

MEMORANDUM FROM THE PRESIDENT

TO : *HON. VINCENT S. PEREZ, JR.*
Secretary of Energy and Chairman
Philippine National Oil Company (PNOC)

HON. ELISEA D. GOZUN
Secretary of Environment and Natural Resources

SERGIO A. F. APOSTOL
President
PNOC Energy Development Corporation

RE : *Incorporation of the Natural Resources Mining and Development Corporation Under the Department of Environment and Natural Resources*

Upon the recommendation of the Secretary of Environment and Natural Resources, the Director-General of the National Economic and Development authority, and the President of the PNOC Energy Development Corporation (PNOC-EDC), you are hereby authorized to incorporate under the Corporation Code of the Philippines a wholly-owned and controlled government corporation to be known as the Natural Resources Mining and Development Corporation (NRMDC), which shall be attached to the Department of Environment and Natural Resources (DENR), subject to the following conditions:

- a. Unless privatized with the approval of the president of the Philippines, the NRMDC shall at all times be a wholly-owned and controlled government corporation, with the following proportion of ownership:
Natural Resources Development Corporation
NRDC) — fifty-five percent (55%)
PNOC-EDC — forty-five percent (45%)
- b. The NRMDC shall have an initial authorized capital stock of One Hundred Million Pesos (P100,000,000.00).
- c. The equity infusion of both NRDC and PNOC-EDC into NRMDC shall be sourced from internally generated funds which shall not be charged to funds of the National Government nor from the proceeds of any borrowings and/or bond issuances that will

effectively result in an increase in the borrowings or contingent liabilities of the National Government.

- d. The NRMDC shall not guarantee nor become surety for the performance of any obligation or undertaking, nor shall the NRMDC guarantee nor become surety to any loans or indebtedness of any kind and/or in any manner whatsoever.
- e. The NRMDC shall be attached to the DENR.
- f. The NRMDC shall be primarily tasked to conduct and carry on the business of exploring, developing, exchanging, selling, disposing, importing, exporting, trading and promotion of gold, silver, copper, iron and all kinds of mineral deposits and substances. The NRMDC shall engage only in activities and transactions that are directly related, necessary or incidental to said primary task. The NRMDC shall not engage in any other activity or transaction outside or beyond its primary task.
- g. The Board of Directors of NRMDC shall be composed of nine (9) members who shall be appointed by and serve at the pleasure of the President of the Philippines. The members of the Board of Directors shall include the President of the NRMDC, the PNOC-EDC Chairman, a representative of the DENR, a representative of the Department of Energy, a representative of the Department of Finance, and a representative of the Development Bank of the Philippines, as well as three (3) other members chosen by the President of the Philippines.
- h. The NRMDC shall be incorporated in accordance with and within the limits, set by law, rules and regulations.
- i. All transactions and contracts of the NRMDC shall strictly comply with the requirements of law, rules and regulations, including Republic Act No. 9184 (the Government Procurement Reform Act) and relevant contract review and approval processes.

(SGD.) GLORIA MACAPAGAL-ARROYO

(Incorporation of the Natural Resources Mining and Development Corp. under the DENR, MEMORANDUM FROM THE PRESIDENT, [April 9, 2003])