



Republic of the Philippines
**DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES**
Visayas Ave., Diliman, Quezon City

ADMINISTRATIVE ORDER
No. 2007 - 12

**SUBJECT : REVISED GUIDELINES ESTABLISHING THE
FISCAL REGIME OF FINANCIAL OR TECHNICAL
ASSISTANCE AGREEMENTS (FTAA)**

In line with the continuing policy of the Government to provide for a responsive regulatory framework in the management of mineral resources development in the Philippines and pursuant to Section 81 of Republic Act No. 7942, the Philippine Mining Act of 1995, DENR Administrative Order (DAO) No. 99-56 is hereby revised for the guidance and compliance of all concerned.

Section 1. Scope

This Administrative Order is promulgated to:

- a. Revise the fiscal regime for FTAA established under DAO No. 99-56 which shall be adopted by the Government and Contractors for the large-scale exploration, development and commercial utilization of mineral resources in the country; and
- b. Provide a Pro Forma FTAA embodying the fiscal regime established in this Order and such other terms and conditions as provided for in the Mining Act and its revised implementing rules and regulations.

Section 2. Objectives

The objectives of this Administrative Order are:

- a. To achieve an equitable sharing among the national and local Governments, the FTAA Contractor, and concerned communities of the benefits derived from mineral resources to ensure sustainable mineral resources development; and
- b. To ensure a fair, equitable, competitive and stable investment regime for the large scale exploration, development and commercial utilization of minerals in accordance with the provisions of the Mining Act of 1995 and its implementing rules and regulations.

Section 3. Definition of Terms

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

- a. "Calendar Year" or "Year" refers to each consecutive period of twelve (12) calendar months commencing on January 1 and ending on December 31.

- b. "Claim owner" refers to a person or an entity from which the FTAA applicant/Contractor has derived, or derives its rights in any part or parts of the Contract Area or area contiguous with the Contract Area by any means, including assignment, option, waiver or consent to the grant of an agreement in substitution for that person's or entity's claim owner-rights.
- c. "Contract Area" refers to the area of land or body of water covered by the FTAA.
- d. "Contractor" refers to a qualified person acting alone or in consortium who is a party to the FTAA.
- e. "Date of Commencement of Commercial Production" or "Commencement of Commercial Production" refers to the date of written declaration by the Contractor to start commercial operations after the conduct and approval of Test Run, including Debugging, by the Regional Office concerned.
- f. "Debugging" refers to a detailed commissioning program undertaken by the Contractor after the Test Run to optimize operating parameters and variables in the processing plant. This activity shall be part of the approved Development Work Program.
- g. "Declaration of Mining Project Feasibility" refers to a written notice submitted by the Contractor to the Mines and Geosciences Bureau proclaiming the feasibility of commercial utilization of the minerals identified in the Contract Area by internationally accepted sound mining practices, and supported by a Mining Project Feasibility Study and other requirements prescribed in Section 30 of the IRR. This document is filed by the Contractor during the Feasibility Period.
- h. "Deductible Expenses" refer to cash operating expenses during a Calendar Year incurred by the Contractor that are directly and reasonably related and are necessary to the Mining Operations in the Contract Area during the Operating Period. Cash expenses allowed for deduction for the purpose of determining the Government Share are given in Clause c of Section 4 of this Order.
- i. "DENR" refers to the Department of Environment and Natural Resources
- j. "Director" refers to the Director of the Mines and Geosciences Bureau
- k. "Effective Date" refers to the date of registration of an approved FTAA.
- l. "Government" refers to the Government of the Republic of the Philippines and includes the President and all of its agencies and instrumentalities.
- m. "Gross Output" refers to the actual market value of minerals or mineral products from each mine or mineral land operated as a separate entity, without any deduction for mining, processing, refining, transporting, handling, marketing or any other expenses: *Provided*, that if the minerals or mineral products are sold or consigned abroad by the Contractor under C.I.F terms, the actual cost

of ocean freight and insurance shall be deducted: *Provided further*, That in the case of mineral concentrates which are not traded in commodity exchanges in the Philippines or abroad, such as copper concentrates, the actual market value shall be the world price quotations of the refined mineral products content thereof prevailing in the said commodity exchanges, after deducting the smelting, refining, treatment, insurance, transportation and other charges incurred in the process of converting mineral concentrates into refined metal traded in those commodity exchanges. The actual market value of gold and silver bullions or dore' shall be determined in the same manner as mineral concentrates.

- n. "Loan Principal Amortization" refers to the sum of money paid to a loan creditor over regular periods to defray the principal portion of a Contractor's loan.
- o. "Mineral Processing" refers to milling, beneficiation, leaching, smelting, cyanidation, calcination or upgrading of ores, minerals, rocks, mill tailings, mine wastes and/or other metallurgical by-products or by similar means to convert the same into marketable products.
- p. "Mining Operation" refers to exploration, feasibility, development, utilization and processing.
- q. "Mining Project Feasibility Study" refers to a document officially submitted by the Contractor as part of its Declaration of Mining Project Feasibility, and subsequently approved by the Mines and Geosciences Bureau. It contains the minimum information on geology and mineral resources, mining, mineral processing, environmental and social management, financing and related information required under the implementing rules and regulations of the Philippine Mining Act of 1995.
- r. "Negotiating Panel" refers to a panel provided under Section 58 of DENR Administrative Order No. 96-40, as amended, (Revised Implementing Rules and Regulations of the Philippine Mining Act of 1995) which shall evaluate and negotiate all FTAA applications.
- s. "Net Cash Flow" refers to the actual cash balance during a Calendar Year after deducting from the Gross Output the allowable deductible cash expenses, Loan Principal Amortization and Ongoing Capital Expenditures.
- t. "Net Mining Revenue" refers to the Gross Output less Deductible Expenses.
- u. "Ongoing Capital Expenditures" refer to expenses incurred by the Contractor for the purchase of equipment and machineries and the construction of buildings and other infrastructures necessary for the Mining Operations as provided for in the approved Mining Project Feasibility Study.
- v. "Operating Period" refers to the period commencing from the Date of Commencement of Commercial Production in any mining area to the expiry date of the FTAA.

- w. "Pre-Operating Expenses" refers to all expenditures incurred by the Contractor in and for the benefit of the Contract Area from the date of filing of the FTAA application up to the date prior to commencement of commercial production.
- x. "Recovery Period" refers to a time period allowing the Contractor to recover its Pre-Operating Expenses as provided in Section 7.a hereof.
- y. "Secretary" refers to the Secretary of the Department of Environment and Natural Resources.
- z. "Special Allowance" refers to the payment to claim owners or surface right owners during the transition period from Presidential Decree No. 463 and Executive Order No. 279 to the Mining Act of 1995.
- aa. "Test Run" refers to an approved initial commissioning plan conducted by the Contractor under the supervision of the DENR to establish operating parameters and variables and/or to appraise the efficiencies of installed machineries, equipment and structures especially those that pertain to pollution control.

Section 4. Fiscal Regime of a Financial or Technical Assistance Agreement

The fiscal regime of FTAA entered into by and between the Government of the Republic of the Philippines and FTAA Contractors shall be guided by the following provisions:

a. General Principles.

1. The Total Government Share shall consist of a Basic Government Share and an Additional Government Share.
2. The Basic Government Share shall consist of direct taxes, royalties, fees and other related payments as defined in this Order.
3. The Additional Government Share is the amount to be paid by the Contractor when the Basic Government Share is less than fifty percent (50%) of the Net Mining Revenue.
4. The Net Mining Revenue is Gross Output less Deductible Expenses.

b. Basic Government Share

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

- (a) Contractor's income tax;
- (b) Customs duties and fees on imported capital equipment;
- (c) Value-added tax on imported goods and services;
- (d) Withholding tax on interest payments on foreign loans;

- (e) Withholding tax on dividends to foreign stockholders;
- (f) Documentary stamps taxes;
- (g) Capital gains tax;
- (h) Excise tax on minerals;
- (i) Royalties for Mineral Reservations and to Indigenous Peoples, if applicable;
- (j) Local business tax;
- (k) Real property tax;
- (l) Community tax;
- (m) Occupation fees;
- (n) Registration and permit fees; and
- (o) All other national and local Government taxes, royalties and fees as of the effective date of the FTAA.

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

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

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

c. Deductible Expenses

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

- (1) Mining, milling, transport and handling expenses together with smelting and refining costs other than smelting and refining costs paid to third parties;
- (2) General and administrative expenses actually incurred by the Contractor in the Philippines;
- (3) Environmental expenses of the Contractor, including such expenses necessary to fully comply with its environmental obligations as stipulated in the environmental protection provision of the FTAA and in the revised implementing rules and regulations;

- (4) Expenses for the development of host and neighboring communities and for the development of geosciences and mining technology, including training costs and expenses as stipulated in the FTAA and in the revised implementing rules and regulations;
- (5) Royalty payments to claim owners or surface land owners relating to the Contract Area during the Operating Period, if any;
- (6) Continuing mine operating development expenses within the Contract Area after the pre-operating period;
- (7) Interest expenses charged on loans or such other financing-related expenses incurred by the Contractor subject to the financing requirement in the FTAA, which shall not be more than the prevailing international rates charged for similar types of transactions at the time the financing was arranged, and where such loans are necessary for the operations; and

d. Additional Government Share

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

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

Section 5. Sales of Minerals or Mineral Products

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

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

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

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

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

- (1) any company in which the Contractor holds fifty percent (50%) or more of the shares;
- (2) any company which holds fifty percent (50%) or more of the Contractor's shares;
- (3) any company affiliated by the same definition in (1) or (2) to an affiliated company of the Contractor is itself considered an affiliated company for purposes of the FTAA;
- (4) any company which, directly or indirectly, is controlled by or controls, or is under common control by the Contractor;
- (5) any shareholder or group of shareholders of the Contractor or of an affiliated company; or
- (6) any individual or group of individuals in the employment of the Contractor or of any affiliated company.

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

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

shall be deemed to be affiliates unless the Contractor is able to produce reasonable evidence to the contrary.

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

Section 6. Payment of Government Share

- a. Occupation Fees. Prior to or upon registration of the FTAA and on the same date every year thereafter, the Contractor shall pay to the concerned Treasurer of the municipality(ies) or city(ies) the required Occupation Fee over the Contract Area at the rate provided for by existing laws, rules and regulations.
- b. Government Taxes, Royalties and Other Fees. The Contractor shall promptly pay all the taxes and fees required by the Government in carrying out the activities covered in the FTAA and in such amount, venue, procedure and time as stipulated by the particular law and implementing rules and regulations governing such taxes and fees, subject to all rights of objection or review as provided for in relevant laws, rules and regulations. In the case of non-payment of certain taxes and fees during the Recovery Period, the Contractor shall follow the prevailing procedures for availing non-payment in accordance with pertinent laws, rules and regulations. Where prevailing orders, rules and regulations do not fully recognize and implement the provisions covered by Section 4 of this Order, the Government shall exert its best efforts to ensure that all such orders, rules and regulations are revised or modified accordingly.
- c. Additional Government Share. - Payment of the Additional Government Share shall commence after the Recovery Period. The Additional Government Share shall be computed and filed by the Contractor using the procedure in Annex 1 and filed in a form using Annex 2 of this Order. The amount shall be paid to the Mines and Geosciences Bureau within thirty (30) days after the filing and payment date of the final income tax return to the Bureau of Internal Revenue. The Mines and Geosciences Bureau shall conduct a post-audit of the payment and shall notify the Contractor of any deficiency in its payment of Additional Government Share.

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

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

Section 7. Recovery of Pre-Operating Expenses

- a. Recovery Period. Considering the high risk, high cost and long term nature of an FTAA Mining Operation, the Contractor shall be given an opportunity to recover the expenses incurred during its pre-operating period. After this period, the Government shall receive its rightful share from the national patrimony. Recovery Period, as used in this Order, shall be a maximum of five (5) years or at a date when the aggregate of the Net Cash Flows from the Mining Operations is equal to the aggregate of its Pre-Operating Expenses, reckoned from the Date of Commencement of Commercial Production, whichever comes first.

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

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

- b. Recoverable Pre-Operating Expenses. All Pre-Operating Expenses allowed for recovery under this Order shall be approved by the Secretary upon recommendation of the Director. It shall be limited to actual expenses and capital expenditures relating to the following:
- (1) Acquisition, maintenance and administration of any mining tenements or agreements covered by the FTAA;
 - (2) Exploration, evaluation, feasibility and environmental studies, production, mining, milling, processing and rehabilitation;
 - (3) Stockpiling, handling, transport services, utilities and marketing of minerals and mineral products;

- (4) Development within the Contract Area relating to the Mining Operations;
- (5) Infrastructure contributions and payments made to local Governments except taxes, royalties and fees;
- (6) Payments to landowners, surface rights holders, claim owners and to Indigenous Peoples or Indigenous Cultural Communities, if any;
- (7) Expenses incurred in fulfilling the Contractor's obligations to contribute to national development and training of Philippine personnel;
- (8) Consulting fees incurred inside and outside the Philippines for work related directly to the Mining Operations and consistent with the Contractor's approved work program;
- (9) The establishment and administration of field and regional offices including administrative overheads incurred within the Philippines which are properly allocable to the Mining Operations and directly related to the performance of the Contractor's obligations and exercise of its rights under the FTAA;
- (10) Costs incurred in financial development, including interest on loans payable within or outside the Philippines, subject to the financing requirements required in the FTAA and to a limit on debt-equity ratio of 5:1 for investments equivalent to US\$200 Million or less, or for the first US\$200 Million of investments in excess of US\$200 Million; or 8:1 for that part of the investment which exceeds US\$200 Million: *Provided*, That the interests shall not be more than the prevailing international rates charged for similar types of transaction at the time the financing was arranged;
- (11) All costs of constructing and developing the mine incurred before the Date of Commencement of Commercial Production, including capital and property as hereinafter defined irrespective as to their means of financing, subject to the limitations defined by Clause b (10) of this Section, and inclusive of the principal obligation and the interests arising from any Contractor's leasing, hiring, purchasing or similar financing arrangements including all payments made to Government, both national and local; and
- (12) General and administrative expenses actually incurred by the Contractor for the benefit of the Contract Area.

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

Section 8. Examination of Accounting Books, Records and Related Documents

The Contractor shall keep accurate records of all transactions relating to Pre-Operating Expenses, capital expenditures, gross sales, Deductible

Expenses, recoverable expenses, Basic Government Share and the computation of Additional Government Share, and related financial matters. Upon prior written notice, the Contractor shall, at all reasonable times, make them available for inspection and audit by Government representatives or independent private parties authorized by the Secretary.

The Contractor, through its President, shall submit to the Mines and Geosciences Bureau a sworn semi-annual summary of its actual financial records covering its gross sales, Deductible Expenses, recoverable expenses, basic government share paid and other related financial documents without prejudice to the submission of other reportorial requirements under the Philippine Mining Act of 1995 and its implementing rules and regulations.

Section 9. Pro Forma FTAA Contract

The fiscal regime provided herein, and the terms and conditions provided in the Mining Act and its implementing rules and regulations shall be embodied in a Pro Forma FTAA Contract to be provided for by the DENR through the appropriate policy directive.

Section 10. Availment of Incentives

The Contractor can avail of the Recovery of Pre-Operating Expenses under Section 7 of this Order and the Income Tax Holiday under Executive Order No. 226: *Provided*, That there is sufficient ore reserves in the mining area to sustain a projected total mine life of three (3) times the projected number of operating years with incentives, but the total of which should not be less than ten (10) years. Thus, for every year of incentives, the Contractor should operate for two (2) years without incentives, thereby allowing the Government to collect its rightful share from the utilization of the minerals.

Section 11. Surface Areas Necessary to the Mining Operations

Surface areas which are necessary and vital to the Mining Operations of an FTAA Contractor may be acquired at the expense of the Contractor in the name of the Government subject to the terms and conditions of the FTAA.

Section 12. Status of Existing FTAA's

All FTAA's approved prior to the effectivity of this Administrative Order shall remain valid and be recognized by the Government: *Provided*, That should a Contractor desires to amend its FTAA, it shall do so by filing a Letter of Intent (LOI) to the Secretary thru the Director: *Provided further*, That if the Contractor desire to amend the fiscal regime of its FTAA, it may do so by seeking for the amendment of its FTAA's whole fiscal regime by adopting the fiscal regime provided herein: *Provided finally*, That any amendment of an FTAA other than the provision on fiscal regime shall require negotiation with the FTAA Negotiating Panel and that every amendment of an FTAA shall require the recommendation of the Secretary for approval of the President of the Republic of the Philippines.

Section 13. Repealing Clause

All orders and circulars or parts thereof inconsistent with or contrary to the provisions of this Order are hereby repealed, amended or modified accordingly.

Section 14. Effectivity

This Order shall take effect fifteen (15) days upon its complete publication in a newspaper of general circulation and fifteen (15) days after registration with the Office of the National Administrative Register.

ANGELO T. REYES
Secretary

ANNEX 1

STEPWISE PROCEDURE IN DETERMINING THE ADDITIONAL GOVERNMENT SHARE DURING A CALENDAR YEAR

The following procedure shall be used in determining the Additional Government Share during any calendar year:

Step 1 - Determine the Total Gross Output of the Contractor during the calendar year in accordance with the National Internal Revenue Code. The basis for the Total Gross Output shall be the documentary proofs of final payments submitted under oath by the President or Chief Executive Officer of the Contractor which are subject to audit by the Government or its designated Auditors.

Step 2 - Determine the Total Deductible Expenses incurred by the Contractor during the calendar year based on Clause c of Section 4 of this Order. The basis for the Total Deductible Expenses shall be the audited report of Deductible Expenses submitted under oath by the President or Chief Executive Officer of the Contractor subject to audit by the Government or its designated Auditors.

Step 3 - Calculate the Net Mining Revenue as follows:

$$\text{Net Mining Revenue} = \text{Total Gross Output less Total Deductible Expenses}$$

Step 4 - Calculate the Total Government Share as follows:

$$\text{Total Government Share} = 50\% \times \text{Net Mining Revenue}$$

Step 5 - Determine the Basic Government Share from the total taxes, fees and royalties paid by the Contractor during the calendar year based on Clause b(1) of Section 4 of this Order. The basis of the Basic Government Share shall be the certified true copies of receipts of payments made by the Contractor during the calendar year for taxes, royalties and fees.

Step 6 - Calculate the Additional Government Share as follows:

If the Basic Government Share is less than Total Government Share, then:

$$\text{Additional Government Share} = \text{Total Government Share less Basic Government Share}$$

ANNEX 2

MGB Form No. _____



Republic of the Philippines
Department of Environment and Natural Resources
MINES AND GEOSCIENCES BUREAU

ANNUAL DECLARATION/RETURN OF GOVERNMENT SHARE FROM FINANCIAL OR TECHNICAL ASSISTANCE AGREEMENTS Calendar Year _____

| | |
|---|------------|
| A. Administrative Information | |
| Name of Contractor: | |
| Name of Project/Project Site | |
| Mailing Address of Contractor: | |
| Name of Managing Official: | |
| Contact Number(s) of Managing Official: | |
| FTAA Contract Number : | |
| Tax Identification Number (TIN) of Contractor: | |
| | |
| B. Computation of Additional Government Share | |
| 1. Total Gross Output <i>(Attach as Annex 2A to this declaration/return all proofs of Final Payment issued by the mineral buyer and a summary page of all payments made. If payments are made in foreign currency, indicate foreign exchange rates used at the time of payment.)</i> | PhP |
| 2. Total Deductible Expenses <i>(Attach as Annex 2B to this declaration/return an Audited Report of Deductible Expenses)</i> | PhP |
| 3. Net Mining Revenue = Gross Output less Deductible Expenses | PhP |
| 4. Total Government Share = 50% X Net Mining Revenue | PhP |
| 5. Basic Government Share <i>(Attach as Annex 2C to this declaration/return all Certified True Copies of tax receipts and a summary of all tax payments made.)</i> | PhP |
| 6. Additional Government Share = Total Government Share less Basic Government Share | PhP |
| 7. Other Payments (e.g. penalties, late payments, etc.), if any. <i>(Attach as Annex 2D to this declaration/return the details of these payments)</i> | PhP |
| 8. <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 60%; border-top: 1px solid black; text-align: center;">Signature of President /CEO Over Printed Name</div> <div style="width: 30%; border-top: 1px solid black; text-align: center;">Date</div> </div> | |

ACKNOWLEDGMENT

Republic of the Philippines)
Quezon City) s.s.

BEFORE ME, a Notary Public for and in the Quezon City, personally appeared _____ with Community Tax Certificate No. _____ issued on _____ at _____, known to me and to me known to be the same person who executed the foregoing instrument which he/she acknowledged before me as his/her free and voluntary act and deed.

WITNESS MY HAND AND SEAL, this ____ day of _____, _____ at Quezon City.

Doc No. _____
Page No. _____
Book No. _____
Series of _____