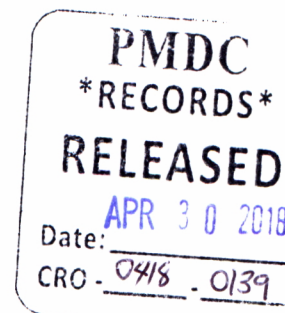




April 25, 2018

**SEC. SAMUEL G. DAGPIN, JR.**  
**Chairman**

Governance Commission for GOCCs (GCG)  
3<sup>rd</sup> Floor, Citibank Center, Citibank Plaza  
8741 Paseo De Roxas, Makati City



**Dear Chairman Dagpin:**

Referring to the Governance Commission for GOCCs (GCG) Memorandum Circular No. 2017-01, prescribing the deadline for submission of documentary requirements for the 2017 Performance-Based Bonus (PBB), we are submitting herewith our Monitoring Report for CY 2017 together with the supporting documents.

Aside from the review of its Joint Operating Agreements (JOAs) with its Partner-Operators, PMDC in 2017 focused on: 1) addressing the environmental problems in the Diwalwal Mineral Reservation Area (DMRA) which PMDC assumed as a corporate obligation under the DENR Department Administrative Order (DAO) No. 2003-38 and the Memorandum of Agreement (MOA) between DENR, PMDC and NRDC dated November 18, 2003; 2) engaging the different barangays in DMRA about PMDC's advocacy for Responsible Mining; and 3) in looking for qualified investors who can be engaged for the operation of the 729 Victory Tunnel in the DMRA.

For the Commission's information and reference.

Thank you.

Very truly yours,

  
**ATTY. ALBERTO B. SIPACO, JR.**  
Chairman  
President and CEO



**PHILIPPINE MINING DEVELOPMENT CORPORATION**  
Monitoring Report CY 2017

|                  | Objective/Measure   | Formula  | Weight   | Baseline 2016    | 1st Quarter |  | 2nd Quarter   |  | 3rd Quarter   |  | 4th Quarter   |   | Annual  |  |   |
|------------------|---|--|--|------------------|-------------|--|---|--|---|--|---|---|---|--|---|
|                  |   |  |  |                  | Target      | Actual   | Target  | Actual   | Target  | Actual   | Target  | Actual  | Target  | Actual   |   |
| INTERNAL PROCESS | <b>SO 4 Develop the Diwalwal Mining Area and other Mining Tenements</b>       |  |  |                  |             |  |   |  |   |  |   |   |   |  |   |
|                  | SM 6  | Number of New Mining Areas/Tenements Operated and/or Successfully Bidded Out   | a. Board-approval of Action Plan   | 10%              | n/a         | Gathering of technical data, documents and information for the Action Plan                       | Technical data, documents and necessary information were gathered   | Collation and review of the necessary information for the action plan  | Collation and review done   | Drafting of the Action Plan  | Drafting of the Action Plan   | Finalization of the action plan to be presented to the BOD                    | Finalized the action plan. Waiting for the schedule of the Board meeting to present details of the action plan.   | Board Approval of Action Plan  | Action Plan approved by the Board last February 2018 Board Meeting  |
|                  |   |  | b. Actual number of mining properties bidded-out/ disposed                     | 10%              | n/a         | Preparation of necessary documents for the properties recommended for bidding                    | Documents prepared  | Finalization of the properties recommended for bidding to be presented to the BOD  | Presented the recommended properties for bidding to the PMDC Board; Bidding put on hold subject to consultation with a 3rd party or government entity re: determination of bases for the computation of royalty and commitment fees | Coordination with 3rd party consultants re: basis of computation for royalty and commitment fees         | Done; drafted the document stating the applicable royalty and commitment fees for projects to be bidded | Recommended properties for bidding to be included in the Board Meeting Agenda | The properties for bidding were not included in the Board Agenda due to a significant number of matters to be discussed in the Board Meeting            | Three (3) new properties bidded out/disposed   | No property was bidded out  |
|                  | <b>SO 5 Strengthen and Expand Ownership and Control of PMDC Mining Assets</b> |  |  |                  |             |  |   |  |   |  |   |   |   |  |   |
|                  | SM 7  | Percentage of PMDC Mining Projects that are Operating in Accordance with Approved Project Plans and the Joint Operating Agreement (JOA) Provisions | $\frac{\sum \text{Actual number of reviewed JOAs}}{\sum \text{JOAs}}$          | 10%              | n/a         | Creation of the PMDC Policy Review Committee to review the performance of PMDC Partner-Operators | Issuance of Show-Cause letters to Partner-Operators why their JOAs should not be cancelled for violations of the terms and conditions thereof | Creation of JOA Evaluation Committee to evaluate and recommend to PMDC Management the appropriate action to be taken in the light of the replies and explanations submitted by the Partner/Operators of PMDC | Meetings of the JOA Evaluation Committee conducted; continuing issuance of Show Cause letters to Partner/Operators to explain why the projects are stalled  | Continuation of the evaluation of the mining projects and review of the replies of the Partner-Operators | Final order on cancellation of mining projects were issued  | Review of 100% of JOAs  | Reviewed 100% of the JOAs; a total of 17 projects were issued show cause letters, 13 of which were cancelled; and 4 were considered for reconsideration | Review of 100% of JOAs relative to non-moving mining projects, resulting to the undertaking of appropriate action, i.e., issuance of show cause letters, contract rescission, resolution of issues, etc. | Reviewed 100% of the JOAs; a total of 17 projects were issued show cause letters, 13 of which were cancelled; and 4 were considered for reconsideration |
|                  | <b>SO 6 Enhance Operational Efficiency</b>                                    |  |  |                  |             |  |   |  |   |  |   |   |   |  |   |
|                  | SM 8  | Percentage of Ore Shipments by Operators Accepted by Buyers  | $\frac{\sum \text{Ore shipment accepted by buyers}}{\sum \text{Ore shipment}}$ | 5%               | 100%        | n/a  | No shipments  | 100%   | 100% (4/4)  | 100%   | 100% (9/9)  | 100%  | 100% (11/11)  | 100%   | 100% (11/11)  |
|                  |   |  |  | <b>Sub-total</b> | <b>35%</b>  |  |   |  |   |  |   |   |   |  |   |
|                  | <b>SO 7 Foster enabling environment</b>                                       |  |  |                  |             |  |   |  |   |  |   |   |   |  |   |

