

**Annex i:**  
**Executive Order 147**

MALACAÑAN PALACE  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 147



**CREATING THE PHILIPPINE EXTRACTIVE INDUSTRIES TRANSPARENCY  
INITIATIVE**

**WHEREAS**, Section 28, Article II of the Philippine Constitution states that subject to reasonable conditions prescribed by law, the State shall adopt and implement a policy of full public disclosure of all its transactions involving public interest;

**WHEREAS**, Section 2 of Republic Act No. 7942, or the "Philippine Mining Act of 1995," provides that it shall be the responsibility of the State to promote the rational exploration, development, utilization, and conservation of the country's mineral resources 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 protects the rights of affected communities;

**WHEREAS**, pursuant to Section 14 of the Executive Order (EO) No. 79 (s. 2012), the Philippine government commits to participate in the Extractive Industries Transparency Initiative (EITI) that sets international standards for transparency and accountability in the extractive industries and in government;

**WHEREAS**, the Philippine government is committed to ensure greater transparency and accountability in the extractive industries, specifically in the way the government collects, and companies pay taxes from extractive industries;

**WHEREAS**, the EITI requires the creation of a body that will perform all the necessary functions and complete all the requirements of the EITI process to be a "compliant country"; and

**WHEREAS**, the duty of the President under Section 17, Article VII of the Constitution includes the faithful execution of fundamental laws on public accountability and transparency.

**NOW, THEREFORE, I, BENIGNO S. AQUINO III**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Instituting the Philippine Extractive Industries Transparency Initiative.** The Philippine Extractive Industries Transparency Initiative (hereinafter referred to as PH-EITI) is hereby instituted.

**SECTION 2. Creation and Composition of the PH-EITI! Multi-stakeholder Group.** In accordance with the EITI International Guidelines, the PH-EITI shall be



implemented and operationalized through a multi-stakeholder group (MSG) and decision making body (hereinafter referred to as PH-EITI-MSG). It shall be headed by the Secretary of the DOF as the Chairperson who will be responsible for convening the group. It shall specifically consist of the following members:

- a. Five (5) Government Representatives chosen by the Mining Industry Coordinating Council (MICC), created pursuant to Section 9 of EO No. 79, which will include senior officials, duly deputized to represent their respective Secretaries; *provided that*, local government units shall be represented by the Union of Local Authorities of the Philippines;
- b. Five (5) Business Group Representatives; and
- c. Five (5) Civil Society Organizations (CSOs) Representatives.

The Business Group and the CSOs shall each designate five (5) full and five (5) alternate representatives to the PH-EITI-MSG. Each organization, upon the decision of its members and through its own independent processes and governance mechanisms, can at any time replace their representatives in the PH-EITI-MSG; *provided that* such replacement shall only serve for the unexpired term of the representative replaced. Permanent and alternate members shall attend and participate in the PH-EITI-MSG meetings.

**SECTION 3. Terms of the Members of PH-EITI MSG and Meetings.** All members of the PH-EITI-MSG shall serve for a term of three (3) years. Representatives may be re-appointed subject to the independent processes and governance mechanisms of their respective organizations. It shall be the responsibility of each sector to ensure the continuity of representation and institutional memory within the PH-EITI-MSG.

The PH-EITI-MSG shall meet quarterly or as often as it may deem necessary. The quorum for such meetings shall require the presence of at least three (3) representatives each from the Government, the Business Group and the CSOs. The MSG shall make decisions by consensus.

**SECTION 4. Mandates of the PH-EITI-MSG.** The PH-EITI-MSG shall have the following mandates:

- a. Ensure sustained political commitment for the initiative and mobilize resources to sustain its activities and goals;
- b. Set the strategic direction required for effectively implementing the initiative in the Philippines;
- c. Assess and seek the removal of barriers to its implementation;



- d. Set the scope of the EITI process; and
- e. Ensure that the initiative is effectively integrated in the reform process outlined under EO No. 79 and any other related government reform agenda.

**SECTION 5. Powers and Functions of the PH-EITI MSG.** The PH-EITI-MSG shall have the following powers and functions:

- a. Ensure the commitment of the different stakeholders to the implementation of EITI;
- b. Define the strategic direction and scope of EITI in the Philippines;
- c. Craft, publish, review, and update a fully costed Country Work Plan in consultation with key PH-EITI stakeholders and oversee the implementation of the same;
- d. Produce all regular reports with contextual information about the extractive industries as may be required by PH-EITI implementation;
- e. Establish a mechanism for the EITI reconciliation process;
- f. Select and appoint an independent administrator/auditor to reconcile the government and industry reports;
- g. Direct and supervise the PH-EITI Secretariat in its various activities and establish its internal rules of procedure;
- h. Through its various members, conduct outreach to, and capability-building of, various sectors in support of the PH-EITI implementation at national and sub-national levels and communicate and build awareness about EITI and the progress of its implementation in the Philippines; and
- i. Perform such other functions as may be germane to the purpose for which it was created and consistent with this Order and the EITI Principles.

**SECTION 6. PH-EITI Secretariat.** The PH-EITI shall be assisted by a PH-EITI Secretariat whose composition shall be determined by the Secretary of Finance, in consultation with the PH-EITI-MSG. It shall hold office in the DOF, or such other government or private facilities as may be determined by the PH-EITI-MSG.

The PH-EITI Secretariat shall be composed of administrative and technical personnel as the PH-EITI-MSG may deem necessary to assist the PH-EITI-MSG in efficiently and effectively carrying out its powers and functions. The creation of additional *plantilla* positions and hiring of additional personnel to carry out the functions enumerated herein shall be authorized in coordination with, and subject to the approval



of the Department of Budget and Management (DBM).

**SECTION 7. Engagement of Consultants.** The PH-EITI shall have the authority to engage the services of consultants or advisers as it may deem necessary to accomplish its objectives.

**SECTION 8. Creation of the PH-EITI Technical Working Group and Assistance to PH-EITI.** PH-EITI may create Technical Working Groups composed of departments, bureaus, offices, agencies or instrumentalities of the Government, including government-owned and controlled corporations, and representatives of the business sector and CSOs. All such agencies, offices, and representatives are hereby directed to extend such assistance and cooperation as the PH-EITI may need in the exercise of its powers, execution of its functions, and discharge of its duties and responsibilities.

**SECTION 9. Funding.** Upon the effectivity of this Order, the amount necessary to carry out its implementation shall be charged against the budget of the DOF. Thereafter, appropriations for the PH-EITI implementation shall be included in the budget of the DOF.



The PH-EITI shall have the authority to receive, disburse, and manage financial aid or grants from foreign and domestic entities to be utilized for the implementation of its objectives subject to the usual accounting and auditing rules and regulations.

**SECTION 10. Separability.** If any provision of this Order is declared invalid or unconstitutional, the other provisions unaffected shall remain valid and subsisting.

**SECTION 11. Repealing Clause.** All orders, proclamations, rules, regulations, or parts thereof, which are inconsistent with any of the provisions of this Order are hereby repealed or modified accordingly.

**SECTION 12. Effectivity.** This Order shall take effect immediately upon publication in a newspaper of general circulation.

**DONE**, in the City of Manila, this 26<sup>th</sup> day of November, in the year of our Lord, Two Thousand and Thirteen.

By the President:

  
**PAQUITO N. OCHOA, JR.**  
Executive Secretary



**Annex ii:**  
**List of MSG Members**

## Government Sector:

Name	Position	Organization
<b>Full Members</b>		
Jeremias N. Paul	Undersecretary	Department of Finance - Domestic Finance Group and Legislative Group
Ma. Teresa S. Habitan	Assistant Secretary	Department of Finance - Fiscal, Policy and Planning Office
Austere A. Panadero	Undersecretary	Department of Interior and Local Government
Zenaida Y. Monsada	Undersecretary	Department of Energy
Engr. Leo J. Jasareno	Director	Department of Environment and Natural Resources - Mines and Geosciences Bureau
Gov. Alfonso Umali Jr.	President	Union of Local Authorities of the Philippines
<b>Alternate Members</b>		
Anna Liza F. Bonagua	OIC, Director	Department of Interior and Local Government-Bureau of Local Government Development
Nenito Jariel Jr.	Supervising Research Specialist	Department of Energy
Engr. Romualdo D. Aguilos	OIC, Chief	Mines and Geosciences Bureau - Mineral Economics, Information and Publication
Michael Joseph U. Juan	Consultant	Union of Local Authorities of the Philippines

## Business Sector:

Name	Position	Organization
<b>Full Members</b>		
Engr. Artemio F. Disini	Chairman	Chamber of Mines of the Philippines
Gerard Brimo	Board of Directors/President	Chamber of Mines of the Philippines/ Nickel Asia Corporation
Sebastian C. Quiniones, Jr.	General Manager/Managing Director/Vice President	Shell Philippines Exploration BV/ Petroleum Association of the Philippines
Francisco J. Arañes Jr.	Resident Manager	CAMBAYAS Mining Corporation
Adrian Ramos	Vice President and Director	Atlas Consolidated Mining and Development Corp.

Name	Position	Organization
<b>Alternate Members</b>		
<b>Nelia C. Halcon</b>	Executive Vice President	Chamber of Mines of the Philippines
<b>Emmanuel L. Samson</b>	Senior Vice President- Chief Financial Officer	Nickel Asia Corporation/Chamber of Mines of the Philippines
<b>Sabino Santos</b>	President/ Asset Manager	Chevron Malampaya LLC/ Petroleum Association of the Philippines
<b>James Ong</b>	President	Ore Asia Mining and Development Corporation
<b>Renato N. Migriño</b>	Chief Financial Officer & Senior Vice President for Finance	PHILEX Mining Corporation/ Chamber of Mines of the Philippines

### Civil Society Organizations:

Name	Position	Organization
<b>Full Members</b>		
<b>Dr. Cielo D. Magno</b>	National Coordinator	Bantay Kita
<b>Prof. Jay L. Batongbacal</b>	Professor	University of the Philippines, College of Law
<b>Prof. Maria Aurora Teresita W. Tabada</b>	Director/Associate Professor	Visayas State University - Institute for Strategic Research & Development Studies (ISRDS)
<b>Ronald Allan A. Barnacha</b>	Chair Trustee	Philippine Rural Reconstruction Movement (PRRM)-Nueva Viscaya
<b>Roldan R. Gonzales</b>	Executive Director	GITIB, INC.
<b>Alternate Members</b>		
<b>Filomeno Sta. Ana III</b>	Coordinator/President	Action for Economic Reforms (AER)/Bantay Kita
<b>Vince Lazatin</b>	Vice President /Executive Director	Bantay Kita/Transparency & Accountability Network (TAN)
<b>Dr. Merian C. Mani</b>	Member/Research Coordinator	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
<b>Starjoan Villanueva</b>	Executive Director	Alternate Forum for Research in Mindanao, (AFRIM) Inc.



**Annex iii:**

**List of TWG Members**

## Government Sector:

Name	Position	Organization
<b>Full Members</b>		
Jeremias N. Paul	Undersecretary	Department of Finance - Domestic Finance Group and Legislative Group
Ma. Teresa S. Habitan	Assistant Secretary	Department of Finance - Fiscal, Policy and Planning Office
Zenaida Y. Monsada	Undersecretary	Department of Energy
Manuel Q. Gotis	Director	Department of Interior and Local Government- Bureau of Local Government Supervision
Engr. Leo J. Jasareno	Director	Department of Environment and Natural Resources - Mines and Geosciences Bureau
Marcia Czarina Corazon Medina	Executive Director	Union of Local Authorities of the Philippines
Nestor Valeroso	Assistant Commissioner	Bureau of Internal Revenue
Emmanuel F. Esguerra	Deputy Director-General	National Economic and Development Authority
Atty. Agaton Teodoro Uvero	Deputy Commissioner for Assessment	Bureau of Customs
Carmencita N. Delantar	Director IV	Department of Budget and Management
Pamela P. Quizon	Chief	Revenue Division - Bureau of Local Government Finance
<b>Alternate Members</b>		
Trinidad A. Rodriguez	Executive Director	Department of Finance
Nenito Jariel Jr.	Supervising Research Specialist	Department of Energy
Anna Liza F. Bonagua	OIC, Director	Department of Interior and Local Government-Bureau of Local Government Development
Engr. Romualdo D. Aguilos	OIC, Chief	Mines and Geosciences Bureau - Mineral Economics, Information and Publication
Genixon David	Program Officer	Union of Local Authorities of the Philippines
Sarah Mopia	Division Chief	Bureau of Internal Revenue
Amelia A. Menardo	OIC, Assistant Director	National Economic and Development Authority- Trade, Services and Industry Staff
Angelo N. Sumabat	Chief of Staff	Bureau of Customs
Melcy Baluyan	Acting Chief	Bureau of Local Government Finance - Plans and Program Development Division

## Business Sector:

Name	Position	Organization
<b>Full Members</b>		
Angel Villamor	Asst. Vice President- Internal Audit	Nickel Asia Corporation/ Chamber of Mines of the Philippines
Dr. Benjamin S. Austria	Executive Director	Petroleum Association of the Philippines
Elenette C. Pingul	Controller	Shell Philippines Exploration BV - Finance Department/ Petroleum Association of the Philippines
<b>Alternate Members</b>		
Sylvia Delos Santos	Finance Manager	Philex Mining Corporation / Chamber of Mines of the Philippines
Ronald Recidoro	Vice President- Legal and Policy	Chamber of Mines of the Philippines
Erwin R. Riñon	Staff member	Shell Philippines Exploration BV - Finance Department/ Petroleum Association of the Philippines

## Civil Society Organizations:

Name	Position	Organization
<b>Full Members</b>		
Dr. Cielo D. Magno	National Coordinator	Bantay Kita
Filomeno Sta. Ana III	Coordinator/President	Action for Economic Reforms (AER)/Bantay Kita

**Annex iv:**  
**Members of the Secretariat**

**PH-EITI Secretariat:**

**Atty. Marie Gay Alessandra V. Ordenes**

National Coordinator

**Maria Meliza T. Tuba**

Program Officer

**Abigail D. Ocate**

Technical Writer

**Mary Ann Dizon Rodolfo**

Grants and Contracts Specialist

**Liesel Empio**

Office Administrator

**Mary Grace Estacio**

Technical Assistant

**Annex v:  
Profile of the Chamber of  
Mines of the Philippines,  
Petroleum Association of  
the Philippines and Bantay  
Kita**

## Chamber of Mines of the Philippines

The Chamber of Mines of the Philippines is the main mining industry group of the Philippines' exploration, mining, and mineral processing industry. Together with its service industries and professional associations, the Chamber represents the minerals industry nationally and internationally in enhancing its contribution to society and in realizing sustainable development.

The members, comprising mostly of large-scale metallic mines producing gold, copper, nickel, chromite, iron, manganese and industrial minerals account for more than 60 percent of the country's annual mineral production.

Being the leading advocate on issues connected with responsible mining, environmental management and national as well as local community development, it promotes and develops policy interventions and perspectives for:

- a national vision for industrial development through an enabling investment environment conducive to business;
- a fair and stable fiscal and incentives regime that encourages expansion and new industries and enhances competitiveness;
- an efficient and seamless processes of doing mining business;
- skilled, productive and capacitated workforce;
- efficient infrastructure and logistical needs;
- transparency and accountability in mining business that supports the Extractive Industries Transparency Initiative (EITI);
- access to markets, raw material inputs, land, water, energy and state of the art technologies;
- mutually beneficial relationships with IPs and IP communities;
- active stakeholder engagements with government and civil society;
- corporate social responsibility in developing the industry; and
- climate change adaptation and management.

Recognizing that the country's long-term economic growth and development depends on its vast resources and a sustainable natural environment, the Chamber of Mines endeavors to continue with its role as a partner of government in pursuing prosperity for all.

## **Petroleum Association of the Philippines**

The **Petroleum Association of the Philippines** is the voice of the Upstream Petroleum Industry in the Philippines. Companies engaged in exploration, development and production of petroleum (oil and natural gas) in the Philippines comprise its membership.

Since its establishment over forty years ago, the members of the Association meets periodically for industry updates and discussion of various issues affecting the upstream petroleum industry in the Philippines. Its dialogues with government agencies, particularly the Philippine Department of Energy (DOE), assist government in the formulation of policies and programs to promote the development of indigenous petroleum resources. In 1990, it joined Petro-Canada International Assistance Corporation in assisting the Office of Energy Affairs (OEA), now the DOE, construct the petroleum data management center of the OEA. The Window of Opportunity for Philippine Exploration program was launched by the Philippine Department of Energy and the Association in 2000. The following year, it worked with the DOE and other members of the Philippine Energy Sector in preparing a Philippine booth for the World Energy Congress held in Buenos Aires, Argentina. In 2009, the Association worked with the DOE and other government agencies to facilitate exploration drilling in a remote location in the Sulu Sea. Since 2011, the Association has been working with the DOE and other government agencies for the effective implementation of Executive Order No. 60 which aims to facilitate petroleum exploration and development in the Philippines.

These are some of the activities the Petroleum Association of the Philippines that illustrate how the Association pursues its main objectives, among which are:

1. To promote and advance in general the interest of the Philippine Petroleum Industry in all its phases from Exploration, Drilling and Production; to encourage foreign investments in the Philippines, farm-outs and farmin-contracts or creation of consortiums in accord with the policies of the government; to assist government in creating a hospitable environment for such local and foreign investments from fiscal policies to implementation of government policies in the national and local level; and to do all things necessary and proper for the benefit of the Industry and the members of the Association;
2. To create and promote means of cooperation with the government in all matters relative to the industry; and to create, foster and promote a spirit of cooperation amongst the members in the industry;
3. To research and compile, directly or through third parties, all necessary data on oil exploration, drilling and production, in the Philippines and abroad; to submit



information and data to the members and to government as may be required specially on issues confronting the industry so as to enhance the industry;

4. To obtain for the benefit of its members all reports and data from the government applicable to the petroleum industry and to assist such government bureaus or offices in the compilation of all such relevant data; and to disseminate information which it deems proper and relevant with reference to the petroleum industry.

### **Board of Directors**

Eduardo F. Hernandez, Chairman`	Cosco Capital
Anthony Ferrer, Vice Chairman	Nido Petroleum Philippines Pty. Ltd.
Francisco Navarro	Anglo-Philippines Holdings Corp.
Oscar de Venecia, Jr,	Basic Energy Corporation
Sabino Santos	Chevron Malampaya LLC
Daniel Carlos	Forum Energy Phils. Corp.
James Hogan	Galoc Production Company
Rufino Bomasang	Otto Energy Philippines, Inc.
Francisco Delfin, Jr.	PetroEnergy Resources Corp.
Carlo Pablo	Philex Petroleum Corp.
Arturo Morado	Pitkin Petroleum Plc.
Pedro Aquino, Jr	PNOC-EC
Sebastian Quiniones,Jr	Shell Philippines Exploration B.V.
Louis Heussaff	Supply Oilfield Services, Inc.
Alfredo Ramos	The Philodrill Corp.

### **Officers**

Chairman	Eduardo F. Hernandez
Vice Chairman	Anthony Ferrer
President	Sebastian Quiniones, Jr
Vice President	Francisco Navarro
Treasurer	Pedro Aquino, Jr
Executive Director	Benjamin Austria
Senior Advisers	Alfredo Ramos, Chairman
	Oscar de Venecia, Sr
	Antonio V. del Rosario, Sr.
	Francisco L. Viray

**Committees**

Technical  
Legal  
Membership  
Foreign & Public Relations  
Socials/Fellowship  
Budget/Finance

**Chairpersons**

Francisco Navarro  
Kiril Caral  
Francisco Delfin, Jr  
Louis Heussaff  
Arturo Morado  
Sabino Santos

Representative to the Philippines Extractive Industries Transparency Initiative

Multi-Stakeholder Group

Sebastian Quiniones

Sabino Santos (Alternate)

Technical Working Group

Benjamin Austria

Elenette Pingul (Alternate)

Office - 11th Floor, Phinma Plaza  
39 Plaza Drive, Rockwell Center  
Makati City, Metro Manila  
Philippines

Tel. – (632) 870 0253

Fax – (632) 870 0448

## **Bantay Kita**

Bantay Kita is a coalition of organizations pushing for transparency and accountability in the extractive industry. It was established in 2009 by non-government organizations working on issues related to governance, economic development, environment, human rights, and indigenous peoples. The organization is affiliated with the Publish What You Pay (PWYP) coalition.

Bantay Kita was formed to provide operational expression by which a transparency advocacy can be advanced. Without duplicating the work of the existing CSOs within its network, Bantay Kita was envisioned to:

1. take the lead in engaging mining companies, national government agencies as well as local government units towards achieving greater transparency and accountability in the mining industry;
2. serve as a mechanism for building the capacities of individual member organizations and contribute to strengthening their various advocacies;
3. actively dialogue with communities, local government units, private companies and the national government to promote transparency and voluntary compliance mechanisms such as EITI; and
4. advocate the removal of fiscal incentives from resource-seeking enterprises such as mining, for the passage of the Alternative Mining Act and/or the inclusion of its transparency provisions in the laws that define regulatory mechanisms, monitoring of the environmental and community development responsibilities of the industry and support for the broad campaign to have an enabling law on the public's right to information are related and inter-linking advocacies.

### **VISION**

Empowered communities that promote sustainable development and good governance of natural resources through transparency and accountability in the extractive industries.

### **MISSION**

To build capacities of civil society organizations to monitor the transparency and accountability initiatives and to engage with the different sectors involved in the extractive industries.

### **OBJECTIVES:**

- Promote transparency and accountability in the extractive industry through a combination of mandatory (legal) and voluntary mechanisms.
- Conduct research and policy studies revenue and transparency issues affecting the extractive industries. Disseminate the outcome of studies through publications, workshops or conferences.

- Build capacities of civil society organizations to monitor the value chain process in the extractive industries (especially the mining sector). Specific concerns include how to obtain and analyze contracts, financial statements, taxes, royalties, or fees paid to local and national governments.
- Strengthen information links between concerned CSOs throughout the country.
- Engage other stakeholders such as the business sector, academe and think-tanks, and the media, and link their initiatives to the broader campaign of peoples' organisations.
- Engage in fiscal policy reforms that will promote social welfare.

**Annex A:  
Agencies Involved in  
Regulating the Extractive  
Industries**

Agency	Mandate	Role	Basis
DENR-MGB	Promulgate rules and regulations pertaining to mineral resources exploration, development, and utilization.	<p>Collect payment of royalty in mineral reservations<sup>1</sup></p> <p>Allocate 10% share of all royalties and revenues derived from the development and utilization of the mineral resources within mineral reservations to special projects and administrative expenses related to the exploration and development of other mineral reservations.</p> <p>Collect annual occupation fees from contractor or permit holder on public or private lands.</p>	<p>Exec. Order No. 192 (1987); Rep. Act No. 7942 (1995); DAO 2010-21</p>
DOE	Supervise and control all government activities relative to energy projects; regulate private sector activities in all energy projects; formulate rules and regulations necessary to implement the law	<p>Collect annual rent on area retained by contractor after exploration period (if petroleum in commercial quantity has been discovered) and during the effectivity of the contract.</p> <p>Devise ways and means of giving direct benefits to the province, city or municipality, especially community and people affected, and equitable and preferential benefit to the region that hosts the energy resource and/or energy-generating facility; <i>provided that</i> other provinces, cities, municipalities or regions shall not be deprived of their energy requirements.</p> <p>Its <i>Compliance Division</i> formulates plans, policies and programs related to compliance by service contractors with their financial obligations under their contracts and ensures effective implementation thereof and compliance with government regulations and standards.</p> <p>Its <i>Petroleum Division</i> formulates fiscal policy recommendations relative to petroleum service contracts, conducts detailed audit of their books of</p>	<p>Rep. Act No. 7638, Sec. 5; Pres. Decree No. 87, Sec. 9(e), (i)</p> <p>DOE website, date accessed June 8, 2014</p>

<sup>1</sup> “Mineral reservations” are areas established and proclaimed as such by the President of the Philippines upon the recommendation of the MGB Director through the DENR Secretary, including all submerged lands within the contiguous zone and Exclusive Economic Zone. [Sec. 5 (bg), DAO 2010-21]

Agency	Mandate	Role	Basis
		<p>accounts, evaluates their compliance with their financial and other contractual obligations, prepares and maintains a database on government shares service contractors revenues, expenditures and performance bonds, remits to the DOE's treasury division all monies due from petroleum service contractors.</p> <p>Its <i>Geothermal and Coal Division</i> formulates and implements policies, plans, programs and regulations relating to exploration, development, exploitation and market development of geothermal and coal resources.</p> <p>Its <i>Special Compliance Concerns Division</i> formulates policy recommendations relative to DOE-administered energy funds, allocates LGU shares on national wealth taxes from service contractors, assists in the interpretation of pertinent government fiscal policies relative to the national wealth taxes, benefits to host communities, and other DOE-administered energy funds, conducts periodic audit of electricity sales of power producers/energy resource developers and expenses from the ER 1-94 fund and other DOE-administered energy funds, prepares and maintains database on national wealth taxes, benefits to host communities and other DOE-administered energy funds, monitors reports submission by the LGUs on receipts and utilization of the national wealth taxes, and coordinates with various DOE entities and concerned government agencies on national wealth taxes, ER 1-94 and other DOE-administered energy funds.</p>	
DOF	Manage the financial resources of the government	<p>Institutionalize and administer fiscal policies in coordination with other government agencies.</p> <p>Generate and manage the financial resources of the government.</p>	Exec. Order No. 292 (1987)

Agency	Mandate	Role	Basis
		<p>Supervise the revenue operations of all LGUs.</p> <p>The DOF Secretary, in consultation with the DBM Secretary: promulgate the necessary rules and regulations for a simplified disbursement scheme for the speedy and effective enforcement of the internal revenue allotment provisions of the Code.</p>	<p>Rep. Act No. 7160 (1991), Section 288</p>
<b>DOF-BIR</b>	<p>Assess and collect all national internal revenue taxes, fees, and charges; enforce all related forfeitures, penalties, and fines, including execution of judgments in cases decided in its favor by the Court of Tax Appeals and ordinary courts.</p>	<p>Obtain information from any person or entity other than the person whose tax liability is subject to audit or investigation, summon any person, examine any data relevant to the inquiry, and take testimony of persons in ascertaining the correctness of any return, or in making a return, or in determining the liability of any person for any internal revenue tax, or in collecting any such liability, or in evaluating tax compliance.</p> <p>Make assessments of correct amount of tax due and prescribe additional requirements for tax administration and enforcement.</p> <p>Conduct inventory of goods to determine tax liability and place business under surveillance if with reason to believe that income, sale, or receipt is not correctly declared for tax purposes.</p> <p>Prepare an annual report containing detailed statement of the collection of the BIR and specifying sources of revenue by type of tax, manner of payment, by revenue region and by industry group and its disbursement by classes of expenditures.</p> <p>Notwithstanding Section 270 of the Code (on confidentiality of tax information), upon request of Congress and in aid of legislation, furnish the appropriate Committee pertinent industry audits, collection performance data, status reports in criminal actions initiated against persons and taxpayer's</p>	<p>National Internal Revenue Code of 1997, Sections 5, 6, 19, 20</p>



Agency	Mandate	Role	Basis
		returns. Provided that, if the return information can be associated with or identify a particular taxpayer, the information shall be furnished only to the Committee when sitting in an executive session, unless taxpayer otherwise consents in writing in such disclosure.	
<b>DOF-BOC</b>	Collect customs duties, taxes, and corresponding fees, charges, and penalties, account for all customs revenues collected, exercise police authority for the enforcement of tariff and customs laws, prevent and suppress smuggling, pilferage and all other economic frauds within all ports of entry, supervise and control exports, imports, foreign mails and clearance of vessels and aircrafts in all ports of entry administering all appropriate legal requirements, prevent and prosecute smuggling and other illegal activities in ports under its jurisdiction, exercise supervision and control over its constituent units.	<p><i>Its Collection Districts</i> are tasked to:</p> <p>Collect duties, taxes, fees, charges, penalties and fines accruing to the Government under the Tariff and Customs Code and related laws.</p> <p>Exercise police powers conferred by the Code which include enforcement of penalties and fines.</p> <p>Examine goods, assess duties, fees, charges, penalties, and fines accruing to the Government under the Code.</p> <p><i>Its Customs Revenue Collection Monitoring Group</i> is tasked to:</p> <p>Maintain an updated accounting of all Customs revenues collected;</p> <p>Provide the Commissioner with accurate and timely information and analysis of collection statistics.</p>	Exec. Order No. 127 (1987), Sections 33, 36, 37
<b>DOTC-PPA<sup>2</sup></b>	Establish, develop, regulate, manage, and operate a rationalized national port system in support of trade and national development.	<p>Collect all dues, fees, and rates collectible under Title VII but excluding Part VII of the Tariff and Customs Code, as amended, regardless of the port or place of call of the vessel, whether government or private port.<sup>3</sup></p> <p>Supervise, control and regulate all matters and affairs pertaining to the operation of and issuance of permits or</p>	Exec. Order No. 513 (1978), which amended Pres. Decree No. 857 (1975), Sections 8 and 9. Exec. Order No. 159, as amended (1987)

<sup>2</sup> Department of Transportation and Communications – Philippine Ports Authority.

<sup>3</sup> Title VII, Parts I-VI of the Code deal with harbor fees, wharfage due, berthing charge, storage charge, arrastre charge, and tonnage due. This modified and amended the provisions of the Tariff and Customs Code to the extent that all the powers, duties, and jurisdiction of the Bureau of Customs concerning these matters were transferred to and vested with the PPA.

Agency	Mandate	Role	Basis
		<p>licenses to construct ports, port facilities, warehouses, and other facilities within port districts.</p> <p>Exercise all powers pertaining to all matters concerning port facilities, port operations or port works.</p> <p>Exact reasonable administrative fines in specific amounts for specific violations arising out of the use of the port.</p> <p><i>Note:</i> all revenues of the PPA generated from the administration of its port or port-oriented services and from whatever sources shall be used exclusively for the operations of the PPA, as well as for the maintenance, improvement, and development of its port facilities, upon approval of the PPA Board of Directors of its budget requirements, as exemption to PD 1234 and the budgetary processes in PD 1177, as amended.</p>	
DTI-BOI <sup>4</sup>	Regulate and promote investments in the country	Prepare investments priority plan (IPP), promulgate rules and regulations to implement law, approve applications for registration (including refund and limit of incentives), inspect books and compliance, cancel or suspend enjoyment of incentives, regulate investment/doing of business by foreigners/business organizations owned in whole or in part by foreigners	Exec. Order No. 226 (1987), Chap. III
NCIP	Formulate and implement policies, plans, and programs to promote and protect the rights and well-being of the indigenous peoples and indigenous cultural communities (IPs/ICCs), including recognition of	Through its Ancestral Domains Office, issue, upon the free and prior informed consent (FPIC) of the ICCs/IPs concerned, appropriate certification prior to any grant of any license, lease or permit for the exploitation of natural resources affecting the interests of ICCs/IPs. <sup>5</sup>	Rep. Act No. 8371 (1997), Sections 44, 46

<sup>4</sup> Department of Trade and Industry – Board of Investments.

<sup>5</sup> The phrase *free and prior informed consent* is defined under the Act as the “consensus of all members of the ICCs/IPs, to be determined in accordance with their respective customary laws and practices, free from any external manipulation, interference, and coercion, and obtained after fully disclosing the intent and scope of the activity, in a language and process understandable to the community.”

Agency	Mandate	Role	Basis
LGUs	their ancestral domain as and rights thereto.	Promulgate rules and regulations to implement the provisions of the law.	NCIP Admin. Order No. 3 (2012), Part VIII
		Register the indigenous people's organization that will be authorized to receive and manage the royalties.	
		Give its concurrence to the release of royalties to the IP organization or its trustee bank to check on the use of the funds.	
		Direct financial and management audits of IP organizations managing its royalties and other benefits, or exercise visitorial powers as provided for by law.	
	Exercise its power to create its own sources of revenue and to levy taxes, fees, and charges subject to the Local Government Code, consistent with the basic policy of local autonomy.	Through an appropriate ordinance, impose tax, fee, or charge or generate revenue under the Local Government Code.	Rep. Act No. 7160 (1991), Sections 129, 130, 132, 170, 186, 188, 189; Sections 3, 18
	Exercise its right to receive a just share in the national taxes and an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, and to share the same with their inhabitants by way of direct benefits.	Collect local taxes, fees, and charges (to be done by its city, municipal, or barangay treasurer, or their duly authorized deputies) <sup>6</sup>	
		Observe process for the approval of local tax ordinances and revenue measures, and conduct public hearings prior to its enactment.	
		Publish all local tax ordinances or revenue measures in full for 3 consecutive days in a newspaper of local circulation, or if no such local newspaper, post the same in least two conspicuous and publicly accessible places.	
		Furnish all tax ordinances and revenue measures to their respective local treasurers for public dissemination.	Rep. Act No. 7160, Title III, Chapters I-II,
		<i>Note:</i> Revenue collected shall inure solely to the benefit of, and subject to the disposition by, the LGU levying the	

<sup>6</sup> Sections 133 – 141 of the Local Government Code of 1991 provides the scope of and limitations to the local taxing authority of the LGUs.

Agency	Mandate	Role	Basis
		<p>tax, fee, charge or other imposition, unless otherwise specifically provided.</p> <p>Receive their share in the national internal revenue taxes (IRA) and in the proceeds from the development and utilization of national wealth, and share the same with the local inhabitants by way of direct benefits.</p>	

**Annex B:**  
**Reportorial Requirements**  
**for Mining Companies**

Under DAO 2010-21, mining contractors are required to submit several reports to the DENR-MGB, as follows:

	<b>Type of Report</b>	<b>Date of Submission</b>	<b>Submitted to</b>	<b>Basis</b>
<b>1</b>	Report of Exploration Work Program (EWP) implementation and expenditures	30 calendar days after the end of each semester	MGB/ Regional Office	Section 22 (d)
<b>2</b>	Final Report of EWP findings in the permit area, including detailed expenditures incurred during exploration	Upon the expiration or relinquishment of an exploration permit or its conversion into Mineral Agreement or FTAA	MGB/ Regional Office	Section 22 (h)
<b>3</b>	Report of accidents	Within 24 hours, in case of incident or accident causing or creating danger of loss of life or serious physical injuries; monthly	Regional Office (copy to MGB)	Section 155
<b>4</b>	Reports of explosives transactions and explosives and accessories consumption (as Purchaser's License Holders)	15 working days after every calendar month	MGB Director	Section 162
<b>5</b>	Status report on compliance with Environmental Work Program detailing environmental impact control and rehabilitation activities, including costs	Within 30 days from the end of 6 months after approval of the Environmental Work Program and every 6 months thereafter	MGB/ Regional Office (copy to Provincial Government concerned)	Section 168
<b>6</b>	Progress report on Final Mine Rehabilitation/ Decommissioning Plan (FMRD/P)	Within 30 days from the end of the term of the preceding work and financial plan	MRF Committee	Section 187-D
<b>7</b>	Final Rehabilitation Report (with 3 <sup>rd</sup> Party Environmental Audit)		MRF Committee then to CLRF Steering Committee	Section 187-F

# **Annex C: Standard Mining Agreement**

**MINERAL PRODUCTION SHARING AGREEMENT**

No. \_\_\_\_\_

This **MINERAL PRODUCTION SHARING AGREEMENT** is made and entered into in Quezon City, Philippines, this \_\_\_\_\_ day of \_\_\_\_\_ by and between:

**THE REPUBLIC OF THE PHILIPPINES**, herein referred to as the GOVERNMENT, represented in this act by the Secretary of the Department of Environment and Natural Resources, with offices at the Department of Environment and Natural Resources Building, Visayas Avenue, Diliman, Quezon City

and

-----**company**-----, a corporation duly organized and existing under the laws of the Republic of the Philippines, herein referred to as the CONTRACTOR, with office at -----  
-----address----- and represented in this act by its President, -----, as authorized by its Board of Directors (please refer to ANNEX "A")

**WITNESSETH:**

WHEREAS, the 1987 Constitution of the Republic of the Philippines provides in Article XII, Section 2 thereof that all lands of the public domain, waters, minerals, coal, petroleum and other natural resources are owned by the State and that their exploration, development and utilization shall be under the full control and supervision of the State;

WHEREAS, the Constitution further provides that the State may directly undertake such activities, or it may enter into a Co-Production, Joint Venture, or Mineral Production Sharing Agreement with Filipino citizens, or cooperatives, partnerships, corporations or associations at least sixty per centum of whose capitalization is owned by such citizens;

WHEREAS, pursuant to Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995," which took effect on 09 April 1995, the Secretary of the Department of Environment and Natural Resources is authorized to enter into Mineral Production Sharing Agreements in furtherance of the objectives of the Government and the Constitution to bolster the national economy through sustainable and systematic development and utilization of mineral lands;

WHEREAS, the Government desires to avail itself of the financial resources, technical competence and skill, which the Contractor is capable of applying to the mining operations of the project contemplated herein;



WHEREAS, the Contractor desires to join and assist the Government in the initial rational exploration and possible development and utilization for commercial purposes of ----- and other associated mineral deposits existing in the Contract Area (as herein defined);

WHEREAS, the Contractor has access to all the financing, technical competence, technology and environmental management skills required to promptly and effectively carry out the objectives of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants, terms and conditions hereinafter set forth, it is hereby stipulated and agreed as follows:

## **SECTION I**

### **SCOPE**

- 1.1. This Agreement is a Mineral Production Sharing Agreement entered into pursuant to the provisions of the Act and its implementing rules and regulations. The primary purpose of this Agreement is to provide for the rational exploration, development and commercial utilization of ----- and other associated mineral deposits existing within the Contract Area, with all necessary services, technology and financing to be furnished or arranged by the Contractor in accordance with the provisions of this Agreement. The Contractor shall not, by virtue of this Agreement, acquire any title over the Contract/Mining Area without prejudice to the acquisition by the Contractor of the land/surface rights through any mode of acquisition provided for by law.
- 1.2. The Contractor shall undertake and execute, for and on behalf of the Government, responsible mining operations in accordance with the provisions of this Agreement, and is hereby constituted and appointed, for the purpose of this Agreement, as the exclusive entity to conduct mining operations in the Contract Area.
- 1.3. The Contractor shall assume all the exploration risk such that if no minerals in commercial quantity are developed and produced, it will not be entitled to reimbursement.
- 1.4. During the term of this Agreement, the total value of production and sale of minerals derived from the mining operations contemplated herein shall be accounted for and divided between the Government and the Contractor in accordance with Section VIII hereof.

## **SECTION II**

### **DEFINITIONS**

As used in this Agreement, the following words and terms, whether singular or plural, shall have the following respective meaning:

- 2.1. Act refers to Republic Act No. 7942, otherwise known as the "Philippine Mining Act of 1995."
- 2.2. Agreement means this Mineral Production Sharing Agreement.
- 2.3. Associated Minerals mean other ores/minerals, which occur together with the principal ore/mineral.
- 2.4. Bangko Sentral means Bangko Sentral ng Pilipinas.
- 2.5. Budget means an estimate of expenditures to be made by Contractor in mining operations contemplated hereunder to accomplish the Work Program for each particular period.
- 2.6. Bureau means Mines and Geosciences Bureau.
- 2.7. Calendar Year or Year means a period of twelve (12) consecutive months starting with the first day of January and ending on December 31, while "Calendar Quarter" means a period of three consecutive months with the first calendar quarter starting with the first day of January.
- 2.8. Commercial Production means the production of sufficient quantity of minerals to sustain economic viability of mining operations reckoned from the date of commercial operation as declared by the Contractor or as stated in the feasibility study, whichever comes first.
- 2.9. Constitution or Philippine Constitution means the 1987 Constitution of the Republic of the Philippines adopted by the Constitutional Convention of 1986 on October 15, 1986 and ratified by the People of the Republic of the Philippines on February 2, 1987.
- 2.10. Contract Area means the area onshore or offshore delineated under the Mineral Production Sharing Agreement subject to the relinquishment obligations of the Contractor and properly defined by latitude and longitude or bearing and distance.
- 2.11. Contract Year means a period of twelve (12) consecutive months counted from the Effective Date of this Agreement or from the anniversary of such Effective Date.
- 2.12. Contractor means ----- or its assignee(s) of interest under this Agreement: Provided, That the assignment of any of such interest is accomplished pursuant to the pertinent provisions of the implementing rules and regulations of the Act.
- 2.13. Declaration of Mining Project Feasibility means a document proclaiming the presence of minerals in a specific site, which are recoverable by socially acceptable, environmentally safe and economically sound methods specified in the Project Feasibility Study.
- 2.14. Department or DENR means the Department of Environment and Natural Resources.
- 2.15. Director means the Director of Mines and Geosciences Bureau.
- 2.16. Effective Date means the date of execution of this Agreement by the Contractor and by the Secretary on behalf of the Government.

- 2.17. Environment means all facets of man's surroundings: physical, ecological, aesthetic, cultural, economic, historic, institutional and social.
- 2.18. Exploration means searching or prospecting for mineral resources by geological, geophysical and geochemical surveys, remote sensing, test pitting, trenching, drilling, shaft sinking, tunneling or any other means for the purpose of determining the existence, extent, quality and quantity of mineral resources and the feasibility of mining them for profit.
- 2.19. Exploration Period shall mean the period from the Effective Date of this Agreement, which shall be for two (2) years, renewable for like periods but not to exceed a total term of six (6) years for nonmetallic minerals and eight (8) years for metallic minerals, subject to the pertinent provisions of the implementing rules and regulations of the Act.
- 2.20. Force Majeure means acts or circumstances beyond the reasonable control of the Contractor including, but not limited to war, rebellion, insurrection, riots, civil disturbances, blockade, sabotage, embargo, strike, lockout, any dispute with surface owners and other labor disputes, epidemics, earthquake, storm, flood or other adverse weather conditions, explosion, fire, adverse action by the Government or by any of its instrumentality or subdivision thereof, act of God or any public enemy and any cause as herein described over which the affected party has no reasonable control.
- 2.21. Foreign Exchange means any currency other than the currency of the Republic of the Philippines acceptable to the Government and the Contractor.
- 2.22. Government means the Government of the Republic of the Philippines or any of its agencies and instrumentalities.
- 2.23. Gross Output means the actual market value of the minerals or mineral products from each mine or mineral land operated as a separate entity, without any deduction for mining, processing, refining, transporting, handling, marketing or any other expenses: Provided, That if the minerals or mineral products are sold or consigned abroad by the Contractor under C.I.F. terms, the actual cost of ocean freight and insurance shall be deducted: Provided further, That in the case of mineral concentrates which are not traded in commodity exchanges in the Philippines or abroad such as copper concentrate, the actual market value shall be the world price quotation of the refined mineral products contained thereof prevailing in the said commodity exchanges, after deducting the smelting, refining, treatment, insurance, transportation and other charges incurred in the process of converting mineral concentrates into refined metal traded in those commodity exchanges.
- 2.24. Mine Development refers to work undertaken to prepare an ore body or a mineral deposit for mining, including the construction of necessary infrastructure and related facilities.
- 2.25. Minerals mean all naturally occurring inorganic substances in solid, liquid, gas or any intermediate state excluding energy materials such as coal, petroleum, natural gas, radioactive materials and geothermal energy.

- 2.26. Mineral Products mean materials derived from mineral ores/rocks and prepared into marketable state by metallurgical processes which include beneficiation, cyanidation, leaching, smelting, calcination and other similar processes.
- 2.27. Mining Area means that portion of the Contract Area identified by the Contractor as defined and delineated in a Survey Plan duly approved by the Director/Regional Director concerned for purposes of development and/or utilization and sites for support facilities.
- 2.28. Mining Operations means mining activities involving exploration, feasibility study, environmental impact assessment, development, utilization, mineral processing and mine rehabilitation.
- 2.29. Notice means notice in writing, telex or telecopy (authenticated by answer back or confirmation received) addressed or sent as provided in Section 16.2 of this Agreement.
- 2.30. Ore means naturally occurring substance or material from which a mineral or element can be mined and/or processed for profit.
- 2.31. Pollution means any alteration of the physical, chemical and/or biological properties of any water, air and/or land resources of the Philippines, or any discharge thereto of any liquid, gaseous or solid wastes or any production of unnecessary noise or any emission of objectionable odor, as will or is likely to create or render such water, air, and land resources harmful, detrimental or injurious to public health, safety or welfare or which will adversely affect their utilization for domestic, commercial, industrial, agricultural, recreational or other legitimate purposes.
- 2.32. Secretary means the Secretary of the Department of Environment and Natural Resources.
- 2.33. State means the Republic of the Philippines.
- 2.34. Work Program means a document which presents the plan of major mining operations and the corresponding expenditures of the Contractor in its Contract Area during a given period of time, including the plan and expenditures for development of host and neighboring communities and of local geoscience and mining technology, as submitted and approved in accordance with the implementing rules and regulations of the Act.

### **SECTION III**

#### **TERM OF AGREEMENT**

- 3.1. This Agreement shall have a term of twenty five (25) years from Effective Date, and may be renewed thereafter for another term not exceeding twenty five (25) years. The renewal of this Agreement, as well as the changes in the terms and conditions thereof, shall be upon mutual consent by the parties. In the event the Government decides to allow mining operations thereafter by other Contractor, this must be through competitive public bidding. After due publication of notice, the Contractor shall have the right to equal the highest bid upon reimbursement of all reasonable expenses of the highest bidder.

**SECTION IV**

**CONTRACT AREA**

- 4.1. Size, Shape, and Location of Contract Area - This Agreement covers a Contract Area of approximately \_\_\_\_\_ (-----) hectares, situated in -----  
----- and bounded by the following geographical coordinates (please refer to ANNEX "B" - 1:50,000 scale Location Map/Sketch Plan):

Corner	Latitude	Longitude
--------	----------	-----------

**SECTION V**

**EXPLORATION PERIOD**

- 5.1. Timetable for Exploration - The Contractor shall commence Exploration activities not later than three (3) months after the Effective Date for a period of two (2) years, renewable for like periods but not to exceed a total term of six (6) years for nonmetallic minerals and eight (8) years for metallic minerals, subject to annual review and approval by the Director in accordance with the implementing rules and regulations of the Act.

**NOTE-if applicant is an EP/TEP holder- use this, otherwise, delete: unbold**

**The two (2)/one (1)-year term of the Exploration Permit/Temporary Exploration Permit (EP/TEP) denominated as EP/TEP No. -----, issued on ----- is included as part of the Exploration Period.**

- 5.2. Renewal of Exploration Period - In case the Contractor opts for a renewal of its Exploration Period, it shall file prior to the expiration thereof, a renewal application in the Mines and Geosciences Bureau Central Office, accompanied by the mandatory requirements stipulated in the implementing rules and regulations of the Act. The Director may grant the renewal of the Exploration Period on condition that the Contractor has substantially complied with the terms and conditions of the Agreement. Provided, That with or without the filing of the renewal application, the Exploration Period shall, upon its expiration, automatically shift to the next two (2) – year term, and so on.

In cases where further exploration is warranted beyond the six (6) - or eight (8)-year period and on condition that the Contractor has substantially implemented the Exploration and Environmental Work Programs as verified by the Bureau, the Director may further grant renewal of the Exploration Period: Provided, That the Contractor shall be required to set up a performance surety equivalent to the expenditure requirement of the Exploration and Environmental Work Programs.

- 5.3. Work Programs and Budgets - The Contractor shall strictly comply with the approved Exploration and Environmental Work Programs together with their corresponding Budgets (please refer to ANNEXES "C" and "D").

The amount to be spent by the Contractor in conducting Exploration activities under the terms of this Agreement during the Exploration Period shall be in the aggregate of not less than that specified for each of the Contract Years, as follows:

For the Exploration Work Program:

1st Contract Year	:	PhP
2nd Contract Year	:	PhP
Total	:	PhP

For the Environmental Work Program : PhP

In the event of renewal of the Exploration Period, the amount to be spent every year shall first be agreed upon by the parties.

In the event of termination of this Agreement, the Contractor shall only be obliged to expend the pro-rata amount for the period of such Contract Year prior to termination. If during any Contract Year, the Contractor should expend more than the amount to be expended as provided above, the excess may be subtracted from the amount required to be expended by the Contractor during the succeeding Contract Years, and should the Contractor, due to unforeseen circumstances or with the consent of the Government, expend less during a year, then the deficiency shall be applied to the amount to be expended during the succeeding Contract Years.

- 5.4. Relinquishment of Total/Portion of the Contract Area - During the Exploration Period, the Contractor may relinquish totally or partially the original Contract Area. After the Exploration Period and prior to or upon approval of a Declaration of Mining Project Feasibility by the Director, the Contractor shall finally relinquish any portion of the Contract Area not necessary for mining operations and not covered by any Declaration of Mining Project Feasibility.
- 5.5. Final Mining Area - The Director may allow the Contractor to hold more than one (1) final Mining Area subject to the maximum limits set under the implementing rules and regulations of the Act: Provided, That each final Mining Area shall be covered by a Declaration of Mining Project Feasibility.
- 5.6. Declaration of Mining Project Feasibility – Within the term of the Exploration Period, the Contractor shall file in the Regional Office concerned, the Declaration of Mining Project Feasibility of the Contract Area/final Mining Area supported by Mining Project Feasibility Study, Three (3)-Year Development and Construction or Commercial Operation Work Program, complete geologic report, an application for survey and the pertinent Environmental Compliance Certificate, among other applicable requirements. Failure of the Contractor to submit the Declaration of Mining Project Feasibility during the Exploration Period shall be considered a substantial breach of this Agreement.
- 5.7. Survey of the Contract Area - The Contractor shall cause the survey of the perimeter of the Contract Area/final Mining Area through an application for survey, complete with requirements, filed in the Regional Office concerned simultaneous with the submission of

the Declaration of Mining Feasibility. Survey returns shall be submitted to the Regional Director concerned for approval within one (1) year from receipt of the Order of Survey complete with the mandatory requirements stated in the implementing rules and regulations of the Act.

5.8. Reporting

- a. During the Exploration Period, the Contractor shall submit to the Director, through the Regional Director concerned, quarterly and annual accomplishment reports under oath on all activities conducted in the Contract Area from the Effective Date of this Agreement. The quarterly report shall be submitted not later than fifteen (15) days at the end of each Calendar Quarter while the annual accomplishment report shall be submitted not later than thirty (30) days from the end of each Calendar Year. Such information shall include detailed financial expenditures, raw and processed geological, geochemical, geophysical and radiometric data plotted on a map at a minimum 1:50,000 scale, copies of originals of assay results, duplicated samples, field data, copies of originals from drilling reports, maps, environmental work program implementation and detailed expenditures showing discrepancies/ deviations with approved exploration and environmental plans and budgets as well as all other information of any kind collected during the exploration activities. All information submitted to the Bureau shall be subject to the confidentiality clause of this Agreement.
- b. Final Report - The Contractor shall submit to the Director, through the Regional Director concerned, a final report under oath upon the expiration of the Exploration Period which shall be in the form and substance comparable to published professional reports of respectable international institutions and shall incorporate all the findings in the Contract Area including location of samples, assays, chemical analysis, and assessment of mineral potentials together with a geologic map of 1:50,000 scale at the minimum showing the results of the exploration. Such report shall also include detailed expenditures incurred during the Exploration Period. In case of diamond drilling, the Contractor shall, upon request of the Director/Regional Director concerned, submit to the Regional Office concerned a quarter of the core samples, which shall be deposited in the Regional Office Core Library for safekeeping and reference.
- c. Relinquishment Report - The Contractor shall submit a separate relinquishment report with a detailed geologic report of the relinquished area accompanied by maps at a scale of 1:50,000 and results of analyses and detailed expenditures, among others.

## **SECTION VI**

### **DEVELOPMENT AND CONSTRUCTION PERIOD**

- 6.1. Timetable - The Contractor shall complete the development of the mine including the construction of production facilities within thirty six (36) months from the submission and

approval of the Declaration of Mining Project Feasibility, subject to such extension based on justifiable reasons as the Director may approve, upon recommendation of the Regional Director concerned.

6.2. Reporting

- a. Annual - The Contractor shall submit, within sixty (60) days after December 31 of each year, to the Director, through the Regional Director concerned, an annual report, which states the major activities, achievements and detailed expenditures during the year covered, including maps, assays, rock and mineral analyses and geological and environmental progress reports during the Development and Construction Period.
- b. Final Report - Within six (6) months from the completion of the development and construction activities, the Contractor shall submit a final report to the Director, through the Regional Director concerned. Such report shall integrate all information in maps of appropriate scale and quality, as well as in monographs or reports in accordance with international standards.

## **SECTION VII**

### **OPERATING PERIOD**

- 7.1. Timetable - The Contractor shall submit, within thirty (30) days before completion of mine development and construction of production facilities, to the Director, through the Regional Director concerned, a Three-Year Commercial Operation Work Program. The Contractor shall commence commercial utilization immediately upon approval of the aforesaid Work Program. Failure of the Contractor to commence Commercial Production within the period shall be considered a substantial breach of the Agreement.
- 7.2. Commercial Operation Work Program and Budget - During the Operating Period, the Contractor shall submit to the Director, through the Regional Director concerned, Work Programs and Budgets covering a period of three (3) years each, which shall be submitted not later than thirty (30) days before the expiration of the period covered by the previous Work Program.

The Contractor shall conduct Mining Operations and other activities for the duration of the Operating Period in accordance with the duly approved Work Programs and corresponding Budgets.

- 7.3. Expansion and Modification of Facilities - The Contractor may make expansions, modifications, improvements, and replacements of the mining facilities and may add new facilities as the Contractor may consider necessary for the operations: Provided, That such plans shall be embodied in an appropriate Work Program approved by the Director.
- 7.4. Reporting



- a. Quarterly Reports - Beginning with the first Calendar Quarter following the commencement of the Operating Period, the Contractor shall submit, within thirty (30) days after the end of each Calendar Quarter, to the Director, through the Regional Director concerned, a Quarterly Report stating the tonnage of production in terms of ores, concentrates, and their corresponding grades and other types of products; value, destination of sales or exports and to whom sold; terms of sales and expenditures.
- b. Annual Reports - During the Operating Period, the Contractor shall submit within sixty (60) days from the end of each Calendar Year, to the Director, through the Regional Director concerned, an Annual Report indicating in sufficient detail:
  - b.1. The total tonnage of ore reserves, whether proven, probable, or inferred, the total tonnage of ores, kind by kind, broken down between tonnage mined, tonnages transported from the minesite and their corresponding destination, tonnages stockpiled in the mine and elsewhere in the Philippines, tonnages sold or committed for export (whether actually shipped from the Philippines or not), tonnages actually shipped from the Philippines (with full details as to purchaser, destination and terms of sale), and if known to the Contractor, tonnages refined, processed or manufactured in the Philippines with full specifications as to the intermediate products, by-products or final products and of the terms at which they were disposed;
  - b.2. Work accomplished and work in progress at the end of the year in question with respect to all the installations and facilities related to the utilization program, including the investment actually made or committed; and
  - b.3. Profile of work force, including management and staff, stating particularly their nationalities, and for Filipinos, their place of origin (i.e., barangay, town, province, region).

The Contractor shall also comply with other reporting requirements provided for in the implementing rules and regulations of the Act.

## **SECTION VIII**

### **FISCAL REGIME**

- 8.1. General Principle - The fiscal regime of this Agreement shall be governed by the principle according to which the Government expects a reasonable return in economic value for the utilization of non-renewable mineral resources under its national sovereignty while the Contractor expects a reasonable return on its investment with special account to be taken for the high risk of exploration, the terms and conditions prevailing elsewhere in the industry and any special efficiency to be gained by a particularly good performance of the Contractor.

- 8.2. Registration Fees - Within fifteen (15) days upon receipt of the notice of approval of the Agreement from the Regional Office concerned, the Contractor shall cause the registration of this Agreement with the said Regional Office and pay the registration fee at the rate provided in the existing rules and regulations. Failure of the Contractor to cause the registration of this Agreement within the prescribed period shall be sufficient ground for cancellation of the same.
- 8.3. Occupation Fees - Prior to registration of this Agreement and at the same date every year thereafter, the Contractor shall pay to the Municipal/City Treasurer concerned an occupation fee over the Contract Area at the annual rate provided in the existing rules and regulations. If the fee is not paid on the date specified, the Contractor shall pay a surcharge of twenty five percent (25%) of the amount due in addition to the occupation fees.

**(NOTE; In Sec. 8.4, FOR MINERAL RESERVATION AREAS ONLY - include those in BOLD LETTERS but unbold it)**

- 8.4. Share of the Government - The Government Share shall be the excise tax on mineral products at the time of removal and at the rate provided for in Republic Act No. 7729 amending Section 151 (a) of the National Internal Revenue Code, as amended, **in addition to a Royalty of not less than five percent (5%) of the gross output**, as well as other taxes, duties and fees levied by existing laws. The Excise Tax shall be timely and completely paid to the nearest Bureau of Internal Revenue Office in the province concerned **while the Royalty shall be paid directly to the Bureau.**

For purposes of determining the amount of the herein Government Share, the Contractor shall strictly comply with the auditing and accounting requirements prescribed under existing laws and regulations.

The Government Share shall be allocated in accordance with Sections 290 and 292 of Republic Act No. 7160, otherwise known as "The Local Government Code of 1991."

- 8.5. Pricing of Sales - The Contractor shall dispose of the minerals and byproducts produced at the highest market price prevailing in the locality: The Contractor shall also pay the lowest achievable marketing commissions and related fees and shall negotiate for more advantageous terms and conditions subject to the right to enter into long-term sales or marketing contracts or foreign exchange and commodity hedging contracts, which the Government acknowledges to be acceptable notwithstanding that the sale price of the minerals and by-products may from time to time be lower, or the terms and conditions of sales are less favorable, than that available elsewhere. The Contractor shall seek to strike a balance between long-term sales or marketing contracts or foreign exchange and commodity hedging contracts comparable to policies followed by independent producers in the international mining industry.

The Contractor shall likewise seek a balanced distribution among consumers. Insofar as sales to Contractor's affiliate(s) are concerned, prices shall be at arm's length standard, and competing offers for large scale and long-term contracts shall be procured. Before any sale and/or shipment of mineral product is made, existing and future marketing

contract(s)/sales agreement(s) shall be submitted to the Director, copy furnished the Regional Director concerned, for registration. At the same time, the Contractor shall regularly inform the Director in writing of any revisions, changes or additions in said contract(s)/agreement(s).

The Contractor shall reflect in its Monthly/Quarterly Report on Production, Sales and Inventory of Minerals, as well as in the Integrated Annual Report, the corresponding registration number(s) of the marketing contract(s)/agreement(s) governing the export or sale of minerals.

- 8.6. Associated Minerals - If minerals other than ----- are discovered in commercial quantities in the Contract Area, the value thereof shall be added to the value of the principal mineral in computing the Government share.

## **SECTION IX**

### **WORK PROGRAMS**

- 9.1. Submission to Government - Within the periods stated herein, the Contractor shall prepare and submit to the Director, through the Regional Director concerned, a Work Program and corresponding Budget for the Contract Area stating the Mining Operations and expenditures which the Contractor proposes to carry out during the period covered with the details and particulars set forth elsewhere in this Agreement or in the supporting documents.
- 9.2. Government's Examination and Revision of Work Program - Should the Government decide to propose a revision to a certain specific feature in the Work Program or Budget, it shall, within thirty (30) days after receipt thereof, provide a Notice to the Contractor specifying in reasonable detail its reasons therefore. Promptly thereafter, the Government and Contractor will meet and endeavor to agree on the revision proposed by the Government. In any event, the revision of any portion of said Work Program or Budget in which the Government shall fail to notify the Contractor of the proposed revision shall, insofar as possible, be carried out as prescribed herein. If the Government should fail within sixty (60) days from receipt thereof to notify Contractor of the proposed revisions, the Work Program and Budget proposed by the Contractor shall be deemed to be approved.
- 9.3. Contractor's Changes to Work Program - It is recognized by the Government and the Contractor that the details of any Work Program may require changes in the light of changing circumstances. The Contractor may make such changes: Provided, That it shall not change the general objective of the Work Program: Provided further, That changes which entail a negative variance of at least twenty percent (20%) shall be subject to the approval of the Director.

In case of any positive variance in the future, the Contractor shall submit to the Bureau and Regional Office concerned a copy each of the revised Work Programs, for information.

- 9.4. The Government's approval of a proposed Work Program and Budget will not be unreasonably withheld.

## **SECTION X**

### **ENVIRONMENTAL PROTECTION AND MINE SAFETY AND HEALTH**

- 10.1. The Contractor shall manage its Mining Operations in a technically, financially, socially, culturally and environmentally responsible manner to achieve the sustainable development objectives and responsibilities as provided for under the implementing rules and regulations of the Act.
- 10.2. The Contractor shall ensure that the standards of environmental protection are met in the course of the Mining Operations. To the extent possible, control of pollution and the transformation of the mined-out areas or materials into economically and socially productive forms must be done simultaneously with mining.
- 10.3. The Contractor shall submit an Environmental Work Program during the Exploration Period as prescribed in the implementing rules and regulations of the Act.
- 10.4. An Environmental Compliance Certificate (ECC) shall be secured first by the Contractor prior to the conduct of any development works, construction of production facilities and/or mine production activities in the Contract Area.
- 10.5. The Contractor shall submit within thirty (30) calendar days after the issuance and receipt of the ECC, an Environmental Protection and Enhancement Program (EPEP) using MGB Form No. 16-2 covering all areas to be affected by development, utilization and processing activities under this Agreement. The Contractor shall allocate for its initial environment-related capital expenditures approximately ten percent (10%) of the total project cost or in such amount depending on the environmental/geological condition, nature and scale of operations and technology to be employed in the Contract Area.
- 10.6. The Contractor shall submit, within thirty (30) days prior to the beginning of every calendar year, an Annual Environmental Protection and Enhancement Program (AEPEP), using MGB Form 16-3, which shall be based on the approved EPEP. The AEPEP shall be implemented during the year for which it was submitted. To implement its AEPEP, the Contractor shall allocate annually three to five percent (3%-5%) of its direct mining and milling costs depending on the environmental/geologic condition, nature and scale of operations and technology employed in the Contract Area.
- 10.7. The Contractor shall establish a Contingent Liability and Rehabilitation Fund (CLRF) which shall be in the form of the Mine Rehabilitation Fund (MRF) and the Mine Waste and Tailings Fee (MWTF).

The MRF shall be based on the financial requirements of the approved EPEP as a reasonable environmental deposit to ensure satisfactory compliance with the commitments/strategies of the EPEP/AEPEP and availability of funds for the performance

of the EPEP/AEPEP during the specific project phase. The MRF shall be deposited as Trust Fund in a government depository bank and shall be used for physical and social rehabilitation of areas affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation.

The MWTF shall be collected based on the amounts of mine waste and mill tailings generated during the conduct of Mining Operations. The MWTF collected shall accrue to a Mine Waste and Tailings Reserve Fund and shall be deposited in a government depository bank for payment of compensation for damages caused by the Mining Operations.

- 10.8. The Contractor shall set up mitigating measures such as mine waste and mill tailings disposal system, mine rehabilitation or plan, water quality monitoring, etc. to minimize land degradation, air and water pollution, acid rock drainage and changes in hydrogeology.
- 10.9. The Contractor shall set up an Environmental and Safety Office at its minesite manned by qualified personnel to plan, implement and monitor its approved EPEP.
- 10.10. The Contractor shall be responsible in the monitoring of environmental, safety and health conditions in the Contract Area and shall strictly comply with all the rules and regulations embodied under DAO No. 2000-98, otherwise known as the "Mine Safety and Health Standards."
- 10.11. The Contractor shall be responsible for the submission of a final mine rehabilitation and/or decommissioning plans, including its financial requirements and incorporating the details and particulars set forth in the implementing rules and regulations of the Act.

## **SECTION XI RIGHTS AND OBLIGATIONS OF THE PARTIES**

- 11.1. Obligations of the Contractor:
  - a. To exclusively conduct sustainable Mining Operations within the Contract Area in accordance with the provisions of the Act and its implementing rules and regulations;
  - b. To construct and operate any facilities specified under the Mineral Agreement or approved Work Program;
  - c. To determine the exploration, mining and treatment process to be utilized in the Mining Operations;
  - d. To extract, remove, use and dispose of any tailings as authorized by an approved Work Program;

- e. To secure all permits necessary or desirable for the purpose of Mining Operations;
- f. To keep accurate technical records about the Mining Operations, as well as financial and marketing accounts, and make them available to Government representatives authorized by the Director for the purpose of assessing the performance and compliance of the Contractor with the terms of this Agreement. Authorized representatives of other Government Agencies may also have access to such accounts in accordance with existing laws, rules and regulations;
- g. To furnish the Bureau all the data and information gathered from the Contract Area and that all the books of accounts and records shall be open for inspection;
- h. To allow access to Government during reasonable hours in inspecting the Contract Area and examining pertinent records for purposes of monitoring compliance with the terms of this Agreement;
- i. To hold the Government free and harmless from all claims and accounts of all kinds, as well as demands and actions arising out of the accidents or injuries to persons or properties caused by Mining Operations of the Contractor and indemnify the Government for any expenses or costs incurred by the Government by reason of any such claims, accounts, demands or actions;
- j. In the development of the community:
  - j.1. To recognize and respect the rights, customs and traditions of indigenous cultural communities over their ancestral lands and to allocate royalty payment of not less than one percent (1%) of the value of the gross output of minerals sold;
  - j.2. To coordinate with proper authorities in the development of the mining community and for those living in the host and neighboring communities through social infrastructure, livelihood programs, education, water, electricity and medical services. Where traditional self-sustaining income and the community activities are identified to be present, the Contractor shall assist in the preservation and/or enhancement of such activities;
  - j.3. To allot annually a minimum of one percent (1%) of the direct mining and milling costs necessary to implement the activities undertaken in the development of the host and neighboring communities. Expenses for community development may be charged against the royalty payment of at least one percent (1%) of the gross output intended for the concerned indigenous cultural community;
  - j.4. To give preference to Filipino citizens who have established domicile in the neighboring communities, in the hiring of personnel for its mining operations. If necessary skills and expertise are currently not available,

the Contractor must immediately prepare and undertake a training and recruitment program at its expense; and

- j.5. To incorporate in the Mining Feasibility Study the planned expenditures necessary to implement (j.1) to (j.3) of this Section;
- k. In the development of Mining Technology and Geosciences:
  - k.1. In the course of its operations, to produce geological, geophysical, geochemical and other types of maps and reports that are appropriate in scale and in format and substance which are consistent with the internationally accepted standards and practices. Such maps shall be made available to the scientific community in the most convenient and cost effective forms, subject to the condition that the Contractor may delay release of said information for a reasonable period of time which shall not exceed three (3) years;
  - k.2. To systematically keep the data generated from the Contract/ Mining Area such as cores, assays and other related information, including economic and financial data and make them accessible to students, researchers and other persons responsible for developing mining, geoscience and processing technology subject to the condition that the Contractor may delay release of data to the science and technology community within a reasonable period of time which shall not exceed three (3) years;
  - k.3. To transfer to the Government or local mining company the appropriate technology it may adapt in the exploration, development and commercial utilization of the minerals in the Contract Area;
  - k.4. To allocate research and development budget for the advancement of mining technology and geosciences in coordination with the Bureau, research institutions, academe, etc.; and
  - k.5. To replicate data, maps and reports cited in (k.1) and (k.2) and furnish the Bureau for archiving and systematic safekeeping which shall be made available to the science and technology community for conducting research and undertaking other activities which contribute to the development of mining, geoscience and processing technology and the corresponding national pool of manpower talents: Provided, however, that the release of data, maps and the like shall be similarly constrained in accordance with (k.1) and (k.2) above;
- l. To incorporate in the Mining Feasibility Study the planned expenditures necessary to implement all the plans and programs set forth in this Agreement; and
- m. To pay all other taxes and fees mandated by existing laws, rules and regulations.

11.2. Rights of the Contractor:

- a. To conduct Mining Operations within the confines of its Contract/Mining Area in accordance with the terms and conditions hereof and without interfering with the rights of other Contractors/Lessees/Operators/ Permittees/Permit Holders;
- b. Possession of the Contract Area, with full right of ingress and egress and the right to occupy the same, subject to surface and easement rights;
- c. To use and have access to all declassified geological, geophysical, drilling, production and other data relevant to the mining operations;
- d. To sell, assign, transfer, convey or otherwise dispose of all its rights, interests and obligations under the Agreement subject to the approval of the Government;
- e. To employ or bring into the Philippines foreign technical and specialized personnel, including the immediate members of their families as may be required in the operations of the Contractor, subject to applicable laws and regulations: Provided, That if the employment connection of such foreign persons with the Contractor ceases, the applicable laws and regulations on immigration shall apply to them. Every time foreign technologies are utilized and where alien executives are employed, an effective program of training understudies shall be undertaken. The alien employment shall be limited to technologies requiring highly specialized training and experience subject to the required approval under existing laws, rules and regulations;
- f. To enjoy easement rights and use of timber, water and other natural resources in the Contract Area subject to pertinent laws, rules and regulations and the rights of third parties;
- g. Repatriation of capital and remittance of profits, dividends and interest on loans, subject to existing laws and Bangko Sentral ng Pilipinas rules and regulations; and
- h. To import when necessary all equipment, spare parts and raw materials required in the operations in accordance with existing laws and regulations.

11.3. Obligations of the Government:

- a. To ensure that the Contractor has the Government's full cooperation in the exercise of the rights granted to it under this Agreement;
- b. To use its best efforts to ensure the timely issuance of necessary permits and similar authorizing documents for use of the surface of the Contract Area; and
- c. To cooperate with the Contractor in its efforts to obtain financing contemplated herein from banks or other financial institutions: Provided, That such financing arrangements will in no event reduce the Contractor's obligation on Government rights hereunder.



## SECTION XII

### ASSETS AND EQUIPMENT

- 12.1. The Contractor shall acquire for the Mining Operations only such assets that are reasonably estimated to be required in carrying out such Mining Operations.
- 12.2. All materials, equipment, plant and other installations of a movable nature erected or placed on the Contract Area by the Contractor shall remain the property of the Contractor. The Contractor shall have the right to remove and re-export such materials and equipment, plant and other installations from the Philippines, subject to existing rules and regulations. In case of cessation of Mining Operations on public lands occasioned by its voluntary abandonment or withdrawal, the Contractor shall have a period of one (1) year from the time of cessation within which to remove its improvements; otherwise, all social infrastructures and facilities shall be turned over or donated tax free to the proper government authorities, national or local, to ensure that said infrastructures and facilities are continuously maintained and utilized by the host and neighboring communities.

## SECTION XIII

### EMPLOYMENT AND TRAINING OF PHILIPPINE PERSONNEL

- 13.1. The Contractor agrees to employ, to the extent possible, qualified Filipino personnel in all types of mining operations for which they are qualified; and after Commercial Production commences shall, in consultation and with consent of the Government, prepare and undertake an extensive training programme suitable to Filipino nationals in all levels of employment. The objective of said programme is to reach within the timetable set forth below the following targets of "Filipinization:"

	Unskilled	Skilled	Clerical	Professional
Management	(%)	(%)	(%)	(%)
Year 1	100	100	100	
Year 3	100	100	100	
Year 5	100	100	100	
Year 7	100	100	100	
Year 10	100	100	100	
Year 15	100	100	100	

- 13.2. Cost and expenses of training such Filipino personnel and the Contractor's own employees shall be included in the Operating Expenses.
- 13.3. The Contractor shall not discriminate on the basis of gender and shall respect the right of women workers to participate in policy and decision-making processes affecting their rights and benefits.

## **SECTION XIV**

### **ARBITRATION**

- 14.1. The Government and the Contractor shall consult with each other in good faith and shall exhaust all available remedies to settle any and all disputes or disagreements arising out of or relating to the validity, interpretations, enforceability, or performance of this Agreement before resorting to arbitration as provided for in Section 14.2. below.
- 14.2. Any disagreement or dispute which can not be settled amicably within a period of one (1) year from the time the issue is raised by a Party shall be settled by a tribunal of three (3) arbitrators. This tribunal shall be constituted as follows: one to be appointed by the Contractor and the other to be appointed by the Secretary. The first two appointed arbitrators shall consider names of qualified persons until agreement on a mutually acceptable Chairman of the tribunal is selected. Such arbitration shall be initiated and conducted pursuant to Republic Act No. 876, otherwise known as the "Arbitration Act."

In any event, the arbitration shall be conducted applying the substantive laws of the Republic of the Philippines.

- 14.3. Each party shall pay fifty percent (50%) of the fees and expenses of the Arbitrators and the costs of arbitration. Each party shall pay its own costs and attorney's fee.

## **SECTION XV**

### **SUSPENSION OR TERMINATION OF CONTRACT, TAX INCENTIVES AND CREDITS**

- 15.1. This Agreement may be suspended for failure of the Contractor: (a) to comply with any provision or requirement of the Act and/or its implementing rules and regulations; (b) to pay on time the complete taxes, fees and/or other charges demandable and due the Government.
- 15.2. This Agreement terminates or may be terminated for the following causes: (a) expiration of its term, whether original or renewal; (b) withdrawal from the Agreement by the Contractor; (c) violation by the Contractor of the Agreement's terms and conditions; (d) failure to pay taxes, fees/or charges or financial obligations for two (2) consecutive years; (e) false statement or omission of facts by the Contractor; and (f) any other cause or reason provided under the Act and its implementing rules and regulations, or any other relevant laws and regulations.
- 15.3. All statements made in this Agreement shall be considered as conditions and essential parts hereof, and any falsehood in said statements or omission of facts which may alter, change or affect substantially the fact set forth in said statements shall be a ground for its revocation and termination.

- 15.4. The Contractor may, by giving due notice at any time during the term of this Agreement, apply for its cancellation due to causes which, in the opinion of the Contractor, render continued mining operation no longer feasible or viable. In this case, the Secretary shall decide on the application within thirty (30) days from notice: Provided, That the Contractor has met all the financial, fiscal and legal obligations.
- 15.5. No delay or omissions or course of dealing by the Government shall impair any of its rights under this Agreement, except in the case of a written waiver. The Government's right to seek recourse and relief by all other means shall not be construed as a waiver of any succeeding or other default unless the contrary intention is reduced in writing and signed by the party authorized to exercise the waiver.
- 15.6. In case of termination, the Contractor shall pay all the fees and other liabilities due up to the end of the year in which the termination becomes effective. The Contractor shall immediately carry out the restoration of the Contract Area in accordance with good mining industry practice.
- 15.7. The withdrawal by the Contractor from the Mineral Agreement shall not release it from any and all financial, environmental, legal and fiscal obligations under this Agreement.
- 15.8. The following acts or omission, inter alia shall constitute breach of contract, upon which the Government may exercise its right to terminate the Agreement:
  - a. Failure of the Contractor without valid reason to commence Commercial Production within the period prescribed; and/or
  - b. Failure of the Contractor to conduct mining operations and other activities in accordance with the approved Work Programs and/or any modification thereof as approved by the Director.
- 15.9. The Government may suspend and cancel tax incentives and credits if the Contractor fails to abide by the terms and conditions of said incentives and credits.

## **SECTION XVI**

### **OTHER PROVISIONS**

- 16.1. Any terms and conditions resulting from repeal or amendment of any existing laws or regulation or from the enactment of a law, regulation or administrative order shall be considered a part of this Agreement.
- 16.2. Notice

All notices, demands and other communications required or permitted hereunder shall be made in writing, telex or telecopy and shall be deemed to have been duly given notice, in the case of telex or telecopy, if answered back or confirmation received, or if delivered by hand, upon receipt or ten days after being deposited in the mail, airmail postage prepaid and addressed as follows:

If to the Government:

**THE SECRETARY**

Department of Environment and Natural Resources  
DENR Building, Visayas Avenue  
Diliman, Quezon City

If to the Contractor:

**THE PRESIDENT**

(name of company  
address)

Either party may substitute or change such address on notice thereof to the other party: Provided, That the Contractor shall, in case of any change of address during the term of this Agreement, notify the Director in writing. Failure to do such notification shall be deemed as waiver by the Contractor to be informed about any communications as provided in Section 16.2 above.

16.3. Governing Law

This Agreement and the relation between the parties hereto shall be governed by and construed in accordance with the laws of the Republic of the Philippines. The Contractor hereby agrees and obliges itself to comply with the provisions of the Act, its implementing rules and regulations and other relevant laws and regulations.

16.4. Suspension of Obligation

- a. Any failure or delay on the part of any party in the performance of its obligation or duties hereunder shall be excused to the extent attributable to *Force Majeure* as defined in the Act: Provided, That the suspension of Mining Operations due to *Force Majeure* causes shall be subject to approval by the Director.
- b. If Mining Operations are delayed, curtailed or prevented by such Force Majeure causes, then the time for enjoying the rights and carrying out the obligations thereby affected, the term of this Agreement and all rights and obligations hereunder shall be extended for a period equal to the period involved.
- c. The Party, whose ability to perform its obligations is affected by such Force Majeure causes, shall promptly give Notice to the other in writing of any such delay or failure of performance, the expected duration thereof and its anticipated effect and shall use its efforts to remedy such delay, except that neither Party shall be under any obligation to settle a labor dispute: Provided, That the suspension of obligation by the Contractor shall be subject to prior approval by the Director.

16.5. Amendments

This Agreement shall not be annulled, amended or modified in any respect except by mutual consent in writing of the herein parties.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement, as of the day and year first above written

**THE REPUBLIC OF THE PHILIPPINES**

BY:

**JOSE L. ATIENZA, JR.**

Secretary

Department of Environment and Natural Resources

-----**name of company**-----

TIN: \_\_\_\_\_

BY:

-----

President

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
(Signature over Printed Name)

\_\_\_\_\_  
(Signature over Printed Name)

**ACKNOWLEDGMENT**

Republic of the Philippines)  
Quezon City ) s s

Before me, a Notary Public for and in the City of Quezon, personally appeared **JOSE L. ATIENZA, JR.**, with Community Tax Certificate No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, in his capacity as Secretary of the Department of Environment and Natural Resources, and -----name -----, with Community Tax Certificate No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, in his/her capacity as President, of ----- company-----, both known to me and to me known to be the same persons who executed the foregoing instrument consisting of twenty four (24) pages, including this acknowledgment page, and acknowledged to me that the same is their voluntary acts and deeds.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affix my notarial seal, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

## FINANCIAL OR TECHNICAL ASSISTANCE AGREEMENT

This **FINANCIAL OR TECHNICAL ASSISTANCE AGREEMENT** (this "Agreement") is made and entered into in \_\_\_\_\_, Philippines, this \_\_\_\_\_ day of \_\_\_\_\_, by and between:

**THE REPUBLIC OF THE PHILIPPINES**, represented in this act by Executive Secretary \_\_\_\_\_, acting "By authority of the President," *His Excellency*, \_\_\_\_\_, with office at Malacañang, Manila (the "Government"),

and

\_\_\_\_\_, a corporation duly organized and existing under the laws of the Republic of the Philippines with office address at \_\_\_\_\_

\_\_\_\_\_ duly represented in this act by its President, \_\_\_\_\_ (the "Contractor").

### WITNESSETH:

**WHEREAS**, the 1987 Constitution of the Republic of the Philippines provides in Article XII, Section 2 that all lands of the public domain, waters, minerals, coal, petroleum and other natural resources are owned by the State and that the exploration, development and utilization of natural resources shall be under the full control and supervision of the State;

**WHEREAS**, the Constitution also provides that the President may, for the Government, enter into agreements involving either technical or financial assistance for large-scale exploration, development and utilization of minerals and mineral oils according to the general terms and conditions provided by law, based on real contributions to the economic growth and general welfare of the Republic of the Philippines;

**WHEREAS**, pursuant to Republic Act No. 7942, otherwise known as the Philippine Mining Act of 1995 which took effect on 09 April 1995, the President is authorized to execute and approve on behalf of the Government Financial or Technical Assistance Agreements to be entered into with qualified entities in furtherance of the objectives of the Government to encourage investments from both domestic and international sources for large-scale exploration, development and commercial utilization of mineral resources;

**WHEREAS**, pursuant to Department of Environment and Natural Resources (DENR) Administrative Order No. 96-40, as amended, otherwise known as the Revised Implementing Rules and Regulations of Republic Act No. 7942, which took effect on 23 January 1997, the DENR has adopted the principle of sustainable mining;

**WHEREAS**, the Contractor desires to join and assist the Government in the large-scale exploration, development and commercial utilization of Minerals in the Contract Area, for which purpose the Contractor desires to obtain the exclusive right to conduct Mining Operations therein;

**WHEREAS**, the Contractor has submitted to the Government all application requirements for a Financial or Technical Assistance Agreement as provided in the Act and its Revised Implementing Rules and Regulations, including proof of the Contractor's technical, financial, managerial and environmental capability, details regarding the technology and technical personnel presently proposed to be employed therein, and all evidence required by the Government that the Contractor possesses a satisfactory environmental management record and community relations record;

**WHEREAS**, the Government has found all such application requirements to be sufficient and meritorious in form and substance after evaluation and has determined that the Contractor has all the qualifications and none of the disqualifications, as defined under the Act and its Revised Implementing Rules and Regulations, to be granted a Financial or Technical Assistance Agreement;

**WHEREAS**, the Government desires to avail itself of the financial resources (including access to international sources of financing), technical competence, managerial, environmental and other skills which the Contractor is capable of applying to Mining Operations;

**WHEREAS**, the Government and the Contractor desire a stable investment regime which reflects the twin principles that:

- (1) the Government expects real contributions to the economic growth and general welfare of the country from the large-scale exploration, development and utilization of mineral resources under its national sovereignty and patrimony; and
- (2) the Contractor expects that the terms of this Agreement shall enable it to plan, obtain and commit large-scale financial and technical resources to the Mining Operations in order to realize a return of its investment which takes into account the high risks of exploration, the requirements of financiers, the high cost and long term nature of mining activities, the terms and conditions prevailing internationally and domestically in the mining industry, and any enhanced return achieved as a result of the Contractor's performance; and

**WHEREAS**, the terms of this Agreement have been negotiated and agreed upon by the Contractor and the Negotiating Panel constituted pursuant to Section 58 of the Revised Implementing Rules and Regulations of the Act, endorsed by the Secretary of DENR and approved by the President;

**NOW, THEREFORE**, for and in consideration of the premises, the mutual covenants, terms and conditions hereinafter set forth, the Contractor and the Government hereby stipulate and agree as follows:

## **SECTION I SCOPE**

- 1.1 Purpose of the Agreement. This Agreement is a Financial or Technical Assistance Agreement entered into by and between the President, for the Government, and the Contractor, pursuant to the Act and the IRR. The primary purpose of this Agreement is to



provide for the large-scale exploration, development, and commercial utilization of Minerals within the Contract Area, with all the necessary technology, management, financing and personnel to be provided or arranged for by the Contractor in accordance with the provisions of this Agreement.

- 1.2 Minerals Subject of this Agreement. This Agreement covers the exploration, development and commercial utilization of Minerals as herein defined found to exist within the Contract Area.
- 1.3 Exclusive Right of the Contractor. The Contractor is hereby granted the exclusive rights to explore, mine, utilize, process, refine, market, transport, export and dispose of Minerals and mineral products and by-products that may be derived or produced from the Contract Area, subject to such permitting requirements that may be applicable under pertinent laws, rules and regulations. The Contractor shall not, by virtue of this Agreement, acquire any title to lands within the Contract Area: *Provided*, That it may do so by any mode of acquisition provided by the laws of the Republic of the Philippines.
- 1.4 Contractor’s Acceptance of Risk. The Contractor shall assume all the exploration risks such that if no Minerals in commercially viable quantity are developed and produced, it shall not be entitled to reimbursement of its expenses.
- 1.5 Expenditure Commitment. The Contractor shall commit minimum Ground Expenditures for each Contract Year during the Exploration/Pre-Feasibility Study Period, as follows:

Contract Year (during Exploration/ Pre-Feasibility Study Period)	US \$ (or PhP Equivalent)/Hectare
1	2
2	2
3	8
4	8
5	18
6	23

based on the Contract Area held by the Contractor at the beginning of each Contract Year. The Contractor shall also be required to commit a minimum investment of Fifty Million US Dollars (\$50,000,000.00) or its Philippine Peso equivalent, on infrastructure and development in the Contract Area, which amount shall include all Pre-Operating Expenses incurred after the commencement of the Development and Construction Period. The obligations of the Contractor under this clause are subject to the termination of this Agreement for any reason, including, but not limited to, an election by the Contractor to withdraw from this Agreement under Clause 17.3.

**SECTION II  
DEFINITION AND INTERPRETATION**

- 2.1 Definition. As used in this Agreement, the following words and terms shall have the following respective meanings:

- a. "Act" refers to Republic Act No. 7942, otherwise known as the "Philippine Mining Act of 1995."
- b. "Agreement" means this Financial or Technical Assistance Agreement.
- c. "Budget" means an estimate of minimum expenditures to be made by the Contractor in Mining Operations contemplated hereunder to accomplish the Work Program for each Period or part of a Period, as required to be prepared by the Contractor pursuant to this Agreement.
- d. "Bureau" means the Mines and Geosciences Bureau under the Department of Environment and Natural Resources.
- e. "Calendar Quarter" means a period of three (3) consecutive calendar months, commencing on the first days of January, April, July and October, respectively.
- f. "Calendar Year" or "Year" means a period of twelve (12) calendar months commencing on the first day of January and ending on December 31.
- g. "Claimowners' Rights" means any rights or interests of persons or entities in Minerals derived under any form of mining rights provided by prior law (including interests in patented and unpatented mining claims, leases, contracts, permits, licenses, operating agreements, applications, and any other Mining Rights), or derived under any form of mining right provided under the Act and the IRR (including interests in Financial or Technical Assistance Agreements, Mineral Agreements, Mining Permits, Mineral Processing Permits, and Mining Applications).
- h. "Claimowners" means the persons or entities from which the Contractor has derived, or derives during the Term of this Agreement, Claimowners' Rights in any part or parts of the Contract Area, by any means, including assignment, option, waiver or consent to the grant of this Agreement in substitution for that person's or entity's Claimowners' Rights.
- i. "Constitution" or "Philippine Constitution" means the 1987 Constitution of the Republic of the Philippines adopted by the Constitutional Convention of 1986 on October 15, 1986 and ratified by the People of the Republic of the Philippines on February 2, 1987.
- j. "Contract Area" means the land or body of water, as described and determined under Section V and Annex "B".
- k. "Contract Year" means a consecutive period of twelve (12) months commencing on the Effective Date or on each anniversary of the Effective Date.
- l. "Contractor" means \_\_\_\_\_ herein represented by its President, \_\_\_\_\_, and includes its successors and assignee or

assignees of any of its interests under this Agreement: Provided, That the assignment of any interest is accomplished pursuant to Clause 18.14 hereof.

- m. "Date of Commencement of Commercial Production" or "Commencement of Commercial Production" refers to the date of written declaration by the Contractor to start commercial operations after the conduct of Test Run, including Debugging, and its approval by the Regional Office concerned.
- n. "Debugging" refers to a detailed commissioning program undertaken by the Contractor after the Test Run to optimize operating parameters and variables in the processing plant.
- o. "Declaration of Mining Project Feasibility" refers to a written notice submitted by the Contractor to the Mines and Geosciences Bureau proclaiming the feasibility of commercial utilization of the minerals identified in the Contract Area by internationally accepted sound mining practices, and supported by a Mining Project Feasibility Study and other requirements prescribed in Section 30 of the IRR. This document is filed by the Contractor during the Feasibility Period.
- p. "Deductible Expenses" refer to cash operating expenses incurred by the Contractor during a Calendar Year, which are directly and reasonably related and are necessary to the Mining Operations in the Contract Area during the Operating Period.
- q. "Department" or "DENR" means the Department of Environment and Natural Resources and includes its successors.
- r. "Development and Construction Period" means the Period of this Agreement as described under Clause 4.2(d).
- s. "Director" means the Director of the Bureau.
- t. "Effective Date" means the date on which this Agreement is registered, as provided in Clause 18.21.
- u. "Exploration" means searching or prospecting for Mineral Resources by geological, geochemical, or geophysical surveys, remote sensing, test pitting, trenching, drilling, shaft sinking, tunneling or any other means for the purpose of determining the existence, extent, quality and quantity of Mineral Resources and the feasibility of mining them for profit.
- v. "Exploration Period" means the Period of this Agreement as described under Clause 4.2(a).
- w. "Feasibility Study Period" means the Period of this Agreement as described under Clause 4.2(c).
- x. "Force Majeure" means acts or circumstances beyond the reasonable control of the Party affected thereby, including, but not limited to:

- i. war (whether declared or not), revolution, public disorder, rebellion, insurrection, riots, civil disturbances, blockade, sabotage, embargo, and strikes, lockouts, and any other labor disputes;
- ii. any dispute with persons or entities who claim they may be significantly affected by Mining Operations, such as but not limited to, other holders of mining rights or mining applications (including Claimowners), members of the local community, industry, Local Government Units, Nongovernmental Organizations, People's Organizations, surface owners and occupants, and Indigenous Cultural Communities;
- iii. epidemic, earthquake, storm, flood, volcanic eruption, tidal wave or other adverse or severe weather conditions, explosion, fire, failure or delay in transportation;
- iv. adverse action or lack of action by the Government, including, but not limited to, any failure to confirm or deny any necessary approval, permit, license or consent for which the Contractor has duly submitted all applicable requirements;
- v. expropriation, government requisition, or nationalization;
- vi. any act of God or of any public enemy; and
- vii. any other cause as herein described over which the affected Party has no reasonable control:

*Provided*, That the Government shall not be entitled to claim Force Majeure by reason of any event described in paragraph (ii), (iv) or (v).

- y. "Government" means the Government of the Republic of the Philippines and includes the President and all of its agencies and instrumentalities.
- z. "Gross Output" shall be interpreted as the actual market value of minerals or mineral products, or of bullion from each mine or mineral land operated as a separate entity, without any deduction from mining, milling, refining (including all expenses incurred to prepare the said minerals or mineral products in a marketable state), as well as transporting, handling, marketing or any other expenses: *Provided*, That if the minerals or mineral products are sold or consigned abroad by the Contractor under C.I.F terms, the actual cost of ocean freight and insurance shall be deducted: *Provided further*, That in the case of mineral concentrates not traded in commodity exchanges in the Philippines or abroad, such as copper concentrates, among others, the actual market value shall be the world price quotations of the refined mineral products content thereof prevailing in the said commodity exchanges, after deducting the smelting, refining and other charges incurred in the process of converting mineral concentrates into refined metal traded in those commodity exchanges. The actual market value of gold and

silver bullions or doré shall be determined in the same manner as mineral concentrates.

- aa. “Ground Expenditures” mean the field and laboratory costs and expenses of searching for Minerals and delineating new or extension Ore bodies in the Contract Area, incurred in or for the benefit of the Contract Area, including the costs and expenses of:
  - i. social preparation and contributions to communities (for example, the costs incurred in connection with the Contractor’s obligations contained in Chapter XIV of the IRR to assist in the development of communities, technology and geosciences), compensation paid under Chapter X of the IRR, and the costs incurred in obtaining the consent of any Indigenous Cultural Community (excluding any royalty negotiated with such community);
  - ii. Exploration (including laboratory work such as metallurgical test work, etc.);
  - iii. Pre-Feasibility Studies;
  - iv. reasonable administrative expenses not to exceed 15% of the total ground expenditures; and
  - v. Environment-related expenses (for example, the costs of implementing and complying with the Contractor’s Environmental Work Program).
- ab. “IRR” means DENR Administrative Order No. 96-40, as amended, or the Revised Implementing Rules and Regulations of the Act, signed by the Secretary of the Department which took effect on 23 January 1997.
- ac. “Loan Principal Amortization” refers to the sum of money paid to a loan creditor over regular periods to defray the principal portion of a Contractor’s loan.
- ad. “MPSA” means a Mineral Production Sharing Agreement on the same terms and conditions at the time of request for conversion pursuant to Clause 18.2 (a) hereof.
- ae. “Mineral Processing” refers to milling, beneficiation, leaching, smelting, cyanidation, calcination or upgrading of ores, minerals, rocks, mill tailings, mine wastes and/or other metallurgical by-products or by similar means to convert the same into marketable products.
- af. “Mill Tailings” means materials, whether solid, liquid or both, segregated by the Contractor from the Ores during the concentration/milling operations which have no present economic value to the Contractor.

- ag. "Mine Development" means the work undertaken to explore and prepare an Ore body or a Mineral deposit for mining and mineral processing including the construction and commissioning of necessary infrastructure and related facilities (for example, production, treatment, milling, processing, refining, transportation, communication and electrical infrastructure and facilities).
- ah. "Mine Wastes" means soil and rock minerals generated by the Contractor from its surface or underground mining operations with no economic value to the Contractor.
- ai. "Mineral Resources" means any concentration of Ores, Minerals or rocks with proven or potential economic value.
- aj. "Minerals" means all naturally occurring inorganic substances in solid, liquid, gas or any intermediate state, excluding energy materials such as coal, petroleum, natural gas, radioactive materials and geothermal energy, and excluding cement raw materials, marble, granite, sand and gravel and construction aggregates.
- ak. "Mining Area" means the portion or portions of the Contract Area identified by the Contractor for Mine Development, mining, utilization, and sites for support facilities or in the immediate vicinity of mining operations.
- al. "Mining Operations" means Exploration, Mine Development, Pre-Feasibility Studies, Feasibility Studies, utilization (including, but not limited to, mining, production and all related activities necessary to discover, evaluate and assess the feasibility of Minerals in the Contract Area and if commercially feasible, develop and operate a mine and extract, utilize, process and dispose of Minerals), and/or rehabilitation.
- am. "Mining Project Feasibility Study" refers to a document officially submitted by the Contractor as part of its Declaration of Mining Project Feasibility, and subsequently approved by the Mines and Geosciences Bureau. It contains the minimum information on geology and mineral resources, mining, mineral processing, environmental and social management, financing and related information required under the implementing rules and regulations of the Philippine Mining Act of 1995.
- an. "Negotiating Panel" refers to a panel provided under Section 58 of DENR Administrative Order No. 96-40, as amended, (Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995) which shall evaluate and negotiate all applications for Financial or Technical Assistance Agreement.
- ao. "Net Cash Flow" refers to the actual cash balance during a calendar year after deducting from the Gross Output the allowable deductible cash expenses, Loan Principal Amortization and Ongoing Capital Expenditures.
- ap. "Net Mining Revenue" refers to the Gross Output less Deductible Expenses.

- aq. "Notice" means a written notice delivered in accordance with Clause 18.3 of this Agreement.
- ar. "Ongoing Capital Expenditures" refer to expenses incurred by the Contractor for the purchase of equipment and machineries and the construction of buildings and other infrastructures necessary for the mining operations during the Operating Period as provided for in the approved Mining Project Feasibility Study.
- as. "Operating Period" refers to the period commencing from the Date of Commencement of Commercial Production in any Mining Area to the expiry date of this Agreement.
- at. "Ore" means a naturally occurring substance or material from which a Mineral or element can be mined or processed for profit.
- au. "Party" shall mean either the Contractor or the Government, and "Parties" shall mean both.
- av. "Period" means the Exploration Period, Pre-Feasibility Study Period, Feasibility Study Period, Development and Construction Period or Operating Period, as the case may be.
- aw. "Pollution" means any alteration of the physical, thermal, chemical and/or biological properties of any water, air and/or land resources of the Republic of the Philippines or discharge thereto of any liquid, gaseous or solid wastes, or production of unnecessary noise or any emission of objectionable odor as will or is likely to create or to render such water, air and land resources harmful, detrimental or injurious to public health, safety or welfare, or which will adversely affect their utilization for domestic, commercial, industrial, agricultural, recreational or other legitimate purposes.
- ax. "Pre-Feasibility Studies" means preliminary studies, prior to the conduct of Feasibility Studies or further Exploration of the Contract Area, to evaluate and assess the potential economic value of identified Mineral Resources. Such preliminary studies may include, but are not limited to:
- i. additional Exploration;
  - ii. analyses of various alternatives for mining, processing and beneficiation of Minerals;
  - iii. analyses of alternative mining, milling, and production rates;
  - iv. analyses of alternative sites for placement of facilities (i.e., water supply facilities, transport facilities, reagent storage, offices, shops, warehouses, stockyards, explosives storage, handling facilities, housing, public facilities, etc.);

- v. analyses of alternatives for treatment and handling of Mine Wastes and Tailings (including a description of each alternative of the method of tailings disposal and the location of the proposed disposal site);
  - vi. estimates of recoverable reserves of Minerals, in terms of technical and economic constraints (extraction and treatment of Minerals), including the effect of grade, losses, and impurities, and the estimated Mineral composition and content thereof, and review of mining rates commensurate with such reserves;
  - vii. analyses of environmental impacts of the various alternatives, including an analysis of the permitting and other implications of each alternative, and costs of environmental compliance for each alternative;
  - viii. appropriate metallurgical tests to determine the efficiency of alternative extraction, recovery and processing techniques, including an estimate of water, power, and reagent consumption requirements;
  - ix. hydrology and other studies related to any required dewatering; and
  - x. other studies and analyses to determine the commercial viability of Minerals discovered in the Contract Area.
- 
- ay. "Pre-Feasibility Study Period" means the Period of this Agreement described in Clause 4.2(b).
  - az. "Pre-Operating Expenses" refers to all expenditures incurred by the Contractor in and for the benefit of the Contract Area from the date of filing of the Financial or Technical Assistance Agreement application up to the Date of Commencement of Commercial Production.
  - ba. "President" means the President of the Republic of the Philippines.
  - bb. "Recovery Period" refers to a time period allowing the Contractor to recover its Pre-Operating Expenses as provided in Clause 9.7(a) hereof.
  - bc. "Regional Director" means the Regional Director of the Regional Office.
  - bd. "Regional Office" means the Mines and Geosciences Bureau Regional Office having jurisdiction over the Contract Area: Provided, That if more than one region is covered, the Region with the larger portion of the Contract Area shall have primary jurisdiction on monitoring of compliance with the terms and conditions of this Agreement.
  - be. "Secretary" means the Secretary of the Department of Environment and Natural Resources.



- bf. "Special Allowance" refers to the payment to Claimowners or surface right owners during the transition period from Presidential Decree No. 463 and Executive Order No. 279 to the Mining Act of 1995.
- bg. "Temporary Exploration Permit" means a temporary exploration permit issued by the Secretary pursuant to Section 62 of the IRR.
- bh. "Term" means the term of this Agreement as provided in Clause 4.1.
- bi. "Test Run" refers to an approved initial commissioning plan conducted by the Contractor under the supervision of the DENR to establish operating parameters and variables and/or to appraise the efficiencies of installed machineries, equipment and structures especially those that pertain to pollution control.
- bj. "Work Program" means a document setting out the Contractor's plan of operations and the corresponding Budget, for each Period or part of a Period of the Mining Operations, as required, submitted and approved pursuant to this Agreement.
- bk. "Working Capital" means Current Assets less Current Liabilities excluding cash, bank deposits and debt obligations due within 12 months, calculated in accordance with generally accepted accounting principles.

2.2 Interpretation. In this Agreement, unless the context otherwise requires:

- a. the singular includes the plural and vice versa;
- b. a reference to a sum of money, unless otherwise expressly provided, is a reference to that sum of money in Philippine Pesos;
- c. the headings in this Agreement are for convenience of reference and do not affect interpretation;
- d. a reference to a Party includes that Party's successors and permitted assigns;
- e. if any area is described in this Agreement both by way of geographical coordinates and by way of a sketch or map, the geographical coordinates shall prevail to the extent of any inconsistency;
- f. an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency; and
- g. terms used in this Agreement which are not defined in this Agreement have the meaning given to them in Section 5 of the IRR.

2.3. Annexes. Each Annex attached constitutes an integral part of this Agreement.

**SECTION III**  
**REPRESENTATIONS AND WARRANTIES**

- 3.1 Representations and Warranties of Contractor. The Contractor represents and warrants to the Government as of the date of this Agreement that:
- a. all information provided by Contractor in its application for this Agreement was free of any intentional and materially false statement or omission of facts;
  - b. the Contractor is a corporation duly organized and validly existing and in good standing and has the full power and authority to own and operate its properties and to carry on its business. There is no pending or threatened action for the dissolution, liquidation, insolvency or rehabilitation of the Contractor, whether voluntary or involuntary;
  - c. the Contractor has, or has access to, all the financial, managerial and technical expertise and, if circumstances demand, the technology required to promptly and effectively carry out the terms of this Agreement, with the understanding to timely utilize these resources under its supervision to accomplish the objectives of its Work Programs;
  - d. the Contractor has all the qualifications and none of the disqualifications, as defined under the Act and the IRR, to be granted a Financial or Technical Assistance Agreement, including a satisfactory environmental record and community relations record;
  - e. the Contractor has the full legal right and capacity to execute, deliver and perform this Agreement and the transactions contemplated hereby, in accordance with the terms of this Agreement; and
  - f. A copy of the resolution of the Contractor's Board of Directors authorizing its President to enter into this Agreement for and on the Contractor's behalf is attached as Annex "A".
- 3.2 Representations and Warranties of Government. The Government represents and warrants to the Contractor as of the date of this Agreement that:
- a. the President or his duly authorized representative, for the purposes of this Agreement, is the authorized representative of the Government and is entitled to enter into this Agreement in such capacity and to bind the Government to adhere to the terms of this Agreement;
  - b. based on available data and clearances issued, there are no other mining rights, mining applications, claims, option agreements, leases, licenses, operating contracts, production sharing agreements, or other encumbrances against or affecting the Contract Area or the Contractor's rights under this Agreement; the Government is not aware of any notices, objections or other proceedings or litigation pending concerning the Contract Area; and

- c. the execution, delivery and performance of this Agreement in accordance with its terms does not violate any law, regulation or order of any governmental authority, bureau or agency.

**SECTION IV  
TERM AND PHASES OF THE AGREEMENT**

- 4.1 Term. The Term of this Agreement shall be for a period of twenty-five (25) years from the Effective Date hereof.
- 4.2 Phases of the Agreement. The phases of this Agreement shall be divided into periods as follows:
  - a. Exploration Period - This phase consists of a period not exceeding two (2) years starting from the Effective Date of this Agreement, which shall be extended for another period not exceeding two (2) years if the Contractor complies with Section 52(a) of the IRR and the terms and conditions of the Agreement: *Provided*, That in case of conversion from an Exploration Permit, the term of said Exploration Permit shall be deducted from the Exploration Period and/or the Pre-Feasibility/Feasibility Period, as the case may be.
  - b. Pre-Feasibility Study Period - This phase consists of the period not exceeding two (2) years commencing from the expiration or termination of the Exploration Period.
  - c. Feasibility Study Period - This phase consists of the period of two (2) years commencing from the expiration or termination of the Exploration or Pre-Feasibility Study Period.
  - d. Development and Construction Period - This phase consists of the period commencing on the date of the approval of the Declaration of Mining Project Feasibility and ending on the day before the Date of Commencement of Commercial Production. For the avoidance of any doubt, the expiration of the Feasibility Study Period may not coincide with the commencement of the Development and Construction Period.
  - e. Operating Period - This phase consists of the period commencing on the Date of Commencement of Commercial Production in any Mining Area and ending on the termination of the Term of this Agreement.
- 4.3 Multiple Activities During Periods. In the event that the Contractor elects to proceed to a later Period during the Term of this Agreement, the Contractor may continue any type of Mining Operations conducted in an earlier Period, and may commence Mining Operations associated with a later Period before the commencement of such later Period in any portion or portions of the Contract Area. For example, the Contractor may elect to conduct Pre-Feasibility Studies during the Exploration Period, or may elect to conduct

additional Exploration and Pre-Feasibility Studies on lands within any Mining Area during the Operating Period. Such Mining Operations shall, however, be subject to other applicable provisions of this Agreement including, among others, compliance with the requirements of Clause 7.1 prior to construction of mining and processing facilities and utilization

4.4 Additional Mine Development. After the Feasibility Study Period, Clause 8.5 shall apply instead of Sections VI and VII to any subsequent Mine Development activities in any Mining Area, including but not limited to, subsequent expansions, modifications, improvements, or replacements of existing mining facilities, addition of new facilities, and utilization of additional Mineral Resources identified in any Mining Area.

4.5 Renewal.

- a. Availment of Renewal. The Contractor may renew this Agreement for a period specified by it, not exceeding twenty-five (25) years, upon Notice given by the Contractor not less than one (1) year prior to the expiration of the Term of this Agreement. The Contractor may give such Notice at any time during the Term of this Agreement upon identifying a Mineral Resource that, based on its Pre-Feasibility Studies or Feasibility Studies, will require a period for utilization longer than the remaining period of the Term of this Agreement. Renewal shall not be allowed if the Contractor commits any material breach of this Agreement (as finally determined under Section XVI) and fails to timely remedy such breach under Section XVII.
- b. Terms of Renewal. The Government and the Contractor shall use their best efforts to mutually agree on the terms and conditions for renewal as expeditiously as possible after the Contractor gives Notice of renewal. If the terms of renewal differ from the terms and conditions of this Agreement, the Parties agree that any amendments negotiated or imposed through arbitration shall result in both Parties receiving benefits from the amended Agreement that are no less favorable to each Party, to the extent practicable than would have been the case if renewal had been on the same terms and conditions as this Agreement.
- c. Resolution of Disagreements on Terms of Renewal. The parties shall first attempt to resolve any dispute concerning terms and conditions of renewal by consultation under Clause 16.1 and, at the request of either Party, mediation. If mediation is requested, the Parties shall attempt to agree on the modes of mediation, including the facilitator(s) to be used and the venue of the same. If the Parties do not mutually agree on all terms and conditions for renewal within ninety (90) days after the Contractor gives Notice of renewal (including due to lack of agreement on the mode or venue for mediation), any terms and conditions on which the Parties have not reached agreement shall be finally resolved by arbitration in accordance with Clause 16.2 hereof.
- d. Operation Pending Renewal. The Contractor shall be permitted to continue Mining Operations beyond the end of the Term of this Agreement for a period not exceeding one (1) year on the existing terms and conditions pending the

outcome of any negotiations, mediation and arbitration conducted pursuant to the immediately preceding subsection. Also, in the event of any such negotiation, mediation or arbitration, the Secretary shall, prior to the end of the Term, withdraw the Contract Area from any mining applications of Parties other than the Contractor pending the outcome of the dispute.

- e. Nominee for Renewal. The Contractor may nominate a Qualified Person to take the renewal of this Agreement and, if that Qualified Person complies with the requirements of Clause 18.14(a)(iv), the Government shall enter into the renewal of this Agreement with such Qualified Person. Such nominee shall be entitled to participate in the negotiation of any changes to the terms and conditions of this Agreement required under paragraph Clause 4.5(b).

## **SECTION V CONTRACT AREA**

- 5.1 Size, Shape and Location of Contract Area. The Contract Area consists of all of the area within the boundaries described and shown on the map attached as Section 1 of Annex "B", containing an area of \_\_\_\_\_: *Provided*, That any areas with conflict, within ancestral lands/domains without the free and prior informed consent by the concerned Indigenous Peoples, within adequately stocked forests/proclaimed watershed forest reserves/critical watersheds, and/or classified under the National Integrated Protected Areas System are excluded therefrom.
- 5.2 Voluntary Relinquishment of Portion(s) of the Contract Area. During the Exploration Period and Pre-Feasibility Study Period, the Contractor shall relinquish part or parts of the Contract Area.
- 5.3 Contractor's Choice of Relinquishment Areas. The areas to be relinquished shall be selected by the Contractor at its discretion and the areas retained after relinquishment need not be one contiguous block.
- 5.4. Exploration Over the Remaining Portions of the Contract Area. The Contractor shall have the right during the Pre-Feasibility Study Period to conduct Exploration over any part of the Contract Area which has not been relinquished. Should the Contractor submit a Notice to commence feasibility study over a portion or portions of the Contract Area during the Exploration Period or the Pre-Feasibility Study Period, the Contractor shall have the right to continue Exploration during the Feasibility Study Period over the remaining Contract Area necessary for Mining Operations.

Each Mining Area after final relinquishment shall not exceed five thousand (5,000) hectares: *Provided*, That the Director may, subject to technical verification by the Bureau and with the approval of the Secretary, allow the Contractor to hold a larger Mining Area if it is reasonably required by the Contractor due to the nature and size of the relevant Mineral deposit or the anticipated surface or sub-surface activities of the proposed Mining Operations. The Mining Area shall be selected by the Contractor at its discretion

and need not be one contiguous block. Upon request of the Contractor and subject to technical verification by the Bureau, the boundaries of the Mining Area as defined in the Declaration of Mining Project Feasibility may be revised if more convenient for Mining Operations, or to address issues raised in the process of approving an Environmental Compliance Certificate or Environmental Enhancement and Protection Program, so long as the maximum area is not exceeded.

- 5.5 Survey of Mining Area(s). Upon each Declaration of Mining Project Feasibility, the Contractor shall undertake a boundary survey of the declared Mining Area, in accordance with the provisions of Chapter XXV of the IRR. If the boundaries of any Mining Area are thereafter revised under Clause 5.4, the Contractor shall undertake to revise the boundary survey accordingly.

**SECTION VI  
EXPLORATION, PRE-FEASIBILITY STUDY  
AND FEASIBILITY STUDY PERIODS**

- 6.1 Commencement of Exploration. The Contractor shall commence Exploration not later than three (3) months after the Effective Date.
- 6.2 Work Program. The Contractor shall comply with the approved Exploration Work Program it prepares and submits pursuant to Section 53(a)(4) and, if applicable, Section 52(a)(4) of the IRR and the approved Environmental Work Programs it prepares and submits pursuant to Section 168 of the IRR. The Exploration Work Program and the Environmental Work Program are attached as Annexes "C" and "D", respectively, and are hereby approved by the Government.
- 6.3 Conduct of Pre-Feasibility Studies. If, in the Contractor's opinion, findings from Exploration warrant preliminary studies prior to the conduct of Feasibility Studies or further Exploration of the Contract Area is for any reason warranted, the Contractor may conduct such Pre-Feasibility Studies as it determines are warranted. If the Contractor elects to commence Pre-Feasibility Studies with respect to all or part of its Contract Area, it shall submit written Notice and the corresponding Work Program thereof to the Director not later than the commencement of the Pre-Feasibility Study Period. The Work Program shall be subject to the approval of the Director. The giving of such Notice prior to the end of the Exploration Period shall not shorten the length of the Exploration Period provided in Clause 4.2(a).
- 6.4 Expenditure Requirements
- a. The Contractor shall expend on Exploration and Pre-Feasibility Studies not less than the minimum Ground Expenditures for that Contract Year as calculated in accordance with Clause 1.5 of this Agreement.
  - b. If, during any Contract Year, the Contractor expends more than the minimum Ground Expenditures for that Contract Year as calculated in accordance with Clause 1.5 of this Agreement, the excess may be carried forward and subtracted

from the minimum Ground Expenditures required to be expended by the Contractor during succeeding Contract Years.

- c. If the Contractor does not in any Contract Year, for justifiable reasons as determined by the Director, expend the minimum Ground Expenditures for that Contract Year, the deficiency may be expended on succeeding Contract Years. Such deficiency shall be an accrued obligation, and any unexpended amount shall be immediately payable to the Bureau in the event that the Contractor subsequently withdraws from this Agreement. In the event the Contractor fails to pay any such deficiency after withdrawal, the amount thereof may be deducted by the Government from the financial guarantee/bond posted by the Contractor under Clause 11.5.
- d. In the event of termination of or withdrawal from this Agreement, the Contractor shall pay the Government the unexpended minimum Ground Expenditures for the remaining year/years of the Pre-Feasibility Period as provided in Clause 1.5. In the event the Contractor fails to pay any such accrued obligation for Ground Expenditures, including any deficiency for prior Contract Years accrued under Clause 6.4(c), after termination or withdrawal, the amount thereof may be deducted by the Government from the financial guarantee/bond posted by the Contractor under Clause 11.5.

6.5 Commencement of Feasibility Studies. If, during or upon expiration of the Exploration Period or Pre-Feasibility Study Period, the Contractor considers that the Contract Area or any part thereof may contain Minerals that may be commercially utilized by internationally accepted sound mining methods, the Contractor may file with the Regional Director, copy furnished the Director and Secretary, a Notice to conduct feasibility studies with respect to that part of the Contract Area. Subject to its relinquishment obligations, the Contractor may during the Exploration Period or the Pre-Feasibility Study Period make any number of declarations over part or parts of the Contract Area. Submission of a Notice prior to the end of the Pre-Feasibility Period shall not shorten the length of the Exploration Period and the Pre-Feasibility Period provided in Clause 4.2(a) and (b).

6.6 Conduct of Feasibility Studies. The Contractor shall, during the Feasibility Study Period, conduct Feasibility Studies covering one or more Mining Area(s).

6.7 Reporting Requirements. The Contractor shall submit the following reports:

- a. Quarterly Reports. During the Exploration Period, Pre-Feasibility Study Period and the Feasibility Study Period, the Contractor shall prepare and submit to the Regional Director, copy furnished the Director, not later than 30 days after the end of each Calendar Quarter, a report signed by a licensed Mining Engineer or Geologist summarizing the Exploration conducted in such quarter. If drilling is conducted during such calendar quarter, the Contractor shall include in its quarterly report the information required under Section 270(i) of the IRR.

- b. Annual Reports. During the Exploration Period, Pre-Feasibility Study Period and the Feasibility Study Period, the Contractor shall prepare and submit to the Regional Director, copy furnished the Director, not later than ninety (90) days after the end of each Contract Year, an annual progress report of its Mining Operations signed by a licensed Mining Engineer or Geologist. This progress report shall be accompanied by raw geologic, geophysical and geochemical data plotted in a 1:50,000 scale map.
- c. Final Report. Within ninety (90) days after the end of the sixth Contract Year, the Contractor shall prepare and submit to the Regional Director, copy furnished the Director, a final report setting out by category the amount and nature of all Ground Expenditures made pursuant to Clause 6.4. The Final Report shall be accompanied by raw geologic, geophysical and geochemical data including geologic map of the remaining Contract Area at a scale of 1:50,000.
- d. Relinquishment Report. The Contractor shall submit to the Regional Director, copy furnished the Director, a separate relinquishment report in accordance with Section 60 of the IRR not later than ninety (90) days from the expiration of the applicable relinquishment period under Clause 5.2, together with a detailed geologic report of the relinquished area accompanied by maps at a scale of 1:50,000, results of analyses, and corresponding Ground Expenditures.
- e. All other reports required by the Act and the IRR.

## **SECTION VII DEVELOPMENT AND CONSTRUCTION PERIOD**

- 7.1 Submission of a Declaration of Mining Project Feasibility. The Contractor shall submit a Declaration of Mining Project Feasibility Study not later than three (3) months after the lapse of the Feasibility Study Period in respect of the Mining Area covered by that Declaration of Mining Project Feasibility to the Secretary for his approval, thru the Regional Director and Director. The Declaration of Mining Project Feasibility shall be accompanied by the Mining Project Feasibility Study that shall contain, among others, a quantification of the Government Share and the benefits to be derived from the operation of the mine. The Director shall take into consideration in the approval of the Declaration of Mining Project Feasibility the expected life of the mine for a minimum of fifteen (15) years, proposed mining sequence, grade management, and the Project's capability to contribute the Government Share and to absorb the environmental and social costs.

In addition to the Mining Project Feasibility Study, the Declaration of Mining Project Feasibility shall be accompanied by the following:

- a. a Development and Construction Work Program;
- b. an application for Order of Survey or an approved Survey Plan of the Mining Area;



- c. an Environmental Compliance Certificate in accordance with Presidential Decree No. 1586 and its implementing rules and regulations (or, if this certificate has not been granted, reasonable evidence that the Contractor has applied for the certificate); and
- d. an Environmental Protection and Enhancement Program for the Development and Construction Period.

Evaluation of the Development and Construction Work Program shall follow the procedures set out in Section XI of this Agreement. The content of the Environmental Protection and Enhancement Program shall be as provided in Section 169 of the IRR, and approval of the Environmental Protection and Enhancement Program shall follow the procedures prescribed by Section 170 of the IRR.

Any other Mining Area declared out of such remaining Contract Area may be covered by this Agreement or as a separate Agreement subject to Clause 5.2(c) of this Agreement.

All the remaining Contract Area at the expiration of the Feasibility Study Period which shall not be covered by a Declaration of Mining Project Feasibility and has not previously been the subject of a Declaration of Mining Project Feasibility shall be automatically relinquished to the Government.

- 7.2 Timetable. During the Development and Construction Period, the Contractor shall complete Mine Development in the Mining Area(s) identified in the Mining Project Feasibility Study filed pursuant to Clause 7.1(a). The Contractor shall also have the right in its discretion to continue Exploration activities and other Mining Operations in any Mining Area during this Period.
- 7.3 Expenditure Commitment. The Contractor shall expend in total not less than Fifty Million US Dollars (US\$50,000,000.00) or its Philippine Peso equivalent on infrastructure and development in the Contract Area, which amount shall include all Pre-Operating Expenses incurred after the commencement of the Development and Construction Period. In the event this expenditure commitment is not or cannot be met, the Contractor has the option to convert this Agreement into a Mineral Production Sharing Agreement or withdraw from this Agreement in accordance with the terms prescribed in Clause 18.2 and Clause 17.3, respectively.
- 7.4 Reporting Requirements. The Contractor shall submit the following reports during the Development and Construction Period:
  - a. Exploration Reports. With respect to any Exploration activities unrelated to Mine Development, the Contractor shall submit to the Regional Director, copy furnished the Director, the reports identified in Clause 6.7(a) and (b) of this Agreement. Exploration activities related to Mine Development shall be included in the annual progress reports under paragraph (b) of this Clause.
  - b. Annual Reports. Within ninety (90) days after the end of each Contract Year, the Contractor must prepare and submit to the Regional Director, copy furnished the Director, an annual progress report of its Mine Development activities for that

Contract Year, including major activities, achievements and expenditures, signed by a licensed Mining Engineer or Geologist.

- c. Final Report on Mine Development Expenditures. Within ninety (90) days after it completes Mine Development on the Mining Area(s) identified in the Mining Project Feasibility Study filed pursuant to Clause 7.1, the Contractor shall prepare and submit to the Regional Director, copy furnished the Director, a final report itemizing the amount and nature of all Mine Development activities and expenditures made in satisfaction of the Contractor's commitment under Clause 7.3.
- d. All other reports required by the Act and the IRR.

## **SECTION VIII OPERATING PERIOD**

- 8.1 Commencement of Commercial Production. Within thirty (30) days after the Date of Commencement of Commercial Production, the Contractor shall notify the Secretary, Director and Regional Director of such commencement.
- 8.2 Work Programs. At least thirty (30) days before the expiration of the Development and Construction Period, the Contractor shall submit to the Regional Director, for approval by the Director, an initial Work Program covering the first three (3) years of the Operating Period. The Contractor shall, at least thirty (30) days before the expiration of each consecutive three (3)-year period of the Operating Period, submit to the Regional Director, for approval by the Director, a Work Program covering the next three (3)-year period. The Contractor shall have the right to continue Mining Operations while approval of any Work Program is pending. The Contractor shall also during the Operating Period have the right in its discretion to continue Exploration activities in any Mining Area.
- 8.3 Conduct of Mining Operations. The Contractor shall conduct Mining Operations during the Operating Period in accordance with the relevant approved Work Program: *Provided*, That the timing, nature and extent of Mining Operations during the Operating Period shall be in the sole discretion of the Contractor: *Provided further*, That the Contractor continues to otherwise comply with the terms of this Agreement and all applicable laws of the Republic of the Philippines and adhere to internationally accepted sound mining production practices.

The Contractor shall in accordance with Sections 171 and 144 of the IRR, respectively, submit to the Regional Director, copy furnished the Director, an Annual Environmental Protection and Enhancement Program and a Safety and Health Program covering each Mining Area in which Mining Operations are to be conducted.

- 8.4 Reporting Requirements.
  - a. The Contractor shall submit to the Regional Director, copy furnished the Director, all reports required for FTAA contractors under Section 270 of the IRR.

- b. The Contractor shall submit annually to the Regional Director, copy furnished the Director, a copy of the Contractor's latest updated General Information Sheet, certified and duly stamped "Received" by the Securities and Exchange Commission.

8.5 Expansion and Modification of Facilities; Development of Additional Deposits.

- a. The Contractor may make expansions, modifications, improvements, and replacements of the mining facilities and may add new facilities, as the Contractor may consider necessary for Mining Operations. The Contractor shall conduct any Pre-Feasibility Studies or Feasibility Studies it deems necessary and shall obtain any Environmental Compliance Certificate, or supplement of its existing Environmental Compliance Certificate, required by law for any such activity. Such activities shall be embodied in an appropriate Work Program submitted to the Regional Director, copy furnished the Director. Approval of the Development and Construction Work Program shall follow the procedures set out in Section XI of this Agreement.
- b. In the event of any expansion, modification, improvement, or replacement of existing mining facilities, addition of new facilities, or utilization of additional Mineral Resources in the Contract Area, the Contractor may avail of applicable fiscal and non-fiscal incentives as provided for under the Act and the IRR, Executive Order No. 226 (EO 226), and other laws.
- c. The Contractor may mine and utilize at any time during the Operating Period any additional Mineral Resources identified during the Term of this Agreement in the Mining Area in which its initial Mine Development occurs.
- d. The timing, nature and extent of Mining Operations with respect to any expansion, modification, improvement, or replacement of existing mining facilities, addition of new facilities, or utilization of additional Mineral Resources in the Contract Area shall be in the discretion of the Contractor subject to Clauses 8.5(a) through (c), including the Contractor's determination of the sufficiency of its existing Mineral reserves and capacity of its existing mining and processing facilities, the feasibility of utilizing additional Mineral Resources, the availability and adequacy of terms of any financing needed, and the existing and anticipated market conditions for Minerals.

8.6 Surface Areas Necessary to the Mining Operations

Surface areas which are necessary and vital to the mining operations of the FTAA Contractor may be acquired by the Government at the expense of the Contractor subject to the terms and conditions of this Agreement.

## SECTION IX FISCAL REGIME

### 9.1 General Principles.

- a. The Total Government Share from this Agreement shall comprise of a Basic Government Share and, if warranted, an Additional Government Share.
- b. The Basic Government Share shall consist of direct taxes, royalties, fees and other related payments as defined in this Agreement.
- c. The Additional Government Share is the amount to be paid by the Contractor when the Basic Government Share is less than fifty percent (50%) of the Net Mining Revenue.
- d. The Net Mining Revenue is Gross Output less Deductible Expenses.

### 9.2 Basic Government Share

The Basic Government Share shall consist of all direct taxes, royalties, fees and related payments required by existing laws, rules and regulations to be paid by the Contractor. It shall be the minimum share that Government shall receive during any calendar year. The following national and local taxes, royalties and fees paid by the Contractor to the Government during a calendar year constitute the Basic Government Share:

- a. Contractor's income tax;
- b. Customs duties and fees on imported capital equipment;
- c. Value-added tax on imported goods and services;
- d. Withholding tax on interest payments on foreign loans;
- e. Withholding tax on dividends to foreign stockholders;
- f. Documentary stamps taxes;
- g. Capital gains tax;
- h. Excise tax on minerals;
- i. Royalties For Mineral Reservations and to Indigenous Peoples, if applicable;
- j. Local business tax;
- k. Real property tax;
- l. Community tax;
- m. Occupation fees;
- n. Registration and permit fees; and
- o. All other national and local Government taxes, royalties and fees as of the effective date of this Agreement.

Related payments made by the Contractor for Special Allowance and Royalty to Indigenous Peoples or Indigenous Cultural Communities, if applicable, and which are subject of agreements entered into by and between the Contractor and concerned individuals or private parties, and were duly approved by the Government, shall be considered as part of the Basic Government Share.

Starting from the effective date of this Agreement, the Contractor shall pay all applicable taxes, royalties, fees and other related payments subject to the following:

- i. From the date of approval of the Declaration of Mining Project Feasibility up to the end of the Recovery Period as defined in this Agreement, the Contractor shall pay above Items (h) to (o) which includes Excise Tax on Minerals, Royalty on Mineral Reservations and local taxes, fees and related imposts due to Local Government Units.
- ii. After the Recovery Period, the Contractor shall then pay all applicable taxes, fees, royalties and other related payments to the national and local Governments [Items (a) to (o) above].
- iii. Any value-added tax on exported products refunded by or credited to the Contractor shall not form part of the Basic Government Share.

### 9.3 Deductible Expenses

The following cash expenses shall be allowed for deduction from the Gross Output to determine the Net Mining Revenue:

- a. Mining, milling, transport and handling expenses together with smelting and refining costs other than smelting and refining costs paid to third parties;
- b. General and administrative expenses actually incurred by the Contractor in the Philippines;
- c. Environmental expenses of the Contractor including such expenses necessary to fully comply with its environmental obligations as stipulated in the environmental protection provision of this Agreement and in the IRR;
- d. Expenses for the development of host and neighbouring communities and for the development of geosciences and mining technology including training costs and expenses as stipulated in this Agreement and in the IRR;
- e. Royalty payments to Claimowners or surface land owners relating to the Contract Area during the Operating Period, if any;
- f. Continuing mine operating development expenses within the Contract Area after the pre-operating period; and
- g. Interest expenses charged on loans or such other financing-related expenses incurred by the Contractor subject to the financing requirement in this Agreement, which shall not be more than the prevailing international rates charged for similar types of transactions at the time the financing was arranged, and where such loans are necessary for the operations.

9.4 Additional Government Share

After the Recovery Period, the Contractor shall pay an Additional Government Share if the Basic Government Share is less than fifty percent (50%) of the Net Mining Revenue.

This Additional Government Share shall be the difference of the fifty (50) percent of the Net Mining Revenue and the Basic Government Share during the calendar year.

9.5 Sales of Minerals or Mineral Products

- a. Sales and Exportation of Minerals or Mineral Products - The Contractor shall endeavor to dispose the Minerals and by-products produced in the Contract Area at the highest commercially achievable market price and lowest commercially achievable commissions and related fees under circumstances then prevailing, and to negotiate for sales terms and conditions compatible with world market conditions. The Contractor may enter into long-term sales and marketing contracts or foreign exchange and commodity hedging contracts for its minerals or mineral products.

The Contractor shall inform the Government when it enters into a marketing agreement or sales contract with foreign and local buyers. Marketing contracts and sales agreements involving commercial disposition of minerals and byproducts shall be subject for approval by the Secretary upon recommendation of the Director: *Provided*, That approved marketing contracts and sales agreements shall be registered with the Bureau, and shall be treated with confidentiality between the Government and the Contractor.

The Government shall be entitled to examine all sales and exportation of minerals or mineral products including the terms and conditions of all sales commitments.

Sales commitments with affiliates, if any, shall be made only at prices based on or equivalent to arm's length sales and in accordance with such terms and conditions at which such agreement would be made if the parties had not been affiliated, with due allowance for normal selling discounts or commissions. Such discounts or commissions allowed the affiliates must be no greater than the prevailing rate so that such discounts or commissions will not reduce the net proceeds of sales to the Contractor below those which it would have received if the parties had not been affiliated. The Contractor shall, subject to confidentiality clause of this Agreement, submit to the Government evidence of the correctness of the figures used in computing the prices, discounts and commissions, and a copy of the sales contract.

For purposes of this clause, an affiliate or an affiliated company means:

- i. any company in which the Contractor holds fifty percent (50%) or more of the shares;
- ii. any company which holds fifty percent (50%) or more of the Contractor's shares;

- iii. any company affiliated by the same definition in (i) or (ii) to an affiliated company of the Contractor is itself considered an affiliated company for purposes of this Agreement;
- iv. any company which, directly or indirectly, is controlled by or controls, or is under common control by the Contractor;
- v. any shareholder or group of shareholders of the Contractor or of an affiliated company; or
- vi. any individual or group of individuals in the employment of the Contractor or of any affiliated company.

Control means the power exercisable, directly or indirectly, to direct or cause the direction of the management and policies of a company exercised by any other company and shall include the right to exercise control or power to acquire control directly or indirectly, over the company's affairs and the power to acquire not less than fifty percent (50%) of the share capital or voting power of the Contractor. For this purpose, a creditor who lends, directly or indirectly, to the Contractor, unless he has lent money to the Contractor in the ordinary course of money-lending business, may be deemed to be a Person with power to acquire not less than fifty percent (50%) of the share capital or voting power of the Contractor if the amount of the total of its loan is not less than fifty percent (50%) of the total loan capital of the company.

If a person ("x") would not be an affiliate or an affiliated company ("y") on the basis of the above definition but would be an affiliate if each reference in that definition to "fifty percent (50%)" was read as a reference to "forty percent (40%)" and the Government has reasonable grounds for believing that "x" otherwise controls "y" or "x" is otherwise controlled by "y", then, upon the Contractor being notified in writing by the Government of that belief and the grounds therefore, "x" and "y" shall be deemed to be affiliates unless the Contractor is able to produce reasonable evidence to the contrary.

- b. Price or Cost Transfers. The Contractor commits itself not to engage in transactions involving price or cost transfers in the sale of its minerals or mineral products and in the purchase of input goods and services resulting either in the illegitimate loss or reduction of Government Share or illegitimate increase in Contractor's share. If the Contractor engages affiliates or an affiliated company in the sale of its mineral products or in providing goods, services, loans or other forms of financing hereunder, it shall do so on terms no less than would be the case with unrelated persons in arms-length transactions.
- c. Documentary Proof of Payment – The Contractor shall furnish the Bureau with documentary proof of final payment of each and every mineral sales it undertakes not later than seven (7) days upon receipt of its payment from such sales. The documentary proof shall contain information on the F.O.B. gross value of the sales; the particular deductions applied on the sales, initial payments received; if

any, and the final net sales value in the denomination of the payment received and its equivalent in Philippine Peso at the time the Contractor received the payment.

#### 9.6 Payment of Government Share

- a. Occupation Fees. Prior to or upon registration of this Agreement and on the same date every year thereafter, the Contractor shall pay to the concerned Treasurer of the municipality(ies) or city(ies) the required Occupation Fee over the Contract Area at the rate provided for by existing laws, rules and regulations.
- b. Government Taxes, Royalties and Other Fees. The Contractor shall promptly pay all the taxes, royalties and fees required by the Government in carrying out the activities covered in this Agreement and in such amount, venue, procedure and time as stipulated by the particular law and implementing rules and regulations governing such taxes and fees, subject to all rights of objection or review as provided for in relevant laws, rules and regulations. In the case of non-payment of certain taxes and fees during the Recovery Period, the Contractor shall follow the prevailing procedures for availing non-payment in accordance with pertinent laws, rules and regulations.
- c. Additional Government Share. - Payment of the Additional Government Share shall commence after the Recovery Period. The Additional Government Share shall be computed and filed by the Contractor using the procedure in the applicable rules and regulations. The amount shall be paid to the Bureau within thirty (30) days after the filing and payment date of the final income tax return to the Bureau of Internal Revenue. The Bureau shall conduct a post-audit of the payment and shall notify the Contractor of any deficiency in its payment of Additional Government Share.

For the purpose of determining the amount of Additional Government Share, the Contractor shall furnish the Director certified true copies of receipts of all of its payments of taxes, royalties and fees comprising the Basic Government Share during the calendar year, including its income tax returns, not later than fifteen (15) days after the date of its filing.

Late filing and payment of the Additional Government Share shall be subject to the same penalties applicable to late filing of income tax returns. Nonsettlement of deficiencies in the payment of Additional Government Share within thirty (30) days from receipt of notice shall be a ground for withholding the issuance of Ore Transport Permits and/or suspension or cancellation of this Agreement. The appropriate penalties and fines for income tax returns shall be applied to non-complying Contractors for this offense.

#### 9.7 Recovery of Pre-Operating Expenses

- a. Recovery Period. Considering the high risk, high cost and long term nature of an FTAA mining operation, the Contractor shall be given an opportunity to recover



the expenses incurred during its pre-operating period. After this period, the Government shall receive its rightful share from the national patrimony. Recovery Period, as used in this Order, shall be a maximum of five (5) years or at a date when the aggregate of the Net Cash Flows from the mining operations is equal to the aggregate of its Pre-Operating Expenses, reckoned from the Date of Commencement of Commercial Production, whichever comes first.

For this purpose, the above Net Cash Flows and Pre-Operating Expenses refer to the actual Net Cash Flows from mining operations and the actual Pre- Operating Expenses incurred by the Contractor, respectively, converted into its United States dollar equivalent at the time the expenditure was incurred.

In case the project incurs very large investments with high production rate and extensive mine life, as determined by the Bureau, the Recovery Period may be extended upon negotiation with the Negotiating Panel and subject to approval by the Secretary.

b. Recoverable Pre-Operating Expenses. All Pre-Operating Expenses allowed for recovery under this Agreement shall be approved by the Secretary upon recommendation of the Director. It shall be limited to actual expenses and capital expenditures relating to the following:

1. Acquisition, maintenance and administration of any mining tenements or agreements covered by this Agreement;
2. Exploration, evaluation, feasibility and environmental studies, production, mining, milling, processing and rehabilitation;
3. Stockpiling, handling, transport services, utilities and marketing of minerals and mineral products;
4. Development within the Contract Area relating to the mining operations;
5. Infrastructure contributions and payments made to local Governments except taxes, royalties and fees;
6. Payments to landowners, surface rights holders, Claimowners and to indigenous cultural people or indigenous cultural communities, if any;
7. Expenses incurred in fulfilling the Contractor's obligations to contribute to national development and training of Philippine personnel;
8. Consulting fees incurred inside and outside the Philippines for work related directly to the mining operations and consistent with the Contractor's approved Work Program;
9. The establishment and administration of field and regional offices including administrative overheads incurred within the Philippines which

are properly allocable to the mining operations and directly related to the performance of the Contractor's obligations and exercise of its rights under this Agreement;

10. Costs incurred in financial development, including interest on loans payable within or outside the Philippines, subject to the financing requirements required in this Agreement and to a limit on debt-equity ratio of 5:1 for investments equivalent to US\$200 Million or less, or for the first US\$200 Million of investments in excess of US\$200 Million; or 8:1 for that part of the investment which exceeds US\$200 Million: *Provided*, That the interests shall not be more than the prevailing international rates charged for similar types of transaction at the time the financing was arranged;
11. All costs of constructing and developing the mine incurred before the Date of Commencement of Commercial Production, including capital and property as hereinafter defined irrespective as to their means of financing, subject to the limitations defined by Clause 9.7.b (10) of this Section, and inclusive of the principal obligation and the interests arising from any Contractor's leasing, hiring, purchasing or similar financing arrangements including all payments made to Government, both national and local; and
12. General and administrative expenses actually incurred by the Contractor for the benefit of the Contract Area.

All Pre-Operating Expenses reported for recovery shall be subject to verification by Government or its designated representative or auditor. All expenses to be incurred in the verification will be chargeable against the Contractor.

#### 9.8 Examination of Accounting Books, Records and Related Documents

The Contractor shall keep accurate records of all transactions relating to Pre- Operating Expenses, capital expenditures, gross sales, Deductible Expenses, recoverable expenses, Basic Government Share and the computation of Additional Government Share, and related financial matters. Upon prior written notice, the Contractor shall, at all reasonable times, make them available for inspection and audit by Government representatives authorized by the Secretary.

The Contractor, through its President, shall submit to the Bureau a sworn semiannual summary of its actual financial records covering its gross sales, Deductible Expenses, recoverable expenses, basic government share paid and other related financial documents without prejudice to the submission of other reportorial requirements under the Act and the IRR.

## **SECTION X INCENTIVES**

- 10.1 Entitlement to Incentives. The Contractor may be entitled to the incentives granted under EO 226, as amended, otherwise known as the "Omnibus Investment Code of 1987," the Act and other pertinent laws, rules and regulations, subject to the Contractor's compliance with the terms and conditions of this Agreement and the provisions under Chapter XXIII of the IRR. Fiscal and non-fiscal incentives sought to be availed of shall require prior approval from the agency administering the incentives.
- 10.2 Incentives under EO 226, as amended. The Contractor can avail of fiscal and non-fiscal incentives granted under EO 226, as amended, subject to its registration with the Board of Investments (BOI) and compliance with requirements provided for in EO 226 and its rules and regulations. The incentives availed of under EO 226, as amended, shall be administered by BOI.
- 10.3 Incentives for Pollution Control Devices. Pollution control devices and facilities which were acquired, constructed or installed by the Contractor shall not be considered as improvements on the land or building where they are placed, and therefore, shall not be subject to real property tax and other taxes or assessments.

The Contractor may avail of this incentive in writing to the Director supported by a sworn report containing a detailed list of such devices and infrastructure together with relevant maps or diagrams indicating their location and use in the operations. Such report shall include the acquisition and installation cost of the devices or infrastructure, the corresponding amount of tax exemption availed of by the Contractor. If such devices and infrastructure, after evaluation by the Bureau, are found necessary and appropriate for the operations, the Director shall issue a Certificate of Tax-Exemption covering the declared devices and infrastructure for the purpose of availing of exemption from Local Government taxes and assessments. The Director or his/her representative shall monitor the utilization of these devices and infrastructure in relation to the Contractor's operation to ascertain that such are used for pollution control purposes.

- 10.4 Incentive for Income Tax-Carry Forward of Losses. A net operating loss without benefit of income tax incentives incurred in any of the first ten (10) years after the Date of Commencement of Commercial Production may be carried over as a deduction from taxable income for the next five (5) years immediately following the year of such loss. Any portion of such loss which exceeds the taxable income for a particular taxable year shall be deducted from the succeeding years taxable income but not to exceed the fifth year. This incentive cannot be availed of simultaneously with the income tax holiday provided under EO 226, as amended.

The Contractor shall not carry over losses incurred in activities other than those pertinent to the mining operations covered by this Agreement. Only such losses attributable to mining operations covered by this Agreement and incurred after its approval, and within the ten (10) year period from Date of Commencement of Commercial Production shall be considered for purpose of availment of incentives on income tax-carry forward of losses.

The incentive on income tax-carry forward of losses may be granted in accordance with the IRR after compliance of the requirements as provided therein.

10.5 Incentive for Income Tax-Accelerated Depreciation. At the option of the Contractor and in accordance with procedure established by the Bureau of Internal Revenue (BIR), fixed assets may be depreciated as follows:

- a. Fixed Assets with Expected Life of Ten (10) Years or Less. May be depreciated to the extent of not more than twice as fast as the normal rate of depreciation or depreciated at normal rate; or
- b. Fixed Assets with Expected Life of More Than Ten (10) Years. May be depreciated over any number of years between five (5) years and the expected life and the depreciation thereon shall be allowed as a deduction from taxable income subject to the Contractor notifying the BIR at the beginning of the depreciation period which depreciation rate allowed by this section will be used.

If a Contractor shifts from a normal depreciation rate to an accelerated rate, only the applicable book value of the asset as defined by the BIR which shall be the written down value as of the end of the previous taxable year shall be used in the computation of the depreciation charge.

The Contractor may avail of this incentive in writing to the Director accompanied by a sworn report containing detailed list of the fixed assets relevant to the Contractor's operation together with relevant maps and diagrams indicating the location and names of the assets. Such report shall include the applicable book value, expected life in years, depreciation schedule and the fixed asset's use in the Contractor's operation.

10.6 Amortization of Exploration and Development Expenses. In computing taxable income, the Contractor may, at its option, deduct exploration and development expenditures accumulated at cost as of the Effective Date as well as exploration and development expenditures incurred during the taxable year: *Provided*, That the total amount deductible for exploration and development expenditures incurred prior to the Date of Commencement of Commercial Production shall not exceed twenty-five percent (25%) of the Net Income from Mining Operations. The actual exploration and development expenditures shall be carried forward to the succeeding years until fully deducted.

Net Income from Mining Operations for the purpose of implementing this clause shall mean the Gross Output less Deductible Expenses and Depreciation Charges.

10.7 Investment Guarantees. The Contractor shall be entitled to the investment guarantees provided in the Act and its IRR.

10.8 Incentives for Expansions and Modifications to Existing Facilities and for Development of New Mineral Resources. Incentives for expansions and modifications relating to existing Mining Operations shall be governed by the applicable provisions of EO 226, as amended. If the expansion or modification would qualify for incentives under the provisions of EO 226, the Contractor may elect by notice in writing to the Government to avail of either

the incentives available under the said Executive Order or of the incentives provided for under Section X hereof. In determining the application of the incentives availed of, only the expenditures incurred on the expansion or modification and the income from that expansion or modification shall be taken into account. For development of new Mineral Resources covered by another Mining Area as earlier declared by the Contractor within the original Contract Area, the Contractor shall be entitled to a new set of incentives.

- 10.9 Conditions for Availment of Incentives. The Contractor's right to avail of the incentives provided herein shall be subject to the conditions provided in Section 228 of the IRR. The Contractor may avail of exemption from payment of income tax during the Recovery Period as provided for under Clause 9.7 of this Agreement or the Income Tax Holiday under EO No. 226: *Provided*, That the total period of availment of income tax incentive shall not exceed the maximum period provided under EO 226: *Provided, further*, That availment of income tax incentives shall be reckoned from the Date of Commencement of Commercial Production. The Contractor shall declare its intent to avail of such incentives during its Declaration of Mining Project Feasibility: *Provided, furthermore*, That there is sufficient ore reserves in the mining area to sustain a projected total mine life of three (3) times the projected number of operating years with incentives, but the total of which should not be less than ten (10) years: *Provided, finally*, That for every year of incentives, the Contractor should operate for two (2) years without incentives, thereby allowing the Government to collect its rightful share from the utilization of the minerals.

## SECTION XI EVALUATION OF WORK PROGRAMS

- 11.1 Submission to Government. The Contractor shall prepare and submit for each Period of the Mining Operations the Work Programs described in Clauses 6.2, 7.1, 8.2 and, if applicable, 8.5 of this Agreement.
- 11.2 Evaluation and Proposed Revision. The Director shall evaluate the Work Program to determine whether or not it is in accordance with the Contractor's obligations under this Agreement, the Act and the IRR. Should the Director determine that a certain specific feature of the Work Program is not in accordance with this Agreement, the Act or the IRR, he or she shall, within thirty (30) days after receipt thereof provide a Notice to the Contractor specifying in detail the reasons therefore. Within a period of thirty (30) days thereafter, the Director and Contractor will meet to consider and endeavor to agree on a mutually acceptable revision to the Work Program. Pending such agreement, the Contractor may continue any Mining Operations that are consistent with the last Work Program or Mining Operations under the proposed Work Program that are not disputed, or both.
- 11.3 Approval. After evaluation and any revision, the Director shall approve the proposed Work Program. A Work Program, or amendment thereof, shall be deemed approved if no Notice is received by the Contractor under Clause 11.2 hereof within thirty (30) days after submission.

11.4 Contractor's Changes to Work Program. It is recognized by the Government and the Contractor that the details of any Work Program may require revisions in the light of changing circumstances, including the ongoing results of Mining Operations. The Contractor may make such revisions provided they do not materially alter the general objective of the Work Program. Any change that materially alters the general objectives of the Work Program, and any change entailing a negative variance of at least twenty percent (20%) from the original Budget for an Exploration Work Program shall be submitted to the Director, for approval under Clause 11.2 hereof with as much advance notice as is reasonable under the circumstances, and shall be evaluated on a priority basis so as not to hinder or delay the ongoing Work Program. Notwithstanding the foregoing, in case of emergency or unexpected events that are beyond its reasonable control, the Contractor may take any action it deems necessary to protect life, limb or property, or to comply with law or Government regulation: *Provided*, That the Contractor shall notify the Regional Director, copy furnished the Director, as soon as practicable of any actions it may have taken.

11.5 Financial Guarantees.

- a. Prior to Approval of this Agreement, the Contractor shall post with the Secretary a financial guarantee or performance bond, letter of credit, or other forms of negotiable instrument in an amount equivalent to the Ground Expenditure obligation of the Contractor for the first Contract Year. Within thirty (30) days after the commencement of the second through sixth Contract Years, the Contractor shall increase the amount of such financial guarantees, or the Secretary shall authorize the release of a portion of such financial guarantees, to reflect the amount of the Ground Expenditure obligation for such Contract Year plus any unexpended deficiency from prior Contract Years under Clause 6.4(c).
- b. Within thirty (30) days after the earlier of the end of the sixth Contract Year or the termination of or withdrawal of the Contractor from this Agreement, the Secretary shall authorize the release to the Contractor of the entire amount of the financial guarantees, less any amount deducted pursuant to Clause 6.4(c) and 6.4(e).

**SECTION XII**  
**ENVIRONMENTAL PROTECTION; MINE SAFETY AND HEALTH;**  
**SOCIAL DEVELOPMENT; AND DEVELOPMENT OF MINING**  
**TECHNOLOGY AND GEOSCIENCES**

12.1 Environmental Protection. Consistent with the basic policy of the State to assure the availability, sustainability and equitable distribution of the country's natural resources, the Contractor shall manage its mining operations in a technically, financially, socially, culturally and environmentally responsible manner to promote the general welfare of the country and the sustainable development objectives and responsibilities as provided for in the Act and the IRR. The Contractor shall conduct all Mining Operations in accordance with the provisions of the Act, IRR and applicable laws concerning environmental protection, mine safety and health, using appropriate anti-pollution technology and

facilities to protect the Environment and to rehabilitate areas mined out or affected by Mine Wastes and Mill Tailings or other Pollution or surface disturbance of the Contract Area by the Contractor.

12.2 Pre-Existing Environmental Liabilities. The Contractor shall assume any environmental liabilities with respect to the Contract Area caused by third parties prior to the Effective Date or during the Term of this Agreement.

12.3 Environmental Work Programs.

a. The Contractor shall submit an Environmental Work Program ("EWP"), as prescribed in Section 168 in the IRR, for all Exploration conducted during the Exploration Period, the Pre-Feasibility Study Period and the Feasibility Study Period. Exploration during subsequent Periods shall be incorporated into the Environmental Protection and Enhancement Program (EPEP) and Annual Environmental Protection and Enhancement Programs (AEPEP), rather than an EWP.

b. Each EWP shall detail the environmental impact control and rehabilitation activities proposed for the Exploration activities covered by such program, including the costs to enable sufficient financial resources to be allocated to meet the environmental and rehabilitation commitments. The EWP shall provide a description of the expected and considered acceptable impacts and shall set out the environmental protection and enhancement strategies based on best practice in environmental management in mineral exploration. It shall include a statement on post-exploration land use potential for various types of disturbed land and extend to the completion of the commitments in the rehabilitation of the disturbed land in a technically, socially and environmentally competent manner. The program shall be based on acceptable, practical and achievable options and demonstrated practice. Finally, the program shall include implementation schedules, system of environmental compliance guarantees, monitoring, reporting and cost provisions. Where proposed practices are unproven, a research program to prove the impact control and rehabilitation technology shall be required.

12.4 Environmental Compliance Certificate. The Contractor shall not commence any Mine Development or construction work in the Contract Area, other than additional Exploration, without first securing an Environmental Compliance Certificate in accordance with Presidential Decree No. 1586 and its implementing rules and regulations. No Environmental Compliance Certificate shall be required for Exploration, Pre-Feasibility Studies or Feasibility Studies.

In the process of obtaining approval of its Environmental Compliance Certificate, the Contractor shall participate in scoping, information dissemination and consultation with affected communities concerning its proposed project, and shall consider concerns raised by the community, as required under pertinent laws, rules and regulations.

12.5 Environmental Protection and Enhancement Program.

- a. Timing of Submission. The Contractor shall submit within thirty (30) days after the issuance and receipt of the ECC, an EPEP using the form prescribed in the IRR and covering all areas to be affected by Mine Development, utilization, processing and decommissioning under this Agreement.
  - b. Contents of EPEP. The EPEP shall provide a description of the expected and considered acceptable impacts and shall set out the life-of-mine environmental protection and enhancement strategies, including final mine rehabilitation and/or decommissioning, based on best practice in environmental management in mining. It shall include a statement on post-mining land use potential for various types of disturbed land (*inter alia*, pits, Mine Waste dumps, Mill Tailings-impounding structures and infrastructure sites) and extend to the completion of the commitments in the rehabilitation of the disturbed land in a technically, socially and environmentally competent manner. The program shall be based on practical and achievable options and demonstrated practice. Finally, the program shall include implementation schedules, system of environmental compliance guarantees, monitoring, reporting and cost provisions. Where proposed practices are unproven, a research program to prove the impact control and rehabilitation technology shall be required.
  - c. Initial Environment-Related Expenditures. The Contractor shall allocate for its initial environment-related capital expenditures as part of its capital costs for Mine Development, construction and utilization approximately ten percent (10%) of the total project cost or such other amount appropriate for the environment/geological condition, nature and scale of operations and technology to be employed in the Contract Area. Initial environmental-related capital expenditures may include environmental studies and design cost, Mine Waste area preparation, Mill Tailings/slime containment/disposal system, Mine Waste disposal system, wastewater/acid mine drainage treatment plants, dust control equipment, air pollution control facilities, drainage system and other environment-related mitigating measures and capital expenditures.
- 12.6 Annual Environmental Protection and Enhancement Program. The Contractor shall submit within thirty (30) days prior to the beginning of every Calendar Year an AEPEP based on the approved EPEP using the form prescribed in the IRR. The AEPEP shall be implemented during the year for which it was submitted. To implement its AEPEP, the Contractor shall allocate annually three to five percent (3%-5%) of its direct mining and milling cost depending on the environment/geologic condition, nature and scale of operations and technology employed in the Contract Area.
- 12.7 Contingent Liability and Rehabilitation Fund. Cognizant of the need to ensure just and timely compensation for damages and progressive and sustainable rehabilitation for any adverse effects of the Mining Operation, the Contractor shall establish a Contingent Liability Rehabilitation Fund (CLRF). It shall be in three (3) forms, the Mine Rehabilitation Fund, the Mine Wastes and Tailings Fee, and the Final Mine Rehabilitation and Decommissioning Fund:



- a. Mine Rehabilitation Fund. Subject to Section 181 of the IRR, the Contractor shall establish a Mine Rehabilitation Fund (MRF) based on the financial requirements of the approved EPEP as a reasonable deposit to ensure satisfactory compliance with the commitments/strategies of the EPEP/AEPEP and availability of funds for the performance of the EPEP/AEPEP during the specific project phase. The MRF shall be deposited as a Trust Fund in a government depository bank and shall be used for physical and social rehabilitation of areas affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation. The MRF shall be in two (2) forms, namely:
- i. Monitoring Trust Fund (MTF). The MTF shall be for the exclusive use in the approved monitoring program; and
  - ii. Rehabilitation Cash Fund. (RCF) The RCF shall be designated to ensure the strict compliance of the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the EPEP/AEPEP. The RCF shall be equivalent to ten percent (10%) of the total amount needed to implement the EPEP or Five Million Pesos (P 5,000,000.00), whichever is lower.
- b. Mine Waste and Tailings (MWT) Reserve Fund. Mine waste and tailings fees shall be collected semi-annually from the Contractor based on the amounts of mine waste and mill tailings it generated for the said period. The amount of fees collected shall accrue to a MWT Reserve Fund and shall be deposited in a Government depository bank to be used for payment of compensation for damages caused by any mining operations. The Mine Wastes and Tailings Fee (MWTF) mechanisms required under Section 189 to 192 of the IRR shall be the sole source of the MWT Reserve Fund. The fees shall be payable to the Bureau within forty-five (45) days after the end of each semester and shall be based on the sworn MWTF semi-annual report submitted to the Bureau.
- c. Final Mine Rehabilitation and Decommissioning Fund. Subject to Section 187 of the IRR, the Contractor shall establish a Final Mine Rehabilitation and Decommissioning Fund (FMRDF) to ensure the full implementation of the activities and programs set forth in the Final Mine Rehabilitation and Decommissioning Plan (FMRDP). The FMRDF shall be deposited as a trust fund in a Government depository bank and shall be used solely for the implementation of the approved FMRDP.

Annual cash provisions shall be made by Contractor to the FMRDF, within sixty (60) days from the date of the FMRDP's approval and every anniversary date thereafter, based on the formula as provided in the IRR, as follows:

$$\text{Annual Provision} = \text{Cost of Implementing the Approved FMRDP} \times \text{Percentage Required (per implementing rules and regulations on FMRDP)}$$

12.8 Mine Wastes and Mill Tailings Management System. In accordance with its approved ECC and EPEP, the Contractor shall set up mitigating measures such as Mine Waste and Mill Tailings disposal system, mine rehabilitation plan, water quality monitoring and other appropriate measures to minimize land degradation, air and water pollution, acid rock drainage and changes in hydrogeology.

12.9 Development of Mining Communities, Mining Technology and Geosciences. In accordance with the Act and the IRR, the Contractor shall: assist in the development of its mining community to promote the general welfare and enhance the quality of life of its inhabitants, both Indigenous Cultural Community and Non-indigenous, living in the host and neighboring communities; assist in developing mining technology and geosciences as well as corresponding manpower training and development; and allot annually each Contract Year after the Date of Commencement of Commercial Production an amount equivalent to the rate provided by the prevailing pertinent rules and regulations at the time of the approval of the Declaration of Mining Project Feasibility. The management of this amount shall be governed by such prevailing pertinent rules and regulations.

- a. Social Development and Management Programs. To assist in the development of the mining community, the Contractor shall formulate and implement a Social Development and Management Program (SDMP), in consultation and in partnership with the host and neighboring communities. It shall include all plans, projects, and activities towards the sustained improvement of the living standards of the host and neighboring communities by creating responsible, self-reliant and resource-based communities capable of developing, implementing and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment.

To meet the changing needs and demands of the communities, the Contractor shall submit a five-(5) year SDMP and an Annual SDMP to the Regional Office for evaluation and approval as provided in the IRR.

In implementing its SDMP, the Contractor shall, among others:

- i. Coordinate with proper authorities and consult with the host and the neighboring communities in assisting such communities in implementing their development plans, in accordance with the sustainable development objectives of the IRR;
- ii. Assist in creating self-sustaining, income-generating activities, such as but not limited to, reforestation and production of goods and services needed by the mine and the community. Where traditional self-sustaining income and community activities are identified by such communities to be present, the Contractor shall work with such communities in the preservation or enhancement of such activities;
- iii. Give preference to qualified Filipino citizens in the hiring of personnel for its mining operation, the majority of which shall originate according to priority from the host and neighboring communities: the host

municipality and province where mine is located: *Provided*, That the Contractor shall organize, at its own expense, skills enhancement programs in the absence of the needed skills: *Provided further*, That the Contractor shall give its firm commitment to skills reformation and entrepreneurship development for people in the mining communities as an integral part of the mine decommissioning process; and

iv. Recognize and respect the rights, customs and traditions of local communities.

b. Development of Mining Technology and Geosciences. The Contractor shall, among others:

i. Produce, in the course of its operations, geological, geophysical, geochemical and other types of maps and reports that are appropriate in scale and which in format and substance are consistent with the internationally accepted standards and practices. Such maps shall be made available to the scientific community in the most convenient and cost effective forms, subject to the condition that the Contractor may delay release of said information for a reasonable period of time which shall not exceed three (3) years or such earlier time that the Contractor relinquishes the portion of the Contract Area or Mining Area to which such information relates;

ii. Systematically keep the data generated from the Contract/Mining Area such as cores, assays and other related information, including economic and financial data and make them accessible to students, researchers and other persons responsible for developing mining, geoscience and processing technology subject to the condition that the Contractor may delay release of data to the science and technology community within a reasonable period of time which shall not exceed three (3) years or such earlier time that the Contractor relinquishes the portion of the Contract Area or Mining Area to which such information relates; and

iii. Replicate the data, maps and reports cited in paragraphs (i) and (ii) hereof, and furnish the Director and Regional Director for archiving and systematic safekeeping which shall be made available to the science and technology community for conducting research and undertaking other activities which contribute to the development of mining, geoscience and processing technology and the corresponding national pool of manpower talents: *Provided*, That the release of data, maps and the like shall be similarly constrained in accordance with paragraphs (k-i) and (k-ii) above.

12.10 Mine Environmental Protection and Enhancement Office. The Contractor shall incorporate in its organizational structure a Mine Environmental Protection and Enhancement Office ("MEPEO"), which shall set the level of priorities and marshal the resources needed to implement environmental management programs. The MEPEO shall be headed preferably by either a licensed Mining Engineer, Geologist or Metallurgical

Engineer or by an Environmental Engineer with at least five (5) years experience in actual mining environment work and shall be responsible for addressing the environmental concerns of the Contractor through adequate and sustainable programs.

- 12.11 Mine Safety and Occupational Health. The Contractor shall be responsible in the monitoring of environmental, safety and occupational health conditions in the Contract Area in accordance with pertinent laws, rules and regulations, and shall comply with pertinent mine safety rules and regulations.
- 12.12 Final Mine Rehabilitation/Decommissioning Plan. The Contractor shall integrate in the EPEP the Final Mine Rehabilitation and/or Decommissioning Plan (FMRDP) as provided for in existing laws, rules and regulations. Using risk-based methodologies/approaches, the FMRDP shall consider all mine closure scenarios and shall contain cost estimates for the implementation of the FMRDP, taking into consideration expected inflation, technological advances, the unique circumstances faced by the mining operation, among others: *Provided*, That such estimates shall be based on the cost of having the decommissioning and/or rehabilitation works done by third party contractors: *Provided further*, That the estimates, on a per year basis, shall cover the full extent of work necessary to achieve the objectives of mine closure such as, but shall not be limited to, decommissioning, rehabilitation, maintenance and monitoring and employee and other social costs, including residual care, if necessary, over a ten-year period.

### **SECTION XIII RIGHTS AND OBLIGATIONS OF THE PARTIES**

- 13.1 Obligations of the Contractor.
- a. To conduct Mining Operations within the Contract Area in accordance with this Agreement, the Act, the IRR, including the principle of sustainable mining and other principles embodied therein and with efficient, internationally accepted Mining Operation practices.
  - b. To construct and operate all infrastructure and facilities necessary for Mining Operations in accordance with the terms of this Agreement and approved Work Programs.
  - c. To provide or procure all necessary materials, labor, equipment, services, managerial resources, technology and financing for Mining Operations: *Provided*, That the Contractor shall give preference to goods and services produced and offered in the Philippines of equivalent quality, and which are available on equivalent terms. In particular, the Contractor shall give preference to qualified Filipino enterprises, construction materials and skills available in the Philippines, Filipino sub-contractors for road construction and transportation and Philippine household, furniture and food.
  - d. To secure all permits required for Mining Operations.

- e. To keep accurate technical records about the Mining Operations as well as financial and marketing accounts and make them available for inspection by authorized Government representatives as provided in Clause 18.15, subject to the confidentiality provisions of Clause 18.6. During the Term of this Agreement, the Contractor shall not be required to provide any information, data or documents to any person other than authorized Government representatives where authorized and in accordance with existing laws and for the purposes described in Clause 18.15.
- f. To furnish the Regional Director, copy furnished the Director with all data, information and reports required under this Agreement and the IRR, subject to the confidentiality provisions of Clause 18.6.
- g. To transfer to Filipinos employed in Mining Operations appropriate knowledge of the technology used in the performance of their duties in connection with the Contractor's Exploration, Mine Development and commercial utilization of the Minerals in the Contract Area, subject to protection of the Contractor's and third parties' proprietary rights in such technology. This technology transfer obligation may be accomplished pursuant to training programs, research activities, studies and other activities implemented under Chapter X of the Act and Chapter XIV of the IRR.
- h. To hold the Government free and harmless from all claims and accounts of all kinds, as well as demands and actions arising out of the accidents or injuries to persons or properties caused by Mining Operations of the Contractor and indemnify the Government for any expenses or costs it incurs in connection with the defense of any such claims accounts, demands or actions.
- i. To assist in the development of the host and neighboring communities, and the mining technology and geosciences, in accordance with the Act, the IRR and Clause 12.9 hereof.
- j. Indigenous Peoples
  - i. To recognize and respect the rights, customs and traditions of Indigenous Peoples within the Contract Area in accordance with pertinent laws, rules and regulations.
  - ii. To comply with existing laws, rules and regulations respecting the rights of the Indigenous Peoples over their area within the Contract Area.
  - iii. To comply with any and all obligations as may be provided under specific agreements entered into with the Indigenous Peoples within the Contract Area.
- k. To advance its Mining Operations from one Period to the next Period within the time periods defined for each Period of this Agreement, in accordance with its

Work Programs, subject to Clauses 4.3 and 4.4 and save as may be excused by the suspension, termination and withdrawal provisions of Section XVII.

- I. To pay just compensation in accordance with Section 75 of the Act and Section 104 of the IRR when it builds, constructs or installs infrastructure and facilities on lands owned, operated or leased by other persons and, if necessary, enter into one or more agreements with affected local communities, Indigenous Cultural Communities and Local Government Organizations.

13.2 Rights of the Contractor. The Contractor shall have the following rights:

- a. The exclusive right to conduct Mining Operations in the Contract Area in accordance with the terms and conditions hereof, the Act, IRR and other pertinent laws, rules and regulations, and to determine the timing, nature, extent and location of Exploration, Mine Development, construction, and the mining and treatment process to be utilized in the Mining Operations.
- b. Of possession of the Contract Area, with full rights of ingress and egress and the right to occupy the same, including the right to enter private lands and concession areas to conduct Mining Operations, subject to prior notice and to payment of compensation for damage caused by such operations, in accordance with Section 76 of the Act and Sections 105 to 108 of the IRR.
- c. Subject to payment of just compensation in accordance with Section 75 of the Act and Section 104 of the IRR, to build, construct or install infrastructure and facilities on lands owned, operated or leased by other persons when necessary for purposes of more convenient Mining Operations.
- d. To use and have access to all declassified geological, geophysical, drilling, production and other information held by the Government or any agency or enterprise thereof, now or, in the future, relative to the Contract Area.
- e. To sell, assign, transfer, convey, encumber and create security interests, or otherwise dispose of all its rights, interests and obligations under the Agreement, subject to the approval of the Government to the extent required under Clause 18.14.
- f. Subject to Clause 15.1, Section XV of this Agreement and applicable laws, rules and regulations, to employ or bring into the Philippines foreign technical and specialized personnel (including the immediate members of their families) as may be required in the operations of the Contractor.
- g. To enjoy, subject to pertinent laws, rules and regulations and any prior valid existing rights of third parties, easement rights and use of timber, water and other natural resources in the Contract Area, including, but not limited to:
  - i. the right to extract, use and remove from the Contract Area, in accordance with Section 48 of the Act, sand and gravel and other loose

unconsolidated materials without the need of a separate permit but shall be covered by an ECC, EPEP and the necessary Work Programs: *Provided*, That the Contractor shall use such materials exclusively for Mining Operations, make no commercial disposition of the same, and submit to the Regional Director monthly reports of the quantity of such materials extracted;

- ii. subject to applicable forestry laws, rules and regulations, the right to cut trees or timber within the Contract Area as may be necessary for Mining Operations: *Provided*, That if the Contract Area is covered by existing timber concessions as of the Effective Date, the volume of timber needed and the manner of cutting and removal thereof shall be determined by the Regional Director, upon consultation with the Contractor, the timber concessionaire or permittee and the Forest Management Bureau of the Department: *Provided further*, That in case of disagreement between the Contractor and the timber concessionaire, the matter shall be submitted to the Secretary whose decision shall be final; and
  - iii. water rights for Mining Operations upon approval of application with the appropriate government agency in accordance with existing water laws, rules and regulations promulgated thereunder: *Provided*, That water rights already granted or vested through long use, recognized and acknowledged by local customs, laws, and decisions of courts shall not be impaired: *Provided further*, That the Government reserves the right to regulate water rights and the reasonable and equitable distribution of water supply so as to prevent the monopoly of the use thereof.
- h. Subject to existing laws, rules and regulations, and payment of Government Share as provided in Section IX hereof, to repatriate capital and remit profits, dividends, and interest and principal of loans from third parties or affiliates of Contractor, including the rights to:
- i. repatriate the capital investment actually brought into the country in foreign exchange or other assets and registered with the Bangko Sentral ng Pilipinas;
  - ii. convert into foreign exchange and remit abroad any excess balances of their Peso earnings from Mineral production and sales over and above the working current balances they require;
  - iii. convert foreign exchange into Philippine currency for all purposes in connection with its Mining Operations at rates prevailing at the time of remittance no less favorable to Contractor than those available to any other purchaser of such currency; and
  - iv. convert into foreign exchange and remit abroad sums received for expropriated or requisitioned property under Clauses 13.2(k) and 13.2(l). The Government shall make all of the foregoing rights with respect to

exchange of foreign currency available to Contractor on the most favorable terms and conditions available to Filipino citizens or entities and other foreign citizens or entities under the laws of the Republic of the Philippines;

- i. Subject to existing laws, rules and regulations of the Bangko Sentral ng Pilipinas and Monetary Board policies, to purchase, sell, use and retain, any acceptable foreign currency or currencies it may determine; to open, maintain and use accounts in foreign banks and financial institutions, local banks and financial institutions, or both, for such purposes, from which payment may be made to financiers, suppliers and subcontractors, employees and expatriates, and for other expenses of Mining Operations; and to deposit into and withdraw freely from the above described foreign and local accounts, in local or foreign currency, the proceeds of any debt or equity financing, proceeds from the sale of Minerals and mineral products, and any other cash from, or required for, Mining Operations;
- j. Subject to existing laws, rules and regulations, the Contractor shall have the right to import into the Philippines all equipment, machinery and spare parts required by Contractor for Mining Operations, and to export the same when no longer needed for Mining Operations: *Provided*, That machinery, equipment and spare parts of comparable price and quality are not manufactured domestically, are actually needed and will be used exclusively by the Contractor in its Mining Operations, and are covered by shipping documents in the name of the Contractor to whom the shipment will be delivered direct by the customs authorities.

From the date of approval of the Declaration of Mining Project Feasibility until the end of the Recovery Period and/or within a period of five (5) years from the date of acquisition of such machinery, equipment and spare parts, the Contractor may not sell, transfer, or dispose of such machinery, equipment and spare parts within the Philippines without the prior approval of the Director and payment of any taxes due the Government that were previously exempted: *Provided*, That should the Contractor sell, transfer or dispose of such machinery, equipment and spare parts within the Philippines without the prior consent of the Director within the prescribed period, it shall pay twice the amount of the tax exemption granted: *Provided further*, That the Director may allow the sale, transfer, or disposition of the said items within the Philippines within the prescribed period without payment of previously granted tax and duty exemptions under terms and conditions to be formulated by the Bureau: *Provided finally*, That any sale, transfer or disposition made after the prescribed period shall not require prior approval of the Director but notice thereof shall be made within ten (10) days from the sale, transfer or disposition thereof.

- k. To be free from expropriation by the Government of the rights granted under this Agreement or the property represented by investments or loans or of the property used in Mining Operations except for public use or in the interest of national welfare or defense and then only upon payment of just compensation.



- l. To be free from requisition of the rights granted under this Agreement, the property represented by the investment or of the property of the enterprise except in case of war or national emergency and only for the duration thereof. Just compensation shall be determined and paid either at the time or immediately after cessation of the state of war or national emergency.
- m. To maintain all books of accounts and records in accordance with generally accepted accounting standards, principles, and procedures. The Contractor may use U.S. Dollars as the basis for calculating the Government Share as provided for in Section IX hereof.
- n. To receive and to make payments for goods and services utilized in Mining Operations, including payments to employees and subcontractors, whether Filipino citizens or expatriates, in accordance with the applicable laws of the Republic of the Philippines regarding payments in foreign currency.
- o. To transport from the Contract Area to any place of export, and to export from the Philippines, any and all Minerals and mineral products in accordance with Chapter IX of the Act and pertinent rules and regulations.

13.3 Obligations of the Government. The Government shall:

- a. Ensure that the Contractor has the Government's full cooperation in the exercise of the rights granted to it under this Agreement. The Government shall ensure that where any right or assurance given to the Contractor under this Agreement requires any Government department or authority:
  - i. to approve any act, matter or thing; or
  - ii. to grant authority under applicable law or regulations for its exercise or performance,

and the Contractor has supplied any and all necessary information to such Government department or authority as may be required thereby and otherwise met the conditions of this Agreement, such approval is given or such authority is granted as expeditiously as possible such that Contractor is not hindered from complying with the time frames provided for the various Periods of this Agreement. The Government shall ensure that the various tax and other incentives provided in this Agreement are implemented in full, if necessary through appropriate legislative or regulatory amendments, memoranda of understanding among the DENR and other executive agencies, including the Board of Investments, and other means;

- b. Use its best efforts to ensure the timely issuance of necessary permits and similar authorizing documents for Mining Operations, including use of surface of the Contract Area;

- c. Indigenous Peoples:
  - i. The Government, when necessary and appropriate, shall use its best efforts:
    - a. to ensure the strict compliance by the Contractor and the concerned Indigenous Peoples with any and all terms and conditions of any agreement entered into by and between said parties; and
    - b. to facilitate when requested, any future agreements that the Contractor and the Indigenous Peoples may enter into.
  - ii. The Government shall respect any and all agreements entered into between the Contractor and the Indigenous Peoples and shall not impose conditions on the Contractor's Mining Operations on Ancestral Lands/Domains that are more restrictive than those imposed by law, rules or regulations, and those agreed upon by and between the affected Indigenous Peoples and the Contractor;
  - iii. The intention of the parties in their voluntary agreements shall prevail to the extent consistent with pertinent laws, rules and regulations.
- d. If the Contractor so requests, use its best efforts to assist in the acquisition at the Contractor's expense of any rights required by the Contractor to conduct Mining Operations hereunder: *Provided*, That all obligations, payments, and expenses arising from, or incident to such agreements or acquisition of rights shall be for the account of the Contractor.
- e. Assist in the Contractor's right of entry under Section 76 of the Act into private lands in connection with the conduct of Mining Operations hereunder.
- f. In cases of agreements pertaining to payment of just compensation, encourage, facilitate and respect such agreements that are freely entered into between the Contractor and such affected communities, and agree not to impose requirements with respect to social or cultural acceptability beyond what is required by pertinent laws, rules and regulations, and those voluntarily agreed to between the affected communities and the Contractor.

**SECTION XIV**  
**ASSETS AND EQUIPMENT**

- 14.1 Acquisition. The Contractor shall acquire for the Mining Operations only such assets that it reasonably estimates to be required in carrying out such Mining Operations.

- 14.2 Removal and Export. All materials, equipment, plant and other installations erected or placed on the Contract Area by the Contractor may be removed and reexported subject to Clause 17.4 hereof and existing rules and regulations.

**SECTION XV  
EMPLOYMENT AND TRAINING OF PHILIPPINE PERSONNEL**

- 15.1 Employment Preference. The Contractor shall conform with laws, rules and regulations regarding labor and safety standards. In giving preference to Filipinos in all types of mining employment for which they are qualified, the Contractor shall employ Filipino personnel in its Mining Operations with preference to those who have established domicile in the host province(s) and municipality(ies) and shall, after the Date of Commencement of Commercial Production, in consultation and with consent of the Government, elaborate an appropriate training program for employment of suitable Filipino nationals at all levels of employment. If necessary skills and expertise are currently not available, the Contractor must immediately prepare and undertake a training and recruitment program at its expense to identify suitably qualified Filipinos in the host and neighboring communities with the aptitude to acquire the necessary skills and expertise.
- 15.2 Alien Employment. For highly-technical and specialized mining operations, the Contractor may, subject to the necessary government clearances, employ qualified foreigners. It is agreed that alien employment shall be limited to technologies requiring highly specialized training and experience, subject to the required Government clearance under existing laws, rules and regulations, as provided in Section 62 of the Act. Where foreign technologies are utilized and where alien executives are employed, an effective program of training understudies shall be undertaken.
- 15.3 Non-Discrimination. The Contractor shall not discriminate on the basis of gender. The Contractor shall respect the rights provided by law for all workers to participate in policy and decision-making processes affecting their rights and benefits.

**SECTION XVI  
ARBITRATION**

- 16.1 Mediation, Consultation and Negotiation. Before resorting to arbitration, the Government and the Contractor shall consult with each other in good faith and shall attempt to amicably settle any and all disputes or disagreements (Dispute) arising out of or relating to: validity, interpretation, enforceability, or performance of this Agreement, by:
- a. mediation in the event of a Dispute concerning the terms of renewal under Clause 4.5(c), the mediator of which shall be selected by both Parties; or
  - b. consultation and negotiation in the event of any other Dispute.

In the event that either party gives written Notice of a Dispute, the Parties shall promptly hold a meeting attended by individuals for each Party with decision-making authority regarding the Dispute to attempt in good faith to negotiate a mutually acceptable resolution of the Dispute. Disputes that cannot be settled amicably within a reasonable period shall be resolved by arbitration under Clause 16.2. Such period shall not be longer than ninety (90) days from the giving of Notice in the event of a Dispute concerning the terms of renewal under Clause 4.5(c), or one (1) year from the giving of Notice of any other Dispute, and such period shall be determined taking into account the need for expeditious resolution of Disputes given the time periods defined for each Period of this Agreement.

16.2 Arbitration. The Parties hereby agree to submit to binding arbitration all Disputes which cannot be settled as provided in Clause 16.1. The Parties shall attempt to agree on the rules under which the arbitration will be conducted, the venue of the arbitration and any other procedural matters necessary to conduct the arbitration within thirty (30) days after either party invokes arbitration. Absent such mutual agreement, the Parties hereby agree to the following procedures:

- a. All arbitration shall be conducted in accordance with:
  - i. the arbitration law of the Philippines;
  - ii. United Nations Commission for International Trade Law (UNCITRAL) Arbitration Rules; or
  - iii. the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (the "Convention") and the Rules of Procedure for the Institution of Conciliation and Arbitration Proceedings issued by the International Center for the Settlement of Investment Disputes ("ICSID") plus the Rules of Procedure for Arbitration Proceedings issued by ICSID.

- b. In the case of arbitration under the UNCITRAL or ICSID, unless the Parties agree otherwise, arbitration shall be conducted in Singapore at The Singapore International Arbitration Centre ("SIAC") or, if the SIAC is unavailable for any reason, at another location in Singapore chosen by the parties; or

If ICSID arbitration is selected and the venue chosen pursuant to the preceding sentence is not approved by the arbitral tribunal after consultation with the Secretary-General of ICSID, or if the Parties cannot agree on an alternate venue in Singapore, arbitration shall be held at the ICSID Centre.

- c. Each Party shall pay fifty percent (50%) of the fees and expenses of the arbitrators and the costs of arbitration. Each Party shall pay its own costs and attorney's fee: *Provided*, That when one of Parties is found by the arbitrators to have acted in bad faith or to have been responsible for a material breach of the terms and conditions of this Agreement, such Party shall be responsible for the reasonable costs and attorney's fees of the other Party, such amount to be determined by

the arbitrators: *Provided further*, That any costs or fees incidental to enforcing the arbitral award shall be borne by the Party resisting such enforcement.

- 16.3 Continued Performance. Except as provided in Clauses 17.1(a) and 17.2(b), each Party shall continue to perform all of its obligations under this Agreement during the pendency of the consultations or negotiations under Clause 16.1 and the arbitration proceedings: *Provided*, That the Parties shall maintain the status quo ante regarding the matters that are the subject of the dispute submitted to arbitration.
- 16.4 Relief in Aid of Arbitration. With this arbitration provision, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, prearbitral attachment or other preliminary remedy in aid of arbitration proceedings and enforcement of the award.

## **SECTION XVII SUSPENSION, TERMINATION OR WITHDRAWAL FROM AGREEMENT**

- 17.1 Suspension of Agreement.
- a. Suspension by Government. This Agreement may be suspended by the Secretary upon recommendation by the Director for:
- i. failure of the Contractor to comply with any provision or requirement of this Agreement, the Act and the IRR; or
  - ii. failure of the Contractor to pay taxes and fees due the Government.
- The rights and privileges of the Contractor including its right to the Availment of incentives under the Act and the IRR are likewise suspended: *Provided*, That the availment of such incentives shall not be extended for the same period of suspension. The Government shall give prior written notice to the Contractor of its intention to suspend this Agreement under this Clause, which suspension shall be effective if the Contractor does not remedy such cause for suspension within thirty (30) days in the case of failure to make any required payment, or within six (6) months in the case of any non-monetary cause.
- If any non-monetary related cause for suspension cannot reasonably be remedied within such six-month period, the Contractor may request an additional period to remedy such cause, which extension shall be subject to verification and approval of the Secretary upon recommendation of the Director. If such remedy is completed within the prescribed period, no suspension shall be imposed.
- b. Suspension Due to Force Majeure
- i. Notwithstanding any other provisions of this Agreement, any failure or delay on the part of either Party in the performance of its obligations or

duties hereunder shall be excused to the extent attributable to Force Majeure, subject to verification by the Bureau.

- ii. If Mining Operations are delayed, curtailed or prevented by such Force Majeure causes, then the time for enjoying the rights and carrying out the obligations thereby affected, the Term of this Agreement, and all rights and obligations hereunder, shall be extended for a period equal to the period involved.
- iii. The Party whose ability to perform its obligations is affected by Force Majeure shall promptly give Notice to the other Party in writing of any such delay or failure of performance, the expected duration thereof, and its anticipated effect on the Party expected to perform. After giving any such Notice, the Party who invokes Force Majeure shall exert all reasonable efforts to ameliorate the delay or failure of performance caused by the events or circumstances constituting the Force Majeure, except that in case of labor disputes, neither Party shall be under any obligation to settle such disputes except under conditions acceptable to it or pursuant to the final decision of any arbitral, judicial, or statutory agencies having jurisdiction to finally resolve the dispute. The Party who invokes Force Majeure shall resume performance as soon as reasonably possible and as verified by the Bureau, given the nature of the Force Majeure event.
- iv. Matters on suspension due to Force Majeure shall not be subject to consultation and arbitration under Section XVI hereof.

## 17.2 Termination.

- a. Grounds. This Agreement may be terminated, after due process, for any of the following causes:
  - i. a material violation by either Party of the terms and conditions of this Agreement, such as, but not limited to, failure to implement approved Work Programs, timely lodge Declaration of Mining Project Feasibility, renew Exploration Period, comply with approved plans and designs of mine facilities, equipment and/or structures;
  - ii. failure of the Contractor to pay taxes and fees due the Government for two (2) consecutive years;
  - iii. any intentional and materially false statement or omission of facts by a Party;
  - iv. failure of the Contractor to establish a Mine Rehabilitation Fund as provided in Section 71 of the Act and Section 181 of the IRR; and

- v. failure of the Contractor to cause the registration of this Agreement within the period provided in Clause 18.21.
- b. Expiration of Term. This Agreement shall terminate upon expiration of its Term if not renewed by the Contractor under Clause 4.5, and if renewed, shall terminate upon expiration of the renewal Term.

17.3 Withdrawal. At any time during the Term of this Agreement, after having exerted reasonable diligence in its Mining Operations under this Agreement, if in the opinion of the Contractor, continued Mining Operations will no longer be economically feasible, the Contractor may, by giving due Notice to the Government, apply for its withdrawal. Withdrawal may be approved on the following grounds:

- a. for any withdrawal occurring during the Exploration Period or Pre-Feasibility Period, payment to the Government of the unexpended minimum Ground Expenditures, as provided in Clause 6.4(e);
- b. for any withdrawal occurring during the Feasibility Study Period, turnover of all exploration and other technical data; and
- c. for any withdrawal occurring during the Development and Construction Period or the Operating Period, turnover of all technical data.

After verification by the Bureau of the cause of withdrawal and of the satisfaction of all the Contractor's financial, environmental and legal obligations as of the date the Contractor gives its Notice of withdrawal, which verification shall be completed within sixty (60) days after receipt of Notice, the Contractor's withdrawal shall be approved by the Secretary. This Agreement shall then be terminated and the Contractor shall be relieved of further obligations hereunder except as specifically provided in this Section.

17.4 Effects of Termination or Withdrawal.

- a. Should termination or withdrawal occur during the Exploration or Pre- Feasibility Study Period, the Contractor shall have a period of six (6) months within which to sell, remove or otherwise dispose of its property in the Contract Area and to furnish the Government with the information to be turned over to it in respect of the work which the Contractor has performed as of the date of giving of the Notice of termination or withdrawal. Any property not so removed or otherwise disposed of shall become the property of the Government without any compensation to the Contractor.
- b. Should termination or withdrawal occur during the Feasibility Study Period, the Development and Construction Period, the Operating Period, upon the completion of commercial operations or at the expiration of the Term of this Agreement, the Contractor may sell, remove or otherwise dispose of any or all movable or immovable property of the Contractor located in the Contract Area during a period of one (1) year after the Contractor ceases all Mining Operations. Any property not so sold, removed or otherwise disposed of during such one year

period, including all infrastructures and facilities located on public lands, shall become the property of the Government without any compensation to the Contractor.

- c. Notwithstanding Clause 17.4 (a) and 17.4 (b) hereof, however, it is agreed that any property of the Contractor in the Contract Area at the termination of this Agreement, movable or immovable and used for public purposes such as roads, schools, hospitals with their equipment and all other infrastructures and facilities used by the public, shall immediately become the property of the Government or Indigenous Cultural Community, as appropriate, without any compensation to the Contractor.
- d. Approval of termination or withdrawal under this Section XVII shall release the Contractor from any obligation under this Agreement.

Within a period of one (1) year upon termination, the Contractor shall be entitled to exercise all rights under this Agreement required to wind up and terminate its Mining Operations.

#### **SECTION XVIII OTHER PROVISIONS**

18.1. Suspension of Mining Operations. The Contractor may notify the Director and Regional Director to suspend Mining Operations in the said Mining Area due to Temporary Non-Feasibility.

- a. "Temporary Non-Feasibility" means that the continuation of Mining Operations is not viable for the time being due to one or more of the following circumstances, as verified by the Bureau:
  - i. the Contractor's costs of production exceed the realizations from the Minerals or mineral products, determined using spot market prices;
  - ii. the identified Mineral Resource is uneconomic at current spot market prices, although the Mineral Resource may reasonably be expected to become economic in the future based on market prices prevailing at other times during the Term of the Agreement;
  - iii. the development or continued utilization of the Mineral Resource is prevented or made uneconomic by technical problems that cannot be overcome with generally available technology, including but not limited to difficult metallurgy, lack of proven Mineral Processing technology necessary to beneficiate the identified Mineral Resources, or lack of appropriate anti-pollution technology and facilities necessary to adequately protect, restore or rehabilitate the Environment to the degree required by applicable environmental laws or the Contractor's EPEP;



- iv. the development or continued utilization of the Mineral Resources is prevented or made uneconomic by unanticipated marketing problems that are not within the Contractor's control, such as distance of the identified Mineral Resource from an existing market or marketing problems caused by a third party, including bankruptcy of any purchaser of Minerals or mineral products or failure or refusal of any purchaser to honor existing marketing arrangements; or
  - v. the Contractor is unable to obtain debt or equity financing for Mining Operations on reasonable terms, under conditions then prevailing in the international financial markets, including specific requirements of international financing sources for financing of mining operations in the Republic of the Philippines.
- b. At least 30 days prior to its intended date of suspension of Mining Operations due to Temporary Non-Feasibility, the Contractor shall file a Notice of suspension with the Director, describing the reasons therefore, the expected duration thereof, and its anticipated effect on the Mining Operations. Suspension on the basis for Temporary Non-Feasibility shall be subject to approval of the Director based solely on verification by the Bureau of the existence of any of the circumstances described in Clause 18.1(a). Such verification and approval shall be presumed unless Notice to the contrary is given by the Director within 30 days after the Contractor gives Notice of suspension.
- c. During any period of suspension for Temporary Non-Feasibility, the Contractor's obligations and time for enjoyment or performance of the Contractor's rights and obligations under Clauses 1.5, 4.2, 5.2, 6.2 through 6.6, 7.1 through 7.3, 8.2, 8.3, 11.1, and 13.1(i), (j), (k) and (m) shall be suspended. The Contractor shall continue to comply with its other obligations under this Agreement during the period of suspension, including, among others, its obligations under Section XII hereof with respect to any Mining Operations conducted by the Contractor during the period of suspension.

In the event that the nature of the Temporary Non-Feasibility does not affect one or more Mining Areas, the Contractor shall continue to comply with all of its obligations under this Agreement with respect to the unaffected Mining Area(s). The Contractor shall also continue to comply with any applicable obligations under any agreements between the Contractor and Indigenous Peoples or local communities. The Contractor shall exert all reasonable efforts to ameliorate the circumstances resulting in Temporary Non-Feasibility. The Term of this Agreement shall not be extended by any period of suspension for Temporary Non-Feasibility.

- d. Continued suspension shall be subject to submission by the Contractor of evidence of the continuing reasons therefore, annually on each anniversary of the giving of the original Notice of suspension. Continued suspension shall be subject to approval of the Director based solely on verification by the Bureau of the continued existence of any of the circumstances described in Clause 18.1(a). Such

verification and approval shall be presumed unless Notice to the contrary is given by the Director within 30 days after the Contractor submits its annual evidence of continuing reasons for suspension. The Contractor shall resume performance as soon as reasonably possible given the nature of the Temporary Non-Feasibility, and shall give Notice to the Director upon resuming performance.

18.2 Option to Convert into a Mineral Production Sharing Agreement; Separate FTAA's or Combining of FTAA's.

- a. Conversion to MPSA. The Contractor may at any time give Notice to the Secretary of its intention to convert this Agreement or any portion of the Contract Area thereof into a Mineral Production Sharing Agreement (MPSA) prevailing at the time of conversion, subject to compliance with Section 39 of the Act and Section 65 of the IRR, including technical verification and validation by the Bureau and approval of the Secretary: *Provided*, That if a portion of the Contract Area is to be converted to a MPSA, the remaining portion shall continue to comply with the expenditure commitment provided in Clause 7.3 of this Agreement. Promptly after approval of conversion, and subject to compliance with the Mining Act and the Contractor becoming a Qualified Person or nominating a Qualified Person reasonably acceptable to the Government and approved thereby to enter into the MPSA in its place, the Secretary and the Contractor or its approved nominee shall execute the MPSA.
- b. Effect of Execution of MPSA.
  - i. In case of full conversion, the execution of the MPSA shall cause the termination of this Agreement; or
  - ii. If the Contractor has converted a portion of this Agreement, the portion covered thereof shall be excluded from this Agreement and the remaining portion of the Contract Area shall continue to be covered by the terms and conditions of this Agreement.

Any expenditure incurred pursuant to Clause 7.3 on part or all of the Contract Area covered by conversion prior to execution of the MPSA shall be credited against the expenditure obligations under the MPSA.

- c. Separate FTAA. The Contractor shall at any time have the option to enter into a separate FTAA in respect of any part of the Contract Area, on the same terms and conditions as this Agreement unless otherwise required by law or agreed upon by the Parties, subject to the approval and other requirements of Section 66 of the IRR. The Secretary shall determine whether or not to permit such separation promptly upon request by the Contractor.
- d. Combination of FTAA's. The contract areas or portions of the contract areas of any other FTAA/s may be combined with this Agreement and vice versa, on the same terms and conditions as this Agreement unless otherwise required by law or agreed upon by the Parties, subject to the approval and other requirements of Section 66 of the IRR. The combined contract area shall not exceed the maximum

area allowed by the Act and the IRR. The Secretary shall determine whether or not to permit such combination upon request by the Contractor.

- 18.3 Notice. All documents, notices, request, waivers, consents, communications or approvals required or permitted to be given under this Agreement shall be in writing and shall be delivered either personally, or sent by telegram, cable, radiogram, facsimile or ordinary mail postage paid. Any document, notice or communication so given shall be deemed to have been served:
- a. If delivered personally - on the Working Day of personal delivery;
  - b. If sent by registered mail – the service is deemed complete and effective upon actual receipt of the addressee, as shown by the registry return card. However, if the addressee is so negligent that he fails to claim his mail from the post office within five (5) days from the date of the first notice sent to him by the postmaster, then the service is deemed complete and effective at the expiration of such time.
  - c. If sent by facsimile - on receipt by the sender of a transmission control report from the dispatching machine showing the relevant facsimile machine number and the result of the transmission as "OK" or similar response: *Provided*, That hard copy is received by the addressee by mail or courier not later than one (1) month from the date of transmission. If as a result of the foregoing document, notice or communication would be deemed to be given or made after 4:00 P.M. on the working day in the place of address it shall instead be deemed to be given or made on the next working day.

Notices shall be sent to the following:

If for the Government:

**THE PRESIDENT**

Republic of the Philippines  
Malacañang Palace, Manila  
FAX No. (63-2) 733-2101

If for the Secretary:

**THE SECRETARY**

Department of Environment and Natural Resources  
DENR Building, Visayas Avenue  
Diliman, Quezon City  
FAX No. (63-2) 920-4352/926-2688

If for the Director or Regional Director:

**THE DIRECTOR**

Mines and Geosciences Bureau  
North Avenue, Diliman

Quezon City  
FAX No. (63-2) 920-9130

or

THE REGIONAL DIRECTOR  
Mines and Geosciences Bureau Regional Office No.

FAX No.

If for the Contractor:

**THE PRESIDENT**

FAX No.

The date/time of receipt of documents shall be determined solely by delivery to the main Party and not to the copy-furnished Party.

Either Party may substitute or change its address by giving due Notice to the other Party. Failure to do so will not excuse such Party from the consequences of its non-receipt of any document, notice or communication.

18.4 Change in Law; Government Action.

- a. As soon as possible after any exercise by the Government of police power which results or may result in the derogation of any right of the Contractor hereunder, the President shall review such action and determine that such action was necessary to protect the health, safety or welfare of the Filipino people. In the event that prior review of such action is possible under the circumstances requiring such exercise of police power, the President shall review such action before it is taken to make the foregoing determination. If any such action is approved by the President, the Government and the Contractor shall use their best efforts to minimize to the extent possible the impact on the rights of Contractor hereunder.

The President shall review and approve any exercise of police power by any Local Government Unit only to the extent that the President may lawfully do so, and in the absence of such authority, the President shall request that such review be conducted by the highest governmental official with jurisdiction over the Local Governmental Unit exercising such police power. This provision is in addition to, and not in lieu of, any remedy that the Contractor may have hereunder or by law as a result of such exercise of police power.

- b. If, after the Effective Date of the Agreement, any existing law or regulation of the Republic of the Philippines or any Government agency or other authority, is

amended, modified, repealed, or interpreted by any court or agency, or if any new law, regulation or interpretation comes into effect, or any action is taken by any such agency or authority which, when considered alone or in conjunction with any other such change or action, prejudices, reduces or otherwise adversely affects either Party's assets or its rights under this Agreement, then the Government and the Contractor shall negotiate amendments to this Agreement which shall result in the Parties receiving benefits from this Agreement that are no less favorable to them than would have been the case if such change in law, interpretation, or action had not occurred. Such negotiation may include, but not limited to, amendment of the government share defined in Section IX hereof, or any other means which fully remedies the impacts.

- c. Any increase or decrease in the Government share under any future Financial or Technical Assistance Agreement shall not be subject to Clause 18.4(b): *Provided*, That any increase or decrease in the amount of any generally applicable government exaction, including but not limited to any increase or decrease in the amount or rate of corporate income tax or excise tax on minerals, shall be subject to Clause 18.4(b).

18.5 Governing Law. The relation between the Parties hereto shall be governed by and construed in accordance with this Agreement, the provisions of the Act, the IRR, and, consistent with the foregoing, other relevant laws and regulations of the Republic of the Philippines and generally accepted principles of international law. The Contractor shall be entitled to the basic rights and guarantees provided in the Constitution and its rights enumerated hereunder, which rights shall be recognized by the Government.

18.6 Confidentiality.

- a. Pursuant to Section 229 of the IRR, any information supplied by the Contractor which has been agreed herein as confidential pursuant to the Act and the IRR shall be treated as such during the Term of this Agreement. However, information concerning the following matters shall not be classified as confidential:
  - i. Quantities of Minerals Produced and sold from the Contract Area;
  - ii. Employment, including the Contractor's training programs and other methods of achieving compliance with the requirements of Section XV hereof;
  - iii. Royalty and tax payments made pursuant to this Agreement, but not the particular terms of payment to Claimowners and Indigenous Cultural Communities;
  - iv. Metallic and non-metallic reserves: *Provided*, That disclosure shall not be required that would violate any securities laws applicable to the Contractor;

- v. Operational parameters such as mining and milling capacities and rates, mine and mill recoveries, and dilution factors: *Provided*, That disclosure shall not be required that would violate any securities laws applicable to the Contractor;
  - vi. Information contained in relinquishment reports filed under Clause 6.7(d) and all other information relating to relinquished areas;
  - vii. Information in the possession of the Government prior to receipt from the Contractor which has been lawfully disclosed by another person not under a confidentiality obligation to the Contractor; and
  - viii. Other data as may be agreed upon in writing by the Parties.
- b. The requirement to keep information confidential shall not prevent the Director or his/her representative(s) from using the data internally within the Bureau for monitoring and for policy, planning and research studies.
- c. Each Party shall keep confidential all data and information provided to it in relation to the Mining Operations and declared as "Confidential" by the other Party or pursuant to this Agreement and shall not disclose the same to any third Party except as expressly provided hereunder:
- i. With the prior written consent of either Party;
  - ii. To its employees or consultants for the purposes of the Mining Operations or to any affiliated/subsidiary corporation or the employees or consultants thereof of such purposes, subject to such person(s)/entity(ies) taking the customary precautions to ensure that the recipient of such information keeps such information confidential;
  - iii. As may be required by any Stock Exchange on which the shares of the Contractor or of any affiliated/subsidiary corporation may then be listed;
  - iv. As may, in the opinion of the Solicitor or Counsel for such Party or for any affiliated/subsidiary corporation, be required by law or for the reasonable protection of such Party or affiliated/subsidiary corporation or their respective directors or president; or
  - v. To any government authority to the extent validly required pursuant to legislation, orders or regulations of the Philippines.
- d. Data or information required to be submitted by the Contractor in accordance with Clause 8.4 of Section VIII which are published periodically by the Bureau and other Government agencies are exempted from the confidentiality provisions of this Clause.

- e. All data, information, reports and Work Programs required by the Government shall be supplied by the Contractor at all times pursuant to this Agreement.
- f. Any Party required or wishing to make information public shall notify the other Party of the proposed announcement in advance as reasonably possible, but in any event not less than twenty four (24) hours before the proposed announcement.
- g. The obligations imposed upon the Parties by this Clause 18.6 shall expire upon termination of this Agreement or as provided by pertinent laws, rules and regulations.

18.7 Infrastructure, Power and Other Requirements. The Contractor shall, subject to existing laws, rules and regulations, have access to and the right to use roads, bridges, airfields, port facilities and other transportation facilities, and power, fuel, telephone or other communication, and water services, owned or provided by any agency or entity owned or controlled by the Government, and shall not be required to pay any charges in excess of those charged to Filipino citizens and other foreign persons or entities therefor.

The Contractor shall, subject to existing laws, rules and regulations, have the right to construct, use, improve and maintain such additional roads, bridges, airfields, port facilities and other transportation facilities, and to construct, use, improve or maintain any power plants, power lines, telephone lines or other communication facilities, pipelines, water conveyance facilities, or other utility lines or facilities, required for Mining Operations for the exclusive use of the Contractor, if no local enterprise can supply within a reasonable period and at reasonable cost the facility or service needed by the Contractor in its Mining Operations. Upon the request of the Contractor, the Contractor and the Government shall review these infrastructure and other requirements of the Mining Operations including, but not limited to, transportation, power and port requirements, with the end in view of providing a fair and equitable sharing of the benefits derived from the infrastructure requirements of such Mining Operations. Expenses incurred by the Contractor in constructing or upgrading any of the foregoing may be credited as community development expenses in accordance with Section 12.9 hereof.

18.8 Amendments. This Agreement shall not be amended or modified in any respect except by mutual consent in writing of the Parties.

18.9 Waiver. No waiver by any Party or any one or more defaults by any other Party in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults by the same Party whether of a like or different character. Any failure or delay in exercising any rights shall not operate as a waiver or variation of that or any other right. Any defective or partial exercise of any right shall not preclude any other or further exercise of that or any other right.

18.10 Entire Agreement. The terms of this Agreement shall constitute the entire Agreement between the Parties hereto and no previous communications, representations or

agreements either oral or written, between the Parties hereto with respect to the subject matter thereof shall vary the terms of this Agreement.

- 18.11 Costs. The Contractor shall bear its own legal costs and expenses in relation to the preparation and the implementation of this Agreement, such as notarial fee, registration fee and other related expenses.
- 18.12 Currency Conversion. In so far as it is necessary for the purpose of this Agreement to adopt a currency conversion rate for conversion of US dollars to Pesos or vice versa, the Parties shall use the daily rate set by the Bangko Sentral ng Pilipinas.
- 18.13 Effect of Illegality. If for any reason, any provision of this Agreement is or becomes invalid, illegal or unenforceable, or is declared by any court of competent jurisdiction or any competent authority to be invalid, illegal or unenforceable, then
- a. the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired; and
  - b. the Parties shall negotiate in good faith with a view to agreeing on amendments to or replacements for the illegal, unenforceable or invalid provisions such that the amended or substituted provisions are satisfactory to all relevant competent authorities. Any such unresolved dispute shall be settled in accordance with Section XVI on Arbitration.
- 18.14 Assignment; Transfer of Controlling Interest in Shares of Contractor.
- a. Assignment. In accordance with Section 66 of the IRR, any rights, obligations or privileges under this Agreement shall not be assigned or purported to be assigned or transferred, whether in whole or in part, without the express prior consent of the Government. Should the Contractor wish to transfer or assign its rights under this Agreement, it shall, upon payment of the proper application fee, file an application for the total or partial transfer or assignment of the same with the Regional Director, copy furnished the Director. The Contractor's application for assignment or transfer shall be conditioned on the following:
    - i. That such transfer or assignment may be allowed only to another Qualified Person;
    - ii. That the Contractor has complied with all the relevant terms and conditions of the Agreement and provisions of the Act and the IRR;
    - iii. That there are no Notices of suspension or termination outstanding under Section XVII that have not been remedied; and
    - iv. That the pertinent Deed of Assignment shall have been duly executed stating, among others, that the transferee or assignee assumes all the obligations of the Contractor under this Agreement: *Provided*, That denial



of the application for assignment shall result in the automatic revocation of such Deed of Assignment.

- b. Approval of Assignment. After evaluation, the Director may endorse the Contractor's application for assignment to the Secretary, who may then recommend the same to the President for his approval. Any transfer or assignment shall be deemed automatically approved if not acted upon by the President within thirty (30) calendar days from official receipt thereof, unless patently unconstitutional, illegal or where such transfer or assignment violates pertinent rules and regulations.
- c. Transfer of Controlling Interest in Shares of Contractor. Any direct disposition of greater than 50% of the legal or beneficial ownership of voting securities of the Contractor, by sale, voting trust, or otherwise, so as to transfer effective control of the Contractor shall be deemed an assignment under paragraph (a) of this Clause. Any direct disposition of 50% or less of the legal or beneficial ownership of voting securities of the Contractor shall not require the consent of the Government: *Provided*, That the Contractor shall immediately give Notice to the Government of such disposition, and provide detailed information on the names and nationality of the new owners and their corresponding shares. No approval of the Government shall be required for any direct or indirect disposition or change in the legal or beneficial ownership of any securities of any affiliate or parent company of the Contractor, as the result of sale, assignment, merger, acquisition, reorganization, amalgamation or otherwise, either among affiliates of Contractor or involving unaffiliated Parties involving less than 50% of the legal or beneficial ownership, and any such change in ownership shall not affect any of Contractor's rights or obligations under this Agreement: *Provided*, That the Contractor shall immediately give Notice to the Government of such action, and provide detailed information on the names and nationality of the new owners and their corresponding shares.

#### 18.15 Government Inspection and Audit

- a. The Government, through the Secretary or his authorized representatives shall have the right to free ingress and egress within any part of the Contract Area at any reasonable time to inspect works or activities being undertaken or implemented by the Contractor in order to monitor and verify compliance with the terms of this Agreement and all applicable laws, rules and regulations.
- b. The Government, through the Secretary or representatives authorized by the Secretary, shall have access to the Contractor's financial and other records and transactions at any time upon reasonable advance notice, the right to copy therefrom, for the purpose of assessing the performance and compliance of the Contractor with the terms of this Agreement and all applicable laws, rules and regulations or to aid in the enforcement of the same.

- c. Authorized representatives of other Government agencies may also have access to Contractor's financial and other records in accordance with existing laws, rules and regulations.
  - d. The Government, shall upon reasonable notice to the Contractor, have the right to audit the Contractor's books, records and accounts relating to this Agreement for any Calendar Year within the one (1) year period following the end of such Calendar Year. Any such audit will be completed within twelve (12) months after its commencement. Any exception must be made in writing within sixty (60) days following the completion of such audit and failure to give such written exception within such time shall establish the correctness of the Contractor's books, records and accounts for the period of such audit.
- 18.16 No Partnership; Third Party Beneficiaries. Neither this Agreement nor the performance by the Parties hereto of their obligations thereunder shall constitute a partnership between the Parties. Neither Party shall have any authority, unless expressly conferred in writing and not for the time being revoked, to bind the other. Except for Clause 18.19, this Agreement shall be construed to benefit the Parties and their respective successors and permitted assigns only, and shall not be construed to create third party beneficiary rights in any other party or in any governmental organization or agency.
- 18.17 Computation of Time. Times referred to in this Agreement are times in Metro Manila, Philippines. Unless otherwise provided by law or rules and regulations, in computing any period of time under this Agreement, the day of the act, event or default from which period of time begins to run shall be included. If the last day of any period of time is not a business day, the period shall run until the end of the next following business day.
- 18.18 Further Assurances. From time to time, as and when requested by a Party, the other Party shall execute and deliver or cause to be executed and delivered all such documents and instruments, and shall take or cause to be taken all such further or other actions, as such Party may reasonably deem necessary or desirable to give effect to the provisions of this Agreement.
- 18.19 Project Financing and Other Financing.
- a. Financing. The Contractor shall have the sole responsibility for financing its Mining Operations and shall maintain sufficient capital to carry out its obligations under this Agreement. The Contractor may determine the extent to which the financing shall be accomplished through issuance of shares of the Contractor or through borrowings by the Contractor. Any long-term borrowing by the Contractor under this Agreement shall be on such repayment terms and at such effective rates of interest (including discounts, compensating balances and other costs of obtaining such borrowings) which are reasonable and appropriate for mining companies in circumstances then prevailing in the international money and/or stock markets after complying with existing procedures for obtaining and reporting of foreign loans.

- b. Necessity for Financing; Consideration of Amendments to Facilitate Financing. It is recognized that a portion of the financing for the development, construction and production of the mine and its associated facilities, as well as the Working Capital needed for Mining Operations, will be funded by debt or equity financing, and that the Contractor shall be liable for periodic and regular principal repayments and interest payments on its loans. Further, it is recognized that the success of the Contractor in availing of financing for the development, construction and production of the mine and its associated facilities depends largely on the assurance that can be offered by the Contractor to its financiers that they will have a certain reasonable degree of control over the cash flow of the project being financed. Therefore, the Government shall exert its best efforts to the extent consistent with relevant laws, rules and regulations, favorably consider any request from the Contractor for amendment(s) of this Agreement which are deemed necessary in order for the Contractor to successfully obtain the financing for Mining Operations.
  - c. No Local Financing. Except for payments for dispositions for its equity, foreign investments in local enterprises which are qualified for repatriation, and local supplier's credits and such other generally accepted and permissible financial schemes for raising funds for valid business purposes, the Contractor shall not raise, directly or indirectly, any form of financing from sources of funds within the Republic of the Philippines, whether in Philippine or foreign currency, for conducting its Mining Operations for and in the Contract Area.
- 18.20 Third Party Applications for Mineral Rights. The Government agrees and acknowledges that in the event that a third party lodges an application over all or part of the Contract Area for quarry resources and sand and gravel mining applications other than for Minerals covered by this Agreement, the Contractor shall, subject to verification by the Bureau, be entitled to withhold its consent if it considers that there may be Minerals of potentially economic significance in the area applied for (including because such area has not yet been explored by the Contractor) or that the activities of the applicant may interfere with the Contractor's Mining Operations. Whether or not the consent of the Contractor is required, no other Mineral development shall be conducted in a manner that interferes with the Contractor's Mining Operations.
- 18.21 Registration. Within thirty (30) days following approval and execution of the FTAA by the President, the President shall notify Congress of the execution of this Agreement, the President's office shall forward the FTAA through the DENR to the Regional Office for registration, and the Regional Office shall notify the Contractor of approval. Upon receipt of Notice of approval from the Regional Office, the Contractor shall within fifteen (15) working days cause the registration of this Agreement at the Regional Office by payment of the necessary registration, occupation and other fees in accordance with existing rules and regulations.
- 18.22 Confirmation. The Government confirms and agrees that by virtue of the Negotiating Panel's approval and recommendation of this Agreement for execution by the President, the Secretary has determined that the terms and conditions of this Agreement are

consistent with the Constitution, the Act, and the IRR, and that the terms of this Agreement are for the best interest of the State and the welfare of the Filipino people.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and year first above written.

**REPUBLIC OF THE PHILIPPINES**

By authority of the President:

\_\_\_\_\_  
TIN: \_\_\_\_\_  
By: \_\_\_\_\_

\_\_\_\_\_  
Executive Secretary

\_\_\_\_\_  
President

RECOMMENDED BY:

\_\_\_\_\_  
Secretary  
Department of Environment and  
Natural Resources

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**ACKNOWLEDGMENT**

Republic of the Philippines )  
\_\_\_\_\_ ) s.s

Before me, a Notary Public for and in the City of \_\_\_\_\_ personally appeared \_\_\_\_\_ in his capacity as Executive Secretary with Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_ and \_\_\_\_\_, in his capacity as President of \_\_\_\_\_ with Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_, known to me and to me known to be the same persons who executed the foregoing instrument which they signed and acknowledged before me as their voluntary act and deed. The foregoing instrument relates to a Financial or Technical Assistance Agreement consisting of fifty-five (55) pages, including the page on which this acknowledgment is written, and has been signed on each and every page thereof by the Parties and their witnesses, and sealed with notarial seal.

**WITNESS MY HAND AND SEAL** this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_.

Notary Public

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

# **Annex D:**

## **Standard Service Contract**

**Republic of the Philippines  
DEPARTMENT OF ENERGY**

*Taguig City  
Metro Manila*

**SERVICE CONTRACT**

This SERVICE CONTRACT (the "Contract") is made and entered into this day of \_\_\_\_\_ 20\_\_ at Taguig City, Metro Manila, Philippines, by and among:

**THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES**, hereinafter referred to as the "Government", acting through the DEPARTMENT OF ENERGY, with principal office at Energy Center, Merritt Road, Fort Bonifacio, Taguig City, Metro Manila, in this act represented by the Secretary, **NAME OF SECRETARY**, hereinafter referred to as the "DEPARTMENT";

**CONTRACTOR.(OPERATOR)**, a corporation organized and existing under and by virtue of the laws of PLACE COMPANY WAS REGISTERED, with COMPANY ADDRESS, in this act represented by its Company Representative / Position, **NAME OF PERSON.**, hereinafter referred to as **SHORTENED NAME OF COMPANY**;

-and-

**CONTRACTOR (PARTNER IF APPLICABLE).**, a corporation organized and existing under and by virtue of the laws PLACE COMPANY WAS REGISTERED, COMPANY ADDRESS, in this act represented by its Company Representative / Position, **NAME OF PERSON**, hereinafter referred to as **SHORTENED NAME OF COMPANY**.

**CONTRACTOR (Operator)** and **CONTRACTOR (Partner/s)** are hereinafter jointly referred to as the "CONTRACTOR".

In the implementation of this Contract, the Government shall act through and be represented by the DEPARTMENT. The DEPARTMENT and the CONTRACTOR are hereinafter referred to individually as "Party", and collectively as "Parties".

WITNESSETH; That:

**WHEREAS**, all Petroleum, Crude Oil, Crude, Natural Gas and/or Casinghead Petroleum Spirit of the Philippines belong to the State and their disposition, exploration, development, exploitation and utilization is under the full control and supervision of the DEPARTMENT under Presidential Decree No. 87, as amended, otherwise known as the Oil Exploration and Development Act of 1972 (the "Act"), Republic Act 7638 otherwise known as the Department of Energy Act of 1992, and Section 2, Article XII of the 1987 Constitution;

**WHEREAS**, the Act declares it to be the policy of the State to hasten the discovery and production of indigenous Petroleum through the utilization of Government and/or private resources;

**WHEREAS**, the CONTRACTOR desires and agrees to provide funds, and apply its appropriate and advanced technology and expertise to cooperate with the DEPARTMENT for the exploration, development and exploitation of Petroleum resources within the Contract Area and agrees to be subject to the laws and decrees of the Government and other rules and regulations of the DEPARTMENT in the implementation of the Contract;

**NOW, THEREFORE**, in view of the foregoing premises, the DEPARTMENT and CONTRACTOR hereby stipulate and agree, as follows:

## SECTION I

### SCOPE

- 1.01 The CONTRACTOR shall be responsible to the DEPARTMENT for the execution of the Petroleum Operations in accordance with the provisions of this Contract, and is hereby appointed and constituted the exclusive party to conduct the Petroleum Operations on behalf of the Government. The DEPARTMENT shall have the right to require performance of any or all obligations of the CONTRACTOR under this Contract against any or all of the companies comprising the CONTRACTOR.
- 1.02 This Contract is entered into pursuant to Section 7 of the Act with all necessary technology and financing as well as the required services to be furnished by the CONTRACTOR in accordance with the provisions herein contained. The CONTRACTOR shall undertake and execute the Petroleum Operations contemplated herein under full control, management and supervision of the DEPARTMENT.
- 1.03 The CONTRACTOR shall assume all exploration risks such that if no Petroleum in Commercial Quantity is discovered and produced, it will not be entitled to reimbursement of expenses incurred in connection with this Contract.
- 1.04 During the term of this Contract, the total production achieved in the conduct of the Petroleum Operations shall be accounted for between the Parties in accordance with Section X hereof.



## SECTION II

### DEFINITIONS

In this Contract, the following words and terms defined in Section 3 of the Act shall, unless otherwise specified therein, have meaning in accordance with the following definitions:

- 2.01 **Act** – refers to Presidential Decree No. 87, as amended.
- 2.02 **Accounting Procedure** – refers to the set of procedures, guidelines and arrangement between the Parties to govern the recording and proper entry of expenses, costs and income, attached as Annex “B” to this Contract.
- 2.03 **Affiliate** - means: (a) a company in which any one of the companies comprising the CONTRACTOR holds directly or indirectly at least fifty percent (50%) of its outstanding shares entitled to vote; or, (b) a company which holds directly or indirectly at least fifty percent (50%) of the outstanding shares entitled to vote of one of the companies comprising the CONTRACTOR; or, (c) a company in which at least fifty percent (50%) of its shares outstanding and entitled to vote are owned by a company which holds directly or indirectly at least fifty percent (50%) of the shares outstanding and entitled to vote in one of the companies comprising the CONTRACTOR.
- 2.04 **Annual Gross Production of Crude Oil** – means the total amount of Crude Oil produced from each Oil Field and/or Gas Field within the Contract Area considered separately in each Calendar Year, less the amount of Crude Oil used for Petroleum Operations and the amount of losses, which is saved and measured by a device jointly approved before the Date of Commencement of Commercial Production at the Delivery Point.
- 2.05 **Annual Gross Production of Natural Gas** – means the total amount of Natural Gas produced from each Oil Field and/or Gas Field within the Contract Area considered separately in each Calendar Year, less the amount of Natural Gas used for Petroleum Operations and the amount of losses, which is saved and measured by a device jointly approved before the Date of Commencement of Commercial Production at the Delivery Point.
- 2.06 **Appraisal Well** – means a well drilled for the purpose of evaluating the commerciality of a geological trap in which Petroleum has been discovered.
- 2.07 **Appraisal Work Program** – refers to the Work Program and Budget developed by the CONTRACTOR and approved by the DEPARTMENT to determine the commerciality of a Petroleum discovery.
- 2.08 **Associated Gas** – means all gaseous hydrocarbons produced in association with Crude Oil from oil reservoirs, including residue gas remaining after the extraction of liquid hydrocarbons therefrom.
- 2.09 **Barrel** - means 42 U.S. gallons (159 liters ) or 9702 cubic inches (0.159 cubic meters ) at a temperature of 60 degrees Fahrenheit (60oF) or 15.56 degrees Centigrade.

- 2.10 **Calendar Quarter** – means a period of three (3) consecutive Gregorian months under the Gregorian calendar beginning on the first (1st) day of January, the first (1st) day of April, the first (1st) day of July, or the first (1st) day of October.
- 2.11 **Calendar Year** - means a period of twelve (12) consecutive months commencing with January 1 and ending on December 31 of the same year.
- 2.12 **Casinghead Petroleum Spirit** - means any hydrocarbon, including condensate, existing in liquid form at a temperature of sixty degrees Fahrenheit (60oF) and at an atmospheric pressure of 14.65 PSIA, which is obtained from Natural Gas at the well head or by separation or by any chemical or physical process or ethane, propane, and butane produced by gas processing.
- 2.13 **Contract** - means this Service Contract.
- 2.14 **Contract Area** - means, at any time, the area within the territory of the Philippines, which is the subject of this Contract. The Contract Area is outlined and more particularly described in Annex "A" attached hereto.
- 2.15 **CONTRACTOR** – means the Contractor specified in the Recital of Parties hereto, including assignee(s) in accordance with Section XXIV hereof.
- 2.16 **Contract Year** - means a period of twelve (12) consecutive months counted from the Effective Date of this Contract and, thereafter, from each anniversary of such Effective Date.
- 2.17 **Crude Oil** - means oil in its natural state before the same has been refined or otherwise treated. It does not include oil produced through destructive distillation of coal, bituminous shales, or other stratified deposits, either in its natural state or after the extraction of water and sand or other foreign substances therefrom.
- 2.18 **Crude Oil Exported** – means not only Crude Oil exported as such, but also indigenous Crude Oil refined in the Philippines for export.
- 2.19 **Date of Commencement of Commercial Production** – means the date of commencement of production of Crude Oil and/or Natural Gas from any Oil Field and/or Gas Field within the Contract Area determined and announced by the DEPARTMENT as Oil Field and/or Gas Field containing Petroleum in Commercial Quantity in accordance with the provisions in Section IX hereof, after completion of the Development Operations as provided in the Overall Development Program for the said Oil Field and/or Gas Field.
- 2.20 **Deepwater Area** - refers to an area where water depths are in excess of two hundred (200) meters.
- 2.21 **Deepwater Contract** - refers to a service contract in which at least eighty-five percent (85%) of the total contract area is in water depths beyond two hundred (200) meters.
- 2.22 **Deep Well** - refers to a well drilled to a subsea depth of at least 10,000 feet (3,048 meters)

- 2.23 **Delivery Point** – means the point at which Petroleum reaches the delivery facility as agreed upon by the CONTRACTOR and the buyer in the sales contract, a copy of which shall be provided to the DEPARTMENT.
- 2.24 **DEPARTMENT** - means the Department of Energy of the Government, or its successor.
- 2.25 **Development Area** – means a portion of the Contract Area covering an Oil Field and/or Gas Field, which has been designated for development and any potential contiguous extension areas to such field(s) within the Contract Area. The Development Area(s) shall be proposed by the CONTRACTOR, demarcated by the DEPARTMENT and delineated as such in the Overall Development Program approved by the DEPARTMENT. The Development Area shall automatically cease to be in force as of the date of approval of the Production Area.
- 2.26 **Development and Marketing Cost** – means cost incurred by the CONTRACTOR for Development and Marketing Operations.
- 2.27 **Development and Marketing Operations** – mean operations carried out for the realization of Petroleum production from the date of approval of the Overall Development Program for any Oil Field and/or Gas Field by the DEPARTMENT including design, construction, installation, drilling, and related research work as well as relevant activities, such as marketing of expected production, carried out before the Date of Commencement of Commercial Production for the realization of Petroleum production.
- 2.28 **Development Well** – means any well drilled in a Development Area or a Production Area after the date of approval of the Overall Development Program for the purpose of producing Petroleum, increasing production or accelerating extraction of Petroleum, including production wells, injection wells and dry holes unless such well is designated in the Overall Development Program as an Exploration Well.
- 2.29 **Effective Date** - means the date of execution of this Contract by the Parties.
- 2.30 **Expatriate Employee** – means an alien who is a permanent resident of a foreign country and is legally employed by the CONTRACTOR or Subcontractor for the Petroleum Operations within the scope of this Contract.
- 2.31 **Exploration Area** – means a portion of the Contract Area which has not been relinquished before the expiration of the Exploration Period and which is not included in a Development Area or a Production Area.
- 2.32 **Exploration Cost** – means cost incurred by the CONTRACTOR for Exploration Operations.
- 2.33 **Exploration Operations** – mean operations carried out for the purpose of discovering Petroleum-bearing traps by means of geological, geophysical, geochemical and other methods including exploratory well drilling; all the work undertaken to determine the commerciality of traps in which Petroleum has been discovered including Appraisal Well drilling and feasibility studies, formulation of the Overall Development Program; and

activities related to all such operations, including any work done prior to approval of the Overall Development Program in an attempt to identify a market for Petroleum.

- 2.34 **Exploration Period** – means the seven (7) -year periods, or any extension thereof, referred to in Section 4.01 of this Contract during which the CONTRACTOR is allowed to perform exploration works in the Contract Area.
- 2.35 **Exploration Well** – means any Wildcat Well and/or Appraisal Well drilled within the Exploration Period, including dry hole(s) and discovery well(s).
- 2.36 **Filipino Participation Incentive Allowance or "FPIA"** - means:
- (a) the sliding scale allowance from one and one-half percent (1.5%) to seven and one-half percent (7.5%) of the gross proceeds granted to the CONTRACTOR when the aggregate participation in the Contract by one or more Filipino citizens and/or Philippine Corporations is from fifteen percent (15%) to thirty percent (30%), in accordance with OEA Circular No. 87-12-003; or,
  - (b) the allowance of seven and one-half percent (7.5%) of the gross proceeds granted to CONTRACTOR when the aggregate participation in the Contract by one or more Filipino citizens and/or Philippine Corporations is at least fifteen percent (15%) in respect of a Deepwater Contract, in accordance with OEA Circular No. 92-10-05; or,
  - (c) the allowance of seven and one-half percent (7.5%) of the gross proceeds granted to the CONTRACTOR when the aggregate participation in the Contract by one or more Filipino citizens and/or Philippine Corporations is at least fifteen percent (15%) in respect of the drilling of a well by the CONTRACTOR in water depths beyond two hundred (200) meters, whether within or outside a Deepwater Area, in accordance with DOE Circular No. 94-01-01.
- 2.37 **Filipino Personnel** – means any citizen of the Republic of the Philippines employed by the CONTRACTOR and/or the Subcontractor(s), involved in Petroleum Operations under the Contract.
- 2.38 **Force Majeure** – refers to events or circumstances that cannot be foreseen or which, though foreseen, are inevitable, as provided in Section 26.01 (b) herein.
- 2.39 **Foreign Exchange** - means any currency other than the Philippine currency which is freely convertible into gold or currencies eligible to form part of the country's international reserves and is acceptable to the DEPARTMENT and the CONTRACTOR.
- 2.40 **Gas Field** - means an accumulation of gas within the Contract Area composed of one or several overlapping gas-bearing zones, within one (1) trap or within associated traps of the same independent geological structure including gas caps, which may or may not be complicated by faulting, and which has commercial value determined in accordance with the procedures stipulated in Section XIII hereof.

- 2.41 **Government** - means the Republic of the Philippines.
- 2.42 **GSEC** – means Geophysical Survey and Exploration Contract previously awarded by the DEPARTMENT in the Contract Area being applied for.
- 2.43 **Gross Income** - means the gross proceeds from the sale, exchange or disposition of all Petroleum, Crude Oil, Natural Gas and/or Casinghead Petroleum Spirit produced under this Contract and sold or exchanged during the Calendar Year at Posted Price or Market Price, as the case may be, all as determined pursuant to Section X and all such other income which are incidental to or arising from any one or more of the Petroleum Operations of the CONTRACTOR.
- 2.44 **Market Price** - means the price which is or would be realized for Petroleum produced under this Contract if sold in a transaction between independent persons dealing at arm's length in a free market; *Provided*, however, that the Market Price for Natural Gas including condensate shall be determined in accordance with Section X and Section XIII hereof.
- 2.45 **Moratorium** - has meaning set forth in Section 4.03 of this Contract.
- 2.46 **Natural Gas** - means Non-Associated Gas and Associated Gas in their natural state including gas obtained from boreholes and wells and consisting primarily of hydrocarbons.
- 2.47 **Net Proceeds** - has the meaning set forth in Section 10.04 hereof.
- 2.48 **Non-Associated Gas** – means all gaseous hydrocarbons produced from gas reservoirs, including wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas.
- 2.49 **Oil Field** – means an accumulation of oil within the Contract Area composed of one (1) or several overlapping oil-bearing zones, within one (1) trap or within associated traps of the same independent geological structure, which may or may not be complicated by faulting, and which has commercial value determined in accordance with the procedures stipulated in Section IX hereof.
- 2.50 **Oil Field and/or Gas Field Straddling a Boundary** – means any Oil Field and/or Gas Field extending beyond the Contract Area.
- 2.51 **Operating Cost** – means the cost incurred by the CONTRACTOR for the Production Operations.
- 2.52 **Operating Expenses** – mean the total expenditures incurred by CONTRACTOR both within and outside the Philippines in all Petroleum Operations performed pursuant to this Contract as determined in accordance with the Accounting Procedure attached hereto and made part thereof as Annex “B”. These expenses shall include expenses incurred under GSEC, if any, which shall be limited to the share of the contractor on the particular area as validated by the DEPARTMENT, but are not necessarily limited to, the cost of

seismic surveys, reprocessing and special processing of seismic data, geological and geophysical studies, drilling, equipping and completing wells, engineering studies, construction of well platforms and tank batteries, flowline systems and terminals, the cost of operating and maintaining all such facilities including general and administrative costs and expenses, home office overhead, in accordance with the Accounting Procedure (Annex "B"). Operating Expenses shall also include, but are not necessarily limited to, charges relating to lifting, transportation, storage, handling, and sale of Petroleum as specified in Section X, whether for export or domestic consumption, together with two-thirds (2/3) of interest and financing charges for development and production operations. However, the cost of transportation of petroleum by pipeline shall be subject to separate agreement referred to in Section 2.56 hereof. If the CONTRACTOR has any previous expenditures for Petroleum Operations over the Contract Area under previous Geophysical Survey and Exploration Contracts (GSECs) before the Effective Date of this Contract then the expenditures shall be included as Operating Expenses up to its participation in those GSECs and expenses account transferred by other previous contractors in those in GSECs, subject to validation by the DEPARTMENT.

- 2.53 **Overall Development Program** – means a plan prepared by the CONTRACTOR for the development of an Oil Field and/or Gas Field which has been reviewed and approved by the DEPARTMENT and such plans shall include, but shall not be limited to recoverable reserves, the Development Well pattern, master design, production profile, economic/feasibility analysis and time schedule of the Development and Marketing Operations. In addition, abandonment and termination plan shall be included and integrated herein, as specified in Section 7.01(h).
- 2.54 **Petroleum** - means any Crude Oil or mineral oil, Natural Gas or hydrocarbon gas, condensate, Casinghead Petroleum Spirit, bitumen, asphalt, mineral gas, and all other similar or naturally associated substances with the exception of coal, peat, bituminous shale and/or other stratified mineral fuel deposits.
- 2.55 **Petroleum in Commercial Quantity** - means Petroleum in such quantities which will permit its being economically developed, either on its own or in combination with other existing and/or future discoveries of Petroleum, as determined by the CONTRACTOR and approved by the DEPARTMENT, in accordance with such policies or guidelines as may be issued, subject to Section 21, after taking into consideration the location of the Petroleum reserves, the depths and number of wells required to be drilled, the availability or potential availability of a market, and the transport and terminal facilities needed to exploit the Petroleum which has been discovered.
- 2.56 **Petroleum Operations** - mean searching for and obtaining Petroleum within the Philippines under this Contract, drilling and natural flow or suction or the like, and all other operations incidental thereto. It includes the transportation, storage, handling and sale (whether for export or domestic consumption) of Petroleum so obtained but does not include any: (1) transportation of Petroleum outside the Philippines; (2) processing or refining at a refinery; or (3) any transaction in the products so refined. It includes both transportation of Petroleum up to Delivery Point to the buyer or buyers thereof, and the facilities upstream of said Delivery Point for extraction of such Petroleum. In the event that the DEPARTMENT agrees to the participation of the CONTRACTOR in pipeline

installation and operation to transport the Petroleum, then the Parties shall negotiate a separate agreement covering construction and operation of such pipeline. However, Petroleum Operations do not include pipeline gas distribution as a public utility under applicable law or, in the absence thereof, such guidelines or issuances of the DEPARTMENT.

- 2.57 **Philippine Corporation** - means a corporation organized under Philippine laws at least sixty percent (60%) of the voting capital of which is owned and held by Filipino citizens and/or other Philippine corporations.
- 2.58 **Philippine Income Tax** - refers to taxes imposed under the National Internal Revenue Code of the Philippines, as amended, upon taxable corporate income.
- 2.59 **Philippines** – means the Republic of the Philippines.
- 2.60 **Posted Price** - means the Free on Board (FOB) price established by the CONTRACTOR and the DEPARTMENT for each grade, specific gravity, and quality of Crude Oil offered for sale to buyers generally for export at the particular point of export, which price shall be based upon geographical location and the fair market export values for Crude Oil of comparable grade, specific gravity, quality and quantity.
- 2.61 **Production Area** - means that portion of the Contract Area where all reservoirs containing Petroleum in Commercial Quantity are delineated by the CONTRACTOR with the approval of the DEPARTMENT.
- 2.62 **Production Operations** – mean operations and all activities related thereto carried out for Petroleum production of an Oil Field and/or Gas Field from the Date of Commencement of Commercial Production, such as extraction, injection, stimulation, treatment, storage, transportation, and lifting, etc.
- 2.63 **Production Period** – means the twenty-five (25)-year period, or any adjustment thereof, referred to in Section 4.01 of this Contract during which the CONTRACTOR is allowed to perform production works or activities in the Production Area.
- 2.64 **Production Year** – means, in respect of each Oil Field and/or Gas Field, a period of twelve (12) consecutive Gregorian months under the Gregorian calendar beginning on the Date of Commencement of Commercial Production of such Field and thereafter from the anniversary thereof.
- 2.65 **Subcontractor(s)** – means an individual or entity which provides the CONTRACTOR with goods or services under a separate agreement by which the CONTRACTOR performs or causes to perform some of its activities and/or obligations under this Contract.
- 2.66 **Sub-Phase** - means the phase within the Exploration Period as determined in accordance with Section 4.01 and Section 6.02 herein.
- 2.67 **Taxable Net Income** - shall have the meaning set forth in Section XI hereof.

- 2.68 **Third Party** - means any individual or entity except the DEPARTMENT and the CONTRACTOR.
- 2.69 **United States Dollars (US\$)** - mean bills or notes of legal tender in the United States of America
- 2.70 **Wildcat Well** – means a well drilled on any geological trap for the purpose of searching for Petroleum accumulations, including wells drilled for the purpose of obtaining geological and geophysical parameters.
- 2.71 **Work Program and Budget** – means all types of plans formulated for the performance of the Petroleum Operations, including plans for exploration, development, and production, and the corresponding budget for such activities. For these purposes, the Overall Development Program shall be the Work Program and Budget pertaining to such portions of the Contract Area under the Production Period.

### SECTION III

#### EFFECTIVITY

This Contract shall come into effect on the Effective Date.

### SECTION IV

#### TERM

- 4.01 The Exploration Period under this Contract shall be seven (7) years consisting of word /(numerical value) Sub-Phases, as set forth in Section 6.02, the duration of which depends on the proposed Work Program and Budget, commencing on the Effective Date. The Exploration Period may be extended for a maximum period of three (3) years provided that the CONTRACTOR:
- (a) has not been in default in its exploration work obligations and other obligations; and,
  - (b) has provided a work obligation for the extension acceptable to the DEPARTMENT.

Unless Petroleum is discovered at the end of such extension period, the extended Exploration Period shall automatically terminate on the last day of the extension. If Petroleum is discovered by the end of the original or the extended Exploration Period, the CONTRACTOR shall be entitled to an additional extension, as necessary, of the Exploration for a period not exceeding one (1) year to determine if the Petroleum discovered is of commercial quantity subject to the DEPARTMENT's approval of a Work



Program and Budget for the proper execution of the Appraisal Program submitted by the CONTRACTOR. This additional extension shall be deemed part of the initial twenty-five (25)-year period for Production Operations if the Contract Area is subsequently developed by the CONTRACTOR.

4.02 Where Petroleum in Commercial Quantity is discovered during the Exploration Period or any extension thereof, this Contract shall remain in force in respect of any Production Areas delineated pursuant to Section V hereof, during:

- a) the balance of the Exploration Period, or any extension thereof, as the case may be, and
- b) the Production Period which may be renewed for a series of five (5)-year periods but in no case shall such renewal exceed a total of fifteen (15) years under such terms and conditions as may be agreed upon by the Parties at the time of renewal. *Provided that:*
  - (i) the term of this Contract shall in no case exceed fifty (50) years from the Effective Date inclusive of the Moratorium or any extension thereof, if any, and
  - (ii) if, during the Production Period, the CONTRACTOR fails to continue production of Petroleum for more than one (1) year without the prior approval of the DEPARTMENT, then the DEPARTMENT may unilaterally terminate this Contract.

4.03 If the CONTRACTOR discovers Petroleum under this Contract in sufficient quantity that could be normally produced except that, due to inadequate technology, the capability to produce the Petroleum in Commercial Quantity does not yet exist, the CONTRACTOR shall notify the DEPARTMENT and the Parties will jointly review the findings of the CONTRACTOR. Upon mutual satisfaction that technological means to extract Petroleum in Commercial Quantity does not yet exist, then the corresponding work and expenditure obligations under this Contract shall be suspended for a period not exceeding three (3) years (the "Moratorium"), provided that the CONTRACTOR, subject to the approval of the DEPARTMENT, shall delineate the Oil Field and/or Gas Field that will be put under Moratorium and elect to either relinquish or continue the Work Program and Budget over the rest of the Contract Area, subject to Section V hereof. The decision as to whether a Moratorium is justified shall be based, among others, on projects and operations found elsewhere in the world at comparable depths and conditions to those encountered by the CONTRACTOR under this Contract. Any other conditions not expressly provided herein, as basis for Moratorium shall be subject to the approval of the DEPARTMENT.

4.04 During the Moratorium, the CONTRACTOR shall actively pursue the necessary research or activities by itself or in joint industry studies, to address reason for the Moratorium. The CONTRACTOR shall semi-annually report to the DEPARTMENT its progress in such research or activities. If the DEPARTMENT determines that the reason for the Moratorium has been sufficiently resolved, the CONTRACTOR shall elect either to:

- (a) continue with its obligations under this Contract effective on the first day following the formal notice lifting the Moratorium; or
- (b) relinquish the said Contract Area without further commitment or obligation.

## SECTION V

### EXCLUSION OF AREAS

- 5.01 On or before the end of the Second\_(2nd) Sub-Phase, the CONTRACTOR shall surrender at least twenty-five percent (25%) of the initial Contract Area.
- 5.02 On or before the end of the Third (3rd) Sub-Phase, the CONTRACTOR shall surrender an additional area equal to at least twenty-five percent (25%) of the initial Contract Area.
- 5.03 In the event that on or before the end of any Sub-Phase during the Exploration Period, the CONTRACTOR has delineated any Production Area, the extent of such Production Area shall be deducted from the initial Contract Area for the purpose of determining the size of such area that must be surrendered pursuant to Sections 5.01 and 5.02 above.
- 5.04 If Petroleum in Commercial Quantity is discovered during any Sub-Phase of the Exploration Period or any extension thereof, the CONTRACTOR may retain after the Exploration Period twelve and one-half percent (12 ½%) of the initial Contract Area for further exploration and development, in addition to the delineated Production Areas; *Provided*, that the CONTRACTOR shall prepare and submit the Work Program and Budget in accordance with Section 8.01 for the area to be retained subject to the approval of the DEPARTMENT; *Provided further*, that the CONTRACTOR shall pay after the Exploration Period as annual rentals to the DEPARTMENT on such twelve and one-half percent (12 ½%) retained area of One Hundred Pesos ( PhP100.00 ) per hectare or fraction thereof; and, *Provided finally*, that such annual rentals shall be offset by the amount spent by the CONTRACTOR for exploration on such retained area during the Contract Year. Failure of the CONTRACTOR to implement the Work Program as approved by the DEPARTMENT in any Contract Year will cause the automatic surrender of the retained area to the DEPARTMENT.
- 5.05 Within thirty (30) days prior to the date of each relinquishment, the CONTRACTOR shall submit to the DEPARTMENT a written report on its completed Exploration Operations on the areas to be relinquished, including a map showing the areas to be relinquished with the coordinates of the connecting points of the boundary lines.
- 5.06 The CONTRACTOR shall have the right to submit written notice to the DEPARTMENT to surrender or abandon the entire Contract Area prior to the end of any Contract Year or exploration Sub-Phase and be relieved of any work commitment or expenditure amount related to future Contract Years or exploration Sub-Phases; *Provided*, that if the CONTRACTOR surrenders or abandons the entire Contract Area prior to satisfying its

minimum work and expenditure commitments for any of the Contract Year or exploration Sub-Phase, it shall pay the DEPARTMENT the amount it should have spent, but did not, for exploration work during the pertinent unfinished Contract Year or Sub-Phase as specified under Section VI. The performance guarantee posted by the CONTRACTOR, in accordance with Section 7.01(g) of this Contract, shall be liable for any such deficiency.

- 5.07 The CONTRACTOR shall have the right, within thirty (30) days prior to the end of each Sub-Phase, to surrender or abandon any portion of the Contract Area. Any portion surrendered shall be credited against that portion of the Contract Area which the CONTRACTOR is next required to surrender under the provisions of Sections 5.01 and 5.02 hereof.
- 5.08 With respect to any surrender of area pursuant to this Section V, the CONTRACTOR shall advise the DEPARTMENT of the portion to be surrendered at least thirty (30) days in advance of the date of surrender. The areas being surrendered shall each be of sufficient size and convenient shape by themselves or in conjunction with areas outside the Contract Area to enable Petroleum Operations to be conducted thereon.

## **SECTION VI**

### **MINIMUM WORK COMMITMENT AND MINIMUM EXPECTED EXPLORATION EXPENDITURES**

- 6.01 The CONTRACTOR shall begin to perform the Exploration Operations within six (6) months from the Effective Date of the Contract.
- 6.02 The CONTRACTOR shall fulfill the minimum exploration work commitment for each Sub-Phase of the Exploration Period in accordance with the following provisions:
- (a) During the 1st Sub-Phase of the Exploration Period covering Contract Year (NUMBER) , the CONTRACTOR shall conduct work program for the 1st Sub-Phase, with an expected equivalent total minimum expenditure of Amount in Words United States Dollars(US\$ Amount in Numbers.00).
  - (b) During the 2nd Sub-Phase of the Exploration Period covering (Number of Contract Year or Months), the CONTRACTOR shall (work program for 2nd Sub-Phase), with an expected equivalent total minimum expenditure of (Amount of Expenditures for the Work Program) United States Dollars (US\$ Amount in Numbers).
  - (c) During the 3rd Sub-Phase of the Exploration Period covering Contract (Number of Contract Year or Months), the CONTRACTOR shall (work program for 3rd Sub-Phase), with an expected equivalent minimum expenditure of (Amount in Words of the Work Program) United States Dollars (US\$ Amount in Numbers).

- (d) 4th or additional Sub-Phase if applicable stating the period to be covered, work program to be committed and amount / value in US\$ in words and numbers
- (e) If the CONTRACTOR is able to drill one (1) Deep Well, then such Deep Well drilling shall be considered as equivalent to drilling two (2) Exploration Wells committed under this Contract.

6.03 At least thirty (30) calendar days before the end of each Sub-Phase of the Exploration Period, the CONTRACTOR, based on the following options in accordance with the provisions of this Contract shall notify in writing the DEPARTMENT either to:

- (a) enter the next Sub-Phase and continue exploration upon prior approval by the DEPARTMENT; or
- (b) conduct only an Appraisal Work Program in the Petroleum discoveries awaiting appraisal based on procedures under Section IX of the Contract, and/or Development and Marketing Operations as approved by the DEPARTMENT, provided that the minimum obligations during the current exploration Sub-Phase have been fulfilled; and the areas under Section V hereof have been relinquished; or
- (c) terminate the Contract.

6.04 If the CONTRACTOR fails to comply with the work obligations during any Sub-Phase provided for in this Contract, it shall pay to the DEPARTMENT the amount it should have spent but did not in direct execution of its work obligations. If the CONTRACTOR elects to terminate the Contract before the end of any Sub-Phase during the Exploration Period and there are unfulfilled work obligations in the Sub-Phase in question, the CONTRACTOR shall pay the value of the unfulfilled balance of the minimum exploration work commitment for such Sub-Phase in US\$. However, if the minimum exploration work commitment for any Sub-Phase during the Exploration Period is fulfilled while its expected corresponding minimum exploration expenditures are not fulfilled, the unspent part shall be deemed as a saving and shall not be paid to the DEPARTMENT.

6.05 Subject to the approval of the DEPARTMENT and provided that the work commitments in the Work Program and Budget for the preceding Sub-Phase have been fulfilled, the CONTRACTOR may commence to the next Sub-Phase during the Exploration Period earlier than the scheduled date. If the exploration work actually fulfilled by the CONTRACTOR exceeds the minimum exploration work commitment for the said Sub-Phase, the excess part may be credited, subject to the approval of the DEPARTMENT, against the minimum exploration work commitment for the next Sub-Phase(s).

## SECTION VII

### RIGHTS AND OBLIGATIONS OF THE CONTRACTOR

- 7.01 The CONTRACTOR shall have the following obligations:
- (a) Perform all Petroleum Operations and provide all necessary services, technology, and financing in connection therewith; Provided, that no Foreign Exchange requirements of the Petroleum Operations shall be funded from the Philippine banking system unless otherwise allowed under applicable laws and regulations;
  - (b) Be subject to the provisions of applicable laws relating to labor, health, safety, indigenous people's rights, environment and specially protected areas and ecology;
  - (c) Provide insurance to adequately cover/answer for any oil spill which may cause pollution and/or damage to the environment, lives and/or property;
  - (d) Operate the Production Area in accordance with good international petroleum practices and pursuant to an efficient and economic program of operation, by using modern and scientific methods to enable maximum economic production of Petroleum once a Production Area has been established. The CONTRACTOR shall exert its best efforts to avoid hazards to life, health, and property, pollution of air, land, and waters;
  - (e) Allow examiners of the Bureau of Internal Revenue and other representatives authorized by the DEPARTMENT, at all reasonable times upon prior fifteen (15) days written notice, full access to accounts, books, and records relating to Petroleum Operations hereunder for tax and other fiscal purposes;
  - (f) Give priority in employment to qualified personnel (as determined by the CONTRACTOR) in the municipalities or provinces where the Petroleum Operations are located;
  - (g) Within sixty (60) days after the Effective Date of this Contract or upon implementation of the succeeding Sub-phases to post a bond or other guarantee of sufficient amount, but not less than the minimum expenditure commitment for that particular Contract Year, in favor of the DEPARTMENT and with surety or sureties satisfactory to the DEPARTMENT, conditioned upon the faithful performance by the CONTRACTOR of any or all of its exploration and development activities under this Contract. Upon the request of the CONTRACTOR, the amount of guarantee for each Contract Year may be subsequently reduced based on the CONTRACTOR's performance of its work and expenditure commitments;

- (h) Include in the Overall Development Program, submitted to the DEPARTMENT for approval, a provision for abandonment and payment of abandonment costs. It shall provide that beginning on the Date of Commencement of Commercial Production the estimated abandonment and decommissioning cost of the Oil Fields and/or Gas Fields in the Contract Area shall be determined (with annual reviews and adjustments thereafter to be included in the annual Work Program and Budget) accrued and recovered annually as Operating Expenses over the productive life of the Oil Fields and/or Gas Fields. In this regard, the CONTRACTOR shall be responsible in the proper abandonment and rehabilitation of all sites affected by its Petroleum Operations. For this purpose, the CONTRACTOR shall establish and maintain a sinking fund in the form of a trust account with a reputable commercial bank in the Philippines in favor of the DEPARTMENT the amount of which shall be equivalent to the estimated abandonment and decommissioning cost within one (1) year after the Date of Commencement of Commercial Production. The CONTRACTOR shall then submit to the DEPARTMENT a certification from the concerned bank that the account has been established for the benefit and purpose provided in this Section;
- (i) Apply the appropriate and advanced technology and business experience in performing the Petroleum Operations reasonably, economically and efficiently in accordance with sound international petroleum industry practice;
- (j) Prepare/submit the annual Work Program and Budget to the DEPARTMENT for review and approval;
- (k) Be responsible for procurement of installations, equipment and supplies and enter into subcontracts related to the Petroleum Operations, in accordance with the approved Work Program and Budget;
- (l) Maintain complete and accurate accounting records of all the costs and expenditures for the Petroleum Operations in accordance with the provisions of the Accounting Procedure (attached hereto as Annex "B") and to keep the accounting books secure and in good order;
- (m) Make necessary preparation for regular meetings of Parties, and to submit in advance to the Parties necessary information related to the matters to be reviewed and approved by the Parties;
- (n) Give preference to local companies/agencies in entering into subcontracts on projects or services which are required in the Petroleum Operations but are not carried out by the CONTRACTOR, provided that these companies/agencies are competitive/qualified and the services required are locally available;

- (o) Inform all the Subcontractors which render services for the Petroleum Operations and all the Expatriate Employees of the operator and of Subcontractors who are engaged in the Petroleum Operations in the Philippines that they shall be subject to the laws, decrees of the Government, and other rules and regulations of the DEPARTMENT;
- (p) Submit to the DEPARTMENT a quarterly report on its work accomplishment and actual expenditure relative to Section VI hereof covered by a transmittal letter duly signed by the responsible official of the CONTRACTOR. In addition, all technical reports should be signed by a duly licensed technical personnel of or engaged by the CONTRACTOR
- (q) Handle the information, samples or reports in accordance with the following provisions:
  - (i) Provide the DEPARTMENT with various data and information in accordance with Section VIII and Section XIV hereof;
  - (ii) Furnish the DEPARTMENT in a timely manner with reports on safety, environmental protection and accidents related to the Petroleum Operations and with financial reports prepared in accordance with the provisions of the Accounting Procedure; and
  - (iii) Furnish the DEPARTMENT with the following:
    - (a) procurement plans for purchasing equipment and materials, inquiries, offers, orders and services, etc.
    - (b) manuals, technical specifications, design criteria, design documents (including design drawings), construction records and information, consumption statistics, equipment inventory, spare parts inventory, etc.;
    - (c) technical investigation and cost analysis reports; and
    - (d) other information relating to the Petroleum Operations acquired by the CONTRACTOR.
- (r) Abide by the laws, decrees of the Government and other rules and regulations of the DEPARTMENT with respect to environmental protection and safety of the Petroleum Operations and shall endeavor in accordance with the international petroleum industry practice to:
  - (i) prevent damage and destruction to marine organisms and their living oceanic environments;
  - (ii) control blowouts promptly and prevent or avoid waste or loss of Petroleum discovered in or produced from the Contract Area;

- (iii) prevent Petroleum from flowing into low pressure formations or damaging adjacent Petroleum-bearing formations;
  - (iv) prevent water from flowing into Petroleum-bearing formations through dry holes or other wells, except for the purpose of secondary recovery; and
  - (v) prevent damage to crops, buildings and other installations.
- (s) Maintain detailed technical records and accounts of Petroleum Operations;
  - (t) Meet with the DEPARTMENT on a quarterly basis or as needed during the formulation of the CONTRACTOR's Overall Development Plan and all issues relative to the development;
  - (u) Conform to the Government regulations regarding, among others, safety, demarcation of the Contract Area, non-interference with the rights of other Petroleum, mineral, and natural resources operators;
  - (v) Install and maintain all meters and measuring equipment in good order and, upon proper notification from an inspection group, allow access to these as well as to the exploration and production sites to inspectors authorized by the DEPARTMENT;
  - (w) Be subject to Philippine Income Tax under the provisions of the National Internal Revenue Code and the Act, both as amended;
  - (x) After the Date of Commencement of Commercial Production in the Contract Area, supply, a portion of the domestic requirements of the Philippines on a pro rata basis from the CONTRACTOR's and the Government's shares in such production, which portion shall be offered for sale at Market Price and shall be determined as follows: in respect of each year, by multiplying the total quantity of Petroleum required for domestic consumption by the ratio of the total quantity of Petroleum produced from the Contract Area to the entire Philippine production of Petroleum. The CONTRACTOR, subject to the approval of the DEPARTMENT, which approval shall not be unreasonably withheld, shall be entitled to sell its portion of such Petroleum in the open market in case domestic purchasers of the Petroleum are not willing or otherwise unable to timely purchase the Petroleum or timely pay the Market Price therefore;
  - (y) CONTRACTOR, acting as reasonably prudent operator following sound oil and/or gas field practices prevalent in the international petroleum industry, shall at all times ensure rig availability in connection with the performance of its obligations hereunder;



- (z) Secure the petroleum facilities including wells, platform, pipelines and all other equipment installed which are necessary for the Petroleum Operations. Costs and expenses for securing the petroleum facilities shall be included as Operating Expenses under Section X; and
- (aa) Refrain from issuing press releases, media statements and interviews on any oil/gas discovery, estimated oil/gas reserves and any well drilling operations, tests, and/or results, unless otherwise approved or allowed by the DEPARTMENT. The DEPARTMENT shall have the exclusive right to make any such press releases or interviews on the mentioned activities/information.

7.02 The CONTRACTOR shall have the following rights:

- (a) Exemption from all national taxes, except Philippine Income Tax, pursuant to Section 21.04 hereof, under the provisions of the National Internal Revenue Code and the Act, as amended;
- (b) Exemption from all levies, tariffs, duties, compensating tax and value added tax pursuant to Section 21.04 hereof, on the importation into the Philippines of all machinery, equipment, spare parts, and all materials required for, and to be used exclusively by the CONTRACTOR or its Subcontractor(s) in the Petroleum Operations, on the following conditions:
  - (1) said machinery, equipment, spare parts, and materials of comparable price, quality and quantity are not manufactured domestically nor readily available to the CONTRACTOR or its Subcontractor(s) within the same or better time frame;
  - (2) said machinery, equipment and spare parts are directly and actually needed, and will be used exclusively by the CONTRACTOR in its Petroleum Operations or in the operations for it by a Subcontractor(s) and are covered by shipping documents in the name of the CONTRACTOR to whom the shipment will be delivered directly by the customs authorities; and,
  - (3) the prior approval of the DEPARTMENT was obtained by the CONTRACTOR prior to the importation of such machinery, equipment, spare parts, and materials, which approval shall not be unreasonably withheld;

*Provided*, however, that if the CONTRACTOR or its Subcontractor(s) sell, transfer, or dispose of such machinery, equipment, spare parts, and materials within the Philippines without the prior approval of the DEPARTMENT, the CONTRACTOR shall pay twice the amount of the tax exemption granted on the equipment sold, transferred or disposed;

*Provided further*, that the DEPARTMENT shall allow, and approve the sale, transfer, or disposition of the said items within the Philippines, without tax, if made:

- (1) to another contractor who is granted similar Philippine duty-exempt status;
  - (2) for reasons of technical obsolescence; or,
  - (3) for purposes of replacement to improve and/or expand the Petroleum Operations of the CONTRACTOR;
- (c) Exemption from posting of performance/surety bond during the Production Period of the Contract;
- (d) Exemption, upon approval by the DEPARTMENT, which approval shall not be unreasonably withheld, from laws, regulations and/or ordinances restricting the exportation of machinery, equipment, spare parts and materials which were imported solely for the CONTRACTOR's Petroleum Operations when no longer needed;
- (e) Exemption from publication requirements under Republic Act Number five thousand four hundred fifty-five (R.A. 5455), and the provisions of Republic Act Number six thousand one hundred seventy-three (R.A. 6173), as amended, with respect to the exploration, production, exportation, sale, or disposition of Petroleum discovered and produced in the Contract Area;
- (f) Exportation of Petroleum subject to the obligation to supply a portion of domestic requirements as provided in Section 7.01(x) above;
- (g) Entry, upon the sole approval of the DEPARTMENT, which approval shall not be unreasonably withheld, of alien technical and specialized personnel (including the immediate members of their families), who may exercise their professions solely for the Petroleum Operations of the CONTRACTOR; *Provided*, that if the employment or connection of such alien with the CONTRACTOR ceases, the applicable laws and regulations on immigration shall apply to him and his immediate family; *Provided further*, that Filipinos shall be given preference to positions for which they have adequate training and experience (as determined by the CONTRACTOR); *Provided finally*, that the CONTRACTOR shall adopt and implement a training program for Filipinos along technical or specialized lines;
- (h) Have at all times the right of ingress to and egress from the Contract Area and to and from facilities wherever located;

- (i) Subject to the regulations of the *Bangko Sentral ng Pilipinas*, be entitled to:
  - (1) repatriate over a reasonable period the capital investment and all costs and expenses actually spent on or brought into the country in Foreign Exchange or other assets and registered with the *Bangko Sentral ng Pilipinas*;
  - (2) retain abroad all Foreign Exchange representing proceeds arising from exports accruing to the CONTRACTOR and/or its designated Operator over and above:
    - (a) the Foreign Exchange to be converted into pesos in an amount sufficient to cover, or equivalent to, the local costs for administration and operations of the exported Petroleum; and,
    - (b) revenues payable to the Government on such Petroleum exported;
  - (3) convert into Foreign Exchange and remit abroad at prevailing rates no less favorable to the CONTRACTOR than those available to any other purchaser of foreign currencies, any excess balances of the CONTRACTOR's peso earnings from Petroleum production and sale over and above the current working capital they require; and,
  - (4) convert Foreign Exchange into Philippine currency for all purposes in connection with its Petroleum Operations at prevailing rates no less favorable to the CONTRACTOR than those available to any other purchaser of such currency;
- (j) Be allowed the Filipino Participation Incentive Allowance (FPIA);
- (k) Exemption from the investment requirements of foreign corporations under Section 126 in relation to Section 148 of the Corporation Code of the Philippines.
- (l) May block off, upon notice to and approval by the DEPARTMENT, which approval shall not be unreasonably withheld, any delineated structure that straddles or adjoins a portion of the Contract Area and a free area. Such blocked-off area(s) shall thereupon be deemed a part of the Contract Area subject to the terms and conditions of this Contract and, subject further to Section V hereof;

7.03 The DEPARTMENT, shall on behalf of each company comprising the CONTRACTOR, pay from the Government's share of the Net Proceeds and separately remit to the Bureau of Internal Revenue, all Philippine Income Taxes as defined under Section II of this Contract,

the National Internal Revenue Code, and the Act based on income or profit derived from Petroleum Operations under this Contract. The DEPARTMENT shall separately remit such Philippine Income Tax to, and obtain separate official receipts acknowledging payment of said taxes from, the proper Government authority and shall furnish to each of the companies comprising the CONTRACTOR their respective official receipts issued in their names.

## **SECTION VIII**

### **WORK PROGRAM AND BUDGET**

- 8.01 Before the end of October of each Calendar Year after the Effective Date of the Contract, the CONTRACTOR shall submit and present to the DEPARTMENT for review and approval its annual Work Program and Budget for the next Calendar Year. Within forty-five (45) working days following the receipt of the annual Work Program and Budget, the DEPARTMENT shall notify the CONTRACTOR in writing of its approval or suggest modifications thereto with its detailed reasons. If the DEPARTMENT requests any modifications on the aforesaid annual Work Program and Budget, the Parties shall promptly hold meetings to discuss modifications and all suggested modifications will be respectively considered by the CONTRACTOR. Any modifications agreed upon by the Parties shall be effected immediately. In case the DEPARTMENT fails to act on the proposed annual Work Program and Budget within forty-five (45) working days from receipt, the proposed annual Work Program and Budget shall be deemed to have been approved by the DEPARTMENT. The CONTRACTOR shall conduct the Petroleum Operations in accordance with the approved or modified annual Work Program and Budget.
- 8.02 The CONTRACTOR may, in accordance with the following provisions, incur excess expenditures or expenditures outside the budget in carrying out the Work Program and Budget, provided that the objectives in the approved Work Program and Budget are not changed. The CONTRACTOR shall advise the DEPARTMENT of any significant changes on the Work Program and Budget, as follows:
- (a) In carrying out an approved budget for a single item, such as the drilling of well, the CONTRACTOR may, if necessary, incur excess expenditures of no more than fifty percent (50%) of the budgeted amount. The CONTRACTOR shall inform the DEPARTMENT in writing of such possible excess of aggregate amount ten (10) working days prior to incurring such expenditures and explain the need for such expenditures.
  - (b) For the efficient performance of the Petroleum Operations, the CONTRACTOR may, without approval of the DEPARTMENT, undertake certain case of emergency works, including but not limited to blowout and oil spill corrective measures which are not included in the Work Program and Budget, but the CONTRACTOR shall, within fifteen (15)

working days after such emergency expenditures are incurred, make a written report to the DEPARTMENT.

- (c) In the event that the aggregate of excess expenditures under Section 8.02(a) herein and expenditures under Section 8.02(b) herein in a Calendar Year cause the total expenditures of that Calendar Year to exceed the approved annual budget, such excess shall not exceed fifteen percent (15%) of the approved annual budget for that Calendar Year. If the aforesaid excess is expected to be in excess of fifteen percent (15%) of the annual budget, the CONTRACTOR shall present its reasons thereof to the DEPARTMENT in writing and also meet with the DEPARTMENT to discuss the expenditures for approval prior to incurring such expenditures.

## **SECTION IX**

### **DETERMINATION OF COMMERCIALITY**

- 9.01 If any Crude Oil or Natural Gas is discovered within the Contract Area, the CONTRACTOR shall promptly report in writing such discovery to the DEPARTMENT indicating therein the preliminary assessment or report on such discovery and, if there is a need for more time to decide on its next action, the expected date at which the CONTRACTOR shall inform the DEPARTMENT of its decision whether or not it shall pursue appraisal drilling of the discovery.

On such date indicated, the CONTRACTOR shall inform the DEPARTMENT of its decision; if it decides that a Crude Oil/Natural Gas discovery is worthy of appraisal, the CONTRACTOR shall submit to the DEPARTMENT an Appraisal Work Program providing in detail the appraisal work and timetable for such discovery. For Crude Oil discovery, such Appraisal Work Program shall be prepared and submitted by the CONTRACTOR to the DEPARTMENT not later than ninety (90) calendar days from the date of the notice of such decision made by the CONTRACTOR. For a Natural Gas discovery, such Appraisal Work Program shall be prepared and submitted on the date the CONTRACTOR shall indicate in the notice of its decision sent to the DEPARTMENT. The Appraisal Work Program shall, insofar as is practicable, be prepared on the basis of continuous appraisal work, with a view to commence such Appraisal Work Program within one hundred eighty (180) calendar days from the date of the aforesaid decision was made by the CONTRACTOR.

- 9.02 After the submission to and approval by the DEPARTMENT of the Appraisal Work Program referred to in Section 9.01 herein, the CONTRACTOR shall carry out the operations as soon as possible without unreasonable delay in accordance with the timetable set forth in the approved Appraisal Work Program.
- 9.03 Within one hundred eighty (180) calendar days after the completion of the last Appraisal Well, the CONTRACTOR shall submit to the DEPARTMENT a detailed report on the appraisal of the commerciality of the discovery. Under special circumstances, the above-

mentioned periods may be reasonably extended upon agreement of the Parties. The appraisal report shall include the evaluation on geology, development, engineering and economics.

- 9.04 Within thirty (30) calendar days following the submission of the appraisal report on any Crude Oil bearing trap, the CONTRACTOR shall convene a meeting with the DEPARTMENT to review such report. When Parties decide unanimously after its review that the said Crude Oil bearing trap may be an Oil Field containing Petroleum in Commercial Quantity, then the CONTRACTOR shall, within a reasonable period of time, submit an Overall Development Program to the DEPARTMENT for its review and approval. The Overall Development Program shall include the maximum efficient rate (MER) and the expected duration of the production determined in accordance with the international petroleum industry practice. The discovery and appraisal of discovery of Natural Gas is provided for in Section 13.02 of this Contract.

Prior to the submission of the Overall Development Program, the CONTRACTOR shall submit to the DEPARTMENT a report of Crude Oil and Natural Gas reserves in place for review.

- 9.05 In the event of an Oil Field and/or Gas Field straddling a boundary, the CONTRACTOR shall endeavor to arrange with the neighboring parties involved to work out a unitized Overall Development Program for such Field and to negotiate the relevant provisions thereof.

If such field extends to an adjacent area not covered by a service contract, then the Contract Area may be extended, subject to the approval of the DEPARTMENT within a reasonable time, to include such part of the adjacent area as is necessary to cover such field. If the size of the additional area exceeds ten percent (10%) of the size of the original Contract Area, the DEPARTMENT and the CONTRACTOR shall negotiate a new service contract for the additional area.

- 9.06 If a Petroleum bearing trap without commercial value within the Contract Area can be most economically developed as a commercial Oil Field and/or Gas Field, such as but not limited to, by linking it up with facilities located outside the Contract Area, then the development of such Field shall be dealt with in the same manner as provided in Section 9.05 herein or other manner agreed by the neighboring parties.

- 9.07 The procedures specified in this Section IX shall be applied, by analogy, to the determination of additional development projects in any Oil Field within the Contract Area during the Production Period, such projects being designed to increase the level of production and/or total quantity of Petroleum recoverable from the said Field.

- 9.08 If an extended well test (EWT) is deemed by the CONTRACTOR to be necessary with respect to any trap in which Petroleum is discovered or any Oil Field and/or Gas Field within the Contract Area, the Parties shall mutually agree on the terms and conditions of an EWT which shall then be governed by a written agreement signed by the Parties and forming part of this Contract.

- 9.09 Nothing in this Section shall limit the right of the DEPARTMENT, on behalf of the State, as owner of the Petroleum resources in respect of such portions of the Contract Area relinquished by the CONTRACTOR or in respect of such Petroleum resources in the Production Area that are not covered by or included in the declaration of Petroleum in Commercial Quantity.

## SECTION X

### RECOVERY OF OPERATING EXPENSES AND ACCOUNTING FOR PROCEEDS OF PRODUCTION

- 10.01 For the purpose of determining gross proceeds, Petroleum shall be valued as follows:
- (a) All Petroleum sold, exchanged, or otherwise disposed for consumption in the Philippines, or for export, shall be valued at Market Price; Provided, that the actual sales price for such Petroleum shall be deemed to be the Market Price if such Petroleum is sold in a transaction between independent persons dealing at arm's length in a free market.
  - (b) If there are no transactions, which can be used to determine the Market Price of Crude Oil, then such Petroleum shall be valued at the Posted Price.
  - (c) If there are no transactions which can be used to determine the Market Price of Natural Gas, then the value of Natural Gas produced from the Contract Area shall be agreed upon based on general pricing principles prevailing internationally and other mechanisms for determining the same, including the conduct of a transparent and competitive marketing and solicitation process, taking into account such factors as the market, quality and quantity of the Natural Gas, including equivalent hydrocarbon substitute energy imported into the Philippines.
  - (d) The value determined under Section 10.01(a), (b) or (c) above shall be reduced by reasonable commissions or brokerage fees incurred in connection with sales to Third Parties but shall not exceed the customary and prevailing rate.
- 10.02 In each Calendar Year, the CONTRACTOR shall recover from the Gross Income resulting from the sale, exchange, or other disposition of all Petroleum produced under this Contract an amount equal to all unrecovered Operating Expenses in accordance with Accounting Procedure; *Provided*, that the amount so recovered shall not exceed seventy percent (70%) of the Gross Income from Petroleum production in any Calendar Year; *Provided further*, that if, in any Calendar Year, the unrecovered Operating Expenses exceed seventy percent (70%) of the Gross Income from Petroleum production, or if there is no Gross Income, then the unrecovered Operating Expenses shall be recovered from the Gross Income in the succeeding Calendar Year(s).

- 10.03 Unless elected otherwise by the DEPARTMENT, the CONTRACTOR shall market the Government share of Petroleum. The CONTRACTOR shall have the right and privilege of receiving in kind and disposing of the CONTRACTOR's portion of the Petroleum produced and saved from the Contract Area.
- 10.04 For purposes of this Section X, Net Proceeds means the difference between Gross Income, and the sum of: (1) the Operating Expenses recoverable pursuant to Section 10.2 and (2) the Filipino Participation Incentive Allowance pursuant to Section 7.2(j). If the DEPARTMENT elects to receive its entire share of Petroleum in kind, which is equivalent to sixty percent (60%) of the estimated Net Proceeds from each Petroleum lifting or delivery operation, then the DEPARTMENT shall notify the CONTRACTOR of such election at least six (6) months in advance of any Calendar Year in which Petroleum is to be received. However, if the CONTRACTOR markets the Government share of Petroleum produced, the CONTRACTOR shall account for the proceeds from such sales as provided in this Section X.
- (a) If the CONTRACTOR markets the Government's entire share of Petroleum production, the CONTRACTOR shall within three (3) working days from the collection date, but in no case beyond sixty (60) days from lifting or delivery date, pay to the DEPARTMENT, with respect to such Petroleum production, an amount equal to sixty percent (60%) of estimated Net Proceeds from each Petroleum lifting or delivery operation. The payment corresponding to the first lifting or delivery of the Calendar Year shall include any adjustments on the Government's share for the preceding Calendar Quarter. Provided, that if the CONTRACTOR failed to remit the share of the Government on the Net Proceeds within due date, any unremitted amount shall carry an interest of LIBOR plus one percent (1%) per annum reckoned from the day immediately following the three (3) working days from collection date or sixty (60) days from lifting or delivery date whichever comes later.
- (b) If the payment for the Petroleum marketed or committed for sale under a sales contract or agreement is not received by the CONTRACTOR within sixty (60) days from a lifting or delivery date, the CONTRACTOR shall accordingly notify the DEPARTMENT in writing of the delay and the reason thereof. The CONTRACTOR and the DEPARTMENT shall then meet to agree on the terms by which the CONTRACTOR's obligation shall be performed. Failure by the CONTRACTOR to furnish the DEPARTMENT with such written notice of the delay creates the presumption that the delay in remittance of payment is due to the fault of the CONTRACTOR in which case Section 10.04(a) shall apply.
- 10.05 If the CONTRACTOR has not been authorized to market the Government's entire share of Petroleum production, then with respect to such Petroleum, the Government shall be entitled to receive in kind and shall take Petroleum equal in value to sixty percent (60%) of the Net Proceeds.
- 10.06 The CONTRACTOR shall retain its share of Petroleum as service fee equivalent to forty percent (40%) of the Net Proceeds from Petroleum Operations.



- 10.07 If the DEPARTMENT and the CONTRACTOR elect to take their respective shares of Petroleum in kind, the Parties will enter into separate agreements providing, among others, for the manner and form of deliveries, offtake procedures, over/under reconciliation, terminal operations procedures, terminal Force Majeure details and appropriate quarterly adjustments.

## **SECTION XI**

### **INCOME TAXES**

- 11.01 The CONTRACTOR shall be liable each taxable year for Philippine Income Tax under the provisions of the National Internal Revenue Code and the Act, both as amended. The Philippine Income Tax shall be part of the Government Share.
- 11.02 The Taxable Net Income shall be equivalent to CONTRACTOR's service fee grossed-up for the amount of the Philippine Income Tax.
- 11.03 Each company comprising the CONTRACTOR shall render to the DEPARTMENT a return for each taxable year in duplicate in such form and manner as provided by law setting forth its Taxable Net Income. The DEPARTMENT shall file the CONTRACTOR's return with the Commissioner of Internal Revenue or his deputies or other persons authorized to receive such return within the period specified in the National Internal Revenue Code and the Rules and Regulations promulgated thereunder.
- 11.04 The DEPARTMENT shall pay from the Government's share of Net Proceeds and separately remit the Philippine Income Taxes of each company comprising the CONTRACTOR and, upon payment, shall obtain separate official receipts in the name of each company comprising the CONTRACTOR and shall furnish such receipts to each company. Each of the companies comprising the CONTRACTOR shall be subject to tax separately on its share of income.

## **SECTION XII**

### **PAYMENTS**

All payments which this Contract obligates the CONTRACTOR to make to the DEPARTMENT shall be in Foreign Exchange at a bank to be designated by the DEPARTMENT and agreed upon by the *Bangko Sentral ng Pilipinas*; *Provided*, that the CONTRACTOR may make such payments in Philippine Pesos to the extent that such currency is realized as a result of the domestic sale of Petroleum. All such payments shall be translated at the applicable exchange rate as defined in the Accounting Procedure attached hereto as Annex "B".

## SECTION XIII

### NATURAL GAS

#### 13.01 Associated Gas.

- (a) Associated Gas produced from any Oil Field within the Contract Area shall be used primarily for purposes related to the Production Operations and production enhancement of Oil Fields including, without limitations, oil treating, gas injection, gas lifting and power generation.
- (b) Based on the principle of full utilization of the Associated Gas and with no impediment to normal production of the Crude Oil, the Overall Development Program of each Oil Field shall include a plan of utilization of Associated Natural Gas. If there is any excess Associated Gas remaining in any Oil Field after utilization pursuant to Section 13.01(a) herein, the CONTRACTOR shall carry out a feasibility study regarding the commercial utilization of such excess Associated Gas. Such feasibility study, if carried out before the Development Operations of an Oil Field, shall be included as part of the feasibility study on the development of the Oil Field.
  - (i) If the Parties agree that excess Associated Gas has no commercial value, then such gas shall be disposed of by the CONTRACTOR, provided that there is no impediment to normal production of the Crude Oil.
  - (ii) If the Parties agree that excess Associated Gas has commercial value, the CONTRACTOR shall complete the gas sales contract(s) and other commercial and technical arrangements required to develop such Associated Gas with prior approval of the DEPARTMENT. The CONTRACTOR shall negotiate and execute contracts for the sale of Associated Gas, including the Government share, if the DEPARTMENT has not elected to get its share in the gas production in kind. The CONTRACTOR shall inform the DEPARTMENT about material developments in the negotiations that significantly affect the interest of the DEPARTMENT, and coordinate with the DEPARTMENT on such matters. The DEPARTMENT may elect to join the negotiations. Such participation of the DEPARTMENT in the negotiations shall however not in any way restrict or limit the right of CONTRACTOR to dispose of its share of Associated Gas.
  - (iii) If any Party considers that excess Associated Gas has commercial value while the other Party considers that excess Associated Gas has no commercial value, the Party which considers excess Associated Gas to have commercial value may utilize such excess Associated Gas, at its own cost and expense and without impeding the production of Crude Oil and without affecting the shares of Crude Oil and Gas otherwise allocable to the Parties under the other provisions of this Contract, but if such excess Associated Gas is not so utilized at any time or from time to time, then

such excess Associated Gas shall be disposed of by the CONTRACTOR, provided that there is no impediment to normal production of the Crude Oil.

#### 13.02 Non-Associated Gas.

- (a) For Non-Associated Gas discovery pursuant to Sections 9.01 and 9.02 herein, an Appraisal Work Program shall be prepared and submitted by the CONTRACTOR to the DEPARTMENT not later than twenty-four (24) months from the submission of the discovery report. During this period the CONTRACTOR will conduct preliminary market studies in order to analyze the markets for the Non-Associated Gas as well as investigate such technical issues as reserve size ranges, deliverability and other issues pertaining to the exploitation of the Non-Associated Gas.
- (b) Following the completion of the Appraisal Work Program and review of the potential of the discovery, the CONTRACTOR shall submit an appraisal report to the DEPARTMENT within one (1) Year from the completion of the last Appraisal Well. If the CONTRACTOR with the approval of the DEPARTMENT decides that the discovery is commercial, the Parties shall agree on a development plan for the Gas Field. The CONTRACTOR shall complete the gas sales contract(s) and other commercial and technical arrangements required to develop such Natural Gas. The CONTRACTOR shall negotiate and execute contracts for the sale of Non-Associated Gas, including the Government share, if the DEPARTMENT has not elected to get its share in the gas production in kind. The CONTRACTOR shall inform the DEPARTMENT about material developments in the negotiations that significantly affect the interest of the DEPARTMENT, and coordinate with the DEPARTMENT on such matters. The DEPARTMENT may elect to join the negotiations. Such participation of the DEPARTMENT in the negotiations shall however not in any way restrict or limit the right of CONTRACTOR to dispose of its share of Non-Associated Gas.
- (c) If the Parties decide unanimously that a Non-Associated Gas reservoir is non-commercial, the corresponding area covered by the Non-Associated Gas reservoir may be retained in the Contract Area as long as the CONTRACTOR is actively seeking in good faith to solve technical issues and find a market for the Non-Associated Gas, but in no event can the CONTRACTOR retain the area longer than ten (10) years from the submission of the discovery report nor beyond the termination of this Contract.
- (d) Prior to the expiration of the Exploration Period, if the CONTRACTOR together with the DEPARTMENT considers that a Non-Associated Gas reservoir which has been determined to be non commercial needs to be reappraised because of some favorable factors, CONTRACTOR shall work out a new evaluation report on that Non-Associated Gas reservoir and submit the same to the DEPARTMENT for review and approval.

### 13.03 Natural Gas Transportation.

- (a) To the extent allowed by law, the DEPARTMENT may agree to the participation of the CONTRACTOR in the pipeline installation and operation to transport Natural Gas, subject to a separate pipeline agreement between the DEPARTMENT and the CONTRACTOR and/or Third Parties. If the CONTRACTOR participates in the installation and operation of such pipeline(s), the installation and operation of such pipeline(s) may be included in the Overall Development Program and Petroleum Operations under this Contract.
- (b) If a Third Party provides Natural Gas pipeline transportation services to the CONTRACTOR, the tariffs charged to the CONTRACTOR for such services shall be fair and reasonable based on the investment and shall be appropriate for pipeline infrastructure projects in the Philippines.

## **SECTION XIV**

### **TECHNICAL DATA AND REPORTS SUBMISSION**

14.01 All technical data and reports, except for proprietary techniques used in developing such technical data and reports, must be submitted by the CONTRACTOR to the DEPARTMENT within sixty (60) days after such technical data and reports become available. The technical data and reports to be submitted by the CONTRACTOR include but are not limited to the following:

- (a) Unprocessed and migrated seismic data in tapes and other media (e.g. CD format compatible with available DEPARTMENT software/hardware).
- (b) Geological and geochemical reports, including geological maps, petrographic data and geochemical data/analysis.
- (c) Geophysical Reports.
  - (i) Seismic acquisition, processing and interpretation reports.
  - (ii) Gravity & magnetic surveys.
  - (iii) Navigation data of surveys.
  - (iv) Other geophysical surveys.
- (d) Rock cores, rock cuttings, geological logs and hydrocarbon or fluid samples obtained from drilling.
- (e) Drillstem and well test data, analysis and interpretation.
- (f) Well drilling, completion and abandonment reports.
- (g) All petrophysical and geophysical logs from wells in digital and hard copies.

- (h) Data, analysis, and interpretation on oil and gas reservoir characteristics.
- (i) Oil, gas and condensate production reports.
- (j) Other relevant data and reports generated from Petroleum Operations.

## SECTION XV

### ASSETS AND EQUIPMENT

- 15.01 The CONTRACTOR shall acquire for the Petroleum Operations only such assets and equipment as are reasonably estimated to be required in carrying out the Petroleum Operations and approved in the Work Program and Budget.
- 15.02 The CONTRACTOR may also utilize in the Petroleum Operations, equipment owned and made available by the CONTRACTOR. Charges to the Petroleum Operations account for the use of such equipment shall be made as provided in the Annex "B" - Accounting Procedure.
- 15.03 The CONTRACTOR shall own all assets purchased, installed and/or constructed under the Work Program and Budget, subject to the pertinent rules under Annex "B" (Accounting Procedure). The CONTRACTOR shall transfer possession and ownership of fully cost recovered assets, as is, upon termination of this Contract, *Provided* however, that: (a) all liability for maintenance, damage and in respect of third parties shall remain with the CONTRACTOR for the duration of its period of ownership and/or possession or use of such assets; and (b) in case the DEPARTMENT does not elect to possess certain assets which have been fully cost recovered at the time of full recovery or time of transfer, the CONTRACTOR shall, at its expense, remove or dispose of said assets within one (1) year after the termination of this Contract or within the period agreed by the Parties.

Notwithstanding the foregoing, (a) the CONTRACTOR shall have the right to continue to use the aforementioned assets until it has concluded its use of them in accordance with obligations under this Contract, as extended from time to time; (b) an income derived from the use or possession of these assets shall be included in the computation of Gross Income and subject to the terms of Annex "B" (Accounting Procedure).

This clause 15.03 shall not apply to assets owned by a Third Party and leased or used by the CONTRACTOR for the performance of its obligations in this Contract.

- 15.04 The ownership of all data, records, samples, and other technical data obtained in the course of performing the Petroleum Operations shall be vested in the DEPARTMENT.
- 15.05 The CONTRACTOR will not remove any fully cost recovered material, equipment or facilities covered by this Contract from the Contract Area without the prior written consent of the DEPARTMENT. The ownership of all materials, equipment and facilities erected or placed within the Contract Area shall be transferred to the DEPARTMENT

immediately after the recoupment by the CONTRACTOR of all costs pertaining to such materials, equipment and facilities; Provided, that all materials, equipment and facilities which are of a movable nature and the costs for which have not been fully recouped by the CONTRACTOR shall remain the property of the CONTRACTOR unless CONTRACTOR fails to remove such property from the Contract Area within one (1) year after termination of this Contract. The DEPARTMENT shall assume ownership of the materials, equipment and facilities subject to all financing agreements, liens and other burdens thereon and shall promptly inform third party right holders of such financing agreements, liens and other burdens, but may delay assuming ownership thereof pending the satisfaction and release of any such burdens.

Notwithstanding the transfer of ownership to the DEPARTMENT, the CONTRACTOR shall: (i) have the right to transfer the materials, equipment and facilities within the Contract Area; (ii) have the right to use the materials, equipment and facilities free of charge other than the obligation to maintain or repair the same as deemed necessary in accordance with generally accepted offshore oil field and marine practices; and, (iii) be permitted to fully recoup all expenditures for such purposes. The provisions of this Section shall not apply to leased or chartered materials, equipment and facilities.

## **SECTION XVI**

### **CONSULTATION AND ARBITRATION**

- 16.01 The Parties shall make their best efforts to settle amicably through consultation any dispute arising in connection with the performance or interpretation of any provision hereof.
- 16.02 Disputes arising between the DEPARTMENT and the CONTRACTOR relating to this Contract or the interpretation and performance of any of its clauses, which cannot be settled amicably, shall be settled by arbitration, subject to the provisions of Section 16.04 below. The DEPARTMENT and the CONTRACTOR shall each appoint one (1) arbitrator and so advise the other Party within thirty (30) days after receipt of a written request to do so. Such two (2) arbitrators shall appoint a third arbitrator. If either Party fails to appoint an arbitrator within thirty (30) days after receipt of a written request from the other Party to do so, such arbitrator shall be appointed, at the request of the other Party, by the President of the International Chamber of Commerce. If the first two (2) arbitrators appointed as aforesaid fail to agree on a third arbitrator within thirty (30) days after receipt of a written request from the other Party to do so, such third arbitrator shall be appointed, at the request of either Party, by the President of the International Chamber of Commerce. If an arbitrator fails or is unable to act, his successor will be appointed in the same manner as the arbitrator whom he succeeds. Unless the Parties agree otherwise, Singapore shall be the venue of the arbitration proceedings.
- 16.03 The English language shall be the official language to be used in the arbitral proceedings. All hearing materials, statement of claim or defense, award and the reasons supporting them shall be written in English.

- 16.04 The decision of a majority of the arbitrators shall be final and binding upon the Parties. Judgment upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. Each Party shall bear its respective cost of arbitration unless the arbitrators decide otherwise.
- 16.05 Except as provided in this Section XVI, arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce, then in effect.
- 16.06 The right to continue or complete arbitration proceedings commenced during the term of this Contract shall survive the termination or cancellation of this Contract.

## **SECTION XVII**

### **EMPLOYMENT, DEVELOPMENT ASSISTANCE, SCHOLARSHIP, AND TRAINING OF PHILIPPINE PERSONNEL**

- 17.01 The CONTRACTOR agrees to employ qualified Filipino Personnel (as determined by CONTRACTOR) in the Petroleum Operations and, after the Date of Commencement of Commercial Production, will undertake the education and training of such Filipino Personnel for labor and staff positions, including administrative, technical and management positions.
- 17.02 The CONTRACTOR shall provide assistance for training programs, scholarships, conferences, seminars and other similar activities for the DEPARTMENT's personnel with a total minimum training commitment of Twenty Thousand United States Dollars (US\$20,000.00) per year, cumulative during exploration/development period and Fifty Thousand United States Dollars (US\$50,000.00) per year, cumulative during Production Period. Any unfulfilled training obligation shall survive the cancellation/termination of this Contract.
- 17.03 Costs and expenses of training Filipino/Foreign personnel for the CONTRACTOR's own employment and the training assistance of the DEPARTMENT's personnel and scholarship for deserving students for universities and colleges shall be included as Operating Expenses in the Work Program and Budget under Section VIII hereof.
- 17.04 The CONTRACTOR, as directed by the DEPARTMENT, shall provide a one (1) time developmental assistance for the DEPARTMENT in the minimum amount of Sixty Thousand United States Dollars (US\$ 60,000.00) payable within sixty (60) days upon written request by the DEPARTMENT.
- 17.05 The CONTRACTOR shall provide scholarship for deserving students residing in the vicinity of the Contract Area or as determined by the DEPARTMENT and institutional assistance to state universities/colleges likewise located, in the amount of Five Thousand United States Dollars (US\$ 5,000.00) per year, cumulative during exploration/development

phase, and to be negotiated a minimum amount of Ten Thousand United States Dollars (US\$ 10,000.00) per year, cumulative during the production phase.

## **SECTION XVIII**

### **BOOKS OF ACCOUNTS AND AUDIT**

- 18.01 The CONTRACTOR shall be responsible for keeping complete books of accounts, both in United States Dollars and Philippine Peso denominations, reflecting all transactions in connection with the Petroleum Operations in accordance with Annex "B" – Accounting Procedure. The basic currency of the determination of cost recovery shall be United States Dollars.
- 18.02 The DEPARTMENT shall have the right to inspect and audit the CONTRACTOR's books of accounts relating to this Contract for any Calendar Year within twenty four (24) months following the end of such Calendar Year. Any such audit shall be completed within twelve (12) months after its commencement of such audit. Any exception must be made to the CONTRACTOR in writing within ninety (90) days following the completion of such audit. If the DEPARTMENT fails to give such written exception within such time, or fails or declines to conduct an audit of the CONTRACTOR's books of accounts within the time period stated above, then the CONTRACTOR's books of accounts and statements of Operating Expenses for such Calendar Year shall be established as correct and final for all purposes including the recovery of Operating Expenses.
- 18.03 The DEPARTMENT is entitled upon prior notice access to all relevant joint account, records, files and other information and may inspect such sites and facilities as necessary.
- 18.04 If the DEPARTMENT notifies the CONTRACTOR of an exception to the CONTRACTOR'S books of accounts within the time period specified in Section 18.02 above, the CONTRACTOR shall within ninety (90) days after receipt of such notice confer with the DEPARTMENT regarding the exception and the Parties shall attempt to reach a mutually acceptable resolution of such exception within a period not to exceed three (3) months. If any cost or expense included in the CONTRACTOR's statement of Operating Expenses is the subject of an exception which cannot be resolved during such three (3) months period, then such cost or expense shall be excluded as Operating Expenses and shall not be recoverable from gross proceeds pending the resolution of such exception through mutual agreement or arbitration. If such cost or expense is subsequently determined to be properly included in the CONTRACTOR's statement of Operating Expenses, either by mutual agreement or arbitration, then the CONTRACTOR's current statement of Operating Expenses shall be increased by the amount of such cost or expense.



**SECTION XIX**

**MISCELLANEOUS PROVISIONS**

19.01 Any notice required or given by either Party to the other Party shall be in writing and shall be effective when a copy thereof is handed to or served upon the Party's designated representative or the person in charge of the Party's office or place of business; or, when sent by facsimile, notice shall be effective upon the issuance of a confirmation report that the notice was successfully transmitted to addressee's number; or, when sent by registered mail, notice shall be effective upon actual receipt by the addressee; *Provided*, that if addressee fails to claim its mail from the post office within five (5) days from the date of the first notice of the postmaster, service shall take effect at the expiration of such time. All such notices shall be addressed, as follows:

To the GOVERNMENT -

The Director  
Energy Resource Development Bureau  
**DEPARTMENT OF ENERGY**  
Energy Center  
Merritt Road, Fort Bonifacio  
Taguig City, Metro Manila, Philippines  
Telefax No.: +63.2.840.2068

To the CONTRACTOR -

Position of Contact Person  
Company Name - Operator  
Address  
Tel. No.: + \_\_\_\_\_  
Fax No.: + \_\_\_\_\_

and

Position of Contact Person  
Company Name - Partner  
Address  
Tel. No.: +63. \_\_\_\_\_  
Fax No.: +63. \_\_\_\_\_

Any Party may substitute or change its address on written notice thereof to the other Parties.

19.02 Governing Law

The laws of the Philippines shall apply to this Contract.

19.03 Department Circulars, Rules and Regulations on Petroleum

Subject to Section XXI of this Contract, the CONTRACTOR shall abide by the circulars, rules and regulations on petroleum issued by the DEPARTMENT; *Provided*, however, that the DEPARTMENT shall notify the CONTRACTOR of any new or amended circulars, rules and regulations issued on or after the Effective Date immediately upon the issuance of any such new or amended circulars, rules and regulations.

19.04 Termination of Contract

The DEPARTMENT shall have the power to terminate this Contract after due written notice for failure of the CONTRACTOR to remedy a breach of a material obligation under the Contract within 90 days from the receipt of the written notice: (a) fulfill its work obligation in any Contract Year or exploration Sub-Phase; (b) failure to remit the government share without justifiable cause within sixty (60) days from lifting or delivery date; (c) post the required performance bond in the exploration phase; (d) implement safety measures required by the DEPARTMENT pursuant to Section 7.01.r; (e) gross negligence in complying with the reportorial requirements of this Contract.

19.05 Downstream Facilities

At such time as the CONTRACTOR has established commercial production, the CONTRACTOR may undertake technical and economic studies to determine the feasibility of establishing downstream facilities such as petrochemical, liquefied natural gas ("LNG"), liquefied petroleum gas ("LPG"), compressed natural gas (CNG) or middle distillate synthesis plants in the Philippines to utilize a portion of the Petroleum produced from the Contract Area. All expenditures for such studies shall be considered Operating Expenses, provided that the same is included in the Work Program and Budget approved by the DEPARTMENT. If the studies indicate that a particular downstream facility could be constructed and operated in an economical and technically feasible manner, then the CONTRACTOR shall have the option, subject to the DEPARTMENT's approval, to design, construct, and operate such facility. The DEPARTMENT shall assist the CONTRACTOR in obtaining such approvals.

## **SECTION XX**

### **PAYMENTS BY THE CONTRACTOR**

20.01 The CONTRACTOR shall pay the DEPARTMENT a signature bonus equivalent to Fifty Thousand United States Dollars (US \$ 50,000.00) within sixty (60) days from the Effective Date.

- 20.02 The CONTRACTOR shall, within sixty (60) days following the Date of Commencement of Commercial Production, pay to the DEPARTMENT the total sum of Three Hundred Thousand United States Dollars (US\$ 300,000.00) as discovery bonus.
- 20.03 On the first occasion that there shall be produced and sold from the Contract Area an average rate, over a period of sixty (60) days, of either twenty-five thousand (25,000) barrels of Crude Oil and/or Casinghead Petroleum Spirit per day (BPD); or two hundred fifty million (250,000,000) cubic feet of Natural Gas per day (CFGD), the CONTRACTOR shall, within sixty (60) days following the expiration of said sixty (60)-day period, pay to the DEPARTMENT as production bonus, the total sum of Five Hundred Thousand United States Dollars (US\$ 500,000.00); *Provided*, it is understood that the CONTRACTOR, in order to sustain said rate of twenty-five thousand (25,000) BPD of Crude Oil and/or Casinghead Petroleum Spirit or two hundred fifty million (250,000,000) CFGD for said sixty (60) day period, shall not be required to operate the Contract Area other than as a reasonably prudent operator following sound oil and/or gas field practice prevalent in the international petroleum industry.
- 20.04 On the first occasion that there shall be produced and sold from the Contract Area an average rate, over a period of sixty (60) days, of either fifty thousand (50,000) BPD of Crude Oil and/or Casinghead Petroleum Spirit or five hundred million (500,000,000) CFGD, the CONTRACTOR shall, within sixty (60) days following the expiration of said sixty (60) day period, pay to the DEPARTMENT as production bonus, the total sum of One Million United States Dollars (US\$ 1,000,000.00); *Provided*, it is understood that the CONTRACTOR, in order to sustain said rate of fifty thousand (50,000) BPD of Crude Oil and/or Casinghead Petroleum Spirit or five hundred million (500,000,000) CFGD for said sixty (60) day period, shall not be required to operate the Contract Area other than as a reasonably prudent operator following sound oil and/or gas field practice prevalent in the international petroleum industry.
- 20.05 On the first occasion that there shall be produced and sold from the Contract Area an average rate, over a period of sixty (60) days, of either seventy-five thousand (75,000) BPD of Crude Oil and/or Casinghead Petroleum Spirit or seven hundred fifty million (750,000,000) CFGD, the CONTRACTOR shall, within sixty (60) days following the expiration of said sixty (60) day period, pay to the DEPARTMENT as production bonus, the total sum of Two Million United States Dollars (US\$ 2,000,000.00); *Provided*, it is understood that the CONTRACTOR, in order to sustain said rate of seventy-five thousand (75,000) BPD of Crude Oil and/or Casinghead Petroleum Spirit or seven hundred fifty million (750,000,000) CFGD for said sixty (60) day period, shall not be required to operate the Contract Area other than as a reasonably prudent operator following sound oil and/or gas field practice prevalent in the international petroleum industry.

## **SECTION XXI**

### **STABILIZATION**

- 21.01 Rights and obligations under this Contract shall be deemed as essential considerations for the conclusion hereof and shall not be unilaterally changed or impaired.
- 21.02 This Contract shall not be annulled, amended or modified in any respect except by the mutual consent in writing of the Parties hereto.
- 21.03 The CONTRACTOR's rights under this Contract shall not be impaired and its obligations shall not be increased by: (1) any change in Philippine laws or regulations; or, (2) any change in the manner of implementing any existing laws or regulations; or (3) any introduction of new laws or regulations; or (4) any cancellation of existing laws or regulations.
- 21.04 In the event of any change in existing laws or regulations that increases or results in increase of, among others, the percentage (%) for cost recovery allowed to the CONTRACTOR, the amount of or extension of the FPIA or the benefits relating to cross recovery of deepwater incentives, the Parties shall immediately meet and negotiate on an equitable allocation of the benefits with the end in view of retaining the commercial terms or gains by which this Contract was agreed to by the Parties.

## **SECTION XXII**

### **INSURANCE**

- 22.01 The CONTRACTOR shall work out an insurance program for the Exploration Operations and submit the same to the DEPARTMENT for review and approval within one hundred twenty (120) days after the Effective Date of this Contract. The CONTRACTOR shall obtain the insurance contracts in accordance with such program as approved by the DEPARTMENT before commencement of Petroleum Operations within the Contract Area. Similar provisions shall apply in respect of Development and Marketing Operations and Production Operations.
- 22.02 The insurance programs worked out by the CONTRACTOR shall include where applicable, but not be limited to, the following insurance covering:
- (a) damages to and expenses for all drilling installations and equipment, including damages to and expenses for the properties used in work sites and supply bases for the Petroleum Operations, while any damage to and expense for the equipment and properties owned by any Third Party rendering services to the CONTRACTOR shall be handled in accordance with Section 22.04 herein;

- (b) damages to and expenses for any of the equipment or installations for production, storage and transportation, and buildings in the course of construction and installation both onshore and offshore;
  - (c) damages to and expenses for the Crude Oil and/or Natural Gas production installations, facilities, equipment and pipelines, both onshore and offshore;
  - (d) liability to Third Party;
  - (e) liability for pollution and expenses for cleaning up in the course of drilling and Production Operations;
  - (f) expenses for killing blowouts;
  - (g) liability incurred by the CONTRACTOR who takes the responsibility in chartering drilling vessels, supply boats or other boats, ships and aircraft serving the Petroleum Operations;
  - (h) liability for removal of wrecks; and
  - (i) losses and expenses incurred during the transportation and storage in transit of goods shipped from different parts of the world to work sites.
- 22.03 Losses within the deductible limits of the insurance program reviewed and approved by the DEPARTMENT in accordance with Section 22.01 herein shall be chargeable as Operating Expenses.
- 22.04 The CONTRACTOR shall endeavor to ensure that its Subcontractors and lessors to insure themselves against relevant losses.

### **SECTION XXIII**

#### **CONFIDENTIALITY**

- 23.01 All documents, information, data and reports related to the Petroleum Operations within the Contract Area ("Confidential Information") shall be kept confidential, pursuant to this Section 23, except in cases as specified in Sections 23.02, 23.03, 23.04.
- 23.02 Without the written consent of the DEPARTMENT, no company comprising the CONTRACTOR or any assignee shall disclose the Confidential Information to any Third Party and to any Affiliate not directly connected with the implementation of the Contract except the Third Parties and Affiliates in Section 23.03 herein, and no Party shall otherwise transfer, present, sell or publish it in any way within the confidentiality periods.

Within the confidentiality periods, the DEPARTMENT shall bear the obligations for confidentiality for the Confidential Information. However, the DEPARTMENT has the right

to furnish the following original information and data or interpretation thereon with respect to the Contract Area to any Third Parties

- (a) raw and/or processed data generated and held by the CONTRACTOR for over five (5) years from the date the data were generated; and
- (b) interpretations of information and data generated and held by the CONTRACTOR for over seven (7) years (provided this Contract is still existing and active) from date the data or report was generated.

23.03 The CONTRACTOR may, furnish necessary Confidential Information to the following Third Parties and Affiliates:

- (a) Banks or other credit institutions from which finance is sought by any party to the Contract for the implementation of the Contract;
- (b) Third Parties and Affiliates which provide services for the Petroleum Operations, including Subcontractors and other service contractors;
- (c) A prospective assignee or assignees to whom rights and obligations under the Contract are intended to be assigned; and
- (d) Consultants, auditors, officers or employees and persons engaged by the CONTRACTOR, where necessary for the performance of its obligations and in pursuance of its rights under this Contract.

A Party may disclose confidential information which would otherwise be confidential if and to the extent required by the law of any relevant jurisdiction or by any relevant authority to which the Party making the disclosure is subject, whether or not such requirement has the force of law; or required by existing contractual obligations; or required to vest the full benefit of this Contract in any of the parties; or when disclosure is made to the professional advisers, auditors and bankers of any of the Parties; or when the confidential information has come into the public domain through no fault of that Party; or the other Parties have given prior written approval to the disclosure.

23.04 Necessary Confidential Information may be furnished by the CONTRACTOR to governments and stock exchanges in accordance with the laws of the relevant countries.

23.05 The Parties when furnishing Confidential Information to Third Parties and Affiliates as mentioned in Section 23.03 herein shall require them to assume the confidentiality obligations as set forth herein.

## **SECTION XXIV**

### **ASSIGNMENTS AND AUTHORIZATION**

- 24.01 The CONTRACTOR may assign part or all of its rights and/or obligations under the Contract to its Affiliate with prior written notice to the DEPARTMENT, subject to the following provisions:
- (a) the CONTRACTOR shall submit to the DEPARTMENT copies of a written agreement on the corresponding part of its rights and/or obligations to be assigned;
  - (b) the CONTRACTOR shall guarantee in writing to the DEPARTMENT the performance of the assigned obligations; and
  - (c) no such assignment shall interfere with the performance of the Petroleum Operations.
- 24.02 The CONTRACTOR may assign part or all of its rights and/or obligations under this Contract to any Third Party, provided that such assignment, to be effective, shall be approved in writing by the DEPARTMENT, such approval not to be unreasonably withheld.
- 24.03 The CONTRACTOR may authorize its subsidiaries, branches or regional corporations to implement this Contract, but the CONTRACTOR shall remain responsible for the faithful performance of this Contract.

## **SECTION XXV**

### **HEALTH, ENVIRONMENTAL PROTECTION AND SAFETY**

- 25.01 In the performance of the Petroleum Operations, the CONTRACTOR shall be subject to the laws, decrees and regulations on environmental protection, indigenous peoples rights and safety promulgated by the Government and endeavor to make its best efforts to prevent pollution and damage to the atmosphere, oceans, rivers, lakes, harbors and land, and secure the safety and health of the operating personnel. The CONTRACTOR shall use all reasonable endeavors as are applicable to eliminate promptly any pollution occurring in the performance of the Petroleum Operations and minimize its consequences.
- 25.02 When the Government assigns any person to inspect for environmental protection and safety within the scope of the Petroleum Operations according to relevant laws, decrees, rules and regulations, the CONTRACTOR shall provide such reasonable facilities and assistance as are applicable to enable the inspectors to carry out such inspection smoothly. The CONTRACTOR shall be given reasonable notice of at least 15 days of all such inspections.

## **SECTION XXVI**

### **FORCE MAJEURE**

#### 26.01 Force Majeure

- (a) Any failure or delay on the part of either Party in the performance of its obligations or duties hereunder shall be excused to the extent attributable to Force Majeure. If operations are delayed, curtailed, or prevented by such causes, then the time for enjoying the rights and carrying out of the obligations thereby affected, and all rights and obligations hereunder shall be extended for a period equal to the period of delay, curtailment or prevention.
- (b) Force Majeure shall include Acts of God, storms, typhoons, earthquakes, unavailability of competitive and appropriate equipment, facilities, and materials, unavoidable accidents, acts of war or conditions attributable to or arising out of war (declared or undeclared), laws, rules, regulations, and orders by any government or governmental agency, strikes, lockouts, or other labor or political disturbances, insurrections, riots, and other civil disturbances, hostile acts of hostile forces constituting direct and serious threat to life and property, and all other matters or events of a like or comparable nature beyond the control of the Party concerned; Provided, that laws, rules, regulations, and orders of the Government or any of its agencies shall not constitute Force Majeure as to the DEPARTMENT.
- (c) The Party whose ability to perform its obligations is impaired due to Force Majeure shall notify the other Party in writing of such fact with reasonable detail as to the cause and nature thereof and both Parties shall do what is reasonably within their power to remove such cause.

## **SECTION XXVII**

### **TERMINATION**

- 27.01 This Contract shall be terminated as provided in Sections 4.01, 4.02, 5.6, 5.7, 6.3 and 19.4 hereof.

## **SECTION XXVIII**

### **GENERAL PROVISIONS**

- 28.01 The headings for the Sections and sub-Sections of this Contract are made for convenience only and shall not be construed so as to limit or in any way change the substantive provisions of any part of this Contract.



- 28.02 None of the rights, requirements or provisions of this Contract shall be deemed to have been waived by any Party by reason of such Party's failure to enforce any right or remedy granted it hereunder, or take advantage of any default, and each Party shall at all times hereunder have the right to require the strict compliance of the other Party with the provision of this Contract.
- 28.03 If and for so long as any provision of this Contract shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Contract.
- 28.04 This Contract constitutes the entire agreement between the parties and supersedes all prior negotiations and agreements, whether oral or written.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract as of the day and year first above written.

**GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES  
THROUGH THE DEPARTMENT OF ENERGY**

By: \_\_\_\_\_  
Name of Current Secretary of the DOE  
Secretary

COMPANY NAME (OPERATOR)

COMPANY NAME (PARTNER)

By: \_\_\_\_\_  
Name of Signatory  
Position

By: \_\_\_\_\_  
Name of Signatory  
Position

**Annex E:  
EP, MA, FTAA Table of  
Requirements**

	EP	MA	FTAA
<b>Qualified Person</b>	<ol style="list-style-type: none"> <li>Any Filipino citizen of legal age and with capacity to contract;</li> <li>A Filipino-owned corporation, partnership, association or cooperative organized or authorized for the purpose of engaging in mining; with technical and financial capability to undertake mineral resources development and duly registered with the Securities and Exchange Commission (SEC)/ Cooperative Development Office (CDO); or</li> <li>A legally organized foreign-owned corporation duly registered with SEC.</li> </ol>	<ol style="list-style-type: none"> <li>Individual- He or she must be a Filipino citizen of legal age and with capacity to contract;</li> <li>Corporation, partnership, association or cooperative organized or authorized for the purpose of engaging in mining, duly registered in accordance with law, at least sixty percent (60%) of the capital of which is owned by Filipino citizens.</li> </ol>	<ol style="list-style-type: none"> <li>Individual- He or she must be a Filipino citizen of legal age and with capacity to contract;</li> <li>A Filipino-owned or foreign-owned corporation legally organized for the purpose of engaging in mining; with technical and financial capability to undertake mineral resources development and duly registered with the SEC/ CDO;</li> </ol>
<b>Area of Application</b>	<ol style="list-style-type: none"> <li>Onshore in any one province: <ol style="list-style-type: none"> <li>for individuals, twenty (20) blocks;</li> <li>for partnerships, corporations, cooperatives, or associations, two hundred (200) blocks</li> </ol> </li> <li>Onshore in the entire Philippines <ol style="list-style-type: none"> <li>For individuals, forty (40) blocks;</li> <li>For partnerships, corporations, cooperatives, or associations, four hundred (400) blocks</li> </ol> </li> <li>Offshore, beyond five hundred meters (500m) from the mean low tide level <ol style="list-style-type: none"> <li>For individuals, one hundred (100) blocks;</li> <li>For partnerships, corporations, cooperatives, or associations, one thousand (1,000) blocks</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Metallic <ol style="list-style-type: none"> <li>Onshore in any province <ol style="list-style-type: none"> <li><i>Individual</i>- ten (10) blocks or approximately eight hundred ten (810) hectares;</li> <li><i>Corporations, partnerships, associations or cooperatives</i> – five thousand (5,000) hectares for metallic minerals and two thousand (2,000) hectares for non-metallic minerals per final mining area</li> </ol> </li> <li>Onshore in entire Philippines <ol style="list-style-type: none"> <li><i>Individuals</i> - twenty (20) blocks or approximately one thousand six hundred twenty (1,620) hectares and</li> <li><i>For corporations, partnerships, associations or cooperatives</i> – five</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>One thousand (1,000) meridional blocks or approximately eighty-one thousand (81,000) hectares onshore;</li> <li>Four thousand (4,000) meridional blocks or approximately three hundred twenty-four thousand (324,000) hectares offshore; or</li> <li>Combination of one thousand (1,000) meridional blocks onshore and four thousand (4,000) meridional blocks offshore</li> </ol>

---

EP

MA

FTAA

---

thousand (5,000) hectares per  
final mining area

- c. Sand Gravel
    - i. *Individuals* – twenty (20) hectares;
    - ii. *For corporations, partnerships, associations or cooperatives* – fifty (50) hectares
  - d. Marble, granite and construction aggregates
    - i. *Individuals* – fifty (50) hectares;
    - ii. *For corporations, partnerships, associations or cooperatives*- One hundred (100) hectares
  - e. Cement raw materials such as limestone, shale and limestone
    - i. *Individuals* – five hundred (500) hectares;
    - ii. *For corporations, partnerships, associations or cooperatives*- One thousand (1000) hectares
  - f. Offshore in the entire Philippines, beyond five hundred meters (500 m) from the mean low tide level
    - i. *Individuals*- fifty (50) blocks or approximately four thousand fifty (4,050) hectares
    - ii. *Corporations, partnerships, associations or cooperatives* - five hundred (500) blocks or approximately forty thousand five hundred (40,500) hectares, and
    - iii. *Exclusive Economic Zone* - a larger area to be determined by the
-

	EP	MA	FTAA
		Secretary upon the recommendation of the Director.	
<b>Mandatory Requirements</b>	<ol style="list-style-type: none"> <li>1. Exploration Permit Application with complete mandatory requirements;</li> <li>2. Proof of payment of corresponding filing fee and processing fee;</li> <li>3. Five (5) sets of the following mandatory requirements:               <ol style="list-style-type: none"> <li>a. Location map/ sketch plan of the proposed permit;</li> <li>b. Two-year Exploration Work Program;</li> <li>c. Proof of Technical Competence;</li> <li>d. Proof of Financial Capability to undertake the Exploration Work Program, such as the following:                   <ol style="list-style-type: none"> <li>i. For an individual- copy of income tax return for the preceding year and proof of bank deposit or credit line; and</li> <li>ii. For a corporation, partnership, association or cooperative- latest audited financial statement and, when applicable, Annual Report for the preceding year, credit line (s), bank guarantee (s) and/or similar negotiable instruments.</li> </ol> </li> <li>e. Photocopies of Articles of Incorporation/ Partnership/ Association, By-Laws, and Certificate of Registration;.</li> <li>f. Affidavit of Undertaking for corporation, partnership,</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. MA: At least five (5) sets of the following mandatory requirements for the development/construction/utilization of mineral resources, including the continuance of exploration work during the conduct of development/construction/utilization activities:               <ol style="list-style-type: none"> <li>a. For an individual –                   <ol style="list-style-type: none"> <li>i. Location map/sketch plan of the proposed contract area;</li> <li>ii. Three-year Development/Utilization Work Program;</li> <li>iii. Proof of technical competence;</li> <li>iv. Proof of financial capability;</li> <li>v. Mining Project Feasibility Study; and</li> <li>vi. Complete and final exploration report pertaining to the area</li> </ol> </li> <li>b. For a corporation, partnership, association or cooperative –                   <ol style="list-style-type: none"> <li>i. Duly certified Certificate of Registration, Articles of Incorporation/Partnership/Association and By-Laws;</li> <li>ii. Location map/sketch plan of the proposed contract area;</li> <li>iii. Three-year Development/Utilization Work Program;</li> <li>iv. Proof of technical competence;</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. The FTAA application to be filed at the MGB Central office;</li> <li>2. Proof of payment of corresponding filing and processing fee of Php 300.00/ hectare but not less than Php 500,000.00/ application; and</li> <li>3. Eight (8) sets of the following mandatory requirements:               <ol style="list-style-type: none"> <li>a. Duly certified Certificate of Registration, Articles of Incorporation and By-Laws issued by the SEC or authorized Government agency(ies) concerned;</li> <li>b. Location map/sketch plan of the proposed contract area;</li> <li>c. Two-year Exploration Work Program</li> <li>d. Proof of technical competence;</li> <li>e. Proof of financial capability to undertake the activities; and</li> <li>f. Affidavit of Undertaking for a corporation, partnership, association or cooperative                   <ol style="list-style-type: none"> <li>i. The list of applications that the applicant has filed and the mining permit(s)/ contract(s) granted to him./her/it including the corresponding hectareage and location of the areas, disaggregated on a per province basis; and</li> <li>ii. The list of other Applicant (s)/ Contractor (s)/ Permittee (s) in</li> </ol> </li> </ol> </li> </ol>

EP	MA	FTAA
<p>association or cooperatives declaring:</p> <ul style="list-style-type: none"> <li>i. The list of application filed and the Mining Permit (s)/ Contract (s) granted to the Applicant, including the corresponding hectarage and location of the areas, disaggregated on a per province basis; and</li> <li>ii. The list of other Applicant (s)/ Contractor (s)/ Permittee(s) in which more than seventy (70) percent of the authorized capital stock is held by stockholders of the applicant, including the corresponding hectarage, disaggregated on a per province basis.</li> </ul>	<ul style="list-style-type: none"> <li>v. Proof of financial capability;</li> <li>vi. Affidavit of Undertaking;</li> <li>vii. Mining Project Feasibility Study; and</li> <li>viii. Complete and final exploration report pertaining to the area</li> </ul> <p>c. For holders of valid and existing mining lease contracts, operating agreements, Quarry Permits/licenses or unperfected mining/quarry claims, the following shall be submitted in addition to the aforesaid requirements, whenever applicable:</p> <ul style="list-style-type: none"> <li>i. Certification from the Regional Office concerned that the mining/quarry claims are valid and subsisting;</li> <li>ii. Appropriate environmental report on the rehabilitation of mined-out and/or mine waste/tailings-covered areas and anti-pollution measures undertaken during the mining operations;</li> <li>iii. ECC for any new phase outside of the originally approved operation under the mining project;</li> <li>iv. Mining Project Feasibility Study; and</li> <li>v. Approved survey plan of the mining area.</li> </ul>	<p>which more than seventy (70) percent of the authorized capital stock is held by stockholders of the applicant, including the corresponding hectarage, disaggregated on a per province basis.</p>
<p><b>Additional Requirements</b></p> <ul style="list-style-type: none"> <li>1. Onshore:</li> </ul>	<ul style="list-style-type: none"> <li>1. Onshore: <ul style="list-style-type: none"> <li>a. ECC:</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. Onshore:</li> </ul>

	EP	MA	FTAA
<b>upon acceptance of application but before issuance</b>	<ul style="list-style-type: none"> <li>a. For a corporation, partnership, association or cooperative, Secretary's Certificate attesting to a Board resolution regarding the authorization of the company's authorized signatory;</li> <li>b. Area Status and Clearance and proof of payment of Area Clearance Fee;</li> <li>c. Certificate of Environmental management and Community Relations Record or Certificate of Exemption as the case may be;</li> <li>d. Affidavits of Publication of the Notice of Application; and</li> <li>e. Certificates from the concerned Offices that the mining applicant has complied with the posting of the NOA on the bulletin boards</li> </ul> <p>2. Offshore:</p> <ul style="list-style-type: none"> <li>a. Name, port of registry, tonnage, type and class of survey vessel(s)/platform(s). If a foreign vessel should be used, the expected date, Provided, That if a foreign vessel is to be used, the expected date of first entry or appearance and final departure of the survey vessel shall be provided and all the necessary clearances obtained;</li> <li>b. A Certification from the Coast and Geodetic Survey Department of the NAMRIA that the proposed</li> </ul>	<ul style="list-style-type: none"> <li>b. EPEP:</li> <li>c. Certificate of Environmental Management and Community Relations Record (CEMCRR) / Certificate of Exemption;</li> <li>d. Approved Survey Plan</li> <li>e. Certification Precondition from the National Commission on Indigenous Peoples attesting that: <ul style="list-style-type: none"> <li>i. The proposed permit area does not overlap any ancestral land/ domain claim in case of non-indigenous people area; or</li> <li>ii. The Free and Prior Informed Consent (FPIC) has been issued</li> </ul> </li> </ul> <p>2. Offshore: Same as EP</p>	<ul style="list-style-type: none"> <li>a. Posting of financial guarantee/performance bond and letter of credit or other forms of negotiable instruments from any Government-accredited bonding company or financial institution, in favor of the Government upon notification by the Secretary, which shall be in any foreign currency negotiable with the Bangko Sentral ng Pilipinas or in Philippine Peso in such amount equivalent to the expenditure obligations of the applicant for any year;</li> <li>b. Certificate of Environmental management and Community Relations Record or Certificate of Exemption as the case may be;</li> <li>c. Environmental Work Program;</li> <li>d. Certification Precondition from the NCIP for areas with ICCs/IPs attesting that: <ul style="list-style-type: none"> <li>i. The proposed contract area does not overlap any ancestral; land/domain claim in case of non-IP area; or</li> <li>ii. The FPIC has been issued by the ICC/IP concerned</li> </ul> </li> <li>e. Mining Project Feasibility Study;</li> <li>f. Three (3)-Year Development/Utilization Work Program;</li> </ul>

	EP	MA	FTAA
	<p>Exploration Work Program was duly registered to provide update in the publication of "Notice to Mariners" together with a list of safety measures to be regularly undertaken to ensure the safety of navigation at sea and prevent accident;</p> <p>c. An agreement to:</p> <ul style="list-style-type: none"> <li>i. Properly identify all installations, vessels and other crafts involved in exploration recognizable to all vessels within reasonable distance;</li> <li>ii. Notify the Bureau thirty (30) calendar days prior to the intention to remove all scientific installations or equipment and apparatus; and</li> <li>iii. Allow the Bureau's authorized personnel, Philippine Coast Guard and other authorized persons during reasonable hours to board the vessel(s) while within the Exclusive Economic Zone.</li> </ul>		<ul style="list-style-type: none"> <li>g. Proof of technical competence;</li> <li>h. Proof of financial capability to undertake the activities;</li> <li>i. Other supporting documents that may be required by the MGB.</li> </ul> <p>2. Offshore: Same as EP</p>
<b>Posting, Publication and</b>	<ul style="list-style-type: none"> <li>1. Publication: <ul style="list-style-type: none"> <li>a. What: Notice of Application</li> <li>b. By: Applicant</li> </ul> </li> </ul>		



	EP	MA	FTAA
<b>registration Requirements</b>	<ul style="list-style-type: none"> <li>c. Where: Publication of the Notice of Application should be made one once, in two (2) newspapers: one of general circulation published in Metro Manila and another published in the municipality or province where the proposed contract area is located, if there be such newspapers; otherwise, in the newspaper published in the nearest municipality or province.</li> <li>d. When: within five (5) working days from receipt of the Notice of Application</li> </ul> <ul style="list-style-type: none"> <li>2. Posting: <ul style="list-style-type: none"> <li>a. What: Notice of Application</li> <li>b. By: Regional Office concerned</li> <li>c. Where: on its bulletin board, and those of the concerned LGUs, copy furnished the MGB and the <i>barangay(s)</i> where the proposed contract area is located.</li> <li>d. Duration: one (1) week</li> <li>e. Language: Where necessary, the Notice shall be in a language generally understood in the concerned locality where it is posted.</li> </ul> </li> <li>3. Radio Announcement: Made daily for one (1) week in a local radio program.</li> <li>4. Registration: <ul style="list-style-type: none"> <li>a. What: A granted EP</li> <li>b. By: Applicant</li> <li>c. Where: Regional Office concerned</li> <li>d. When: within fifteen (15) working days from receipt of the written notice and upon payment of the required fees.</li> </ul> </li> </ul>		
<b>Opposition Hearings</b>	<ul style="list-style-type: none"> <li>1. What: Oppositions to the application</li> <li>2. By: Hearings are to be heard by a Panel of Arbitrators</li> </ul> <p>Certification: To be issued by the Panel within five (5) days from the final resolution hearings or if there be no opposition, the same should likewise be availed of.</p>		
<b>Approving/ Issuing Authority</b>	Regional Director shall issue the EP to the permittee	Secretary	President
<b>Term</b>	Two (2) years from date of issuance	Twenty-five (25) years from date of execution, including an exploration period up to two (2) years	Twenty-five (25) years from the date of its issuance, including an exploration period up to two (2) years
<b>Renewal</b>	<ul style="list-style-type: none"> <li>1. Term: renewable for like periods (another two years) but such renewal cannot exceed a total term of four (4) years for nonmetallic mineral exploration and six (6) years for metallic mineral exploration</li> <li>2. Five (5) sets of the following documents: <ul style="list-style-type: none"> <li>1. Application for renewal;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. Term: <ul style="list-style-type: none"> <li>a. MA renewable only for another twenty-five (25) years under the same terms and conditions, without prejudice to changes mutually agreed upon by the Government and the Contractor;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. Term: <ul style="list-style-type: none"> <li>a. FTAA renewable for another term not exceeding twenty-five (25) years</li> <li>b. Exploration period is extendible for another two (2) years</li> </ul> </li> <li>2. Requirements:</li> </ul>

EP	MA	FTAA
<ul style="list-style-type: none"> <li>2. Audited financial statements covering the term of the Exploration Permit; and</li> <li>3. Two (2)-year Exploration Work Program duly prepared, signed and sealed by a licensed Mining Engineer or Geologist</li> <li>3. Approving Authority: Secretary, through the Director</li> </ul>	<ul style="list-style-type: none"> <li>b. Beyond this fifty (50) year term, the operation of the mine may be handled by the Government or through a Contractor through a public bidding;</li> <li>c. Exploration period may be renewed for like periods but cannot exceed a total term of six (6) years for non-metallic minerals exploration or eight (8) years for metallic minerals exploration</li> <li>2. Requirements: <ul style="list-style-type: none"> <li>a. After the fifty (50) year term of the MA: <ul style="list-style-type: none"> <li>i. The operation of the mine may be undertaken by the Government or through a Contractor;</li> <li>ii. The contract for the operation of a mine will be awarded to the highest bidder in a public bidding after due publication of the notice;</li> <li>iii. The original Contractor shall have the right to equal the highest bid upon reimbursement of all reasonable expenses of the highest bidder</li> </ul> </li> <li>b. Renewal of Exploration Period: <ul style="list-style-type: none"> <li>i. Renewal application in the Bureau;</li> <li>ii. Justification of renewal;</li> <li>iii. Comprehensive technical reports on the outcome of the two (2)-year Exploration and Environmental Work Programs;</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a. FTAA: Under such terms and conditions as may be provided for by law and mutually agreed upon by the parties</li> <li>b. Renewal of Exploration Period: <ul style="list-style-type: none"> <li>i. Renewal application in the Bureau;</li> <li>ii. Justification of renewal;</li> <li>iii. Comprehensive technical reports on the outcome of the two (2)-year Exploration and Environmental Work Programs;</li> <li>iv. Audited financial statements covering the term of the Exploration Period;</li> <li>v. Two (2)-year Exploration Work Program;</li> <li>vi. Environmental Work Program;</li> <li>vii. Relinquishment Report;</li> <li>viii. Certification by the Regional Office concerned as to the compliance of the Contractor with the terms and conditions of the Mineral Agreement during the Exploration Period; and</li> <li>ix. Other supporting papers as the Bureau may require.</li> </ul> </li> <li>c. Approving Authority for Renewal of the Exploration Period: Director</li> </ul>

EP	MA	FTAA
	<ul style="list-style-type: none"> <li>iv. Audited financial statements covering the term of the Exploration Period;</li> <li>v. Two (2)-year Exploration Work Program;</li> <li>vi. Environmental Work Program;</li> <li>vii. Certification by the Regional Office concerned as to the compliance of the Contractor with the terms and conditions of the Mineral Agreement during the Exploration Period; and</li> <li>viii. Other supporting papers as the Bureau may require</li> </ul> <p>c. Approving Authority for Renewal of Exploration Period: Director</p>	
<p><b>Conversion</b></p> <ul style="list-style-type: none"> <li>1. What: Letter of Intent to convert EP into an MA or FTAA</li> <li>2. By: Permittee</li> <li>3. Required Documents: <ul style="list-style-type: none"> <li>1. Letter of Intent;</li> <li>2. field verification report by the Regional Office confirming the resource discovery; and</li> <li>3. payment of the required conversion fee</li> </ul> </li> <li>4. Filed where: Regional Office concerned, copy furnished the MGB</li> <li>5. When: <ul style="list-style-type: none"> <li>1. Letter of Intent shall be filed prior to the expiration of the Exploration Permit;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. For MA application: <ul style="list-style-type: none"> <li>a. What: application to convert MA into an EP</li> <li>b. By: applicant</li> <li>c. Required Document: Letter of Intent in which it is stated as well which area will not be covered by the conversion</li> <li>d. Filed where: Regional Director concerned</li> <li>e. Additional requirements: <ul style="list-style-type: none"> <li>i. Complying by the applicant with all the mandatory requirements and upon payment of the required conversion fee</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. For FTAA application: <ul style="list-style-type: none"> <li>a. What: application to convert FTAA into an EP</li> <li>b. By: applicant</li> <li>c. Required Document: Letter of Intent in which it is stated as well which area will not be covered by the conversion</li> <li>d. Filed where: Regional Director concerned</li> <li>e. Additional requirements: <ul style="list-style-type: none"> <li>i. Complying by the applicant with all the mandatory requirements and upon payment of the required conversion fee</li> <li>ii. Showing that the Contractor has complied with all the terms and</li> </ul> </li> </ul> </li> </ul>

EP	MA	FTAA
<p>2. MA or FTAA application shall be filed in the Regional Office concerned within thirty (30) days upon filing of the Letter of Intent</p> <p>6. Approving Authority: Secretary</p>	<p>ii. Showing that the Contractor has complied with all the terms and conditions of the MA and the provisions of RA 7942 and its IRR</p> <p>f. Approving Authority: Regional Director concerned</p> <p>2. For granted MA:</p> <p>i. What: application to convert an approved MA may be converted into another mode of MA or to an FTAA</p> <p>ii. By: MA Contractor</p> <p>iii. Required Document: Letter of Intent in which it is stated as well which area will not be covered by the conversion</p> <p>iv. Filed where: with the Bureau, copy furnished the Regional Office concerned</p> <p>v. Additional requirements:</p> <p>i. Complying by the applicant with all the mandatory requirements and upon payment of the required conversion fee;</p> <p>ii. Submitting to revisions to the MA required by its conversion shall be submitted to the Director within sixty (60) calendar days from the date of filing the Letter of Intent.</p> <p>vi. Approving Authority: Dependent on what kind of MA or if FTAA.</p>	<p>conditions of the MA and the provisions of RA 7942 and its IRR</p> <p>f. Approving Authority: Secretary upon the recommendation of the Director</p> <p>2. For approved FTAA:</p> <p>a. What: application to convert an approved FTAA may be converted into an MA</p> <p>b. By: FTAA Contractor</p> <p>c. Requirements:</p> <p>i. A finding that the economic viability of the ores in the contract area is found to be inadequate to justify large-scale mining operations</p> <p>ii. The same is to be verified and validated by the Bureau</p> <p>d. Required Document: Letter of Intent in which it is stated as well which area will not be covered by the conversion</p> <p>e. Filed where: Department, copy furnished the Bureau/Regional Office concerned</p> <p>f. Additional requirements:</p> <p>i. Complying by the applicant with all the mandatory requirements and upon payment of the required conversion fee</p> <p>ii. Submitting to revisions to the FTAA required by its conversion shall be submitted to the Director within sixty (60)</p>

	EP	MA	FTAA
<b>Transfer or Assignment</b>	An EP holder can only transfer or assign his rights over the EP to another Qualified Person upon approval of the Director of MGB	<p>1. MA application:</p> <p>a. Requirements:</p> <ul style="list-style-type: none"> <li>i. the transferee/ assignee is subject to the same eligibility requirements</li> <li>ii. transfer or assignment shall not be allowed in cases involving speculation</li> </ul> <p>b. Approving Authority: Regional Director</p> <p>2. Granted MA:</p> <p>a. Requirements:</p> <ul style="list-style-type: none"> <li>i. Transfer or assignment is made to a Qualified Person(s);</li> <li>ii. Filing an application for transfer or assignment;</li> <li>iii. Paying of an application fee with the Regional Office concerned for evaluation;</li> <li>iv. Filing to be accompanied by the pertinent Deed of Assignment which shall contain, among others, a stipulation that the transferee/assignee assumes all obligations of the transferor/assignor under the Agreement;</li> <li>v. The Secretary may impose additional conditions for the</li> </ul>	<p>calendar days from the date of filing the Letter of Intent</p> <p>g. Approving Authority: Dependent on what kind of MA or if FTAA.</p> <p>1. FTAA application:</p> <p>a. Requirements:</p> <ul style="list-style-type: none"> <li>i. the transferee/ assignee is subject to the same eligibility requirements</li> <li>ii. transfer or assignment shall not be allowed in cases involving speculation</li> </ul> <p>b. Approving Authority: Regional Director</p> <p>2. Granted FTAA:</p> <p>a. Requirements:</p> <ul style="list-style-type: none"> <li>i. Transfer or assignment is made to a Qualified Person(s);</li> <li>ii. Filing an application for transfer or assignment;</li> <li>iii. Paying of an application fee with the Regional Office concerned for evaluation;</li> <li>iv. Filing to be accompanied by the pertinent Deed of Assignment which shall contain, among others, a stipulation that the transferee/assignee assumes all obligations of the transferor/assignor under the Agreement;</li> <li>v. The Secretary may impose additional conditions for the</li> </ul>

EP	MA	FTAA
	approval transfer/assignment b. Approving Authority: Secretary	of approval of transfer/assignment b. Approving Authority: President

**Annex F:**  
**Application Requirements**  
**for Service Contracts**

The applicant for service contracts has to submit the following documents to the DOE:

- a) Three (3) complete sets of legal, technical, and financial documents for evaluation by the Review and Evaluation Committee (REC) with each application covering only one predefined Contract Area as given in the PECR 5 Contract Area Map for Coal.

Submitted application must be in both paper and digital (CD-ROM / USB Drive in Microsoft Word or \*.pdf format) copies. Times New Roman 12 font and single line spacing are recommended. Figures shall be submitted in an appropriate format, no larger than A3 size. For legibility, figures and maps shall be submitted at a larger scale as appendices.

- b) A non-refundable application fee of Php 50,000.00 per area shall be paid by the applicant upon submission of the application and its supporting documents. Payment may be made in cash, manager/company cheque payable to Department of Energy or wire/bank transfer. All wire/bank transfer should be net of all applicable foreign and local bank and financial charges.

- c) Legal Documentation:

- a. Duly filled-out covering information sheet showing a brief summary of the application
- b. Certified true copies of the SEC Certificate of Registration, Articles of Incorporation and By-Laws. The corporate purpose of the applicant shall include the exploration, development and utilization of petroleum resources;
- c. Certified true copy of the General Information Sheet (GIS) stamped-received by the Securities and Exchange Commission (SEC) not more than twelve (12) months old at the time of filing of application;
- d. Original Copy of the Certificate of Authority from the Board of Directors of the applicant authorizing a designated representative/s to apply, negotiate, sign any documents and execute the petroleum service contract. The said Certificate of Authority shall be executed under oath by the Corporate Secretary; and,
- e. In case the applicant is a partnership or cooperative, it shall submit the legal documents as specified in in c.a to c.d above, or its equivalent, issued or authenticated by the appropriate governing authorities.

- d) Work Program Documentation<sup>7</sup>

---

<sup>7</sup> Only exploration work program in the application for coal operating contract that conforms to the exploration Work Program Documentation as required under this Circular shall be accepted.



- a. Geological Report (Narrative presentation of available data such as geology, coal quality, resource estimate, if available etc. indicating presence of coal resources at depth);
  - b. Proposed Exploration Work Program (Narrative discussion of the different exploration strategies and methodologies to be employed in delineating coal resources at depth with subsequent manpower complement and projected expenditures on annual basis for each activity with respect to the area or areas specified in the proposal);
  - c. Schedule of Works and Manpower Requirements in Gantt Chart; and,
  - d. Projected Exploration Expenditures.
- e) Technical Documentation:
- a. Particulars of technical and industrial resources available to the applicant for the exploration of coal resources;
  - b. Particulars on the technical and industrial qualifications, eligibilities and work-related experiences of the applicant and its employees;
  - c. Particulars on the experiences, achievements and track records of the applicant and its employees related to technical and industrial undertakings;
  - d. Particulars on organizational and management structures relative to administration, financial and technical aspects of the applicant.
- f) Financial Documentation:
- a. For corporations existing for more than two (2) years at the time of filing of application:
    - i. Original Copy of the Annual Report or Audited Financial Statements (FS) for the last two (2) years from the filing date and Original Copy of the latest Unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer if the Audited FS is more than six (6) months old at the time of filing;
    - ii. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS;

- iii. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PECR areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable; and
- b. For domestic corporations, certified true copy of the latest income tax return filed with the Bureau of Internal Revenue, and duly validated with the tax payments made thereon.
- c. For newly-organized corporations existing for less than two (2) years at the time of filing of application:
  - i. Original Copy of the Audited Financial Statements (FS) or unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer;
  - ii. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS; and,
  - iii. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PECR areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable.
- d. For Parent Company that guarantees for corporations with insufficient working capital: Parent Company's fund guarantee shall be limited to the corresponding participating interest and shall submit the following:
  - 1. Original Copy of the Parent Company's financial documents per D.1.a and D.1.b; and
  - 2. Original Copy of duly notarized Letter of Undertaking / Support from the Parent Company to fund the Work Program.
- e. Minimum working capital (Liquid Assets less Current Liabilities) is 100% of the financial commitment for the first contract year of the proposed work program and budget. Liquid Assets shall consist only of cash, trade accounts receivables and short term investments/placements. Credit line is not a Liquid Asset.

- f. The applicant shall have available working capital for each PECR application separate from other applied PECR areas, renewable energy service contract applications and existing energy service/operating contracts, if applicable.

**Annex G:  
Requirements for Coal  
Operating Contracts**

The applicant for COC has to submit the following documents to the DOE:

- a) Three (3) complete sets of legal, technical, and financial documents for evaluation by the Review and Evaluation Committee (REC) with each application covering only one predefined Contract Area as given in the PECR 5 Contract Area Map for Coal.
- b) Submitted application must be in both paper and digital (CD-ROM / USB Drive in Microsoft Word or \*.pdf format) copies. Times New Roman 12 font and single line spacing are recommended. Figures shall be submitted in an appropriate format, no larger than A3 size. For legibility, figures and maps shall be submitted at a larger scale as appendices.
- c) A non-refundable application fee of Php 50,000.00 per area shall be paid by the applicant upon submission of the application and its supporting documents. Payment may be made in cash, manager/company cheque payable to Department of Energy or wire/bank transfer. All wire/bank transfer should be net of all applicable foreign and local bank and financial charges.
- d) Legal Documentation:
  1. Duly filled-out covering information sheet showing a brief summary of the application
  2. Certified true copies of the SEC Certificate of Registration, Articles of Incorporation and By-Laws. The corporate purpose of the applicant shall include the exploration, development and utilization of petroleum resources;
  3. Certified true copy of the General Information Sheet (GIS) stamped-received by the Securities and Exchange Commission (SEC) not more than twelve (12) months old at the time of filing of application;
  4. Original Copy of the Certificate of Authority from the Board of Directors of the applicant authorizing a designated representative/s to apply, negotiate, sign any documents and execute the petroleum service contract. The said Certificate of Authority shall be executed under oath by the Corporate Secretary; and,
  5. In case the applicant is a partnership or cooperative, it shall submit the legal documents as specified in in c.a to c.d above, or its equivalent, issued or authenticated by the appropriate governing authorities.
- e) Work Program Documentation<sup>8</sup>

---

<sup>8</sup> Only exploration work program in the application for coal operating contract that conforms to the exploration Work Program Documentation as required under this Circular shall be accepted.

- a. Geological Report (Narrative presentation of available data such as geology, coal quality, resource estimate, if available etc. indicating presence of coal resources at depth);
  - b. Proposed Exploration Work Program (Narrative discussion of the different exploration strategies and methodologies to be employed in delineating coal resources at depth with subsequent manpower complement and projected expenditures on annual basis for each activity with respect to the area or areas specified in the proposal);
  - c. Schedule of Works and Manpower Requirements in Gantt Chart; and,
  - d. Projected Exploration Expenditures.
- f) Technical Documentation:
- a. Particulars of technical and industrial resources available to the applicant for the exploration of coal resources;
  - b. Particulars on the technical and industrial qualifications, eligibilities and work-related experiences of the applicant and its employees;
  - c. Particulars on the experiences, achievements and track records of the applicant and its employees related to technical and industrial undertakings;
  - d. Particulars on organizational and management structures relative to administration, financial and technical aspects of the applicant.
- g) Financial Documentation:
- a. For corporations existing for more than two (2) years at the time of filing of application:
    - i. Original Copy of the Annual Report or Audited Financial Statements (FS) for the last two (2) years from the filing date and Original Copy of the latest Unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer if the Audited FS is more than six (6) months old at the time of filing;
    - ii. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS;

- iii. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PECR areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable; and
- b. For domestic corporations, certified true copy of the latest income tax return filed with the Bureau of Internal Revenue, and duly validated with the tax payments made thereon.
- c. For newly-organized corporations existing for less than two (2) years at the time of filing of application:
  - i. Original Copy of the Audited Financial Statements (FS) or unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer;
  - ii. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS; and,
  - iii. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PECR areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable.
- d. For Parent Company that guarantees for corporations with insufficient working capital: Parent Company's fund guarantee shall be limited to the corresponding participating interest and shall submit the following:
  - 1. Original Copy of the Parent Company's financial documents per D.1.a and D.1.b; and
  - 2. Original Copy of duly notarized Letter of Undertaking / Support from the Parent Company to fund the Work Program.
- e. Minimum working capital (Liquid Assets less Current Liabilities) is 100% of the financial commitment for the first contract year of the proposed work program and budget. Liquid Assets shall consist only of cash, trade accounts receivables and short term investments/placements. Credit line is not a Liquid Asset.
- f. The applicant shall have available working capital for each PECR application separate from other applied PECR areas, renewable energy service contract applications and existing energy service/operating contracts, if applicable.

**Annex H:  
List of Existing Exploration  
Permits by Region**



Data on Existing Exploration Permits as provided by MGB

Region	No. of EPs	EPs Area (Has.)
<b>LUZON</b>		
CAR	2	2,817.59
I	2	4,517.6081
II	6	40,645.5044
III	2	2,935.1
IVA	6	14,988.6088
IVB	1	1,663.8452
V	4	13,922.6648
<b>Sub-Total</b>	<b>23</b>	<b>81,490.9213</b>
<b>VISAYAS</b>		
VI	5	41,998.20726
VII	2	11,707.1217
VIII	1	3,757.014
<b>Sub-Total</b>	<b>8</b>	<b>57,462.34296</b>
<b>MINDANAO</b>		
IX	0	0
X	0	0
XI	2	4,942.57
XII	0	0
XIII	3	3,154.61
<b>Sub-Total</b>	<b>5</b>	<b>8,097.18</b>
<b>TOTAL</b>	<b>36</b>	<b>147,050.44</b>

### Granted EP Applications with Clearance to Issue Permits

Region	No. of EP Application	EP Application Area (Has.)
<b>LUZON</b>		
<b>CAR</b>	0	0
<b>I</b>	0	0
<b>II</b>	0	0
<b>III</b>	0	0
<b>IVA (CALABARZON)</b>	0	0
<b>IVB (MIMAROPA)</b>	1	3,630.9454
<b>V</b>	1	497.7212
<b>Sub-Total</b>	<b>2</b>	<b>4,128.6666</b>
<b>VISAYAS</b>		
<b>VI</b>	0	0
<b>VII</b>	1	4,084.9282
<b>VIII</b>	2	1,617.0113
<b>Sub-Total</b>	<b>3</b>	<b>5,701.9395</b>
<b>MINDANAO</b>		
<b>IX</b>	0	0
<b>X</b>	0	0
<b>XI</b>	1	3,228.3775
<b>XII</b>	0	0
<b>XIII</b>	0	0
<b>Sub-Total</b>	<b>1</b>	<b>3,228.3775</b>
<b>TOTAL</b>	<b>6</b>	<b>13,058.98</b>

**Annex I:  
List of Existing MPSAs and  
FTAAs**

MPSA

Region	No. of MPSAs	Area (Has.)
<b>LUZON</b>		
<b>CAR</b>	11	15,543.04
<b>I</b>	16	19,161.25
<b>II</b>	6	58,890.80
<b>III</b>	37	43,914.24
<b>IVA (CALABARZON)</b>	37	21,797.21
<b>IVB (MIMAROPA)</b>	18	40,562.51
<b>V</b>	29	27,082.71
<b>Sub-Total</b>	<b>154</b>	<b>226,951.76</b>
<b>VISAYAS</b>		
<b>VI</b>	15	31,958.24
<b>VII</b>	39	25,429.05
<b>VIII</b>	22	52,709.95
<b>Sub-Total</b>	<b>76</b>	<b>110,097.24</b>
<b>MINDANAO</b>		
<b>IX</b>	17	56,449.08
<b>X</b>	7	2,311.87
<b>XI</b>	24	53,794.42
<b>XII</b>	5	17,439.37
<b>XIII</b>	56	134,968.49
<b>Sub-Total</b>	<b>109</b>	<b>264,963.22</b>
<b>Total</b>	<b>339</b>	<b>602,012.22</b>

FTAAs

Region	No. of FTAAs	Area (Has.)
<b>LUZON</b>		
CAR	0	0
I	1	9,588.24
II	2	17,280.84
III	0	0
IVA (CALABARZON)	0	0
IVB (MIMAROPA)	2	58,432.37
V	0	0
<b>Sub-Total</b>	<b>5</b>	<b>85,301.45</b>
<b>VISAYAS</b>		
VI	0	0
VII	0	0
VIII	0	0
<b>Sub-Total</b>	<b>0</b>	<b>0</b>
<b>MINDANAO</b>		
IX	0	0
X	0	0
XI	0	0
XII	1	23,571.00
XIII	0	0
<b>Sub-Total</b>	<b>1</b>	<b>23,571.00</b>
<b>Total</b>	<b>6</b>	<b>108,872.45</b>

**Annex J:**  
**List of Existing Coal**  
**Operating Contracts**

## Coal Operating Contracts<sup>9</sup>

Company	COC No.	Date Awarded – Date of Expiration	Location of Contract Area
1. Semirara Mining Corporation	5	17 July 1977 – 11 July 2007	Semirara Island, Caluya Antique
2. Ibalong Resources & Development Corporation	13	27 June 1978 – 27 June 2028 02 Sept. 2003 – 02 Sept. 2023	Dalaguete Cebu
3. Adlaon Energy Development Corporation	9 89	14 March 1978 – 14 March 2028 31 Aug. 1993 – 31 Aug. 2013 (for relinquishment)	Dalaguete, Cebu Compostela, Cebu
4. Benguet Corporation	83	23 May 1988 – 23 May 2015	Lianga, Marihalag & San Miguel, Surigao del Sur
5. Filipinas (Prefab) Systems, Inc.	68 77 78	11 July 1984 – 11 July 2013 (request for moratorium) 06 March 1987 – 06 March 2016 06 March 1987 – 06 March 2016	Bulacao, Mindoro Oriental Imelda and Payao, Zamboanga Sibugay Payao, Zamboanga Sibugay
6. A Blackstone Energy Corporation	93	02 Feb 1989 – 02 Feb. 2015	Imelda, Zamboanga Sibugay
7. D. M. Wenceslao and Associates, Inc.	116 123	24 June 2004 – 24 June 2024 24 June 2004 – 24 June 2024	Baculod, Galtaran and Iguig, Cagayan
8. Bislig Venture Construction & Development, Inc.	127	05 May 2003 – 05 May 2015	Bislig, Surigao del Sur
9. PNOC – Exploration Corporation	41 122 140 141	14 Aug. 1980 – 14 Aug. 2017 23 Dec. 2003 – 23 Dec. 2023 5 July 2005 – 15 Dec. 2013 5 July 2005 – 5 Dec. 2012	Malangas, Zamboanga Sibugay Cauayan, Isabela Cagwait & Marihatag, Surigao del Sur Naguilan, Isabela
10. Batan Coal Resources Corporation	104 137	14 May 1991 – 14 May 2013 (extension under evaluation) 15 May 2009 – 26 May 2019	Liguan, Batan Is., Rapu-rapu Albay Batan Island, Rapu-rapu Albay
11. Lima Coal Development Corporation	125 153	29 May 2001 – 29 May 2021 01 April 2009 – 01 April 2011 (request for extension)	Calanga and San Ramon Batan Island, Rapu-rapu, Albay Bacon and Gubat, Sorsogon
12. Daguma Agro Minerals, Inc.	126	26 March 2008 – 26 March 2028	Ned, Lake Sebu South Cotabato and Sultan Kudarat
13. SAMAJU Corporation	128 129	04 Feb. 2005 – 04 Feb. 2025 02 Sept. 2003 – 02 Sept. 2023	Bilbao, Batan Island, Rapu-rapu Albay

<sup>9</sup> The list is numbered 1-54 but numbers 26, 28, and 39 were skipped; information on the hectareage occupied were not provided.

Company	COC No.	Date Awarded – Date of Expiration	Location of Contract Area
			San Ramon, Batan Island, Rapu-rapu Albay
14. Brixton Energy & Mining Corp.	130	05 May 2008 – 05 May 2018	Diplahan and Buug, Zamboanga Sibugay
15. Forum Cebu Coal Corporation	131	23 Feb. 2009 – 23 Feb. 2019	Dalaguete, Cebu
16. First Asia Resource Mining Corp.	132	28 Aug. 2008 – 28 Aug. 2018	Balamban, Cebu
17. Sultan Energy Phils. Corporation	134	23 Feb. 2009 – 23 Feb. 2019	Lake Sebu, South Cotabato
18. SKI Energy Resources, Inc.	135	26 May 2007 – 26 May 2017	Danao City, Cebu
	136	26 May 2005 – 26 May 2009 (request for conversion to D/P)	Alpaco, Naga, Cebu
19. Bonanza Energy Resources, Inc.	138	25 May 2009 – 25 May 2019	South Cotabato & Sultan Kudarat
20. Visayas Multi-Minerals Mining and Trading Corporation	142	05 July 2009 – 05 July 2019	Toledo City, Cebu
21. Great Wall Mining and Power Corporation	145	18 Dec. 2008 – 18 Dec. 2018	San Miguel & Tandag, Surigao del Sur
22. Abacus Coal Exploration and Development Corp.	148	10 Jan 2010 – 10 Jan. 2019	Tandag, Surigao del Sur
23. IL Rey's Coal Mining Exploration Corp.	149	27 Aug. 2007 – 27 Aug. 2017	Danao City, Cebu
24. Guidance Management Corp.	150	28 Aug. 2008 – 28 Aug. 2010	Bayawan, Negros Occidental
	151	(request for extension) 28 Aug. 2008 – 28 Aug. 2012 (applying for conversion to D/P)	Calatrava, Negros Occidental
25. DMC Construction Equipment Resources, Inc.	154	01 April 2009 – 01 April 2012	South Cotabato, Sultan Kudarat
26.		MISSING	
27. Titan Exploration & Dev. Corp.	158	D/P)	Payao, Zamboanga
	159	D/P)	Manay, Davao
	166	18 Nov. 2009 – 18 Nov. 2013	Oriental
	167	18 Nov. 2009 – 18 Nov. 2011	Diplahan-Buug,
	168	(request for extension) 18 Nov. 2009 – 18 Nov. 2011 (MR)	Zamboanga Sibugay Diplahan, Zamboanga Sibugay Siay, Zamboanga Sibugay
28.		MISSING	
29. ASK Mining & Exploration Corp.	162	16 Sept. 2009 – 16 Sept. 2012	Kagwait – Marihatag, Surigao del Sur
30. 3Kings Sunrise Mining Corp.	165	16 Sept. 2009 – 16 Sept. 2012 (request for extension)	Carmen, Cebu
31. Blackgem Resources & Energy, Inc.	169	18 Nov. 2009 – 18 Nov. 2013	Taragona, Davao Oriental



<b>Company</b>	<b>COC No.</b>	<b>Date Awarded – Date of Expiration</b>	<b>Location of Contract Area</b>
<b>32. Dell Equipment &amp; Construction Corp.</b>	170	18 Nov. 2008 – 18 Nov. 2013	Sarangani & South Cotabato
<b>33. Cedaphil Mining Corp.</b>	171	24 March 2010 – 24 March 2012 (request for conversion to D/P)	Toledo City, Cebu
<b>34. Core &amp; Mining Corp.</b>	172	24 March 2010 – 24 March 2012 (request for extension)	Toledo City, Cebu
<b>35. BBB Mining and Energy Corp.</b>	173	14 December 2011 – 14 December 2013 (request for extension)	Asturias, Balamban, Danao & Cebu City
<b>36. BlackGem Resources and Energy, Inc.</b>	174	14 December 2011 – 14 December 2013	Batan Island, Rapurapu, Albay
<b>37. BlackGem Resources and Energy, Inc.</b>	175	14 December 2011 – 14 December 2013	Banganga, Davao Oriental
<b>38. Goodyield Resources Development, Inc.</b>	176	14 December 2011 – 14 December 2013	Lingig, Surigao del Sur
<b>39.</b>		MISSING	
<b>40. Kwangming Mineral Co. Inc.</b>	178	14 December 2011 – 14 December 2013	Naga & Kabasalan, Zamboanga Sibugay
<b>41. SKI Energy Resources, Inc.</b>	179	14 December 2011 – 14 December 2013	Carmen, Asturias and Catmon, Cebu
<b>42. SKI Energy Resources, Inc.</b>	180	14 December 2011 – 14 December 2013	Pinamungahan and Naga, Cebu
<b>43. Timberwolves Resources, Inc.</b>	181	14 December 2011 – 14 December 2013	Guigaquit, Surigao del Norte
<b>44. Altura Mining Philippines, Inc.</b>	182	06 February 2013 – 06 February 2015	Bagamanoc, Caramoran and Panganiban, Catanduanes
<b>45. Blackstone Mineral Resources, Inc.</b>	183	06 February 2013 – 106 February 2015	Ipil and Naga, Zamboanga Sibugay
<b>46. PNOC – Exploration Corporation</b>	184	15 February 2013 – 15 February 2015	Trento, Agusan del Sur and Lingig, Surigao del Sur
<b>47. PNOC – Exploration Corporation</b>	186	15 February 2013 – 15 February 2015	Buug and Malangas, Zamboanga Sibugay
<b>48. PNOC – Exploration Corporation</b>	186	15 February 2013 – 15 February 2015	Imelda, Zamboanga, Sibugay
<b>49. SKI Mining Corporation</b>	187	15 February 2013 – 15 February 2015	Trento, Agusan del Sur
<b>50. Mega Philippines, Inc.</b>	188	26 February 2013 – 26 February 2015	Lake Sebu, South Cotabato, Palimbang, Sultan Kudarat; and Maitum, Sarangani
<b>51. Semirara Mining Corporation</b>	189	29 April 2013 – 29 April 2015	Bulalacao, Oriental, Mindoro
<b>52. Semirara Mining Corporation</b>	190	07 June 2013 – 07 June 2015	Maitum and Kiamba, Sarangani
<b>53. South Davao Development Corp., Inc.</b>	191	07 June 2013 – 07 June 2015	San Jose and Magsaysay, Occidental Mindoro

<b>Company</b>	<b>COC No.</b>	<b>Date Awarded – Date of Expiration</b>	<b>Location of Contract Area</b>
<b>54. Empire Asia Mining Corporation</b>	192	14 June 2013- 14 June 2015	Bislig and Lingig, Surigao del Sur

**Annex K:  
List of Existing Service  
Contracts**

## Service Contracts

Contractor	SC No.	Effective Date- Date of Expiration (Exploration Stage-Sub-Phase)	Location	Area (hectares)
1. Cadlao Development Company Limited (CADCO)	6	1 Sept. 1973- 28 Feb. 2024 (production stage)	NW Palawan	3,397.19
2. PITKIN PETROLEUM	6A	1 Sept. 1973- 28 Feb. 2024 (production stage)	NW Palawan	108, 146.59
3. PHILODRILL CORP.	6B	1 Sept. 1973- 28 Feb. 2024 (production stage)	NW Palawan	53, 293. 95
4. PHILODRILL CORP/ GALOC Production Co. WLL	14 (4 blocks); 14A (Nido); 14B (Matinloc PL); 14C (Galoc); 14C-2 (West Linapacan)	17 Dec. 1975- 17 Dec 2025 (production stage)	NW Palawan	19178.88; 2383.85; 15,374.30; 16,300.95; 14649.54
5. PNOC-EC	37	18 July 1990- 18 July 2022 (production stage)	Cagayan	36,000
6. SHELL	38	23 feb. 1989- 23 feb 2024 (production stage)	NW Palawan	83,000
7. FORUM	40	19 feb. 1994- 19 Feb. 2029 (production stage)	North Cebu	458,000
8. GAS 2 GRID	44	28 Jan 2004- 28 July 2015 (exploration stage- SP2)	Central Cebu	75,000
9. PNOC-EC	47	10 JAN 2005- 10 JULY 2012 (exploration stage- SP3)	Offshore Mindoro	1, 048, 000
10. China International Mining and Petroleum Inc.	49	1 March 2005- 30 Jun 2014 (exploration stage- SP3)	South Cebu	197, 000
11. FRONTIER OIL CORPORATION	50	1 March 2005- 11 March 2015 (exploration stage- SP2)	Calait, NW Palawan	128,000
12. Otto Energy Investments LTD.	51	8 July 2005- 31 July 2014 (exploration stage- SP5)	East Visayas basin	332,000
13. FRONTIER OIL CORPORATION	52	8 July 2005- 8 July 2014 (exploration stage- SP4)	Piat San Jose, Cagayan	96,000
14. PITKIN PETROLEUM	53	8 July 2005- 8 July 2014 (exploration stage- SP2)	Onshore Mindoro	724,000

Contractor	SC No.	Effective Date- Date of Expiration (Exploration Stage-Sub-Phase)	Location	Area (hectares)
15. NIDO PETROLEUM	54-A; 54-B	5 August 2005- 5 August 2014 (exploration stage- SP6)	NW Palawan	87, 616. 15; 314, 000
16. Otto Energy Investments LTD.	55	5 Aug 2005- 5 Aug. 2013 (exploration stage- SP4) (request for force majeure)	West Palawan	988,000
17. MITRA ENERGY LTD.	56	1 Sept. 2005- 1 Sept. 2015 (exploration stage- SP7)	Sulu Sea	430,000
18. PNOC- EC	57	15 Sept. 2005- 15 Sept. 2010 (exploration stage- SP5) (SC on-hold)	Calamian Block/ NW Palawan	712,000
19. NIDO PETROLEUM	58	12 jan. 2006- 19 July 2015 (exploration stage- SP3)	West Calamian Block, NW Palawan	1, 344,000
20. BHP BILLITON	59	13 Jan. 2006- 13 July 2014 (exploration stage- SP3)	West Balabac, SW Palawan	1, 476,000
21. PALAWAN SULU SEA GAS INC.	62	7 July 2006- 7 July 2012 (exploration stage- SP2)	East Palawan	1,302,000
22. PNOC-EC	63	24 Nov. 2006- 28 Nov 2012 (exploration stage- SP2)	SW Palawan	1, 056, 000
23. Ranhill Berhad Bhd.	64	28 Nov 2006- 28 Nov 2012 (exploration stage- SP1)	Sulu Sea	1, 264, 940
24. OTTO ENERGY PHILS. INC. (OEPI)	69	7 May 2008- 7 Nov. 2013 (exploration stage- SP3) (under request for extension)	Visayas Basin	528,000
25. POLYARD PETROLEUM INTERNATIONAL CO. LTD.	70	28 Aug. 2008- 28 Feb. 2014 (exploration stage- SP1) (requesting for extension)	Central Luzon Basin	684, 000
26. FORUM LTD.	72	15 Feb. 2010- 15 August 2015 (exploration stage- SP2)	Reed Bank	880,000

<b>Contractor</b>	<b>SC No.</b>	<b>Effective Date- Date of Expiration (Exploration Stage-Sub-Phase)</b>	<b>Location</b>	<b>Area (hectares)</b>
<b>27. OTTO ENERGY PHILS. INC. (OEPI)</b>	73	15 Aug 2013- 15 Feb. 2015 (exploration stage- SP1)	Mindoro- Cuyo	844,000
<b>28. PITKIN PETROLEUM</b>	74	13 Aug 2013- 13 Feb. 2015 (exploration stage- SP1)	NW Palawan	426, 800
<b>29. PHILEX PETROLEUM CORPORATION</b>	75	27 Dec. 2013- 27 Dec. 2015 (exploration stage- SP1)	NW Palawan	616,00

**Annex L:**  
**Status of Endorsed/Approved**  
**Mining Applications and**  
**Recommended for Cancellation**

Region	Endorsed		Approved		Recommended for Cancellation	
	Number	Area (Has.)	Number	Area (Has.)	Number	Area (Has.)
CAR	7	39,894	1	330	0	0
I	32	93,387	13	180	0	0
II	30	201,318	12	180	0	0
III	11	38,168	2	38	0	0
IVA	48	194,560	14	69	0	0
IVB	3	1,048	0	0	0	0
V	13	11,400	0	0	2	8,474
VI	43	76,575	4	30,940	0	0
VII	96	224,632	0	0	0	0
VIII	54	200,412	16	110	0	0
IX	20	154,393	3	19	0	0
X	15	26,863	1		0	0
XI	27	152,349	0	0	0	0
XII	13	59,989	0	0	1	1,274
XIII	46	115,113	6	18,896	2	10,017
<b>Total</b>	<b>458</b>	<b>1,590,103</b>	<b>72</b>	<b>50,763</b>	<b>5</b>	<b>19,765</b>



**Annex M:  
Requirements for Transfer  
of Service Contracts**

- a) History of the Service Contract:
  - a. Effective date of the Service Contract;
  - b. Original parties involved and extent of participating interest;
  - c. Subsequent changes or variation in the service contract, if any; and
  - d. Work accomplishments/ updates on on-going activities.
  
- b) Proposal for Transfer or Assignment:
  - a. Extent of interest that is the subject of the assignment or transfer;
  - b. Reason for the assignment to establish basis, reasonableness and urgency of the matter (e.g. financial constraints, logistic issues, etc.);
  - c. Approval of the respective Board of Directors of the transferor/ assignor and transferee or assignee
  
- c) Technical Justification for the Transfer or Assignment:
  - a. Implication of the proposed transfer or assignment to the Work program, if any;
  - b. Revised Work Program and Budget with specific timetable for each phase of the Work program, if any; and
  - c. Benefits and technical advantages in fulfilling work commitments under the service contract.
  
- d) Duly executed Deed of Transfer or Assignment;
  
- e) Documents evidencing financial, legal and technical qualifications of the transferee or assignee:
  - a. Financial qualification
    - i. Audited financial statements and annual reports for the last three (3) years; and
    - ii. Particulars of financial resources available to the prospective transferee or assignee including capital, credit facilities and guarantees to undertake its obligations under the service contract
  - b. Legal qualification
    - i. Certified copy of the Articles of Incorporation;
    - ii. Certified copy of the corporate by-laws;
    - iii. SEC Registration Certificate;
    - iv. Certified copy of latest GIS submitted to the SEC
  - c. Technical qualification
    - i. Technical and industrial qualifications, eligibilities and work related experiences of the prospective assignee/ transferee and its officers and employees; and

Technical and industrial resources available to the prospective assignee/ transferee for the exploration, development and production of petroleum resources, if applicable, depending on the participation of the prospective assignee/ transferee in the service contract

**Annex N:  
Taxes and Fees Collected by Local  
Government Units Hosting  
Extractive Operations Based on  
Local Tax Codes**

**Local Revenue Streams - Province: Specific Rates and Provision under LTC**

Province/ Local Government Unit	Tax on Mining Operations/ Tax on Minerals		Real Property Tax		RPT - Special Education Fund	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
<b>Benguet</b>			1%/ assessed value	Ord. No. 05-107 Chapter 2, Art 1, Sec. 5	1%/ assessed value	Ord. No. 05-107 Chapter 2, Art 1, Sec. 5
<b>Cebu</b>	2% Tax on the FMV per metric ton of metallic minerals;	Ord. No. 2008-10 Art E, Sec. 126	1%/ assessed value	Ord. No. 2008-10 Art C, Sec. 41	1%/ assessed value	Ord. No. 2008-10 Art C, Sec. 44
<b>Dinagat Island</b>			1%/ assessed value	Chapter II Art. A, Sec. 2A.0	1%/ assessed value	Chapter II, Art. A, Sec. 2A.02
<b>Surigao del Norte</b>			1%/ assessed value	Ord. No. 1-2013, Chapter II, Art. A, Sec. 6	1%/ assessed value	Ord. No. 1-2013, Chapter II, Art. A, Sec. 7
<b>Zambales</b>			1% of assessed value	Ord. No. 93-16, Art. 3, Sec. 6	1% of assessed value	Ord. No. 93-16 Art. 3, Sec. 8

Province/ Local Government Unit	Sand, Gravel and Quarry Fee		Fixed Fee on Delivery Trucks		Occupation Tax	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
<b>Bulacan</b>	10% of the FMV	Ord. No. C- 005, Art. X, Sec. 72				
<b>Cebu</b>	10% of the FMV	Ord. No. 2008- 10 Art E, Sec. 124				
<b>Dinagat Island</b>	Not more than 10% of the FMV	PTO 05-07 Chapter II, Art. H, Sec. 2H.01	P500/ truck	PTO 05-07 Chapter II, Art. L. Sec. 2L.01	P100/ha./year for reservation area; P10/ha./year on non-reservation area	PTO 05-07 Chapter II Art I, Sec. 21.01
<b>Palawan</b>	Not more than 10% of the FMV at P300/cu.m	Chapter II, Sec. 142	P500/ truck	PTO No. 85-12		
<b>Surigao del Norte</b>					P100/ha. For reservation; P7/ha. For non- reservation area	Ord. No. 1- 2013, Chapter VI, Art. E, Sec. 102
<b>Zambales</b>	7%/FMV	Ord. No. 93-16 Art. 3, sec. 33	P50- P500	Ord. No. 93-16 Art. 3, Sec. 44		

Province/ Local Government Unit	Professional Tax		Environmental/ Extraction Fees		Transport Permit/Delivery Receipt (DR)	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
<b>Agusan del Norte</b>			P12/cu.m. extraction fee	Ord. No. 284- 2011, Art. VII, Sec. 36		
<b>Bulacan</b>			P500 filing fee; P4,000 Processing fee; P1,000 inspection fee for Provincial ECC; P1000 for CNC	Ord. No. C- 005, Sec. 47	P5/DR	Ord. no. C- 005, Art. X, Sec. 72; Art XI
<b>Cebu</b>			P25/MT Environmental Enhancement Fee	Ord. No. 2008-10 Art F, Sec. 220		
<b>Dinagat Island</b>	P300	PTO 05-07 Chapter II Art. J, Sec. 2J.01	1% Soil Depletion Tax / Gross Receipts	Ord. No. 08- 58		
<b>Palawan</b>	P300	Chapter VIII, Sec. 135				
<b>Surigao del Norte</b>					P60,000 governor's clearance/ shipment; P18,000 verification fee/ shipment; P6/m. ton	Ord. No. 1- 2013, Chapter VI, Art. C, Sec. 97(c)
<b>Zambales</b>	P200- P300	Ord. No. 93-16 Art. 3, Sec. 8	P3,000 for Prov'l ECC; Governor's Env'tal Permit; Prov'l Env'tal Fee of 2% of FMV  P950 + 7%/FMV and not less than P5/cu.m. regulatory fee on mining or P50/ MT (for Nickel)	Ord. No. 2014-01, Sec. 13(B); Sec.15; Sec. 20(10)  Ord. No. 93- 16 Art. 3, Sec. 52	P10,000 ore quarry transport permit fee  P1,000/ booklet of DR	Ord. No. 93-16 Art. 3, Sec. 20(13)  Ord. No. 93-16 Art. 3, Sec. 20(16)

Province/ Local Government Unit	Other Regulatory Fees	
	Tax Rate	LTC Provision
Agusan del Norte	P2,000 Governor's Special permit to Quarry; P2,000 application, processing, verification fee;	Ord. No. 284-2011, Art. VII, Sec. 36
Cebu	P10,000 Governor's permit on mining	Ord. No. 2008-10 Art E, Sec. 158
Dinagat Island	Regulatory fee for extraction of sand, gravel and quarry : P500-1,500	Chapter III, Art. A, Sec 3A.01
Palawan	P25,000 for oil/gas exploration; P180/cu.m. for commercial sand and gravel permit	Ord. No. 1409-14, Sec I; Ord. No. 1426-14, Sec. 1

#### Local Revenue Streams - City: Specific Rates and Provision under LTC

City/ Local Government Unit	Business Tax		Real Property Tax (Basic)		RPT - Special Education Fund	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Butuan City	56.25% of 1% of P6.5M GR or over	Ord. No. 894-92 Art. I, Sec. 2I.01(a)	2% of assessed value	Ord. No. 894-92 Art. A, Sec. 2A.02	1% of assessed value	Ord. No. 894-92 Art. A, Sec. 2A.04
Davao City	41.5% of 1% of P6.5M GR or over	2005 Revenue Code Chapter 2 Art. 10, Sec. 69	1.5% of assessed value	2005 Revenue Code Chapter 2 Art. 1, Sec. 6	1% of assessed value	2005 Revenue Code Chapter 2 Art. 1, Sec. 7
Mandaluyong City	P249,246 + 27.5% of 1% of P50M GR or over	Ord. No 484-2011, Title II, Chapter 7, Article 1, Sec. 32	2% of assessed value	Ord. No 10-2011, Chapter 3, Sec. 10	1% of assessed value	Ord. No 10-2011, Chapter 3, Sec. 11
Pasig City	52.5 % & of 1% of P6.5M GR or over	Ord. No. 25-92, Sec. 19	2% of assessed value	Ord. No. 25-92, Sec. 8	1% of assessed value	Ord. No. 25-92, Sec. 9
Toledo City	2% on mining operation/ gross receipts	Ord. No. 2009-5 Chapter 2, Art. O, Sec. 2O.01	2% of assessed value	Ord. No. 2009-5 Chapter 2, Art. A, Sec. 2A.01	1% of assessed value	Ord. No. 2009-5 Chapter 2, Art. A, Sec. 2A.01



City/ Local Government Unit	Mayor's/ Business Permit		Professional Tax		Community Tax	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Butuan City	P200 for P1M Capital + P20 for every P50,000 or any fraction	Ord. No. 894-92 Chapter III, Art. A, Sec. 3A.01	P300	Ord. No. 894-92 Chapter II, Art. F Sec. 2F.01	P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 894-92 Chapter II, Art. I, Sec. 2I.03
Davao City	P800-P7000	2005 Revenue Code Chapter 3 Art. 1, Sec. 87	P300	2005 Revenue Code Chapter 2 Art. 7, Sec. 52		
Mandaluyong City			P300	Ord. No 484-2011, Title IV, Chapter 8, Sec. 70	P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No 484-2011, Title II, Chapter 7, Article 1,
Pasig City	P900-P4,000 depending on area	Ord. No 43-04, Sec. 70			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 25-92, Sec. 8
San Juan City	75% of 1% with gross sales of P2M for engineering offices rendering service on mining					
Toledo City	P2,000	Ord. No. 2009-5 Chapter 3, Art. A, Sec. 3A.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 2009-5 Chapter 6, Sec. 6A.01

City/ Local Government Unit	Sand, Gravel and Quarry Tax		Environmental Fees		Occupation Fees	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Butuan City	15% maximum /FMV	Ord. No. 894-92 Chapter II, Art. H, Sec. 2H.01				
Davao City	P15/cu. m.	2005 Revenue Code Chapter 2 Art. 6, Sec. 39			P10/ha.	2005 Revenue Code Chapter 3 Art. 9, Sec. 318
Pasig City			P800 inspection fee	Ord. No. 09-03, Sec. 1		
Toledo City			P20,000	Ord. No. 2009-5 Chapter 5, Art. B, Sec. 5B.31-42	P200/ha	Ord. No. 2009-5 Chapter 5, Art. E, Sec. 5E.02
Quezon City			P300 for potentially polluting industries determined by CENRO	Ord. No. 1729-05		

City/ Local Government Unit	Tax on Mining Operations		Other Regulatory Fees/Taxes	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Davao City	1.5% of the gross receipts	2005 Revenue Code Chapter 2 Art. 14, Sec. 80		
Pasig City	1.5% of gross receipts as tax on mining operation	2005 Revenue Code Chapter 2 Art. 14, Sec. 80		

**Local Revenue Streams - Municipality: Specific Rates & Provision under LTC**

Municipality/ Local Government Unit	Mayor's/ Business Permit		Regulatory Fees		Community Tax	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
<b>Bataraza</b>	P10,000 - P20,000	Ord. No. 12- 2008 Chapter 3 Art. A, Sec. 3A.01(3)			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 12- 2008 Chapter 2 Art. C Sec 2C.02(B)
<b>Cagdianao</b>	P200- 2,500	Ord. No 11-057 Chapter 4 Art A4 Sec. 4A4.1			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No 11- 057 Chapter 3 Art A3 Sec. 3A3.03
<b>Daanbantayan</b>	P1,000	Ord. No. 2011- 19 Chapter 3 Article 2 Sec. 29			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 2011-19 Chapter 7 Sec. 188
<b>Dona Remedios Trinidad</b>	P200- P2,000	Ord. No 2003-C- 01 Chapter 4, Sec. 4A.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No 2003-C-01 Chapter 3, Sec. 3.02
<b>Jose Panganiban</b>	P5,000	Mun. Revenue Code	P2,000 Endorse -ment fee	Ord. No. 2007-04 Sec. 4		
<b>Kasibu</b>	P30,000 - P50,000	2011 Amended Rev. Code, Art. 3B. Sec. 3B.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	2011 Amended Rev. Code, Chapter 6, Sec. 6.03
<b>Loreto</b>	P500- P25,000	Mun. Tax Code Chapter 4 Art. A, Sec. 4A.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Mun. Tax Code Chapter 4 Art. G Sec. 2G.02

Municipality/ Local Government Unit	Mayor's/ Business Permit		Regulatory Fees		Community Tax	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
MacArthur	P1,050	Mun. Ord. 01-2006	P1,500 Docking Fees	Addendum to Mun. Ord. 01-2006		
Mangkayan	P300- P2,000	Mun. Tax Code Chapter 3, Art. A, Sec. 3A.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Mun. Tax Code Chapter 6, Sec. 6.03
Quezon	P200- P1,500	Ord. No. 2006- 062 Art. A, Sec. 1				
Rapu-Rapu	P1,500	Ord. No. 2011- 01 Chapter III Art. A, Sec. 3A.01			P550 for corporation + P2.20 per P5,000 earnings; not to exceed P10,000	Ord. No. 2011-01 Chapter VI Sec. 6.03
Sofronio Espanola	P200- P6,000	Ord. No. 2014- 105 Chapter 4, Sec. 4A.01			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 2014-105 Chapter 3 Sec. 3.03
Tuba	P60,500	Ord. No. 213- 2013, Sec. 35(a)(13)			P500 for corporation + P2 per P5,000 earnings; not to exceed P10,000	Ord. No. 213- 2013, Sec. 139

Municipality/ Local Government Unit	Business Tax		Tax on Mining Operations		Public Utility Charges/Toll fees	
	Tax Rate <sup>10</sup>	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Aroroy	37.5% of 1% of 6.5M GR or over		1%/GR	Mun. Tax Code, Art. E, Sec. 2E.01		
Bataraza	P26,813+ 41.25% of 1% in excess over 6.5M GR	Ord. No. 12- 2008, Chapter 2, Art. A, Sec 2A.02	2%/GR	Ord. No. 12-2008 Chapter 2 Art. K Sec. K.02		
Cagdianao	37.5% of 1% of P6.5M GR or over	Ord. No. 11- 057 Chapter 2 Art A2, Sec. 2A2.01	1.1%/GR	Ord. No 11-057 Chapter 2 Art E2, Sec. 2E2.02		
Daanbantayan	41.25% of 1% of P6.5M GR or over	Ord. No. 2011- 19 Chapter 2, Art. 1, Sec. 6	2%/GR	Ord. No. 2011-19 Chapter 3, Art.2, Sec. 19		
Dona Remedios Trinidad Guian	39.37% of 1% of P6.5M GR or over	Ord. No 2003- C-01 Art. A, Sec. 2A.02	2%/GR	Ord. No 2003-C-01 Art. D, Sec. 2D.02		
Itogon			2%/GR	Ord. No. 21-2007, Sec. 24 2011 Revised Revenue Code Art. 17, Sec. 2		
Jose Panganiban Kasibu	P14,125+50% of 1% of GR	Mun. Revenue Code				
	45% of 1% of 6.5M GR or over	2011 Amended Rev. Code, Sec. 2A.02	2%/GR	2011 Amended Rev. Code, Art. 2B, Sec. 2B.10	P1,000 for Pier and Ferry; P500 for others	2011 Amended Rev. Code, Art. 5H, Sec. 5H.01
Loreto			2%/GR	Mun. Tax Code Chapter 4 Art. G, Sec. 2G.02		

<sup>10</sup>Tax rate is maximum rate for mining companies classified as manufacturers. Maximum rate for mining companies classified as exporters is 50% of the rate for manufacturers. Based on KII with Pasig City, classification of companies is dependent on the licensing office of the LGU based on the information supplied by the company on their SEC or DTI registration.

Municipality/ Local Government Unit	Business Tax		Tax on Mining Operations		Public Utility Charges/Toll fees	
	Tax Rate <sup>10</sup>	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
MacArthur	P200 for P10M GR or over	Mun. Ord. 01- 2006				
Mangkayan	41.25% of 1% of P6.5M GR or over	Mun. Tax Code Chapter 2, Art. A, Sec. 2A.02			P50 Application Fee + P30 unmetered service	Mun. Tax Code Chapter 5, Art. H, Sec. 5H.01
Quezon	40% of 1% of P6.5M GR or over	Ord. No. 2006- 062 Art. B, Sec. 1				
Rapu-Rapu	55% of 1% at P2M GR	Ord. No. 2011- 01 Chapter II Art. A, Sec. 2A.02	2.2%/ GR	Ord. No. 2011-01 Chapter II Art. E, Sec. 2E.02		
Siocon	50% of 1% of P6.5M GR or over	Mun. Tax Ord. Chapter II Art. A, Sec. 2A.01				
Sofronio Espanola	45% of 1% in of P6.5M GR or over	Ord. No. 2014- 105 Chapter 3 Sec. 3.03				
Tuba	P31,685.50 + 37.5% of 1% in excess of P6.5M GR	Ord. No. 213- 2013, Chapter 2, Art. A, Sec. 7 (a)	2%/ GR	Ord. No. 213-2013, Sec. 17		
Tubay	37.5% of 1% of P6.5M GR or over	Mun. Rev. Code, Chapter 2, Art. A, Sec. 2A.02	2%/GR	Mun. Rev. Code, Chapter 2, Art. E, Sec. 2E.02		

Municipality/ Local Government Unit	Environmental/Extraction Fees		Occupation Fees		Miscellaneous Regulatory Fees	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Bataraza					P100 Sanitary Fee; P500 Garbage Fee	Ord. No. 12-2008 Chapter 3 Art. E Sec. 4E.01; Art. K, Sec. 3K.01
Carrascal	P10/Ton	Ord. No. 5-2006				
Daanbantayan	P300 ECC+ P100 Verification Fee + P200 Environmental Inspection Fee	Ord. No. 2011-19 Chapter 5 Article 4 Sec. 135	P10/ha.	Ord. No. 2011-19 Chapter 6 Article 6 Sec. 179	P100-P500 Sanitary Fee; P1,000- P1,500 Garbage collection	Ord. No. 2011-19 Chapter 6 Article 6 Sec. 140; Sec.169
Dona Remedios Trinidad			P100/ha.	Ord. No 2003-C-01 Art. F, Sec. 6F.02	P100 sanitary inspection P200- P1,000 Garbage collection	Ord. No 2003-C-01 Chapter III Sec. 5D.01; Chapter VI. Art. A, Sec. 6A.01
Kasibu			P10/ha.	2011 Amended Rev. Code, Sec. 5F.02	P200- 1,000 Sanitary Inspection Fee; P3,600 Garbage Collection Fee	2011 Amended Rev. Code, Sec. 4D.01; Sec. 5C.01
Loreto			P100/ha.	Mun. Tax Code Chapter 6 Art. G Sec. 6G.02		
Narra	P5/cu.m/	Ord. No. 2000-80; Sec. 2 on				

Municipality/ Local Government Unit	Environmental/Extraction Fees		Occupation Fees		Miscellaneous Regulatory Fees	
	Tax Rate	LTC Provision	Tax Rate	LTC Provision	Tax Rate	LTC Provision
Quezon	minerals, gravel & sand	Municipal Mines and Extraction Clearance (MMEC)				
	P5/cu. m./ minerals; P2/cu.m./ quarry materials	Ord. 2007-70, Sec. 6 on Mun. Inspection Monitoring Clearance (MIMC)				
Sofronio Espanola	P50/ton Environmental monitoring	Ord. No. 2014-105 Chapter 3 Art. H. Sec. 5H.01; Ord. No. 2014-104 on MIMC				
Sta. Cruz	P100/ hauling from mining as Hazard Mitigation Fee	Ord. No. 12-3574				
Rapu-Rapu			P75/ha.	Ord. No. 2011-01 Chapter V Art. H, Sec. 5H.02		
Tuba			P100/ha.	Ord. No. 213-2013, Sec. 134		



**Annex O:**

**DOF-DBM-DILG-DENR Joint  
Circular No. 2009-1**

BLGD  
for info

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT  
CENTRAL RECORDS SECTION  
RECEIVED

SIGNATURE: *[Signature]*  
DATE: 10.29.11  
TIME: 029  
CONTROL NO.



Republic of the Philippines  
DEPARTMENT OF FINANCE  
DEPARTMENT OF BUDGET AND MANAGEMENT  
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
DOF-DBM-DILG-DENR Joint Circular No. 2009- 1  
March 31, 2009

OFFICE OF THE SECRETARY  
4-28-09  
1086

**FOR :** The Governors, Municipal and City Mayors, Barangay Chairmen, Sanggunian Members and Other Local Government Officials; All Others Concerned

**SUBJECT :** 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

**1.0 BACKGROUND**

Under Section 290 of Republic Act (RA) No. 7160 and its Implementing Rules and Regulations, local government units (LGUs) are entitled to a 40% share from the gross collection derived by the National Government (NG) from the preceding fiscal year from mining taxes as defined under Chapter VII of the National Internal Revenue Code (NIRC), as amended.

**2.0 PURPOSE**

This circular is issued to streamline and update the guidelines and procedures for the release of LGUs' shares particularly from mining taxes.

The specific objectives are as follows:

- 2.1 To expedite the processing and release of the LGUs' allocable shares from the mining taxes thru a simplified process with timeframe requirements.
- 2.2 To enhance the correctness and accuracy of mining tax collections for purposes of ensuring that the full benefits from these tax collections will be received by the concerned LGUs.
- 2.3 To clarify the roles and responsibilities of all the national government agencies involved in the implementation of this Circular.
- 2.4 To amend the provisions of DBM-DOF-DENR-DOE Joint Circular No. 2006-1 dated February 13, 2006 relative to the guidelines and procedures on the release of the shares of LGUs from the development and utilization of national wealth, particularly collections of mining taxes.

### **3.0 ROLES AND RESPONSIBILITIES**

The following national government agencies shall endeavor to establish and share among themselves on a timely basis, information and an updated database to facilitate the exchange of information needed for the smooth and reliable processing and release of the shares of LGUs from mining taxes.

#### **3.1 Department of Finance – Bureau of Internal Revenue (BIR), shall**

- 3.1.1 Submit to the Department of Budget and Management (DBM), in coordination with DOF, for budget preparation purposes, the estimated or projected mining tax to be collected for the current year and the corresponding forty percent (40%) share of the LGUs on or before March 15 of every year. The said estimated or projected mining tax collection shall be equivalent to the amount of excise tax from the mining industry allocated from the total revenue target of the BIR.
- 3.1.2 Prepare and approve a Joint Certification with the Bureau of the Treasury (BTr), for budget execution purposes, the actual collections from mining taxes during each calendar quarter and the schedule of the corresponding shares of the beneficiary LGUs. The said certification shall be transmitted to the BTr, for validation and approval purposes, within seventy five (75) days immediately after the end of the calendar quarter.

In the preparation of the said schedule of shares of certain LGUs where the mining sites/operations are located in two (2) or more provinces, or

in two (2) or more component cities, or in two (2) or more barangays, the updated masterlist of land area officially issued by the Land Management Bureau (LMB) and the updated census of population officially issued by the National Statistics Office shall be adopted as basis in computing the allocable share of the affected LGUs.

- 3.1.3 Determine the correct mining taxes paid and collected during the immediately preceding year based on the estimated and actual volumes and values of the mineral products submitted by the MGB.

### **3.2 Department of Finance - Bureau of the Treasury (BTr), shall**

- 3.2.1 Validate and approve the Joint Certification transmitted by the BIR within thirty (30) days immediately after receipt thereof. The said certification shall be validated from the reports transmitted by the BTr Regional Offices and Authorized Agent/Government Depository Banks.
- 3.2.2 Transmit to the DBM the duly validated and approved Joint Certification within forty five (45) days immediately after the actual receipt of said certification and schedule of LGU shares from the BIR.
- 3.2.3 Furnish the BIR a copy of the validated and approved Joint Certification accompanied by the summary of recorded mining tax deposits and/or collections and the Journal Entry Voucher issued representing total BIR collections, within fifteen (15) days from transmittal thereof to the DBM.

### **3.3 Department of Environment and Natural Resources (DENR)**

#### **Mines and Geosciences Bureau (MGB), shall**

- 3.3.1 Furnish the BIR not later than the end of February, the estimated annual volumes and values of metallic mineral production of mining companies for the current year.
- 3.3.2 In order to assist in the enhancement of the mining tax collections, furnish the BIR not later than the end of March, the actual volumes and values, on a per project basis, of metallic minerals produced during the immediately preceding year.

For non-metallic minerals, the actual volumes and values of production, on a per permittee/project basis during the immediately preceding year, shall be furnished to the BIR not later than the end of October of the ensuing year.



- 3.3.3 Provide the BIR, within 60 days after the end of each quarter, the list of new metallic permittees, actual volumes and values of their respective production and extraction sites.

**Land Management Bureau (LMB), shall**

- 3.3.4 Furnish the BIR an updated copy of the consolidated masterlist of land area not later than December 15 of every third year after CY 2001, after coordination with the DBM.

**3.4 Department of the Interior and Local Government (DILG) – Bureau of Local Government Supervision (BLGS), shall**

- 3.4.1 Prepare and submit to the BIR not later than the 15<sup>th</sup> day of May, the validated list of actual extraction sites of all non-metallic mineral products with a summary of LGUs where such production/extraction originated.
- 3.4.2 Enjoin the Local Chief Executives (LCEs) to ensure submission by mining permittees of the quarterly production and sales report form to the MGB Regional Offices.
- 3.4.3 Furnish the DBM, BIR and BTr with the updated masterlist of LGUs during the 1<sup>st</sup> quarter of each year.

**3.5 Department of Budget and Management (DBM) – Regional Operations and Coordination Service (ROCS) and Regional Offices (ROs), shall**

- 3.5.1 Program, for budget preparation purposes, the amount representing the LGUs' shares of the mining taxes in the budget of the following year, based on the estimated or projected mining taxes to be collected for the current year and the corresponding 40% share of the LGUs submitted by the BIR.
- 3.5.2 Release the shares of the LGUs in the mining taxes by issuing the allotment and the corresponding cash allocation based on the Joint Certification issued by the BIR and BTr of mining tax collections and the schedule of the corresponding shares of the beneficiary LGUs. The Funding Check shall be deposited to the Government Servicing Banks (GSBs) for direct credit to the account of the beneficiary LGUs.
- 3.5.3 Release the LGUs' shares based on the Joint Certification issued by the BIR and BTr of mining tax collections during the first three (3) quarters of the calendar year in February of the ensuing year. Releases based on

mining taxes collected during the fourth quarter shall be released in May of the ensuing year.

**4.0 DISTRIBUTION OF SHARES OF LGUs**

4.1 Pursuant to Section 292 of R.A. No. 7160, the 40% share of the LGUs from the preceding year's collections of mining taxes shall be distributed as follows:

Particulars	% of Distribution				
	Province	Component City/Municipality	Highly Urbanized/Independent Component City	Barangay	Total
Where the natural resources are located in the Province and in one city/municipality/Barangay	20	45		35	100
Where the natural resources are located in a highly urbanized or independent component city and in one barangay			65	35	100
Provided, however, that where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities, or in two (2) or more highly urbanized or independent component cities or in two (2) or more barangays, their respective shares shall be computed on the basis of:					
Population			70		
Land Area			30		

**5.0 FUNDING SOURCE**

5.1 The 40% share of LGUs from the gross mining tax collections derived by the national government from the preceding fiscal year shall be released chargeable against the current year's General Appropriations Act.

**6.0 TIMELINES FOR THE SUBMISSION, PROCESSING AND RELEASE OF THE SHARES OF LGUs**


Period	BIR Submission of Joint Certification to BTr	BTr Validation and Submission of Joint BIR & BTR Certification to DBM	Release of Funds by DBM
1 <sup>st</sup> Qtr. Collection (March 31 of the current year)	June 15 of current year	July 31 of current year	Within February of ensuing year
2 <sup>nd</sup> Qtr. Collection (June 30 of the current year)	September 15 of current year	October 31 of current year	
3 <sup>rd</sup> Qtr. Collection (September 30 of the current year)	December 15 of current year	January 31 of ensuing year	
4 <sup>th</sup> Qtr. Collection (December 31 of the current year)	March 15 of ensuing year	April 30 of ensuing year	Within May of ensuing year

**7.0 EFFECTIVITY CLAUSE**

This Joint Circular shall take effect immediately.

  
**MARGARITO B. TEVES**  
 Secretary  
 Department of Finance

  
**ROLANDO G. ANDAYA, JR.**  
 Secretary  
 Department of Budget and Management

  
**RONALDO V. PUNO**  
 Secretary  
 Department of the Interior and Local Government

  
**JOSE L. ATIENZA, JR.**  
 Secretary  
 Department of Environment and Natural Resources



**Annex O-1:**  
**DOF-DBM-DILG-DENR Joint**  
**Circular No. 2010-1**





Republic of the Philippines  
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
DEPARTMENT OF FINANCE  
DEPARTMENT OF BUDGET AND MANAGEMENT  
DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT  
DENR-DOF-DBM-DILG Joint Circular No. 2010- 1  
June 25, 2010

FOR: The Governors, Municipal and City Mayors, Barangay Chairmen, Sanggunian Members and Other Local Government Officials;<sup>6</sup> and All Others Concerned.

SUBJECT: **REVISED GUIDELINES AND PROCEDURES ON THE RELEASE OF THE SHARE OF LOCAL GOVERNMENT UNITS DERIVED BY THE NATIONAL GOVERNMENT FROM ROYALTY INCOME COLLECTED FROM MINERAL RESERVATIONS**

**1.0 LEGAL BASES:**

Section 5 of Republic Act (RA) No. 7942, the Philippine Mining Act of 1995, provides that the President may establish Mineral Reservations.

Section 13 of Department of Environment and Natural Resources (DENR) Administrative Order (DAO) No. 96-40, as amended, the revised Implementing Rules and Regulation (IRR) of RA No. 7942, provides that the Contractors/Permit Holders shall pay to the Mines and Geosciences Bureau (MGB) a royalty for minerals/mineral products extracted or produced from the Mineral Reservations.

Section 290 of RA No. 7160 (The 1991 Local Government Code) and its IRR provide that LGUs are entitled to a 40% share from the gross collection derived by the National Government (NG) from the preceding fiscal year from royalty income.

**2.0 PURPOSE**

In general, this circular is issued to streamline and enhance the guidelines and procedures for the release of LGUs' share from royalty income.



Republic of the Philippines  
DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES



SENRO28161

The specific objectives are as follows:

- 2.1 To ensure the correctness and accuracy of royalty income collections in arriving at the shares due to the LGUs concerned.
- 2.2 To expedite the processing and release of the LGUs allocable shares from the royalty income thru a simplified process within the given timeframe.
- 2.3 To clarify the roles and responsibilities of the NGAs involved in the implementation of this Circular.

### 3.0 DEFINITION OF TERMS

As used in and for the purposes of this Circular, the following terms shall mean:

- a. Contractor - a qualified person acting alone or in consortium, who is a party to a Mineral Agreement or Financial or Technical Assistance Agreements as provided under DAO No. 96-40, as amended.
- b. Exclusive Economic Zone - the water, sea bottom and subsurface measured from the baseline of the Philippine Archipelago up to two hundred (200) nautical miles offshore.
- c. Mineral Reservations - areas established and proclaimed as such by the President of the Philippines upon the recommendation of the Director of the MGB through the Secretary of the DENR, including all submerged lands within the contiguous zone and Exclusive Economic Zone, pursuant to RA No. 7942 and its IRR.
- d. Minerals - all naturally occurring inorganic substances in solid, liquid, gas or any intermediate state excluding energy materials such as coal, petroleum, natural gas, radioactive materials and geothermal energy.
- e. Permit Holder - a holder of any mining permit issued under DAO No. 96-40, as amended, other than Exploration Permit.
- f. Royalty - the income of Government, which shall not be less than five percent (5%) of the market value of the gross output of the minerals/mineral products extracted or produced from the Mineral Reservations, being paid by the Contractors/Permit Holders concerned to the MGB.



Republic of the Philippines  
DEPARTMENT OF ENVIRONMENT  
AND NATURAL RESOURCES



SEN028161

## 4.0 ROLES AND RESPONSIBILITIES

The following NGAs shall endeavor to establish and share among themselves on a timely basis, information and an updated database to facilitate the exchange of information needed for the smooth and reliable processing and release of the shares of LGUs from the royalty income.

## 4.1 DENR - MGB, shall:

4.1.1 For budget preparation purposes, submit to the Department of Budget and Management (DBM), the estimated or projected royalty income to be collected for the current year and the corresponding forty percent (40%) share of the LGUs on or before March 15 of every year. The amount should be consistent with that reflected in the MGB Statement of Revenue (BP Form 100).

4.1.2 For budget execution purposes, prepare a Joint Certification of the actual collections from royalty income during each calendar year. The said certification/documents shall be transmitted to the BTr, for validation and approval purposes, within sixty (60) days immediately after the end of the year. This shall be supported with the List of Deposited Collections, validated deposit slip and a schedule of the corresponding shares of the beneficiary LGUs from the actual royalty income collections from the preceding year. In case the mining sites/operations are located in two (2) or more provinces, or in two (2) or more component cities, or in two (2) or more barangays, the updated master list of land area officially issued by the Land Management Bureau (LMB) and the updated census of population officially issued by the National Statistics Office shall be adopted as basis in computing the allocation of shares of the affected LGUs.

4.1.3 Inform the LGUs of their share from the proceeds of the royalty income from Mineral Reservation of the preceding year within thirty (30) days after receipt of the copy of the validated and approved Joint Certification submitted by the BTr to DBM.

## 4.2 Department of Finance – BTr, shall:

4.2.1 Validate and approve the Joint Certification transmitted by MGB based on confirmed royalty collections within thirty (30) days immediately after receipt thereof. The said certification shall be validated from the reports transmitted by the BTr Regional Offices and Authorized Government Depository Banks.





- 4.2.2 Transmit to the DBM the duly validated and approved Joint Certification together with validated collections and schedule of the corresponding shares of the beneficiary LGUs within thirty (30) days immediately after the actual receipts of said certification/documents from the MGB.
- 4.2.3 Furnish the MGB a copy of the validated and approved Joint Certification within fifteen (15) days from transmittal thereof to the DBM.
- 4.3 Department of the Interior and Local Government (DILG) – Bureau of Local Government Supervisions (BLGS), shall:
  - 4.3.1 Enjoin the Local Chief Executives (LCEs) to ensure submission by the Contractors and Permit Holders of the quarterly production and sales report form to the MGB Regional Offices.
  - 4.3.2 Furnish the DBM and MGB with the updates of the masterlist of LGUs during the 1<sup>st</sup> quarter of each year as a result of the creation, conversion, merger and abolition of LGUs.
- 4.4 Department of Budget and Management (DBM) – Budget and Management Bureau – G (BMB-G) and Regional Offices (ROs), shall:
  - 4.4.1 For budget preparation purposes, program the amount representing the LGUs shares on the royalty income in the budget of the following year, based on the DENR-MGB estimated or projected royalty income to be collected for the current year and the corresponding 40% share of the LGUs.
  - 4.4.2 Release within thirty (30) days the shares of the LGUs in the royalty by issuing the allotment and the corresponding cash allocation based on the Joint Certification issued by the MGB and BTr of royalty collections and the schedule of the corresponding shares of the beneficiary LGUs. The funding check shall be deposited to the Government Servicing Banks (GSBs) for direct credit to the account of beneficiary LGUs.

## 5.0 DISTRIBUTION OF SHARES OF LGUS

- 5.1 Pursuant to Section 292 of R.A. No. 7160, the 40% share of the LGUs from the preceding year's collections royalty income shall be distributed as follows:



Particular	Percentage (%) of Distribution				Total
	Province	Component City/Municipality	Highly Urbanized/ Independent Component City	Barangay	
Where the natural resources are located in the Province and in one city/ municipality/ Barangay	20	45		35	100
Where the natural resources are located in a highly urbanized or independent component city and in one barangay			65	35	100
Provided, however, that where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities, or in two (2) or more highly urbanized or independent component cities or in two (2) or more barangays, their respective shares shall be computed on the basis of:					
Population			70		
Land Area			30		

#### 6.0 FUNDING SOURCE

6.1 The 40% share of LGUs from the gross royalty income collections derived by the NG from the preceding fiscal year shall be released chargeable against the current year's General Appropriations Act.

#### 7.0 TIMELINES FOR THE SUBMISSION, PROCESSING AND RELEASE OF THE SHARES OF LGUs

PERIOD	MGB Submission of Joint Certification to BTr	BTr Validation (of) and Submission of Joint MGB & BTr Certification to DBM	Release of Funds by DBM
January 1 to December 31 of the current year	Within 60 days from the end of the preceding year	30 days from the submission of MGB collections/ 15 days after completion of validation	Within 30 days from receipt of the joint certification from MGB and BTr

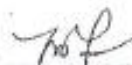


8.0 REPEALING CLAUSE


Any provision of DBM-DOF-DENR-DOE Joint Circular No. 2006-1 dated February 13, 2006 and any rule or regulation in connection with the release of the share of local government units (LGUs) derived by the national government from royalty income collected from mineral reservation projects are hereby amended or repealed accordingly.

9.0 EFFECTIVITY CLAUSE

This Joint Circular shall take effect immediately.

  
**MARGARITO B. TEVES**  
Secretary  
Department of Finance  
010525

  
**JOAQUIN C. LAGONERA**  
Secretary  
Department of Budget and  
Management

  
**RONALDO V. PUNO**  
Secretary  
Department of the Interior and  
Local Government

  
**HORACIO C. RAMOS**  
Secretary  
Department of Environment and  
Natural Resources



**Annex P:  
List of IPs and Extractive  
Operations in IP areas**



## 110 ETHNOLINGUISTIC GROUP

1	Abelling/Aborlin	38	Dumagat	75	Mabaca
2	Abiyan	39	Eskaya	76	Malauog
3	Adasen	40	Gaddang	77	Magahat/Corolanos
4	Aeta	41	Giangan	78	Manobo
5	Agta	42	Gubang	79	Manobo-Blit
6	Agta-Cimaron	43	Gubatnon (Mangyan)	80	Manguangan
7	Agta-Tabangnon	44	Guiangan-Clata	81	Mamanwa
8	Agutaynon	45	Hanunuo (Mangyan)	82	Mansaka
9	Alangan (Mangyan)	46	Hanglulo	83	Matigsalog
10	Applai	47	Higaonon	84	Mandaya
11	Ata-Matigsalog	48	Itneg	85	Molbog
12	Ati	49	Inlaud	86	Pullon
13	Arumanen	50	Ibaloi	87	Palawanon
14	Ayangan	51	Ibanag	88	Remontado
15	Binongan	52	Itawes	89	Ratagnon (Mangyan)
16	Bago	53	Ikalahan	90	Sulod
17	Bangon (Mangyan)	54	Ilianen	91	Sama (Badjao)
18	Bontok	55	Isinai	92	Sama/Samal
19	Balatoc	56	Isneg/Apayao	93	Sama/Kalibugan
20	Baliwen	57	Iwak	94	Subanen
21	Baluga	58	Iraya (Mangyan)	95	Sangil
22	Batak	59	Iton	96	Tadyawan (Mangyan)
23	Batangan/Tao Buid	60	Ilongot/Bugkalot	97	Tagabawa
24	Buhid (Mangyan)	61	Ivatan	98	Tagbanwa
25	Balangao	62	Kirintenken	99	Tagakaolo
26	Bantoanon	63	Kalinga	100	Talaandig
27	Bukidnon	64	Kankanaey	101	Talaingod
28	Badjao	65	Kalanguya	102	T'boli
29	Banac	66	Kalibugan	103	Tao't Bato
30	B'laan	67	Kabihug	104	Tasaday
31	Bagobo	68	Kalagan	105	Tigwayanon
32	Banwaon	69	Karao	106	Tinguian
33	Calinga	70	Kaylawan	107	Tiruray/Teduray
34	Camiguin	71	Kongking	108	Tuwali
35	Coyonon	72	Langilan	109	Ubo
36	Danao	73	Masadiit	110	Umayamnon
37	Dibabawon	74	Maeng		

Distributed as follows:

Luzon	= 48 or 43.64%
Visayas	= 25 or 22.73%
Mindanao	= 37 or 33.63%



**Annex Q:  
Plans, Programs, and  
Activities that are  
Considered Large Scale,  
Extractive, Intrusive  
Activities**

1. Exploration, development, exploitation, utilization of land, energy, mineral, forest, water, marine, air, and other natural resources requiring permits, licenses, lease, contracts, concession, or agreements, e.g., production-sharing agreement, from the appropriate national or local government agencies, including feasibility studies related thereto.
2. Those that may lead to the displacement and/or relocation of ICCs/IPs.
3. Resettlement programs or projects by the government or any of its instrumentalities that may introduce migrants.
4. Declaration and management of protected and environmentally critical areas, and other related undertakings.
5. Bio-prospecting and related activities.
6. Activities that would affect their spiritual and religious traditions, customs and ceremonies, including ceremonial objects, archeological exploration, diggings and excavations and access to religious and cultural sites.
7. Industrial land use including the establishment of economic zones.
8. Large scale agricultural and forestry management projects.
9. Carbon trading and related activities.
10. Large scale tourism projects.
11. Establishment of temporary or permanent military facilities; conduct of military exercises; or organizing para-military forces.
12. Issuance of land tenure instrument or resource use instrument by any government agency and related activities.
13. Others that are analogous to the foregoing, except small-scale quarrying.<sup>11</sup>

The following are considered non-extractive or small scale activities under Section 24:

1. Activities not mentioned above.
2. Feasibility studies not embraced for the activities mentioned above.
3. Non-extractive exploitation and utilization of land, water and natural resources.
4. Programs/projects/activities not requiring permits from government agencies.
5. Other small scale quarrying.
6. Such other activities analogous to the foregoing.

---

<sup>11</sup> *Id.* at §§ 19, 20.

**Annex R:  
List of Benefits Indicated in  
the MOA by Company and IP  
Recipient**

Company	Recipient	Benefits indicated in the MOA		
		Royalty (in PhP, or equivalent value)	Donation (in PhP)	Other benefits
PGMC	Tagbanua and Palaweño indigenous peoples	1% of the gross revenue	Not Necessary	<p>PGMC has committed itself to:</p> <p>a. Provide job placements for the IPs in case manpower needs arise.</p> <p>b. Create benefits geared towards Social Development:</p> <ul style="list-style-type: none"> <li>• Education services, including the awarding of scholarships to deserving migrant IPs.</li> <li>• Health and safety services, including a medical mission every three months, or whenever a need arises.</li> <li>• Provision of livelihood projects for IPs</li> <li>• Infrastructure projects for the operation's resident IP community</li> <li>• Provision of potable water supply and electrification for the operation's resident IP community</li> <li>• Provision of other assistance to enhance the prestige and wellbeing of the IPs.</li> </ul>
	Kabihug indigenous peoples	No Data	Not Necessary	<p>PGMC has committed itself to:</p> <p>a. Create livelihood projects for the Kabihug through:</p> <ul style="list-style-type: none"> <li>• A supply of free fertilizer and vegetable seedlings for the Kabihug community's backyard gardens</li> <li>• Support for the Kabihug livestock-raising project, including PGMC's assistance in finding a market for their hog and goat products.</li> </ul> <p>b. Conduct a free medical and dental mission, and provide other medical services, including medicines.</p> <p>c. Provide employment opportunities to the IPs, and absorbed qualified IPs, in the mining operation.</p> <p>c. Award educational assistance, such as scholarship grants to deserving and interested indigenous students, school supplies; and the sponsorship of skills training and manpower development to the IPs.</p> <p>d. Ensure the replacement of destroyed trees, and undertake efforts to protect the water, rivers and the environment of the subject area pursuant to the environmental Protection Program.</p>
*PNOC Exploration Corp	Monobo Tribes	N/A	Not Necessary	PNOC has pledged to employ two members of Manobo Tribes, one from Layog and 1 from Carras an, Tago, Surigao del Sur

<b>JCG Resources Corp.</b>	Mamanua Indigenous People	1% percent	Not Necessary	<p>JCG has committed to projects supporting the following:</p> <ol style="list-style-type: none"> <li>Building a school for the Mamanua</li> <li>Providing scholarship assistance</li> <li>Creating housing projects</li> <li>welfare for the youth and women,</li> <li>manpower</li> </ol>
<b>Carrascal Nickel Corp.</b>	Manobo and Mamanwa Tribes	1st payment- PhP500,000 2 <sup>nd</sup> payment- PhP500,000	Not Necessary	<p>Carrascal has committed to:</p> <ol style="list-style-type: none"> <li>Provide employment to the Mamanwa and Manobo IPs based on qualification and skill. It has also guaranteed jobs to 30% of the participants in company-sponsored training, conducted through the Technical Education Skills Development Authority (TESDA).</li> <li>Grant representation and membership to IPs in the CTWG and MMT within the limits allowed by law</li> <li>Respect the customs and traditions of the IP.</li> <li>Regard the IPs as the 8<sup>th</sup> member for purposes of attendance in SDMP meetings and other representation rights, as provided for by law.</li> <li>Conduct yearly medical and dental missions in the communities where indigenous cultural communities (ICCs) or IPs reside, in coordination with the NCIP Regional Office and LGU officers of Carrascal Surigao del Sur.</li> <li>Grant equitable opportunities to members of the IP to supply materials needed in mining operations, such as sand, gravel, and lumber. Contracts awarded to IPs will go through the IPs' council of elders, and may be passed to the NCIP for appropriate advice and recommendations, if the elders so require.</li> <li>Relocate and provide assistance to IPs affected by the mining company operations, as required by the mineral production sharing agreements (MPSA).</li> </ol>
<b>Oceana Gold Resource Corp.</b>	Mamanwa Tribe	1% royalty fee of the gross output	Not Necessary	<p>Oceana Gold has committed to:</p> <ol style="list-style-type: none"> <li>Make employment opportunities available to the Mamanwa tribe</li> <li>Provide health or medical assistance to the Mamanwa, amounting to PhP200,000 periodically</li> <li>Provide educational assistance to the amount of PhP300,000 for students and P450,000 for IP volunteer teachers</li> <li>Create a livelihood and agricultural assistance program valued at PhP70,000, including farms tools and equipment, as well as a livelihood program for the youth sector valued at PhP150,000. Oceana Gold is also obliged to develop a water system for the Mamanwa valued at PhP150,000</li> </ol>

- e. Supply PhP1,500,000 for cultural assistance, in the form of an IP office, cultural allowance and ritual expenses. An additional PhP180,000 is provided for the monthly meetings of the IP group MAMASANSISU, or the officers of the organization
- f. Make available mortuary assistance for tribal leaders and members, with PhP200,000 budgeted for tribal leaders, PhP100,000 for tribal members and P100,000 for disaster assistance

**Rio Tuba Nickel Corporation**

Palaweño indigenous peoples

N/A

Not Necessary

Rio Tuba has committed to:

- a. Assist in the protection of indigenous Palaweño domains by providing financial assistance for the identification, delineation and recognition of their ancestral lands to each of the IP/IC communities within their areas of operation.
- b. Establish an agriculture program to provide a livelihood for the IPs, through cattle, poultry or carabao raising; pig dispersal; the production of rice, corn, cassava, and vegetables; fishing, including providing new fish nets, nylon ropes, ice boxes, and pump boats; aquaculture, including fund the mud crab fattening and tilapia culture; the allocation of one plow and one wrecker for the use of the farmers; and the establishment of a multipurpose cooperative for each community, which will also prioritize the hiring of the IPs
- c. Create a system of social services, including:
  - education services: the furnishing of educational opportunities for all members of the IP community, including scholarship grants and skills training
  - health: the provision of free medicines, weekly and quarterly medical outreach programs, free hospitalization at Rio Tuba’s company hospital, financial assistance for patients referred to other hospitals, and 15 drums for each IP community within their areas of operation for the construction of latrines.
  - sports: the construction of multi-purpose areas that can also serve as either as basketball courts or solar dryers
  - peace and security: provide assistance in the peace and security program of the IP community.
  - social welfare: the establishment of a day care and health center
  - the provision of other social welfare tools, including one typewriter and generator set for each community; Icom radio handsets or cellular phones, where feasible; motorcycle and gasoline allocation; and petromax lamps
- d. Facilitate the construction of infrastructure for the communities, including main infrastructure such as the improvement, repair or concreting of existing roads, the construction of necessary roads, and

the installation of a water system; and support infrastructure needs, such as the construction of school buildings, health centers, day-care centers, tribal halls, and access roads.  
 e. Supply cultural support through a Php120,000 fund, divided among IP/OC communities, which will receive Php10,000 each.

**Shenzou Mining Group Corporation**

Mamanwa tribe  
 2% from the gross output, with Php400,000 as partial payment deductible from the royalty fee, and Php2.5 million for third quarter and fourth quarter

Not Necessary  
 Shenzou Mining Group has committed to:  
 a. Give first priority to the Mamawa in the hiring of laborers and personnel, subject to recommendation of the tribal council, and based on their skills and qualifications  
 b. Construct 30 housing units within three years in Brgy. Taganito and Urbiztondo, Claver, Surigao del Norte: ten each in 2011, 2012 and 2013  
 c. Health  
 d. Establish a high school and college scholarship program for two students each in Urbiztondo and Taganito, with prospects based on the recommendations of the tribal council.  
 e. Environmental Protection

**Shuley Mines, Inc.**

Tagbanua indigenous peoples  
 N/A  
 Not Necessary

Shuley Mines has committed to:  
 a. Tap qualified Tagbanuas for possible manpower needs  
 b. Provide financial assistance for the registration of the local organization to SEC  
 c. Facilitate the development of the Sitio Tina spring into a water system at Sitio Tina and the installation of a jetmatic pump at Sitio Omili  
 d. Provide school buildings for grade 1 and grade 2 Tagbanua students.  
 e. Provide housing facilities  
 f. Award college scholarship grants to five qualified students during the first exploration phase.  
 g. Waive their rights to 100 hectares within the mining claim in favor of the IP of Brgy. Colandanum, Aborlan, Palwan  
 h. Waive the overlap portion of 33 meters, more or less, to the small scale mining operation of Ms. Kristine V. Forcadas  
 i. Lend the Tagbanua Community a service vehicle during emergencies

<b>Apex Mining Company Incorporated</b>	ICC of Maco, Compostela Valley Province	1% of the gross production	PhP100,000 at the execution of MOA; PhP100,000-after one month; PhP100,000 on the following month	<p>Apex Mining has committed to:</p> <ul style="list-style-type: none"> <li>a. Give IPs the first priority, according to their skills, in hiring for manpower</li> <li>b. Provide a college scholarship grant to one qualified and deserving scholar from each barangay.</li> <li>c. Supply the IP communities with one computer and one printer to be used in the management of ancestral domains.</li> <li>d. Extend health and medical services to the IP communities via free weekly medical check-ups, free medicines for common or minor ailments, and assistance to IPs suffering from major illnesses, including transporting patients to hospitals in emergency situations</li> <li>e. Support the construction of a tribal hall in Brgy. Teresa, Maco, Compostella Valley Province, the maintenance and repairs of existing road networks serving the IPs, and, if necessary, build new roads within its MPSA claim, subject to existing laws, rules and regulations.</li> </ul>
<b>Marcventures Mining and Development Corporation</b>	Manobo tribes in the municipalities of Cantilan, Carrascal and Madrid	1% of the gross output	Not Necessary	<p>During their exploration period, Marcventures has committed to:</p> <ul style="list-style-type: none"> <li>a. Reconstruct and rehabilitate the farm-to-market road from Brgy. Parang to Brgy. Cabangahan in Cantilan, and construct a permanent bridge along Carac-an river in Brgy. Cabangahan</li> <li>b. Award full college scholarship grants to SSPSC-SSIT (Cantilan Campus) to 13 qualified IPs: seven from Cantilan, three from Carrascal and three in Madrid</li> <li>c. Repair the social hall and donate a reservoir to Brgy. Cabangahan, and construct a concrete fence around the perimeter of Cabangahan Elementary School within six months</li> <li>d. Conduct a bi-annual Medical mission for ICCs/IPs residing in the affected communities within the ancestral domain.</li> <li>e. Create an IP desk, tasked with the concerns and problems of tribal members that need the attention of the mining company, within their office, and employ one Manobo staffmember recommended by tribal leaders</li> </ul> <p>Once commercial mining operations have commenced, Marcventures is committed to:</p> <ul style="list-style-type: none"> <li>a. Provide IPs with free access to the main road to transport their produce and create a livelihood in the markets</li> <li>b. Provide housing and resettlement sites to tribal members who will be displaced by mining operations</li> </ul>



- c. Provide assistance in maintaining the road connecting Brgy. Cabangahan and Lobo, through Sipangpang and Avelino areas, to ensure it is accessible to vehicles in all weather conditions. It has also committed to rehabilitate the road connecting Sitio Maicam and Piliin in Brgy. Panikian in Carrascal
- d. Rehabilitate the road connecting Cabangahan and Bayogo following the old Abinongan road in Madrid
- e. An initial assistance of PhP500,000 for the IP to finance the delineation and tilting of their ancestral domains in Carrascal, Cantilan, Madrid and Carmen
- f. Give first-priority in employment to members of the host community of IPs, based on their skills and qualifications, and subject to final endorsement of the Tribal Chieftains The IPs will also enjoy employment assurance, in that they will not be easily removed from or replaced in their positions if the company conducts lay-offs or employee rotations.
- g. Give second-priority employment to the IPs from other communities, when the host community can no longer fulfill the company's employment needs.
- h. Provide yearly value seminars and on-the-job training through TESDA to interested IPs, and provide them with employment opportunities post-training.
- i. Assist in the rehabilitation and improvement of the Bayogo tribal hall, including the construction of concrete perimeter fence. It will also construct the necessary infrastructure to improve the water supply for the community of Bayogo
- j. Construct a health center for the Bayogo, if it is deemed necessary
- k. Ensure that a service vehicle is available to the IP community during emergencies
- l. Carry out a joint ground survey within the total area covered by the MPSA to determine and delineate areas prohibited by the communities from inclusion in mining operations, such as burial, sacred hunting, and fishing grounds and the areas reserved by the tribes in line with their customs, traditions and beliefs. There shall be a separate MOA between the mining company and the affected community regarding the areas identified by the community for livelihood activities.
- m. Compensate any damages due to mining activities to duly-identified and inventoried properties within the subject areas belonging to ICCs/IPs. The amounts may be mutually determined and agreed-upon by both parties in accordance with Section 7(b) of the IPRA IRR.

**Citnickel  
Mines and  
Development  
Corporation**

Tagbanua and  
Palawano  
Indigenous  
People

Social  
Development  
Plan and  
Royalty fee:  
1. Education  
includes  
scholarship

Not Necessary

Employment to qualified IP members.

2. Health and safety services includes medical mission every quarter or when the need arises

3. Livelihood Projects

4. Potable Water supply and electrification

**TVI Resource Development (Phils)**

Subanen Tribe

No Data

Not Necessary

TVI has committed to:

**a. Environmental Work Program:**

- Reintroduce of soil or overburdened materials to exploration areas as enforcement prior to the introduction of plants and vegetation
- Back-fill abandoned are with waste overburdened material derived during exploration activities to stabilize the ground and prevent subsidence during periods of underground work
- Prioritize waste management in the exploration site and in the community, consistent with standard rules and regulations of the MGB, DOH, and Local Sanitary Office.

**b. Social Services, Economic and Community Services:**

- Shoulder the hospitalization of its IP workers if they meet with workplace accidents, and extend medical and crisis assistance to members of the IP community
- Extend wake and burial benefits, as well as shoulder related expenses, to IP workers who die in workplace accidents and their families

- Support civic and cultural activities, and extend livelihood and vocational trainings to CADT as part of its community development program (CDP) during exploration phase.
- Repair and regularly maintain all roads affected by or damaged by the project operation within the barangay
- Construct a two-room pre-school-building, costing PhP700,000, in an area to be identified by the Pigbogolalan under the CDP agreement
- Provide a water system, potable level II, that guarantees a sustainable water supply within the exploration area under the CDP agreement

**c. Education:**

- Provide educational assistance to at least 5 qualified and deserving IP students, subject to the scholarship program of the TVI-CREDO

**d. Employment:**

Provide job opportunities to qualified IPs or ICC members, including hiring a minimum of 30 workers, subject to a selection process supervised by the tribal council. IP members will be prioritized in the hiring of security personnel or SCAA. Wages, allowances, and other benefits will be extended in accordance with existing labor laws.

**e. Relinquishment of Control and Occupation:**

- Relinquish all rights, control and possession over affected lands to the Subanon tribe upon termination of the MPSA exploration process and compliance by proponent of environmental work program, as required by MGB.

**f. Restoration and compensation of affected/damaged properties:**

- Relocate and reconstruct all the houses or dwellings of IPs that are affected by the project. Individual affected IP landholdings, plants, and other properties shall be compensated under the following conditions:
  - The tribal council and the TVI shall determine and agree on the cost of the damaged properties, landholdings and plants, and its payment shall be made to the affected individual before any exploration activity starts.
  - The cost of damaged properties, lands and plants will be jointly determined by the company and the tribal council, pursuant the IPs' own system of valuation.

Subanon Tribe    2% of the gross revenue    Not Necessary

TVI has committed to:

**a. Environmental Work Program:**

- Reintroduce of soil or overburdened materials to exploration areas as enforcement prior to the introduction of plants and vegetation
- Back-fill abandoned are with waste overburdened material derived during exploration activities to stabilize the ground and prevent subsidence during periods of underground work
- Prioritize waste management in the exploration site and in the community, consistent with standard rules and regulations of the MGB, DOH, and Local Sanitary Office.

**b. Social Services, Economic and Community Services:**

- Shoulder the hospitalization of its IP workers if they meet with workplace accidents, and extend medical and crisis assistance to members of the IP community
- Extend wake and burial benefits, as well as shoulder related expenses, to IP workers who die in workplace accidents and their families
- Support civic and cultural activities, and extend livelihood and vocational trainings to CADT as part of its community development program (CDP) during exploration phase.
- Repair and regularly maintain all roads affected by or damaged by the project operation within the barangay
- Construct a two-room pre-school-building, costing PhP700,000, in an area to be identified by the Pigbogolalan under the CDP agreement
- Provide a water system, potable level II, that guarantees a sustainable water supply within the exploration area under the CDP agreement

**c. Education:**

- Provide educational assistance to at least 5 qualified and deserving Subanon students within the CADT, subject to the following conditions:
  - They must pass a competitive examination
  - They must attend a state-owned or government-run institution, anywhere in Region XI
  - There must only be one grantee within one family.
- They will be given their full tuition fee; a monthly allowance of P2,000.00; a uniform allowance for the first semester of the first year, equivalent to not less than P2,500; and a book allowance of P2,500.00 for every semester.
- The total amount of the educational grant will be deposited in a trust fund, to ensure that all scholars will be able to finish their within the specified period of the degree or course chosen by the grantee. The trust will be jointly administered by the CADT desk and Pigbogolalan.
- If a grantee becomes disqualified, he must vacate his slot. The vacancy will then be filled through the same process stipulated in the preceding sections.

**d. Employment:**

- Hire 70% of its unskilled laborers from the Subanons of Siocon, in accordance with its hiring procedures and processes.
- Extend preferential hiring privileges to CADT members in Siocon when hiring skilled workers such as masons, carpenters, publicators, and others.
- Prioritize the hiring of Security Personnel or SCAA who were previously-trained and financed by the Pigbogolalan
- Pay wages, allowances and other benefits in accordance with existing labor laws

**e. Relinquishment of Control and Occupation:**

- Relinquish all rights, control and possession over affected lands to the Subanen tribe upon termination of the MPSA exploration process and compliance by proponent of environmental work program, as required by MGB. All commitments under this MOA, and the CDP projects, will continue to be implemented until completed by the mining company.

**f. Restoration and compensation of affected/damaged properties:**

>The mining company shall relocate and reconstruct all the houses/dwellings of Subanon tribe within the CADT which will be affected by the project. Such relocation of the houses/dwellings shall be made under following conditions:

-before the exploration, each shall be the duty of the mining company to notify in the most expedient way the Pigbogolalan of the houses/dwellings which will be affected by the proposed exploration.

>after notifying the Pigbogolalan, each shall commence relocation proceeding against the affected or house /dwellings for each relocation, the cost of which shall based on the valuation of the joint valuation team, w/c shall be composed of a technical personnel of TVI-CREDO, members of the exploration team, a member of Pigbogolalan, and the owner of the house/dwelling. In case there is refusal on the part of the owner, the Pigbogolalan shall constitute legal action that cost of w/c shall be borne by the proponent.

>Relative thereto, plants and other property shall be compensated under the following condition:

-the joint valuation team shall determine and agree of the cost of the damage properties and landholdings and crops.

-payments shall be made to the affected individual before any exploration activity starts.

**A. Exploration Period:**

a. The mining company shall pay to the IP in the amount of P250, 000.00 each barangay affected by the exploration project with the total amount of P1, 250,000 representing the 5 barangays. For the period

- of 5 years and the same amount shall be paid every 5 years thereafter and payments shall be made on the first month covering on the first succeeding 5 years.
- b. the mining company shall give 50% slot to the tribal members in the hiring of labourers and personnel base on their skills and qualification subject to be recommendation of the tribal council in a form of resolution noted and indorse by the tribal chieftain.
- c. the mining company shall give consent and/or waiver to the group of IPs with juridical/legal personalities who are interested to engage in small scale mining business provided that will strictly adhere to the small scale mining laws and regulation. Provider further that the area to the applied for SSMP is not within the identified potential area of the company.
- d. To respect the rights of ICCs in the preserving and developing their culture, traditions and institution. Towards this end, it shall implement its project activities and performs its obligation herein stated, taking into consideration the customs, tradition, values, beliefs, interest and institutions of the ICCs.
- e. no improvement, development or any activity maybe introduce w/o proper coordination with the concerned IPs most especially in burial grounds and other sacred places is identified in advance by the IP.
- f. Any damage caused to properties w/n the subject area belonging to ICCs/IPs shall be properly compensated.
- g. the IPs has priority rights to use manage and negotiate any development opportunities w/n the identified area claimed by the mining company subject to the ADASDPP formulated by ICCs/IPs after relinquishment of rights by the mining company.
- B. Mineral production:**
- a. 1% from monthly gross output:  
-the 70% of the 1 % shall be given directly to the IPs.  
-the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.
- b. scholarship program with qualification average of 85%.
- c. health services or medical assistance, beneficiaries must have recommendation from the tribal council in the form of resolution.
- d. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Mandaya/Kamayo by blood and resident of affected community.
- e. the mining company shall conduct free medical outreach every year.
- f. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.

Monthly royalty fee= P50, 000.00 for 5 years, P75, 000.00 from 6-10 years and P100, 000.00 from 11<sup>th</sup> year up to the end, P25k monthly to the respective areas when there is no activity. Cash advance in 1 year= P300k after signing the MOA however the company will pay the remaining p25k if there is mining exploration activity. And payment of such monthly royalty feed shall ceased when the mining company

Not Necessary

- a. 1% from monthly gross output:
  - the 70% of the 1 % shall be given directly to the IPs.
  - the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.
- b. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.
- c. scholarship program with qualification average of 85%.
- d. health services or medical assistance, beneficiaries must have recommendation from the tribal council in the form of resolution.
- e. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Mandaya/Kamayo by blood and resident of affected community.

starts its commercial production operation. NCIP= 10% of the 1% royalty share the gross output.

Manobo tribes

N/A

Not Necessary

**A. EXPLORATION PERIOD:**

- a. The company shall pay to the IP in the amount of P250K each barangay. Affected to the exploration project w/ the total amount of P500K representing the 2 barangays for the period of 5 years and P250K shall be paid every 5 years thereafter and payment shall be made on the 1<sup>st</sup> month covering the succeeding years.
- b. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.

**B. Mineral Production Period:**

- a. health services or medical assistance, beneficiaries must have recommendation from the tribal council in the form of resolution.
- b. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Manobo by blood and resident of affected community.
- c. 1% from monthly gross output:
  - the 70% of the 1 % shall be given directly to the IPs.
  - the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.
  - >the mining company shall conduct free medical outreach every year in coordination with the NCIP.
- d. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.

-When there is mining activity = P75k/month  
-no activity= P50k/month

- a. The mining company shall give 10 sacks of rice for tribal council including tribal chieftain and shall be divided equally (June 2010 up to end of contract).
- b. The mining company binds itself to give 1% share out of its monthly gross output to the IP:
  - 70% of the 1% share shall be given directly to the IP:
  - 40%= directly affected



>Cash advance  
for 1 yr =  
P600k after  
signing this  
MOA

30%= community or livelihood project  
5% =Brgy. Tribal organization/mobilization  
20%= CAMMPACAMM  
5%= sector leader or owner

-the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.

c. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.

d. scholarship program with qualification average of 85%.

e. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Manobo by blood and resident of affected community.

f. the mining company shall bind itself to provide to 3<sup>rd</sup> party the amount equivalent to 10% of the 1% of the royalty share from the gross output and such amount shall be on top of the 1% of the royalty share to the IP

Monthly  
royalty  
fee=P50K for  
the first 5 yrs.,  
P75K from 6<sup>th</sup>-  
10<sup>th</sup> years and  
P100K from  
11<sup>th</sup> up to the  
end.  
P25K/month  
when there is  
no activity.  
NCIP= 10% of  
the 1% royalty  
share the  
gross output.

Not Necessary

a. The mining company binds itself to give 1% share out of its monthly gross output to the IP:  
-70% of the 1% share shall be given directly to the IP:

50%=directly affected less 5% w/c shall be given to sectoral leaders

10%=BTCDBI

10%=Bunawan Brook

5%=6 barangays

-the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.

b. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.

c. scholarship program with qualification average of 85%.

d. health services or medical assistance, beneficiaries must have recommendation from the tribal council in the form of resolution.

e. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Manobo by blood and resident of affected community.

N/A	Not Necessary	<p><b>A. Exploration Period:</b></p> <p>a. P250K for each Brgy affected by the exploration project with the total amount of P1,750,000 representing the 7 Brgys. For the period of 5 years.</p> <p>b. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.</p> <p><b>Mineral Production Period:</b></p> <p>a. 1% from monthly gross output: -the 70% of the 1 % shall be given directly to the IPs. -the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.</p> <p>b. scholarship program with qualification average of 85%.</p> <p>c. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Manobo by blood and resident of affected community.</p> <p>d. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.</p>
<p>&gt;Monthly royalty fee=P50K for the first 5 yrs., P75K from 6<sup>th</sup>-10<sup>th</sup> years and P100K from 11<sup>th</sup> up to the end. P25K/month when there is no activity. &gt;NCIP= 10% of the 1% royalty share the gross output.</p>	Not Necessary	<p>e. The mining company binds itself to give 1% share out of its monthly gross output to the IP: -70% of the 1% share shall be given directly to the IP: 50%=directly affected less 5% w/c shall be given to sectoral leaders 10%=BTCDBI 10%=Bunawan Brook 30%=6 barangays</p> <p>-the NCIP would ensure that the remaining 30% of the 1% funds receive will be allocated to the ICCs/IPs for development project, provision for social services or infrastructures in accordance with their duly adopted ADSDPP.</p> <p>f. 50% slot to the tribal in the hiring of laborers and personnel base on their skills and qualification subject to recommendation of the tribal council in a form of resolution.</p> <p>g. scholarship program with qualification average of 85%.</p> <p>h. mortuary aid = P10, 000.00 for the MOA signatory tribal leader and P5, 000.00 for the IP member who CADT beneficiaries having up to 12.5% Manobo-Manobo by blood and resident of affected community.</p> <p>i. health services or medical assistance, beneficiaries must have recommendation from the tribal council in the form of resolution.</p>

<b>SR metals Inc.</b>	Accredited Tribal Sectoral Leaders of the Indigenous Cultural Communities (ICC) rep. Mun. of Tubay & Santiago	1% where 30% of which for Environmental and Community Development Issues and Concerns while the 70% for other related issues and concerns	Not Necessary	<p>Issues:</p> <p>30% of 1%</p> <ol style="list-style-type: none"> <li>1. Environmental Protection and Rehabilitation</li> <li>2. Employment Opportunities thru Tribal Leaders</li> <li>3. Education and Scholarship Grants</li> <li>4. Provision for Housing Facilities</li> <li>5. Provision of Safe Water System Facilities</li> <li>6. Relocation Site</li> <li>7. Establishment of Mango Plantation</li> <li>8. Road Network Improvement and Maintenance</li> <li>9. provision of Livelihood Project</li> <li>10. Philhealth and Medical Services</li> </ol> <p>70% of 1%</p> <ol style="list-style-type: none"> <li>1. Provision of honoraria for all accredited tribal leaders and head of Certificate of Ancestral Domain Title (CADT) claimant at P5,000 pesos/month</li> <li>2. Representation of two IPs as member in the monitoring team.</li> <li>3. Provision of 1 sack rice to all accredited tribal chieftains on a monthly basis.</li> <li>4. Direct endorsement of tribal leaders to prevent politicalization during hiring in the hiring/recruitment of IPs</li> <li>5. Development and realization of a Barangay Tribal Site at the top ridge or conversion as a regular Tribal Barangay.</li> <li>6. Provision of an IP Desk Assistance Center at SR Metals compound.</li> <li>7. Provision of communication equipment to all accredited tribal chieftains within the CADT area.</li> <li>8. Other related social infrastructure and amenities</li> <li>9. Honoraria to tribal council members, tribal secretaries, tribal treasurers and tribal youth representatives amounting to P3,000 and 1 sack of rice on a monthly basis.</li> <li>10. Conduct of OJTs especially on the operation of Heavy equipments</li> <li>11. Other developmental concerns, circumstances and situations.</li> </ol>
<b>Taganito Mining Corporation (TMC) (Made Year 2006)</b>	Asosasyon sa Madazaw na Panagkaisa nan mga Tribong	1% from the gross output	Not Necessary	<ol style="list-style-type: none"> <li>1. Financial assistance for livelihood projects of 500,000.00 pesos/year (2006-2031) – 250,000 every last week of June and 250,000 every 2<sup>nd</sup> week of December deposited to AMPANTRIMTU bank account.</li> <li>2. Settlement Hosuing and Bunkhouses (staggered basis for 3 years)</li> </ol>

Mamanwa sa  
Taganito ug  
Urbiztondo  
(AMPANTRIMT  
U)

-48 units (19@Taganito, 29 @ Urbiztondo) of low cost housing of light materials with facilities (toilet & water) and light facility but with power/electricity at IPs expense in a designated settlement site  
- 1 bunk/row house of light materials with 3 rooms in Bacuag, Guigaquit  
- 1 bunk/row house of light materials w/ 33 rooms at centro Mahanub, Guigaquit  
- Financial assistance on acquisition of 3 lots of 100sq. meters @ P15,000/lot or total of P45,000 for housing site

### 3. Employment

- a. 4 IPs for exploration works (drilling)/environmental unit
- b.. 4 IPs for loading/maintenance crew every shipment (casual and rotation basis)
- c. subject to availability of regular position and in consultation with the Union, things being equal, TMC shall regularize IPs who qualify under its hiring policies

### 4. Scholarship & Educational Assistance/learning centers

- a. Expand existining non-formal Learning Center with subsidized teachers to be integrated in the tribal settlement area in Taganito and Urbiztondo with water and lighting facilities
- b. Provide financial assistance to four (4) deserving college students in Surigao Colleges

5. Provide skill training.OJT program such as driving, heavy equipment operator, etc. for interested IPs for possible integration into TMC workforce if already qualified

### 6. Health

- a. Make available to IPs medical staff of nurse and midwife on 24-hour duty as well as the services of retained physician.
- b. Provide free transportation to and from the hospital to IPs especially during emergency

### 7. Environment

The Mine Rehabilitation Fund and Contingent Liability Rehabilitation Fund (CLRF) initially funded by TMC in amount of 5 Million (now over 6 million) under MGB w/ participation of NGOs, IPs and DENR shall answer for any damage cause by mining activities of TMC.

### 8. Culture Sensitivity

TMC shall recognize and respect the right of AMPANTRIMTU to preserve and develop their culture, traditions and institutions.

9. Adopt measures that would recognize and respect IPs rights for conservation and protection of:
  - a. ancestral claim;
  - b. support system for traditional kinship, friendship, neighbourhood clusters, tribal and inter-tribal relationship rooted in cooperation sharing and caring;
  - c. sustainable and traditional agricultural cycle, community life, village economy and livelihood activities,
  - d. houses, properties, sacred and burial grounds

**Taganito Mining Corporation (TMC)**

Mamanwa Tribe of Brgy. Taganito and Urbiztondo members of Asosasyon sa Madazaw na Panagkaisa nan mga Tribong Mamanwa sa Taganito ug Urbiztondo (AMPANTRIMTU)

1% from the Gross Output

Not Necessary

Financial Assistance (THPAL):

- a. **Construction period:** THPAL shall pay 3 million pesos/year until project achieves commercial production
- b. **Commercial production:** Year 10-12: P11M  
Year 13-15: P13M  
Year 16-18: P15M  
Year 19-21: P17M  
Year 22-24: P19M  
Year 25-27: P21M  
Year 28 onwards: P23M/yr

IPs can get 10% of SDMP Fund from THPAL and TMC. THPAL and TMC can also combine their SDMP funds.

P2M/yr to NCIP

Employment (THPAL)

- 10 full time employment to IPs if can comply w/ requirements

Additional (THPAL)

- 2 units Honda TMX Motorcycles
- 2 units Icom VHF radio base
- 8 units Icom VHF handheld receivers/radios
- 2 units Sony Digital Camera

**Taganito HPAL Nickel Corporation (THPAL)**

**(Made Year 2009)**

- 2 units Sony Digital Video Recorder
- 1 unit ambulance, Suzuki multicab, 4x4, 12 valve with differential and axle locks
- 1 unit Isuzu (SADDAM) Truck, 12 wheelers

JOINT obligation by TMC & THPAL:

1. Housing: existing + tribal hall & basketball court

Others: improvement/maintenance of existing projects in MOA 2006

**Berong Nickel Corporation (BNC) (2005)**

Tagbanua Indigenous Peoples/Indigenous Cultural Community

Assistance/Services (from royalty): Education, health & safety, livelihood projects, infrastructure projects, portable water supply & electrification, others

Not Necessary

1. Provide specific measures for conservation, protection of IP's ancestral domain

2. - On start of exploration, BNC respects the rights of IPs to their ancestral land, traditional land ownership system and sacred burial grounds, esp. those who have possession occupation and improvements w/in the CADT

- respect customary law, traditions and practices

Provide justifiable compensation for land use, destruction of crops and properties and other damages that maybe affected by the operation

3. Benefits to community

- BNC gives preference to qualified IP members for possible job placement in case there is a need for manpower

- BNC assists IPs in the application of CADT

- BNC must comply EIS, ECC

Others

- IPs must have representative in the Joint Monitoring Team

- BNC and IPs must submit quarterly reports (necessary facts, programs, benefits) to NCIP

**Berong Nickel Corporation (BNC) (2007)**

- Assistance/Services (from royalty): Education, health & safety,

Not Necessary

1. Provide specific measures for conservation, protection of IP's ancestral domain

2. - On start of exploration, BNC respects the rights of IPs to their ancestral land, traditional land ownership system and sacred burial grounds, esp. those who have possession occupation and improvements w/in the CADT

- respect customary law, traditions and practices

		livelihood projects, infra projects, portable water supply & electrification, others (TABULAR DATA ATTACHED)		<p>Provide justifiable compensation for land use, destruction of crops and properties and other damages that maybe affected by the operation</p> <p>3. Benefits to community</p> <ul style="list-style-type: none"> <li>- BNC gives preference to qualified IP members for possible job placement in case there is a need for manpower</li> <li>- BNC assists IPs in the application of CADT</li> <li>- BNC must comply EIS, ECC</li> </ul> <p>Others</p> <ul style="list-style-type: none"> <li>- IPs must have representative in the Joint Monitoring Team</li> <li>- BNC and IPs must submit quarterly reports (necessary facts, programs, benefits) to NCIP.</li> </ul>
<b>Berong Nickel Corporation (BNC) (2009)</b>	Tagbanua Indigenous Peoples/Indigenous Cultural Community of Brgy. Colandatum and Aporawan, Mun. of Aborlan, Province of Palawan	Assistance/Services (from royalty): Education, health & safety, livelihood projects, infra projects, portable water supply & electrification, others	Not Necessary	<p>1. Provide specific measures for conservation, protection of IP's ancestral domain</p> <p>2. - On start of exploration, BNC respects the rights of IPs to their ancestral land, traditional land ownership system and sacred burial grounds, esp. those who have possession occupation and improvements w/in the CADT</p> <ul style="list-style-type: none"> <li>- respect customary law, traditions and practices</li> </ul> <p>Provide justifiable compensation for land use, destruction of crops and properties and other damages that maybe affected by the operation</p> <p>3. Benefits to community</p> <ul style="list-style-type: none"> <li>- 50% of Unskilled workers will be IPs</li> </ul> <p>Others</p> <ul style="list-style-type: none"> <li>- IPs must have representative in the Joint Monitoring Team</li> <li>- BNC and IPs must submit quarterly reports (necessary facts, programs, benefits) to NCIP</li> </ul>
<b>Oriental Synergy Corporatio</b>	Tagbanua Indigenous Peoples/Indigenous Cultural Community	1% of the gross output	Not Necessary	<p>a. Livelihood Project: &gt;P50,000/yr</p> <p>b. Health &gt;P18,000/yr</p> <p>c. Employment priority</p>

>Based on their skills.  
 d. Education:  
 >School building  
 >P10,000/yr for school supplies

Mamanwa  
 Tribe

**ACMDC**

Tagbanua  
 Indigenous  
 People

N/A

Not Necessary

- a. Employment for qualified IP members with endorsement of the tribal leader. 50% of unskilled workers.
- b. Medical Assistant
- c. Scholarship
- d. Day care center
- e. Livelihood Project
- f. Cultural Assistance

\*PNOC is a Coal Exploration Project



**Annex R-1:  
Summary of Benefits in the  
MOA between Mining  
Companies and IP/ICCs**

COMPANY	Recipient	Royalty (in P)	Donation (in P)	Benefits in the MOA																						
				Employment	Housing	Education	Health	Sports	Rice	Peace and security	Transportation	Water System	Livelihood Project	Infrastructure	Electrification	Equipment	Financial Assistance	WATER SUPPLY	Honorarium	Environment protection	Welfare for the youth and women	Membership in the CTWG and MMT	Relocation	Cultural assistance	Mortuary assistance	Registration of the local organization to SEC
PGMC	TAGBANUA AND PALAWEÑO INDIGENOUS PEOPLES	Y	N	Y	N	Y	Y	N	N	N	N	N	Y	Y	Y	N	N	Y	N	N	N	N	N	N	N	N
	KABIHUG INDEGENEOUS PEOPLE	N	N	Y	N	Y	Y	N	N	N	N	N	Y	N	N	N	N	N	N	Y	N	N	N	N	N	N
PNOC EXPLORATION CORP	MONOBO TRIBES	N/A	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
JCG RESOURCES CORP.	MAMANUA INDIGENOUS PEOPLE	Y	N	Y	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N
CARRASCAL NICKEL CORP.	MANOBO AND MAMANWA TRIBES	Y	N	Y	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	N	N	N	N
OCEANA GOLD RESOURCE CORP.	MAMANWA TRIBE	Y	N	Y	N	Y	Y	N	N	N	N	N	Y	Y	N	N	N	N	N	Y	N	N	N	Y	Y	N
RIO TUBA NICKEL CORPORATION	PALAWEÑO IP	N/A	N	Y	N	Y	Y	Y	N	Y	N	N	Y	Y	N	N	N	N	N	N	N	N	Y	N	N	N
SHENZOU MINING GROUP CORPORATION	MAMANWA TRIBE	Y	N	Y	Y	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N
SHULEY MINES, INC.	TAGBANUA IP	N/A	N	Y	Y	Y	N	N	N	N	Y	Y	N	Y	N	N	N	N	N	N	N	N	N	N	Y	N
APEX MINING COMPANY INCORPORATED	ICC OF MACO, COMPOSTELA VALLEY PROVINCE	Y	N	Y	Y	N	N	N	N	N	N	N	N	Y	N	Y	N	N	N	Y	N	N	N	N	N	N
MARCVENTURES MINING AND DEVELOPMENT CORPORATION	MANOBO TRIBE	Y	N	Y	Y	Y	Y	N	N	N	Y	N	N	N	N	Y	N	N	N	Y	N	N	Y	N	N	N
CITINICKEL MINES AND DEVELOPMENT	TAGBANUA AND PALAWANO INDIGENOUS PEOPLE	Y	N	Y	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	Y	N	N	N	N	N	N



NICKEL CORPORATION (THPAL) (MADE YEAR 2009)	PANAGKAISA NAN MGA TRIBONG MAMANWA SA TAGANITO UG URBIZTONDO (AMPANTRIMTU)																										
BERONG NICKEL CORPORATION (BNC) (2005)	TAGBANUA INDIGENOUS PEOPLES/INDIGENOUS CULTURAL COMMUNITY	Y	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N
BERONG NICKEL CORPORATION (BNC) (2007)	TAGBANUA INDIGENOUS PEOPLES/INDIGENOUS CULTURAL COMMUNITY OF BRGY. COLANDANUM AND APORAWAN, MUN. OF ABORLAN, PROVINCE OF PALAWAN	Y	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N
BERONG NICKEL CORPORATION (BNC) (2009)	TAGBANUA INDIGENOUS PEOPLES/INDIGENOUS CULTURAL COMMUNITY	Y	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N
Oriental Synergy	Mamanwa tribe	Y	N	Y	N	Y	N	N	N	N	N	N	Y	Y	N	N	N	N	N	N	N	N	N	N	N	N	N
ACMDC	Tagbanua Indigenous People	N/A	N	Y	N	Y	Y	N	N	N	Y	N	Y	Y	N	N	N	N	N	N	Y	Y	Y	N	N	N	N
<b>Total</b>		<b>Y=19 N/A=6</b>	<b>N=100%</b>	<b>Y=100%</b>	Y= 8	Y=21	Y=17	Y=1	Y=2	Y=1	Y=4	Y=1	Y=8	Y=13	Y=1	Y=3	Y=5	Y=1	Y=1	Y=10	Y=1	Y=6	Y=4	Y=5	Y=7	Y=1	Y=1

**Annex S:**  
**Important Information on**  
**the MOAs by Company and**  
**IP Recipient**

Company	Recipient	Location	Area (ha)	Permit Issued	Date MOA signed	Persons Involved	ADO Control No	Date Compliance Certificate issued/signed
PGMC	Tagbanua and Palaweño Indigenous Peoples	Brgy. San Isidro, Municipality of Narra, Province of Palawan	No Data	APSA-IV-B-040	No Date	<b>IPs:</b> 1. Lorenzo Olusan 2. Normelito Diaz 3. Remegio Basio 4. Lorenzo Talungag 5. Ruben Lantas 6. Contado Dutin 7. Adriano Tabas 8. Restituto Cacal 9. Domingo Vicente 10. Sajeral Deldel 11. Malol Mause 12. Lim Kutat 13. Pedro Darde 14. Sapin Ragon <b>PGMC:</b> 1. Roberto A. Nieto <b>NCIP:</b> 1. Jannette Cansing Serrano 2. Ricardo O. Sanga	CCRIV-06-03-032	03-20-2006
	Kabihug Indigenous Peoples	Brgy. Sta. Barbara, Luklukan Sur Municipality of Jose Panganiban Camarines Sur	173.6864	APSA-000329-V	10-28-2006	<b>IPs:</b> 1. Dado Susutin 2. Erwin Alber 3. Leo San Luis 4. Efren Valeros 5. Rafael M. Atayde <b>NCIP:</b> 1. Hon. Jannette Cansing Serrano <b>Witnesses:</b> 1. Felrida Lozano 2. Agnes Salvino	CCRV-07-02-68	02-16-2007

						<ul style="list-style-type: none"> <li>3. Reymond Carranceja</li> <li>4. Julian Nobleza</li> <li>5. Jose Bondoy</li> <li>6. William Gracella</li> <li>7. Azucena Emperio</li> <li>8. Allan Barrios</li> <li>9. Ronnie Abriol</li> </ul>		
<b>*PNOC Exploration Corp</b>	Monobo Tribes	Brgys.Layog and Caras an, Tago, Surigao del Sur	3,000	Coal Exploration Contract No. 140 (COC 140)	No date	<b>PNOC:</b> <ul style="list-style-type: none"> <li>1. Leocadio Ostrea, vice President</li> </ul> <b>IPs:</b> <ul style="list-style-type: none"> <li>1. Datu Porferio Curvera</li> <li>2. Datu Teodolo Atyaw</li> </ul> <b>NCIP:</b> <ul style="list-style-type: none"> <li>1. Atty. Eugenio Insigne, Chairman</li> </ul> <b>Witnesses:</b> <ul style="list-style-type: none"> <li>1. Owen Ducena</li> <li>2. RonieOrdorie</li> <li>3. Semei Colonia</li> </ul>	CCR XIII-08-04-136	04-29-2008
<b>JCG Resources Corp.</b>	Mamanua Indigenous Peoples	Mainit Alegria	No Data	No Data	11-23-2002	<b>IPs:</b> <ul style="list-style-type: none"> <li>1. Datu Alfredo Surigao</li> <li>2. Datu Juan Biog</li> <li>3. Datu Jaime Aidao</li> <li>4. Elena Magsaganay</li> <li>5. Marivic Tiambong</li> <li>6. Natividad Macupahon</li> <li>7. Lilita Tiambong</li> <li>8. Dionesio Aydao Jr.</li> <li>9. Joven Catarman</li> <li>10. Celestino Tiambong</li> <li>11. Omar Aydo</li> <li>12. Camila Calang</li> <li>13. Victoria Tiambong</li> <li>14. Guelermo Tiambong</li> <li>15. Welmar Hubos</li> <li>16. Elmar Biog</li> </ul>	CCR XIII-04-01-002	01-30-2004

						17. Dayana Tiambong 18. Anthony Calang 19. Teresita Morales 20. Janice Morales 21. Linda Morales 22. Fedila Biog 23. Felipe Morales 24. Vivian Biog 25. Juan Calang 26. Loloy Morales 27. Domininc Patac <b>JCG:</b> 1. Atty. Joel Muyco 2. Atty. Renaldo Maceda <b>Witnesses:</b> 1. Domingo Pareja Jr., CESO III Regional Director of NCIP 2. Datu Ebanta Evangelisto Morada, Chairman of Regional Tribal Consultative Assembly 3. Engr. Carlo Matilac of MGB 4. Servando Morales LGU rep.		
<b>Carrascal Nickel Corp.</b>	Manobo and Mamanwa Tribes	Municipality of Carrascal, Surigao del Sur	4,500	MPSA No. 243-2007-XIII-SMR	05-29-2010	<b>CNC:</b> 1. Engr. William Kewan <b>IPs:</b> 1. Hawodon Cesar Bat-ao Sr. 2. Martino Ala 3. Hawodon Udyutan Daging 4. Hawodon Perlito Montanez 5. Hawodon Roperto Ponson 6. Hawodon Ryan Huniog 7. Hawodon Ronnie Jusay <b>LGU:</b> 8. Hon. Martino Ala, Nrgy. Capt. <b>NCIP:</b>	CCR XIII-11-12-50	12-20-2011



						<ol style="list-style-type: none"> <li>1. Zenaida Brigada Pawid, Chairman</li> <li>2. Tranquilino Ating, Council of Elder per Resolution</li> </ol> <p><b>Witnesses:</b></p> <ol style="list-style-type: none"> <li>1. Hon. Alfred Arreza, ECE Municipal Mayor</li> <li>2. Engr. Charlyn Bingham, Provincial officer team leader</li> <li>3. Atty. Rene Medina, legal counsel-CNC</li> </ol>		
<b>Oceana Gold Resource Corp.</b>	Mamanwa Tribe	Brgys. Gacepan, Mayag, and Biyabid of Sison; Brgys. Cagtinae, Doro, San Isidro, Tinago., Cayawan, Hanagdong, and Bunyasan of Malimono and Brgys. Cantugas of Mainit, all Surigao Del Norte	2806.437- whole area  1859.74 - within ancestral domain	EXPA No. 000210-XIII	07-11-2012 Adendum: 09-27-2013	<ol style="list-style-type: none"> <li>1. Bradley Dean Norman, country director of Oceana Gold Resource Operation</li> </ol> <p><b>IPs:</b></p> <ol style="list-style-type: none"> <li>1. Dakula Cain Hukman</li> <li>2. Bae Solidad Cañete</li> <li>3. Dakula Dominador Rabuya</li> <li>4. Bae Leonedes Laid</li> <li>5. Dakula Ramil Jubasan</li> <li>6. Dakula Rolando Tiambong</li> <li>7. Dakula Anatalio Tiambong</li> <li>8. Dakula Demetrio Balocloc</li> <li>9. Bae Abundia Mondejar</li> <li>10. Bae Ester Danapa</li> </ol> <p><b>NCIP:</b></p> <ol style="list-style-type: none"> <li>1. Leonor Quintayo</li> </ol> <p><b>Witnesses:</b></p> <ol style="list-style-type: none"> <li>1. German Tiambong</li> <li>2. Manuel Ellarina</li> </ol>	CCR XIII-13-12-67	09-12-2013
<b>Rio Tuba Nickel Corporation</b>	Palaweño Indigenous Peoples	Sito Gotok, Brgy. Iwahig, Bataraza, Palawan	81 ha. , and 13 ha of which is the subject area to be developed	AMA-IVB-118	12-2003	<p><b>RTMNC:</b></p> <ol style="list-style-type: none"> <li>1. Jose Saret</li> </ol> <p><b>Iwahig:</b></p> <ol style="list-style-type: none"> <li>1. Lino Bustante</li> <li>2. Rodolfo Tingcatan</li> </ol> <p><b>Sandoval:</b></p>	CCR IV-04-09-012	09-01-2004

			within a period of twenty (20) years			<ol style="list-style-type: none"> <li>1. Andido Acat</li> <li>2. Elias Acat</li> </ol> Kaluntuod <ol style="list-style-type: none"> <li>3. Curob Dambo</li> <li>4. Atty. Reuben Dasay Lingating</li> <li>5. Ambrose Sagalla, Provincial officer</li> </ol>		
<b>Shenzou Mining Group Corporation</b>	Mamanwa Tribe	Claver, Province of Surigao del Norte	433 ha.	MPSA No. 103-98-XIII	02-21-2010	<b>Shenzou:</b> <ol style="list-style-type: none"> <li>1. Jacqueline Mel De Leon</li> </ol> <b>IPs:</b> <ol style="list-style-type: none"> <li>1. Datu Reynante Buklas</li> <li>2. Datu Alicia Patac</li> </ol> <b>NCIP:</b> <ol style="list-style-type: none"> <li>1. Eugenio Insigne</li> </ol>	CCRXIII-10-02-13	02-23-2010
<b>Shuley Mines, Inc.</b>	Tagbanua Indigenous Peoples	Brgys. Colandanum, Aborlan, Palawan	1834.02	EPA-IVB-097	05-27-2008	<b>IPs:</b> <ol style="list-style-type: none"> <li>1. Felicina Lesian</li> <li>2. Cinon Ongot</li> <li>3. Balilio Laban</li> <li>4. Aniong Pardas</li> <li>5. Mascolino Lesian</li> <li>6. Felinacio Pegas</li> <li>7. Rejamin Ongot</li> <li>8. Julino Pugad</li> <li>9. Armilo Lagon</li> <li>10. Rosabel Ople</li> </ol> <b>SMI:</b> <ol style="list-style-type: none"> <li>1. Antonio Co</li> </ol> <b>NCIP:</b> <ol style="list-style-type: none"> <li>1. Eugenio Insigne</li> <li>2. Engr. Roldan Parangue</li> </ol>	CCRIV-08-08-150	07-31-2008
<b>Apex Mining Company Incorporated</b>	Mamanwa Tribe	Brgys. Masara, Mainit and Teresa, all of the Municipality of Maco,	5022	APSA-000242- XI with an amendment on area	06-16-2004	<b>Apex:</b> <ol style="list-style-type: none"> <li>1. Banadicto Jalandoon</li> </ol> <b>IPs:</b> <ol style="list-style-type: none"> <li>1. Datu Roberto Onlos</li> <li>2. Datu Sayongan Insog</li> </ol>	CCRXI-04-08-009	08-06-2004

		Compostela Valley Province, Philippines		coverage based on its APSA-000112-XI		3. Datu Rolando Casigloman 4. Datu Bernardo Guisang <b>NCIP:</b> 1. Atty. Reuben Dasay Lingating		
<b>Marcventures Mining and Development Corporation</b>	Manobo Tribe	Barangay Cabangahan in the Municipality of Cantilan, Sitio Maicam, Panikian in the Municipality of Carascal and Brgy. Bayogo in the Municipality of Madrid all in the Province of Surigao del Sur	4,799	MPSA 016-93-RXIII	07-15-2008	<b>Marcventure:</b> 1. Mario Vijungo, President of MMDC <b>IPs:</b> 1. Datu Panchito Gonzales 2. Datu Liborio Nadao 3. Datu Udyotan Daging 4. Datu Cosme Imboc 5. Teodoro Bat-ao 6. Hon. Ronaldo Buo 7. Datu Henry Ampo 8. Datu Teodoro Hunyog 9. Datu Perinal Grol 10. Datu Benjamin Tindogan 11. Datu Adelino Sumbiran 12. Datu Samuel Sumbiran 13. Datu Pequinio Ampo <b>NCIP:</b> 1. Atty. Eugenio Insigne, Chairman of NCIP <b>Witnesses:</b> 1. Engr. Charlene Bingham, MPA 2. Ordonio Rocero 3. Datu Eusebio Meniano 4. Eriberto del Piar	CCR XIII-08-11-172	11-13-2008
<b>Citinickel Mines and Development Corporation</b>	Tagbanua and Palawano Indigenous People	Barangay San Isidro, Municipality of Narra and Brgy. Pulot Interior Municipality of	No data	MPSA No. 229-2007-IVB	06-13-2008	<b>Citinickel:</b> 1. Ferdinand Pallera <b>IPs:</b> >Brgy. Panacan: 1. Lorenzo Tulungag 2. Brigada Beleg	CCRIV-08-12-177	12-17-2008

Sofronio  
Espanola, all  
province of of  
Palawan

3. Joel Limsa  
>Brgy. Princess Urduja Proper,  
Narra:
4. Lorenzo Ulusan
5. Charmelito Batac
6. Ruben Lantas
7. Remegio Basio
8. Agostino Pao
9. Arnold Tundan  
>Sitio Mariwara, Princess Urduja,  
Narra:
10. Toribio Tapoc
11. Adriano Tabas
12. Restititu Cacal
13. Jerry Wilson Cacal
14. Floreto Baule
15. Domingo Vicente
16. Filipe Nali
17. Sajeral Deldel
18. Rustico Cacal  
>Sitio Parangue, Brgy. Aramaywan,  
Narra:
19. Lamin Dalanza
20. Jalilol Mause
21. Lim Kutat
22. Ahidin Kutat  
>Sitio Cacarigan, Aramaywan, Narra:
23. Sapin Ragon
24. Silas Ragon
25. Saim Darde  
>Sitio Iniaran, Labog, Sofronio  
Espanola:
26. Jonathan Ong  
>Sitio Tagumagas, Labog, Sofronio  
Espanola:

						<p>26. Romel Tiangse 28. Romeo Banggala &gt;Sitio Piatan, Labog, Sofronio Espanola: 29. Vencio Lale 30. Daniel Dugay &gt; Sitio Naltep, Labog, Sofronio Espanola: 31. Anita Cacal 32. Jacquin Lumot 33. Dominguez Rompur &gt;Barangay Punang, Sofronio Espanola: 34. Rolando Padrones 35. Fermen Queron &gt;Pulot Center, Sofronio Espanola: 36. Jose Samonsaya 37. Dension Agga 38. Doming Bitican 39. Candidan Ulang &gt;Pulot Shore, Sofronio Espanola: 40. Sareol Dalendeg (No Signature) 41. Normita Dorig 42. Norhatab Dalendeg 43. Sapilin Sabilia &gt;Pulot Interio, Sofronio Espanol: 44. Paldina Japil 45. Belding NalipanKenesio Malasan 46. Tamboyong Samani (No Signature) 47. Lonesio Aplino <b>NCIP:</b> 1. Eugenio Insigne (No Signature) <b>Witness:</b> 1. Roldan Baragde</p>		
--	--	--	--	--	--	---	--	--

<b>TVI Resource Development (Phils)</b>	Subanen Tribe	Municipality of Dalman, Zamboanga	486	APSA No. R-IX-064	07-08-2006	<b>IPs:</b> 1. Timuay Maximo Tigon <b>TVI:</b> 1. Felicia Yeban <b>NCIP:</b> 1. Jannette Serrano Reiland <b>Witnesses:</b> 1. Celestino Talpis, Sr. 2. Lorido Temonio	CCRIX-07-12-111	12-07-2007
	Subanon Tribe	Municipality of Siocon, Zamboanga del Norte	2673	APSA No. 00023-IX	05-2011	<b>IPs:</b> 1. Timuay Anoy <b>TVI:</b> 1. Rene Subido <b>NCIP:</b> 3. Zenaida Brigada Pawid <b>Witnesses:</b> 1. Abdul Puengan 2. Victoriano Pasumala 3. Erdulfo Comisas 4. Soliling Onsino Mato	CCRIX-11-11-48	12-12-2011
<b>Philsaga Mining Corporation/ Sursur Mining Corporation</b>	Manobo-Mandaya/ Kamayo Tribes	Barangay Dona and Sta. Juana, all in the Municipality of Tagbina, Province of Surigao del Sur and Brgy. Buyogan three, Wasian and Cabantao/ Marfill, Municipality of Rosario and Brgy. Consuelo,	6093.50	EXPA-00181-XIII	No Date	<b>Philsaga mining corporation:</b> 1. COL. Samuel Afdal, President <b>IPs:</b> 1. Datu Morito Ogaa 2. Datu Alex Otacan 3. Hawodon Mabantao II Rodging Reyes 4. Hawodon Mabayog Emilio Oliver 5. Hawodon Felisio Perez 6. Hawodon Martin Reyes 7. Emmanuel Cabriadas 8. Bae Gelyn Manginsay <b>NCIP:</b> 1. Atty. Roque Agton Jr, Chairman	CCR XIII-10-10-41	10-27-2010

		Municipality of Bunawan, all in the Province of Agusan del Sur						
		Brgy. Mahayahay and Tapupuran, Lingig, Surigao del Sur	Parcel 2; 2710.1979	APSA-000024-XIII	06-06-2010	<b>Philsaga mining corporation:</b> 1. COL. Samuel Afdal, President <b>IPs:</b> 1. Datu Tuwao-An Gary Mandabon 2. Damian Vallejo 3. Lesnono Portillo 4. Emeterio Malazarte 5. Bertoldo Potillo 6. Elmer Cartajenas 7. Evaresto Consuegra 8. Lary Montenegro 9. Merylyn Mandabon 10. Prosefina Cayao 11. Daniel Bostaliño <b>NCIP:</b> 12. Atty. Roque Agton Jr, Chairman <b>Witnesses:</b> 13. Danny Gubaton 14. Normilita Malazarte	CCR XII-10-06-28	06-09-2010
	Manobo Tribes	Brgy. Bayugan 3, Municipality of Rosario and Brgy. Consuelo, Municipality of Bunawan, Agusan del Sur	192	APSA-00114-XII	2010	<b>Philsaga Mining Corporation:</b> 1. Col. Samuel Afdal, President <b>IPs:</b> 1. Hawodon Emelio Oliver 2. Bae Gelyn Manginsay 3. Hawodon Kalingay Euligio Cabriadas 4. Hawodon Emmanuel Cabriadas <b>NCIP:</b> 1. Atty. Roque Agton Jr. Chairman <b>Witnesses:</b> 2. Alberto Prado Sr.	CCR XIII-10-10-37	10-27-2010

	Brgy. Cabantao, Marfil, Maligaya Municipality of Rosario Province of Agusan del Sur	810	APSA-000077-XIII	06-06-2010	<b>Philsaga:</b> 1. Col. Samuel Afdal <b>IPs:</b> 1. Hawodon Mabantao II Rondging Reyes 2. Datu Rodolfo Pau-as 3. Hawodon Martin Reyes 4. Datu Artemio Sabas 5. Hawodon Samson Aboc 6. Datu Angeles Martinez 7. Datu Rustico Mandabon 8. Hawodon tranquilino Saday 9. Datu Marcelino Bentoso <b>NCIP:</b> 1. Atyy. Roque Agton, Jr., Chairman <b>Witnesses:</b> 1. Josue Duhai 2. Emiliot Oliver	CCR XIII-10-06-26	06-09-2010
	Brgy. Bunawan Brook, & Libertad Imelda Municipality of Bunawan, Province of Agusan del Sur	3047.53	EPA-000065-XIII	06-05-2010	<b>Philsaga:</b> 1. Samuel Afdal, President <b>IPs:</b> 1. Hawodon Agpan Daniel Luna 2. Hawodon Binautohan Rogelio Bebes 3. Hawodon Kabingwangan Clanico Bebis 4. Hawodon Silatan Ruben Penaloga 5. Hawodon Putting Bato Marcelino Salvado 6. Hawodon Sumosonod Felixberto Oliver 7. Hawodon Dominador Doblero 8. Hawodon Saugon Daniel Alejo 9. Hawodon Parola Atartes Mique	ADO-CP-XIII-10-06-01	06-09-2010



						<ul style="list-style-type: none"> <li>10. Hawodon Maghilot Antonio Numancia</li> <li>11. Hawodon Rogelio Mique Galandez</li> <li>12. Hawodon Mabas Andres Moday</li> </ul> <p><b>NCIP:</b></p> <ul style="list-style-type: none"> <li>1. Atty. Roque N. Agton Jr., Chairman</li> </ul> <p><b>Witnesses:</b></p> <ul style="list-style-type: none"> <li>1. Josue Duhac</li> <li>2. Hawodon Mahait Ernesto Amador Jr.</li> </ul>		
		<p>Brgy. Sta Juana, Municipality of Tagbina and Brgy. Coletto, San Roque and Maharlika, Municipality of Bislig City, all in the Province of Surigao del Sur and Brgy. Bayugan 3, Municipality of Rosario and Consuelo, Municipality of Bunawan and Brgy. Manat Municipality of Trento, all in the Province of Agusan del Sur</p>	5924.643	EXPA-00180-XIII	2010	<p><b>Philsaga:</b></p> <ul style="list-style-type: none"> <li>1. Samuel Afdal, President</li> </ul> <p><b>IPs:</b></p> <ul style="list-style-type: none"> <li>1. Datu Guzman Paud</li> <li>2. Datu Dionesio Baumbad</li> <li>3. Hawodon Mabayog Emilio Oliver</li> <li>4. Emmanuel Cebriadas</li> <li>5. Bae Gelyn Manginsay</li> <li>6. Datu Agpan Daniel Luna</li> </ul> <p><b>NCIP:</b></p> <ul style="list-style-type: none"> <li>1. Atty Roque Agton Jr., Chairman</li> </ul>	CCR XIII-10-10-39	10-27-2010

		Brgy. Bunawan Brook and San Andress Municipality of Bunawan Province of Agusan del Sur	2118.16	APSA-000054-XIII	06-06-2010	<b>Philsaga:</b> 1. Samuel Afdal <b>IPs:</b> 1. Hawodon Mahait Ernesto Amador Jr. 2. Hawodon Maghilot Antonio Numancia 3. Hawodon Parola Atartes Mique 4. Hawodon Away Maximiano Sawe 5. Hawodon Romeo Magbanwa 6. Hawodon Tandawan Roberto Cullantes 7. Hawodon Andres Lacaza Jr. <b>NCIP:</b> 1. Atty. Roque Agton Jr., Chairman 2. Josue Duhac	CCR XIII-10-06-26	06-09-2010
<b>SR metals Inc.</b>	Accredited Tribal Sectoral Leaders of the Indigenous Cultural Communities (ICC) rep. Mun. of Tubay & Santiago	Mun. of Tubay, Province of Agusan del Norte	No Data	MPSA Application No. XIII-00014	08-14-2006	<b>SRMI:</b> 1. Mr. Francis Enrico M. Gutierrez <b>IPs:</b> 1. Mr. Evangelisto Morada Jr. (Datu Ebanta) 2. Mr. Lito Manlubatan (Datu Ambongan) 3. Mr. Mario Pangadlin (Datu Katipunan) 4. Mr. Santiago Tiambong Jr. (Datu Kitbadbad) 5. Mr. Gil Buyo (Datu Pakig-angay) 6. Mr. Manuel Luyahan (Datu Makabungkag) 7. Mr. Janito Curob (Datu Curob) 8. Mr. Evie Bacalan (Datu Tina) 9. Mr. Bebuardo M. Manalat (Datu Elihan)	CCR XIII-06-11-59	11-30-2006

						<p>10. Mr. Cezar Obach (Datu Montabon)</p> <p>11. Mr. Rolito Moron (Datu Mapaso)</p> <p>12. Mr. Judine Cabigquez (Datu Marabusog)</p> <p>13. Mr. Eddie Pangadlin (Datu Eddie Pangadlin)</p> <p><b>NCIP:</b></p> <p>1. Domingo I. Pareja Jr.</p> <p><b>Witnesses:</b></p> <p>1. Mr. Eulo Nogan (FBI-FPIC TL)</p> <p>2. Mr. Josue Duhac (FBI-FPIC Member)</p> <p>3. Mr. Alex R. Garay (PEEDO/PEEDMO)</p> <p>4. Mr. Jimwel Orpilla (Legal Officer, SRMI)</p>		
<p><b>Taganito Mining Corporation (TMC) (Made Year 2006)</b></p>	<p>Asosasyon sa Madazaw na Panagkaisa nan mga Tribong Mamanwa sa Taganito ug Urbiztondo (AMPANTRIMT U)</p>	<p>(Taganito, Urbiztondo and Hayanggaban) Claver, Surigao del Norte</p>	<p>4,976.03 ha</p>	<p>MPSA</p>	<p>07-18-2006</p>	<p><b>TMC:</b></p> <p>1. Mr. Reynaldo R. Vigilia (Vice President for Finance)</p> <p>2. Artemio C. Moralda (Corporate Secretary)</p> <p>3. Gaspar R. Andres, Jr. (Legal Counsel)</p> <p>4. Conrado C. Tambiloc Jr. (Manager, technical Services)</p> <p>5. Armando P. Pereda (Resident Mine Manager)</p> <p><b>IPs:</b></p> <p>1. Datu Rizal Buklas (Tribal Leader-Taganito)</p> <p>2. Datu Alfredo Olorico (Tribal Leader-Urbiztondo)</p>	<p>CCRXIII-06-08-3808-07-2006</p>	<p>08-07-2006</p>

						<p>3. Datu Emiliano Gedi (Provincial Consultative Body Chairman-Provicen of Surigao del Norte)</p> <p><b>NCIP:</b></p> <p>1. Domingo I. Pareja Jr.</p> <p><b>Witnesses:</b></p> <p>1. Joan Billona (TL, Palilihan)</p> <p>2. Jerry Calinawan (TL, Puyawon)</p> <p>3. Hingpit Kalisangan (TL, Bongogon)</p> <p>4. Enrico P. Surigao (TL, Baliw)</p> <p>5. Danilo T. Calinawan (TL, Cawilian)</p> <p>6. Guillermo Tambong (TL, Budlingin)</p> <p>7. Ferdinand Lebrigo (TL, Tiltilan)</p> <p>8. Enrico Olise (TL, Puhagan)</p> <p>9. Julito P. Patosa (TL, Pagbangayan)</p> <p>10. Elena Magsanay (TL, Motorpool)</p> <p>11. Alfredo Surigao (TL, San Juan)</p> <p>12. Danilo Biog (TL, Camp Edward)</p> <p>13. Engr. Alilo Ensomo Jr. (OIC Regional Dir. MGB-XIII)</p> <p>14. Hon. Eddie Gokiankee (Mun. Mayor)</p>		
<p><b>Taganito Mining Corporation (TMC)</b></p> <p><b>Taganito HPAL Nickel Corporation (THPAL)</b></p>	Mamanwa Tribe of Brgy. Taganito and Urbiztondo members of Asosasyon sa Madazaw na Panagkaisa nan mga	(Taganito, Urbiztondo, Hayanggaban, Cagdiniao) Claver, Surigao del Norte	4,584.51 ha more or less covering Brgys. Urbiztondo, Taganito Hayanggab	TMC: MPSA No. 266-2008-XIII-SMR	11-2009	<p><b>TMC:</b></p> <p>1. Gerardo Brimo (President)</p> <p><b>THAL:</b></p> <p>1. Takanori Fujimara (President)</p> <p><b>IPs:</b></p> <p>1. Datu Renante Boklas (Tribal Leader-Taganito)</p> <p>2. Datu Alicia Patac (Tribal Leader-Urbiztondo)</p>	CCRXIII-09-11-61	11-19-2009

<b>(Made Year 2009)</b>	Tribong Mamanwa sa Taganito ug Urbiztondo (AMPANTRIMTU)		on and Cagdianao			<p><b>NCIP:</b></p> <ol style="list-style-type: none"> <li>Eugenio A. Insigne (Chairman)</li> </ol> <p><b>Witnesses:</b></p> <ol style="list-style-type: none"> <li>Hon. Eddie Gokiankee (Mun. Mayor)</li> <li>Atty. Jose "Jake" Dumagan Jr. (Acting Regional Dir. NCIP CARAGA Admin. Region XIII)</li> <li>Janet T. Urbaner (Group Relations Manager –Nickel Asia Corp.)</li> </ol>		
<b>Berong Nickel Corporation (BNC) (2005)</b>	Tagbanua Indigenous Peoples/Indigenous Cultural Community	Berong and Aramaywan, Quezon, Province of Palawan	No data	AMA-IV-B-047	No Date	<p><b>BNC:</b></p> <ol style="list-style-type: none"> <li>Alex R. De Leoz (Executive VP)</li> </ol> <p><b>IPs:</b></p> <p>(Sitio Talabonggon, Brgy. Berong)</p> <ol style="list-style-type: none"> <li>Dario Pandod</li> <li>Arnulfo Ogsoc</li> <li>Gardoque Ponoy</li> <li>Ruben Eleuterio</li> </ol> <p>(Sitio Tungib, Brgy. Berong)</p> <ol style="list-style-type: none"> <li>Pablo Danglong</li> <li>Aguinaldo Abala</li> <li>Langka Endalesio</li> </ol> <p>(Sitio Badlisan, Brgy. Berong)</p> <ol style="list-style-type: none"> <li>Victorino dangling</li> <li>Armelo Adial</li> <li>Ernesto Tomas</li> <li>Dionesio Mendez Jr.</li> </ol> <p>(Sitio Lamane Brgy. Aramaywan)</p> <ol style="list-style-type: none"> <li>Vernon Danglong</li> <li>Epifanio Marcelo</li> </ol> <p>(Sitio Marnek, Brgy. Aramaywan)</p> <ol style="list-style-type: none"> <li>Bartolo Badoc</li> </ol> <p>(Sitiuo Ibatong , Brgy. Aramaywan)</p> <ol style="list-style-type: none"> <li>Alfenio Nonoang</li> </ol>		

						<p><b>NCIP:</b></p> <ol style="list-style-type: none"> <li>Jannette Cansing Serrano (Chairperson)</li> </ol> <p><b>Witnesses:</b></p> <ol style="list-style-type: none"> <li>Roldan V. Parangue (NCIP Palawan Officer)</li> <li>Paul B. AZArcon (External Affairs Manager TMM Mgmt. Inc.)</li> </ol>		
<b>Berong Nickel Corporation (BNC) (2007)</b>	Tagbanua Indigenous Peoples/Indigenous Cultural Community of Brgy. Colandanum and Aporawan, Mun. of Aborlan, Province of Palawan	Long Point, Aporawan, Mun. of Aborlan, Palawan	2,493 ha.	AMA-IV-B-147	04-03-2007	<p><b>BNC:</b></p> <ol style="list-style-type: none"> <li>Renato S. Victorino (VP for Exploration)</li> </ol> <p><b>IPs:</b></p> <p>(Brgy. Colandanum)</p> <ol style="list-style-type: none"> <li>Feleciana Lesian</li> <li>Balilio K. Laban</li> <li>Cinon P. Ongot</li> <li>Mascolino Lecian</li> <li>Aniong Pardas</li> <li>Rosabel Ople</li> <li>Eltacio Calalawa</li> <li>Rejamin Ongot</li> <li>Feleciano Figas</li> </ol> <p>(Sitio Bubusawen, Brgy. Aporawan)</p> <ol style="list-style-type: none"> <li>Rosino Bonan</li> <li>Sardin Gurian</li> <li>Melecio Pandino</li> <li>Espenarion Anib</li> <li>Onsino Alian</li> <li>Rodillo Tangod</li> </ol> <p>(Sitio Daan, Brgy. Aporawan)</p> <ol style="list-style-type: none"> <li>Vergenio Tica</li> <li>Badinio Coursod Sr.</li> <li>Roberto Ongot</li> <li>Fedelino Andap</li> <li>Daniel Pagilid</li> </ol>		

						6. Manuel Pagilid 7. Enrico Ongo 8. Alfredo Andap 9. Ancion Benaneng (Aporawan Proper, Brgy. Aporawan) 1. Elito Ninge 2. Rogelio Abiog 3. Espenio Sianga 4. Dormile Ninge 5. Macapin Sianga 6. Carpilino Pagilid <b>NCIP:</b> 1. Atty. Eugenio Insigne (Chairperson) <b>Witnesses:</b> 1. Engr. Roldan Parangue (NCIP Palawan provincial Officer) 2. Eduardo S. Arejola (Consultant BNC)		
<b>Berong Nickel Corporation (BNC) (2009)</b>	Tagbanua Indigenous Peoples/Indigenous Cultural Community	Berong and Aramaywan, Quezon, Province of Palawan	10,052.59 ha.	AMA-IV-B-038	09-08-2009	<b>BNC:</b> 1. Renato S. Victorino (VP for Exploration) <b>IPs:</b> (Brgy. Aramaywan) 1. Vernon Danglong 2. Efren Danglong 3. Bensino Bisquer 4. Limbuan Copong 5. Felipa Ducol 6. Felipe Marcelo 7. Samuel Pandod 8. Motalib Kemil 9. Alpenio Nonoang 10. Samson Anrique 11. Bartulo Badac	CCRIV-08-12-177	12-17-2008

						12. Elpino Nonoang 13. Martin Nonoang 14. Epifanio Marcelo (Brgy. Berong) 1. Victorino Danglong 2. Hermino Catiao 3. Dario Pandod 4. Ruben Eleuterio 5. Norberto Cong 6. Waldo Amacan 7. Pablo Danglong 8. Langca Indalesio <b>NCIP:</b> 1. Atty. Eugenio INsigne <b>Witness:</b> 1. Jacinto B. De Vera (Community Relation Officer, BNC)		
<b>Oriental Synergy Corporatio</b>	Mamanwa Tribe	Municipality of Claver	No Data	MPSA-SWR-00009-96	09-2006	<b>Oriental:</b> 1. Frank Lao (no signature) <b>IP:</b> 1. Datu Alfredo Olorico <b>NCIP:</b> 1. Jannette Cansing, Chairman Serrano (No Signature) <b>Witness:</b> 1. Rizal Boklas	CCR XIII-07-02-69	02-16-2007
<b>ACMDC</b>	Tagbanua Indigenous People	Brgy. Colandanum and Aporawan, Municipality of Quezon, all in the Province of Palawan	6006.32	EPA-IVB-060	02-13-2009	<b>ACMDC:</b> 1. Ramon Antonio Florez, Consultant <b>IPs:</b> >Brgy. Colandanum: 1. Felecina Lesian 2. Balilio Laban 3. Cinon Ongot 4. Mascolino Lecian		



- |  |  |  |  |  |  |   |  |  |
|--|--|--|--|--|--|---|--|--|
|  |  |  |  |  |  | <ol style="list-style-type: none"><li>5. Aniong Pardas</li><li>6. Rosabel Ople</li><li>7. Armaydo Lagon</li><li>8. Marcelina Semillano</li><li>9. Feleciano Fegas Sr.</li><li>10. Flestito Lesian</li><li>11. Lodenio Pegas</li></ol> <p>&gt;Brgy. Aporawan, AborIn, Palawan:</p> <ol style="list-style-type: none"><li>12. Rosino Bonan</li><li>13. SArdin Gurian</li><li>14. Melecio Pandeno</li><li>15. Dario Pandeno</li><li>16. Ablado Lorenzo</li><li>17. Orsino Alian</li><li>18. Leonardo Lesian</li><li>19. Roque Andap</li><li>20. Arnold Iglesia</li><li>21. Amelio Patero</li><li>22. Verginio Teca</li><li>23. Badenio Cursod</li><li>24. Mildo Pagilid</li><li>25. Rogelio Abiog</li><li>26. Macapin Sianga</li><li>27. Durmili Ninge</li><li>28. Ruben Eleuterio</li><li>29. Paquito Bisquer</li><li>30. Gardoque Ponoy</li><li>31. Ramon Mango</li><li>32. Raquel Lao</li><li>33. Lino Enrique</li><li>34. Renato Mendoza</li></ol> <p>&gt;Brgy. Aramaywan, Quezon, Palawan:</p> <ol style="list-style-type: none"><li>35. Vernon Danglong</li><li>36. Epefanio Marcelo</li></ol> |  |  |
|--|--|--|--|--|--|---|--|--|

- |  |  |  |  |  |  |   |  |  |
|--|--|--|--|--|--|---|--|--|
|  |  |  |  |  |  | <p>37. Mike Marcelo<br/>38. Samuel Pandon<br/>39. Motaleb Kemel<br/>40. Welly Mande<br/>41. Elpeno Nonoang<br/>42. Bartolo Badac<br/>43. Edelarde Adial<br/>44. Jolino Dinggo<br/>45. Rolando Ponoy<br/>46. Anastacio Balinsay<br/>47. Adora Jamandre<br/>48. Bando Abala<br/>49. Jhonny Mamuas<br/>50. Lobeno Pelnas</p> <p><b>NCIP:</b><br/>1. Atty. Eugenio Insigne, Secretary</p> <p><b>Witness:</b><br/>1. Engr. Roldan Parangue<br/>2. Jane Urbanek</p> |  |  |
|--|--|--|--|--|--|---|--|--|