

PH-EITI 26th MSG MEETING

9:00 AM- 12:00 PM | October 2, 2015
Visayas Room, Department of Finance,
Roxas Boulevard, Manila

Attendees:

9	Asst. Sec. Ma. Teresa S. Habitan	Department of Finance (DOF)
10	Elsa P. Agustin	DOF
11	Febe J. Lim	DOF
12	Engr. Romualdo Aguilos	Mines and Geosciences Bureau—Department of Environment and Natural Resources (MGB-DENR)
14	Ms. Sarah Mopia	Bureau of Internal Revenue (BIR)
15	Dr. Cielo Magno	Bantay Kita
16	Ruth Guinto	Bantay Kita
17	Prof. Jay Batongbacal	UP College of Law
18	Starjoan Villanueva	Alternate Forum for Research in Mindanao, (AFRIM) Inc.
19	Ronald Allan A. Barnacha	Philippine Rural Reconstruction Movement (PRRM)/ North Luzon
21	Prof. Maria Aurora Teresita W. Tabada	Visayas State University
22	Dr. Merian C. Mani	Romblon Ecumenical Forum Against Mining (REFAM)/ Romblon State University
24	Chadwick Llanos	Cebu Alliance for Safe and Sustainable Development (CASSE)
26	Roland Gonzales	GITIB
27	Gerard Brimo	Nickel Asia Corporation / Chamber of Mines of the Philippines (COMP)
29	Ronald S. Recidoro	COMP
30	Sebastian Quiniones	Petroleum Association of the Philippines (PAP)/ Shell Philippines Exploration BV (SPEX)
32	Atty. Gay Alessandra V. Ordenes	Secretariat
33	Abigail D. Ocate	Secretariat
34	Mary Ann Rodolfo	Secretariat
35	Liezel Empio	Secretariat
36	Joy Saquing	Secretariat
37	Marikit Soliman	Secretariat
38	Mary Grace Jurado	Secretariat
39	Ryan Dael	Secretariat
40	John Martin Arreola	Secretariat

1 Rhea Bagacay Secretariat

2

3 RESOURCE PERSONS:

4

5 Marlowe Castilo Isla Lipana& Co.

6 Corina Monlina Isla Lipana& Co.

7 Michael P. Castaneda Isla Lipana& Co.

8 Euneika Yamkora Isla Lipana& Co.

9 Jenny Rudis Isla Lipana& Co.

10 Nathaniel Adams World Bank

11

12

13 AGENDA:

- 14 • Minutes of the 25thMSG meeting
- 15 • Matters arising from previous MSG meetings
- 16 • Presentation on procedure for gold shipment
- 17 • Presentation of small-scale mining scoping study
- 18 • Presentation of initial findings for the second report
- 19 • Padilla bill (creating EITI) and draft EITI bill
- 20 • Other matters

21

22

23 **1. Call to Order**

24

25 1.1. The Philippine Extractive Industries Transparency Initiative (PH-EITI) Multi-Stakeholder Group (MSG)

26 meeting was called to order at 9:10 AM.

27

28 1.2. The proposed agenda was presented and subsequently approved by the body.

29

30 **2. Minutes of the 25th MSG meeting**

31

32 2.1. The Chair noted that the minutes of the meeting was circulated to the members of the MSG and no

33 comments were received by the Secretariat.

34

35 2.2. The body approved the minutes of the 25th MSG meeting.

36

37 **3. Matters Arising**

38

39 3.1. *Establishment and management of a revenue-linked database:* The Secretariat reported that a

40 contracts portal is currently being developed. It was mentioned that funding from USAID for the

41 enhancement of the portal is pushing through as they already asked for a copy of the work plan.

1 3.2. *Copies of Bureau of Internal Revenue (BIR) and Mines and Geosciences (MGB) reports to the*
2 *Department of Budget and Management (DBM) regarding their collections per Local Government Unit*
3 *(LGU) and per company to be made available to PH-EITI to be part of the next report:* The Secretariat
4 mentioned that certifications from BIR and MGB are already available and these will be included in the
5 next report.

6
7 3.3. For the information of the body, it was shared that the certifications include information such as
8 collections on a per company basis and the allocated shares of LGUs. Moreover, the recipient LGUs are
9 indicated in the certification including how the 40% share was computed.

10
11 3.4. In relation to this, the Secretariat also shared the results of the discussion with DBM. According to
12 the agency, there might be discrepancies between the certification of the collecting agencies and the
13 actual amount released to LGUs. This is because the amount that DBM releases actually depends on the
14 budget that is previously programmed. It was clarified that there will be instances wherein the amount
15 in the certification is higher or lower than the projected amount that was incorporated during budget
16 preparations.

17
18 In instances where the actual amount is higher than the budget, the Secretariat shared that according to
19 the DBM, they will make sure that the remaining amount will be released eventually to the LGUs.

20
21 3.5. *Addressing legal barriers to EITI implementation:* It was recalled that an MSG resolution supporting
22 the Tax Incentive Management and Transparency Act (TIMTA) bill has already been drafted. The
23 Secretariat also noted that there is no comment yet from the body, and that this matter is still pending.

24
25 3.6. *Secretariat's institutionalization:* The Secretariat reported that a proposal was already submitted to
26 Director Tan of the Department of Finance (DOF). The plan is to submit the proposal to DBM before the
27 incumbent DOF Secretary steps down.

28
29 3.7. It was shared that the proposed members of the Secretariat are the following: 1.) National
30 Coordinator who is at Director 3 level 2.) Division Chief 3.) Four Project Development Officers 4.) Two
31 job orders.

32
33 It was mentioned that the current salaries will be maintained. The implication is that the current staff of
34 the Secretariat will need to comply with civil service requirements. It was stated that the target is to
35 finalize the proposal next year.

36
37 3.8. *Draft EITI bill:* The Secretariat gave an update on the pending EITI bill proposed by Congressman
38 Padilla, which contains provisions on the creation of EITI. This item is part of the agenda of today's
39 meeting.

40
41 3.9. *Uploading of MGB documents:* The Secretariat gave an update that EMB will be able to provide the
42 complete set of Environment Impact Assessment (EIA) and Social Impact Assessment (SIA) of large-scale

1 operating metallic mines. The soft copies of the said documents will be given to the Secretariat in the
2 next few weeks. However, it was reported that there are still some Multi-partite Monitoring Team
3 (MMT) reports Social Development and Management Program (SDMP) documents from MGB regional
4 offices that are missing.

5

6 3.10. The MGB representative shared that a copy of the status of document scanning provided by the
7 Secretariat was given to the division in-charge. It was mentioned that their staff are constantly following
8 up with the regional offices that still need to submit reports.

9

10 3.11. The Secretariat asked if it is possible to have the complete set of documents by the end of
11 November 2015.

12

13 3.12. The MGB representative assures that they will try to pursue the deadline set by the MSG.

14

15 3.13. According to a representative of the CSOs, it will be acceptable not to have all the soft copies
16 within the deadline but as long as the hard copies are already with the Secretariat.

17

18 3.14. The MGB representative noted that some regions that were previously devastated by typhoons,
19 for example Region VIII, are having difficulty in retrieving copies of reports to submit to the central
20 office.

21

22 3.15. *BOI and BIR incentives*: The Secretariat mentioned that they are working on securing a copy of the
23 incentives report from the Committee on Ways and Means.

24

25 3.16. *Proposed amendment to the Local Government Code (LGC)*: It was stated that there were already
26 discussions with Director Bonagua of the Department of the Interior and Local Government
27 (DILG) regarding this matter. The Secretariat shared that the suggestion of Director Bonagua is to
28 commission a study that will look into the proposed amendments.

29

30 3.17. The Secretariat recalled that the MSG previously recommended that certain findings of the report
31 such as situs of taxation of the principle office and the host LGUs, be examined.

32

33 3.18. The industry representative suggested that the MSG first discuss points for the possible
34 amendments.

35

36 3.19. The Secretariat explained that the result of the study will first be presented to the MSG before
37 submitting the proposed amendments to the DILG.

38

39 3.20. An industry representative stated that since the MSG is already looking at amending the law, the
40 body should also look into laws that are relative to the National Commission on Indigenous Peoples
41 (NCIP).

42

1 3.21. The Chair noted that the MSG should first focus on the amendments to the LGC.
2

3 3.22. *Small-Scale Mining (SSM)*: The Secretariat recalled that the MSG agreed not to draft a reporting
4 template for small-scale mining operators. It was mentioned that a presentation on the results of the
5 scoping study on SSM will be given as part of the main business, to provide the MSG with a clear picture
6 of the sector.
7

8 3.23. *Presentation on shipment of gold*: There was an agreement that a representative from Lepanto
9 Consolidated Mining Company be asked to give a similar presentation that was given by Nickel Asia
10 Corporation. The Secretariat shared that representatives from Lepanto Mining will be joining today's
11 meeting to give the presentation.
12

13 3.24. *Summary of ore shipment*: It was noted that this item is still pending with the MGB. The Secretariat
14 asked if this information was already included in the reporting template of MGB.
15

16 3.25. The MGB representative said that data on ore shipment is incorporated in template under the item
17 on production and value from the regional offices.
18

19 3.26. The CSO representative asked if the MGB can be required to attach the Ore Transport Permit (OTP)
20 as the reference document for ore shipment.
21

22 3.27. The MGB representative explained that the first ore shipment is approved at the central office,
23 however, approval for succeeding shipments will come from the regional offices.
24

25 3.28. The CSO representative mentioned that the purpose of requesting the MGB to disclose the OTP is
26 that this will help assess how the government is auditing the inventory of minerals.
27

28 3.29. The industry representative mentioned that the OTP has nothing to do with the inventory of
29 minerals.
30

31 3.30. The Chair stated that there is a logistical issue in asking for a lot of documents, especially hard
32 copies. The MSG was reminded not to overwhelm the process with all the data requirements.
33

34 3.31. The CSO representative asked if the MGB representative can give a timeline in terms of mapping
35 the availability of documents.
36

37 3.32. The Chair noted that that the MGB representative should just let the MSG know what data is
38 available.
39

40 3.33. *BIR waiver*: The Secretariat reiterated that in the last MSG meeting, there was an agreement to not
41 allow further revisions on the waiver because this might encourage other companies to come up with
42 their own versions of the waiver. However, the Secretariat noted that the DOE representative during a

1 meeting discussed that some oil and gas companies are still requesting for a revision. At the same time,
2 it was mentioned that Semirara agreed to participate in the second report and submit their template
3 but will not sign the BIR waiver as it is currently written.
4

5 3.34. The Secretariat asked if the MSG thinks that the previous agreement is worth revisiting to
6 accommodate the requests of the companies. The Secretariat also mentioned that there are companies
7 like Philodrill Corporation who are willing to participate provided that the BIR waiver is further revised.
8

9 3.35. The Chair mentioned that they have a meeting with Semirara and that the body can decide how to
10 go about it after the meeting.
11

12 3.36. *Status and utilization of Malampaya Fund:* The Secretariat stated that the IA will give an update
13 during the meeting.
14

15 3.37. The Independent Administrator (IA) reported that they had a discussion with DBM, and that the
16 agency confirmed that they do monitor the release of funds to the agencies and the LGUs. The same
17 representative stated that a formal letter address to the Undersecretary of DBM is required in order to
18 access information relating to the Malampaya Fund.
19

20 3.38. The CSO representative inquired about the releases from the funds in 2012. The IA responded that
21 they have yet to get additional information on this.
22

23 3.39. *NCIP guidelines:* The Secretariat recalled that NCIP was asked to provide the MSG with a copy of
24 the guidelines stating that they are no longer collecting administrative costs as part of the stipulations in
25 the Memorandum of Agreement (MOA) between Indigenous Peoples's and the companies. The
26 Secretariat noted that this matter is still pending, but being followed up.
27

28 In addition, it was mentioned that the NCIP was also asked to submit an updated list of Ancestral
29 Domains with exact location.
30

31 3.40. The industry representative asked if the NCIP specifically confirmed that they are not collecting
32 administrative costs. The Secretariat confirmed that according to the NCIP representative who last
33 attended the MSG meeting, there is a new set of guidelines that prohibits the Commission from
34 collecting administrative costs.
35

36 3.41. The CSO representative raised that there are still MOAs that the NCIP has not yet provided. The
37 same representative asked what the next steps are in terms of acquiring copies of the MOAs in case the
38 NCIP will not provide these.
39

40 3.42. The Secretariat shared that based on their discussion with NCIP, the Commission is still in the
41 process of completing all the MOAs but they cannot commit that they can provide the complete set. In

1 fact, it was mentioned that NCIP is asking that the MSG assist in requesting copies of the MOA from the
2 companies.

3
4 3.43. The Chair asked how many existing MOAs are there. The Secretariat responded that based on the
5 first report, there are 28 ancestral domains.

6
7 3.44. The CSO representative suggested to have an assessment of NCIP governance if there are still
8 available funds. The same representative noted that NCIP is responsible for tracking the royalties and
9 making sure the IPs and companies are working together in accordance with their MOA.

10
11 3.45. The body agreed and the Chair noted that the MSG has resolved to assist NCIP in improving their
12 capacity and governance systems.

13
14 3.46. A DOF representative shared that they have a list of companies that are located in ancestral
15 domains. The said list will be shared to the MSG.

16
17 3.47. *Entrenching EITI reporting in existing systems*: It was recalled that the International Secretariat was
18 asking if the Philippines is interested in participating in a pilot study on how EITI reporting can be
19 entrenched in current government systems. If the MSG is interested, the Secretariat mentioned that a
20 scoping study will be conducted to examine the current status of data and what steps should be taken in
21 order to entrench the EITI reporting process.

22
23 3.48. The Secretariat was tasked last MSG meeting to inquire whether the government is doing similar
24 efforts. It was shared that the Philippine Statistical Authority (PSA) had initial discussion regarding this
25 but there is nothing final yet.

26
27 3.49. The Chair noted that there should be further coordination with the PSA with regard to this matter.

28
29 3.50. The Secretariat stated that the next step is to coordinate with PSA and to signify the country's
30 intent to participate in the pilot study.

31 32 **4. Presentation of small-scale mining scoping study**

33
34 4.1. The consultant hired to do the scoping study on small scale mining presented the results of the data
35 gathered (the presentation material is attached as Annex A).

36
37 4.2. The scoping study includes the contextual information, legal framework, preliminary initial findings,
38 and some recommendations. According to the consultant, the data presented can be used in
39 determining how EITI reporting can be done in the small-scale mining sector, if this sector is worth
40 including in the EITI report considering the availability and gaps on data.

1 4.3. According to the consultant research was done through survey questionnaires to LGUs, MGB and
2 Bangko Sentral ng Pilipinas (BSP). Key informant interview and FGDs were also conducted.
3

4 4.4. It was mentioned that the focus of the study will be on Benguet and Cotabato. The consultant
5 stated that making a profile for SSM in the Philippines depends on the cooperation of the LGU and the
6 MGB.
7

8 4.5. The consultant reported that the content of the legal and regulatory framework would be the
9 policies and conditions attached to permits and contracts including institutional arrangements,
10 monitoring environmental, health and social safeguards as well as jurisprudence.
11

12 4.6. The consultant noted that there are two subsisting laws governing SSM industry which are PD 1899
13 and RA 7076. It was pointed that these laws were called subsisting because there is no repeal of PD 1899
14 and that both laws are still valid.
15

16 4.7. EO 79 mandated the MGB to ensure that SSM activities are governed by RA 7076. The consultant
17 reiterated that in terms of the legal status of the laws, both PD 1899 and RA 7076 are valid and existing.
18 But in terms of implementing the two laws, there is a preference as mandated by the Executive
19 Department to implement RA 7076.
20

21 4.8. The consultant presented the comparison of the stipulations and requirements under PD 1899 and
22 RA 7076, as well as the efforts of the government to harmonize these two laws.
23

24 4.9. The consultant pointed out that under PD 1899, the permitting authority is the MGB Regional
25 Director. However, the Provincial or the City Mining Regulatory Bard is the permitting authority under
26 RA 7076.
27

28 4.10. In RA 7076, the consultant noted that one basis requirement is that SSM must only be done in
29 declared People’s Small-Scale Mining Areas or “*Minahang Bayan*”. It was mentioned that this
30 requirement was also reiterated in EO 79.
31

32 4.11. In terms of payment, the consultant shared that PD 1899 only includes income tax while RA 7076
33 includes excise tax as well. According to the consultant, the new Implementing Rules and Regulations
34 (IRR) of RA 7076 have increased the fees substantially.
35

36 4.12. It was shared to the body that another requirement under RA 7076 is the sale of gold to BSP. All
37 gold must be sold to the BSP or to its buying stations. It was mentioned that under the old IRR, MGB is
38 supposed to provide BSP with the list of small-scale mining areas.
39

40 4.13. The consultant shared that based on the LGU responses in their preliminary data gathering, the
41 distance or the accessibility of BSP buying stations prevents the small-scale miners to sell their gold to
42 BSP.

1 4.14. Another reason stated for not selling to BSP is that miners get cash payment from the illegal
2 market, while they would still need a bank account if they will sell their gold to BSP. In addition, it was
3 mentioned that there is a BIR regulation that imposes tax on the sale of gold. The regulation also
4 authorizes the BSP to collect the said tax.
5

6 4.15. The consultant then discussed the stipulations and requirements under EO 79. For the information
7 of the body, it was mentioned that EO 79 ensures that SSM activities comply with RA 7076 and the
8 Environmental Impact System (EIS).
9

10 It was reiterated that EO 79 mandates that only declared *Minahang Bayan* should have SSM activities.
11

12 4.16. The revisions in the implementing rules of RA 7076 were discussed including the increase in the
13 cost of application for permits and fees for SSM as well as other additional environmental requirements.
14

15 4.17. The consultant noted that even with the shorter process for *Minahang Bayan* regulation under the
16 old IRR, LGUs and MGB regional offices are already having difficulty to comply. But, the new IRR makes
17 the process longer and more stringent.
18

19 4.18. The consultant then discussed the key findings in Benguet and South Cotobato.
20

21 4.19. For the information of the body, the consultant stated that their deadline for submitting the final
22 scoping study is in the 1st week of December 2015.
23

24 4.20. The CSO representative inquired if it is possible to include information for Nueva Vizcaya province
25 since there are more than 10 thousand illegal small-scale miners in the area. It was mentioned that
26 there are also SSM in the tri-boundary of Isabela, Nueva Vizcaya and Ifugao.
27

28 4.21. The consultant responded that they will work with the said provinces and the respective MGB
29 regional offices.
30

31 4.22. An industry representative shared that based from the statistics of the MGB, the central bank used
32 to buy about PHP 30 Billion worth of gold from SSM operations. However, the central bank collection
33 now dropped to PHP 1 Billion. The same representative noted that this is a very serious problem.
34

35 4.23. A CSO representative suggested that the informal economy of SSM be captured in the scoping
36 study so that the MSG will have an idea how much goes to the “black market.”
37

38 4.24. One MSG member inquired on the possibility of incorporating the small-scale mining at the
39 subnational EITI framework.
40

41 4.25. The consultant recalled that in the subnational study conducted last year, the PMRB was
42 recommended as one of the institutional mechanism for the subnational implementation.

1 4.26. A representative shared that during the LGU roadshow in Davao, the regional office was able to
2 present a visual account of existing mining tunnels in Compostella Valley. The same representative
3 asked if the regional offices covering Benguet and South Cotabato was able to do a similar map.
4

5 4.27. According to the consultant, this is one of the items that are being requested from the MGB
6 central office. It was mentioned that last year, MGB central office tasked the regional offices to do an
7 inventory of SSM activities.
8

9 4.28. The DOF representative asked if it is possible to include in the scoping study the international
10 practices for selling SSM gold since the Philippines is the only country that requires the sale of gold to
11 the central bank.
12

13 4.29. In addition, the CSO representative asked if the consultant can include a discussion on the flow of
14 the gold from the black market like information on how much gold stays in the local market and how
15 much is transported outside the country and where.
16

17 4.30. The consultant stated that a discussion on the state of the policies as well as on the monitoring of
18 the SSM regulations will be part of the scoping study. There will be an extensive discussion on the legal
19 framework as well as an analysis of the legal and regulatory constraints. However, it was mentioned that
20 the comparative country experience on the sale of gold to central authorities as well as the flow of gold
21 from the black market are not part of the scope of work of the consultants.
22

23 **5. Presentation on procedure for gold shipment**

24

25 5.1. Representatives from Lepanto Consolidated Mining Company discussed the shipment and sales
26 process for gold bullion (the presentation material is attached as Annex B).
27

28 5.2. A brief background on the company was given, then the process flow for sale and transfer of gold
29 bullions was explained.
30

31 5.3. According to the representative from Lepanto, they are the primary producer of gold in Benguet
32 since the 1960s. It was mentioned that Lepanto exports their gold products to a refiner based in Hong
33 Kong.
34

35 5.4. The shipment process was explained step by step, from shipment preparation to sales process and
36 recording. Sample documents and forms used were also shown.
37

38 5.5. The representative from Lepanto explained that the first phase of the process is the shipment
39 preparation. It was mentioned that the gold are transported by a company plane from Benguet to the
40 Ninoy Aquino International Airport (NAIA) where the shipment will be received by armored security
41 personnel.

1 The export officer is responsible for preparing the documents such as provisional sales invoice,
2 statement of bullion, packing list and the export declaration.
3
4 5.6. According to the Lepanto representative, a copy of the BOI certification will be provided to the
5 forwarder. The export officer will also inform the forwarder regarding the quantity and the actual weigh
6 of the cargo for airway bill preparation.
7
8 5.7. The second phase is the actual shipment wherein the export officer will sign the acknowledgement
9 receipt and the trip ticket as well as monitor the departure of aircraft.
10
11 5.8. Following this phase is the sales process. The representative from Lepanto stated that the metal
12 contents of the cargo is based on the company's assay while the metal prices will be identified using the
13 London Bullion Market Association fixing price.
14
15 5.9. Within 2 working days, the buyer will pay 98% of the estimated returnable gold and silver contents
16 net or refiners fee which is evidenced by a credit memo.
17
18 5.10. After the 2 weeks from the shipment date, the buyer will determine the final assay subject to
19 acceptance by Lepanto. In case there is a disagreement in the assay results, an umpire will identify the
20 final assay. The buyer will then pay the remaining balance which is either higher or lower than 2%.
21
22 In case an overpayment is made, the cost will be deducted to the subsequent shipments.
23
24 5.11. According to the representative of Lepanto, the final phase is the compliance with reportorial
25 requirements. The company will pay excise tax after the recording of sales. The representative noted
26 that excise tax payment is being done quarterly.
27
28 It was shared that the company gets a certification from the Land Bank as evidence for paying excise tax.
29
30 5.12. It was mentioned that the company will then submit necessary documents to MGB, BIR and
31 Securities and Exchange Commission (SEC).
32
33 5.13. The representative stated that they submit their official register book to the BIR stating the metal
34 contents sold and the excise tax paid by the company. The company also submits monthly and annual
35 reports to MGB and SEC.
36
37 5.14. The CSO representative inquired if the MGB is validating the assay. One representative of Lepanto
38 responded that MGB does not validate the assay, and that they only rely on the report of the company.
39
40 5.15. It was recalled that during the presentation on nickel ore shipment, it was mentioned that MGB
41 has a role in validating the weight and other information. The Secretariat asked the MGB representative
42 to clarify why the same process is not being followed for gold shipment.

1 5.16. The MGB representative explained that they only conduct validation on direct shipping ore
2 meaning no processing is involved.

3
4 5.17. A member of the MSG inquired whether assay results of exported gold can be disclosed. The
5 representative of Lepanto explained that assay results are public documents.

6
7 5.18. A CSO representative asked if Lepanto company acquires OTP. According to the representative of
8 Lepanto, they do not have OTP since their cargo is processed gold and not gold ore.

9
10 5.19. The MGB representative asked where the assay reports are attached. The same representative
11 from Lepanto clarified that the assay results are reflected in the invoice.

12
13 5.20. The representative of the CSO inquired whether the company submits the assay results to the
14 government in order to get export permit.

15
16 The representative from Lepanto stated that they do not get export permit. All the documents that were
17 presented are the only documents that were submitted to the MGB.

18
19 5.21. The same CSO representative asked if all the documents that were presented by Lepanto can be
20 made available by the MGB.

21
22 5.22. The MGB representative stated that Lepanto does not submit the assay reports to MGB. This was
23 confirmed by the representative of company. The company only submits monthly production report and
24 integrated annual report to MGB.

25
26 5.23. The CSO representative asked if the gold is being sold to the central bank. An industry
27 representative responded that companies do not sell to BSP because of high refinery fees.

28
29 5.24. One member of the MSG suggested that a letter be sent to BSP asking them to present or share
30 their gold buying policy.

31
32 The body agreed.

33
34 **6. Presentation of initial findings for the second report**

35
36 6.1. The IA gave a progress update on the contextual information as well as on the submission of
37 reporting templates (the presentation material is attached as Annex C).

38
39 6.2. It was reported that as of September 28, 2015 the IA has received 29 templates out of 45 companies
40 who have confirmed their participation.

41

1 6.3. To give an overview of the representation of confirmed participants, the IA stated that confirmed
2 mining entities covers 98% of the total sales revenue while confirmed oil and gas companies account for
3 92% of the total sales revenue. For Coal, it was noted that Semirara Mining Company has not submitted
4 their template yet.
5

6 6.4. For the reporting templates of government agencies, the IA reported that the templates for large
7 taxpayers have been submitted to them, but they are still waiting for the templates of the non- large
8 taxpayers.
9

10 6.5. According to the IA, they already received the reporting templates of BOC and PPA and that
11 reconciliation process is already on-going for these agencies.
12

13 6.6. For MGB, the IA noted that they are still waiting for details on EPEP and the template in excel
14 format. It was highlighted that one MGB regional office will not be submitting any data since the
15 documents were destroyed by the typhoon. The IA stated that this will be mentioned in the report.
16

17 6.7. The IA reported that there are 24 LGUs who have not yet submitted their templates. The same
18 representative shared that the NCIP reporting template is still for finalization while DBM has not
19 submitted yet.
20

21 6.8. A CSO representative asked the IA if the companies as well as government agencies are giving
22 complete information in the reporting templates, meaning all sections and items were filled-up.
23

24 The IA confirmed that the participating entities are providing complete information.
25

26 6.9. The Secretariat shared that they asked for the assistance of BLGF in following up the template from
27 the 99 targeted LGUs. In relation to this, the IA was asked to report the exact number of LGUs that have
28 already submitted their templates.
29

30 6.10. With regard to the results of initial reconciliation procedure, the IA reported that there is a 25%
31 variance which is mainly related to the PHP 1 Billion penalty of Philex Mining Corporation paid in 2013.
32 The IA noted that this penalty is currently not presented in the MGB template.
33

34 6.11. The IA suggested that the item on the penalty payment of Philex be separated from other fees and
35 payments.
36

37 6.12. The CSO representative agreed to the suggestion of the IA and explained that there should be a
38 distinction between revenue and penalties. Moreover, it was mentioned that in the first report, a
39 portion of the PHP 6 Billion reported total revenue of the government actually came from withholding
40 taxes of the companies. The same representative stressed that these types of taxes and payments
41 should also be distinguished from the report.
42

1 The body agreed.
2
3 6.13. According to the IA, only 0.49% variance was noted for the oil and gas sector. The variance is
4 mainly due to the difference in the timing of recording by the companies and government agencies.
5
6 6.14. For the contextual information, the IA reiterated that they were able to confirm with DBM that
7 they do monitor the release of Malampaya Funds to agencies and LGUs.
8
9 6.15. The IA representative reported that they obtained initial information from the MGB and DOE
10 regarding licenses. The suggested approach is to have a signed memo from the government agencies
11 certifying the compliance of the entities with the financial and technical requirements.
12
13 6.16. To provide a context, the Secretariat stated one of the gaps that was identified during the pre-
14 validation workshop is on licenses. The International Secretariat wanted to see a categorical statement
15 that the licensing procedures have been followed for each and every license that was issued by MGB
16 and DOE.
17
18 However, since the process of making declaration for each permit granted will be tedious, the
19 suggestion last MSG meeting was to get certification from MGB and DOE that the licensing procedure
20 has been observed and complied with.
21
22 6.17. ACSO representative mentioned that the MSG needs to understand first the intent of the
23 International Secretariat in asking for a categorical statement that the licensing procedure has been
24 followed. The same representative suggested that the MSG ask for clarification from the International
25 Secretariat.
26
27 6.18. Moving to another item, the IA stated that they have received 14 templates from small-scale coal
28 operators out of 34 operations.
29
30 6.19. The IA pointed out that they commence their work on July 15, 2015 which is a much later date
31 compared to last year. The IA then asked for the final dates on when the templates from government
32 agencies will be submitted so that they can finalize the reconciliation process.
33
34 6.20. The IA reported that based on the revised materiality computation, real property tax and custom
35 duties were added to the list of material revenues that was presented last MSG meeting. It was also
36 noted that as agreed earlier, penalties will be separated from the revenue streams.
37
38 6.21. A CSO representative recommended that the revenue that goes to the IPs should also be
39 separated from the revenues that go to the government.
40
41 6.22. The IA gave the following updates:
42

- 1 • Still awaiting for 16 entities to submit their reporting template
- 2 • 5 mining entities and 6 oil and gas companies declined to participate

3
4 6.23. A CSO representative suggested to include in the contextualization why some companies did not
5 operate in 2013.

6
7 6.24. The Secretariat clarified that based on the materiality threshold applied, there are 21 material
8 mining companies. It was mentioned that from the list of mining companies that have not yet submitted
9 their template, only 5 are material companies. The Secretariat recalled that the approach that was
10 suggested by the IA during the last MSG meeting is that percentage coverage will only refer to the
11 material companies.

12
13 6.25. According to the Secretariat, since templates were already submitted to non-material companies,
14 those who will submit their data will still be included in the report. However, if non-material companies
15 do not submit, it will no longer be considered as non-submission because it will affect the percentage
16 covered for revenues and percentage of participating companies.

17
18 6.26. An industry representative agreed and stated that if the materiality threshold is applied, it is not
19 mandatory for the non-material companies to report.

20
21 The body agreed that participating companies will only refer to those that are material.

22
23 6.27. In the next presentation of the IA, the Secretariat asked that a discussion on the flow of payment
24 from the SOEs to government and to its contractors be included.

25
26 6.28. In relation to SOEs, the IA reported that based on the latest financial statement, they have
27 identified that PMDC has a loan transaction with National Development Company (NDC).

28 29 **7. Padilla bill (creating EITI) and draft EITI bill**

30
31 7.1 The Secretariat mentioned that the draft bill institutionalizing PH-EITI was circulated, but there is no
32 agreement on the terms of participation of companies yet. The Secretariat recalled the discussion if
33 participation should be mandatory and if so what sanctions will be imposed, and who will enforce
34 sanctions.

35
36 7.2. It is agreed by the body that an EITI bill should be a long term output.

37
38 7.3. The Secretariat shared that Congressman Padilla drafted a bill which contains provisions on the
39 creation of EITI. It was mentioned that some of the provisions in the bill are based on EO 147.

40
41 7.4 The Secretariat stated that the following provisions in Cong. Padilla's bill are different from what was
42 stated in EO 147:

- 1 • Section 18: states that the creation of PH-EITI office is under the office of the President
- 2 • In terms of funding, it is provided in the Cong. Padilla’s bill that the Congress shall allocate
- 3 funding for EITI implementation.
- 4 • Section 20: this section expands the scope of the authority of PH-EITI because it allows EITI to
- 5 monitor payments and have the power to make sure companies are paying properly.
- 6 • Section 21: states that EITI is exempted from confidentiality clauses.
- 7 • Section 23: states that penalties can be imposed on non-participating companies.

8
9 7.5. The Secretariat reported that this bill is currently being discussed in Congress.

10
11 7.6. Since Cong. Padilla’s bill is on fiscal sharing scheme, the Chair asked if it is possible to for each

12 sectors to only comment on the EITI provisions in the bill.

13
14 7.7. An industry representative stated that they will not be able to support the said bill since they do not

15 agree with the proposed revenue sharing. The same representative pointed out the EITI is important

16 enough to have a separate bill.

17
18 7.8. The CSO representative stated that the question is whether or not the MSG supports the

19 institutionalization of the EITI.

20
21 7.9. Another representative of the industry sector stated that they would want to actively promote EITI

22 and that they will gladly push for EITI legislation. However, they will not be able to support EITI

23 legislation if this is incorporated in a bill on fiscal sharing scheme.

24
25 7.10. The Chair reiterated that the position of the MSG is to have a separate bill on EITI. It was

26 mentioned that there needs to be a draft bill which the MSG members can discuss.

27
28 The members of the MSG all agreed to support a separate EITI legislation.

29
30 7.11. The CSO proposed that the draft bill should be in the agenda for the next meeting for finalization.

31 32 **8. Other matters**

33
34 8.1. *MDTF Grant*: The Secretariat informed the MSG that USAID will be giving USD600, 000. Part of the

35 grant will be given to Banatay Kita. Based on the draft workplan, more than 50% of the grant will be

36 administered by Bantay Kita while the remaining portion will be administered by PH-EITI. The EITI

37 component of the grant will refer to the following:

- 38 • creation of contracts and maps portal
- 39 • development of monitoring tools for MGB specifically on the social, environmental, and
- 40 rehabilitation funds
- 41 • monitoring tools for NCIP as well as capacity building activities for NCIP regional directors

1 8.2. The CSO representative mentioned that for the grant of Bantay Kita, the objective is to make sure
2 that the MMTs, PMRBs and MRCFs are operational and also make sure that the CSOs are represented.

3
4 The same representative stated that another objective is to organize the IPs and build their capacity to
5 be able to participate in the EITI.

6
7 8.3. *NCIP Forum*: The Secretariat shared that a forum will be held with NCIP regional directors on
8 October 6 wherein the results of the report as well as improvements in the monitoring systems of NCIP
9 will be discussed.

10
11 The Secretariat also shared that on October 7, a forum for IPs will be conducted. The objective of this is
12 to hear the processes of collecting of royalties.

13
14 8.4. *EITI Global Conference*: The Secretariat stated that the EITI Global Conference in Lima Peru is
15 scheduled on February 24-25, 2016. It was mentioned that the International Secretariat is requiring the
16 MSG to submit the names of their nominees that the International Secretariat will be sponsoring. The
17 deadline of submission is on October 21, 2105. According to the Secretariat, the International
18 Secretariat will sponsor 4 MSG members, 1 from each sector and 1 from the Secretariat.

19
20 8.5. The MSG agreed to raise funds to be able to send more delegates.

21
22 8.6. *Financial Report*. The secretariat reported that from the approved government budget of PHP 6.5
23 million, PHP 2.7 million has been used while PHP 1.9 Million is already obligated. It was mentioned that
24 the CIDA grant was mostly spent on information materials.

25
26 As for the MDTF, the actual expenditure is only PHP 8.1 million but a total of PHP 21 million is already
27 obligated.

28
29 **ADJOURNMENT**

30
31 There being no other matters to discuss, the meeting was adjourned at 11:50AM.



VISION AND MISSION



To be a global Filipino Mining company by attaining world-class capabilities and becoming a corporate model in the fulfillment of social responsibilities.

We shall turn this vision into reality through the efforts of highly motivated committed and competent employees who:

- Continually explore and develop ore reserves
- Optimize metal production through cost-efficient operations
- Maintain outstanding safety records and ensure responsible environmental stewardship
- Foster mutually beneficial partnerships with host communities; and
- Exhibit initiative and decisiveness

We in Lepanto are determined to enhance shareholders' investment through the pursuit of excellence.


FELIPE U. YAP
Chairman and
Chief Executive Officer

Revision:00





ENVIRONMENTAL POLICY



We commit to become a model of a socially responsible mining organization through the effective implementation of our environmental standards, procedures and programs.

We commit to enhance our environment, minimize the impact of our operations thereon and continually improve our environmental management system performance by:

- Ensuring compliance with all applicable legal requirements, industry standards and other requisites
- Promoting environmental management system awareness among our employees, suppliers, contractors, host community and business partners through an effective information dissemination drive
- Fostering sustainable and responsible use of resources, effective waste management and pollution control; and
- Enhancing the organizational capabilities and employees' competencies towards environmentally responsible and efficient operations



We further commit to consistently implement, measure, monitor and review our environmental programs and performance to achieve the foregoing objectives.

This Policy has been disseminated to all employees in order to instill in them a commitment to environmental stewardship and accountability.

Revision:00


BRYAN U. YAP
President and
Chief Operating Officer



Lepanto Consolidated Mining Company



Gold Bullion Shipment and Sales Process

October 2015

Gold Bullion Shipment and Sales Process



Shipment
Preparation

Actual Shipment

Sales Process/
Recording

Compliance with
Reportorial
Requirements

GOLD BULLION SHIPMENT AND SALES PROCESS

I. Shipment Preparation

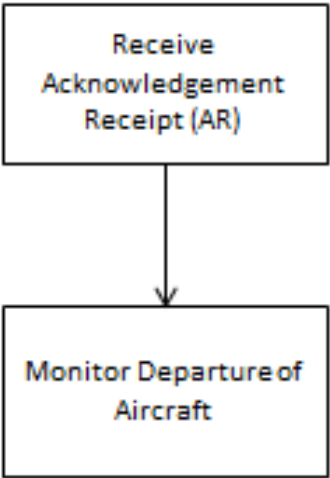
Process	Description	Responsibility	Documentation	Document Distribution
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Receive Incoming Shipment Notification</div> <div style="text-align: center; margin: 5px 0;">↓</div>	<ul style="list-style-type: none"> - Notify the forwarder for Airline Booking. 24hrs. - Engage the Armored Security Service regarding the security and the pick up of the cargo - Confirm the booking with the forwarder via email - Send advance documents to forwarder for BOC. - Send advance documents to customer for payment preparation. - Confirm receipts of documents. To ensure completeness of documents prior to the arrival of plane 	Export Officer		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Booking Confirmation</div> <div style="text-align: center; margin: 5px 0;">↓</div>		Export Officer	- email	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Prepare Export Documents</div> <div style="text-align: center; margin: 5px 0;">↓</div>		Export Officer	<ul style="list-style-type: none"> - Sales Invoice Provisional - Statement of Bullion - Packing List - Export Declaration 	<ul style="list-style-type: none"> Forwarder/Customer Forwarder/Customer Forwarder/Customer Forwarder/Customer
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Confirm Receipts of Documents to the forwarder</div> <div style="text-align: center; margin: 5px 0;">↓</div>		Export Officer	- BOI Certification for BOC 1	Forwarder

A

A

Process	Description	Responsibility	Documentation	Document Distribution
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Arrival of Company Plane</div>	<ul style="list-style-type: none"> - Check the cargo and turnover to Armored Security Service 	Export Officer	<ul style="list-style-type: none"> - Gold Bullion Delivery Receipts 2 	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Transfer to MIASCOR</div>	<ul style="list-style-type: none"> - Armored Security Service will weigh the cargo and reload to the Armored truck after weigh in - Result of weigh in will be escalated to Export Officer via phone call prior to reloading to truck 	Armored Security Service	<ul style="list-style-type: none"> -Weigh in tape receipt 	Export Officer
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Notify the forwarder / Prepare the Airway Bill</div>	<ul style="list-style-type: none"> - Call the Forwarder regarding the actual quantity and weight of the cargo for Airway Bill preparation 	Export Officer		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Process Airway Bill</div>	<ul style="list-style-type: none"> - Waiting time approximates 1 hour 	Forwarder	<ul style="list-style-type: none"> - Airway Bill 	Export Officer/Customer Airline
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Load and Seal the Cargo</div>	<ul style="list-style-type: none"> - Upon receipt of processed document from the forwarder, the Armored Security Service personnel will load and seal the cargo 	Armored Security Service		

II. Actual Shipment

Process	Description	Responsibility	Documentation	Document Distribution
 <pre>graph TD; A[Receive Acknowledgement Receipt (AR)] --> B[Monitor Departure of Aircraft];</pre>	<p>- The company representative will sign the AR and the trip ticket</p> <p>- Maintain atleast 30 minutes presence after the plane is airborne</p>	<p>Export Officer</p> <p>Export Officer</p>	<p>- Acknowledgement Receipt</p> <p>- Trip Ticket</p>	

III. Sales Process

Process	Description	Responsibility	Documentation	Document Distribution	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; text-align: center;">Record Sales</div> <div style="text-align: center; margin-bottom: 10px;">↓</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Collection of Payment</div>	<p>- A. Upon Shipment (Estimate)</p> <ul style="list-style-type: none"> - Metal prices for the day @ LBMA - Foreign Exchange @ PDEX - Metal contents @ seller's assay 	Accounting In Charge	- Provisional Invoice ¹	Accounting Treasury Client	
	<p>- B. Final (Settlement Adjustment)</p> <ul style="list-style-type: none"> - Metal prices for the day @ LBMA - Foreign exchange @ PDEX - Metal contents @ buyer's assay acceptable to seller or based on umpire in case of disagreement 	Accounting In Charge	- Sales Invoice Final ²	Accounting Treasury Client	
	<p>- A. Provisional Payment</p> <p>98% of estimated returnable gold and silver contents, net of smelting and treatment charges</p>	Accounting In Charge	- Credit Memo from the Bank ¹	Accounting	
	<p>- B. Balance Payment</p> <p>remaining balance shall be paid after determining the final assayed gold and silver contents of refined materials.</p>	Accounting In Charge	- Credit Memo from the Bank ²	Accounting	

IV. Compliance with Reportorial Requirements

Process	Description	Responsibility	Documentation	Document Distribution
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px; text-align: center;"> Filling and Payment of Excise Tax </div> <div style="text-align: center;">↓</div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Compliance with MGB and BIR </div>	<ul style="list-style-type: none"> - Being done quarterly - submit necessary documents to MGB, BIR and SEC 	Accounting In Charge	<ul style="list-style-type: none"> - MGB form 29-1 and 29-2 (Monthly) - MGB Form 29-16 (Annual) - Official Registry Book - Annual report 	

Appln. No.: 2015-C089

RMO 9-2000/BOIS Certificate No. 2015-044
Date Filed: January 20, 2015
OR No. 131100

CERTIFICATION

This is to certify that **LEPANTO CONSOLIDATED MINING CO.** is registered with the Board of Investments (BOI) pursuant to Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, with the following data:

Reg'n. No./Date Reg'd/Law	Reg'd Product	Type/Status of Reg'n
EP2004-001/5 Jan 2004/EO 226	Gold Bullion	New Export Producer / Non-Pioneer
2006-144/21 Nov 2006/EO 226	Copper, Gold, Silver	New Export Producer / Non-Pioneer
EP96-334/14 Jan 1997/EO 226	Gold Bullion	New Export Producer / Non-Pioneer

Information is hereby given that the firm exported 100% of its total sales volume/value for the **calendar year covering January 01 to December 31, 2014** based on the attached documents (Annexes B & C) submitted to the BOI, summarized as follows:

TIN/VAT Registration No.	000-160-247-000	
Total Sales Volume/Value *		
- Gold	24,746,965 ozs.	US\$31,405,001.26
- Silver	42,485,931 ozs.	US\$805,972.38
Total Export Sales Volume/Value		
- Gold	24,746,965 ozs.	US\$31,405,001.26
- Silver	42,485,931 ozs.	US\$805,972.38
Direct Export Volume/Value		
- Gold	24,746,965 ozs.	US\$31,405,001.26
- Silver	42,485,931 ozs.	US\$805,972.38
Indirect Export Volume/Value	None	
Constructive Export Volume/Value	None	
% of Export to Total Sales	100%	
Period Covered	January 01 to December 31, 2014	

*subject to post-audit in case of computational discrepancy

It is understood that based on the affidavit executed by **LEPANTO CONSOLIDATED MINING CO.**, attached as Annex "A", all information provided herein are true and correct, and any misrepresentation shall be a ground for cancellation of BOI registration without prejudice to the institution of criminal and civil actions that may be warranted under the premises.

Lepanto Consolidated Mining Co.
Cert. Under RMO 9-2000 2015-044
Page 2

This Certification is issued pursuant to the Guidelines on the issuance of BOI Certification per Revenue Memorandum Order No. 9-2000 entitled "Tax Treatment of Sales of Goods, Properties and Services made by VAT-registered Suppliers to BOI-registered Manufacturers-Exporters with 100% Export Sales" dated February 02, 2000.

This Certification is valid from **January 01 to December 31, 2015** unless sooner revoked by the BOI Governing Board for any or all of the following grounds: (a) Failure of the herein registered enterprise to comply with any of its BOI registration terms, commitments, and conditions; (b) Failure to export 100% in any of the instances set forth in Section 2 of RMO No. 9-2000; (c) Submission of fraudulent documents and; (d) Failure to submit audited financial statements, annual income tax return and annual report on actual operations and semestral reports for the year 2014 to the Supervision and Monitoring Service.

Since the firm's accounting reporting period ends every 31st day of December, its succeeding applications should be filed within fifteen (15) days from the end of the said calendar year period in order that BOI certification to be issued shall be valid for a period of one (1) year effective from the date of the start of the new calendar year.

This Certification is issued in accordance to Section 3.3 of subject RMO 9-2000, on this 10th day of February 2015 at Makati City, Philippines, upon the request of **LEPANTO CONSOLIDATED MINING CO.**, subject to the foregoing conditions.

EFREN V. LEAÑO
EFREN V. LEAÑO
Executive Director
Management Services Group



- With Enclosures:
- Letter Request
 - Affidavit (Annex A)
 - Sales Performance (Annex B)
 - Detailed Schedule of Export Sales (Annex C)
 - Bank certifications

cc: Firm/BOI-Records/Incentives Service

EFARRC

LEPANTO MINE DIVISION
Lepanto Consolidated Mining Company
Lepanto, Benguet Province

GBBDR NO. 2015-834A

DATE: April 21, 2015

GOLD BULLION BAR DELIVERY RECEIPT

DELIVER TO: BRYAN U. YAP	ADDRESS: L.C.M.Co.-HEAD OFFICE Makati City
FROM : T. S. CONSOLACION /C. S. PASCUA	ADDRESS: LEPANTO MINE DIVISION Lepanto, Benguet Province
ITEM DESCRIPTION	

BOX NO.	BULLION BAR NO.	WEIGHT IN KGS.	ASSAYS		METAL CONTENTS	
			% GOLD	% SILVER	Au OUNCES	Ag OUNCES
3479	V-3582	22.771	25.523	22.103	186.855	161.817
3480	V-3583	20.808	17.827	41.716	119.261	279.077
3481	V-3584	20.915	20.179	16.973	135.690	114.132
TOTAL		64.494			441.806	555.026

Bar shall weigh no more than 25kgs

TWO (2) BOXES (WITH NOS. 3480 TO 3481) CONTAINING TWO (2) GOLD BULLION BARS)
WITH NOS. V-3583 TO V-3584)

RECEIVED THE ABOVE STATED GOLD BAR/BARS FROM LEPANTO MINE DIVISION			
AT LEPANTO - LMD:		AT MAKATI OFFICE:	
CAPT. FELIPE SAYAMAN	April 21, 2015		
Authorized Signature Over Printed Name	D A T E	Authorized Signature Over Printed Name	D A T E
SHIPMENT TO MAKATI HEAD OFFICE			
AUTHORIZED & APPROVED BY:		CHECKED & RELEASED BY:	
T. S. CONSOLACION	April 21, 2015	C. S. PASCUA	April 21, 2015
VP/Resident Manager	D A T E	Finance Manager	D A T E



(Zero Rated Sales)



LEPANTO CONSOLIDATED MINING COMPANY

LEPANTO BLDG., 8747 PASEO DE ROXAS, 1226 MAKATI CITY, PHILIPPINES
Tel. No. 63 (2) 815-9447; Fax Nos. 63 (2) 810-5583 / 63 (2) 812-0451
E-mail: mail.lepantomining.com
VAT Reg. TIN: 000-160-247-000

PROVISIONAL INVOICE

April 21, 2015

HERAEUS LIMITED		Date:	Shipment 12-15
Sold to:	30 On Chuen Street	Reference No.	21 April 2015
TIN:		Date Shipped / Sold:	
Address:	On Lok Tsuen, Fanling, N. T.	Terms:	
Business Style:		OSCA/PWD ID No.:	
		SC/PWD Signature:	
NAIA, Phils.	Hong Kong	Cathay Pacific Air Lines	
Shipped from:	Destination:	Vessel / Aircraft:	

64.494 kilograms of Gold Bullion Bar with estimated metal contents as follows: (see attached Statement of Gold Bullion Shipment)

Metal Prices for the day @ LBMA

Gold	-	441.806 ozs.	x	\$1,196.500	=	USD	\$528,620.88	
Silver	-	555.026 ozs.	x	\$16.0900	=		\$8,930.37	
							\$537,551.25	
Less: Estimated Refining Charges								
64.494 kgs. -x \$29.00							=	1,870.33
TOTAL CIF VALUE							USD	\$535,680.92

Metal contents @ seller's assay

Note : Above figures are estimates pending receipts of Final Settlement Sheet from **Heraeus Limited**

Approved By:

RAINIER V. IBARROLA

MA LOURDES B. TUASON
VP-TREASURER

5 bkts. 50x4, 0001 - 0250 Stanley Printing Co. 13 Basa St., Q.C.
BIR ATP No. 8AU0000232277 VAT Reg. TIN: 000-366-817-000
Date issued: 8/13/13 Printers Accreditation No. PROVANO02881
Valid until: 8/12/18 Date issued: 2/20/13

INVOICE NO.

0120

THIS INVOICE SHALL BE VALID FOR 5 YRS. FROM DATE OF ATP

ACCOUNTING

Historical London Fix Prices - 2015

-- Please Select Another Year --

Date	Gold		Silver	Platinum	
	AM	PM	-	AM	PM
2015-04-24	1192.15	1183.00	15.8300	1134.00	1128.00
2015-04-23	1187.75	1185.75	15.8600	1130.00	1129.00
2015-04-22	1202.40	1189.25	16.0500	1140.00	1138.00
2015-04-21	1197.70	1195.30	16.0800	1150.00	1152.00
2015-04-20	1203.25	1196.50	16.0900	1167.00	1150.00
2015-04-17	1204.55	1203.35	16.3600	1164.00	1161.00
2015-04-16	1204.60	1204.35	16.4700	1166.00	1167.00
2015-04-15	1189.85	1192.90	16.1800	1147.00	1148.00
2015-04-14	1191.45	1194.75	16.0800	1147.00	1147.00
2015-04-13	1197.85	1198.90	16.2700	1157.00	1154.00
2015-04-10	1201.90	1207.35	16.5500	1167.00	1171.00
2015-04-09	1196.00	1194.80	16.3000	1160.00	1162.00
2015-04-08	1211.10	1207.25	16.8400	1172.00	1169.00
2015-04-07	1208.50	1211.00	16.8600	1167.00	1167.00



LEPANTO CONSOLIDATED MINING COMPANY

LEPANTO BLDG., 8747 PASEO DE ROXAS, 1226 MAKATI CITY, PHILIPPINES
Tel. No. 63 (2) 815-9447; Fax Nos. 63 (2) 810-5583 / 63 (2) 812-0451

E-mail: mail.lepantomining.com

Reg. TIN: 000-160-247-000

(Zero Rated Sales)

Heraeus Limited

SALES INVOICE 29 May 2015

Shipment 12-15

Sold to:	30 On Chuen Street	Date:	21 April 2015
TIN:	On Lok Tsuen, Fanling, N. T.	Reference No.	
Address:	Hong Kong, PR China	Date Shipped / Sold:	
Business Style:		Terms:	
		OSCA/PWD ID No.:	
		SC/PWD Company:	Cambay Pacific Air Lines
Shipped from:	Destination:	Vessel / Aircraft:	

64.494 kilograms of Gold Bullion Bars with metal contents as follows:

Gold	-	432.970 ozs.	x	\$1,195.300	=	\$517,529.04
Silver	-	543.925 ozs.	x	\$16.080	=	\$8,746.31
Less: Refining Charges						
		64.494 kgs	x	\$29.00	=	\$1,870.33
PROVISIONAL						
					=	US \$ 524,405.02
Gold	-	17.523 ozs.	x	\$1,191.400	=	\$20,876.90
Silver	-	-22.222 ozs.	x	\$16.67	=	-\$370.44
BALANCE						
					=	US \$ 20,506.46
TOTAL						
					=	US \$ 544,911.48

Settlement adjustment

			Total Sales (VAT Inclusive)	US \$	544,911.48
			Less: VAT		0
			VAT-Exempt Sales		0
			Less: SC/PWD Discount		0
Zero Rated Sales	US \$	544,911.48	Amount Due	\$	544,911.48
VAT-Amount			Add: Vat		0
			TOTAL AMOUNT DUE	US \$	544,911.48

R. IBARROLA

MA. LOURDES B. TUASON
Vice President - Treasurer

15 bkts. 50x4, 6751 - 7500 Stanley Printing Co. 13 Basa St., Q.C.
BIR ATP No. 8AU0000230418 VAT Reg. TIN: 000-366-817-000
Date issued: 8/7/13 Printers Accreditation No. PROVAN002881
Valid until: 8/6/18 Date issued: 2/20/13

INVOICE NO.

7106

THIS INVOICE SHALL BE VALID FOR 5 YRS. FROM DATE OF ATP

ACCOUNTING

Historical London Fix Prices - 2015

-- Please Select Another Year --

Date	Gold		Silver	Platinum	
	AM	PM	-	AM	PM
2015-04-24	1192.15	1183.00	15.8300	1134.00	1128.00
2015-04-23	1187.75	1185.75	15.8600	1130.00	1129.00
2015-04-22	1202.40	1189.25	16.0500	1140.00	1138.00
2015-04-21	1197.70	1195.30	16.0800	1150.00	1152.00
2015-04-20	1203.25	1196.50	16.0900	1167.00	1150.00
2015-06-03	1186.60	1190.00	16.6000	1111.00	1109.00
2015-06-02	1188.75	1192.80	16.7000	1105.00	1105.00
2015-06-01	1187.30	1199.90	16.6100	1107.00	1109.00
2015-05-29	1190.40	1191.40	16.6700	1114.00	-
2015-05-28	1189.45	1185.00	16.6800	1124.00	1115.00
2015-05-27	1187.85	1185.85	16.6600	1128.00	1122.00
2015-05-26	1194.00	1185.40	16.7900	1135.00	1127.00



EXPORT DECLARATION

2 Exporter / Supplier: Address LEPANTO CONSOLIDATED MINING COMPANY 20/F BA-LEPANTO BUILDING, 8747 PASEO DE ROXAS 1226 CITY OF MAKATI, PHILIPPINES <input checked="" type="checkbox"/> BCI <input type="checkbox"/> PEZA <input type="checkbox"/> Clark <input type="checkbox"/> Subic <input type="checkbox"/> Others (pl. specify)		TIN: _____ Office of Declaration BOC-NAIA	
8 Importer / Consignee: Address HERAEUS LIMITED 30 ON CHUEN STREET ON LOK TSUEN, FANLING, N.T. HONG KONG, PR CHINA		5 No. of Items (Tariff Lines) 1 6 Total Packages 1 OF 1 3 Page 1 OF 1	1 Declaration 1 Export Declaration Number _____ Date _____
14 Declarant: Address - SAME AS ABOVE -		16 Province of Origin MAKATI	
18 Vessel / Aircraft PAL OR SUB.		17 Country of Destination HONGKONG	
21 Local Carrier (if any) AIRLIFT		27 Port and Date of Loading NAIA	
28 Financial and Banking Data Mode of Payment: _____ Bank Name: _____ Terms of Payment: <input type="checkbox"/> With FOREX <input type="checkbox"/> Without FOREX		29 Port and Date of Departure NAIA	
22 Total FOB Value \$535,680.92		Currency US\$	
23 Harmonized System (HS) Code 71.01		35 Gross Weight APPROX. _____ KG	
37 Customs Procedure Code _____		30 Net Weight _____ KG	
40 Previous Import Document (No.) _____		41 Supplementary Units _____	
42 Item FOB Price _____		46 FOB Value of Imported Raw Materials \$ _____	
21 Marks and Numbers Container No(s), Number and Kind Description of Goods GOLD BULLION BAR GOLD - 441.806 OZS SILVER - 555.026 OZS Inv. No. 120		Seller's assay	
44 Add'l Info / Lic Produce Cont. & Auth.		50 We hereby certify that document and information produced and provided herewith are to the best of our knowledge and belief true and correct MA. LOURDES B. TUASON - VP/TREASURER Printed Name and Signature of Declarant Place and Date: MAKATI	
51 AUTHORIZATION (a) Name of Agency: _____ Printed Name/Signature _____ Position _____ Date _____ Valid Until _____		52 Bureau of Customs (BOC) Control Printed Name/Signature _____ Position _____ Date: _____	
51 AUTHORIZATION (b) Name of Agency: _____ Printed Name/Signature _____ Position _____ Date _____ Valid Until _____		51 AUTHORIZATION (b) Name of Agency: _____ Printed Name/Signature _____ Position _____ Date _____ Valid Until _____	

NOTE: Boxes 24, 27, 9, 10, 11, 12, 13, 16, 19, 20, 23, 24, 25, 26, 30, 32, 34, 35, 39, 43, 45, 47, 48, 49 of the SAD have been omitted on this form due to its non-applicability for export declaration.



LEPANTO CONSOLIDATED MINING CO.

Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

**STATEMENT OF GOLD BULLION SHIPMENT
(Provisional)**

Bar Number	Weight (Kgs)	Fineness		Content	
		Gold	Silver	Gold	Silver
V-3582	22.771	25.523	22.103	186.855	161.817
V-3583	20.808	17.827	41.716	119.261	279.077
V-3584	20.915	20.179	16.973	135.690	114.132
TOTAL	64.494	21.307	26.767	441.806	555.026

This is to certify that the above gold bullion bars were produced from the mines of **LEPANTO CONSOLIDATED MINING COMPANY** at its Minesite at Mankayan, Benguet and that the same are newly-mined gold and has never been in trade or commerce.

This statement is in support of our application to the Central Bank of the Philippines for a license to export the above gold bullion for refining and sale of the outturned gold contents.

LEPANTO CONSOLIDATED MINING COMPANY

MA. LOURDES B. TUASON
VP-TREASURER



LEPANTO CONSOLIDATED MINING CO.

Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

PACKING AND WEIGHT LIST

Shipper's Name and Address LEPANTO CONSOLIDATED MINING CO. 20TH FLOOR, LEPANTO BLDG., 8747 PASEO DE ROXAS, MAKATI CITY		Not negotiable Air Waybill		CATHAY PACIFIC AIRWAYS	
Consignee's Name and Address HERAEUS LTD HERAEUS TECHNOLOGY CENTER, 30 ON CHUEN ST, ONLOK TSUEN, FANLING		It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. ALL GOODS MAY BE CARRIED BY ANY OTHER MEANS INCLUDING ROAD OR ANY OTHER CARRIER UNLESS SPECIFIC CONTRARY INSTRUCTIONS ARE GIVEN HEREON BY THE SHIPPER, AND SHIPPER AGREES THAT THE SHIPMENT MAY BE CARRIED VIA INTERMEDIATE STOPPING PLACES WHICH THE CARRIER DEEMS APPROPRIATE. THE SHIPPER'S ATTENTION IS DRAWN TO THE NOTICE CONCERNING CARRIER'S LIMITATION OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.			
AAI WORLDWIDE LOGISTICS, INC.		FREIGHT PREPAID EXCHANGE RATE 1.00 USD = 44.396 CPT REFERENCE # EA.201502223			
Agent's IATA Code: 28-3-3249-0001		Reference Number: NINOY AQUINO INT'L AIRPORT			
Routing and Destination: HONG KONG to OK		Declared Value for Carriage: NVD			
Handling Information: INVOICE and PACKING LIST ATTACHED TO AIRWAYBILL PLEASE NOTIFY CONSIGNEE IMMEDIATELY UPON ARRIVAL " " " VALUABLE CARGO " " "		Nature and Quantity of Goods (incl. Dimensions or Volume): DORE METAL INV#: 0120			
No. of Pieces RCP: 3		Gross Weight: 72.0 K		Total: 112.32	
Rate Class: Q		Chargeable Weight: 72.0		Rate: 1.56	
Prepaid: 112.32		Other Charges: DIS = 20.00 SSC = 10.80			
Total other Charges Due Agent: 20.00		Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of this consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations.			
Total other Charges Due Carrier: 10.80		LEPANTO CONSOLIDATED MINING CO. AAI WORLDWIDE LOGISTICS INC.			
Total prepaid: 143.12		Signature of Shipper or his Agent: Renzo Jann C. Mabalot			
Currency Conversion Rates		21 Apr 2015		AAI / MANILA	
cc Charges in Dest. Currency		Executed on (date): 21 Apr 2015 at (place): AAI / MANILA			

DATE:	Manila, April 21, 2015			
SHIP TO:	HERAEUS LIMITED 30 Chuen Street On Lok Tsuen, Fanling, N. T. Hong Kong, PR China			
VIA:	CATHAY PACIFIC AIR LINES CX918/11		Reference: Shipment 12-15	
MARKINGS & NUMBERS	QUANTITY	DESCRIPTION/CONTENT	WEIGHT	MEASUREMENT
			in Kgs.	Length x Width x Height
Box No. 3479 Bar No. V-3582	One (1) Bar in One Box	One(1) Gold Bullion Bar Bar No. V-3582	22.771	27.00 cm. x 11.00 cm. x 12.50 cm.
Box No. 3480 Bar No. V-3583	One (1) Bar in One Box	One(1) Gold Bullion Bar Bar No. V-3583	20.808	27.00 cm. x 11.00 cm. x 12.50 cm.
Box No. 3481 Bar No. V-3584	One (1) Bar in One Box	One(1) Gold Bullion Bar Bar No. V-3584	20.915	27.00 cm. x 11.00 cm. x 12.50 cm.
TOTAL WEIGHT			64.494	

LEPANTO CONSOLIDATED MINING COMPANY

MA. LOURDES B. TUASON
VP-TREASURER

Heraeus

UNITED COCONUT PLANTERS BANK
REMITTANCE SERVICES DEPARTMENT

CREDIT MEMO

(CASA POSTED - FOR CONFIRMATION ONLY)

TO : LEPANTO FAX 632-750-1991
ATTN : Mr. Rene F. Chanyungco DATE 22-Apr-15
Mr. Bryan U. Yap
Ms. Tuason
FROM : C. Y. Lung PAGE 1 OF 1

DATE POSTED : 04/23/2015
CREDIT ACCOUNT NO. : LEPANTO CONSOLIDATED MINING CO. AMOUNT : USD 553,984.63
BRANCH

Ref: Shipment 12-15

PROVISIONAL PAYMENT DETAILS FOR ABOVE REF.

GOLD

98% of estimated returnable gold and silver contents, net of refiner's fees

432.970 ozs Sold on 21-Apr-15 @ \$ 1,195.30 = \$ 517,529.04

Silver

543.925 ozs Sold on 21-Apr-15 @ \$ 16.080 = \$ 8,746.31

TREATMENT CHARGE

Net wt rec'd: 64.4940 kg @ \$ 29.00 = \$ 1,870.33

UCPB April 23, 2015 @ 44.268 \$ 524,405.02

DATE OF PAYMENT: 22-Apr-15

PARTICULARS : PROCEEDS FROM : DEUTHKHHXXX -
SENDER'S REF NO. : 48RE201504220311
IFO : LEPANTO CONSOLIDATED MINING CO.
BY ORDER OF : HERAEUS LIMITED
HERAEUS TECHNOLOGY CTR
30 ON CHUEN ST, ON LOK TSUEN
FANLING, NT, HONG KONG

REMITTANCE : 0002562978,BUY BACK AG FOR 10-15
11-15 707,00025629
77,FINAL PRICING FOR 10-15 11-15
707,0002562945,PROVI

ORIGINAL AMOUNT : USD 553,992.13
REMITTANCE/PROCEED : USD 553,992.13
LESS: DEDUCTIONS : USD 7.50
AMOUNT DUE : USD 553,984.63

THIS IS A SYSTEM GENERATED REPORT. SIGNATURE NOT REQUIRED.

** END **

CM 956

12P \$524,405.02

10F \$ 14,428.89

11F \$ 15,158.19

11F \$553,992.13

10227 553,984.63
6000.69504 7.47

1104 (12P) 524,405.02
1104 (10F) 14,428.89
1104 (11F) 15,158.19

Per Bank 553,984.63
12 - 15P 524,405.02
10 - 15F 14,428.89
11 - 15F 15,158.19
7.47

CM 956



Heraeus

UNITED COCONUT PLANTERS BANK
 REMITTANCE SERVICES DEPARTMENT

*****CREDIT MEMO*****
 (CASA POSTED - FOR CONFIRMATION ONLY)

DATE POSTED : 06/01/2015 ✓

CREDIT ACCOUNT NO. : LEPANTO CONSOLIDATED MINING CO. AMOUNT : USD 505,830.87
 BRANCH :

TO : LEPANTO CONSOLIDATED MINING FAX : 632-750-1991
 ATTN : Mr. Bryan Yap DATE : 01-Jun-15
 Mr. Rene F. Chanyungco
 Ms. Malou B. Tuason

FROM : C. Y. Lung PAGE 1 OF 1

Ref: Shipment 12-15 F

BALANCE PAYMENT DETAILS FOR ABOVE REF.

→ remaining balance

<u>GOLD</u>					
17.523 ozs	Sold on 29-May-15	\$	1,191.40	=	\$ 20,876.90
<u>SILVER</u>					
-22.222 ozs	Sold on 29-May-15	\$	16.6700	=	\$ (370.44)

DATE OF PAYMENT: 1-Jun-15 \$ 20,506.46



see 17-15P
 CM 94

PARTICULARS: PROCEEDS FROM : DEUTHKHHXXX -
 SENDER'S REF NO. : 48RE201506010363
 IFO : LEPANTO CONSOLIDATED MINING CO.
 BY ORDER OF : HERAEUS LIMITED
 : HERAEUS TECHNOLOGY CTR
 : 30 ON CHUEN ST, ON LOK TSUEN
 : FANLING, NT, HONG KONG

REMITTANCE : FINAL12-15/S01, FINAL 12-15/15 AND S
 : 01-15 704, PROV
 : ISIONAL17-15, PROVISIONAL 17-15
 : 704, AA3321

ORIGINAL AMOUNT : USD 505,838.37
 REMITTANCE PROCEED : USD 505,838.37
 LESS: DEDUCTIONS : USD 7.50
 AMOUNT DUE : USD 505,830.87

THIS IS A SYSTEM GENERATED REPORT. SIGNATURE NOT REQUIRED.

** END **

17 - 15 P
12 - 15 F
 13 - 15 F
 14 - 15 F
 15 - 15 F
 S01 - 15 F



TO : LEPANTO CONSOLIDATED MINING

DATE : 27-Apr-15

ATTN : Rainier Ibarrola

PAGE: 1 OF 1

FROM : C. Y. Lung

Ref: Shipment __12-15

RESULTS BELOW FOR THE ABOVE REF.

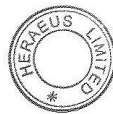
NET WEIGHT RECEIVED:	64.5029 kgs	2,073.813 ozs
AFTER MELT WEIGHT:	64.4328 kgs	2,071.560 ozs
AFTER MELT WEIGHT - SAMPLE:	64.4278 kgs	2,071.399 ozs

Buyer's assay result



	<u>GOLD</u>	<u>SILVER</u>
ASSAY	21.7700 %	25.700 %
100 % CONTENT	450.944 ozs	532.350 ozs
PAYABLE CONTENT	450.493 ozs	521.703 ozs
LESS ADVANCE	432.970 ozs	543.925 ozs
BALANCE TO PRICE	17.523 ozs	(22.222) ozs

SETTLEMENT DATE:





LEPANTO CONSOLIDATED MINING COMPANY

LEPANTO BLDG., 8747 PASEO DE ROXAS, 1226 MAKATI CITY, PHILIPPINES
Tel. No. 63 (2) 815-9447; Fax Nos. 63 (2) 810-5583 / 63 (2) 812-0451
E-mail: mail.lepantomining.com
Reg. TIN: 000-160-247-000

(Zero Rated Sales)

Heraeus Limited

SALES INVOICE 29 May 2015

Shipment 12-15

Sold to:	30 On Chuen Street	Date:	21 April 2015
TIN:	On Lok Tsuen, Fanling, N. T.	Reference No.	
Address:	Hong Kong, PR China	Date Shipped / Sold:	
Business Style:		Terms:	
		OSCA/PWD ID No.:	
		SC/PWD Signature:	
Shipped from:	Destination:	Vessel / Aircraft:	

64.494 kilograms of Gold Bullion Bars with metal contents as follows:

Gold	-	432.970 ozs.	x	\$1,195.300	=	\$517,529.04
Silver	-	543.925 ozs.	x	\$16.080	=	\$8,746.31
Less: Refining Charges						
64.494 kgs x \$ 29.00						= \$1,870.33
PROVISIONAL					=	US \$ 524,405.02
Gold	-	17.523 ozs.	x	\$1,191.400	=	\$20,876.90
Silver	-	-22.222 ozs.	x	\$16.67	=	-\$370.44
BALANCE					=	US \$ 20,506.46
TOTAL					=	US \$ 544,911.48

			Total Sales (VAT Inclusive)	US	\$	544,911.48
			Less: VAT			0
VATable Sales			Amt. (net of VAT)			0
VAT-Exempt Sales			Less: SC/PWD Discount			0
Zero Rated Sales	US	\$	544,911.48		\$	544,911.48
VAT-Amount			Add: Vat			0
			TOTAL AMOUNT DUE	US	\$	544,911.48

R. IBARROLA

MA. LOURDES B. TUASON
Vice President - Treasurer

15 bkts. 50x4, 6751 - 7500 Stanley Printing Co. 13 Basa St., Q.C.
BIR ATP No. 8AU0000230418 VAT Reg. TIN: 000-366-817-000
Date issued: 8/7/13 Printers Accreditation No. PROVAN002881
Valid until: 8/6/18 Date issued: 2/20/13

INVOICE NO.

7106

THIS INVOICE SHALL BE VALID FOR 5 YRS. FROM DATE OF ATP

ACCOUNTING

Excise tax Computation:

Metal Value – Smelting Charges x 2% Excise
Tax rate – previous payment, if any

Shipment 12-15	GOLD	SILVER	TOTAL
Provisional	517,529.04	8,746.31	526,275.36
Balance settlement	20,876.90	(370.44)	20,506.46
Gross Metal Value (\$)			546,781.82
Refining Charges			(1,870.33)
Net Metal Value (\$)			544,911.49
Forex rate			44.403
Net Metal Value (Php)			24,195,704.67
Excise tax rate			2%
Excise tax due			483,914.09

LEPANTO CONSOLIDATED MINING COMPANY
SCHEDULE OF GOLD/SILVER BULLION SOLD - HERAEUS LIMITED
FOR THE MONTH OF April 2015

SHIPMENT	BAR NOS.	GOLD	SILVER	REFINING CHARGES	METAL VALUE (Php)
10-15	Bar#3576-3578	91,120.15	(34,113.66)		57,006.49
11-15	Bar#3579-3580	413,226.29	(24,358.39)		388,867.90
S01-15	Bar#3568	(15,018.37)	(8,769.92)	13,320.90	(37,109.19)
Prior month's sales adjustment (settlement)					408,765.20
11-15a	Bar#3581	8,941,826.22	92,241.90	26,438.75	9,007,629.37
12-15	Bar#3582-3584	23,442,913.50	396,505.22	83,048.26	23,756,370.46
13-15	Bar#3585-3586	16,249,411.72	153,464.54	64,318.63	16,338,557.63
14-15	Bar#3587	7,812,257.94	133,104.06		7,945,362.00
Current Month Deliveries					57,047,919.46
TOTAL METAL SALES - APRIL 2015					57,456,684.66
EXCISE TAX DUE (2% of Net Sales)					1,149,133.69

	Net Metal Sales	Excise Tax Rate	Excise Tax Due
April	57,456,683.50	2%	1,149,133.67
May	74,842,421.00	2%	1,496,848.42
June	81,729,743.50	2%	1,634,594.87
	214,028,848.00		4,280,576.96

Excise tax filed and paid for the 2nd quarter



LAND BANK OF THE PHILIPPINES

ISO 14001 CERTIFIED

Official Depository of the Republic of the Philippines

BUENDIA BRANCH



PSOC: _____ PSIC: 1010

Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas	<h1>EXCISE TAX RETURN</h1> <p>for MINERAL PRODUCTS</p>	BIR Form No. <h2>2200-M</h2> October 2002 (ENCS)

1 Date (MWDD /YYYY) 06 - June 30 2015	2 Amended Return Yes No	3 Quarterly Return Yes No	4 No. of sheets attached 0
---------------------------------------	-------------------------	---------------------------	----------------------------

PART I BACKGROUND INFORMATION

5 TIN 000 160 247 000	6 RDO Code 121	7 Line of Business GOLD ORE MINING
8 Taxpayer's Name (Last Name, First Name, Middle Name for Individuals) / (Registered Name for Non-Individual) LEPANTO CONSOLIDATED MINING CO.		9 Telephone Number 7501991
10 Registered Address (Please indicate complete address) BA-LEPANTO BLDG. PASEO DE ROXAS MAKATI CITY		11 Zip Code 1226
12 Region CAR - Cordillera Administrative	Province BENGUET	City MANKAYAN
		Place of Production PACO MANKAYAN BENGUET
13 Region CAR - Cordillera Administrative	Province BENGUET	City MANKAYAN
		Place of Extraction PACO MANKAYAN BENGUET
14 Are there payees availing of tax relief under Special Law or International Treaty? Yes No 15 If yes, specify		

PART II MANNER OF PAYMENT

16 Payment on Actual Removal	Prepayment/Advance deposit/
Other similar schemes (please specify)	

PART III PAYMENTS AND APPLICATION

	Amount
17 Excise Tax Due (Schedule 1)	4,280,576.96
18 Less: Balance Carried Over from Previous Return	0.00
Creditable Excise Tax, if applicable	0.00
19 Net Tax Due / (Overpayment)	4,280,576.96
20 Less: Payment on Returns Previously Filed for the Same Period, if amended return	0.00
21 Tax Still Due / (Overpayment)	4,280,576.96
22 Add: Penalties	
22A Surcharge 0.00	
22B Interest 0.00	
22C Compromise 0.00	
22D	0.00
23 Amount Payable / (Overpayment)	4,280,576.96
24 Less: Payment Made Today	
Tax Payment / Deposit	4,280,576.96
Penalties (from 22D)	0.00
24B Pay Penalties?	0.00
24C	4,280,576.96
25 Balance to be Carried Over to Next Return	0.00

Attachments

Add Attachment

Remove Attachment

Print Payment Details Proceed to Payment

CERTIFICATION

This is to certify that the amount of PESOS: FOUR MILLION TWO HUNDRED EIGHTY THOUSAND FIVE HUNDRED SEVENTY SIX AND 96/100 ONLY (P4,280,576.96) was debited from LEPANTO CONSOLIDATED MINING CO. under Current Account Number 0052-1206-08 thru Electronic Tax Payment System and correspondingly credited to BIR-BTR ETPS account with reference no. 241500011952665 on July 15, 2015.

This certification is issued upon the written request of the above mentioned client for whatever legal purpose it may serve.

Issued this 22nd day of July 2015.

ELIZABETH M. CRUZ
 Assistant Vice President

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS

OFFICIAL REGISTER BOOK

MINERALS/MINERAL CONCENTRATES/MINERAL PRODUCTS/QUARRY RESOURCES REMOVED/SHIPPED
FOR THE MONTH OF APRIL 2015

ODI NUMBER (1)	DATE REMOVED/ SHIPPED (2)	BUYER/ CONSIGNEE (3)	PRODUCT (4)	VOLUME/WEIGHT (OZS.) (5)		PREVIOUS/PROVISIONAL VALUE			ACTUAL MARKET VALUE/GROSS PROCEEDS (9)	SMELTING/ INSURANCE/ FREIGHT (10)	NET TAXABLE PROCEEDS (9-10) (11)	EXCISE TAX DUE (12)	TAX DIFF CREDITABLE/ PAYABLE (8-12) (13)
						GROSS PROCEEDS (6)	INVOICE VALUE (Net of Treatment Charges) (7)	AMOUNT OF TAX (8)					
10-15	March-14	HERAEUS LTD.	Gold Bullion			28,739,142.49	28,654,354.02	573,087.08	28,830,262.64	84,788.47	28,745,474.17	574,909.48	1,822.40
Bar#3576-3578						722,449.80	722,449.80	14,449.00	688,336.14		688,336.14	13,766.72	(682.28)
11-15	March-14	HERAEUS LTD.	Gold Bullion			14,387,408.86	14,316,438.99	286,328.78	14,800,635.15	70,969.77	14,729,665.38	294,593.31	8,264.53
Bar#3579-3580						345,412.54	345,412.54	6,908.25	321,054.15		321,054.15	6,421.08	(487.17)
S01-15	March-14	HERAEUS LTD.	Gold Bullion			483,373.39	483,373.39	9,667.47	468,355.02	13,320.90	455,034.12	9,100.68	(566.79)
Bar#3568						297,075.52	297,075.52	5,941.51	288,305.60		288,305.60	5,766.11	(175.40)
11-15a	April-15	HERAEUS LTD.	Gold Bullion	Au Content	164.917				8,941,826.22	26,438.75	8,915,387.47	178,307.75	178,307.75
Bar#3581				Ag Content	134.638				92,241.90		92,241.90	1,844.84	1,844.84
12-15	April-15	HERAEUS LTD.	Gold Bullion	Au Content	441.806				23,442,913.50	83,048.26	23,359,865.24	467,197.30	467,197.30
Bar#3582-3584				Ag Content	555.026				396,505.22		396,505.22	7,930.10	7,930.10
13-15	April-15	HERAEUS LTD.	Gold Bullion	Au Content	302.835				16,249,411.72	64,318.63	16,185,093.09	323,701.86	323,701.86
Bar#3585-3586				Ag Content	209.709				153,464.54		153,464.54	3,069.29	3,069.29
14-15	April-15	HERAEUS LTD.	Gold Bullion	Au Content	149.070				7,812,257.94	-	7,812,257.94	156,245.16	156,245.16
Bar#3587				Ag Content	181.455				133,104.06		133,104.06	2,662.08	2,662.08
Smelter's Adjustment		HERAEUS LTD.	Gold Bullion	Au Content	5.817							-	-
				Ag Content	(110.337)							-	-
TOTALS				Au Content	1,064.445	44,974,862.60	44,819,104.26	896,382.09	102,618,673.80	342,884.78	102,275,789.02	2,045,515.76	1,149,133.67
				Ag Content	970.491								

I CERTIFY THAT ALL ENTRIES ON THESE PAGES (DEBIT AND CREDIT) CONTAIN A TRUE AND COMPLETE DATA OF ALL TRANSACTIONS FOR THE PERIOD FROM APRIL 1, 2015 TO APRIL 30, 2015, INCLUSIVE, PURSUANT TO EXISTING REVENUE RULES AND REGULATION.

PREPARED BY:

CM
CHARLINA TITIWA
SIGNATURE OVER PRINTED NAME
DATE: MAY 6, 2015

TS
TEOFILO C. SACPA
CHIEF ACCOUNTANT
DATE: MAY 6, 2015

ATTESTED BY:

INTERNAL REVENUE OFFICER
DATE: _____

	Excise Net Metal Sales	Excise Tax Rate	Excise Tax Due
April	57,456,683.50	2%	1,149,133.67
May	74,842,421.00	2%	1,496,848.42
June	81,729,743.50	2%	1,634,594.87
	214,028,848.00		4,280,576.96



G. Reasons for increase or decrease in production this month compared to the previous month: (pls. check appropriate answer below and use additional sheet if necessary)

<p>Increase was due to:</p> <input type="checkbox"/> 1. Higher tons milled <input type="checkbox"/> 2. Higher mill recovery <input type="checkbox"/> 3. Expansion <input type="checkbox"/> 4. More operating days <input checked="" type="checkbox"/> 5. Others	<p>Decrease was due to:</p> <p>1. Lesser operating days</p> <input type="checkbox"/> 1.a Equipment breakdown (pls. specify) _____ <input type="checkbox"/> 1.b Unfavorable weather condition (state duration or other information) _____ <input type="checkbox"/> 1.c Collapse/slide in working areas (state area) _____ <input type="checkbox"/> 1.d Labor or other strikes (state duration) _____ <p>2. Suspension due to</p> <input type="checkbox"/> 2.a Low price of the mineral commodity produced _____ <input type="checkbox"/> 2.b Market Problems (pls. specify) _____ <input type="checkbox"/> 2.c Force Majeure (pls. specify) _____ <input type="checkbox"/> 2.d Environmental Problems (pls. specify) _____ <input type="checkbox"/> 2.e Gov't preventive actions such as CDO (pls. specify) _____ <input type="checkbox"/> 2.f Financial Problems (pls. specify) _____	<input type="checkbox"/> 3. Low metal recovery <input type="checkbox"/> 4. Low milling ore/low tonnes mined <input checked="" type="checkbox"/> 5. Others (pls specify) _____ - Production Tonnage Coming from lower grade
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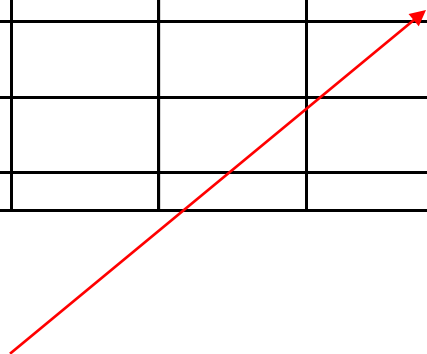
MGB Report

III. SALES & MARKETING DATA

A. SALES OF MAIN METAL PRODUCTS - BULLION & MATTE (Use additional sheet if necessary)

CONSIGNEE/BUYER ADDRESS	Country of	Marketing	NAME OF	AVERAGE GRADE		QUANTITY	F. O. B. VALUE		ESTIMATED
	Destination	Contract/Sales Agreement No.	VESSEL	Content	Unit of Measure	(kg-1,000 fineness)	PESO	DOLLAR	EXCISE TAX PAYABLE
Name: HEREAUS LTD. Address: HONGKONG, PR CHINA	CHINA			Au		33.108	56,935,737.45	1,282,186.60	1,138,714.75
Name: HEREAUS LTD. Address: HONGKONG, PR CHINA				Ag		30.186	708,073.75	15,921.13	14,161.48
Name: _____ Address: _____									
Name: _____ Address: _____									
TOTAL							57,643,811	1,298,108	

Metal Sales:	Ozs	Kgs	
Gold	1,064	33.108	
Silver	970	30.186	



LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Amounts in Thousands, Except Earnings or Loss per Share)

MGB Annual Report

MGB Form 2-16 (Series of 2000)

MINE SITE PARTICULARS

PART 8 - TOTAL PRODUCTION

	UNIT	GROSS QUANTITY	GROSS VALUE (000)	AVERAGE GRADE	
PRIMARY					
GOLD (Bullion)	kgs.	769.72	1,395,681	1.73%	
BY-PRODUCTS					
SILVER (Bullion)	kgs.	1,321.46	35,805	11.30%	
PART 9 - TOTAL EXPORT/LOCAL SALE					
	COUNTRY OF DESTINATION	GROSS QTY. <small>(Specify Unit Used)</small>	GROSS VALUE		AVERAGE GRADE
			Pesos (000)	Dollars (000)	
PRIMARY	Hongkong PF	24,746.965 oz	1,395,681	31,405	
BY-PRODUCTS	Hongkong PF	42,485.931 oz	35,805	806	
Total			1,431,487	32,211	

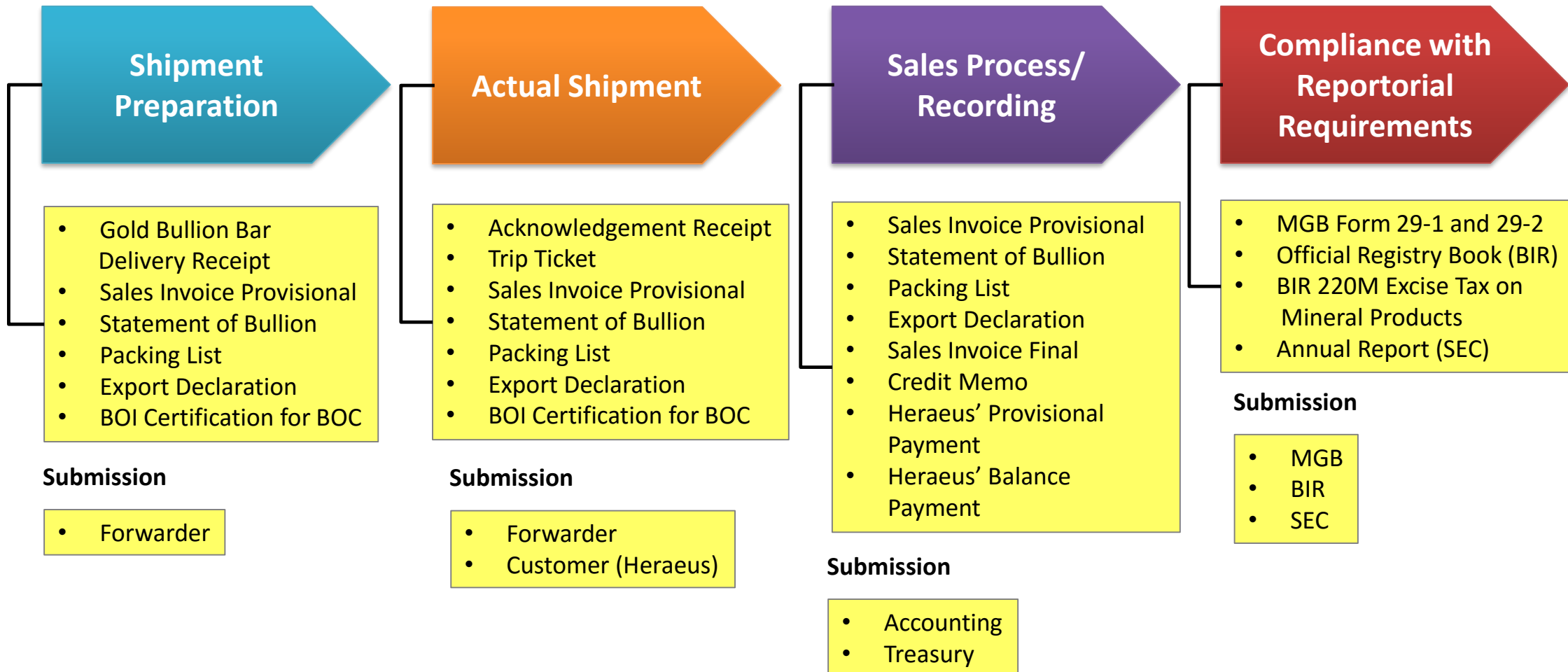
Years Ended December 31

2014 2013 2012

REVENUES			
Sale of metals (Note 29)	₱ 1,431,487	₱ 2,025,213	₱ 2,130,468
Service fees and other operating income	50,804	90,495	151,457
	1,482,291	2,115,708	2,281,925
COST OF SALES (Note 22)	(1,780,041)	(2,038,855)	(1,887,257)
COST OF SERVICES (Note 23)	(124,560)	(173,097)	(190,741)
OPERATING EXPENSES (Note 24)	(195,063)	(177,942)	(208,468)
FINANCE COSTS (Note 27)	(90,956)	(73,324)	(59,422)
FOREIGN EXCHANGE GAINS - net	16,543	60,876	243,922
OTHER INCOME (Note 28)	15,897	1,322	9,450
SHARE IN NET LOSSES OF ASSOCIATES (Note 11)	(13,481)	(4,737)	(431)
INCOME (LOSS) BEFORE INCOME TAX	(689,370)	(290,049)	188,978
PROVISION FOR INCOME TAX (Note 18)			
Current	5,023	6,479	13,545
Deferred	18,893	30,061	57,028
	23,916	36,540	70,573
NET INCOME (LOSS)	₱ 713,286	₱ 326,589	₱ 118,405
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱ 718,366	₱ 344,975	₱ 58,653
NCI (Note 20)	5,080	18,386	59,752
	₱ 713,286	₱ 326,589	₱ 118,405
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on AFS financial assets (Note 10)	₱ 55,154	₱ 9,844	₱ 7,225
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gain (loss) on retirement benefits liability (Note 16)	(258,671)	(250,962)	(453,732)
TOTAL COMPREHENSIVE LOSS	₱ 916,803	₱ 587,396	₱ 328,102
Total comprehensive loss attributable to:			
Equity holders of the Parent Company	₱ 921,883	₱ 605,782	₱ 387,854
NCI	5,080	18,386	59,752
	₱ 916,803	₱ 587,396	₱ 328,102
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 21)	₱ 0.0160	₱ 0.0079	₱ 0.0014

See accompanying Notes to Consolidated Financial Statements.

Gold Bullion Shipment and Sales Process



THANK YOU!

Elevating Transparency

PH - Extractive Industries
Transparency Initiative

MSG Meeting

October 2015

*Isla Lipana & Co/
PwC*



Contents



1 Progress update - Reporting templates

2 Progress update - Contextual information

3 Next steps

Reporting templates

*As at 28 September 2015, we have received reporting templates from **29** participating entities, of **45** total confirmed participants.*

- Representation of these entities to total sales revenue of selected participants is presented as follows:

	In scope (in P'000s)	% of material entities to total	% of entities with templates to total
Mining			
Sales revenue (41 entities)	79,282,113	98%	71%
OG			
Sales revenue (4 entities)	58,551,780	92%	92%

- In the overall, total reporting templates received account for at least 80% of total sales revenue.

Non-participating entities

Industry	Entities	Sales revenue (‘000s)	% to total sales revenue of selected participants
Mining	5	1,661,705	2%
OG	7	4,974,326	7.8%
Coal	1	16,677,421	100%

Reporting templates per government agency

Agency	Status	Action points
BIR	For non-LTAD, awaiting waivers. Outstanding reporting template in excel format.	Continue to chase information related to RDOs of non-LTAD participating entities.
BOC	Completed with on-going reconciliation from entities.	None.
PPA	Received in order.	None.
DOE	Completed with on-going reconciliation from entities. Outstanding reporting template in excel format.	For follow up with DOE.
MGB	Awaiting details for EPEP Outstanding reporting template in excel format.	For follow up with MGB.

Reporting templates per government agency

Agency	Status	Action points
LGUs	Outstanding templates from LGUs.	For follow up with identified LGUs.
NCIP	On going finalization of reporting template. Outstanding reporting template in excel format.	For follow up with NCIP.
DBM	Outstanding template.	For follow up with DBM.

Mining receipts

- More material variances were noted on the payments made to MGB and BIR, which include, among others, the following:

in Philippine Peso	Mining receipts
Variance (%)	1,556 million (25%)
Government	4.59 billion
Entities	6.15 billion

Entity	Type	Amount (in '000s)	Remarks
Philex Mining Corporation	MGB - Other penalties	1,034 million	Penalty for violation of Mining Act/For confirmation with MGB
Philex Mining Corporation	BIR - Corporate income tax	(189 million)	Awaiting information from entity/agency
Carrascal Nickel Corporation	BIR - Corporate income tax	88 million	

OG receipts

- Common theme of variances currently being resolved pertains to difference in timing of recording by the entity and agency. The most significant variances are as follows:

in Philippine Peso	OG receipts
Variance (%)	178.29 million (0.49%)
Government	35,672.14 million
Entities	35,852.44 million

Entity	Type	Amount (in '000s)	Remarks
Shell Philippines Exploration B.V.	Corporate Income Tax	500,146	Awaiting supports from the entity/ agency.
Chevron Malampaya	Withholding Tax - Profit Remittance to Principal	(281,936)	

Contextual information

Areas	Status	Action points
Malampaya Fund	Confirmed that DBM monitors the release of funds both to agencies and LGUs	To send formal request letter to the DBM Secretary and Undersecretary for details
Licenses	Obtained initial information from MGB and DOE	Suggested approach - To obtain signed memo from DOE and MGB documenting assessment of entities' compliance with the financial and technical requirements of licenses
Small scale mining	Sent out reporting template to 14 companies	Awaiting responses

Next steps

Milestones

- July 15, 2015 (commencement of work for the 2014 PH-EITI report)*
- Key dates*



Questions?



Appendices

In-scoped revenue streams - Mining

Revenue	Amount	Variance
Corporate income tax	1,534,115,884	(118,397,739)
Excise tax on minerals	1,348,990,629	324,100,900
Local business tax	238,929,778	34,719,236
Royalty for IPs	161,148,312	116,688,196
Royalty in mineral reservation	829,863,339	(22,860,411)
VAT on imported materials and equipment	622,303,267	(26,425,549)
Withholding tax - foreign shareholder dividends	189,591,000	139,191,000
Withholding tax - royalties to claim owners	130,712,617	39,684,750
Real property tax	54,366,100	30,844,956
Other penalties	1,038,990,350	1,038,990,351
Custom duties	110,499,818	104,090,554
Coverage	100%	
Materiality	125,185,105	

In-scoped revenue streams - OG

Revenue	Amount ('000s)	Variance ('000s)
Corporate income tax	10,465,090	456,911
Withholding tax – profit remittance to principal	3,139,363	(278,614)
Government share from oil and gas production	22,245,988	N/A
Real property tax	-	-
Coverage	99.98%	
Materiality	717,373,845	

Entities without 2013 operations

Industry	Entity
Mining	<i>TVI (Agata)</i>
Mining	<i>Atro Mining Vitali Inc.</i>
OG	<i>Forum Pacific Inc.</i>

Entities who declined to participate - Mining

Entity	Revenue ('000s)
SR Languyan	1,239,321
Shenzhou Mining Group Corporation	294,944
Century Peak	69,118
Strong Built (Mining) Development	35,460
Mt. Sinai Mining Exploration and Development Corp	22,862

Entities who declined to participate - OG

Entity	Revenue ('000s)
Galoc Production Company	3,392,630
The Philodrill Corporation	725,541
Oriental Petroleum & Minerals Corp.	671,725
Forum Energy Philippines Corp.	181,641
Alcorn Gold Resources Corp.	2,699
Nido Petroleum Phils. Pty. Ltd.	-

Entities with outstanding reporting templates

Entity	Revenue ('000s)
Oceana Gold, Inc.	8,466,400
TVI Resources Development Philippines, Inc.	2,389,331
CTP Construction and Mining Corporation	2,070,323
Adnama Mining Resources Incorporated	1,781,413
Apex Mining Company Inc.	1,735,841
Cit nickel Mines and Development Corporation	1,623,658
Benguet Nickel Mines, Inc.	1,289,326
Berong Nickel Corporation	859,633
Wellex Mining Corporation	471,227
Oriental Synergy Mining Corporation	283,557
Zambales Diversified Metals Corporation	267,846

Entities with outstanding reporting templates

Entity	Revenue ('000s)
Ore Asia Mining and Development Corporation	251,117
Cambayas Mining Corporation	163,888
Investwell Resources Incorporated	64,612
Norweah Metals and Minerals Co.	44,632
Pacific Nickel Phils., Inc.	33,780
Libjo Mining Corporation	147