about tax and royalty payments on mineral reservations shows that Surigao del Norte earned the most in the 40% share in the total tax collection (net of the 10% MGB share), with PHP218.8m as its share, followed by Surigao del Sur with PHP70.4m. Dinagat Islands earned PHP60.5m as its share in the collection, while Zambales got PHP11.1m. These figures are summarized in Table 103 in Chapter 2 Reconciliation Report, under Section 4, LGU in focus.

Summary, Conclusions and Way Forward

This report set-out to determine—using the available information collected in the previous report and complemented with additional data from PSA and the MGB—if the extractive industry has significant contributions to the Philippine economy. The contributions were divided into five: 1) share in the national income as measured in terms of GDP; 2) contribution to exports; 3) contribution to employment; and finally, 4) contribution to government revenues. The data shows that the industry, in its current form and state, has positive but a relative unremarkable contribution to the nation's economy as summarized in the table below:

Table 45. Contribution of metallic and non-metallic mining to the economy

	2013-2014 Average Share in GDP (%)	2013-2014 Average Share in Exports (%)	2013-2014 Average Share in Employment (%)	2014 Contribution to Government Revenues
Metal Extraction	0.975%	3.80%	0.425%	PHP5.7bn
Non-metal Extraction	0.615%	0.22%	0.008%	PHP35.3bn
Total	1.50%	4.02%	0.433%	PHP41.0bn

The low impact of the extractive industry to the economy—especially that of the metal extraction sector—could be attributed to the fact that there is little processing done to the raw ores, resulting in low value-added. Adding more processing and creating more linkages to the rest of the economy could boost the impact of the industry on the economy in terms of value of exports, share in GDP, and share in government revenues. The share in employment may change a little although it is imaginable that with more modern technology, the reliance on labor could, in fact, lessen as they are replaced by machines.

The issue regarding the negative impacts of extraction operations on the environment and the rest of society, must also be addressed head-on. These environmental and social damages are costs, albeit not easily measurable and attached a monetary value to, which must be considered and reflected in the financial bottom line of the firms in the industry. Not to do so, would be to understate the cost of operations, resulting in an inefficient level of extraction. There has to be efforts and initiatives in order to address the issue of social and environmental costs, for the Philippine society to truly have a sustainable extractive industry. There needs to be proper and appropriate economic valuation of these damages as well as those of the ecological services that the natural environment provides—services that might have to be traded for the potential gains that could be derived from mining operations.

Finally, tax and royalty payments made by the extractive industry, need to be evaluated. The extractive industry enjoys fiscal privileges—some of which are no longer relevant nor necessary—that must be reviewed, and perhaps reformed. Instances of “leaks” and tax evasion such as that in the form of (reported) transfer pricing should also be prevented in order for the economic gains from the extractive industry to be wholly realized.

Despite the current low impact of the extractive industry to the country’s national economic welfare, the general sense is that there is potential for the industry to contribute more. The country possesses an abundant supply of minerals which could be used to fuel growth and development—if designed correctly.

Analysis of Data on Large-scale Metallic Mining Companies (as obtained from reporting templates)

The information summarized and analyzed in the succeeding section are obtained from the reporting templates submitted by the participating entities and by the MGB.

Out of all the large-scale metallic mining companies, the following had no operations in 2014 and are not included in the succeeding tables: Johson Gold Mining Corporation; Investwell Resources, Inc.; Atro Mining - Vitali Inc.; Century Peak Corporation (Esperanza); Norweah Metals and Minerals Company, Inc.; and Wellex Mining Corporation. Strong Built (Mining) Development Corporation has also stopped its operation in 2014 due to Typhoon Yolanda and is excluded. Lastly, Greenstone Resources Corporation was suspended from the latter part of 2013 until 2014 and thus, had no production and sales for the said period.

In analyzing the export and production data, it is important to note that extracted minerals undergo different production and refining processes before being sold/exported. Summarized below are the relevant information for each mineral product extracted in the country:

Table 46. **Metallic mineral products in the Philippines**

Mineral	Product	Measure of Volume
Gold	Dore	kilograms (kgs)
	Bullion	ounces (oz)
Copper	Concentrate	dry metric ton (dmt)
	Ore	dry metric ton (dmt)
Nickel	Direct shipping ore	wet metric ton (wmt)
	Ore	dry metric ton (dmt)
Chromite	Concentrate	dry metric ton (dmt)
	Concentrate	dry metric ton (dmt)
Zinc	Concentrate	dry metric ton (dmt)
	Ore	dry metric ton (dmt)
Iron	Ore	dry metric ton (dmt)
	Concentrate	dry metric ton (dmt)

Table 47. Summary of export data of large-scale metallic companies for 2014

Company	Commodity	Sales					Country of destination	
		Local		Export				
		Volume	Value In PHP	Volume	Value In PHP In US\$			
Gold with Silver								
Lepanto Consolidated Mining Company [B]	Gold Dore							
		Contained gold (kgs)	-	-	701.56	1,395,681,460.44	31,405,001.26	China
		Contained silver (kgs)	-	-	1,204.46	35,805,252.48	805,972.38	China
Filminera Resources Corporation	Gold Dore		7,590,589.66	79,321,661.90	-	-	-	
Apex Mining Company, Inc. [A]	Gold Dore							
		Contained gold (kgs)	-	-	829.42	1,491,794,812.21	33,651,038.75	Switzerland
		Contained silver (kgs)	-	-	4,695.14	126,770,686.02	2,862,354.28	Switzerland
Philsaga Mining Corporation [C]	Gold Dore							
		Contained gold (kgs)	-	-	2,585.22	4,632,462,033.83	104,259,393.73	Hong Kong
		Contained silver (kgs)	-	-	693.73	15,382,237.61	346,114.10	Hong Kong
Copper with Gold								
OceanaGold (Philippines) Inc.	Gold Dore							
		Contained gold (kgs)	-	-	608.81	1,050,587,679.87	23,664,443.00	Australia
		Contained silver (kgs)	-	-	81.21	1,039,404.40	23,412.54	Australia
		Copper Concentrate (DMT)	-	-	25,886.18	7,879,962,960.81	177,495,832.00	Japan, Korea
		Contained gold (kgs)	-	-	2,944.17	5,136,117,314.04	115,690,825.00	Japan, Korea
		Contained silver (kgs)	-	-	9,795.81	252,514,912.91	5,687,887.72	Japan, Korea
Rapu-Rapu Minerals, Inc.	Gold Ore							
		Contained gold (kgs)	-	-	131.21	216,144,363.96	4,940,048.20	China
		Contained silver (kgs)	-	-	905.47	22,322,040.62	508,185.33	China
		Copper Concentrate (DMT)	-	-	6,474.65	291,211,404.66	6,648,065.67	China
Copper with Gold and Silver								
Philex Mining Corporation	Copper Concentrate (DMT)		-	-	75,189.00			
		Contained gold (kgs)	-	-	3,505.00	6,346,917,246.00	142,863,653.00	Japan
		Contained copper (kgs)	-	-	17,220,698.00	5,093,174,231.00	114,539,725.00	Japan
		Contained silver (kgs)	-	-	3,212.00	86,183,193.00	1,940,658.00	Japan
Carmen Copper Corporation	Copper Concentrate (DMT)		10,177.89	770,555,140.89	166,910.02	12,981,178,128.53	310,344,213.02	China, Japan, India
		Contained gold (kgs)	1,554.71	83,677,191.38	22,531.33	1,260,005,821.13	30,319,860.55	China, Japan, India
		Contained silver (kgs)	-	-	1,904.43	934,251.04	21,149.95	China, Japan, India
TVI Resource Development Philippines, Inc.	Copper Concentrate (DMT)		-	-	4,118.00	346,907,056.49	7,780,317.00	Oman
	Zinc Concentrate (DMT)		-	-	5,069.00	143,597,936.89	3,250,858.00	South Korea
Chromite								
Krominco Inc	Chromite Ore Concentrate (DMT)		-	-	5,289,558.00	40,961,460.51	935,449.45	Japan
Iron								
Leyte Iron Sand Corporation	Iron Ore/ Concentrate (DMT)		3,680.56	12,602,244.47	11,135.52	27,865,574.20	623,588.84	China

Company	Commodity	Sales					Country of destination
		Local		Export			
		Volume	Value	Volume	Value		
			In PHP		In PHP	In US\$	
Ore Asia Mining & Development Corporation [B]	Iron Ore/ Concentrate (DMT)	-	-	47,311,413.00	131,035,212.57	2,950,520.58	Hong Kong
Nickel							
Benquet Corporation Nickel Mines Inc.	Nickel Direct Shipping Ore (WMT)	-	-	1,064,165.00	1,983,208,458.00	44,598,902.00	China
Zambales Diversified Metals Corporation	Nickel Direct Shipping Ore (WMT)	-	-	145,460.81	406,186,127.00	9,337,511.00	China
Rio Tuba Nickel Mining Corporation	Nickel Direct Shipping Ore (WMT)	-	-	915,805.00	2,073,873,725.13	46,894,219.70	Japan
	Iron Ore/ Concentrate (DMT)	-	-	1,353,255.00	2,692,457,125.15	61,050,841.73	China
	Others: Limestone	3,382,826.00	1,538,694,120.22	319,050.00	305,394,096.81	6,845,982.75	China
	Nickel Direct Shipping Ore (WMT)	428,978.73	316,144,755.84	-	-	-	
Citininickel Mines and Development Corporation	Nickel Direct Shipping Ore (WMT)	-	-	3,311,606.21	3,548,551,953.75	80,323,154.86	China, Japan
Berong Nickel Corporation [A]	Nickel Direct Shipping Ore (WMT)	-	-	672,636.41	2,136,331,285.81	48,538,873.60	Australia, China, Japan
SR Metals, Incorporated [A]	Nickel Direct Shipping Ore (WMT)	-	-	2,021,005.32	4,715,143,785.90	107,354,806.40	China
AAM-Phil Natural Resources Exploration Development Corporation	Nickel Direct Shipping Ore (WMT)	-	-	166,024.45	129,736,873.00	3,154,464.55	China
Cagdianao Mining Corporation	Nickel Direct Shipping Ore (WMT)	-	-	249,605.00	1,080,701,999.00	24,610,466.00	Japan
	Nickel Direct Shipping Ore (WMT)	-	-	942,297.00	2,316,192,465.00	52,751,644.00	China
	Nickel Direct Shipping Ore (WMT)	-	-	158,397.00	198,579,212.00	4,506,037.00	Australia
Hinatuan Mining Corporation	Nickel Direct Shipping Ore (WMT)	-	-	3,462,944.00	5,051,718,865.50	114,869,411.37	China
Shuley Mine Incorporated [C]	Nickel Direct Shipping Ore (WMT)	-	-	1,817,857.00	2,075,580,810.00	47,479,233.00	China
Platinum Group Metals Corporation [A]	Nickel Direct Shipping Ore (WMT)	-	-	3,839,602.31	11,706,620,207.43	266,873,372.82	Australia, China
Taganito Mining Corporation [B]	Nickel Direct Shipping Ore (WMT)	4,421,661.00	1,434,219,965.79	3,064,327.00	7,044,757,401.94	160,560,943.83	China, Japan
CTP Construction and Mining Corporation (Adlay) [A]	Nickel Direct Shipping Ore (WMT)	-	-	2,420,728.00	6,340,873,893.00	145,524,223.00	China
CTP Construction and Mining Corporation (Dahican) [A]	Nickel Direct Shipping Ore (WMT)	-	-	540,536.00	842,199,144.00	19,034,993.00	China
Carrascal Nickel Corporation	Nickel Direct Shipping Ore (WMT)	-	-	4,926,371.00	5,188,456,009.00	118,141,152.00	China

Company	Commodity	Sales					Country of destination
		Local		Export			
		Volume	Value	Volume	Value		
			In PHP		In PHP	In US\$	
Marcventures Mining and Development Corp. [A]	Nickel Direct Shipping Ore (WMT)	-	-	1,093,118.31	1,833,961,626.00	41,621,000.00	China
Oriental Synergy Mining Corporation	Nickel Direct Shipping Ore (WMT)			101,618.53	143,889,790.00	3,320,530.00	China
Adnama Mining Resources Incorporated [B]	Nickel Direct Shipping Ore (WMT)	-	-	1,106,871.31	2,297,959,004.45	52,382,242.42	China
Eramen Minerals Inc.	Nickel Direct Shipping Ore (WMT)			877,401.00	1,663,922,575.00	37,287,500.00	China, Japan
LNL Archipelago Minerals Inc.	Nickel Direct Shipping Ore (WMT)	-	-	533,902.00	1,315,146,531.00	29,678,415.00	China
Libjo Mining Corporation [B]	Nickel Direct Shipping Ore (WMT)	-	-	785,137.00	824,352,570.94	18,742,653.01	China
	Nickel Direct Shipping Ore (WMT)			103,479.00	63,037,875.24	1,400,749.88	Australia
PMDC	Nickel Direct Shipping Ore (WMT)	-	-	1,044,992.00	832,501,375.60	19,192,172.00	China
Sinosteel Phils. H.Y. Mining Corporation [C]	Nickel Direct Shipping Ore (WMT)	-	-	55,000.00	49,120,665.00	1,127,500.00	China
			4,235,215,080.49		17,867,012,125.86	2,690,761,562.26	-

Legend:

[A] Production and export data obtained from MGB

[B] Production data obtained from MGB

[C] Export data obtained from MGB

[D] No production and/or sales report submitted to the MGB

Table 48. Summary of export data, per country

Country of Destination	Commodity	Volume	In PHP	In US\$	Percentage
China	Gold Dore				
	Contained gold (kgs)	832.77	1,611,825,824	36,345,049	
	Contained silver (kgs)	2,109.93	58,127,293	1,314,158	
	Nickel Direct Shipping Ore (WMT)	22,228,027.73	36,346,227,993	828,310,853	
	Iron Ore/ Concentrate (DMT)	11,135.52	2,720,322,699	61,674,431	
	Copper Concentrate (DMT)	6,474.65	291,211,405	6,648,066	
	Others: Limestone	319,050.00	305,394,097	6,845,983	
			41,333,109,311	941,138,540	35%

Country of Destination	Commodity	Volume	In PHP	In US\$	Percentage
China, Japan, India	Copper Concentrate (DMT)	166,910.02	12,981,178,129	310,344,213	
	Contained gold (kgs)	22,531.33	1,260,005,821	30,319,860	
	Contained silver (kgs)	1,904.43	934,251	21,150	
			14,242,118,201	340,685,223	
China, Japan	Nickel Direct Shipping Ore (WMT)	7,253,334.21	12,257,231,931	278,171,599	10%
Japan	Copper Concentrate (DMT)				
	Contained gold (kgs)	3,505.00	6,346,917,246	142,863,653	
	Contained copper (kgs)	17,220,698.00	5,093,174,231	114,539,725	
	Contained silver (kgs)	3,212.00	86,183,193	1,940,658	
	Chromite Ore Concentrate (DMT)	5,289,558.00	40,961,461	935,449	
	Nickel Direct Shipping Ore (WMT)	1,165,410.00	3,154,575,724	71,504,686	
			14,721,811,855	331,784,171	
Japan, Korea	Copper Concentrate (DMT)	25,886.18	7,879,962,961	177,495,832	7%
	Contained gold (kgs)	2,944.17	5,136,117,314	115,690,825	
	Contained silver (kgs)	9,795.81	252,514,913	5,687,888	
			13,268,595,188	298,874,545	
Hong Kong	Gold Dore				
	Contained gold (kgs)	2,585.22	4,632,462,034	104,259,394	
	Contained silver (kgs)	693.73	15,382,238	346,114	
	Iron Ore/ Concentrate (DMT)	47,311,413.00	131,035,213	2,950,520	
			4,778,879,485	107,556,028	
Australia, China	Nickel Direct Shipping Ore (WMT)	3,839,602.31	11,706,620,207	266,873,373	10%
Australia, China, Japan	Nickel Direct Shipping Ore (WMT)	672,636.41	2,136,331,286	48,538,874	

Country of Destination	Commodity	Volume	In PHP	In US\$	Percentage
Australia	Gold Dore				0%
	Contained gold (kgs)	608.81	1,050,587,680	23,664,443	
	Contained silver (kgs)	81.21	1,039,404	23,412	
	Nickel Direct Shipping Ore (WMT)	261,876.00	261,617,087	5,906,787	
			1,313,244,171	29,594,642	
South Korea	Zinc Concentrate (DMT)	5,069.00	143,597,937	3,250,858	0%
Oman	Copper Concentrate (DMT)	4,118.00	346,907,056	7,780,317	0%
Switzerland	Gold Dore				
	Contained gold (kgs)	829.42	1,491,794,812	33,651,039	
	Contained silver (kgs)	4,695.14	126,770,686	2,862,354	
			1,618,565,498	36,513,393	
Total			117,867,012,126	2,690,761,563	100%

We can surmise from the tables above that less than 5% of the total sales by participating entities are made to local companies. Most local sales are made to processing plants. In particular, the sales of Rio Tuba Nickel Mining Corporation, Taganito Mining Corporation and Filminera Resources Corp. are made to three of the processing plants in the country, Coral Bay Nickel Corporation, Taganito HPAL Nickel Corporation, and Philippine Gold Processing and Refining Corp. (PGPRC), respectively. Carmen Copper Corporation also has significant local sales, although it has its own processing plant.

Coral Bay Nickel Corporation operates a Hydrometallurgical Processing Plant in Rio Tuba, Bataraza, Palawan to produce nickel and cobalt sulfide from existing stockpiles of low grade nickel ores from the nickel mine of Rio Tuba Nickel Mining Corporation. The main product is mixed sulfide of nickel and cobalt analyzing 57.2% Ni and 4.2% Co. The mixed sulfide will be in powder form and will be contained in flexible plastic bags for shipment to foreign buyers.

Taganito HPAL Nickel Corporation, on the other hand, is located in Surigao del Norte and is the single largest investment in the mining industry in the Philippines to date. The processing plant is a joint venture of Sumitomo Metal Mining Co., Ltd (62.5%), Nickel Asia Corp. (22.5%) and Mitsui & Co. Ltd. (15%). (Nickel Asia Corp. has since divested 12.5% of its share in Taganito HPAL Nickel Corporation in 2016, reducing its ownership to 10%.) It produces mixed nickel-cobalt sulfides using HPAL technology and exports the raw materials to the Sumitomo Metal Mining Group's nickel refining facilities at Niihama Nickel Refinery and Harima Refinery in Japan.

PGPRC is indirectly wholly-owned by B2Gold Corp., a Vancouver based gold producer, and is located in the island of Masbate. PGPRC purchases all of the ore extracted by Filminera Resources Corp. for processing. The processed gold and silver ore are then exported as gold bullions.

Exports

Ninety-six percent of the total sales of participating entities are exported and are concentrated on a handful of countries, such as China, Japan, Australia and Korea, accounting for more than 90% of the total. Nickel and copper are the top exports in terms of ore value, comprising 91% of the total exports of the entities covered. Most nickel exports go to China, while a significant portion of copper exports go to Japan. Refer to Table 49 for further details.

Table 49. Summary of export data, per ore and destination

Ore	Destination	In PHP	In US\$	Percentage
Gold	China	1,431,486,713	32,210,974	
	Switzerland	1,618,565,498	36,513,393	
	Hong Kong	4,647,844,271	104,605,508	
	Australia	1,051,627,084	23,687,855	
		8,749,523,566	197,017,730	8%
Copper	Japan, Korea	13,268,595,188	298,874,545	
	Japan	11,526,274,670	259,344,036	
	China, Japan, India	14,242,118,201	340,685,223	
	Oman	346,907,056	7,780,317	
		39,383,895,115	906,684,121	38%
Chromite	Japan	40,961,461	935,449	0%
Iron	China	333,259,671	7,469,571	
	Hong Kong	131,035,213	2,950,521	
		464,294,884	10,420,092	0%
Nickel	China	31,305,536,165	712,144,437	
	Japan	3,154,575,724	71,504,686	
	Australia	261,617,087	5,906,787	
	China, Japan	10,593,309,356	240,884,099	
	Australia, China	11,706,620,207	266,873,373	
		57,021,658,539	1,297,313,382	54%
Zinc	South Korea	143,597,937	3,250,858	0%
Total		105,803,931,502	2,415,621,632	100%

Note that the local and export sales discussed above are not necessarily correlated to the volume of production per company (Production data is summarized in Table 74 below). Sales during the year may have been sourced from previous years' production, which were reported as beginning stockpile inventory for the current year. Accordingly, unit cost of metal sales during the year maybe the average of prior years and current period costs. Thus, it is also possible for a company to have sales during the year, but not production (as with the case of Rapu-Rapu Minerals, Inc.)

Accordingly, the MSG plans to include the beginning inventory balance (amount and volume) in the reporting template in the next report, as this would assist in determining how much of current year sales were from current year production.

Also, the export data for certain minerals are reported in one sum for two or more countries (e.g., Australia, China for nickel). This is because the data provided by the reporting templates are also as such, i.e., without disaggregation per country. Moving forward, the disaggregation of information per country is also included as a recommendation for the improvement of the reporting template for the next report.

Table 50. Summary of production data of large-scale metallic companies for 2014

Company	Product	Production	
		Volume	Value In PHP
Gold with Silver			
Lepanto Consolidated Mining Company [B]	Gold Dore		
	Contained gold (kgs)	768	1,391,719,919
	Contained silver (kgs)	1,357	36,860,753
Filminera Resources Corporation	Gold Dore	10,004	104,567,947
Apex Mining Company, Inc. [A]	Gold Dore		
	Contained gold (kgs)	896	1,605,472,841
	Contained silver (kgs)	4,953	133,688,511
Philsaga Mining Corporation [C]	Gold Dore	577,714	318,948,477
	Contained gold (kgs)	-	-
	Contained silver (kgs)	-	-
Copper with Gold			
OceanaGold (Philippines) Inc.	Gold Dore		
	Contained gold (kgs)	639	13,926,217
	Contained silver (kgs)	82	
	Copper Concentrate (DMT)	25,010	109,492,119
	Contained gold (kgs)	2,777	
	Contained silver (kgs)	9,303	
Copper with Gold and Silver			
Philex Mining Corporation	Copper Concentrate (DMT)	70,062	
	Contained gold (kgs)	3,259	5,889,105,599
	Contained copper (kgs)	16,053,177	4,615,092,137
	Contained silver (kgs)	3,023	78,160,455
Carmen Copper Corporation	Copper Concentrate (DMT)	177,876	10,094,533,351
	Contained gold (kgs)	28,888	
	Contained silver (kgs)	122,964	
TVI Resource Development Philippines, Inc.	Copper Concentrate (DMT)	4,118	7,780,317
	Zinc Concentrate (DMT)	5,069	3,250,858
Chromite			
Krominco Inc	Chromite Ore Concentrate (DMT)	10,698	83,653,721
Iron			
Leyte Iron Sand Corporation	Iron Ore/Concentrate (DMT)	16,209	84,025,220
Ore Asia Mining & Development Corporation [B]	Iron Ore/Concentrate (DMT)	29,275	87,624,775
Nickel			
Benquet Corporation Nickel Mines Inc.	Nickel Direct Shipping Ore (WMT)	839,230	1,450,239,115
Zambales Diversified Metals Corporation	Nickel Direct Shipping Ore (WMT)	219,972	439,916,346

Company	Product	Production	
		Volume	Value In PHP
Rio Tuba Nickel Mining Corporation	Nickel Direct Shipping Ore (WMT)	2,437,430	1,111,377,731
	Iron Ore/Concentrate (DMT)	4,585,867	717,509,304
	Others: Limestone	496,806	327,037,730
Citinickel Mines and Development Corporation [E]	Nickel Direct Shipping Ore (WMT)	3,065,258	-
Berong Nickel Corporation [A]	Nickel Direct Shipping Ore (WMT)	813,300	1,327,677,348
SR Metals, Incorporated [A]	Nickel Direct Shipping Ore (WMT)	2,062,069	4,249,708,692
AAM-Phil Natural Resources Exploration Development Corporation	Nickel Direct Shipping Ore (WMT)	166,024	129,736,873
Cagdianao Mining Corporation [E]	Nickel Direct Shipping Ore (WMT)	1,093,984	
Hinatuan Mining Corporation	Nickel Direct Shipping Ore (WMT)	2,333,251	4,922,748,222
Platinum Group Metals Corporation [A]	Nickel Direct Shipping Ore (WMT)	3,930,980	11,267,593,759
Taganito Mining Corporation [B]	Nickel Direct Shipping Ore (WMT)	5,747,496	8,787,432,795
CTP Construction and Mining Corporation (Adlay) [A]	Nickel Direct Shipping Ore (WMT)	2,452,251	6,340,873,893
CTP Construction and Mining Corporation (Dahican) [A]	Nickel Direct Shipping Ore (WMT)	371,372	618,475,281
Carrascal Nickel Corporation	Nickel Direct Shipping Ore (WMT)	4,971,848	667,966,862
Marcventures Mining and Development Corp. [A]	Nickel Direct Shipping Ore (WMT)	1,097,676	1,880,604,540
Oriental Synergy Mining Corporation	Nickel Direct Shipping Ore (WMT)	264,224	218,951,623
Adnama Mining Resources Incorporated [B]	Nickel Direct Shipping Ore (WMT)	772,006	2,075,348,000
Eramen Minerals, Inc.	Nickel Direct Shipping Ore (WMT)	799,060	993,927,964
LNL Archipelago Minerals, Inc. [E]	Nickel Direct Shipping Ore (WMT)	221,376	
Libjo Mining Corporation [B]	Nickel Direct Shipping Ore (WMT)	671,153	1,155,122,452
PMDC	Nickel Direct Shipping Ore (WMT)	1,044,992	832,501,376
Total			74,172,653,122

Legend

[A] Production and export data obtained from MGB

[B] Production data obtained from MGB

[C] Export data obtained from MGB

[D] No production and/or sales report submitted to the MGB

[E] Production value not available from reporting templates

Employment

Table 51. Summary of employment data of participating entities for 2014

Company	Local												
	Male						Total male employees	Female					
	Regular		Total	Contractual		Total		Regular		Total	Contractual		Total
	IP	Non IP		IP	Non IP			IP	Non IP		IP	Non IP	
AAM-Phil Natural Resources Exploration and Development Corporation (Parcel 1)		5	5		72	72	77			-		65	65
AAM-Phil Natural Resources Exploration and Development Corporation (Parcel 2)			0		180	180	180			0		180	180
Adnama Mining Resources, Inc.	-	528	528	-	23	23	551	-	68	68	-	-	-
BenguetCorp. Nickel Mines, Inc.	-	-	391	-	-	349	740	-	-	27	-	-	-
Cagdianao Mining Corporation	-	159	159	-	-	-	159	26	-	26	-	-	-
Carmen Copper Corporation			3,393			515	3,908			233			10
Carrascal Nickel Corporation	-	122	122	-	-	-	122	-	27	27	-	-	-
Filminera Resources Corporation	-	406	406	-	11	11	417	-	48	48	-	4	4
Greenstone Resources Corporation	-	345	345	-	-	-	345	-	-	-	-	-	-
Hinatuan Mining Corporation	-	163	163	-	848	848	1,011	-	36	36	-	33	33
Johson Gold Mining Corporation			10			38	48			3			
Lepanto Consolidated Mining Company	736	329	1,065	7	31	38	1,103	31	51	82	4	4	8
Leyte Iron Sand Mining Corporation	-	88	88	-		24	112	-	11	11	-	2	2
LNL Archipelago Minerals Incorporated	-	36	36	-	-	-	36	-	13	13	-	-	-
OceanaGold (Philippines), Inc.	187	164	351	10	32	42	393	45	32	77	3	1	4
Ore Asia Mining and Development Corporation			70			55	125			12			2
Pacific Nickel Phils., Inc.	0	47	47	0	188	188	235	0	5	5	0	42	42
Philex Mining Corporation	181	2010	2191	52	283	335	2526	7	165	172	0	17	17
Philsaga Mining Corporation	626	1463	2089	1096	1096	2192	4281	69	164	233	3	1	4
PMDC - formerly Natural Resources Mining Development Corporation	5	20	25	0	8	8	33	0	18	18	1	0	1
Rio Tuba Nickel Mining Corporation	16	604	620	0	20	20	640	0	44	44	0	1	1
Shuley Mine Incorporated	0	17	17	0	0	0	17	0	5	5	0	0	0
Sinosteel Phils. H. Y. Mining Corporation	0	15	15	0	0	0	15	8	0	23	0	0	0
Taganito Mining Corporation	4	358	362	22	993	1015	1377	0	68	68	0	39	39
TVI Resource Development Philippines, Inc (Canatuan)	0	24	24	0	94	94	118	0	21	21	0	11	11
TOTAL	1,755	6,370	11,644	1,187	3,604	5,772	17,761	186	708	1,184	11	155	178

Local	Foreign					
	Male		Total male employees	Female		Total female employees
	Regular	Consultant		Regular	Contractual	
65			-			-
180		3	3			
68						
27	-	-	-	-	-	-
26	-	-	-	-	-	-
243						
27	-	-	-	-	-	-
52	1	12	13	-	-	-
-						
69	-	-	-	-	-	-
3						
90	-	-	-	-	-	-
13	-	2	2	-	-	-
-	-	-	-	-	-	-
81	11	7	18	-	-	-
14						
47	0	0	0	0	0	0
189						
237	0	0	0	0	0	0
19	0	0	0	0	0	0
45	0	0	0	0	0	0
5	0	0	0	0	0	0
23	1	1	2	0	0	0
107	1	0	1	0	0	0
32	1	0	1	0	0	0
1,349	15	22	37	-	-	-

Participating entities not included in the table above did not provide detailed employment data in the reporting template submitted.

Based on the data available, we see that the participating entities employ IPs in their operations (3,139 identified, including both regular and contractual employees). Notable as well that there are 37 foreign employees identified for the participating entities covered by this report, which is less than 1% of the total workforce employed; hence represents that labor is substantially sourced locally.

The extractive industry and total government revenues

This section provides a snapshot of the contributions of the extractive industry to total government revenues, particularly to the BOC and BIR.

Taxes paid to LGUs are not included as data per sector is currently not available. Conversely, taxes paid to the MGB and DOE are purely from the extractive industry, thus, no such analysis is needed.

Table 52. 2014 BOC and BIR revenues from extractive industries in absolute terms and as percentage of total government revenues

Type of tax	Total for 2014	Sector	Amount	Percentage of Total
BOC				
Customs duties	56,279,000,000	Large-scale metallic companies	61,905,086	0.11%
		Large-scale non-metallic companies	173,603,832	0.31%
		Oil and gas companies	4,754,810	0.01%
		Coal companies	3,022,289	0.01%
			243,286,017	0.43%
VAT on imported materials and equipment	279,114,000,000	Large-scale metallic companies	330,087,347	0.12%
		Large-scale non-metallic companies	1,734,631,343	0.62%
		Oil and gas companies	16,049,182	0.01%
		Coal companies	6,500,901	0.00%
			2,087,268,773	0.75%
Excise tax on imported goods	30,428,000,000	Large-scale metallic companies	1,818	0.00%
		Large-scale non-metallic companies	24,935,094	0.08%
		Oil and gas companies	2,707	0.00%
		Coal companies	179,481	0.00%
			25,119,100	0.08%

Type of tax	Total for 2014	Sector	Amount	Percentage of Total
BIR				
Corporate income tax	338,019,363,326	Large-scale metallic companies	4,737,486,784	1.40%
		Large-scale non-metallic companies	3,799,302,150	1.12%
		Oil and gas companies	12,070,795,008	3.57%
		Coal companies	12,134,495	0.00%
			20,619,718,437	6.10%
Excise tax on minerals	177,421,309,917	Large-scale metallic companies	1,687,118,589	0.95%
		Large-scale non-metallic companies	60,049,108	0.03%
		Oil and gas companies	-	0.00%
		Coal companies	-	0.00%
			1,747,167,698	0.98%
		3,494,335,396	1.97%	
Final tax	167,053,426,463	Large-scale metallic companies	1,482,106,260	0.89%
		Large-scale non-metallic companies	622,840,599	0.37%
		Oil and gas companies	4,858,282,777	2.91%
		Coal companies	157,435,592	0.09%
		7,120,665,230	4.26%	

III. Revenue allocations

A. Distribution of extractive industry revenues

The main taxes levied on the mining sector are corporate income tax, excise tax on minerals and royalties on mineral reservations, while the major oil and gas levies are the government's share of oil and gas production, corporate income tax and withholding tax on profit remittance to principal. The BIR is the main body responsible for collecting taxes paid to central government, while the MGB and the DOE collect sector levies for mining and coal, oil and gas, respectively. LGUs are responsible for collecting subnational payments.

Revenues recorded in the national budget are classified as tax and non-tax revenues, regardless of whether these are received in cash or in kind. National government revenues are recorded in the national budget and may be classified based on source and based on collecting department/agency, and not necessarily on the consideration expected to be collected.

All revenues from the extractive industry sector other than those directly collected by LGUs including business and real property taxes and IP royalty payments which are received directly by IPs are recorded in the national budget. The details of these tax and non-tax revenues can be found in DBM website (link: <http://www.dbm.gov.ph/wp-content/uploads/2012/03/PGB-B5.pdf>)

Other information on the LGU budget process, revenue management and the COA audit process may be found in the first and second PH-EITI report.

LGU share in the national budget

LGUs have a 40% share from the three types of national wealth shown below. However, 10% of royalty income on mineral reservations are appropriated by the MGB prior to sharing the remaining 90% between the national government and LGUs.

Table 53. Sources of national wealth and related collecting government agency

Type of national wealth	Collecting government agency	Frequency of release to LGUs
Royalty on mineral reservations	MGB	Annual
Energy resources production	DOE	Annual
Mining taxes	BIR	Quarterly

Budgeting and Expenditure

Local government budgeting process

Budget preparation consists of four major activities by the heads of local departments and offices, the Local Finance Committee, and the local chief executive, a summary of which is provided below. The procedures, deliverables and timelines are detailed in the second PH-EITI report.

Figure 25. Local government budgeting process



Allocation

Section 24 of the LGC provides that shares from the national wealth of LGUs such as the excise taxes and royalties are to be appropriated by their respective sanggunian to finance local development and livelihood projects. As noted in the second PH-EITI report, share in national wealth arising from excise taxes on mining activities and royalties on mineral reservations forms part of an LGUs' general fund, making it difficult to track how LGUs are spending these revenues. The LGC requires collections from national wealth be spent for development of local communities. In the case of energy resources, 80% of the LGU's share must be applied solely to lower electricity cost in the LGU where the source of energy is located.

However, LGUs continue to appear to deviate from the appropriation rules. Most of the LGUs put all their revenues, including local payments and national government agencies' transfers to the general fund that are then appropriated for all types of LGU expense and projects, as LGUs remain unaware of the disaggregation of the share in national wealth that they received. For certain LGUs, share in national wealth gets credited to their respective bank accounts without formal notice as to the source (excise tax or royalties from mineral reservation) or the year when the taxes were collected.

To address this issue, DOF and DBM have released Joint Circular No. 2016-1 in order to streamline the process of releasing funds authorized for LGUs, including share in national wealth. As discussed in Section I, *Legal and institutional framework, including allocation of contracts and licenses*, under *Ongoing reforms*, this will cover disbursements in 2017.

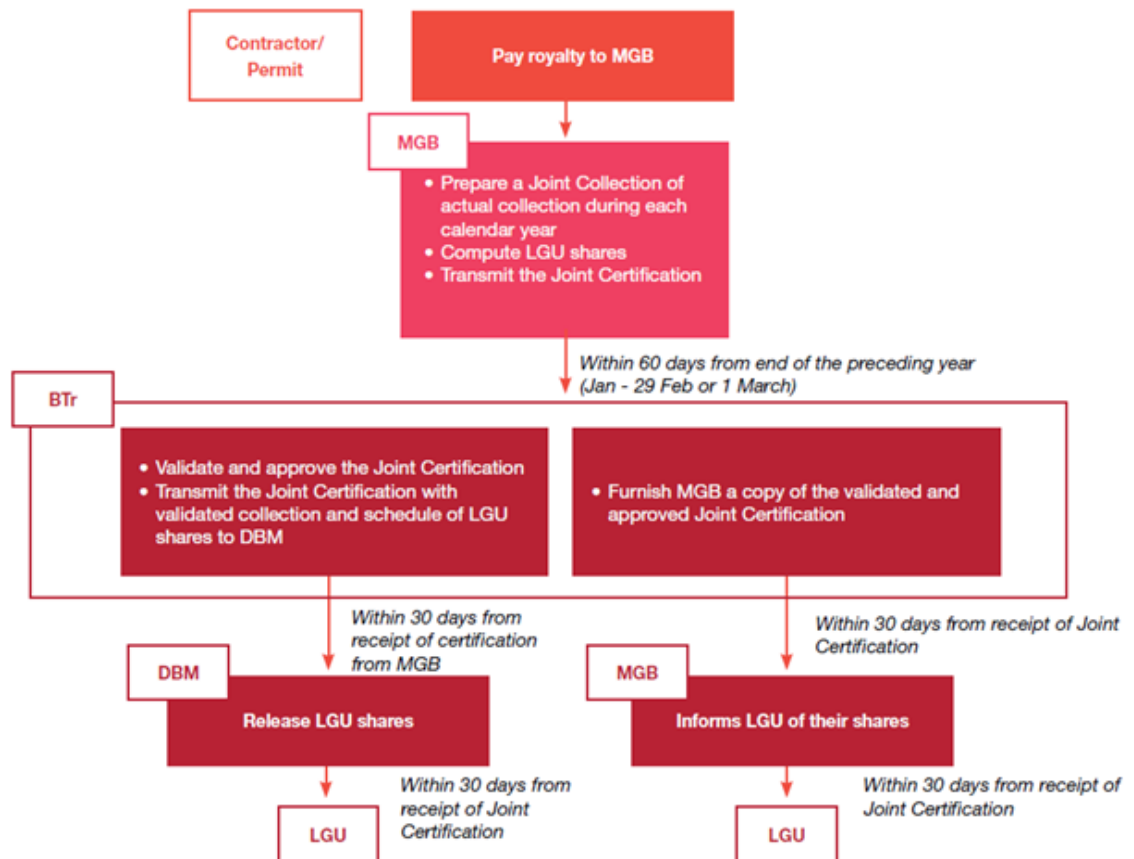
Royalty income on mineral reservations collection and transfer

DOF-DBM-DILG-DENR Joint Circular No. 2010-1 (Annex O) outlines the roles and responsibilities of national government agencies in the collection and release of shares in royalty income to LGUs. It also provides for the procedure and the timelines for submission of documentation and release

of the funds. Refer to Figure 26, a diagram on the procedures on how royalty income collected is released as an LGUs share in national wealth.

Further details on the process is included in the second PH-EITI report.

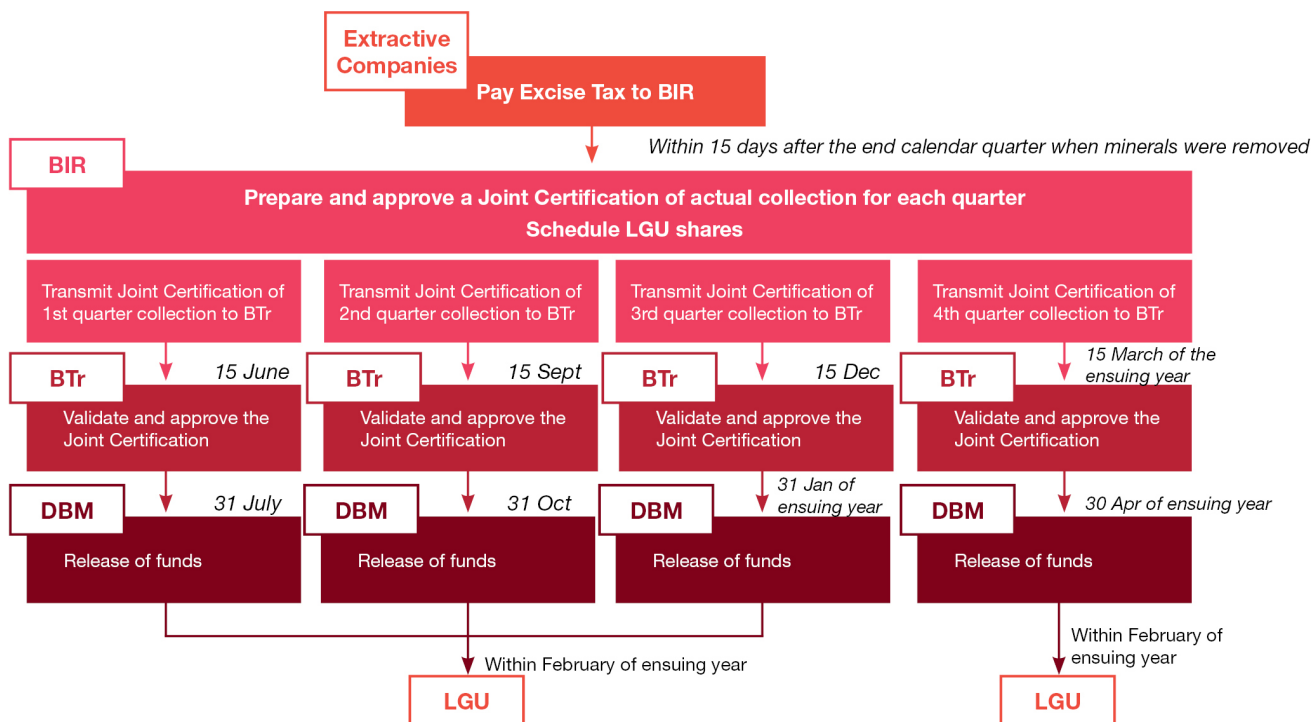
Figure 26. **Release of share in national wealth: royalty income from mineral reservation**



Excise tax collection and transfer

DOF-DBM-DILG-DENR Joint Circular No. 2009-1 (Annex P) outlines the roles and responsibilities of these departments in excise tax collection and release of funds to LGUs. It also provides for the procedure and the timelines for submission of documentation and release of the funds. A flowchart of the procedure based on the regulation is shown in Figure 18. Further details on the process is included in the second PH-EITI report

Figure 27. Release of share in national wealth: excise taxes



The COA's New Government Accounting System (NGAS) provides accounting and disbursement guidelines for LGUs. It simplifies government accounting and conforms to international accounting standards. Under this system, LGUs are required to generate periodic financial statements. COA examines and audits the revenue, receipts and expenditures of LGUs. Further details on the COA audit process and on the common audit findings are included in the second PH-EITI report.

In 2015, COA issued the audit report on the 2015 financial statements of government agencies, including the agencies involved in regulating the extractive industry. Common audit findings on cash and revenues, the financial areas that are most relevant to the reconciliation procedures for cash flows from extractive industry, include the following:

- i. Gaps in the process of recording and reconciliation of cash accounts and bank balances and of accounts receivable balances
- ii. Non-compliance with existing cash advance liquidation policy
- iii. Improvement in the review process of long outstanding accounts receivables.
- iv. Gaps in the process monitoring of bank debit advices and/or validation of funds transferred to LGUs as well as funds transferred to NGA implementing agencies

Audit reports issued by COA may be accessed through its website: <http://www.coa.gov.ph/index.php/reports/annual-audit-report>.

National revenue classification systems and international standards

Each revenue stream covered by this report is referenced to a corresponding Government Finance Statistics (GFS) Code as propagated by the International Monetary Fund (IMF). Several EITI compliant countries and EITI candidates have adopted the GFS reporting system in reporting data and for use in the national presentation. Using the GFS codes would facilitate linking the Philippines' EITI report to other public financial management information systems and ensure international comparability. Below are the local revenue streams mapped to the GFS Codes.

Note, however, that while Royalty for IPs is tagged under NCIP, this is not paid to NCIP but rather, are paid directly to the IPs. NCIP is only responsible for monitoring these payments and facilitating the negotiation process between IPs and mining companies.

Table 54. Local revenue streams mapped to GFS Codes

Government agency	Government agency revenue stream	GFS codes
BIR	Excise tax on minerals	1142E
BIR	Corporate income tax	1112E1
BIR	Withholding tax - Foreign shareholder dividends	1112E1
BIR	Withholding tax - Profit emittance to principal	1112E1
BIR	Withholding tax - Royalties to claim owners	1415E1
BIR	Withholding tax - Improperly accumulated retained earnings (IAET)	1112E2
BOC	Customs duties	1151E
BOC	VAT on imported materials and equipment	1151E
BOC	Excise tax on imported goods (e.g. petroleum products)	1151E
PPA	Wharfage fees	1151E
MGB	Royalty on mineral reservation	1415E1
MGB	Occupation fees (only applicable to mining)	114521E
MGB	Others (e.g. penalties, fines, etc.)	143E
LGU	Local business tax (paid either in mine site or head office)	114521E
LGU	Real property tax - Basic	113E
LGU	Real property tax - Special Education Fund (SEF)	113E
LGU	Occupation fees	114521E
LGU	Mayor's permit	114521E
LGU	Community tax	116E
NCIP	Royalty for IPs	1415E1
NCIP	Field Based Investigation Fee	1422E
DOE	Government share from oil and gas production	1415E31
DOE	Annual Rental fees for retained area after exploration	1415E5

B. Revenue management and expenditures of the national government

The 1987 Philippine Constitution and various issuances by the President lay down the framework for budget processes and revenue management in the Philippines.

A detailed discussion on the national budget process and revenue management is found in the first PH-EITI Report.

Proposed reform: Public dissemination of national budget and forecasted revenues

There are currently on-going reforms to improve public fiscal management and these are planned to be institutionalised through the proposed Public Financial Management (PFM) law (Senate Bill No. 2750). One of the main proponents of the bill is Vice President Maria Leonor Robredo (when she was congresswoman for the 3rd District of Camarines Sur). The PFM Reform Program aims to improve efficiency, accountability and transparency in public fund use in order to ensure the direct, immediate, substantial and economical delivery of public services especially to the poor. It seeks to clarify, simplify, improve and harmonize the financial management processes and information systems of the public sector and, as necessary, reengineer and integrate the relevant systems in the COA, DBM, DOF and implementing agencies, including, but not limited to, the budget preparation process, release and expenditure of public funds, financial management of the general fund and of special funds, internal controls, and transparency and participation of the public. The desired result is that the national government is able to perform its functions of maintaining fiscal discipline, fund allocation efficiency and operational efficiency for effective delivery of public services.

IV. Social and economic spending

A. Social expenditures by extractive companies

1. Mandatory social expenditures

As done in the first and second PH-EITI report, participating mining companies disclosed information on mandatory expenditures and funds that are mainly aimed to promote social development of host and neighboring communities and environmental protection and rehabilitation. Mandatory expenditures include AEPEP, SDMP, Safety and Health Program and Monitoring Trust Fund expenditures, which are discussed in detail in Chapter 2, *Financial reconciliation*, under Section 4, *Scope of the report*.

Mandatory expenditures are not remitted to agencies and do not form part of government coffers, but are primarily incurred for the benefit of host communities and protection and preservation of impacted areas. In practice, these are provided in-kind by the companies to third party recipients in compliance with Section 135 of DAO No. 2010-21.

SDMP

SDMP is formulated to fulfill social obligations enhancing the development of communities that are directly and/or indirectly affected by the mining project. The amount is computed as 1.5% of the prior year's operating expenses. SDMP is allocated as follows:

Program	Allocation
Social Development & Management (host and neighboring communities)	75%
Mining Technology and Geosciences Advancement	10%
Information, Education and Communication	15%

Table 55 enumerates the SDMP expenses and allocations of the participating companies as summarized from their respective reporting templates and from the MGB reporting templates. Details per project are included in Annex T.

Table 55. SDMP of participating entities, 2014

No.	Company	Cumulative costs to date			Total	Operating Cost for 2013
		Social development and management (host and neighboring communities)	Mining technology and geosciences advancement	Information, Education and Communication (IEC)		
1	AAM-Phil Natural Resources Exploration and Development Corporation	1,378,500	292,120	559,430	2,589,050	241,413,267
2	Adnama Mining Resources, Inc.	8,804,559	1,060,145	1,897,048	11,761,752	10,808,649
3	Apex Mining Company, Inc.	6,660,107	4,691,146	4,996,055	66,347,308	2,013,397,015
4	BenguetCorp. Nickel Mines, Inc.	11,297,663	495,726	1,055,907	12,849,296	Suspended in 2013
5	Cagdianao Mining Corporation	36,372,507	4,688,100	7,422,020	48,482,627	9,616,365
6	Carmen Copper Corporation	19,504,517	741,395	666,485	20,912,397	4,404,559,459
7	Carrascal Nickel Corporation	67,588,956	8,921,924	12,299,756	88,810,636	31,465,831
8	Cit nickel Mines and Development Corporation	18,700,430	7,966,362	-	26,666,792	1,623,657,743
9	Filminera Resources Corporation	15,805,401	1,539,408	3,314,103	20,658,912	3,034,170,235
10	Greenstone Resources Corporation	7,048,276	965,890	1,085,194	9,099,360	Suspended in 2013
11	Hinatuan Mining Corporation	54,894,922	6,828,316	11,429,764	73,153,002	1,483,797,199
12	Johson Gold Mining Corporation	2,311,261	142,580	95,973	2,549,814	70,376,980
13	Krominco, Inc.	3,541,407	447,447	700,201	4,689,055	2,032,745,980
14	Lepanto Consolidated Mining Company	4,305,501	231,489	2,703,240	7,240,230	2,032,745,980
15	Leyte Ironsand Mining Corporation	1,711,863	216,897	77,219	2,005,979	10,775,527
16	Libjo Mining Corporation	1,592,097	194,954	252,090	2,039,141	3,045,287
17	LNL Archipelago Minerals, Inc.	1,968,585	21,176	858,374	2,848,135	226,800,000
18	Marcventures Mining and Development Corp.	19,057,748	532,652	241,253	19,831,653	36,841,742
19	OceanaGold (Philippines), Inc.	89,891,821	9,348,746	15,965,207	115,205,774	6,296,165,093
20	Ore Asia Mining and Development Corporation	1,388,316	167,655	183,734	1,739,705	Suspended
21	Pacific Nickel Philippines, Inc.	2,054,500	45,558	146,791	2,246,849	Rehabilitation in progress in 2014
22	Philex Mining Corporation	72,694,126	5,451,296	9,024,577	87,169,999	6,765,688,849
23	Philsaga Mining Corporation	15,568,817	3,819,937	5,933,183	25,321,937	780,620,351
24	Platinum Group Metals Corporation	41,225,591	1,629,000	8,041,870	50,896,461	2,483,778,065
25	Rio Tuba Nickel Mining Corp.	18,865,254	753,197	4,450,164	24,068,615	2,805,931,743
26	Shuley Mine, Incorporated*	-	-	-	-	-
27	Sinosteel Phils. H.Y. Mining Corporation	2,204,775	80,000	362,535	2,647,310	1,320,000
28	SR Metals, Incorporated	17,214,223	2,181,652	4,871,233	24,267,108	15,816,510
29	Taganito Mining Corporation	24,771,114	3,666,924	5,172,903	33,610,941	33,630,592
30	TVI Resources Development Philippines, Inc. **	5,453,233	597,658	291,411	6,342,302	-

*Shuley Mine, Incorporated has ended its operations in 2014.

** TVI Canatuan stopped operations in 2014.

EPEP

The EPEP cost covers the amount of environment-related expenses for the entire life of the project wherein the initial 10% of capital/project cost was derived from the feasibility study forming part of the Declaration of Mining Project Feasibility. Under DAO No. 2010-21, Annual EPEP cost shall approximate 3-5% of direct mining & milling cost. We have obtained the details of the Annual EPEP expenditures of the participating entities from the MMT and ISHES reports we evaluated in Section V, *Others*, under *Evaluation of Mining Monitoring Reports for 2014*. The amount of actual Annual EPEP expenditures for the period ending 31 December 2014 were obtained from the reporting templates submitted by the participating entities.

Table 56. Annual EPEP expenditures of Participating Entities, 2014

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
1	AAM-PHIL Natural Resources Exploration and Development Corporation	Care and maintenance program	43,572,091
2	Apex Mining Company Inc.	<ul style="list-style-type: none"> - Reforestation: Forest protection, seedling production, tree planting, production and maintenance - Domestic waste management: Garbage collection and hauling, fabrication of garbage bins with rack, purchase of mini-dump truck - Engineering measures: Riprapping/gabioning activity, desilting activity, maintenance of siphon pipes, construction of cross drain, rehabilitation/road maintenance within minesite, underground rehabilitation/backfillin - Water quality monitoring: maintenance of oil-water separator, water and affluent sampling and monitoring, fabrication of MMT water sampling signage - Air quality monitoring: air sampling, installation of ambient air pollution device platform, dust suppression - Detoxification: Detoxification at mill pla 	4,691,146
3	Adnama Mining Resources, Inc.	<ul style="list-style-type: none"> - NGP - Monitoring of air, water and noise quality 	No amount indicated in MMT/ISHES Report/template

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
4	BenguetCorp. Nickel Mines, Inc.	<ul style="list-style-type: none"> - Implementation of enhancement and mitigating measures: construction of additional settling ponds, desilting and rehabilitation of drainage canals, silt traps, settling ponds and sabo dams, siltation source assessment, rehabilitation and maintenance of minehaul roads - Risk management and safety: desilting, cleaning and rehabilitation of irrigation canals, rivers and water tributaries, scraping of farmlands, provision of farm inputs, remediation assistance/provision of crop insurance, restoration of damaged ricefields, fish ponds and affected coastal areas, construction of washbays - Environmental parameters monitoring <ul style="list-style-type: none"> - soil quality analysis, water analysis, ambient, air and noise quality analysis - Biodiversity enhancement - nursery development and maintenance, seedbank development and maintenance, seed collection and seedling propagation, reforestation activities (MFP and NGP), tourism development - Environmental research and development <ul style="list-style-type: none"> - Research on palay and fish - Waste management - housekeeping and regular solid waste collection and disposal 	45,892,058
5	Cagdianao Mining Corporation	<ul style="list-style-type: none"> - Reforestation - Mining Forest Program (MGB) - National Greening Program - Protection of the Maraguig Watershed 	14,479,876
6	Carmen Copper Corporation	<ul style="list-style-type: none"> - Climate Change Mitigation/Adaption: establishment of new plantation, nursery management, preventive maintenance service of company's light vehicles, operation and maintenance of peripheral drainage systems, operation and regular maintenance of emergency tailings pond, improvement and implementation of regular maintenance of water treatment facilities, maintenance of drainage system at Carmen Concentrator, maintenance of existing reforested area, vegetative slope stabilization - Capital expense projects - procurement of one (1) weather meter, establishment of oil-water separator, installation of dust collecting system at Sangi Laboratory, improvement of nursery facilities - Environmental maintenance activities: operation and maintenance of tailings disposal system, water sprinkling and maintenance of access roads, maintenance of slake lime set-up, maintenance of existing used oil storage facility, maintenance of oil-water separator, washbay and environmental equipment - Research and development: Mine rehabilitation and enhanced watershed research and development, certification of Integrated Management System 	596,454,939

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
7	Carrascal Nickel Corporation	<ul style="list-style-type: none"> - Reforestation (MFP) - Monitoring of air, water and noise quality - Progressive rehabilitation - Mangrove nursery - Water impounding facility 	182,953,833
8	Citinickel Mines and Development Corporation	<ul style="list-style-type: none"> - NGP - Mine rehabilitation - Nursery operation - Monitoring of air and water quality - Solid waste and hazard waste management - Siltation control and slope stabilization 	72,773,332
9	Filminera Resources Corporation	No MMT/ISHES report and details not included in the template.	64,297,986
10	Greenstone Resources Corporation	No MMT/ISHES report and details not included in the template.	4,664,099
11	Hinatuan Mining Corporation	<p>Key areas identified that EPEP programs will focus on are the quality of land, air and water in and around the mine sites. To mitigate the impact on these 3 aspects of the environment, HMC conducts the following activities:</p> <ul style="list-style-type: none"> - Land. Reforestation and rehabilitation - Air. Dust control through regular road grading and spraying - Water. Construction of siltation ponds/sumps and curtain canals 	76.8 million
12	Johson Gold Mining Corporation	<ul style="list-style-type: none"> - Solid waste management - Temporary silt traps/ponds to prevent siltation - Drainage system installation - Slope stabilization - Reforestation - Toxic storage facility 	No amount indicated in MMT/ISHES Report/template
13	Krominco Inc.	<ul style="list-style-type: none"> - Adopt-a-Mining-Forest Program - NGP - Air, noise and water sampling - Adopt-a-River/Creek Program 	3,117,810
14	Lepanto Consolidated Mining Company	No MMT/ISHES report and details not included in the template.	111,360,000
15	Leyte Iron Sand Mining Corporation	No MMT/ISHES report and details not included in the template.	134,376
16	Libjo Mining Corporation	No MMT/ISHES report and details not included in the template.	13,930,180
17	LNL Archipelago Minerals Incorporated	<ul style="list-style-type: none"> - Impact on land resources: maintenance of land haul road, stabilization of mine pit benches, progressive rehabilitation and site preparation, reforestation, maintenance of nursery - Impact on water resources: siltation control facilities, desilting of settling ponds and silt traps, maintenance of drainage system - Noise remediation and impact on air: water sprinkling of access and mine haul roads 	27,108,680

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
18	Marcventures Mining and Development Corp.	No MMT/ISHES report and details not included in the template.	No amount indicated in MMT/ISHES Report/template
19	OceanaGold (Philippines) Inc.	No MMT/ISHES report and details not included in the template.	48,820,646
20	Ore Asia Mining and Development Corporation	<ul style="list-style-type: none"> - Re-establishment of mine benches damaged by Typhoon Santi - Installed safety signages - Desilting of settling ponds - Construction of new siltation ponds - Desilting and repair of existing silt traps and construction of concrete silt traps - Ambient air, noise and water quality monitoring at the upstream and downstream of minesite - Soil and sediment sampling and analyses - Maintenance of seedlings and nursery area - Water spraying of mine road and barangay roads - Road maintenance (backfilling, grading, canal deepening, culvert installation and repair) - Benches repair and canal provisions - Planting/purchasing of seedlings - Waste management system - Riverwatch operations - Community relation activities 	4,494,639
21	Pacific Nickel Philippines, Inc	No MMT/ISHES report and details not included in the template.	7,375,773
22	Philex Mining Corporation	<p>Land resource management</p> <ul style="list-style-type: none"> - Reforestation and Forest Protection: reforestation and forest protection activities, purchase of assorted fruit tree seedlings for agro-forestry projects and support for the NGP - Maintenance and protection of bamboo plantations and vegetation - Surface subsidence control and backfillin operations - Garbage collection and hauling <p>Water resource management</p> <ul style="list-style-type: none"> - Maintenance of Tailings Storage Facility 1 (TSF1) and TSF2 - Rehabilitation and maintenance of TSF3 - Albian Creek protection - Construction of new building/shed at mine equipment shop and wash bay area - Water/sediment/fish tissue laboratory analysis and water quality improvement - Bathymetric survey of National Power Corporation at San Roque Dam <p>Air quality management and monitoring: purchase of gas/air monitoring device</p>	430,542,491

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
23	Philsaga Mining Corporation	<ul style="list-style-type: none"> - Reforestation: NGP, MFP - Nursery operation - Regular monitoring and sampling of air, water and noise - Manual desilting - Desilting of settling ponds - Road watering 	47,770,655
24	Platinum Group Metals Corporation	<ul style="list-style-type: none"> - Reforestation: NGP, MFP - Nursery operation - Settling ponds - Mechanical dredging - Manual desilting 	
25	Rio Tuba Nickel Mining Corp.	<p>The company implements its environmental programs through the Mine Environmental Protection and Enhancement Office which is divided into: Mine Rehabilitation and Reforestation Unit (MRRU) and Pollution Control Office (PCO). Each unit has a defined focus, as enumerated below</p> <p>MRRU</p> <ul style="list-style-type: none"> - Deforestation / Excavation. This covers surface preparation and rehabilitation of mined-out areas, reforestation of non-mineralized areas and commitment to NGP <p>PCO</p> <ul style="list-style-type: none"> - Siltation. Desilting of settling ponds and monitoring of SCSs - Dust. Watering haul roads regularly; putting up wind breakers - Soil Erosion. Construction of drainage systems; slope re-vegetation - Hazardous Wastes. Maintenance of Hazardous Waste Storage Building - Oil and grease contamination of water bodies. Construction of oil-water separators - Noise. Monthly noise level monitoring - Air and water contamination. Monthly air and water sampling and monitoring 	114,370,000
26	Shuley Mine Incorporated	<ul style="list-style-type: none"> - Desilting at settling pond in Tinago basin - Construction of settling ponds structure outside the natural creek and gully to restore and maintain the 40 meters buffer zone - Reforestation and propagation of nursery area 	-
27	Sinosteel Phils. H.Y. Mining Corporation	No MMT/ISHES report and details not included in the template.	No amount indicated in MMT/ISHES Report/template
28	SR Metals, Inc.	No MMT/ISHES report and details not included in the template.	64,399,469

No.	Company	Programs	Actual expenditure for the period ended 31 December 2014
29	Taganito Mining Corporation	Key areas identified that EPEP programs will focus on are the quality of land, air and water in and around the mine sites. To mitigate the impact on these 3 aspects of the environment, TMC conducts the following activities: - Land. Reforestation and rehabilitation - Air. During dry months, dust emissions are managed using water truck lorries deployed to spray the active haulage roads. - Water. Construction of siltation ponds.	345,037,174
30	TVI Resources Development Philippines, Inc.	No MMT/ISHES report and details not included in the template.	32,549,745

2. Discretionary social expenditures

Company activities related to CSR fall under the category of discretionary social expenditures. As thoroughly discussed in the second PH-EITI report, the Chamber of Mines of the Philippines has led this process consistent with its objective of developing CSR standards by which compliance and progress can be gauged and monitored.

In implementing its CSR activities, the companies are usually bound by its CSR guidelines depending on the needs of the communities involved.

The table below summarizes the CSR activities of participating companies, excluding those for PNOEC and PMDC, whose CSR activities are already discussed in the section above on state-owned enterprises. Participating entities that are not included in the list below had no CSR activities included in the template submitted.

Details of the CSR activities for the companies can be found in Annex U.

Table 57. CSR activities of participating companies, excluding PNOEC and PMDC

Company Name	Amount (US\$)	Amount (PHP)
1 BenguetCorp. Nickel Mines, Inc.	No amount indicated in the template. Please see Annex U for details.	
2 Cagdianao Mining Corporation	37,630	1,678,951
3 Carrascal Nickel Corporation	178,668	7,971,618
4 Citinickel Mines and Development Corporation	937,398	41,823,889
5 Filminera Resources Corporation	123,493	5,504,661
6 LNL Archipelago Minerals Incorporated	860,817	38,407,071
7 OceanaGold (Philippines) Inc.	2,156,097	99,180,465
8 Philsaga Mining Corporation	61,256	2,897,994
9 Rio Tuba Nickel Mining Corp.	2,256,858	100,694,243
10 Shuley Mine Incorporated	17,930	800,000
11 Taganito Mining Corporation	437,799	19,533,289

* US\$ amounts not included in the reporting template are computed from the PHP value using the average US\$:PHP foreign exchange rate for 2014 of US\$1:PHP44.617

National Greening Program

On 24 February 2011, former President Benigno Aquino III issued Executive Order No. 26 series of 2011, declaring an interdepartmental convergence initiative for a National Greening Program (NGP). The NGP serves as the current reforestation program of the government. The program was launched last 13 May 2011.

The NGP aims to:

- contribute in reducing poverty among upland and lowland poor households, indigenous peoples, and in coastal and urban areas;
- implement sustainable management of natural resources through resource conservation, production and productivity enhancement;
- provide food, goods and services such as timber, fiber, non-timber forest products, aesthetic values, air enhancement values, water regulation values and mitigate climate change by expanding forest cover that serve as carbon sink;
- promote public awareness as well as instill social and environmental consciousness on the value of forests and watersheds;
- enhance the formation of positive values among the youth and other partners through shared responsibilities in sustainable management of tree plantation and forest resources; and Impact Assessment of the NGP of the DENR: Scoping and Process Evaluation Phase, Economic Component Final Draft Report 13; and
- consolidate and harmonize all greening efforts of the government, civil society and the private sector.

The NGP is led by the DENR through the help of Department of Agriculture (DA) and Department of Agrarian Reform (DAR) thus constituting DA-DAR-DENR Convergence Initiative. The DA-DAR-DENR Convergence Initiative serves as the NGP Oversight Committee to be chaired by DENR.

The following are also involved in the implementation of NGP, presented together with their respective responsibilities:

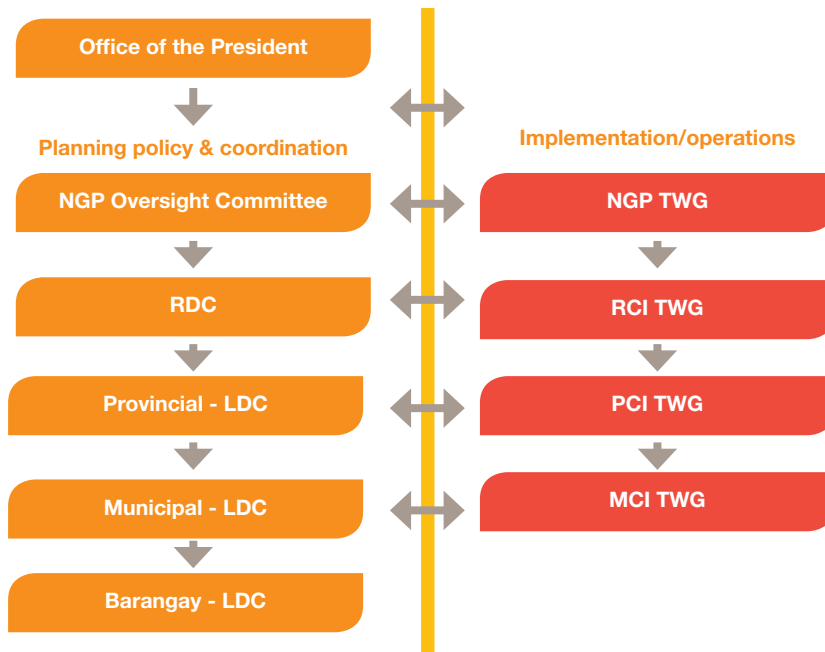
Table 58. Responsibilities of government agencies involved with NGP

Government agencies	Responsibilities
DA-DAR-DENR	<ul style="list-style-type: none"> • Establishment of nursery and production of seedling • Identification and preparation of site • Social mobilization • Tree planting • Monitoring and evaluation • Technical support and extension services • Provision of certified seeds of agricultural crops • Provision of access roads and trails to planting site • Provision of postharvest and processing facilities • Technical assistance in the development of product and its marketing
Department of Education/ Commission on Higher Education	<ul style="list-style-type: none"> • Mobilization of students • Establishment of nursery, seedling production and planting of trees • Information, education and communication • Provision of extension services • Monitoring and evaluation
Department of Social Welfare and Development	<ul style="list-style-type: none"> • Provision of Conditional Cash Transfer to NGP beneficiaries as defined • Social mobilization
DBM	Allocation of funds for all activities of the NGP
DILG	<ul style="list-style-type: none"> • Provision of transportation, security and fire protection amenities • Information, education and communication

Government agencies	Responsibilities
LGUs	<ul style="list-style-type: none"> • Establishment of nurseries and production of planting materials • Development of greening plan for urban and suburban areas • Lead the establishment of communal tree farms for firewood and other domestic uses • Construction of access roads and trails to the planting sites • Provision of medical support • Technical assistance and extension of services
Department of Health	Provision of transportation and medical support
Department of Public Works and Highways	<ul style="list-style-type: none"> • Provision of transportation in the hauling of seedlings and volunteer planters • Assistance in the construction of access roads and trails to the planting sites
Department of Transportation and Communications	<ul style="list-style-type: none"> • Provision of transport for participants • Provision of communication facilities
Department of National Defense	<ul style="list-style-type: none"> • Nursery establishment and seedling production • Site preparation • Provision of transportation support • Provision of security
Department of Science and Technology	<ul style="list-style-type: none"> • Development and transfer of appropriate technologies • Information, education and communication
Department of Justice	<ul style="list-style-type: none"> • Nursery establishment and production of planting materials • Provision of transportation
NCIP	<ul style="list-style-type: none"> • Mobilization of participation of indigenous peoples • Identification of sites for NGP inside ancestral domain • Supervision of forest protection activities inside ancestral domains
Technical Education and Skills Development Authority	Technical assistance in product development
Philippine Amusement and Gaming Corporation	Provision of funds for seedling production and other related activities of the NGP

All other government agencies, instrumentalities, including GOCCs, state universities and colleges and private sectors also provide full support and assistance to the NGP.

Figure 28. **Organizational structure of NGP**



Notes: RDC (Regional Development Committee) LDC (Local Development Committee) TWG (Technical Working Group)
 RCI (Regional Convergence Initiative) PCI (Provincial Convergence Initiative) MCI (Municipal Convergence Initiative)
 Source: NGP Website

The NGP aims to plant 1.5 billion trees in 1.5 million hectares of lands of the public domain for a period of six years from 2011 to 2016. This was amended on 12 November 2015, when President Aquino signed EO No. 193 series 2015, which extends the coverage of the program from 2016 to 2028. This was done since there is still an estimated 7.1 million hectares of unproductive, denuded and degraded forestlands.

In order to ensure the successful implementation of the NGP, the following strategies have been adopted:

- Social Mobilization
- Harmonization of Initiatives
- Provision of Incentives

The DA-DAR-DENR Convergence Initiative developed a centralized database and provide regular monitoring and timely report on the progress of the NGP. Also, the Convergence Initiative engaged the private sector, civil society and academe in the monitoring and evaluation of the NGP.

DENR adopts geo-tagging in the implementations of the government’s flagship of reforestation program. Geo-tagging is the process of attaching coordinates and other location-specific information to pictures and videos, usually with a handheld device such as a camera or mobile phone that is enables with global positioning system or GPS. The DENR has invested significant resources to purchase geo-tagging equipment and train over 300 forestry personnel on the use of the technology that utilizes GPS and web-based mapping to allow real-time monitoring of NGP locations, especially on getting accurate count of trees planted and their conditions.

As of December 2015, 9.2 million seedlings have been donated and 10.7 million seedlings have been planted by participating mining companies in the country. This covers an equivalent of 47,809 has. Details are in Table 59.

Mining Forest Program

(This section is prepared by Joylin Saquing of the PH-EITI Secretariat)

Introduction

The Mining Forest Program (MFP) commenced on 22 March 1989 as “Adopt-a-Tree, Adopt-a-Mining Forest Movement”, pursuant to DENR Administrative Order (DAO) No. 1989-22. This was renamed Mining Forest Program (MFP) in October 2005 through National Executive Committee Resolution No. 2005-02 to make it separate and distinct from the greening program or the Adopt-A-Mountain Program of the DENR that time.

DAO No. 1989-22 or the MFP mandates all mining companies (metallic/non-metallic or quarries, including those under exploration, development and operating stage, and those with Industrial Sand and Gravel Permits) throughout the country to conduct reforestation/afforestation within their permit/lease/contract areas. Priority areas are mined-out areas and other disturbed lands, areas surrounding the mine sites, bare or denuded areas not programmed for reforestation, idle private lands, (and today) including areas “adopted” by the companies as requested by the local government, community/non-government/people’s organizations, academe, religious organizations, etc.

When President Benigno C. Aquino III issued the EO No. 26 in 2011 declaring the implementation of NGP, former MGB Director Leo L. Jasareno also issued Memorandum Order No. 2011-3, which outlines in detail the NGP guidelines for the minerals sector. Under the new NGP guidelines, mining companies are mandated to implement reforestation on top of those implemented under their respective MFPs. To differentiate between the two mandatory reforestation programs, the MFP covers only reforestation activities within the boundaries of mining permit/contract/lease/tenement areas, while the NGP guidelines cover reforestation activities outside the confines of mining permit/contract/lease/tenement areas.

MFP activities are unique for every company depending on the land characteristics and land use categories. Per experience by mining companies, very limited species are said to thrive on mineral-rich areas, thus, Agoho, Acacia Mangium, Mahogany, high-value fruit trees and endemic species are the common planting materials used for reforestation. For initial rehabilitation, vines and grasses are used like vetiver and napier grasses. The establishment of herbal and ornamental garden is also encouraged in the MFP.

Generally, reforestation/rehabilitation is done in a progressive manner. This means that once the areas have been disturbed, reforestation/rehabilitation activities are immediately began to return it to its former land use (forestland).

The type of plantation to be established depends on the agreement reached between the community and the company. For agro-forestry areas, high-value fruit tree plantation is established, sometimes mixed with timber trees. For production and protection forest areas, indigenous trees are planted, including those that are regarded as critically endangered, vulnerable and exotic species.

Background Literature and Related Policies

Constitutional Framework

The 1987 Constitution of the Philippines provides that all lands of the public domain, waters, minerals, coal, petroleum and other mineral oils and all other natural resources are owned by the State following the principle of “Regalian Doctrine” (Article 12, Section 2). The management and utilization of all natural resources of the country shall be under the full control and supervision of the State.

Basic Forestry, Mining and Environmental Laws

The Revised Forestry Code of the Philippines (PD No. 705 of 1975) provides the policy of the State to protect, develop and rehabilitate forest lands to ensure their continuity in productive conditions (Section 2). Section 37 of the above-mentioned code clearly provides that the State should take all measures to “protect the forest resources from destruction, impairment and depletion.” Specifically, mining operations in forest lands shall be regulated and conducted with due regard to the protection, development and utilization of other surface areas and resources (Section 47).

Current laws restrict mining in certain areas. Republic Act (RA) No. 7586 (National Integrated Protected Areas System Act of 1991) strictly prohibits mining activities within protected areas. Any exemption from this prohibition will have to be approved by enactment of an amending law by Congress. The enactment of RA No. 7942, the Philippine Mining Act of 1995 has created a new paradigm in the mining industry to “promote their rational exploration, development, utilization and conservation through the combined efforts of government and the private sector in order to enhance national growth in a way that effectively safeguards the environment and protect the rights of affected communities.

Chapter III, Section 19 of RA No. 7942 excludes any form of mineral extraction in old-growth or virgin forests, proclaimed watershed forest reserves, wilderness areas, mangrove forests, mossy forests, national parks, provincial/municipal forests, tree parks, greenbelts, game refuge, bird sanctuaries and areas proclaimed as marine reserves/marine parks and tourist zones.

RA No. 7942 does not advocate the promotion of the mining industry at the expense of the environment. The law is explicit about the importance of achieving the industry’s national development goals and targets with concomitant responsibility to safeguard the environment. Under this law every contractor is required to undertake environmental protection and enhancement programs covering the affected areas throughout the period of the mineral permit. Such environmental protection and enhancement programs must be incorporated in the work program which the contractor shall submit as an accompanying document to the application for a mineral permit (Section 69).

Both forestry and mining projects are required to submit Environmental Clearance Certificate (ECC) in compliance with PD No. 1586 prior to commencement of operation. However, an ECC is not required during the mineral exploration period of a mineral agreement, financial or technical assistance agreement, and/or an exploration permit (Section 70, RA No. 7942).

Progressive rehabilitation of the mine-affected areas is clearly required at every stage of the mining operation. This is clearly stipulated in DAO No. 2010-21, the Revised Implementing Rules and Regulations of RA No. 7942. This is in accordance with the approved Environmental Protection and Enhancement Program (EPEP) (Section 169). The EPEP includes the description of the post-mining land use for all disturbed areas and all necessary activities to complete all the required rehabilitation works in the mining site. The program shall include implementation schedules, system of environmental compliance guarantees, monitoring, reporting and cost provisions.

Conduct of researches to address unproven technologies for impact control and/or rehabilitation is also provided in the program. The program is reviewed and if necessary revised if there is any change in the approved environmental protection, enhancement and rehabilitation strategies.

Compliance with the EPEP is assessed by the Multipartite Monitoring Team (MMT) composed of representatives from the DENR, concerned local communities and indigenous peoples and concerned NGOs (Section 185, DAO No. 2010-21).

An agreed Final Mine Rehabilitation and/or Decommissioning Plan (FMRDP) is required prior to the commencement of any mining activity (Section 187, DAO No. 2010-21). The required FMRDP provides details of the final mine closure plan prior to the relinquishment of the affected areas back to the management responsibility of the government and concerned communities. Satisfactory

accomplishment of the approved FMRDP will serve as basis whether the company made good on its commitment to restore the affected areas back to a stable, functional and productive state to as near as possible to its original conditions.

The law is, thus, very clear that the proper management and rehabilitation of the environment is of the highest priority in all forestry and mining activities in the country.

Other related studies

The World Bank (Hubo and Lewis, 2003) identified MFP as one of the “public sector instruments” being used by the government to strengthen CSR in the Philippine mining sector.

According to their study, the public sector roles being played by the government largely have been focused on “mandating” and “endorsing” corporate behavior, and that the “partnering” and “facilitating” roles of the government need to be strengthened. “Mandating” roles refers to laws and regulations and penalties to regulate business operations; “endorsing” role refers to showing support for CSR performing companies through publicized awards; “partnering” role refers to combining public resources with those of business to leverage complementary resources; “facilitating” role refers to awareness raising, processes of stakeholder dialogue, etc.

Program Guidelines

The objectives of the MFP, among others, are the following:

- To conduct reforestation/rehabilitation/afforestation in mined-out areas and other mining disturbed lands, areas surrounding the mine sites, bare/denuded areas not programmed for reforestation, idle private lands, as well as other areas “adopted” by the companies;
- To establish forest that will serve as habitat for wildlife and increase biodiversity;
- To promote effectively the protection of the remaining and/or available natural forest as source of potential endemic species for scientific research purposes; and
- To promote voluntarism, the “bayanihan” spirit and self-reliance among people in the restoration and protection of forest lands.

Per DAO No. 1989-22, the area to be adopted as a mining forest must satisfy the following criteria:

1. It must be covered by mining claim/s owned by, assigned to or under an operating agreement with the participant; provided that in the case of mining claim/s assigned to or under an operating agreement with the participant, there shall be a written permission from the claimowner/s stating that no objection is being posed to the area’s participation in the MFP; provided, further, that in the case of mining claim/s not owned by, assigned to or under an operating agreement with the participant, a written permission by the claimowner and operator to the same effect shall likewise be presented;
2. It must be a denuded/sparsely vegetated area, or preferable, a mined-out or mine wastes/tailings-covered area;
3. It must have a minimum area of five hectares and not exceeding 5,000 hectares in one contiguous group of mining claims; and
4. In the case of an area with surface ownership, there shall be a written permission of the surface owner to the same effect.

As part of the greening program of the DENR, MFP sites include those outside the mining tenement area, bare or denuded areas not programmed for reforestation, idle private lands, as well as other areas that can be “adopted” by the companies as requested by the local government, community/non-government/people’s organizations, academe, religious organizations, etc.

Upon submitting the required documents, the concerned Community Environment and Natural Resources Office (CENRO) shall process the application for accreditation, based on the qualification

criteria for area, participant and tree/seedling species. After processing, the CENRO shall endorse the application to the concerned Regional Executive Director (RED), through the Provincial Environment and Natural Resource Office (PENRO), for accreditation.

The participant is required to plant the qualified trees/seedlings on the designated area and make the necessary proper identification of their adoption. After this, the participant is required to undertake the necessary maintenance of the planted trees/seedlings and, if possible, plant more trees for the duration of MFP, which is equivalent to the duration of mineral permit.

MFP participants are entitled to the following benefits:

- Qualification as participant to the “Best Mining Forest” contest; the winners of which will be recipients of a Presidential Award to be given by the President of the Philippines;
- Inclusion to the reforestation programs of the DENR such as the NGP;
- Free technical assistance in forest maintenance by the DENR; and
- Expenses for establishing and maintaining the adopted forest are allowed to be charged as operating expenses.

MFP is integrated in the Environmental Protection and Enhancement Program of operating mining companies or Environmental Work Program for companies with approved exploration permits with fund support for the entire period of mine life.

Results and Discussion

MFP Implementation

Since MFP commenced in March 1989, about 23,927.56 hectares of disturbed mining areas have been planted with 25,959,420 million various seedlings. As of December 2015, the survival rate of the trees planted is 95.31% or around 24,740,789 trees.

DAO No. 1989-22 provides limited guideline on MFP implementation, declaring only those covered by mineral permit/lease/contract areas as qualified MFP areas.

Criteria for areas to be adopted under MFP have been diversified. As part of the greening program of the DENR, today, MFP sites include those outside the mining tenement area, bare or denuded areas not programmed for reforestation, idle private lands, as well as other areas that can be “adopted” by the companies as requested by the local government, community/non-government/people’s organizations, academe, etc.

At present, MFP not only involves establishing tree plantation but also includes establishing nursery, wildlife rescue center, eco-farm, herbal garden, fish pond, vermicomposting facility (that provide organic fertilizer in the production and planting of seedlings). To promote solid waste management and strengthen community involvement, some nurseries such as in an MFP area in Agusan del Norte are built using recyclable plastic bottles for roofing, which are collected from the community, giving school supplies for children in return.

MFP can also include adopting other programs/projects such as the following: “adopt-a-school” eco-park, “adopt-a-river” program, mangrove rehabilitation, watershed management, water source reforestation/protection program and other conservation measures, which can benefit not only the directly involved but the whole neighboring communities as well. These are done in partnership with the barangay local government and people’s organizations.

MFP Monitoring

DAO No. 1989-22 has no specific guideline for monitoring MFP. As mentioned above, MFP is integrated in EPEP of companies (based on Section 169 of DAO No. 2010-21). Thus, MFP has been

included (together with EPEP) in the environmental components being monitored quarterly (or more frequently as may be deemed necessary) of the MMT, as mandated by Section 174 of DAO No. 2010-21. We can observe here that DAO No. 1989-22 is linked to DAO No. 2010-21 in terms of monitoring. The absence of monitoring guideline in DAO No. 1989-22 is complemented by provisions specified in DAO No. 2010-21.

MMT is a multi-sectoral monitoring group consisting of representatives from the following (as mandated by Section 185 of DAO No. 2010-21 and Section 4 of DAO No. 2015-02):

1. Environmental Management Bureau - Regional Office and MGB Regional Office as the Chair and co-Chair of the MMT, respectively
2. DENR Regional Office
3. Company
4. Local community
5. Indigenous group, if any
6. Environmental non-government organization

Stakeholder Involvement

MFP is being implemented by companies through co-management scheme or Community-Based Forest Management strategy to involve and empower local residents/communities and give them the right and responsibility to directly manage and benefit from the MFP. Memorandum of Agreement (MOA) is implemented between the company and the participating community members/people's organizations to formally delineate the responsibilities of both parties.

Presented below are the primary and secondary actors involved the in the MFP implementation, as well as their duties and responsibilities:

Primary actors:

1. Company
 - Provide the financial assistance in the MFP establishment and development process
 - Provide assistance and supervision in the site preparation and planting activities
 - Provide all the necessary seminars/trainings to equip participating communities in the management of forest and resources
 - Provide the planting materials (forest tree and/or high-value fruit tree seedlings)
 - Conduct regular internal monitoring of MFP progress (as MMT member)
 - Conduct an experimentation of various species that will best thrive in the area
 - Conduct information, education and communication (IEC) to stakeholders in the form of publication, public dissemination, lectures, etc.
2. Mines and Geosciences Bureau Regional Office (MGB RO)
 - Conduct regular monitoring of company's MFP implementation and progress (as the head agency of the MMT)
 - Provide guidance in the implementation of MFP and compliance with relevant environmental laws, rules and regulations.

- Serve as company's partner in the IEC campaign on reforestation and biodiversity importance
- Conduct seminars and trainings among company personnel/participating communities (this may depend on or may be limited by the technical capacity/professional background of the MGB personnel)

Since the MGB RO conducts the monitoring and evaluation, companies become more compliant in the MFP implementation. MGB RO is more effective in the monitoring since the scope of their work is concentrated on the mining community only. Areas that need to be improved by the company, as well as the corresponding solution, are easily identified. However, due to limited MGB manpower with personnel mostly coming from mining engineering background and other engineering fields, guidance provided to companies are more on how to improve compliance with relevant laws, rules and regulations. MGB personnel with forestry background who conduct monitoring of MFP implementation can provide technical recommendations for MFP improvement.

3. Civil Society/Local Community

Local residents/land owners/upland farmers (organized/unorganized) are the beneficiaries who are directly involved in the MFP implementation. They are given proper trainings and lectures (by PENRO/CENRO/academe) on nursery and plantation establishment and care and maintenance of the plantation. These preparations set them into positive perception towards the importance and value of the forest. Communities participate in the implementation of MFP by providing counterpart activities (outlined below), which would later on develop in them a sense of responsibility and ownership:

- Preparation of the site and establishment of tree plantation
- Care and maintenance of MFP sites which include pest management, regular weeding, cultivation, mulching, watering, etc.
- Implementation of protection measures in and around the area being developed and protect the planted seedlings from any destructive agents such as animals and fire; protection of established plantation against timber poachers
- Participates in the conduct of monitoring as MMT member
- Full control over the reforested area is turned over to the community beneficiaries after certain period, which will depend on the agreement with the company.

While involving local communities in forest maintenance and protection, they are also given opportunities to utilize the land for food production (open areas may be used for intercropping cash crops/high-value fruit trees). When fruit trees/cash crops grow into maturity and are ready to be utilized, beneficiaries can harvest the resources. On the other hand, in case of harvesting timber or forest trees, they are subject to compliance on the legal requirements from the regulatory agencies of the government (i.e. application of permit from the Office of the DENR through the CENRO to cut timber/utilize the resources from its area).

Through MFP, local residents/community members are provided with employment and income-generating opportunities since fruits/crops harvested are owned by them. Seedlings are donated to the participating community members. The benefits that they receive encourage them to support the objectives of the MFP. Through MFP, local residents/community members learn to see the value of their environment (as a source of livelihood) and to properly manage, protect and maintain it – to sustain their means of livelihood.

Secondary Actors

1. Academe

- Conduct baseline studies of mother trees and identification of wildlife species from the natural forest. Data gathered serves as the baseline for the conduct of reforestation activities and to prepare management plans.
- Conducts separate monitoring which focuses on scientific/technical aspects (growth rate, soil quality, pests/disease identification and management)
- Facilitates technology transfer among company personnel, people's organizations and local residents. They provide seminars and trainings on appropriate soil conservation measures, seedling propagation, planting techniques and forest protection

2. Department Regional Office through PENRO and CENRO

- Provide assistance in the identification of possible reforestation area outside the mining tenement area
- Like the academe and CENRO, PENRO may provide trainings to the company personnel, people's organizations and local residents who will be in charge of the maintenance and protection of MFP areas.
- Conduct regular internal monitoring of MFP progress (as MMT member). Since PENRO and CENRO are more equipped with technical knowledge on forestry, they can better provide guidance in the improvement of MFP.
- Enforce Presidential Decree 705 or The Forestry Reform Code of the Philippines.

3. LGUs

- Together with PENRO, provide assistance in the identification of possible reforestation area outside the mining tenement area

4. Deputized forest guards or Deputized Environment and Natural Resource Officers (DENRO)

- DENROs may consist of barangay officials and local residents, police officer and members of the Armed Forces of the Philippines who have undergone training with regard to forest protection. DENROs are deputized by the Regional Executive Director of DENR. Upon deputation, DENROs are given police power to implement Presidential Decree 705 or The Forestry Reform Code of the Philippines.

5. National Executive Committee

- To further encourage best practices, the Best Mining Forest Award is being given every year as recognition to outstanding implementers of MFP. The DENR created the National Executive Committee (NEC) in 1989 through Special Order No. 293. NEC consists of representatives of DENR offices, which include Forest Management Bureau, Environmental Management Bureau, Protected Areas and Wildlife Bureau and Land Management Bureau. The role of NEC is limited only to the management of the Mining Forest Contest. Together with the MGB, NEC sets the pertinent rules and regulations, formulates the criteria and determines the awardees based on set criteria: development plans, nursery operations, extent of planted area, maintenance and protection, biodiversity conservation and environmental factors. The annual field validation conducted by NEC representatives is an opportunity for mining companies to be given technical recommendations/guidance on how to improve MFP implementation.

6. Other organizations: Environmental Management Bureau Regional Office and environmental non-government organization
 - Participates in the conduct of monitoring as MMT members

Summary, Conclusion and Recommendation

It is important to note that monitoring is conducted by a multi-sectoral team, a mechanism which strengthens stakeholder participation especially for those coming from the local community. MMT is also interdisciplinary, which enables MFP implementation to be evaluated from different perspectives.

The co-management scheme for MFP implementation, formalized through MOA, also strengthens stakeholder involvement. It empowers local community beneficiaries by giving them the technical capacity and the right and responsibility to directly manage and benefit from the MFP. MOA between the company and beneficiaries formally delineates their roles/duties and ensures that the commitments of both parties will be fulfilled. This would also help develop in the beneficiaries a sense of ownership and responsibility. Their direct participation in the MFP implementation would also set them into positive perception towards the importance and value of the forest. One concern, however, is that not all local community beneficiaries are organized groups. They may also include individuals such as private landowners with mineral lease agreement with the company.

Hurdles in the MFP implementation may come from the following: becoming lax in the monitoring on the part of the company and MGB and other government agencies, lack of commitment to participate among the local community beneficiaries, lack of interest to participate because of the community's misconception on mining and the environment. Community beneficiaries may also resort to "ningas kugon" if the MFP, in their perspective, has lost its economic value (if it no longer serve as means of livelihood). "Ningas kugon" may also be attributed to their changing priorities (some would prefer to prioritize farming or any work that can provide immediate compensation/ food). In this case, the company may need to intensify its IEC. The sustainability of MFP will eventually rest in the commitment of the beneficiaries to maintain it.

There is a need to update DAO No. 1989-22 (MFP), harmonize it with DAO No. 2010-21 (Implementing Rules and Regulations of the RA No. 7942) and adapt it to present MFP status of implementation of mining companies. Guidelines on the criteria for declaring MFP areas, implementation and monitoring are outdated and no longer applicable compared to how companies are implementing MFP today. The spatial range of areas to be considered under MFP today has widened and is no longer limited to areas covered by mineral permit; it now includes various components as discussed above.

Table 59. **NGP and MFP accomplishments as of December 2015**

	2011-2013			2014			2015			Sub-Total in Hectare (NGP + MFP)
	Seedlings donated	Seedlings planted	Equivalent in Hectare	Seedlings Donated	Seedlings Planted	Equivalent in Hectare	NGP (Hectare)	MFP Seedlings planted	Equivalent in Hectare	
CAR	451,601	605,748	2765.260	20,035	272,939	2,035.670	0.000	102,392	275.000	275.000
I	460,100	183,336	2336.230	241,224	-	685.120	26.060	52,958	77.340	103.400
II	1,520,854	291,775	4039.330	224,289	17,294	410.956	21.630	79,069	80.540	102.170
III	282,326	716,600	1433.200	83,965	119,540	239.080	25.959	13,473	12.080	38.039
IVA	205,435	776,169	2089.820	150,748	363,700	1,027.900	0.000	24,601	37.828	37.828
IVB	434,579	684,690	2838.630	2,500	19,858	75.555	69.128	133,344	169.896	239.024
V	145,766	639,103	2843.270	15,467	2,329	49.350	0.000	-	0.000	0.000
VI	41,000	465,124	903.140	5,000	6,492	19.200	50.800	-	0.000	50.800
VII	1,017,287	787,446	3863.480	221,425	131,769	652.070	96.000	67,987	119.934	215.934
VIII	230,565	95,209	1088.900	2,542	56,157	100.360	8.896	-	0.000	8.896
IX	418,050	479,755	1794.240	-	55,400	5.000	0.000	29,238	15.660	15.660
X	310,899	245,456	1785.920	384,858	1,491	783.380	28.410	165,145	359.140	387.550
XI	252,582	146,707	1576.510	46,686	10,929	96.025	0.000	22,970	33.140	33.140
XII	365,164	541,281	2231.060	7,151	7,190	26.680	0.000	-	0.000	0.000
XIII	1432,174	824,557	6901.690	245,820	86,202	652.837	0.000	1,380,934	951.850	951.850
Total	7,568,382	7,482,956	38490.680	1,651,710	1,151,290	6,859.183	326.883	2,072,111	2,132.408	2,459.291

2. Quasi-Fiscal Expenditures

Quasi-fiscal expenditures pertain to arrangements whereby SOEs undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, among others, outside of the national budgetary process.

The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures. As discussed in the section on state participation in the extractive industries, PNOC EC and PMDC undertake CSR and social expenditures, but as of 2014, have no quasi-fiscal expenditures or activities.

V. Others

Information on the extraction process flow and a description of regulatory mechanisms and payments made at each stage of the process

Gold, silver, copper, nickel and chromite

Description	Process	Taxes and fees
<p>Exploration is the process of searching for valuable minerals and quantifying them. It enables the mining company to determine whether there is a feasible deposit for mining development and production. It involves drilling to discover what is below the surface. The methods used for exploration vary at different stages of the process depending on the size of the area being explored, as well as the density and type of information sought. This stage involves comprehensive technical and socio-economic analysis to determine whether or not mining is economically feasible. It includes detailed assessments of geoscientific and engineering operational factors including mine design infrastructure availability, assessments of environmental impacts and stakeholder issues influencing a project's social license to operate and detailed financial analysis of costs and revenue projections and market assessment.</p>	<p>Exploration</p> <p>▼</p>	<p>Annual local taxes paid to LGUs from incorporation:</p> <ul style="list-style-type: none"> Local business tax/ registration fees Real property tax Other taxes (based on the applicable local government code imposed) <p>Licenses and permits paid to MGB</p> <ul style="list-style-type: none"> Mineral agreements (can be MPSA, Joint Venture Agreement, or Co-Production Agreement) EP FTAA Mining permits (e.g. small-scale mineral processing permits, etc.) <p>Free and Prior Informed Consent (FPIC) expenditure</p>
<p>The development stage includes pre-construction and mine construction work and commences after all necessary permits and approvals have been obtained. Significant environmental requirements apply at this stage. This also includes mining which is broadly divided into two categories: surface mining, which entails removing the vegetation, top soil, and rock above the mineral deposit, removing the deposit, and reclaiming the affected land for postmining land use, and underground mining, which is used when the deposit is too deep for surface mining or there is a restriction on the use of the surface land.</p>	<p>Development and Construction</p> <p>▼</p>	<p>FPIC expenditures are based on field-based investigation (FBI) fees that were incurred during the FPIC process with the concerned indigenous cultural community(ies). These are remitted or paid by the proponent (company) to a trust account established by the NCIP Regional Offices prior to starting any mining operation in an ancestral domain.</p>

Description	Process	Taxes and fees
<p>The process of getting ore out of the ground. It involves breaking rocks for excavation.</p> <p>Drilling is the process of construction of a mining installation of cylindrical shape, such as a hole, blasthole, or mine shaft, by crushing the rock at the mine face, and blasting involves shattering, breaking, or splitting of rock or other material by the discharge of an explosive placed within or in contact with it.</p> <p>After mineral ores are subjected to further processing, these are distributed to where they are needed or to customers.</p>	<p>Utilization/ Commercial Operation</p>	<p>Excise Tax on Minerals</p> <p>The Tax Code imposes an excise tax on all metallic minerals, a tax of 2% based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation.</p> <p>Within sixty (60) days before the date of actual shipping, the MGB and BIR shall conduct the validation of the grade, volume and value of the mineral ores to be exported. The result of the validation shall be the basis of the computation of the 2% excise tax on minerals and issuance of the Mineral Ore Export Permit.</p> <p>Royalties on mineral reservation</p> <p>The Contractors/Permit Holders/Lesseees shall pay royalties, which shall not be less than 5% of the market value of the gross output of the minerals/mineral products extracted or produced from the mineral reservations exclusive of all other taxes.</p> <p>This is paid on a monthly basis to MGB.</p> <p>Royalties for IPs</p> <p>The Contractors/Permit Holders/Lesseees shall agree on a royalty payment with the concerned indigenous cultural community(ies) which may not be less than 1% of the gross output. As agreed, expenses for community development may also be charged against said royalty.</p> <p>This is paid directly to the concerned indigenous cultural community(ies) and monitored by NCIP.</p> <p>Mine Waste and Tailings Fees</p> <p>The basic fees are P0.05/MT of mine waste produced and P0.10/MT of mill tailings generated from the mining operations, except where such mine waste and mill tailings were utilized in specific manners identified by MGB per DEN Administrative Order (DAO) No. 2005-07.</p> <p>This shall be paid to MGB semiannually from each operating contractor/lessee/permit holder based on the amounts above. Such will be accrued to the Mine Waste and Tailings Reserve Fund of the government.</p>
<p>Rehabilitation of the mining area to reverse any adverse effect a mining operation or activity may cause</p>	<p>Decommissioning/ Final mining stage/ Rehabilitation</p>	<p>Mine Rehabilitation Fund</p> <ul style="list-style-type: none"> A Mine Rehabilitation Fund (MRF) shall be established and maintained by each operating Contractor/Permit Holder as a reasonable environmental deposit to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the EPEP during specific project phase. This comes in two forms: <ul style="list-style-type: none"> (a) Monitoring Trust Fund - amount to be determined by the MRF Committee which shall not be less than PHP150,000 cash. (b) Rehabilitation Cash Fund - shall be equivalent to 10% of the total amount needed to implement the EPEP or PHP5,000,000, whichever is lower. The MRF shall be deposited as a Trust Fund in a Government depository bank and monitored by MGB.

Description	Process	Taxes and fees
	Decommissioning/ Final mining stage/ Rehabilitation	Final Mine Rehabilitation and Decommissioning Fund (FMRDF) <ul style="list-style-type: none"> FMRDF shall be established by each operating Contractor/Permit Holder to ensure that the full cost of the approved final mine rehabilitation and decommissioning plan (FMR/DP) before the end of the operating life of the mine. Annual cash provisions in a government depository bank is required based on the cost of implementing the FMR/DP multiplied by percentage required per IRR. This is monitored and reviewed by MGB at least every two years.

Aside from the above, additional taxes and fees are required to be paid by mining corporations based on applicability, as listed below. Chapter 2, *Financial Reconciliation* provides additional details on these taxes, fees and mandatory expenditures.

Regulating government agency	Taxes, fees and mandatory expenditures
BOC	<ul style="list-style-type: none"> Customs duties and fees (i.e. excise taxes on imported goods) VAT on imported materials and equipment
BIR	<ul style="list-style-type: none"> Corporate income taxes Final withholding taxes Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	<ul style="list-style-type: none"> Annual Environmental Protection and Enhancement Program (AEPEP) Social Development and Management Program (SDMP) Safety and Health Program (SHP)

Oil and gas

Description	Process	Taxes and fees
<p>Petroleum exploration is a scientific process which involves the search for hydrocarbon deposits in the earth's sedimentary basin. The tools in petroleum exploration includes geological surveys and geophysical prospecting (e.g., magnetics, gravity, geochemical and seismic) to locate/determine prospects and leads that eventually lead to exploratory drilling</p>	Exploration (Upstream)	Application fee for the 5th PECR (DC 2014-02-2005 Annex An, PECR Guidelines for Petroleum Section I.4) <p>A non-refundable application fee of PHP200,000 per area shall be paid to the DOE upon submission of the application and its supporting documents</p> One-time payments to DOE: <ol style="list-style-type: none"> Processing Fee (DOE Schedule of Fees and Charges in compliance with EO 197, Series of 2000) – PhP 0.48/hectare Signature bonus (PECR5 Model Petroleum Service Contract Clause 20.01) – minimum US\$50,000 payable to DOE within sixty (60) days from effective date of the contract and remitted to the Philippine National Treasury Developmental assistance (PECR5 Model Petroleum Service Contract Clause 17.04) – minimum of USD60,000 payable to DOE within sixty (60) days upon written request of the department





Description	Process	Taxes and fees
<p>A hole is drilled straight down into the ground to determine whether the delineated geologic structure contains hydrocarbons. A special drilling mud is used to cool the drill bit, carry the rock cuttings back to the surface and also to provide stability to the walls of the borehole. The well configuration is composed of different sizes of holes and casings/tubings. The well can also be vertical, deviated or horizontal.</p>	<p>Exploration (Upstream)</p>	<p>Performance Guarantee (PECR Model Petroleum Service Contract Clause 17.04)</p> <p>A performance bond of sufficient amount not less than the minimum expenditure commitment for that particular contract year shall be posted by the company in favor of DOE conditioned upon the faithful performance of the company of its exploration and development activities under its contract. It shall be established within sixty (60) days after the effective date of the contract or upon implementation of its succeeding sub-phases where amount can be subsequently reduced by the company upon faithful compliance.</p>
<p>This process involves the drilling of one or more wells when hydrocarbons are found in significant/sufficient quantity that is economically feasible to develop.</p>	<p>Drilling</p>	<p>No direct fees paid at this stage.</p>
<p>This stage marks the start of commercial production. It involves extracting the hydrocarbons and separating the mixture of liquid hydrocarbons, gas, water, and solids, removing the constituents that are non-saleable, and selling the liquid hydrocarbons and gas.</p>	<p>Field development</p>	<p>Rental fees (PECR Model Petroleum Service Contract Clause 5.04)</p> <p>After petroleum in commercial quantity is discovered during any sub-phase of the exploration period or any extension thereof, the contractor is allowed to retain 12.5% of the initial contract area in addition to the delineated production area after the exploration period. Rental fees shall be applied accordingly for PHP100 per hectare or a fraction thereof. This is paid annually to the DOE.</p>
<p>After natural gas is withdrawn from producing wells, it is sent to gas plants for processing. Gas processing requires a knowledge of how temperature and pressure interact and affect the properties of both fluids and gases. Almost all gas-processing plants handle gases that are mixtures of various hydrocarbon molecules. The purpose of gas processing is to separate these gases into components of similar composition by various processes such as absorption, fractionation and cycling. The liquid hydrocarbon/crude oil is sent to refineries for distillation, etc.</p>	<p>Production and Separation</p>	<p>Discovery bonus (PECR Model Petroleum Service Contract Clause 20.02)</p> <p>The Contractor shall be required to pay US\$300,000 as discovery bonus once commercial production is reached. This is a one-time payment to the DOE, within 60 days from the start of commercial production.</p> <p>Production bonus (PECR Model Petroleum Service Contract Clause 20.03 to 20.05), the Contractor shall be required to pay production bonus, amounting from US\$500,000 to US\$2,000,000, which is based on the average rate of production over a period of 60 days. This is a one-time payment to the DOE on the first occasion that the e shall be produced and sold from the contract area.</p>

Description	Process	Taxes and fees
<p>Rehabilitation of the area to reverse any adverse effect the oil & gas operation or activity may cause</p> <p>Site abandonment involves plugging the well(s) and restoring the site when a recently-drilled well lacks the potential to produce economic quantities of oil or gas, or when a reservoir is no longer economically viable to produce.</p>	<p>Decommissioning/ Final mining stage/ Rehabilitation</p>	<p>Abandonment fund (PECR Model Petroleum Service Contract Clause 7.01(h))</p> <p>The Company must include in its Overall Development Program as approved by DOE, a provision for abandonment and payment of abandonment costs. Annual provision must be accrued over the productive life of the oil fields and/or gas fields, where the amount is based on the estimated abandonment and decommissioning costs of the oil fields and or gas fields in the contract area. This shall commence from the start of commercial production and reviewed annually for any necessary adjustments in the work program.</p> <p>For this purpose, a sinking fund in the form of a trust account with a reputable commercial bank in the Philippines in favor of DOE shall be established and maintained by the company. A certification from the concerned bank must be submitted to the DOE for monitoring.</p>

Aside from the above, additional taxes and fees are required to be paid by oil and gas corporations based on applicability, as listed below. *Chapter 2, Financial Reconciliation* provides additional details on these taxes, fees and mandatory expenditures.

Regulating government agency	Taxes, fees and mandatory expenditures
BOC	<ul style="list-style-type: none"> • Customs duties and fees (i.e. excise taxes on imported goods) • VAT on imported materials and equipment
BIR	<ul style="list-style-type: none"> • Final withholding taxes • Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	<ul style="list-style-type: none"> • AEPEP • SDMP • Safety and Health Program
DOE	<ul style="list-style-type: none"> • Data fees • Training of Filipino personnel • Training of DOE employees • Scholarships and educational assistance

Coal

Description	Process	Taxes and fees
<p>Coal mining, which extracts coal from rock formations, is accomplished either by surface mining or underground method, depending on the results of exploration activities that determine the depth, thickness and width of coal deposits, as well as the strike and dip.</p> <p>Surface mining is employed for shallow coal deposits and involve the removal of the overburden to expose the coal seam to be mined. Excavators and other heavy equipment are used to mine the coal. Mine rehabilitation follows after coal mining is completed. The mined out areas are restored and enhanced from the original condition usually by reforestation.</p> <p>Underground mining is applicable to extract coal that are deeply-seated. Mine openings such as shaft, adit, levels and drift are driven to reach the coal deposits for extraction. The coal is mined using breakers and conveyed underground by mine cars. Miners, equipment and supplies are brought to the underground via mine cage powered by electric motor. Upon completion of mining, all openings are completely sealed and rehabilitated to improve the condition of the area and for safety purposes.</p>	<p>Coal Mining</p> 	<p>Annual local taxes paid to LGUs from incorporation:</p> <ul style="list-style-type: none"> • Local business tax/ registration fees • Real property tax • Other taxes (based on the applicable local government code imposed) <p>One-time payments to DOE:</p> <ol style="list-style-type: none"> i. Application Fee for Philippine Energy Contracting Round (PECR) - a non-refundable application fee of PHP50,000 per area shall be paid to DOE upon submission of the application and its supporting documents. ii. Signature bonus - cash payable to DOE (Model Coal Operating Contract Clause 20.01) within thirty (30) days from effective date of the contract (amount to be agreed) <p>Performance Guarantee</p> <p>A performance bond of sufficient amount not less than the minimum expenditure commitment for that particular contract year shall be posted by the company in favor of DOE conditioned upon the faithful performance of the company of its exploration and development activities under its contract. It shall be established within 30 days after the effective date of the contract or upon implementation of the succeeding contract year where amount can be subsequently reduced by in accordance with the obligations as approved in the Work Program.</p>
<p>Coal processing is done to remove impurities from extracted coal using water. The water used in processing are allowed to flow and trapped by a settling pond to prevent the water to find its way to river systems or the sea.</p>	<p>Coal Processing</p> 	<p>Excise Tax on Minerals</p> <p>The Tax Code imposes an excise tax on coal and coke, amounting to PHP10 per metric ton of coal produced.</p> <p>This is paid to the BIR, 15 days after the end of the calendar quarter when the products were removed.</p>
<p>Distribution of coal to where they are needed or to customers.</p>	<p>Distribution and sales</p> 	<p>Government share from coal production</p> <p>The government share shall amount to the balance of the gross income after deducting all operating expenses, operator's fee and special allowance, as provided in the contract</p> <p>This is paid to the DOE within 60 days following the end of each calendar quarter</p>
<p>Rehabilitation of the area to reverse any adverse effect the coal operation or activity may cause.</p> <p>Site abandonment involves plugging the well(s) and restoring the site when a recently-drilled well lacks the potential to produce economic quantities of coal, or when a production well is no longer economically viable.</p>	<p>Decommissioning/ Site abandonment/ Rehabilitation</p> 	<p>Abandonment fund</p> <p>No rehabilitation fund required.</p>

Aside from the above, additional taxes and fees are required to be paid by coal corporations based on applicability, as listed below. *Chapter 2, Financial reconciliation* provides additional details on these taxes, fees and mandatory expenditures.

Regulating government agency	Taxes, fees and mandatory expenditures
BOC	<ul style="list-style-type: none"> • Customs duties and fees (i.e. excise taxes on imported goods) • VAT on imported materials and equipment
BIR	<ul style="list-style-type: none"> • Final withholding taxes • Other annual payments to the BIR, as applicable
PPA	Wharfage fees and other port tariffs
MGB	<ul style="list-style-type: none"> • AEPEP • SDMP • Safety and Health Program
DOE	<ul style="list-style-type: none"> • Data fees • Training of Filipino personnel • Training of DOE employees • Training and institutional development assistance • Assistance in kind

Procedures as to and treatment of extractive operations in ancestral domains

As mentioned in Section I, *Legal and institutional framework*, under *Contracts*, the relevant IP processes have been described in detail in the first PH-EITI report. This includes a discussion on the legal and regulatory framework governing extractive operations in ancestral domains, the concept of FPIC, and the intricacies of the Memorandum of Agreement (MOA) between the IPs and the companies operating within ancestral domains. This portion focuses on updates and additional information on the process.

The application process for permits to operate in ancestral domains is categorized into two: Extractive/Intrusive Large Scale Activities (EILSA) and Non-Extractive Small-Scale Activities. Only EILSA is applicable for this report, as it covers all extractive operations. The figure below details the FPIC process for EILSA, from the Pre-FPIC Conference to the approval and validation of the MOA, including the deposit of the cash bond and management of the Community Royalty Development Plan (CRDP).

The ICCs/IP receiving royalties and similar fees must formulate a development plan for the management and use of the same to be known as the CRDP. The CRDP serves as the roadmap for the allocation and spending of the royalties received, as required by NCIP Administrative Order No. 3, series of 2012. The CRDP sets guiding principles, outlines capital programs, establishes action plans and includes financial planning. The projects and programs would cover such areas as educational assistance, health and sanitation, livelihood development, and social infrastructure services, among others. Under Section 44 of RA No. 8371, the NCIP is tasked to “coordinate development programs and projects for the advancement of the ICCs/IPs and to oversee the proper implementation thereof.” However, based on NCIP’s actual practice and implementation, that while the NCIP may exercise their visitorial power to evaluate, audit and examine accounting books, records, and other financial documents, NCIP is not responsible for monitoring the implementation of the CRDP. ICCs have the autonomy to manage royalties received, in accordance to their own community rules and policies.

In cases where the Regional Director is authorized to issue the Certification Precondition (CP), the MOA shall be reviewed by the Regional Legal Officer or any Legal Officer who has not participated in any stage of the FPIC Process.

Annex S enumerates the list of mining projects with CP as of October 2016.

Figure 29. FPIC process flowchart for EILSA

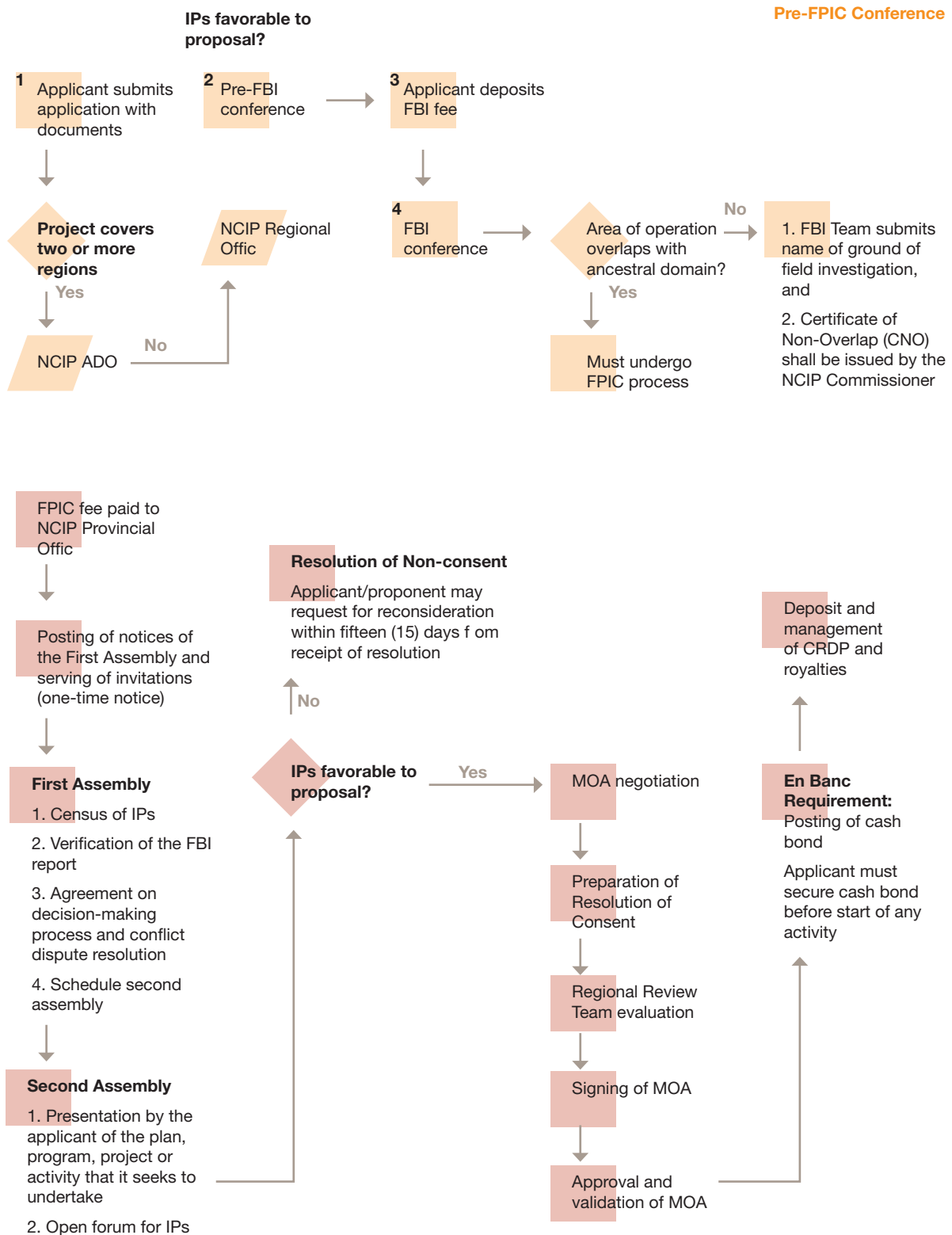


Table 60. List of IPs with MOAs

Region	Company	IP	Representative(s) in the MOA
CAR	Philex Mining Corporation	Ibaloi/Kankana-ey	IPO APSSOL (Indigenous Peoples Organization of Alang, Pokis, Sabian, Sta. Fe, Olibba and Lokan)
IV-B	Rio Tuba Nickel Mining Corp	Palaw'an	Indigenous Peoples Development Office - Bataraza, Inc.
IV-B	Cit nickel Mines & Development Corporation	Tagbanua/Palawano	Katutubong Pamayanang Kultural
IV-B	Berong Nickel Corporation	Tagbanua	<ul style="list-style-type: none"> • Dario Pandod, Arnulfo Ogsoc, Gardoque Ponoy, Ruben Eleuterio of Sitio Talabonggan, Brgy. Berong • Pablo Danglong, Aguinaldo Abala and Langka Endalesio of Sitio Tungib, Brgy. Berong • Victorino Danglong, Armelo Adial, Ernesto Tomas and Dionesio Mendez, Jr. of Sitio Badlisan, Brgy. Berong • Vernon Danglong and Epifanio Marcelo of Sitio Lamane, Brgy. Aramaywan
IX	TVI Resource Development (Phils.), Inc.	Subanon	Timuay Jose A. Anoy, CADT Head Holder
IX	Apex Mining Company	Mansaka	Datu Roberto Onlos, Datu Sayongan Insog, Datu Rolando Casigloman and Datu Bernardo Guisang
XIII	Taganito Mining Corporation	Mamanwa	Datu Renante B. Boklas and Datu Alicia G. Patac (tribal leaders)
XIII	Philsaga Mining Corp.	Manobo	Various sectoral leaders of the indigenous cultural communities of Barangays Consuelo, San Andres and Imelda, including the sector of Farola, all parts of the Municipality of Bunawan, Agusan del Sur
XIII	SR Metals Incorporated	Mamanwa and Manobo	<p>Tribal chieftains:</p> <ul style="list-style-type: none"> • Datu Ebanta (Evangelista Morada, Jr.) • Datu Ambongan (Lito Manlubatan) • Datu Katipunan (Julio Pangadlin) • Datu Kitbadbad (Santiago Tiambong, Jr.) • Datu Pakig-angay (Gil Buyo) • Datu Makabungkang (Manuel Luyahan) • Datu Curob (Janito Curob) • Datu Tina (Evie Bacalan) • Datu Elihan (Bebuardo M. Manlanat) • Datu Montabon (Cesar Obach) • Datu Mapaso (Rolitn Moron) • Datu Marabusog (Judine Cabigquez) • Datu Eddie Pangadlin (Eddie Pangadlin)
XIII	TVI Resource Development (Phils.), Inc. (Contractor: Minimax Mineral Exploration Corporation)	Mamanwa and Manobo	Timuay Jose A. Ahoy, CADT Head Holder, duly authorized representative of its elders and leaders

Region	Company	IP	Representative(s) in the MOA
XIII	Marcventures Mining and Development Corp.	Mamanwa and Manobo	Authorized tribal leaders/elders: Datu Panchito Gonzales, Datu Liborio Nadao, Datu Teodoro Bat-ao, Hon. Ronald Bou, Datu Henry Ampo, Danz Teodoro Hunyog, Datu Cosme Imboc, Datu Udyotan Daging, Datu Perinal Grol, Datu Benjamin Tindogan, Datu A delino Sumbiran, Datu Samuel Sumbiran and Datu Pequinio Ampo
XIII	Carrascal Nickel Corporation	Manobo	Represented by their respected and recognized tribal leaders, Hawodon Udyutan Daging, Hawodon Daegangan Cesar A. Bat-ao, Sr., Hawodon Ronnie Jusay, Hawodon Fuperto Ponson, Hawodon Perlit Montanez, Hon. Martino S. Ala and Hawodon Ryan Huniog
XIII	Adnama Mining Resources, Incorporated (Assignor: Oriental Synergy Mining Corp.)	Mamanwa	Datu Alfredo Olorico (tribal leader)
XIII	Platinum Group Metals Corporation (Contractor: Surigao Integrated Resources Corporation)	Mamanwa	Tribal Leaders: Datu Reynante Buklas and Datu Alicia Patac
XIII	Greenstone Resources Corporation	Mamanwa	Tribong Mamanwa sa Lungsod sa Tubod, Alegria, Mainit sakop sa Probinsya sa Surigao del Norte

A complete list of IPs and extractive operations in IP areas shows a total of 19 project/entities based on the latest list obtained from NCIP covering the period from January to December 2014. Refer to the complete details in Annex Q, which includes the estimated population of IPs by province and region. The said list differs from the enumeration provided in the first and second PH-EITI report based on submissions made by the NCIP as well. This will be a recommendation put forward particularly in ensuring proper and accurate monitoring.

Contextual information on small-scale mining

Small-scale mining was not covered by the second PH-EITI report, but rather, was included as part of a scoping study. Areas covered by the study was limited to South Cotabato and Compostela Valley.

Minahang Bayan

As discussed in the second PH-EITI report, the DENR issued DAO No. 2015-03 on 16 March 2015 for the immediate adoption and implementation of the People's Small-Scale Mining Act. The order took effect on 2 April 2015 and requires small-scale miners to organize themselves into cooperatives and ensure that they have the technical capability and the financial resources to conform to the tax and structural requirements within the concession area.

Volume II of the second PH-EITI report provides further details on the law, including the policies and licensing process for Minahang Bayan.

As of date, there are only five declared Minahang Bayan in the country based on the records of the MGB Central Office, as enumerated in the table below:

Table 61. Declared Minahang Bayan as of 2016

	Region	Proponent	Commodity	Area (has.)	Location
1	IV	Manlana Small-Scale Miners Assn.	Gold	735	Manlana, Buenavista, Quezon
2	VIII	Waso and Binalay Small-Scale Mining Producers Association	Chromite	80	Waso, Llorente, Eastern Samar
3	XI	Development Community Mining Livelihood Cooperative	Chromite	40	Barangay Maputi, Banaybanay, Davao Oriental
4	XIII	Masabong Village SSM Association	Gold	592.393	Masabong, Bayugan III, Rosario, Agusan Del Sur
5	XIII	Tubajon Peoples SSMining Area/Provl. Govt. of Dinagat	Chromite	592	San Jose, Dinagat Island

There are 64 Minahang Bayan applications/proposals that are currently under evaluation by the DENR. Most of these applications are located in CAR with 20 outstanding applications pending evaluation.

Contextual information on large scale non-metallic mining

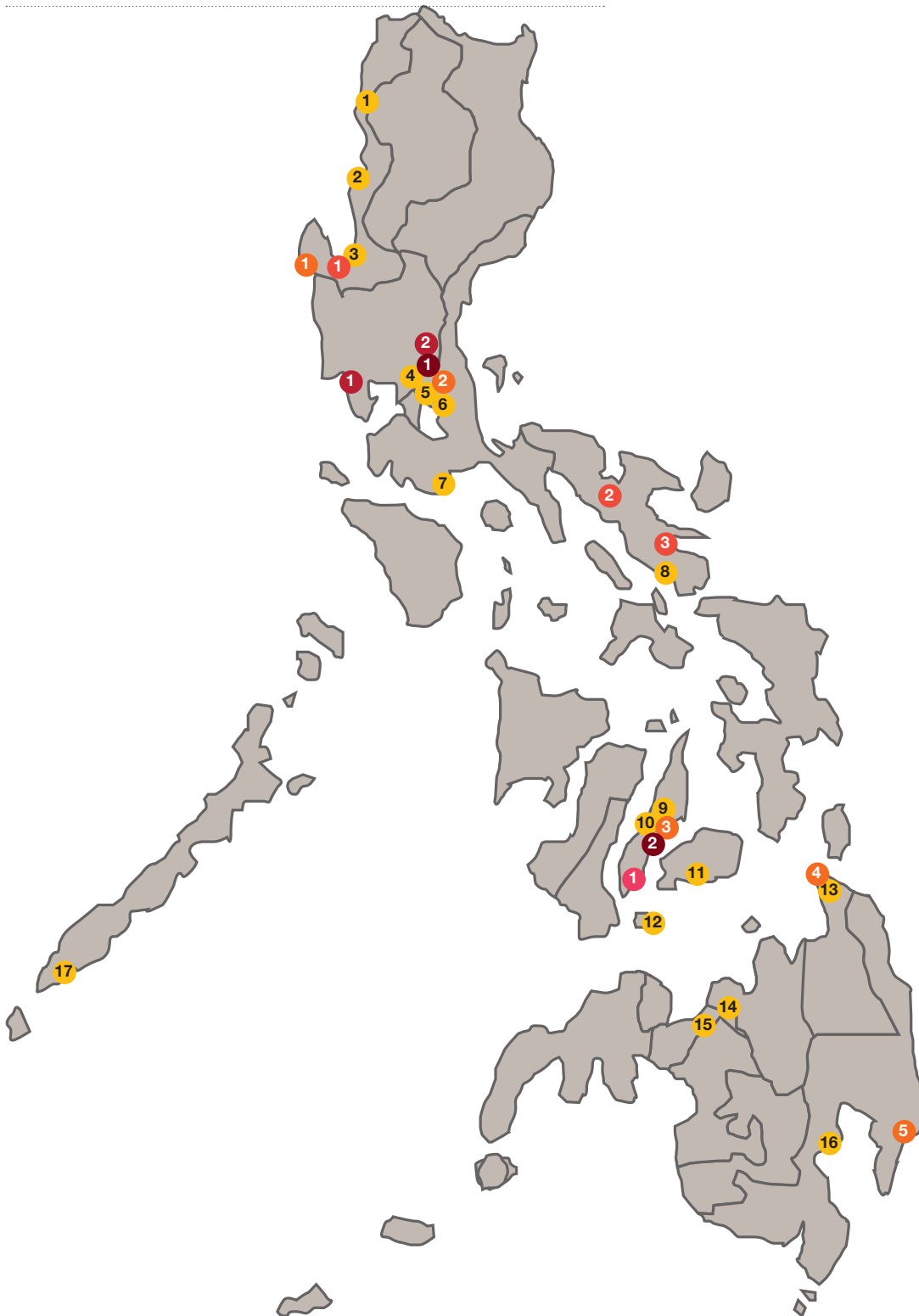
As of date, there are about 54 large-scale non-metallic mines in the country. There are also more than a thousand quarry and commercial sand & gravel Permit Holders/Operators as issued by LGUs.

The Philippine non-metallic minerals industry produces a variety of minerals, divided into three categories, namely: fertilizer minerals, industrial minerals and gemstone and decorative minerals.

Table 62. General categories and coverage of non-metallic mineral products

Categories	Minerals Covered	Minerals Currently Mined
1. Fertilizer minerals	Phosphate rock, guano, magnesite and sulfur	Phosphate rock, guano
2. Industrial minerals	Asbestos, barite, clay, bentonite, dolomite, diatomite, feldspar, gypsum, limestone, marble, perlite, pyrite, rock aggregates, silica, sand and gravel and salt	Clay, bentonite, dolomite, feldspar, limestone, marble, perlite, rock aggregates, silica, sand and gravel and salt
3. Gemstone and decorative minerals	Jade, quartz, rhodonite, tektie, opal, obsidian, agate and serpentinite and diorite	Diorite

Figure 30. Location map of Philippine large-scale non-metallic minerals



Sand and gravel

- 5. Rockmix, Inc. (Bataan Aggregates Quarry Project)
- 6. Anamel Builder Corp. (Gapan Aggregates Quarry Project)

Dolomite

- 1. Dolomite Mining Corp. (Alcoy Dolomite Project)

Clays

- 2. Heirs of Elisa E. Oligario (Saile Bentonite and Zeolite Project)
- 3. UBS Marketing Corp. (Albay Perlite Project)
- 4. Orophil Stonecraft, Inc. (Bao Perlite Project)

Limestone & shale

1. Marble Mabini Exploration Corp. (Pinili Limestone Project)
2. Holcim Phils., Inc. (La Union Limestone Project)
3. Northern Cement Corp. (Labayug Limestone Project)
4. Eagle Cement Corp. (Limestone quarry project)
5. Spar Dev't Co., Inc. (Norzagaray Marble Project) • Continental Cement Corp. (Limestone quarry project) • Republic Cement Corp. (Norzagaray Limestone Quarry Project) • Holcim Phils. Inc. (Bulacan Limestone Quarry Project)
6. Quimson Limestone Inc. (Limestone Quarry Project) • Teresa Marble Corp. (MPSA Nos. 102-97-IV and 124-98-IV) • Republic Cement Corp. (Teresa Limestone Project)
7. Republic Cement Corp. (Taysan Limestone Project)
8. Ibalong Resources and Development Corp. (Integrated Limestone Quarrying and Cement Manufacturing Project)
9. Quarry Ventures Phils. Inc. (Rojo Cebuano Quarry Project)
10. Apo Land and Quarry Corp. (Naga Limestone Project) • Solid Earth Dev't Corp. (Naga Limestone Project)
11. Bohol Limestone Corp. (Bohol Limestone Project)
12. Lazi Bay Resources Dev't Inc. (Siquijor Limestone Project)
13. Pacific Cement Co., Inc. (Surigao Limestone Project)
14. Holcim Phils. Manufacturing Corp. (Lugait and Kwalan Limestone Project)
15. Mindanao Portland Cement Corp. (Kiwalan Limestone Project) • Iligan Cement Corp. (Iligan Limestone Project) • Maria Cristina Chemical Industries Corp. (MCCI Limestone Project)
16. Holcim Phils. Inc. (Bunawan Limestone and Shale Project)
17. Rio Tuba Nickel Mining Corp. (Gotok Limestone Project)

Aggregates

23. Concrete Aggregates Corp. (MPSA Nos. 032-95-IV and 055-96-IV) • Rapid City Realty and Development Corp. (MPSA Nos. 064-96-IV, 075-97-IV, 088-97-IV, 118-98-IV, and 142-99-IV Amended) • Asensio Pinzon Aggregates Corp. (Aggregates Quarry Project) • Hardrock Aggregates (Aggregates Quarry Project) • La Concepcion Construction and Devt Corp./ Rolando B. Gimeno (Mineral Quarry Project) • Gozon Devt Corp. (Antipolo Basalt Quarry Project) • San Rafael Devt Corp. (Basalt Quarry Project)
24. JLR Construction and Aggregates, Inc. (Naga Aggregates Quarry Project)

Silica

18. Holcim Phils. Inc. (Ago Silica Quarry Project)
19. Rapid City Realty and Development Corp. (Antipolo and Teresa Silica Quarry Project)
20. Apo Land and Quarry Corporation (Naga Silica Project)
21. Pacific Cement Co. Inc. (Surigao Silica Project)
22. Holcim Phils. Inc. (Mati Silica Quarry Project)

Reporting requirements under DENR AO No. 2010-01

Production

Non-metallic minerals contributes about 32% or PHP66bn of the total production value of the mining industry. Major commodities of this production are sand and gravel, coal, and cement.

Table 63. Estimated gross production value in mining and quarrying from 2011-2014 (in billion PHP)

Gross production value in mining & quarrying	2011	2012	2013	2014
Metallic Mining	123.1	99.2	99.3	138.6
Non-Metallic Mining & Quarrying	41.1	45.6	57.8	66.1
Total	164.2	144.8	157.1	204.7

Taxes, fees and royalties paid and withheld from non-metallic mining

Non-metallic mining companies are subject to the same local taxes and fees as metallic mining companies, except for sand & gravel taxes which are only applicable to the commodities mentioned.

Table 64. Estimated taxes and fees paid/withheld from non-metallic mineral companies

Year	Amount (in PHP)
2011	6,152,585,461
2012	8,213,687,771
2013	12,463,567,243
2014	14,071,829,750

Mining rights granted under DENR AO No. 2010-21

Specific permits granted to non-metallic mining companies are as follows:

- a. Quarry permit - a mining permit for the extraction of quarry resources on privately-owned lands and/or public lands for building and construction materials
- b. Sand and gravel (SAG) permit - a mining permit for the extraction and removal of sand and gravel and other loose or unconsolidated materials
- c. Commercial SAG permit - For SAG materials in their natural state, without undergoing processing, from an area of not more than five has. and in such quantities as specified in the permit
- d. Industrial SAG permit - For SAG materials that necessitate the use of mechanical processing (i.e., mechanical classifiers and crushers)
- e. Exclusive SAG permit - For the extraction of SAG materials from public lands exclusively for personal use, without commercial disposition. Limitations: Not more than one hectare; for not more than 60 days; maximum of 50 cubic meters
- f. Government gratuitous permit - For SAG materials extracted by the private owner from his own land, and for personal use only
- g. Guano permit - Permission to extract and utilize loose unconsolidated guano and other organic fertilizer materials from specific caves
- h. Gemstone gathering

Large-scale non-metallic mining are still not yet included as part of this Report. A scoping study on such was included as in the second PH-EITI report in order to fully determine readiness and extent of economic contributions.

A continuation of the said scoping study is detailed below. In addition, a complete list of the large-scale non-metallic mining and quarrying companies in the Philippines, including location maps of the industry, at the provincial level and commodity basis, is provided in Annexes Y, Z and AA, respectively.

A glimpse of large-scale non-metallic mining and quarrying operations in the three selected areas

(This section of the report is prepared by Atty. Brenda Jay Angeles Mendoza for the MSG, December 2015. Refer to Annex R for the full text of the study.)

The scoping study aims to cover three areas hosting large-scale non-metallic mining operations, with focus on their respective situation (citing relevant local ordinances and contracts of selected companies), the problems and challenges in regulating operations, including any concerns regarding compliance with environment and natural resources laws, monitoring environmental

performance, and dynamics relating to socio-political issues, as well as recommendations to address the same.

Specifically, the study intends to look at a representative large-scale non-metallic mining company in each of the following areas: Bulacan, Rizal, and Cebu provinces. These provincial areas were selected based on discussions with officials from the PH EITI Secretariat, MGB, and civil society.¹ This study is based on documents gathered or made available by the PH-EITI Secretariat and the concerned MGB regional offices, including results of interviews with key stakeholders in the said provinces. (See Annex AB for the list of individuals who were interviewed for this scoping study).

The provinces were selected based on the prevalence of large-scale non-metallic mining and quarrying operations relative to other areas in the country. The companies, on the other hand, were selected based on the level of mining development, thus assuming increased factors for assessing operational issues, such as environmental law compliance and performance monitoring.

Province of Cebu

Profile of large-scale non-metallic mining in the province

Out of 46 large-scale non-metallic mining MPSAs hosted by the Visayan region, 30 are located in the province of Cebu. These cover a total of more than 19,000 ha. being explored, developed, and/or commercially operated for varied non-metallic minerals and quarry resources by about 15 companies and individuals. Dominant players in terms of number of MPSAs held and area covered within the province include Lafarge Republic, Solid Earth Development Corporation, and Apo Land and Quarry Corporation.

Selected Company: Apo Land and Quarry Corporation

Apo Land and Quarry Corporation (Apo Land) was selected for being the oldest operating large-scale non-metallic mining company in the province. The corporation can be traced to the Apo Cement Corp. the origins of which dates back to the 1920s when the Cebu Portland Cement Corp. was formed and owned by the Philippine government. Control of the corporation moved from Japanese to American and back to Philippine hands during the Second World War².

Apo Land, a member of the CEMEX Philippines group of companies and CeMAP³, operates two contract areas in Naga, Cebu. The first area, covering 192 ha., started commercial operation of limestone deposits in 1993. The second area, with 84 ha., commenced operations in 1997 primarily for greywacke and pozzolan.⁴ Both MPSAs were provided a term of 25 years.

Having been signed in 1993, the MPSA for the first contract area was made pursuant to EO No. 279 (1987). Its MPSA thus provides a different fiscal regime.⁵ Apart from the excise tax, it was required to pay a basic government share of the gross revenue and a percentage share in the net revenue.⁶ It is not clear whether Apo Land has otherwise indicated to the DENR Secretary as required that it has opted not to be governed by the provisions of the Philippine Mining Act of 1995.⁷

¹ Individual meetings with Atty. Alessandra Ordenes (National Coordinator), Engr. Romualdo Aguilos (Chief, MGB Mineral Economics, Information and Publication; and PH-EITI Focal Person), and Mr. Chadwick Go Llanos (c/o C-CIMPEL Archdiocese of Cebu), who also sits as a CSO representative at the MSG meetings.

² CeMAP website, http://CeMAP.org.ph/?page_id=1169.

³ Id. See the CEMEX website, <http://www.cemexphilippines.com/AboutCemex.aspx>. CEMEX considers itself as “a leading producer and marketer of cement and ready-mix products” with operations worldwide.

⁴ MPSA No. 013-93-VII and MPSA No. 093-97-VII.

⁵ MPSA No. 013-93-VII, Section VI refers to (a) a basic government share at the rate of 0.5% of the gross revenue payable quarterly to the DENR Regional Office; and (b) 1% share in net revenue, paid on the same day that the basic share is due. These are paid in addition to the excise tax as provided under the Tax Code.

⁶ Id.

⁷ RA 7942, Sec. 112 requires such an indication to be made in writing with the DENR Secretary.

On the other hand, the MPSA for the second contract area was already executed pursuant to the Philippine Mining Act of 1995. Its provisions on the share of the government as well as its allocation, including other expenditures, were clearly in accordance with the current mining law.⁸

Relevant local legislation

The provincial government has passed two important local ordinances pertaining to mineral and quarry resources - the Revenue Code of Cebu of 2008⁹ and the Environmental Code of the Province of Cebu.¹⁰

1. Chapter VI of the Revenue Code of Cebu of 2008 provides for the regulatory powers of the provincial governor in the conduct of business and trade activities related to environment and natural resources. It includes provisions on permits, accreditation, fees, and charges for extracting mineral and quarry resources in specified areas.

These typically involve small-scale mining of an area of not more than 20 hectares; and quarrying of an area of not more than five hectares. In its strict sense, the Revenue Code of the province, by defining the scope of the governor's power and authority, does not cover the conduct of large-scale metallic and non-metallic mining and quarrying activities.

2. The Environmental Code of the Province of Cebu manifests a more active stance on the environmental impact of mining and quarrying activities, regardless of whether the operation is small- or large-scale. This was passed in pursuit of the general welfare clause of the Local Government Code of 1991.¹¹ The Environmental Code, in considering the need to integrate environmental policies with social and economic dimensions, also defines the provincial government's interaction with component LGUs and other provinces, as well as its own stand and position, on environmental issues that are trans-jurisdictional in nature, and with the national government agencies concerning the environment.¹²

With this framework, the Code articulates in several provisions how the provincial government intends to address concerns related to large-scale non-metallic mining and quarrying operations. These are as follows:¹³

- a. Initiate and coordinate with the mining industry players-private companies, government agencies and the general public, in accordance with the Local Government Code and the Mining Act, to ensure that Cebu's metallic and non-metallic mineral resources are harnessed with due consideration of ably managing the impacts of environmental resource degradation, unique landscape destruction, biodiversity loss, loss of life and property, and any other fatal accidents.¹⁴
- b. Initiate and coordinate with the MGB, relevant agencies, and stakeholders; and closely monitor the enforcement and implementation of environmental, mine safety and health laws and regulations related to mining, quarrying, mineral processing, and mineral trading activities within the province, to ensure compliance with relevant laws and policies on environment, health and safety, and pollution management;¹⁵
- c. Whether it is large-scale or small-scale mining, conduct a mandatory public hearing or consultation in the barangay(s) where the mining/quarrying site is located before any

⁸ MPSA No. 093-97-VII.

⁹ Cebu Provincial Ordinance No. 2008-10.

¹⁰ Resolution No. 1483-2012/Ordinance No. 2012-13.

¹¹ *Id.* Reference to RA 7160, Sec. 16, which allows the LGU to exercise its express and implied powers, including any necessary, appropriate or incidental powers for efficiently and effectively governing the province, and all essential powers to promote its general welfare.

¹² *Id.* Whereas clause.

¹³ *Id.* Article V on mineral resources.

¹⁴ *Id.* Sec. 2.

¹⁵ *Id.* Sec. 3

permit, clearance or endorsement is issued by the LGUs (barangays/cities/municipalities) within the province;¹⁶

- d. For large-scale mining operations, coordinate with the DENR in the licensing, operation, and rehabilitation of the mines. The province undertakes to ensure that the environmental guarantee fund (EGF) is enough to cover foreseeable damage from the mining operation and the mine rehabilitation plans and funds are properly updated to use the best technology available. It will also request regular auditing of the EGF and the reserves for rehabilitation.¹⁷

Province of Rizal

Profile of large-scale non-metallic mining in the province

The DENR has so far issued 34 large-scale non-metallic mining MPSAs in Region 4-A (CALABARZON).¹⁸ Of this number, 27 MPSAs are located in the province of Rizal, embracing more than 5,000 ha. of land subject of exploration, development and/or commercial operation for different non-metallic minerals and quarry resources by sixteen 16 companies and individuals. In addition, Rizal has five mineral processing permit (MPP) areas issued by the MGB and 12 quarry permits from the provincial government.¹⁹ Among the prominent players in the province include Rapid City Realty and Development Corporation, Concrete Aggregates, Lafarge Republic, Quimson Limestone, and Teresa Marbles.

Selected company: Lafarge Republic

Lafarge Republic, Inc. (Lafarge) is engaged in the manufacture, development, exploitation, and sale of cement, marble, and other classes and kinds of building materials, and the processing or manufacture of materials for industrial and commercial purposes.²⁰ Its operating cement manufacturing plants are located in the provinces of Bulacan, Batangas, Rizal, and Cebu. It has the following companies as subsidiaries: Fortune Cement Corp., Lafarge Iligan, Lafarge Mindanao, FR Cement Corp., and Lloyds Richfield Industrial Corp.²¹ Lafarge is also a member of CeMAP.²²

The Teresa plant of Lafarge in Teresa, Rizal originated in 1958 as Filipinas Cement Corporation. In 1987, it became FR Cement Corporation. It strengthened its financial and technical capability in 1997 by partnering with Tong Yang Cement Corp., the second largest cement group in South Korea, and through its holding company, Southeast Asia Cement Holding, Inc. (SEACEM). In 1998, Lafarge Cement Philippines, then the second largest cement manufacturer in the world, acquired a major stake at SEACEM, making FR Cement a part of Lafarge's network of cement manufacturers.²³

Lafarge (FR Cement) holds two MPSAs in the province of Rizal, both of which were entered into pursuant to the Philippine Mining Act of 1995.²⁴ The first MPSA, executed in 1999, has a contract area of 154.68 ha. and enjoys a term of 25 years or up to 2024, which may be renewed for another term not exceeding 25 years.²⁵ Currently in commercial operation for limestone and shale, Lafarge's

¹⁶ Id.

¹⁷ Id. Sec. 6.

¹⁸ CALABARZON is located in Southwestern Luzon. It is an acronym for the provinces of Calamba, Laguna, Batangas, Rizal, and Quezon.

¹⁹ Additional data on MPPs and quarry permits from the "Status of Quarrying Operations in Rizal Province," a power point file provided by the MGB Region 4-A, 15 January 2016.

²⁰ <http://www.reuters.com/finance/stocks/overview?symbol=LRI.PS>

²¹ Id.

²² http://CeMAP.org.ph/?page_id=1169.

²³ Id.

²⁴ MPSA No. 138-99-IV and MPSA No. 159-2000-IV.

²⁵ MPSA No. 138-99-IV.

MPSA for this area follows the provisions of the new mining law on government share, allocation, and expenditures.²⁶

The second MPSA, covering an area of 36.45 ha., was entered into in 2000 and will last up to 2025 unless further renewed for another term not exceeding 25 years.²⁷ Based on 2013 MGB data, it is still listed as under exploration stage, with a pending application for a Declaration of Mining Project Feasibility.²⁸ Similar to its other MPSA in the province, this MPSA for limestone has the same provisions on government share, allocation, and expenditures.²⁹

Relevant local legislation

Two resolutions appear to capture the sentiment of the Rizal provincial government about the existence and growth of the quarrying and mining industry in the province:

- a. Resolution No. 223, series of 2013, declaring a moratorium on the acceptance, processing, and approval of new applications for all forms of permits, contracts, operating agreements, and clearances on quarrying and mining activities in the province of Rizal; and
- b. Resolution No. 243, series of 2013, on the moratorium on the acceptance, processing, and approval on the renewal of all forms of permits, contracts, operating agreements, and clearances on quarrying and mining activities in the province of Rizal.

The resolutions were anchored on the provincial LGU's powers to promote the general welfare of its inhabitants and to protect the environment.³⁰ These referred to a study about the negative impact of quarrying and mining on the environment, particularly its serious damage to biodiversity, pollution, river and creek siltation, among others.³¹ The resolutions regard the existing quarry operations in the province as already sufficient in number, expressing concern that adding more may hasten further environmental degradation, and consequently impair the health, safety, and economy of the province.³²

Based on these considerations, the provincial government declared such moratorium on the processing and approval of new applications (Resolution No. 223) and on the renewal (Resolution No. 243) of all mining and quarrying permits, contracts, and operating agreements. The moratorium, however, looks to the final determination by the DENR of the carrying capacity (point of saturation) of the province to hold or bear mining and quarrying, including mine processing or aggregate crushing plants.³³

Both resolutions strongly urged the DENR to similarly declare a moratorium on large-scale mining activities and operations in the province and to cease the processing and approval of new mineral agreements, including the renewal of such agreements.³⁴

²⁶ Id.

²⁷ MPSA No. 159-2000-IV.

²⁸ DENR-MGB, Mining Tenements Management Division, Complete List of Existing Mineral Production Sharing Agreement (MPSA) as of June 30, 2013.

²⁹ MPSA No. 159-2000-IV.

³⁰ Resolution No. 223, series of 2013, citing RA 7160 (1991), Sec. 16 and 468 (a) (1) (vi).

³¹ Id. Also, Resolution No. 243, series of 2013.

³² Id.

³³ Id.

³⁴ Id.

Province of Bulacan

Profile of large-scale non-metallic mining in the province

Of the 19 MPSAs for large-scale non-metallic mining issued in Region 3 (Central Luzon), 12 are located in the province of Bulacan. This comprises approximately 2,768 ha. of land being commercially operated and another 3,816 ha. being explored primarily for limestone and shale deposits. Among those under commercial operation, Solid North has the largest contract area, followed by Lafarge Republic and Holcim Philippines.

Selected Company: Holcim Philippines

Holcim Philippines, Inc. (Holcim) is currently the biggest cement company in the country. It was the product of a merger in 2000 of three cement plants – Bacnotan Cement Corporation, Davao Union Cement Corporation, and Hi Cement Corporation.³⁵ Holcim has plants in La Union, Bulacan, Davao, and Lugait in Misamis Oriental.³⁶ It is also a member of CeMAP.³⁷

Holcim initially holds three MPSAs in the province, with one co-owned by Doric Marble Corporation. The first two MPSAs are both in commercial stage.³⁸ The third MPSA is ongoing exploration and has been partially assigned in 2009 to Teresa Marble Corporation.³⁹ In the same year, an MPSA held by Teresa Marble, which is also under exploration, was partially assigned to Holcim Philippines.⁴⁰ So at present, Holcim effectively holds four MPSAs covering a total of 2,113.34 ha., with 897.03 ha. in commercial operation and 1,216.31 ha. being explored. The remaining 344.24 ha. are held by Teresa Marble Corporation through approved partial assignment contracts.⁴¹

The first MPSA in commercial operation, covering 554.38 ha., was signed in 1994 pursuant to EO No. 279 (1987) with an initial term of 25 years, renewable for another 25 years.⁴² Having been entered into before the Mining Act of 1995, the initial production share of the government consisted of a basic share of ½ percent of the gross revenue and a net share of 1 percent of the net revenue, which was then over and above the required excise tax payments.⁴³

The second MPSA in commercial operation covers 342.65 ha. and was jointly entered into by Hi Cement and Doric Marble Corporation in 1999 pursuant to the Mining Act of 1995.⁴⁴ The original area applied for was slightly bigger, which was reduced after temporarily excluding areas covered by small scale mining permit applications within the MPSA proposed area.⁴⁵ This MPSA already contains the new mining law's provisions on government share, allocation, and expenditures.⁴⁶

³⁵ http://CeMAP.org.ph/?page_id=1169. Seventy percent of the shares of Union Cement Corp. is owned by a joint venture between Bacnotan Consolidated Industries, Inc. and Holcim, a Swiss company and one of the largest cement companies in the world. See also Holcim Philippines website, <http://www.holcim.ph/index.php?id=23093>.

³⁶ Id.

³⁷ Id.

³⁸ MPSA No. 027-94-III and MPSA No. 140-99-III.

³⁹ MPSA No. 294-2009-III (Amended A) thru Order dated 8 August 2014 approving its partial assignment. Based on the approved deed, Holcim assigns to Teresa Marble all its rights and interests in the 238.5565 ha. portion of the contract area.

⁴⁰ MPSA No. 298-2009-III (Amended B) thru Order dated 8 August 2014 approving its partial assignment. By virtue of the deed of assignment, Teresa Marble Corporation assigns to Holcim Philippines all its rights and interests in the 287.7557 ha. portion of the contract area.

⁴¹ Id. 238.55 ha. assigned from Holcim and 105.69 ha. retained after partial assignment to Holcim.

⁴² MPSA No. 027-94-III. MPSA is in the name of Hi Cement Corporation.

⁴³ Id.

⁴⁴ MPSA 140-99-III. Named contractors are Hi Cement Corporation and Doric Marble Corporation.

⁴⁵ Id. Original area applied for was 389.24 ha.

⁴⁶ Id.

The third MPSA, still in exploration phase, was entered into by Holcim in 2009. The MPSA originally covers 1,167.11 ha., but was later reduced to 928.56 ha. after it assigned a portion of the contract area to Teresa Marble Corporation in 2014.⁴⁷

The fourth MPSA, with a contract area of 393.44 ha., was issued to Teresa Marble in 2009. However, in 2014, it assigned the 287.75 ha. portion to Holcim Philippines, giving the latter control over a larger part of the original contract area.⁴⁸

Both deeds of assignment were properly registered with the MGB Regional Office and consequently approved by the DENR Secretary upon the recommendation of the MGB Director.⁴⁹ By virtue of the assignment made, the assignee has assumed all the rights and interests, as well as the obligations of the assignor under the MPSAs over the assigned portions.

Relevant local legislation

Citing its devolved powers and functions under the 1991 Local Government Code with respect to environmental law enforcement, the provincial government approved its Revised Environmental Code for Bulacan in 2011.⁵⁰ The Code sets the general framework of actions and standards for promoting a balanced and healthful ecology in the province, and provides specific regulations on water usage and classification, odor emission control, solid waste management, noise control, and air quality standards.⁵¹

The environmental code has a particular regulation on environmental compliance. Article VII, Section 45 requires the issuance of a Provincial Environmental Compliance Certificate (PECC) (or Certificate of Non-Coverage, as the case may be) to all business establishments and projects before construction and actual operations in the province. Municipal or city mayors in the province are prohibited from granting business permits without such PECC.⁵² The indicative list of projects that require PECC includes mineral extraction and quarry projects, 5 hectares and below.⁵³

Nonetheless, the code also empowers the governor, upon a resolution or ordinance enacted by the provincial council, with consultations conducted with the provincial environment and natural resources office, to declare certain projects or areas in the province as environmentally critical.⁵⁴ It specifies that all declared and approved environmentally critical projects, “such as but not limited to mining and quarry operations,” are required to secure a PECC and to comply with other requirements, including the setting up of an EPEP.⁵⁵ It is not clear whether this provision also contemplates the possible coverage of large-scale non-metallic mining projects within the provincial ECC requirement process.

In case large-scale non-metallic mining projects are likewise included under the foregoing section, the Code requires the payment of the following:⁵⁶

- a. Filing fees - PHP500
- b. Processing fees - PHP4,000
- c. Inspection fees - PHP1,000

⁴⁷ MPSA No. 294-2009-III (Amended A) thru Order dated 8 August 2014 approving its partial assignment.

⁴⁸ MPSA No. 298-2009-III (Amended B) thru Order dated 8 August 2014 approving its partial assignment.

⁴⁹ Id.

⁵⁰ Resolution No. 186-2011 entitled “A Resolution Approving the Provincial Ordinance No. C-005 Enacting the 2011 Revised Environmental Code of the Province of Bulacan.”

⁵¹ Id.

⁵² Id. Article VII, Sec. 45.

⁵³ Id.

⁵⁴ Id. Article VII, Sec. 46.

⁵⁵ Id.

⁵⁶ Id.

In addition, filing fees (processing and inspection fees) are required to be paid to the provincial government when entities apply for an authority to construct or a permit to operate a pollution control device or a wastewater treatment facility.⁵⁷

The code is also replete with provisions on taxes, fees, and charges payable to the provincial treasurer.⁵⁸ However, since the local code does not distinguish whether the impositions apply to small-scale mining only or equally apply to large-scale mining, some of the possibly relevant tax provisions for large-scale non-metallic mining are herein discussed:

- a. Mining/quarry tax - 10% of the fair market value of the mineral resources to be extracted and commercially disposed based on the current available price index released by the DENR Central Office to be computed by the provincial ENRO, and subject to the approval of the PMRB;⁵⁹
- b. Environmental enhancement fees.⁶⁰

Proceeds from the environmental enhancement fees are deposited by the provincial treasurer in a trust fund to be exclusively used to finance environmental projects and programs, conduct of environmental researches, studies, training, and seminars aimed to enhance, protect, preserve, and rehabilitate the environment and natural resources.⁶¹

Finally, the environmental code provides rules regarding the issuance of delivery receipts and transport slips for those engaged in hauling sand and gravel and other quarry resources; as well as accreditation for haulers, processors, traders, suppliers, dealers and retailers of minerals, mineral products, and by-products. These are as follows:

- a. Citing the need for local administrative expediency and regulation, the code states that the delivery or transport of mineral resources covered by Ore Transport Permit issued by the national government (i.e., for large-scale mining) shall require delivery receipts/transport slips (DR/TS) for each delivery or transport to be secured from the provincial ENRO, and payment for such DR/TS shall be made with the provincial treasurer.⁶²
- b. The code also provides for the establishment of an accreditation system, or a system for registering all haulers, processors, traders, suppliers, dealers and retailers and other persons engaged in the extraction, processing, transformation, and transportation of mineral and quarry resources, including their products and by products. The governor's accreditation has a corresponding fee which, upon approval, is valid for one year and renewable every year thereafter.⁶³

Conclusion

The study has identified that with respect to large-scale non-metallic mining, the same provisions of the 1987 Constitution as well as the laws and regulations governing large-scale metallic mining apply. Major distinctive features of the laws and regulations uniquely applicable to the large-scale non-metallic mining sector were highlighted in the study.

Notwithstanding the similarity in the governing legal framework, the study has made an observation that the large-scale non-metallic mining sector, particularly the cement industry, has effectively distanced itself from the metallic mining industry for sound reasons. The industry context needs to be explained in appreciating its proposed policy changes regarding existing revenue and financial schemes for the sector, as well as in understanding its seeming lack of response to and participation in the PH-EITI initiative.

⁵⁷ Id.

⁵⁸ Id. Art. X.

⁵⁹ Id. Art. X. Sec. 72.

⁶⁰ Id. Sec. 73.

⁶¹ Id. Sec. 76.

⁶² Id. Sec. 80.

⁶³ Id. Sec. 88.

The study also maps the extent and location of large-scale non-metallic mining and quarrying in the country, provides a list of the companies and individuals involved in the said activity, and identifies the commodities produced. Based on available data, the study shows that Luzon hosts the greatest number and size of large-scale non-metallic mining areas in the country, converging particularly in the provinces of Pangasinan, Bulacan, and Rizal; then followed by Visayas, with concentration in Cebu province. While Mindanao has the least number of operating large-scale non-metallic mines, a significant land area is currently subject to exploration activities.

The study finally takes a glimpse of the provinces selected based on the prevalence of large-scale non-metallic mining operations relative to other areas in the country, with focus on specific companies, which were selected based on their respective level of mining development, and the relevant local legislation in the provinces.

It is observed that the local ordinances – revenue codes, environmental codes, and related provincial resolutions – articulate how the provincial governments attempt to address issues and concerns related to large-scale non-metallic mining and quarrying operations.

The environmental code of Cebu, for instance, has expressed the need to integrate and coordinate with national government agencies, component LGUs and other provinces, the private sector, and civil society all aspects and processes of environmental law enforcement in the province; and particularly mandates the conduct of local public hearing and consultations on projects being examined by the national government. This is a presumed response to a possibly perceived disconnect between national laws and local ordinances, including lack of or inadequate interaction among the various stakeholders; and a supposed demand to ensure that local stakeholders are able to participate in examining proposed mining projects subject to approval by the national government.

Similarly, the resolutions of the province of Rizal well capture the sentiment of the provincial government about the presence and continued growth of the quarrying and mining industry in the province and its impact on the health and safety of its inhabitants. Its declaration of a moratorium over the approval of new mining applications and renewal of existing permits and contracts, including requests urging the DENR to make a similar pronouncement, sends a strong message to the national government and the public about the need to craft an appropriate policy response and action for the province. The needed policy actions could be crafted in terms of finally determining its carrying capacity for quarrying and mining activities; and in terms of making firm decisions to strengthen the ecological balance of the province. At the same time, the basis of the provincial resolutions needs to be juxtaposed with the data offered by the MGB about existing mines and its impact on the biodiversity of the entire province.

The scoping study has not only provided pertinent information about the large-scale non-metallic mining industry in the country. It has also raised important concerns that may be used to further analyze and make recommendations on the role of the various stakeholders in furthering the objectives of EITI, and to provide input to legal and policy reforms.

First, it has drawn out important issues about: (1) the monitoring mechanisms employed by the government, specifically the new “harmonized” monitoring structure of the MGB and EMB, and the respective capabilities of those involved in monitoring mining operations; (2) the scope and limits of the taxing powers and regulatory authority of LGUs vis-a-vis the national government, as illustrated in Cebu’s Revenue Code and Bulacan’s Environment Code, including their respective roles in the PMRB; (3) the social and environmental impact of large-scale non-metallic mining operations in specific areas; and (4) significant accounting and reporting issues, such as calculating the SDMP for the cement industry, as well as for MPSA and MPP holders.

Second, the study has captured the recurring demands: (1) to improve the process of remitting the shares of the LGUs from the proceeds of natural resources use; (2) to increase transparency in the manner by which LGUs spend such share from national wealth, including in the way by which benefits from the SDMP are given to the affected communities; (3) to improve the quality of stakeholder participation in the process of developing the companies’ SDMP and CSR programs; (4)

to improve the data collection and reporting process from the MGB and EMB regional offices as well as from LGUs, including to link these data with those of other relevant national agencies, such as the BIR; and (5) to effectively communicate such data and its analysis to the concerned public.

Finally, the scoping study has highlighted the need to properly inform before fully engaging the large-scale non-metallic mining sector through individual mining companies and regional or provincial associations, such as the ERMA, and including the CeMAP, the LGUs, and the DENR-EMB (at the national and regional offices) in the EITI discussions. The conversations accomplished for this scoping study will need to be further validated and deepened in future EITI reports.

Information on the extractive industries in ARMM

A scoping study conducted by the Alternate Forum for Research in Mindanao, Inc. (AFRIM) presents information on the extractive industries in the Autonomous Region in Muslim Mindanao (ARMM). It contains the background and legal framework for extractive industry governance in the said region as well as a description and profile of the extractive sector therein. It also presents four case studies, followed by analysis and commentary regarding the issues, challenges, contributions, and prospects of extractives in the ARMM. The scoping study is attached hereto as Annex AC.

Information on the subnational framework for EITI implementation

The national PH-EITI has undertaken active regional outreach and is currently planning to pilot subnational EITI councils in two provinces in 2016: South Cotabato and Compostela Valley. Refer to the link for details: https://beta.eiti.org/implementing_country/2

Narrative of Special Reports during MSG Meetings

MSG meetings are venues for learning sessions to better understand the extractive industries. These meetings have become platforms for raising issues on how the extractive sector is governed, and for understanding specific processes and laws that affect the industry. To ensure a more substantial discussion of these issues, the MSG regularly includes in its agenda learning sessions where current issues or potential areas for reforms in the sector are discussed by resource persons from government, industries and civil society.

Among the objectives for EITI implementation in the Philippines is to improve the public's understanding of the management of natural resources. The documentation of all presentations made during MSG meetings contributes to this objective.

30th MSG Meeting: MGB Presentation on Large-scale Non-metallic Mining

9 February 2016

Highlights:

A representative from the MGB presented an overview of mining of non-metallic minerals in the Philippines. Details are presented above in *Section V., Others*, under *Contextual information on large scale non-metallic mining*.

33rd MSG Meeting: Scoping Study on Large-scale Non-metallic Mining

3 June 2016

Highlights:

Atty. Brenda Jay Angeles Mendoza, a CSO representative, gave a presentation on the results of a scoping study done on large-scale non-metallic mining. Details are presented above in *Section V, Others*, under *Contextual information on large scale non-metallic mining*.

34th MSG Meeting: Presentation on the DILG-PPEI Study on LGU Shares

1 July 2016

Highlights:

The DILG Philippine Poverty-Environment Initiative, as supported by the United Nations Environment Programme and by the United Nations Development Programme, conducted a study entitled “Facilitating the Release and Public Disclosure of LGU Shares from National Wealth.” The presentation focused on the proposed amendments to the current procedures governing the release of share in national wealth, particularly on the following:

- Process flow from collection to release to LGUs
- Creation of a special account in the general fund

The proposed amendments aim to streamline the disbursement process, such that the BIR/MGB/DOE (as applicable), will coordinate directly with the BTr for the BTr to release the fund to the LGUs within a shorter time frame. Collections from the first to the third quarter of the current year can be distributed to the LGUs within February of the ensuing year, while collections from the fourth quarter of the current year can be distributed within May of the succeeding year. This cuts the lead time by at least one (1) year, from the time of collection to the release to the corresponding LGUs.

Section 313 of the Local Government Code mandates that LGUs maintain special accounts in the general fund for public utilities, loans, and development projects funded from the share of the LGU concerned and such other special accounts which may be created by law or ordinance. The proposed joint memorandum circular on the utilization of LGU shares in national wealth recommends that funds received be placed in a Special Account in the General Fund, whereupon the LGU concerned shall prepare a supplemental Annual Investment Plan (AIP) and the accompanying supplemental budget. The expenses and disbursements in the supplemental budget would then be chargeable against the Special Account in the General Fund where the proceeds were deposited. The LGU Accounting Office will then ensure proper monitoring of the utilization of funds, classified as to source (i.e., mining tax and royalty fees from mineral reservation).

37th MSG Meeting: SEC Presentation on Beneficial Ownership

4 November 2016

Highlights:

On the 37th MSG meeting, the MSG heard a presentation from the SEC’s General Accountant, Atty. Emmanuel Y. Artiza, covering beneficial ownership in order to determine if PH-EITI already has sufficient information to satisfy the requirements of EITI standards. Main points discussed during the presentation are as follows:

- SEC definition and requirements on beneficial ownership
- Politically-exposed persons
- Challenges and issues on disclosure requirements

As of 27 October 2016, there are 4,916 companies registered under Extractive Industries. A majority of the companies is involved in metallic ore mining (1,293), followed by non-metallic mining and quarrying (551), and coal mining (540).

Under the SRC, three categories of companies are required to disclose beneficial ownership:

- a. Companies registered at Securities – companies that have undergone IPO, registered their bonds or their securities with the SEC
- b. Listed Companies – companies whose shares are listed with a stock exchange
- c. Public companies – companies that have more than PHP50m assets, having more than 200 stockholders, with each stockholder owning 100 shares each

For ordinary corporations, their beneficial ownership disclosure is covered under Section 26 of the Corporation Code which requires the submission of the GIS. Beneficial ownership is disclosed through the GIS. As of 27 October 2016, there are 19 listed mining companies, five listed oil exploration companies. The market capitalization of 14 listed companies per PSE data is PHP84.43bn.

Policies and current system of SEC on beneficial ownership disclosure

Rule 3 of the 2015 IRR of the SRC defines beneficial owners, indirect beneficial owners, and those who are not deemed to be beneficial owners.

Section 3.1.2 of the IRR defines beneficial ownership as any person who directly or indirectly through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or direct the voting of such security) and/or investment returns or power (which includes the power to dispose of, or direct the disposition of such security); provided that a person shall be deemed to have an indirect beneficial ownership in any security which is:

- a. held by members of his immediate family sharing the same household;
- b. held by a partnership in which he is a general partner;
- c. held by a corporation in which he is a controlling shareholders, or
- d. subject to a contract arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, as long as such shares were acquired by such persons or institutions without the definite and/or clear intention of effecting a change or influencing the control of the Issuer:
 - a broker dealer
 - an investment house registered under the Investment Houses Law
 - a bank authorized to operate by the BSP;
 - a duly-registered insurance company;
 - an investment company registered under the Investment Company Act;
 - a pension plan registered with and regulated by the Bureau of Internal Revenue, Insurance Commission or any other regulatory authority; and
 - an entity whose members are the persons specified above.

Section 18 pertains to the reports by 5% holders of equity securities. A person who acquires 5% to 9.9% of an equity security of an issuer is required to disclose through the filing of SEC form 18A and 18AS. The filing of 18A should be done within five days from the acquisition or within 45 days after the end of the year in which the acquisition was made.

Section 23 provides for policies on transactions of directors, officers, and principal stockholders. If acquisition is 10% or more, they are required to file SEC forms 23A and 23B. SEC form 23A pertains to the initial filing once a person becomes a director or officer of a listed company acquired 10% or more of its equity securities. Subsequent acquisitions of shares are reportable under SEC form 23B. Period of filing for form 23A is within 10 days from acquisition or within 10 days since the person became a director or officer. On the other hand, form 23B should be filed on or before the 10th day of the following month from the month of such acquisition.

Although Section 20 of the SRC is not explicit as to the beneficial ownership disclosure, it is required that during conduct of annual stockholders' meetings, preliminary and definitive information statements be submitted. It contains the financial condition of the company, audited and interim financial statements, matters to be taken up during annual stockholders' meeting or special meetings (e.g., matters to be ratified, appointed external auditor, or amendments to their Articles of Incorporation or by-laws). Under this, companies are also required to disclose the holders of more than 5% of its equity securities. Somehow, the public will know the holders of more than 5% of a particular company.

Section 26 of the Corporation Code requires the filing of the GIS within thirty (30) days from the holding of the annual stockholders' meeting. If no meeting is held, GIS should be filed on or before January 30 of the following year. All listed companies as well as ordinary corporations are required to file the GIS. Companies are required to disclose their directors, officers, as well as their top 20 stockholders. However, if there are corporate subscribers, the public cannot determine the owners behind the corporate subscribers, since a separate GIS has to be secured for the corporate subscribers. Based on the current requirements of the GIS, there is no way of knowing the principals of these foreign corporations.

Challenges and issues on the disclosure requirements

Data Privacy Act of 2012. SEC has undertaken revisions on the reports open to the public to comply with the law. Companies are required include the TIN of their shareholders, directors, and officers in the GIS. Under the privacy act, this information cannot be disclosed.

As a response to EO No. 2 issued by President Duterte which established the first Freedom of Information Law in the country, the SEC has revised their reporting requirements such that confidential information such as TIN cannot be accessed by the public. This will now be disclosed in another page of the GIS and will not be included in the version uploaded online, as ordered SEC Memorandum Circular No. 16-2016. Similarly, the residential addresses of the directors, trustees, officers and stockholders of stock and non-stock corporations will also be indicated in the separate TIN page. Through the Memorandum Circular, only the SEC will have access to the TIN and other confidential data, addressing the requirements of both the Data Privacy Act of 2012 and of EO No. 2.

Legal Challenges. When SEC issued the IRR of the SRC in 2015, the Philippine Association of Securities Brokers and Dealers, Inc. questioned some of the provisions of the IRR including sections 18 and 23 pertaining to beneficial ownership. The case is pending in the Regional Trial Court in Mandaluyong.

Online and Real-time Access of the Beneficial Ownership Reports filed with SEC. Reports can be accessed online but uploading is not on a real-time basis. Access to this information requires certain fees.

Politically-exposed persons

Given the current circumstances, PEP can include individuals holding public office and even celebrities with influence. It is also unclear if the definition of PEP trickles down to relatives, as the SEC would have to analyze if the identified relative, for example, the son or daughter of a politician, has no capability to earn/invest or pass judgment and that investments are really those of the parents, even if on record, the stockholder is the son/daughter. Furthermore, PEP status can change

over time (e.g., when a person is elected or appointed for public office). The SEC currently do not indicate or tag whether a beneficial owner is a PEP or not.

38th MSG Meeting: Extractive Industry in the ARMM

9 December 2016

Highlights:

A representative from the CSO presented an overview of mining in ARMM. Refer to Annex AC.

Evaluation of mining monitoring reports for 2014

The Multi-partite Monitoring Team (MMT) of the MGB serves as the monitoring arm of the respective MGB Regional Offices. Its role is to monitor on a quarterly basis, or more frequently, as may be deemed necessary, the activities stipulated in the EPEP/AEPEP. The Regional Office concerned along with the Community Relations Officer (CRO) and representatives from the host and neighboring communities are required to conduct regular monitoring of the implementation of approved programs and submit monitoring reports to the MGB as basis for periodic audits.

MMT reports provided can be classified into the following: (1) validation reports of the Annual Social Development Management Program (ASDMP) projects of a company; and/or (2) monitoring of the stipulated EPEP/AEPEP activities of a company; and (3) safety and health program (SHP) monitoring including rehabilitation.

EPEP/AEPEP validation reports cover the implementation of enhancement and mitigating measures on environmental damage, risk management and safety, environmental parameters monitoring, and biodiversity enhancements, among others.

The ASDMP validation reports included the physical accomplishment, financial accomplishment, and recommendations. The environmental monitoring included among others, noise monitoring, vegetation and reforestation, soil erosion and siltation control, slope stability, water quality, air quality, progressive rehabilitation of waste dumps, environmental protection, etc. Lastly, SHP monitoring covers management and employee safety training, accident/incident investigations, accident/incident analysis, health control and services, and emergency response and preparedness program, among others.

The report contents included a cover page (endorsement from the MGB Regional Director), general information on the company, methodology, matrix of the result of monitoring conducted (for ASDMP this includes both physical and financial accomplishments), findings/observations, conclusions, and recommendations.

The MMT Report is submitted to the Mine Rehabilitation Fund Committee (MRFC) and Contingent Liability and Rehabilitation Fund (CLRF) Steering Committee.

Integrated Safety and Health, Environment and Social Development Monitoring (ISHES) Report

The environmental expenditures of mining companies are also monitored through the ISHES Report, in addition to the MMT report. The ISHES Management Monitoring conducted by the MGB is aimed at reviewing and evaluating the company's ISHES performance while increasing awareness of the employees on ISHES management that can be useful in interaction with other stakeholders. It is also the intention of the MGB, through the designated monitoring team, to identify commendable ISHES management initiatives of the company as well as come up with a set of recommendations to enhance management areas with perceived need for enhancement.

Table 65. Survey of MMT and ISHES Reports for 2014

Company	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	ASDMP	AEPEP	SHP	ASDMP	AEPEP	SHP	ASDMP	AEPEP	SHP	ASDMP	AEPEP	SHP
Adnama Mining Resources Incorporated	X	X	X	X	X	X						
Apex Mining Company Inc.	-	X	-	-	X	-	X	-	-	X	-	-
BenguetCorp. Nickel Mines, Inc.	-	X	X	-	X	X	-	X	-	-	X	-
Berong Nickel Corporation	X	-	X	X	-	X	X	-	X			
Carrascal Nickel Corporation	X	X	X	X	X	X						
Cagdiano Mining Corporation	X	X	X	X	X	X						
Cambayas Mining Corporation	-	X	-	X	X	-	X	X	-			
Carmen Copper Corporation	-	X	-	-	X	-	-	X	-	-	X	-
Citnickel Mines and Development Corporation	-	-	-	-	-	-	-	-	-			
CTP Construction and Mining Corporation (Adlay)	X	X	X	X	X	X						
CTP Construction and Mining Corporation (Dahican)	X	X	X	X	X	X						
Filminera Resources Corporation							X	-	-			
Hinatuan Mining Corporation *	X	X	X	X	X	X						
Johson Gold Mining Corporation										X	X	-
Krominco Inc.	X	X	X	X	X	X	X	X	X			
LNL Archipelago Minerals Incorporated	-	X	X	-	X	X	-	X	X	-	X	-
Mt. Sinai Exploration and Development Corporation				-	X	-	-	-	-	-	-	-
Ore Asia Mining and Development Corporation	-	X	-	-	X	-	-	X	-			
Philsaga Mining Corporation	X	X	X	X	X	X						
Platinum Group Metals Corporation	X	X	X	X	X	X						
Rapu-Rapu Minerals, Inc.										X	X	-
Rio Tuba Nickel Mining Corporation	X	X	X				X	X	X			
Shuley Mines, Inc.	X	X	X	X	X	X	X	X	X			

Monitoring of MMT and ISHES report are updated based on the latest information submitted by the MGB. Companies that do not have any tick marks or are not included in the list have yet to have their reports submitted by their respective Regional Offices. Lastly, to note that the actual SDMP reports as submitted to the MGB were also considered in marking off the ASDMP column.

Status of Special Account in the General Fund (SAGF) 151 (Malampaya fund)

Release of the Malampaya Fund to Implementing Agencies

SAGF 151 or the Malampaya Fund is the account established by the government in accordance with PD No. 910, which states that “All fees, revenues and receipts of the (Energy Development) Board from any and all sources including receipts from service contracts and agreements such as application and processing fees, signature bonus, discovery bonus, production bonus; all money collected from concessionaires, representing unspent work obligations, fines and penalties under the Petroleum Act of 1949; as well as the government share representing royalties, rentals, production share on service contracts and similar payments on the exploration, development and exploitation of energy resources, shall form part of a Special Fund to be used to finance energy resource development and exploitation programs and projects of the government and for such other purposes as may be hereafter directed by the President.”

This includes the revenue inflows and expenditures charged against the earnings of the Malampaya Gas Project.

DBM is responsible for releasing and monitoring SAGF 151 to the implementing agencies, which may be other National Government Agencies (NGAs), GOCCs or LGUs. There are no noted changes on the process for release. Refer to the second PH-EITI report for details on the process.

Since 2009, the government of Palawan province has been seeking its 40% share from the total Malampaya royalty, in accordance with the provision of the Local Government Code pertaining to the entitlement of local government units where natural wealth is discovered. However, the national government maintained that Malampaya is outside Palawan’s administrative jurisdiction and thus not entitled to proceeds from the sale of offshore gas deposit.

The disagreement between the national and provincial governments is the subject of a case that remains pending before the Supreme Court.

DBM evaluates the request, checking the completeness of the supporting documents attached and the accuracy of the amount requested, based on the project details. The DBM also ensures that the request is aligned with the purpose of the fund. As declared by a Supreme Court ruling in 2013, the Malampaya Fund can only be used to finance energy resource development and exploitation programs and projects of the government. The maximum amount for each budget request is the available balance of the fund.

Table 66. **Projects sourced through the Malampaya Fund, 2013**

Year	Implementing agency	Project	Amount	Date of SARO	Approval
2013	National Electrification Administration	Fund for Mindanao Modular Generator Sets	PHP4,500,000,000	7 November 2013	EO No. 137 dated 12 July 2012 signed by President Aquino
2013	Department of National Defense	RADAR and hull repainting of superstructure, including training of personnel and annual operating costs	PHP335,096,962	16 August 2013	Memo from the Office of the Executive Secretary as authorized by the Office of the President of the Philippines, dated 3 August 2013

As of 31 December 2014 and 2015, the balance of the Malampaya Fund is as follows:

Table 67. **SAGF 151 balance and cash flows, 2014-2015**

Balance as of 1 January 2014		PHP148,856,184,883
2014		
Unutilized Notice of Cash Allocation (NCA) as of 31 December 2013		10,277,755
Collections		25,933,822,551
Disbursements		
NCA	466,362,000	
40% LGU share from production other than Malampaya	1,389,153,498	(1,855,515,497)
Balance as of 31 December 2014		PHP172,944,769,692
2015		
Unutilized NCA as of 31 December 2014		126,889,774
Collections		17,030,383,158
Disbursements		
NCA	621,510,000	
40% LGU share from production other than Malampaya	1,013,710,411	(1,635,220,411)
Balance as of 31 December 2015		PHP188,466,822,213

The balance of the fund includes Malampaya collections amounting to PHP176,208,733,625 as of 31 December 2015. From 2014 until present, there have been no releases chargeable against the said fund, since the Supreme Court has issued a ruling in 2013 stating that the fund can be solely spent on energy resource development and exploitation activities.

chapter

2



Isla Lipana & Co.

31 December 2016

PH - Extractive Industries Transparency Initiative (EITI)
Department of Finance
Roxas Blvd., Malate, Manila

To: PH-EITI Multi-Sectoral Group

We have performed the procedures agreed with you with respect to information disclosed in the reporting templates (Templates) of identified companies and government agencies (Agencies). Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The agreed upon procedures (AUP) were performed in accordance with the third implementation of the Extractive Industries Transparency Initiative (EITI) project (Project) in the Philippines, and ultimately in the preparation of the Financial Reconciliation Report (Report).

Please refer to Sections II and III on procedures and actual results, respectively.

Because the procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), we do not express any assurance on the information detailed in the Templates based on the said standards.

Had we performed additional procedures or performed an audit or review of the financial information as reported in the Templates in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. In addition, this report relates only to information disclosed in the Templates submitted by companies and agencies, and does not extend to the financial statements of each taken as a whole.

A handwritten signature in black ink that reads 'Isla Lipana & Co.' in a cursive script.

Makati City

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I. Executive summary

With the release of the first and second PH-EITI report, the Philippine government gained a firm foothold in furthering transparency in the extractive sector. The transparency objectives were detailed in the first two country reports together with the key action points and developments since inception of PH-EITI in 2013. While the objectives remain the same, the third PH-EITI report (Report) endeavors to advance the current position of the country in terms of information clarity and transparency; and ensure accessibility of data on revenues from the extractive sector.

The Report covers the reconciliation procedures performed on the tax payments made by the companies engaged in large-scale metallic mining, oil and gas, and coal industries and collections disclosed by the government for the fiscal year 2014. The detailed reconciliation procedures are discussed in Section II, *The Reconciliation Process*, of this chapter.

The Report covers 31 mining companies, 5 oil and gas companies, 7 national agencies, and 63 local government units. The national agencies include the Bureau of Internal Revenue (BIR), Mines and Geosciences Bureau (MGB), Department of Energy (DOE), Department of Budget and Management (DBM), Bureau of Customs (BOC), Philippine Ports Authority (PPA), and National Commission on Indigenous Peoples (NCIP).

Small-scale metallic and large-scale non-metallic mining are still yet to be included in this Report, but were subject of separate scoping studies to determine readiness for inclusion in the Report in terms of accessibility of data on tax collections and receipts and extent of economic contributions.

Both participating companies and national and local agencies completed and submitted reporting templates (templates) disclosing, among others, revenue streams paid or collected, mandatory expenditures, and funds. Please refer to completed templates uploaded in the PH-EITI website.

We present in the following sections analysis of relevant revenue and industry data, as determined by the submitted information of both the participating companies and government agencies.

Table 68 presents the percentage of total sales of participating companies to respective sectors as follows:

Table 68. Percentage representation of participating companies to total sector based on reported sales in 2014

Sector	(in PHP'000s)		
	Total sales	Total sales of participating companies	% of participating companies to total
Mining	114,478,443	107,084,472	94%
Mining (excluding Adnama and SR Metals)	114,478,443	100,252,730	88%
Oil and gas	66,831,355	64,554,587	97%
Coal	16,276,930	-	-

* Total sales were based on audited financial statements of all targeted entities, including Adnama Mining Resources, Incorporated (Adnama) and SR Metals, Inc. (SR Metals)

As done in the first two reports, we have initially evaluated sufficiency of participation based on reported sales with the presumption that companies with higher sales likewise remitted higher taxes to government. Correspondingly, the percentage scope based on sales is supplemented by succeeding table that analyzed coverage based on aggregated revenue data provided by government agencies. For 2012 and 2013, coverage in the large-scale metallic mining sector reached 94%, which could have again been achieved for 2014 if reconciliation procedures were completed for both Adnama and SR Metals. Otherwise, participation rate is only at 88%, which is still deemed substantial representation of the mining sector. For OG, participation is at 97%, which even if lower than the first two reports at 98% and 100%, respectively, is likewise considered adequate.

Refer to discussion under “Participating companies” sub-section for the profile of targeted and participating companies, including rationale behind presenting two different totals information, covered by this Report.

Table 69 shows percentage representation of the participating companies’ to total sector based on reported tax revenues of the government agencies in 2014.

Table 69. Percentage coverage of participating companies to total sector based on reported tax revenues of the government agencies in 2014 (in PHP '000s)

	Mining	OG	Total
Total reconciled revenue streams from participating companies (excluding NCIP and MGB funds)	11,105,703	42,443,420	53,549,123
Total industry revenue streams collected by government	12,192,523	45,465,362	57,657,885
Percentage coverage of participating companies	91%	93%	93%
Total reconciled revenue streams from participating companies (excluding NCIP and MGB funds, and excluding Adnama and SR Metals)	10,783,981	42,443,420	53,227,401
Percentage coverage of participating companies (excluding Adnama and SR Metals)	88%	93%	92%

Table 70: Aggregate data for revenue streams and other taxes as reported by each government agency

Agency	2014
BIR	24,835,789,419
BOC	619,670,975
DOE	28,536,284,011
LGU	493,478,308
MGB	3,172,662,614
SUBTOTAL	57,657,885,326
NCIP	58,010,632
TOTAL	57,715,895,959

Based on submissions made by individual government agencies on total collections made from large scale metallic mining and OG sectors, excluding Adnama and SR Metals, percentage representation of participating mining and OG companies are at 88% and 93%, respectively.

The NCIP is tasked only to monitor royalties for IPs, not to collect on their behalf. Thus, IP royalty is considered as 'other taxes' and not a revenue stream of the government. MGB funds are payments made by the companies to ensure availability of financing for activities ranging from social development, environmental protection, and rehabilitation, and do not form part of the government revenue collections.

The table below presents the percentage coverage of reconciled revenue streams and other taxes from participating companies to total receipts reported by each government agency:

Table 71. Percentage coverage of reconciled revenue streams and other taxes of participating companies to total sector revenues reported by government agencies

Agency	Mining	Mining (excluding Adnama and SR Metals)	Oil and gas
BIR	104%	101%	91%
BOC	92%	92%	-
DOE	0%	0%	95%
LGU	65%	65%	-
MGB	64%	60%	-
SUBTOTAL	91%	88%	93%
NCIP	523%	523%	-
TOTAL	93%	91%	93%

We set out in the table below a summary of the reconciled disaggregated revenue streams and other taxes per government agency and per industry sector.

Table 72: Disaggregated reconciled revenue streams and other taxes per government agencies

Agency/Revenue streams	Mining	Oil and gas	Total
BIR			
Corporate income tax	5,651,513,074	12,074,597,174	17,726,110,248
Excise tax on minerals	1,803,177,339	-	1,803,177,339
Withholding tax - Foreign shareholder dividends	536,748,475	-	536,748,475
Withholding tax - Profit emittance to principal		3,313,283,389	3,313,283,389
Withholding tax - Royalties to claim owners	192,820,316	-	192,820,316
BOC			
Customs duties	87,120,484		87,120,484
VAT on imported materials and equipment	483,724,154	-	483,724,154
DOE			
Government share from oil and gas production		- 27,055,539,705	27,055,539,705
LGU			
Local business tax (paid either in mine site or head office)	231,186,434	-	231,186,434
Real property tax - Basic	62,453,998	-	62,453,998
Real property tax - Special Education Fund (SEF)	27,142,374	-	27,142,374
MGB			
Royalty on mineral reservation	2,029,816,208	-	2,029,816,208
SUBTOTAL	11,105,702,856	42,443,420,268	53,549,123,124
SUBTOTAL (excluding Adnama and SR Metals)	10,783,980,719	42,443,420,268	53,227,400,987

Agency/Revenue streams	Mining	Oil and gas	Total
NCIP			
Royalty for IPs	303,607,900	-	303,607,900
Total	11,409,310,756	42,443,420,268	53,852,731,024
Total excluding (Adnama and SR Metals)	11,087,588,619	42,443,420,268	53,531,008,887

Participating companies

Of the 58 targeted companies from the mining (46), OG (11) and coal (1) sectors, 36 companies (31 mining and 5 oil and gas) were able to submit their templates as of 14 December 2016, including Adnama and SR metals which only furnished their reporting templates on 14 December 2016 and 13 December 2016, respectively. The proximity to report date (i.e. 30 December) however, hindered the conduct of full and comprehensive reconciliation procedures on these two reporting templates. Consequently, the MSG, during the special meeting held on 20 December 2016, decided the exclusion of both reporting templates in determining variances as seen in the executive summary in order not to disadvantageously impact the results of reconciliation done on other participating companies that submitted much earlier. Accordingly, narratives and analysis are based on amounts and percentages that exclude both Adnama and SR Metal. Tables, nonetheless, present both totals that include and exclude the said two entities to provide readers of the report increment reference on the impact of both Adnama and SR Metal to the large scale metallic mining sector and the effect on reconciliation results if both were completed within target cutoff date. Semirara Mining and Power Corporation, the major player in the coal sector, continued its nonparticipation in the exercise for three consecutive years.

Table 73 details the targeted companies with reported sales in 2014 and identified those that submitted reporting templates. Entities that are marked as 'Not Applicable' refer to companies that reported no production operations in 2014 due to varying reasons including decommissioning, temporary closure and others; hence are expected not to have paid and remitted material taxes.

Table 73: Targeted companies for the third PH-EITI report

	2014 Sales	Participating Y/N
Mining		
<i>Nickel</i>		
AAM-PHIL Natural Resources Exploration and Development Corporation	962,238,249	Y
Adnama Mining Resources, Incorporated	2,297,959,004	Y
BenguetCorp Nickel Mines, Inc.	1,983,208,453	Y
Berong Nickel Corporation	2,141,249,821	N
Cagdianao Mining Corporation	3,595,473,675	Y
Carrascal Nickel Corporation	5,188,456,009	Y
Century Peak Corporation (Casiguran and Esperanza)	1,008,271,790	N
Citinickel Mines and Development Corporation	3,548,551,954	Y
CTP Construction and Mining Corporation (Adlay and Dahican)	-	N - No available information
Eramen Minerals, Inc.	2,483,223,389	N
Hinatuan Mining Corporation	5,122,763,256	Y
Libjo Mining Corporation	884,679,505	Y
LNL Archipelago Minerals, Incorporated	981,050,429	Y
Marcventures Mining and Development Corporation	2,526,963,186	Y
Oriental Synergy Mining Corporation	314,224,284	N
Pacific Nickel Phils., Inc.	-	Y - Rehabilitation in progress in 2014

	2014 Sales	Participating Y/N
Platinum Group Metals Corporation	11,979,678,000	Y
Rio Tuba Nickel Mining Corporation	6,926,563,823	Y
Shuley Mine, Incorporated	2,075,580,810	Y
S.R. Languyan Mining Corporation	557,694,662	N
SR Metals, Incorporated	4,533,782,437	Y
Sinosteel Phils. H. Y. Mining Corporation	61,597,250	Y
Taganito Mining Corporation	8,907,492,874	Y
Wellex Mining Corporation	-	N - Under care and maintenance in 2014
SUBTOTAL	68,080,702,860	
<i>Copper / Gold / Silver / Zinc</i>		
Apex Mining Company, Inc.	1,730,741,568	Y
Carmen Copper Corporation	13,886,226,079	Y
Filminera Resources Corporation	3,547,264,725	Y
Greenstone Resources Corporation	2,426,875	Y
Johson Gold Mining Corporation	-	Y - Under care and maintenance in 2014
Lepanto Consolidated Mining Company	1,431,487,000	Y
OceanaGold (Philippines), Inc.	13,230,650,536	Y
Philex Mining Corporation	10,582,360,000	Y
Philsaga Mining Corporation	395,654,725	Y
Rapu-Rapu Minerals, Inc.*	-	Not applicable - The Company ceased operations in 2013 and had initiated its rehabilitation plan.
TVI Resources Development Philippines, Inc. (Agata)	-	Not applicable - No extractive revenue
TVI Resources Development Philippines, Inc. (Canatuan)	490,504,993	Y
SUBTOTAL	45,297,316,501	
<i>Chromite</i>		
Cambayas Mining Corporation	239,284,707	N
Krominco, Inc.	40,961,461	Y
Mt. Sinai Mining Exploration and Development Corporation	-	N - No available information
Norweah Metals and Minerals Company	86,581,010	N
Zambales Diversified Metals Corporatio	448,850,771	N
SUBTOTAL	815,677,949	
<i>Other metallic mining entities</i>		
Atro Mining Vitali, Inc.	-	N - No sales since operations are limited to development and operations phase.
Investwell Resources, Incorporated	51,121,392	N
Leyte Iron Sand Corporation	39,119,582	Y

	2014 Sales	Participating Y/N
Ore Asia Mining and Development Corporation	131,035,213	Y
Philippine Mining Development Corporation	-	Y - No sales since operations are assigned. Please see Section I (F) of Chapter 1.
Strong Built (Mining) Development Corp.	63,469,536	N
SUBTOTAL	284,745,723	
Oil and gas		
Alcorn Petroleum and Minerals Corporation	4,125,240	N
Chevron Malampaya LLC	28,019,609,851	Y
Forum Energy Philippines Corp.	301,802,758	N
Galoc Production Company W.L.L.	3,287,947,285	Y
Nido Petroleum Philippines Pty. Ltd.*	-	Not applicable - The Company is still in exploration stage. Only entities in production phase are covered by the exercise.
Nido Production Galoc Pty. Ltd.	2,961,443,185	Y
Oriental Petroleum & Minerals Corp.	1,001,537,950	N
PNOC - Exploration Corporation	6,601,795,006	Y
Shell Philippines Exploration B.V.	23,683,792,015	Y
The Philodrill Corporation	969,301,658	N
Trans-Asia Oil & Energy Devt. Corp.*	-	Not applicable - Reported sales in 2014 refers to power operation and not oil extraction
SUBTOTAL	66,831,354,948	
Coal		
Semirara Mining and Power Corporation	16,276,929,798	N

*no extractive revenue activities in 2014

Table 73 enumerates all targeted mining companies including those that have multiple projects under its name, which are Century Peak, CTP Construction and TVI. All other targeted entities were only operating one project each in 2014. Similar to Philodrill, both Century Peak and CTP Construction declined to participate; hence the absence of disclosures in the third report. For TVI, as also indicated in Table 73, only its Canatuan project was operating in 2014 with Agata still under exploration.

The percentage impact to total sales per sector of non-participating companies are shown on Table 74.

Table 74. Summary of non-participating companies

	2014 Sales	% to total sales per sector
Mining		
<i>Nickel</i>		
Berong Nickel Corporation	2,141,249,821	1.87%
Century Peak Corporation (Casiguran and Esperanza)	1,008,271,790	0.88%
CTP Construction and Mining Corporation (Adlay and Dahican)	-	0.00%
Eramen Minerals, Inc.	2,483,223,389	2.17%
Oriental Synergy Mining Corporation	314,224,284	0.28%

*Provided supplementary information to Table 73 about certain companies with multiple projects in 2014, which either declined to participate or still have no operations. Accordingly, the Report has maintained compliance with the required project reporting under the EITI framework.

	2014 Sales	% to total sales per sector
S.R. Languyan Mining Corporation	557,694,662	0.49%
Wellex Mining Corporation	-	0.00%
<i>Chromite</i>		
Cambayas Mining Corporation	239,284,707	0.21%
Mt. Sinai Mining Exploration and Development Corporation	-	0.00%
Norweah Metals and Minerals Company	86,581,010	0.08%
Zambales Diversified Metals Corporatio	448,850,771	0.39%
<i>Other metallic mining entities</i>		
Atro Mining Vitali, Inc.	-	0.00%
Investwell Resources, Incorporated	51,121,392	0.04%
Strong Built (Mining) Development	63,469,536	0.06%
Oil and gas		
Alcorn Petroleum and Minerals Corporation	4,125,240	0.01%
Forum Energy Philippines Corp.	301,802,758	0.45%
Oriental Petroleum & Minerals Corp.	1,001,537,951	1.50%
The Philodrill Corporation	969,301,658	1.45%
Coal		
Semirara Mining and Power Corporation	16,276,929,798	100%

Notwithstanding the absence of completed reporting template from Semirara Mining and Power Corporation, the following information on government share/real property taxes and income taxes were obtained from government's reporting template and its own audited financial statements, respectively:

Table 75. **Semirara Mining and Power Corporation tax payments in 2014**

Agency	Revenue stream	Amount (PHP in millions)	% to total mining and oil and gas revenue streams	Remarks
DOE	Government share in production	1,858	3.5%	
LGU	Real property taxes	6	-	
BIR	Corporate income tax	-	-	No waiver. Nil per 2014 consolidated financial statements

The above data were only presented as a matter of information and not subjected to reconciliation procedures due to Semirara's non-participation in the exercise. The total of government share from production and real property tax attributed to Semirara Mining and Power Corporation amounting to PHP1.86bn represents 16.91% and 4.4% (2013 - PHP1.3bn; 18.5% and 4.4%) of total reconciled revenue streams for mining and OG, respectively, and only 3.5% (2013 - 3.2%) of the entire extractive sector. Accordingly, we have assessed revenue streams for coal to be immaterial. Nonetheless, if we are to directly compare disclosures made by the DOE based on their reporting template and Semirara Mining and Power Corporation's 2014 annual report, there is no noted variance to total government share of PHP1.86bn. The annual report may be accessed through its website at <http://www.semiramining.com>.

Tables 76 presents the percentage representation of participating companies based on reported sales per sector and the extractive industry taken as a whole, and based on any fiscal incentives.

Table 76. Percentage representation of participating companies to total sales per sector

	Total (in PHP'000s)	% to total sales per sector
Mining		
Companies under income tax holiday	33,457,214	29%
Companies under regular income tax	73,627,257	64%
Companies under regular income tax (excluding Adnama and SR Metals)	66,795,516	58%
OG		
Sales	64,554,587	97%
Coal		
Sales	-	0%
Total	171,639,058	87%
Total (excluding Adnama and SR Metals)	164,807,317	83%

The third Report concluded with 87% representation which approximates that of the previous two reports at 87% and 86% for 2013 and 2012, respectively.

Without coal, combined percentage of participating companies from mining and OG sectors would have reached 95% (2013 - 97%).

The above table distinguishes mining companies that availed of fiscal incentives particularly income tax holiday (ITH) under their registration with the Board of Investments (BOI). As a result, these companies were not subjected to corporate income tax on their primary business activities (i.e., metal sales). These mining companies are as follows:

Nickel

1. Carrascal Nickel Corporation
2. Marcventures Mining and Development Corporation
3. Platinum Group Metals

Gold/Copper/Silver/Zinc

4. OceanaGold (Philippines), Inc.
5. TVI Resources Development Philippines, Inc.

Chromite

6. Krominco, Inc.

Similar to the first and second PH-EITI report, reconciliation was also limited by the prevailing confidentiality clause under the National Internal Revenue Code of the Philippines, which prohibits the BIR from disclosing tax payments unless signed waivers are submitted by the companies (Please see Annex AF for the waiver template). The prohibition will only apply to revenue streams reported by the BIR including corporate income, withholding and excise taxes, and will not impact disclosures made by other government agencies. Summary presentation of companies on submitted templates and waivers is as follows:

Table 77: List of targeted companies and related BIR waiver submissions

	With waiver Y/N
Mining	
<i>Chromite</i>	
Cambayas Mining Corporation	N
Krominco, Inc.	Y
Mt. Sinai Mining Exploration and Development Corporation	N
Norweah Metals and Minerals Company	N
Zambales Diversified Metals Corporatio	N
<i>Copper / Gold / Silver / Zinc</i>	
Apex Mining Company, Inc.	N
Carmen Copper Corporation	Y
Filminera Resources Corporation	Y
Greenstone Resources Corporation	N
Johson Gold Mining Corporation	Y
Lepanto Consolidated Mining Company	Y
OceanaGold (Philippines), Inc.	Y
Philex Mining Corporation	Y
Philsaga Mining Corporation	Y
TVI Resources Development Philippines, Inc. (Agata and Canatuan)	Y
<i>Nickel</i>	
AAM-PHIL Natural Resources Exploration and Development Corporation	Y
Adnama Mining Resources, Incorporated	Y
BenguetCorp Nickel Mines, Inc.	Y
Berong Nickel Corporation	N
Cagdianao Mining Corporation	Y
Carrascal Nickel Corporation	Y
Century Peak Corporation (Casiguran and Esperanza)	N
Citinickel Mines and Development Corporation	N
CTP Construction and Mining Corporation (Adlay and Dahican)	Y
Eramen Minerals, Inc.	Y
Hinatuan Mining Corporation	Y
Libjo Mining Corporation	N
LNL Archipelago Minerals, Incorporated	Y
Marcventures Mining and Development Corporation	Y
Oriental Synergy Mining Corporation	Y
Pacific Nickel Phils., Inc.	Y
Platinum Group Metals Corporation	Y
Rio Tuba Nickel Mining Corporation	Y
Shuley Mine, Incorporated	Y
S.R. Languyan Mining Corporation	N
SR Metals, Incorporated	Y
Sinosteel Phils. H. Y. Mining Corporation	Y
Taganito Mining Corporation	Y
Wellex Mining Corporation	N
<i>Others metallic mining entities</i>	
Atro Mining Vitali, Inc.	N

	With waiver Y/N
Investwell Resources, Incorporated	N
Leyte Iron Sand Corporation	Y
Ore Asia Mining and Development Corporation	Y
Philippine Mining Development Corporation	Y
Strong Built (Mining) Development Corp.	N
Oil and gas	
Alcorn Petroleum and Minerals Corporation	N
Forum Energy Philippines Corp.	N
Chevron Malampaya LLC	Y
The Philodrill Corporation	N
Galoc Production Company W.L.L.	Y
Nido Production Galoc	Y
Oriental Petroleum & Minerals Corp.	N
PNOC - Exploration Corporation	Y
Shell Philippines Exploration B.V.	Y
Coal	
Semirara Mining and Power Corporation	N

Government agencies

In addition to the seven national government agencies, a total of 63 LGUs submitted templates for reconciliation as compared to 59 in the second PH-EITI report. These are as follows:

Cordillera Administrative Region

1. Benguet Province
2. Mankayan, Benguet
3. Tuba, Benguet

Region II

4. Kasibu, Nueva Vizcaya
5. Nueva Vizcaya Province

Region III

6. Bulacan Province
7. Candelaria, Zambales
8. Sta. Cruz, Zambales
9. Zambales Province

Region IVB

10. Bataraza, Palawan
11. Narra, Palawan
12. Palawan Province
13. Quezon, Palawan
14. Sofronio Espanola, Palawan

Region V

15. Albay Province
16. Aroroy, Masbate
17. Camarines Norte Province
18. Jose Panganiban, Camarines Norte
19. Masbate Province
20. Rapu-Rapu, Albay

Region VI

21. Antique Province
22. Caluya, Antique

Region VII

23. Bogo City
24. Cebu Province
25. Daanbantayan, Cebu
26. Toledo City

Region VIII

27. Guiuan, Eastern Samar
28. Javier, Leyte
29. Leyte Province
30. MacArthur, Leyte

Region IX

31. Siocon, Zamboanga del Norte
32. Zamboanga City

33. Zamboanga del Norte Province

Region XI

34. Compostela Valley Province

35. Davao City

36. Maco, Compostela Valley

Region XIII

37. Agusan del Norte Province

38. Agusan del Sur Province

39. Basilisa, Dinagat Islands

40. Cagdianao, Dinagat Islands

41. Cantilan, Surigao del Sur

42. Carrascal, Surigao del Sur

43. Claver, Surigao del Norte

44. Province of Dinagat Islands

45. Libjo, Dinagat Islands

46. Loreto, Dinagat Islands

47. Rosario, Agusan del Sur

48. San Jose, Dinagat Islands

49. Surigao City

50. Surigao del Norte Province

51. Surigao del Sur Province

52. Tagana-an, Surigao del Norte

53. Tubajon, Dinagat Islands

54. Tubay, Agusan del Norte

55. Tubod, Surigao del Norte

56. Butuan City

National Capital Region

57. Caloocan City

58. Makati City

59. Muntinlupa City

60. Pasay City

61. Pasig City

62. Quezon City

63. San Juan City

Revenue streams

In terms of revenue streams, the following tax payments and fees, as well as mandatory expenditures and funds, were included in this Report. A more detailed discussion on these revenue streams are included in Section II, *Scope of the Report*.

Taxes and fees

1. Corporate income tax
2. Customs duties
3. Excise tax on minerals
4. Government share from oil and gas production
5. Local business taxes
6. Withholding tax on foreign shareholder dividends
7. Withholding tax on profit remittance to principal
8. Withholding tax on royalties to claim owners
9. Value added tax on importations
10. Real property tax – Basic
11. Real property tax – Special Education Fund (SEF)
12. Royalty on mineral reservation

Other taxes

1. Royalty for Indigenous Peoples (IP)

Mandatory expenditures and funds

1. Annual Environmental Protection and Enhancement Program (AEPEP)
2. Annual Safety and Health Program (ASHP)
3. Annual Social Development Management Program (ASDMP)
4. Monitoring Trust Fund
5. Environmental Trust Fund

6. Mine Waste and Tailings Fees Reserve Fund
7. Final Mine Rehabilitation and Decommissioning Fund
8. Rehabilitation Cash Fund

Final output preview

Table 78 provides an overview of the final results of the reconciliation procedures with detailed information reported in Section III, *Reconciliation results overview*.

Table 78. Summary of reconciliation results for revenue streams per agency

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of variance
Mining						
BIR	9,279,220,992	8,197,818,224	1,081,402,768	8,184,259,204	332,528,620	4.1%
BOC	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962	0%
LGU	592,329,907	452,068,638	140,261,269	320,782,806	56,618,678	17.7%
MGB	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119	0.6%
NCIP	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422	38.6%
SUBTOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801	4.5%
SUBTOTAL (excluding Adnama and SR Metals)	12,515,296,644	11,069,326,722	1,445,969,922	11,087,588,619	360,163,373	
Oil and gas						
BIR	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-	0%
DOE	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-	0%
SUBTOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-	
Mining and Oil and Gas						
BIR	23,422,102,348	23,348,357,612	73,744,736	23,572,139,767	332,528,620	1.4%
BOC	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962	0%
LGU	592,329,907	452,068,638	140,261,269	320,782,806	56,618,678	17.7%
MGB	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119	0.6%
NCIP	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422	38.6%
DOE	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-	0.00%
TOTAL	54,792,303,240	53,686,919,742	1,105,383,498	53,852,731,024	518,391,801	1.0%
GRAND TOTAL (excluding Adnama and SR)	54,136,968,184	53,275,405,816	861,562,368	53,531,008,887	360,163,373	

Based on the results of reconciliation procedures, total reconciled revenue streams for 2014 (excluding funds and mandatory expenditures and Adnama and SR Metals) amounted to PHP53.5bn (2013 - PHP40.7bn), of which PHP11.1bn and PHP42.4bn (2013 - PHP5.4bn and PHP35.3bn) are from mining and OG, respectively. The 2014 total represents an increase of PHP12.8bn from 2013, which is consistent with reported increase in industry sales for both mining and OG that reached PHP114bn and PHP67bn, respectively, from PHP78bn and PHP62bn, respectively, in 2013. The reported increase in sales of 30% approximates the increase in total reconciled revenue streams of 32% that further demonstrates the direct correlation between sales and revenue streams. Please refer to succeeding table for a comparison of total reconciled revenue streams in 2014 and 2013.

*The BIR reconciled amount for the mining sector was updated to reflect additional items that passed the reconciliation procedures. The updated BIR total reconciled amount and total reconciled amount for mining and oil and gas increased by 2% and less than 1%, respectively. Additionally, the update did not impact previously reported variance post-reconciliation.

Factoring in the exclusion of Adnama and SR Metals in the variance analysis, the post-reconciliation difference would only amount to PHP360.2m. Due to limited time caused by late receipt of templates, most of the taxes (i.e. excise tax on minerals, and LGU taxes) reported by these two companies and the government agencies were not substantiated with supporting schedules and documents, hence, the variance post-reconciliation amounting to PHP158.2m. To note, the contribution of these two companies, if included in the analysis, to reconciled revenue streams amounted to PHP321.7m.

Table 79. Summary of total reconciled revenue streams in 2014 and 2013

Sector	(in PHP'000s)			
	2014	2013	Change	% change
Mining	11,409,311	5,376,239	6,033,072	112%
OG	42,443,420	35,323,487	7,119,933	20%
TOTAL	53,852,731	40,699,726	13,153,005	32%
Mining (excluding Adnama and SR Metals)	11,087,589	5,376,239	5,711,350	106%
TOTAL (excluding Adnama and SR Metals)	53,531,009	40,699,726	12,831,283	32%

Refer to Figure 32 for the discussion of key factors that contributed to the significant change in reconciled revenue streams and other taxes.

Per agency

i. Reported collections and other taxes per government agency and aggregate

Table 80. Reconciliation summary per government agency per industry sector

	Reconciled - Mining	Reconciled - Oil and gas	Total
BIR	8,184,259,204	15,387,880,563	23,572,139,767
BOC	570,844,638	-	570,844,638
DOE	-	27,055,539,705	27,055,539,705
LGU	320,782,806	-	320,782,806
MGB	2,029,816,208	-	2,029,816,208
NCIP*	303,607,900	-	303,607,900
TOTAL	11,409,310,756	42,443,420,268	53,852,731,024
TOTAL (excluding Adnama and SR Metals)	11,087,588,619	42,443,420,268	53,531,008,887

*Reconciled amount for NCIP pertains to royalty for IPs, which is considered as other taxes and not a revenue stream of the government.

Detailed collections per revenue stream and other taxes per industry sector are as follows:

Table 81. Summary of reconciliation results for revenue streams and other taxes per agency and per commodity

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of post variance over agency amount
Chromite						
BIR						
Corporate income tax	172,664	-	172,664	-	-	0%
Excise tax on minerals	819,229	827,287	(8,058)	819,229	-	0%
Withholding tax - Foreign shareholder dividends	-	-	-	-	-	0%
Withholding tax - Royalties to claim owners	-	-	-	-	-	0%
SUBTOTAL	991,893	827,287	164,606	819,229	-	-
BOC						
Customs duties	-	-	-	-	-	0%
VAT on imported materials and equipment	1,483,618	1,483,618	-	1,483,618	-	0%
SUBTOTAL	1,483,618	1,483,618	-	1,483,618	-	0%
LGU						
Local business tax (paid either in mine site or head office)	2,271,868	2,142,938	128,930	2,271,868	-	0%
Real property tax - Basic	90,625	19,376	71,249	90,625	-	0%
Real property tax - Special Education Fund (SEF)	90,625	19,376	71,249	90,625	-	0%
SUBTOTAL	2,453,118	2,181,690	271,428	2,453,118	-	0%
MGB						
Royalty on mineral reservation	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)	-22%
NCIP						
Royalty for IPs	-	-	-	-	-	0%
TOTAL	6,970,668	7,114,522	(143,854)	6,798,004	(579,888)	-8%
Copper / Gold / Silver / Zinc						
BIR						
Corporate income tax	844,276,795	837,707,328	6,569,467	837,707,328	6,569,467	1%
Excise tax on minerals	886,960,599	850,653,887	36,306,712	850,653,887	34,637,629	4%
Withholding tax - Foreign shareholder dividends	19,622,111	17,203,219	2,418,892	17,203,219	-	0%

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of post variance over agency amount
Withholding tax - Royalties to claim owners	292,366,878	105,202,453	187,164,425	105,202,453	849,300	1%
SUBTOTAL	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396	2%
BOC						
Customs duties	116,605,692	96,718,534	19,887,158	80,204,481	20,352,827	21%
VAT on imported materials and equipment	453,389,717	473,418,060	(20,028,343)	447,240,351	(17,259,706)	-4%
SUBTOTAL	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121	1%
LGU						
Local business tax (paid either in mine site or head office)	314,120,540	238,803,291	75,317,249	145,938,400	17,725,586	7%
Real property tax - Basic	84,329,471	36,803,271	47,526,200	57,738,526	15,155,446	41%
Real property tax - Special Education Fund (SEF)	22,281,622	35,315,046	(13,033,424)	22,832,205	57,512	0%
SUBTOTAL	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544	11%
MGB						
Royalty on mineral reservation	-	-	-	-	-	0%
NCIP						
Royalty for IPs	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565	113%
TOTAL	3,097,092,739	2,700,075,089	397,017,650	2,610,249,599	87,448,626	3%
Nickel						
BIR						
Corporate income tax	4,765,229,462	4,764,987,929	241,533	4,784,635,889	242,712	0%
Excise tax on minerals	1,275,774,106	992,293,840	283,480,266	948,731,921	241,642,733	24%
Withholding tax - Foreign shareholder dividends	1,060,982,394	519,545,256	541,437,138	519,545,256	34,553,916	7%
Withholding tax - Royalties to claim owners	100,690,007	77,254,866	23,435,141	87,617,863	13,072,145	17%
SUBTOTAL	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506	5%
BOC						
Customs duties	6,901,552	7,380,850	(479,298)	6,901,063	(479,787)	-7%
VAT on imported materials and equipment	34,003,664	37,371,121	(3,367,457)	34,830,953	(2,540,168)	-7%
SUBTOTAL	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)	-7%
LGU						
Local business tax (paid either in mine site or head office)	154,516,504	127,324,982	27,191,522	82,036,348	22,433,416	18%

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of post variance over agency amount
Real property tax - Basic	9,145,993	5,898,271	3,247,722	4,531,775	2,862,182	49%
Real property tax - Special Education Fund (SEF)	4,249,015	5,541,037	(1,292,022)	4,219,544	(1,615,168)	-29%
SUBTOTAL	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430	17%
MGB						
Royalty on mineral reservation	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007	1%
NCIP						
Royalty for IPs	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857	217%
TOTAL	10,029,516,243	8,737,617,793	1,291,898,450	8,758,903,932	430,576,845	5%
TOTAL (excluding Adnama and SR Metals)	9,374,181,187	8,326,103,867	1,048,077,320	8,437,181,795	272,348,417	3%
Other metallic mining entities						
BIR						
Corporate income tax	28,393,727	29,169,857	(776,130)	29,169,857	-	0%
Excise tax on minerals	2,972,302	2,972,302	-	2,972,302	-	0%
Withholding tax - Foreign shareholder dividends	-	-	-	-	-	0%
Withholding tax - Royalties to claim owners	960,718	-	960,718	-	960,718	0%
SUBTOTAL	32,326,747	32,142,159	184,588	32,142,159	960,718	3%
BOC						
Customs duties	255,886	273,272	(17,386)	14,940	(2,446)	-1%
VAT on imported materials and equipment	3,235,773	3,416,763	(180,990)	169,232	(11,758)	0%
SUBTOTAL	3,491,659	3,690,035	(198,376)	184,172	(14,204)	0%
LGU						
Local business tax (paid either in mine site or head office)	1,139,818	201,050	938,768	939,818	(1,050)	-1%
Real property tax - Basic	93,449	-	93,449	93,072	377	0%
Real property tax - Special Education Fund (SEF)	377	-	377	-	377	0%
SUBTOTAL	1,233,644	201,050	1,032,594	1,032,890	(296)	0%
MGB						
Royalty on mineral reservation	-	-	-	-	-	0%

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of post variance over agency amount
NCIP						
Royalty for IPs	-	-	-	-	-	0%
SUBTOTAL	-	-	-	-	-	0%
TOTAL	37,052,050	36,033,244	1,018,806	33,359,221	946,218	3%
GRAND TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801	5%
GRAND TOTAL (excluding Adnama and SR Metals)	12,515,296,644	11,069,326,722	1,445,969,922	11,087,588,619	360,163,373	3%

OIL AND GAS	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	% of post variance over agency amount
BIR						
Corporate income tax	10,911,537,459	11,837,255,999	(925,718,540)	12,074,597,174	-	0%
Withholding tax - Profit emittance to principal	3,231,343,897	3,313,283,389	(81,939,492)	3,313,283,389	-	0%
SUBTOTAL	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-	0%
DOE						
Government share from oil and gas production	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-	0%
TOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-	0%

Per company

Table 82. Summary of reconciliation results for revenue streams per participating company

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chromite					
Krominco, Inc.	6,970,668	7,114,522	(143,854)	6,798,004	(579,888)
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.	115,917,353	83,329,211	32,588,143	74,536,428	33,872,162
Carmen Copper Corporation	1,035,129,070	861,024,802	174,104,268	837,402,823	(25,309)
Filminera Resources Corporation	405,283,609	419,102,209	(13,818,600)	405,283,609	-
Greenstone Resources Corporation	6,592,490	8,415,897	(1,823,407)	8,724,877	182,550
Johson Gold Mining Corporation	12,175	1,973	10,202	323	10,203
Lepanto Consolidated Mining Company	68,693,973	70,508,411	(1,814,438)	68,932,136	-
OceanaGold (Philippines), Inc.	303,526,677	269,945,655	33,581,022	300,545,167	227,703
Philex Mining Corporation	1,026,898,188	925,583,814	101,314,374	867,185,596	(21,079,937)
Philsaga Mining Corporation	105,558,811	48,480,853	57,077,958	34,606,655	55,621,453
TVI Resource Development Philippines, Inc. (Canatuan)	29,480,393	13,682,264	15,798,129	13,031,985	18,639,801
SUBTOTAL	3,097,092,739	2,700,075,089	397,017,650	2,610,249,599	87,448,626

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	85,173,686	62,879,311	22,294,375	54,729,027	22,313,441
Adnama Mining Resources, Incorporated	299,676,917	187,063,345	112,613,572	131,806,792	30,748,582
BenguetCorp Nickel Mines, Inc.	199,728,811	188,070,104	11,658,707	194,827,937	2,499,577
Cagdianao Mining Corporation	901,888,053	925,573,576	(23,685,523)	925,849,815	-
Carrascal Nickel Corporation	537,430,670	475,405,740	62,024,930	475,096,668	36,872,095
Citinickel Mines and Development Corporation	133,578,325	4,565,016	129,013,309	-	129,013,309
Hinatuan Mining Corporation	1,124,520,224	1,137,539,206	(13,018,982)	1,138,035,517	-
Libjo Mining Corporation	92,914,739	58,014,628	34,900,111	53,378,553	34,781,694
LNL Archipelago Minerals, Incorporated	102,986,561	72,499,566	30,486,995	101,133,061	-
Marcventures Mining and Development Corporation	76,224,169	51,241,586	24,982,583	48,896,746	25,574,065
Pacific Nickel Phils., Inc.	132,947	1,832,280	(1,699,333)	96,238	(1,782,748)
Platinum Group Metals Corporation	1,529,985,504	885,680,546	644,304,958	996,235,102	17,554,095
Rio Tuba Nickel Mining Corporation	1,819,025,047	1,730,553,975	88,471,072	1,788,221,022	-
Shuley Mine, Incorporated	351,636,146	346,113,257	5,522,889	241,511,794	5,522,889
Sinosteel Phils. H. Y. Mining Corporation	8,867,771	7,866,418	1,001,353	8,867,771	-
SR Metals, Inc.	355,658,139	224,450,581	131,207,558	189,915,345	127,479,846
Taganito Mining Corporation	2,410,088,534	2,378,268,658	31,819,876	2,410,302,544	-
SUBTOTAL	10,029,516,243	8,737,617,793	1,291,898,450	8,758,903,932	430,576,845
Other metallic mining entities					
Leyte Ironsand Mining Corporation	2,417,334	2,543,693	(126,359)	2,342,643	960,422
Ore Asia Mining and Development Corporation	7,023,121	6,342,149	680,972	3,404,983	(14,204)
Philippine Mining Development Corporation	27,611,595	27,147,402	464,193	27,611,595	-
SUBTOTAL	37,052,050	36,033,244	1,018,806	33,359,221	946,218
TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801
TOTAL (excluding Adnama and SR)	12,515,296,644	11,055,939,151	1,459,357,493	11,087,588,619	360,163,373

OIL AND GAS	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chevron Malampaya LLC	7,401,620,390	7,406,418,245	(4,797,855)	7,406,418,245	-
Galoc Production Company	1,837,408,616	1,510,594,672	326,813,944	1,735,816,893	-
Nido Production (Galoc) Pty. Ltd. - Philippine Branch	342,301,137	37,922,548	304,378,589	37,922,548	-
PNOC-Exploration Corporation	1,168,942,807	1,169,596,385	(653,578)	1,181,730,880	-
Shell Philippines Exploration B.V.	30,871,398,590	32,081,547,244	(1,210,148,654)	32,081,531,702	-
TOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

Per revenue stream

Table 83. Overall results for BIR revenue streams per sector

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
Corporate income tax	172,664	-	172,664	-	-
Excise tax on minerals	819,229	827,287	(8,058)	819,229	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	991,893	827,287	164,606	819,229	-
Copper / Gold / Silver / Zinc					
Corporate income tax	844,276,795	837,707,328	6,569,467	837,707,328	6,569,467
Excise tax on minerals	886,960,599	850,653,887	36,306,712	850,653,887	34,637,629
Withholding tax - Foreign shareholder dividends	19,622,111	17,203,219	2,418,892	17,203,219	-
Withholding tax - Royalties to claim owners	292,366,878	105,202,453	187,164,425	105,202,453	849,300
SUBTOTAL	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
Nickel					
Corporate income tax	4,765,229,462	4,764,987,929	241,533	4,784,635,889	242,712
Excise tax on minerals	1,275,774,106	992,293,840	283,480,266	948,731,921	241,642,733
Withholding tax - Foreign shareholder dividends	1,060,982,394	519,545,256	541,437,138	519,545,256	34,553,916
Withholding tax - Royalties to claim owners	100,690,007	77,254,866	23,435,141	87,617,863	13,072,145
SUBTOTAL	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506
Other metallic mining entities					
Corporate income tax	28,393,727	29,169,857	(776,130)	29,169,857	-
Excise tax on minerals	2,972,302	2,972,302	-	2,972,302	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	960,718	-	960,718	-	960,718
SUBTOTAL	32,326,747	32,142,159	184,588	32,142,159	960,718

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Oil and gas					
Corporate income tax	10,911,537,459	11,837,255,999	(925,718,540)	12,074,597,174	-
Withholding tax - Profit emittance to principal	3,231,343,897	3,313,283,389	(81,939,492)	3,313,283,389	-
SUBTOTAL	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-
TOTAL	23,422,102,348	23,348,357,612	73,744,736	23,572,139,767	332,528,620
TOTAL (excluding Adnama and SR Metals)	23,048,514,447	23,098,966,424	(50,451,977)	23,373,777,482	212,059,619

Table 84. Overall results of BOC revenue streams per sector

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	1,483,618	1,483,618	-	1,483,618	-
SUBTOTAL	1,483,618	1,483,618	-	1,483,618	-
Copper / Gold / Silver / Zinc					
Customs duties	116,605,692	96,718,534	19,887,158	80,204,481	20,352,827
VAT on imported materials and equipment	453,389,717	473,418,060	(20,028,343)	447,240,351	(17,259,706)
SUBTOTAL	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
Nickel					
Customs duties	6,901,552	7,380,850	(479,298)	6,901,063	(479,787)
VAT on imported materials and equipment	34,003,664	37,371,121	(3,367,457)	34,830,953	(2,540,168)
SUBTOTAL	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
Other metallic mining entities					
Customs duties	255,886	273,272	(17,386)	14,940	(2,446)
VAT on imported materials and equipment	3,235,773	3,416,763	(180,990)	169,232	(11,758)
SUBTOTAL	3,491,659	3,690,035	(198,376)	184,172	(14,204)
TOTAL	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962
TOTAL (excluding Adnama and SR Metals)	615,875,902	617,042,263	(1,166,361)	570,844,638	3,078,917

Table 85. Overall results of MGB revenue streams

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chromite					
Royalty on mineral reservation	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
Copper / Gold / Silver / Zinc					
Royalty on mineral reservation	-	-	-	-	-
Nickel					
Royalty on mineral reservation	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
Other metallic mining entities					
Royalty on mineral reservation	-	-	-	-	-
TOTAL	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119
TOTAL (excluding Adnama and SR Metals)	2,028,434,826	2,029,521,084	(1,086,258)	1,906,456,356	12,049,119

Table 86. Overall results of DOE revenue streams

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Oil and gas					
Government share from oil and gas production	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-

Table 87. Overall results of LGU revenue streams per sector

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chromite					
Local business tax (paid either in mine site or head office)	2,271,868	2,142,938	128,930	2,271,868	-
Real property tax - Basic	90,625	19,376	71,249	90,625	-
Real property tax - Special Education Fund (SEF)	90,625	19,376	71,249	90,625	-
SUBTOTAL	2,453,118	2,181,690	271,428	2,453,118	-
Copper / Gold / Silver / Zinc					
Local business tax (paid either in mine site or head office)	314,120,540	238,803,291	75,317,249	145,983,400	17,725,586
Real property tax - Basic	84,329,471	36,803,271	47,526,200	57,738,526	15,155,446
Real property tax - Special Education Fund (SEF)	22,281,622	35,315,046	(13,033,424)	22,832,205	57,512
SUBTOTAL	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Nickel					
Local business tax (paid either in mine site or head office)	154,516,504	127,324,982	27,191,522	82,036,348	22,433,416
Real property tax - Basic	9,145,993	5,898,271	3,247,722	4,531,775	2,862,182
Real property tax - Special Education Fund (SEF)	4,249,015	5,541,037	(1,292,022)	4,219,544	(1,615,168)
SUBTOTAL	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430
Other metallic mining entities					
Local business tax (paid either in mine site or head office)	1,139,818	201,050	938,768	939,818	(1,050)
Real property tax - Basic	93,449	-	93,449	93,072	377
Real property tax - Special Education Fund (SEF)	377	-	377	-	377
SUBTOTAL	1,233,644	201,050	1,032,594	1,032,890	(296)
TOTAL	592,329,907	452,068,638	140,261,269	320,782,806	56,618,678
TOTAL (excluding Adnama and SR Metals)	561,145,418	435,126,616	126,018,802	320,782,806	42,376,211

Table 88. Overall results of NCIP revenue streams

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
Royalty for IPs	-	-	-	-	-
Copper / Gold / Silver / Zinc					
Royalty for IPs	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
Nickel					
Royalty for IPs	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
Other metallic mining entities					
Royalty for IPs	-	-	-	-	-
TOTAL	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422
TOTAL (excluding Adnama and SR Metals)	404,207,407	39,209,723	364,997,684	303,607,900	90,599,507

DOE registered 0% (2013 - 0.4%) of unexplained variances to total reported amounts followed by BOC and MGB (excluding mandatory funds and expenditures) at 0.01% and 0.59%, respectively (2013 - 1.1% and 11.2%, respectively). This has been primarily attributed to the availability of information at their central offices, which did not require significant level of coordination with their regional or branch offices. For DOE, the said government agency only monitors few on-going OG projects (i.e., less than 5) as compared to MGB that oversees a number of large metallic mining companies. MGB, on its part, has been strongly implementing recommendations raised from the first two reports including closer coordination with regional offices that resulted in lower variances this year. BIR has 1.4% of unexplained variances in 2014 (2013 - 0.6%) mainly due to late and non-receipt of waivers from some of the participating entities. See Table 89 detailing the significant BIR unreconciled revenue streams.

Table 89. BIR unreconciled revenue streams

Entity name	Corporate income tax (PHP 000's)	Excise tax on mineral (PHP 000's)	Withholding taxes (PHP 000's)	% to total BIR variance	Remarks
AAM-PHIL Natural Resources Exploration and Development Corporation	-	20,040	-	6%	B
Apex Mining Company, Inc.	6,569	34,578	849	13%	A
Citinickel Mines and Development Corporation	243	70,971	34,554	32%	A
Libjo Mining Corporation	-	30,163	13,072	13%	A
Others	-	59	961	0%	A, B
TOTAL	6,812	155,811	49,436		

A - No waiver B-Non-large tax payer; no supporting documents

Main contributor to the BIR variance post-reconciliation is excise tax on minerals at 73% of the total BIR variance post-reconciliation, followed by withholding taxes at 23% and corporate income tax at 3%. The variance related to the excise tax on minerals required additional supporting schedules and documents which were not provided before 14 December 2016 cut-off date. Had the waivers and supporting schedules and documents been received before the cut-off date, the variance post-reconciliation would have been at par with 2013. Timing of receipt of reporting templates and related supporting schedules/documents also played a crucial part in the decision made by MSG to exclude Adnama and SR Metals when analyzing the variances post-reconciliation.

This has been a recurring observation and common cause of variance. In response, the MSG has advocated the submission of reporting templates mandatory by law. As mentioned in Chapter 1, there are already pending bills being deliberated by Congress on this initiative.

Table 90. Percentage contribution of each Agency to reported total collections or receipts

	Reconciled - Mining	Reconciled - Oil and gas (Subtotal)	Grand Total	%
BIR	8,184,259,204	15,387,880,563	23,572,139,767	44%
BOC	570,844,638	-	570,844,638	1%
DOE	-	27,055,539,705	27,055,539,705	50%
LGU	320,782,806	-	320,782,806	0%
MGB	2,029,816,208	-	2,029,816,208	4%
NCIP	303,607,900	-	303,607,900	1%
TOTAL	11,409,310,756	42,443,420,268	53,852,731,024	
Total (excluding Adnama and SR Metals)	11,087,588,619	42,443,420,268	53,531,008,887	

Major collecting agents

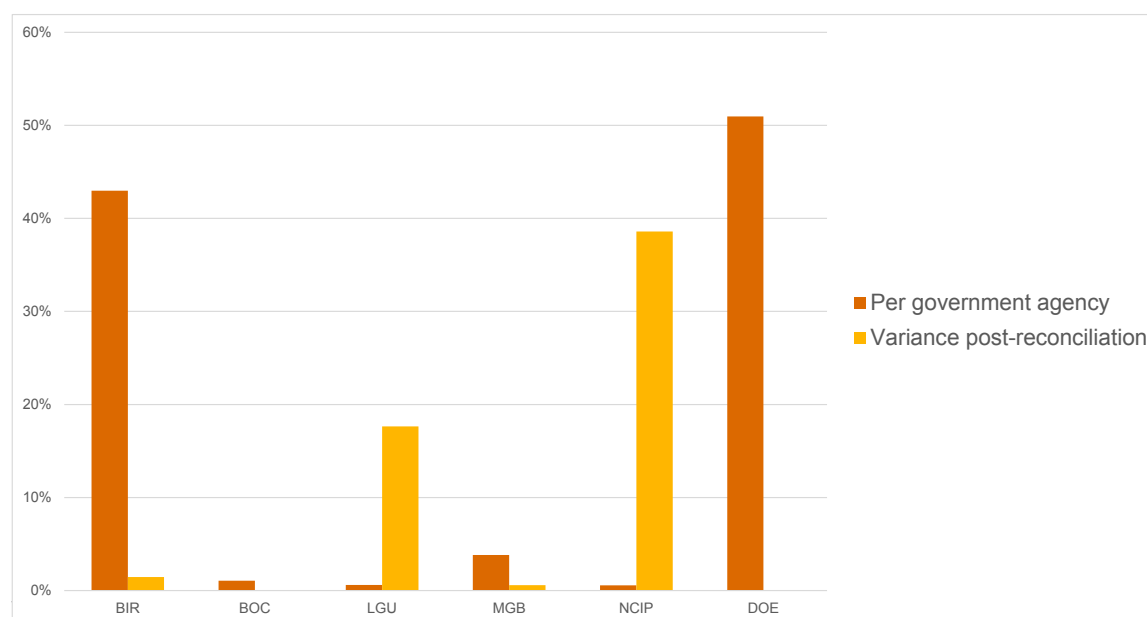
Table 91. Total revenue streams and other taxes per mineral sector

	Chromite	Copper / Gold / Silver / Zinc	Nickel	Other metallic mining entities	Oil and gas	Grand Total
BIR	819,229	1,810,766,887	6,340,530,929	32,142,159	15,387,880,563	23,572,139,767
BOC	1,483,618	527,444,832	41,732,016	184,172	-	570,844,638
LGU	2,453,118	226,509,131	90,787,667	1,032,890	-	320,782,806
MGB	2,042,039	-	2,027,774,169	-	-	2,029,816,208
NCIP	-	45,528,749	258,079,151	-	-	303,607,900
DOE	-	-	-	-	27,055,539,705	27,055,539,705
TOTAL	6,798,004	2,610,249,599	8,758,903,932	33,359,221	42,443,420,268	53,852,731,024
TOTAL (excluding Adnama and SR Metals)	6,798,004	2,610,249,599	8,437,181,795	33,359,221	42,443,420,268	53,531,008,887

Similar to 2013, payments to the DOE and BIR are the most significant revenue streams, which account for approximately 94% or PHP50.4bn of total payments by participating companies, excluding Adnama and SR Metals, (2013 - 94% or PHP38.5bn), and represent 30.6% of reported sales of participating companies in (2013 - 28%). This observation was not expected to differ in the second to third Report in the absence of any amendments to the fiscal regimes of both sectors. Consistently, revenue streams attributed to the said agencies are composed of government share in OG operations (51%), corporate income tax (33%), withholding taxes (8%) and excise tax on minerals (3%).

A retrospect across the three PH-EITI reports

Figure 31: Percentage of unexplained variances to total reported collections or receipts



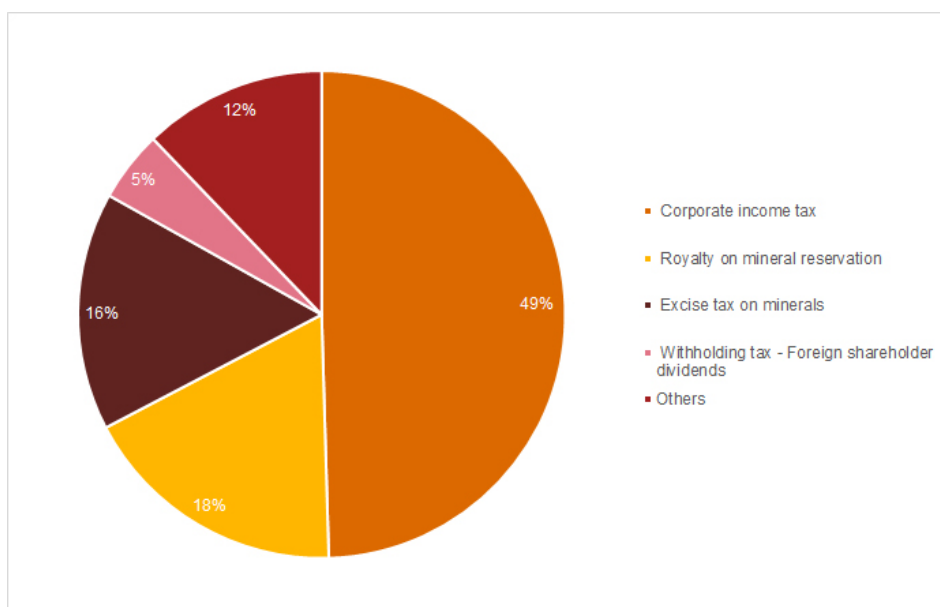
From the graph presented above, LGU and NCIP recorded the highest percentage of unreconciled variance with differences of PHP56.6m or 17.7% and PHP117.1m or 38.6%, respectively (2013 – PHP43.0m or 14.3% and PHP53.8m or 22.2%, respectively). This is consistent with the first and second PH-EITI report and is mainly driven by lack of supporting schedules and documents to validate reported tax collections.

As highlighted in the second PH-EITI report, there were already improvements and initiatives started by LGU but impact of which will only be realized post 2014 reporting. These improvements and initiatives as spearheaded by the Bureau of Local Government Finance (BLGF) include close monitoring and coordination activities which further increased the LGU submissions from 59 for 2013 to 63 for 2014. Additionally, existing LGU reporting systems are currently being modified to permit separate disclosure and presentation of receipts from extractive industries for expedient and accurate submissions.

For NCIP, a national workshop was held in October 2015 in lieu of the completion of the second PH-EITI report. This contributed to a better turnout in terms of reconciled amounts. In 2016, initiatives included various discussions between NCIP and PH-EITI Secretariat on how to ensure royalty for IPs is timely monitored and analyzed including the drafting of a reporting tool to monitor all these payments.

Significant revenue streams per sector

Figure 32: Proportion of revenue streams for the mining sector



Reconciled BIR revenue streams of the mining sector for 2014 amounted to PHP8.2bn, with corporate income tax and excise tax on minerals as the main contributors with reported receipts of PHP5.7bn and PHP1.8bn, respectively, or 65.4% of the total payments received in 2014. The significant increase of corporate income tax was recorded from the Nickel operators that reported PHP4.7bn from PHP1.5bn in 2013. These included Taganito Mining Corporation (PHP1.6bn), Rio Tuba Nickel Mining Corporation (PHP1.3bn), Hinatuan Mining Corporation (PHP0.7bn), and Cagdianao Mining Corporation (PHP0.6bn). Nickel operators reported the highest sales growth in 2014 owing to the ore-export ban of Indonesia, which was the world's leading nickel producer before the curb. The Indonesian ore-export ban triggered ore price increases and significantly higher volume of exported ore from the Philippines.

Another key factor in 2014 that was instrumental to higher tax collection is the royalty on mineral reservation (MGB) with reported reconciled revenue of PHP2.0bn from P0.9bn in 2013. The buildup was again driven by Nickel-producing entities, with the following contributors: Platinum Group Metals Corporation (PHP0.5bn), Taganito Mining Corporation (PHP0.4bn), Hinatuan Mining Corporation (PHP0.3bn), Carrascal Nickel Corporation (PHP0.3mn), and Cagdianao Mining Corporation (PHP0.2bn). The increase was driven by new mines in government-declared mineral reservation areas in Zambales, Surigao del Norte, Surigao del Sur, and Dinagat Islands. The royalty on mineral reservation represents 5% of the market value of the total gross output produced. In 2014, total gross production value increased by almost 50% as a result of increased nickel prices.

Mining sector for the third PH-EITI report is represented by 17 Nickel operators, 10 miners of gold, copper, silver, or zinc (collectively referred to as non-Nickel), 1 chromite producer, and 3 other metallic mining companies. Refer to Table 91 for the distribution of revenue streams paid by three metal sectors to the different government agencies.

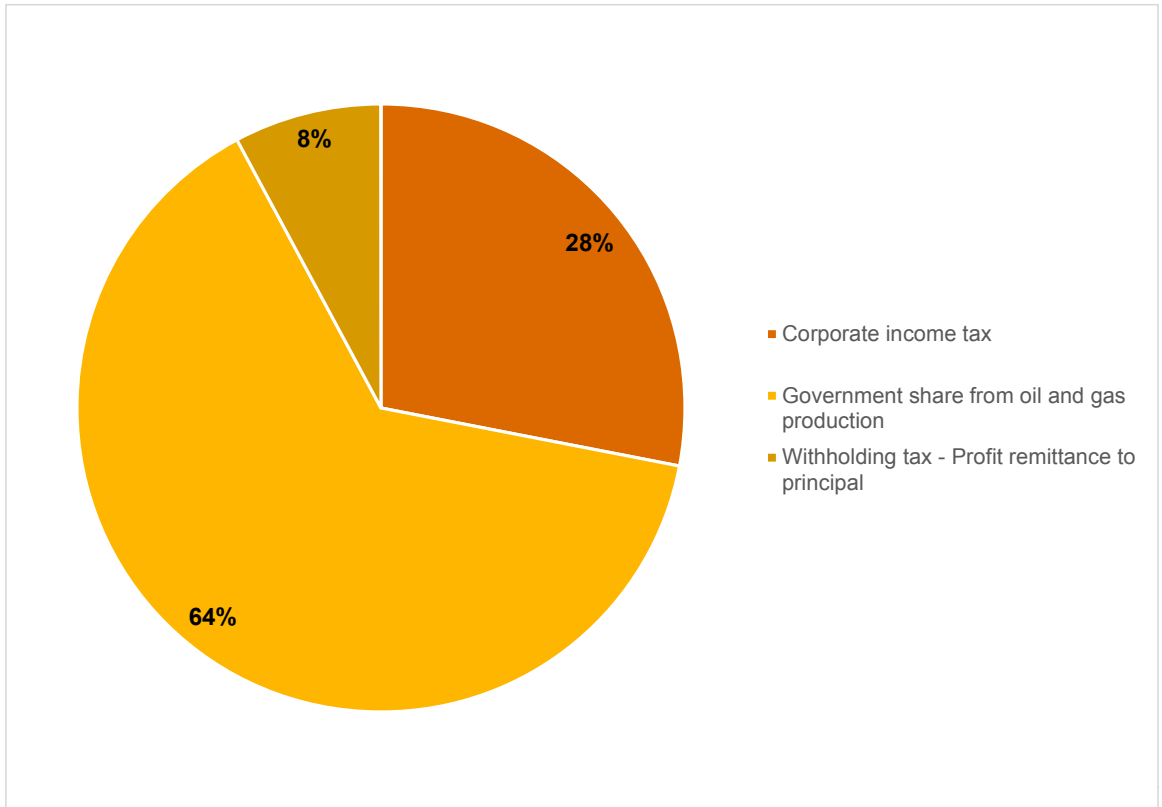
The following additional information may be considered for better appreciation of reported payments by participating mining companies:

- As discussed earlier, there were six mining companies under ITH that did not report corporate income tax payments in accordance with their registration with the BOI. There were no similar fiscal incentives seen in the OG sector.
- On 18 February 2013, Philex Mining paid a total fine of PHP1,034,358,971, which was based on the provisions of Section 190 of DAO No. 2010-21 that required payment of PHP50/MT of tailings that were discharged to Balog Creek and Agno River. The payment was duly received by the MGB and subsequently deposited in Landbank of the Philippines as required by Section 189 of the same DAO. Although remitted and paid to the government, the fine was not considered a revenue stream as it is non-recurring and based on financial results of operations. As represented by the MGB, there have been no disbursements from the said deposit account and any future withdrawals should be in accordance with the requirements of DAO No. 2010-21. The fine will form part of the mine waste and tailing fees reserve fund to be used for payment of compensation for damage caused by the mining operation. As of report date, the request of Sangguniang Panlalawigan of La Trinidad, Benguet to MGB about the allocation of the said penalty fee is still in process.

This has no impact on the 2014 reported payments.

- Among the 31 mining companies, only OceanaGold is under the FTAA regime, but still did not report any revenue stream in the form of AGS as discussed in Section I, *Legal and institutional framework, including allocation of contracts and licenses*, of Chapter 1 which is only due after the recovery period (i.e., at least five years from start of commercial operations).
- As identified in previous tables, there are a number of mining entities that have no production operations in 2014. Rapu-Rapu Minerals Inc. (Rapu-Rapu) and TVI Resources Development Philippines, Inc. (TVI Canatuan) commenced rehabilitation activities in 2014. For TVI Canatuan, extraction stopped in January 2014, but was still able to report sales during the year arising from previous years' stockpile; hence still paid and remitted taxes. As reported by the MGB, total approved final mine rehabilitation and decommissioning fund (FMRDF) for Rapu-Rapu and TVI Canatuan amounted to PHP309.9m and PHP113.4m, respectively, which are expected to finance respective decommissioning plans (FMRDP) that will be implemented within two and five years. Corresponding work and financial plans (WFP) for Rapu-Rapu and TVI Canatuan were approved by the MGB on 24 June 2016 and 26 November 2015, respectively. For Rapu-Rapu, the total amount of approved fund disbursement for the first year implementation of its FMRDP is at PHP69.9m, of which there was no actual amount withdrawn in 2016. With regard to TVI Canatuan, total amount approved for its first year is at PHP83.1m, of which PHP58.0m was withdrawn. To date, MGB is still continuously monitoring both entities' first year WFP and may be subject of formal report upon its finalization.

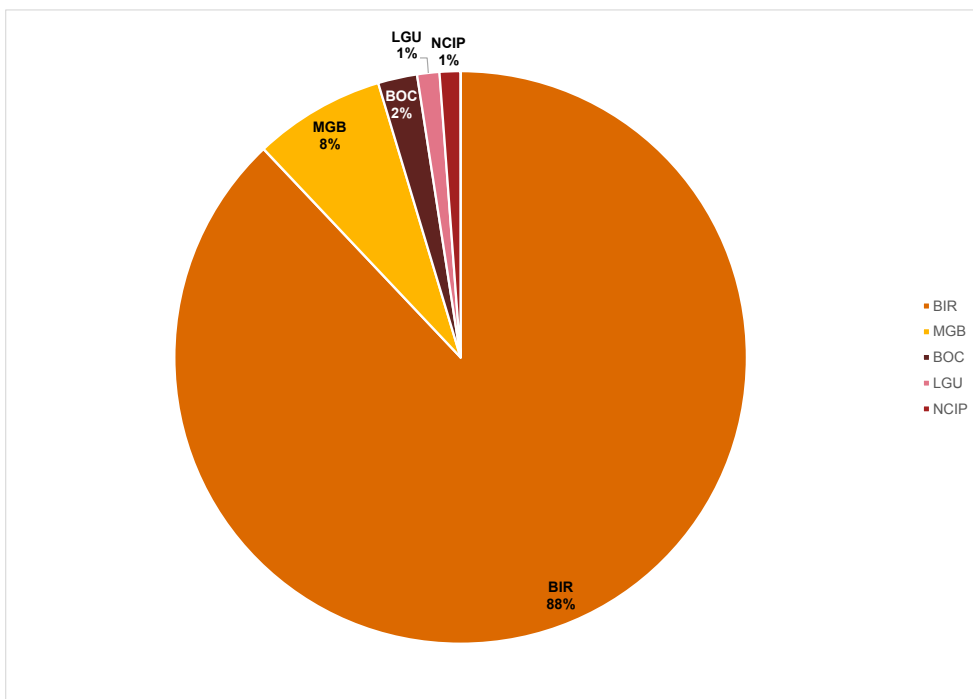
Figure 33: Proportion of revenue streams for the OG sector



Similar to 2013 government share and corporate income tax were the highest contributors with 92% share in total revenue streams for the OG sector. The increase in total revenues from P~~1~~35bn in 2013 to P~~1~~42bn is mainly attributable to increase in gross production of the Malampaya Project.

Distribution per region

Figure 34. Comparison of LGU collections to other national agencies



For 2014, PHP320.8m (2013 - PHP301.5m or 72%) of the PHP53.2bn (excluding NCIP and Adnama and SR Metals) was directly remitted to LGUs as hosts of the mining projects. This was in addition to the LGU's share in national wealth as distributed by DBM, which is discussed in Section IV, *LGU in focus*, of this chapter. These allocations, however, may not necessarily have come from reported sales of participating companies in 2014 given the amount of time from actual collection to distribution as discussed in Section III, *Revenue allocations*, of Chapter 1.

Figure 35: **Distribution of LGU receipts from the mining sector**

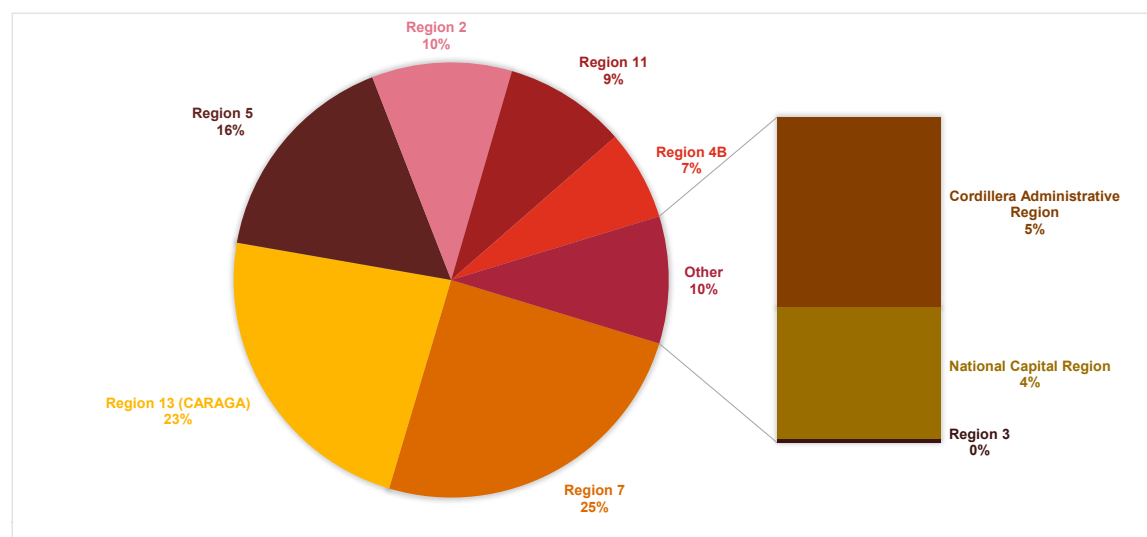


Table 92. **Actual LGU receipts from participating mining companies per region**

Region	Amount
CAR	17,639,603
NCR	12,290,253
Region II	33,353,319
Region III	293,779
Region IVB	21,457,663
Region V	52,354,331
Region VII	79,686,580
Region XI	29,618,752
Region XIII (Caraga)	74,088,526
TOTAL	320,782,806

Of the total LGU receipts amounting to PHP320.8m, Region VII continued to receive highest payment of local taxes at PHP79.7m or almost 25% of total (2013 - PHP92.9m), which is mainly from Carmen Copper Corporation. This is followed by Regions XIII at PHP74.1m (2013 - PHP43.8m) and V at PHP52.4m (2013 - PHP58.2m). NCR, which does not host any actual mine project, but host most principal offices of participating companies, reported receipts of PHP12.3m or approximately 4% of total LGU revenue streams (2013 - PHP31.3m).

Mandatory social and environmental expenditures

As in the first and second PH-EITI report, participating mining companies disclosed information on mandatory expenditures and funds that are mainly aimed to promote social development of host and neighboring communities and environmental protection and rehabilitation. Mandatory expenditures include Annual Environmental Protection and Enhancement Program (AEPEP), Annual Social Development Management Program (ASDMP), Annual Safety and Health Program

and Monitoring Trust Fund expenditures, which are discussed in detail under Section IV, *Social and economic spending*, of Chapter 1.

Mandatory expenditures are not remitted to agencies and do not form part of government coffers, but are primarily incurred for the benefit of host communities and protection and preservation of impacted areas. These payments were also subjected to similar reconciliation procedures applied to other revenue streams, including inspection of supporting documents and discussions with management for variances noted.

The results of the reconciliation process for these payments are as follows:

Table 93. Summary of results for social and environmental expenditures

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Annual Environmental Protective and Enhancement Program	2,405,384,581	2,272,267,550	133,117,031	2,014,839,653	38,513,444
Environmental Trust Fund - Actual Expenditure	1,688,376	50,000	1,638,376	50,000	1,688,376
Final Mine Rehabilitation and/or Decommissioning Fund - Actual Expenditure	33,127,890	9,031,031	24,096,859	10,315,149	1,391,800
Monitoring Trust Fund - Actual Expenditure	23,058,576	14,059,914	8,998,662	10,997,329	13,265,508
Rehabilitation Cash Fund - Actual Expenditure	252,651,579	660,209,805	(407,558,226)	483,762,719	(73,952,739)
Safety and Health Programs	235,523,695	177,470,653	58,053,042	142,708,872	55,697,527
Mine wastes & Tailing fees	944,678	1,073,054	(128,376)	1,079,381	1,065
<i>Annual Social Development and Management</i>					
Annual Social Development & Management (host and neighboring communities)	442,693,310	288,977,522	153,715,788	358,762,435	42,371,727
Information, Education & Communication (IEC)	69,326,512	50,351,505	18,975,007	55,808,225	9,079,865
Mining Technology and Geosciences advancement	31,043,261	24,642,586	6,400,675	26,381,229	3,688,279
SUBTOTAL	543,063,083	363,971,613	179,091,470	440,951,889	55,139,871
TOTAL	3,495,442,458	3,498,133,620	(2,691,162)	3,104,704,992	91,744,852
TOTAL (excluding Adnama and SR Metals)	3,413,739,241	3,221,348,397	192,390,844	3,023,001,775	233,140,039

Total reconciled mandatory expenditures of participating mining companies, excluding Adnama and SR Metals, amounted to PHP3.0bn (2013 - PHP2.6bn), which is 28.5% of reconciled mining

revenue streams. Initial comparison of disclosures made by MGB and participating mining companies presented a negative variance of PHP192.4m of reported expenditures by MGB (2013 - PHP1.2bn). After the conduct of reconciliation procedures, total discrepancy resulted into a positive amount of PHP233.1m (2013 - PHP89.5m) or only 1.9% (2013 - 3.4%) of reconciled mining revenue amount.

Environmental protection. Of the total mandatory expenditures incurred by participating mining companies, excluding Adnama and SR Metals, in 2014, 63% or PHP1.9bn pertains to environmental protection and rehabilitation such as reforestation based on reported EPEP and disbursements from the Monitoring Trust Fund. Top miners are Philex Mining, Carmen Copper and Taganito Mining that reported expenditures at PHP430.5m, PHP363.6m, and PHP345.0m, respectively.

Social development. Total expenditures on social development amounted to PHP441.0m or 14% of total mandatory expenditures reported by the participating entities, excluding Adnama and SR Metals. These represent activities undertaken as part of participating companies' SDMP, which may not be equivalent to 1.5% of operating expenses as mandated by existing regulations. Any difference between required and actual expenditures in a given year may be carried forward to the succeeding period as long as within the five year program approved by MGB. Top miners are OceanaGold, Philex, and Carmen Copper at PHP79.5m, PHP74.5m, and PHP41.6m, respectively.

II. The reconciliation process

The reconciliation process was performed in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed Upon Procedures regarding Financial Information*. We performed the procedures solely for the purpose of reconciling payments made by the participating extractive companies to the revenue collections data provided by government agencies. The agreed upon procedures, as stated in the standard, do not constitute either an audit or a review. Consequently, we do not express any assurance on the reported payments and collections of the participating companies and government agencies, respectively.

The reconciliation process covered the following phases:

1. Started with data collection using the reporting templates approved by the Technical Working Group (TWG) and Multi Sectoral Group (MSG). Refer to Annex AE for the approved reporting templates.
2. Participating companies and government agencies directly provided to us the completed reporting templates.
3. Gathered data were used in the preparation of reconciliation statements with identified differences subjected to additional examination of supporting documents and discussion with the participating entities and government agencies.
4. Unexplained differences were aggregated to evaluate significance and impact to the overall reporting made by both the participating extractive companies and government agencies.

Results overview of reconciliation procedures are set out in the succeeding sections while the covered companies and government agencies are discussed in Section I, *Executive Summary*.

III. Reconciliation results overview

Table 94. Summary of reconciliation results per industry and government agency

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post reconciliation
Chromite					
BIR	991,893	827,287	164,606	819,229	-
BOC	1,483,618	1,483,618	-	1,483,618	-
LGU	2,453,118	2,181,690	271,428	2,453,118	-
MGB	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
NCIP	-	-	-	-	-
SUBTOTAL	6,970,668	7,114,522	(143,854)	6,798,004	(579,888)
Copper / Gold / Silver / Zinc					
BIR	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
BOC	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
LGU	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544
MGB	-	-	-	-	-
NCIP	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
SUBTOTAL	3,097,092,739	2,700,075,089	397,017,650	2,610,249,599	87,448,626
Nickel					
BIR	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506
BOC	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
LGU	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430
MGB	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
NCIP	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
SUBTOTAL	10,029,516,243	8,737,617,793	1,291,898,450	8,758,903,932	430,576,845
Other metallic mining entities					
BIR	32,326,747	32,142,159	184,588	32,142,159	960,718
BOC	3,491,659	3,690,035	(198,376)	184,172	(14,204)
LGU	1,233,644	201,050	1,032,594	1,032,890	(296)
MGB	-	-	-	-	-
NCIP	-	-	-	-	-
SUBTOTAL	37,052,050	36,033,244	1,018,806	33,359,221	946,218
TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801

OIL AND GAS	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation
Oil and gas					
BIR	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-
DOE	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-
Grand Total	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

Table 95. Details of the reconciliation results per industry sector and revenue stream

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chromite					
BIR					
Corporate income tax	172,664	-	172,664	-	-
Excise tax on minerals	819,229	827,287	(8,058)	819,229	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	991,893	827,287	164,606	819,229	-
BOC					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	1,483,618	1,483,618	-	1,483,618	-
SUBTOTAL	1,483,618	1,483,618	-	1,483,618	-
LGU					
Local business tax (paid either in mine site or head office)	2,271,868	2,142,938	128,930	2,271,868	-
Real property tax - Basic	90,625	19,376	71,249	90,625	-
Real property tax - Special Education Fund (SEF)	90,625	19,376	71,249	90,625	-
SUBTOTAL	2,453,118	2,181,690	271,428	2,453,118	-
MGB					
Royalty on mineral reservation	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
NCIP					
Royalty for IPs	-	-	-	-	-
TOTAL	6,970,668	7,114,522	(143,854)	6,798,004	(579,888)
Copper / Gold / Silver / Zinc					
BIR					
Corporate income tax	844,276,795	837,707,328	6,569,467	837,707,328	6,569,467
Excise tax on minerals	886,960,599	850,653,887	36,306,712	850,653,887	34,637,629
Withholding tax - Foreign shareholder dividends	19,622,111	17,203,219	2,418,892	17,203,219	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Withholding tax - Royalties to claim owners	292,366,878	105,202,453	187,164,425	105,202,453	849,300
SUBTOTAL	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
BOC					
Customs duties	116,605,692	96,718,534	19,887,158	80,204,481	20,352,827
VAT on imported materials and equipment	453,389,717	473,418,060	(20,028,343)	447,240,351	(17,259,706)
SUBTOTAL	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
LGU					
Local business tax (paid either in mine site or head office)	314,120,540	238,803,291	75,317,249	145,938,400	17,725,586
Real property tax - Basic	84,329,471	36,803,271	47,526,200	57,738,526	15,155,446
Real property tax - Special Education Fund (SEF)	22,281,622	35,315,046	(13,033,424)	22,832,205	57,512
SUBTOTAL	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544
MGB					
Royalty on mineral reservation	-	-	-	-	-
NCIP					
Royalty for IPs	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
TOTAL	3,097,092,739	2,700,075,089	397,017,650	2,610,249,599	87,448,626
Nickel					
BIR					
Corporate income tax	4,765,229,462	4,764,987,929	241,533	4,784,635,889	242,712
Excise tax on minerals	1,275,774,106	992,293,840	283,480,266	948,731,921	241,642,733
Withholding tax - Foreign shareholder dividends	1,060,982,394	519,545,256	541,437,138	519,545,256	34,553,916
Withholding tax - Royalties to claim owners	100,690,007	77,254,866	23,435,141	87,617,863	13,072,145
SUBTOTAL	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506
BOC					
Customs duties	6,901,552	7,380,850	(479,298)	6,901,063	(479,787)
VAT on imported materials and equipment	34,003,664	37,371,121	(3,367,457)	34,830,953	(2,540,168)
SUBTOTAL	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
LGU					
Local business tax (paid either in mine site or head office)	154,516,504	127,324,982	27,191,522	82,036,348	22,433,416
Real property tax - Basic	9,145,993	5,898,271	3,247,722	4,531,775	2,862,182
Real property tax - Special Education Fund (SEF)	4,249,015	5,541,037	(1,292,022)	4,219,544	(1,615,168)
SUBTOTAL	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
MGB					
Royalty on mineral reservation	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
NCIP					
Royalty for IPs	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
TOTAL	10,029,516,243	8,737,617,793	1,291,898,450	8,758,903,932	430,576,845
Other metallic mining entities					
BIR					
Corporate income tax	28,393,727	29,169,857	(776,130)	29,169,857	-
Excise tax on minerals	2,972,302	2,972,302	-	2,972,302	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	960,718	-	960,718	-	960,718
SUBTOTAL	32,326,747	32,142,159	184,588	32,142,159	960,718
BOC					
Customs duties	255,886	273,272	(17,386)	14,940	(2,446)
VAT on imported materials and equipment	3,235,773	3,416,763	(180,990)	169,232	(11,758)
SUBTOTAL	3,491,659	3,690,035	(198,376)	184,172	(14,204)
LGU					
Local business tax (paid either in mine site or head office)	1,139,818	201,050	938,768	939,818	(1,050)
Real property tax - Basic	93,449	-	93,449	93,072	377
Real property tax - Special Education Fund (SEF)	377	-	377	-	377
SUBTOTAL	1,233,644	201,050	1,032,594	1,032,890	(296)
MGB					
Royalty on mineral reservation	-	-	-	-	-
NCIP					
Royalty for IPs	-	-	-	-	-
TOTAL	37,052,050	36,033,244	1,018,806	33,359,221	946,218
GRAND TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801

OIL AND GAS	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BIR					
Corporate income tax	10,911,537,459	11,837,255,999	(925,718,540)	12,074,597,174	-
Withholding tax - Profit emittance to principal	3,231,343,897	3,313,283,389	(81,939,492)	3,313,283,389	-
SUBTOTAL	14,142,881,356	15,150,539,388	1,007,658,032	15,387,880,563	-

OIL AND GAS	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
DOE					
Government share from oil and gas production	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-
TOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

Table 96. Summary of reconciliation results per entity

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BIR					
Chromite					
Krominco, Inc.	991,893	827,287	164,606	819,229	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.	41,997,162	-	41,997,162	-	41,997,162
Carmen Copper Corporation	764,763,892	577,063,579	187,700,313	577,063,579	-
Filminera Resources Corporation	352,929,600	352,929,600	-	352,929,600	-
Greenstone Resources Corporation	59,234	-	59,234	-	59,234
Johson Gold Mining Corporation	-	1	(1)	1	-
Lepanto Consolidated Mining Company	28,615,003	28,615,003	-	28,615,003	-
Oceana Gold (Philippines), Inc.	137,146,435	137,146,435	-	137,146,435	-
Philex Mining Corporation	699,441,954	695,353,978	4,087,976	695,353,978	-
Philsaga Mining Corporation	8,082,790	6,626,306	1,456,484	6,626,306	-
TVI Resource Development Philippines, Inc (Canatuan)	10,190,313	13,031,985	(2,841,672)	13,031,985	-
SUBTOTAL	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	26,656,842	6,617,115	20,039,727	6,617,115	20,039,727

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Adnama Mining Resources, Incorporated	89,269,195	59,475,843	29,793,352	8,446,940	29,793,352
BenguetCorp Nickel Mines, Inc.	100,167,009	91,409,258	8,757,751	97,874,889	-
Cagdianao Mining Corporation	706,680,291	730,050,329	(23,370,038)	730,050,329	-
Carrascal Nickel Corporation	212,994,950	212,994,951	(1)	212,994,951	-
Citinickel Mines and Development Corporation	105,767,667	-	105,767,667	-	105,767,667
Hinatuan Mining Corporation	838,029,438	838,029,438	-	838,029,438	-
Libjo Mining Corporation	43,235,111	-	43,235,111	-	43,235,111
LNL Archipelago Minerals, Incorporated	102,984,984	72,499,566	30,485,418	101,131,484	-
Marventures Mining and Development Corporation	48,305,264	48,896,746	(591,482)	48,896,746	-
Pacific Nickel Phils., Inc.	-	8,612	(8,612)	8,612	-
Platinum Group Metals Corporation	802,304,698	295,421,475	506,883,223	295,421,475	-
Rio Tuba Nickel Mining Corporation	1,713,925,787	1,683,107,578	30,818,209	1,683,107,578	-
Shuley Mine, Incorporated	241,511,794	241,511,794	-	241,511,794	-
Sinosteel Phils. H. Y. Mining Corporation	1,516,629	515,276	1,001,353	1,516,629	-
SR Metals, Inc.	284,318,706	189,915,345	94,403,361	189,915,345	90,675,649
Taganito Mining Corporation	1,885,007,604	1,883,628,565	1,379,039	1,885,007,604	-
SUBTOTAL	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506
Other metallic mining entities					
Leyte Ironsand Mining Corporation	2,216,580	2,158,471	58,109	2,158,471	960,718
Ore Asia Mining and Development Corporation	2,962,765	2,836,286	126,479	2,836,286	-
Philippine Mining Development Corporation	27,147,402	27,147,402	-	27,147,402	-
SUBTOTAL	32,326,747	32,142,159	184,588	32,142,159	960,718
TOTAL - BIR	9,279,220,992	8,197,818,224	1,081,402,768	8,184,259,204	332,528,620

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BOC					
Chromite					
Krominco, Inc.	1,483,618	1,483,618	-	1,483,618	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.	40,335,472	43,341,802	(3,006,330)	42,799,519	-
Carmen Copper Corporation	180,671,844	180,697,153	(25,309)	180,652,664	(25,309)
Filminera Resources Corporation	-	-	-	-	-
Greenstone Resources Corporation	5,648,333	5,574,873	73,460	5,574,873	-
Johson Gold Mining Corporation	-	-	-	-	-
Lepanto Consolidated Mining Company	30,973,935	31,275,392	(301,457)	31,275,392	-
OceanaGold (Philippines), Inc.	133,026,923	132,799,220	227,703	130,045,413	227,703
Philex Mining Corporation	112,863,391	133,943,328	(21,079,937)	109,116,622	(21,079,937)
Philsaga Mining Corporation	66,408,467	41,854,547	24,553,920	27,980,349	24,553,899
TVI Resource Development Philippines, Inc. (Canatuan)	67,044	650,279	(583,235)	-	(583,235)
SUBTOTAL	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	-	-	-	-	-
Adnama Mining Resources, Incorporated	-	949,456	(949,456)	-	(949,456)
BenguetCorp Nickel Mines, Inc.	-	-	-	-	-
Cagdianao Mining Corporation	9,200,641	9,792,365	(591,724)	9,792,365	-
Carrascal Nickel Corporation	33,557	33,557	-	33,557	-
Citinickel Mines and Development Corporation	-	-	-	-	-
Hinatuan Mining Corporation	9,187,994	9,194,876	(6,882)	9,194,876	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Libjo Mining Corporation	-	-	-	-	-
LNL Archipelago Minerals, Incorporated	-	-	-	-	-
Marcventures Mining and Development Corporation	-	-	-	-	-
Pacific Nickel Phils., Inc.	-	-	-	-	-
Platinum Group Metals Corporation	-	-	-	-	-
Rio Tuba Nickel Mining Corporation	14,375,959	14,390,143	(14,184)	14,390,143	-
Shuley Mine, Incorporated	-	-	-	-	-
Sinosteel Phils. H. Y. Mining Corporation	-	-	-	-	-
SR Metals, Inc.	-	2,070,499	(2,070,499)	-	(2,070,499)
Taganito Mining Corporation	8,107,065	8,321,075	(214,010)	8,321,075	-
SUBTOTAL	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
Other metallic mining entities					
Leyte Ironsand Mining Corporation	-	184,172	(184,172)	184,172	-
Ore Asia Mining and Development Corporation	3,491,659	3,505,863	(14,204)	-	(14,204)
Philippine Mining Development Corporation	-	-	-	-	-
SUBTOTAL	3,491,659	3,690,035	(198,376)	184,172	(14,204)
TOTAL - BOC	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962
LGU					
Chromite					
Krominco Inc.	2,453,118	2,181,690	271,428	2,453,118	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.	33,459,720	31,737,409	1,722,311	31,736,909	-
Carmen Copper Corporation	89,693,334	103,264,070	(13,570,736)	79,686,580	-
Filminera Resources Corporation	52,354,009	66,172,609	(13,818,600)	52,354,009	-
Greenstone Resources Corporation	884,922	2,841,024	(1,956,102)	3,150,004	123,316

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Johson Gold Mining Corporation	12,175	1,972	10,203	322	10,203
Lepanto Consolidated Mining Company	9,105,035	10,618,016	(1,512,981)	9,041,741	-
OceanaGold (Philippines), Inc.	33,353,319	-	33,353,319	33,353,319	-
Philex Mining Corporation	169,064,094	96,286,508	72,777,586	17,186,247	-
Philsaga Mining Corporation	31,067,554	-	31,067,554	-	31,067,554
TVI Resource Development Philippines, Inc. (Canatuan)	1,737,471	-	1,737,471	-	1,737,471
SUBTOTAL	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	8,417,526	3,939,129	4,478,397	-	4,497,463
Adnama Mining Resources, Incorporated	5,182,880	3,278,194	1,904,686	-	1,904,686
BenguetCorp Nickel Mines, Inc.	401,379	-	401,379	292,202	-
Cagdianao Mining Corporation	6,233,437	6,134,091	99,346	6,233,437	-
Carrascal Nickel Corporation	30,063,289	4,714,462	25,348,827	4,405,390	195,991
Citinickel Mines and Development Corporation	5,329,391	2,815,016	2,514,375	-	2,514,375
Hinatuan Mining Corporation	24,716,849	24,201,651	515,198	24,697,962	-
Libjo Mining Corporation	125,290	3,000	122,290	118,416	3,874
LNL Archipelago Minerals, Incorporated	1,577	-	1,577	1,577	-
Marcventures Mining and Development Corporation	2,558,642	2,344,840	213,802	-	213,802
Pacific Nickel Phils., Inc.	132,947	1,823,668	(1,690,721)	87,626	(1,782,748)
Platinum Group Metals Corporation	8,474,926	7,000,000	1,474,926	7,000,000	1,474,926

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Rio Tuba Nickel Mining Corporation	21,457,663	20,026,319	1,431,344	21,457,663	-
Shuley Mine Incorporated	2,320,713	433	2,320,280	-	2,320,280
Sinosteel Phils. H. Y. Mining Corporation	2,414,270	2,414,270	-	2,414,270	-
SR Metals, Inc.	26,001,609	13,663,828	12,337,781	-	12,337,781
Taganito Mining Corporation	24,079,124	46,405,389	(22,326,265)	24,079,124	-
SUBTOTAL	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430
Other metallic mining entities					
Leyte Iron Sand Mining Corporation	200,754	201,050	(296)	-	(296)
Ore Asia Mining and Development Corporation	568,697	-	568,697	568,697	-
Philippine Mining Development Corp.	464,193	-	464,193	464,193	-
SUBTOTAL	1,233,644	201,050	1,032,594	1,032,890	(296)
TOTAL - LGU	592,329,907	452,068,638	140,261,269	320,782,806	56,618,678
MGB					
Chromite					
Krominco Inc.	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
Copper / Gold / Silver / Zinc					
Apex Mining Company inc.	-	-	-	-	-
Carmen Copper Corporation	-	-	-	-	-
Filminera Resources Corporation	-	-	-	-	-
Greenstone Resources Corporation	-	-	-	-	-
Johson Gold Mining Corporation	-	-	-	-	-
Lepanto Consolidated Mining Company	-	-	-	-	-
Oceana Gold (Philippines), Inc.	-	-	-	-	-
Philex Mining Corporation	-	-	-	-	-
Philsaga Mining Corporation	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
TVI Resource Development Philippines, Inc (Canatuan)	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	50,099,318	52,323,067	(2,223,749)	48,111,912	(2,223,749)
Adnama Mining Resources Incorporated	205,224,842	123,359,852	81,864,990	123,359,852	-
BenguetCorp Nickel Mines, Inc.	99,160,423	96,660,846	2,499,577	96,660,846	2,499,577
Cagdianao Mining Corporation	179,773,684	179,596,791	176,893	179,773,684	-
Carrascal Nickel Corporation	257,662,770	257,662,770	-	257,662,770	-
Cit nickel Mines and Development Corporation	1,528,692	-	1,528,692	-	1,528,692
Hinatuan Mining Corporation	252,585,943	266,113,241	(13,527,298)	266,113,241	-
Libjo Mining Corporation	49,554,338	58,011,628	(8,457,290)	53,260,137	(8,457,291)
LNL Archipelago Minerals Incorporated	-	-	-	-	-
Marcventures Mining and Development Corporation	-	-	-	-	-
Pacific Nickel Phils., Inc.	-	-	-	-	-
Platinum Group Metals Corporation	599,338,240	583,259,071	16,079,169	573,945,987	16,079,169
Rio Tuba Nickel Mining Corporation	-	-	-	-	-
Shuley Mine Incorporated	107,803,639	104,601,030	3,202,609	-	3,202,609
Sinosteel Phils. H. Y. Mining Corporation	4,936,872	4,936,872	-	4,936,872	-
SR Metals, Inc.	-	-	-	-	-
Taganito Mining Corporation	423,948,868	423,733,841	215,027	423,948,868	-
SUBTOTAL	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Other metallic mining entities					
Ore Asia Mining and Development Corporation	-	-	-	-	-
Philippine Mining Development Corporation	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
TOTAL - MGB	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119
NCIP					
Chromite					
Krominco, Inc.	-	-	-	-	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.	125,000	8,250,000	(8,125,000)	-	(8,125,000)
Carmen Copper Corporation	-	-	-	-	-
Filminera Resources Corporation	-	-	-	-	-
Greenstone Resources Corporation	-	-	-	-	-
Johson Gold Mining Corporation	-	-	-	-	-
Lepanto Consolidated Mining Company	-	-	-	-	-
OceanaGold (Philippines), Inc.	-	-	-	-	-
Philex Mining Corporation	45,528,749	-	45,528,749	45,528,749	-
Philsaga Mining Corporation	-	-	-	-	-
TVI Resource Development Philippines, Inc (Canatuan)	17,485,565	-	17,485,565	-	17,485,565
SUBTOTAL	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation	-	-	-	-	-
Adnama Mining Resources, Incorporated	-	-	-	-	-
BenguetCorp Nickel Mines, Inc.	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Cagdianao Mining Corporation	-	-	-	-	-
Carrascal Nickel Corporation	36,676,104	-	36,676,104	-	36,676,104
Citinickel Mines and Development Corporation	20,952,575	1,750,000	19,202,575	-	19,202,575
Hinatuan Mining Corporation	-	-	-	-	-
Libjo Mining Corporation	-	-	-	-	-
LNL Archipelago Minerals, Incorporated	-	-	-	-	-
Marcventures Mining and Development Corporation	25,360,263	-	25,360,263	-	25,360,263
Pacific Nickel Phils., Inc.	-	-	-	-	-
Platinum Group Metals Corporation	119,867,640	-	119,867,640	119,867,640	-
Rio Tuba Nickel Mining Corporation	69,265,638	13,029,935	56,235,703	69,265,638	-
Shuley Mine, Incorporated	-	-	-	-	-
Sinosteel Phils. H. Y. Mining Corporation	-	-	-	-	-
SR Metals, Inc.	45,337,824	18,800,909	26,536,915	-	26,536,915
Taganito Mining Corporation	68,945,873	16,179,788	52,766,085	68,945,873	-
SUBTOTAL	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
Other metallic mining entities					
Leyte Iron Sand Mining Corporation	-	-	-	-	-
Ore Asia Mining and Development Corporation	-	-	-	-	-
Philippine Mining Development Corporation	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
TOTAL - NCIP	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422
GRAND TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801

OIL AND GAS	Per participating entities	Per government agency	Variance pre-reconciliation	Reconciled Amount	Variance-post reconciliation
BIR					
Chevron Malampaya LLC	7,401,620,390	7,406,418,245	(4,797,855)	7,406,418,245	-
Galoc Production Company	328,576,285	103,354,064	225,222,221	328,576,285	-
Nido Production (Galoc) Pty. Ltd. - Philippine Branch	37,922,548	37,922,548	-	37,922,548	-
PNOC-Exploration Corporation	1,168,942,807	1,169,596,385	(653,578)	1,181,730,880	-
Shell Philippines Exploration B.V.	5,205,819,326	6,433,248,146	(1,227,428,820)	6,433,232,605	-
SUBTOTAL	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-
DOE					
Chevron Malampaya LLC	-	-	-	-	-
Galoc Production Company	1,508,832,331	1,407,240,608	101,591,723	1,407,240,608	-
Nido Production (Galoc) Pty. Ltd. - Philippine Branch	304,378,589	-	304,378,589	-	-
PNOC-Exploration Corporation	-	-	-	-	-
Shell Philippines Exploration B.V.	25,665,579,264	25,648,299,098	17,280,166	25,648,299,097	-
SUBTOTAL	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-
GRAND TOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

Table 97. Detailed reconciliation results for each company and in scope revenue streams and other taxes

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BIR					
Chromite					
Krominco, Inc.					
Corporate income tax	172,664	-	172,664	-	-
Excise tax on minerals	819,229	827,287	(8,058)	819,229	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	991,893	827,287	164,606	819,229	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.					
Corporate income tax	6,569,467	-	6,569,467	-	6,569,467
Excise tax on minerals	34,578,395	-	34,578,395	-	34,578,395
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	849,300	-	849,300	-	849,300
SUBTOTAL	41,997,162	-	41,997,162	-	41,997,162
Carmen Copper Corporation					
Corporate income tax	265,236,114	265,236,114	-	265,236,114	-
Excise tax on minerals	276,884,449	276,884,449	-	276,884,449	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	222,643,329	34,943,016	187,700,313	34,943,016	-
SUBTOTAL	764,763,892	577,063,579	187,700,313	577,063,579	-
Filminera Resources Corporation					
Corporate income tax	146,519,053	146,519,053	-	146,519,053	-
Excise tax on minerals	206,410,547	206,410,547	-	206,410,547	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	352,929,600	352,929,600	-	352,929,600	-
Greenstone Resources Corporation					
Corporate income tax	-	-	-	-	-
Excise tax on minerals	59,234	-	59,234	-	59,234
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	59,234	-	59,234	-	59,234

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Johson Gold Mining Corporation					
Corporate income tax	-	-	-	-	-
Excise tax on minerals	-	1	(1)	1	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	-	1	(1)	1	-
Lepanto Consolidated Mining Company					
Corporate income tax	-	-	-	-	-
Excise tax on minerals	28,540,603	28,540,603	-	28,540,603	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	74,400	74,400	-	74,400	-
SUBTOTAL	28,615,003	28,615,003	-	28,615,003	-
OceanaGold (Philippines), Inc.					
Corporate income tax	738,642	738,642	-	738,642	-
Excise tax on minerals	136,407,793	136,407,793	-	136,407,793	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	137,146,435	137,146,435	-	137,146,435	-
Philex Mining Corporation					
Corporate income tax	421,036,522	421,036,522	-	421,036,522	-
Excise tax on minerals	195,940,015	194,270,931	1,669,084	194,270,931	-
Withholding tax - Foreign shareholder dividends	19,622,111	17,203,219	2,418,892	17,203,219	-
Withholding tax - Royalties to claim owners	62,843,306	62,843,306	-	62,843,306	-
SUBTOTAL	699,441,954	695,353,978	4,087,976	695,353,978	-
Philsaga Mining Corporation					
Corporate income tax	3,386,637	3,386,637	-	3,386,637	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Excise tax on minerals	-	-	-	-	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	4,696,153	3,239,669	1,456,484	3,239,669	-
SUBTOTAL	8,082,790	6,626,306	1,456,484	6,626,306	-
TVI Resource Development Philippines, Inc. (Canatuan)					
Corporate income tax	790,360	790,360	-	790,360	-
Excise tax on minerals	8,139,563	8,139,563	-	8,139,563	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	1,260,390	4,102,062	(2,841,672)	4,102,062	-
SUBTOTAL	10,190,313	13,031,985	(2,841,672)	13,031,985	-
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation					
Corporate income tax	6,617,115	6,617,115	-	6,617,115	-
Excise tax on minerals	20,039,727	-	20,039,727	-	20,039,727
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	26,656,842	6,617,115	20,039,727	6,617,115	20,039,727
Adnama Mining Resources, Incorporated					
Corporate income tax	8,446,940	8,446,940	-	8,446,940	-
Excise tax on minerals	80,822,255	51,028,903	29,793,352	-	29,793,352
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	89,269,195	59,475,843	29,793,352	8,446,940	29,793,352

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BenguetCorp Nickel Mines, Inc.					
Corporate income tax	60,502,840	60,502,840	-	60,502,840	-
Excise tax on minerals	39,664,169	30,906,418	8,757,751	37,372,049	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	100,167,009	91,409,258	8,757,751	97,874,889	-
Cagdiano Mining Corporation					
Corporate income tax	582,087,640	605,457,678	(23,370,038)	605,457,678	-
Excise tax on minerals	71,909,474	71,909,474	-	71,909,474	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	52,683,177	52,683,177	-	52,683,177	-
SUBTOTAL	706,680,291	730,050,329	(23,370,038)	730,050,329	-
Carrascal Nickel Corporation					
Corporate income tax	557,065	557,065	-	557,065	-
Excise tax on minerals	104,302,665	104,302,665	-	104,302,665	-
Withholding tax - Foreign shareholder dividends	100,800,000	100,800,000	-	100,800,000	-
Withholding tax - Royalties to claim owners	7,335,220	7,335,221	(1)	7,335,221	-
SUBTOTAL	212,994,950	212,994,951	(1)	212,994,951	-
Citinickel Mines and Development Corporation					
Corporate income tax	242,712	-	242,712	-	242,712
Excise tax on minerals	70,971,039	-	70,971,039	-	70,971,039
Withholding tax - Foreign shareholder dividends	34,553,916	-	34,553,916	-	34,553,916
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	105,767,667	-	105,767,667	-	105,767,667

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Hinatuan Mining Corporation					
Corporate income tax	736,995,061	736,995,061	-	736,995,061	-
Excise tax on minerals	101,034,377	101,034,377	-	101,034,377	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	838,029,438	838,029,438	-	838,029,438	-
Libjo Mining Corporation					
Corporate income tax	-	-	-	-	-
Excise tax on minerals	30,162,966	-	30,162,966	-	30,162,966
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	13,072,145	-	13,072,145	-	13,072,145
SUBTOTAL	43,235,111	-	43,235,111	-	43,235,111
LNL Archipelago Minerals, Incorporated					
Corporate income tax	66,328,466	48,059,545	18,268,921	66,328,466	-
Excise tax on minerals	26,293,521	24,440,021	1,853,500	24,440,021	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	10,362,997	-	10,362,997	10,362,997	-
SUBTOTAL	102,984,984	72,499,566	30,485,418	101,131,484	-
Marcventures Mining and Development Corporation					
Corporate income tax	-	-	-	-	-
Excise tax on minerals	48,305,264	48,896,746	(591,482)	48,896,746	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	48,305,264	48,896,746	(591,482)	48,896,746	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Pacific Nickel Phils., Inc.					
Corporate income tax	-	8,612	(8,612)	8,612	-
Excise tax on minerals	-	-	-	-	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	-	8,612	(8,612)	8,612	-
Platinum Group Metals Corporation					
Corporate income tax	326,489	326,489	-	326,489	-
Excise tax on minerals	239,735,279	239,735,278	1	239,735,278	-
Withholding tax - Foreign shareholder dividends	562,242,930	55,359,708	506,883,222	55,359,708	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	802,304,698	295,421,475	506,883,223	295,421,475	-
Rio Tuba Nickel Mining Corporation					
Corporate income tax	1,287,083,962	1,287,082,163	1,799	1,287,082,163	-
Excise tax on minerals	138,531,277	107,714,867	30,816,410	107,714,867	-
Withholding tax - Foreign shareholder dividends	288,310,548	288,310,548	-	288,310,548	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	1,713,925,787	1,683,107,578	30,818,209	1,683,107,578	-
Shuley Mine, Incorporated					
Corporate income tax	198,766,250	198,766,250	-	198,766,250	-
Excise tax on minerals	42,745,544	42,745,544	-	42,745,544	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	241,511,794	241,511,794	-	241,511,794	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Sinosteel Phils. H. Y. Mining Corporation					
Corporate income tax	515,276	515,276	-	515,276	-
Excise tax on minerals	1,001,353	-	1,001,353	1,001,353	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	1,516,629	515,276	1,001,353	1,516,629	-
SR Metals, Inc.					
Corporate income tax	193,643,057	189,915,345	3,727,712	189,915,345	-
Excise tax on minerals	90,675,649	-	90,675,649	-	90,675,649
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	284,318,706	189,915,345	94,403,361	189,915,345	90,675,649
Taganito Mining Corporation					
Corporate income tax	1,623,116,589	1,621,737,550	1,379,039	1,623,116,589	-
Excise tax on minerals	169,579,547	169,579,547	-	169,579,547	-
Withholding tax - Foreign shareholder dividends	75,075,000	75,075,000	-	75,075,000	-
Withholding tax - Royalties to claim owners	17,236,468	17,236,468	-	17,236,468	-
SUBTOTAL	1,885,007,604	1,883,628,565	1,379,039	1,885,007,604	-
Other metallic mining entities					
Leyte Ironsand Mining Corporation					
Corporate income tax	994,582	1,897,191	(902,609)	1,897,191	-
Excise tax on minerals	261,280	261,280	-	261,280	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	960,718	-	960,718	-	960,718

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
SUBTOTAL	2,216,580	2,158,471	58,109	2,158,471	960,718
Ore Asia Mining and Development Corporation					
Corporate income tax	251,743	125,264	126,479	125,264	-
Excise tax on minerals	2,711,022	2,711,022	-	2,711,022	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	2,962,765	2,836,286	126,479	2,836,286	-
Philippine Mining Development Corporation					
Corporate income tax	27,147,402	27,147,402	-	27,147,402	-
Excise tax on minerals	-	-	-	-	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	27,147,402	27,147,402	-	27,147,402	-
TOTAL - BIR	9,279,220,992	8,197,818,224	1,081,402,768	8,184,259,204	332,528,620
BOC					
Chromite					
Krominco, Inc.					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	1,483,618	1,483,618	-	1,483,618	-
SUBTOTAL	1,483,618	1,483,618	-	1,483,618	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.					
Customs duties	7,023,336	7,562,184	(538,848)	7,562,184	-
VAT on imported materials and equipment	33,312,136	35,779,618	(2,467,482)	35,237,335	-
SUBTOTAL	40,335,472	43,341,802	(3,006,330)	42,799,519	-
Carmen Copper Corporation					
Customs duties	18,178,936	18,217,717	(38,781)	18,173,228	(38,781)
VAT on imported materials and equipment	162,492,908	162,479,436	13,472	162,479,436	13,472
SUBTOTAL	180,671,844	180,697,153	(25,309)	180,652,664	(25,309)

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Filminera Resources Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Greenstone Resources Corporation					
Customs duties	209,886	146,303	63,583	146,303	-
VAT on imported materials and equipment	5,438,447	5,428,570	9,877	5,428,570	-
SUBTOTAL	5,648,333	5,574,873	73,460	5,574,873	-
Johson Gold Mining Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Lepanto Consolidated Mining Company					
Customs duties	4,782,925	4,773,329	9,596	4,773,329	-
VAT on imported materials and equipment	26,191,010	26,502,063	(311,053)	26,502,063	-
SUBTOTAL	30,973,935	31,275,392	(301,457)	31,275,392	-
OceanaGold (Philippines), Inc.					
Customs duties	31,133,121	29,806,204	1,326,917	29,550,969	1,326,917
VAT on imported materials and equipment	101,893,802	102,993,016	(1,099,214)	100,494,444	(1,099,214)
SUBTOTAL	133,026,923	132,799,220	227,703	130,045,413	227,703
Philex Mining Corporation					
Customs duties	20,415,657	30,158,893	(9,743,236)	19,998,468	(9,743,236)
VAT on imported materials and equipment	92,447,734	103,784,435	(11,336,701)	89,118,154	(11,336,701)
SUBTOTAL	112,863,391	133,943,328	(21,079,937)	109,116,622	(21,079,937)
Philsaga Mining Corporation					
Customs duties	34,856,843	6,030,098	28,826,745	-	28,826,745
VAT on imported materials and equipment	31,551,624	35,824,449	(4,272,825)	27,980,349	(4,272,846)
SUBTOTAL	66,408,467	41,854,547	24,553,920	27,980,349	24,553,899
TVI Resource Development Philippines, Inc. (Canatuan)					
Customs duties	4,988	23,806	(18,818)	-	(18,818)

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
VAT on imported materials and equipment	62,056	626,473	(564,417)	-	(564,417)
SUBTOTAL	67,044	650,279	(583,235)	-	(583,235)
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Adnama Mining Resources, Incorporated					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	949,456	(949,456)	-	(949,456)
SUBTOTAL	-	949,456	(949,456)	-	(949,456)
BenguetCorp Nickel Mines, Inc.					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Cagdianao Mining Corporation					
Customs duties	1,414,558	1,414,558	-	1,414,558	-
VAT on imported materials and equipment	7,786,083	8,377,807	(591,724)	8,377,807	-
SUBTOTAL	9,200,641	9,792,365	(591,724)	9,792,365	-
Carrascal Nickel Corporation					
Customs duties	6,825	6,825	-	6,825	-
VAT on imported materials and equipment	26,732	26,732	-	26,732	-
SUBTOTAL	33,557	33,557	-	33,557	-
Citinickel Mines and Development Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Hinatuan Mining Corporation					
Customs duties	831,231	838,113	(6,882)	838,113	-
VAT on imported materials and equipment	8,356,763	8,356,763	-	8,356,763	-
SUBTOTAL	9,187,994	9,194,876	(6,882)	9,194,876	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Libjo Mining Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
LNL Archipelago Minerals, Incorporated					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Marcventures Mining and Development Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Pacific Nickel Phils., Inc.					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Platinum Group Metals Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
Rio Tuba Nickel Mining Corporation					
Customs duties	3,910,152	3,899,380	10,772	3,899,380	-
VAT on imported materials and equipment	10,465,807	10,490,763	(24,956)	10,490,763	-
SUBTOTAL	14,375,959	14,390,143	(14,184)	14,390,143	-
Shuley Mine, Incorporated					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Sinosteel Phils. H. Y. Mining Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
SR Metals, Inc.					
Customs duties	-	479,787	(479,787)	-	(479,787)
VAT on imported materials and equipment	-	1,590,712	(1,590,712)	-	(1,590,712)
SUBTOTAL	-	2,070,499	(2,070,499)	-	(2,070,499)
Taganito Mining Corporation					
Customs duties	738,786	742,187	(3,401)	742,187	-
VAT on imported materials and equipment	7,368,279	7,578,888	(210,609)	7,578,888	-
SUBTOTAL	8,107,065	8,321,075	(214,010)	8,321,075	-
Other metallic mining entities					
Leyte Ironsand Mining Corporation					
Customs duties	-	14,940	(14,940)	14,940	-
VAT on imported materials and equipment	-	169,232	(169,232)	169,232	-
SUBTOTAL	-	184,172	(184,172)	184,172	-
Ore Asia Mining and Development Corporation					
Customs duties	255,886	258,332	(2,446)	-	(2,446)
VAT on imported materials and equipment	3,235,773	3,247,531	(11,758)	-	(11,758)
SUBTOTAL	3,491,659	3,505,863	(14,204)	-	(14,204)
Philippine Mining Development Corporation					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
TOTAL - BOC	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
LGU					
Chromite					
Krominco, Inc.					
Local business tax (paid either in mine site or head office)	2,271,868	2,142,938	128,930	2,271,868	-
Real property tax - Basic	90,625	19,376	71,249	90,625	-
Real property tax - Special Education Fund (SEF)	90,625	19,376	71,249	90,625	-
SUBTOTAL	2,453,118	2,181,690	271,428	2,453,118	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.					
Local business tax (paid either in mine site or head office)	31,290,422	29,527,835	1,762,587	29,527,335	-
Real property tax - Basic	1,084,649	1,111,500	(26,851)	1,111,500	-
Real property tax - Special Education Fund (SEF)	1,084,649	1,098,074	(13,425)	1,098,074	-
SUBTOTAL	33,459,720	31,737,409	1,722,311	31,736,909	-
Carmen Copper Corporation					
Local business tax (paid either in mine site or head office)	76,549,530	89,895,566	(13,346,036)	76,527,061	-
Real property tax - Basic	13,143,804	8,912,336	4,231,468	2,106,344	-
Real property tax - Special Education Fund (SEF)	-	4,456,168	(4,456,168)	1,053,175	-
SUBTOTAL	89,693,334	103,264,070	(13,570,736)	79,686,580	-
Filminera Resources Corporation					
Local business tax (paid either in mine site or head office)	26,029,575	29,592,617	(3,563,042)	26,029,575	-
Real property tax - Basic	13,162,217	17,385,094	(4,222,877)	13,162,217	-
Real property tax - Special Education Fund (SEF)	13,162,217	19,194,898	(6,032,681)	13,162,217	-
SUBTOTAL	52,354,009	66,172,609	(13,818,600)	52,354,009	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Greenstone Resources Corporation					
Local business tax (paid either in mine site or head office)	-	2,079,418	(2,079,418)	3,150,004	-
Real property tax - Basic	442,461	376,657	65,804	-	65,804
Real property tax - Special Education Fund (SEF)	442,461	384,949	57,512	-	57,512
SUBTOTAL	884,922	2,841,024	(1,956,102)	3,150,004	123,316
Johson Gold Mining Corporation					
Local business tax (paid either in mine site or head office)	11,853	1,650	10,203	-	10,203
Real property tax - Basic	161	161	-	161	-
Real property tax - Special Education Fund (SEF)	161	161	-	161	-
SUBTOTAL	12,175	1,972	10,203	322	10,203
Lepanto Consolidated Mining Company					
Local business tax (paid either in mine site or head office)	2,939,976	4,500,176	(1,560,200)	2,923,901	-
Real property tax - Basic	3,090,373	3,058,920	31,453	3,058,920	-
Real property tax - Special Education Fund (SEF)	3,074,686	3,058,920	15,766	3,058,920	-
SUBTOTAL	9,105,035	10,618,016	(1,512,981)	9,041,741	-
OceanaGold (Philippines), Inc.					
Local business tax (paid either in mine site or head office)	-	-	-	-	-
Real property tax - Basic	33,353,319	-	33,353,319	33,353,319	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	33,353,319	-	33,353,319	33,353,319	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Philex Mining Corporation					
Local business tax (paid either in mine site or head office)	159,583,801	83,206,029	76,377,772	7,780,524	-
Real property tax - Basic	4,962,845	5,958,603	(995,758)	4,946,065	-
Real property tax - Special Education Fund (SEF)	4,517,448	7,121,876	(2,604,428)	4,459,658	-
SUBTOTAL	169,064,094	96,286,508	72,777,586	17,186,247	-
Philsaga Mining Corporation					
Local business tax (paid either in mine site or head office)	15,977,912	-	15,977,912	-	15,977,912
Real property tax - Basic	15,089,642	-	15,089,642	-	15,089,642
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	31,067,554	-	31,067,554	-	31,067,554
TVI Resource Development Philippines, Inc. (Canatuan)					
Local business tax (paid either in mine site or head office)	1,737,471	-	1,737,471	-	1,737,471
Real property tax - Basic	-	-	-	-	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	1,737,471	-	1,737,471	-	1,737,471
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation					
Local business tax (paid either in mine site or head office)	8,373,694	3,897,585	4,476,109	-	4,476,109
Real property tax - Basic	21,916	20,772	1,144	-	10,677
Real property tax - Special Education Fund (SEF)	21,916	20,772	1,144	-	10,677
SUBTOTAL	8,417,526	3,939,129	4,478,397	-	4,497,463

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Adnama Mining Resources Incorporated					
Local business tax (paid either in mine site or head office)	4,709,201	3,278,194	1,431,007	-	1,431,007
Real property tax - Basic	473,679	-	473,679	-	473,679
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	5,182,880	3,278,194	1,904,686	-	1,904,686
BenguetCorp Nickel Mines, Inc.					
Local business tax (paid either in mine site or head office)	377,079	-	377,079	14,288	-
Real property tax - Basic	24,300	-	24,300	277,914	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	401,379	-	401,379	292,202	-
Cagdianao Mining Corporation					
Local business tax (paid either in mine site or head office)	5,849,967	5,767,105	82,862	5,849,967	-
Real property tax - Basic	191,735	183,493	8,242	191,735	-
Real property tax - Special Education Fund (SEF)	191,735	183,493	8,242	191,735	-
SUBTOTAL	6,233,437	6,134,091	99,346	6,233,437	-
Carrascal Nickel Corporation					
Local business tax (paid either in mine site or head office)	29,558,226	4,405,390	25,152,836	4,405,390	-
Real property tax - Basic	505,063	154,536	350,527	-	350,527
Real property tax - Special Education Fund (SEF)	-	154,536	(154,536)	-	(154,536)
SUBTOTAL	30,063,289	4,714,462	25,348,827	4,405,390	195,991

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Citnickel Mines and Development Corporation					
Local business tax (paid either in mine site or head office)	3,995,852	1,710,000	2,285,852	-	2,285,852
Real property tax - Basic	1,333,539	552,508	781,031	-	781,031
Real property tax - Special Education Fund (SEF)	-	552,508	(552,508)	-	(552,508)
SUBTOTAL	5,329,391	2,815,016	2,514,375	-	2,514,375
Hinatuan Mining Corporation					
Local business tax (paid either in mine site or head office)	24,593,384	24,071,993	521,391	24,593,384	-
Real property tax - Basic	66,025	64,829	1,196	54,693	-
Real property tax - Special Education Fund (SEF)	57,440	64,829	(7,389)	49,885	-
SUBTOTAL	24,716,849	24,201,651	515,198	24,697,962	-
Libjo Mining Corporation					
Local business tax (paid either in mine site or head office)	6,874	3,000	3,874	-	3,874
Real property tax - Basic	59,208	-	59,208	59,208	-
Real property tax - Special Education Fund (SEF)	59,208	-	59,208	59,208	-
SUBTOTAL	125,290	3,000	122,290	118,416	3,874
LNL Archipelago Minerals, Incorporated					
Local business tax (paid either in mine site or head office)	1,577	-	1,577	1,577	-
Real property tax - Basic	-	-	-	-	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	1,577	-	1,577	1,577	-
Marcventures Mining and Development Corporation					
Local business tax (paid either in mine site or head office)	1,895,807	2,000,000	(104,193)	-	(104,193)
Real property tax - Basic	662,835	172,420	490,415	-	490,415
Real property tax - Special Education Fund (SEF)	-	172,420	(172,420)	-	(172,420)
SUBTOTAL	2,558,642	2,344,840	213,802	-	213,802

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Pacific Nickel Phils., Inc.					
Local business tax (paid either in mine site or head office)	129,527	37,500	92,027	87,626	-
Real property tax - Basic	3,420	1,071,701	(1,068,281)	-	(1,068,281)
Real property tax - Special Education Fund (SEF)	-	714,467	(714,467)	-	(714,467)
SUBTOTAL	132,947	1,823,668	(1,690,721)	87,626	(1,782,748)
Platinum Group Metals Corporation					
Local business tax (paid either in mine site or head office)	7,002,200	7,000,000	2,200	7,000,000	2,200
Real property tax - Basic	1,472,726	-	1,472,726	-	1,472,726
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	8,474,926	7,000,000	1,474,926	7,000,000	1,474,926
Rio Tuba Nickel Mining Corporation					
Local business tax (paid either in mine site or head office)	14,237,264	13,624,129	613,135	14,237,264	-
Real property tax - Basic	3,624,954	3,201,095	423,859	3,624,954	-
Real property tax - Special Education Fund (SEF)	3,595,445	3,201,095	394,350	3,595,445	-
SUBTOTAL	21,457,663	20,026,319	1,431,344	21,457,663	-
Shuley Mine Incorporated					
Local business tax (paid either in mine site or head office)	2,320,713	433	2,320,280	-	2,320,280
Real property tax - Basic	-	-	-	-	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	2,320,713	433	2,320,280	-	2,320,280

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Sinosteel Phils. H. Y. Mining Corporation					
Local business tax (paid either in mine site or head office)	2,356,084	2,356,084	-	2,356,084	-
Real property tax - Basic	29,093	29,093	-	29,093	-
Real property tax - Special Education Fund (SEF)	29,093	29,093	-	29,093	-
SUBTOTAL	2,414,270	2,414,270	-	2,414,270	-
SR Metals, Inc.					
Local business tax (paid either in mine site or head office)	25,618,287	13,600,000	12,018,287	-	12,018,287
Real property tax - Basic	383,322	31,914	351,408	-	351,408
Real property tax - Special Education Fund (SEF)	-	31,914	(31,914)	-	(31,914)
SUBTOTAL	26,001,609	13,663,828	12,337,781	-	12,337,781
Taganito Mining Corporation					
Local business tax (paid either in mine site or head office)	23,490,768	45,573,569	(22,082,801)	23,490,768	-
Real property tax - Basic	294,178	415,910	(121,732)	294,178	-
Real property tax - Special Education Fund (SEF)	294,178	415,910	(121,732)	294,178	-
SUBTOTAL	24,079,124	46,405,389	(22,326,265)	24,079,124	-
Other metallic mining entities					
Leyte Ironsand Mining Corporation					
Local business tax (paid either in mine site or head office)	200,000	201,050	(1,050)	-	(1,050)
Real property tax - Basic	377	-	377	-	377
Real property tax - Special Education Fund (SEF)	377	-	377	-	377
SUBTOTAL	200,754	201,050	(296)	-	(296)

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Ore Asia Mining and Development Corporation					
Local business tax (paid either in mine site or head office)	568,697	-	568,697	568,697	-
Real property tax - Basic	-	-	-	-	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	568,697	-	568,697	568,697	-
Philippine Mining Development Corporation					
Local business tax (paid either in mine site or head office)	371,121	-	371,121	371,121	-
Real property tax - Basic	93,072	-	93,072	93,072	-
Real property tax - Special Education Fund (SEF)	-	-	-	-	-
SUBTOTAL	464,193	-	464,193	464,193	-
TOTAL - LGU	592,329,907	452,068,638	140,261,269	320,782,806	56,618,678
MGB					
Chromite					
Krominco, Inc.					
Royalty on mineral reservation	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.					
Royalty on mineral reservation	-	-	-	-	-
Carmen Copper Corporation					
Royalty on mineral reservation	-	-	-	-	-
Filminera Resources Corporation					
Royalty on mineral reservation	-	-	-	-	-
Greenstone Resources Corporation					
Royalty on mineral reservation	-	-	-	-	-
Johson Gold Mining Corporation					
Royalty on mineral reservation	-	-	-	-	-
Lepanto Consolidated Mining Company					
Royalty on mineral reservation	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
OceanaGold (Philippines), Inc.					
Royalty on mineral reservation	-	-	-	-	-
Philex Mining Corporation					
Royalty on mineral reservation	-	-	-	-	-
Philsaga Mining Corporation					
Royalty on mineral reservation	-	-	-	-	-
TVI Resource Development Philippines, Inc. (Canatuan)					
Royalty on mineral reservation	-	-	-	-	-
	-	-	-	-	-
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation					
Royalty on mineral reservation	50,099,318	52,323,067	(2,223,749)	48,111,912	(2,223,749)
Adnama Mining Resources, Incorporated					
Royalty on mineral reservation	205,224,842	123,359,852	81,864,990	123,359,852	-
BenguetCorp Nickel Mines, Inc.					
Royalty on mineral reservation	99,160,423	96,660,846	2,499,577	96,660,846	2,499,577
Cagdianao Mining Corporation					
Royalty on mineral reservation	179,773,684	179,596,791	176,893	179,773,684	-
Carrascal Nickel Corporation					
Royalty on mineral reservation	257,662,770	257,662,770	-	257,662,770	-
Citinickel Mines and Development Corporation					
Royalty on mineral reservation	1,528,692	-	1,528,692	-	1,528,692
Hinatuan Mining Corporation					
Royalty on mineral reservation	252,585,943	266,113,241	(13,527,298)	266,113,241	-
Libjo Mining Corporation					
Royalty on mineral reservation	49,554,338	58,011,628	(8,457,290)	53,260,137	(8,457,291)
LNL Archipelago Minerals, Incorporated					
Royalty on mineral reservation	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Marcventures Mining and Development Corporation					
Royalty on mineral reservation	-	-	-	-	-
Pacific Nickel Phils., Inc.					
Royalty on mineral reservation	-	-	-	-	-
Platinum Group Metals Corporation					
Royalty on mineral reservation	599,338,240	583,259,071	16,079,169	573,945,987	16,079,169
Rio Tuba Nickel Mining Corporation					
Royalty on mineral reservation	-	-	-	-	-
Shuley Mine, Incorporated					
Royalty on mineral reservation	107,803,639	104,601,030	3,202,609	-	3,202,609
Sinosteel Phils. H. Y. Mining Corporation					
Royalty on mineral reservation	4,936,872	4,936,872	-	4,936,872	-
Taganito Mining Corporation					
Royalty on mineral reservation	423,948,868	423,733,841	215,027	423,948,868	-
SUBTOTAL	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
Other metallic mining entities					
Leyte Iron Sand Mining Corporation					
Royalty on mineral reservation	-	-	-	-	-
Ore Asia Mining and Development Corporation					
Royalty on mineral reservation	-	-	-	-	-
Philippine Mining Development Corporation					
Royalty on mineral reservation	-	-	-	-	-
TOTAL - MGB	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119
NCIP					
Chromite					
Krominco, Inc.					
Royalty for IPs	-	-	-	-	-
Copper / Gold / Silver / Zinc					
Apex Mining Company, Inc.					
Royalty for IPs	125,000	8,250,000	(8,125,000)	-	(8,125,000)
Carmen Copper Corporation					

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Royalty for IPs	-	-	-	-	-
Filminera Resources Corporation					
Royalty for IPs	-	-	-	-	-
Greenstone Resources Corporation					
Royalty for IPs	-	-	-	-	-
Johson Gold Mining Corporation					
Royalty for IPs	-	-	-	-	-
Lepanto Consolidated Mining Company					
Royalty for IPs	-	-	-	-	-
OceanaGold (Philippines), Inc.					
Royalty for IPs	-	-	-	-	-
Philex Mining Corporation					
Royalty for IPs	45,528,749	-	45,528,749	45,528,749	-
Philsaga Mining Corporation					
Royalty for IPs	-	-	-	-	-
TVI Resource Development Philippines, Inc. (Canatuan)					
Royalty for IPs	17,485,565	-	17,485,565	-	17,485,565
SUBTOTAL	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
Nickel					
AAM-Phil Natural Resources Exploration and Development Corporation					
Royalty for IPs	-	-	-	-	-
Adnama Mining Resources, Incorporated					
Royalty for IPs	-	-	-	-	-
BenguetCorp Nickel Mines, Inc.					
Royalty for IPs	-	-	-	-	-
Cagdianao Mining Corporation					
Royalty for IPs	-	-	-	-	-
Carrascal Nickel Corporation					
Royalty for IPs	36,676,104	-	36,676,104	-	36,676,104
Citnickel Mines and Development Corporation					
Royalty for IPs	20,952,575	1,750,000	19,202,575	-	19,202,575
Hinatuan Mining Corporation					
Royalty for IPs	-	-	-	-	-
Libjo Mining Corporation					
Royalty for IPs	-	-	-	-	-
LNL Archipelago Minerals, Incorporated					
Royalty for IPs	-	-	-	-	-
Marcventures Mining and Development Corporation					
Royalty for IPs	25,360,263	-	25,360,263	-	25,360,263
Pacific Nickel Phils., Inc.					
Royalty for IPs	-	-	-	-	-
Platinum Group Metals Corporation					
Royalty for IPs	119,867,640	-	119,867,640	119,867,640	-
Rio Tuba Nickel Mining Corporation					
Royalty for IPs	69,265,638	13,029,935	56,235,703	69,265,638	-
Shuley Mine, Incorporated					
Royalty for IPs	-	-	-	-	-

MINING	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Sinosteel Phils. H. Y. Mining Corporation					
Royalty for IPs	-	-	-	-	-
SR Metals, Inc.					
Royalty for IPs	45,337,824	18,800,909	26,536,915	-	26,536,915
Taganito Mining Corporation					
Royalty for IPs	68,945,873	16,179,788	52,766,085	68,945,873	-
SUBTOTAL	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
TOTAL - NCIP	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422
GRAND TOTAL	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
BIR					
Chevron Malampaya LLC					
Corporate income tax	5,242,070,623	5,246,868,478	(4,797,855)	5,246,868,478	-
Withholding tax - Profit emittance to principal	2,159,549,767	2,159,549,767	-	2,159,549,767	-
SUBTOTAL	7,401,620,390	7,406,418,245	(4,797,855)	7,406,418,245	-
Galoc Production Company					
Corporate income tax	328,576,285	103,354,064	225,222,221	328,576,285	-
Withholding tax - Profit emittance to principal	-	-	-	-	-
SUBTOTAL	328,576,285	103,354,064	225,222,221	328,576,285	-
Nido Production (Galoc) Pty. Ltd. - Philippine Branch					
Corporate income tax	37,922,548	37,922,548	-	37,922,548	-
Withholding tax - Profit emittance to principal	-	-	-	-	-
SUBTOTAL	37,922,548	37,922,548	-	37,922,548	-
PNOC-Exploration Corporation					
Corporate income tax	1,168,942,807	1,169,596,385	(653,578)	1,181,730,880	-
Withholding tax - Profit emittance to principal	-	-	-	-	-
SUBTOTAL	1,168,942,807	1,169,596,385	(653,578)	1,181,730,880	-
Shell Philippines Exploration B.V.					
Corporate income tax	4,134,025,196	5,279,514,524	(1,145,489,328)	5,279,498,983	-
Withholding tax - Profit emittance to principal	1,071,794,130	1,153,733,622	(81,939,492)	1,153,733,622	-
SUBTOTAL	5,205,819,326	6,433,248,146	(1,227,428,820)	6,433,232,605	-
TOTAL - BIR	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
DOE					
Chevron Malampaya LLC					
Government share from oil and gas production	-	-	-	-	-
Galoc Production Company					
Government share from oil and gas production	1,508,832,331	1,407,240,608	101,591,723	1,407,240,608	-
Nido Production (Galoc) Pty. Ltd. - Philippine Branch					
Government share from oil and gas production	304,378,589	-	304,378,589	-	-
PNOC-Exploration Corporation					
Government share from oil and gas production	-	-	-	-	-
Shell Philippines Exploration B.V.					
Government share from oil and gas production	25,665,579,264	25,648,299,098	17,280,166	25,648,299,097	-
TOTAL - DOE	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-
GRAND TOTAL	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

Table 98 covers the unilateral disclosures of tax government agencies for the non-participating companies.

Table 98 Summary of revenue streams per non-participating company and per agency

MINING	Per agency
Atro Mining - Vitali Inc.	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-

MINING		Per agency
SDMP and other FUNDS		
Annual EPEP		6,255,312
Information, Education & Communication (IEC)		-
Mining Technology and Geosciences advancement		-
Safety and Health Programs		-
Social Development & Management (host and neighboring communities)		-
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		6,255,312
TOTAL		6,255,312
Berong Nickel Corporation		
BIR		
Corporate income tax		-
Excise tax on minerals		-
Withholding tax - Foreign shareholder dividends		-
Withholding tax - Royalties to claim owners		-
SUBTOTAL		-
BOC		
Customs duties		-
Excise tax on imported goods (e.g. petroleum products)		-
VAT on imported materials and equipment		-
SUBTOTAL		-
LGU		
Local business tax (paid either in mine site or head office)		10,780,098
Real property tax - Basic		-
Real property tax - Special Education Fund (SEF)		-
SUBTOTAL		10,780,098
MGB		
Royalty on mineral reservation		-
NCIP		
Field Based Investigation Fee		-
FPIC expenditure		-
Royalty for IPs		
SUBTOTAL		-
SDMP and other FUNDS		
Annual EPEP		-
Information, Education & Communication (IEC)		107,567
Mining Technology and Geosciences advancement		189,768
Safety and Health Programs		4,488,055
Social Development & Management (host and neighboring communities)		7,837,319
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		12,622,709
TOTAL		23,402,807

MINING		Per agency
Cambayas Mining Corporation		
BIR		
Corporate income tax		-
Excise tax on minerals		-
Withholding tax - Foreign shareholder dividends		-
Withholding tax - Royalties to claim owners		-
SUBTOTAL		-
BOC		
Customs duties		51,892
Excise tax on imported goods (e.g. petroleum products)		-
VAT on imported materials and equipment		274,506
SUBTOTAL		326,398
LGU		
Local business tax (paid either in mine site or head office)		1,121,614
Real property tax - Basic		-
Real property tax - Special Education Fund (SEF)		-
SUBTOTAL		1,121,614
MGB		
Royalty on mineral reservation		-
NCIP		
Royalty for IPs		-
SDMP and other FUNDS		
Annual EPEP		-
Information, Education & Communication (IEC)		-
Mining Technology and Geosciences advancement		-
Safety and Health Programs		-
Social Development & Management (host and neighboring communities)		-
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		-
TOTAL		1,448,012
Century Peak Corporation (Casiguran)		
BIR		
Corporate income tax		-
Excise tax on minerals		-
Withholding tax - Foreign shareholder dividends		-
Withholding tax - Royalties to claim owners		-
SUBTOTAL		-
BOC		
Customs duties		-
Excise tax on imported goods (e.g. petroleum products)		-
VAT on imported materials and equipment		-
SUBTOTAL		-
LGU		
Local business tax (paid either in mine site or head office)		-
Real property tax - Basic		-

MINING	Per agency
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	45,974,554
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	3,761,280
Information, Education & Communication (IEC)	31,373
Mining Technology and Geosciences advancement	-
Safety and Health Programs	299,500
Social Development & Management (host and neighboring communities)	83,350
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	4,175,503
TOTAL	50,150,057
Century Peak Corporation (Esperanza)	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	-
Information, Education & Communication (IEC)	160,399
Mining Technology and Geosciences advancement	-
Safety and Health Programs	299,500
Social Development & Management (host and neighboring communities)	541,382
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-

MINING		Per agency
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		1,001,281
TOTAL		1,001,281
CTP Construction and Mining Corporation (Adlay: Surigao del Sur)		
BIR		
Corporate income tax		20,603,652
Excise tax on minerals		145,146,311
Withholding tax - Foreign shareholder dividends		-
Withholding tax - Royalties to claim owners		-
BOC		
Customs duties		-
Excise tax on imported goods (e.g. petroleum products)		-
VAT on imported materials and equipment		-
LGU		
Local business tax (paid either in mine site or head office)		2,000,000
Real property tax - Basic		91,491
Real property tax - Special Education Fund (SEF)		91,491
MGB		
Royalty on mineral reservation		363,365,750
NCIP		
Royalty for IPs		-
TOTAL		531,298,695
SDMP and other FUNDS (Adlay: Surigao del Sur)		
Annual EPEP		104,916,708
Information, Education & Communication (IEC)		1,651,152
Mining Technology and Geosciences advancement		1,316,382
Safety and Health Programs		1,343,000
Social Development & Management (host and neighboring communities)		9,124,484
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
TOTAL		118,351,726
SDMP and other FUNDS (Dahican: Surigao del Sur)		
Annual EPEP		17,786,722
Information, Education & Communication (IEC)		309,150
Mining Technology and Geosciences advancement		326,793
Safety and Health Programs		305,500
Social Development & Management (host and neighboring communities)		75,000
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
TOTAL		18,803,165
Eramen Minerals, Inc.		
BIR		

MINING	Per agency
Corporate income tax	130,834,502
Excise tax on minerals	50,056,283
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	180,890,785
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	94,228,567
Information, Education & Communication (IEC)	-
Mining Technology and Geosciences advancement	-
Safety and Health Programs	-
Social Development & Management (host and neighboring communities)	-
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	94,228,567
TOTAL	275,119,352
Investwell Resources, Incorporated	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-

MINING		Per agency
MGB		
Royalty on mineral reservation		-
NCIP		
Royalty for IPs		-
SDMP and other FUNDS		
Annual EPEP		-
Information, Education & Communication (IEC)		-
Mining Technology and Geosciences advancement		-
Safety and Health Programs		-
Social Development & Management (host and neighboring communities)		-
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		-
TOTAL		
-		
Mt. Sinai Mining Exploration and Development Corporation		
BIR		
Corporate income tax		-
Excise tax on minerals		-
Withholding tax - Foreign shareholder dividends		-
Withholding tax - Royalties to claim owners		-
SUBTOTAL		-
BOC		
Customs duties		11,377
Excise tax on imported goods (e.g. petroleum products)		-
VAT on imported materials and equipment		191,753
SUBTOTAL		203,130
LGU		
Local business tax (paid either in mine site or head office)		499,783
Real property tax - Basic		-
Real property tax - Special Education Fund (SEF)		-
SUBTOTAL		499,783
MGB		
Royalty on mineral reservation		-
NCIP		
Royalty for IPs		-
SDMP and other FUNDS		
Annual EPEP		-
Information, Education & Communication (IEC)		-
Mining Technology and Geosciences advancement		-
Safety and Health Programs		-
Social Development & Management (host and neighboring communities)		625,840
Rehabilitation Cash Fund - Actual expenditure		-
Monitoring Trust Fund - Actual expenditure		-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure		-
Mine Waste and Tailings Fees		-
SUBTOTAL		625,840

MINING	Per agency
TOTAL	1,328,753
Norweah Metals and Minerals Company	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	13,081,288
Information, Education & Communication (IEC)	-
Mining Technology and Geosciences advancement	-
Safety and Health Programs	-
Social Development & Management (host and neighboring communities)	-
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	13,081,288
TOTAL	13,081,288
Oriental Synergy Mining Corporation	
BIR	
Corporate income tax	-
Excise tax on minerals	8,032,051
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	8,032,051
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	1,425,000

MINING	Per agency
Real property tax - Basic	8,050
Real property tax - Special Education Fund (SEF)	8,050
SUBTOTAL	1,441,100
MGB	
Royalty on mineral reservation	22,496,390
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	-
Information, Education & Communication (IEC)	409,835
Mining Technology and Geosciences advancement	-
Safety and Health Programs	982,500
Social Development & Management (host and neighboring communities)	2,096,213
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	3,488,548
TOTAL	35,458,089
S.R. Languyan Mining Corporation	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	-
Information, Education & Communication (IEC)	-
Mining Technology and Geosciences advancement	-
Safety and Health Programs	-
Social Development & Management (host and neighboring communities)	-
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-

MINING	Per agency
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	-
TOTAL	-
Strong Built (Mining) Development	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	201,100
Real property tax - Basic	392,384
Real property tax - Special Education Fund (SEF)	392,384
SUBTOTAL	985,868
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	-
Information, Education & Communication (IEC)	96,409
Mining Technology and Geosciences advancement	-
Safety and Health Programs	-
Social Development & Management (host and neighboring communities)	433,105
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	529,514
TOTAL	1,515,382
TVI Resource Development Philippines, Inc (Agata)	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	

MINING	Per agency
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	-
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	-
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	-
Information, Education & Communication (IEC)	-
Mining Technology and Geosciences advancement	-
Safety and Health Programs	-
Social Development & Management (host and neighboring communities)	-
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	-
TOTAL	-
Wellex Mining Corporation	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	2,327,480
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	2,327,480
MGB	
Royalty on mineral reservation	98,752,699
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	606,798

MINING	Per agency
Information, Education & Communication (IEC)	1,066,642
Mining Technology and Geosciences advancement	552,000
Safety and Health Programs	1,645,000
Social Development & Management (host and neighboring communities)	2,553,690
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	6,424,130
TOTAL	107,504,309
Zambales Diversified Metals Corporation	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	-
Excise tax on imported goods (e.g. petroleum products)	-
VAT on imported materials and equipment	-
SUBTOTAL	-
LGU	
Local business tax (paid either in mine site or head office)	249,050
Real property tax - Basic	-
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	249,050
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
SDMP and other FUNDS	
Annual EPEP	40,305,300
Information, Education & Communication (IEC)	-
Mining Technology and Geosciences advancement	-
Safety and Health Programs	1,486,816
Social Development & Management (host and neighboring communities)	-
Rehabilitation Cash Fund - Actual expenditure	-
Monitoring Trust Fund - Actual expenditure	-
Final Mine Rehabilitation and/or Decommissioning Fund - Actual expenditure	-
Mine Waste and Tailings Fees	-
SUBTOTAL	41,792,116
SDMP and other FUNDS	
Government share from oil and gas production	-
Withholding tax - Profit emittance to principal	-
SUBTOTAL	-
TOTAL	42,041,166

OIL AND GAS		Per agency
Alcorn Gold Resources Corp.		
BIR		
Corporate income tax		-
Withholding tax - Profit emittance to principal		-
DOE		
Government share from oil and gas production		-
Forum Energy Philippines Corp.		
BIR		
Corporate income tax		-
Withholding tax - Profit emittance to principal		-
DOE		
Government share from oil and gas production		-
The Philodrill Corporation		
BIR		
Corporate income tax		-
Withholding tax - Profit emittance to principal		-
DOE		
Government share from oil and gas production		36,618,367
Oriental Petroleum & Minerals Corp.		
BIR		
Corporate income tax		-
Withholding tax - Profit emittance to principal		-
DOE		
Government share from oil and gas production		-

COAL	Per agency
Semirara Mining and Power Corporation	
BIR	
Corporate income tax	-
Excise tax on minerals	-
Withholding tax - Foreign shareholder dividends	-
Withholding tax - Royalties to claim owners	-
SUBTOTAL	-
BOC	
Customs duties	3,022,289
Excise tax on imported goods (e.g. petroleum products)	179,481
VAT on imported materials and equipment	6,500,901
SUBTOTAL	9,702,671
LGU	
Local business tax (paid either in mine site or head office)	21,428,879
Real property tax - Basic	1,019,156
Real property tax - Special Education Fund (SEF)	-
SUBTOTAL	22,448,035
MGB	
Royalty on mineral reservation	-
NCIP	
Royalty for IPs	-
DOE	
Government share from coal production	1,858,189,613
TOTAL	1,890,340,319

Refer to Annex AH for the detailed reconciliation results per participating company.

IV. LGU in focus

Introduction

The details of LGU reconciliation results and corresponding analysis are presented in this section. Share in national wealth, MGB releases and DBM allocation are also covered in this section.

The succeeding tables itemize LGU reconciled amounts with corresponding mapping to regions, provinces and municipalities.

Table 99. Summary of LGU collections disaggregated per region

	Reconciled amount
CAR	17,639,603
NCR	12,290,253
Region II	33,353,319
Region III	293,779
Region IVB	21,457,663
Region V	52,354,331
Region VII	79,686,580
Region XI	29,618,752
Region XIII (Caraga)	74,088,526
Grand total	320,782,806

Table 100. Summary of LGU collections disaggregated by province

Region	Province	Reconciled amount
CAR	Benguet	17,639,603
NCR	Metro Manila	12,290,253
Region II	Nueva Vizcaya	33,353,319
Region III	Zambales	293,779
Region IVB	Palawan	21,457,663
Region V	Camarines Norte	322
	Masbate	52,354,009

Region	Province	Reconciled amount
Region VII	Cebu	79,686,580
Region XI	Compostela Valley Province	29,618,752
Region XIII (Caraga)	Dinagat Islands	11,219,241
	Surigao del Norte	58,469,285
	Surigao del Sur	4,400,000
Grand total		320,782,806

Table 101. Summary of LGU collections disaggregated by municipality/city

Region	Province	Municipality/City	Reconciled amount
CAR	Benguet	Mankayan	9,041,741
		Tuba	8,597,862
NCR	Metro Manila	Pasig City	11,744,822
		Taguig City	545,431
Region II	Nueva Vizcaya	Kasibu	33,353,319
Region III	Zambales	Sta. Cruz	293,779
Region IVB	Palawan	Bataraza	21,457,663
Region V	Camarines Norte	Jose Panganiban	322
	Masbate	Aroroy	52,354,009
Region VII	Cebu	Toledo	79,686,580
Region XI	Compostela Valley	Maco Municipality	29,618,752
Region XIII (Caraga)	Dinagat Islands	Loreto	4,867,388
		Cagdianao	6,233,437
		Libjo	118,416
	Surigao del Norte	Claver	31,079,124
		Surigao City	87,626
		Tagana-an	24,152,531
		Tubod	3,150,004
Surigao del Sur	Carrascal	4,400,000	
Grand total		320,782,806	

Table 102. Summary of LGU collections per region, segregated per participating entity

Region		Amount - Mining
CAR	Lepanto Consolidated Mining Company	9,041,741
	Philex Mining Corporation	8,597,862
NCR	Apex Mining Company, Inc.	2,779,926
	Carrascal Nickel Corporation	5,390
	Hinatuan Mining Corporation	545,431
	Philex Mining Corporation	8,588,385
	Philippine Mining Development Corporation	371,121
Region II	OceanaGold (Philippines), Inc.	33,353,319
Region III	BenguetCorp Nickel Mines, Inc.	292,202
	LNL Archipelago Minerals, Incorporated	1,577
Region IVB	Rio Tuba Nickel Mining Corporation	21,457,663
Region V	Filminera Resources Corporation	52,354,009

Region		Amount - Mining
	Johson Gold Mining Corporation	322
Region VII	Carmen Copper Corporation	79,686,580
Region XI	Apex Mining Company, Inc.	28,956,983
	PMDC	93,072
	Ore Asia	568,697
Region XIII (Caraga)	Cagdianao Mining Corporation	6,233,437
	Carrascal Nickel Corporation	4,400,000
	Greenstone Resources Corporation	3,150,004
	Hinatuan Mining Corporation	24,152,531
	Krominco, Inc.	2,453,118
	Libjo Mining Corporation	118,416
	Pacific Nickel Phils., Inc	87,626
	Platinum Group Metals Corporation	7,000,000
	Sinosteel Phils. H. Y. Mining Corporation	2,414,270
	Taganito Mining Corporation	24,079,124
	TOTAL	320,782,806

Table 103. LGU collections per region and municipality/city

		Reconciled
Apex Mining Company, Inc.		
NCR		
	Metro Manila	2,779,926
Region XI		
	Compostela Valley Province	28,956,983
BenguetCorp Nickel Mines, Inc.		
Region III		
	Zambales Province	292,202
Cagdianao Mining Corporation		
Region XIII (Caraga)		
	Dinagat Islands	6,233,437
Carmen Copper Corporation		
Region VII		
	Cebu	79,686,580
Carrascal Nickel Corporation		
NCR		
	Metro Manila	5,390
Region XIII (Caraga)		
	Surigao del Sur	4,400,000
Filminera Resources Corporation		
Region V		
	Masbate	52,354,009
Greenstone Resources Corporation		
Region XIII (Caraga)		
	Surigao del Norte	3,150,004
Hinatuan Mining Corporation		
NCR		

		Reconciled
	Metro Manila	545,431
Region XIII (Caraga)		
	Surigao del Norte	24,152,531
Johson Gold Mining Corporation		
Region V		
	Camarines Norte	322
Krominco, Inc.		
Region XIII (Caraga)		
	Dinagat Islands	2,453,118
Lepanto Consolidated Mining Company		
CAR		
	Benguet	9,041,741
Libjo Mining Corporation		
Region XIII		
	Dingat Islands	118,416
LNL Archipelago Minerals, Incorporated		
Region III		
	Zamabales Province	1,577
OceanaGold (Philippines), Inc.		
Region II		
	Nueva Vizcaya	33,353,319
Ore Asia Mining and Development Corporation		
	Region XI	568,697
Pacific Nickel Phils., Inc.		
Region XIII (Caraga)		
	Surigao del Norte	87,626
Philex Mining Corporation		
CAR		
	Benguet	8,597,862
NCR		
	Metro Manila	8,588,385
Platinum Group Metals Corporation		
Region XIII (Caraga)		
	Surigao del Norte	7,000,000
PMDC		
NCR		
	Metro Manila	371,121
Region XI		
	Compostela Valley Province	93,072
Rio Tuba Nickel Mining Corporation		
Region IVB		
	Palawan	21,457,663
Sinosteel Phils. H. Y. Mining Corporation		
Region XIII (Caraga)		
	Dinagat Islands	2,414,270
Taganito Mining Corporation		
Region XIII (Caraga)		
	Surigao del Norte	24,079,124
	TOTAL	320,782,806

As discussed in Section IV, *LGU in focus*, of this chapter, LGUs are entitled to a 40% share in national wealth. These shares are released to the LGUs by the DBM. Below is a summary of LGU shares as reported by the DBM and the LGUs hosting extractive operations. Similar to the prior year report, these figures were not reconciled in view of the fact that reconciliation would require separate disclosures from MGB and BIR on a per LGU and per company basis, which, however, is not feasible given the current level of data disaggregation. Therefore such data was not included in the scope of this reconciliation exercise.

Note that allocations with nil amount based on reporting templates of both DBM and LGU are not presented in the table.

Table 104. **Shares in national wealth**

Province	Per DBM				Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	Total Per LGU	
Benguet		8,696,282	-	8,696,282	2,763,742.00	-	-	22,763,742.00	(14,067,460.00)
	Itogon	7,002,339	-	7,002,339	-	-	-	-	7,002,339.00
	Tuba	7,002,340	-	7,002,340	6,850,290.00	-	-	6,850,290.00	152,050.00
	Mankayan	5,561,955	-	5,561,955	5,561,955.00	-	-	5,561,955.00	-
	Baguio City	24,663	-	24,663	-	-	-	-	24,663.00
Mountain Province		43,196	-	43,196	-	-	-	-	43,196.00
	Bontoc	51,438	-	51,438	-	-	-	-	51,438.00
	Sagada	497	-	497	-	-	-	-	497.00
	Paracelis	8,714	-	8,714	-	-	-	-	8,714.00
	Tadian	313	-	313	-	-	-	-	313.00
	Barlig	-	-	-	-	-	-	-	-
	Bauko	7,978	-	7,978	-	-	-	-	7,978.00
	Besao	8,680	-	8,680	-	-	-	-	8,680.00
	Natonin	-	-	-	-	-	-	-	-
	Sabangan	19,217	-	19,217	-	-	-	-	19,217.00
	Sadanga	355	-	355	-	-	-	-	355.00
Kalinga		-	-	-	-	-	-	-	-
	Kalinga	-	-	-	-	-	-	-	-
Pangasinan		28,843	-	28,843	-	-	-	-	28,843.00
	Sison	64,898	-	64,898	-	-	-	-	64,898.00
	San Jacinto	-	-	-	-	-	-	-	-
Ilocos Norte		-	-	-	-	-	-	-	-
	Bangui	-	-	-	-	-	-	-	-
Ilocos Sur		-	-	-	-	-	-	-	-
	Tagudin	-	-	-	-	-	-	-	-
	Cervantes	-	-	-	-	-	-	-	-
La Union		216	-	216	-	-	-	-	216.00
	Aringay	-	-	-	-	-	-	-	-
	Bangar	-	-	-	-	-	-	-	-
	San Fernando City	364	-	364	-	-	-	-	364.00
	Naguilian	-	-	-	-	-	-	-	-

Province	Per DBM				Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	Total Per LGU	
	Rosario	-	-	-	-	-	-	-	-
	Baknotan	-	-	-	-	-	-	-	-
	Luna	486	-	486	-	-	-	-	486.00
Isabela		-	-	-	-	-	-	-	-
	Cauayan City	-	-	-	-	-	-	-	-
Nueva Vizcaya		-	-	-	88,036.00	-	-	88,036.00	(88,036.00)
	Bayombong	-	-	-	-	-	-	-	-
	Quezon	-	-	-	-	-	-	-	-
	Bambang	-	-	-	-	-	-	-	-
	Solano	-	-	-	-	-	-	-	-
	Bagabag	-	-	-	-	-	-	-	-
	Kasibu Municipality	-	-	-	12,278,028.00	-	-	12,278,028.00	(12,278,028.00)
Bulacan		130,458	-	130,458	-	-	1,835,979.00	1,835,979.00	(1,705,521.00)
	Norzagaray	-	-	-	-	-	-	-	-
	Doña Remedios Trinidad	-	-	-	-	-	-	-	-
	San Ildefonso	293,532	-	293,532	-	-	-	-	293,532.00
Nueva Ecija		-	-	-	-	-	-	-	-
	Penaranda	-	-	-	-	-	-	-	-
Zambales		6,118,005	3,417,154	9,535,159	8,006,113.00	3,417,154.00	-	11,423,267.00	(1,888,108.00)
	Masinloc	-	-	-	-	-	-	-	-
	Sta. Cruz	12,493,003	7,688,597	20,181,600	64,440,238.00	7,688,597.00	-	72,128,835.00	(51,947,235.00)
	Candelaria	1,053,933	-	1,053,933	236,345.00	-	-	236,345.00	817,588.00
	San Felipe	25,974	-	25,974	-	-	-	-	25,974.00
	San Marcelino	192,600	-	192,600	-	-	-	-	192,600.00
Bataan		246	-	246	-	-	-	-	246.00
	Pilar	553	-	553	-	-	-	-	553.00
	Balanga City	69,206	-	69,206	-	-	-	-	69,206.00
Rizal		990,957	-	990,957	-	-	-	-	990,957.00
	Angono	2,164,929	-	2,164,929	-	-	-	-	2,164,929.00
	Binangonan	49,228	-	49,228	-	-	-	-	49,228.00
	Teresa	5,438	-	5,438	-	-	-	-	5,438.00
	Rodriguez	-	-	-	-	-	-	-	-
	Antipolo City	1,495,923	-	1,495,923	-	-	-	-	1,495,923.00
	San Mateo	-	-	-	-	-	-	-	-
	Taytay	-	-	-	-	-	-	-	-
	San Jose	777,764	-	777,764	-	-	-	-	777,764.00
	San Luis	8,958	-	8,958	-	-	-	-	8,958.00
	San Roque	-	-	-	-	-	-	-	-
Batangas		-	-	-	-	-	-	-	-
	Taysan	-	-	-	-	-	-	-	-
	Santo Tomas	-	-	-	-	-	-	-	-

Province	Per DBM			Per LGU				Variance	
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric		Total Per LGU
Laguna		-	-	-	-	-	-	-	-
	Santa Cruz	-	-	-	-	-	-	-	-
	Mun. of Bay	-	-	-	-	-	-	-	-
	Bitin	-	-	-	-	-	-	-	-
	Calamba City	-	-	-	-	-	-	-	-
	Puting Lupa	-	-	-	-	-	-	-	-
	Limao	-	-	-	-	-	-	-	-
	Calauan	-	-	-	-	-	-	-	-
	Bambang	-	-	-	-	-	-	-	-
	Los Banos	-	-	-	-	-	-	-	-
	Lalakay	-	-	-	-	-	-	-	-
Quezon		-	-	-	-	-	-	-	-
	Infanta	-	-	-	-	-	-	-	-
	Tayabas	-	-	-	-	-	-	-	-
	Sariaya	-	-	-	-	-	-	-	-
	Dolores	-	-	-	-	-	-	-	-
Palawan		11,001,524	-	11,001,524	52,820,792.00	-	-	52,820,792.00	(41,819,268.00)
	Bataraza	14,442,428	-	14,442,428	16,059,525.00	-	-	16,059,525.00	(1,617,097.00)
	El Nido	-	-	-	-	-	-	-	-
	Narra	5,506,120	-	5,506,120	5,506,120.00	-	-	5,506,120.00	-
	Sofronio Española	4,804,880	-	4,804,880	-	-	-	-	4,804,880.00
Occidental Mindoro		5,276	-	-	-	-	-	-	-
	San Jose	10,685	-	-	-	-	-	-	-
	Mamburao	1,141	-	-	-	-	-	-	-
Albay		4,872	-	4,872	30,061,214.00	-	-	30,061,214.00	(30,056,342.00)
	Rapu-Rapu	-	-	-	1,369,651.00	-	-	1,369,651.00	(1,369,651.00)
	Legazpi City	-	-	-	-	-	-	-	-
	Camalig	-	-	-	-	-	-	-	-
	Ligao City	-	-	-	-	-	-	-	-
	Tabaco	-	-	-	-	-	-	-	-
	Tiwi	-	-	-	-	-	-	-	-
	Bacacay	-	-	-	-	-	-	-	-
	Daraga	-	-	-	-	-	-	-	-
	Malilipot	-	-	-	-	-	-	-	-
	Libon	-	-	-	-	-	-	-	-
	Malinao	-	-	-	-	-	-	-	-
	Camalig	-	-	-	-	-	-	-	-
	Guinobatan	-	-	-	-	-	-	-	-
	Manito	-	-	-	-	-	-	-	-
Catanduanes		-	-	-	-	-	-	-	-
	Virac	-	-	-	-	-	-	-	-
	Caramoan	-	-	-	-	-	-	-	-
	San Andres	-	-	-	-	-	-	-	-

Province	Per DBM				Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	Total Per LGU	
	Bato	-	-	-	-	-	-	-	-
	Pandan	-	-	-	-	-	-	-	-
	Viga	-	-	-	-	-	-	-	-
	Panganiban	-	-	-	-	-	-	-	-
Masbate		-	-	-	25,763,730.00	-	-	-	-
	Aroroy	-	-	-	47,949,466.00	-	-	47,949,466.00	(47,949,466.00)
Camarines Norte		-	-	-	-	-	-	-	-
	Jose Panganiban	-	-	-	-	-	-	-	-
	Paracale	-	-	-	-	-	-	-	-
Camarines Sur		-	-	-	-	-	-	-	-
	Mun. of Baao	-	-	-	-	-	-	-	-
	Tinambac	-	-	-	-	-	-	-	-
Sorsogon		-	-	-	-	-	-	-	-
	Matnog	-	-	-	-	-	-	-	-
Ilo-Ilo		-	-	-	-	-	-	-	-
	Anilao	-	-	-	-	-	-	-	-
Negros Occidental		23,665	-	23,665	-	-	-	-	23,665.00
	Calatrava	7,420	-	7,420	-	-	-	-	7,420.00
	E.B Magalona	45,432	-	45,432	-	-	-	-	45,432.00
	Escalante	477	-	477	-	-	-	-	477.00
	Sagay	68,355	-	68,355	-	-	-	-	68,355.00
	Toboso	-	-	-	-	-	-	-	-
	San Carlos	182,312	-	182,312	-	-	-	-	182,312.00
	Manapla	391	-	391	-	-	-	-	391.00
	Cadiz City	3,573	-	3,573	-	-	-	-	3,573.00
	Victorias City	7,306	-	7,306	-	-	-	-	7,306.00
Bohol		-	-	-	-	-	-	-	-
	Garcia Hernandez	-	-	-	-	-	-	-	-
Cebu		-	-	-	-	-	1,863,775.00	1,863,775.00	(1,863,775.00)
	Alcantara	-	-	-	-	-	-	-	-
	Asturias	-	-	-	-	-	-	-	-
	Alcoy	-	-	-	-	-	-	-	-
	Balamban	-	-	-	-	-	-	-	-
	San Fernando	-	-	-	-	-	-	-	-
	Naga City	-	-	-	-	-	-	-	-
	Minglanilla	-	-	-	-	-	-	-	-
	Pinamungajan	-	-	-	-	-	-	-	-
	Toledo City	-	-	-	-	-	-	-	-
	Barili	-	-	-	-	-	-	-	-
	Bogo	-	-	-	-	-	-	-	-
	Argao	-	-	-	-	-	-	-	-

Province	Per DBM			Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	
Negros Oriental		-	-	-	-	-	-	-
	Ayungon	-	-	-	-	-	-	-
	Basay	-	-	-	-	-	-	-
	Pamplona	-	-	-	-	-	-	-
	Sibulan	-	-	-	-	-	-	-
	Tanjay	-	-	-	-	-	-	-
Siquijor		-	-	-	-	-	-	-
	Lazi	-	-	-	-	-	-	-
Southern Leyte		9,849	-	9,849	-	-	-	9,849.00
	Bontoc	1,426	-	1,426	-	-	-	1,426.00
	Saint Bernard	2,243	-	2,243	-	-	-	2,243.00
	Maasin City	220,565	-	220,565	-	-	-	220,565.00
	Sogod	18,492	-	18,492	-	-	-	18,492.00
	Hinunangan	-	-	-	-	-	-	-
Biliran		-	-	-	-	-	-	-
	Caibiran	-	-	-	-	-	-	-
	Almeria	-	-	-	-	-	-	-
Leyte		196,179	-	196,179	247,902.00	-	-	247,902.00
	Julita	6,115	-	6,115	-	-	-	6,115.00
	Alangalang	224	-	224	-	-	-	224.00
	Tanauan	2,942	-	2,942	-	-	-	2,942.00
	MacArthur	414,554	-	414,554	-	-	-	414,554.00
	Mahaplag	539	-	539	-	-	-	539.00
	Palo	6,150	-	6,150	-	-	-	6,150.00
	Dulag	1,446	-	1,446	-	-	-	1,446.00
	Abuyog	1,346	-	1,346	-	-	-	1,346.00
	Buraen	3,426	-	3,426	-	-	-	3,426.00
	Dagami	1,159	-	1,159	-	-	-	1,159.00
	Javier	-	-	-	-	-	-	-
	Tacloban City	7,850	-	7,850	-	-	-	7,850.00
	Kananga	-	-	-	-	-	-	-
	Ormoc City	-	-	-	-	-	-	-
	Barauen	-	-	-	-	-	-	-
Zamboanga Del Norte		-	-	-	-	-	-	-
	Siocon	-	-	-	-	-	-	-
	Polanco	-	-	-	-	-	-	-
	Gutalac	-	-	-	-	-	-	-
	Dipolog	-	-	-	-	-	-	-
	Siayan	-	-	-	-	-	-	-
Zamboanga Del Sur		-	-	-	-	-	-	-
	Zamboanga City	71,121,276	-	71,121,276	-	-	-	71,121,276.00

Province	Per DBM				Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	Total Per LGU	
Tawi-Tawi		-	-	-	-	-	-	-	-
	Languyan	-	-	-	-	-	-	-	-
Misamis Oriental		192,695	-	192,695	-	-	-	-	192,695.00
	Lugait	433,566	-	433,566	-	-	-	-	433,566.00
	Cagayan de Oro City	-	-	-	-	-	-	-	-
	Iligan	166,388	-	166,388	-	-	-	-	166,388.00
Bukidnon Province		-	-	-	-	-	-	-	-
	Manolo Fortich	-	-	-	-	-	-	-	-
Lanao Del Norte		-	-	-	-	-	-	-	-
	Iligan City	-	-	-	-	-	-	-	-
	Kolambugan	-	-	-	-	-	-	-	-
Compostela Valley		417,320	-	417,320	-	-	-	-	417,320.00
	Maragusan	-	-	-	-	-	-	-	-
	Mawab	-	-	-	-	-	-	-	-
	Monkayo	-	-	-	-	-	-	-	-
	Maco	938,971	-	938,971	1,283,448.00	-	-	1,283,448.00	(344,477.00)
Davao Del Norte		-	-	-	-	-	-	-	-
	Carmen	-	-	-	-	-	-	-	-
	Tagum	-	-	-	-	-	-	-	-
	Kapalong	-	-	-	-	-	-	-	-
	Panabo	-	-	-	-	-	-	-	-
	Sto. Tomas	-	-	-	-	-	-	-	-
Davao Del Sur		4,560	-	4,560	-	-	-	-	4,560.00
	Hagonoy	1,080	-	1,080	-	-	-	-	1,080.00
	Don Marcelino	540	-	540	-	-	-	-	540.00
	Padada	6,480	-	6,480	-	-	-	-	6,480.00
	Davao City	-	-	-	-	-	-	-	-
	Matanao	2,160	-	2,160	-	-	-	-	2,160.00
	Sta. Cruz	1,080	-	1,080	-	-	-	-	1,080.00
	Bansalan	-	-	-	-	-	-	-	-
	Malita	-	-	-	-	-	-	-	-
	Magsaysay	-	-	-	-	-	-	-	-
	Digos City	-	-	-	-	-	-	-	-
Sultan Kudarat		11,815	-	11,815	-	-	-	-	11,815.00
	Bagumbayan	5,657	-	5,657	-	-	-	-	5,657.00
	Tacurong City	2,805	-	2,805	-	-	-	-	2,805.00
	Lebak	2,974	-	2,974	-	-	-	-	2,974.00
	Lambayong	741	-	741	-	-	-	-	741.00
	Cotabato City	-	-	-	-	-	-	-	-
	Isulan	12,001	-	12,001	-	-	-	-	12,001.00

Province	Per DBM			Per LGU				Variance	
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric		Total Per LGU
	Senator Ninoy Aquino	5,211	-	5,211	-	-	-	-	5,211.00
Sarangani		-	-	-	-	-	-	-	-
	Maasim	-	-	-	-	-	-	-	-
	Maitum	-	-	-	-	-	-	-	-
	Alabel	-	-	-	-	-	-	-	-
	Gen. Santos City	-	-	-	-	-	-	-	-
	Glan	-	-	-	-	-	-	-	-
	Malungon	-	-	-	-	-	-	-	-
South Cotabato		-	-	-	-	-	-	-	-
	Koronadal	-	-	-	-	-	-	-	-
	Polomok	-	-	-	-	-	-	-	-
Cotabato		1,094,800	-	1,094,800	-	-	-	-	1,094,800.00
	Carmern	-	-	-	-	-	-	-	-
	Arakan	-	-	-	-	-	-	-	-
	Libungan	-	-	-	-	-	-	-	-
	Matalam	-	-	-	-	-	-	-	-
	M'lang	-	-	-	-	-	-	-	-
	Makilala	-	-	-	-	-	-	-	-
	Kidapawan City	-	-	-	-	-	-	-	-
Agusan Del Norte		4,782,885	-	4,782,885	4,943,618.00	-	-	4,943,618.00	(160,733.00)
	Tubay	10,759,732	-	10,759,732	-	-	-	-	10,759,732.00
	Cabadbaran	64,146	-	64,146	-	-	-	-	64,146.00
	Butuan City	16,905	-	16,905	-	-	-	-	16,905.00
	Buenavista	1,874	-	1,874	-	-	-	-	1,874.00
	Kitcharao	-	-	-	-	-	-	-	-
	Jabonga	307	-	307	-	-	-	-	307.00
	Nasipit	-	-	-	-	-	-	-	-
	R.T Romualdez	-	-	-	-	-	-	-	-
Agusan Del Sur		-	-	-	-	-	-	-	-
	Bunawan	-	-	-	-	-	-	-	-
	Rosario	-	-	-	-	-	-	-	-
	San Francisco	-	-	-	-	-	-	-	-
	Prosperidad	-	-	-	-	-	-	-	-
	Bayugan	-	-	-	-	-	-	-	-
	Sta. Josefa	-	-	-	-	-	-	-	-
	Canayugan	-	-	-	-	-	-	-	-
Surigao Del Norte		37,505,620	50,059,171	87,564,791	-	-	-	-	87,564,791.00
	Claver	62,146,106	85,177,405	147,323,511	98,431,846.00	-	-	98,431,846.00	48,891,665.00
	Tagana-an	8,263,458	20,086,117	28,349,575	-	-	-	-	28,349,575.00
	Surigao City	32,204	8,320,175	8,352,379	-	-	-	-	8,352,379.00
	San Francisco	-	-	-	-	-	-	-	-

Province	Per DBM				Per LGU				Variance
	Municipality/ City	Mining Taxes	Royalties from Mineral Reservation	Total per DBM	Mining taxes	Mineral Reservation	Utilization of hydroelectric	Total Per LGU	
	Mainit	10,662	-	10,662	-	-	-	-	10,662.00
	Tubod	-	-	-	-	-	-	-	-
	Nonoc	-	-	-	-	-	-	-	-
	Cagdianao	-	25,462,448	25,462,448	-	-	-	-	25,462,448.00
	Hayanggabon	-	21,272,577	21,272,577	-	-	-	-	21,272,577.00
	Taganito	-	8,384,495	8,384,495	-	-	-	-	8,384,495.00
Dinagat Islands		7,016,067	18,405,968	25,422,035	2,395,681.00	13,211,029.00	-	15,606,710.00	9,815,325.00
	Basilisa	2,468,991	1,382,222	3,851,213	3,930,930.00	-	-	3,930,930.00	(79,717.00)
	Libjo	528,014	3,615,590	4,143,604	-	-	-	-	4,143,604.00
	Loreto	2,061,734	9,828,195	11,889,929	10,333,844.00	-	-	10,333,844.00	1,556,085.00
	Cagdianao	4,245,578	13,527,945	17,773,523	8,587,491.00	-	-	8,587,491.00	9,186,032.00
	Tubajon	6,481,835	13,763,026	20,244,861	7,624,547.00	-	-	7,624,547.00	12,620,314.00
	San Jose	-	-	-	-	-	-	-	-
Surigao Del Sur		1,575,830	21,954,600	23,530,430	35,109,079.00	-	-	35,109,079.00	(11,578,649.00)
	Carrascal	12,375,691	48,397,850	60,773,541	25,020,957.00	33,952,233.00	-	58,973,190.00	1,800,351.00
	Madrid	-	-	-	-	-	-	-	-
	Tandag	-	-	-	-	-	-	-	-
	Tago	-	-	-	-	-	-	-	-
	Bislig City	-	-	-	-	-	-	-	-
	Hinatuan	-	-	-	-	-	-	-	-
	Bayabas	-	-	-	-	-	-	-	-
	San Miguel	-	-	-	-	-	-	-	-
	Lianga	-	-	-	-	-	-	-	-
	Marihatag	-	-	-	-	-	-	-	-
	Cantilan	5,137,348	-	5,137,348	5,137,348.00	-	-	5,137,348.00	-
NCR		-	-	-	-	-	-	-	-
	Muntinlupa City	-	-	-	-	-	-	-	-
	Pasig City	-	-	-	-	-	-	-	-
	Quezon City	-	-	-	-	-	-	-	-
	San Juan City	-	-	-	-	-	-	-	-
	Pasay City	-	-	-	-	-	-	-	-
	Makati City	-	-	-	-	-	-	-	-
Antique		-	-	-	244,544,165.00	-	-	244,544,165.00	(244,544,165.00)
	Caluya	-	-	-	261,388,570.00	-	-	261,388,570.00	(261,388,570.00)
Zamboanga del Norte		-	-	-	-	-	-	-	-
	Siocon	-	-	-	-	-	-	-	-
Eastern Samar		-	-	-	-	-	-	-	-
	Guiuan Municipality	-	-	-	-	-	-	-	-
TOTAL		331,300,950	360,743,535	692,044,485	1,008,734,671	58,269,013	3,699,754	1,070,703,438	(378,681,712)

DBM releases vs. MGB allocation

The table below compares the amount of royalties from mineral reservation released by the DBM in 2014 and the summary of 2013 collections for allocation by the MGB. Due to the processing time of releases of share in national wealth, the amounts released in 2014 arose from collections in 2013. Amounts reconciled are only those for provinces, municipalities and cities. Reconciliations of LGU figures do not include share in national wealth of barangays.

On the other hand, the amount released to municipalities and cities as reported by the DBM are greater than the amount allocated by the MGB. Difference pertains to allocations to barangays, which were included in the amount reported by the DBM. For example, the amount reported by the DBM for the municipality of Sta. Cruz, Zambales includes allocation to Brgy. Guisgis. This is noted for the rest of the allocations to municipalities.

LGU				Per MGB	Variance
Region	Province	Municipality/ City	Royalties from Mineral Reservation per DBM		
REGION III	ZAMBALES		3,417,154	4,972,123.22	(1,554,969.22)
REGION III		Sta. Cruz	7,688,597	11,187,277.24	(3,498,680.24)
REGION XIII	SURIGAO DEL NORTE		50,059,171	46,350,249.21	3,708,921.79
REGION XIII		Claver	85,177,405	75,756,346.55	9,421,058.45
REGION XIII		Tagana-an	20,086,117	25,483,437.88	(5,397,320.88)
REGION XIII		Surigao City	8,320,175	3,048,276.30	5,271,898.70
REGION XIII		Cagdianao, Surigao del Norte	25,462,448	-	25,462,448.00
REGION XIII		Hayanggabon	21,272,577	-	21,272,577.00
REGION XIII		Taganito	8,384,495	-	8,384,495.00
REGION XIII	DINAGAT ISLANDS		18,405,968	11,643,508.19	6,762,459.81
REGION XIII		Basilisa	1,382,222	3,006,260.37	(1,624,038.37)
REGION XIII		Libjo	3,615,590	72,282.00	3,543,308.00
REGION XIII		Loreto	9,828,195	9,395,035.93	433,159.07
REGION XIII		Cagdianao	13,527,945	6,099,767.79	7,428,177.21
REGION XIII		Tubajon	13,763,026	7,624,547.33	6,138,478.67
REGION XIII	SURIGAO DEL SUR		21,954,600	31,406,241.12	(9,451,641.12)
REGION XIII		Carrascal	48,397,850	70,664,042.53	(22,266,192.53)
			360,743,535	306,709,395.66	Total for municipalities and barangays
			360,743,535	471,860,608.70	Total amount for distribution to LGU per DBM
			-	(165,151,213.05)	Barangay's share

V. Variance analysis: A change-point tool

Set out in this section are the variances noted during the reconciliation procedures. These variances are further analyzed to determine proper course of action.

Table 105. Variance per industry sector and per government agency

	Per government agency	Variance post-reconciliation	% to government amount
Mining			
BIR	8,197,818,224	332,528,620	4%
BOC	620,062,218	58,962	0%
LGU	452,068,638	56,618,678	13%
MGB	2,152,880,936	12,049,119	1%
NCIP	58,010,632	117,136,422	202%
TOTAL	11,480,840,648	518,391,801	5%

	Per government agency	Variance post-reconciliation	% to government amount
Oil and gas			
BIR	15,150,539,388	-	0%
DOE	27,055,539,706	-	0%
TOTAL	42,206,079,094	-	0%

Resulting differences per participating entity

MINING	Per government agency	Variance post-reconciliation	% to government amount
AAM-Phil Natural Resources Exploration and Development Corporation			
BIR	6,617,115	20,039,727	303%
BOC	-	-	0%
LGU	3,939,129	4,497,463	114%
MGB	52,323,067	(2,223,749)	-4%
NCIP	-	-	0%

MINING	Per government agency	Variance post-reconciliation	% to government amount
Adnama Mining Resources, Incorporated			
BIR	59,475,843	29,793,352	50%
BOC	949,456	(949,456)	-100%
LGU	3,278,194	1,904,686	58%
MGB	123,359,852	-	0%
NCIP	-	-	0%
Apex Mining Company, Inc.			
BIR	-	41,997,162	100%
BOC	43,341,802	-	0%
LGU	31,737,409	-	0%
MGB	-	-	0%
NCIP	8,250,000	(8,125,000)	-98%
BenguetCorp Nickel Mines, Inc.			
BIR	91,409,258	-	0%
BOC	-	-	0%
LGU	-	-	0%
MGB	96,660,846	2,499,577	3%
NCIP	-	-	0%
Cagdianao Mining Corporation			
BIR	730,050,329	-	0%
BOC	9,792,365	-	0%
LGU	6,134,091	-	0%
MGB	179,596,791	-	0%
NCIP	-	-	0%
Carmen Copper Corporation			
BIR	577,063,579	-	0%
BOC	180,697,153	(25,309)	0%
LGU	103,264,070	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Carrascal Nickel Corporation			
BIR	212,994,951	-	0%
BOC	33,557	-	0%
LGU	4,714,462	195,991	4%
MGB	257,662,770	-	0%
NCIP	-	36,676,104	100%
Citnickel Mines and Development Corporation			
BIR	-	105,767,667	100%
BOC	-	-	0%
LGU	2,815,016	2,514,375	89%
MGB	-	1,528,692	100%
NCIP	1,750,000	19,202,575	1097%
Filminera Resources Corporation			
BIR	352,929,600	-	0%
BOC	-	-	0%
LGU	66,172,609	-	0%
MGB	-	-	0%
NCIP	-	-	0%

MINING	Per government agency	Variance post-reconciliation	% to government amount
Greenstone Resources Corporation			
BIR	-	59,234	100%
BOC	5,574,873	-	0%
LGU	2,841,024	123,316	4%
MGB	-	-	0%
NCIP	-	-	0%
Hinatuan Mining Corporation			
BIR	838,029,438	-	0%
BOC	9,194,876	-	0%
LGU	24,201,651	-	0%
MGB	266,113,241	-	0%
NCIP	-	-	0%
Johson Gold Mining Corporation			
BIR	1	-	0%
BOC	-	-	0%
LGU	1,972	10,203	517%
MGB	-	-	0%
NCIP	-	-	0%
Krominco, Inc.			
BIR	827,287	-	0%
BOC	1,483,618	-	0%
LGU	2,181,690	-	0%
MGB	2,621,927	(579,888)	-22%
NCIP	-	-	0%
Lepanto Consolidated Mining Company			
BIR	28,615,003	-	0%
BOC	31,275,392	-	0%
LGU	10,618,016	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Leyte Ironsand Mining Corporation			
BIR	2,158,471	960,718	45%
BOC	184,172	-	0%
LGU	201,050	(296)	0%
MGB	-	-	0%
NCIP	-	-	0%
Libjo Mining Corporation			
BIR	-	43,235,111	100%
BOC	-	-	0%
LGU	3,000	3,874	129%
MGB	58,011,628	(8,457,291)	-15%
NCIP	-	-	0%
LNL Archipelago Minerals, Incorporated			
BIR	72,499,566	-	0%
BOC	-	-	0%
LGU	-	-	0%
MGB	-	-	0%
NCIP	-	-	0%

MINING	Per government agency	Variance post-reconciliation	% to government amount
Marcventures Mining and Development Corporation			
BIR	48,896,746	-	0%
BOC	-	-	0%
LGU	2,344,840	213,802	9%
MGB	-	-	0%
NCIP	-	25,360,263	100%
OceanaGold (Philippines), Inc.			
BIR	137,146,435	-	0%
BOC	132,799,220	227,703	0%
LGU	-	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Ore Asia Mining and Development Corporation			
BIR	2,836,286	-	0%
BOC	3,505,863	(14,204)	0%
LGU	-	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Pacific Nickel Phils., Inc.			
BIR	8,612	-	0%
BOC	-	-	0%
LGU	1,823,668	(1,782,748)	-98%
MGB	-	-	0%
NCIP	-	-	0%
Philex Mining Corporation			
BIR	695,353,978	-	0%
BOC	133,943,328	(21,079,937)	-16%
LGU	96,286,508	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Philippine Mining Development Corporation			
BIR	27,147,402	-	0%
BOC	-	-	0%
LGU	-	-	0%
MGB	-	-	0%
NCIP	-	-	0%
Philsaga Mining Corporation			
BIR	6,626,306	-	0%
BOC	41,854,547	24,553,899	59%
LGU	-	31,067,554	100%
MGB	-	-	0%
NCIP	-	-	0%
Platinum Group Metals Corporation			
BIR	295,421,475	-	0%
BOC	-	-	0%
LGU	7,000,000	1,474,926	21%
MGB	583,259,071	16,079,169	3%
NCIP	-	-	0%

MINING	Per government agency	Variance post-reconciliation	% to government amount
Rio Tuba Nickel Mining Corporation			
BIR	1,683,107,578	-	0%
BOC	14,390,143	-	0%
LGU	20,026,319	-	0%
MGB	-	-	0%
NCIP	13,029,935	-	0%
Shuley Mine, Incorporated			
BIR	241,511,794	-	0%
BOC	-	-	0%
LGU	433	2,320,280	535861%
MGB	104,601,030	3,202,609	3%
NCIP	-	-	0%
Sinosteel Phils. H. Y. Mining Corporation			
BIR	515,276	-	0%
BOC	-	-	0%
LGU	2,414,270	-	0%
MGB	4,936,872	-	0%
NCIP	-	-	0%
SR Metals, Inc.			
BIR	189,915,345	90,675,649	48%
BOC	2,070,499	(2,070,499)	-100%
LGU	13,663,828	12,337,781	90%
MGB	-	-	0%
NCIP	18,800,909	26,536,915	141%
Taganito Mining Corporation			
BIR	1,883,628,565	-	0%
BOC	8,321,075	-	0%
LGU	46,405,389	-	0%
MGB	423,733,841	-	0%
NCIP	16,179,788	-	0%
TVI Resource Development Philippines, Inc. (Canatuan)			
BIR	13,031,985	-	0%
BOC	650,279	(583,235)	-90%
LGU	-	1,737,471	100%
MGB	-	-	0%
NCIP	-	17,485,565	100%

OIL AND GAS	Amount per government agency	Variance post reconciliation	% to government
Chevron Malampaya LLC			
BIR	7,406,418,245	-	0%
DOE	-	-	0%
Galoc Production Company			
BIR	103,354,064	-	0%
DOE	1,407,240,608	-	0%
Nido Production (Galoc) Pty. Ltd. - Philippine Branch			
BIR	37,922,548	-	0%
DOE	-	-	0%
PNOG-Exploration Corporation			
BIR	1,169,596,385	-	0%
DOE	-	-	0%
Shell Philippines Exploration B.V.			
BIR	6,433,248,146	-	0%
DOE	25,648,299,098	-	0%

3. Recommendations

BIR

Second PH-EITI report Observation	Recommendation	Status
<p><i>LTAD vs. non-LTAD participating entities</i></p> <p>Some participating entities that were qualified as large taxpayers under the provisions of RR 17-2010 are still filing to various RDOs in 2013.</p>	<p>Strict monitoring of all companies that may qualify as large taxpayers based on the provision of RR 17-2010 Consolidated regulations implementing RA 7646, an act authorizing the Commissioner of Internal Revenue Taxes by large taxpayers and prescribing the coverage and criteria for determining large tax payers.</p> <p>This will ensure proper monitoring by the BIR specialized offices of the qualified companies in terms of complying with tax reporting and payment compliance.</p>	<p>Similar issue for the third PH-EITI report. Mandatory LTAD registration shall be implemented.</p>

DOE

Second PH-EITI report Observation	Recommendation	Status
Create a reporting system that would determine the direct impact measured through the jobs attributable to the oil and gas industry.	In order to enhance the accuracy and accessibility of contextual information, we recommend that the DOE periodically (at least annually) maintain information on the contribution of the industry to labor and employment.	Similar issue for the third PH-EITI report.
Timeline of launching to awarding contracts to Companies	For the past two PECRs (4 and 5) launched by the agency, the deadlines have been pushed back resulting in delays in the evaluation of submitted bids from both foreign and local companies. This may result in loss of interest from a number of investors. While the delays are caused by factors beyond the agency's control (i.e. provided more assistance to the prospective energy developers, conflicting schedules of the agency's officials on the initial scheduled launching of PECR 5), we recommend that the DOE set a maximum lead time for every stage of the PECR to ensure that investment opportunities that will pave the way for the exploration of more petroleum areas in the country will not be lost.	Similar issue for the third PH-EITI report.
We have noted that the list of SCs and COCs that can be found on the DOE website is not updated and had to be obtained directly from the DOE. Thus, the list of SCs still lacks information on the coordinates of the license area, date of application, and the commodity being produced.	As noted in the second PH-EITI report, we recommend DOE to maintain a summary of information, including the data currently lacking in the system, and update the same on a regular basis (at least annually). The same updated summary should be published in DOE's website.	Similar issue for the third PH-EITI report. As a response, the DOE is currently developing the Energy Data Center of the Philippines online inquiry site.

Second PH-EITI report Observation	Recommendation	Status
<p><i>Review of the SDMP 5-year program</i></p> <p>There is no concrete indication to support that the implementation of the 5-year SDMP program of the extractive companies are strictly and diligently monitored by the agency. It is noted that the head office has difficulty monitoring the SDMP five year program due to the absence of reports available to support actual implementation.</p>	<p>It is recommended that the agency establishes a monitoring mechanism to check actual implementation of the SDMP 5-year program which also reports available funds at the end of each reporting period. An online reporting and monitoring tool must be completed on a yearly basis starting from 1st year of SDMP implementation up until the 5th year to check actual implementation of programs including verification of available funds at the end of each reporting period (i.e. unspent funds, back logs, etc.)</p>	<p>Similar issue for the third PH-EITI report.</p>
<p><i>Standardize MMT reports submitted to Central Office</i></p> <p>Based on the review of the monitoring reports of the extractive companies, noted some inconsistencies on the information included therein including incomplete disclosure of the required information.</p>	<p>It is recommended that the agency structure a standard checklist for the required information that should be reflected in the monitoring reports to ensure consistency and completeness of information for reporting and monitoring purposes.</p>	<p>Similar issue for the third PH-EITI report.</p> <p>MGB cited existing DAOs which are implemented after 2014 and are expected to address the issue.</p>
<p><i>Additional manpower requirements for the licensing</i></p> <p>Based on the observation conducted during the agency visit, it noted that the tenements team which involves approximately 15 members, process numerous applications from licensees and updates status of on-going applications which likewise involves a very tedious tasks. Lack of sufficient manpower requirements might lead to slow turnaround and late approvals of permit applications.</p>	<p>It is recommended that the Government consider increasing its manpower resources in the tenements team to compensate for the increasing level of license applications received by the department including extensive monitoring of the status of all license applications.</p>	<p>Similar issue for the third PH-EITI report.</p>

Second PH-EITI report Observation	Recommendation	Status
<p><i>Regular and up-to-date monitoring of the Mining Tenements Statistics Report spreadsheet and consider ready access be made to the public</i></p> <p>Per review of the latest statistics report, it is noted that a consolidated summary report which details the current status of ALL applications (i.e. cancellations, denials, appealed, etc.) is not available nor readily accessible by the public including any actions undertaken for any changes noted.</p> <p>Also, actual monitoring of the information included therein cannot be established in the absence of any reviews performed on the said report which might also cast doubt in terms of the actual status of these applications.</p>	<p>It is recommended that a consolidated summary of all on-going applications be completed and updated regularly and be made publicly available in the licensing database for easier references in terms of the status of permit applications. Strict monitoring on the current status of the applications be reflected in the summary and ensure appropriateness by providing evidence of review by authorized personnel.</p>	<p>Similar issue for the third PH-EITI report.</p>
<p><i>Accuracy of production data</i></p> <p>We understand that the production data provided by the agency was based on the submissions and declarations from the extractive companies. The agency does not have its own procedures and systems to collect and control production data provided by the mining companies</p>	<p>It is recommended that the agency establishes its own mechanism, process and procedures to collect and control production data. Also, it is recommended that the agency provides us with a comparison of the production volumes declared by the mining companies with the measurements of the agency for each reporting year.</p>	<p>Similar issue for the third PH-EITI report.</p>

Second PH-EITI report Observation	Recommendation	Status
<p>The MGB's list of approved mining contracts/permits does not include information about the date of application and the coordinates of the licensed area.</p>	<p>It was recommended that MGB also includes these information in the register and for it to be accessible by the public via the agency's website.</p>	<p>Similar issue for the third PH-EITI report.</p> <p>As a response, the MGB has designed and implemented the Mineral Industry Central Database in 2016. The database will facilitate the improvement of MGB's database to include EITI data and ensure that the information specified in the EITI reporting templates will be accessible by the public, also at the level of disaggregation required by the EITI. Information that will be available through the database include data on: (i) mining tenement; (ii) lands geology; (iii) mining technology; (iv) mineral economics; (v) mining environment and safety; (vi) metallurgical technology; and (vii) marine geology. As of date, the MGB is populating 2009 to 2012 information into the database. The encoding of prior year data is expected to be completed by 2017, and by then, data will be input into the system on a concurrent basis.</p>

NCIP

Second PH-EITI report Observation	Recommendation	Status
<p><i>Insufficient monitoring of royalties to IPs</i></p> <p>The agency does not have a formal and adequate monitoring of royalty to IPs. The agency (NCIP) relies on voluntary disclosures made by companies.</p>	<p>It is recommended that the agency develop a system for monitoring IP royalties. The agency must require all extractive companies to submit copies of deposits/proof of payments to the designated bank accounts for IP royalties.</p>	<p>Similar issue for the third PH-EITI report.</p> <p>Additionally, under Section 44 of RA No. 8371, the NCIP is tasked to “coordinate development programs and projects for the advancement of the ICCs/ IPs and to oversee the proper implementation thereof.” However, based on NCIP’s actual practice and implementation, that while the NCIP may exercise their visitorial power to evaluate, audit and examine accounting books, records, and other financial documents, NCIP is not responsible for monitoring the implementation of the CRDP.</p> <p>NCIP can consider revisiting its interpretation of Section 44 of RA No. 8371, as its functions should include oversight of the projects and programs of ICCs/ IPs.</p>
<p><i>Regular monitoring of the list of entities operating within the ancestral domain (AD) including the respective MOAs and ensure information be made publicly available through the agency’s website.</i></p> <p>The agency does not have a readily available information about the list of entities operating within AD.</p>	<p>It is recommended that the agency consistently and regularly monitor list of the entities operating within AD and ensure up-to-date information are reflected therein. MOAs/CADTs and other relevant information must also be diligently monitored for EITI reporting purposes.</p>	<p>Similar issue for the third PH-EITI report.</p>

LGUs

Second PH-EITI report Observation	Recommendation	Status
<p><i>Implement monitoring of projects and improvements donated/provided by mining companies</i></p> <p>Donations and infrastructure projects by mining companies are given directly to barangays. These are not always reported by either the barangay or the company to the respective municipality or province, and as such, municipalities and provinces are not fully aware of the extent of the companies' contributions to mining communities.</p>	<p>It is recommended that LGUs make an inventory of these projects and monitor these to properly account for the value of these contributions.</p>	<p>Similar issue for the third PH-EITI report.</p>
<p><i>Consider setting aside revenues collected from mining companies towards the development of the communities affected by extractive activities.</i></p> <p>Taxes and fees collected from mining companies form part of the LGUs' general funds and are programmed towards projects and expenses for the entire community. There are no specific projects for which revenues collected from mining companies are allocated.</p>	<p>Given that mining communities are directly affected by extractive activities, LGUs should consider setting up a special fund from revenues earned from extractive companies so that these may be allocated towards projects that would contribute to the rehabilitation and development of mining communities. This way, it is ensured that there is a direct benefit on the mining communities.</p>	<p>Similar issue for the third PH-EITI report.</p>

Additional points noted for LGU during the course of the third PH-EITI report reconciliation procedures are as follows:

Issues	Recommendation
<p>1 The SDMPs of Mining companies are not aligned with local development plan which may lead to duplication of programs to be implemented.</p>	<p>LGUs should be involved in the identification and planning of the companies' SDMPs to align with the local development plan. Moreover, LGUs should ensure the sustainability of programs/projects implemented under SDMP as well as conduct regular assessment of the impact of SDMP projects.</p>
<p>2 Amount received through NADAI is lumped and unspecified data from concerned agencies.</p>	<p>Indicate in the NADAI name of the company, details of computation, and allocation period.</p>

	Issues	Recommendation
3	Completeness of the collected excise tax from mining companies cannot be assured by LGUs.	MGB should provide LGUs with mining operations a certified monthly excise tax collection report. Further, it should issue order of collection or billing to each LGU. It was noted that some mining companies operate in 2 or more adjacent municipalities but MGB only issues order of collection to only one municipality.
4	It was noted during our walkthrough that local business taxes paid by the extractive companies are based on the unaudited gross revenues. There are no further adjustments on the payments based on the audited balances.	LGUs should require extractive companies to submit the audited financial statements on the succeeding year of payment and any difference on the calculated local business tax will be collected/refunded, as the case may be.
5	There is no clear guideline as to the utilization of the Share in National Wealth.	DBM to issue/define specific guidelines on the utilization of National Wealth derived from mining activities.
6	The Share in National Wealth received by the LGUs are lumped with the LGUs General fund leading to improper utilization of it.	It was recommended to have separate SL for Share in National wealth and separate trust fund to physically separate the receipt of Share in National wealth from the General fund.
7	There are long delays in the distribution of the Share in National Wealth. As of date, some LGUs have not yet received their respective shares in National Wealth.	Already implemented a change in the process of releasing the LGU share starting 2016.
8	Collecting LGUs must inform, forward or remit to other LGUs their respective shares in the collection. It was noted that there are cases wherein occupation fees were collected by the municipalities without informing or remitting to the Provincial LGU their respective shares.	Quarterly reports should be prepared by the collecting LGUs and is required to be shared to the affected province or barangays.
9	Donations directly provided by the extractive companies to the barangays are not completely accounted for by the respective municipality and province since these were not always reported.	Receiving barangay should report any donations received from extractive companies to their respective municipality and province.

VI. Scope of the report

A. Reporting companies

A preliminary list of companies from the extractive industry was used by the MSG in assessing the scope of the reconciliation procedures. The list was based on the records of MGB and DOE of all companies with approved licenses and permits in 2014. The targeted scope was confirmed during the MSG meeting held in November 2016. For this year, however, the MSG has decided that the scope of the reporting companies should not be limited to material entities (i.e. those with at least PHP1bn reported sales) but should encompass all companies as identified by MGB and DOE. Based on the results of the first two reports, the MSG acknowledge that participation may not reach 100% as the exercise is still voluntary and not mandatory by law. Alternatively, the report disclosed the percentage scope achieved for the three year period, which did not significantly vary. Accordingly, the MSG believes that this is adequate representation other than coal. This included 46 large-scale metallic mining, 11 oil and gas, and one coal companies.

Table 106. Mining – 46 large-scale metallic mining entities

	Name of Company	Participating (Y or N)
1	AAM-PHIL Natural Resources Exploration and Development Corporation	Y
2	Adnama Mining Resources, Incorporated	Y
3	Apex Mining Company, Inc.	Y
4	BenguetCorp Nickel Mines, Inc.	Y
5	Cagdianao Mining Corporation	Y
6	Carmen Copper Corporation	Y
7	Carrascal Nickel Corporation	Y
8	Cit nickel Mines and Development Corporation	Y
9	Filminera Resources Corporation	Y
10	Greenstone Resources Corporation	Y
11	Hinatuan Mining Corporation	Y

	Name of Company	Participating (Y or N)
12	Johson Gold Mining Corporation	Y
13	Krominco, Inc.	Y
14	Lepanto Consolidated Mining Company	Y
15	Leyte Ironsand Corporation	Y
16	Libjo Mining Corporation	Y
17	LNL Archipelago Minerals, Incorporated	Y
18	Marcventures Mining and Development Corporation	Y
19	Mt. Sinai Mining Exploration and Development Corporation	Y
20	OceanaGold (Philippines), Inc.	Y
21	Ore Asia Mining and Development Corporation	Y
22	Pacific Nickel Phils., Inc.	Y
23	Philex Mining Corporation	Y
24	Philippine Mining Development Corporation	Y
25	Philsaga Mining Corporation	Y
26	Platinum Group Metals Corporation	Y
27	Rio Tuba Nickel Mining Corporation	Y
28	Sinosteel Phils. H. Y. Mining Corporation	Y
29	SR Metals, Incorporated	Y
30	Taganito Mining Corporation	Y
31	TVI Resources Development Philippines, Inc. – Cagdianao (Canatuan)	Y
32	Atro Mining Vitali, Inc.	N - Declined to participate
33	Berong Nickel Corporation	N – Declined to participate
34	Cambayas Mining Corporation	N - Declined to participate
35	Century Peak Corporation (Casiguran and Esperanza)	N - Declined to participate
36	CTP Construction and Mining Corporation (Adlay and Dahican)	N - Declined to participate
37	Investwell Resources, Incorporated	N - Declined to participate
38	Norweah Metals and Minerals Company (final tax	N - Declined to participate
39	Oriental Synergy Mining Corporation	N - Declined to participate
40	Shuley Mine, Incorporated (Contractor: Pacific Nickel Philippines, Inc.	N - Declined to participate
41	SR Languyan	N - Declined to participate
42	Strong Built (Mining) Development Corporation	N - Declined to participate
43	Zambales Diversified Metals Corporatio	N - No response
44	TVI Resources Development Philippines, Inc. (Agata)	N - No extractive revenue in 2014
45	Wellex Mining Corporation	N - No extractive revenue in 2014

*Century Peak Corporation and CTP Construction each have 2 projects, which are considered separate entities that make up the 46 target large scale metallic companies

In summary, out of the targeted 46 large-scale metallic mining companies, 31 participated, 11 declined, one did not respond to request for submission of reporting templates, and one had no extractive activities and revenue in 2014.

Oil and gas

Table 107. Oil and gas – 11 entities

	Name of Company	Participating (Y or N)
1	Chevron Malampaya LLC	Y
2	Galoc Production Company	Y
3	Nido Production Galoc	Y
4	PNOOC - Exploration Corporation	Y
5	Shell Philippines Exploration B.V.	Y
6	Oriental Petroleum and Minerals Corporation	N – Declined to participate
7	Alcorn Gold Resources Corporation	N – Initially declined to participate but eventually submitted template after 20 December 2016, date of special meeting held by MSG. Consequently, this was no longer subjected to reconciliation procedures.
8	Forum Energy Philippines Corp.	N - Declined to participate
9	The Philodrill Corporation	N - Declined to participate

For the third PH-EITI report, five oil and gas and companies participated in the exercise. The remaining six companies either declined to participate or had no extractive revenue in 2014.

In addition to the above, there were three companies excluded as follows:

- a. Rapu-Rapu Minerals, Inc. - the Company already discontinued operations in 2013 and is in the process of undergoing rehabilitation; and
- b. Trans-Asia Oil and Energy Devt. Corp. - the Company reported sales on its other business (i.e. electricity generation) but remain at the pre-operating phase of its oil and gas activities.
- c. Nido Petroleum Philippines Pty. Ltd. - the Company is still in exploration stage, hence, out of scope for purposes of the third PH-EITI report, which only covers companies in production phase.

Coal

Semirara Mining and Power Corporation, the lone target company for the coal sector, did not participate.

As done in prior reports, more than sufficient effort was exerted including direct email correspondences with Semirara and formal letter sent by the DOF to the DOE for assistance. Alternative procedures were then conducted to present information on Semirara's revenue streams including obtaining public documents such as audited financial statements and unilateral disclosures by government agencies. These were included and presented in Section I of this Chapter.

B. GOCCs

A detailed discussion on GOCCs may be found in Section I (F) of Chapter 1.

C. Government agencies

Presented below is the list of government agencies and their respective revenue streams and funds being collected.

Type	Description	Rate	Paid to agency	Unilateral disclosure	In scope revenue stream for the third PH-EITI report
Responsible agency: BIR					
Corporate income tax	Calculated based on estimated taxable income	Generally at 30% unless entities are under different tax regimes including ITH (0%) or gross income taxation (5%). Upon expiration of ITH, normal income tax is levied.	Yes	No	Yes
Excise tax on minerals	Imposed on coal, metallic and non-metallic minerals	2% of actual market value of the gross output thereof at the time of removal	Yes	No	Yes
Selected final withholding tax	Portion of payments made to foreign shareholders, head office, and claimowners	Ranges between 5% and 30% depending on type of payments made (e.g. cash or property dividends), as well as existing tax treaty with another country.	Yes	No	Yes
Improperly Accumulated Earnings Tax (IAET)	Applied to closely-held corporations that have retained excess earnings instead of declaring dividends	10% of improperly accumulated taxable income	Yes	No	No
Responsible agency: BOC					
Customs duties	Imposed on all articles imported from any foreign country into the Philippines, except as otherwise specifically provided for in the tariff and customs and other laws	Computed using varying rates depending on the nature and value of the imported article	Yes	No	Yes
VAT	Mainly imposed on imported capital equipment	12% of landed cost or the value of imported article plus other charges, as well as excise tax	Yes	No	Yes

Type	Description	Rate	Paid to agency	Unilateral disclosure	In scope revenue stream for the third PH-EITI report
Responsible agency: PPA					
Wharfage fees	Wharfage tariff is imposed for the use of wharf and is assessed against every container and cargo	Tariff varies based on whether the import/export cargo is domestic or international and is calculated using cargo quantity, weight or measure received and/or discharged by a vessel Entities with private ports are only liable to pay half or 50% of assessed wharfage fees	Yes	No	No
Responsible agency: MGB					
Occupation fees	Please refer to LGU section.	Yes	No	No	
Royalty on mineral reservation	Mandated for contractors/ permit holders/ lessees who are parties to a mineral agreement	Not less than five percent (5%) of the market value of the gross output of the minerals/mineral products extracted or produced from Mineral Reservations, exclusive of all other taxes	Yes	No	Yes
Responsible agency: DOE					
Government share from oil and gas production	Mandated for entities under service contracts	60% of net revenue	Yes	No	Yes
Training fund for DOE employees	Assistance for training programs, scholarships, conferences, seminars and other similar activities for DOE's personnel	Equivalent to US\$20,000 during exploration/ development period and US\$50,000 per year during production period	No	No	No
Responsible agency: LGU					
Local business tax	Allocated between head office and plant project office	Not exceeding 2% of gross sales or receipts of the preceding calendar year	Yes	No	Yes
Real property - Basic and Special Education Fund (SEF)	Levied on land and machinery Portion of real property is expended exclusively for the activities of the Department of Education	1% to 2% of the assessed value of real property	Yes	No	Yes
Occupation fees	LGU's share in occupation fees levied by the MGB	Computed by MGB and are allocated as follows: 30% to the Provincial government, 42% to the municipal government and 28% to the barangay	Yes	No	No

Type	Description	Rate	Paid to agency	Unilateral disclosure	In scope revenue stream for the third PH-EITI report
Other local taxes	Nature and rates of local taxes vary depending on the local government code imposed		Yes	No	No
Responsible agency: NCIP					
Royalty for IPs	Based on DAO No. 96- 40	Not less than one percent (1%) of gross output	No. This is directly paid to IPs.	No	Yes
Free and Prior Informed Consent (FPIC) expenditure	One-time payment FPIC proceedings commence	Based on the data gathered during the conduct of the Field-based Investigation (FBI)	No. This is directly paid to the IPs.	No	No

For Royalty for IPs and FPIC expenditure, these are directly paid to IPs

D. Mandatory expenditures and social funds

Pursuant to the Mining Act, companies incur expenditures for programs and activities related to social development, environmental protection and rehabilitation. They also establish funds to ensure the availability of financing for their implementation. All such mandatory expenditures and social funds were included in the template irrespective of monetary amounts due to their relevance and importance, as these disclosures not only ascertain regulatory compliance, but also emphasize the social and environmental responsibilities that must be undertaken by the companies.

The required disclosures, however, are limited to those specifically mandated by prevailing regulations and confirmed by either MGB or DOE as applicable to companies, and as such do not include additional activities undertaken as part of their respective Corporate Social Responsibility (CSR) programs.

A summary of mandatory expenditures and funds that are considered unilateral payments, but are nonetheless subjected to reconciliation procedures, as far as practicable, is provided below:

Type	Description	Rate
Responsible agency: MGB		
Annual Environmental Protection and Enhancement Program (AEPEP)	The AEPEP cost covers the amount of environment-related expenses for the entire life of the project wherein the initial 10% of capital/project cost was derived from the feasibility study forming part of the Declaration of Mining Project Feasibility (DMPF).	Under DAO No. 2010-21, AEPEP cost shall approximate 3-5% of direct mining & milling cost
Community Development Program	The amount is imposed on exploration activities, which is intended to enhance the development of the host and its neighboring communities.	10% of the approved budget for an entity's two (2) year Exploration Work Program
Annual Safety and Health Program (ASHP)	The program includes standard operating procedures for mining and milling operations, management and employee training, housekeeping, environmental risk management including emergency response program and occupational health and safety management.	N/A

Type	Description	Rate								
Annual Social Development Management Program (ASDMP)	SDMP is formulated to fulfill social obligations enhancing the development of communities that are directly and/or indirectly affected by the mining project. SDMP is allocated as follows:	1.5% of prior year's operating expenses								
	<table border="1"> <thead> <tr> <th>Program</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Social Development & Management (host and neighboring communities)</td> <td>75%</td> </tr> <tr> <td>Mining Technology and Geosciences Advancement</td> <td>10%</td> </tr> <tr> <td>Information, Education & Communication</td> <td>15%</td> </tr> </tbody> </table>	Program	Allocation	Social Development & Management (host and neighboring communities)	75%	Mining Technology and Geosciences Advancement	10%	Information, Education & Communication	15%	
Program	Allocation									
Social Development & Management (host and neighboring communities)	75%									
Mining Technology and Geosciences Advancement	10%									
Information, Education & Communication	15%									
Environmental work program (EWP)	EWP details existing environment programs where the exploration work is proposed to be undertaken. Potential effects are identified, as well as environmental management measures to be implemented, including the total cost of such projects.	N/A								
Mine rehabilitation funds (MRF)	<p>The MRF is maintained as a reasonable environmental deposit to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the AEPEP. This is deposited as a trust fund in a government depository bank and shall be used for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation.</p> <p>The MRF is further broken down into two forms, namely the Mine Monitoring Trust Fund and the Rehabilitation Cash Fund.</p>	<p>Mine Monitoring Trust Fund is a deposit of not less than PHP 150 thousand.</p> <p>Rehabilitation Cash Fund is equivalent to 10% of the total amount needed to implement the EPEP or PHP5m, whichever is lower</p>								
Mine Waste and Tailings Fees Reserve Fund	The Mine Waste and Tailings Fees Reserve Fund is to be used for payment of compensation for damages caused by any mining operations and for research projects duly approved by the Contingent Liability and Rehabilitation Fund Steering Committee.	PHP0.05/MT of mine waste produced and PHP0.10/MT of mill tailings generated								
Final Mine Rehabilitation and Decommissioning Fund	The fund is established to ensure the full cost of the approved FMR/DP accrued before the end of the operating life of the mine.	N/A								

The above mandatory expenditures and funds are held in trust funds and are not remitted to MGB.

E. Determination of material revenue streams

The determination of materiality is mainly driven by monetary values and by whether these revenue streams are considered as primary sources of receipts, as confirmed by the collecting government agencies.

Similar to the second PH-EITI report, the determination of materiality level for the third PH-EITI report was done on a per industry basis which provided for a uniform monetary threshold and a greater focus on key revenue streams relative to the total revenues on a per industry level. The materiality threshold was calculated using 2% applied to the total revenues collected from the participating entities per industry as reported by the different government agencies. The 2% was benchmarked on the proposed regulatory threshold to be imposed by the Philippine Securities and Exchange Commission on public companies. Presently, the threshold is at 5%, which if applied will result in fewer revenue streams to be covered. Hence, the adoption of a lower threshold was deemed more prudent and will enable greater and expanded scope.

In addition, the nature of the payments based on their relevance and significance to communities and operations was also considered. Thus, real property taxes, mandatory expenditures and social funds and customs duties were included regardless of their amounts.

In scope revenue streams, other taxes and funds are as follows:

Revenue	Responsible government agency
Corporate income tax	BIR
Withholding tax - Foreign shareholder dividends	BIR
Excise tax on minerals	BIR
Local business tax	LGU
Customs duties	BOC
VAT on imported materials and equipment	BOC
Royalty on mineral reservation	MGB
Withholding tax - royalties to claim owners	BIR
Real property tax - Special Education Fund (SEF)	LGU
Real property tax - Basic	LGU
Government share from oil and gas production	DOE
Other taxes	
Royalty for IPs	NCIP
Mandatory expenditures and funds	
Rehabilitation Cash Fund - Actual Expenditure	
Monitoring Trust Fund - Actual Expenditure	
Environmental Trust Fund - Actual Expenditure	
Final Mine Rehabilitation and/or Decommissioning Fund - Actual Expenditure	
Mine wastes & Tailing fees	
Annual EPEP	
Social Development & Management (host and neighboring communities)	
Mining Technology and Geosciences advancement	
Information, Education & Communication (IEC)	
Safety and Health Programs	

Any variance arising from the reconciliation procedures for the above in scope revenue streams, other taxes, and funds were subjected to additional procedures. Additional procedures included

tracing of transactions lifted from detailed schedules provided by participating companies and government agencies to supporting documents.

Other options considered by MSG

All revenue streams, other taxes, and funds will be covered during the reconciliation procedures. In case of variance between the reported amounts of the government agency and participating company, a fixed rate of 5% will be applied against the total reported collection per government agency. If the variance is more than 5% of the total collection of the government agency, a reconciliation of that particular revenue stream will be performed. This option will result in different variance thresholds per participating company and government agency. Although this method may cover a greater scope, it may provide a fragmented analysis of the data and variances, distorting any impact of process recommendations.

Resulting differences per participating entity

The following revenue streams were excluded in the third PH-EITI report due to immateriality.

Mining

Responsible Agency	Revenue Stream	GFS Code	AMOUNT
BIR	Withholding tax - Profit emittance to principal	1112E1	-
BIR	Withholding tax - Improperly accumulated retained earnings tax (IAET)	1112E2	-
BOC	Excise tax on imported goods (e.g. petroleum products)	1151E	1,809
PPA	Wharfage fees	1151E	36,639,250
MGB	Others (e.g. penalties, fines, etc.)	143E	5,543,346
LGU	Occupation fees	114521E	10,700,920
LGU	Mayor's permit	114521E	19,504,463
LGU	Community tax	116E	2,128,370
NCIP	FPIC expenditure		-
NCIP	Field based investigation fee		-
Total			74,518,158

Oil and gas

Responsible Agency	Revenue Stream	GFS Code	AMOUNT
DOE	Annual rental fees for retained area after exploration	1415E5	-
DOE	Social funds - Training fund for DOE employees (Clause 17.02 Model Contract) - Actual expenditure		-
PPA	Wharfage fees	1151E	1,559,547
BOC	Customs duties	1151E	13,198,001
BOC	Excise tax on imported goods (e.g. petroleum products)	1151E	-
BOC	VAT on imported materials and equipment	1151E	-
Total			14,757,548

In addition, the following revenue streams were also excluded as they were determined to be not applicable to the local mining and oil and gas sectors because they are zero-rated or not yet due given the stage of the operation. They may also represent payments made on behalf of other taxpayers (e.g. employees), although still attributed to their operations. These are as follows:

- Fringe benefit and withholding tax on salaries and benefits that are mainly compensation related with remittances made only by entities on behalf of employees.
- Government share from FTAA and JV agreements with no company operating under said contractual provisions in 2012. The first FTAA mining project only commenced commercial operations in April 2013.
- Output VAT since revenue transactions of companies are zero-rated (e.g. export oriented) or exempt as provided by law (e.g. PD 87).
- Documentary stamp taxes, import processing fees, storage fees, arrastre and stevedoring charges were also excluded because of their minimal value.

VII. Methodology

A. Development of reporting template

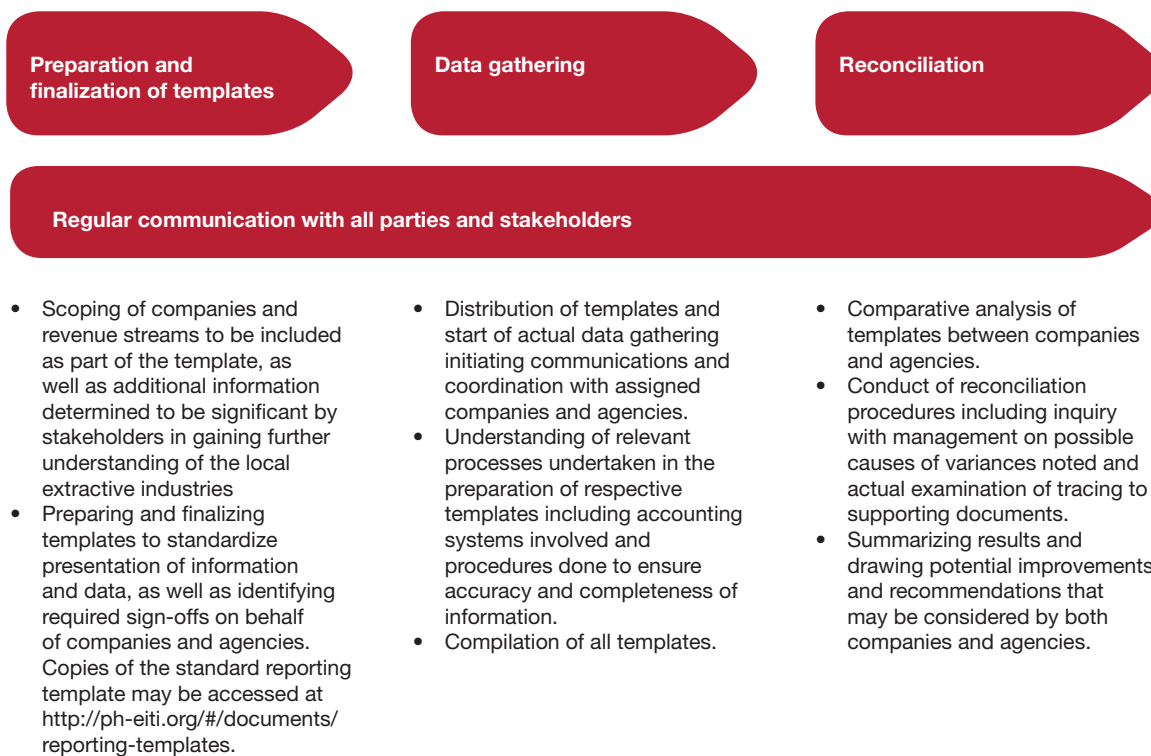
Similar to the first and second PH-EITI report, 2014 data were gathered through the reporting templates tailored and approved by MSG.

The following guidelines were stated in the reporting templates and were explained to reporting companies and government agencies during MSG meetings, and roadshows:

- Disclosures should include all revenue streams attributed to taxable year 2014 irrespective of whether these were settled or paid in other periods, as well as if another fiscal year end is adopted (e.g. June 30). Essentially, accrual basis of accounting should be followed.
- Templates should present total taxes for the year and schedules presenting the breakdown with the required level of detail (e.g. per frequency, receiving office) indicated in each if variances were noted.
- Templates should be signed by senior management such as President, Chief Finance Officer, or any equivalent personnel for participating companies, and commissioners or deputies for government agencies.

B. Data gathering process

Below is an overview of the approach and methodology, primarily divided into three phases as follows:



C. Reconciliation method

i. Agreed upon procedures

The objectives of the reconciliation process do not extend to an audit and review of the disclosures which were already subjected to the verification of third parties (e.g. independent auditing firms, and COA). Hence, agreed upon procedures (AUP) in accordance with the Philippine Standard on Related Services No. 4400, *Engagements to Perform Agreed-upon Procedures regarding Financial Information*, was determined to be appropriate. The end result of an AUP is a report on factual findings specifically on variances identified, if any, and reasons thereof, with no assurance expressed or issued.

The AUP are as follows:

- Revenue streams above the threshold set were selected and the differences were calculated. Refer to Section VI, *Scope of the report*, of this chapter for the details of the in scope revenue streams.
- Variances between the amounts disclosed by participating entities and the amounts disclosed by the corresponding government agencies were subjected to additional procedures, including direct discussions with management to identify possible reasons and explanations for these differences, as well as tracing sample transactions through the corresponding supporting documents to confirm the validity and accuracy of the disclosures made.

For revenue streams, expenses and funds that were only disclosed by companies but had no corresponding disclosures at the government agencies due to legal restrictions (such as the absence of a confidentiality waiver) and those cases which lack available information (i.e., reports are not readily available at the government agency's central office), these were reconciled through other available supporting documents including tax returns, payment vouchers, invoices and others.

ii. Threshold of amount that will be reconciled

Refer to Section VI, *Scope of the report*, of this chapter for the discussion on the determination of material revenue streams. For each in scope revenue stream, the total variance will be

communicated to both the company and government agency to facilitate the compilation of detailed supporting schedules and additional documents (e.g. official receipts, bank statements). Any reconciling item that remained unsupported and unexplainable was declared as variance post-reconciliation.

iii. Description of walk through procedures

As part of the data gathering process, we performed walkthrough procedures with the participating companies. The walkthrough procedures involved tracing of information to the accounting systems, discussions with employees who were mainly from the Finance/Accounting department, and inspection of sample documents prepared and reviewed by them such as account schedules and the listings generated from their accounting systems.

Lastly, we also referred to the following documents as additional references:

- 2014 audited FS, as these include relevant disclosures in compliance with Revenue Regulation No. 15-2010. This regulation requires the presentation of all applicable taxes made including corporate income, excise and business taxes, duties, and other payments;
- Annual reports for listed entities that ascertain transparency on community development programs; other reports gathered by the EITI Secretariat from various agencies for scoping purposes.

D. Issues encountered

i. BIR waiver

Mining

Presented in the table below is the summary of the BIR waiver monitoring.

	Submitted BIR waiver covering taxable year 2014
Mining	
AAM-Phil Natural Resources Exploration and Development Corporation	Yes
Adnama Mining Resources, Incorporated	Yes
BenguetCorp Nickel Mines, Inc.	Yes
Cagdianao Mining Corporation	Yes
Carmen Copper Corporation	Yes
Carrascal Nickel Corporation	Yes
CTP Construction and Mining Corporation (Adlay and Dahican)	Yes
Eramen Minerals, Inc.	Yes
Filminera Resources Corporation	Yes
Hinatuan Mining Corporation	Yes
Johson Gold Mining Corporation	Yes
Krominco, Inc.	Yes
Lepanto Consolidated Mining Company	Yes
Leyte Ironsand Mining Corporation	Yes
LNL Archipelago Minerals, Inc.	Yes
Marcventures Mining and Development Corporation	Yes
OceanaGold (Philippines), Inc.	Yes
Ore Asia Mining and Development Corporation	Yes
Oriental Synergy Mining Corporation	Yes
Pacific Nickel Phils, Inc	Yes

	Submitted BIR waiver covering taxable year 2014
Philex Mining Corporation	Yes
Philippine Mining Development Corporation	Yes
Philsaga Mining Corporation	Yes
Platinum Group Metals Corporation	Yes
Rapu-Rapu Minerals, Inc.	Yes
Rio Tuba Nickel Mining Corporation	Yes
Shuley Mine, Incorporated	Yes
Sinosteel Phils. H. Y. Mining Corporation	Yes
SR Metals, Incorporated	Yes
Taganito Mining Corporation	Yes
TVI Resources Development Philippines, Inc.	Yes
Apex Mining Company Inc.	No
Atro Mining Vitali, Inc.	No
Berong Nickel Corporation	No
Cambayas Mining Corporation	No
Century Peak Corporation (Casiguran and Esperanza)	No
Citinickel Mines and Development Corporation	No
Greenstone Resources Corporation	No
Investwell Resources, Incorporated	No
Libjo Mining Corporation	No
Mt. Sinai Mining Exploration and Development Corporation	No
Norweah Metals and Minerals Company	No
S.R. Languyan Mining Corporation	No
Strong Built (Mining) Development	No
Wellex Mining Corporation	No
Zambales Diversified Metals Corporatio	No
Oil and gas	
Chevron Malampaya LLC	Yes
Shell Philippines Exploration B.V.	Yes
PNOC-Exploration Corporation	Yes
Nido Production Galoc	Yes
Galoc Production Company W.L.L.	Yes
Alcorn Petroleum and Minerals Corporation	No
Forum Energy Philippines Corp.	No
The Philodrill Corporation	No
Oriental Petroleum & Minerals Corp.	No
Coal	
Semirara Mining and Power Corporation	No

Most of the BIR waivers were only obtained at the latter part of the reconciliation procedures with the assistance of MSG, PH-EITI Secretariat, RDOs, and the BIR national office. This limited the opportunity to validate and reconcile reported revenue collection.

Oil and gas

There were no similar issue noted on oil and gas.

ii. Delayed submission of templates

A total of 36 companies accomplished and submitted the reporting templates on or before 14 December 2016, the deadline set by MSG. Refer to Section III, *Reconciliation results overview*, of this chapter for the details of the non-participating companies.

The non-submission and delays resulted in a drawn-out reconciliation process. The low number of responses required frequent monitoring through phone calls and emails to follow up the companies.

Due to non-submission of some of the companies, we were not able to confirm the collections reported by the agencies. This precluded the production of a comprehensive report that accurately and completely reflects the aggregate payments of the companies to the government.

iii. Agencies with delayed or incomplete data

BIR

With the provision of RR 17-2010, almost all of mining and oil and gas companies should be enlisted as large taxpayers. However, it was noted during the reconciliation process that there a number of companies still filing its tax returns with an RDO. The process of generating the information needed to be presented by the BIR in its reporting template include the receipt of waivers by the large taxpayers service (LTS) division before cascading it to the RDO to which the company has filed its tax returns. As of 2015, the BIR represented that all companies that have qualified as large taxpayers are now filing in the LTS division.

MGB/NCIP/LGU

The delayed and incomplete submission of reporting templates from government agencies pose limitation to the accuracy of the reconciliation procedures.

LGUs with no data

The following LGUs did not submit their 2014 reporting templates:

LGU	Remarks
Doña Remedios Trinidad Municipality	No response
Eastern Samar Province	No response
South Cotabato	No response
Tawi-tawi Province	No response
Languyan Municipality	No response
Butuan City (Head Office	No response
Bunawan Municipality	No response
Mandaluyong City	No response
Paranaque City	No response
Taguig City	No response

The non-submission of these LGUs of their reporting template resulted in variances between the amounts reported by the participating entity and the amount reflected per LGU revenue stream, particularly those that are allocated between the different levels of the LGU (province, municipality, etc.), since the participating entities reported 100% of the taxes they had paid, while the province and/or municipality would only report their proportionate share of the total.

E. Assurances agreed upon to ensure credibility of data

To establish credibility of data, the MSG considered availability and accessibility of information including the appropriate level of management who will attest to the accuracy of the data. With these factors in mind, the credibility of data was established through the following:

- i. Reporting templates were signed by either the President of the Company and/or Chief Financial Officer, and Department Head for the government agencies.
- ii. Traceability of information to the audited financial statements. Refer to Section IX, *Audit procedures*, of this chapter for the discussion on the audits being performed by an independent third party and COA on the financial statements of the companies and government agencies, respectively.

F. Provisions for safeguarding confidential information

The first PH-EITI report includes a comprehensive discussion on the concepts of public disclosure, information, and participation. More specifically on confidentiality, the following rules apply to the mining and oil and gas sectors.

Figure 36. Rules on confidentiality for the mining sector



VIII. Discrepancies

A. Summary of discrepancies

In this section, discrepancies for each government agency will be presented. The tables will include information on the following:

- Per participating company – this refers to the amount reported in the template by the participating company
- Per government agency – this refers to the amount reported in the template by the government agency
- Variance pre-reconciliation – this pertains to the initial difference between the amount reported by the company and the government agency
- Reconciled amount – this reflects the true amount of the transaction between the company and the government agency. It is duly supported with detailed schedules and supplemental documents.
- Variance post-reconciliation – Amount that cannot be supported with either a detailed schedule or other documents.

Table 108. Summary of discrepancies for all agencies - Mining

	Per participating amount	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Chromite					
BIR	991,893	827,287	164,606	819,229	-
BOC	1,483,618	1,483,618	-	1,483,618	-
LGU	2,453,118	2,181,690	271,428	2,453,118	-
MGB	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
NCIP	-	-	-	-	-
SUBTOTAL	6,970,668	7,114,522	(143,854)	6,798,004	(579,888)

	Per participating amount	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Copper / Gold / Silver / Zinc					
BIR	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
BOC	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
LGU	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544
MGB	-	-	-	-	-
NCIP	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
SUBTOTAL	3,097,092,739	2,700,075,089	397,017,650	2,610,249,599	87,448,626
Nickel					
BIR	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506
BOC	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
LGU	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430
MGB	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
NCIP	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
SUBTOTAL	10,029,516,243	8,737,617,793	1,291,898,450	8,758,903,932	430,576,845
Other metallic mining entities					
BIR	32,326,747	32,142,159	184,588	32,142,159	960,718
BOC	3,491,659	3,690,035	(198,376)	184,172	(14,204)
LGU	1,233,644	201,050	1,032,594	1,032,890	(296)
MGB	-	-	-	-	-
NCIP	-	-	-	-	-
SUBTOTAL	37,052,050	36,033,244	1,018,806	33,359,221	946,218
Grand Total	13,170,631,700	11,480,840,648	1,689,791,052	11,409,310,756	518,391,801

Table 109. Summary of discrepancies for all agencies – Oil and gas

	Per participating amount	Per government agency	Variance pre-reconciliation	Reconciled Amount	Post reconciliation
BIR	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-
DOE	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-
Grand Total	41,621,671,540	42,206,079,094	(584,407,554)	42,443,420,268	-

B. BIR

1. Revenue streams and funds

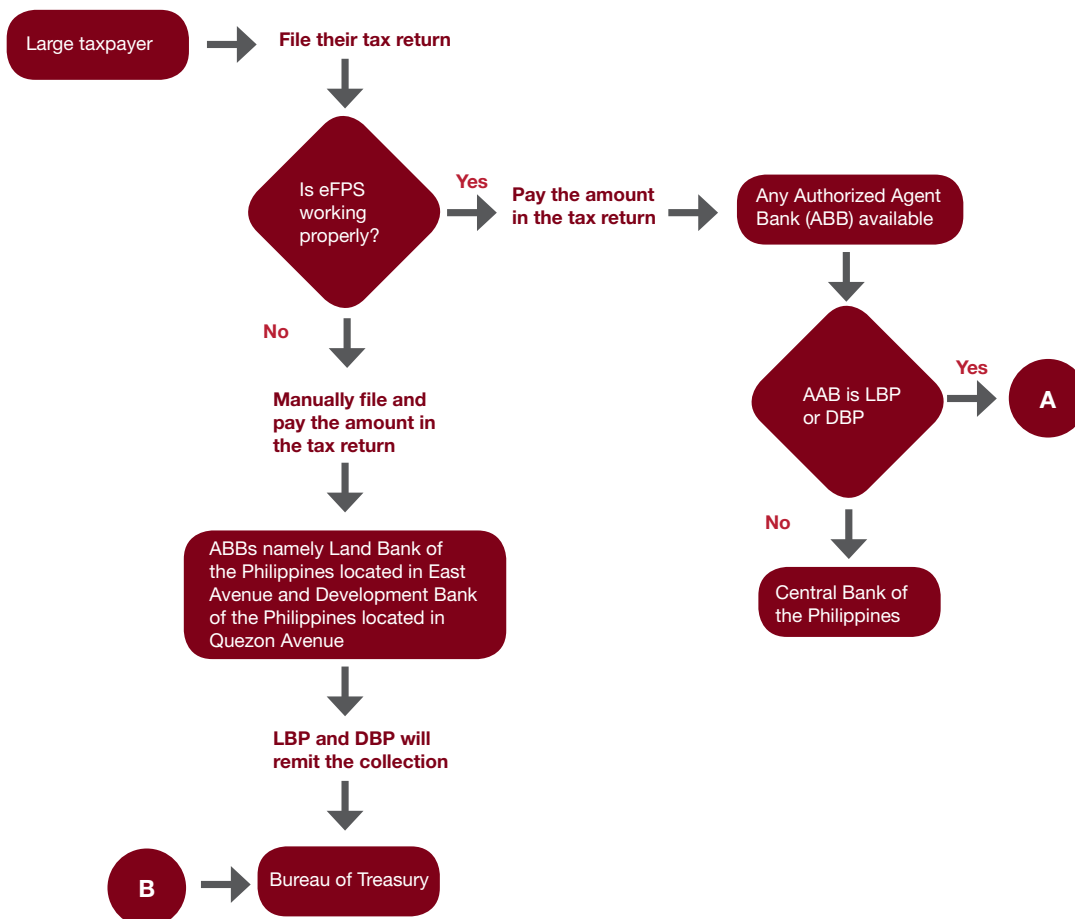
Discussion in this section is specific to Large Taxpayer Service (LTS) of the BIR. No separate documentation is prepared for the individual RDO since majority of the companies qualify as large taxpayers.

	Corporate income tax	Excise tax on minerals	Final withholding tax		
			Foreign shareholder dividends	Branch profit remittance	Royalties to claim owners
Frequency of payment	Quarterly; adjusted in annual filin	Quarterly, when applicable	Monthly, when applicable		
Form/document	1702	2200M	1601F		

	Corporate income tax	Excise tax on minerals	Final withholding tax		
			Foreign shareholder dividends	Branch profit remittance	Royalties to claim owners
Timing of payment	Quarterly - within 60 days following the close of each of the first 3 quarters of the taxable year Annual - on or before the 15th day of the 4th month following close of the taxpayer's taxable year	On or after 15 days after the end of the calendar quarter when mineral products were removed	On or before the 10th day of the month following the month in which withholding was made		
Mode of payment	Tax returns are filed through Electronic Filing and Payment System (EFPS) and paid through Accredited Agent Banks (AABs). For Participating Entities in places where there are no AABs, payments are made to the Revenue Collection Officer or duly Authorized City or Municipal Treasurer located within the Revenue District Office (RDO) where Entities are registered.				
Remittance from agency	Over the counter and EFPS collections by AABs (except Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) are remitted to the Central Bank of the Philippines (BSP) on the 6th and 5th day, respectively, from the date of collection Collections by LBP and DBP are directly credited to the Bureau of Treasury				

The diagram below illustrates process flow from payment by the entities to collection by the agency and remittance to the Bureau of Treasury (BTr).

Figure 37. LTS Data collection and reconciliation



2. Findings on variances , reconciled amount and reasons

Mining

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation
Mining					
Chromite					
BIR					
Corporate income tax	172,664	-	172,664	-	-
Excise tax on minerals	819,229	827,287	(8,058)	819,229	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	-	-	-	-	-
SUBTOTAL	991,893	827,287	164,606	819,229	-
Copper / Gold / Silver / Zinc					
BIR					
Corporate income tax	844,276,795	837,707,328	6,569,467	837,707,328	6,569,467
Excise tax on minerals	886,960,599	850,653,887	36,306,712	850,653,887	34,637,629
Withholding tax - Foreign shareholder dividends	19,622,111	17,203,219	2,418,892	17,203,219	-
Withholding tax - Royalties to claim owners	292,366,878	105,202,453	187,164,425	105,202,453	849,300
SUBTOTAL	2,043,226,383	1,810,766,887	232,459,496	1,810,766,887	42,056,396
Nickel					
BIR					
Corporate income tax	4,765,229,462	4,764,987,929	241,533	4,784,635,889	242,712
Excise tax on minerals	1,275,774,106	992,293,840	283,480,266	948,731,921	241,642,733
Withholding tax - Foreign shareholder dividends	1,060,982,394	519,545,256	541,437,138	519,545,256	34,553,916
Withholding tax - Royalties to claim owners	100,690,007	77,254,866	23,435,141	87,617,863	13,072,145
SUBTOTAL	7,202,675,969	6,354,081,891	848,594,078	6,340,530,929	289,511,506

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation
Other metallic mining entities					
BIR					
Corporate income tax	28,393,727	29,169,857	(776,130)	29,169,857	-
Excise tax on minerals	2,972,302	2,972,302	-	2,972,302	-
Withholding tax - Foreign shareholder dividends	-	-	-	-	-
Withholding tax - Royalties to claim owners	960,718	-	960,718	-	960,718
SUBTOTAL	32,326,747	32,142,159	184,588	32,142,159	960,718
Grand Total	9,279,220,992	8,197,818,224	1,081,402,768	8,184,259,204	332,528,620

Oil and gas

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation
BIR					
Corporate income tax	10,911,537,459	11,837,255,999	(925,718,540)	12,074,597,174	-
Withholding tax - Profit emittance to principal	3,231,343,897	3,313,283,389	(81,939,492)	3,313,283,389	-
Grand Total	14,142,881,356	15,150,539,388	(1,007,658,032)	15,387,880,563	-

Causes of variance:

1. Information coming from Revenue District Offices (RDO)

Information on the revenue streams of those participating entities filing under an RDO were not obtained on time due to absence of waiver. Consistent with the result of the first and second PH-EITI report, difficulty was encountered in directly obtaining information from the RDOs brought about by late execution of waivers from participating companies end. The process of forwarding the executed waivers of participating entities to Large Taxpayers Services Division first before cascading the request for information from the RDOs further delayed the reconciliation process. These resulted to incomplete disclosures of the total revenue for 2014; evident to higher amount disclosed by participating entities as compared to that of BIR reported amount.

2. Improper accomplishment of reporting template

While the description and nature of the revenue streams are properly discussed during various meetings and walkthroughs, some participating entities disclosed in their respective reporting templates taxed and fees net of quarterly payments made and CWTs.

3. Delayed submission of required schedules and documents to support disclosures made in the templates.

This precluded the IA from performing the required reconciliation procedures. Due to the number of information requested and required level of disaggregation, current accounting and filing systems may have hindered companies from readily providing these disclosures and reports for reconciliation and examination.

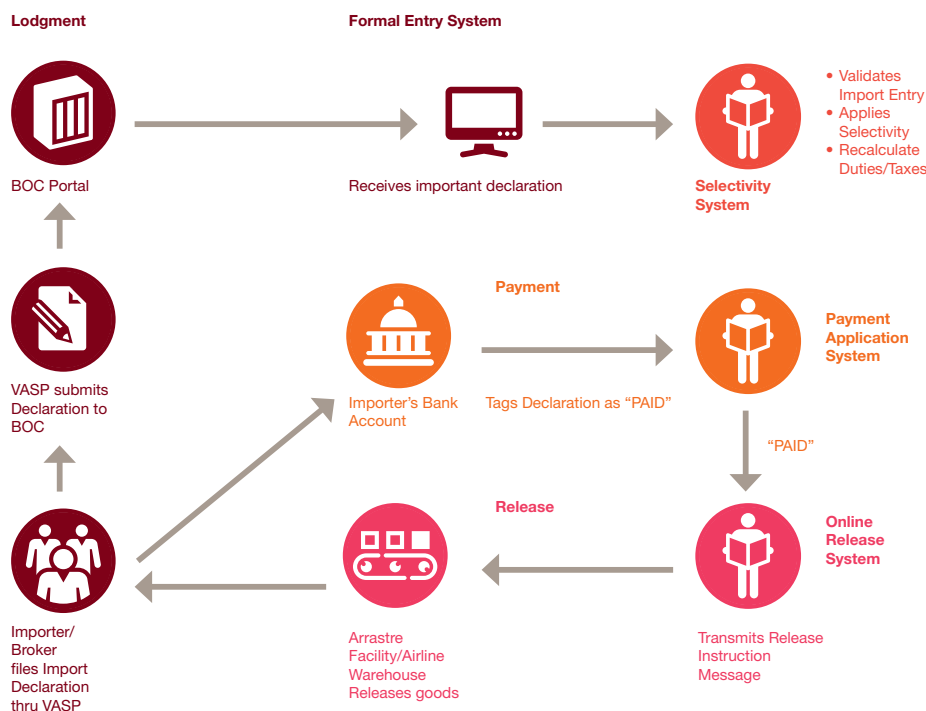
C. BOC

1. Revenue streams and funds

	Customs duties	Value-added tax (VAT) on imported materials and equipment
BOC		
Frequency of payment	Transactional	Transactional
Form/document	Form 236, Import Entry and Internal Revenue Declaration Form	
Timing of payment	Entry must be filed in the Customhouse (i.e. BOC office) within 30 days on the date of discharge of the last package from the vessel, which shall not be extendible. Payments are made after completion of the assessment process by the Agency.	
Mode of payment	AABs will be notified by the Agency to debit Entities' bank account	
Remittance from agency	Collections through the AABs are remitted to the BTr on a daily basis.	

The diagram below illustrates the process flow from payment by companies to collection by the BOC and remittance to the Bureau of Treasury (BTr).

Figure 38. Collection and Remittance Process Flow of BOC to BTr



2. Findings on variances , reconciled amount and reasons

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
BOC					
Customs duties	-	-	-	-	-
VAT on imported materials and equipment	1,483,618	1,483,618	-	1,483,618	-
SUBTOTAL	1,483,618	1,483,618	-	1,483,618	-
Copper / Gold / Silver / Zinc					
BOC					
Customs duties	116,605,692	96,718,534	19,887,158	80,204,481	20,352,827
VAT on imported materials and equipment	453,389,717	473,418,060	(20,028,343)	447,240,351	(17,259,706)
SUBTOTAL	569,995,409	570,136,594	(141,185)	527,444,832	3,093,121
Nickel					
BOC					
Customs duties	6,901,552	7,380,850	(479,298)	6,901,063	(479,787)
VAT on imported materials and equipment	34,003,664	37,371,121	(3,367,457)	34,830,953	(2,540,168)
SUBTOTAL	40,905,216	44,751,971	(3,846,755)	41,732,016	(3,019,955)
Other metallic mining entities					
BOC					
Customs duties	255,886	273,272	(17,386)	14,940	(2,446)
VAT on imported materials and equipment	3,235,773	3,416,763	(180,990)	169,232	(11,758)
SUBTOTAL	3,491,659	3,690,035	(198,376)	184,172	(14,204)
Grand Total	615,875,902	620,062,218	(4,186,316)	570,844,638	58,962

Causes of variance:

Absence of detailed schedule to support amounts disclosed by participating entity

Some participating entities failed to provide the detailed schedules to support the amounts disclosed in the reporting template, thus, pre-reconciliation differences remained unreconciled.

D. LGU

1. Revenue streams and funds

Revenue streams of LGUs are discuss in Section VI, *Scope of the report*, of this Chapter.

2. Findings on variances , reconciled amount and reasons

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
LGU					
Local business tax (paid either in mine site or head office)	2,271,868	2,142,938	128,930	2,271,868	-
Real property tax - Basic	90,625	19,376	71,249	90,625	-
Real property tax - Special Education Fund (SEF)	90,625	19,376	71,249	90,625	-
SUBTOTAL	2,453,118	2,181,690	271,428	2,453,118	-
Copper / Gold / Silver / Zinc					
LGU					
Local business tax (paid either in mine site or head office)	314,120,540	238,803,291	75,317,249	145,938,400	17,725,586
Real property tax - Basic	84,329,471	36,803,271	47,526,200	57,738,526	15,155,446
Real property tax - Special Education Fund (SEF)	22,281,622	35,315,046	(13,033,424)	22,832,205	57,512
SUBTOTAL	420,731,633	310,921,608	109,810,025	226,509,131	32,938,544
Nickel					
LGU					
Local business tax (paid either in mine site or head office)	154,516,504	127,324,982	27,191,522	82,036,348	22,433,416
Real property tax - Basic	9,145,993	5,898,271	3,247,722	4,531,775	2,862,182
Real property tax - Special Education Fund (SEF)	4,249,015	5,541,037	(1,292,022)	4,219,544	(1,615,168)
SUBTOTAL	167,911,512	138,764,290	29,147,222	90,787,667	23,680,430
Other metallic mining entities					
LGU					
Local business tax (paid either in mine site or head office)	1,139,818	201,050	938,768	939,818	(1,050)
Real property tax - Basic	93,449	-	93,449	93,072	377
Real property tax - Special Education Fund (SEF)	377	-	377	-	377
SUBTOTAL	1,233,644	201,050	1,032,594	1,032,890	(296)
Grand Total	592,329,907	452,068,638	140,216,269	320,782,806	56,618,678

Causes of variance:

Initial variances between the amounts reported by the participating entities and the government agencies arose due to the following reasons:

- Delayed receipt/non-submission of LGU reporting templates. Participating companies report all of the taxes and fees that they pay different LGUs. The lack of the reporting template of the corresponding LGU would thus result in a variance that would need to be investigated.
- Some participating companies report real property tax as one amount, as opposed to presenting the amount of basic and SEF real property tax separately, as appropriate.
- Refer to Section V, *Variance analysis: A change-point tool*, of this chapter for details of other issues and recommendations noted for LGU.

E. MGB

1. Revenue streams and funds

Social expenditures and environmental funds comprehensively discussed in the second PH-EITI report. Currently, there is no formal monitoring being performed by either the companies or government agencies to account for the social expenditures, including the beneficiaries. One of the additional information requested from the participating companies for inclusion in their reporting templates is the data on grants/donations. Refer to Section IV, *Social and economic spending*, of Chapter 1 for the details.

Royalty on mineral reservation	
Frequency of payment	Per shipment basis
Timing of payment	Payments are made before every export. Proof of payment is required prior to the issuance of a mineral ore export permit.
Mode of payment	Paid in cash
Remittance from agency	Not applicable

10% share of royalty payment

Mining companies also pay various taxes and fees directly to the LGUs which also include royalty payments. In line with Section 82 of Mining Act and Section 290 of the Local Government Code (LGC), LGU's share in royalty payments from mineral reservations are 40% of the 90% of balance after 10% of the payments goes to a special account in the General Fund (Fund 151) which is appropriated annually for the DENR-MGB for its operating expenses.

Under Section 5 of Republic Act No. 7942, or the Philippine Mining Act of 1995, 10% of the amount collected will accrue to the MGB for "special projects and other administrative expenses related to the exploration and development of other mineral reservations." The other 90% will be divided between the national government (60%) and the local government units (40%) where the minerals are located.

Total DENR-MGB share in royalty payments on mineral reservations (total revenue, special account in General Fund)

Year	Amount (in PHP thousand)
2009	30,525
2010	67,507
2011	110,321
2012	156,749
2013	131,072
2014	-

There was no release of the share from DBM to MGB in 2014 due to on-going development in the process.

2. Findings on variances , reconciled amount and reasons

	Per company entities	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance pre-reconciliation
Mining					
Chromite					
MGB					
Royalty on mineral reservation	2,042,039	2,621,927	(579,888)	2,042,039	(579,888)
Copper / Gold / Silver / Zinc					
MGB					
Royalty on mineral reservation	-	-	-	-	-
Nickel					
MGB					
Royalty on mineral reservation	2,231,617,629	2,150,259,009	81,358,620	2,027,774,169	12,629,007
Other metallic mining entities					
MGB					
Royalty on mineral reservation	-	-	-	-	-
Grand Total	2,233,659,668	2,152,880,936	80,778,732	2,029,816,208	12,049,119

Causes of variance:

a. Royalty on mineral reservations

- i. **Incomplete information disclosed in the reporting template.** Some of the participating entities were not able to fully provide/disclose the required information in the template including the necessary supporting documentations.

This precluded the IA from performing the further reconciliation procedures in order to arrive at the reconciled balances.

- ii. On the initial variance identified, most common cause of the differences pertain only to the timing of recognizing the royalty on mineral reservation. Some of the entities included payment of royalty for another year no longer covered by the scope of report.

b. Funds

- i. **Improper accomplishment of the reporting templates.** The reporting templates obtained for both the participating entities and government agencies were not completely and accurately filled out (i.e. missing information, misclassification, inaccurate figures, etc.)
- ii. **Insufficient supporting documents for the amounts disclosed in the templates and delayed submissions of the documents required.** Some of the amounts could not be validated in detail due to lack of supporting documents to reconcile amounts disclosed in the reporting templates both by the participating entities and the agency.
- iii. **Lack of thorough understanding on the nature of the different funds including the actual expenditures.** Some of the differences noted were due to misclassification of actual expenditures to different fund category. Moreover, incomplete information were provided due

to insufficient understanding of the information required including the attached supporting documentations.

- iv. **Absence of complete allocation between projects covered in a single fund report.** Some of the supporting documentation provided to support the amounts disclosed in the templates cover total expenditures covered for all its project and not specific to the entity covered in the report.

F. NCIP

1. Funds

Royalty for IPs	
Frequency of payment	Annual
Form/document	Memorandum of Agreement
Timing of payment	Annual
Mode of payment	Trust fund / direct to IPs
Remittance from agency	Not applicable

2. Findings on variances, reconciled amount and reasons

	Per participating entity	Per government agency	Vairiance pre-reconciliation	Reconciled amount	Variance post-reconciliation
Mining					
Chromite					
NCIP					
Royalty for IPs	-	-	-	-	-
Copper / Gold / Silver / Zinc					
NCIP					
Royalty for IPs	63,139,314	8,250,000	54,889,314	45,528,749	9,360,565
Nickel					
NCIP					
Royalty for IPs	386,405,917	49,760,632	336,645,285	258,079,151	107,775,857
Other metallic mining entities					
NCIP					
Royalty for IPs	-	-	-	-	-
Grand Total	449,545,231	58,010,632	391,534,599	303,607,900	117,136,422

Causes of variance:

1. Insufficient supporting documents for the amounts disclosed in the templates and delayed submissions of the documents required. Some of the amounts could not be validated in detail due to lack of supporting documents to reconcile amounts disclosed in the reporting templates both by the participating entities and government agency.

- No records/information about royalty payments to IPs in the Head Office. A workshop is needed to be completed to obtain information from the regional representatives to obtain such information.

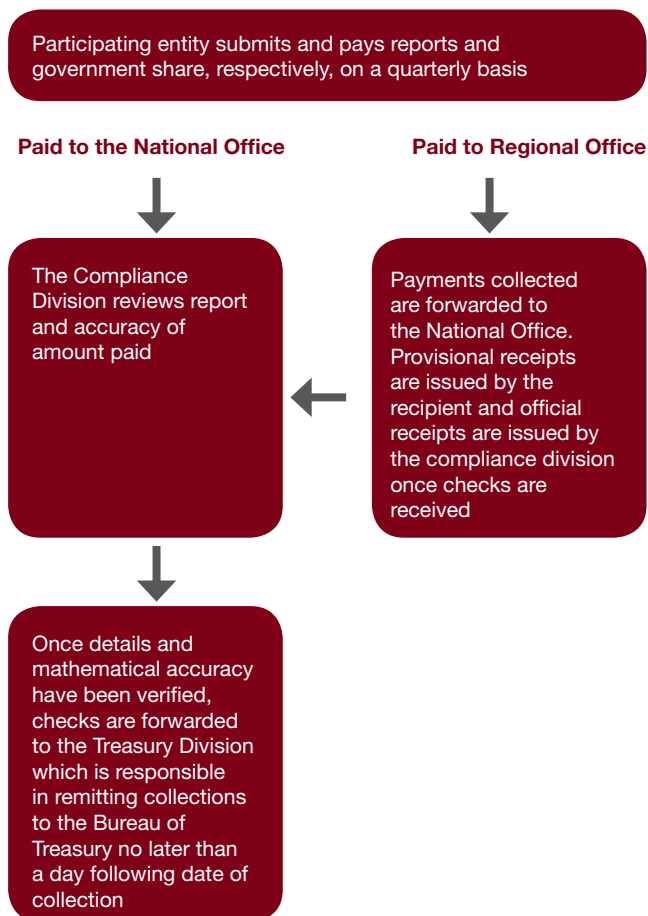
G. DOE

1. Revenue streams and funds

Government share from oil and gas production	
Frequency of payment	Quarterly
Form/document	Quarterly reports
Timing of payment	Payment is made through checks along with submission of
Mode of payment	quarterly reports
Remittance from agency	Checks collected will be remitted to BTr by the treasury division within the day of collection of the following day

The diagram below illustrates the process flow from payment by the companies to collection by the agency and remittance to the Bureau of Treasury (BTr).

Figure 39. Process Flow of DOE Collections



2. Findings on variances, reconciled amount and reasons

	Per participating entity	Per government agency	Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
DOE					
Government share from oil and gas production	27,478,790,184	27,055,539,706	423,250,478	27,055,539,705	-

Causes of variance:

1. Foreign exchange rate used in reporting the government share in Philippine Peso.

Minimal variance was noted as a result of the different foreign exchange rates used in converting the government share, originally reported in US dollar, to Philippine Peso.

2. Delayed submission of required documents to support disclosures made in the templates.

While we were able to determine source of variance based on the schedules provided by the participating entity and DOE, documents to support payments disclosed in the reporting template were provided at the latter part of the exercise. This precluded the IA from performing the further reconciliation procedures on a timely manner.

H. Status of Special Account Fund (SAF) 151 (Malampaya fund)

Release of the Malampaya Fund to Implementing Agencies

DBM is responsible for releasing SAF 151 to the Implementing Agencies (IA), which may be other National Government Agencies (NGAs), GOCCs or LGUs. The budget requests from the IA as reviewed and endorsed by the DOE should include the following supporting documents:

- Special Budget Request
- Approval of the Office of the President (if there is none, the DBM prepares the memo for the President's approval)
- Request for set-up of fund code (if necessary)
- Project details
- Amount requested
- Certificate from the BTr on the status of the available balance of the fund

DBM evaluates the request, checking the completeness of the supporting documents attached and the accuracy of the amount requested, based on the project details. The DBM also ensures that the request is aligned with the purpose of the fund. As mandated by Section 8 of PD910, as amended by RA No. 7638, the Malampaya Fund should be used "to finance energy resource development and exploration programs and projects of the government and for such other purposes as may be hereafter directed by the President". Ultimately though, the President's approval is the only requirement for the request to be considered as 'aligned with the purpose of the fund' due to the line, as it would fall under the category, "and for such other purposes as may be hereafter directed by the President". The maximum amount for each budget request is the available balance of the fund.

Once evaluated and reviewed, the DBM will issue the Special Allotment Release Order (SARO) to the IA, copy furnishing the DOE. If the IA is an LGU, the SARO is released through the DBM while for GOCCs, the SARO is released through the BTr. The IA subsequently submits the Monthly Disbursement Program for the SARO received, which details the schedule of the disbursement of the SARO. This forms the basis for the timing and amounts to be released of the Notice of Cash

Allocation (NCA). The NCA is also released through the DBM for LGUs and through the BTr for GOCCs.

Monitoring of the use of the fund is done through the regular reporting by the IAs to the DBM. The reporting requirements include a physical report of the accomplishment and an assessment of the utilization of the fund. The DBM reviews the reports and coordinates with the IA for any concerns on the accomplishment of the project and utilization of the fund. These reports are also reviewed by the Office of the President. Projects that are behind schedule or are over/under-budget are required to submit catch-up plans to ensure that the project be finished on time and/or within budget. It should also be noted, though, that the evaluation of the propriety of the nature of disbursements of the fund is not the responsibility of the DBM, but rather, the responsibility of COA.

Should the project have excess funds after completion, these are returned to the BTr. On the other hand, projects that go over the amounts allocated and need additional funds will go through the same process as the initial request for funds.

Details of the projects funded by the Malampaya Fund for years 2012-2014 are discussed in Section V, *Others*, of Chapter 1.

I. Share in national wealth

Refer to Section III, *Revenue allocations*, of Chapter 1 for the discussion in share in national wealth. For the reconciliation of DBM amounts with LGU reported collections, refer to Section IV, *LGU in focus*, of this Chapter.

Discrepancies between the amount transferred and the amount calculated in accordance with the relevant revenue sharing formula can be attributed to the cap in the amount that can be allocated to a specific LGU.

The amount allocated by the DBM is limited to the amount of share in national wealth programmed into the LGUs' current year budget. Should the amount of share in national wealth allocated to an LGU exceed the programmed amount in the LGU's current year budget, the excess would be distributed to the LGU in the subsequent year. On the other hand, there is also no minimum amount that should be allocated to an LGU, as this is entirely based on the amount allocated by the BIR and/or MGB.

By regulation, share of mining taxes are released automatically, with no further action needed, to the concerned provincial, city, municipal or barangay treasurer. Details of the timeline are included in Section III, *Revenue allocations*, of Chapter 1. The DBM strictly follows this timeline. However, there are instances wherein the shares of certain LGUs are not released. This happens when there are uncertain details on the LGU to whom the share is allocated. For example, if the name of the barangay to be given the allocation is not specified by the BIR/MGB, this will be investigated by the DBM and will not be released until the uncertain detail has been disposed of.

J. Information on expenditures from natural resource revenues

Refer to Section IV, *Social and economic spending*, of Chapter 1 for the discussion on mandatory and social expenditures.

K. Discretionary Social expenditures (CSRs)

As part of good corporate governance, mining, oil, and gas companies also have corporate social responsibility or CSR activities that go beyond compliance with the law. Rooted in philanthropy, and earlier perceived as a peripheral, an add-on or an almost apologetic activity or tactical response to potential crises, CSR is now adopted as a "best practice" absorbed into the core functions and value of systems of businesses. In the mining sector, the increased awareness of environmental impacts, the socio-economic implications of mining, and a downturn in productivity have highlighted the

need for mining companies to adjust their business management process. The Chamber of Mines of the Philippines has taken the cudgels in leading this process consistent with its objective of developing CSR standards by which compliance and progress can be gauged and monitored.

It begins by identifying company policy towards corporate social responsibility. Then it identifies the key elements of this policy broken down into economic, social, environment, governance aspects, amongst others. This is followed by highlighting existing company “best practice” in CSR, the approach it has taken to achieve its objectives, and the impacts of those practices both to the company and the community.

In its CSR Guidebook, the Chamber of Mines spells out a clear definition of CSR that is acceptable to all mining stakeholders, as “commitment of business to contribute to sustainable economic development, working with employees, their families, local community and society at large to improve the quality of life, in ways that are both good for business and good for development.” CSR activities of mining companies revolve around the six themes of environmental management, community engagement and development, safety and health, security and human rights, labor, and management and governance.

Social development programs are created and implemented in all the mines. The focus areas of these programs are designed to address needs of communities around the mine sites. Normally, these communities benefit from other social responsibility projects of the extractive companies, carried out through their respective Social Development Management Plans (SDMP) and Corporate Social Responsibility (CSR) activities. Through SDMP, a company collaborates with their communities to create a list of priority projects that will be implemented within 5 years. Funding for SDMP is set by each mine site annually, and according to law. CSR activities, on the other hand, are implemented depending on specific local needs outside of the areas covered by SDMP programs. In addition, the main difference between the two programs is that the SDMP is required by the government, while CSR is discretionary/voluntary on the part of the Company.

In implementing its CSR activities, the companies are usually bound by its CSR guidelines depending on the needs of the communities involved.

Other social expenditures including CSR activities are not considered significant for the purposes of this report, hence, not included in the reconciliation process.

L. Sale of the state’s share of production or other revenues collected in-kind

Section III, *Revenue allocations*, of Chapter 1 described in detail the country’s share in production and any other revenues collected in kind. In 2014 and 2013, there were no revenues collected in kind.

M. Infrastructure provisions and barter arrangements

In the Philippine setting, agreements based on in-kind payments are unconventional. In-kind payments are normally through infrastructure provisions and barter arrangements. Infrastructure provisions are generally covered in the social development programs of the mining companies and are not contingent upon any sale or purchase of a commodity.

Barter arrangement is also atypical in the local setting. This is evident in the current provisions of existing contracts and agreements of the extractive industry sector players.

IX. Audit procedures

Assessment of data quality, comprehensiveness, and compliance

Participating entities

Reporting templates submitted by the participating entities require senior management sign-off. These templates are prepared and endorsed by finance officers responsible for the day to day recording of transactions, preparation of financial reports and compilation of data. Participating entities use Philippine Financial Reporting Standards (PFRS) or PFRS for Small and Medium-sized Entities as the accounting framework in recording transactions, which is the major source of information for the reporting templates. These standards are adopted from the International Financial Reporting Standards issued by the International Accounting Standards Board.

As required by the SEC, entities prepare annual financial statements that are required to be audited by an external auditor and submitted on or before 15th of the fourth month following annual period end. External audit involves obtaining sufficient and appropriate audit evidence about the amounts and disclosures in the financial statements and are conducted in accordance with Philippine Standards on Auditing, adopted from International Standards on Auditing.

By signing off the reporting templates, participating entities represent that the data provided in the templates are actual and valid transactions obtained from company records and reconcile with that presented in the audited financial statements.

Government agency

Government agencies prepare periodic reports in accordance with Philippine Public Sector Accounting Standards. Audit is performed by COA in accordance with the Government Auditing and Accounting Manual (GAAM) and is conducted in 2 phases:

1. Annual financial audit performed in accordance with PD 1445 obtaining evidence on each government agency's revenues and expenditures.
2. Monthly review of collections and disbursements performed by resident auditors of each government agency.

COA's audit procedures over revenues are focused on agreeing collections with remittances to the national treasury.

Reporting templates submitted by each government agency are signed off by the head of the agency (assistant secretary or higher position) to signify that amounts reported are the actual collections as recorded in their accounting system.

Accordingly, reporting templates of all participating companies and government agencies were ascertained to comply with the above procedures; hence deemed reliable and comprehensive with no exceptions identified other than those gaps included as part of recommendations under Section V, *Variance analysis: A change-point tool*, of this chapter. Recommendations noted in the Report were limited to areas covering administrative functions of each of the government agency that would not impact the reported revenues.

It is noteworthy to emphasize that participating companies and government agencies provided quality assurances by certifying the following, as duly stated in the last section of the reporting templates:

1. The signatory is the duly authorized and designated representative of either the company or government agency; and
2. All information disclosed and documents submitted in satisfaction of the EITI initiative are considered authentic and complete, and all statements and information provided therein are true and correct.

There were no identified exceptions or instances of non-compliance on the above.

X. Recommendations

A. Improving data quality

Based on the conduct of reconciliation procedures and discussions with participating companies and agencies, the following are recommendations that seek to improve data quality and ensure accuracy, completeness and degree of reliability:

Data centralization. Inherently, operations of participating companies are located in rural or provincial areas that have accessibility constraints due to infrastructure limitations (e.g. none or slow internet bandwidth). Accordingly, participating companies and government agencies normally establish satellite and regional offices, respectively, which directly report to principal offices (i.e., NCR/ Metro Manila). This added layer of coordination mainly impacts availability of information due to required transmission (manual in certain instances), as well as consolidation at principal offices. This was clearly evident in gathering data from regional offices of agencies such as MGB and NCIP wherein respective principal offices did not have readily available information on funds and mandatory expenditures. In lieu of centralized reporting systems, formal policies can be established and promulgated that will require regular reporting of regional offices.

Standard reporting. In the same light, regional offices of national agencies and LGUs should be encouraged to adopt standard templates and formats to facilitate consolidation and monitoring.

Other recommendations on the reporting templates are as follows:

1. The MSG plans to include the beginning inventory balance (amount and volume) in the reporting template in the next report, as this would assist in determining how much of current year sales were from current year production.
2. The export data for certain minerals are reported in one sum for two or more countries (e.g., Australia, China for nickel). This is because the data provided by the reporting templates are also as such, i.e., without disaggregation per country. Moving forward, the disaggregation of information per country is also included as a recommendation for the improvement of the reporting template for the next report.

B. Improving EITI implementation

The following can be considered in future EITI implementation:

Key messages. From the very start of the annual exercise, stakeholders should be transparent about specific messages that they wish to convey and achieve based on the results of the report, which

should be put forward and shared to all. These will be the primary drivers in determining required information in the templates, and the basis of developing tangible measures (i.e., key performance indicators) in assessing whether objectives were met and accomplished.

Clear cutoff. The MSG should be able to indicate clear timetable for the submission of required templates, and ensure strict implementation. The continuing delay adversely impacts timeliness of reconciliation, as well as preparation of reports for review by the MSG. Alternatively, the MSG can calendar fixed period for data gathering and reconciliation to be strictly followed on yearly basis, which will greatly assist government agencies and participating entities plan ahead and prepare necessary requirements. This is in due consideration of other recurring regulatory and statutory audits being conducted for tax compliance, environmental monitoring and corporate governance, among others.

Due recognition of participating companies. Proper acknowledgement should be bestowed to participating companies to further encourage participation in future implementation. This can be done through press releases, citations during roadshows and workshops, and other forms of incentives.

Encouraging other industry players. Composition of TWG and MSG can be augmented by additional representatives from the industry to further consider their views in key decisions and resolutions.

C. Assessment of MSG's actions on recommendations from the first and second PH-EITI report

The MSG identified key findings from the first and second PH-EITI report that should be immediately addressed to improve current government systems and EITI implementation. The recommendations formulated by the body underscore the need for more capacity building activities, reforms in existing reporting mechanisms to promote more transparency through enhancement of data quality, and amendments to legislations and existing regulations. Refer to the second PH-EITI report for the details of the prior year findings, recommendations, and actions and to Section XI, *MSG recommendation and assessment of progress*, of this chapter for the updates and status monitored by MSG.

D. Assessment

We understand that the current design of monitoring action plans to address the recommendations and observations raised in the first and second PH-EITI report is still being strengthened, and finalized.

Accordingly, a formal process to document the review activities of MSG and the government agencies of the recommendations be implemented such as inclusion in the agenda of monthly MSG meetings. Also, review activities can be further re-enforced through adoption of a more structured accountability and reporting lines, as well as fixed timetable for implementation.

Also, key messages to be derived and delivered from required additional information in the reporting templates should be well defined during the preparation and finalization of reporting templates. Stakeholders, particularly the industry sectors, will then be clear about the the objectives and the benefits arising from said disclosures.

XI. MSG recommendation and assessment of progress

In the first PH-EITI report, based on key findings of the same, the MSG formulated recommendations addressed to specified government agencies with a view to enhancing transparency in and improving governance of the extractive sector. These recommendations were elevated to the Mining Industry Coordinating Council who directed the concerned government agencies to act on the recommendations and to each submit an action plan for implementation. All the agencies except BOI and PEZA submitted action plans. In the second PH-EITI report, updates on the agencies' actions on the recommendations, assessment of progress, and additional recommendations from the MSG were given. For this third report, the MSG again assessed progress in implementation and gave further recommendations, outlined in the table below:

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
DBM / BTr	Disaggregation of LGU's share in national wealth according to the different types and sources of payment on a per company basis	DBM requested the collecting government agencies (DOF-BIR, DENR-MGB, and DOE) to include in the certifications they submit to BTr (the agency mandated to directly release LGU shares under the new guidelines) all the information and details required by PH-EITI.	The certification of actual collections that was used as basis for the request for release of funds should be posted in the website of the concerned collecting agencies or of the BTR, so that LGUs can know how much to expect as their share.

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
DBM / BTr	LGUs should be informed about the names of companies in their locality, place of extraction, collections from each company, type of revenue, date of payment, and the computation of LGU share.	<p>DBM requested BTr to reflect the details required by the PH-EITI in the Notice of Authority to Debit Account Issued (NADAI) being furnished to the beneficiary LGUs</p> <p>In addition, a system for posting reports on LGU shares in the DBM website is being studied by the Information and Communications Technology Systems Service (ICTSS) of DBM.</p> <p>The DBM, BTr, and collecting government agencies also jointly formulated a draft joint circular on enhanced guidelines and procedures on the release of LGU shares in national wealth, which will require LGUs to also report their fund utilization.</p>	The draft joint circular should be issued forthwith, and the BTr should strictly monitor the compliance of LGUs therewith, specially with the required submission of fund utilization reports, copy of which should be furnished PH-EITI.
	Data disaggregation should retroact to previous years (not just apply to 2016 onwards) to trace backlogs in the distribution of LGU shares.	DBM indicated that at the Central Office level, they would have difficulty retrieving the records on LGU shares for years prior to 2014.	Request DBM regional offices to submit all available information on the LGU shares for earlier years (from 2013 backwards) to trace backlogs.
DENR	Capacitate MGB regional offices and multipartite monitoring teams (MMTs).	The MGB has conducted a workshop on the standardization of procedures for monitoring of environmental compliance of mining companies and a Memorandum Circular is being prepared for its implementation. The capacity building of regional offices personnel has been included in the work plan of the MGB.	The Memorandum Circular should be issued and implemented forthwith.
	Make EITI participation a prerequisite for the issuance of small-scale mining permits.		Amend DAO 2015-03 (Revised Implementing Rules and Regulations of Republic Act No. 7076) to include provision on EITI participation.
	Require all mining companies to participate in EITI.		Issue an Administrative Order requiring companies to participate in the EITI process.
	Improvement of MGB's license register and maps of mining tenements	The Mining Tenement Management Division of MGB is upgrading its system to include Online Mineral Rights Management System (OMRMS).	

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
DENR	Activation of Provincial Mining Regulatory Boards (PMRBs) as well as improvement of MGB database and monitoring system for SDMPv	<p>Action on the following are still in progress:</p> <ul style="list-style-type: none"> • Activation of PMRBs • Improvement of database to include small-scale mining and EITI data • Ensuring coordination between companies and local development councils with regard to formulation of SDMPs • Standardization of SDMP monitoring checklist • Electronic submission of SDMPs and reports to MGB by satellite office • Adoption of transparent mechanisms in the selection and formation of MMTs and Mine Rehabilitation Fund Committees (MFRCs) 	Provide regular updates to the MSG regarding ongoing activities of MGB. Furnish the PH-EITI with electronic copies of SDMPs and monitoring reports submitted by MGB regional offices
NCIP	<p>Utilization of the tool/system developed by NCIP and PH-EITI for monitoring royalties to Indigenous Peoples (IP)</p> <p>Improvement of NCIP's database</p> <p>Build capacity of IPs to monitor their royalties through their own monitoring mechanisms.</p>	<p>A consultation workshop for piloting the monitoring tool for IP royalties has been co-organized with PH-EITI. Target participants for the activity are NCIP Central Office, NCIP Regional Office in Regions 11 and 13 (Caraga), IP representatives in selected areas in the said regions, and compliance officers of selected mining companies in the selected areas.</p>	<p>Issuance of an administrative order or a memorandum circular integrating the use of the monitoring tool in the current system of NCIP and requiring regional offices to utilize the tool</p> <p>Development of a database of information collected using the monitoring tool</p> <p>NCIP to identify training needs of IPs and conduct appropriate capacity building activities for monitoring royalties</p> <p>Central office and regional offices of NCIP to provide assistance to IPs in developing mechanisms for monitoring royalties</p>

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
DILG / BLGF	Digitize and improve the reporting system of LGUs to reflect disaggregated data and include information on grants and donations from extractive companies.	Roll-out of the enhanced version of the Environment and Natural Resource Data Management Tool (ENRDMT), an online reporting tool developed by BLGF in partnership with PH-EITI and PPEI, was conducted in parallel with the 2016 LGU Roadshow. DOF issued Department Order No. 049-2016 (September 2016) mandating local treasurers to report the payments made by extractive industries (including information on share in national wealth, grants, donations, and other funds) using ENRDMT.	BLGF to maintain regular coordination with PH-EITI and PPEI on possible enhancements/improvements of ENRDMT
	Review legislation on revenue sharing between LGU where the head office is located and that of the LGU hosting the mining operation	BLGF, in 2015, submitted to DOF proposed amendments to the Local Government Code (LGC) pertaining to the 70-30 revenue sharing between the LGU hosting a company's head office and the LGU hosting its operations. The BLGF proposal was also considered during consultative workshops with other oversight agencies, i.e., DILG, NEDA, DBM.	BLGF to continue active participation in consultation meetings/ workshops with regard to LGC amendments Provide the MSG with regular updates on this matter.
DOE	Require reporting per company and not per service contract.	There has been no update on the implementation of the action plan submitted by DOE in 2015.	The MSG reiterates its recommendation from the first and second reports.
	Centralize information on payments; develop an IT system for this Purpose.		
	Designate an EITI point person from DOE's financial services		
	Maintain an online license register where all information on licenses and licensees are disclosed.		
	Require companies including Semirara Mining and Power Corporation to participate in the EITI process, through a directive or an administrative order.		
	Disclose all oil and gas and coal contracts, including the contract of Semirara Mining and Power Corporation.		
DOF/BIR	Propose amendments to the Tax Code or the National Internal Revenue Code (NIRC) to make disclosure of tax information for EITI purposes an exception to the prohibition on disclosure (confidentiality provision).	The proposed amendment to Section 270 (confidentiality provision) of the NIRC is included in the proposed EITI legislation; there is a section exempting extractive companies from the confidentiality clause insofar as their participation in the EITI process is concerned.	
	Reporting of final withholding taxes should be disaggregated; revise current recording systems and BIR forms.	Disaggregation of final withholding taxes has been implemented.	

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
BOC	Validate if all capital equipment are zero- rated.	BOC is in coordination with its Management Information System and Technology Group (MISTG) to provide the necessary data to identify the capital equipment imported by entities and its corresponding rate of duty.	Provide the information to PH-EITI for inclusion in the Country Report.
	Disaggregated data for VAT and customs duties	Data on VAT and customs duties are already disaggregated in the reporting templates submitted by BOC.	
	Revise current systems of recording data.	Current recording system was verified and found to have separated accounting codes in reporting payments of VAT and customs duties.	
PPA	Revise the system of reporting payments to indicate principals of subcontractors.		Provide update on the recommendation to issue a directive requiring companies to disclose the names of the subcontractors who transport their commodities to enable tracking of transportation fees.

Agency	Recommendations from the 1st and 2nd Report	Updates/Progress	MSG Recommendations
BOI and PEZA	Disclose incentives given to extractive companies.	<p>BOI's responses to the recommendations:</p> <ul style="list-style-type: none"> • Section 81 of EO No. 226 (the Omnibus Investments Code of 1987) provides for confidentiality of information which can be disclosed only through: (a) consent of the enterprise, or (b) on orders of a court of competent jurisdiction. • BOI wrote a Non-Objection Letter to five BOI- egistered extractive enterprises to disclose to PH-EITI the amount of incentives availed of by these entities. <p>BOI received objections/ reservations from two mining companies, while the remaining three companies have not responded.</p> <ul style="list-style-type: none"> • It is recommended that the information on incentives be obtained from the BIR for the following reasons: <ul style="list-style-type: none"> a. BOI data are only estimates, and the actual data is with the BIR. b. BIR is not covered by Sec. 81 of EO 226 and would be able to provide the data more freely. • BOI would like to seek clarification on the scope and extent of the PH-EITI request regarding the disclosure of incentives (i.e., coverage, time period, kind of incentives, level of disaggregation). • BOI will provide the data on incentive availments if BOI registered enterprises will give their consent to the disclosure. 	Identify the effect/ implications of the Tax Incentives Management and Transparency Act (TIMTA) or RA 10708 on/for BOI's response/position.

XII. Additional information

- a. Information on incentives, employment, gross production, exports, and sales of the participating companies are detailed in Annex AG. Not all participating companies provided information on the basic data being requested.
- b. Extractive industry in Autonomous Region in Muslim Mindanao (ARMM)

Revenues collected by the ARMM

On April 26, 1993, during the second Regional Legislative Assembly, an act was created to provide a local government code in the Autonomous Region of Muslim Mindanao (ARMM or Autonomous Region), otherwise called as Muslim Mindanao Autonomy Act No. 25 (the “Act”). The Act specified that the territorial and political subdivisions of ARMM shall enjoy a genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Below are the sources of revenues of ARMM, its provinces, cities and municipalities and barangay based on the Act.

- a. Taxes, except income taxes, imposed by the Regional Government, its provinces, cities, municipalities and barangays;
- b. Fees and charges imposed by the Regional Government, its provinces, cities, municipalities and barangays;
- c. Appropriation, internal revenue allotment and other budgetary allotments from the national government;
- d. Shares in revenue generated from the operation of public utilities within the Autonomous Region, its province, cities, municipalities and barangays;
- e. Block grants derived from economics agreements or conventions authorized by the Autonomous Region, donation, endorsement, foreign assistance, and other forms of aid, subject to the Constitution and Regional policies.

This Act was supplemented by the Muslim Mindanao Autonomy Act No. 49, otherwise known as The Revenue Code of the Autonomous Region in Muslim Mindanao. It outlined the nature and process of levy, assessment and collection of all regional taxes, fees, charges and other revenue impositions within the territorial jurisdiction of ARMM. Some that are considered as significant to extractive industry are discussed below:

The provinces of the Autonomous Region may levy the taxes, fees and charges as follows:

- a. **Real property tax** - There should be levied an additional tax other than that imposed by the LGUs, an ad valorem tax of one tenth (1/10) of one percent (1%) on the assessed value of all

real property, such as lands, buildings, machinery and other improvements affixed or attached to a real property located in the Autonomous Region in Muslim Mindanao.

- b. **Tax on transfer of real property ownership** - The region may impose a tax on the sale donation, barter, or on any other mode of transferring ownership or title of real property at the rate of one tenth (1/10) of one percent (1%) of the total consideration involved in the acquisition of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher. The sale, transfer or other disposition of real property pursuant to R.A. No. 6657 shall be exempt from this tax.
- c. **Tax on sand, gravel and other quarry resources** - The province may levy and collect ten percent (10%) per cubic meter of ordinary stones, sand, gravel, earth, pebbles, boulders and other materials extracted from public and private lands or from sea bed, lakes, rivers, streams, creeks, and other public waters, within the jurisdiction of the Autonomous Regions.
- d. **Franchise tax** - Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on businesses enjoying a franchise, at a rate of one fifth (1/5) of one percent (1%) of the gross annual receipts for the preceding calendar year based on the incoming receipt, or realized, within the territorial jurisdiction of Autonomous Region.
- e. **Concession tax** - Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on concession, at a rate of one half (1/2) of one percent (1%) of the amount imposed by the national or local government units as the case may be. In the case of newly started business where the concession is granted by the autonomous regional government, the tax shall be one twentieth (1/20) of one percent (1%) of the capital investment. In the succeeding calendar year, regardless of when they started to operate, the tax shall be based in the gross receipts of the preceding calendar year, or any fraction thereof at the rate of one half (1/2) of one percent (1%).
- f. **Permit and service fees** - The province may levy an annual permit and service fee at the rate of ten percent (10%).
- g. **Natural Wealth Utilization and Development Tax** - The province may levy an amount of one half (1/2) of one percent (1%) of the gross sales or receipts derived from the utilization, development and exploitation of the regional wealth from the operator.
- h. **Barter trade tax** - The province may levy an amount of one half (1/2) of one percent (1%) on the purchase costs of all barter goods brought into the area of autonomy.
- i. **Contractors tax** - The province may levy an amount of one percent (1%) of the contract price in addition to the contractor's tax imposed by the Bureau of Internal Revenue Code.

The municipalities may levy taxes, fees and charges as follows:

- a. Tax on business
 - On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule:

Table 110. **Schedule of taxes**

With gross sales or receipts for the calendar year in the amount of:	Amount
Less than PHP10,000	PHP165
PHP10,000 or more but less than PHP15,000	220
PHP15,000 or more but less than PHP20,000	302
PHP20,000 or more but less than PHP30,000	440
PHP30,000 or more but less than PHP40,000	660
PHP40,000 or more but less than PHP50,000	825
PHP50,000 or more but less than PHP75,000	1,320
PHP75,000 or more but less than PHP100,000	1,650
PHP100,000 or more but less than PHP150,000	2,200
PHP150,000 or more but less than PHP200,000	2,750

With gross sales or receipts for the calendar year in the amount of:	Amount
PHP200,000 or more but less than PHP300,000	3,850
PHP300,000 or more but less than PHP500,000	5,500
PHP500,000 or more but less than PHP750,000	8,000
PHP750,000 or more but less than PHP1,000,000	10,000
PHP1,000,000 or more but less than PHP2,000,000	13,750
PHP2,000,000 or more but less than PHP3,000,000	16,500
PHP3,000,000 or more but less than PHP4,000,000	19,800
PHP4,000,000 or more but less than PHP5,000,000	23,100
PHP5,000,000 or more but less than PHP6,000,000	24,375
PHP6,500,000 or more	At a rate not exceeding thirty seven and a half percent (37 ½%) of one percent (1%)

- On wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature in accordance with the following schedule:

Table 111. Tax on business on wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature

With gross sales or receipts for the preceding calendar year in the amount of:	Amount
Less than PHP1,000	PHP18
PHP1,000 or more but less than PHP2,000	33
PHP2,000 or more but less than PHP3,000	50
PHP3,000 or more but less than PHP4,000	72
PHP4,000 or more but less than PHP5,000	100
PHP5,000 or more but less than PHP6,000	121
PHP6,000 or more but less than PHP7,000	143
PHP7,000 or more but less than PHP8,000	165
PHP8,000 or more but less than PHP9,000	187
PHP9,000 or more but less than PHP10,000	220
PHP10,000 or more but less than PHP15,000	275
PHP15,000 or more but less than PHP20,000	330
PHP20,000 or more but less than PHP30,000	440
PHP30,000 or more but less than PHP40,000	660
PHP40,000 or more but less than PHP50,000	990
PHP50,000 or more but less than PHP75,000	1,320
PHP75,000 or more but less than PHP100,000	1,870
PHP100,000 or more but less than PHP200,000	2,420
PHP200,000 or more but less than PHP300,000	3,300
PHP300,000 or more but less than PHP500,000	4,400
PHP500,000 or more but less than PHP750,000	6,600
PHP750,000 or more but less than PHP1,000,000	8,800
PHP1,000,000 or more but less than PHP2,000,000	10,000
PHP2,000,000 or more	At a rate not exceeding fifty percent (50%) of one percent (1%)

- On exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder at a rate not exceeding one half (1/2) of the rates prescribed under subsections (a), (b) and (d) of this Section:

- i. Rice and corn
 - ii. Wheat or cassava flour, meat, dairy products, locally manufactured, processed or preserved food, sugar, salt and other agricultural, marine, and fresh water products, whether in their original state or not
 - iii. Cooking oil and cooking gas
 - iv. Laundry soap, detergents, and medicine
 - v. Agricultural implements, equipment and post-harvest facilities, fertilizers, pesticides, insecticides, herbicides and other farm inputs
 - vi. Poultry feeds and other animal feeds
 - vii. School supplies
 - viii. Cement
- On retailers,

Table 112. Tax on business on exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities

With gross sales or receipts of the preceding calendar year of:	Amount
PHP400,000 or less	2%
More than PHP400,000	1%

- On contractors and other independent contractors, in accordance with the following schedule:

Table 113. Tax on business on contractors and other independent contractors

With gross sales or receipts for the preceding calendar year in the amount of:	Amount
Less than PHP5,000	PHP27.50
PHP5,000 or more but less than PHP10,000	61.60
PHP10,000 or more but less than PHP15,000	104.50
PHP15,000 or more but less than PHP20,000	165.00
PHP20,000 or more but less than PHP30,000	275.00
PHP30,000 or more but less than PHP40,000	385.00
PHP40,000 or more but less than PHP50,000	550.00
PHP50,000 or more but less than PHP75,000	880.00
PHP75,000 or more but less than PHP100,000	1,320.00
PHP100,000 or more but less than PHP150,000	1,980.00
PHP150,000 or more but less than PHP200,000	2,640.00
PHP200,000 or more but less than PHP250,000	3,630.00
PHP250,000 or more but less than PHP300,000	4,620.00
PHP300,000 or more but less than PHP400,000	6,160.00
PHP400,000 or more but less than PHP500,000	8,250.00
PHP500,000 or more but less than PHP750,000	9,250.00
PHP750,000 or more but less than PHP1,000,000	10,250.00
PHP1,000,000 or more but less than PHP2,000,000	11,500.00
PHP2,000,000 or more	At a rate not exceeding fifty percent (50%) of one percent (1%)

Except for the Natural Wealth Utilization and Development Tax and barter trade tax, all of the taxes above are not to be construed as alternative taxes in lieu of the provisions of the National Internal Revenue Code but rather additional taxes to be paid if the circumstances apply to the businesses in the Autonomous Region.

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Legal references

Laws

1	1987 Philippine Constitution	
2	RA 10021	Exchange Of Information On Tax Matters Act Of 2009
3	RA 387	Petroleum Act Of 1949
4	RA 5455	An Act To Require That The Making Of Investments And The Doing Of Business Within The Philippines By Foreigners Or Business Organizations Owned In Whole Or In Part By Foreigners Should Contribute To The Sound And Balanced Development Of The National Economy On A Self-Sustaining Basis, And For Other Purposes
5	RA 6173	Oil Industry Commission Act
6	RA 7076	People's Small-Scale Mining Act Of 1991
7	RA 7160	Local Government Code Of 1991
8	RA 7638	Department Of Energy Act Of 1992
9	RA 7729	An Act Reducing The Excise Tax Rates On Metallic And Non-Metallic Minerals And Quarry Resources, Amending For The Purpose Section 151(A) Of The National Internal Revenue Code, As Amended
10	RA 7918	An Act Amending Article 39, Title III Of Executive Order No. 226, Otherwise Known As The Omnibus Investments Code Of 1987, As Amended, And For Other Purposes
11	RA 7942	Philippine Mining Act Of 1995
12	RA 8371	The Indigenous Peoples' Rights Act Of 1997
13	RA 8424	Tax Reform Act of 1997

Executive Orders

14	EO 147	Creating The Philippine Extractive Industries Transparency Initiative
15	EO 192	Providing For The Reorganization Of The Department Of Environment, Energy And Natural Resources, Renaming It As The Department Of Environment And Natural Resources, And For Other Purposes
16	EO 226	Omnibus Investments Code
17	EO 270-A	Amending Executive Order No. 270 Entitled "National Policy Agenda On Revitalizing Mining In The Philippines"
18	EO 292	Instituting The Administrative Code Of 1987
19	EO 323	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

20	EO 513	Reorganizing The Philippine Ports Authority
21	EO 689	Transferring The Philippine Mining Development Corporation From The Office Of The President To The Department Of Environment And Natural Resources
22	EO 79	Institutionalizing And Implementing Reforms In The Philippine Mining Sector Providing Policies And Guidelines To Ensure Environmental Protection And Responsible Mining In The Utilization Of Mineral Resources

Presidential Decrees

23	PD 1174	Amending Presidential Decree Number Nine Hundred Seventy Two, Otherwise Known As The "Coal Development Act Of 1976"
24	PD 1177	Revising The Budget Process In Order To Institutionalize The Budgetary Innovations Of The New Society
25	PD 1234	Instituting A Procedure For The Management Of Special And Fiduciary Funds Earmarked Or Administered By Departments, Bureaus, Offices And Agencies Of The National Government, Including Government-Owned Or Controlled Corporations
26	PD 1459	Authorizing The Secretary Of Energy To Enter Into And Conclude Service Contracts, Or Re-Negotiate And Modify Existing Contracts Subject To Certain Limitations
27	PD 1464	A Decree to Consolidate and Codify all the Tariff and Customs Laws of the Philippines
28	PD 1586	Establishing An Environmental Impact Statement System Including Other Environmental Management Related Measures And For Other Purposes
29	PD 1857	An Act Granting New Incentives To Petroleum Service Contractors, And For This Purpose Amending Certain Sections Of Presidential Decree Numbered Eighty-Seven, As Amended, Otherwise Known As "The Oil Exploration And Development Act Of 1972"
30	PD 334	Creating The Philippine National Oil Company, Defining Its Powers And Functions, Providing Funds Therefor, And For Other Purposes
31	PD 87	The Oil Exploration And Development Act Of 1972
32	PD 910	An Act Creating An Energy Development Board, Defining Its Powers And Functions, Providing Funds, Therefor, And For Other Purposes
33	PD 972	Promulgating an Act to Promote an Accelerated Exploration, Development, Production, and Utilization of Coal

Proclamations

34	PROC. NO. 2146	Proclaiming Certain Areas And Types Of Projects As Environmentally Critical And Within The Scope Of The Environmental Impact Statement System Established Under Presidential Decree No. 1586
35	PROC. NO. 297	Excluding A Certain Area From The Operation Of Proclamation No. 369 Dated February 27, 1931, And Declaring The Same As Mineral Reservation And As Environmentally Critical Area

Administrative Issuances

36	COA CIRCULAR NO. 2001-005	New Government Accounting System
37	DBM MEMORANDUM NO. 121	Guidelines For The Implementation' And Monitoring Of Fy 2013 And Fy 2014 Grassroots Participatory Budgeting Projects
38	DBM-DILG-DSWD-NAPC JMC NO. 1	Policy Guidelines And Procedures In The Implementation Of Bottom-Up Planning And Budgeting For The Fy 2013 Budget Preparation
39	DBM-DILG-DSWD-NAPC JMC NO. 4	Policy Guidelines And Procedures In The Implementation Of The Grassroots Participatory Budgeting Process (Formerly Called Bottom-Up Budgeting) For The Fy 2015 Budget Preparation
40	DENR AO 2003-30	Implementing Rules And Regulations (IRR) For The Philippine Environmental Impact Statement (EIS) System
41	DENR AO NO. 2010-21	Providing For A Consolidated Department Of Environment And Natural Resources Administrative Order For The Implementing Rules And Regulations Of Republic Act No. 7942, Otherwise Known As The "Philippine Mining Act Of 1995"
42	DENR AO NO. 2012-07	Rules And Regulations To Implement Executive Order No. 79 Dated 06 July 2012 Entitled: Institutionalizing And Implementing Reforms In The Philippine Mining Sector Providing Policies And Guidelines To Ensure Environmental Protection And Responsible Mining In The Utilization Of Mineral Resources
43	DILG MC NO. 2010-83	Full Disclosure Of Local Budget And Finances, And Bids And Public Offerings
44	DILG MC NO. 2011-134	Amending DILG Memorandum Circular No. 2010-83, Series, 2010, Titled Full Disclosure Of Local Budget And Finances, And Bids And Public Offerings, As Amended
45	DOE DC 2007-04-0003	Prescribing The Guidelines And Procedures For The Transfer Of Rights And Obligations In Petroleum Service Contracts Under Presidential Decree No. 87, As Amended
46	DOE DC 2014-02-0005	Reiterating A Transparent And Competitive System Of Awarding Service And Operating Contracts For Petroleum And Coal Prospective Areas, Repealing For This Purpose Dc 2011-12-0010 And Dc 2012-02-003
47	DOE-DILG CIRCULAR NO. 98-01	Guidelines And Procedures On The Utilization Of The Share Of National Wealth Taxes, Fees, Royalties And Charges Derived From Energy Resources
48	DOF-DBM-DILG-DENR JOINT CIRCULAR NO. 2009-1	Updated Guidelines And Procedures On The Release Of The Share Of Local Government Units From The Collections Derived By The National Government From Mining Taxes
49	DOF-DBM-DILG-DENR JOINT CIRCULAR NO. 2010-1	Revised Guidelines And Procedures On The Release Of Share Of Local Government Units Derived By The National Government From Royalty Income Collected From Mineral Reservations
50	NCIP AO 3-2012	The Revised Guidelines On The Exercise Of Free And Prior Informed Consent (FPIC) And Related Processes

Abbreviations

AAcR	Annual Accomplishment Report	CLRF	Contingent Liability and Rehabilitation Fund
AD	Ancestral Domain	CO	Certificate of Origin
ADO	Ancestral Domain Office	COA	Commission on Audit
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan	COC	Coal Operating Contracts
AEPEP	Annual Environmental Protection and Enhancement Program	COR	Certificates of Registration
AO	Administrative Order	CP	Certification Precondition
ARMM	Autonomous Region in Muslim Mindanao	CRDP	Community Royalty Development Plan
AUP	Agreed Upon Procedures	CRO	Community Relations Office
BFAD	Bureau of Food and Drugs	CSO	Civil Society Organization
BIR	Bureau of Internal Revenue	CSR	Corporate Social Responsibility
BL	Bill of Lading	DAO	DENR Administrative Order
BLGF	Bureau of Local Government Finance	DBM	Department of Budget and Management
BOC	Bureau of Customs	DC	Department Circular
BOI	Board of Investments	DENR	Department of the Environment and Natural Resources
BSP	Bangko Sentral ng Pilipinas	DILG	Department of the Interior and Local Government
BTr	Bureau of Treasury	DMPF	Declaration of Mining Project Feasibility
CA	Co-Production Agreement	DOE	Department of Energy
CADT	Certificate of Ancestral Domain Title	DOF	Department of Finance
CALT	Certificates of Ancestral Land Titles	DOTC	Department of Transportation and Communications
CAR	Cordillera Autonomous Region	DP	Decommissioning Plan
CDP	Community Development Program	DST	Documentary Stamp Tax
CHO	Cargo Handling Operator	E2M	Electronic-to-Mobile
		ECA	Environmentally Critical Areas

ECC	Environmental Compliance Certificate	FY	Fiscal Year
ECP	Environmentally Critical Projects	GMIAB	Gold Mining Industry Assistance Board
EEZ	Exclusive Economic Zone	GOCC	Government Owned and Controlled Corporation
EFPS	Electronic Filing and Payment System	IAET	Improperly Accumulated Earnings Tax
EIS	Environmental Impact Statement	ICC	Indigenous Cultural Community
EITI	Extractive Industries Transparency Initiative	IP	Indigenous People
ELISA	Extractive/Intrusive Large Scale Activities	IPO	Indigenous People's Organization
ELTAD	Excise Large Taxpayer Audit Division	IPRA	Indigenous Peoples Rights Act
EMB	Environmental Management Bureau	IRA	Internal Revenue Allotment
ENRO	Environment and Natural Resources Office	IRR	Implementing Rules and Regulations
EO	Executive Order	ITH	Income Tax Holiday
EP	Exploration Permit	ITS	Integrated Tax System
EPEP	Environmental Protection and Enhancement Program	JVA	Joint Venture Agreement
ERDB	Energy Resource Development Bureau	LBDES	Limited Bank Data and Entry System
eSRE	Electronic Statement of Receipts and Expenditures	LBP	Land Bank of the Philippines
FAN	Final Assessment Notice	LGC	Local Government Code
FBI	Field Based Investigation	LGU	Local Government Unit
FLD	Formal Letter of Demand	LOA	Letter of Authority
FMR	Final Mine Rehabilitation	LTD	Large Taxpayers Division
FMR/DP	Final Mine Rehabilitation and/or Decommissioning Plan	LTDPQAD	Large Taxpayer - Document Processing and Quality Assurance Division
FMRDF	Final Mine Rehabilitation and Decommissioning Fund	LT-PMPD	Large Taxpayers Performance Monitoring and Programs Division
FPIA	Filipino Participation Incentive Allowance	MA	Mineral Agreement
FPIC	Free and Prior Informed Consent	MGB	Mines and Geosciences Bureau
FTAA	Financial or Technical Assistance Agreement	MMTF	Mine Monitoring Trust Fund
		MMT	Multipartite Monitoring Team
		MOA	Memorandum of Agreement
		MOEP	Mineral Ore Export Permit
		MP	Mining Permits

MPSA	Mineral Production Sharing Agreement	PMO (DOF)	Privatization Management Office (DOF)
MRDB	Mineral Resources Development Board	PNOC	Philippine National Oil Corporation
MRF	Mine Rehabilitation Fund	PNOC-EC	PNOC Exploration Corporation
MRFC	Mine Rehabilitation Fund Committee	PNOC-EDC	Philippine National Oil Corporation - Energy Development Corporation
MSID	Management Information & Services Department	PO	People's Organization
MTF	Mining Trust Fund	PPA	Philippine Ports Authority
MWT	Mine Waste and Tailings	PTO	Permits to Operate
NCIP	National Commission on Indigenous Peoples	RA	Republic Act
NCR	National Capital Region	RAD	Revenue Accounting Division
NDC	National Development Corporation	RCF	Rehabilitation Cash Fund
NESSA	Non-Extractive Small Scale Activities	RDO	Revenue District Offices
NGO	Non-Government Organization	REC	Review Evaluation Committee
NIRC	National Internal Revenue Code	RIATs	Regional Investigation and Assessment Teams
NRDC	Natural Resources Development Corporation	RPT	Real Property Tax
NRFC	Non-Resident Foreign Corporations	RPTAR	Real Property Tax Assessment Record
NRMDC	Natural Resources Mining Development Corporation	RR	Revenue Regulation
OTP	Ore Transfer Permit	SC	Service Contract
P/CMRB	Provincial/City Mining and Regulatory Board	SDMP	Social Development and Management Program
PAN	Preliminary Assessment Notice	SEC	Securities and Exchange Commission
PD	Presidential Decree	SEF	Special Education Fund
PDEA	Philippine Drug Enforcement Agency	SOE	State-Owned Enterprises
PDO	Port District Office	SPEX	Shell Philippines Exploration B.V.
PECR	Philippine Energy Contracting Round	TOP	Treasurer of the Philippines
PIN	Property Item Number	TWG	Technical Working Group
PMDC	Philippine Mining Development Corporation	VASP	Value Added Service Provider
PMO (PPA)	Port Management Office (PPA)	VAT	Value Added Tax
		WFP	Work and Financial Plan

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