

ANNEX A

Republic of the Philippines
DEPARTMENT OF ENERGY
Energy Center, Rizal Drive corner 34th Street
Bonifacio Global City, Taguig City,
Metro Manila

PHILIPPINE CONVENTIONAL ENERGY CONTRACTING PROGRAM (PCECP) APPLICATION GUIDELINES FOR COAL

Requisites for documentation to be submitted by applicants in the PCECP for Coal.

I. General Information

1. Applicant may be any corporation or partnership with at least sixty percent (60%) of its capitalization is owned by Filipinos duly registered with the Securities and Exchange Commission (SEC), or cooperative, organized or authorized for the purpose of engaging in coal exploration and development.
2. Applicant shall submit three (3) complete sets of legal, technical, and financial documents for evaluation by the Review and Evaluation Committee (REC).
3. Submitted application must be in both paper and digital (USB Drive in Microsoft Word or *.pdf format) copies. Times New Roman 12 font and single line spacing are recommended. Figures shall be submitted in an appropriate format, no smaller than A3 size. For legibility, figures and maps shall be submitted at a larger scale (1:10,000) as appendices.
4. A non-refundable application fee of Php 50,000.00 per area shall be paid by the applicant upon submission of the application and its supporting documents. Payment may be made in cash, manager/company cheque payable to Department of Energy or wire/bank transfer. All wire/bank transfer should be net of all applicable bank and financial charges.
5. Both the original paper copy and the digital copy of the application shall be addressed to:

The Chair

Review and Evaluation Committee
Department of Energy
Energy Center, Rizal Drive corner 34th Street
Bonifacio Global City
Taguig City, Metro Manila,
1632 Philippines

The application may be sent by courier, registered mail, or hand delivered and must be stamped received by the DOE Records Division not later than 1100H of the deadline for submission of documents as prescribed in Section 5.3.a.ii of the Circular and the REC shall open the submitted applications at 1300H on the same day.

6. The DOE will award one Coal Operating Contract for each Nominated Area. Within seven (7) days from receipt of notice of award, the winning applicant shall pay a processing fee of Php 30,000.00 per coal block based on DOE's Schedule of Fees and Charges pursuant to DOF-DBM-NEDA Joint Circular No. 1-2013 dated 30 January 2013.

7. The work equivalents as provided for in Chapter Four (4) Section III of BED Circular 81-11-10 or "**Guidelines for Coal Operations in the Philippines**" shall be applied equivalent to 9,000 feet or 2,743 meters drillhole-equivalent per coal block annually.
8. The available working capital as provided for in Chapter One (1) Section III item A.1.a of BED Circular 81-11-10 or "**Guidelines for Coal Operations in the Philippines**" shall be equivalent to at least 150% of the amount of proposed work program for the initial year of the COC.
9. A company shall be entitled to not more than fifteen (15) coal blocks, including existing COCs, in any one coal region pursuant to Section 6, PD 972 as amended.

II. Documentation Requirements

The following documentation requirements shall be included in the application:

A. Legal Documentation

- A.1 Duly filled-out covering information sheet showing a brief summary of the application, e.g.

COVERING INFORMATION SHEET

Company Name		
Telephone No.:	Fax No.:	Mobile Phone No.:
Email Address:		Website:

Address of Applicant:

Area Applied for:

Proposed Signature Bonus:

Proposed Training Assistance:

Proposed Development Assistance Fund:

It is certified that the foregoing information are true and correct. It is understood that any omission or misrepresentation of the required information shall be sufficient cause for the rejection of this application.

Authorized Representative Name and Signature

- A.2 Certified true copies of the Securities and Exchange Commission (SEC) Certificate of Registration, Articles of Incorporation and By-Laws. The corporate purpose of the applicant shall include the exploration, development and utilization of coal resources;
- A.3 Certified true copy of the General Information Sheet (GIS) stamped received by the Securities and Exchange Commission (SEC) not more than twelve (12) months old at the time of filing of application;
- A.4 Original Copy of the Certificate of Authority from the Board of Directors of the applicant authorizing a designated representative/s to apply, negotiate, sign any documents, and execute the coal operating contract. The said Certificate of Authority shall be executed under oath by the Corporate Secretary; and,
- A.5 In case the applicant is a partnership or cooperative, it shall submit the legal documents as specified in A.2 to A.4 above, or its equivalent, issued or authenticated by the appropriate governing authorities.

B. Work Program Documentation

- B.1 Geological Report (Narrative presentation of available data such as geology, coal quality, resource estimate, if available etc, indicating presence of coal resources at depth);
- B.2 Proposed Exploration Work Program (Narrative discussion of the different exploration strategies and methodologies to be employed in delineating coal resources at depth with subsequent manpower complement and projected expenditures on annual basis for each activity with respect to the area or areas specified in the proposal);
- B.3 Schedule of Works and Manpower Requirements in Gantt Chart; and,
- B.4 Projected Exploration Expenditures.

C. Technical Documentation

- C.1 Particulars of technical and industrial resources available to the applicant for the exploration of coal resources;
- C.2 Particulars on the technical and industrial qualifications, eligibilities and work related experiences of the applicant and its employees;
- C.3 Particulars on the experiences, achievements and track records of the applicant and its employees related to technical and industrial undertakings; and,
- C.4 Particulars on organizational and management structures relative to administration, financial and technical aspects of the applicant.

D. Financial Documentation

- D.1 For corporations existing for more than two (2) years at the time of filing of application:
 - a. Original Copy of the Annual Report or Audited Financial Statements (FS) for the last two (2) years from the filing date and Original Copy of the latest Unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer if the Audited FS is more than six (6) months old at the time of filing;
 - b. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS;
 - c. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PCECP areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable; and
 - d. A certified true copy of the latest income tax return filed with the Bureau of Internal Revenue, and duly validated with the tax payments made thereon.
- D.2 For newly-organized corporations existing for less than two (2) years at the time of filing of application:

- a. Original Copy of the Audited Financial Statements (FS) or unaudited FS duly signed by the responsible official such as the President and/or Chief Finance Officer;
- b. Original Copy of the Bank Certification to substantiate the cash balance as of the latest unaudited FS; and
- c. Original Copy of the Projected Cash Flow Statement for three (3) years covering fund sources and uses for the particular offered area, other applied PCECP areas, renewable energy service contract applications, existing service/operating contracts with DOE and other existing business, if applicable.

D.3 For Parent Company that guarantees for corporations with insufficient working capital. Financial guarantees of foreign companies to their subsidiaries that are shareholders of the applicant shall be limited to their equity participation in the allowable maximum forty percent (40%) foreign capitalization.

- a. Original Copy of the Parent Company's financial documents per D.1.a and D.1.b;
- b. Original Copy of duly notarized Letter of Undertaking/ Support from the Parent Company to fund the Work Program; and,
- c. General Information Sheet (GIS) of the shareholders of the applicant availing of the Parent Company fund guarantee.

D.4 Minimum working capital (Liquid Assets less Current Liabilities) is 150% of the financial commitment for the first contract year of the proposed work program and budget. Liquid Assets shall consist only of cash, trade accounts receivables and short term investments/placements. Credit line is not a Liquid Asset.

D.5 The applicant shall have available working capital for each PCECP application separate from other applied PCECP areas, renewable energy service contract applications and existing energy service/operating contracts.

----Nothing Follows----