

Republic of the Philippines PHILIPPINE MINING DEVELOPMENT







April 25, 2018

SEC. SAMUEL G. DAGPIN, JR. Chairman

Governance Commission for GOCCs (GCG) 3rd 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 your

ATTY. ALBERTO B. SIPACO, JR

Chairman

President and CEO

PHILIPPINE MINING DEVELOPMENT CORPORATION Monitoring Report CY 2017

Monitoring Report CY 2017															
		Objective/Measure	Formula	Weigh	t Baseline 2016	1st C	Quarter	2	2nd Quarter	310	d Quarter	4th	Quarter	Aı	nnual
						Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	30 1	Boost Revenue Generatir	g Capacities											a.gct	Actual
FINANCE	SM1	EBITDA	Earnings before interest, taxes, depreciation, and amortization	15%	P16.0 Million		-8.9 M		-10.6 M		17.2 M		1.0 M	16.1 M	3.3 M
			Sub-tota	15%	-		+								
	50 2	Enhanced Operators' Capa	acity												
	SM 2	Percentage of planned/required mining activities completed per project	∑Actual number of completed mining activities per project ÷ ∑Planned/ required mining activities completed per project	10%	100% (19/19)	18% (2/11)	18% (2/11)	45% (5/11)	45% (5/11)		91% (10/11)	100% (11/11)	100% (11/11)	100% (11/11)	100% (11/11)
	50 3	Sustained Progressive Cor	mmunities Through Respons	sible Mini	ng										
DERS	SM 3	Percentage of PMDC mining projects that are 100% compliant with all regulatory and statutory requirements, and the standards of Responsible Mining	ΣActual number of PMDC mining projects fully compliant with all regulatory and statutory requirements and standards of responsible mining + ΣPMDC mining projects	10%	n/a	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
STAKEHOLDERS	SM 4	Stakeholder's Satisfaction Survey	Average satisfaction rating	5%	80.90%					Coordination with third (3rd) party (Philippine Information Agency) regarding the project, i.e. timeframe for implementation, contract amount, etc.	Coordination with the PIA for the implementation of the survey; PIA's timeframe for implementation is 35 working days	Drafting of the Terms of Reference (TOR) and Memorandum of Agreement (MOA)	TOR and MOA drafted	Average Satisfaction Rating (81%)	TOR and MOA transmitted to the PIA; MOA not yet signed by PIA
	SM 5	Number of community development beneficiaries	Establishment of socio- economic profile and baseline data	5%	3,708 beneficiaries	Engagement with third party to conduct the socio- economic profile in DMRA and Dinagat	Signed MOA with the Caraga State University for Dinagat baseline, and SGP Research and Consulting for DMRA	Approval of project design by PMDC Management	Project Design for the profile of DMRA and Dinagat approved by PMDC	Collection of data in DMRA and Dinagat for the profiling	collection of data in the target areas - DMRA and Dinagat	Established socio- economic profile and baseline data of DMRA and Dinagat host communities	completed	Established socio- economic profile and baseline data of DMRA and Dinagat host communities	completed
			Sub-total	30%											
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PHILIPPINE MINING DEVELOPMENT CORPORATION Monitoring Report CY 2017

		Mary San						eport of 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
so	4 Develop the Diwalwal Minir	g Area and other Mining Ter	nements											
	Number of New Mining	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
PROCESS	Areas/Tenements Operated and/or Successfully Bidded Out	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
= sc	5 Strengthen and Expand Ov	vnership and Control of PMD	C Mining	Assets										
INTERNAL SS	Percentage of PMDC Mining Projects that are Operating in Accordance with Approved Project Plans and the Joint Operating Agreement (JOA) Provisions	ΣActual number of reviewed JOAs ÷ ΣJOAs	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 avluate 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 Parter-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
sc	6 Enhance Operational Effici	ency												
	Percentage of Ore 8 Shipments by Operators Accepted by Buyers	ΣOre shipment accepted by buyers ÷ ΣOre shipment	5%	100%	n/a	No shipments	100%	100% (4/4)	100%	100% (9/9)	100%	100% (11/11)	100%	100% (11/11)
		Sub-total	35%											
SC	7 Foster enabling environme	nt												

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	Objective/Measure		Formula	Weight	Baseline 2016	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
		I			2016	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
LEARNING AND GROWTH	SM 9	Establishment of IT System	∑Established and implemented Information System ÷ ∑Target established and implemented Information System	10%										Establishment of Geographic Information System (GIS); Adoption and implementation of the Computerized Accounting System; Adoption and implementation of the Payroll System; Continuous Improvement of Records Management System	- put on hold - implemented - implemented - implemented
	SO 8	Improve Manpower Compe	tence and Management Effection	ctiveness			$1 \le 1 \le i$								
	SM 10	Compliance with Quality Standards	ISO Certification	5%	Passed the 1st Surveillance Audit	Passed the 2nd Surveillance Audit	Passed	-	-	-	-	-	-	Maintained ISO Certification	Maintained ISO Certification; passed second surveillance audit
	SM 11	Percentage of Employees with Required Competencies Met	Established baseline	5%	Competency framework for HRM completed		Conducted benchmarking meeting with the Civil Service Commission (CSC) and TRANSCO re: establishment of competency baseline		Given the inputs of the CSC, refinements on the functional competencies were made in coordination with the various departments, prior to the establishment of the baseline		Made some refinements/ revisions on the functional competencies in the Competency Framework; drafted behavioral indicators per proficiency level, and per competency	preparation of	Completed the revisior of functional competencies of Departments, and the behavioral indicators per competency	Establishment of	Completed the revision of functional competencies of Departments; and the behavioral indicators for all competencies; Baseline target proposed to be carried over to 2018
			Sub-total	20%											
			TOTAL					L		1	L	January and the second second second second	***************************************	adara esculos seconomico con escanomico de la menera en casa e	advantananterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterrenterr
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