

Philippine Extractive Industries Transparency Initiative Report 2014

VOLUME

RECONCILIATION REPORT

2

Overview of the Report

Overview of the Report

As part of its commitment to the Extractive Industries Transparency Initiative (EITI) and to the principles of transparency and accountability in the extractive industry and in government, the Republic of the Philippines is submitting its First EITI Country Report to the EITI International Board in December 2014.

This Report seeks to stimulate further collaboration among the extractives stakeholders and to improve the Filipino citizens' understanding of how their natural resources should be governed.

The PH-EITI Report consists of two volumes:

1. The **first volume** provides the contextual information about the Philippine extractive industry. It gives a comprehensive picture of the legal framework and governance mechanisms for the sector, the contracts and licensing processes, including payments and revenue-sharing schemes at the national and local (sub-national) levels. It also covers discussions on state-owned extractive enterprises and the process for securing the free and prior informed consent of indigenous peoples. The contextual information is part of the new EITI reporting standards to achieve a better understanding of the reconciliation aspect of this report.
2. The **second volume** provides the reconciliation report. This contains information on the material payments from the extractive industry as reported by the participating companies and the national government. These include both fiscal payments (taxes, fees, charges) and non-fiscal payments, such as social development and management program (SDMP) funds, contingent liability and rehabilitation funds (CLRF), and

royalty payments to indigenous peoples. It also identifies and explains any discrepancies in the reported figures, offering recommendations on how to address such issues.

The Philippine EITI Multi-Stakeholder Group (PH-EITI MSG) and its Secretariat facilitated the preparation of this Report. The PH-EITI MSG commissioned individual consultants to write on different topics that would comprise the contextual information. After going through a series of review by the PH-EITI MSG, the consultants' outputs were then summarized and consolidated for this part of the report. Full studies, however, of each chapter may be accessed at the PH-EITI website (www.ph-eiti.org). The PH-EITI MSG also engaged an Independent Administrator to perform the reconciliation process.

The Report provides a brief background of the EITI, the benefits of its implementation for the government, the extractives companies, and the civil society, and the process that the PH-EITI is taking to achieve full compliance with the EITI standards.

In summary, the PH-EITI Report covers a discussion of the following:

Volume One: Contextual Information

I. An Overview of the Extractive Industries in the Philippines

This chapter illustrates in broad strokes the Philippine extractive industry. It describes the enormous wealth of the country in terms of mineral, oil and gas, and coal resources, which have remained largely untapped for varied reasons.

On a per sector basis, it explains the industry's contribution to the economy in respect of added value, exports, employment, and revenue, and presents production figures.

This chapter also gives a profile of the companies comprising the extractive industry, including the areas where they undertake exploration and development activities.

II. Legal Framework Governing the Extractive Industry and Transparency in the Philippines

This chapter presents the legal framework and policy governing mineral, oil and gas, and coal resources, highlighting the significant role of the State as resource owner in the exploration, development, and utilization of these natural resources. The chapter includes a discussion of the role of different government agencies in regulating these resource extractive activities. It identifies the primary role of the Department of Environment and Natural Resources (DENR) – Mines and Geo-Sciences Bureau (MGB) and the Department of Energy (DOE) in this effort.

In addition, the chapter explains the country's disclosure policies, citing that the Philippines does not have a straightforward policy or legislation on transparency, but has existing provisions, in general and by sector, that deal with disclosure or non-disclosure of confidential information, access to public information, and public participation.

The chapter further enumerates the payments made to the government by the extractive industry, which take the form of taxes, fees, royalties, and other charges. While not fully discussed in this chapter, it makes reference to the royalty payments given to indigenous peoples, as well as the special funds that the industry, especially the mining sector, needs to create for social development and environmental management programs.

Across the industry, the chapter also discusses the revenue-sharing arrangements that are negotiated by the government and the contractor, with the law merely providing the minimum sharing standards and the factors that should be considered in concluding such arrangements. It finally describes the standard

provisions that may be found in different mining agreements, oil and gas service contracts, and coal operating contracts, including the incentives and other privileges that may be provided to the contractors.

III. Licensing Processes

Companies in the extractive sector must first obtain a license or permit from the government before it can proceed to explore, develop, and use the country's mineral, oil, gas, and coal resources.

This chapter explains the requirements and procedures for obtaining these licenses from the DENR-MGB in case of applications for mining exploration permits, mineral agreements, and financial and technical assistance agreements or FTAA; and from the DOE for oil and gas service contracts and coal operating contracts.

In this discussion, the chapter underscores the need to establish one's eligibility to be issued a license, including to demonstrate proof of technical competence and financial capability, and to submit other documents to support the application, such as work programs, environmental compliance certificates, work programs, and certificate of non-overlap over ancestral lands.

This chapter finally provides a list of the industry's license or permit holders in the country.

IV. Subnational Payments

This chapter recognizes the important role of local governments units (LGUs) in implementing EITI at the subnational (local) level. LGUs host the mining sites, oil and gas fields, and principal offices of extractive industries. They are directly affected by the operations of the extractive industry, hence, the industry is required to periodically consult the LGUs on such projects that impact on the environment and the local communities.

Indirectly, LGUs share benefit from the proceeds derived by the national government from the country's natural wealth and internal revenue. At the same time, they receive direct payments from the extractive industry by reason of national laws or their own local tax ordinances.

This chapter discusses the revenues directly collected by LGUs, their share in the revenues collected by the national government from extractive industries, and their role in monitoring extractive operations within their localities.

V. State-owned Extractive Enterprises

When the State opts to directly undertake the exploration, development, and use of the country's natural resources, it does so through state-owned enterprises. In the mining, oil and gas, and coal sectors, these activities are undertaken by the Philippine Mining Development Corporation (PMDC) and the Philippine National Oil Corporation (PNOC).

The PMDC manages a number of mining projects involving mineral reservations, privatized assets, and cancelled tenements. PNOC is engaged in the exploration, development, use, and marketing of oil and gas and other viable energy resources. Like private contractors, these state-owned extractive companies also share their net income or proceeds with the government.

This chapter discusses the legal basis for the creation of the PMDC and PNOC, their structure, powers and functions, extent of participation in extractive operations, and their fiscal arrangements with the government.

VI. Procedures for Obtaining Permits in Ancestral Domain Areas

This chapter takes into consideration the rights of indigenous peoples/indigenous cultural communities (IP/ICC) to their ancestral lands and domains, which in many instances are affected by the operation of contracts to explore and develop natural resources in the country.

With this context, the chapter describes the procedures that the extractive industry must follow in order to obtain the free and prior informed consent (FPIC) of the IPs/ICCs, a requirement before they can pursue their extractives projects. Ideally, the FPIC process ends with the execution of a Memorandum of Agreement between the contractor and the IP/ICC concerned. The minimum terms of this agreement, including the payment of royalties to the concerned IP/ICC, are discussed in this chapter.

Volume II: Reconciliation Report

Volume II of this Report provides information on the material revenue streams in the extractive industries as reported by the government and the companies. An Independent Administrator was engaged to gather data from government agencies that collect payments from industries and from extractive companies with the objective of comparing whether their reported collections and payments tally. After data collection, a reconciliation process was performed by the Independent Administrator where discrepancies between the figures provided by the government and the companies were identified. 36 extractive companies and 6 government agencies participated in this exercise covering total revenues in the amount of Php 52.7 Billion. The total amount of unreconciled discrepancies for the mining industry is Php 76.8 Million while the total amount of unreconciled discrepancies for the oil and gas sector is Php 18.6 Million. Other material discrepancies per revenue stream and per agency as well as reasons for such discrepancies are discussed in this volume.

Contracts and Maps of Mining and Oil and Gas Operations

As an integral part of this report, contracts of large-scale metallic mines and oil and gas companies may be accessed at <http://data.gov.ph/infographics/eiti-dashboard>. Although this is not required but merely encouraged under the EITI Standard, the MSG decided to include contract disclosure in this report to give a complete picture of the extractive industries.

Maps of mining tenements and oil explorations are also accessible at <http://data.gov.ph/infographics/eiti-dashboard>.

Legal References

All laws cited in the report are uploaded at the PH-EITI website for easy reference.

Annexes

Annexes of this report may be accessed at <http://ph-eiti.org/#/EITI-Report/First-Country-Report/Annexes-Volume-I>

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- Standard Reporting Templates** <http://ph-eiti.org/#/Documents/Reporting-Templates>
 - Submitted Reporting Templates** <http://ph-eiti.org/#/EITI-Report/First-Country-Report>
 - Summary Template** <http://ph-eiti.org/#/EITI-Report/First-Country-Report>
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Abbreviations

AABs	Authorized Agent Banks	ESRE	Electronic Statement of Receipts and Expenditures
AEPEP	Annual Environmental Protection and Enhancement Program	F&A	Finance and Accounting
ARMM	Autonomous Region in Muslim Mindanao	FBI	Field Based Investigation
AUP	Agreed Upon Procedures	FMR	Final Mine Rehabilitation
BIR	Bureau of Internal Revenue	FMR/DP	Final Mine Rehabilitation and/or Decommissioning Plan
BLGF	Bureau of Local Government Finance	FMRDF	Final Mine Rehabilitation and Decommissioning Fund
BOC	Bureau of Customs	FPIC	Free and Prior Informed Consent
BOI	Board of Investments	FTAA	Financial or Technical Assistance Agreement
BSP	Bangko Sentral ng Pilipinas	FY	Fiscal Year
BTr	Bureau of Treasury	GOCC	Government Owned and Controlled Corporation
CLRF	Contingent Liability and Rehabilitation Fund	IAET	Improperly Accumulated Earnings Tax
COA	Commission on Audit	ICC	Indigenous Cultural Community
CSO	Civil Society Organization	IP	Indigenous People
CSR	Corporate Social Responsibility	IPO	Indigenous People's Organization
DAO	DENR Administrative Order	IPO-APSSOL	Indigenous Peoples Organization of Alang, Pokis, Sta. Fe, Sabian, Oliba and Loakan
DBM	Department of Budget and Management	ITH	Income Tax Holiday
DENR	Department of the Environment and Natural Resources	LBP	Land Bank of the Philippines
DILG	Department of the Interior and Local Government	LGU	Local Government Unit
DMPF	Declaration of Mining Project Feasibility	LTS	Large Taxpayers Service
DOE	Department of Energy	MA	Mineral Agreement
DOF	Department of Finance	MGB	Mines and Geosciences Bureau
DOJ	Department of Justice	MMT	Multipartite Monitoring Team
DP	Decommissioning Plan	MOA	Memorandum of Agreement
EFPS	Electronic Filing and Payment System	MP	Mining Permits
EITI	Extractive Industries Transparency Initiative	MPSA	Mineral Production Sharing Agreement
EPEP	Environmental Protection and Enhancement Program	MRF	Mine Rehabilitation Fund
eSRE	Electronic Revenue and Expenditure System	NCIP	National Commission on Indigenous Peoples
		NCR	National Capital Region
		NIRC	National Internal Revenue Code
		PD	Presidential Decree

PMDC	Philippine Mining Development Corporation
PMO (PPA)	Port Management Office (PPA)
PMO (DOF)	Privatization Management Office (DOF)
PNOC	Philippine National Oil Corporation
PNOC-EC	PNOC Exploration Corporation
PNOC-EDC	Philippine National Oil Corporation - Energy Development Corporation
PO	People's Organization
PPA	Philippine Ports Authority
PSA	Philippine Standards on Auditing
PSRE	Philippine Standards on Review Engagement
RA	Republic Act
RAD	Revenue Accounting Division
RDO	Revenue District Offices
RR	Revenue Regulation
SAGF-151	Special Account General Fund - 151
SAP	Systems, Applications and Products
SC	Service Contract
SDMP	Social Development and Management Program
SEC	Securities and Exchange Commission
SEF	Special Education Fund
TWG	Technical Working Group
VAT	Value Added Tax

Report of Factual Findings

FINAL FINANCIAL RECONCILIATION REPORT
**PH - Extractive Industries
Transparency Initiative (EITI)**

Department of Finance
Roxas Blvd., Malate, Manila

To: PH-EITI Multi-Stakeholder Group

We have performed the procedures agreed with you with respect to information disclosed in the reporting templates (Templates) of identified companies and government agencies (Agencies). Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The agreed upon procedures (AUP) as summarized below were performed in accordance with the first implementation of the Extractive Industries Transparency Initiative (EITI) project (Project) in the Philippines, and ultimately in the preparation of the Financial Reconciliation Report (Report). (A copy of the Terms of Reference used for this engagement is attached as Annex A).

Please refer to Sections III and IV on procedures and actual results, respectively.

Because the procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagement (PSRE), we do not express

any assurance on the information detailed in the Templates based on the said standards.

Had we performed additional procedures or performed an audit or review of the financial information as reported in the Templates in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. In addition, this report relates only to information disclosed in the Templates submitted by companies and agencies, and does not extend to the financial statements of each taken as a whole.



Isla Lipana & Co.,
member firm of PWC Network

Executive Summary

Executive Summary

I. Background

The first Philippine EITI report aims to put forward an abundance of information on revenue streams in the extractive industries specifically mining, oil, gas and coal.

The objective of this exercise is to compare the payments disclosed by extractive companies with the collections made by the government through a reconciliation process. If there are discrepancies between these declarations, the reasons for such discrepancies will be examined.

The significance of the initiative is recognized by stakeholders that include national and local government units, communities, investors/ shareholders, business partners and the general public, who have sovereign rights as owners of these resources. Ultimately, it is hoped that this exercise will strengthen current reporting systems of companies and government agencies to make information more accessible to the public.

The first PH-EITI report covers fifty-two (52) companies, seven (7) national agencies and at least thirty-two (32) local government units. This is comprised of forty (40) large-scale mining, eleven (11) oil and gas and one (1) coal mining companies (collectively referred to as companies). The national agencies include the Bureau of Internal Revenue (BIR), Mines and Geosciences Bureau (MGB), Department of Energy (DOE), Philippine Ports Authority (PPA), Bureau of Customs (BOC), and National Commission on Indigenous Peoples (NCIP). The local government units (LGUs) are limited to provinces and

municipalities that host large-scale companies which include, among others, the following:

1. **Mankayan, Benguet**
2. **Tuba, Benguet**
3. **Kasibu, Nueva Vizcaya**
4. **Sta. Cruz, Zambales**
5. **Candelaria, Zambales**
6. **Trinidad, Bulacan**
7. **Quezon, Palawan**
8. **Narra, Palawan**
9. **Sofronio Espanola, Palawan**
10. **Siocon, Zamboanga del Norte**
11. **Aroroy, Masbate**
12. **Rapu-Rapu, Albay**
13. **Jose Panganiban, Camarines Norte**
14. **Toledo, Cebu**
15. **Guiuan, Eastern Samar**
16. **MacArthur, Leyte**
17. **Javier, Leyte**
18. **Antique**
19. **Compostela Valley, Davao del Norte**
20. **Rosario, Agusan del Sur**
21. **Tubay, Agusan del Norte**
22. **Carrascal, Surigao del Sur**
23. **Taganaan, Surigao del Norte**
24. **Claver, Surigao del Norte**
25. **Tubod, Surigao del Norte**
26. **Nonoc Island, Surigao del Norte**
27. **Cagdianao, Dinagat Islands**
28. **Loreto, Dinagat Islands**
29. **San Jose, Dinagat Islands**
30. **National Capital Region**
31. **Autonomous Region of Muslim Mindanao**
32. **Languyan, Tawi-Tawi**

The companies and national and local agencies were tasked to accomplish and submit reporting templates disclosing, among others, revenue streams paid and collected, mandatory expenditures and funds. (The standard reporting templates may be accessed at <http://ph-eiti.org/#/Documents/Reporting-Templates>).

The Multi-Stakeholder Group (MSG) limited the scope of the first report to large-scale metallic mining companies, oil and gas companies, and Semirara Mining Corp, which accounts for more than 90% of the local coal industry.

Small-scale mining was not yet included in this report in recognition of the need to further improve the status of data pertaining to this sector. For the purpose of determining whether we have obtained sufficient response rate and achieved adequate representation from templates received, we have used reported accounting revenue (income) of companies, which is still one of the primary drivers in the calculation of most taxes, as shown in Table 1.

To ensure accuracy and completeness of information, the MSG adopted procedures and frameworks for the reconciliation process as recommended by us. These procedures mainly involve discussions with management personnel and examination of supporting documents within the boundaries of applicable auditing standard on agreed-upon procedures or Philippine Standard on Related Services No. 4400, *Engagements to Perform Agreed-upon Procedures regarding Financial Information*.

II. Participating Companies

Of the fifty-two (52) targeted companies, thirty-six (36) were able to submit their templates as of September 30, 2014. Thirty (30) of these are from the mining sector, while six (6) are from the oil and gas sector. The lone targeted coal company, Semirara Mining Corp., did not participate. The table below sets forth the representation of participating companies to total based on reported income:

Table 1. Percentage representation of participating companies to total income of all companies in scope per sector

	Total (in PHP'000s)	% of Participating Companies to total
Mining		
Companies under income tax holiday	37,479,266	
Companies under regular income tax	34,431,895	
	71,911,161	94.1
Oil and Gas		
Revenue	72,747,088	97.8
Coal		
Revenue	17,626,630	0.0

The above table distinguishes mining companies that availed of fiscal incentives particularly income tax holiday (ITH) under their registration with the Board of Investments (BOI). As a result, these companies were not subjected to corporate income tax on their primary business activities (i.e., metal sales). These mining companies are as follows:

1. **Adnama Mining Resources**
2. **Apex Mining Co. Inc.**
3. **Berong Nickel Corporation**
4. **Carmen Copper Corp.**
5. **Carrascal Nickel Corporation**

6. **Marcventures Mining and Development Corporation**
7. **Platinum Group Metals Corporation**
8. **SR Metals, Inc.**
9. **TVI Resource Development (Phils.), Inc.**

In total, participating companies accounted for at least 85% of income of the three (3) sectors as presented below, and at least 95% if we are only to consider mining and oil and gas sectors.

Table 2. Percentage coverage of templates received to total income

	Total income (in PHP'000s)
Mining	71,911,161
Oil and Gas	72,747,088
Coal	17,626,630
Total	162,284,879
With templates (combined)	138,795,978
Percentage coverage	85.5%

Individual representation of the sixteen (16) companies that did not submit their templates to reported income of all companies per sector is shown below:

Table 3. Companies that did not submit their templates including percentage to total income per sector

	% to total Companies per sector
Mining	
Citinickel Mines and Development	3.0
Shenzhou Mining Group Corporation	1.1
Ore Asia Mining and Development Corporation	0.6
Oriental Synergy Mining Corporation	0.4
AAM-PHIL Natural Resources Exploration and Development Corp.	0.0
CTP Construction and Mining Corporation	0.0
Mt. Sinai Mining Exploration and Development Corporation	0.0
Pacific Nickel Philippines, Inc.	0.0
SR Languyan	0.0
Zambales Diversified Metals Corporation	0.0
Oil and Gas	
The Philodrill Corporation	1.0
Oriental Petroleum & Minerals Corp.	0.9
Forum Energy Philippines Corp.	0.3
Alcorn Gold Resources Corp.	0.0
Forum Pacific Inc.	0.0
Coal	
Semirara Mining Corporation	100.0

Certain companies and agencies also provided their templates or supporting schedules after cutoff date (i.e. September 30, 2014), and, consequently, were no longer subjected to reconciliation procedures. Nonetheless, their disclosures and potential impact to the overall results were included and discussed under *Chapter VI, Additional Information*.

In addition to the non-receipt of templates, reconciliation was also limited by the fact that the National Internal Revenue Code of the Philippines has a confidentiality clause, prohibiting the BIR to disclose the tax payments of individual companies. To address this, companies had to sign waivers allowing the BIR to disclose their tax payments (Please see Annex B for the waiver template). Some companies did not sign the waiver and did not submit the template, while others signed the waiver without completing the template.

Summary presentation on scope and extent of participation of companies and agencies is provided as follows:

Table 4. Scope of participation of companies

	Submission	
	Template	Waiver
Mining		
AAM-PHIL Natural Resources Exploration and Development Corporation	N	Y
Adnama Mining Resources Incorporated	Y	Y
Apex Mining Company Inc.	Y	Y
BenguetCorp. Nickel Mines, Inc.	Y	Y
Berong Nickel Corporation	Y	Y
Cagdianao Mining Corporation	Y	Y
Cambayas Mining Corporation	Y	Y
Carmen Copper Corporation	Y	Y
Carrascal Nickel Corporation	Y	Y
Citnickel Mines and Development Corporation	N ¹	N
CTP Construction and Mining Corporation	N	N
Eramen Minerals, Inc.	Y	Y
Filminera Resources Corporation	Y	Y
Greenstone Resources Corporation	Y	Y
Hinatuan Mining Corporation	Y	Y
Johson Gold Mining Corporation	Y	Y
Krominco Inc.	Y	Y
Lepanto Consolidated Mining Company	Y	Y

¹ Submitted template only in December 2014 or subsequent to final presentation of results to the MSG

	Submission	
	Template	Waiver
Leyte Iron Sand Corporation	Y	Y
LNL Archipelago Minerals Incorporated	Y	Y
Marcventures Mining and Development	Y	Y
Mt. Sinai Mining Exploration and Development Corporation	N ²	N ¹
OceanaGold (Philippines) Inc.	Y	Y
Ore Asia Mining and Development Corporation	N	Y
Oriental Synergy Mining Corporation	N	Y
Pacific Nickel Philippines, Inc.	N ³	Y
Philex Mining Corporation	Y	Y
Philippine Mining Development Corporation	Y	Y
Philsaga Mining Corporation	Y	Y
Platinum Group Metals Corporation	Y	Y
Rapu-Rapu Minerals, Inc.	Y	Y
Rio Tuba Nickel Mining Corporation	Y	Y
Shenzhou Mining Group Corporation	N	Y
Shuley Mine Incorporated	Y	Y
Sinosteel Phils. H. Y. Mining Corporation	Y	Y
SR Languyen	N	N
SR Metals, Incorporated	Y	Y
Taganito Mining Corporation	Y	Y
TVI Resources Development Philippines, Inc.	Y	Y
Zambales Diversified Metals Corporation	N	Y
Oil and Gas		
Alcorn Gold Resources Corp.	N	N
Chevron Malampaya LLC	Y	Y
Forum Energy Philippines Corp.	N	N
Forum Pacific Inc.	N	N
Galoc Production Company	Y	Y
Nido Production Galoc	Y	Y
Oriental Petroleum & Minerals Corp.	N	N
PNOC - Exploration Corporation	Y	Y
Shell Philippines Exploration B.V.	Y	Y
The Philodrill Corporation	N	N
TransAsia Oil & Energy Devt. Corp.	Y	Y
Coal		
Semirara Mining Corporation	N	N

Table 5. Scope of participation of agencies

	Template
BIR	Y ⁴
BOC	Y
PPA	Y
MGB	Y ⁴
DOE	Y
LGUs	Y ⁴
NCIP	Y ⁴

² Submitted template subsequent to September 30, 2014; moreover information pertains to 2013

³ Submitted template subsequent to September 30, 2014 and presented disclosures in Chapter 6, Additional Information

⁴ Templates did not disclose all required information on revenue streams, mandatory expenditures and funds. In addition, there were certain municipalities that did not submit their templates; hence disclosures on local taxes were incomplete.

In terms of financial flows, the following payments and fees were included in this report. A more detailed discussion on these payments and fees are included in Chapter I, Scope of the Report. Certain information were also reported unilaterally by companies specifically on mandatory expenditures and funds due to the absence of corresponding disclosures from agencies. Information on unilateral disclosure are also discussed in Chapter 1.

Copies of the submitted reporting templates may be accessed at <http://ph-eiti.org/#/EITI-Report/First-Country-Report>

Taxes and fees

1. Corporate income tax
2. Excisetax
3. Final withholding taxes
4. Improperly accumulated earnings tax
5. Customs duties
6. Value added tax on importations
7. Wharfage fees
8. Occupation fees
9. Royalty in mineral reservation
10. Government share from oil and gas operations
11. Training fund for DOE employees
12. Local business taxes
13. Real property taxes
14. Mayor's permit
15. Community tax
16. Other local taxes
17. Royalty for Indigenous People (IP)
18. Free and Prior Informed Consent Expenditures

Mandatory expenditures and funds

1. Annual Environmental Protection and Enhancement Program (AEPEP)
2. Community Development Program
3. Safety and Health Program
4. Social Development Management Program (SDMP)
5. Environmental work program (EWP)
6. Mine rehabilitation funds (MRF)
7. Mine Waste and Tailings Fees Reserve Fund
8. Final Mine Rehabilitation and Decommissioning Fund

III. Overall Results and Key Takeaways

Based on the reconciliation procedures conducted, the table below provides overall results with detailed information as follows:

A. Per Agency

Table 6. Summary of reconciliation results for revenue streams per agency

Agency	Amounts (in PHP'000s)					
	Per company (a)	Per agency (b)	Variance pre- reconciliation (c = a – b)	Reconciled amount (d)	Variance post- reconciliation (e)	%age of variance (f)
Mining						
BIR	4,238,567	3,997,254	241,313	3,854,187	196,620	4.9
BOC	827,431	1,015,357	(187,926)	722,033	(102,380)	(10.1)
PPA	104,020	90,701	13,319	68,721	10,678	11.8
MGB	1,003,552	1,181,996	(178,444)	964,589	(101,226)	(8.6)
LGU	482,043	449,284	32,759	370,289	20,984	4.7
NCIP	343,357	34,019	309,338	258,603	52,170	153.4
	6,998,970	6,768,611	230,359	6,238,422	76,848	
Oil and Gas						
BIR	17,507,920	15,023,024	2,484,896	17,507,920	-	0.0
BOC	18,626	19,636	(1,010)	18,747	(265)	(1.3)
PPA	1,683	7,587	(5,904)	1,683	(5,904)	(77.8)
DOE	29,113,417	28,993,425	119,992	28,994,848	(12,459)	0.0
LGU	1,876	121	1,755	1,876	(5)	(4.1)
	46,643,522	44,043,793	2,599,729	46,525,074	(18,633)	
Total						
BIR	21,746,487	19,020,278	2,726,209	21,362,107	196,620	1.0
BOC	846,057	1,034,993	(188,936)	740,780	(102,645)	(9.9)
PPA	105,703	98,288	7,415	70,404	4,774	4.9
MGB	1,003,552	1,181,996	(178,444)	964,589	(101,226)	(8.6)
DOE	29,113,417	28,993,425	119,992	28,994,848	(12,459)	0.0
LGU	483,919	449,405	34,514	372,165	20,981	4.7
NCIP	343,357	34,019	309,338	258,603	52,170	153.4
	53,642,492	50,812,404	2,830,088	52,763,496	58,215	

- Disclosures of participating companies based on submitted templates;
- Disclosures of agencies based on submitted templates;
- Differences or variances in disclosures between companies and agencies;
- Reconciled amounts (should be or confirmed balances) after the conduct of reconciliation procedures;
- Remaining difference still unexplained or unsupported after the conduct of reconciliation procedures; and
- Percentage of remaining difference to amounts reported by agencies

According to the disclosure of participating companies, total payment to government amounts to PHP7.0bn and PHP46.6bn for mining companies and oil and gas, respectively. However, agencies only reported PHP6.8bn and PHP44.0bn, respectively. After reconciliation, total variance amounted to PHP58.2m. Total amount of reconciled payments by companies amounted to PHP52.7bn, which represents 98.4% and 103.8% of disclosures made by them and agencies, respectively.

B. Per Company

Table 7 summarizes the figures on a per company basis while Table 8 summarizes the figures per revenue stream. Please refer to the explanation under Table 6 regarding the contents of each column.

It should be noted that for Table 7, mining companies availing of income tax holidays were segregated from those without ITH to illustrate the differences in payments being made by these companies.

Table 7. Summary of reconciliation results for revenue streams per company

Company	Amounts (in PHP'000s)					%age of variance (f)
	Per company (a)	Per agency (b)	Variance pre-reconciliation (c = a – b)	Reconciled amount (d)	Variance post-reconciliation (e)	
Mining - ITH						
Adnama Mining Resources	147,663	182,459	(34,796)	-	(34,796)	(19.1)
Apex Mining Co. Inc.	181,508	190,956	(9,448)	97,368	(31,934)	(16.7)
Berong Nickel Corporation	83,100	43,035	40,065	59,363	21,322	49.6
Carmen Copper Corp.	556,974	550,086	6,888	551,263	-	0.0
Carrascal Nickel Corporation	466,128	430,500	35,628	474,818	536	0.1
Marcventures Mining and Development Corporation	26,906	17,379	9,527	24,718	284	1.6
Platinum Group Metals Corporation	466,315	575,739	(109,424)	509,593	294	0.1
SR Metals, Inc.	80,099	64,190	15,909	82,933	(83)	(0.1)
TVI Resource Development (Phils.), Inc.	176,626	134,239	42,387	179,722	557	0.4
Sub-total	2,185,319	2,188,583	(3,264)	1,979,778	(43,820)	
Mining – non ITH						
Benguetcorp Nickel Mines, Inc.	125,965	55,149	70,816	119,650	4,360	7.9
Cagdianao Mining Corporation	145,892	188,022	(42,130)	145,089	(1,988)	(1.1)
Cambayas Mining Corp.	6,381	2,981	3,400	5,181	726	24.4
Eramen Minerals, Inc	59,894	49,859	10,035	56,635	-	0.0
Filminera Resources Corporation	399,548	417,011	(17,463)	364,748	-	0.0
Greenstone Resources Corporation	33,122	10,062	23,060	5,810	17,579	174.7
Hinatuan Mining Corp.	684,222	702,832	(18,610)	684,219	(1,197)	(0.2)

Company	Amounts (in PHP'000s)					%age of variance (f)
	Per company (a)	Per agency (b)	Variance pre-reconciliation (c = a - b)	Reconciled amount (d)	Variance post-reconciliation (e)	
Johson Gold Mining Corporation	135	150	(15)	160	-	0.0
Krominco Inc.	4,014	3,900	114	2,559	(1,503)	(38.5)
Lepanto Consolidated Mining Co.	107,196	114,019	(6,823)	113,606	(241)	(0.2)
Leyte Iron Sand Mining Corp.	202	-	202	202	-	0.0
LNL Archipelago	94	1,510	(1,416)	1,565	-	0.0
Oceana Gold Philippines Inc.	116,154	119,355	(3,201)	116,154	(167)	(0.1)
Philex Mining Corporation	1,111,882	1,113,020	(1,138)	1,129,386	-	0.0
Philippine Mining Development Corp.	11,189	11,138	51	11,189	-	0.0
Philsaga Mining Corp.	194,445	157,094	37,351	159,313	(40,520)	(25.8)
Rapu-Rapu Minerals, Inc.	330,632	228,095	102,537	18,051	102,819	45.1
Rio Tuba Nickel Mining Corp.	737,647	677,499	60,148	608,657	49,722	7.3
Shuley Mine Incorporated	15,851	5,052	10,799	14,650	1,201	23.8
Sinosteel Phils. H. Y. Mining Corporation	16,923	10,117	6,806	16,923	-	0.0
Taganito Mining Corp.	712,263	713,159	(896)	684,897	(10,123)	(1.4)
Sub-total	4,813,651	4,580,024	233,627	4,258,644	120,668	
Oil and Gas						
Chevron Malampaya LLC	8,672,010	6,161,234	2,510,776	8,672,010	-	0.0
Galoc Production Co.	351,255	353,914	(2,659)	351,255	(1,990)	(0.6)
Nido Production Galoc	119,826	16,265	103,561	13,716	-	0.0
PNOC - Exploration Corporation	1,370,571	1,364,969	5,602	1,358,112	(16,540)	(1.2)
Shell Philippines Exploration B.V.	36,129,851	36,147,411	(17,560)	36,129,972	(103)	0.0
Trans-Asia Petroleum Corporation	9	-	9	9	-	0.0
Sub-total	46,643,522	44,043,793	2,599,729	46,525,074	(18,633)	(19.1)
Total	53,642,492	50,812,400	2,830,092	52,763,496	58,215	

C. Per Revenue Stream

Table 8. Overall results for BIR revenue streams per sector

Revenue stream	Amounts		Variance pre-recon	Reconciled Amount	Variance post recon
	Per Company	Per Agency			
Mining – ITH					
Corporate income tax	34,222,148	34,226,123	(3,975)	33,946,831	(279,291)
Excise tax on minerals	721,333,427	689,916,511	31,416,916	662,755,245	44,719,803
Withholding tax - Foreign shareholder dividends	73,500,000	88,847,098	(15,347,098)	73,500,000	-
Withholding tax - Royalties to claim owners and IPs	29,968,227	39,140,279	(9,172,052)	38,958,125	-
Sub-total	859,023,802	852,130,011	6,893,791	809,160,201	44,440,512

Revenue stream	Amounts		Variance pre-recon	Reconciled Amount	Variance post recon
	Per Company	Per Agency			
Mining – non ITH					
Corporate income tax	2,150,248,487	1,999,413,003	150,835,484	1,939,222,916	77,046,269
Excise tax on minerals	942,371,563	804,518,043	137,853,520	818,881,021	75,132,789
Withholding tax - Foreign shareholder dividends	195,162,720	310,240,716	(115,077,996)	195,162,720	-
Withholding tax - Royalties to claim owners and IPs	91,761,390	30,953,177	60,808,213	91,761,390	-
Sub-total	3,379,544,160	3,145,124,939	234,419,221	3,045,028,047	152,179,058
Oil and gas					
Corporate income tax	13,439,140,125	13,486,201,765	(47,061,640)	13,439,140,125	-
Withholding tax - Profit remittance to principal	4,068,779,650	1,536,822,493	2,531,957,157	4,068,779,650	-
Sub-total	17,507,919,775	15,023,024,258	2,484,895,517	17,507,919,775	-
Total					
Corporate income tax	15,623,610,760	15,519,840,891	103,769,869	15,412,309,872	76,766,978
Excise tax on minerals	1,663,704,990	1,494,434,554	169,270,436	1,481,636,266	119,852,592
Withholding tax - Foreign shareholder dividends	268,662,720	399,087,814	(130,425,094)	268,662,720	-
Withholding tax - Royalties to claim owners and IPs	121,729,617	70,093,456	51,636,161	130,719,515	-
Withholding tax - Profit remittance to principal	4,068,779,650	1,536,822,493	2,531,957,157	4,068,779,650	-
Total	21,746,487,737	19,020,279,208	2,726,208,529	21,362,108,023	196,619,570

Table 9. Overall results of BOC revenue streams per sector

Revenue stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	per Company	per Agency			
Mining					
Customs duties	227,968,951	169,832,333	58,136,618	139,305,034	64,379,293
VAT on imported materials and equipment	599,350,796	844,811,974	(245,461,178)	582,617,618	(166,669,166)
Excise tax on imported goods	112,996	617,583	(504,587)	112,996	-
Other payments	-	93,952	(93,952)	-	(90,689)
Sub-total	827,432,743	1,015,355,842	(187,923,099)	722,035,648	(102,380,562)
Oil and gas					
Customs duties	18,625,658	4,214,089	14,411,569	14,432,102	(63,559)
VAT on imported materials and equipment	-	15,402,282	(15,402,282)	4,314,378	(201,119)
Excise tax on imported goods	-	19,824	(19,824)	-	(3)
Sub-total	18,625,658	19,636,195	(1,010,537)	18,746,480	(264,681)
Total	846,058,401	1,034,992,037	(188,933,636)	740,782,128	(102,645,243)

Table 10. Overall results of PPA revenue streams per sector

Revenue stream	Per Company	per Agency	Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
Mining					
Wharfage fees	104,019,675	90,700,008	13,319,667	68,719,483	10,678,293
Oil and gas					
Wharfage fees	1,683,035	7,586,437	(5,903,402)	1,683,035	(5,903,402)
Total	105,702,710	98,286,445	7,416,265	70,402,518	4,774,891

Table 11. Overall results of MGB revenue streams

Revenue stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	per Company	per Agency			
Royalty in mineral reservation	1,000,406,578	1,181,906,965	(181,500,387)	961,443,657	(101,226,707)
Others (e.g. penalties, fines, etc.)	3,144,490	89,528	3,054,962	3,144,490	-
Total	1,003,551,068	1,181,996,493	(178,445,425)	964,588,147	(101,226,707)

Table 12. Overall results of DOE revenue streams

Revenue stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	per Company	per Agency			
Government share from oil and gas production	29,108,209,063	28,989,640,467	118,568,596	28,989,640,379	(12,459,049)
Training fund for DOE employees	5,206,550	3,783,696	1,422,854	5,206,550	-
Total	29,113,415,613	28,993,424,163	119,991,450	28,994,846,929	(12,459,049)

Table 13. Overall results of LGU revenue streams per sector

Revenue stream	Amount		Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
	per Company	per Agency			
Mining					
Community tax	247,003	123,324	123,679	247,003	-
Environmental fees	21,920,050	20,000	21,900,050	3,020,050	18,900,000
Extraction fees	2,182,566	-	2,182,566	2,182,566	-
Local business tax	272,332,358	240,482,589	31,849,769	198,263,617	(5,341,824)
Local wharfage fees	13,586,126	424,370	13,161,756	13,586,126	-
Mayor's permit	3,698,118	2,399,382	1,298,736	3,096,724	551,048
Mine wastes & tailing fees	46,870	-	46,870	46,870	-
Occupation fees	14,140,302	4,407,448	9,732,854	7,300,526	5,252,434
Real property tax - Basic	79,435,474	70,408,524	9,026,950	73,318,399	1,761,710
Real property tax - SEF	31,389,192	65,988,739	(34,599,547)	34,337,241	1,407,316
Registration fee	488,568	19,200	469,368	488,568	-
Regulatory/Administrative fees	60,025	1,087,216	(1,027,191)	73,725	-
Rental fees on mineral lands	75,712	340,410	(264,698)	75,712	-
Tax on mining operations	21,779,666	11,823,339	9,956,327	-	-
Other LGU payments	20,662,515	51,759,891	(31,097,376)	34,253,141	(1,546,720)
Sub-total	482,044,545	449,284,432	32,760,113	370,290,268	20,983,964

Revenue stream	Amount		Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation
	per Company	per Agency			
Oil and gas					
Community tax	11,000	-	11,000	11,000	-
Mayor's permit	245,163	121,326	123,837	245,163	(5,000)
Other LGU payments	1,619,439	-	1,619,439	1,619,439	-
Sub-total	1,875,602	121,326	1,754,276	1,875,602	(5,000)
Total					
Community tax	258,003	123,324	134,679	258,003	-
Environmental fees	21,920,050	20,000	21,900,050	3,020,050	18,900,000
Extraction fees	2,182,566	-	2,182,566	2,182,566	-
Local business tax	272,332,358	240,482,589	31,849,769	198,263,617	(5,341,824)
Local wharfage fees	13,586,126	424,370	13,161,756	13,586,126	-
Mayor's permit	3,943,281	2,520,708	1,422,573	3,341,887	546,048
Mine wastes & tailing fees	46,870	-	46,870	46,870	-
Occupation fees	14,140,302	4,407,448	9,732,854	7,300,526	5,252,434
Real property tax - Basic	79,435,474	70,408,524	9,026,950	73,318,399	1,761,710
Real property tax - SEF	31,389,192	65,988,739	(34,599,547)	34,337,241	1,407,316
Registration fee	488,568	19,200	469,368	488,568	-
Regulatory/Administrative fees	60,025	1,087,216	(1,027,191)	73,725	-
Rental fees on mineral lands	75,712	340,410	(264,698)	75,712	-
Tax on mining operations	21,779,666	11,823,339	9,956,327	-	-
Other LGU payments	22,281,954	51,759,891	-29,477,937	35,872,580	(1,546,720)
Total	483,920,147	449,405,758	34,514,389	372,165,870	20,978,964

Table 14. Overall results of NCIP revenue streams

Revenue stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	per Company	per Agency			
Royalty for IPs	342,441,920	32,124,574	310,317,346	258,603,651	51,713,695
FPIC expenditure	916,626	1,840,934	(924,308)	-	510,022
Field based investigation fee	-	53,658	(53,658)	-	(53,658)
Total	343,358,546	34,019,166	309,339,380	258,603,651	52,170,059

IV. Causes of Variances

Based on results of reconciliation procedures, we have identified the following more common causes of variances noted:

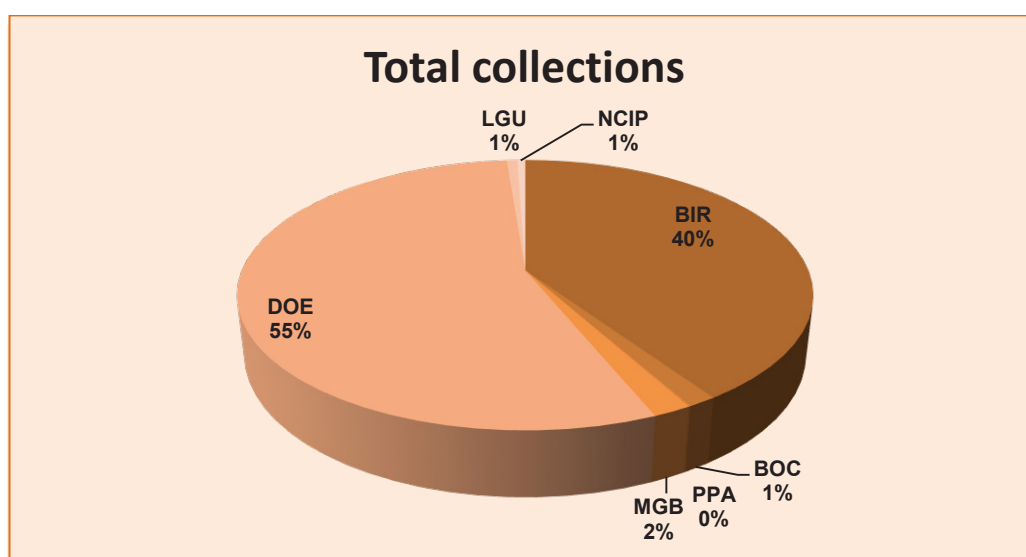
- Difference in accounting frameworks. Companies prepared the templates and financial statements on accrual basis while government agencies did their reports on cash basis.
- No centralized database. Central offices such as MGB and NCIP have no consolidated information from satellite offices. Difficulty was also encountered in directly obtaining information from regional and branch offices of government agencies, local government units and Revenue District Offices (RDOs) of the BIR. This resulted in incomplete disclosures, or agency disclosures that are lower than those of the companies.
- Disaggregated data. There was an inherent limitation in the agencies' current reporting systems to provide information at the required level of detail or disaggregation. Hence, revenue streams reported

in the templates are either at lump-sum (e.g. total reported business taxes of LGUs with no breakdown per entity and BIR's disclosure of total final withholding taxes with no specification on source and nature), per consortium or project basis (e.g. DOE's monitoring of government share is per oil and gas project and not per entity), or only the base rate was disclosed by the agency, while the company included standard fees and charges on top of the base rate.

- Delayed submission of required schedules and documents to support disclosures made in the templates. This precluded the IA from performing the required reconciliation procedures. Due to the number of information requested and required level of disaggregation, current accounting and filing systems may have hindered companies from readily providing these disclosures and reports for reconciliation and examination.

V. Major Collecting Agents

Figure 1.⁵ Percentage contribution of each agency to reported total collections or receipts

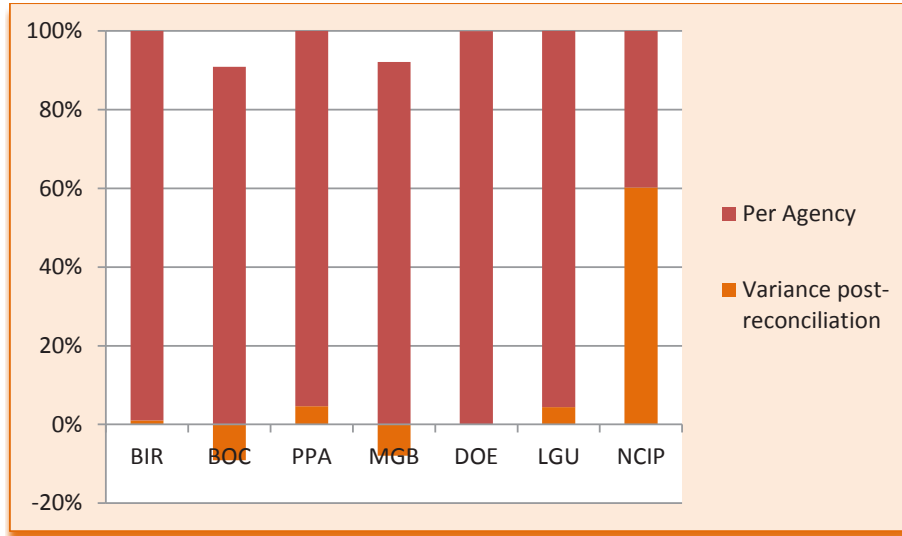


Payments to the DOE and BIR are the most significant revenue streams from the total payments made by companies. These account for approximately 95.4% or PHP50.4bn of total payments. These mainly consist of government share in oil and gas operations (54.9%), corporate income tax (29.2%), excise (2.8%) and withholding taxes (8.5%). Interestingly, both the DOE and BIR also registered the least percentages of unexplained differences to total reported amounts at 0.04% and 1.03%, respectively. It is worthy to mention that most of the templates completed by these agencies were accomplished by and directly received from their respective head offices (e.g. Large Taxpayer Service of the BIR), which did not require significant assistance from and coordination with other branch offices. Currently, the BIR maintains an electronic system that allows large taxpayers including companies to file returns and pay taxes through the internet (i.e. Electronic Filing and Payment System or EFPS). On the other hand, the DOE implements manual monitoring system (e.g. spreadsheets) due to the small number of oil and gas industry players engaged in petroleum and natural gas extraction. There are only two (2) existing projects under commercial operations in 2012.

⁵All figures presented in the report are based on reconciled amounts that were confirmed based on reconciliation procedures conducted, unless otherwise stated.

VI. Areas for Improvement

Figure 2. Percentage of unexplained variances to total reported collections or receipts

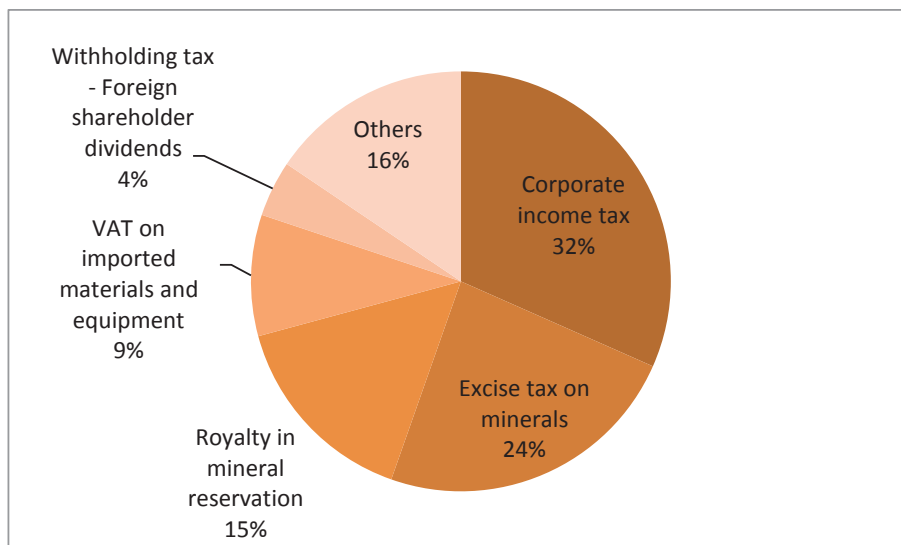


NCIP and PPA registered the highest percentages of remaining unexplained variances to total reported collections or receipts at 153.4% and 4.9%, respectively (Please refer to Table 6 for actual figures). These variances, may indicate needed improvements on current reporting systems to ensure correct disclosures, and lower opportunities for theft and misappropriation. In contrast to DOE and BIR, their operations require information from varying satellite offices located outside Metro Manila, which requires strong accounting and network systems to ensure accuracy and completeness of data.

Negative post reconciliation variances on BOC, MGB and DOE may be due to cash basis of accounting. This implies that some collections pertain to other periods. Furthermore, it is best to conduct a more detailed government monitoring of revenue streams that are transactional and voluminous in nature (e.g. customs duties).

VII. Significant Revenue Streams per Sector

Figure 3. Proportion of revenue streams for the mining sector



Total tax payments of mining companies amounted to PHP6.2bn. Corporate income tax payments constitute 31.6% of the total, and companies that have no ITH contributed PHP1.9bn while those with ITH reported payments of PHP33.9m, which is attributed to operations outside of respective registered activities with the BOI that are subjected to normal corporate income tax of 30%. Total excise tax payments aggregated to PHP1.5bn from twenty-one (21) companies, which comprise 23.8% of aggregate payments. Royalty payments constitute 19.6% of the total with royalty on mineral reservation contributing PHP961m and royalty to IPs and claim owners constituting PHP258.6m. VAT payments is 9.3% of the total while payments to LGUs is 5.9% or PHP370.3m.

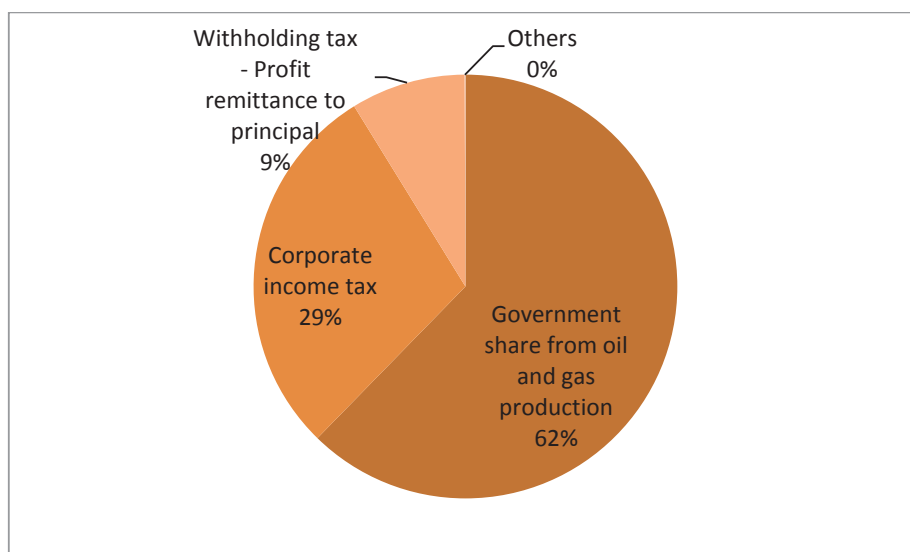
The following additional information may be considered for better appreciation of reported payments by mining companies:

- As discussed earlier, there were nine (9) mining companies under ITH that did not

report corporate income tax payments in accordance with their registration with the BOI. There were no similar fiscal incentives seen in the oil and gas sector.

- Five (5) Participating Entities from the mining sector did not report any revenue that may have still been under exploration or development stage. One such company is OceanaGold (Philippines) Inc. that only started commercial operations in 2013. In addition, disclosures made by Philex Mining Corporation only pertain to seven (7) months, following the suspension of its operations from August 1, 2012 to March 7, 2013.
- In 2013, Rapu-Rapu Minerals Inc. proceeded with decommissioning and eventual closure of its mine operations. As a result, this impeded availability of schedules and documents to support variances noted arising from its disclosures.

Figure 4. Proportion of revenue streams for the oil and gas sector

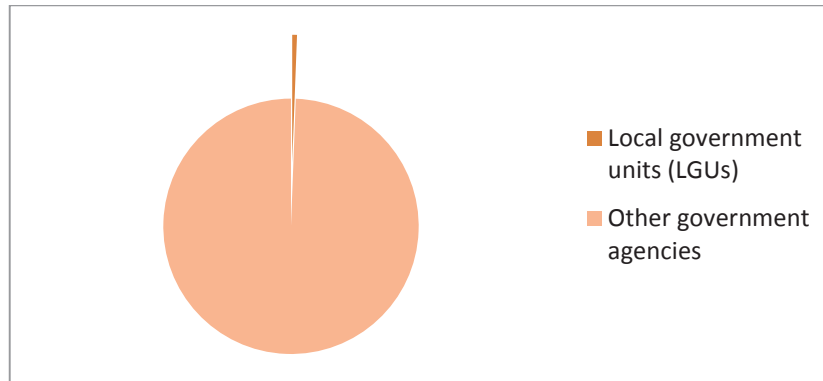


For oil and gas, government share and corporate income tax already comprise 91% of total payments made.

VIII. Assessment of LGU Collections

A. Comparison with Collections of National Agencies

Figure 5. Comparison of LGU collections to other national agencies



From total payments made, only 0.7% or PHP372.2 million is directly remitted to LGUs as host of these projects whereas the remaining balance of PHP52.4 billion is collected by national agencies. This, however, does not consider LGU's share of national wealth as distributed by the Department of Budget Management that further emphasizes the importance of ensuring its reconciliation in succeeding PH-EITI reports.

B. Distribution of LGU Collections per Region

Figure 6. Distribution of LGU receipts from the mining sector

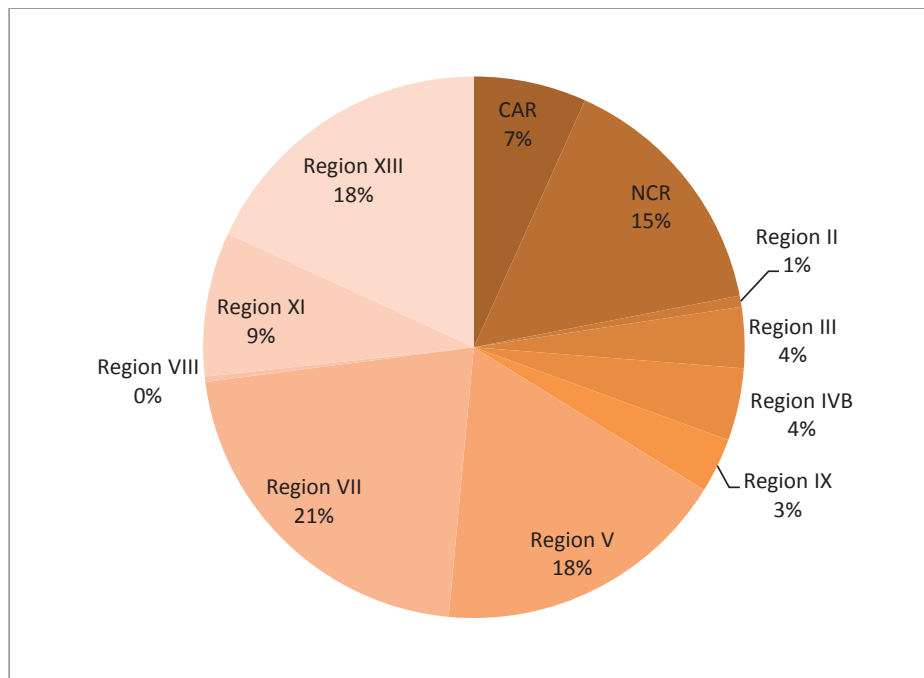
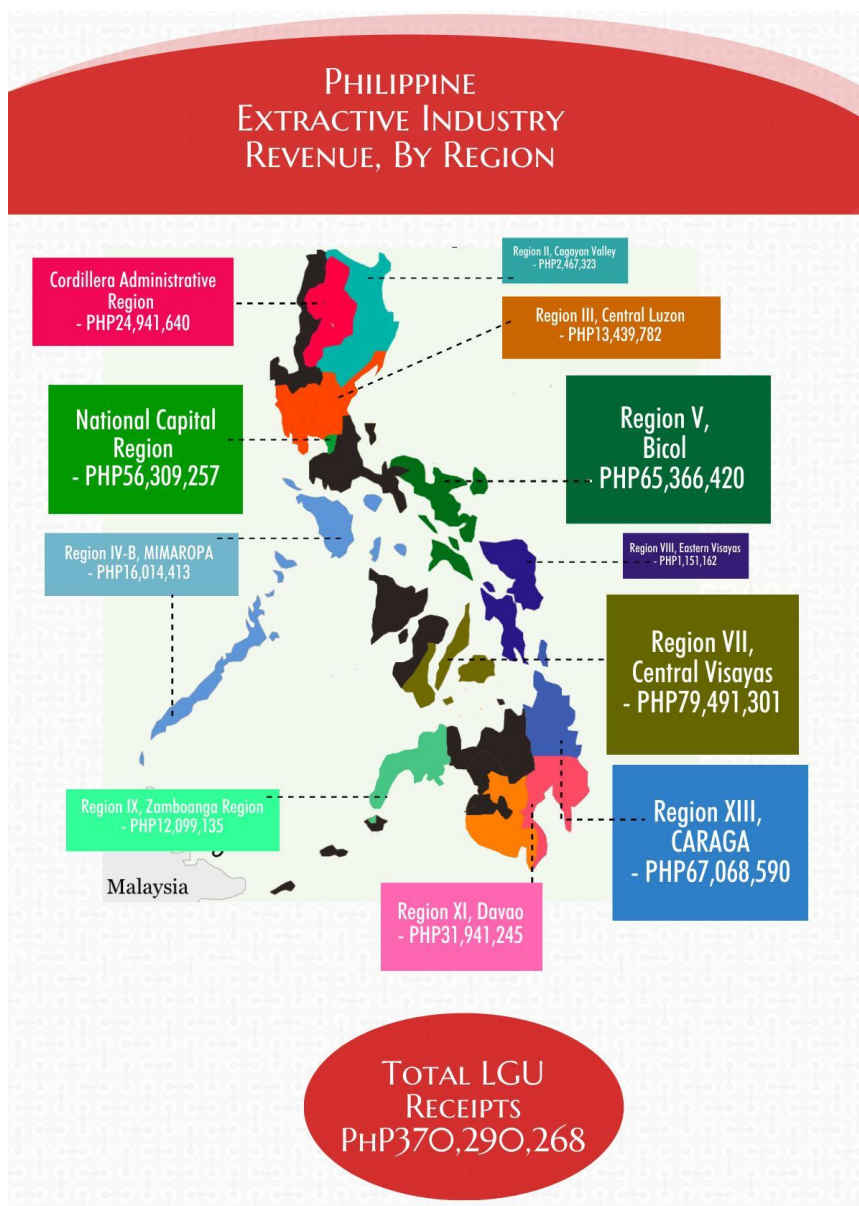


Table 15. Actual receipts from mining companies per region

Region	Receipts from LGUs
CAR	24,941,640
NCR	56,309,257
Region II	2,467,323
Region III	13,439,782
Region IVB	16,014,413
Region IX	12,099,135
Region V	65,366,420
Region VII	79,491,301
Region VIII	1,151,162
Region XI	31,941,245
Region XIII	67,068,590
Total	370,290,268

Figure 7. Philippine extractive industry revenue, by region



Of the total LGU receipts amounting to PHP370m, Region VII generated the highest at PHP79m, followed by Region XIII and Region V at PHP67m and PHP65m, respectively.

Total LGU receipts from the oil and gas sector amounting to PHP1.9m was remitted to different municipalities in NCR including Makati and Muntinlupa.

IX. Mandatory Social and Environmental Expenditures

In addition to revenue streams attributed to the mining sector, companies disclosed information on mandatory expenditures and funds that are mainly aimed to promote social development of host and neighboring communities and environmental protection and rehabilitation. Mandatory expenditures include Annual Environmental

Protection and Enhancement Program (AEPEP), Community Development Program, Social Development Management Program (SDMP), Safety and Health Program and Environmental Work Program, which are discussed in detail under Chapter 1, Scope of the Report.

Mandatory expenditures are not remitted to agencies and do not form part of government coffers. Under the EITI standard, they may be considered unilateral payments if reconciliation is not possible, such as in instances where they are directly paid to communities. Nonetheless, these payments undertook similar reconciliation procedures applied to revenue streams including inspection of supporting documents and discussions with management for variances noted.

The results of the reconciliation process of these payments are as follows:

Table 16. Summary of results for social and environmental expenditures

Expenditures / Funds	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation
	per Company	per Agency			
Mandatory expenditures					
Annual EPEP	1,213,502,554	478,490,823	735,011,731	768,121,839	198,172,500
Community Development Program	18,563,272	-	18,563,272	17,323,913	1,239,359
Environmental Work Program	102,769,713	-	102,769,713	88,269,713	14,500,000
Safety and Health Program	137,363,016	7,237,000	130,126,016	93,153,435	44,209,581
Social Development Management Program	378,818,663	137,156,170	241,662,493	285,032,240	63,315,816
Special allowance to claim owners and surface right holders	21,811,902	-	21,811,902	16,396,968	5,414,934
Sub-total	1,872,829,120	622,883,993	1,245,945,127	1,268,298,108	326,852,190
Environmental funds					
Environmental trust fund	-	1,806,500	(1,806,500)	-	(57,344)
Mine monitoring trust fund	2,714,025	13,358,065	(10,644,040)	2,714,025	(171,906)
Mine rehabilitation fund	37,114	527,199	(490,085)	37,114	-
Rehabilitation cash fund	173,907,428	125,640,834	48,266,594	44,881,711	102,267,544
Mine Waste and Tailings Reserve	70,461	1,170,744	(1,100,283)	70,461	-
Final Mine Rehabilitation and Decommissioning Fund	-	415,521,912	(415,521,912)	-	(114,037,954)
Sub-total	176,729,028	558,025,254	(381,296,226)	47,703,311	(11,999,660)
Total	2,049,558,148	1,180,909,247	864,648,901	1,316,001,419	314,852,530

The above suggests a possible disconnect in reporting considering that the variance before reconciliation amounted to PHP864.6 million, or approximately 73.2% of the initial disclosure made by the MGB. This further emphasizes the importance of proper reconciliation since these expenditures and funds demonstrate the participating companies' compliance and adherence to their commitment to social development and environmental protection that directly impact host and neighboring communities.

X. Summary of Recommendations

In the course of performing data gathering and reconciliation procedures, we have identified 19 recommendations that pertain to both companies and agencies that can be considered to further widen the scope of succeeding implementations, enhance

the comprehensiveness of report, and drive efficiency of the reporting process. Below are some of the most important recommendations:

- Uniform accounting framework used in the preparation of templates preferably accrual method;
- Formalizing alternative procedures should disclosure be restricted by existing legal provisions and regulations;
- Close coordination by agencies' central offices with satellite/branch or provincial offices to ensure timeliness of submissions; and
- Regular conduct of audit or review of funds to ascertain compliance and complete accounting of expenditures and ending balances.

CHAPTER 1

Scope of the Report

CHAPTER 1 Scope of the Report

Below are the factors and qualifications considered in identifying companies and selecting revenue streams included in the reconciliation process.

I. Reporting companies

Under the EITI framework, all companies making material payments to the government should be required to submit necessary disclosures and accomplish corresponding templates. Accordingly, both the MGB and DOE were initially requested to furnish a list of all companies with approved licenses and permits in 2012. The following were the agreed parameters to obtain relevant representation of the local extractive industries:

A. Mining

Companies that are considered large-scale and extracting metallic minerals such as gold, copper and nickel, among others, that already started commercial operations or under commissioning were deemed material. In view of the scope and status of their operations in 2012, these companies were expected to substantially account for industry revenue and profit, and consequently, remitted higher taxes and fees to the government.

Correspondingly, payments made by companies that are still at the exploration phase were determined nominal and would not adversely impact adequacy of the report.⁶ Small scale mining was not included because of the uncertainty of the status of data from this sector given its inadequate regulation.

From the said qualification, 40 mining companies were selected to participate as follows:

1. AAM-PHIL Natural Resources Exploration and Development Corporation
2. Adnama Mining Resources Incorporated
3. Apex Mining Company Inc.
4. BenguetCorp. Nickel Mines, Inc.
5. Berong Nickel Corporation
6. Cagdiano Mining Corporation
7. Cambayas Mining Corporation
8. Carmen Copper Corporation
9. Carrascal Nickel Corporation
10. Citinickel Mines and Development Corporation
11. CTP Construction and Mining Corporation
12. Eramen Minerals, Inc.
13. Filminera Resources Corporation
14. Greenstone Resources Corporation
15. Hinatuan Mining Corporation
16. Johnson Gold Mining Corporation
17. Krominco Inc.
18. Lepanto Consolidated Mining Company
19. Leyte Iron Sand Corporation
20. LNL Archipelago Minerals Incorporated
21. Marcventures Mining and Development
22. MT. Sinai Mining Exploration and Development Corporation
23. OceanaGold (Philippines) Inc.
24. Ore Asia Mining and Development Corporation
25. Oriental Synergy Mining Corporation
26. Pacific Nickel Philippines, Inc.
27. Philex Mining Corporation
28. Philippine Mining Development Corporation
29. Philsaga Mining Corporation

⁶Under Republic Act (RA) No. 7076, An Act Creating a People's Small-Scale Mining Program and for Other Purposes, small-scale mining refers to mining activities which rely heavily on manual labor using simple implements and methods, and do not use explosives or heavy mining equipment. The said Act also provides contracted area for small-scale mining of each entity not to exceed 20 hectares (ha.), that is insignificant compared to maximum allowed for large-scale operators (e.g. 810 ha. and 5,000 ha. for qualified individuals and corporations, respectively, with granted mineral agreements). Exploration companies are still in the process of confirming technical feasibility and commercial viability of a prospective project; hence are not expected to report any revenue from sale of minerals.

30. Platinum Group Metals Corporation
31. Rapu-Rapu Minerals, Inc.
32. Rio Tuba Nickel Mining Corporation
33. Shenzhou Mining Group Corporation
34. Shuley Mine Incorporated
35. Sinosteel Phils. H. Y. Mining Corporation
36. SR Languyan
37. SR Metals, Incorporated
38. Taganito Mining Corporation
39. TVI Resources Development Philippines, Inc.
40. Zambales Diversified Metals Corporation

B. Oil and Gas

A similar approach was adopted in identifying entities for the oil and gas sector. Eleven (11) companies with approved Service Contracts (SC) in 2012 based on DOE's list were selected by the MSG, as follows:

1. Alcorn Gold Resources Corp.
2. Chevron Malampaya LLC
3. Forum Energy Philippines Corp.
4. Forum Pacific Inc.
5. Galoc Production Company
6. Nido Production Galoc
7. Oriental Petroleum & Minerals Corp.
8. PNOC - Exploration Corporation
9. Shell Philippines Exploration B.V.
10. The Philodrill Corporation
11. TransAsia Oil & Energy Devt. Corp.

C. Coal

For coal, scoping was focused on Semirara Mining Corp. because it was the main contributor (approximately 96%) of reported government share from the total sale of coal amounting to PHP1.56bn in 2012. Its sole disclosure was deemed more than sufficient representation of the local sector; thus exclusion of other operating entities would not have adverse impact on the scope of the Report.

II. Revenue Streams

A. Scoping Process

In identifying material revenue streams and funds, the MSG, in consultation with the Technical Working Group (TWG) and IA, considered actual

payments as disclosed in the companies' audited financial statements. Laws and agency regulations mandating the payments that may be collected by agencies were examined by a third party consultant and by the national secretariat. On the basis of these, a comprehensive list of all payments in the extractive sector was presented to the MSG and the TWG. The different collecting agencies which are all part of either the MSG or the TWG provided their views in selecting the material revenue streams. Key consideration was whether such streams are substantial in amount on the basis of their tax base, or on the frequency of their collection. For instance, one-time payments of minimal value such as data fees were excluded. On the other hand, corporate income taxes and excise taxes which are substantial in amount as disclosed by the BIR, were included. In addition, the nature of the payments based on their significance to communities were also considered. Thus, social funds and environmental fees were included regardless of their amount. Once the list of payments was drafted, the same was presented to relevant national government agencies during a workshop conducted with technical personnel, for the purpose of vetting the items on the list. When the inputs of the agencies were gathered, the list was again presented to the MSG which, based on our additional recommendations, decided on which revenue streams should be included in the final reporting template.

B. Determination of Material Revenue Streams

The determination of materiality is mainly driven by monetary values and by whether these revenue streams are considered as primary sources of receipts, as confirmed by the collecting agencies which we corroborated. As elaborated above, the assessment was done on a per agency basis due to varying tax bases (e.g. net revenue, import value) applied in the calculation of respective revenue streams. Hence, no uniform monetary threshold was adopted. This enabled the templates to cover wider range of revenue streams that stretched from local (e.g. real property) to national (e.g. excise) taxes and those imposed on an annual (e.g. business taxes) or transaction basis (e.g. customs duties).

1. Material revenue streams included in this report

The material revenue streams subjected to reconciliation procedures in this report are as follows:

Type	Description	Rate	Paid to agency
Responsible agency: BIR			
Corporate income tax	Calculated based on estimated taxable income	Generally at 30% unless entities are under different tax regimes including ITH (0%) or gross income taxation (5%). Upon expiration of ITH, normal income tax is levied.	Yes
Excise tax	Imposed on coal, metallic and non-metallic minerals	2% of actual market value of the gross output thereof at the time of removal	Yes
Selected final withholding tax	Portion of payments made to foreign shareholders, head office, and claimowners	Ranges between 5% and 30% depending on type of payments made (e.g. cash or property dividends), as well as existing tax treaty with another country.	Yes
Improperly Accumulated Earnings Tax (IAET)	Applied to closely-held corporations that have retained excess earnings instead of declaring dividends	10% of improperly accumulated taxable income	Yes
Responsible agency: BOC			
Customs duties	Imposed on all articles imported from any foreign country into the Philippines, except as otherwise specifically provided for in the tariff and customs and other laws	Computed using varying rates depending on the nature and value of the imported article	Yes
VAT	Mainly imposed on imported capital equipment	12% of landed cost or the value of imported article plus other charges, as well as excise tax	Yes
Responsible agency: PPA			
Wharfage fees	Wharfage tariff is imposed for the use of wharf and is assessed against every container and cargo	Tariff varies based on whether the import/export cargo is domestic or international and is calculated using cargo quantity, weight or measure received and/or discharged by a vessel	Yes

Type	Description	Rate	Paid to agency
		Entities with private ports are only liable to pay half or 50% of assessed wharfage fees	
Responsible agency: MGB			
Occupation fees	Please refer to LGU section		Yes
Royalty in mineral reservation	Mandated for contractors/permit holders/lessees who are parties to a mineral agreement	Not less than five percent (5%) of the market value of the gross output of the minerals/mineral products extracted or produced from Mineral Reservations, exclusive of all other taxes	Yes
Responsible agency: DOE			
Government share from oil and gas	Mandated for entities under service contracts	60% of net revenue	Yes
Training fund for DOE employees	Assistance for training programs, scholarships, conferences, seminars and other similar activities for DOE's personnel	Equivalent to US\$20,000 during exploration/development period and US\$50,000 per year during production period	
Responsible agency: LGU			
Local business tax	Allocated between head office and plant/project office	Not exceeding 2% of gross sales or receipts of the preceding calendar year	Yes
Real property - Basic and Special Education Fund (SEF)	Levied on land and machinery Portion of real property is expended exclusively for the activities of the Department of Education	1% to 2% of the assessed value of real property	Yes
Occupation fees	LGU's share in occupation fees levied by the MGB	Computed by MGB and are allocated as follows: 30% to the Provincial government, 42% to the municipal government and 28% to the barangay	Yes
Other local taxes	Nature and rates of local taxes vary depending on the local government code imposed		Yes

Responsible agency: NCIP			
Type	Description	Rate	Paid to agency
Royalty for IPs	Based on DAO No. 96- 40	Not less than one percent (1%) of gross output	No
Free and Prior Informed Consent (FPIC) expenditure	One-time payment FPIC proceedings commence	Based on the data gathered during the conduct of the Field-based Investigation (FBI)	No

C. Excluded Revenue Streams

Excluded revenue streams were determined to be not applicable to the local mining and oil and gas sectors because they are zero-rated or not yet due given the stage of the operation. They may also represent payments made on behalf of other taxpayers (e.g. employees), although still attributed to their operations. These are as follows:

- Fringe benefit and withholding tax on salaries and benefits that are mainly compensation related with remittances made only by entities on behalf of employees.
- Government share from FTAA and JV agreements with no company operating under said contractual provisions in 2012. The first FTAA mining project only commenced commercial operations in April 2013.
- Output VAT since revenue transactions of companies are zero-rated (e.g. export oriented) or exempt as provided by law (e.g. PD 87).
- Documentary stamp taxes, import processing fees, storage fees, arrastre and stevedoring charges were also excluded because of their minimal value.

III. Mandatory Expenditures and Social Funds

Pursuant to the Philippine Mining Act, companies incur expenditures for programs and activities related to social development, environmental protection and rehabilitation. They also establish funds to ensure availability of financing for their implementation. All such mandatory expenditures and social funds were included in the template irrespective of monetary amounts due to their relevance and importance, as these disclosures not only ascertain regulatory compliance, but emphasize social and environmental responsibilities undertaken by companies.

The required disclosures, however, are limited to those specifically mandated by prevailing regulations and confirmed by either MGB or DOE as applicable to companies, and as such do not include additional activities undertaken as part of their respective Corporate Social Responsibility (CSR) programs.

A summary of mandatory expenditures and funds that are considered unilateral payments, but are nonetheless subjected to reconciliation procedures, as far as practicable, is provided below:

Type	Description	Rate	Paid to agency						
Responsible agency: MGB									
Annual Environmental Protection and Enhancement Program (AEPEP)	The AEPEP cost covers the amount of environment-related expenses for the entire life of the project wherein the initial 10% of capital/project cost was derived from the feasibility study forming part of the Declaration of Mining Project Feasibility (DMPF).	Under DAO No. 2010-21, AEPEP cost shall approximate 3-5% of direct mining & milling cost	No						
Community Development Program	The amount is imposed on exploration activities, which is intended to enhance the development of the host and its neighboring communities.	10% of the approved budget for an entity's two (2) year Exploration Work Program	No						
Safety and Health Program	The program includes standard operating procedures for mining and milling operations, management and employee training, housekeeping, environmental risk management including emergency response program and occupational health and safety management.	N/A	No						
Social Development Management Program (SDMP)	SDMP is formulated to fulfill social obligations enhancing the development of communities that are directly and/or indirectly affected by the mining project. SDMP is allocated as follows: <table border="1" data-bbox="589 1587 1041 1940"> <thead> <tr> <th>Program</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Social Development & Management (host and neighboring communities)</td> <td>75%</td> </tr> <tr> <td>Mining Technology and Geosciences Advancement</td> <td>10%</td> </tr> </tbody> </table>	Program	Allocation	Social Development & Management (host and neighboring communities)	75%	Mining Technology and Geosciences Advancement	10%	1.5% of prior year's operating expenses	No
Program	Allocation								
Social Development & Management (host and neighboring communities)	75%								
Mining Technology and Geosciences Advancement	10%								

Type	Description	Rate	Paid to agency
	Information, Education & Communication	15%	
Environmental work program (EWP)	EWP details existing environment programs where the exploration work is proposed to be undertaken. Potential effects are identified, as well as environmental management measures to be implemented, including the total cost of such projects.	N/A	No
Mine rehabilitation funds (MRF)	<p>The MRF is maintained as a reasonable environmental deposit to ensure availability of funds for the satisfactory compliance with the commitments and performance of the activities stipulated in the AEPEP. This is deposited as a trust fund in a government depository bank and shall be used for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation.</p> <p>The MRF is further broken down into two forms, namely the Mine Monitoring Trust Fund and the Rehabilitation Cash Fund.</p>	<p>Mine Monitoring Trust Fund is a deposit of not less than PH₱ 150 thousand.</p> <p>Rehabilitation Cash Fund is equivalent to 10% of the total amount needed to implement the EPEP or PH₱5m, whichever is lower</p>	No
Mine Waste and Tailings Fees Reserve Fund	The Mine Waste and Tailings Fees Reserve Fund is to be used for payment of compensation for damages caused by any mining operations and for research projects duly approved by the Contingent Liability and Rehabilitation Fund Steering Committee.	PH₱0.05/MT of mine waste produced and PH₱0.10/MT of mill tailings generated	Yes
Final Mine Rehabilitation and Decommissioning Fund	The fund is established to ensure the full cost of the approved FMR/DP accrued before the end of the operating life of the mine.	N/A	No

A. Malampaya Fund

The Malampaya Fund was created for the purpose of financing energy resource exploration, development and exploitation programs and projects of the government as prescribed under PD No. 910 issued on March 22, 1976. The said collections have been constituted as a Special Account in the General Fund - Fund 151 (SAGF-151) of the DOE.

In accordance with PD No. 1234, funds sourced and collected through the DOE from, among others, government share representing royalties and rentals, as well as production share on service contracts and other payments on the exploration, development and exploitation of energy resources, shall be remitted to the National Treasury.

The Department of Budget and Management (DBM) is authorized to release funds in such amount as may be necessary, from the SAGF-151 of the DOE to the implementing agency (IA) concerned, provided, that the release of funds shall be subject to the following:

- Request for release of funds by the implementing agency;
- Bureau of Treasury certification on the availability of funds deposited with the SAGF-151 of the DOE; and
- Existing laws and budgetary, accounting and auditing rules and regulations.

The implementing agency shall be responsible for the implementation of the programs and projects, and its disbursements and expenditures shall be subject to applicable laws and budgeting, accounting and auditing rules and regulations.

For recording purposes, the DBM shall authorize the implementing agency to open and maintain a SAGF for the amounts released. In case the implementing agency is a local government unit, the SAGF shall be issued to DBM. If, on the other hand, the implementing agency is a Government Owned or Controlled Corporation, the SAGF shall be issued to the Bureau of Treasury.

Similar to other SAGF, the use of the fund is automatically appropriated every year, and all releases are governed by SAGF procedures. Specifically, it requires the certification on actual amount deposited in the account and the issuance of the Special Allotment Release Order by the Department of Budget and Management.

As provided in RA No. 7638, the Department of Energy Act of 1992, twenty percent (20%) of the outstanding balances of the funds and monies forming part of the SAGF-151 shall be disbursed for expenses necessary for the effective discharge of the powers and functions of the DOE.

Despite being mainly financed by collections from the Malampaya consortium through government share remitted to the DOE, the fund was excluded from the scope of this report since its custody and monitoring is not the primary responsibility of the Joint Venture (JV) partners (i.e., Shell and Chevron) with defined purpose and utilization. The fund is not used in relation to CSR projects implemented by the JV partners, and as such would not qualify as unilateral payment.

Nonetheless, this should not preclude the MSG from recommending its inclusion in succeeding EITI implementation in view of transparency. The scope of procedures including reconciliation, if applicable, and objectives, however, should be clear given that the fund is imbued with high public interest.

CHAPTER 2 Methodology

I. Overview

The objective of this reconciliation report is to compare the payments disclosed by the 52 extractive companies with the payments collected by the government to see if there are discrepancies in such disclosures. If there are, a reconciliation process is

undertaken by the IA to explain the discrepancies.

Below is an overview of the IA's approach and methodology, primarily divided into three (3) phases as follows:



<p>Scoping of companies and revenue streams to be included as part of the template, as well as additional information determined to be significant by stakeholders in gaining further understanding of the local extractive industries.</p> <p>Preparing and finalizing templates to standardize presentation of information and data, as well as identifying required sign-offs on behalf of companies and agencies. Copies of the standard reporting template may be accessed at http://ph-eiti.org/#/Documents/Reporting-Templates.</p>	<p>Distribution of templates and start of actual data gathering initiating communication and coordination with assigned companies and agencies.</p> <p>Understanding of relevant processes undertaken in the preparation of respective templates including accounting systems involved and procedures done to ensure accuracy and completeness of information.</p> <p>Compilation of all templates.</p>	<p>Comparative analysis of templates between companies and agencies.</p> <p>Conduct of reconciliation procedures including inquiry with management on possible causes of variances noted and actual examination of and tracing to supporting documents.</p> <p>Summarizing results and drawing potential improvements and recommendations that may be considered by both agencies and companies.</p>
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II. Significant Activities and Focus Areas per Phase

Salient considerations and focus areas

Phase I – Preparation and finalization of Template

Scoping of Companies and Revenue streams Please refer to Section II for a detailed discussion on scoping and selection criteria used in identifying companies to participate in the first implementation, as well as material revenue streams, mandatory expenditures and funds.

Leveraging on other countries' reports and information required under the EITI framework, the reporting template solicited the following basic data:

- Amount paid
- Period covered
- Remarks or other qualitative information that can assist the IA in understanding the nature of payment and reconciling data between parties.

As agreed with the MSG, supplemental schedules were required from companies should there be variances noted from initial comparison with agency data. These schedules provided more detailed information on actual payment or remittance date, document reference number for tracing and examination, and tax base and rate used in calculating revenue streams.

The following guidelines were stated in the reporting templates and were explained to reporting companies and agencies during MSG meetings:

- Templates should be signed by senior management such as President, Chief Finance Officer or any equivalent personnel for companies, and commissioners or deputies for agencies.
- Disclosures should include all revenue streams attributed to taxable year 2012 irrespective of whether these were settled or paid in other periods, as well as if another fiscal year end is adopted (e.g. June 30). Essentially, accrual basis should be followed.
- Templates should present total taxes for the year and schedules presenting the breakdown with the required level of detail (e.g. per frequency, receiving office) indicated in each if variances were noted.

Phase II - Data gathering

Obtaining relevant information from all parties.

Template distribution

Distribution was done through electronic correspondences with identified representatives of companies and agencies. Templates were provided mid-June 2014 with requested submission date no later than June 30, 2014. The following companies complied with the said deadline:

1. Apex Mining Co. Inc.
2. Cagdianao Mining Corp.
3. Chevron Malampaya LLC
4. Hinatuan Mining Corp.
5. Lepanto Consolidated Mining Co.
6. Leyte Iron Sand Mining Corporation
7. PNOC Exploration Corporation
8. Rio Tuba Nickel Mining Corp.
9. Shell Philippines Exploration BV
10. Taganito Mining Corp.

Salient considerations and focus areas

None of the agencies followed the first deadline. The first agency to comply was MGB which submitted its template on July 1, 2014.

The final cutoff for data collection was on September 30, 2014, which, as at that date yielded 36 templates from companies. Agencies submitted their data in several phases as it took a while for the same to be completed by their respective personnel. In the case of BIR, some templates were delayed because of the delay in the submission of company waivers.

Walkthrough of financial closing process

As part of data gathering, we performed walkthrough procedures with reporting entities. The walkthroughs involved tracing of information from accounting systems, various review levels, and audit by independent parties. Walkthroughs also entailed discussions with individuals, who were mainly from the Finance/Accounting department, and inspection of sample documents prepared and reviewed by them such as account schedules and listings generated from systems.

Lastly, we also referred to the following documents as increment references:

- 2012 audited FS as these include relevant disclosures in compliance with Revenue Regulation No. 15-2010. This regulation requires presentation of all applicable taxes made including corporate income, excise and business taxes, duties and other payments;
- Annual reports for listed entities that ascertain transparency on community development programs;
- Other reports gathered by the EITI Secretariat from various agencies for scoping purposes.

Phase III - Reconciliation

Reconciliation
process

Reconciliation

The objectives of the reconciliation process do not extend to an audit and review of the disclosures which were already subjected to verification of third parties (e.g. independent auditing firms, and Commission on Audit [COA]). Hence, agreed upon procedures (AUP) in accordance with Philippine Standard on Related Services No. 4400, *Engagements to Perform Agreed-upon Procedures regarding Financial Information*, was determined to be appropriate. The end result of an AUP is a report on factual findings specifically on variances identified, if any, and reasons thereof, with no assurance expressed or issued.

AUP are as follows:

- Revenue streams were checked and differences were calculated. Variances were compared with the prescribed threshold of 5% to confirm if reconciliation is warranted.
- Discrepancies that exceeded threshold were subjected to additional procedures including direct discussion with management to identify possible reasons and explanations for differences, and tracing sample transactions to supporting documents based on schedules submitted by companies to confirm the validity and accuracy of disclosures made.

Salient considerations and focus areas

For revenue streams, mandatory expenditures and funds that were only disclosed by companies and without the corresponding disclosure from agencies due to legal restriction (e.g. absence of confidentiality waiver) and lack of available information (i.e. reports are not readily available at the central office), were also traced to available supporting documents including tax returns, payment vouchers, invoices and others.

Threshold used in the Reconciliation Process

In case of variance between agency and company disclosures, we determined whether the variance is material enough to warrant the facilitation of the reconciliation process. To determine the materiality of the variance, a fixed rate of 5% was applied against total reported collection per agency. If the variance was more than 5% of the total collection of the agency, we performed reconciliation of that particular stream. Hence, payments made by companies to agencies followed different variance thresholds, which ensured greater scope of reconciliation procedures.

Refer to illustration below for details:

Company A - BIR	Per company	Per BIR	Var.	For recon
Excise tax on minerals	100	140	(40)	Y
Corporate income tax	350	320	30	N
Withholding tax				
Dividends	40	40	-	N
Profit remittance	50	55	(5)	N
Royalties to claim owners	200	260	(60)	Y
IAET	15	15	-	N
	755	830	(75)	
Percentage rate	5%			
Threshold	38			

Correspondingly, the above exercise was performed for total revenue streams attributed to other agencies on a per company basis.

The rate of 5% is the same threshold applied by the Securities and Exchange Commission (SEC) in assessing whether an account balance (e.g. cash, receivables) is significant. It is also used in determining whether a deficiency is considered material for publicly listed entities, and in identifying balances requiring further breakdown or disclosure in the notes to the financial statements.⁷

Salient considerations and focus areas

Annex 68-D and E of Securities Regulations Code (SRC) Rule 68 (as amended) also utilizes the rate of 5% on required breakdown of account balances.⁸

The recommended 5% threshold for variance was presented to and approved by the MSG as sufficient and appropriate for reconciliation purposes.

⁷ Section III (A) (iv) of SEC Memo Circular No. 8, Scale of Fines for Non-Compliance with the Financial Reporting Requirements of the Commission, on the test of materiality provides: For purposes of these Guidelines, a significant account means a balance sheet or income statement item, the amount of which is equivalent to: For listed companies, public companies, mutual funds, other issuers of securities to the public, and pre-need companies (1) 5% or more of Total Current Assets, if it is one of the current asset items

This was further reiterated under Section III (B) of the same circular that provides:

"Any of the following shall be considered a material misstatement in the financial statements with material defined based on the 5% and 10% thresholds, for publicly listed entities and private corporations, respectively"

⁸ For example, Section I on Balance Sheet provides, (C) Other Current Assets. State separately any amount in excess of five percent (5%) of total current assets.

III. Key Challenges and Difficulties Encountered

Some of the barriers faced during the conduct of procedures are as follows:

A. Response Rate and Timeliness of Submission

The following summarizes the number of templates received per month from companies and agencies:

Month	Entities	Agencies
June	10	None
July	15	Partial submissions from BIR, PPA, LGUs, MGB and DOE
August	8	Partial submissions from from BIR, BOC and LGUs
September	2	Partial submissions from BIR, MGB and LGUs
October	1	LGUs

As earlier noted, no government agency and only ten (10) participating entities submitted their templates within the initial deadline of June 30, 2014. This prevented us from immediately commencing procedures and efficiently coordinating action points between companies and agencies.

For agencies, there was difficulty in consolidating or obtaining information from satellite offices based in the provinces. As a result, variances were identified due to lack of or incomplete disclosures. This has been observed with respect to disclosures on business taxes from the different LGUs, funds and mandatory expenditures monitored by MGB and royalty payments monitored by NCIP.

Consequently, certain variances remained either unexplained or were included as part of post reconciliation variances due to insufficient time for reconciliation.

B. Confidentiality Restrictions

Due to prevailing laws, the BIR and BOI were restricted from readily providing requested information on taxes and incentives.

To address this impediment, the MSG requested for the voluntary submission of waivers from companies to enable the BIR to retrieve records and freely disclose the taxes paid under its jurisdiction, including corporate income, excise, withholding taxes and IAET, if applicable. (A copy of this waiver is annexed to this report.)

As for the BOI incentives, companies were also required to voluntarily declare in the reporting template the incentives they avail of. BOI provided the MSG with a list of incentives availed of by companies for 2012 without, however, indicating the corresponding amounts, which, according to BOI should be secured from relevant agencies that grant the incentives. (Copy of the BOI letter is attached as Annex C)

As of October 31, 2014, the following companies have executed BIR waivers:

Status	Entities			Total
	Mining	OG	Coal	
Signed	37	6	-	43
Outstanding	1	2	-	3
Declined	2	3	1	6
Total	40	11	1	52

For companies that provided templates but did not execute waivers, alternative procedures were performed, such as tracing available supporting documents including tax returns, payment vouchers, invoices and others.

It bears stressing that the MSG exerted all efforts to ensure 100% compliance from companies. A documentation of such efforts may be found in Annex D.

C. Participation on a Voluntary Basis

The absence of an existing law that requires identified entities to submit disclosures effectively renders the exercise as voluntary or optional. Consequently, we received four (4) formal notices from companies declining participation, as follows:

1. Forum Pacific, Inc.;
2. Semirara Mining Coporation;
3. Oriental Petroleum and Minerals Corporation;
4. The Philodrill Corporation; and

The reasons given for non-participation were their perceived redundancy of the exercise considering that they are already submitting financial reports to the SEC, the confidentiality provisions under the Tax Code, and the perceived impact of disclosure on their global competitiveness. (Copies of these letters may be found in Annex E)

As discussed above, their non-participation means that 5.1% of the total income of 40 mining companies, 2.2% of the total income of 11 oil and gas companies and 100% of the income of the lone coal company targeted for this report, were not covered.

CHAPTER 3 Detailed Results

Based on our walkthrough and reconciliation procedures performed with companies and agencies, below is a summary of pertinent information on material revenue streams.

I. Bureau of Internal Revenue (BIR)

A. Payment and collection of revenue streams

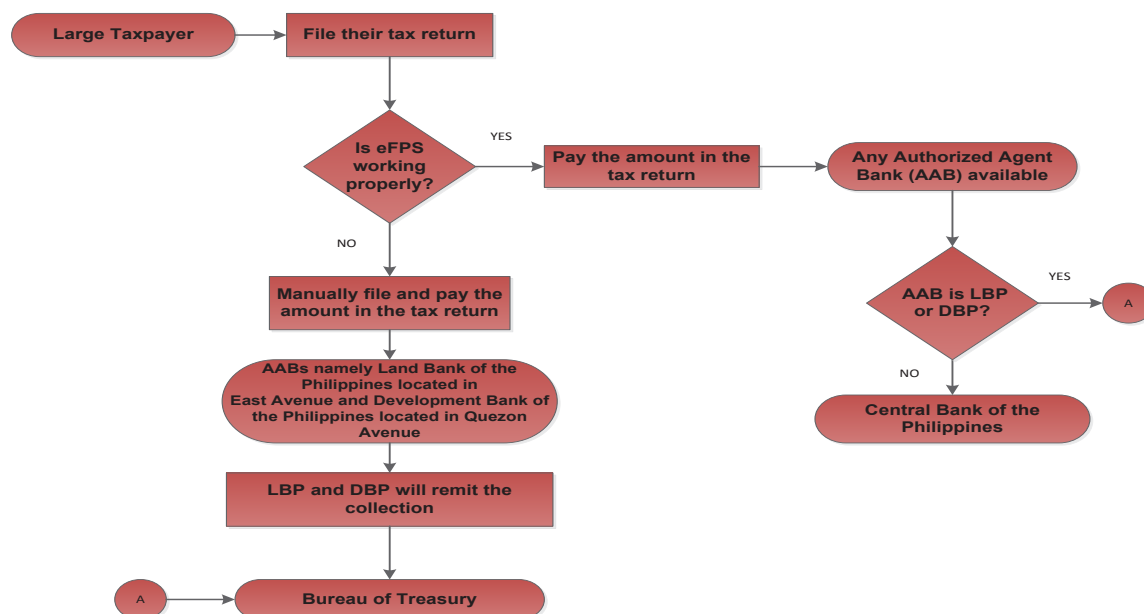
Discussion in this section is specific to Large Taxpayer Service (LTS) of the BIR. No separate documentation is prepared for the individual Regional District Offices since majority of the companies qualify as large taxpayers.

	Corporate income tax	Excise tax on minerals	Final withholding tax			Improperly accumulated earnings tax
			Foreign shareholder dividends	Branch profit remittance	Royalties to claim owners	
Frequency of payment	Quarterly; adjusted in annual filing	Quarterly, when applicable	Monthly, when applicable			Annually, when applicable
Form/ document	1702	2200M	1601F			1704
Timing of payment	Quarterly - within 60 days following the close of each of the first 3 quarters of the taxable year	On or after 15 days after the end of the calendar quarter when mineral products were removed	On or before the 10th day of the month following the month in which withholding was made			Within 15 days after the close of the year immediately succeeding taxpayer's covered taxable year
Mode of payment	Tax returns are filed through Electronic Filing and Payment System (EFPS) and paid through Accredited Agent Banks (AABs).					
	For Participating Entities in places where there are no AABs, payments are made to the Revenue Collection Officer or duly Authorized City or Municipal Treasurer located within the Revenue District Office (RDO) where Entities are registered.					
Remittance from agency	Over the counter and EFPS collections by AABs (except Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) are remitted to the Central Bank of the Philippines (BSP) on the 6th and 5th day, respectively, from the date of collection					
	Collections by LBP and DBP are directly credited to the Bureau of Treasury					

B. Process Flowchart

The diagram below illustrates process flow from payment by the entities to collection by the agency and remittance to the Bureau of Treasury (BTr).

Figure 8. LTS Data collection and reconciliation



C. Data collection and reconciliation

All thirty mining and six oil and gas companies that submitted templates executed respective waivers enabling the BIR to disclose tax payments made. However, BIR templates for the following companies (including payments per revenue stream disclosed) were not received because filing of returns and payments of taxes, were made to RDOs instead of the BIR's Large Taxpayers Service (LTS). The RDOs however, failed to send the required templates:

Table 17. Entities with no BIR templates

Entity	Excise tax	Corporate income tax
Benguet Nickel Mines, Inc	22,200,000	31,900,000
Greenstone Resources Corporation	18,486,260	5,547,045
SinoSteel Phils. H.Y. Mining Corp.	3,351,956	1,633,370
LNL Archipelago Minerals Inc.	-	-

Due to the non-submission of the RDOs, the data submitted by the above companies were not compared with government data. Thus, we were not able to perform reconciliation procedures for the above companies as far as payments to the BIR were concerned.

On the other hand, the following companies which were either non-operating or still in the exploration phase in 2012, reported zero payments to BIR in their templates, which reconcile with BIR's disclosures:

- Johson Gold Mining Corporation
- Leyte Iron Sand Mining Corporation
- OceanaGold (Philippines), Inc.
- Trans-Asia Petroleum Corporation

The table below is a summary of findings by type of revenue stream collected by BIR and the resulting variances. Note that revenue streams with nil amount based on templates of both companies and BIR are not presented in the table.

D. Results per Revenue Stream

Table 18. Summary by type of BIR revenue stream declared at the end of the reconciliation exercise and resulting differences (Mining)

1. Companies under Income Tax Holiday

Revenue Stream	Amounts		Variance pre-recon	Reconciled Amount	Variance post recon	Remarks
	Per company	Per Agency				
Corporate income tax						
Adnama Mining Resources	-	279,291	(279,291)	-	(279,291)	B
Berong Nickel Corporation	17,896,499	17,896,499	-	17,896,499	-	
Carmen Copper Corp.	369,624	369,624	-	369,624	-	
Platinum Group Metals Corporation	351,785	351,786	(1)	351,785	-	B
SR Metals, Inc.	14,105,733	13,830,416	275,317	13,830,416	-	B
TVI Resource Development (Phils.), Inc.	1,498,507	1,498,507	-	1,498,507	-	
Sub-total	34,222,148	34,226,123	(3,975)	33,946,831	(279,291)	
Excise tax on minerals						
Adnama Mining Resources	58,578,182	13,858,379	44,719,803	-	44,719,803	A
Apex Mining Co. Inc.	38,315,152	40,217,094	(1,901,942)	38,315,152	-	B
Berong Nickel Corporation	23,794,313	20,960,827	2,833,486	23,794,313	-	C
Carmen Copper Corp.	271,574,691	271,327,897	246,794	271,574,691	-	B
Carrascal Nickel Corporation	89,754,248	89,754,248	-	89,754,248	-	
Marcventures Mining and Development Corporation	13,949,821	13,008,023	941,798	13,949,821	-	K
Platinum Group Metals Corporation	118,558,025	122,239,383	(3,681,358)	118,558,025	-	B
SR Metals, Inc.	39,836,583	41,720,990	(1,884,407)	39,836,583	-	B
TVI Resource Development (Phils.), Inc.	66,972,412	76,829,670	(9,857,258)	66,972,412	-	M
Sub-total	721,333,427	689,916,511	31,416,916	662,755,245	44,719,803	
Withholding tax - Foreign shareholder dividends						
Carrascal Nickel Corporation	73,500,000	88,847,098	(15,347,098)	73,500,000	-	H
Withholding tax - Royalties to claim owners and IPs						
Apex Mining Co. Inc.	5,424,019	6,595,521	(1,171,502)	5,424,019	-	B
Carrascal Nickel Corporation	-	-	-	8,989,898	-	H
Platinum Group Metals Corporation	7,213,835	12,978,811	(5,764,976)	7,213,835	-	H
TVI Resource Development (Phils.), Inc.	17,330,373	19,565,947	(2,235,574)	17,330,373	-	B
Sub-total	29,968,227	39,140,279	(9,172,052)	38,958,125	-	
Total	859,023,802	852,130,011	6,893,791	809,160,201	44,440,512	

2. Companies under normal corporate income tax

Company	Amounts		Variance pre-recon	Reconciled Amount	Variance post recon	Remarks
	Per Company	Per Agency				
Corporate income tax						
Benguetcorp Nickel Mines, Inc.	31,900,000	-	31,900,000	31,885,295	-	D
Cagdianao Mining Corporation	11,935,929	11,935,929	-	11,935,929	-	
Cambayas Mining Corp.	2,089,788	1,320,278	769,510	2,089,788	-	G
Eramen Minerals, Inc	29,717,346	29,717,346	-	29,717,346	-	
Filminera Resources Corporation	88,453,207	53,653,112	34,800,095	53,653,112	-	J
Greenstone Resources Corporation	5,513,307	-	5,513,307	5,513,307	-	D
Hinatuan Mining Corp.	428,994,084	428,994,083	1	428,994,083	-	B
Krominco Inc.	314,406	314,406	-	314,406	-	
Lepanto Consolidated Mining Co.	6,587,533	7,413,726	(826,193)	6,587,533	-	B
Philex Mining Corporation	528,008,986	528,008,986	-	528,008,986	-	
Philippine Mining Development Corp.	11,051,898	11,051,899	(1)	11,051,898	-	B
Philsaga Mining Corp.	2,329,563	2,329,563	-	2,329,563	-	
Rapu-Rapu Minerals, Inc.	176,210,770	99,164,501	77,046,269	-	77,046,269	A
Rio Tuba Nickel Mining Corp.	424,336,230	424,336,229	1	424,336,230	-	B
Shuley Mine Incorporated	2,170,159	2,171,034	(875)	2,170,159	-	B
Sinosteel Phils. H. Y. Mining Corporation	1,633,370	-	1,633,370	1,633,370	-	D
Taganito Mining Corp.	399,001,911	399,001,911	-	399,001,911	-	
Sub-total	2,150,248,487	1,999,413,003	150,835,484	1,939,222,916	77,046,269	
Excise tax on minerals						
Benguetcorp Nickel Mines, Inc.	22,200,000	-	22,200,000	22,196,663	-	D
Cagdianao Mining Corporation	22,600,664	25,598,197	(2,997,533)	22,600,664	-	E
Cambayas Mining Corp.	2,784,800	-	2,784,800	2,141,920	642,880	F
Eramen Minerals, Inc	21,333,932	12,070,594	9,263,338	19,189,072	-	I
Filminera Resources Corporation	263,368,839	263,368,839	-	263,368,839	-	
Greenstone Resources Corporation	18,486,260	-	18,486,260	-	18,486,260	A
Hinatuan Mining Corp.	57,624,071	60,077,210	(2,453,139)	57,624,071	-	B
Lepanto Consolidated Mining Co.	42,588,925	42,528,205	60,720	42,588,925	-	B
Philex Mining Corporation	159,267,939	159,267,939	-	159,267,939	-	
Philsaga Mining Corp.	80,488,050	69,949,773	10,538,277	80,488,050	-	L
Rapu-Rapu Minerals, Inc.	102,213,205	46,209,556	56,003,649	-	56,003,649	A
Rio Tuba Nickel Mining Corp.	80,763,767	63,520,112	17,243,655	80,763,767	-	B
Shuley Mine Incorporated	3,421,844	-	3,421,844	3,421,844	-	D
Sinosteel Phils. H. Y. Mining Corporation	3,351,956	-	3,351,956	3,351,956	-	D
Taganito Mining Corp.	61,877,311	61,927,618	(50,307)	61,877,311	-	B
Sub-total	942,371,563	804,518,043	137,853,520	818,881,021	75,132,789	
Withholding tax - Foreign shareholder dividends						
Filminera Resources Corporation	-	949,913	(949,913)	-	-	B
Philex Mining Corporation	132,162,720	242,768,393	(110,605,673)	132,162,720	-	H
Rio Tuba Nickel Mining Corp.	63,000,000	66,522,410	(3,522,410)	63,000,000	-	H
Sub-total	195,162,720	310,240,716	(115,077,996)	195,162,720	-	
Withholding tax - Royalties to claim owners and IPs						
Cagdianao Mining Corporation	22,129,104	22,129,104	-	22,129,104	-	
Lepanto Consolidated Mining Co.	74,400	88,215	(13,815)	74,400	-	B
Philex Mining Corporation	60,882,836	-	60,882,836	60,882,836	-	H
Philsaga Mining Corp.	8,675,050	8,735,858	(60,808)	8,675,050	-	B
Sub-total	91,761,390	30,953,177	60,808,213	91,761,390	-	
Total	3,379,544,160	3,145,124,939	234,419,221	3,045,028,047	152,179,058	

Table 19. Summary by type of BIR revenue stream declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Revenue stream	Amounts		Variance pre-recon	Reconciled Amount	Variance post recon	Remarks
	Per Company	Per Agency				
Corporate income tax						
Chevron Malampaya LLC	6,140,053,188	6,161,234,325	(21,181,137)	6,140,053,188	-	B
Galoc Production Co.	18,232,409	18,232,409	-	18,232,409	-	
Nido Production Galoc	13,680,548	13,680,548	-	13,680,548	-	
PNOC - Exploration Corporation	1,340,722,795	1,345,421,394	(4,698,599)	1,340,722,795	-	B
Shell Philippines Exploration B.V.	5,926,451,185	5,947,633,089	(21,181,904)	5,926,451,185	-	
Sub-total	13,439,140,125	13,486,201,765	(47,061,640)	13,439,140,125	-	
Withholding tax - Profit remittance to principal						
Chevron Malampaya LLC	2,531,957,157	-	2,531,957,157	2,531,957,157	-	N
Shell Philippines Exploration B.V.	1,536,822,493	1,536,822,493	-	1,536,822,493	-	
Sub-total	4,068,779,650	1,536,822,493	2,531,957,157	4,068,779,650	-	
Total	17,507,919,775	15,023,024,258	2,484,895,517	17,507,919,775	-	

E. Reasons for Variances

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on threshold set.
- C. Variance was unexplained by both company and agency. Nonetheless, we have traced and agreed total amount per company to corresponding actual tax returns filed with and duly received by the BIR, the results of which did not disclose any difference to disclosure per template.
- D. Notwithstanding the receipt of waiver from the company, the BIR was unable to furnish corresponding template for reconciliation. Similarly, we have traced and agreed total amount per company to corresponding actual tax returns filed with and duly received by the BIR, the results of which did not disclose any difference to disclosure per template.
- E. Amount disclosed by the BIR is inclusive of payments made in 2012, but attributed to 2011 results of operations, and accordingly excluded for reconciliation purposes.
- F. In 2012, the company was still under a different RDO; hence, no amount was disclosed by the LTS. Consequently, amount provided by the company was traced and agreed with tax returns yielding PHP642,880 remaining unsupported.
- G. From inspection of corresponding tax returns, difference of PHP769,510 was due to non- consideration of payment made in April 2013, but still pertaining to 2012 results of operations, net of penalty charges collected by the BIR in 2012 amounting to PHP1,044,894 and PhP275,834, respectively.
- H. Withholding tax presented by the BIR pertains to total amount declared under Form No. 601-F, which includes withholding tax for other income payments that were not required in the template. Amounts per company were directly traced to said withholding tax return detailing breakdown per income payment without exceptions noted.

- I. Of the total variance, the company included payments attributed to 2013 deliveries amounting to PHP2,144,860. Remaining variance refers to remittances made by the company to a separate RDO as it was only considered a large taxpayer mid-2012; and accordingly transferred to the LTS only then. This was confirmed through inspection of corresponding tax returns that did not note any exceptions.
- J. Variance was mainly due to 2011 income tax payments included in the company's disclosure.
- K. Difference corresponds to payment made prior to the company transitioning to a large taxpayer in 2012. Inspection of tax return did not identify any exceptions.
- L. Variance is due to timing difference of payment of the following 2012 transactions included per company but not per BIR:

Period covered	Date paid	Amount (in PHP)
January 2012	December 2011	3,487,197
December 2012	January 2013	1,431,041
December 2012	February 2013	5,620,039
		10,538,277

- M. Adopting cash basis as framework, the BIR included payment pertaining to 2011 transactions amounting to PHP11,566,581, and excluded payments attributed to 2012 results of operations, but made in 2013 totaling PHP1,709,323.
- N. Variance is only attributed to difference tax form used by the company (i.e. BIR Form 0605) rather than prescribed form for withholding taxes (i.e. BIR Form No. 1601F). Notwithstanding, we have inspected relevant documents including tax filing and actual remittance to confirm payment, which did not identify any exceptions.

From the above discussion, the following are the common sources of differences:

- Inclusion of payments/collections for other periods
- Payments made to other RDOs
- Inclusion of penalty charges
- Lump sum disclosure of withholding taxes
- Use of different tax forms

F. Charts that Illustrate Summary Results for BIR

Figure 9. The significant revenue streams of BIR

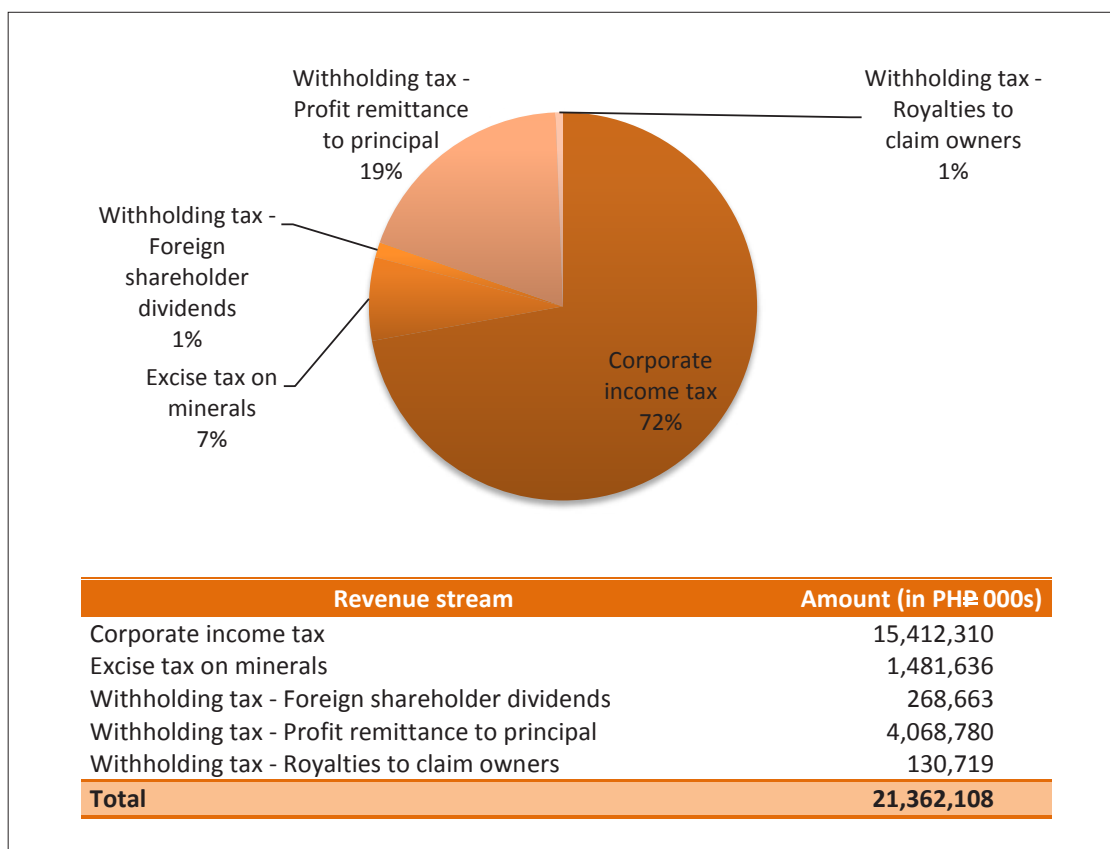
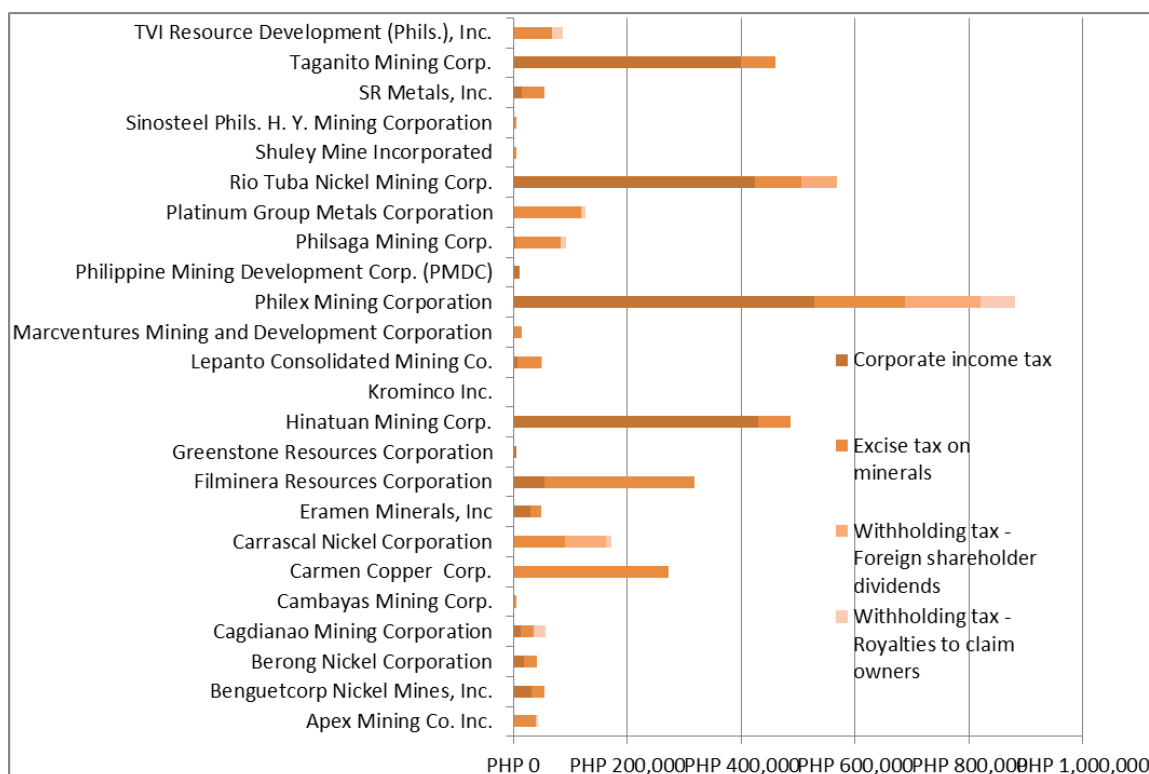
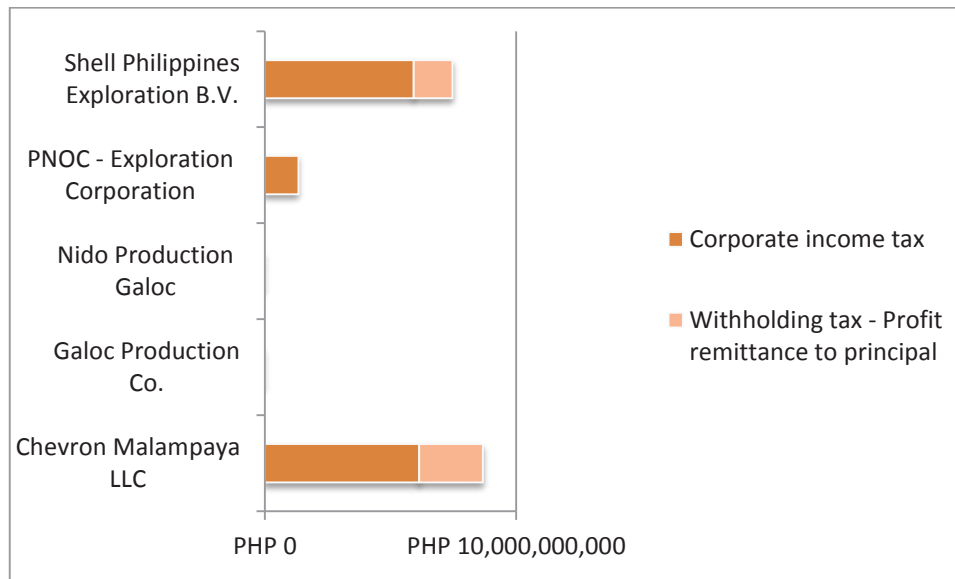


Figure 10. Distribution of BIR revenue streams (in PHP '000s) per company (Mining)



For mining companies, the most significant revenue source of the BIR is corporate income taxes which accounted for more than 70% of total collections.

Figure 11. Distribution of BIR revenue streams per company (OG)



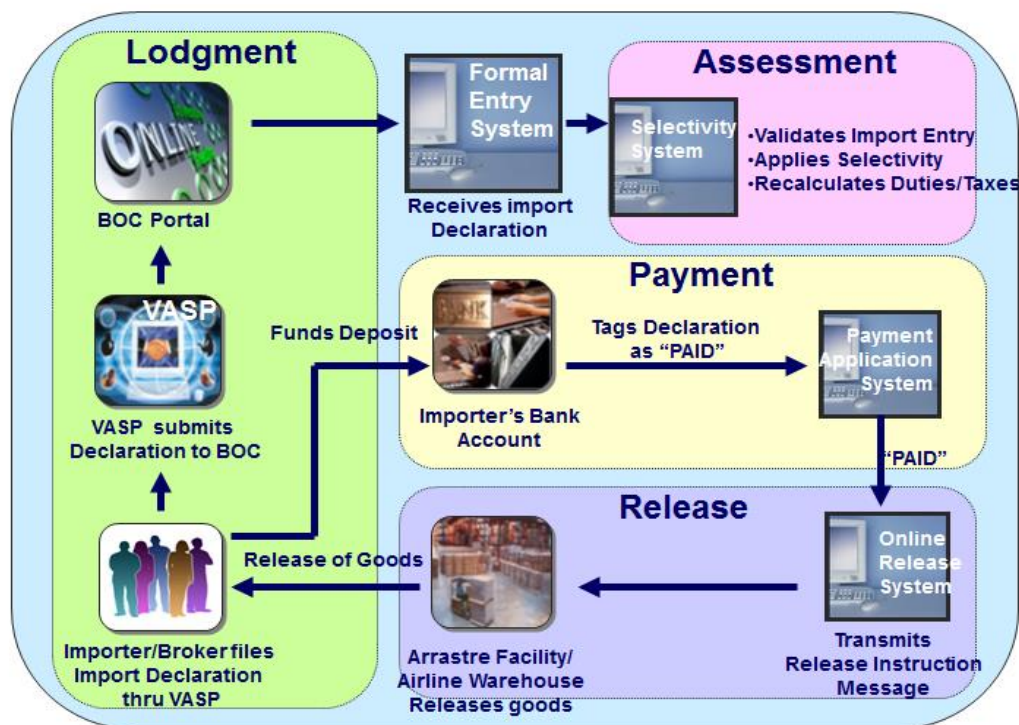
II. Bureau of Customs (BOC)

A. Payment and Collection of Revenue Streams

	Customs duties	Value-added tax (VAT)
Frequency of payment	Transactional	Transactional
Form/document	Form 236, Import Entry and Internal Revenue Declaration Form	
Timing of payment	Entry must be filed in the Customhouse (i.e. BOC office) within 30 days from the date of discharge of the last package from the vessel, which shall not be extendible.	
Mode of payment	Payments are made after completion of the assessment process by the Agency. AABs will be notified by the Agency to debit Entities' bank account.	
Remittance from agency	Collections through the AABs are remitted to the BTr on a daily basis.	

B. Process Flowchart

The diagram below illustrates the process flow from payment by companies to collection by the BOC and remittance to the Bureau of Treasury (BTr).



C. Data Collection and Reconciliation

Of the 36 Entities, BOC did not submit templates for the following that either did not have any reported importations in 2012 or were not registered with the BOC:

- Benguetcorp Nickel Mines, Inc.
- Berong Nickel Corporation
- Cambayas Mining Corp.
- Chevron Malampaya LLC
- Eramen Minerals, Inc
- Filminera Resources Corporation
- Johson Gold Mining Corporation
- Leyte Iron Sand Mining Corp
- LNL Archipelago
- Marcventures Mining and Development Corporation
- Rapu-Rapu Minerals, Inc.
- Sinosteel Phils. H. Y. Mining Corporation
- Trans-Asia Petroleum Corporation

The table below is a summary of findings by type of revenue stream and the resulting differences. Note that revenue streams with nil amount based on templates of both entities and BOC are not presented in the table.

D. Results per Revenue Stream

Table 20. Summary by type of BOC revenue stream declared at the end of the reconciliation exercise, and resulting differences (Mining)

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Customs duties						
Adnama Mining Resources	-	1,221,567	(1,221,567)	-	(1,221,567)	A
Apex Mining Co. Inc.	83,029,030	15,082,998	67,946,032	-	67,946,032	A
Cagdianao Mining Corporation	572,719	572,719	-	572,719	-	
Carmen Copper Corp.	19,247,087	19,742,692	(495,605)	19,247,087	-	B
Carrascal Nickel Corporation	299,600	89,636	209,964	-	209,964	A
Greenstone Resources Corporation						
Hinatuan Mining Corp.	4,278,912	4,270,446	8,466	4,278,912	-	B
Krominco Inc.	17,963	16,963	1,000	17,963	-	B
Lepanto Consolidated Mining Co.	4,814,978	8,369,308	(3,554,330)	8,369,308	-	C
Oceana Gold Philippines Inc.	41,151,362	40,892,199	259,163	41,151,362	-	B
Philex Mining Corporation	13,992,931	31,497,343	(17,504,412)	31,497,343	-	C
Philsaga Mining Corp.	6,392,342	8,557,469	(2,165,127)	-	(2,165,127)	A
Platinum Group Metals Corporation						
Rapu-Rapu Minerals, Inc.	101,030	-	101,030	-	101,030	A
Rio Tuba Nickel Mining Corp.	7,851,117	11,541,085	(3,689,968)	7,851,117	-	B
Shuley Mine Incorporated	55,161	54,161	1,000	55,161	-	B
SR Metals, Inc.	635,382	1,131,220	(495,838)	1,173,698	-	C
Taganito Mining Corp.	8,067,749	8,062,183	5,566	8,067,749	-	B
TVI Resource Development (Phils.), Inc.	20,281,883	1,230,191	19,051,692	1,230,191	-	C
Subtotal	227,968,951	169,832,333	58,136,618	139,305,034	64,379,293	
VAT on imported materials and equipment						
Adnama Mining Resources	-	10,963,634	(10,963,634)	-	(10,963,634)	A
Apex Mining Co. Inc.	-	91,750,453	(91,750,453)	-	(91,750,453)	A
Cagdianao Mining Corporation	8,720,715	8,720,714	1	8,720,715	-	B
Carmen Copper Corp.	178,708,020	180,200,709	(1,492,689)	178,708,020	-	B
Carrascal Nickel Corporation	-	479,717	(479,717)	-	(479,717)	A
Greenstone Resources Corporation						
Hinatuan Mining Corp.	20,126,397	20,102,399	23,998	20,126,397	-	B
Krominco Inc.	198,295	198,295	-	198,295	-	
Lepanto Consolidated Mining Co.	42,393,885	45,250,001	(2,856,116)	45,250,001	-	C
Oceana Gold Philippines Inc.	72,535,932	76,057,725	(3,521,793)	72,535,932	-	B
Philex Mining Corporation	123,859,022	125,642,451	(1,783,429)	123,859,022	-	B
Philsaga Mining Corp.	-	67,095,268	(67,095,268)	-	(67,095,268)	A
Platinum Group Metals Corporation						
Rio Tuba Nickel Mining Corp.	82,856,305	77,934,729	4,921,576	-	4,921,576	A
Shuley Mine Incorporated	114,387	114,387	-	114,387	-	
SR Metals, Inc.	5,060,867	7,124,425	(2,063,558)	7,631,219	-	C
Taganito Mining Corp.	43,194,643	43,150,727	43,916	43,194,643	-	B
TVI Resource Development (Phils.), Inc.	-	23,242,224	(23,242,224)	23,242,224	-	C
Subtotal	599,350,796	844,811,974	(245,461,178)	582,617,618	(166,669,166)	
Excise tax on imported goods						
Apex Mining Co. Inc.	-	3,225	(3,225)	-	-	B
Cagdianao Mining Corporation	-	1	(1)	-	-	B
Carmen Copper Corp.	112,996	113,036	(40)	112,996	-	B
Greenstone Resources Corporation						
Hinatuan Mining Corp.	-	169,004	(169,004)	-	-	B
Oceana Gold Philippines Inc.	-	145,749	(145,749)	-	-	B
Philex Mining Corporation	-	11,363	(11,363)	-	-	B
Philsaga Mining Corp.	-	18,029	(18,029)	-	-	B

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Taganito Mining Corp.	-	110,197	(110,197)	-	-	B
TVI Resource Development (Phils.), Inc.	-	3,381	(3,381)	-	-	B
Sub-total	112,996	617,583	(504,587)	112,996	-	
Other payments						
Adnama Mining Resources	-	90,689	(90,689)	-	(90,689)	A
Lepanto Consolidated Mining	-	3,263	(3,263)	-	-	B
Sub-total	-	93,952	(93,952)	-	(90,689)	
Total	827,432,743	1,015,355,842	(187,923,099)	722,035,648	(102,380,562)	

Table 21. Summary by type of BOC revenue stream declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Customs duties						
Galoc Production Co.	-	63,559	(63,559)	-	(63,559)	A
PNOC - Exploration Corporation	12,953,921	2,672,349	10,281,572	12,953,921	-	C
Shell Philippines Exploration B.V.	5,671,737	1,478,181	4,193,556	1,478,181	-	C
Subtotal	18,625,658	4,214,089	14,411,569	14,432,102	(63,559)	
VAT on imported materials and equipment						
Galoc Production Co.	-	201,119	(201,119)	-	(201,119)	A
PNOC - Exploration Corporation	-	10,886,785	(10,886,785)	-	-	C
Shell Philippines Exploration B.V.	-	4,314,378	(4,314,378)	4,314,378	-	C
Subtotal	-	15,402,282	(15,402,282)	4,314,378	(201,119)	
Excise tax on imported goods						
Galoc Production Co.	-	3	(3)	-	(3)	A
PNOC - Exploration Corporation	-	2	(2)	-	-	B
Shell Philippines Exploration B.V.	-	19,819	(19,819)	-	-	B
Sub-total	-	19,824	(19,824)	-	(3)	
Total	18,625,658	19,636,195	(1,010,537)	18,746,480	(264,681)	

E. Reasons for Variances

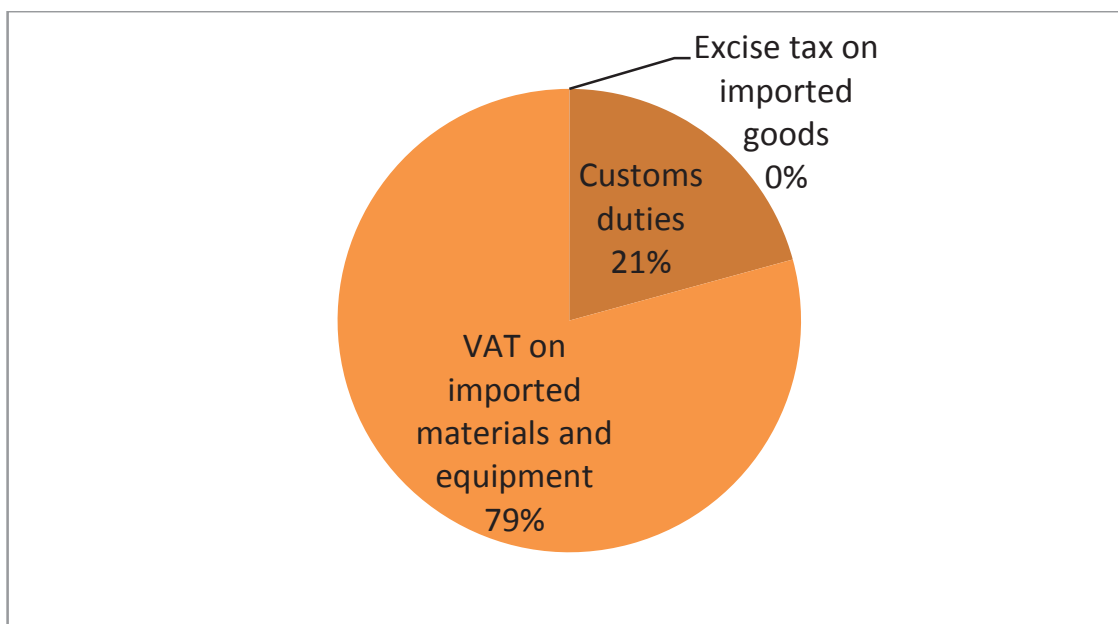
- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on estimated threshold.
- C. Traced and agreed variance to supporting documents (e.g. import entry) with no additional exceptions arising. Differences were due to, among others, misclassification between duties and VAT, inclusion of other payments made to BOC that are not included as part of the reconciliation process, and manual error in the preparation of the templates.

From the above discussion, below are the common sources of differences:

- Inclusion of other revenue streams that are not part of the reconciliation process
- Manual error in the preparation of the template
- Misclassification between duties and VAT

F. Charts that Illustrate Summary Results for BOC

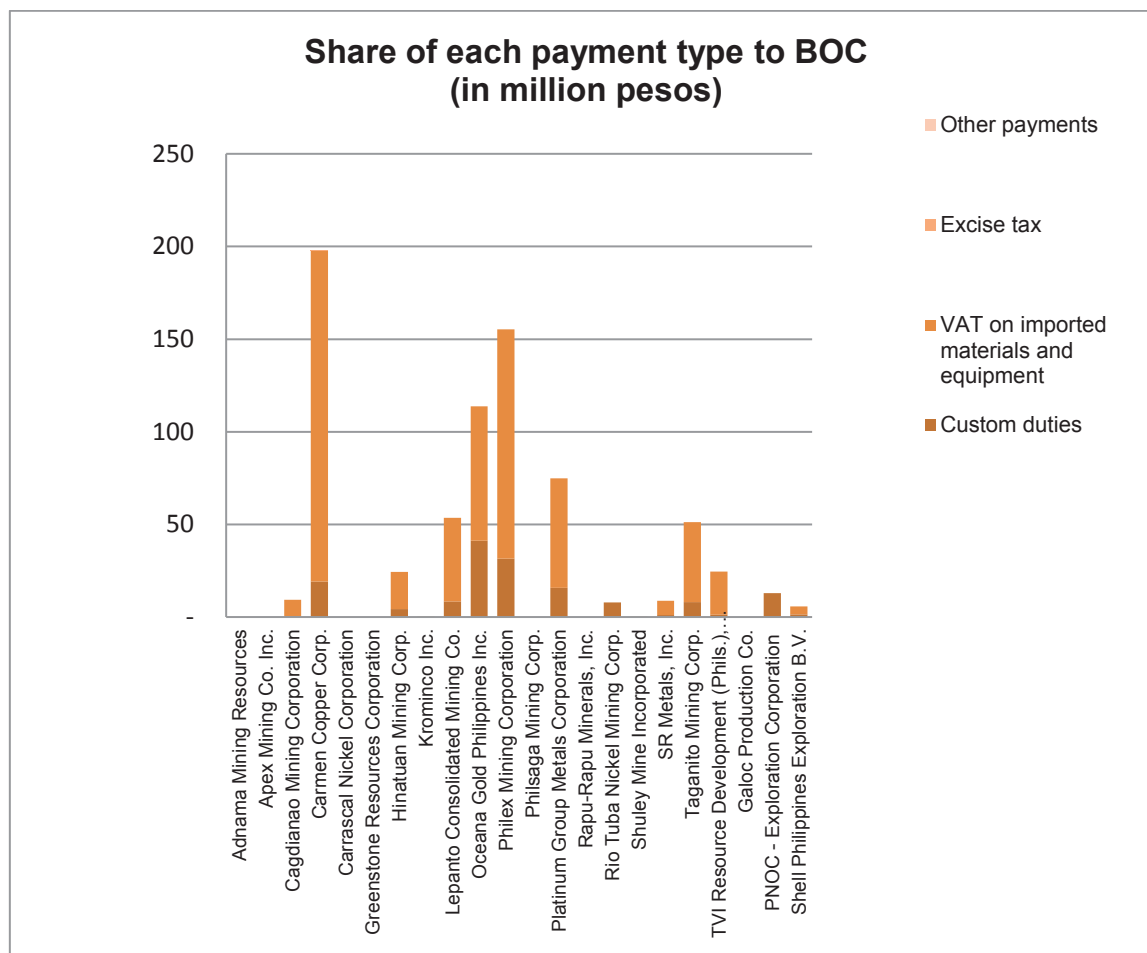
Figure 12. Breakdown of revenue streams



Tax	Amounts
Customs duties	153,737,136
VAT on imported materials and equipment	586,931,996
Excise tax on imported goods	112,996
Total	740,782,128

The chart below summarizes the share of each participating entity to the individual revenue stream of BOC.

Figure 13. Share of each payment type to BOC's revenues



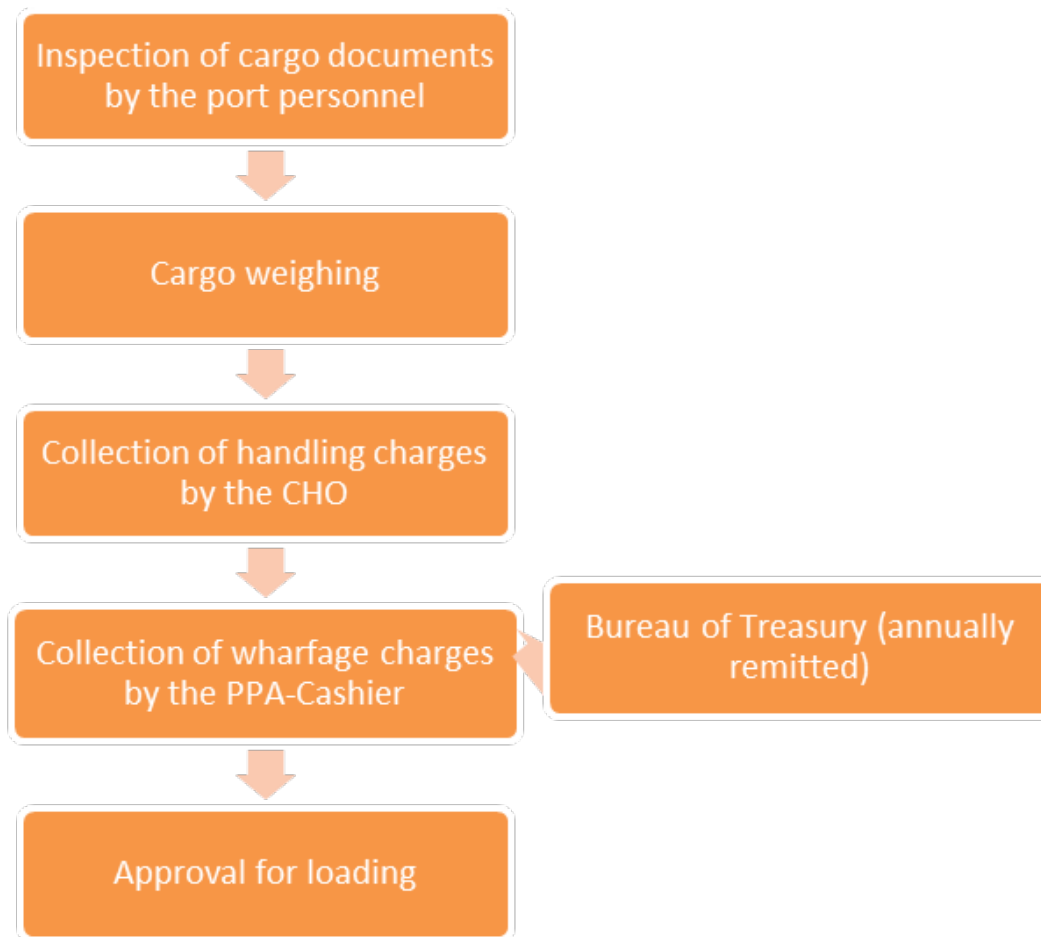
III. Philippine Ports Authority (PPA)

A. Payment and Collection of Revenue Streams

Wharfage fees	
Frequency of payment	Transactional
Form/document	Bill of lading is presented for payment
Timing of payment	Payment is made prior to entry in the terminal
Mode of payment	Taxes are manually collected through the 24 Port Management Offices located nationwide
Remittance from agency	Cash collections are remitted and deposited to PPA bank accounts on a daily basis which will be remitted to the BTR annually, net of PPA's expenses

B. Process Flowchart

The diagram below illustrates the process flow from payment by companies to collection by the agency and remittance to the Bureau of Treasury (BTr).



C. Data Collection and Reconciliation

Of the 36 entities, PPA did not submit templates for the following that did not incur wharfage fees in 2012:

1. Apex Mining Co. Inc.
2. Berong Nickel Corporation
3. Carmen Copper Corp.
4. Carrascal Nickel Corporation
5. Chevron Malampaya LLC
6. Filminera Resources Corporation
7. Greenstone Resources Corporation
8. Johson Gold Mining Corporation
9. Krominco Inc.
10. Leyte Iron Sand Mining Corp.
11. Marcventures Mining and Development Corporation
12. Nido Production Galoc
13. OceanaGold Philippines Inc.
14. Philex Mining Corporation
15. Philippine Mining Development Corp.
16. Philsaga Mining Corp.
17. Platinum Group Metals Corporation
18. Shuley Mine Incorporated
19. Trans-Asia Petroleum Corporation

The table below is a summary of findings and the resulting differences. Note that disclosures with nil amount based on templates of both entities and PPA are not presented in the table.

1. Results per company

Table 22. Summary by type of PPA revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Mining)

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources	12,763,414	15,670,003	(2,906,589)	-	(2,906,589)	A
Benguet Corp. Nickel Mines, Inc.	6,300,000	1,939,881	4,360,119	-	4,360,119	A
Berong Nickel Corporation	11,818,681	-	11,818,681	-	11,818,681	A
Cagdiano Mining Corporation	7,968,535	9,153,518	(1,184,983)	7,165,836	(1,987,682)	D
Cambayas Mining Corp.	400,262	438,566	(38,304)	-	(38,304)	A
Eramen Minerals, Inc	5,153,377	4,313,967	839,410	4,313,967	-	E
Hinatuan Mining Corp.	19,358,773	18,879,258	479,515	19,358,773	-	B
Lepanto Consolidated Mining Co.	55,550	296,984	(241,434)	55,550	(241,434)	D
LNL Archipelago	-	1,470,507	(1,470,507)	1,470,507	-	C
Marcventures Mining and Development Corporation	1,401,986	-	1,401,986	-	-	F
Philex Mining Corporation	461,420	-	461,420	461,420	-	C
Rapu-Rapu Minerals, Inc.	2,444,247	-	2,444,247	-	2,444,247	A
Rio Tuba Nickel Mining Corp.	16,692,085	16,750,905	(58,820)	16,692,085	-	B
Sinosteel Phils. H. Y. Mining Corporation	1,732,725	1,547,054	185,671	1,732,725	-	E
SR Metals, Inc.	-	83,495	(83,495)	-	(83,495)	A
Taganito Mining Corp.	17,468,620	19,657,321	(2,188,701)	17,468,620	(2,188,701)	D
TVI Resource Development (Phils.), Inc.	-	498,549	(498,549)	-	(498,549)	A
Total	104,019,675	90,700,008	13,319,667	68,719,483	10,678,293	

Table 23. Summary by type of PPA revenue stream per Company declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Entity	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Entity	per Agency				
Galoc Production Co	-	1,719,558	(1,719,558)	-	(1,719,558)	A
PNOC - Exploration Corporation	1,376,731	5,457,578	(4,080,847)	1,376,731	(4,080,847)	D
Shell Philippines Exploration B.V.	306,304	409,301	(102,997)	306,304	(102,997)	D
Total	1,683,035	7,586,437	(5,903,402)	1,683,035	(5,903,402)	

D. Reasons for Variances

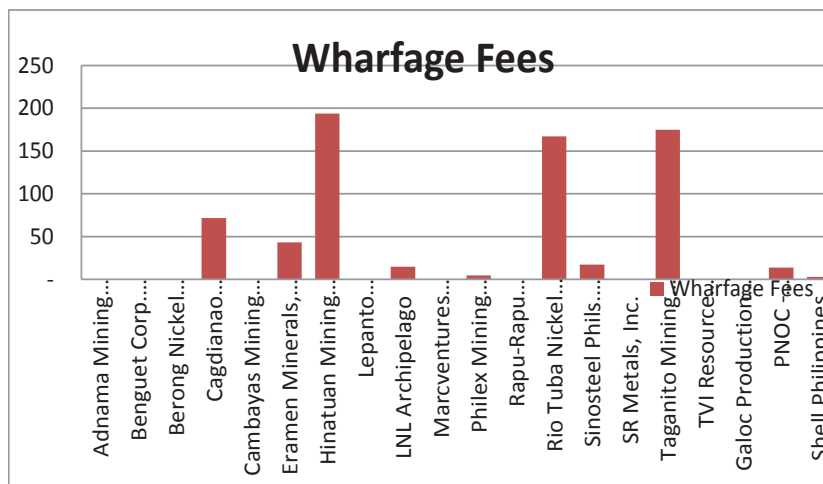
- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on estimated threshold.
- C. Traced and agreed variance to supporting documents with no other exceptions identified.
- D. We have traced and agreed the reconciled amount to corresponding official receipts issued by the agency. Remaining variance was unexplained by both company and agency.
- E. Variance was mainly due to VAT included in the reporting template of the company.
- F. Adopting cash basis as framework, the agency excluded collections in 2013 while the company reported total payment for years 2012 and 2013 in the reporting template which cannot be disaggregated.

From the above discussion, below are the common sources of differences:

- Difference in timing of recording between entity and agency
- Inclusion of other revenue streams in the template

E. Charts that Illustrate Summary Results for PPA

Figure 14. Contribution of participating companies to the total wharfage fees



IV. Mines and Geosciences Bureau (MGB)

A. Payment and Collection of Revenue Streams

	Occupational fees	Royalty in mineral reservation
Frequency of payment	Annually	Per shipment basis
Timing of payment	On the date the Exploration Permit/FTAA is registered with the appropriate office and the same date every year thereafter	Payments are made before every export. Proof of payment is required prior to the issuance of a mineral ore export permit.
Mode of payment	Paid in cash	Paid in cash
Remittance from agency	Remitted to LGUs that have authority over companies' mineral lands	Not applicable

B. Data Collection and Reconciliation

The table below is a summary of findings by type of revenue stream and the resulting differences. Note that revenue streams with nil amount based on templates of both companies and MGB are not presented in the table.

C. Results per Revenue Stream/Expenditures

Table 24. Summary by type of MGB revenue stream declared at the end of the reconciliation exercise, and resulting differences (Royalty and others)

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation	Remarks
	per Company	per Agency				
Royalty in mineral reservation						
Adnama Mining Resources	38,962,921	138,686,200	(99,723,278)	-	(99,723,278)	B
Benguet Nickel Mines, Inc.	55,500,000	53,056,256	2,443,744	55,500,000	-	A
Cagdianao Mining Corporation	56,501,660	86,004,707	(29,503,047)	56,501,660	-	D
Carrascal Nickel Corporation	224,792,959	217,860,959	6,932,000	224,792,959	-	A
Hinatuan Mining Corp.	144,060,178	162,578,077	(18,517,899)	144,060,178	-	D
Krominco Inc.	-	1,503,429	(1,503,429)	-	(1,503,429)	B
Platinum Group Metals Corporation	308,638,984	365,182,101	(56,543,117)	308,638,984	-	D
Shuley Mine Incorporated	8,876,709	2,711,267	6,165,442	8,876,709	-	D
Sinosteel Phils. H. Y. Mining Corporation	8,379,890	8,379,890	-	8,379,890	-	D
Taganito Mining Corp.	154,693,277	145,944,079	8,749,198	154,693,277	-	D
Sub-total	1,000,406,578	1,181,906,965	(181,500,387)	961,443,657	(101,226,707)	
Others (e.g. penalties, fines, etc.)						
Apex Mining Co. Inc.	12,000	-	12,000	12,000	-	D
Benguet Nickel Mines, Inc.	136,800	-	136,800	136,800	-	A
Berong Nickel Corporation.	21,600	-	21,600	21,600	-	D
Carmen Copper Corp.	1,759,760	-	1,759,760	1,759,760	-	D
Filminera Resources Corporation	559,920	-	559,920	559,920	-	D
Johson Gold Mining Corporation	11,450	-	11,450	11,450	-	D
Krominco Inc.	89,528	89,528	-	89,528	-	C
Marcventures Mining and Development Corporation	6,000	-	6,000	6,000	-	D
Philex Mining Corporation	547,432	-	547,432	547,432	-	D
Sub-total	3,144,490	89,528	3,054,962	3,144,490	-	
Total	1,003,551,068	1,181,996,493	(178,445,425)	964,588,147	(101,226,707)	

Table 25. Summary by type of unilateral payment (mandatory expenditures) declared at the end of the reconciliation exercise, and resulting differences

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation	Remarks
	per Company	per Agency				
Annual EPEP						
Adnama Mining Resources	-	78,490,168	(78,490,168)	-	(78,490,168)	B
Apex Mining Co. Inc.	43,872,738	-	43,872,738	43,872,738	-	D
Benguet Nickel Mines, Inc.	14,500,000	12,000,000	2,500,000	14,500,000	-	D
Berong Nickel Corporation	-	24,934,000	(24,934,000)	-	-	E
Cagdianao Mining Corporation	20,161,929	28,825,949	(8,664,020)	20,161,929	-	D
Carmen Copper Corp.	123,182,797	48,055,584	75,127,213	123,182,797	-	D
Eramen Minerals, Inc	16,440,486	25,850,000	(9,409,514)	-	(9,409,514)	B
Filminera Resources Corporation	52,631,566	-	52,631,566	52,631,566	-	D
Greenstone Resources Corporation	9,021,928	17,859,364	(8,837,436)	-	(8,837,436)	B
Hinatuan Mining Corp.	75,225,301	83,798,005	(8,572,704)	75,225,301	-	D
Johson Gold Mining Corporation	3,054,291	-	3,054,291	3,054,291	-	D
Krominco Inc.	3,945,638	-	3,945,638	3,945,638	-	D
Lepanto Consolidated Mining Co.	172,051,153	-	172,051,153	172,051,153	-	D
LNL Archipelago	14,190,174	14,000,000	190,174	14,190,174	-	A
Marcventures Mining and Development Corporation	10,771,736	-	10,771,736	10,771,736	-	D
Oceana Gold Philippines Inc.	54,430,852	-	54,430,852	54,430,852	-	D
Philex Mining Corporation	104,462,569	-	104,462,569	104,462,569	-	D
Philippine Mining Development Corp.	-	10,666,500	(10,666,500)	-	-	I
Philsaga Mining Corp.	29,838,414	-	29,838,414	29,838,414	-	D
Platinum Group Metals Corporation	-	121,006,902	(121,006,902)	-	(121,006,902)	G
Rio Tuba Nickel Mining Corp.	143,839,000	-	143,839,000	-	143,839,000	B
Shuley Mine Incorporated	16,457,103	-	16,457,103	-	16,457,103	B
Sinosteel Phils. H. Y. Mining Corporation	2,511,679	-	2,511,679	2,511,679	-	D
SR Metals, Inc.	7,053,107	4,001,781	3,051,326	-	3,051,326	G
Taganito Mining Corp.	252,569,091	-	252,569,091	-	252,569,091	B
TVI Resource Development (Phils.), Inc.	43,291,002	9,002,570	34,288,432	43,291,002	-	D
Sub-total	1,213,502,554	478,490,823	735,011,731	768,121,839	198,172,500	

Community Development Program						
Apex Mining Co. Inc.	1,010,400	-	1,010,400	1,010,400	-	A
Cagdianao Mining Corporation	1,024,362	-	1,024,362	1,024,362	-	A
Filminera Resources Corporation	7,768,881	-	7,768,881	7,768,881	-	D
Greenstone Resources Corporation	1,239,359	-	1,239,359	-	1,239,359	B
LNL Archipelago	896,943	-	896,943	896,943	-	A
Philsaga Mining Corp.	696,476	-	696,476	696,476	-	A
TVI Resource Development (Phils.), Inc.	5,926,851	-	5,926,851	5,926,851	-	D
Sub-total	18,563,272	-	18,563,272	17,323,913	1,239,359	
Environmental Work Program						
Benguet Nickel Mines, Inc.	14,500,000	-	14,500,000	-	14,500,000	B
Filminera Resources Corporation	2,875,365	-	2,875,365	2,875,365	-	A
Leyte Iron Sand Mining Corp.	84,999	-	84,999	84,999	-	B
Oceana Gold Philippines Inc.	73,310,584	-	73,310,584	73,310,584	-	D
Philex Mining Corporation	1,734,765	-	1,734,765	1,734,765	-	A
Philsaga Mining Corp.	10,264,000	-	10,264,000	10,264,000	-	D
Sub-total	102,769,713	-	102,769,713	88,269,713	14,500,000	
Safety and Health Program						
Apex Mining Co. Inc.	9,467,231	-	9,467,231	9,467,231	-	D
Cagdianao Mining Corporation	2,861,743	-	2,861,743	-	2,861,743	B
Carmen Copper Corp.	11,823,363	-	11,823,363	11,823,363	-	D
Eramen Minerals, Inc	2,009,444	-	2,009,444	-	2,009,444	B
Filminera Resources Corporation	24,545,808	-	24,545,808	24,545,808	-	D
Hinatuan Mining Corp.	16,630,970	-	16,630,970	-	16,630,970	B
Krominco Inc.	405,054	-	405,054	405,054	-	D
Lepanto Consolidated Mining Co.	5,619,001	-	5,619,001	5,619,001	-	A
LNL Archipelago	340,380	-	340,380	340,380	-	A
Marcventures Mining and Development Corporation	6,785,758	-	6,785,758	-	6,785,758	B
Oceana Gold Philippines Inc.	28,559,926	7,237,000	21,322,926	28,559,926	-	D
Philsaga Mining Corp.	5,882,000	-	5,882,000	5,882,000	-	D
Platinum Group Metals Corporation	406,029	-	406,029	-	406,029	B
Rio Tuba Nickel Mining Corp.	6,490,938	-	6,490,938	6,490,938	-	A

Shuley Mine Incorporated	19,734	-	19,734	19,734	-	A
Taganito Mining Corp.	15,515,637	-	15,515,637	-	15,515,637	B
Sub-total	137,363,016	7,237,000	130,126,016	93,153,435	44,209,581	
Social Development Management Program						
Adnama Mining Resources	17,174,495	3,086,812	14,087,683	-	14,087,683	B
Apex Mining Co. Inc.	7,398,787	-	7,398,787	7,398,787	-	D
Benguet Nickel Mines, Inc.	5,503,300	-	5,503,300	-	5,503,300	B
Berong Nickel Corporation	10,120,392	-	10,120,392	-	10,120,392	B
Cagdianao Mining Corporation	18,918,187	-	18,918,187	18,918,187	-	D
Cambayas Mining Corp.	363,959	-	363,959	-	363,959	B
Carmen Copper Corp.	69,447,148	-	69,447,148	69,447,148	-	B
Carrascal Nickel Corporation	5,837,012	-	5,837,012	5,837,012	-	D
Eramen Minerals, Inc	3,377,160	-	3,377,160	-	3,377,160	B
Filminera Resources Corporation	17,893,730	26,396,198	(8,502,468)	17,893,730	-	D
Hinatuan Mining Corp.	20,552,151	26,082,767	(5,530,616)	20,552,151	-	A
Johson Gold Mining Corporation	883,513	485,798	397,715	883,513	-	D
Krominco Inc.	1,139,373	1,139,373	-	1,139,373	-	C
Lepanto Consolidated Mining Co.	13,626,511	-	13,626,511	13,626,511	-	D
Leyte Iron Sand Mining Corp.	219,996	-	219,996	219,996	-	D
LNL Archipelago	5,338,477	-	5,338,477	5,338,477	-	D
Marcventures Mining and Development Corporation	1,175,157	1,175,157	-	1,175,157	-	C
Oceana Gold Philippines Inc.	5,901,468	-	5,901,468	5,901,468	-	A
Philex Mining Corporation	30,513,000	31,921,917	(1,408,917)	30,513,000	-	A
Philsaga Mining Corp.	15,831,669	-	15,831,669	15,831,669	-	D
Rio Tuba Nickel Mining Corp.	57,247,117	27,383,795	29,863,322	-	29,863,322	G
Sinosteel Phils. H. Y. Mining Corporation	165,275	-	165,275	165,275	-	A
SR Metals, Inc.	3,182,174	-	3,182,174	3,182,174	-	D
Taganito Mining Corp.	18,894,813	19,484,353	(589,540)	18,894,813	-	G
TVI Resource Development (Phils.), Inc.	48,113,799	-	48,113,799	48,113,799	-	D
Sub-total	378,818,663	137,156,170	241,662,493	285,032,240	63,315,816	
Special allowance to claim owners and surface right holders						
Apex Mining Co. Inc.	16,396,968	-	16,396,968	16,396,968	-	D
Marcventures Mining and Development Corporation	5,414,934	-	5,414,934	-	5,414,934	B
Sub-total	21,811,902	-	21,811,902	16,396,968	5,414,934	
Total	1,872,829,120	622,883,993	1,245,945,127	1,268,298,108	326,852,190	

Table 26. Summary by type of unilateral payment (fund) declared at the end of the reconciliation exercise, and resulting differences

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post reconciliation	Remarks
	Per Company	per Agency				
Environmental trust fund						
Berong Nickel Corporation	-	206,164	(206,164)	-	-	A
Cagdiano Mining Corporation	-	67,531	(67,531)	-	-	A
Carmen Copper Corp.	-	50,817	(50,817)	-	-	A
Carrascal Nickel Corporation	-	154,297	(154,297)	-	-	A
Eramen Minerals, Inc	-	101,357	(101,357)	-	-	A
Filminera Resources Corporation	-	52,830	(52,830)	-	-	A
Hinatuan Mining Corp.	-	68,109	(68,109)	-	-	A
Oceana Gold Philippines Inc.	-	107,137	(107,137)	-	-	A
Philex Mining Corporation	-	507,840	(507,840)	-	-	A
Philippine Mining Development Corp.	-	152,695	(152,695)	-	-	D
Platinum Group Metals Corporation	-	57,344	(57,344)	-	(57,344)	G
Rapu-Rapu Minerals, Inc.	-	123,677	(123,677)	-	-	G
Taganito Mining Corp.	-	50,590	(50,590)	-	-	A
TVI Resource Development (Phils.), Inc.	-	106,112	(106,112)	-	-	A
Sub-total	-	1,806,500	(1,806,500)	-	(57,344)	
Mine monitoring trust fund						
Adnama Mining Resources	-	150,000	(150,000)	-	-	A
Benguet Nickel Mines, Inc.	100,000	161,282	(61,282)	100,000	-	A
Berong Nickel Corporation	150,104	106,190	43,914	150,104	-	A
Cagdiano Mining Corporation	-	152,184	(152,184)	-	-	A
Cambayas Mining Corp.	150,514	100,437	50,077	150,514	-	A
Carmen Copper Corp.	-	152,246	(152,246)	-	-	A
Carrascal Nickel Corporation	395,689	5,035,261	(4,639,572)	395,689	-	A
Eramen Minerals, Inc	-	151,554	(151,554)	-	-	A
Filminera Resources Corporation	-	188,246	(188,246)	-	-	A
Greenstone Resources Corporation	20,227	150,334	(130,107)	20,227	-	A
Hinatuan Mining Corp.	-	176,630	(176,630)	-	-	A
Krominco Inc.	289,400	91,025	198,375	289,400	-	A
Lepanto Consolidated Mining Co.	423,569	153,673	269,896	423,569	-	A
Leyte Iron Sand Mining Corp.	47,885	-	47,885	47,885	-	D

LNL Archipelago	-	158,601	(158,601)	-	-	E
Marcventures Mining and Development Corporation	-	154,000	(154,000)	-	-	A
Oceana Gold Philippines Inc.	347,283	155,587	191,696	347,283	-	D
Philex Mining Corporation	638,869	176,096	462,773	638,869	-	A
Philippine Mining Development Corp.	-	5,028,758	(5,028,758)	-	-	D
Philsaga Mining Corp.	-	150,927	(150,927)	-	-	A
Platinum Group Metals Corporation	-	171,906	(171,906)	-	(171,906)	G
Rapu-Rapu Minerals, Inc.	-	44,999	(44,999)	-	-	G
Sinosteel Phils. H. Y. Mining Corporation	150,485	150,441	44	150,485	-	A
SR Metals, Inc.	-	155,343	(155,343)	-	-	G
Taganito Mining Corp.	-	189,695	(189,695)	-	-	A
TVI Resource Development (Phils.), Inc.	-	52,650	(52,650)	-	-	A
Sub-total	2,714,025	13,358,065	(10,644,040)	2,714,025	(171,906)	
Mine rehabilitation fund						
Lepanto Consolidated Mining Co.	-	527,199	(527,199)	-	-	A
Leyte Iron Sand Mining Corp.	37,114	-	37,114	37,114	-	D
Sub-total	37,114	527,199	(490,085)	37,114	-	
Rehabilitation cash fund						
Adnama Mining Resources	22,771,825	5,005,171	17,766,654	-	17,766,654	B
Benguet Nickel Mines, Inc.	-	5,052,832	(5,052,832)	-	-	E
Berong Nickel Corporation	-	5,133,398	(5,133,398)	-	(5,133,398)	B
Cagdianao Mining Corporation	-	5,993,535	(5,993,535)	-	(5,993,535)	B
Cambayas Mining Corp.	1,928,970	1,738,973	189,997	1,928,970	-	D
Carmen Copper Corp.	-	5,053,000	(5,053,000)	-	-	A
Carrascal Nickel Corporation	106,253,892	-	106,253,892	-	106,253,892	B
Eramen Minerals, Inc	-	5,011,635	(5,011,635)	-	-	E
Filminera Resources Corporation	-	5,982,359	(5,982,359)	-	-	E
Greenstone Resources Corporation	5,062,565	5,027,564	35,001	5,062,565	-	A
Hinatuan Mining Corp.	-	5,286,404	(5,286,404)	-	-	A
Johson Gold Mining Corporation	-	5,982,359	(5,982,359)	-	-	E
Krominco Inc.	2,193,602	2,271,682	(78,080)	2,193,602	-	A
Lepanto Consolidated Mining Co.	81,838	5,018,543	(4,936,705)	81,838	-	A
LNL Archipelago	-	5,231,872	(5,231,872)	-	-	E
Marcventures Mining and Development Corporation	-	5,204,379	(5,204,379)	-	(5,204,379)	B
Oceana Gold Philippines Inc.	30,595,386	5,844,692	24,750,694	30,595,386	-	D

Philex Mining Corporation	-	5,512,302	(5,512,302)	-	-	A
Philsaga Mining Corp.	-	2,000,000	(2,000,000)	-	-	A
Platinum Group Metals Corporation	-	5,421,690	(5,421,690)	-	(5,421,690)	G
Rapu-Rapu Minerals, Inc.	-	5,745,906	(5,745,906)	-	-	G
Rio Tuba Nickel Mining Corp.	-	6,188,892	(6,188,892)	-	-	A
Sinosteel Phils. H. Y. Mining Corporation	5,019,350	5,019,350	-	5,019,350	-	A
SR Metals, Inc.	-	5,045,082	(5,045,082)	-	-	G
Taganito Mining Corp.	-	6,667,404	(6,667,404)	-	-	G
TVI Resource Development (Phils.), Inc.	-	5,201,810	(5,201,810)	-	-	G
Sub-total	173,907,428	125,640,834	48,266,594	44,881,711	102,267,544	
Mine Waste and Tailings Reserve						
Krominco Inc.	19,672	23,833	(4,161)	19,672	-	A
Lepanto Consolidated Mining Co.	-	25,419	(25,419)	-	-	A
Philex Mining Corporation	-	941,942	(941,942)	-	-	A
Philsaga Mining Corp.	-	14,811	(14,811)	-	-	A
Rapu-Rapu Minerals, Inc.	-	46,870	(46,870)	-	-	G
Sinosteel Phils. H. Y. Mining Corporation	50,789	-	50,789	50,789	-	A
TVI Resource Development (Phils.), Inc.	-	117,869	(117,869)	-	-	G
Sub-total	70,461	1,170,744	(1,100,283)	70,461	-	
Final Mine Rehabilitation and Decommissioning Fund						
Adnama Mining Resources	-	5,000,000	(5,000,000)	-	(5,000,000)	B
Benguet Nickel Mines, Inc.	-	6,743,204	(6,743,204)	-	-	E
Berong Nickel Corporation	-	1,246,728	(1,246,728)	-	(1,246,728)	B
Carrascal Nickel Corporation	-	14,198,008	(14,198,008)	-	(14,198,008)	B
Eramen Minerals, Inc	-	2,101,097	(2,101,097)	-	-	E
Filminera Resources Corporation	-	10,000,000	(10,000,000)	-	-	E
LNL Archipelago	-	6,427,318	(6,427,318)	-	-	E
Philippine Mining Development Corp. (PMDC)	-	5,731,340	(5,731,340)	-	-	D
Philsaga Mining Corp.	-	10,202,778	(10,202,778)	-	-	G
Platinum Group Metals Corporation	-	19,878,856	(19,878,856)	-	(19,878,856)	G
Rapu-Rapu Minerals, Inc.	-	157,930,583	(157,930,583)	-	-	G
SR Metals, Inc.	-	9,059,070	(9,059,070)	-	-	G
Taganito Mining Corp.	-	73,714,362	(73,714,362)	-	(73,714,362)	B
TVI Resource Development (Phils.), Inc.	-	93,288,568	(93,288,568)	-	-	G
Sub-total	-	415,521,912	(415,521,912)	-	(34,076,864)	
Total	176,729,028	558,025,254	(381,296,226)	47,703,311	(11,999,660)	

D. Reasons for Variances

- A. Variance is immaterial based on estimated threshold.
- B. Unreconciled due to the absence of detailed schedules and/or documents supporting the template provided by either the company or agency.
- C. Reconciled. No increment procedures warranted.
- D. Variance was addressed based on inspection of supporting documents (e.g. approved MGB, EPEP report and other relevant supporting documents) the results of which did not disclose any additional exceptions.
- E. Upon confirmation, disclosure made by MGB relates to FY2013.
- F. Upon confirmation, disclosure made by MGB relates to FY2011.
- G. Amount disclosed by MGB pertains to fund balance in 2012 rather than actual expenditures. Validated supporting documents and schedules provided by companies, and any unexplained difference was carried forward to variance post-reconciliation.
- H. These refer to occupation fees already disclosed and included as part of payments made to the LGU.
- I. Disclosure is attributed to AAM-PHIL Natural Resources Exploration and Development Corporation, assignee of certain PMDC's permits and operator of mining activities.

From the above discussion, below are the common sources of differences:

- Disclosure of payments/collections for a different period
- Disclosure of fund balances instead of actual expenditures
- Occupation fees were disclosed as part of LGU collection
- Other companies disclosed fund balance instead of expenditures arising from the fund.

Among these companies are the following:

Cagdianao Mining Corporation

- a. Environmental trust fund – P67,168
- b. Monitoring trust fund – P151,366
- c. Rehabilitation cash fund – P5,949,004

Hinatuan Mining Corp.

- a. Environmental trust fund – P129,895
- b. Monitoring trust fund – P360,974
- c. Rehabilitation cash fund – P10,904,874
- d. Final mine rehabilitation and decommissioning fund – P25,727,051

Rio Tuba Nickel Mining Corp.

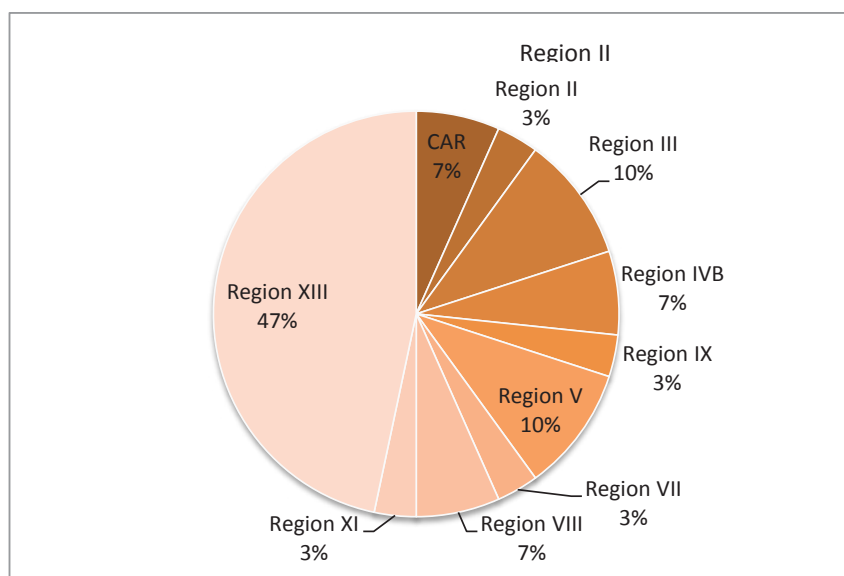
- a. Environmental trust fund – P6,072,838
- b. Monitoring trust fund – P50,000
- c. Rehabilitation cash fund – P200,000

Taganito Mining Corp.

- a. Environmental trust fund – P188,858
- b. Monitoring trust fund – P189,114
- c. Rehabilitation cash fund – P6,825,231
- d. Final mine rehabilitation and decommissioning fund – P73,783,161

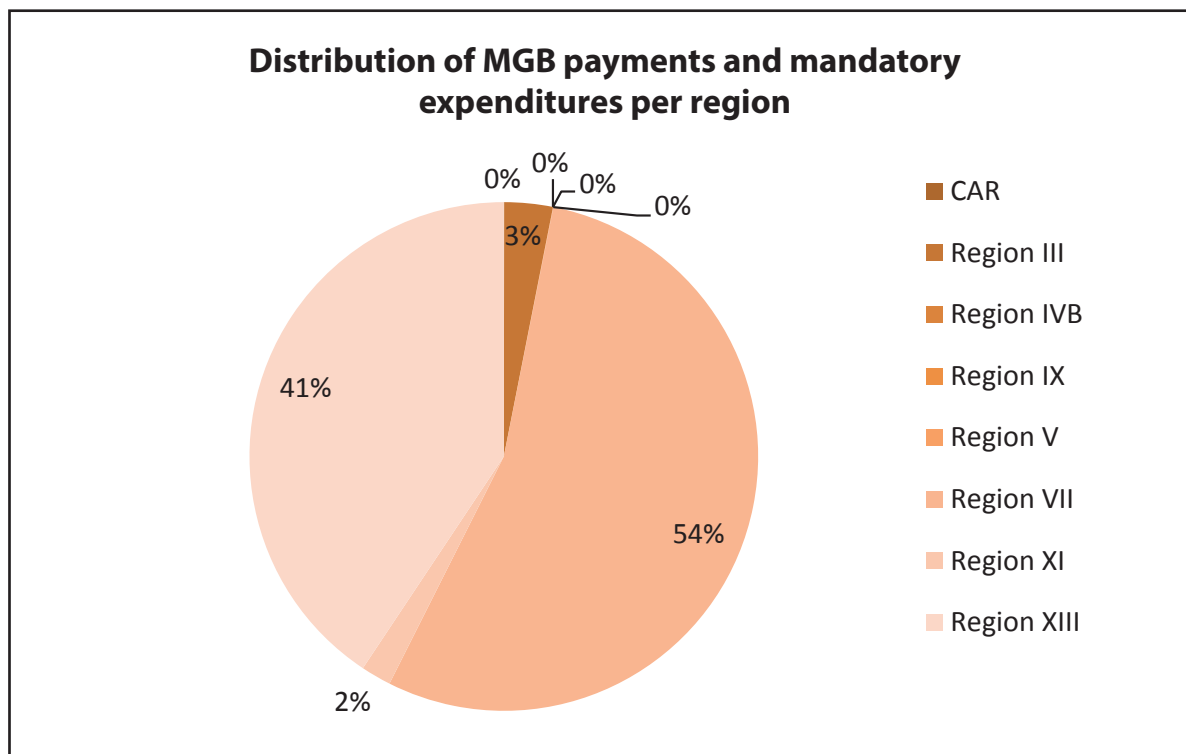
E. Charts that Illustrate Summary Results for MGB

Figure 15. Distribution of mining entities per region



Of the 30 mining companies, 14 are located in Region XIII primarily in Dinagat Islands, Surigao del Norte and Agusan de Norte. Both Regions III and V hosted three companies in 2012.

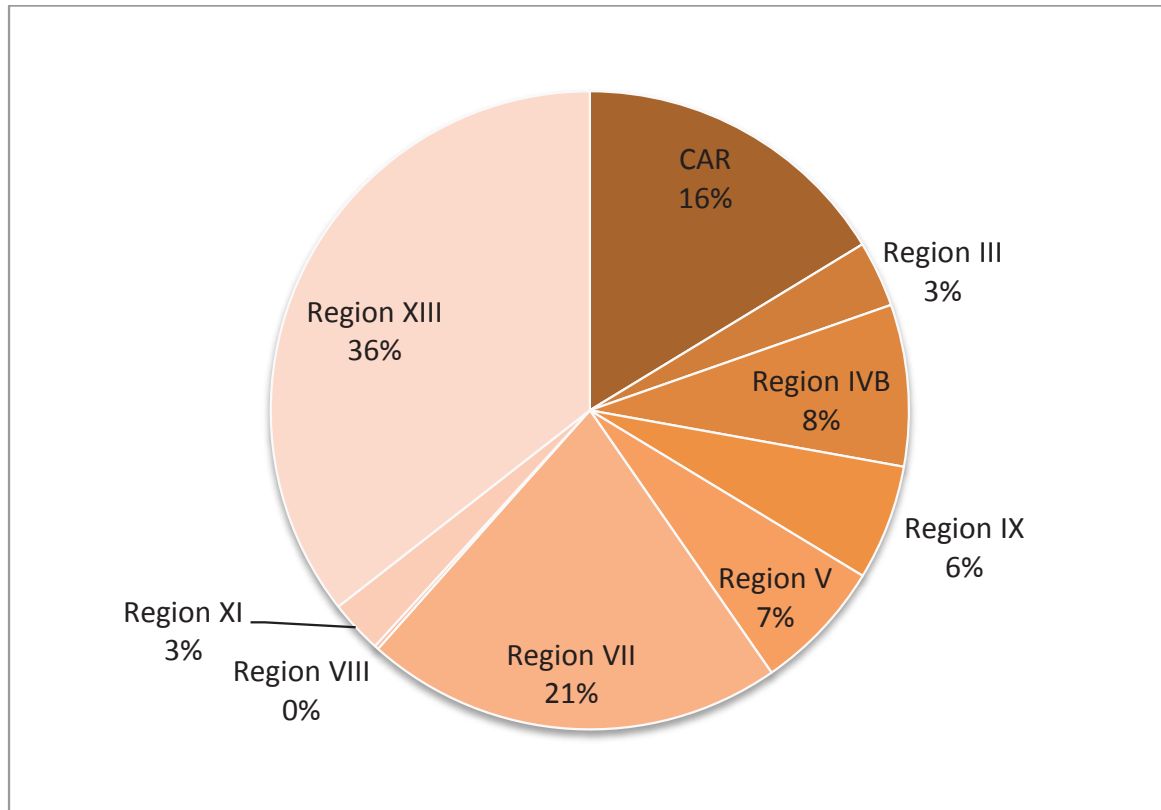
Figure 16. Distribution of MGB payments and mandatory expenditures per region



Region	Distribution of per region (in million pesos)	%
CAR	0.55	0%
Region III	70.14	3%
Region IVB	0.02	0%
Region IX	-	0%
Region V	0.57	0%
Region VII	1,237.03	54%
Region XI	43.88	2%
Region XIII	926.20	41%
Grand Total	2,278.40	

Correspondingly, significant concentration of collections is in Region VII which incurred and disbursed a total of PHP1,237m, followed by Region XIII and CAR with PHP926m and PHP70m, respectively.

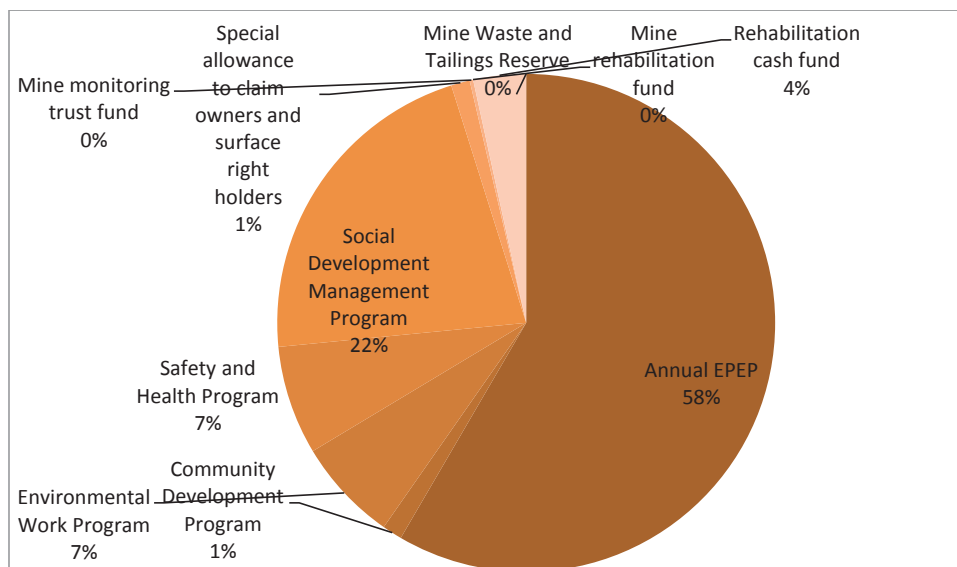
Figure 17. Distribution of revenues per region



Region	Total sales revenues in billion pesos
CAR	11.02
Region III	2.27
Region IVB	5.54
Region IX	3.95
Region V	4.52
Region VII	14.34
Region VIII	0.14
Region XI	1.82
Region XIII	24.05
Total	67.65

Consistent with the number of entities in the area, Region XIII generated the highest revenues amounting to PHP24m, followed by Region VII and CAR at PHP14m and PHP11m, respectively.

Figure 18. Significant unilateral payments of mining entities



MGB Payments	Reconciled amount in million pesos
Annual EPEP	768
Community Development Program	17
Environmental Work Program	88
Safety and Health Program	93
Social Development Management Program	285
Special allowance to claim owners and surface right holders	16
Mine monitoring trust fund	3
Mine rehabilitation fund	0
Rehabilitation cash fund	45
Mine Waste and Tailings Reserve	0

Of the required MGB expenditures, annual EPEP contributed PHP768m followed by SDMP and safety and health program amounting to PHP285m and PHP93m, respectively.

Detailed explanation of the mandatory social and environmental expenditures is provided for in the Contextual Information (Volume 1) of this report.

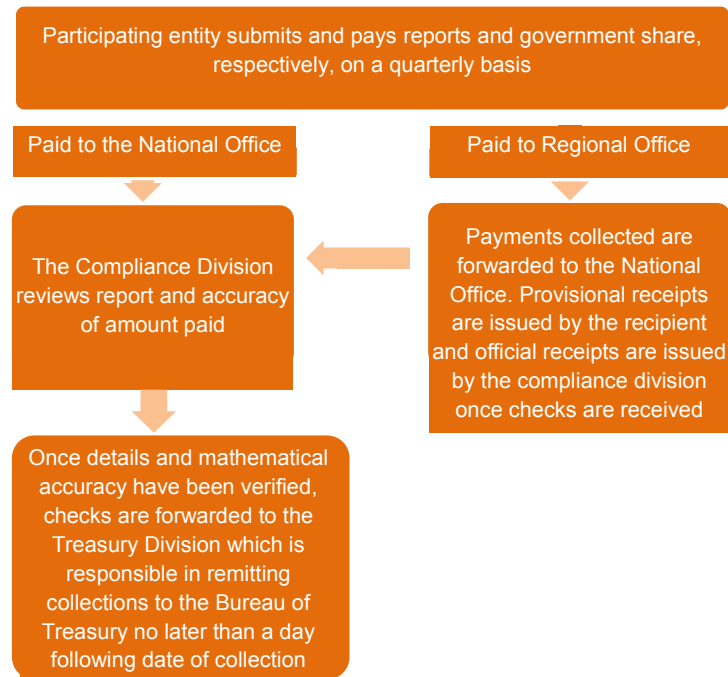
V. Department of Energy (DOE)

A. Payment and Collection of Revenue Streams

	Government share from oil and gas	Training fund for DOE employees
Frequency of payment	Quarterly	Annually
Form/document	Quarterly reports	Not applicable
Timing of payment	Payment is made through checks along with	Annually
Mode of payment	submission of quarterly reports	Pay through cash
Remittance from agency	Checks collected will be remitted to BTr by the treasury division within the day of collection of the following day	Not applicable

B. Process Flowchart

The diagram below illustrates the process flow from payment by the companies to collection by the agency and remittance to the Bureau of Treasury (BTr).



C. Data Collection and Reconciliation

The table below is a summary of findings by type of revenue stream and the resulting differences. Note that revenue streams with nil amount based on templates of both entities and DOE are not presented in the table.

Table 27. Summary by type of DOE revenue stream declared at the end of the reconciliation exercise, and resulting differences

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Government share from oil and gas production						
Galoc Production Co.	333,022,744	333,022,744	-	333,022,744	-	
Nido Production Galoc	106,109,635	-	106,109,635	-	-	A
PNOC - Exploration Corporation	12,459,049	-	12,459,049	-	(12,459,049)	B
Shell Philippines Exploration B.V.	28,656,617,635	28,656,617,723	(88)	28,656,617,635	-	C
Sub-total	29,108,209,063	28,989,640,467	118,568,596	28,989,640,379	(12,459,049)	
Training fund for DOE employees						
Galoc Production Co.	-	668,850	(668,850)	-	-	C
Nido Production Galoc	-	2,584,260	(2,584,260)	-	-	C
PNOC - Exploration Corporation	3,057,500	530,586	2,526,914	3,057,500	-	D
Shell Philippines Exploration B.V.	2,149,050	-	2,149,050	2,149,050	-	C
Sub-total	5,206,550	3,783,696	1,422,854	5,206,550	-	
Total	29,113,415,613	28,993,424,163	119,991,450	28,994,846,929	(12,459,049)	

D. Reasons for Variances

- A. The total amount of PHP106,109,634 is already included in the total amount of government share declared by Galoc Production Co., as operator of the project.
- B. As a GOCC, PNOC-EC is allowed to remit the government share directly to the host LGU. This is only applicable to coal contracts and therefore, source of data will be from the LGUs and not DOE's template.
- C. Variance is immaterial based on estimated threshold.
- D. Difference is due to training fund paid by Nido Petroleum for SC 58

From the above discussion, the common source of difference for DOE is the disclosure of payments by both operator and non-operating joint venture partner.

E. Charts that Illustrate Summary Results for DOE

Figure 19. The significant revenue streams of DOE

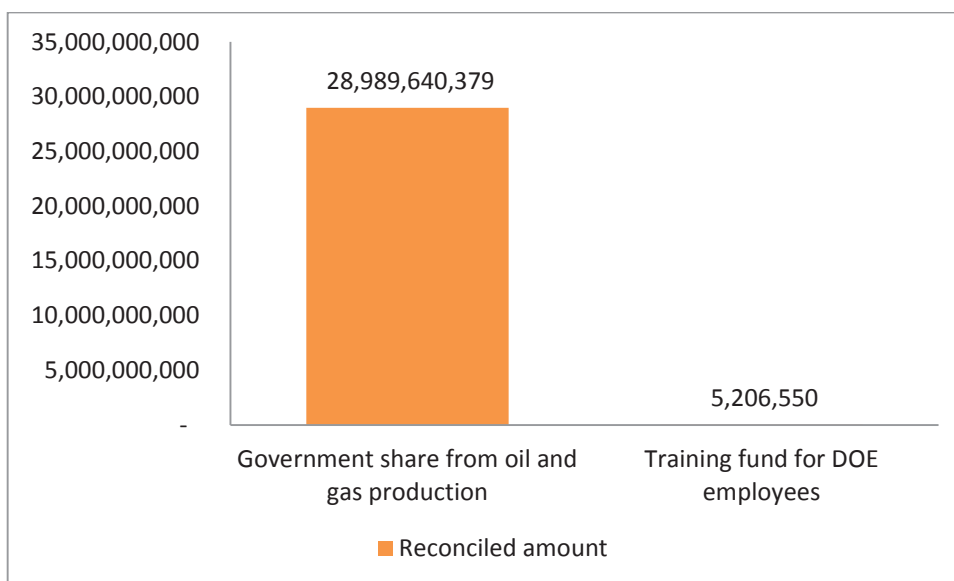
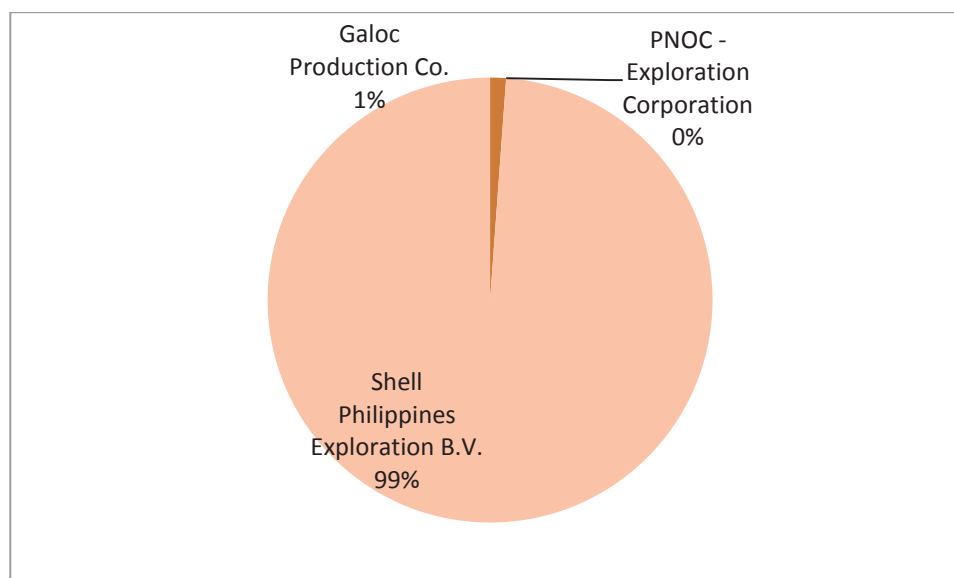


Figure 20. Distribution per consortium



Company	Reconciled amount
Galoc Production Co.	333,022,744
PNOC - Exploration Corporation	3,057,500
Shell Philippines Exploration B.V.	28,658,766,685
Total	28,994,846,929

Of the total DOE payments, PHP28,994,846,929 or 38% were paid and remitted by the Malampaya consortium.

VI. Local Government Unit (LGUs)

A. Payment and Collection of Revenue Streams

	Local business taxes	Occupation fees	Real property tax - Basic	Real property tax - SEF	Other local taxes	Share in national wealth
Frequency of payment	Payments to local government units are generally made in cash, but frequency and timing varies per LGU depending on the Local Government Code. Detailed discussions of subnational payments are found in Volume 1 of this Report (Contextual Information).					
Form/document						
Timing of payment						
Mode of payment						
Remittance from agency						

B. Data Collection and Reconciliation

The table below is a summary of findings by type of revenue stream declared at the end of the reconciliation exercise, and the resulting differences. Note that revenue streams with nil amount based on templates of both entities and LGUs are not presented in the table.

Table 28. Summary by type of LGU revenue stream declared at the end of the reconciliation exercise, and resulting differences (Mining)

Revenue Stream	Amount		Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	Remarks
	Per Company	per Agency				
Community tax						
Apex Mining Co. Inc.	10,500	10,500	-	10,500	-	
Benguet Nickel Mines, Inc.	-	10,500	(10,500)	-	-	C
Berong Nickel Corporation	500	-	500	500	-	C
Cagdianao Mining Corporation	21,000	10,500	10,500	21,000	-	C
Cambayas Mining Corp.	9,668	-	9,668	9,668	-	C
Carmen Copper Corp.	10,500	10,500	-	10,500	-	
Carrascal Nickel Corporation	11,080	10,500	580	11,080	-	C
Eramen Minerals, Inc	11,560	-	11,560	11,560	-	C
Filminera Resources Corporation	10,500	31,500	(21,000)	10,500	-	C
Hinatuan Mining Corp.	10,500	-	10,500	10,500	-	C
Krominco Inc.	10,500	10,500	-	10,500	-	
Lepanto Consolidated Mining Co.	17,000	-	17,000	17,000	-	C
Leyte Iron Sand Mining Corp.	106	-	106	106	-	C
LNL Archipelago	500	-	500	500	-	C
Marcventures Mining and Development Corporation	11,500	10,500	1,000	11,500	-	C

Oceana Gold Philippines Inc.	11,000	-	11,000	11,000	-	C
Philex Mining Corporation	10,500	-	10,500	10,500	-	C
Philsaga Mining Corp.	20,505	-	20,505	20,505	-	C
Platinum Group Metals Corporation	500	-	500	500	-	C
Rapu-Rapu Minerals, Inc.	25,890	4,824	21,066	25,890	-	C
Rio Tuba Nickel Mining Corp.	10,500	3,000	7,500	10,500	-	C
Shuley Mine Incorporated	10,500	-	10,500	10,500	-	C
Sinosteel Phils. H. Y. Mining Corporation	10,500	10,500	-	10,500	-	C
SR Metals, Inc.	694	-	694	694	-	C
Taganito Mining Corp.	10,500	-	10,500	10,500	-	C
TVI Resource Development (Phils.), Inc.	500	-	500	500	-	C
Sub-total	247,003	123,324	123,679	235,503	-	
Environmental fees						
Carmen Copper Corp.	20,000	20,000	-	20,000	-	
Eramen Minerals, Inc	3,000,000	-	3,000,000	3,000,000	-	D
Filminera Resources Corporation	50	-	50	50	-	C
Philsaga Mining Corp.	18,900,000	-	18,900,000	-	18,900,000	A
Sub-total	21,920,050	20,000	21,900,050	3,020,050	18,900,000	
Extraction fees						
Berong Nickel Corporation	2,182,566	-	2,182,566	2,182,566	-	D
Local business tax						
Adnama Mining Resources	1,070,378	-	1,070,378	-	1,070,378	A
Apex Mining Co. Inc.	25,511,191	23,461,946	2,049,245	23,461,946	-	B
Benguet Nickel Mines, Inc.	9,300,000	-	9,300,000	9,303,107	-	D
Berong Nickel Corporation	3,641,657	1,626,644	2,015,013	3,641,657	-	D
Cagdianao Mining Corporation	14,483,518	11,780,589	2,702,929	14,483,518	-	D
Cambayas Mining Corp.	712,534	939,120	(226,586)	675,869	-	G
Carmen Copper Corp.	65,769,130	65,653,916	115,214	65,769,130	-	C
Carrascal Nickel Corporation	30,231,270	2,005,390	28,225,880	2,065,445	(60,055)	J
Eramen Minerals, Inc	91,241	-	91,241	91,241	-	C
Filminera Resources Corporation	-	24,795,507	(24,795,507)	20,324,708	-	L
Greenstone Resources Corporation	711,328	277,726	433,602	-	433,602	A
Hinatuan Mining Corp.	8,656,983	6,267,545	2,389,438	8,656,983	-	D
Johson Gold Mining Corporation	117,367	130,648	(13,281)	130,648	-	O
Krominco Inc.	1,536,799	1,454,958	81,841	1,536,799	-	C
Lepanto Consolidated Mining Co.	3,795,084	3,703,434	91,650	3,795,084	-	C
Leyte Iron Sand Mining Corp.	200,000	-	200,000	200,000	-	D
LNL Archipelago	1,100	1,980	(880)	1,100	-	D
Marcventures Mining and Development Corporation	-	400,000	(400,000)	-	(400,000)	A
Philex Mining Corporation	12,261,881	12,600,025	(338,144)	12,261,881	-	C
Philippine Mining Development Corp.	93,802	83,427	10,375	93,802	-	D
Philsaga Mining Corp.	14,376,627	402,907	13,973,720	14,376,627	-	D
Rapu-Rapu Minerals, Inc.	31,611,780	64,388,174	(32,776,394)	-	(32,776,394)	A
Rio Tuba Nickel Mining Corp.	14,701,714	8,941,563	5,760,151	8,950,605	5,751,109	A
Shuley Mine Incorporated	1,200,921	231	1,200,690	-	1,200,690	A
Sinosteel Phils. H. Y. Mining Corporation	1,650	-	1,650	1,650	-	C
Taganito Mining Corp.	23,812,586	4,373,740	19,438,846	-	19,438,846	A

TVI Resource Development (Phils.), Inc.	8,441,817	7,193,119	1,248,698	8,441,817	-	D
Sub-total	272,332,358	240,482,589	31,849,769	198,263,617	(5,341,824)	
Local wharfage fees						
Berong Nickel Corporation	11,818,681	-	11,818,681	11,818,681	-	E
Filminera Resources Corporation	34,720	-	34,720	34,720	-	C
Sinosteel Phils. H. Y. Mining Corporation	1,732,725	-	1,732,725	1,732,725	-	E
TVI Resource Development (Phils.), Inc.	-	424,370	(424,370)	-	-	C
Sub-total	13,586,126	424,370	13,161,756	13,586,126	-	
Mayor's permit						
Apex Mining Co. Inc.	-	2,024,199	(2,024,199)	2,024,199	-	B
Berong Nickel Corporation	6,237	237	6,000	6,237	-	C
Cagdianao Mining Corporation	103,304	35,000	68,304	103,304	-	C
Cambayas Mining Corp.	120,536	-	120,536	-	120,536	A
Carmen Copper Corp.	2,000	2,000	-	2,000	-	
Carrascal Nickel Corporation	2,075,445	10,900	2,064,545	10,000	900	J
Eramen Minerals, Inc	161,419	1,000	160,419	161,419	-	C
Filminera Resources Corporation	6,000	-	6,000	6,000	-	C
Hinatuan Mining Corp.	148,942	25,000	123,942	148,942	-	C
Johson Gold Mining Corporation	5,000	5,000	-	5,000	-	
Krominco Inc.	25,000	25,000	-	25,000	-	
Lepanto Consolidated Mining Co.	24,900	2,000	22,900	24,900	-	C
Leyte Iron Sand Mining Corp.	300	-	300	300	-	D
LNL Archipelago	20,404	36,650	(16,246)	20,404	-	P
Marcventures Mining and Development Corporation	425,612	10,000	415,612	-	415,612	A
Oceana Gold Philippines Inc.	61,300	54,000	7,300	61,300	-	C
Philex Mining Corporation	-	58,600	(58,600)	-	-	C
Philippine Mining Development Corp.	38,454	900	37,554	38,454	-	D
Philsaga Mining Corp.	11,745	3,727	8,018	11,745	-	C
Platinum Group Metals Corporation	14,000	-	14,000	-	14,000	A
Rapu-Rapu Minerals, Inc.	12,656	3,900	8,756	12,656	-	C
Rio Tuba Nickel Mining Corp.	308,765	89,769	218,996	308,765	-	C
Shuley Mine Incorporated	-	900	(900)	-	-	C
Sinosteel Phils. H. Y. Mining Corporation	45,000	5,400	39,600	45,000	-	C
SR Metals, Inc.	11,099	-	11,099	11,099	-	C
Taganito Mining Corp.	59,000	4,000	55,000	59,000	-	C
TVI Resource Development (Phils.), Inc.	11,000	1,200	9,800	11,000	-	C
Sub-total	3,698,118	2,399,382	1,298,736	3,522,336	135,436	
Mine wastes & tailing fees						
Rapu-Rapu Minerals, Inc.	46,870	-	46,870	46,870	-	C
Occupation fees						
Adnama Mining Resources	3,140,117	84,225	3,055,892	-	3,055,892	A
Apex Mining Co. Inc.	140,625	122,347	18,278	140,625	-	C
Benguet Nickel Mines, Inc.	627,700	142,918	484,782	627,681	-	C
Berong Nickel Corporation	21,600	1,096,425	(1,074,825)	-	(1,074,825)	A
Cagdianao Mining Corporation	515,200	64,750	450,450	515,200	-	C
Cambayas Mining Corp.	263,715	232,580	31,135	263,715	-	C
Carmen Copper Corp.	169,275	-	169,275	169,275	-	C
Carrascal Nickel Corporation	454,800	1,300	453,500	454,800	-	C

Eramen Minerals, Inc	346,500	346,500	-	71,400	-	K
Filminera Resources Corporation	202,587	-	202,587	202,587	-	C
Greenstone Resources Corporation	286,425	285,425	1,000	286,425	-	C
Hinatuan Mining Corp.	164,745	207,660	(42,915)	164,745	-	C
Johson Gold Mining Corporation	2,100	-	2,100	-	-	C
Krominco Inc.	75,712	75,711	1	75,712	-	C
Lepanto Consolidated Mining Co.	41,394	208,374	(166,980)	41,394	-	C
LNL Archipelago	71,400	-	71,400	71,400	-	D
Marcventures Mining and Development Corporation	359,925	91,298	268,627	-	268,627	A
Oceana Gold Philippines Inc.	991,125	475,125	516,000	991,125	-	D
Philex Mining Corporation	800,257	413,935	386,322	800,257	-	C
Philippine Mining Development Corp.	4,457	2,100	2,357	4,457	-	C
Philsaga Mining Corp.	1,874,978	-	1,874,978	1,874,978	-	C
Platinum Group Metals Corporation	437,600	-	437,600	-	437,600	A
Rapu-Rapu Minerals, Inc.	340,410	340,510	(100)	340,410	-	C
Rio Tuba Nickel Mining Corp.	123,340	80,590	42,750	123,340	-	C
Shuley Mine Incorporated	-	300	(300)	-	-	C
Sinosteel Phils. H. Y. Mining Corporation	-	97,200	(97,200)	-	-	C
SR Metals, Inc.	81,000	-	81,000	81,000	-	D
Taganito Mining Corp.	1,509,300	-	1,509,300	-	1,509,300	A
TVI Resource Development (Phils.), Inc.	1,094,015	38,175	1,055,840	-	1,055,840	A
Sub-total	14,140,302	4,407,448	9,732,854	7,660,451	4,983,807	
Real property tax - Basic						
Adnama Mining Resources	1,535,711	-	1,535,711	-	1,535,711	A
Apex Mining Co. Inc.	1,106,295	1,084,646	21,649	1,106,295	-	C
Cagdianao Mining Corporation	225,894	91,747	134,147	225,894	-	C
Cambayas Mining Corp.	-	25,196	(25,196)	-	-	C
Carmen Copper Corp.	13,065,833	8,430,187	4,635,646	8,710,468	-	H
Carrascal Nickel Corporation	58,063	29,032	29,031	58,063	-	C
Filminera Resources Corporation	13,162,217	37,039,987	(23,877,770)	13,162,217	-	M
Greenstone Resources Corporation	225,999	-	225,999	-	225,999	A
Hinatuan Mining Corp.	501,507	28,489	473,018	501,507	-	C
Johson Gold Mining Corporation	-	161	(161)	-	-	C
Krominco Inc.	90,625	91,154	(529)	90,625	-	C
Lepanto Consolidated Mining Co.	3,508,379	3,079,672	428,707	3,508,379	-	C
Leyte Iron Sand Mining Corp.	377	-	377	377	-	C
Marcventures Mining and Development Corporation	34,012	26,403	7,609	34,012	-	C
Oceana Gold Philippines Inc.	701,949	781,548	(79,599)	701,949	-	C
Philex Mining Corporation	6,049,743	5,957,084	92,659	6,049,743	-	C
Philsaga Mining Corp.	15,648,115	892	15,647,223	15,648,115	-	D
Rapu-Rapu Minerals, Inc.	17,610,670	8,805,335	8,805,335	17,610,670	-	H
Rio Tuba Nickel Mining Corp.	3,321,263	3,201,095	120,168	3,321,263	-	C
Sinosteel Phils. H. Y. Mining Corporation	-	23,274	(23,274)	-	-	C
SR Metals, Inc.	450,626	-	450,626	450,626	-	D
Taganito Mining Corp.	315,287	-	315,287	315,287	-	C

TVI Resource Development (Phils.), Inc.	1,822,909	1,712,622	110,287	1,822,909	-	C
Sub-total	79,435,474	70,408,524	9,026,950	73,318,399	1,761,710	
Real property tax - SEF						
Adnama Mining Resources	1,181,317	-	1,181,317	-	1,181,317	A
Apex Mining Co. Inc.	1,098,957	1,084,649	14,308	1,098,957	-	C
Cagdianao Mining Corporation	112,947	91,747	21,200	112,947	-	C
Cambayas Mining Corp.	-	25,196	(25,196)	-	-	C
Carmen Copper Corp.	-	4,215,094	(4,215,094)	4,355,365	-	H
Carrascal Nickel Corporation	-	29,032	(29,032)	-	-	C
Filminera Resources Corporation	13,248,901	37,039,987	(23,791,086)	13,248,901	-	M
Greenstone Resources Corporation	225,999	-	225,999	-	225,999	A
Hinatuan Mining Corp.	294,751	28,489	266,262	294,751	-	C
Johson Gold Mining Corporation	-	161	(161)	-	-	C
Krominco Inc.	90,625	91,154	(529)	90,625	-	C
Lepanto Consolidated Mining Co.	3,293,084	3,079,672	213,412	3,293,084	-	C
Leyte Iron Sand Mining Corp.	377	-	377	377	-	C
Marcventures Mining and Development Corporation	34,012	26,403	7,609	34,012	-	C
Oceana Gold Philippines Inc.	701,949	781,548	(79,599)	701,949	-	C
Philex Mining Corporation	5,819,259	5,752,687	66,572	5,819,259	-	C
Philsaga Mining Corp.	-	594	(594)	-	-	C
Rapu-Rapu Minerals, Inc.	-	8,805,335	(8,805,335)	-	-	H
Rio Tuba Nickel Mining Corp.	3,286,387	3,201,095	85,292	3,286,387	-	C
Sinosteel Phils. H. Y. Mining Corporation	-	23,274	(23,274)	-	-	C
Taganito Mining Corp.	177,718	-	177,718	177,718	-	C
TVI Resource Development (Phils.), Inc.	1,822,909	1,712,622	110,287	1,822,909	-	C
Sub-total	31,389,192	65,988,739	(34,599,547)	34,337,241	1,407,316	
Registration fee						
Carmen Copper Corp.	454,563	-	454,563	454,563	-	C
Carrascal Nickel Corporation	1,000	-	1,000	1,000	-	C
Filminera Resources Corporation	1,000	-	1,000	1,000	-	C
Greenstone Resources Corporation	10,705	-	10,705	10,705	-	C
Lepanto Consolidated Mining Co.	540	-	540	540	-	C
LNL Archipelago	500	-	500	500	-	C
Rapu-Rapu Minerals, Inc.	14,760	19,200	(4,440)	14,760	-	C
Shuley Mine Incorporated	500	-	500	500	-	C
Sinosteel Phils. H. Y. Mining Corporation	5,000	-	5,000	5,000	-	C
Sub-total	488,568	19,200	469,368	488,568	-	
Regulatory/Administrative fees						
Apex Mining Co. Inc.	-	1,550	(1,550)	-	-	C
Berong Nickel Corporation	-	15,625	(15,625)	-	-	C
Cagdianao Mining Corporation	-	51,833	(51,833)	-	-	C
Carmen Copper Corp.	-	350	(350)	-	-	C
Carrascal Nickel Corporation	-	310	(310)	-	-	C
Filminera Resources Corporation	50,000	-	50,000	50,000	-	C
Hinatuan Mining Corp.	-	5,050	(5,050)	-	-	C
Johson Gold Mining Corporation	-	13,700	(13,700)	13,700	-	O

Leyte Iron Sand Mining Corp.	750	-	750	750	-	C
Marcventures Mining and Development Corporation	-	315	(315)	-	-	C
Philex Mining Corporation	-	998,483	(998,483)	-	-	C
Philsaga Mining Corp.	9,275	-	9,275	9,275	-	C
Sub-total	60,025	1,087,216	(1,027,191)	73,725	-	
Rental fees on mineral lands						
Krominco Inc.	75,712	-	75,712	75,712	-	C
Rapu-Rapu Minerals, Inc.	-	340,410	(340,410)	-	-	C
Sub-total	75,712	340,410	-264,698	75,712	-	
Tax on mining operations						
Filminera Resources Corporation	20,324,708	-	20,324,708	-	-	L
Krominco Inc.	1,454,958	-	1,454,958	-	-	F
Rio Tuba Nickel Mining Corp.	-	42,750	(42,750)	-	-	C
Cagdianao Mining Corporation	-	11,780,589	(11,780,589)	-	-	F
Sub-total	21,779,666	11,823,339	9,956,327	-	-	
Other LGU payments						
Adnama Mining Resources	-	1,605,000	(1,605,000)	-	(1,605,000)	A
Rio Tuba Nickel Mining Corp.	13,553	-	13,553	13,553	-	C
Sinosteel Phils. H. Y. Mining Corporation	30,000	30,000	-	30,000	-	
Taganito Mining Corp.	31,599	-	31,599	31,599	-	C
Apex Mining Co. Inc.	1,086,472	9,216,718	(8,130,246)	-	(8,130,246)	A
Berong Nickel Corporation	-	1,319,563	(1,319,563)	-	(1,319,563)	A
Carmen Copper Corp.	5,711,139	-	5,711,139	-	-	I
Carrascal Nickel Corporation	-	31,096,326	(31,096,326)	30,231,270	865,056	J
Eramen Minerals, Inc	79,470	3,409,100	(3,329,630)	79,470	-	G
Filminera Resources Corporation	125,133	132,373	(7,240)	125,133	-	C
Hinatuan Mining Corp.	2,800	1,200,000	(1,197,200)	-	(1,197,200)	A
Johson Gold Mining Corporation	-	165	(165)	-	-	C
Krominco Inc.	34,517	30,000	4,517	34,517	-	C
Marcventures Mining and Development Corporation	3,707,599	3,707,599	-	3,707,599	-	C
Philsaga Mining Corp.	9,840,233	-	9,840,233	-	9,840,233	A
Rapu-Rapu Minerals, Inc.	-	13,047	(13,047)	-	-	C
Sub-total	20,662,515	51,759,891	(31,097,376)	34,253,141	(1,546,720)	
Total	482,044,545	449,284,432	32,760,113	370,290,268	20,983,964	

Table 29. Summary by type of LGU revenue stream declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	Per Company	per Agency				
Community tax						
Nido Production Galoc	10,500	-	10,500	10,500	-	D
Trans-Asia Petroleum Corporation	500	-	500	500	-	D
Sub-total	11,000	-	11,000	11,000	-	
Mayor's permit						
Galoc Production Co.	-	5,000	(5,000)	-	(5,000)	N
Nido Production Galoc	24,369	-	24,369	24,369	-	D
Shell Philippines Exploration B.V.	212,575	116,326	96,249	212,575	-	D
Trans-Asia Petroleum Corporation	8,219	-	8,219	8,219	-	D
Sub-total	245,163	121,326	123,837	245,163	(5,000)	
Other LGU payments						
Shell Philippines Exploration B.V.	1,618,939	-	1,618,939	1,618,939	-	D
Trans-Asia Petroleum Corporation	500	-	500	500	-	D
Sub-total	1,619,439	-	1,619,439	1,619,439	-	
Total	1,875,602	121,326	1,754,276	1,875,602	(5,000)	

C. Reasons for Variances

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either company or agency.
- B. Company disclosed the aggregate of mayor's permit and local business taxes with any remaining unaccounted variance below estimated threshold.
- C. Variance is immaterial based on estimated threshold.
- D. Variance was unexplained by either company or agency that may be due to, among others, absence or incomplete templates from LGUs (i.e. outstanding from either LGU of head office or project site) and insufficient breakdown of disclosures. Nonetheless, we have traced and agreed total amounts per company to corresponding supporting documents confirming payment, the results of which did not disclose any difference to disclosure per template. However, any unsupported balance was forwarded as part of variance post reconciliation.
- E. Local wharfage fees were forwarded by the LGUs to the PPA, thus were not confirmed in their respective templates. Payments made by companies were traced to supporting documents with no exceptions identified.
- F. Tax on mining operations reported by either company or LGU was already incorporated in other revenue stream line items (e.g. business taxes).
- G. Amount reported by the LGU pertains to FY2013. Reconciled amount or disclosure per company was traced to supporting documents with any remaining variance below threshold.
- H. Variance was due to difference in allocation between basic real property tax and SEF. Reconciled amounts were traced to supporting documents with no other exceptions arising.
- I. Amount disclosed by company includes permit fees, chattel mortgage and other payments to the LGU Registry of Deeds.

- J. Cause of variance was traced to the following:
- a. The balance of PHP30,231,270 disclosed by the company as local business tax that was classified by the LGU as other payments; and
 - b. Local business tax and mayor's permit amounting to PHP2,065,445 and PHP10,000, respectively, were aggregated as part of the latter rather than disaggregated per template.
- K. Amounts disclosed by both company and LGU refer to FY2013. Reconciled amount pertains to 2012 payments based on inspected supporting documents.
- L. Local business tax was disclosed by the company under tax on mining operations.
- M. Amount disclosed by the LGU is attributed to both mining and processing entities of the mine project, which are both under the same LGU, wherein the latter was not included as in-scope entity for this year's reconciliation procedure.
- N. No amount disclosed by the company.
- O. Company disclosures did not include payments made in 2013, notwithstanding that these are still related to FY2012 operations.
- P. Amount reported by the LGU includes receipts for 2013 and 2014.

D. Share in National Wealth

As discussed in Volume 1 of this report (contextual information), local government units (LGUs) are entitled to a 40% share in national wealth which comes from mining taxes and royalties in mineral reservations that the BIR and MGB collect respectively from companies located in specific LGUs. These shares are released to the LGUs by the Department of Budget and Management. Below is a summary of shares received by LGUs as reported by the DBM and the LGUs hosting extractive operations. These figures were not reconciled in view of the fact that reconciliation would require separate disclosures from MGB and BIR on a per LGU and per company basis, which, however, is not feasible given the current level of data disaggregation. Therefore such data was not included in the scope of this exercise.

Note that allocations with nil amount based on templates of both DBM and LGU are not presented in the table.

Table 30. Summary of share in national wealth

Province	Municipality	LGU	Royalties from			Total per DBM	per LGU template	Variance	Remarks
			Mining taxes	mineral reservation	Oil and gas production				
CAR									
Province		Benguet	29,910,567	-	-	29,910,567	29,910,567	-	
Municipality		Mankayan	8,431,246	-	-	8,431,246	9,626,130	(1,194,884)	A
		Tuba	29,043,221	-	-	29,043,221	31,726,733	(2,683,512)	A
		Itoyon	-	-	-	-	26,167,238	(26,167,238)	A
Region III									
Province		Bulacan	512,533	-	-	512,533	-	512,533	A
Province		Zambales	3,288,670	7,337,385	-	10,626,055	6,285,788	4,340,267	B
Municipality		Sta. Cruz	2,690,730	16,509,115	-	19,199,845	-	19,199,845	A
Region IV-B									
Province		Palawan	10,347,329	-	57,745,271	68,092,600	57,745,272	10,347,328	A
Municipality		Bataraza	24,980,669	-	-	24,980,669	17,348,637	7,632,032	A
		Quezon	1,453,720	-	-	1,453,720	-	1,453,720	A
Region V									
Province		Albay	8,111,498	-	-	8,111,498	24,322,465	(16,210,967)	B
Municipality		Rapu-rapu	18,247,859	-	-	18,247,859	24,322,466	(6,074,607)	A
Province		Camarines Norte	17,530	-	-	17,530	-	17,530	A
Municipality		Jose Panganiban	39,441	-	-	39,441	-	39,441	A
Province		Masbate	16,362,502	-	-	16,362,502	-	16,362,502	A
Municipality		Aroroy	36,815,631	-	-	36,815,631	-	36,815,631	A
Region VII									
Province		Cebu	499,845	-	-	499,845	-	499,845	A
		Toledo City	65,574,585	-	-	65,574,585	73,996,864	(8,422,279)	C
Region IX									
Province		Zamboanga del Norte	4,053,684	-	-	4,053,684	6,219,277	(2,165,593)	A
Municipality		Siocon	9,120,787	-	-	9,120,787	15,806,185	(6,685,398)	A
Region XI									
Province		Compostela Valley	3,508,345	-	-	3,508,345	-	3,508,345	A
City/Municipality		Maco	7,893,775	-	-	7,893,775	6,449,335	1,444,440	C
		Davao City	113,012	-	-	113,012	-	113,012	A
Region XIII									
Province		Agusan del Norte	1,322,084	-	-	1,322,084	3,339,039	(2,016,955)	C
		Tubay	2,974,690	-	-	2,974,690	-	2,974,690	A
Province		Agusan del Sur	7,556,906	-	-	7,556,906	-	7,556,906	A
Province		Dinagat Island	1,369,114	9,983,589	-	11,352,703	-	11,352,703	
Municipality		Basilisa	-	644,147	-	644,147	-	644,147	A
		Cagdianao	3,640,483	12,970,918	-	16,611,401	27,639,184	(11,027,783)	A
		Loreto	190,354	3,310,140	-	3,500,494	-	3,500,494	A
Province		Surigao del Norte	13,949,001	38,170,517	-	52,119,518	-	52,119,518	A
Municipality		Claver	24,982,254	63,992,968	-	88,975,222	-	88,975,222	A
		Tagana-an	6,402,998	18,151,610	-	24,554,608	16,260,205	8,294,403	A
Barangay		Nonoc, Surigao City	89,530	806,485	-	896,015	-	896,015	A
Province		Surigao del Sur	3,050,394	23,936,807	-	26,987,201	-	26,987,201	A
Municipality		Carrascal	6,863,390	53,857,815	-	60,721,205	96,969,008	(36,247,803)	A

1. Reasons for Variances

- A. Absence of template or schedules provided by either DBM or LGU to facilitate reconciliation
- B. Variance is attributed to allocation only received in 2013; hence not included in the LGU template
- C. Disclosures are inclusive of share for other periods and not only in 2012. No further details were provided to conduct reconciliation.

From the above discussion, below are the common sources of differences:

- Difference in level of disaggregation between the company and the agency
- Absence of templates from other applicable LGUs per company
- Inclusion of local wharfage fees that were paid to PPA
- Inclusion of taxes paid/collected for other periods

E. Charts that Illustrate Summary Results for LGU

Figure 21. The significant revenue streams of LGUs

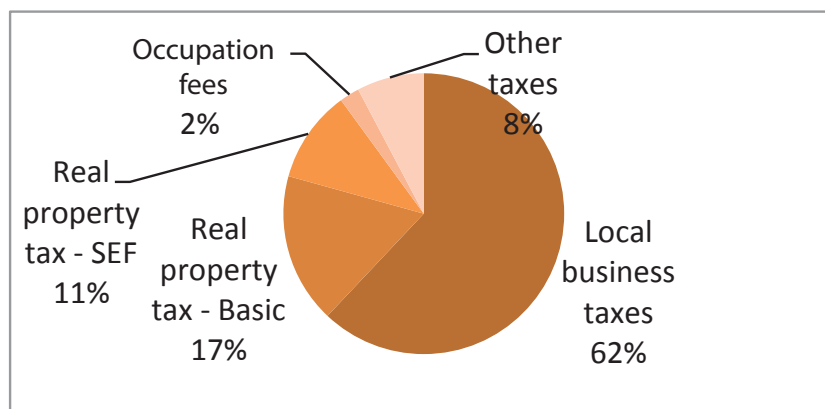
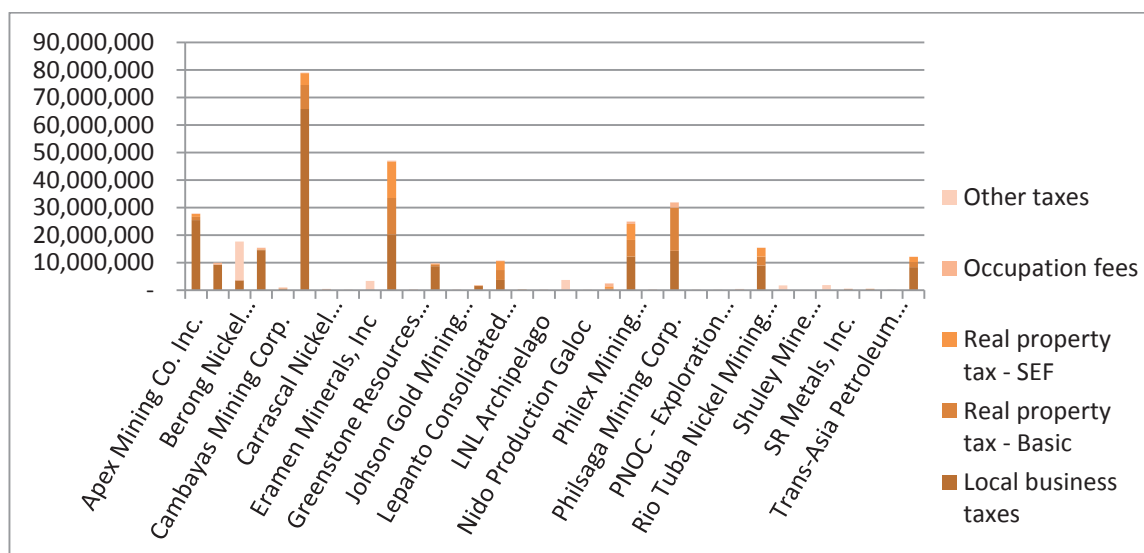


Table 31. The significant revenue streams of LGUs in P'000 and percentage

	Amount ('000)	%
Local business taxes	199,459	62
Real property taxes - basic	55,559	17
Real property taxes - SEF	34,281	11
Occupation fees	7,377	2
Other local taxes	24,886	8
Total	321,562	100

Figure 22. Breakdown of revenue streams per company



VII. National Commission on Indigenous Peoples (NCIP)

A. Payment and Collection of Revenue Streams

	Royalty for IPs	FPIC expenditure
Frequency of payment	Annual	One time payment
Form/document	Memorandum of Agreement	FPIC guidelines / work plan
Timing of payment	Annual	Before FPIC proceedings commence
Mode of payment	Trust fund / direct to IPs	Trust fund
Remittance from agency	Not applicable	Not applicable

B. Process Flow

Royalties are paid by companies to IP communities directly by depositing such payments to a trustee bank or to an account under the name of a duly appointed Indigenous Peoples Organization of the ICCs/IPs concerned.

The Field Based Investigation Fee and fees incurred in connection with the conduct of the Free and Prior Informed Consent (FPIC) process are remitted or paid by the proponent or applicant to a trust account established for the purpose by the NCIP Regional Office. Cash advances and withdrawals therefrom, and the utilization and liquidation of such advances and withdrawals shall be in accordance with the appropriate memorandum circular issued by the Director of the Finance and Administration Office of the NCIP.

A detailed explanation of the above fees and processes are found in Volume 1 of this report.

C. Data Collection and Reconciliation

NCIP was furnished with templates to gather information on the fees they monitor with respect to IP processes. Of the 36 reporting companies, 28 are in ancestral domains and are thus required to pay FBI and FPIC fees and royalties. Of the 30 mining entities that submitted their templates, the NCIP provided information regarding 17 companies only. The NCIP did not provide data for the following companies:

1. Adnama Mining Resources
2. Benguet Nickel Mines, Inc.
3. Cagdianao Mining Corporation
4. Cambayas Mining Corp.
5. Carmen Copper Corp.
6. Eramen Minerals, Inc
7. Johson Gold Mining Corporation
8. Krominco Inc.
9. Leyte Iron Sand Mining Corp.
10. LNL Archipelago
11. Philippine Mining Development Corp.
12. Rapu-Rapu Minerals, Inc.
13. Sinosteel Phils. H.Y. Mining Corporation

The table below is a summary of findings by type of revenue stream and the resulting differences. Note that revenue streams with nil amount based on templates of both entities and NCIP are not presented.

Table 32. Summary by type of NCIP revenue stream declared at the end of the reconciliation exercise, and resulting differences

Revenue Stream	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	Per Company	per Agency				
Royalty for IPs						
Adnama Mining Resources	30,431,488	-	30,431,488	-	30,431,488	A
Apex Mining Co. Inc.	25,773,682	-	25,773,682	25,773,682	-	C
Berong Nickel Corporation	11,897,156	-	11,897,156	-	11,897,156	A
Carrascal Nickel Corporation	44,949,489	-	44,949,489	44,949,489	-	C
Marcventures Mining and Development Corporation	6,974,910	-	6,974,910	6,974,910	-	C
Philex Mining Corporation	67,757,749	-	67,757,749	67,757,749	-	C
Philsaga Mining Corp.	35,879,293	-	35,879,293	35,879,293	-	C
Rio Tuba Nickel Mining Corp.	40,381,883	1,333,334	39,048,549	-	39,048,549	A
SR Metals, Inc.	19,918,292	-	19,918,292	19,918,292	-	C
Taganito Mining Corp.	1,127,742	30,791,240	(29,663,498)	-	(29,663,498)	A
TVI Resource Development (Phils.), Inc.	57,350,236	-	57,350,236	57,350,236	-	C
Sub-total	342,441,920	32,124,574	310,317,346	258,603,651	51,713,695	
FPIC expenditure						
Apex Mining Co. Inc.	-	299,200	(299,200)	-	-	B
Berong Nickel Corporation	-	120,268	(120,268)	-	-	B
Carrascal Nickel Corporation	-	286,409	(286,409)	-	-	B
Marcventures Mining and Development Corporation	-	97,700	(97,700)	-	-	B
Oceana Gold Philippines Inc.	-	113,300	(113,300)	-	(113,300)	A
Philex Mining Corporation	-	42,800	(42,800)	-	-	B
Platinum Group Metals Corporation	-	157,800	(157,800)	-	(157,800)	A
SR Metals, Inc.	-	299,565	(299,565)	-	-	B
Taganito Mining Corp.	916,626	135,504	781,122	-	781,122	A
TVI Resource Development (Phils.), Inc.	-	288,388	(288,388)	-	-	B
Sub-total	916,626	1,840,934	(924,308)	-	510,022	
Field based investigation fee						
Oceana Gold Philippines Inc.	-	53,658	(53,658)	-	(53,658)	A
Total	343,358,546	34,018,166	309,339,380	258,603,651	52,170,059	

D. Reasons for Variances

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.

For Taganito Mining Corporation, the template likewise disclosed accrued balance of PhP30.9 million, of which PhP29.8 million was paid in September and October 2013. Reconciliation procedures did not extend to actual inspection of said payments.

- B. Variance is immaterial based on estimated threshold.
- C. Differences were primarily due to absence of template received from NCIP. Correspondingly, we have inspected supporting documents confirming actual payments made by companies which did not disclose increment exceptions for examination

CHAPTER 4

Audit Procedures

I. Preparation and Audit of Entity Information

Data and representations provided in EITI reporting templates was primarily sourced from companies' audited financial statements, transaction listings or schedules extracted from respective accounting systems (e.g. SAP, Oracle), and regulatory reports including tax filings. In accordance with Revenue Regulation No. 15-2010, taxes and fees paid to the BIR, BOC and LGUs are mandatory disclosures in company financial statements and were therefore subjected to external audit by accredited independent accounting firms.

The payment and recording of taxes and fees are responsibilities of the Finance and Accounting (F&A) functions of companies, which were accorded responsibility for the preparation and finalization of reporting templates. As many projects are situated in remote areas, most companies maintain two F&A offices, with corporate and administrative responsibilities including procurement, government liaison and investor relations located at head office (e.g. Metro Manila or provincial capitals), and operations such as inventory costing and management, mineral sales and deliveries, and human resources on-site. Accordingly, certain disclosures required coordination from two (2) offices, but were nonetheless easily consolidated due to the utilization of common accounting systems. Also, we observed clear delineation and segregation of duties and responsibilities in the calculation and payment of the different taxes and fees between Entities' F&A offices, which prevented any overlap or redundant functions.

The reconciliation process also highlighted that many companies, particularly publicly listed companies, had separate legal departments that assisted F&A with respect to compliance and in keeping abreast with most recent pronouncements and issuances, as well as communication and coordination with different agencies.

Overall review of the data provided was typically undertaken by personnel with oversight responsibility over F&A such as Chief Finance Officers, Controllers and Finance/Accounting Managers, who ultimately endorsed the final template to senior management for approval and release.

II. Understanding Verification Procedures of Agency Data

Government agency auditing is primarily undertaken by the Commission on Audit (COA), an independent constitutional commission, which has the primary function of examining, auditing and settling all accounts and expenditures of the Philippine government. COA officers conduct reviews of collections and disbursements on a monthly basis. Audit objectives for collections include, among others, confirmation that collections are fully supported and remitted to the Bureau of Treasury and Central Bank (BSP) and monitoring of long-outstanding receipts.

There are two (2) types of collections that the COA audit team subjects to its audit. The first comes from Authorized Agent Banks (AABs) that submit a summary of their collections to the Bureau of Treasury. For BIR, the said report is reconciled by the Revenue Accounting Division (RAD), with the data

collated from the Integrated Tax System. The RAD then submits the reconciled report to COA for an audit of the collections which will check if it was actually remitted to the Bureau of Treasury and BSP.

The second type of collection is maintained by designated collecting officers in government line agencies. The collecting officer submits a report to the agency's accounting function with the corresponding official receipts and journal vouchers. The report is then submitted to the audit team who validates the collections. In addition to the financial audit on collections, the COA also performs an audit of the performance of the collecting officer through cross-examination.

The COA prescribes certain guidelines on the timing of the remittance of the collections by the AABs and the collecting officers. The time prescription is also an attribute considered in the audit of the collections.

At year-end, all data and monthly findings are summarized into the Annual Audit Report of the COA. This is publicly issued and posted on the COA website. Information contained in the report includes:

A brief history of the Agency (or province) and a summary of the programs and activities that the Agency (or province) implemented during the year;

- Financial highlights;
- Operational highlights;
- Scope of audit;
- Auditor's report (opinion on the financial statements); and
- Significant findings, recommendations and implementation of prior year's recommendations.

CHAPTER 5

Recommendations

CHAPTER 5 Recommendations

The following section outlines 19 recommendations that the IA would recommend in order to improve the accuracy and efficiency of the data gathering and reconciliation processes, and further strengthen transparency measures.

I. Companies

A. Availability and Accessibility of Information

1. Companies should consider publicly disclosing mandatory expenditures and funds to ensure full transparency of their social and environmental commitments. Many of these expenditures and funds, if not all, are already disclosed to government agencies, and would therefore not pose a significant challenge in gathering. Including this information in key public documents such as annual reports, press releases and financial statements, would provide an additional layer of credibility and reliability to the disclosures.

2. Given that the agreed upon procedures (AUP) for conducting the EITI reconciliation are unlikely to differ significantly in future years, companies could prepare in advance the information required for the reporting template, as well as accompanying schedules. Reports generated from company accounting systems could also be customized in order to comply with the required levels of disaggregation that may not be currently available (e.g. breakdown between the customs duties and value-added tax (VAT) components of payments made to the BOC, VAT attributed to the importation of capital equipment, and allocation of business taxes to different LGUs).

B. Representation and Involvement

Increasing the companies' involvement in PH-EITI activities, including attendance in TWG and MSG meetings, as well as roadshows organized by the PH-EITI Secretariat across different regions, would help to ensure that key company officials are fully aware of the required disclosures and the scope and timelines of reporting. We would also encourage greater company participation in deliberations and resolutions that require confirmation and approval by EITI stakeholders.

II. Agencies

A. BIR

1. Basis of preparation (Applicable framework)

Companies and the BIR adopted varying accounting frameworks in the preparation of their templates (particularly accrual versus cash-based accounting), that resulted in a number of the variances noted in the reconciliation. Initial templates received from the BIR were made on the basis of actual net cash received by BIR irrespective of whether payments were attributed to other periods' results of operations. As we have emphasized, the accrual method is more relevant in assessing the actual contribution of companies relative to the reported results of operations during a given fiscal year. For this reason, we recommend that, if possible, the BIR accomplishes its reporting template on the basis of tax returns and payment remittances to confirm disclosed balances as per companies' templates.

2. Availability and accessibility of information

- a. One of identified revenue streams under BIR is withholding taxes arising from foreign shareholder dividends, profit remittances and royalty payments to claim owners, which are reported and paid through BIR Tax Form 1601-F. Final withholding taxes, however, are monitored in aggregate under the current reporting system, irrespective of sources, including those not in-scope under the local EITI implementation such as payments to oil service contractors and interest on foreign loans payable. Consequently, BIR disclosures will usually be much higher due to the inability to readily extract details of final withholding taxes unless individual forms of companies are inspected. As a result, the BIR may consider customizing certain reports generated from the system that will enable the further disaggregation of information to facilitate reconciliation for future reports.
- b. At the onset, BIR emphasized that the release of information was restricted by legal regulations that only permit the completion of templates once a waiver has been executed by the company. Accordingly, any unilateral disclosures without any corresponding data from the BIR cannot be subjected to reconciliation. It is recommended that alternative procedures be performed to determine validity, accuracy and completeness of company data that cannot be compared with BIR data due to lack of BIR waivers. These procedures should entail inspection of supporting tax returns and other documents (e.g. bank advices and payment receipts) that can already be confirmed and approved by the MSG as part of the adopted AUP framework under EITI standards.
- c. Data was not received for companies reporting under different RDOs. With the expectation that small scale extractive companies will be considered in future EITI reports, RDOs should be provided early notice and greater engagement to ensure that data collection will be complete

and provided promptly. This will entail coordination with a number of different offices and may warrant roadshow for orientation similar to the practice for LGUs.

B. BOC

1. Availability and accessibility of information

An inherent limitation noted earlier is that duties and VAT are recorded on a transactional basis, rather than (for instance) in quarterly installments, which makes them voluminous in nature. In addition, most documents including import entry declaration forms are held and maintained by companies' third party customs brokers, and consequently require closer coordination to obtain them for inspection. Accordingly, companies may consider requesting a detailed schedule from their customs brokers reporting on in-scope revenue streams that can easily be matched with reports generated by BOC from its system. As mentioned earlier, accounting systems could be customized to report duties and VAT in separate account codes.

C. PPA

1. Availability and accessibility of information

As part of the monitoring maintained by Port Management Offices (PMOs), either through the Management Information System Database or manual spreadsheets, the PMO could indicate the actual payee (e.g. company) of the wharfage fees irrespective of whether an agent was engaged on its behalf. We have observed that PMO schedules only recorded the names of the agent or reflected as a one-time vendor transaction particularly for cash payments without indicating the company to which the wharfage fee is attributed to. In certain instances, the names per PMO schedule and actual permit to operate were different, which required further validation during the reconciliation process. Lastly, the Philippine Ports Authority could require its PMOs to utilize uniform monitoring sheets to facilitate the consolidation of information given nationwide. Presently, the current system is unable to readily extract and retrieve information from all PMOs and ensure that all transactions have been recognized accurately and completely.

D. MGB

1. Fund review

Although not mandatory, some companies have conducted plenary discussions with respective LGUs and beneficiaries (communities) to directly communicate and further explain the purpose of Social Development Management Program (SDMP) projects. Most, however, expressed uncertainty of any post audit or review performed by any government agency including verifying the existence of projects and the reasonableness of disclosed expenditure amounts. Also, during the conduct of roadshows with varying LGUs, there was a perception that the identification and implementation of projects including procurement and sourcing of goods and services was at the sole discretion of companies. Wider dissemination of these reports could be considered, as well as town hall meetings to better explain projects undertaken and milestone with respect to overall social development program established by an entity.

Likewise, some companies are not aware of any separate monitoring on social and environmental funds done by either DENR or MGB, which relies on update reports being submitted by companies. We have recommended the adoption of a formal audit plan that will detail, among others, target coverage (selection of entities to be tested), a sampling plan for the expenditures to be reviewed, a coordination approach including reporting lines and frequency of communication with entities and a timetable. The audit would ensure that planned activities are completed and fulfilled by companies and overall compliance ascertained.

Results of LGU roadshows also raised the following synergies that could be established with the MGB:

1. Proper determination of occupation fees. Currently, estimation and billing of occupation fees are mainly handled by the MGB with collection done at the LGU level. LGUs are, however, not aware of how these fees are calculated, and are therefore unable to assess if fees are accurate and commensurate to the actual mining area; and

2. Fund review. LGUs could be empowered to review SDMP funds since projects are primarily executed at the host community and LGUs are in a better position to confirm and oversee project implementation, and ensure the intended beneficiaries are served.

2. Availability and accessibility of information

We have likewise observed incomplete data at the central office due to the absence of submissions made by regional or satellite offices. Consequently, MGB should impose more structured reporting timelines on regional offices detailing deadlines and process owners to ensure timely consolidation of information.

E. DOE

1. Availability and accessibility of information

- a. The completion of the template entailed the involvement of various sections within DOE, requiring coordination and consolidation of data prior to submission. These revenue streams are manually monitored; there is no centralized reporting system. The implementation of a system similar to BIR, BOC and PPA, could be considered by the DOE moving forward.
- b. Government share arising from oil and gas operations is reported on a per project or consortium (e.g. Malampaya, Galoc) basis. Each consortium, however, consists of several companies. Thus, this manner of monitoring by DOE precluded the IA from comparing the disclosures made by the company with the disclosures of the DOE on a per company basis. Succeeding monitoring can be modified to require the breakdown of information per company.

F. LGUs

1. Basis of preparation (Applicable framework)

LGUs adopt an electronic system of reporting receipts and expenditures (referred to as Electronic Statement of Receipts and Expenditures or ESRE). Under this system, LGUs use the cash-based

accounting method, which is the same framework used in the preparation and completion of reporting templates. Even with the difference in accounting framework with companies (i.e. accrual basis), we have not identified material variances as a result of reconciliation, since most payments occur in the first quarter of the year. However, the use of a cash-based system limits the accounting of non-monetary receipts, particularly in kind grants and donations. For these types of non-monetary payments, we did not detect any formal monitoring performed by LGUs, which meant that it was not possible to compare voluntary disclosures made by companies, if any.

Tax review and assessment

- a. Business taxes are estimated on the basis of fixed rates applied to gross receipts declared by companies. These are directly remitted to the LGUs hosting principal offices and extractives projects (mining and oil and gas) sites based on the 70:30 allocation scheme. During the walkthrough, it was noted that there was no coordination between LGUs to ensure that the tax base (i.e. gross receipts) used by entities in calculating business taxes payable across LGUs was consistent and appropriate. On this basis, LGUs should consider conducting joint assessments or reviews on local taxes paid by companies to obtain an overall appreciation of the adequacy of payments made.
- b. Similarly as regards share in national wealth (40% allocation from the gross collection derived by the national government from the preceding fiscal year out of proceeds from the utilization and development of national wealth within respective areas), LGUs are unable to determine the portion of their share that may be attributed to mining and oil and gas operations. This is due to the lack of information with regard to total collections made by the national government through agencies such as DENR, MGB, DOE and BIR on forest charges, royalty income from mineral reservation, energy resources production and mining taxes. This lack of data on total collection of national wealth per revenue type and per LGU rendered reconciliation of shares in national wealth impossible. The concerned agencies and DBM should therefore monitor and report such payments on a per LGU and per revenue stream basis.

G. NCIP

1. Availability and accessibility of information

As highlighted in the reconciliation of NCIP data, we did not receive completed templates from the NCIP, which, based on discussions with the agency, was due to the lack of a formal monitoring system to confirm the correct calculation of royalties and to ensure the receipt of payments received by IPs. Likewise, the NCIP relies on voluntary disclosures made by companies. Payments are directly remitted to IPs, who usually organize themselves (e.g. IPO APSSOL) per region to ensure central communication with mining entities and equitable distribution of royalty receipts amongst their members.

Moving forward, we recommend that the NCIP implement and maintain a mechanism that would enable confirmation of the actual payments made by extractives companies and ensure direct acknowledgement from IPs. This should include regular audits and reviews of payments, requiring reports from companies detailing payments made and the programs undertaken, and close coordination with regional offices that should maintain close engagement with IPs.

III. Suggested Enhancements to Future EITI Reports

A. Scoping of Entities and Disclosures

1. In future reports, the possible inclusion of companies, whose facilities are substantially used to process ore concentrates from local mining entities such as Coral Bay Nickel Corporation (with Rio Tuba Nickel Mining Corporation) and Phil. Gold Processing Company, Inc. (with Filminera Resources Corporation), should be considered. This would provide a more holistic perspective of the economic contribution of the mining sector to the Philippines.

In addition, the social development programs of oil and gas companies are typically implemented through foundations established as separate entities as opposed to funds maintained by mining companies. In recognition of the difference in implementation between mining and oil and

gas companies, the MSG may wish to expand the scope of future reports to cover partner foundations. The Malampaya Fund, which is a repository of a portion of Government's share from the Malampaya operations is neither held in custody by the consortium nor DOE. As such, the MSG should develop a specific template for reconciling remittances and receipts made by the DOE and disclose the running balance as at reporting date. If permitted, an evaluation of current policies and procedures with regard to disbursements from the Malampaya Fund could be performed to determine the sufficiency of controls and compliance with them.

2. The MSG should consider including a sample of small-scale mining operators in the disclosure and reconciliation process, to provide more financial and contextual information on taxes and fees due, as well as any differences in charges imposed to large-scale mining players. The next EITI report could identify small-scale entities that should be invited based on reported revenue and assets, similar to the approach adopted in identifying material companies.
3. There should be a scoping of oil and gas companies based on operating projects to align with monitoring approach undertaken by DOE wherein revenue streams are reported per consortium as opposed to per individual entities.
4. There should be a reconsideration of other fees and charges that were identified as being not applicable and/or disclosed as nil in the reporting templates, including LGU specific tolls and wharfage fees, varying bonuses mandated under Clause 20 per DOE model contract, and field-based investigation fees received by NCIP. Also, as stated earlier, the reconciliation of LGUs' share in national wealth may only become feasible with the participation of either Treasury or DBM and an assurance that a detailed breakdown include the attribution of the portion of the fund from mining and oil and gas operations.

CHAPTER 6

Additional Information

I. Beneficial Ownership

A. Accessibility

Generally, companies are required to submit an annual General Information Sheet to the SEC detailing the names of key shareholders and officers that would provide sufficient information as regards ownership. The SEC details the following guidelines in its completion:

- The GIS should be submitted within thirty (30) calendar days from the date of the annual stockholders' meeting. For foreign corporations, it will be 30 days from the anniversary date of the companies' registration with the SEC;
- The GIS shall be filed in English and certified and sworn to by the corporate secretary (or resident agent for foreign corporations) of the corporation; and
- Five (5) copies of the GIS shall be submitted to the Central Receiving Section. Corporations submitting a copy of their GIS online or via internet shall submit one (1) hard copy of the GIS, together with a certification under oath by its corporate secretary that the copy submitted online contains the exact data in the hard copy.

These documents are considered public and may be directly accessed through the SEC.

B. Legal Restriction on Ownership

For mining operations, the table below summarizes relevant provisions of the Philippine Mining Act particularly on mining rights and qualified entities:

Mining right	Area	Term	Qualified entity
Exploration Permit	32,000 onshore	2 years; renewable to a maximum of 8 years	Individuals or Filipino or foreign corporations
	81,000 offshore		
Mineral Agreement (Mineral Production Sharing Agreement, Co-production Agreement or Joint-Venture Agreement)	16,200 onshore	25 years; renewable for like period	Individuals or Filipino corporations
	40,500 offshore		
Financial or Technical Assistance Agreement	81,000 onshore	25 years; renewable for like period	Filipino or foreign corporations
	324,000 offshore		

Essentially, there are two (2) tests that may be referred to in identifying nationality of a corporation which are the control test and the grandfather rule. Paragraph 7 of Department of Justice (DOJ) Opinion No. 020, Series of 2005, adopting the 1967 SEC Rules which implemented the requirement of the Constitution and other laws pertaining to the controlling interests in enterprises engaged in the exploitation of natural resources owned by Filipino citizens, provides:

Shares belonging to corporations or partnerships at least 60% of the capital of which is owned by Filipino citizens shall be considered as of Philippine nationality, but if the percentage of Filipino ownership in the corporation or partnership is less than 60%, only the number of shares corresponding to such percentage shall be counted as of Philippine nationality.

The first part of paragraph 7, DOJ Opinion No. 020, stating that “shares belonging to corporations or partnerships at least 60% of the capital of which is owned by Filipino citizens shall be considered as of Philippine nationality,” pertains to the control test. On the other hand, the second part of the DOJ Opinion which provides, “if the percentage of the Filipino ownership in the corporation or partnership is less than 60%, only the number of shares corresponding to such percentage shall be counted as Philippine nationality,” pertains to the stricter, more stringent grandfather rule.

There is no equivalent restriction for oil and gas with regard to service contracts entered into by the government.

II. Supplementary Information

In addition to the required disclosures on revenue streams, mandatory expenditures and funds, companies were also asked to provide in the reporting templates the information mentioned below. However, not all companies provided complete information. Hence the results may not be sufficient representation.

A. Employment Data

The reporting template required disclosure on the breakdown of headcount per gender, employment status (regular or contractual), local or foreign national, and, whether employees

considered themselves as Indigenous Persons or not. However, due to inconsistencies in the disaggregation of information provided, we were unable to disaggregate the results beyond the basis of nationality as follows:

	Mining	Oil and Gas
Local	18,636	494
Foreign	134	38
Total	18,770	532

Of the total number of mining employees, 1,263 were identified as IPs from the mining sector or approximately 6.7%.

B. Outside Services

Companies likewise disclosed a list of their third party contractors that rendered various services, which included, mining operations, drilling, construction, trucking, general manpower and security for the mining sector; and deepwater drilling, technical services, and maintenance for oil and gas. The total number of personnel reported by some of the companies was as follows:

	Mining	Oil and Gas
Total	13,119	1,642

The largest third party contractors (i.e., at least 300 allocated personnel) were as follows:

- El Pueblo General Services
- Mizpah Manpower Services
- 4K Development Corporation
- FITZ- SDMC
- YDM Job Constructor
- LCPI
- Asiapro
- Shepherd Boy Service Contracting and Consultancy
- SBF Philippines Drilling Resources
- Delta Mining
- EEI Corporation

C. Grants and Donations

Details of grants and donations and equivalent monetary value are provided as follows:

Company	Details	Recipient	Amount
Philex Mining Corporation	None provided	LGUs, IPs and others	19,533,620
Platinum Group Metals Corporation	Ambulance	IPs	2,000,000
Taganito Mining Corporation	Construction of seawall, school, health center, community training center and reading centers	LGUs and IPs	7,786,823
Hinatuan Mining Corporation	Construction of community center and others	LGU	3,089,049
Lepanto Consolidated Mining Company	None provided	LGUs and others	3,173,092
Apex Mining Company, Inc.	Donation to victims of calamities, bridge construction, and mining forums	LGUs, IPs and others	12,911,333
Berong Nickel Corporation	None provided	IPs	386,128
Marcventures Mining and Development	None provided	LGUs, schools/ churches others	17,525,820
Greenstone Resources Corporation	None provided	LGUs, IPs and others	4,560,687
Philsaga Mining Corporation	Donation to typhoon victims	LGUs	10,846,374
OceanaGold (Philippines), Inc.	Donation to typhoon victims, Red Cross, etc.	Various organizations	1,362,189
Chevron Malampaya LLC	Donation to typhoon victims	Red Cross	1,343,208
PNOC Exploration Corporation	Donations to various organizations	Various	125,187,000
Nido Petroleum Phils. Pty. Ltd	None provided	Various	1,280,397

D. Withholding Taxes

Other sources of withholding taxes that were not included as part of required revenue streams due to materiality and applicability considerations, but may still be attributed to companies' operations are disclosed as follows:

Company	Withholding Type	Amount
Mining		
Carrascal Nickel Corporation	Documentary stamp tax	180,000
	Payroll/Compensation	2,997,221
	Final	9,222,098
	Expanded	63,599,891
Carmen Copper Corporation	Compensation/Final/Expanded	310,562,847
Philex Mining Corporation	Payroll/Compensation	204,369,873
	Directors fees	2,874,346
	Interest payments	1,145,833
	Expanded	92,161,378
	Fringe benefits	26,158,540
Platinum Group Metals Corporation	Dividends to local shareholders	45,604,267
	Expanded	43,896,561
	Payroll/Compensation	20,722,083
Rio Tuba Nickel Mining Corporation	Expanded	42,601,848
	Final	3,522,410
	Payroll/Compensation	45,019,916
TVI Resources Development	Payroll/Compensation	68,249,192
	Expanded	29,220,282
	Fringe benefit	428,171
Taganito Mining Corporation	Expanded	30,048,254
	Payroll/Compensation	35,972,802
	Fringe benefit	3,994,394
Hinatuan Mining Corporation	Expanded	19,592,861
	Payroll/Compensation	11,755,494
	Final	333,332
Filminera Resources Corporation	Expanded	46,658,626
	Payroll/Compensation	16,913,623
	Final	1,045,330
Lepanto Consolidated Mining Company	Payroll/Compensation	49,241,904
	Fringe benefit	806,983
SR Metals, Incorporated	Expanded	22,411,971

	Payroll/Compensation	5,583,311
Apex Mining Company, Inc.	Payroll/Compensation	22,628,168
	Expanded	21,872,848
	Final	5,949,778
Rapu Rapu Minerals, Inc.	Payroll/Compensation	133,660,896
Benguet Nickel Mines, Inc.	Payroll/Compensation	1,300,000
	Final	85,700
Cagdianao Mining Corporation	Payroll/Compensation	8,778,471
	Expanded	16,602,251
	Fringe benefit	266,669
Eramen Minerals, Inc.	Documentary stamp tax	211
Marcventures Mining and Development	Expanded	7,021,489
	Payroll/Compensation	2,982,816
Shuley Mining Incorporated	Documentary stamp tax	429,018
	Payroll/Compensation	1,381,198
	Income payment to FCDU	73,318
	Expanded	1,879,961
Cambayas Mining Corporation	Expanded	330,956
	Payroll/Compensation	619,560
Philsaga Mining Corporation	Payroll/Compensation	36,212,402
Philippine Mining Development Corporation	Payroll/Compensation	3,030,952
Johson Gold Mining Corporation	Expanded	40,355
Krominco, Inc.	Payroll/Compensation	578,107
Oceanagold (Philippines) Inc.	Payroll/Compensation	196,506,265
	Expanded	86,084,816
	Final	3,850,568
LNL Archipelago Minerals Inc.	Final	78,478
	Payroll/Compensation	64,145
	Expanded	210,742
Oil and Gas		
Chevron Malampaya LLC	Fringe benefit	201,176
	Final	166,618,923
	Expanded	228,100
Shell Philippines Exploration BV	Expanded	35,010,964
	Final	499,389,671
	Fringe benefit	7,812,184
	Payroll/Compensation	16,931,121

Company	Withholding Type	Amount
PNOC Exploration Corporation	VAT and other percentage tax	116,178,594
	Payroll/Compensation	73,141,241
	Final	2,825,227
	Fringe benefit	1,992,829
Nido Petroleum Phils. Pty. Ltd	Expanded and final	3,636,606

E. Agreements with IPs

Memorandums of Agreement (MOA) executed with the different IPs are as follows:

Company	Description
Philex Mining Corporation	MOA for APSA No. 102 – MOA among the Philex Mining Corporation, IPO APSSOL (Indigenous Peoples Organization of Alang, Pokis, Sabian, Sta Fe, Olibba And Loakan) and NCIP
Rio Tuba Nickel Mining Corporation	MOA with Palaweno Indigenous People/Indigenous Cultural Community of Kinurong
TVI Resources Development	<ul style="list-style-type: none"> • MPSA No. 054-96-IX (Canatuan) MOA with Pigbogolalan Tribal Council (20n) • APSA No. 0023-IX (Malusok) MOA with Pigbogolalan Tribal Council (2011) • APSA No. 0039-IX (Malusok) MOA with Pigbogolalan Tribal Council (2011)
Taganito Mining Corporation	<ul style="list-style-type: none"> • MOA between Company and AMPANTRIMTU (Asosasyon sa Madazaw na Panagkaisa nan mga Tribong Mamanwa sa Taganito ug Urbiztondo) • MOA between KEPHA Mining Exploration Company and Mamanwa tribe of Brgy. Urbiztondo and Taganito
Apex Mining Company, Inc.	IP/ICC MOA signed in June 2004

F. CSR Projects

CSR projects undertaken that are not part of the activities reported under any of the disclosed mandatory expenditure or funds.

Company	Description
Mining	
Carrascal Nickel Corporation	Various donations and rental of equipment for community projects
Philex Mining Corporation	<p>Assistance to livelihood associations in camp:</p> <ul style="list-style-type: none"> a) Provision of shops for Philex Integrated Sewers Association (PISA) and Philex Loom Weavers Association (PLWA) including power b) Awarded contracts to PISA (cemextra capsule) c) Meat Processing - provision of site and power

	Assistance to the Purok Organization - allowances to the Peace Keeping Force, etc.
Lepanto Consolidated Mining Company	Donation of sand, gravel, cement and others.
Apex Mining Company	<ul style="list-style-type: none"> • Spearheaded the Student Summer Training Program (SSTP) and OJT Program Headed by the Safety Department • Responded to the Search and Retrieval Operation at Negros Oriental during the Earthquake incident in the area. • Participated at the 2012 PMSIA competition at Baguio City last November 2012 • Routine Medical, Dental Consultations and treatments of employees, contractors, dependents and community residents. • Conducted Operation Tuli to employee dependents and community residents of four impact Barangays. • Conducted survey and identification of malnourished children of nearby barangays and started nutrition program, lectures and presentations regarding proper nutrition and provided multivitamins to malnourished children of 4 impact barangays and dependents
Philsaga Mining Corporation	<ul style="list-style-type: none"> • Sponsored 'Adopt a Forest Program' • Various financial and medical assistance • Donations to schools
OceanaGold (Philippines) Inc.	Infrastructure development and support services in the host and adjacent communities. This included road upgrades, canal construction, water system rehabilitation, construction of school buildings and other school facility improvements.
Taganito Mining Corporation	<ul style="list-style-type: none"> • Medical and surgical mission • Development of Punta Nega including construction of elementary school, greening program, house repairs, supplemental feeding of children, and sponsorship of Christmas party and Field Demonstration • Assistance to IPs including educational program, construction of farm to market bridge, and sponsorship of first IP Congress • Construction of Sabang Seawall • Assistance to the Provincial Community Center in Placer, Bad-as
Oil and Gas	
Nido Petroleum Phils. Pty. Ltd	Putting up a school building in coordination with the Department of Education. Donations to Bahatala, Inc. for orthopedic and rehabilitation services in the Palawan and to flood victim
PNOC Exploration Corporation	Various including scholarship programs, disaster reliefs, and other programs

G. ARMM Disclosure

PH-EITI decided to include the Autonomous Region of Muslim Mindanao (ARMM) in the EITI process considering the substantial mineral deposits in the region. The DENR of ARMM identified one operating metallic mine, that is SR Languyan Company located at Languyan Municipality in Tawi-Tawi.

The following figures were provided by the Regional Treasurer of ARMM. However, there was no reconciliation due to the absence of template from SR Languyan.

Period (2012)	Excise Tax (in PHP)
August	1,518,185
September	4,217,602
October	1,750,112
November	9,256,144
December	6,734,122
Total	23,476,165

END OF RECONCILIATION REPORT

Recommendations of the Multi-stakeholder Group

Recommendations of the Multi-stakeholder Group

The MSG identified the following key findings from the first EITI report that should be immediately addressed to improve current government systems and EITI implementation. The recommendations formulated by the body underscore the need for more capacity building activities, reforms in existing reporting mechanisms to promote more transparency through enhancement of data quality, and amendments to legislations and existing regulations.

A. GOVERNMENT

Findings	Recommendation	Proposed Activities	Output	Who Should be Involved
SDMP Monitoring needs improvement	<p>Capacitate MGB regional offices and multipartite monitoring teams</p> <p>Include EITI related information in the monitoring checklist that the MGB is currently doing</p>	<p>- Trainings for regional offices</p> <p>- Trainings to cascade the learnings to the multipartite monitoring teams</p>	<p>- A standardized SDMP monitoring checklist that includes EITI related information</p>	<p>- MGB Central and Regional Offices</p> <p>- Members of the MMT (i.e., LGU, GFI, Business Group, CSO)</p>
	<p>- MGB should implement a web-based submission of documents from regional to central office;</p> <p>-MGB should develop a program /IT system to compile SDMP for analysis</p> <p>- MGB should require companies to submit SDMP electronically</p>	<p>- Integration of EITI-related information into MGB's ongoing database reforms</p>	<p>A centralized database for all EITI related information from MGB that may be accessed electronically</p>	<p>- MGB IT office</p>
LGUs and MGB lack coordination with regard to computation and collection of occupation fees	<p>- MGB must inform LGUs as to the proper computation of Occupation Fees</p> <p>- Improve formatting of order of payment</p>	<p>- Dialogues between LGUs and MGB to discuss this issue</p> <p>-Request for copies of order of payment</p>	<p>- Revised Order of Payment</p> <p>- Memorandum</p>	<p>- MGB Director</p> <p>- LGUs, MGB Regional Office</p>

Findings	Recommendation	Proposed Activities	Output	Who Should be Involved
	to include details (i.e., hectareage, computation)	for the next reconciliation process - Revise order of payment	circular issued by the MGB director ordering the revision of order of payment	
DOE's monitoring of government shares is done on a per consortium/SC basis which makes reconciliation difficult	- Propose amendment of PD87 to require reporting per company not per service contract	Evaluate the impact, necessity and desirability of amending PD 87	Proposed amendments to PD 87 (If amendment is deemed desirable)	MSG with DOE taking the lead DOE's legal unit
DOE has no centralized monitoring method/ database for revenues/collections	- Designate an EITI point person from DOE's financial services - Centralize information on payments	- Officially appoint an EITI point person from DOE's financial services - Develop an IT system for centralization of data base	- special order officially appointing an EITI point person - IT system for centralization of data	DOE
BOC: There is no disaggregation of reports to separate customs duties and VAT on capital equipment	- Validate if all capital equipment are zero-rated	Consultations with BOC	Disaggregated data for VAT and customs duties	BOC, MSG, TWG
BIR: Prohibition on disclosure of tax information under the NIRC is a legal impediment to full cooperation of companies in the EITI process	- Propose amendments to the NIRC	Draft proposed amendment	Draft of the proposed amendment	BIR, MSG, Congress
BIR: Reporting of final withholding taxes is currently monitored in lump sum	- Reporting of final withholding taxes should be disaggregated	Revision of current recording systems	A revised reporting system for final withholding taxes	BIR

PPA: Wharfage fees paid by subcontractors are difficult to trace back to the companies that contracted them	- PPA's system of reporting payments should indicate principals of subcontractors	Revision of PPA's current system of reporting	Revised reporting system from PPA with regard to subcontractors	PPA
NCIP: No monitoring on implementation of MOAs with IPs	- Develop a system of monitoring the implementation of MOAs	Develop a monitoring tool	Monitoring tool for MOAs	NCIP, companies
LGUs: Recording of payments are not disaggregated per industry	Improve system of collection to disaggregate payments per sector	Follow thru with DOF of roll out process (i.e. changing of systems, forms and orientation of local treasurers)	New forms indicating disaggregated information Improve IT systems of BLGF	BLGF, DOF, DILG
DBM: There is no disaggregation of data to indicate the EI's portion in the LGU's share in national wealth	Recording of LGU's share in national wealth should reflect which amounts came from which sectors (e.g. mining, oil, coal, etc)	Revision of reporting and recording system.	Revised reporting and recording procedures	DBM, LGUs
LGUs – Grants and donations given to LGUs are not monitored by the DILG or BLGF	All grants and donations should be incorporated into a line item in the eSRE form, an additional line item in the system (module)	Update module, then roll-out training/orientation exercise	DILG/DOF Joint Circular	DILG, DOF, BLGF, Local Treasurers
LGUs – Companies pay to 2 jurisdictions (head office and host of operations)— a system that is prone to inaccuracy of payments. LGUs are not aware where the mining company pays taxes. Some mining companies pay directly to LTAD in Manila, so release of share is to the head offices	Legislate share of head office and host/plant office; company must declare contribution to plant offices, head office to have basis for legislation	Advocate for legislation (sharing between head office and plant office) Ask private sector to provide information for possible sharing scheme	Further study Legislation	DILG, DOF, Companies

Findings	Recommendation	Proposed Activities	Output	Who Should be Involved
For all reporting entities: Technical people are still unfamiliar with the EITI process and its requirements	Strengthen capacity of technical people in government agencies to make sure they are able to comply with EITI's standards of reporting	Capacity building activities on the EITI process	Trainings conducted regularly	All reporting entities, MSG, Secretariat

B. CIVIL SOCIETY

Findings	Recommendation	Proposed Activities	Output	Who Should be Involved
1. Limited disclosure of key government documents/references related to the extractive industry	Timely release of government documents that should be used to provide the current context of the extractive industry	Joint memo from the MICC on disclosure of information/data/documents Digitization of government documents	Online portal for government documents	Government agencies
2. Contextual Information does not reflect the "current" context of the industry and is limited to current laws, policies and macroeconomic information	Use government reporting documents/monitoring reports, independent program/project assessments and data collected from the templates as references to provide the current context (related to #1)	Related to #1. Consultants should use the documents in #1 and other independent reports as references.	Contextual information report that reflect the "current" situation of the sector	MSG, government agencies, MICC
3. Incentives provided by the gov't to industry were not disclosed.	The Board of Investments and other agencies that grant incentives should disclose the incentives given to the extractive industries because this is negative income to the government.	Joint memo from the MICC on disclosure of information/data/documents	Actual data on incentives provided by BOI and relevant agencies to companies	MICC

<p>4. Not all companies and government agencies identified by the MSG as part of the first EITI report complied.</p>	<p>EITI should be legislated providing penalties for companies that do not participate in EITI.</p> <p>The BOI should disclose key data</p>	<p>Drafting/lobbying for an EITI bill</p> <p>Joint resolution from MICC instructing government agencies to comply with EITI</p>	<p>EITI bill/law</p> <p>MICC resolution</p>	<p>MICC, MSG, Congress</p>
<p>5. Companies and government agencies did not provide complete the template (missing data on the template).</p>	<p>All information in the template should be considered required and not voluntary. MSG should clarify in the letter to entities that all the information in the reporting template are required information. The MSG letter should be accompanied by a joint resolution from the MICC.</p> <p>The IA should not make a distinction between required and voluntary information.</p> <p>The IA should ensure that templates are completed and should inform the MSG of the rate of completion of the template (not just in terms of companies completing it, but in terms of what information are provided).</p>	<p>Letter from the MSG and joint resolution from the MICC address to the entities and government agencies</p>	<p>Complete/more reliable/useful dataset</p>	<p>MICC, MSG, IA, Secretariat</p>

6. Some data collected using the template were not used in the contextual information	The data that were collected using the template should be used in the contextual information to describe the different reporting agencies/entities	Consultants/writers should be provided with the data right away	Data set from the reporting templates	IA, Secretariat
7. LGUs' share in national wealth and LGUs' collection from EI are not disaggregated.	DBM should disaggregate the share of LGU from national wealth according to the different sectors/sources of payment (mining, energy, forestry, etc.) to be able to track the actual payments of each sector to the LGUs. The LGUs should also disaggregate the payment of companies at the local level.	Discussion with DBM and BLGF on how to proceed with this and then based on the outcome, trainings for LGUs on how to account for payments from mining companies.	<ul style="list-style-type: none"> - Process of disaggregating share from national wealth of LGUs - Process for LGUs to disaggregate their collection from companies 	MSG, EITI secretariat, DBM, DILG, BLGF
8. Lack of monitoring of SDMP and other funds created by law	The government should have a clear mechanism on monitoring social expenditures and the different funds created under the Mining Act.	Discussion between MGB, DILG, LGUs, CSOs, companies and other stakeholders on how to ensure that these funds are monitored.	<ul style="list-style-type: none"> - Process of monitoring social expenditure and funds 	MGB, companies, CSOs
9. Lack of monitoring of IP royalties	The NCIP should develop a mechanism to be more transparent and accountable in monitoring royalty payments to IP communities	Discussion between NCIP and different stakeholders	<ul style="list-style-type: none"> - Mechanism on monitoring and reporting of IP royalties 	MICC, NCIP, MSG

C. INDUSTRY


Findings	Recommendations <i>(For Improvement of the Report)</i>	Proposed Activities
<p>1. There is no clear data on the GROSS OUTPUT/PRODUCTION values generated by the mining and Oil and Gas companies for 2012. There is no easy way to validate the excise tax and other gross-based taxes declared by the companies.</p>	<p>- Include production values from MGB in the Report. These should be based on the application for Ore Export Permit (OEP) submitted by companies and/or the proofs of excise tax payments made;</p> <p>- Include access to the final assay results agreed upon by contractor and buyer. This will establish what minerals were sold by the contractor and paid for by buyers.</p>	
<p>2. The IA Reconciliation Report also indicates that the monitoring and reporting of social and environmental funds are inconsistent and incomplete. <i>(Some companies report contributing to some SDMP and CLRF funds but not in others.)</i></p>	<p>- Standardize the entries for SDMP vs. SDMP components <i>(Some companies report only lump-sum SDMP expenditure; others break down their SDMP expenditure into host & neighboring communities, IEC, and mining technologies)</i></p>	
<p>3. Environmental funds should be discussed separately from SDMP.</p>	<p>Separate reporting of all SDMP funds</p>	<p>Companies and MGB should reconcile figures</p>
<p>4. SDMP which is mandatory (1.5% of Operating costs) should likewise be separate from Environmental funds. SDMP plan is reviewed by RD, approved by MGB and monitored by a multi-partite monitoring team.</p>	<p>Separate reporting of all funds allotted for environmental protection measures</p>	<p>Companies and MGB should reconcile figures</p>
<p>5. IP Royalties should be taken from both companies and NCIP/MGB.</p>	<p>Get royalty data from companies, and reconcile with MGB and NCIP</p>	<p>MGB and Companies as well as NCIP should meet</p>
<p>6. A disaggregation of royalties from mineral reservation should be made (National, LGUs and MGB)</p>	<p>Shares going to the National, Local and MGB should be itemized</p>	<p>MGB RO, MGB Central and BTR/DOF should meet and reconcile figures</p>
<p>7. There is no clear data on the incentives given by the BOI and PEZA.</p>	<p>For mining companies that have availed of ITH and other incentives, they should indicate how much these are in figures and show the benefits derived by host communities to compensate for such incentives to answer the criticism that these incentives are forgone revenues, to capitalize on how much industry is getting out of the mineral resources, and to justify their proposed tax scheme.</p> <p>BOI and other incentive granting institutions should also indicate how much incentives have been given and justify that said amounts have brought about the intended benefits. We need to know if the benefits generated by the “incentivized” mining project exceed the “foregone revenues” ceded by the ITH.</p>	

<p>8. There is no clear data on IP royalties paid by mining contractors and received/spent by host IP communities.</p> <p><i>(Only 17 companies are included in the NCIP Report and the significant variance between that reported by the companies and the NCIP should be a cause for concern).</i></p>	<p>Access to MOA signed between mining contractor and host IP community;</p> <p>Access to NCIP monitoring reports on company payments made pursuant to the MOA.</p> <p><i>(However, given the voluminous nature of these documents, and considering the fact that these are not yet mandatory under the current EITI Standard, access to these documents need not be immediate, but may be an ongoing activity for the PH-EITI Secretariat even after the 2014 Report is published.)</i></p>
<p>9. Special/irregular LGU fees and impositions have not been sufficiently highlighted.</p>	<p>Create a separate listing of these special/irregular LGU fees.</p>
<p>10. Processing companies such as those processing gold, copper and nickel should be included to give a wider perspective of the mining industry's contribution even if the value-added of these are included in the manufacturing sector value-added of the GDP.</p>	<p>MSG should agree on this.</p>
<p>11. Disclosure of Oil and Gas social development programs even if undertaken by foundations should be monitored to see commitment to environmental protection and community development</p>	<p>For inclusion in future reports</p>
<p>12. Representation of small scale mining operators can be considered if government is serious in its drive to rationalize SSM in the country and to provide more contextual information on taxes and fees due to the government from SSM</p>	<p>MSG should agree on this</p>
<p>13. Consider other fees and charges identified as nil by entities but when aggregated on an industry level can be substantial including LGU toll fees and other fees (extraction fee, blasting fee, etc)</p>	<p>For inclusion in future reports</p>
<p>14. Participation of the Bureau of Treasury and DBM should be considered as these key agencies are vital to the detailed breakdown of taxes from mining and Oil and Gas operations, and are also key to the distribution of such taxes.</p>	<p>MSG should decide on this.</p>
<p>15. SDMP funds as budgeted by the companies through a Social Development Management Plan reviewed and approved by the Director of Mines can be monitored in terms of project expenditures and programs managed at the site by the community relations officers and COMREL departments</p>	<p>MGB should improve monitoring mechanisms for SDMP</p>

<p>16. IA must highlight the fact that the SDMP is a community-based process that has a 5-year plan. The community is asked to identify development projects that they deem necessary in their community (<i>aligned with their local development plans, where available</i>), and these are built and funded through a 5-year management plan. The EITI Report for any given year is thus a snapshot of the five-year plan and may be larger (or smaller) than previous years, depending on where the stakeholders are in the plan. There may also be a need for a separate reconciliation once the 5-year plan is completed to validate the total expenditure and assess the accomplishments of the plan.</p>	<p>For the IA's clarification in the report</p>
<p>17. The NCIP must enhance their current system of monitoring and validation of IP Royalty payments.</p>	<p>NCIP should improve existing monitoring systems</p>

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

Signed this 23rd day of December, 2014.


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 Director
 Chamber of Mines of the Philippines


HON. MA. TERESA S. HABITAN
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 PH-EITI Focal Person


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 Bantay Kita

Acknowledgements

Acknowledgements

From the PH-EITI

The PH-EITI would like to acknowledge the following for their contributions in putting together this report

FOR THEIR SUPPORT TO EITI IMPLEMENTATION

The British Embassy-Manila
The Department of Foreign Affairs and Trade
Australian Aid
The Embassy of Canada, Manila
USAID
The World Bank
11.11.11
Christian Aid
Foundation for Philippine Environment
IKAT-US/USAID
National Resource Governance Institute
EITI International Secretariat
Hon. Elisea G. Gozun
Ms. Catalina M. Ancheta

FOR THEIR ASSISTANCE TO THE PH-EITI MSG AND SECRETARIAT

Department of Finance
Fiscal Policy and Planning Office

Department of Finance
Domestic Finance Group

Department of Finance
Office of the Secretary Department of Finance
Central Administration Office

Department of Finance —
Central Financial Management Office

Mines and Geosciences Bureau —
Mining Tenements Division

Mines and Geosciences Bureau —
Mineral Economics, Information
and Publication Division
Engr. Romualdo D. Aguilos

Department of Budget and Management
Mr. Francis Y. Capistrano

Open Government Partnership
Mr. Patrick O. Lim
Mr. Glenn Q. Miranda
Ms. Katrina Mae Santos

FOR THE OPEN DATA-EITI PORTAL FOR CONTRACTS AND MAPS

Open Data Philippines
Mr. Gabriel Jess D. Baleos

Presidential Communications Development and
Strategic Planning Office
Mr. Jonathan F. Cuevas
Ms. Joi Marie Angelica M. Indias
Ms. Gianne Karla M. Gairan
Mr. Edgar Vincent G. Magturo

**FOR THEIR CONTRIBUTIONS TO THE EITI
COUNTRY REPORT'S CONTEXTUAL INFORMATION
VOLUME**

Atty. Jay L. Batongbacal

Ms. Regine Marie A. Tumlos

Ms. Maria Althea M. Teves

Dr. Ramon L. Clarete

Mr. Karlo Fermin S. Adriano

Mr. Anton Miguel P. Ragos

Mr. Emmanuel Genesis T. Andal

Hon. Elisea G. Gozun

Asst. Sec. Ma. Teresa S. Habitan

Ms. Nelia C. Halcon

Dr. Cielo Magno

Prof. Maria Aurora Teresita W. Tabada

Mining Industry Coordinating Council

FOR THEIR TECHNICAL SUPPORT AND ADVICE

Mr. Andrew Schloeffel,

World Bank

Mr. Wouter Biesterbos,

EITI International Secretariat

OUR CONSULTANTS

Dr. Epictetus E. Patalinghug

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Atty. Ma. Aleta C. Nuñez

Atty. Jennifer L. Ramos

Ms. Roda Athea E. Baraquio

Ms. Ma. Carmina T. Mosura

**From the Chamber of Mines
of the Philippines**

**The Chamber of Mines would like to acknowledge
the following members who contributed in the EITI
process:**

Apex Mining Company, Inc.

Filminera Resources Corporation

Oceana Gold Phils. Inc.

Hinatuan Mining Corporation

Philex Mining Corporation

Krominco, Inc.

Philippine Mining Development Corporation

Lepanto Consolidated Mining & Dev. Corp.

Philsaga Mining Corporation

LNL Archipelago Minerals Inc.

Platinum Group Metals Corporation

Marcventures Mining & Dev. Corp

Rapu-Rapu Minerals. Inv.

Oceana Gold Phils. Inc.

Rio Tuba Nickel Mining Corporation

Philex Mining Corporation

SR Metals Inc.

Philippine Mining Development Corp.

Taganito Mining Corporation

Philsaga Mining Corporation

TVI Resource Development Philippines, Inc.

Platinum Group Metals Corporation

Benguet Corporation

Rapu-Rapu Minerals Inc.

Berong Nickel Corporation

Rio Tuba Nickel Mining Corporation

Cagdianao Mining Corporation

SR Metals Inc.

Carmen Copper Corporation

Taganito Mining Corporation

Eramen Minerals, Inc.

TVI Resource Development Phils. Inc.

NICKEL ASIA for bringing the entire MSG to Rio Tuba Nickel Mining Corporation in Bataraza, Palawan for the group to have an appreciation of its nickel mining operations and the environmental and social development programs of the company and for the selfless time given by its President, **MR. GERALD BRIMO**.

We acknowledge also the participation of **Dr. MICHAEL STANLEY**, Lead Mining Expert, Asia-Oil, Gas & Mining Department, World Bank Group, Washington D.C. for speaking about the new standards of the EITI process during our Focus Group Discussion on the subject matter in September, 2013
MINING PHILIPPINES

USAID for providing technical assistance from its Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE), headed by **Dr. RAMON CLARETE** (2006-2009) for the Chamber to advocate the adoption of EITI among mining companies, national and local governments, and civil society organizations. A reporting template was developed for conducting an EITI-aligned audit of tax payments by mining companies simulated for pilot companies, **Philex Mining Corporation** and **Rio Tuba Nickel Mining Corporation**. This was managed by Mr. **ED CORONEL**, USAID Consultant

Mr. **SAM BARTLETT**, EITI's Regional Director for Asia for speaking about EITI as a mechanism for good governance during MINING PHILIPPINES 2008 and **MAMADOU BARRY**, of the World Bank Group's Oil, Gas, and Mining Policy Operations Unit who also spoke about EITI during MINING PHILIPPINES 2009.

The Asia Society for helping invite **Mr. ANANDA IRIS** and **Mr. ERRY RIYANA HARDJAPAMEKAS** of Transparency Team EITI Indonesia to share their experience and lead the discussion on EITI in a Focused Group Discussion during MINING PHILIPPINES 2013.

Mr. BENJAMIN PHILIP G. ROMUALDEZ, President of the Chamber of Mines for exerting all efforts toward the country's adoption of EITI as a means of achieving greater accountability and transparency in the mining industry and **Mr. ARTEMIO F. DISINI**, Chairman, for continuing the efforts of the President as MSG Member.

From the Petroleum Association of the Philippines

The Petroleum Association of the Philippines would like to acknowledge the following:

Anglo-Philippine Holdings Corporation
Basic Energy Corporation

Chevron Malampaya
Cosco Capital, Inc.
Forum Energy Phils. Corporation
Frontier Oil Corporation
Galoc Production Company
Mitra Energy (Philippines SC-56) Limited
National Marine Corporation
Nido Petroleum Philippines Pty. Ltd.
Oriental Petroleum & Minerals Corporation
Otto Energy Philippines, Inc.
PetroEnergy Resources Corporation
Philex Petroleum Corporation
Pitkin Petroleum Plc.
PNOC-Exploration Corporation
Sycip, Gorres, Velayo & Co.
South China Resources Corporation
Supply Oilfield Services, Inc.
Shell Philippines Exploration B.V.
The Philodrill Corporation
Trans-Asia Petroleum Corporation

From Bantay Kita

Bantay Kita would like to acknowledge the following partners:

11.11.11
The Department of Foreign Affairs and Trade – Australian Aid
British Embassy – Manila
Christian Aid
Foundation for Philippine Environment
IKAT-US/USAID
National Resource Governance Institute

Bantay Kita is a member of the following coalitions:

Publish What You Pay
Social Watch Philippines
Open Government Partnership
Tax Justice Network

Additional Tables of Findings

Additional Tables of Findings

Detailed results per company

Bureau of Internal Revenue (BIR)

Table 1: Summary by type of BIR revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Mining)

a. Companies under ITH

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources						
Excise tax on minerals	58,578,182	13,858,379	44,719,803	-	44,719,803	A
Corporate income tax	-	279,291	(279,291)	-	(279,291)	B
Sub-total	58,578,182	14,137,670	44,440,512	-	44,440,512	
Apex Mining Co. Inc.						
Excise tax on minerals	38,315,152	40,217,094	(1,901,942)	38,315,152	-	B
Withholding tax - Royalties to claim owners and IPs	5,424,019	6,595,521	(1,171,502)	5,424,019	-	B
Sub-total	43,739,171	46,812,615	(3,073,444)	43,739,171	-	
Berong Nickel Corporation						
Excise tax on minerals	23,794,313	20,960,827	2,833,486	23,794,313	-	C
Corporate income tax	17,896,499	17,896,499	-	17,896,499	-	
Sub-total	41,690,812	38,857,326	2,833,486	41,690,812	-	
Carmen Copper Corp.						
Excise tax on minerals	271,574,691	271,327,897	246,794	271,574,691	-	B
Corporate income tax	369,624	369,624	-	369,624	-	
Sub-total	271,944,315	271,697,521	246,794	271,944,315	-	

Carrascal Nickel Corporation						
Excise tax on minerals	89,754,248	89,754,248	-	89,754,248	-	
Withholding tax - Foreign shareholder dividends	73,500,000	88,847,098	(15,347,098)	73,500,000	-	H
Withholding tax - Royalties to claim owners and IPs				8,989,898	-	H
Sub-total	163,254,248	178,601,346	(15,347,098)	172,244,146	-	
Marcventures Mining and Development Corporation						
Excise tax on minerals	13,949,821	13,008,023	941,798	13,949,821	-	K
Platinum Group Metals Corporation						
Excise tax on minerals	118,558,025	122,239,383	(3,681,358)	118,558,025	-	B
Corporate income tax	351,785	351,786	(1)	351,785	-	B
Withholding tax - Royalties to claim owners and IPs	7,213,835	12,978,811	(5,764,976)	7,213,835	-	H
Sub-total	126,123,645	135,569,980	(9,446,335)	126,123,645	-	
SR Metals, Inc.						
Excise tax on minerals	39,836,583	41,720,990	(1,884,407)	39,836,583	-	B
Corporate income tax	14,105,733	13,830,416	275,317	13,830,416	-	B
Sub-total	53,942,316	55,551,406	(1,609,090)	53,666,999	-	
TVI Resource Development (Phils.), Inc.						
Excise tax on minerals	66,972,412	76,829,670	(9,857,258)	66,972,412	-	M
Corporate income tax	1,498,507	1,498,507	-	1,498,507	-	
Withholding tax - Royalties to claim owners and IPs	17,330,373	19,565,947	(2,235,574)	17,330,373	-	B
Sub-total	85,801,292	97,894,124	(12,092,832)	85,801,292	-	
Total	859,023,802	852,130,011	6,893,791	809,160,201	44,440,512	

b. Companies under normal corporate income tax

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	Per Company	per Agency				
Benguetcorp Nickel Mines, Inc.						
Excise tax on minerals	22,200,000	-	22,200,000	22,196,663	-	D
Corporate income tax	31,900,000	-	31,900,000	31,885,295	-	D
Sub-total	54,100,000	-	54,100,000	54,081,958	-	
Cagdianao Mining Corporation						
Excise tax on minerals	22,600,664	25,598,197	(2,997,533)	22,600,664	-	E
Corporate income tax	11,935,929	11,935,929	-	11,935,929	-	
Withholding tax - Royalties to claim owners and IPs	22,129,104	22,129,104	-	22,129,104	-	
Sub-total	56,665,697	59,663,230	(2,997,533)	56,665,697	-	
Cambayas Mining Corp.						
Excise tax on minerals	2,784,800	-	2,784,800	2,141,920	642,880	F
Corporate income tax	2,089,788	1,320,278	769,510	2,089,788	-	G
Sub-total	4,874,588	1,320,278	3,554,310	4,231,708	642,880	
Eramen Minerals, Inc						
Excise tax on minerals	21,333,932	12,070,594	9,263,338	19,189,072	-	I
Corporate income tax	29,717,346	29,717,346	-	29,717,346	-	
Sub-total	51,051,278	41,787,940	9,263,338	48,906,418	-	
Filminera Resources Corporation						
Excise tax on minerals	263,368,839	263,368,839	-	263,368,839	-	
Corporate income tax	88,453,207	53,653,112	34,800,095	53,653,112	-	J
Withholding tax - Foreign shareholder dividends	-	949,913	(949,913)	-	-	B
Sub-total	351,822,046	317,971,864	33,850,182	317,021,951	-	
Greenstone Resources Corporation						
Excise tax on minerals	18,486,260	-	18,486,260	-	18,486,260	A
Corporate income tax	5,513,307	-	5,513,307	5,513,307	-	D
Sub-total	23,999,567	-	23,999,567	5,513,307	18,486,260	
Hinatuan Mining Corp.						
Excise tax on minerals	57,624,071	60,077,210	(2,453,139)	57,624,071	-	B
Corporate income tax	428,994,084	428,994,083	1	428,994,083	-	B
Sub-total	486,618,155	489,071,293	(2,453,138)	486,618,154	-	

Krominco Inc.						
Corporate income tax	314,406	314,406	-	314,406	-	
Lepanto Consolidated Mining Co.						
Excise tax on minerals	42,588,925	42,528,205	60,720	42,588,925	-	B
Corporate income tax	6,587,533	7,413,726	(826,193)	6,587,533	-	B
Withholding tax - Royalties to claim owners and IPs	74,400	88,215	(13,815)	74,400	-	B
Sub-total	49,250,858	50,030,146	(779,288)	49,250,858	-	
Philex Mining Corporation						
Excise tax on minerals	159,267,939	159,267,939	-	159,267,939	-	
Corporate income tax	528,008,986	528,008,986	-	528,008,986	-	
Withholding tax - Foreign shareholder dividends	132,162,720	242,768,393	(110,605,673)	132,162,720	-	H
Withholding tax - Royalties to claim owners and IPs	60,882,836	-	60,882,836	60,882,836	-	H
Sub-total	880,322,481	930,045,318	(49,722,837)	880,322,481	-	
Philippine Mining Development Corp.						
Corporate income tax	11,051,898	11,051,899	(1)	11,051,898	-	B
Philsaga Mining Corp.						
Excise tax on minerals	80,488,050	69,949,773	10,538,277	80,488,050	-	L
Corporate income tax	2,329,563	2,329,563	-	2,329,563	-	
Withholding tax - Royalties to claim owners and IPs	8,675,050	8,735,858	(60,808)	8,675,050	-	B
Sub-total	91,492,663	81,015,194	10,477,469	91,492,663	-	
Rapu-Rapu Minerals, Inc.						
Excise tax on minerals	102,213,205	46,209,556	56,003,649	-	56,003,649	A
Corporate income tax	176,210,770	99,164,501	77,046,269	-	77,046,269	A
Sub-total	278,423,975	145,374,057	133,049,918	-	133,049,918	
Rio Tuba Nickel Mining Corp.						
Excise tax on minerals	80,763,767	63,520,112	17,243,655	80,763,767	-	B
Corporate income tax	424,336,230	424,336,229	1	424,336,230	-	B
Withholding tax - Foreign shareholder dividends	63,000,000	66,522,410	(3,522,410)	63,000,000	-	H
Sub-total	568,099,997	554,378,751	13,721,246	568,099,997	-	

Shuley Mine Incorporated						
Excise tax on minerals	3,421,844	-	3,421,844	3,421,844	-	D
Corporate income tax	2,170,159	2,171,034	(875)	2,170,159	-	B
Sub-total	5,592,003	2,171,034	3,420,969	5,592,003	-	
Sinosteel Phils. H. Y. Mining Corporation						
Excise tax on minerals	3,351,956	-	3,351,956	3,351,956	-	D
Corporate income tax	1,633,370	-	1,633,370	1,633,370	-	D
Sub-total	4,985,326	-	4,985,326	4,985,326	-	
Taganito Mining Corp.						
Excise tax on minerals	61,877,311	61,927,618	(50,307)	61,877,311	-	B
Corporate income tax	399,001,911	399,001,911	-	399,001,911	-	
Sub-total	460,879,222	460,929,529	(50,307)	460,879,222	-	
Total	3,379,544,160	3,145,124,939	234,419,221	3,045,028,047	152,179,058	

Table 2: Summary by type of BIR revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per company	per Agency				
Chevron Malampaya LLC						
Corporate income tax	6,140,053,188	6,161,234,325	(21,181,137)	6,140,053,188	-	B
Withholding tax - Profit remittance to principal	2,531,957,157	-	2,531,957,157	2,531,957,157	-	N
Sub-total	8,672,010,345	6,161,234,325	2,510,776,020	8,672,010,345	-	
Galoc Production Co.						
Corporate income tax	18,232,409	18,232,409	-	18,232,409	-	
Nido Production Galoc						
Corporate income tax	13,680,548	13,680,548	-	13,680,548	-	
PNOC - Exploration Corporation						
Corporate income tax	1,340,722,795	1,345,421,394	(4,698,599)	1,340,722,795	-	B
Shell Philippines Exploration B.V.						
Corporate income tax	5,926,451,185	5,947,633,089	(21,181,904)	5,926,451,185	-	B
Withholding tax - Profit remittance to principal	1,536,822,493	1,536,822,493	-	1,536,822,493	-	
Sub-total	7,463,273,678	7,484,455,582	(21,181,904)	7,463,273,678	-	
Total	17,507,919,775	15,023,024,258	2,484,895,517	17,507,919,775	-	

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on threshold set.
- C. Variance was unexplained by both company and agency. Nonetheless, we have traced and agreed total amount per company to corresponding actual tax returns filed with and duly received by the BIR, the results of which did not disclose any difference to disclosure per template.
- D. Notwithstanding the receipt of waiver from the company, the BIR was unable to furnish corresponding template for reconciliation. Similarly, we have traced and agreed total amount per company to corresponding actual tax returns filed with and duly received by the BIR, the results of which did not disclose any difference to disclosure per template.
- E. Amount disclosed by the BIR is inclusive of payments made in 2012, but attributed to 2011 results of operations, and accordingly excluded for reconciliation purposes.
- F. In 2012, the company was still under a different RDO; hence, no amount was disclosed by the LTS. Consequently, amount provided by the company was traced and agreed with tax returns yielding PhP642,880 remaining unsupported.
- G. From inspection of corresponding tax returns, difference of PhP769,510 was due to non-consideration of payment made in April 2013, but still pertaining to 2012 results of operations, net of penalty charges collected by the BIR in 2012 amounting to PhP1,044,894 and PhP275,834, respectively.
- H. Withholding tax presented by the BIR pertains to total amount declared under Form No. 1601-F, which includes withholding tax for other income payments that were not required in the template. Amounts per company were directly traced to said withholding tax return detailing breakdown per income payment without exceptions noted.
- I. Of the total variance, the company included payments attributed to 2013 deliveries amounting to PhP2,144,860. Remaining variance refers to remittances made by the company to a separate RDO as it was only considered a large taxpayer mid-2012; and accordingly transferred to the LTS only then. This was confirmed through inspection of corresponding tax returns that did not note any exceptions.
- J. Variance was mainly due to 2011 income tax payments included in the company's disclosure.
- K. Difference corresponds to payment made prior to the company transitioning to a large taxpayer in 2012. Inspection of tax return did not identify any exceptions.
- L. Variance is due to timing difference of payment of the following 2012 transactions included per company but not per BIR:

Period covered	Date paid	Amount (in PhP)
January 2012	December 2011	3,487,197
December 2012	January 2013	1,431,041
December 2012	February 2013	5,620,039
		10,538,277

M. Adopting cash basis as framework, the BIR included payment pertaining to 2011 transactions amounting to PHP11,566,581, and excluded payments attributed to 2012 results of operations, but made in 2013 totaling PHP1,709,323.

N. Variance is only attributed to difference tax form used by the company (i.e. BIR Form 0605) rather than prescribed form for withholding taxes (i.e. BIR Form No. 1601F). Notwithstanding, we have inspected relevant documents including tax filing and actual remittance to confirm payment, which did not identify any exceptions.

Bureau of Customs (BOC)

Table 3: Summary by type of BOC revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Mining)

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources						
Customs duties	-	1,221,567	(1,221,567)	-	(1,221,567)	A
VAT on imported materials and equipment	-	10,963,634	(10,963,634)	-	(10,963,634)	A
Other payments	-	90,689	(90,689)	-	(90,689)	A
Sub-total	-	12,275,890	(12,275,890)	-	(12,275,890)	
Apex Mining Co. Inc.						
Customs duties	83,029,030	15,082,998	67,946,032	-	67,946,032	A
VAT on imported materials and equipment	-	91,750,453	(91,750,453)	-	(91,750,453)	A
Excise tax on imported goods	-	3,225	(3,225)	-	-	B
Sub-total	83,029,030	106,836,676	(23,807,646)	-	(23,804,421)	
Cagdianao Mining Corporation						
Customs duties	572,719	572,719	-	572,719	-	
VAT on imported materials and equipment	8,720,715	8,720,714	1	8,720,715	-	B
Excise tax on imported goods	-	1	(1)	-	-	B
Sub-total	9,293,434	9,293,434	-	9,293,434	-	
Carmen Copper Corp.						
Customs duties	19,247,087	19,742,692	(495,605)	19,247,087	-	B
VAT on imported materials and equipment	178,708,020	180,200,709	(1,492,689)	178,708,020	-	B
Excise tax on imported goods	112,996	113,036	(40)	112,996	-	B
Sub-total	198,068,103	200,056,437	(1,988,334)	198,068,103	-	
Carrascal Nickel Corporation						
Customs duties	299,600	89,636	209,964	-	209,964	A
VAT on imported materials and equipment	-	479,717	(479,717)	-	(479,717)	A
Sub-total	299,600	569,353	(269,753)	-	(269,753)	
Greenstone Resources Corporation						
Customs duties	1,216,690	1,707,729	(491,039)	-	(491,039)	A

VAT on imported materials and equipment	6,445,683	7,747,353	(1,301,670)	-	(1,301,670)	A
Excise tax on imported goods	-	43,598	(43,598)	-	-	B
Sub-total	7,662,373	9,498,680	(1,836,307)	-	(1,792,709)	
Hinatuan Mining Corp.						
Customs duties	4,278,912	4,270,446	8,466	4,278,912	-	B
VAT on imported materials and equipment	20,126,397	20,102,399	23,998	20,126,397	-	B
Excise tax on imported goods	-	169,004	(169,004)	-	-	B
Sub-total	24,405,309	24,541,849	(136,540)	24,405,309	-	
Krominco Inc.						
Customs duties	17,963	16,963	1,000	17,963	-	B
VAT on imported materials and equipment	198,295	198,295	-	198,295	-	
Sub-total	216,258	215,258	1,000	216,258	-	
Lepanto Consolidated Mining Co.						
Customs duties	4,814,978	8,369,308	(3,554,330)	8,369,308	-	C
VAT on imported materials and equipment	42,393,885	45,250,001	(2,856,116)	45,250,001	-	C
Other payments	-	3,263	(3,263)	-	-	B
Sub-total	47,208,863	53,622,572	(6,413,709)	53,619,309	-	
Oceana Gold Philippines Inc.						
Customs duties	41,151,362	40,892,199	259,163	41,151,362	-	B
VAT on imported materials and equipment	72,535,932	76,057,725	(3,521,793)	72,535,932	-	B
Excise tax on imported goods	-	145,749	(145,749)	-	-	B
Sub-total	113,687,294	117,095,673	(3,408,379)	113,687,294	-	
Philex Mining Corporation						
Customs duties	13,992,931	31,497,343	(17,504,412)	31,497,343	-	C
VAT on imported materials and equipment	123,859,022	125,642,451	(1,783,429)	123,859,022	-	B
Excise tax on imported goods	-	11,363	(11,363)	-	-	B
Sub-total	137,851,953	157,151,157	(19,299,204)	155,356,365	-	
Philsaga Mining Corp.						
Customs duties	6,392,342	8,557,469	(2,165,127)	-	(2,165,127)	A
VAT on imported materials and equipment	-	67,095,268	(67,095,268)	-	(67,095,268)	A
Excise tax on imported goods	-	18,029	(18,029)	-	-	B
Sub-total	6,392,342	75,670,766	(69,278,424)	-	(69,260,395)	

Platinum Group Metals Corporation						
Customs duties	15,963,015	15,792,424	170,591	15,792,424	-	C
VAT on imported materials and equipment	15,136,645	59,036,763	(43,900,118)	59,036,763	-	C
Sub-total	31,099,660	74,829,187	(43,729,527)	74,829,187	-	
Rapu-Rapu Minerals, Inc.						
Customs duties	101,030	-	101,030	-	101,030	A
Rio Tuba Nickel Mining Corp.						
Customs duties	7,851,117	11,541,085	(3,689,968)	7,851,117	-	B
VAT on imported materials and equipment	82,856,305	77,934,729	4,921,576	-	4,921,576	A
Sub-total	90,707,422	89,475,814	1,231,608	7,851,117	4,921,576	
Shuley Mine Incorporated						
Customs duties	55,161	54,161	1,000	55,161	-	B
VAT on imported materials and equipment	114,387	114,387	-	114,387	-	
Sub-total	169,548	168,548	1,000	169,548	-	
SR Metals, Inc.						
Customs duties	635,382	1,131,220	(495,838)	1,173,698	-	C
VAT on imported materials and equipment	5,060,867	7,124,425	(2,063,558)	7,631,219	-	C
Sub-total	5,696,249	8,255,645	(2,559,396)	8,804,917	-	
Taganito Mining Corp.						
Customs duties	8,067,749	8,062,183	5,566	8,067,749	-	B
VAT on imported materials and equipment	43,194,643	43,150,727	43,916	43,194,643	-	B
Excise tax on imported goods	-	110,197	(110,197)	-	-	B
Sub-total	51,262,392	51,323,107	(60,715)	51,262,392	-	
TVI Resource Development (Phils.), Inc.						
Customs duties	20,281,883	1,230,191	19,051,692	1,230,191	-	C
VAT on imported materials and equipment	-	23,242,224	(23,242,224)	23,242,224	-	C
Excise tax on imported goods	-	3,381	(3,381)	-	-	B
Sub-total	20,281,883	24,475,796	(4,193,913)	24,472,415	-	
Total	827,432,743	1,015,355,842	(187,923,099)	722,035,648	(102,380,562)	

Table 4: Summary by type of BOC revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Galoc Production Co.						
Customs duties	-	63,559	(63,559)	-	(63,559)	A
VAT on imported materials and equipment	-	201,119	(201,119)	-	(201,119)	A
Excise tax on imported goods (e.g. petroleum products)	-	3	(3)	-	(3)	A
Sub-total	-	264,681	(264,681)	-	(264,681)	
PNOC - Exploration Corporation						
Customs duties	12,953,921	2,672,349	10,281,572	12,953,921	-	C
VAT on imported materials and equipment	-	10,886,785	(10,886,785)	-	-	C
Excise tax on imported goods (e.g. petroleum products)	-	2	(2)	-	-	B
Sub-total	12,953,921	13,559,136	(605,215)	12,953,921	-	
Shell Philippines Exploration B.V.						
Customs duties	5,671,737	1,478,181	4,193,556	1,478,181	-	C
VAT on imported materials and equipment	-	4,314,378	(4,314,378)	4,314,378	-	C
Excise tax on imported goods (e.g. petroleum products)	-	19,819	(19,819)	-	-	B
Sub-total	5,671,737	5,812,378	(140,641)	5,792,559	-	
Total	18,625,658	19,636,195	(1,010,537)	18,746,480	(264,681)	

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on estimated threshold.
- C. Traced and agreed variance to supporting documents (e.g. import entry) with no additional exceptions arising. Differences were due to, among others, misclassification between duties and VAT, inclusion of other payments made to BOC that are not included as part of the reconciliation process, and manual error in the preparation of the templates.

Mines and Geosciences Bureau (MGB)

Table 5: Summary by type of MGB revenue stream per company declared at the end of the reconciliation exercise, and resulting differences

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources						
Royalty in mineral reservation	38,962,921	138,686,200	(99,723,278)	-	(99,723,278)	B
Apex Mining Co. Inc.						
Others	12,000	-	12,000	12,000	-	D
Benguet Nickel Mines, Inc.						
Royalty in mineral reservation	55,500,000	53,056,256	2,443,744	55,500,000	-	A
Others	136,800	-	136,800	136,800	-	A
Sub-total	55,636,800	53,056,256	2,580,544	55,636,800	-	
Berong Nickel Corporation						
Others	21,600	-	21,600	21,600	-	D
Cagdianao Mining Corporation						
Royalty in mineral reservation	56,501,660	86,004,707	(29,503,047)	56,501,660	-	D
Carmen Copper Corp.						
Others	1,759,760	-	1,759,760	1,759,760	-	D
Carrascal Nickel Corporation						
Royalty in mineral reservation	224,792,959	217,860,959	6,932,000	224,792,959	-	A
Filminera Resources Corporation						
Others	559,920	-	559,920	559,920	-	D
Hinatuan Mining Corp.						
Royalty in mineral reservation	144,060,178	162,578,077	(18,517,899)	144,060,178	-	D
Johson Gold Mining Corporation						
Others	11,450	-	11,450	11,450	-	D

Krominco Inc.						
Royalty in mineral reservation	-	1,503,429	(1,503,429)	-	(1,503,429)	B
Others	89,528	89,528	-	89,528	-	C
Sub-total	89,528	1,592,957	(1,503,429)	89,528	(1,503,429)	
Marcventures Mining and Development Corporation						
Others	6,000	-	6,000	6,000	-	D
Philex Mining Corporation						
Others	547,432	-	547,432	547,432	-	D
Platinum Group Metals Corporation						
Royalty in mineral reservation	308,638,984	365,182,101	(56,543,117)	308,638,984	-	D
Shuley Mine Incorporated						
Royalty in mineral reservation	8,876,709	2,711,267	6,165,442	8,876,709	-	D
Sinosteel Phils. H. Y. Mining Corporation						
Royalty in mineral reservation	8,379,890	8,379,890	-	8,379,890	-	D
Taganito Mining Corp.						
Royalty in mineral reservation	154,693,277	145,944,079	8,749,198	154,693,277	-	D
Total	1,003,551,068	1,181,996,493	(178,445,425)	964,588,147	(101,226,707)	

Table 6: Summary by type of unilateral payment (mandatory expenditures) per company declared at the end of the reconciliation exercise, and resulting differences

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources						
Annual EPEP	-	78,490,168	(78,490,168)	-	(78,490,168)	B
Social Development Management Program						
Management Program	17,174,495	3,086,812	14,087,683	-	14,087,683	B
Sub-total	17,174,495	81,576,980	(64,402,485)	-	(64,402,485)	
Apex Mining Co. Inc.						
Annual EPEP	43,872,738	-	43,872,738	43,872,738	-	D
Community Development Program						
Program	1,010,400	-	1,010,400	1,010,400	-	A
Social Development Management Program						
Management Program	7,398,787	-	7,398,787	7,398,787	-	D

Safety and Health Program	9,467,231	-	9,467,231	9,467,231	-	D
Special allowance to claim owners and surface right holders	16,396,968	-	16,396,968	16,396,968	-	D
Sub-total	78,146,124	-	78,146,124	78,146,124	-	
Benguet Nickel Mines, Inc.						
Annual EPEP	14,500,000	12,000,000	2,500,000	14,500,000	-	D
Social Development Management Program	5,503,300	-	5,503,300	-	5,503,300	B
Environmental Work Program	14,500,000	-	14,500,000	-	14,500,000	B
Sub-total	34,503,300	12,000,000	22,503,300	14,500,000	20,003,300	
Berong Nickel Corporation						
Annual EPEP	-	24,934,000	(24,934,000)	-	-	E
Social Development Management Program	10,120,392	-	10,120,392	-	10,120,392	B
Sub-total	10,120,392	24,934,000	(14,813,608)	-	10,120,392	
Cagdianao Mining Corporation						
Annual EPEP	20,161,929	28,825,949	(8,664,020)	20,161,929	-	D
Community Development Program	1,024,362	-	1,024,362	1,024,362	-	A
Social Development Management Program	18,918,187	-	18,918,187	18,918,187	-	D
Safety and Health Program	2,861,743	-	2,861,743	-	2,861,743	B
Sub-total	42,966,221	28,825,949	14,140,272	40,104,478	2,861,743	
Cambayas Mining Corp.						
Social Development Management Program	363,959	-	363,959	-	363,959	B
Carmen Copper Corp.						
Annual EPEP	123,182,797	48,055,584	75,127,213	123,182,797	-	D
Social Development Management Program	69,447,148	-	69,447,148	69,447,148	-	D
Safety and Health Program	11,823,363	-	11,823,363	11,823,363	-	D
Sub-total	204,453,308	48,055,584	156,397,724	204,453,308	-	
Carrascal Nickel Corporation						
Social Development Management Program	5,837,012	-	5,837,012	5,837,012	-	D

Eramen Minerals, Inc

Annual EPEP	16,440,486	25,850,000	(9,409,514)	-	(9,409,514)	B
Social Development Management Program	3,377,160	-	3,377,160	-	3,377,160	B
Safety and Health Program	2,009,444	-	2,009,444	-	2,009,444	B
Sub-total	21,827,090	25,850,000	(4,022,910)	-	(4,022,910)	

Filminera Resources Corporation

Annual EPEP	52,631,566	-	52,631,566	52,631,566	-	D
Community Development Program	7,768,881	-	7,768,881	7,768,881	-	D
Social Development Management Program	17,893,730	26,396,198	(8,502,468)	17,893,730	-	D
Safety and Health Program	24,545,808	-	24,545,808	24,545,808	-	D
Environmental Work Program	2,875,365	-	2,875,365	2,875,365	-	A
Sub-total	105,715,350	26,396,198	79,319,152	105,715,350	-	

Greenstone Resources Corporation

Annual EPEP	9,021,928	17,859,364	(8,837,436)	-	(8,837,436)	B
Community Development Program	1,239,359	-	1,239,359	-	1,239,359	B
Sub-total	10,261,287	17,859,364	(7,598,077)	-	(7,598,077)	

Hinatuan Mining Corp.

Annual EPEP	75,225,301	83,798,005	(8,572,704)	75,225,301	-	D
Social Development Management Program	20,552,151	26,082,767	(5,530,616)	20,552,151	-	A
Safety and Health Program	16,630,970	-	16,630,970	-	16,630,970	B
Sub-total	112,408,422	109,880,772	2,527,650	95,777,452	16,630,970	

Johson Gold Mining Corporation

Annual EPEP	3,054,291	-	3,054,291	3,054,291	-	D
Social Development Management Program	883,513	485,798	397,715	883,513	-	D
Sub-total	3,937,804	485,798	3,452,006	3,937,804	-	

Krominco Inc.

Annual EPEP	3,945,638	-	3,945,638	3,945,638	-	D
Social Development Management Program	1,139,373	1,139,373	-	1,139,373	-	C
Safety and Health Program	405,054	-	405,054	405,054	-	D
Sub-total	5,490,065	1,139,373	4,350,692	5,490,065	-	

Lepanto Consolidated Mining Co.

Annual EPEP	172,051,153	-	172,051,153	172,051,153	-	D
Social Development Management Program	13,626,511	-	13,626,511	13,626,511	-	D
Safety and Health Program	5,619,001	-	5,619,001	5,619,001	-	A
Sub-total	191,296,665	-	191,296,665	191,296,665	-	

Leyte Iron Sand Mining Corp.

Social Development Management Program	219,996	-	219,996	219,996	-	D
Environmental Work Program	84,999	-	84,999	84,999	-	D
Sub-total	304,995	-	304,995	304,995	-	

LNL Archipelago

Annual EPEP	14,190,174	14,000,000	190,174	14,190,174	-	A
Community Development Program	896,943	-	896,943	896,943	-	A
Social Development Management	5,338,477	-	5,338,477	5,338,477	-	D
Safety and Health Program	340,380	-	340,380	340,380	-	A
Sub-total	20,765,974	14,000,000	6,765,974	20,765,974	-	

Marcventures Mining and Development Corporation

Annual EPEP	10,771,736	-	10,771,736	10,771,736	-	D
Social Development Management Program	1,175,157	1,175,157	-	1,175,157	-	C
Safety and Health Program	6,785,758	-	6,785,758	-	6,785,758	B
Special allowance to claim owners and surface right holders	5,414,934	-	5,414,934	-	5,414,934	B
Sub-total	24,147,585	1,175,157	22,972,428	11,946,893	12,200,692	

Oceana Gold Philippines Inc.

Annual EPEP	54,430,852	-	54,430,852	54,430,852	-	D
Social Development Management Program	5,901,468	-	5,901,468	5,901,468	-	A
Safety and Health Program	28,559,926	7,237,000	21,322,926	28,559,926	-	D
Environmental Work Program	73,310,584	-	73,310,584	73,310,584	-	D
Sub-total	162,202,830	7,237,000	154,965,830	162,202,830	-	

Philex Mining Corporation

Annual EPEP	104,462,569	-	104,462,569	104,462,569	-	D
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Social Development Management Program	30,513,000	31,921,917	(1,408,917)	30,513,000	-	A
Environmental Work Program	1,734,765	-	1,734,765	1,734,765	-	A
Sub-total	136,710,334	31,921,917	104,788,417	136,710,334	-	
Philippine Mining Development Corp.						
Social funds - Annual EPEP	-	10,666,500	(10,666,500)	-	-	I
Philsaga Mining Corp.						
Annual EPEP	29,838,414	-	29,838,414	29,838,414	-	D
Community Development Program	696,476	-	696,476	696,476	-	A
Social Development Management Program	15,831,669	-	15,831,669	15,831,669	-	D
Safety and Health Program	5,882,000	-	5,882,000	5,882,000	-	D
Environmental Work Program	10,264,000	-	10,264,000	10,264,000	-	D
Sub-total	62,512,559	-	62,512,559	62,512,559	-	
Platinum Group Metals Corporation						
Annual EPEP	-	121,006,902	(121,006,902)	-	(121,006,902)	G
Safety and Health Program	406,029	-	406,029	-	406,029	B
Sub-total	406,029	121,006,902	(120,600,873)	-	(120,600,873)	
Rio Tuba Nickel Mining Corp.						
Annual EPEP	143,839,000	-	143,839,000	-	143,839,000	B
Social Development Management Program	57,247,117	27,383,795	29,863,322	-	29,863,322	B
Safety and Health Program	6,490,938	-	6,490,938	6,490,938	-	A
Sub-total	207,577,055	27,383,795	180,193,260	6,490,938	173,702,322	
Shuley Mine Incorporated						
Annual EPEP	16,457,103	-	16,457,103	-	16,457,103	B
Safety and Health Program	19,734	-	19,734	19,734	-	A
Sub-total	16,476,837	-	16,476,837	19,734	16,457,103	
Sinosteel Phils. H. Y. Mining Corporation						
Annual EPEP	2,511,679	-	2,511,679	2,511,679	-	D
Social Development Management Program	165,275	-	165,275	165,275	-	A
Sub-total	2,676,954	-	2,676,954	2,676,954	-	
SR Metals, Inc.						
Annual EPEP	7,053,107	4,001,781	3,051,326	-	3,051,326	G

Social Development Management Program	3,182,174	-	3,182,174	3,182,174	-	D
Sub-total	10,235,281	4,001,781	6,233,500	3,182,174	3,051,326	
Taganito Mining Corp.						
Annual EPEP	252,569,091	-	252,569,091	-	252,569,091	B
Social Development Management Program	18,894,813	19,484,353	(589,540)	18,894,813	-	A
Safety and Health Program	15,515,637	-	15,515,637	-	15,515,637	B
Sub-total	286,979,541	19,484,353	267,495,188	18,894,813	268,084,728	
TVI Resource Development (Phils.), Inc.						
Annual EPEP	43,291,002	9,002,570	34,288,432	43,291,002	-	D
Community Development Program	5,926,851	-	5,926,851	5,926,851	-	D
Social Development Management Program	48,113,799	-	48,113,799	48,113,799	-	D
Sub-total	97,331,652	9,002,570	88,329,082	97,331,652	-	
Total	1,872,829,120	622,883,993	1,245,945,127	1,268,298,108	326,852,190	

Table 7: Summary by type of unilateral payment (funds) per company declared at the end of the reconciliation exercise, and resulting differences

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Adnama Mining Resources						
Mine monitoring trust fund	-	150,000	(150,000)	-	-	A
Rehabilitation cash fund	22,771,825	5,005,171	17,766,654	-	17,766,654	B
Final Mine Rehabilitation and Decommissioning Fund	-	5,000,000	(5,000,000)	-	(5,000,000)	B
Sub-total	22,771,825	10,155,171	12,616,654	-	12,766,654	
Benguet Nickel Mines, Inc.						
Mine monitoring trust fund	100,000	161,282	(61,282)	100,000	-	A
Rehabilitation cash fund	-	5,052,832	(5,052,832)	-	-	E
Final Mine Rehabilitation and Decommissioning Fund	-	6,743,204	(6,743,204)	-	-	E
Sub-total	100,000	11,957,318	(11,857,318)	100,000	-	
Berong Nickel Corporation						
Environmental trust fund	-	206,164	(206,164)	-	-	A

Mine monitoring trust fund	150,104	106,190	43,914	150,104	-	A
Rehabilitation cash fund	-	5,133,398	(5,133,398)	-	(5,133,398)	B
Final Mine Rehabilitation and Decommissioning Fund	-	1,246,728	(1,246,728)	-	(1,246,728)	B
Sub-total	150,104	6,692,480	(6,542,376)	150,104	(5,133,398)	
Cagdianao Mining Corporation						
Environmental trust fund	-	67,531	(67,531)	-	-	A
Mine monitoring trust fund	-	152,184	(152,184)	-	-	A
Rehabilitation cash fund	-	5,993,535	(5,993,535)	-	(5,993,535)	B
Sub-total	-	6,213,250	(6,213,250)	-	(5,993,535)	
Cambayas Mining Corp.						
Mine monitoring trust fund	150,514	100,437	50,077	150,514	-	A
Rehabilitation cash fund	1,928,970	1,738,973	189,997	1,928,970	-	D
Sub-total	2,079,484	1,839,410	240,074	2,079,484	-	
Carmen Copper Corp.						
Environmental trust fund	-	50,817	(50,817)	-	-	A
Mine monitoring trust fund	-	152,246	(152,246)	-	-	A
Rehabilitation cash fund	-	5,053,000	(5,053,000)	-	-	A
Sub-total	-	5,256,063	(5,256,063)	-	-	
Carrascal Nickel Corporation						
Environmental trust fund	-	154,297	(154,297)	-	-	A
Mine monitoring trust fund	395,689	5,035,261	(4,639,572)	395,689	-	A
Rehabilitation cash fund	106,253,892	-	106,253,892	-	106,253,892	B
Final Mine Rehabilitation and Decommissioning Fund	-	14,198,008	(14,198,008)	-	(14,198,008)	B
Sub-total	106,649,581	19,387,566	87,262,015	395,689	92,055,884	
Eramen Minerals, Inc						
Environmental trust fund	-	101,357	(101,357)	-	-	A
Mine monitoring trust fund	-	151,554	(151,554)	-	-	A
Rehabilitation cash fund	-	5,011,635	(5,011,635)	-	-	E
Final Mine Rehabilitation and Decommissioning Fund	-	2,101,097	(2,101,097)	-	-	E
Sub-total	-	7,365,643	(7,365,643)	-	-	
Filminera Resources Corporation						
Environmental trust fund	-	52,830	(52,830)	-	-	A

Mine monitoring trust fund	-	188,246	(188,246)	-	-	A
Rehabilitation cash fund	-	5,982,359	(5,982,359)	-	-	E
Final Mine Rehabilitation and Decommissioning Fund	-	10,000,000	(10,000,000)	-	-	E
Sub-total	-	16,223,435	(16,223,435)	-	-	
Greenstone Resources Corporation						
Mine monitoring trust fund	20,227	150,334	(130,107)	20,227	-	A
Rehabilitation cash fund	5,062,565	5,027,564	35,001	5,062,565	-	A
Sub-total	5,082,792	5,177,898	(95,106)	5,082,792	-	
Hinatuan Mining Corp.						
Environmental trust fund	-	68,109	(68,109)	-	-	A
Mine monitoring trust fund	-	176,630	(176,630)	-	-	A
Rehabilitation cash fund	-	5,286,404	(5,286,404)	-	-	A
Sub-total	-	5,531,143	(5,531,143)	-	-	
Johson Gold Mining Corporation						
Rehabilitation cash fund	-	5,982,359	(5,982,359)	-	-	E
Krominco Inc.						
Mine monitoring trust fund	289,400	91,025	198,375	289,400	-	A
Rehabilitation cash fund	2,193,602	2,271,682	(78,080)	2,193,602	-	A
Mine Waste and Tailings Reserve	19,672	23,833	(4,161)	19,672	-	A
Sub-total	2,502,674	116,134	2,386,540	309,072	-	
Lepanto Consolidated Mining Co.						
Mine rehabilitation fund	-	527,199	(527,199)	-	-	A
Mine monitoring trust fund	423,569	153,673	269,896	423,569	-	A
Rehabilitation cash fund	81,838	5,018,543	(4,936,705)	81,838	-	A
Mine Waste and Tailings Reserve	-	25,419	(25,419)	-	-	A
Sub-total	505,407	5,724,834	(5,219,427)	505,407	-	
Leyte Iron Sand Mining Corp.						
Mine rehabilitation fund	37,114	-	37,114	37,114	-	D
Mine monitoring trust fund	47,885	-	47,885	47,885	-	D
Sub-total	84,999	-	84,999	84,999	-	
LNL Archipelago						
Mine monitoring trust fund	-	158,601	(158,601)	-	-	A
Rehabilitation cash fund	-	5,231,872	(5,231,872)	-	-	E

Final Mine Rehabilitation and Decommissioning Fund	-	6,427,318	(6,427,318)	-	-	E
Sub-total	-	11,817,791	(11,817,791)	-	-	
Marcventures Mining and Development Corporation						
Mine monitoring trust fund	-	154,000	(154,000)	-	-	A
Rehabilitation cash fund	-	5,204,379	(5,204,379)	-	(5,204,379)	B
Sub-total	-	5,358,379	(5,358,379)	-	(5,204,379)	
Oceana Gold Philippines Inc.						
Environmental trust fund	-	107,137	(107,137)	-	-	A
Mine monitoring trust fund	347,283	155,587	191,696	347,283	-	A
Rehabilitation cash fund	30,595,386	5,844,692	24,750,694	30,595,386	-	D
Sub-total	30,942,669	6,107,416	24,835,253	30,942,669	-	
Philex Mining Corporation						
Environmental trust fund	-	507,840	(507,840)	-	-	A
Mine monitoring trust fund	638,869	176,096	462,773	638,869	-	A
Rehabilitation cash fund	-	5,512,302	(5,512,302)	-	-	A
Mine Waste and Tailings Reserve	-	941,942	(941,942)	-	-	A
Sub-total	638,869	7,138,180	(6,499,311)	638,869	-	
Philippine Mining Development Corp.						
Environmental trust fund	-	152,695	(152,695)	-	-	D
Mine monitoring trust fund	-	5,028,758	(5,028,758)	-	-	D
Final Mine Rehabilitation and Decommissioning Fund	-	5,731,340	(5,731,340)	-	-	D
Sub-total	-	10,912,793	(10,912,793)	-	-	
Philsaga Mining Corp.						
Mine monitoring trust fund	-	150,927	(150,927)	-	-	A
Rehabilitation cash fund	-	2,000,000	(2,000,000)	-	-	A
Mine Waste and Tailings Reserve	-	14,811	(14,811)	-	-	A
Final Mine Rehabilitation and Decommissioning Fund	-	10,202,778	(10,202,778)	-	-	G
Sub-total	-	12,368,516	(12,368,516)	-	-	
Platinum Group Metals Corporation						
Environmental trust fund	-	57,344	(57,344)	-	(57,344)	G
Mine monitoring trust fund	-	171,906	(171,906)	-	(171,906)	G
Rehabilitation cash fund	-	5,421,690	(5,421,690)	-	(5,421,690)	G
Final Mine Rehabilitation and Decommissioning Fund	-	19,878,856	(19,878,856)	-	(19,878,856)	G
Sub-total	-	25,529,796	(25,529,796)	-	(25,529,796)	

Rapu-Rapu Minerals, Inc.

Environmental trust fund	-	123,677	(123,677)	-	-	G
Mine monitoring trust fund	-	44,999	(44,999)	-	-	G
Rehabilitation cash fund	-	5,745,906	(5,745,906)	-	-	G
Mine Waste and Tailings Reserve	-	46,870	(46,870)	-	-	G
Final Mine Rehabilitation and Decommissioning Fund	-	157,930,583	(157,930,583)	-	-	G
Sub-total	-	163,892,035	(163,892,035)	-	-	

Rio Tuba Nickel Mining Corp.

Rehabilitation cash fund	-	6,188,892	(6,188,892)	-	-	A
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Sinosteel Phils. H. Y. Mining Corporation

Mine monitoring trust fund	150,485	150,441	44	150,485	-	A
Rehabilitation cash fund	5,019,350	5,019,350	-	5,019,350	-	A
Mine Waste and Tailings Reserve	50,789	-	50,789	50,789	-	A
Sub-total	5,220,624	5,169,791	50,833	5,220,624	-	

SR Metals, Inc.

Mine monitoring trust fund	-	155,343	(155,343)	-	-	A
Rehabilitation cash fund	-	5,045,082	(5,045,082)	-	-	G
Final Mine Rehabilitation and Decommissioning Fund	-	9,059,070	(9,059,070)	-	-	G
Sub-total	-	14,259,495	(14,259,495)	-	-	

Taganito Mining Corp.

Environmental trust fund	-	50,590	(50,590)	-	-	A
Mine monitoring trust fund	-	189,695	(189,695)	-	-	A
Rehabilitation cash fund	-	6,667,404	(6,667,404)	-	-	A
Final Mine Rehabilitation and Decommissioning Fund	-	73,714,362	(73,714,362)	-	(73,714,362)	B
Sub-total	-	80,622,051	(80,622,051)	-	(73,714,362)	

TVI Resource Development (Phils.), Inc.

Environmental trust fund	-	106,112	(106,112)	-	-	A
Mine monitoring trust fund	-	52,650	(52,650)	-	-	A
Rehabilitation cash fund	-	5,201,810	(5,201,810)	-	-	G
Mine Waste and Tailings Reserve	-	117,869	(117,869)	-	-	A
Final Mine Rehabilitation and Decommissioning Fund	-	93,288,568	(93,288,568)	-	-	G
Sub-total	-	98,767,009	(98,767,009)	-	-	
Total	176,729,028	555,754,848	(379,025,820)	45,509,709	(9,727,978)	

- A. Variance is immaterial based on estimated threshold.
- B. Unreconciled due to the absence of detailed schedules and/or documents supporting the template provided by either the company or agency.
- C. Reconciled. No increment procedures warranted.
- D. Variance was addressed based on inspection of supporting documents (e.g. approved MGB, EPEP report and other relevant supporting documents) the results of which did not disclose any additional exceptions.
- E. Upon confirmation, disclosure made by MGB relates to FY2013.
- F. Upon confirmation, disclosure made by MGB relates to FY2011.
- G. Amount disclosed by MGB pertains to fund balance in 2012 rather than actual expenditures.
- H. These refer to occupation fees already disclosed and included as part of payments made to the LGU.
- I. Disclosure is attributed to AAM-PHIL Natural Resources Exploration and Development Corporation, assignee of certain PMDC's permits and operator of mining activities.

Department of Energy (DOE)

Table 8: Summary by type of DOE revenue stream per company declared at the end of the reconciliation exercise, and resulting differences

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	per Company	per Agency				
Galoc Production Co.						
Government share from oil and gas production	333,022,744	333,022,744	-	333,022,744	-	
Training fund for DOE employees	-	668,850	(668,850)	-	-	C
Sub-total	333,022,744	333,691,594	(668,850)	333,022,744	-	
Nido Production Galoc						
Government share from oil and gas production	106,109,635	-	106,109,635	-	-	A
Training fund for DOE employees	-	2,584,260	(2,584,260)	-	-	C
Sub-total	106,109,635	2,584,260	103,525,375	-	-	
PNOC - Exploration Corporation						
Training fund for DOE employees	3,057,500	530,586	2,526,914	3,057,500	-	D
Government share from oil and gas production	12,459,049	-	12,459,049	-	(12,459,049)	B
Sub-total	15,516,549	530,586	14,985,963	3,057,500	(12,459,049)	
Shell Philippines Exploration B.V.						
Government share from oil and gas production	28,656,617,635	28,656,617,723	(88)	28,656,617,635	-	C
Training fund for DOE employees	2,149,050	-	2,149,050	2,149,050	-	C
Sub-total	28,658,766,685	28,658,766,773	2,148,962	28,658,766,685	-	
Total	29,113,415,613	28,993,424,163	119,991,450	28,994,846,929	(12,459,049)	

- A. The total amount of PHP106,109,634 is already included in the total amount of government share declared by Galoc Production Co., as operator of the project.
- B. As a GOCC, PNOC-EC is allowed to remit the government share directly to the host LGU. This is only applicable to coal contracts and therefore, source of data will be from the LGUs and not DOE's template.
- C. Variance is immaterial based on estimated threshold.
- D. Difference is due to training fund paid by Nido Petroleum for SC 58.

Local Government Unit (LGUs)

Table 9: Summary by type of LGU revenue stream per Company declared at the end of the reconciliation exercise, and resulting differences (Mining)

Company	Amounts		Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	Remarks
	Per Company	Per Agency				
Adnama Mining Resources						
Local business tax	1,070,378	-	1,070,378	-	1,070,378	A
Real property tax - Basic	1,535,711	-	1,535,711	-	1,535,711	A
Real property tax - SEF	1,181,317	-	1,181,317	-	1,181,317	A
Occupation fees	3,140,117	84,225	3,055,892	-	3,055,892	A
Other LGU payments	-	1,605,000	(1,605,000)	-	(1,605,000)	A
Sub-total	6,927,523	1,689,225	5,238,298	-	5,238,298	
Apex Mining Co. Inc.						
Local business tax	25,511,191	23,461,946	2,049,245	23,461,946	-	B
Real property tax - Basic	1,106,295	1,084,646	21,649	1,106,295	-	C
Real property tax - SEF	1,098,957	1,084,649	14,308	1,098,957	-	C
Occupation fees	140,625	122,347	18,278	140,625	-	C
Mayor's permit	-	2,024,199	(2,024,199)	2,024,199	-	B
Community tax	10,500	10,500	-	10,500	-	
Regulatory/Administrative fees	-	1,550	(1,550)	-	-	C
Other LGU payments	1,086,472	9,216,718	(8,130,246)	-	(8,130,246)	A
Sub-total	28,954,040	37,006,555	(8,052,515)	27,842,522	(8,130,246)	
Benguet Nickel Mines, Inc.						
Local business tax	9,300,000	-	9,300,000	9,303,107	-	D
Occupation fees	627,700	142,918	484,782	627,681	-	C
Community tax	-	10,500	(10,500)	-	-	C

Sub-total	9,927,700	153,418	9,774,282	9,930,788	-	
Berong Nickel Corporation						
Local business tax	3,641,657	1,626,644	2,015,013	3,641,657	-	D
Occupation fees	21,600	1,096,425	(1,074,825)	-	(1,074,825)	A
Mayor's permit	6,237	237	6,000	6,237	-	C
Local wharfage fees	11,818,681	-	11,818,681	11,818,681	-	E
Extraction fees	2,182,566	-	2,182,566	2,182,566	-	D
Community tax	500	-	500	500	-	C
Regulatory/Administrative fees	-	15,625	(15,625)	-	-	C
Other LGU payments	-	1,319,563	(1,319,563)	-	(1,319,563)	A
Sub-total	17,671,241	4,058,494	13,612,747	17,649,641	(2,394,388)	
Cagdianao Mining Corporation						
Local business tax	14,483,518	11,780,589	2,702,929	14,483,518	-	D
Real property tax - Basic	225,894	91,747	134,147	225,894	-	C
Real property tax - SEF	112,947	91,747	21,200	112,947	-	C
Occupation fees	515,200	64,750	450,450	515,200	-	C
Mayor's permit	103,304	35,000	68,304	103,304	-	C
Community tax	21,000	10,500	10,500	21,000	-	C
Regulatory/Administrative fees	-	51,833	(51,833)	-	-	C
Tax on mining operations	-	11,780,589	(11,780,589)	-	-	F
Sub-total	15,461,863	23,906,755	(8,444,892)	15,461,863	-	
Cambayas Mining Corp.						
Local business tax	712,534	939,120	(226,586)	675,869	-	G
Real property tax - Basic	-	25,196	(25,196)	-	-	C
Real property tax - SEF	-	25,196	(25,196)	-	-	C
Occupation fees	263,715	232,580	31,135	263,715	-	C
Mayor's permit	120,536	-	120,536	-	120,536	A
Community tax	9,668	-	9,668	9,668	-	C
Sub-total	1,106,453	1,222,092	(115,639)	949,252	120,536	
Carmen Copper Corp.						
Local business tax	65,769,130	65,653,916	115,214	65,769,130	-	C
Real property tax - Basic	13,065,833	8,430,187	4,635,646	8,710,468	-	H
Real property tax - SEF	-	4,215,094	(4,215,094)	4,355,365	-	H
Occupation fees	169,275	-	169,275	169,275	-	C

Mayor's permit	2,000	2,000	-	2,000	-	
Registration fee	454,563	-	454,563	454,563	-	C
Community tax	10,500	10,500	-	10,500	-	
Regulatory/Administrative fees	-	350	(350)	-	-	C
Environmental fees	20,000	20,000	-	20,000	-	
Other LGU payments	5,711,139	-	5,711,139	-	-	I
Sub-total	85,202,440	78,332,047	6,870,393	79,491,301	-	

Carrascal Nickel Corporation

Local business tax	30,231,270	2,005,390	28,225,880	2,065,445	(60,055)	J
Real property tax - Basic	58,063	29,032	29,031	58,063	-	C
Real property tax - SEF	-	29,032	(29,032)	-	-	C
Occupation fees	454,800	1,300	453,500	454,800	-	C
Mayor's permit	2,075,445	10,900	2,064,545	10,000	900	J
Registration fee	1,000	-	1,000	1,000	-	C
Community tax	11,080	10,500	580	11,080	-	C
Regulatory/Administrative fees	-	310	(310)	-	-	C
Other LGU payments	-	31,096,326	(31,096,326)	30,231,270	865,056	J
Sub-total	32,831,658	33,182,790	(351,132)	32,831,658	805,901	

Eramen Minerals, Inc

Local business tax	91,241	-	91,241	91,241	-	C
Occupation fees	346,500	346,500	-	71,400	-	K
Mayor's permit	161,419	1,000	160,419	161,419	-	C
Community tax	11,560	-	11,560	11,560	-	C
Environmental fees	3,000,000	-	3,000,000	3,000,000	-	D
Other LGU payments	79,470	3,409,100	(3,329,630)	79,470	-	G
Sub-total	3,690,190	3,756,600	(66,410)	3,415,090	-	

Filminera Resources Corporation

Local business tax	-	24,795,507	(24,795,507)	20,324,708	-	L
Real property tax - Basic	13,162,217	37,039,987	(23,877,770)	13,162,217	-	M
Real property tax - SEF	13,248,901	37,039,987	(23,791,086)	13,248,901	-	M
Occupation fees	202,587	-	202,587	202,587	-	C
Mayor's permit	6,000	-	6,000	6,000	-	C
Local wharfage fees	34,720	-	34,720	34,720	-	C
Registration fee	1,000	-	1,000	1,000	-	C

Community tax	10,500	31,500	(21,000)	10,500	-	C
Regulatory/Administrative fees	50,000	-	50,000	50,000	-	C
Tax on mining operations	20,324,708	-	20,324,708	-	-	L
Environmental fees	50	-	50	50	-	C
Other LGU payments	125,133	132,373	(7,240)	125,133	-	C
Sub-total	47,165,816	99,039,354	(51,873,538)	47,165,816	-	
Greenstone Resources Corporation						
Local business tax	711,328	277,726	433,602	-	433,602	A
Real property tax - Basic	225,999	-	225,999	-	225,999	A
Real property tax - SEF	225,999	-	225,999	-	225,999	A
Occupation fees	286,425	285,425	1,000	286,425	-	C
Registration fee	10,705	-	10,705	10,705	-	C
Sub-total	1,460,456	563,151	897,305	297,130	885,600	
Hinatuan Mining Corp.						
Local business tax	8,656,983	6,267,545	2,389,438	8,656,983	-	D
Real property tax - Basic	501,507	28,489	473,018	501,507	-	C
Real property tax - SEF	294,751	28,489	266,262	294,751	-	C
Occupation fees	164,745	207,660	(42,915)	164,745	-	C
Mayor's permit	148,942	25,000	123,942	148,942	-	C
Community tax	10,500	-	10,500	10,500	-	C
Regulatory/Administrative fees	-	5,050	(5,050)	-	-	C
Other LGU payments	2,800	1,200,000	(1,197,200)	-	(1,197,200)	A
Sub-total	9,780,228	7,762,233	2,017,995	9,777,428	(1,197,200)	
Johson Gold Mining Corporation						
Local business tax	117,367	130,648	(13,281)	130,648	-	O
Real property tax - Basic	-	161	(161)	-	-	C
Real property tax - SEF	-	161	(161)	-	-	C
Occupation fees	2,100	-	2,100	-	-	C
Mayor's permit	5,000	5,000	-	5,000	-	
Regulatory/Administrative fees	-	13,700	(13,700)	13,700	-	O
Other LGU payments	-	165	(165)	-	-	C
Sub-total	124,467	149,835	(25,368)	149,348	-	
Krominco Inc.						
Local business tax	1,536,799	1,454,958	81,841	1,536,799	-	C

Real property tax - Basic	90,625	91,154	(529)	90,625	-	C
Real property tax - SEF	90,625	91,154	(529)	90,625	-	C
Occupation fees	75,712	75,711	1	75,712	-	C
Mayor's permit	25,000	25,000	-	25,000	-	
Rental fees on mineral lands	75,712	-	75,712	75,712	-	C
Community tax	10,500	10,500	-	10,500	-	
Tax on mining operations	1,454,958	-	1,454,958	-	-	F
Other LGU payments	34,517	30,000	4,517	34,517	-	C
Sub-total	3,394,448	1,778,477	1,615,971	1,939,490	-	
Lepanto Consolidated Mining Co.						
Local business tax	3,795,084	3,703,434	91,650	3,795,084	-	C
Real property tax - Basic	3,508,379	3,079,672	428,707	3,508,379	-	C
Real property tax - SEF	3,293,084	3,079,672	213,412	3,293,084	-	C
Occupation fees	41,394	208,374	(166,980)	41,394	-	C
Mayor's permit	24,900	2,000	22,900	24,900	-	C
Registration fee	540	-	540	540	-	C
Community tax	17,000	-	17,000	17,000	-	C
Sub-total	10,680,381	10,073,152	607,229	10,680,381	-	
Leyte Iron Sand Mining Corp.						
Local business tax	200,000	-	200,000	200,000	-	D
Real property tax - Basic	377	-	377	377	-	C
Real property tax - SEF	377	-	377	377	-	C
Mayor's permit	300	-	300	300	-	C
Community tax	106	-	106	106	-	C
Regulatory/Administrative fees	750	-	750	750	-	C
Sub-total	201,910	-	201,910	201,910	-	
LNL Archipelago						
Local business tax	1,100	1,980	(880)	1,100	-	C
Occupation fees	71,400	-	71,400	71,400	-	D
Mayor's permit	20,404	36,650	(16,246)	20,404	-	P
Registration fee	500	-	500	500	-	C
Community tax	500	-	500	500	-	C
Sub-total	93,904	38,630	55,274	93,904	-	

Marcventures Mining and Development Corporation

Local business tax	-	400,000	(400,000)	-	(400,000)	A
Real property tax - Basic	34,012	26,403	7,609	34,012	-	C
Real property tax - SEF	34,012	26,403	7,609	34,012	-	C
Occupation fees	359,925	91,298	268,627	-	268,627	A
Mayor's permit	425,612	10,000	415,612	-	415,612	A
Community tax	11,500	10,500	1,000	11,500	-	C
Regulatory/Administrative fees	-	315	(315)	-	-	C
Other LGU payments	3,707,599	3,707,599	-	3,707,599	-	
Sub-total	4,572,660	4,272,518	300,142	3,787,123	284,239	

Oceana Gold Philippines Inc.

Real property tax - Basic	701,949	781,548	(79,599)	701,949	-	C
Real property tax - SEF	701,949	781,548	(79,599)	701,949	-	C
Occupation fees	991,125	475,125	516,000	991,125	-	D
Mayor's permit	61,300	54,000	7,300	61,300	-	C
Community tax	11,000	-	11,000	11,000	-	C
Sub-total	2,467,323	2,092,221	375,102	2,467,323	-	

Philex Mining Corporation

Local business tax	12,261,881	12,600,025	(338,144)	12,261,881	-	C
Real property tax - Basic	6,049,743	5,957,084	92,659	6,049,743	-	C
Real property tax - SEF	5,819,259	5,752,687	66,572	5,819,259	-	C
Occupation fees	800,257	413,935	386,322	800,257	-	C
Mayor's permit	-	58,600	(58,600)	-	-	C
Community tax	10,500	-	10,500	10,500	-	C
Regulatory/Administrative fees	-	998,483	(998,483)	-	-	C
Sub-total	24,941,640	25,780,814	(839,174)	24,941,640	-	

Philippine Mining Development Corp.

Local business tax	93,802	83,427	10,375	93,802	-	D
Occupation fees	4,457	2,100	2,357	4,457	-	C
Mayor's permit	38,454	900	37,554	38,454	-	D
Sub-total	136,713	86,427	50,286	136,713	-	

Philsaga Mining Corp.

Local business tax	14,376,627	402,907	13,973,720	14,376,627	-	D
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Real property tax - Basic	15,648,115	892	15,647,223	15,648,115	-	D
Real property tax - SEF	-	594	(594)	-	-	C
Occupation fees	1,874,978	-	1,874,978	1,874,978	-	C
Mayor's permit	11,745	3,727	8,018	11,745	-	C
Community tax	20,505	-	20,505	20,505	-	C
Regulatory/Administrative fees	9,275	-	9,275	9,275	-	C
Environmental fees	18,900,000	-	18,900,000	-	18,900,000	A
Other LGU payments	9,840,233	-	9,840,233	-	9,840,233	A
Sub-total	60,681,478	408,120	60,273,358	31,941,245	28,740,233	
Platinum Group Metals Corporation						
Occupation fees	437,600	-	437,600	-	437,600	A
Mayor's permit	14,000	-	14,000	-	14,000	A
Community tax	500	-	500	500	-	C
Sub-total	452,100	-	452,100	500	451,600	
Rapu-Rapu Minerals, Inc.						
Local business tax	31,611,780	64,388,174	(32,776,394)	-	(32,776,394)	A
Real property tax - Basic	17,610,670	8,805,335	8,805,335	17,610,670	-	H
Real property tax - SEF	-	8,805,335	(8,805,335)	-	-	H
Occupation fees	340,410	340,510	(100)	340,410	-	C
Mayor's permit	12,656	3,900	8,756	12,656	-	C
Rental fees on mineral lands	-	340,410	(340,410)	-	-	C
Registration fee	14,760	19,200	(4,440)	14,760	-	C
Community tax	25,890	4,824	21,066	25,890	-	C
Mine wastes & tailing fees	46,870	-	46,870	46,870	-	C
Other LGU payments	-	13,047	(13,047)	-	-	C
Sub-total	49,663,036	82,720,735	(33,057,699)	18,051,256	(32,776,394)	
Rio Tuba Nickel Mining Corp.						
Local business tax	14,701,714	8,941,563	5,760,151	8,950,605	5,751,109	A
Real property tax - Basic	3,321,263	3,201,095	120,168	3,321,263	-	C
Real property tax - SEF	3,286,387	3,201,095	85,292	3,286,387	-	C
Occupation fees	123,340	80,590	42,750	123,340	-	C
Mayor's permit	308,765	89,769	218,996	308,765	-	C
Other LGU payments	13,553	-	13,553	13,553	-	C
Community tax	10,500	3,000	7,500	10,500	-	C

Tax on mining operations	-	42,750	(42,750)	-	-	C
Sub-total	21,765,522	15,559,862	6,205,660	16,014,413	5,751,109	
Shuley Mine Incorporated						
Local business tax	1,200,921	231	1,200,690	-	1,200,690	A
Occupation fees	-	300	(300)	-	-	C
Mayor's permit	-	900	(900)	-	-	C
Registration fee	500	-	500	500	-	C
Community tax	10,500	-	10,500	10,500	-	C
Sub-total	1,211,921	1431	1,210,490	11,000	1,200,690	
Sinosteel Phils. H. Y. Mining Corporation						
Local business tax	1,650	-	1,650	1,650	-	C
Real property tax - Basic	-	23,274	(23,274)	-	-	C
Real property tax - SEF	-	23,274	(23,274)	-	-	C
Occupation fees	-	97,200	(97,200)	-	-	C
Mayor's permit	45,000	5,400	39,600	45,000	-	C
Local wharfage fees	1,732,725	-	1,732,725	1,732,725	-	E
Other LGU payments	30,000	30,000	-	30,000	-	
Registration fee	5,000	-	5,000	5,000	-	C
Community tax	10,500	10,500	-	10,500	-	C
Sub-total	1,824,875	189,648	1,635,227	1,824,875	-	
SR Metals, Inc.						
Real property tax - Basic	450,626	-	450,626	450,626	-	D
Occupation fees	81,000	-	81,000	81,000	-	D
Mayor's permit	11,099	-	11,099	11,099	-	C
Community tax	694	-	694	694	-	C
Sub-total	543,419	-	543,419	543,419	-	
Taganito Mining Corp.						
Local business tax	23,812,586	4,373,740	19,438,846	-	19,438,846	A
Real property tax - Basic	315,287	-	315,287	315,287	-	C
Real property tax - SEF	177,718	-	177,718	177,718	-	C
Occupation fees	1,509,300	-	1,509,300	-	1,509,300	A
Mayor's permit	59,000	4,000	55,000	59,000	-	C
Other LGU payments	31,599	-	31,599	31,599	-	C
Community tax	10,500	-	10,500	10,500	-	C
Sub-total	25,915,990	4,377,740	21,538,250	594,104	20,948,146	

TVI Resource Development (Phils.), Inc.						
Local business tax	8,441,817	7,193,119	1,248,698	8,441,817	-	D
Real property tax - Basic	1,822,909	1,712,622	110,287	1,822,909	-	C
Real property tax - SEF	1,822,909	1,712,622	110,287	1,822,909	-	C
Occupation fees	1,094,015	38,175	1,055,840	-	1,055,840	A
Mayor's permit	11,000	1,200	9,800	11,000	-	C
Local wharfage fees	-	424,370	(424,370)	-	-	C
Community tax	500	-	500	500	-	C
Sub-total	13,193,150	11,082,108	2,111,042	12,099,135	1,055,840	
Total	482,044,545	449,284,432	32,760,113	370,290,268	20,983,964	

Table 10: Summary by type of LGU revenue stream per company declared at the end of the reconciliation exercise, and resulting differences (Oil and Gas)

Company	Amounts		Variance pre-reconciliation	Reconciled amount	Variance post-reconciliation	Remarks
	per Entity	Per Agency				
Galoc Production Co.						
Mayor's permit	-	5,000	(5,000)	-	(5,000)	N
Nido Production Galoc						
Mayor's permit	24,369	-	24,369	24,369	-	D
Community tax	10,500	-	10,500	10,500	-	D
Sub-total	34,869	-	34,869	34,869	-	
Shell Philippines Exploration B.V.						
Mayor's permit	212,575	116,326	96,249	212,575	-	D
Other LGU payments	1,618,939	-	1,618,939	1,618,939	-	D
Sub-total	1,831,514	116,326	1,715,188	1,831,514	-	
Trans-Asia Petroleum Corporation						
Mayor's permit	8,219	-	8,219	8,219	-	D
Community tax	500	-	500	500	-	D
Other LGU payments	500	-	500	500	-	D
Sub-total	9,219	-	9,219	9,219	-	
Total	1,875,602	121,326	1,754,276	1,875,602	(5,000)	

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either company or agency. Reconciled amounts were traced to supporting documents with no other exceptions arising.
- B. Company disclosed the aggregate of mayor's permit and local business taxes with any remaining unaccounted variance below estimated threshold. I. Amount disclosed by company includes permit fees, chattel mortgage and other payments to the LGU Registry of Deeds.
- C. Variance is immaterial based on estimated threshold. J. Cause of variance was traced to the following:
- The balance of PHP30,231,270 disclosed by the company as local business tax that was classified by the LGU as other payments; and
 - Local business tax and mayor's permit amounting to PHP2,065,445 and PhP10,000, respectively, were aggregated as part of the latter rather than disaggregated per template.
- D. Variance was unexplained by either company or agency that may be due to, among others, absence or incomplete templates from LGUs (i.e. outstanding from either LGU of head office or project site) and insufficient breakdown of disclosures. Nonetheless, we have traced and agreed total amounts per company to corresponding supporting documents confirming payment, the results of which did not disclose any difference to disclosure per template. However, any unsupported balance was forwarded as part of variance post reconciliation. K. Amounts disclosed by both company and LGU refer to FY2013. Reconciled amount pertains to 2012 payments based on inspected supporting documents.
- E. Local wharfage fees were forwarded by the LGUs to the PPA, thus were not confirmed in their respective templates. Payments made by companies were traced to supporting documents with no exceptions identified. L. Local business tax was disclosed by the company under tax on mining operations.
- F. Tax on mining operations reported by either company or LGU was already incorporated in other revenue stream line items (e.g. business taxes). M. Amount disclosed by the LGU is attributed to both mining and processing entities of the mine project, which are both under the same LGU, wherein the latter was not included as in-scope entity for this year's reconciliation procedure.
- G. Amount reported by the LGU pertains to FY2013. Reconciled amount or disclosure per company was traced to supporting documents with any remaining variance below threshold. N. No amount disclosed by the company.
- H. Variance was due to difference in allocation between basic real property tax and SEF. O. Company disclosures did not include payments made in 2013, notwithstanding that these are still related to FY2012 operations.
- P. Amount reported by the LGU includes receipts for 2013 and 2014.

National Commission on Indigenous Peoples (NCIP)

Table 11: Summary by type of NCIP revenue stream per company declared at the end of the reconciliation exercise, and resulting differences

Company	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation	Remarks
	Per Company	per Agency				
Adnama Mining Resources						
Royalty for IPs	30,431,488	-	30,431,488	-	30,431,488	A
Apex Mining Co. Inc.						
Royalty for IPs	25,773,682	-	25,773,682	25,773,682	-	C
FPIC expenditure	-	299,200	(299,200)	-	-	B
Sub-total	25,773,682	299,200	25,474,482	25,773,682	-	
Berong Nickel Corporation						
Royalty for IPs	11,897,156	-	11,897,156	-	11,897,156	A
FPIC expenditure	-	120,268	(120,268)	-	-	B
Sub-total	11,897,156	120,268	11,776,888	-	11,897,156	
Carrascal Nickel Corporation						
Royalty for IPs	44,949,489	-	44,949,489	44,949,489	-	C
FPIC expenditure	-	286,409	(286,409)	-	-	B
Sub-total	44,949,489	286,409	44,663,080	44,949,489	-	
Marcventures Mining and Development Corporation						
Royalty for IPs	6,974,910	-	6,974,910	6,974,910	-	C
FPIC expenditure	-	97,700	(97,700)	-	-	B
Sub-total	6,974,910	97,700	6,877,210	6,974,910	-	
Oceana Gold Philippines Inc.						
FPIC expenditure	-	113,300	(113,300)	-	(113,300)	A
Field based investigation fee	-	53,658	(53,658)	-	(53,658)	A
Sub-total	-	166,958	(166,958)	-	(166,958)	
Philex Mining Corporation						
Royalty for IPs	67,757,749	-	67,757,749	67,757,749	-	C
FPIC expenditure	-	42,800	(42,800)	-	-	B
Sub-total	67,757,749	42,800	67,714,949	67,757,749	-	
Philsaga Mining Corp.						
Royalty for IPs	35,879,293	-	35,879,293	35,879,293	-	C

Platinum Group Metals Corporation						
FPIC expenditure	-	157,800	(157,800)	-	(157,800)	A
Rio Tuba Nickel Mining Corp.						
Royalty for IPs	40,381,883	1,333,334	39,048,549	-	39,048,549	A
SR Metals, Inc.						
Royalty for IPs	19,918,292	-	19,918,292	19,918,292	-	C
FPIC expenditure	-	299,565	(299,565)	-	-	B
Sub-total	19,918,292	299,565	19,618,727	19,918,292	-	
Taganito Mining Corp.						
Royalty for IPs	1,127,742	30,791,240	(29,663,498)	-	(29,663,498)	A
FPIC expenditure	916,626	135,504	781,122	-	781,122	A
Sub-total	2,044,368	30,926,744	(28,882,376)	-	(28,882,376)	
TVI Resource Development (Phils.), Inc.						
Royalty for IPs	57,350,236	-	57,350,236	57,350,236	-	C
FPIC expenditure	-	288,388	(288,388)	-	-	B
Sub-total	57,350,236	288,388	57,061,848	57,350,236	-	
Total	343,358,546	34,019,166	309,339,380	258,603,651	52,170,059	

- A. Unreconciled due to the absence of detailed schedules supporting the template provided by either the company or agency.
- B. Variance is immaterial based on estimated threshold.
- C. Differences were primarily due to absence of template received from NCIP. Correspondingly, we have inspected supporting documents confirming actual payments made by companies which did not disclose increment exceptions for examination.

Data received after cut-off

Additional templates were submitted after cut-off date by Pacific Nickel Philippines, Inc. (PNPI) and the MGB. The tables below summarize results of reconciliation after considering the additional templates (no further procedures performed):

Table 12: Revised results of LGU (mining) after considering templates received after cut-off

	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	Per Company	per Agency			
Results within cut-off	482,044,545	449,284,432	32,760,113	370,290,268	20,983,964
Additional information from PNPI	3,370,079			-	
Results after cut-off	485,414,624	449,284,432	36,130,192	370,290,268	24,354,043

Table 13: Revised results of MGB revenues after considering templates received after cut-off

	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	Per Company	per Agency			
Results within cut-off	1,003,551,068	1,181,996,493	(178,445,425)	964,588,147	(101,226,707)
Additional information from PNPI	4,075			-	
Results after cut-off	1,003,555,143	1,181,996,493	(178,441,350)	964,588,147	(101,222,632)

Table 14: Revised results of MGB mandatory expenditures after considering templates received after cut-off

	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	Per Company	per Agency			
Results within cut-off	1,872,829,120	622,883,993	1,249,945,127	1,268,298,108	326,852,190
Additional information from PNPI	3,733,302	-			
Additional information from MGB	-	1,036,957,665			
Results after cut-off	1,876,562,422	1,659,841,658	399,933,823	1,284,738,594	265,838,134

Table 15: Revised results of MGB environmental funds after considering templates received after cut-off

	Amounts		Variance pre-reconciliation	Reconciled Amount	Variance post-reconciliation
	Per Company	per Agency			
Results within cut-off	176,729,028	555,754,848	(379,025,820)	45,509,709	(9,727,978)
Additional information from PNPI	11,665,558	-			
Additional information from MGB	-	1,309,924,524			
Results after cut-off	188,394,586	1,865,679,372	(1,480,322,711)	151,681,763	(1,212,047)

Table 16: Additional data received from PNPI after cut-off

Revenue stream	Amount
LGU	
Local business tax	267,057
Occupation fees	2,758,309
Registration fee	1,000
Community tax	9,997
Regulatory/Administrative fees	19,950
Other LGU payments	313,766
Sub-total	3,370,079
MGB revenues	
Others	4,075
MGB mandatory expenditures	
Annual EPEP	1,089,173
Social Development Management Program	2,587,060
Safety and Health Program	57,069
Sub-total	3,733,302
MGB environmental funds	
Mine rehabilitation fund	5,342,278
Final Mine Rehabilitation and Decommissioning Fund	6,323,280
Sub-total	11,665,558
Total	18,773,014

Table 17: Additional data received from MGB after cut-off

Entity	Amount
Mandatory expenditures	
Apex Mining Co. Inc.	6,593,800
Benguet Nickel Mines, Inc.	25,645,398
Berong Nickel Corporation	26,082,053
Carmen Copper Corp.	81,270,511
Eramen Minerals, Inc	17,745,052
Filminera Resources Corporation	235,431,749
Johson Gold Mining Corporation	883,512
Krominco Inc.	2,742,040
Lepanto Consolidated Mining Co.	190,536,790
LNL Archipelago	22,072,119
Oceana Gold Philippines Inc.	95,726,152
Philex Mining Corporation	148,028,484
Philsaga Mining Corp.	20,461,278
Rio Tuba Nickel Mining Corp.	35,155,575
SR Metals, Inc.	40,071,781
TVI Resource Development (Phils.), Inc.	88,511,371
Sub-total	1,036,957,665
Environmental funds	
Cagdiano Mining Corporation	17,480,328
Carrascal Nickel Corporation	119,244,818
Filminera Resources Corporation	6,243,920
Greenstone Resources Corporation	15,054,057
Hinatuan Mining Corp.	112,745,947
Krominco Inc.	4,037,042
Lepanto Consolidated Mining Co.	345,560,955
Marcventures Mining and Development Corporation	16,867,709
Oceana Gold Philippines Inc.	22,106,096
Philex Mining Corporation	547,432
Philsaga Mining Corp.	20,233,808
Platinum Group Metals Corporation	279,674,742
Rio Tuba Nickel Mining Corp.	11,074,182
SR Metals, Inc.	41,260,360
Taganito Mining Corp.	184,154,506
TVI Resource Development (Phils.), Inc.	113,638,622
Sub-total	1,309,924,524
Total	2,346,882,189

ANNEX A

Terms of Reference of the Independent Administrator

Summary

The Independent Administrator is the agent (typically an accounting or audit firm) mandated by the multi-stakeholder group to reconcile payments and revenues for the EITI Report.

Terms of Reference

Independent Administrator for the 2014 EITI Report, Republic of the Philippines

Approved by the PH-EITI MSG on January 24, 2014

1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in implementing countries.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose their payments to the government, and the government discloses its receipts. The figures are reconciled by an Independent Administrator, and published in annual EITI Reports alongside contextual and other information about the extractive sector.
- **Accountability:** a multi-stakeholder group with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI Report, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages multi-stakeholder groups to explore innovative approaches to

extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. It is a requirement that the MSG approves the terms of reference for the Independent Administrator (requirement 5.2), drawing on the objectives and agreed scope of the EITI as set out in the workplan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see requirement 1.3g). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner."

It is a requirement that the Independent Administrator is perceived by the multi-stakeholder group to be credible, trustworthy and technically competent (Requirement 5.1). The multi-stakeholder group and Independent Administrator should address any concerns regarding conflicts of interest. The Independent Administrator's report will be submitted to the [MSG] for approval and made publically available.

The requirements for implementing countries are set out in the EITI Standard¹. Additional information is available via www.eiti.org.

These terms of reference include "agreed upon procedures" for EITI reporting (see section 4) in accordance with EITI Requirement 5.2. The Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process can be used to complement, assess, and

improve existing reporting and auditing systems. The Board recommends that the process relies as much as possible on existing procedures and institutions, i.e., so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

EITI Implementation in the Philippines

The Philippines was admitted as a candidate country by the EITI International Board on May 22, 2013. This coincided with the adoption of the 2013 EITI standard, thus necessitating a revision of the country's work plan. Pursuant to the requirement of the new standard, and after a series of consultations with stakeholders, the Philippine multi-stakeholder group formulated the following objectives for EITI implementation that are linked to EITI principles and reflective of national priorities for the extractive industries:

1. Show direct and indirect contribution of extractives to the economy
2. Improve public understanding of the management of natural resources and public availability of data.
3. Strengthen national resource management / strengthen government systems
4. Create opportunities for dialogue and constructive engagement in natural resource management in order to build trust and reduce conflict among stakeholders
5. Strengthen business environment and increase investments

The legal basis for EITI implementation in the country is found in Executive Order No. 79 which states the Philippines' commitment to participate in the EITI process and tasks the Mining Industry Coordinating Council (MICC) to adopt measures for the institutionalization of EITI in the country. Subsequent to this, Executive Order No 147 was issued by President Aquino formally creating

Philippine EITI.

The EITI process in the Philippines is governed by a multi stakeholder group composed of representatives from the government, namely the Department of Finance (under which the PH- EITI secretariat is lodged), Department of Environment and Natural Resources, Department of Energy, Department of the Interior and Local Government, and Union of Local Authorities of the Philippines. The civil society is mainly represented by Bantay Kita Philippines, a broad coalition of civil society organizations advocating transparency and accountability. The extractive industries are represented by the Petroleum Association of the Philippines, The Chamber of Mines Philippines, and an elected representative from non-chamber members.

The key activities that will be undertaken by the MSG to implement the initiative in the country are as follows: 1. Institutionalization of PH-EITI; 2. Capacity-building activities; 3. Outreach and forums with stakeholders; 4. Policy recommendations; 5. Publication and dissemination of EITI report; 6. Communications plan, reference materials and knowledge products; and 7. Information systems.

The PH-EITI work plan may be accessed from www.ph-eiti.org

2. Objectives of the assignment

On behalf of the Philippine government and PH-EITI MSG, the Department of Finance seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objective of the assignment is to:

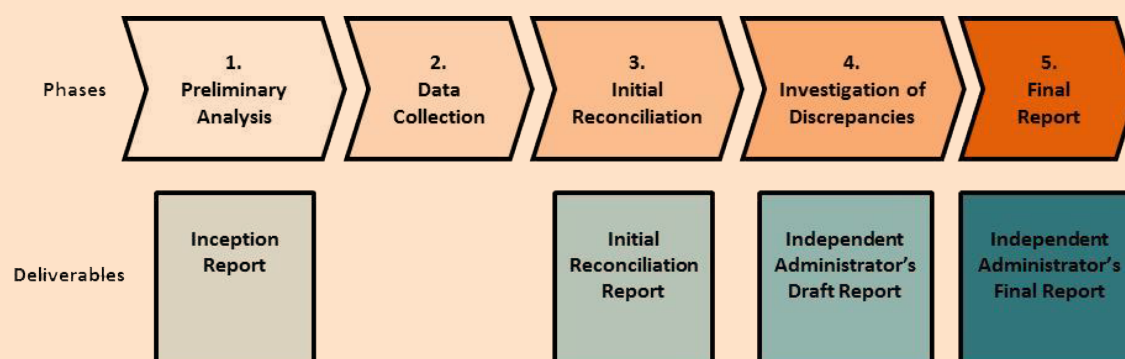
1. Produce an EITI Report for 2014 (covering data for 2012) in accordance with the EITI Standard and section 3 below.
2. Perform other related tasks outlined in this Terms of Reference necessary for the production of the EITI report for 2014.

¹ <http://eiti.org/document/standard>

3. Scope of services, tasks and expected deliverables

3.1. The work of the Independent Administrator has five phases (see figure 1). The Independent Administrator's responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI Reporting process and deliverables



Based on the scoping study commissioned by the MSG in connection with the 2014 PH-EITI report, the MSG's expectation is that the EITI Report will cover the benefit streams, companies and government agencies enumerated in Annex 1 of this TOR subject to materiality thresholds as determined by the MSG.

Phase 1 – preliminary analysis and inception report

Background: The objective of the first phase of work is to ensure that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. It is imperative that the scope of EITI reporting is clearly defined, in line with the EITI Standard and with the MSG's agreed objectives and expectations for the EITI process. The findings from the first phase should be documented in an inception report (see 1.11 below). The Independent Administrator is expected to undertake the following tasks:

- 1.1 The Independent Administrator should prepare a work plan and work with the MSG to **agree on the procedures for incorporating contextual and other non-revenue information in the EITI Report** as previously prepared by the consultants for the scoping study. The procedures should ensure that information is clearly sourced and attributed. Additional information on the MSG's proposed approach to collating contextual information is attached in annex 1 of the template Terms

of Reference, including any specific tasks that the Independent Administrator is expected to undertake in this regard.

- 1.2 The Independent Administrator should review **the payments and revenues to be covered in the EITI Report as determined by the MSG in Annex 1 and in accordance with EITI Requirement 4**. The inception report should clearly indicate the MSG's decisions on:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b).
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.1(c).
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.1(d).
- The coverage of social expenditure in accordance with Requirement 4.1(e).
- The coverage of transportation revenues in accordance with Requirement 4.1(f)
- The level and type of disaggregation of the EITI Report in accordance with Requirement 5.2(e).

1.3 The Independent Administrator should review the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.2.

The inception report should:

- Identify and list the companies that make material payments to the state and will be required to report in accordance with Requirement 4.2(a).
- Identify and list the government entities that receive material payments and will be required to report in accordance with Requirement 4.2(a).
- Identify any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.2(b)).
- Confirm the MSG's position on disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.2(c)
- Confirm the MSG's position of the materiality and inclusion of sub-national payments in accordance with Requirement 4.2(d).
- Confirm the MSG's position on the materiality and inclusion of sub-national transfers in accordance with Requirement 4.2(e).

1.4 REPORTING TEMPLATE:

The Independent Administrator shall:

- Together with the MSG, draft and finalize a reporting template identifying all revenue streams and information that should be provided by the reporting entities for the EITI report.
- Develop guidelines for completing reporting templates

1.5 The Independent Administrator should provide advice to the MSG in examining **the audit and assurance procedures in companies and government entities participating in the EITI reporting process** in accordance with Requirement 5.2(b). This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards.

1.6 The Independent Administrator should provide advice to the MSG **on what information the MSG should require to be provided to the Independent Administrator by the participating companies and government entities to assure the credibility of the data** in accordance with Requirement 5.2(c). The Independent Administrator should then employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator should document the options considered and the rationale for the assurances to be provided. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may wish to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted

- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The Independent Administrator should exercise judgement and apply appropriate international professional standards² in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report.

- 1.7 The Independent Administrator should provide advice to the MSG on **agreeing appropriate provisions relating to safeguarding confidential information.**
- 1.8 The Independent Administrator should document the results from the inception phase in an **inception report** for consideration by the MSG addressing points 1.1 – 1.7 above. Where necessary the inception report should highlight any unresolved issues or potential barriers to effective implementation, and possible remedies for consideration by the MSG.

Phase 2 – data collection

- 2.1 The Independent Administrator shall distribute the reporting templates and collect the completed forms and associated supporting documentation, as well as any other contextual or other information requested to be collected by the MSG, directly from the participating reporting entities. The MSG, assisted by the National Secretariat shall provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.
- 2.2 The Independent Administrator shall ensure that the request for data includes appropriate guidance to the reporting entities, and on where to seek additional information and support.

- 2.3 The Independent Administrator shall contact the reporting entities directly to clarify any information gaps or discrepancies.
- 2.4 The Independent Administrator shall obtain any additional information from the extractive companies and government agencies necessary to carry out the reconciliation, including requesting any other data not included in the reporting template and documents in support of the information provided in the template.
- 2.5 The IA shall demonstrate to the reporting entities how to properly fill in reporting templates,

Phase 3 – initial reconciliation and initial reconciliation report

- 3.1 The Independent Administrator should compile a database with the data provided by the reporting entities and ensure access by the MSG to such database.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope. The IA shall discuss with the MSG further actions it should take in explaining the discrepancies.
- 3.3 The Independent Administrator should prepare an initial reconciliation report based on the reported (unadjusted) data for consideration by the MSG in accordance with the agreed scope.
- 3.4 Should the MSG wish, the Independent Administrator shall recommend an acceptable margin of error in determining which discrepancies should be further investigated. Where this has been agreed, the Independent Administrator should identify any discrepancies above the agreed margin of error established at X% of total revenues

² For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 44000 relative to the engagement to perform agreed-upon procedures regarding financial information and 4410 relative to compilation engagements.

(Phase 4 – investigation of discrepancies and draft Independent Administrator’s Report)

- 4.1 The Independent Administrator shall directly contact the reporting entities in seeking to clarify any discrepancies in the reported data.
- 4.2 The Independent Administrator shall prepare a draft Independent Administrator’s Report that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG.
- 4.3 The draft Independent Administrator’s report should:
- a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards
 - b) include a description of each revenue stream, related materiality definitions and thresholds (Requirement 4.1).
 - c) include an assessment from the Independent Administrator on the comprehensiveness and reliability of the data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) Based on the government’s disclosure of total revenues as per Requirement 4.2(b), indicate the coverage of the reconciliation exercise.
 - e) include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report (Requirement 5.3(d)).
 - f) document whether the participating

companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information (Requirement 5.3(e)).

- g) Include a discussion on the flow of revenue streams and how transfers are facilitated between the different levels of government offices.
- 4.4 The Independent Administrator should make recommendations for strengthening the reporting process in the future citing problems encountered in the process and methods to address them. It shall also include recommendations regarding audit practices and reforms needed to bring them in line with international standards.
- 4.5 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.
- 4.6 The IA shall include a Discussion on the reporting cycles of the reporting entities and availability dates of data.

Phase 5 – final Independent Administrator’s report

- 5.1 The Independent Administrator should produce electronic data files that can be published together with the final Report.
- 5.2 The Independent Administrator should provide machine readable files and/or code or tag EITI Reports and data files.
- 5.3 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat (Requirement 5.3(b)).

5.4 Independent Administrator will publish/ make public their final report only upon the instruction of the MSG. The MSG will endorse the report prior to its publication. Where stakeholders other than the Independent Administrator wish to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.

5.5 The IA shall provide assistance in the translation into local dialects of the EITI reports (both for the popular and official version) and give final approval for the same.

5.6 The IA shall propose a scope for the next EITI report.

5.7 The IA shall assist the MSG in giving trainings to reporting government agencies, extractive companies and CSOs in connection with the reconciliation process

4. Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 5.1). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent. Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

The Independent Administrator will need to demonstrate:

- Expertise and experience in the oil, gas and mining sectors in the Philippines as shown by previous engagements
- Expertise in accounting, auditing and financial analysis.
- A track record in similar work. Previous experience in EITI reporting is not required, but would be advantageous.
- Working knowledge of legal, regulatory and

fiscal legislation applicable to the extractive industries;

- Affiliation with an internationally recognised audit firm that has experience in preparing EITI or similar reports in extractive and financial sectors;

At the minimum, the firm must be able to provide a support staff of certified public accountants in good standing with the following qualifications:

- One partner with experience of 15 years in auditing and accounting and must be familiar with public accounting and finance
- One senior associate with 8 years of experience in auditing and accounting;
- 2 junior associates with 2 years of experience in auditing and accounting;

Submission must include proof of relevant qualifications for key staffs.

- The IA must have no conflict of interest as determined by the MSG. In order to ensure the quality and independence of the exercise, Independent Administrators are required in their proposal to disclose any actual or potential conflicts of interest. The bidder must submit a sworn statement of lack of conflict of interest (Annex V) indicating the nature of work performed from a previous client in the extractive industry and the measures they intend to adopt to ensure impartiality.
- The IA must have already provided services in large-scale projects of similar nature or magnitude.

5. Reporting requirements and time schedule for deliverables

The assignment is expected to commence on April 1, 2014, culminating in the launching of the EITI Report by December 10, 2014. The proposed schedule is set out below:

Signing of contract	March 31, 2014
IA's Workplan	April 7, 2014
Inception period	April 1-30, 2014
Inception report and presentation to MSG	April 30, 2014
Drafting of template	May 1-15, 2014
Data collection & initial reconciliation	May 15- July 15, 2014
Initial reconciliation report	July 15- August 30, 2014
Draft report	September 15, 2014
Presentation of report to the MSG for approval	September 30, 2014
Final report	October 30, 2014
Approval of translated versions	November 30, 2014
Launching of the EITI report	December 10, 2014

The schedule of payments shall be as follows:

15% upon contract signing

20% following delivery of the inception report

20% following delivery of the draft EITI report

20% following MSG approval and publication of the EITI report

25% following the launching of the final EITI report at a national conference

6. Client's input and counterpart personnel

The IA shall coordinate with and report to the National Secretariat on a day-to-day basis on all relevant matters pertaining to the implementation

of the Project. The Head of the Secretariat will be the Consultant's contact person in the course of implementation of the Project.

Support to be provided by PH-EITI

The PH-EITI Secretariat will provide the IA with the following support:

- i) Coordinate with the members of the PH-EITI MSG;
- ii) Coordinate with reporting entities to facilitate the IA's work; and
- iii) Provide relevant reference materials and information on EITI

Annex 1 – Data Sheet on scope of services

Based on scoping reports the MSG proposes the following scope for the EITI.

1. Contextual Information

The Independent Administrator is tasked with collating the following contextual information in accordance EITI Requirement 3.

Contextual information to be provide in the EITI Report	Commentary on work to be undertaken by the Independent Administrator
A description of the legal framework and fiscal regime governing the extractive industries (Requirement 3.2), in particular laws relevant to the information disclosed in the EITI report.	...To be drawn from the scoping study
An overview of the extractive industries, including any significant exploration activities (Requirement 3.3)	...To be drawn from the scoping study
Where available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report (Requirement 3.4)	...To be drawn from the scoping study
Production data for the fiscal year covered by the EITI Report (Requirement 3.5)	...To be drawn from the scoping study
Information regarding state participation in the extractive industries (Requirement 3.6)	...To be drawn from the scoping study
Distribution of revenues from the extractive industries (Requirement 3.7);	...To be drawn from the scoping study
Any further information requested by the MSG on revenue management and expenditures (Requirement 3.8)	...
Information on the licencing process and register (Requirement 3.9) and the allocation of licenses (Requirement 3.10)	...To be drawn from the scoping study
Any information requested by the MSG on beneficial ownership (Requirement 3.11)	...
Any information requested by the MSG on contracts (Requirement 3.12)	...
[Add any other contextual information that the MSG has agreed to provide]	...

2. The taxes and revenues to be covered in the EITI Report (Requirement 4.1)

Benefit stream	Commentary on work to be undertaken by the Independent Administrator
Payments to DENR and MGB	Subject to the scope and materiality agreed upon by the MSG
Payments to BIR	Subject to the scope and materiality agreed upon by the MSG
Payments to local government units (direct and indirect/subnational transfers)	Subject to the scope and materiality agreed upon by the MSG
Royalties	Subject to the scope and materiality agreed upon by the MSG
Payments to Department of Energy	Subject to the scope and materiality agreed upon by the MSG
Payments to BOC	Subject to the scope and materiality agreed upon by the MSG
IP Royalties	Subject to the scope and materiality agreed upon by the MSG
Social expenditures	Subject to the scope and materiality agreed upon by the MSG This information should include large scale metallic mining companies and oil and gas companies with social expenditures whether or not they are included in Annex 1
Sale of state's share of production or other revenues collected in kind	Subject to the scope and materiality agreed upon by the MSG
Infrastructure provisions and barter arrangements	Subject to the scope and materiality agreed upon by the MSG

Transportation expenses	Subject to the scope and materiality agreed upon by the MSG
Total revenues (in aggregate) received by the government from each benefit stream including revenues that fall below agreed materiality thresholds (See Requirement 4.2.b)	
Incentives availed of by the extractive companies	
Special funds created and earmarked for specific purposes under existing laws and regulations governing the extractive industries	

3. List of reporting entities (companies and government agencies) (Requirement 4.2) See attached list of mining, oil and gas companies (Annexes 3 and 4)

Government agencies

1. DENR-Mines and Geosciences Bureau
2. Bureau of Internal Revenue
3. Local government units with mining, oil and gas operations in their localities.
4. Department of Energy
5. Bureau of Customs
6. National Commission on Indigenous Peoples
7. State owned enterprises (PNOC and PMDC)

4. Additional commentary on scope

The materiality and inclusion of sub-national payments (Requirement 4.2(d))	
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.2(c))	
The materiality and inclusion of sub-national transfers in accordance with Requirement 4.2(e))	

Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

- [...]
- [...]
- [...]

EITI workplans & other documents

- [...]
- [...]
- [...]

Findings from preliminary scoping work

- [...]

STATEMENT OF LACK OF CONFLICT OF INTEREST:

ATTENTION: The Chairman
 Bids and Awards Committee

Dear Sir/Madame:

In compliance with the requirements of the Department of Finance (DOF) BAC for the bidding of the Independent Administrator for Philippine-Extractive Industries Transparency Initiative, we certify that _____ is free from any conflict of interest and can therefore perform the required task with utmost impartiality.

In the interest of transparency, the bidder hereby discloses that it has the following current and previous engagements with the following companies from the extractive industries:

EXTRACTIVE COMPANY	NATURE OF WORK PERFORMED	DURATION	NAMES OF INDIVIDUALS WHO ACTUALLY RENDERED THE SERVICE

To ensure impartiality, the bidder shall adopt the following measures:

- 1.
- 2.
- 3.

Very truly yours,

Name of authorized representative

Position

Name of the bidder

ANNEX B

BIR Waiver

**TAXPAYER'S WAIVER
FOR PURPOSES OF THE PHILIPPINE IMPLEMENTATION OF
THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE**

I, [NAME OF AUTHORIZED REPRESENTATIVE], the [POSITION/TITLE] and duly authorized representative¹ of NAME OF THE MINING/EXTRACTIVE FIRM (TIN: _____) (the "Company") with principal office address at _____, under oath, hereby –

1. Freely consents and allows the Commissioner of Internal Revenue (the "Commissioner") and her duly authorized representatives to disclose, supply, and/or furnish the Extractive Industries Transparency Initiative ("EITI"), financial information on taxes paid by the Company, based on the information contained in the Company's tax returns, audited financial statements and related information available in the possession of the Bureau of Internal Revenue (the "Bureau"), particularly its internal revenue tax payments for the taxable years _____:
2. Holds free from the liabilities sanctioned under (1) Section 270 of the National Internal Revenue Code of 1997, as amended, (2) Republic Act ("R.A.") No. 6713, also known as the Code of Conduct and Ethical Standards for Public Officials, and (3) R.A. No. 10173, otherwise known as the Data Privacy Act of 2012, and other related laws, regulations, or issuances thereof, the Commissioner and any officer or employee of the Bureau duly authorized by the Commissioner to disclose pertinent data/information in the Bureau's possession of the Company's audited financial records and tax returns to the EITI; and
3. Willingly allows EITI to disseminate and publish such information for the purpose of compliance with the Philippine implementation of EITI principles and criteria.
4. The execution of the foregoing waiver is solely and exclusively for the purpose of compliance with the implementation of the EITI principles and standard.

Executed this _____ day _____ in _____, Philippines.

ACCEPTED BY

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

[NAME OF THE COMPANY]

By:

By:

Revenue Official/Position

[NAME OF AUTHORIZED REPRESENTATIVE]
[POSITION]

WITNESSES

(Signature over printed name)

(Signature over printed name)

¹Attached and made an integral part hereof is the Taxpayer's/Authorized Signatory's Duly Notarized Proof of Authorization (Special Power of Attorney [for Single Proprietorship], Partner's Resolution [for Partnership], Board of Directors Resolution [For Corporation])

ANNEX C**BOI Letter on Incentives
Availment of BOI-Registered
Mining Firms**



01 August 2014

Atty. MARIE GAY ALESSANDRA V. ORDENES
National Coordinator
Philippine Extractive Industries Transparency Initiative (PH-EITI)
Fiscal Policy and Planning Office (FPPO)
4th Floor, Department Of Finance Bldg., BSP Complex
Roxas Blvd., Manila 1004 Philippines
Tel. No.: 525-0487


Dear Atty. Ordenes:

As agreed upon during our 18 July 2014 meeting with Secretary Gregory L. Domingo, and former DENR Secretary Elisea G. Gozun, now Presidential Assistant for Climate Change, please find in **Attachment 1** the list of BOI-registered mining (coal and minerals) firms, the type of fiscal incentives availed (Income Tax Holiday (ITH) or duty-free Importation of capital equipment) and the year of availment.

There are no BOI-registered enterprises engaged in the extraction of oil and gas. As provided under Republic Act No. 8479, otherwise known as the Downstream Oil Industry Deregulation Act of 1998, the BOI is mandated to provide incentives to projects engage in refining, storage, distribution and marketing of petroleum products. The extraction of oil and gas is not covered under RA No. 8479 as it only covers the downstream oil industry.

Please be informed that our Incentives Department, at present, is processing applications for Income Tax Holiday (ITH) for taxable year 2011. Nonetheless, please find in **Attachment 2** the list of BOI-registered mining enterprises with ITH applications for taxable years 2011 and 2012 that are still to be processed by the Incentives Department.

Very truly yours,


NESTOR P. ARCANGALIN
Director
Resource-Based Industries Service

ATTACHMENT 1

Incentives Availment of BOI-Registered Mining Firms (1990 - 2010)

Name of Firm	Type of Incentive Availment / Year of Availment	
	Tax & Duty Exemptions/ Duty-Free Importation on Imported Capital Equipment	Income Tax Holiday
AEC MINERALS & INDUSTRIAL CORPORATION	1993	
APEX MINING CO. INC.	2008	
	2010	
AURORA STONE CO., INC.	1985	
BENCOR MARBLE INDUSTRIES	1995	
BENGUET CORPORATION	1991	
BERONG NICKEL CORPORATION	2010	2007
BLUCOR MINERALS CORP.	1992	1995
	1995	1996
	1996	1996
BULBSCOR MINERALS CORPORATION	1996	
	1997	
		2000
CAGDIANAO MINING CORPORATION		2001
		2002
		2003
		2004
CARMEN COPPER CORPORATION	2006	2010
	2007	
	2009	
	2010	
CARRASCAL NICKEL CORP.	2009	2010
	2010	
CENTURY PEAK CORP.	2013	
CLIMAX-ARIMCO MINING CORP.	1994	
	1995	
	1996	
C.T.P. CONSTRUCTION AND MINING CORPORATION		2009
D'GRUMS HOLDING, INC.		2010
D'GRUMS HOLDING, INC.	1994	
ESCAF MINERALS CORP.	1995	
FAR SOUTHEAST GOLD RESOURCES, INC.	1991	
	1992	
FCF MINERALS CORP.	2012	
	1991	
FERRARI STONECRAFT, INC.	1992	
	1993	
	1994	
FIL-ITALIA MARBLE PRODUCTS, INC.	1991	
	1994	
FIRST RIDGE CONCRETE AGGREGATES CORPORATION		1997
		1998
		1999
GOTESCO LAND, INC.	1990	2000

GOTEVER INDUSTRIAL & DEVELOPMENT CORPORATION	1994	
	1992	
GUANCO MARBLE AND DEVELOPMENT INDUSTRIES		
HIMALAYAN RESOURCES DEV. CORP.	1991	
	1992	
HINATUAN MINING CORP.	1991	
	1993	
	1993	
IDEAL WORLD CORPORATION	1994	
	1995	
JOHNSON GOLD MINING CORPORATION	1995	
K & G MINING CORP.	1990	
	1991	
KEMATU MILLS, INC.	1993	
	1995	
KEN DRAGON CORPORATION	1993	
	1995	
KESANG MINING CORPORATION PHILIPPINES	1991	
KROMINCO, INC.	2010	2009
		2010
LAZI BAY RESOURCES DEVT. INC.	1996	
	1991	1998
	1992	1999
	1993	2000
LEPANTO CONSOLIDATED MINING COMPANY	1994	2001
	1995	2003
	1996	2004
	2007	2006
		2007
LORETO MINING CORP.	1991	
	1997	
	1990	1982
	1991	1983
	1992	1994
MANILA MINING CORPORATION	1993	1995
	1994	1999
	1995	2000
	1996	
	1997	
MANPHIL MINING CORP.	1995	
MARBLE AND GRANITE INDUSTRIES, INC.	1990	
MARBLE ART RENAISSANCE KAISHA CORP.	1993	
MARBLELAND MINING AND DEVELOPMENT CORPORATION	1997	
	1990	
	1991	
MARCOPPER MINING CORPORATION	1992	
	1993	
	1994	
	1995	

	1993	1994
	1994	1995
	1995	
MARICALUM MINING CORPORATION	1996	
	1997	
	1998	
METEC SMELTER CO., INC.	1992	
MINDANAO MINERAL PROCESSING AND REFINING CORP.		2010
MINDEX RESOURCES DEV., INC.	1990	
MIMA INDUSTRIES, INC.	1990	
	1991	
NAKAYAMA TECHNOLOGY CORPORATION		2006
		2006
NONOC MINING & IND'L CORP.	1998	
NORTH SEAWAYS U.I. CORP.	1991	
OCEANAGOLD (PHILIPPINES), INC.	2006	
	2007	
OXFORD MINES, INC.	1997	1999
		2000
PACIFIC RECYCLING, INC.	1992	
PHIL. CERAMIC CLAY INDUSTRIES, INC.	1991	
	1992	
PHIL. DONIMAR, INC.	1992	
	2008	2010
PHIL. GOLD PROCESSING & REFINING CORP.	2009	
	2010	
	1990	1996
	1994	1997
PHILEX GOLD PHILS., INC.	1995	1999
	1996	
	1997	
PHILEX MINING CORPORATION	2004	2006
		2007
PHILIPPINE MINING SERVICE CORPORATION	1995	
PHOENIX MARBLE CONSOLIDATED INC.	1990	
	1992	
PHOENIX MARBLE STONE CORP.	1989	
PHOENIX REFINERY CORPORATION	1991	
	1992	
PLATINUM GROUP METALS CORPORATION		2007
		2010
PRECIOUS METALS MINING & DEV. CORP.	1990	
	1996	
RECYCLING CORPORATION OF THE PHILIPPINES, INC.		
REFRATORIES CORP. OF THE PHILS.	1995	
	1997	
RIO TUBA NICKEL MINING CORP.	2004	
	2007	
ROBUST ROCKS RESOURCES CORP.	1997	
ROSEMOR MINING & DEV. CORP.	1996	
SEMIRARA MINING CORPORATION *		2009
		2010

SINDOPHIL, INC.	1995	
	1996	
SOUTHLAND MINING CORP.	1993	
	1995	1997
TMC INTERNATIONAL CORP.	1996	1998
	1997	1999
	1998	2000
		2001
		2002
TRANS-MANILA, INCORPORATED	1994	
	1995	
	1996	
	1997	
TUANSON BUILDERS CORPORATION		1997
		1998
		1999
		2000
		2001
TUDOR MINERAL EXPLORATION CORPORATION (TMEC)	1995	
	1996	
TVI RESOURCE DEVELOPMENT PHILS., INC.	1995	2005
	2006	2006
		2007
		2010
ULTIMA MINING CORP.	1990	
UNITED PARAGON MINING CORP.	1995	
	1996	
	1997	
	1998	
ZAMBOANGA GOLD MINING CORP.	1991	

* Engaged in coal mining activities

ATTACHMENT 2

Pending ITH Applications of BOI-Registered Mining Firms

BERONG NICKEL CORPORATION	2011
	2012
CTP CONSTRUCTION AND MINING CORP.	2011
	2012
CARMEN COPPER CORPORATION	2011
	2012
CARRASCAL NICKEL CORPORATION	2011
	2012
CITINICKEL MINES AND DEVELOPMENT CORPORATION	2012
MINDANAO MINERAL PROCESSING AND REFINING CORP.	2011
	2012
PLATINUM GROUP METALS CORPORATION	2012
SEMIRARA MINING CORPORATION*	2011
	2012
TM RESOURCE DEVELOPMENT PHILS., INC.	2011
	2012

* Engaged in coal mining activities

** Incentives Service still accepting ITH applications for 2013.

ANNEX D

Documentation of Efforts to Encourage Companies to Execute the BIR Waiver

March-September 2013

Consultations were conducted by the MSG with the Bureau of Internal Revenue and extractive companies on the execution of the BIR waiver

October 11, 2013

PH-EITI MSG approved the final version of the BIR waiver

October – November 2013

Waivers were distributed to companies by the Secretariat with the assistance of the Chamber of Mines and SPEX. Constant follow-ups ensued.

December 12, 2013

A briefing on the BIR waiver was conducted with mining companies. Chamber of Mines and non-chamber members responded to queries of companies. 10 companies attended.

March 6, 2014

A briefing with extractive companies on the BIR waiver was conducted at the Department of Energy. Assistant Secretary Dan Ariaso of the DOE, Asst. Sec. Ma. Teresa Habitan, and Dir. Stela Montejo of the Department of Finance, as well as members of the Petroleum Association of the Philippines responded to queries of companies. 20 companies attended.

March 10, 2014

DOE Asst. Sec. Dan Ariaso and DOF Asst. Sec. Teresa Habitan met with Semirara Mining Company to brief them on EITI and explain the necessity and importance of executing the waiver

May 16, 2014

Companies that have not signed the waiver were invited to the National Conference of PH-EITI. Secretary Purisima stressed in his closing remarks the importance of executing the BIR waiver and urged the companies to execute the same.

May 26, 2014

Sec. Bebet Gozun elevated the issue of BIR waiver to Sec. Ramon Paje and Sec. Jericho Petilla to seek their intervention.

May 2014 onwards

Intensive and constant follow-ups were made by the Secretariat and the Chamber of Mines with non-signatories.

June 2014 onwards

Upon the orders of Sec. Paje, the Mines and Geosciences Bureau, through Dir. Jasareno talked to non-signatories one by one to require them to sign the BIR waiver.

July 22, 2014

The MSG conducted a press conference at the Department of Finance to urge companies to execute the BIR waiver. Press releases were published in major newspapers.

August 19, 2014

The Department of Energy led by Undersecretary Zenayda Monsada, together with DOF Asst. Sec. Teresa Habitan conducted an outreach to the remaining companies who have not signed the waiver to reiterate and stress its importance. Twelve companies attended.

August 22, 2014

The issue of the execution of the BIR waiver was elevated to the Mining Industry Coordinating Council (MICC) during its 18th MICC meeting.

Secretary Purisima sent letters to all companies urging them to execute the BIR waiver.

August 26, 2014

Sec. Bebet Gozun invited Semirara Mining Company to a dialogue in order to clarify their apprehensions regarding the BIR waiver and the EITI process. Semirara expressed its decision not to participate in EITI.

September 4, 2014

PH-EITI held a briefing with the media where the list of companies without waivers was publicized.

September – October 2014

Constant follow-ups were made by MGB, DOE and the PH-EITI Secretariat. Six additional companies executed waivers.

The complete list of companies with waivers and their corresponding dates of transmittal to the BIR is as follows:

February 19:

1. Cagdianao Mining Corporation
2. Hinatuan Mining Corporation
3. Rio Tuba Nickel Mining Corporation
4. Taganito Mining Corporation
5. Filminera Resources Corporation
6. Lepanto Consolidated Mining Company
7. OceanaGold (Philippines), Incorporated
8. Philex Mining Corporation
9. Philsaga Mining Corporation
10. Platinum Group Metals Corporation
11. TVI Resource Development
12. Zambales Diversified Metals Corporation
13. Cambayas Mining Corporation
14. Shell Philippines Exploration B.V (SPEX)
15. Chevron Malampaya LLC
16. Philippine National Oil Company (PNOC) - Exploration Corporation

June 13:

1. Apex Mining Co., Inc.
2. Berong Nickel Corp.
3. Eramen Minerals, Inc.
4. Johson Gold Mining Corporation
5. Leyte Iron Sand Mining Corporation
6. Marcventures Mining and Development Corp.
7. SinoSteel Philippines H.Y. Mining Corp.
8. Nido Production (Galoc) Pty. Ltd.

July 22:

1. Benguet Nickel Mines, Inc.
2. Carmen Copper Corp.
3. LNL Archipelago Minerals Incorporated
4. Philippine Mining Development Corporation (PMDC)
5. Galoc Production Company

August 13:

1. Oriental Synergy Mining Corporation
2. Krominco, Inc.
3. Rapu-Rapu Minerals, Incorporated
4. Shuley Mine Incorporated
5. Carrascal Nickel Corporation

August 22:

1. Ore Asia Mining and Development Corporation
2. SR Metals, Inc.

September 25:

1. Pacific Nickel Phils., Incorporated
2. Trans Asia Petroleum Corporation

October 20:

1. Adnama Mining Resources Incorporated
2. Greenstone Resources Corporation
3. Mt. Sinai Mining Exploration and Development Corporation

October 24:

1. AAM-PHIL Natural Resources Exploration and Development Corporation

ANNEX E

Letter of Companies Regarding Non-Participation



August 4, 2014

To: Legal Department
Department of Finance
Philippine Extractive Industries Transparency Initiative
(PH-EITI)

Dear Sirs:

This is to formally inform your good office that Forum Pacific, Inc. will not issue a BIR waiver in connection with accomplishing the reporting templates for PH-EITI for below cited reasons:

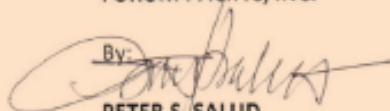
- The Company is neither one of the 39 large-scale metallic mining companies;
- Nor one of the operating oil and mining companies;
- We opt not to issue since it is purely voluntary

The Company is now a holding company after it transferred its interest on Service Contract (SC 40) to Forum Exploration, Inc. way back 1997. We don't have taxes in connection with the exploration and production since we don't have operations, only the regular taxes paid to LGU's and BIR for the business registration and permits. We are still looking for potential investors to partner with for possible exploration on the upcoming years.

I attest that all information stated on the report is accurate and true to the best of my knowledge.

Sincerely Yours,

FORUM PACIFIC, INC.

By: 
PETER S. SALUD
President

35th Floor, One Corporate Center, Doña Julia Vargas Ave., corner Meralco Avenue, Ortigas Center, Pasig City, Phils. 1605
Tel. No. (632) 7067888 Fax No. (632) 7065982

**ORIENTAL PETROLEUM AND MINERALS CORPORATION**

34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
☎: 633-7631 to 40, 637-1670 to 79 Extensions 277, 278, 279, 280, 281 • 📠: 395-2586

August 14, 2014

Philippine Extractive Industries Transparency Initiative
Fiscal Policy and Planning Office (FPPO)
4th Floor, Department Of Finance Bldg.,
BSP Complex
Roxas Blvd., Manila 1004 Philippines

Attention: Atty. Marie Gay Alessandra V. Ordenes
National Coordinator

Gentlemen:

We understand that the execution of the taxpayer's waiver and participation with the Philippine implementation of the EITI process, principles and criteria are purely voluntary. We have never signed the said waiver nor have we voluntarily agreed to participate in the EITI process.

We take the same position as that of the 16 June 2014 letter of The Philodrill Corporation to Isla Lipana & Co. Philodrill is our lead Operator in SC-14 and SC-6B, and relevant portions of said letter are as follows:

"The Company has always transparently disclosed all the financial information on taxes paid through the years as can be gleaned from the Company's internal revenue tax returns, audited financial statements and all relevant information which already are in the possession of the Bureau of Internal Revenue ("BIR"). Aside from the BIR, disclosures by the Company which already form part of public record are likewise freely accessible in the corporate website, and more importantly in its filings with the Department of Energy, Philippine Stock Exchange and the Securities and Exchange Commission."

"As such, we would like to refer you to the relevant regulatory agencies mentioned above for the information you are requesting us."

Thank you.

Apollo B. Madrid
SVP – Operations and Administration



THE PHILODRILL CORPORATION

2/JAD ALPHA CENTRUM, 125 PIONEER, MANDALUYONG CITY, PHILIPPINES
TEL. NOS. 631-1801 TO 05 ; 631-8151/52 ; FAX: (632) 631-8080 , (632) 631-5310

June 16, 2014

Isla Lipana & Co.
29/F Philamlife Tower, Paseo de Roxas
Makati City, Philippines 1226

Attention : **Mr. Pocholo Domondon**
PwC Director – Assurance

Gentlemen:

We write in response to your email dated June 13, 2014 requesting us to accomplish the reporting template and schedule attached in the said email for the purpose of soliciting the disclosures relevant to tax payments and receipts.

Please note that as explained to us by the Extractive Industries Transparency Initiative (“EITI”) during the briefing held at the office of the Department of Energy last March 6, 2014, the execution of the taxpayer’s waiver and participation with the Philippine implementation of the EITI process, principles, and criteria are purely voluntary. Hence, we would like to respectfully emphasize that The Philodrill Corporation (the “Company”) has never signed the said waiver nor have we voluntarily acquiesced to participating in the EITI process.

The Company has always transparently disclosed all the financial information on taxes paid through the years as can be gleaned from the Company’s internal revenue tax returns, audited financial statements and all other relevant information which are already in the possession of the Bureau of Internal Revenue (“BIR”). Aside from the BIR, disclosures by the Company which already form part of public record are likewise freely accessible in its corporate website, and more importantly, in its filings with the Department of Energy, Philippine Stock Exchange and the Securities and Exchange Commission.

As such, we would like to refer you to the relevant regulatory agencies mentioned above for the information which you are requesting from us.

Very truly yours,

FRANCISCO A. NAVARRO
President



LC09012014-115

September 01, 2014

The Honorable Secretary
Department of Finance
Roxas Boulevard corner Pablo Ocampo, Sr. Street
Manila



Dear Secretary Punsima,

We received today your letter dated August 1, 2014 re – Participation in the Extractive Industries Initiative.

Our participation to this initiative by the Philippine government was further discussed by our board of directors in a series of meetings with the end view of how we can support the government on this effort.

Our board decided not to execute any waiver or participate in the PH-EITI initiative because of the following concerns:

1. Semirara Mining and Power Corporation (SMPC), formerly Semirara Mining Corporation, is a listed company in the Philippine Stock Exchange (PSE) and as such, all financial reports are readily available and accessible through the PSE, SEC and our Company website.
2. Should SMPC participate as the only company in the coal mining sector, the publication and dissemination of all its payments to the Philippine government will put the company at the forefront, posing a risk in terms of maintaining its cost and price competitiveness among its peers in the region, especially with the impending ASEAN integration in 2015.
3. The incentives granted to coal operators under its Coal Operating Contract, by virtue of PD 972, might be construed as a "subsidy" per definition of the World Trade Organization (WTO). A countervailing measure on subsidized imports by a country might be applied by a member country if they found that coal exported by Semirara Mining Corporation earned benefit from the "subsidy".
4. The cost behaviour of coal mining operations is highly dependent on stripping ratio, which we expect to be variable all throughout the life of the mine. Since tax payments to the government is a factor of revenue and cost, disclosure of tax payments from period to period may vary significantly, primarily because of the stripping ratio which may be high or low and yet generate the same quantity of coal produced.
5. Given coal price index to be constant, selling the same quantity of coal may and/or not give us the same level of revenue from period to period because coal price is also dictated by quality of the coal extracted from period to period.

SM 4E1

Minesite: Semirara Island, Caluya, Antique
Makati Office: 2nd Floor DMCI Plaza, 2287 China Races Ave., Makati City
Tel. No. (632) 888-3000 / 816-7301 - 10 Fax: (632) 816-7185

