

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **1173**



Introduced by: **HON. PHILIP A. PICHAY**

EXPLANATORY NOTE

Over the last few years, metal prices have risen dramatically principally because of the increasing demand for copper, gold, and nickel, among others. In 1998 copper, gold and nickel prices were US\$0.75 per lb., US\$ 295.00 per troy ounce and US\$ 2.10 per lb., respectively. By 2010, copper was averaging US\$ 3.35 per lb., gold US\$ 1,200.00 per troy ounce and nickel, US\$ 9.85 per lb.:

	1998	2010	Compounded Annual Growth Rate(%)
Copper, US\$/lb.	0.75	3.35	13.23
Gold, US\$/tr.oz.	295.00	1,200.00	12.35
Nickel, US\$/lb.	2.10	9.85	13.69

This tremendous growth rate have attracted to the mining industry not only many foreign and local investors but also small-scale miners, mostly illegal.

In 2010, mining grew by 12% led by copper and gold which grew by 27% to US\$ 1.87 billion from US\$ 1.47 billion in 2009. Mining contributed 4.3% to our total exports, a far cry from the 24% contribution it had in the 1970s. With metal prices surging, however, mining is on its way to recovering lost ground and making significant contributions to our Gross Domestic Product(GDP).

Last year, foreign investments reached US\$ 956 million and could have easily surpassed the US\$ 1 billion mark had it not been for excessive regulations, anti-mining movements, and local Government interference in purely National Government functions. Despite the mining industry's efforts to address problems relating to the environment and community development, the efforts of some sectors to bring down the industry continues.

Responsible mining channels foreign and domestic investments to the countryside, providing access to a) employment and business opportunities, b) education, c)

1 medical services d) skills training e) housing, f) infrastructure and g) public utilities
2 and generally improving the standard of living of poverty-stricken people, who in all
3 probability, would never have the opportunity of improving their standard of living.
4 National and local taxes, fees and imposts are likewise paid to the Government,
5 thereby enhancing the delivery of basic public services.

6
7 Mining is a capital-intensive undertaking and a well-planned exploration and a well-
8 engineered and systematic development and utilization of our mineral reserves
9 require that the deficiencies and limitations of our existing laws be addressed.

10
11 A well-regulated mining industry is therefore needed to allow mining to substantially
12 increase its contribution to the national economy while protecting the environment at
13 the same time.

14
15 On the other hand the Mines and Geosciences Bureau(MGB) was originally
16 established as the Bureau of Mines on November 16, 1936 by Commonwealth Act
17 No. 136 and later amended under Presidential Decree No. 1281 on January 16, 1978
18 and Executive Order No. 192 dated June 10, 1987.

19
20 Under Executive Order No. 192, the powers and functions of the MGB were advisory
21 in nature and this has remained the same despite the conversion of the MGB from a
22 staff bureau to a line bureau of the Department of Environment and Natural
23 Resources(DENR) under Republic Act No. 7942.

24
25 The same Executive Order creating the Department of Environment and Natural
26 Resources does not also provide for any professional or academic qualification
27 standards for the Secretary and Assistant Secretary of the MGB.

28
29 There is therefore a need not only for a new mining law but for a Cabinet-level
30 Government agency that can serve as a potent and effective arm in the
31 administration and supervision of our mineral resources and which is responsive to
32 the needs of the Filipino people.

33
34 In view thereof, passage of this bill is urgently sought.

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PHILIP A. DICHAY


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HOUSE BILL NO. **1173**

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THE MINING CODE OF THE PHILIPPINES

AN ACT CREATING THE DEPARTMENT OF MINES, INSTITUTING A REVISED REGULATORY FRAMEWORK FOR THE PHILIPPINE MINING INDUSTRY, REPEALING FOR THE PURPOSE REPUBLIC ACTS NUMBERED SEVEN THOUSAND NINE HUNDRED FORTY TWO(R.A. NO. 7942, THE PHILIPPINE MINING ACT OF 1995), REPUBLIC ACT NUMBERED SEVEN THOUSAND SEVENTY SIX(R.A. 7076, THE PEOPLE'S SMALL-SCALE MINING ACT OF 1991), AND PRESIDENTIAL DECREE NO. 1281(PD 1281, REVISING COMMONWEALTH ACT NO. 136, CREATING THE BUREAU OF MINES AND FOR OTHER PURPOSES) AND AMENDING SECTION 15 OF EXECUTIVE ORDER NO.192(E.O. 192, PROVIDING FOR THE REORGANIZATION OF THE DEPARTMENT OF ENVIRONMENT, ENERGY AND NATURAL RESOURCES, RENAMING IT AS DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES AND FOR OTHER PURPOSES AND SECTION 25 OF REPUBLIC ACT NUMBERED FOUR THOUSAND TWO HUNDRED SEVENTY FOUR(RA 4274, THE MINING ENGINEERING LAW OF THE PHILIPPINES) AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I

GENERAL PROVISIONS

Section 1 . Short Title – This Act shall be known as the "Philippine Mining Code of 2012"

Section 2 . Declaration of Policy – All mineral resources in public and private lands, including ancestral lands and domains, within the territory and exclusive economic zone of the Republic of the Philippines are owned by the State. It shall be the responsibility of the State to promote their rational exploration,

1 development, utilization and conservation through the combined efforts of
2 government and the private sector in order to enhance national growth in a way that
3 effectively safeguards the environment and protects the rights of affected
4 communities.

5 **Section 3. Definition of Terms** - As used in and for the purpose of this law,
6 the following terms, whether in the singular or plural, shall have the following
7 meanings:

- 8 (a) "State" means Republic of the Philippines
- 9 (b) "President" means the President of the Republic of the Philippines
- 10 (c) "Government" means the Government of the Republic of the Philippines
- 11 (d) "Secretary" means the Secretary of the Department of Mines
- 12 (e) "Ancestral Domain" means areas covered by Certificate/s of Ancestral
13 Domain Title
- 14 (f) "Ancestral Land" means areas covered by Certificate/s of Ancestral Land Title
- 15 (g) "Block or Meridional Block" means an area bounded by one-half minute north
16 latitude and one-half minute east longitude containing an area of eighty
17 one(81) hectares, more or less
- 18 (h) "Contiguous Zone" means water, sea bottom and substratum measured
19 twenty four(24) nautical miles(24 n.m.) seaward from the baseline of the
20 Philippine Archipelago
- 21 (i) "Contract Area" means land or body of water delineated for purposes of
22 exploration, development or utilization of the minerals found therein
- 23 (j) "Contractor" means a qualified person acting alone or in a consortium who is
24 a party to a mineral agreement or to a financial or technical assistance
25 agreement
- 26 (k) "Co-production agreement" means an agreement entered into between the
27 Government and one(1) or more Contractors in accordance with Chapter V,
28 Section 20 hereof
- 29 (l) "Department" means the Department of Mines(DOM)
- 30 (m) "Development" means the work undertaken to prepare an orebody or a
31 mineral deposit for mining including the construction of necessary
32 infrastructure and related facilities
- 33 (n) "Environmental Compliance Certificate(ECC)" means a document issued by
34 the Government certifying that a mining project has complied with the
35 requirements of the environmental impact statement system
- 36 (o) "Environmental Impact Statement(EIS)" means a document which aims to
37 identify, predict, interpret, and communicate information regarding changes in

- 1 environmental quality associated with a mining project and which examines
2 the range of alternatives for the objectives of a mining project and their impact
3 on the environment
- 4 (p) "Exclusive Economic Zone (EEZ)" means the water, sea bottom and
5 subsurface measured from the baseline of the Philippine Archipelago up to
6 two hundred (200) nautical miles (200 n.m.) offshore
- 7 (q) "Existing Mining/Quarrying Right" means a valid and subsisting mining claim
8 or permit or quarry permit or any mining lease contract or agreement covering
9 a mineralized area granted/issued under pertinent mining laws
- 10 (r) "Exploration" means the search for mineral deposits by geological,
11 geochemical or geophysical surveys, remote sensing, test pitting, trenching,
12 drilling, shaft sinking, tunneling or any other means for the purpose of
13 determining the existence, extent, quantity, and quality thereof and the
14 feasibility of mining them for profit
- 15 (s) "Financial or Technical Assistance Agreement (FTAA)" means a contract
16 involving financial or technical assistance for large-scale exploration,
17 development and utilization of mineral deposits
- 18 (t) "Force Majeure" means acts or circumstances beyond the reasonable control
19 of the Contractor including, but not limited to, war, rebellion, insurrection,
20 riots, civil disturbance, blockade, sabotage, embargo, strike, lockout, any
21 dispute with surface owners and other labor disputes, epidemic, earthquake,
22 storm, flood, or other adverse weather conditions, explosion, fire, adverse
23 action by the National and/or Local Government or by any instrumentality of
24 subdivision thereof, Acts of God, or any public enemy and any cause over
25 which the affected party has no reasonable control.
- 26 (u) "Foreign-Owned Corporation" means any corporation duly registered with the
27 Securities and Exchange Commission of the Philippines in which more than
28 forty percent (40%) of the capital is owned by foreigners.
- 29 (v) "Government" means the Government of the Republic of the Philippines
- 30 (w) "Gross Output" means the market value of minerals or mineral products
31 extracted from any mineral deposit
- 32 (x) "Indigenous Cultural Community (ICC)" means a group or tribe of indigenous
33 people officially recognized as such by the National Commission on
34 Indigenous Peoples
- 35 (y) "Joint Venture Agreement (JV)" means an agreement entered into between the
36 Government and one (1) or more Contractors in accordance with Chapter V,
37 Section 20 hereof

- 1 (z) "Minerals" mean all naturally occurring inorganic substances in solid, liquid, or
2 any intermediate state including sand and gravel. Coal, petroleum,
3 geothermal energy and natural gas are excluded from this term
- 4 (aa) "Mineral Agreement" means a contract between the Government and a
5 Contractor involving mineral production sharing agreement(MPSA), co-
6 production agreement(CPA) or joint venture agreement(JVA)
- 7 (bb) "Mineral Deposit" mean a natural deposit or accumulation of minerals
- 8 (cc) "Mineral Lands" mean those lands in which minerals exist in sufficient quantity
9 and grade to justify the necessary expenditures to develop and extract said
10 minerals
- 11 (dd) "Mining" means to extract minerals and includes all operations necessary for
12 that purpose such as milling, beneficiation and upgrading of ore, rocks or
13 minerals
- 14 (ee) "Offshore" means the water, sea bottom, and subsurface from the shore or
15 coastline reckoned from the mean low tide level up to the two hundred
16 nautical miles(200 n.m.) exclusive economic zone including the archipelagic
17 sea and contiguous zone
- 18 (ff) "Onshore" means the landward side from the mean tide elevation including
19 submerged lands in lakes, rivers and creeks
- 20 (gg) "Ore" means a naturally occurring substance or material which can be mined
21 and/or processed for a profit
- 22 (hh) "Permit" is a short-term privilege granted by the State to explore, develop and
23 utilize sand and gravel deposits
- 24 (ii) "Permittee" means the holder of any mining permit issued in accordance with
25 this law.
- 26 (jj) "Private Land" means any land belonging to a private person covered by
27 original or transfer certificates of title and includes alienable and disposable
28 land claimed by a holder, claimant, or occupant who has already acquired a
29 vested right thereto under the law although the corresponding certificate or
30 evidence of title or patent has not been actually issued
- 31 (kk) "Public Land" means lands of the public domain
- 32 (ll) "Qualified Person" means a Filipino citizen , of legal age with capacity to
33 contract or corporations or partnerships registered with the Securities and
34 Exchange Commission(SEC) at least sixty percent(60%) of the capital of
35 which is owned by Filipino citizens
- 36 (mm) "Quarry Resources" refers to any common rock or other mineral substances
37 as the Secretary may declare to be quarry resources such as, but not limited

- 1 to, andesite, basalt, conglomerate, coral sand, diatomaceous earth, diorite,
2 decorative stones, gabbro, granite, limestone, marble, marl, red burning clays
3 for potteries and bricks, rhyolites, rock phosphate, sandstone, serpentinite,
4 shale, tuff, volcanic cinders, kaolin, feldspar, bull quartz, quartz or silica, sand
5 and pebbles, bentonite, talc, asbestos, barite, magnesite, dolomite, mica,
6 precious and semi-precious stones, and other non-metallic minerals.
- 7 (nn) "Regional Office" means any of the regional offices of the Department of
8 Mines
- 9 (oo) "Regulations" mean the rules and administrative orders promulgated by the
10 Secretary to implement the provisions of this Law
- 11 (pp) "Utilization" means the extraction or disposition of minerals. It is synonymous
12 to mining operations.

14 CHAPTER II

15 ORGANIZATION AND JURISDICTION

16
17 **Section 4 . Department of Mines** – There is hereby created a Department
18 of Mines, hereinafter referred to as the Department, which shall absorb the powers
19 and functions of the Mines and Geosciences Bureau.

20
21 **Section 5 . Mandate** – The Department shall be the primary Government
22 agency responsible for the conservation, management, development and proper use
23 of the country's mineral resources as well as the licensing, permitting and regulation
24 thereof.

25
26 **Section 6 . Powers and Functions** – The Department of Mines shall have
27 the following powers and functions:

- 28 (a) Have jurisdiction and direct charge in the administration and
29 disposition of all mineral lands and mineral resources of the country
30 ensuring their effective protection, development and management;
- 31 (b) To grant mineral agreements or other mining permits to duly qualified
32 persons;
- 33 (c) To recommend to the President of the Philippines the approval of
34 financial or technical assistance agreements;

- 1 (c) Regulate and supervise the operations of all Contractors and
2 Permittees, including Mineral Processing Permit holders;
- 3 (d) Formulate policies, regulations, and programs pertaining to the
4 mineral reserves and resources of the country, both onshore and
5 offshore;
- 6 (d) Develop technical standards and safety and operating procedures for
7 mineral resources and reserves exploration, development, and
8 utilization, provided that such standards and procedures do not
9 conflict with the practice of Mining Engineering, Metallurgical
10 Engineering and Geology as provided for under the professional laws;
- 11 (f) To issue subpoena and summon witnesses to appear in any
12 proceedings pending before the Secretary of Mines, and in
13 appropriate cases, punish said witnesses for contempt, direct or
14 indirect, in accordance with pertinent provisions of the Rules of Court;
- 15 (d) To impose fines and/or penalties for violation of the provisions of the
16 mining law or any other laws being implemented by the Department of
17 Mines, the rules and regulations promulgated hereunder, its orders,
18 decisions and rulings;
- 19 (e) To confiscate surety, performance, and guaranty bonds posted with
20 the Department of Mines after due notice and hearing in an order to
21 be promulgated by the Secretary of Mines;
- 22 (g) To deputize, when necessary, any member or unit of the Philippine
23 National Police for purposes of implementing the mining law
- 24 (h) To require Contractors or Permittees as part of their mining activities
25 to keep in their office complete set of books of accounts showing all
26 receipts and expenditures, the source of such receipts, and the object
27 of such expenditures, and assign authorized representatives of the
28 Department of Mines to inspect such books of accounts;
- 29 (i) To require Contractors or Permittees to submit to the Department of
30 Mines a semi-annual report verified under oath containing: an itemized
31 account or balance sheet for the previous semester, embracing a full

1 and complete statement of all disbursements, and receipts, showing
2 from what sources such receipts were derived, and to whom and for
3 what object or purpose such disbursements or payments were made;
4 all indebtedness or liabilities incurred, or existing at the time, and for
5 what the same were incurred, and the balance of money, if any, on
6 hand; a statement showing the number of men employed, and for
7 what purpose and the rate of wages paid to each; a full and complete
8 statement of the work done in said mine, and amount of ore extracted,
9 from what part of mine taken, the amount of ore extracted, from what
10 part of mine taken, the amount sent to mill for production, output of the
11 mill, and its assay value. Every Contractor or Permittee shall likewise
12 keep in its office, a full report, under oath, of all discoveries of ores
13 made in said mine, whether by boring, drifting, sinking, or otherwise
14 together with the assay value thereof. All discounts, reports, and
15 correspondence shall be filed with, and shall be subject to verification
16 by, the Secretary of Mines;

17 (j) To conduct or undertake mining, metallurgical, geological, chemical,
18 and other researches and prepare reports thereon; and to provide
19 laboratory and technical services to the general public;

20 (k) To conduct geological and geophysical surveys of the Philippines and
21 its territorial waters, and to prepare reports and maps therefor;

22 (l) To conduct other kinds of surveys of all mineralized areas, and
23 inventory of the mineral resources, of the Philippines and prepare
24 reports, boundary plans and maps therefor;

25 (m) To disseminate information concerning the administration and
26 disposition of mineral lands, mining operations, utilization of minerals,
27 mineral economics, geological and other surveys, researches, and
28 such other activities through appropriate reports, bulletins and
29 circulars.

30 (n) To oversee the mining operations of Contractors/Permittees
31 particularly on mining practices and methods relating to protection of
32 life and property, economy of operations, prevention of pollution,
33 environmental protection and mineral conservation, and order the

1 suspension of any or all mining operations or closure of the mines, if
2 warranted;

3 (o) To require the Contractor/Permittee to take necessary measures to
4 provide for the growth and development of any industry suitable for
5 the contract area, other than mining, in order that when the mine is
6 exhausted or becomes no longer profitable for mining purposes the
7 people residing therein or those who used to work for the mine will
8 have a substitute industry or business activity to provide for their
9 means of livelihood, and to place the mine in a condition suitable for
10 habitation or agriculture;

11 (p) To keep records of mining agreements and licenses, and all
12 documents and instrument related thereto;

13 (r) If warranted, to engage in mineral canvassing, exploration,
14 development, and mining of the mineral resources of the country,
15 whether found in mineral reservations, in registered mining claims, or
16 in private and/or public lands;

17 (s) To exercise complete management and control over areas embraced
18 by mineral reservations; and

19 (t) Formulate such rules and regulations as may be necessary for the
20 effective implementation of this law.

21 **CHAPTER III**
22 **THE DEPARTMENT PROPER**

23 **Section 7. Composition** - The Department Proper shall be composed of the
24 Office of the Secretary, and the Offices of the UnderSecretaries and Assistant
25 Secretaries, and the Bureaus of the Department.
26

27 **Section 8. Office of Secretary** - The Office of the Secretary shall consist of
28 the Secretary and his immediate staff.
29

30 **Section 9. The Secretary** - The Secretary shall be appointed by the
31 President of the Philippines, subject to confirmation by the Commission on
32 Appointments.
33
34

1 No officer, external auditor, accountant, or legal counsel of any private company or
2 enterprise primarily engaged in mining and quarrying shall be eligible for appointment
3 as Secretary within two(2) years from his retirement, resignation or separation
4 therefrom.

5
6 The Secretary shall have the following powers and functions, in addition to those
7 provided for under Section 7, Chapter 2, Book IV of Executive Order No. 292 dated
8 July 25, 1987 or the Administrative Code of 1987:

- 9
- 10 (a) Establish policies and standards for the effective, efficient and
11 economical operation of the Department in accordance with the
12 programs of the Government;
 - 13 (b) Exercise direct supervision and control over all functions and activities
14 of the Department, as well as its officers and personnel;
 - 15 (c) Devise a program of international information on the technological and
16 contractual conditions of the mining industry;
 - 17 (d) Create regional offices and such other service units and divisions as
18 may be necessary;
 - 19 (e) Perform such other functions as may be necessary or proper to attain
20 the objectives of this law.
- 21

22 **Section 10. The UnderSecretaries** – The Secretary shall be assisted by
23 three(3) UnderSecretaries, one(1) for operations, one(1) for policy and programs and
24 one(1) for administrative services. They shall all be appointed by the President of the
25 Philippines upon the recommendation of the Secretary. They shall have the powers
26 and functions as provided for in Section 10, Chapter 2, Book IV of the Administrative
27 Code of 1987.

28
29 The Office of the UnderSecretaries shall consist of the UnderSecretaries and their
30 immediate staff.

31
32 **Section 11. The Assistant Secretaries** – There shall be three(3)
33 Assistant Secretaries who shall serve as Secretaries of the three(3) bureaus of the
34 Department as provided for under Section 8 of this law. They shall all be appointed
35 by the President of the Philippines, upon the recommendation of the Secretary.

36
37 The Office of the Assistant Secretaries shall consist of the Assistant Secretaries and
38 their immediate staff.

1
2 **Section 12. Qualifications** – No person shall be appointed Secretary,
3 UnderSecretary for Operations, or Assistant Secretary of the Bureau for Mining
4 Regulation unless he is a natural-born citizen of the Philippines, at least forty(40)
5 years of age, a holder of a Bachelor of Science in Mining Engineering degree from
6 any reputable University or College, a Registered Mining Engineer, a resident of the
7 Philippines for the last ten(10) years, of good moral character, of proven competence
8 in any field of mining, and has not publicly displayed hostility to mining.

9
10 No person shall be appointed UnderSecretary for Policy and Programs, and
11 Administrative Services or Assistant Secretary for Mineral Economics unless he is a
12 natural-born citizen of the Philippines, at least thirty five(35) years of age, a resident
13 of the Philippines for the last five(5) years, of good moral character, of proven
14 competence in mining, metallurgy, geology, law, management or economics, and has
15 not publicly displayed hostility to mining.

16
17 No person shall be appointed Assistant Secretary for Mining Technology unless he is
18 a natural-born citizen of the Philippines, at least thirty five(35) years of age, a
19 Registered Mining Engineer, a resident of the Philippines for the last five(5) years, of
20 good moral character, of proven competence in mining, and has not publicly
21 displayed hostility to mining.

22
23 No person shall be appointed Assistant Secretary for Metallurgical Technology
24 unless he is a natural-born citizen of the Philippines, at least thirty five(35) years of
25 age, a Registered Metallurgical Engineer, a resident of the Philippines for the last
26 five(5) years, of good moral character, of proven competence in metallurgy, and has
27 not publicly displayed hostility to mining.

28
29 No person shall be appointed Assistant Secretary for Geological Survey unless he is
30 a natural-born citizen of the Philippines, at least thirty five(35) years of age, a
31 Registered Geologist, a resident of the Philippines for the last five(5) years, of good
32 moral character, and of proven competence in geology, and has not publicly
33 displayed hostility to mining.

34
35 No person who has publicly displayed hostility to mining shall be appointed to any
36 position in the Department, its Bureaus and attached agencies and corporations,
37 including their subsidiaries.

38

1 **Section 13. Bureaus** – The Department shall have the following bureaus,
2 namely, the Bureau of Mining Technology, and the Bureau of Mineral Economics.

3
4 The bureaus shall have the following powers and functions:

5 (a) Bureau of Mining Regulations

- 6 (1) Assist the Department, through the UnderSecretary for Operations, in
7 the administration and disposition of all mineral lands and mineral
8 resources of the country
- 9 (2) Recommend to the Secretary, through the UnderSecretary for
10 Operations, the grant of mineral agreements or other mining permits,
11 except mineral processing permits, to duly qualified persons;
- 12 (3) Recommend to the Secretary, through the UnderSecretary for
13 Operations the approval of financial or technical assistance agreements;
- 14 (4) Assist the Department, through the UnderSecretary for Operations, in
15 the regulation and supervision of the operations of all Contractors and
16 Permittees, except those of Mineral Processing Permit holders;
- 17 (5) Assist the Department in exercising complete management and control
18 over areas embraced by mineral reservations;
- 19 (6) Assist the Department, through the UnderSecretary for Operations, in
20 the formulation of policies, regulations, and programs pertaining to the
21 mineral reserves and resources of the country, both onshore and
22 offshore, provided that such policies, regulations, and programs do not
23 conflict with the practice of Mining Engineering, Metallurgical
24 Engineering, and Geology, as provided for by the professional laws
- 25 (7) Assist in the formulation and implementation of policies to develop and
26 increase the mineral reserves of the country;
- 27
28 (8) Assist in the formulation of sectoral plans and programs relative to the
29 exploration, development and utilization of mineral and reserves;
- 30
31 (9) Provide consultative training and advisory services to practitioners and
32 institutions in the areas of regulated activities;
- 33
34 (10) Formulate such rules and regulations as may be necessary for the
35 effective implementation of this law.

36 (b) Bureau of Mining Technology

- 1 (1) Assist the Department in overseeing the mining operations of
2 Contractors/Permittees particularly on mining practices and methods
3 relating to protection of life and property, economy of operations,
4 prevention of pollution, environmental protection and mineral
5 conservation, and social development
- 6 (2) Assist the Department in ensuring that Contractors/Permittees take
7 necessary measures to provide for the growth and development of any
8 industry suitable for the contract area, other than mining, in order that
9 when the mine is exhausted or becomes no longer profitable for mining
10 purposes the people residing therein or those who used to work for the
11 mine will have a substitute industry or business activity to provide for
12 their means of livelihood, and to place the mine in a condition suitable
13 for habitation or agriculture;
- 14 (3) Assist the Department in enforcing rules and regulations on
15 environmental protection and enhancement, social development,
16 mineral conservation, and mine safety.
- 17 (4) Assist the Department in verifying every Contractor or Permittee's full
18 report, under oath, of all discoveries of ores made in their mines,
19 whether by boring, drifting, sinking, or otherwise together with the assay
20 value thereof.
- 21 (5) Develop technical standards, safety and operating procedures for
22 mineral resources and reserves exploration, development, and
23 utilization, provided that such standards and procedures do not conflict
24 with the practice of the Mining Engineering, Metallurgical Engineering,
25 and Geology as provided for by the professional laws.
- 26 (6) Conduct research on mine safety and technology
- 27 (7) Formulate such rules and regulations as may be necessary for the
28 effective implementation of this law.
- 29 (8) Formulate such rules and regulations as may be necessary for the
30 effective implementation of this law.

31 (c) Bureau of Metallurgical Technology

- 32 (1) Assist the Department in the issuance of Mineral Processing Permits
- 33 (2) Assist the Department, through the UnderSecretary for Operations, in
34 the regulation and supervision of the operations of all Mineral
35 Processing Permit holders;
36

- 1 (3) To conduct or undertake metallurgical, chemical, and similar
2 researchers and prepare reports thereon; and to provide laboratory
3 services to the general public;
4 (4) Develop technical standards, safety and operating procedures for
5 mineral processing and metallurgical operations that such standards
6 and procedures do not conflict with the practice of the Metallurgical
7 Engineering, Mining Engineering, and Geology as provided for by the
8 professional laws.
9 (5) Formulate such rules and regulations as may be necessary for the
10 effective implementation of this law.

11 (d) Bureau of Geological Survey

- 12 (1) To conduct geological and geophysical surveys of the Philippines and
13 its territorial waters, and to prepare reports and maps therefor;
14 (2) To prepare geohazard maps for the entire country;
15 (3) If warranted, to engage in mineral canvassing, exploration,
16 development, and mining of the mineral resources of the country,
17 whether found in mineral reservations, in registered mining claims, or in
18 private and/or public lands;
19 (4) To conduct other kinds of surveys of all mineralized areas, and
20 inventory of the mineral resources, of the Philippines and prepare
21 reports, boundary plans and maps therefor;
22 (5) Develop technical standards, safety and operating procedures for
23 mineral processing and metallurgical operations that such standards
24 and procedures do not conflict with the practice of the Geology, Mining
25 Engineering, and Metallurgical Engineering as provided for by the
26 professional laws.
27 (6) Formulate such rules and regulations as may be necessary for the
28 effective implementation of this law.

29 (e) Bureau of Mineral Economics

- 30 (1) To disseminate information concerning the administration and
31 disposition of mineral lands, mining operations, utilization of minerals,
32 mineral economics, and other surveys, researches, and such other
33 activities through appropriate reports, bulletins and circulars.

- 1 (2) To require Contractors or Permittees, including Mineral Processing
2 Permit Holders, as part of their mining and processing activities to keep
3 in their offices complete set of books of accounts showing all receipts
4 and expenditures, the source of such receipts, and the object of such
5 expenditures, and assign authorized representatives of the Department
6 of Mines to inspect such books of accounts;
- 7 (3) Formulate such rules and regulations as may be necessary for the
8 effective implementation of this law.

9 **CHAPTER IV**
10 **ATTACHED AGENCIES AND CORPORATIONS**

11 **Section 14.** - All Government agencies and corporations, whether created by
12 law or registered with the Securities and Exchange Commission, which are involved
13 in mining, shall henceforth be transferred to the Department of Mines. The Secretary
14 shall be, in a concurrent capacity, be the ex-officio Chairman of said agencies and
15 corporations provided that the Secretary shall, in no case, be the Chief Executive
16 Officer or Chief Operating Officer of the same and/or their subsidiaries, any law to the
17 contrary notwithstanding.

18 The Secretary may recommend to the President the reorganization of these agencies
19 and corporations.

20 **CHAPTER V**
21 **OWNERSHIP OF MINERAL LANDS AND MINERAL DEPOSITS**

22 **Section 15. State Ownership of Mineral Deposits.-** All mineral deposits in
23 public or private land, including those in ancestral domains and ancestral lands within
24 the territorial limits of the Republic of the Philippines whether found in, on, or under
25 the surface of dry lands, beds of creeks, rivers, lakes or other submerged lands
26 within the territorial waters or on the continental or insular shelf or its analogue in an
27 archipelago seawards from the shores of the Philippines belong to the state,
28 inalienably and imprescriptively, and the administration, disposition and utilization
29 thereof shall be governed by this Law and by the rules and regulations promulgated
30 thereunder and other laws. Minerals cannot be the subject of acquisitive prescription.

31
32 **Section 16. Minerals Excluded from Other Rights to Lands-** The
33 ownership or the right to use public or private land, ancestral domains and ancestral
34 lands whether exposed or submerged, for agricultural, logging, industrial,
35

1 commercial, residential, petroleum exploration/utilization, or any purpose other than
2 mining, does not include the ownership of nor the right to develop or utilize the
3 mineral deposits found in, on or under the surface of such lands.

4
5 **Section 17. Mineral Deposits Open to Location** – Subject to any existing
6 rights or reservations, all mineral deposits in public or private lands, ancestral domain
7 or ancestral lands including timber or forest land as defined in existing laws shall be
8 open to mineral agreements or financial or technical assistance agreements.

9
10 **CHAPTER VI**
11 **MINERAL RESERVATIONS**

12
13 **Section 18. Establishment Mineral Reservations** - When the national
14 interest so requires, such as when there is a need to preserve strategic raw materials
15 critical to the national interest, national defense and/or development or certain
16 minerals for scientific, cultural or ecological value, the President may establish
17 mineral reservations, without prejudice to existing prior rights, upon the
18 recommendation of the Secretary. All submerged lands within the contiguous zone
19 and the exclusive economic zone are hereby declared mineral reservations. Mining
20 operations within mineral reservations may be undertaken by the Department or by
21 private Contractors.

22
23 The President may alter or modify the boundaries of any mineral reservation as he
24 may deem proper.

25
26 **Section 19. Maximum Area of Mineral Reservations** – The total area of
27 mineral reservations onshore that the President may proclaim shall not exceed three
28 million(3,000,000) hectares at any given time except during times of national
29 emergency officially declared as such by the President in which the President may, at
30 his discretion, proclaim such mineral reservations as he may deem necessary
31 without any limit as to the total area.

32
33 **Section 20. Reversion of Mineral Reservations** - The President may, at
34 any time, revert to the public domain any mineral reservation.

35
36 **Section 21. Other Reservations-** Exploration, development or mining
37 operations in reservations other than mineral reservations may be undertaken by the
38 Department or through a Qualified Person selected through competitive bidding

1 under such terms and conditions as may be prescribed by the Secretary, subject to
2 the approval of the President.

3 4 5 6 **CHAPTER VII** 7 **GOVERNMENT MANAGEMENT**

8
9 **Section 22. Authority of the Department** – The Department shall be the
10 primary agency responsible for the conservation, management, development, and
11 proper use of the State's mineral resources including those in reservations,
12 watershed areas and lands of the public domain. The Secretary shall have the
13 authority to enter into mineral agreements on behalf of the Government and to
14 promulgate rules and regulations as may be necessary to implement the intent and
15 provisions of this law.

16
17 **Section 23. Regional Offices** - There shall be as many regional offices in
18 the country as may be established by the Secretary.

19
20 **Section 24. Processing of Applications** - The system of processing
21 applications for mining rights shall be prescribed in the rules and regulations of this
22 law.

23
24 **Section 25. Survey, Charting and Delineation of Mining Areas** – A sketch
25 plan or map of the contract or mining area suitable for publication purposes and
26 prepared by a Geodetic Engineer duly deputized by the Department shall be required
27 during the filing of a mineral or financial or technical assistance agreement. After all
28 clearances have been granted, the contract or mining area shall be surveyed and
29 monumented by a deputized Geodetic Engineer and the survey plan shall be
30 approved by the Secretary or his duly authorized representative before the mineral
31 agreement or financial or technical assistance agreement is approved.

32
33 **Section 26. Meridional Blocks** – For purposes of delineation of the contract
34 or mining areas under this law, the Philippine territory and its exclusive economic
35 zone shall be divided into meridional blocks of one-half minute(1/2') latitude and one-
36 half minute(1/2') longitude.

37
38 **Section 27. Recording System** – There shall be established a national and
39 regional filing and recording system. A mineral resource database system shall be

1 set up in the Bureau which shall include, among others, a mineral rights management
2 system. The Bureau shall publish, at least annually, a mineral gazette of nationwide
3 circulation containing among others, a current list of mineral rights, their locations in
4 the map, mining rules and regulations, other official acts, affecting mining and other
5 information relevant to mineral resources development.

6
7 **CHAPTER VIII**
8 **SCOPE OF APPLICATION**

9
10 **Section 28. Scope of Application** - This law shall govern the exploration,
11 development, mining and processing of all mineral resources.

12
13 **Section 29. Areas Open to Mining Operations** - Subject to existing rights
14 or reservations or prior agreements, all mineral resources in public or private lands,
15 ancestral domains, ancestral lands, including timber or forestlands as defined by law
16 shall be open to mineral agreements or financial or technical assistance agreements
17 applications.

18 In ancestral domains or lands, consent of the Indigenous Cultural
19 Communities shall be secured by the applicant before any mineral agreement or
20 financial or technical assistance agreement is approved.

21
22 **Section 30. Areas Closed to Mining Applications** - Mineral agreement or
23 financial or technical assistance agreement applications shall not be allowed:

- 24 (a) In military or other Government reservations except upon prior clearance of
25 the Government agency concerned
26 (b) Near or under public or private buildings, cemeteries, archaeological and
27 historic sites, bridges, highways, waterways, railroads, reservoirs, dams, or
28 other infrastructure projects, public or private works, including plantations,
29 areas with valuable crops, except upon written consent of the Government
30 agency or private entity concerned
31 (c) In areas covered by valid and existing mining rights
32 (d) In areas expressly prohibited by law
33 (e) In areas mortgaged to Government financial institutions, Government-owned
34 and controlled corporations or Government agencies, regardless of whether
35 the mining rights are expired or not, without the consent of the concerned
36 Government financial institution, Government-owned and controlled
37 corporations or Government agencies.

- 1 (f) Old growth or virgin forests, proclaimed watershed forest reserves, wilderness
2 area, mangrove forests, mossy forests, national parks, provincial/municipal
3 forests, parks, greenbelts, game refuge, and bird sanctuaries as defined by
4 law and in areas expressly prohibited under the National Integrated Protected
5 Area System(NIPAS) under Republic Act No. 7586 and other laws
6

7 **CHAPTER IX**
8 **MINERAL AGREEMENTS**

9
10 **Section 31. Modes of Mineral Agreements** - For purposes of exploration,
11 development and mining operations, a mineral agreement may take the following
12 forms as herein defined:

- 13 (a) Mineral Production Sharing Agreement(MPSA) – is an agreement where
14 the Government grants to the Contractor the exclusive right to conduct
15 exploration, development and mining operations within a Contract Area
16 and shares in the gross output. The Contractor shall provide the financing,
17 technology, management and personnel necessary for the
18 implementation of the agreement
19 (b) Co-production Agreement(CPA) – is an agreement between the
20 Government and the Contractor wherein the Government shall provide
21 inputs to the mining operations other than the mineral deposit. The
22 Government shall earn a rate of return on its inputs and shall share in the
23 gross output
24 (c) Joint Venture Agreement(JVA) – is an agreement where a joint venture
25 company is organized by the Government and the Contractor with both
26 parties having equity shares. Aside from earnings in equity, the
27 Government also shares in the gross output.

28
29 A mineral agreement shall grant to the Contractor the exclusive right to conduct
30 exploration, development and mining operations in the Contract Area, except in those
31 areas within rivers, streams, creeks, lakes and other bodies of water in which a
32 separate sand and gravel permit or mineral agreement shall be secured. The
33 Contractor may be allowed to convert his agreement into any of the modes of mineral
34 agreements or financial or technical assistance agreements covering the remaining
35 period of the original agreement subject to the approval of the Secretary.
36

1 **Section 32. Eligibility** - A qualified person may enter into any of the
2 three(3) modes of mineral agreements with the Government for exploration,
3 development and mining.

4
5 **Section 33.- Maximum Areas for Mineral Agreement** – The maximum area
6 that a qualified person may apply for and hold at any given time under a mineral
7 agreement shall be:

8 (a) Onshore, in the entire Philippines –

9 (1) For individuals, six(6) meridional blocks or four hundred eighty
10 six(486) hectares

11 (2) For corporations and partnerships, sixty(60) meridional blocks or
12 four thousand eight hundred sixty(4,860) hectares

13 (b) Offshore, in the entire Philippines, including the exclusive economic
14 zone -

15 (1) For individuals, twelve(12) meridional blocks or nine hundred
16 seventy two(972) hectares

17 (2) For corporations and partnerships, one hundred twenty(120)
18 meridional blocks or nine thousand seven hundred twenty(9,720)
19 hectares

20 The maximum areas that can be applied for above shall include Contract Areas
21 covered by operating agreements or other forms of contracts with other parties
22 covering exploration, development and mining operations and existing mineral
23 agreement applications.

24
25 **Section 34. Filing and Approval of Mineral Agreements.** All proposed
26 mineral agreements shall be filed in the region where the areas of interest are
27 located, except in mineral reservations which shall be filed with the Department.

28
29 The filing of a proposal for a Mineral Agreement shall give the applicant the
30 prior right to areas covered by the same. The proposed mineral agreement will be
31 subject to the approval of the Secretary

32
33 **Section 36. Assignment/Transfer.-** Any assignment or transfer of rights and
34 obligations under any Mineral Agreement or Permits, except a Financial or Technical
35 Assistance Agreement shall be subject to approval by the Secretary. Such
36 assignment or transfer shall be deemed automatically approved if not acted upon by
37 the Secretary or his duly authorized representative within thirty(30) days from receipt
38 thereof unless patently unconstitutional or illegal.

1
2 No assignment or transfer shall be allowed unless the mineral agreement or permit
3 has been in existence for at least five(5) years and provided that the
4 assignee/transferee is a Qualified Person, has the technical and financial capability
5 to explore, develop, or operate the mines and has also been in existence for at least
6 five(5) years. Provided further that subsequent assignments/transfers shall also be
7 made only every five(5) years at a time. Provided finally that the assignment may be
8 allowed if the Contractor or transferee have not violated mining and environmental
9 laws and that proof of payment of capital gains tax, documentary stamps tax, transfer
10 tax and other taxes have been submitted.

11 For purposes of computing the capital gains, documentary stamps taxes, transfer tax
12 and other atxes, the mineral agreement shall be the subject of a mine valuation by a
13 Private Licensed Mining Engineer and a Licensed Mining Engineer of the
14 Department. The higher of the two(2) valuations shall be the basis for computing the
15 taxes.

16
17 Application/s for mineral agreement/ or permit/s shall not be eligible for assignment
18 or transfer.

19
20 **Section 37. Withdrawal from Mineral Agreements.-** The Contractor may,
21 by giving due notice at any time during the term of the agreement apply for the
22 cancellation of the Mineral Agreement due to causes, which, in the opinion of the
23 Contractor, make continued mining operations no longer feasible or viable. The
24 Secretary shall consider the notice and issue a decision within a period of thirty(30)
25 days. Provided that the Contractor has met all its technical, financial, and legal
26 obligations..

27
28 **Section 38. Terms. -** Mineral Agreements shall have a term not exceeding
29 twenty five(25) years to start from the date of execution thereof and renewable for
30 another term not exceeding twenty five(25) years subject to changes that may be
31 mutually agreed upon by the Parties. After the renewal period, the operation of the
32 minesite may be undertaken by the Government or through a Contractor. The
33 contract for the operation of a mine shall be awarded to the highest bidder in a public
34 bidding after due publication of the notice thereof. Provided that the Contractor shall
35 have the right to equal the highest bid upon reimbursement of all reasonable
36 expenses of the highest bidder.

37

1 Chapter X

2 FINANCIAL OR TECHNICAL ASSISTANCE AGREEMENT

3
4 **Section 39. Eligibility** – Any Qualified Person or Foreign-Owned Corporation
5 with technical and financial capability to undertake large-scale exploration,
6 development and mining operations may enter into a Financial or Technical
7 Assistance Agreement with the Government provided that areas covered by rivers,
8 streams, creeks, lakes and similar bodies of water shall not be covered by the
9 Contract Area of the financial or technical assistance agreement and in which a
10 Qualified Person, but not a Foreign-Owned Corporation, may secure a separate sand
11 and gravel permit or mineral agreement.

12
13 **Section 40. Maximum Contract Area** – The maximum Contract Area that
14 may be granted per Qualified Person/Foreign-Owned Corporation, shall be:

- 15
16 (a) Onshore, in the entire Philippines – Sixty(60) meridional blocks or
17 four thousand eight hundred sixty(4,860) hectares
18
19 (b) Offshore, in the entire Philippines, including the exclusive economic
20 zone - one hundred twenty(120) meridional blocks or nine thousand
21 seven hundred twenty(9,720) hectares

22
23 The maximum areas that can be applied for above shall include Contract Areas
24 covered by operating agreements or other forms of contracts with other parties
25 covering exploration, development and mining operations and existing mineral
26 agreement applications.

27
28 **Section 41. Terms and Conditions** – The following terms, conditions and
29 warranties shall be incorporated in the Financial or Technical Assistance Agreement:

- 30 (a) A firm commitment in the form of a sworn statement of an amount
31 corresponding to the expenditure obligation that will be invested in the
32 Contract Area. Provided that such amount shall be subject to changes as
33 may be provided for in the implementing rules and regulations of this law.
34 (b) A financial guarantee bond shall be posted in favor of the Government in
35 an amount equivalent to the expenditure obligation of the applicant for any
36 year.
37 (c) Submission of proof of technical competence, such as but not limited to,
38 its track record in mineral resource exploration, development and mining

- 1 operations, details of technology to be employed in the proposed
2 operation and details of technical personnel to undertake the operation.
- 3 (d) Representation and warranties that the applicant has all the qualifications
4 and none of the disqualifications for entering into the agreement.
- 5 (e) Representations and warranties that the Contractor has access to all the
6 financing, managerial and technical expertise and if circumstances
7 demand, the technology required to promptly and effectively carry out the
8 objectives of the agreement with the undertaking to timely deploy these
9 resources under its supervision pursuant to the periodic work programs
10 and related budgets when proper.
- 11 (f) For foreign-owned corporation, representations and warranties that,
12 except for payments for disposition for its equity, foreign investments in
13 local enterprises which are qualified for repatriation and local suppliers'
14 credits and such other generally accepted and permissible financial
15 schemes for raising funds for valid business purposes, the Contractor
16 shall not raise any form of financing from domestic sources of funds,
17 whether in Philippine or foreign currency for conducting its exploration,
18 development or mining operations.
- 19 (g) The mining operations shall be conducted in accordance with the
20 provisions of this law and its implementing rules and regulations
- 21 (h) Work programs and minimum expenditures commitments
- 22 (i) Preferential use of local goods and services to the maximum extent
23 practicable
- 24 (j) A stipulation that the Contractors are obligated to give preference to
25 Filipinos in all types of mining employment for which they are qualified
26 and that technology shall be transferred to the same
- 27 (k) Requiring the proponent to effectively use appropriate anti-pollution
28 technology and facilities to protect the environment and to restore or
29 rehabilitate mined-out areas affected by mine tailings and other forms of
30 pollution or destruction
- 31 (l) The Contractor shall furnish the Government, upon demand, all records
32 pertaining to its mining operations and shall open its books of accounts for
33 inspection
- 34 (m) Requiring the proponent to dispose of the minerals and by-products
35 produced under a financial or technical assistance agreement at the
36 highest price and more advantageous terms and conditions as may be
37 provided for under the Implementing Rules and Regulations of this law.

- 1 (n) Provide for consultation and arbitration with respect to the interpretation
2 and implementation of the terms and conditions of the agreement.
3 (o) Such other terms and conditions consistent with the Constitution and with
4 this law as the Secretary may deem to be for the best interest of the State
5 and the welfare of the Filipino people.

6
7 **Section 42. Negotiations** – A financial or technical assistance agreement
8 shall be negotiated by the Department and executed and approved by the President.
9 The President shall notify Congress of all financial or technical assistance
10 agreements within thirty(30) days from execution and approval thereof.

11
12 **Section 43. Filing and Evaluation of Financial or Technical Assistance**
13 **Agreement Proposals** - All financial or technical assistance agreement proposals
14 shall be filed with the Department after payment of the required processing fees. If
15 the proposal is found to be sufficient and meritorious in form and substance, it shall
16 be recorded by the Department to give the proponent the prior right to the area
17 covered by such proposal. Provided that existing mineral agreements, financial or
18 technical assistance agreements and other mining rights shall not be impaired or
19 prejudiced thereby. The Secretary shall recommend its approval to the President

20
21 **Section 44. Term of Financial or Technical Assistance Agreement.**- A
22 financial or technical assistance agreement shall have a term not exceeding twenty
23 five(25) years starting from the execution thereof, renewable for not more than twenty
24 five(25) years under such terms and conditions as may be provided by law.

25
26 **Section 45. Option to Convert to Mineral Agreement** - The Contractor
27 shall have the option to convert the financial or technical assistance agreement to a
28 mineral agreement at any time during the term of the agreement, if the economic
29 viability of the area is found to be inadequate to justify large-scale mining operations,
30 after proper notice to the Secretary as may be provided for under the Implementing
31 Rules and Regulations. Provided that the mineral agreement shall only be for the
32 remaining period of the financial or technical assistance agreement.

33
34 In case of a Foreign-Owned Corporation, it shall reduce its foreign equity to no more
35 than forty percent(40%) of its capital. Upon compliance with this requirement, the
36 Secretary shall approve the conversion and execute the mineral agreement.

37
38 **Section 46. Assignment/Transfer.**- A financial or technical assistance
39 agreement may be assigned or transferred, in whole or in part to a Qualified Person

1 or a Foreign-Owned Corporation subject to the prior approval of the President.
2 Provided that the President shall notify Congress of every financial or technical
3 assistance agreement assigned or converted in accordance with this provision within
4 thirty(30) days from the date of approval thereof.

5
6 No assignment or transfer shall be allowed unless the financial or technical
7 assistance agreement has been in existence for at least ten(10) years and provided
8 that the assignee/transferee is a Qualified Person or a Foreign-Owned Corporation,
9 has the technical and financial capability to explore, develop, or operate the mines
10 and has also been in existence for at least ten(10) years. Provided that subsequent
11 assignments/transfers shall also be made only every ten(10) years at a time.
12 Provided further that the assignment may be allowed if the Contractor or transferee
13 have not violated mining and environmental laws and that proof of payment of
14 capital gains tax, documentary stamps tax, transfer tax and other taxes have been
15 submitted.

16
17 For purposes of computing the capital gains, documentary stamps tax, transfer tax
18 and other taxes the financial or technical assistance agreement shall be the subject
19 of a mine valuation by a Private Licensed Mining Engineer and a Licensed Mining
20 Engineer of the Department. The higher of the two(2) valuations shall be the basis for
21 computing the taxes.

22
23 Application/s for financial or technical assistance agreement/s shall not be eligible for
24 assignment or transfer.

25
26 **Section 47. Withdrawal from Financial or Technical Assistance**
27 **Agreement** – The Contractor shall manifest in writing to the Secretary its intention
28 to withdraw from the Agreement, if in its judgment, the mining project is no longer
29 economically feasible, even after it has exerted reasonable diligence to remedy the
30 cause of the situation. The Secretary may accept the withdrawal provided that the
31 Contractor has complied with all his technical, financial or legal obligations.

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Chapter XI
SMALL-SCALE MINING

Section 48. Small-Scale Mining - Small-scale mining shall be governed by this law.

Chapter XII
QUARRY RESOURCES

Section 49. Quarry Resources - Quarry resources shall be governed by this law.

Chapter XIII
SAND AND GRAVEL

Section 50. Sand and Gravel - Sand and gravel utilization shall be governed by this law and shall be covered by the following types of permits unless they contain valuable minerals such as gold, chromite, iron and other metals in which case they shall be covered by a mineral agreement.

Section 51. Commercial Sand and Gravel Permit - Any Qualified Person may be granted a Commercial Sand and Gravel permit by the Secretary or his duly authorized representative to extract sand and gravel and other loose or unconsolidated materials which are used in their natural state, without undergoing processing from an area of not more than five(5) hectares and in such quantities as may be specified in the permit.

Section 52. Industrial Sand and Gravel Permit - Any Qualified Person may be granted an Industrial Sand Gravel Permit by the Secretary or his duly authorized representative to extract sand and gravel and other loose or unconsolidated materials that necessitate the use of mechanical processing covering an area of not more than twenty(20) hectares at any one time. The permit shall have a term of five(5) years, renewable for like periods but not to exceed twenty five(25) years.

Section 53. Exclusive Sand and Gravel Permit - Any Qualified Person may be granted an Exclusive Sand and Gravel Permit by the Secretary or his duly authorized representative to extract sand and gravel and other loose or unconsolidated materials from public lands for his use provided that there will be no commercial disposition thereof.

A mineral agreement or financial or technical assistance agreement Contractor may extract sand and gravel and other loose and unconsolidated materials without need of a permit within its Contract Area for exclusive use in the mining operations.

1 Provided that said right shall be coterminous with the term of the agreement and
2 provided further that areas within rivers, streams, creeks, lakes and similar bodies of
3 water shall be covered by a separate sand and gravel permit.

4
5 **Section 54. Government Gratuitous Permit** – Any Government entity or
6 instrumentality may be granted a gratuitous permit by the Secretary or his duly
7 authorized representative to extract sand and gravel or loose and unconsolidated
8 materials needed in the construction of public buildings and/or other infrastructure for
9 public use over an area of not more than five(5) hectares for a period coterminous
10 with said construction but not to exceed five(5) years.

11
12 **Section 55. Private Gratuitous Permit** – Any owner of private land may be
13 granted by the Secretary or his duly authorized representative a private gratuitous
14 permit over an area of not more than five(5) hectares for a period not exceeding two
15 (2) years.

16
17 **Section 56. Guano Permit** - Any Qualified Person may be granted by the
18 Secretary or his duly authorized representative a guano permit to extract and utilize
19 unconsolidated guano deposits and other organic fertilizer materials. The permit shall
20 be for specific caves and for confined sites only.

21
22 **Section 57. Gemstone Gathering Permit** - Any Qualified Person may be
23 granted a non-exclusive gemstone gathering permit by the Secretary or his duly
24 authroized representative to gather stones useful as gemstones in rivers and other
25 locations.

26
27 **Section 57. Assignment/Transfers** - No assignment or transfer of any type
28 of permit under this Chapter shall be allowed .

29 30 **Chapter XIV**

31 **TRANSPORT, SALE AND PROCESSING OF MINERALS**

32
33 **Section 58. Ore Transport Permit** - A permit specifying the origin and
34 quantity of non-processed ores or minerals shall be required for their transport.
35 Transport permits shall be issued by the Secretary or his duly authroized
36 representative who has jurisdiction over the area where the ores or minerals where
37 extracted. The absence of a permit shall be considered as prima facie evidence of
38 illegal mining and shall be sufficient cause for the Government to confiscate the ores
39 or minerals being transported, the tools and equipment being utilized and the vehicle

1 containing the same. Ore or mineral samples not exceeding one(1) metric ton to be
2 used exclusively for assay or pilot test purposes shall be exempted from such
3 requirement.

4
5 **Section 59. Mineral Trading Registration** – No person shall engage in the
6 trading of ores and minerals, either locally or internationally unless registered with the
7 Department.

8
9 **Section 60. Minerals Processing Permit** – No person shall engage in the
10 processing of minerals without a Minerals Processing Permit issued by the Secretary.
11 Minerals processing permit shall be for a period of five(5) years renewable for like
12 periods but not to exceed twenty five(25) years.

13
14 A mineral agreement or financial or technical assistance agreement shall include the
15 right to process ores or minerals and Contractors shall no longer be required to
16 secure a separate Minerals Processing Permit.

17
18 **Section 61. Eligibility of Foreign-Owned Corporations** – A foreign-owned
19 corporation may be granted a Minerals Processing Permit.

20
21 **Chapter XV**
22 **DEVELOPMENT OF MINING COMMUNITIES, SCIENCE AND MINING**
23 **TECHNOLOGY**

24
25 **Section 62. Expenditure for Community Development and Mining**
26 **Technology** – A Contractor shall assist in the development of its mining community,
27 the promotion of the general welfare of its inhabitants, and the development of mining
28 technology.

29
30 **Section 63. Credited Activities** – Activities that may be credited as
31 expenditures for development of mining communities and mining technology are the
32 following:

- 33 (a) Any activity or expenditure intended to enhance the development of the
34 mining and neighboring communities of a mining operation other than
35 those required or provided for under existing laws or collective bargaining
36 agreements and the like
37 (b) Any activity or expenditure directed towards the development of mining
38 technology or geosciences such as, but not limited to, institutional or
39 manpower development, and basic and applied researches.

1 supervision and control mechanisms shall be provided for in the
2 Implementing Rules and Regulations of this law.

3
4 **Section 64. Training and Development –** A Contractor shall maintain an
5 effective program of manpower training and development throughout the term of the
6 mineral agreement or the financial or technical assistance agreement and shall
7 encourage and train Filipinos to participate in all aspects of the mining operations
8 including the management thereof.

9
10 **Section 65. Use of Local Goods, Services and Technology –** A
11 Contractor shall give preference to the use of local goods, services and technical
12 resources in the mining operations where the same are of equivalent quality and are
13 available on equivalent terms as their imported counterparts.

14
15 **Section 66. Donation/Turn-Over of Facilities –** Prior to cessation of mining
16 operations occasioned by abandonment or withdrawal of operations on public lands
17 by the Contractor, the latter shall have a period of one(1) year therefrom within which
18 to remove his improvements, otherwise, all the social infrastructure and facilities shall
19 be turned over or donated tax-free to the local Government to ensure that said
20 infrastructure or facilities are continuously maintained and utilized by the host and
21 neighboring communities.

22
23 **Section 67. Employment of Filipinos –** A Contractor shall give preference
24 to Filipino citizens in all types of mining employment within the country insofar as
25 such citizens are qualified to perform the corresponding work with reasonable
26 efficiency and without hazard to the safety of the operations. Provided that no
27 foreigner shall be employed as Mine General Manager, Resident Manager, Mine
28 Superintendent, General Superintendent, Vice President for Operations, Chief Mining
29 Engineer, Mine Engineer or equivalent managerial positions in charge of mining
30 operations without passing the Government licensing examination for Mining
31 Engineers

32 Chapter XVI

33 SAFETY AND ENVIRONMENTAL PROTECTION

34
35
36 **Section 68. Mine Safety and Environmental Protection –** All Contractors
37 and permittees shall strictly comply with all the mines safety rules and regulations as
38 may be promulgated by the Secretary concerning the safe and sanitary upkeep of the
39 mining operations and achieve waste-free and efficient mine development.

1
2 **Section 69. Mine Labor** – No person under sixteen(16) years of age shall be
3 employed in any phase of mining operations and no person under the age of
4 eighteen(18) years of age shall be employed in any underground mine.

5
6 **Section 70. Mine Supervision** – All mining and quarrying operations, large
7 or small, shall be supervised by at least one(1) licensed Mining Engineer with five(5)
8 years experience in mining operations and one(1) registered mine foreman for every
9 seventy five(75) personnel involved in actual mining operations.

10
11 **Section 71. Mine Inspection** – The Secretary or his authorized
12 representative shall have exclusive over the safety inspection of all installations,
13 surface or underground in mining operations at reasonable hours of the day or night
14 and as much as possible, in a manner that will not impede or obstruct work in
15 progress of a Contractor or Permittee.

16
17 **Section 72. Power to Issue Orders** – The Secretary or his authorized
18 representative shall forthwith or within such time as specified in his order require the
19 Contractor to remedy any practice connected with mining or quarrying operation
20 which is not in accordance with safety and environmental laws, rules and regulations.
21 In case of imminent danger to life or property, the Secretary or his authorized
22 representative may summarily suspend mining or quarrying operations until the
23 danger is removed or appropriate measures are taken by the Contractor.or
24 Permittee.

25
26 **Section 73. Report of Accidents** – In case of any accident or incident,
27 causing or creating the danger of loss of life or serious physical injuries, the Mining
28 Engineer in charge of operations shall immediately report the same to the regional
29 office where the mining operations are situated. Failure to report the same without
30 justifiable reason shall be a cause for the imposition of administrative sanctions
31 prescribed in the Implementing Rules and Regulations of this law.

32
33 **Section 74. Environmental Protection** – Every Contractor shall undertake
34 an environmental protection and enhancement program covering the period of the
35 mineral agreement, financial or technical assistance agreement or permit. Such
36 environmental program shall be incorporated in the work program which the
37 Contractor or Permittee shall submit as an accompanying document to the
38 application for a mineral agreement, financial or technical assistance agreement or
39 permit. The work program shall include not only plans relative to mining operations

1 but also to rehabilitation, regeneration, revegetation and reforestation of mineralized
2 areas, slope stabilization of mined-out and tailings covered areas, aquaculture,
3 watershed development and water conservation, and socio-economic development.
4

5 **Section 75. Environmental Impact Assessment(EIA)** – Except during the
6 exploration period of a mineral agreement or financial or technical assistance
7 agreement, an environmental compliance certificate shall be required based on an
8 environmental impact assessment.

9
10 **Section 76. Rehabilitation** – Contractors and permittees shall technically
11 and biologically rehabilitate the excavated, mined-out, tailings covered and disturbed
12 areas to the condition of environmental safety as may be provided in the
13 Implementing Rules and Regulations of this law. A Mines Rehabilitation Fund shall
14 be created based on the Contractor's approved work program and shall be deposited
15 as a trust fund in a Government depository bank and used for physical and social
16 rehabilitation of areas and communities affected by mining activities and for research
17 on the social, technical and preventive aspects of rehabilitation. Failure to fulfill this
18 obligation shall mean immediate suspension or closure of the mining activities of the
19 Contractor or Permittee.

20 Chapter XVII

21 AUXILIARY MINING RIGHTS

22
23 **Section 77. Timber Rights** – Any provision of law to the contrary
24 notwithstanding, a Contractor may be granted the right to cut trees or timber within
25 his mining areas as may be necessary for his mining operations subject to forestry
26 laws, rules and regulations. Provided that if the land covered by the mining area is
27 already covered by existing timber concessions, the volume of timber needed and
28 the manner of cutting or removal thereof shall be determined by the Secretary, upon
29 consultation with the Contractor, the timber concessionaire/permittee and the Forest
30 Management Bureau of the Department. Provided further that in case of
31 disagreement, the matter shall be submitted to the Secretary whose decision shall be
32 final. The Contractor shall perform reforestation work within his mining area in
33 accordance with forestry laws, rules and regulations.
34

35 **Section 78. Water Rights** – A Contractor shall have water rights for mining
36 operations upon the approval of his application with the appropriate Government
37 agency in accordance with existing water laws, rules and regulations promulgated
38 thereunder. Provided that water rights already granted or vested shall not be

1 impaired. Provided further that the Government shall regulate water rights and the
2 reasonable and equitable distribution of water supply so as to prevent monopoly of
3 the use thereof.

4
5 **Section 79. Right to Possess Explosives –** A Contractor shall have the
6 right to possess and use explosives within his Contract Area as may be necessary
7 for his mining operations upon approval of an application with the appropriate
8 Government agency in accordance with existing laws, rules, and regulations
9 promulgated thereunder. Provided that the Government reserves the right to regulate
10 and control the explosive accessories to ensure safe mining operations.

11
12 **Section 80. Easement Rights –** When mining areas are so situated that for
13 purposes of more economical mining operations, it is necessary to build, construct or
14 install on the mining areas or lands owned, occupied or leased by other persons,
15 such infrastructure as roads, railroads, mills, waste dump sites, tailings ponds,
16 warehouses, staging or storage areas, and port facilities, tramways, runways,
17 airports, electric transmission, telephone or telegraph lines, dams and their normal
18 flood and catchment areas, sites for water wells, ditches, canals, new river beds,
19 pipelines, flumes, cuts, shafts, or tunnels, the Contractor, upon payment of just
20 compensation shall be entitled to enter said mining areas or lands.

21
22 **Section 81. Entry Into Private Lands and Concession Areas –** Subject to
23 prior notification, holders of mining rights shall not be prevented from entry into
24 private lands and concession areas by surface owners, occupants, or
25 concessionaires when conducting mining operations therein. Provided that any
26 damage done to the property of the surface owner, occupant or concessionaire as a
27 consequence of such operation shall be properly compensated as provided for under
28 the Implementing Rules and Regulations of this law. Provided further that to
29 guarantee such compensation, the person authorized to conduct mining operations
30 shall, prior thereto, post a bond with the Secretary based on the type of properties,
31 the prevailing prices in and around the area where the mining operations are to be
32 conducted, with surety or sureties satisfactory to the Secretary.

33 Chapter XVIII

34 PROTESTS, ADVERSE CLAIMS AND APPEALS

35
36
37 **Section 82. Protest and Adverse Claims.-** Any protest or adverse claim of
38 any nature whatsoever involving the right to possession, exploration, development or

1 operation of any mining claim in any part of the Philippines shall be filed with the
2 Secretary for investigation. The protest or adverse claims shall be accompanied by
3 all plans, documents, and other data upon which the protest or adverse claim is
4 based.

5
6 All protest and adverse claims shall be filed no later than fifteen(15) days after the
7 date of the first publication of the application for mineral agreement. No protest or
8 adverse claims shall be entertained after the lapse of fifteen (15) days from first
9 publication. When a protest or adverse claim is filed, all proceedings in connection
10 with the application for mineral agreement, financial or technical assistance
11 agreement, or permits shall be stayed until the controversy is settled and decided by
12 the Secretary.

13
14 **Section 83. Priority Rights.-** In case of conflict of mining claims, priority of
15 recording shall determine the right to the area, notwithstanding any defect in form or
16 technicality. Provided that in case of discrepancy, between the area described in the
17 application for mineral agreement, financial or technical assistance agreement or
18 permit and the actual area occupied in the ground, the former shall prevail subject to
19 any question as to having complied with all the requirements under this law.

20
21 **Section 84. Appeals.-** Any party not satisfied with the decision or order of
22 the Secretary may, within fifteen(15) days from receipt thereof, appeal to the Office of
23 the President.

24
25 In all cases, the decision of the Secretary shall be executory notwithstanding any
26 appeal unless the President of the Philippines, the Court of Appeals or the Supreme
27 Court direct otherwise and the prevailing party has the right to immediately take
28 possession and conduct exploration and mining operations as the case may be,
29 provided that the prevailing party shall deposit in escrow in a Government bank an
30 amount to be fixed by the Secretary for the protection of the interest of the party to
31 whom the mining claims are ultimately awarded.

32
33 A petition for review by certiorari and questions of law may be filed by the aggrieved
34 party before the Court of Appeals within thirty(30) days from receipt of the decision or
35 order of the President of the Philippines. Any party not satisfied with the decision or
36 order of the Court of Appeals may file an appeal before the Supreme Court within
37 thirty(30) days from receipt thereof.

Chapter XIX
FISCAL PROVISIONS

Section 85. Government Share .- The total Government share in mineral agreements shall be the excise tax on mineral products as provided for in the National Internal Revenue Code and a royalty equivalent to three percent(3%) of the gross value of minerals sold for mineral agreements and other types of permits and five percent(5%) of the gross value of minerals sold for financial or technical assistance agreements.

Provided that in the case of limestone, pozzolan, shale or silica for cement manufacture and other industries similarly situated in which local prices are not set, the gross value shall be the higher of the values determined by a private licensed Mining Engineer with more than five(5) years experience in enterprise or mine valuation and the Mines and Geosciences Bureau.

Section 86. Government Share in Other Mineral Agreements.- Government share in co-production and joint venture agreements, in addition to that provided in Section 70 of this law shall be negotiated by the Secretary with the Contractors concerned provided that the Government shall earn a reasonable rate of return on its investments.

Section 87. Occupation Fees .- There shall be collected from the holders of mineral agreements, financial or technical assistance agreements or permits occupation fees in amounts to be prescribed by the Secretary under the Implementing Rules and Regulations of this law.

The Secretary is authorized to increase the fees provided herein, subject to existing laws, rules and regulations .

Section 88. Manner of Payment of Occupation Fees .- The fees shall be paid on the date the mineral agreement, financial or technical assistance agreement or permit is registered with the appropriate mines regional office and on the same date every year thereafter. It shall be paid to the Treasurer of the Municipality or City where the onshore mining areas are located or to the Secretary in case of offshore mining areas. If the fee is not paid on or before the due date, a penalty of twenty five percent(25%) shall be imposed.

Section 89. Mine Waste and Tailings Fees .- A semi-annual fee to be known as Mine Waste and Tailings Fee is hereby imposed on all operating mines. This fee shall accrue to a reserve fund to be used exclusively for payment for damages to:

(a) Lives and personal safety

(b) Lands, agricultural crops, and forest products, marine life and quatic resources, cultural resources, and

(c) Infrastructure and the revegetation and rehabilitation of silted farm lands and other areas devoted to agriculture and fishing caused by mining pollution

This is in addition to the suspension or closure of the activities of the Contractor at any time and the penal sanctions imposed upon the same.

The Secretary is authorized to increase mine wastes and tailings fees when public interest so requires.

Section 90. Filing Fees and Other Charges – The Secretary is authorized to charge reasonable filing fees or other charges as he may prescribe in accordance with the Implementing Rules and Regulations.

Chapter XX

INCENTIVES

Section 91. Mining Claims – Except as provided herein, no other taxes, fees or imposts may be imposed by the National and/or Local Governments on mining claims involving mineral agreements, financial or technical assistance agreement and permits.

Section 92. Environmental Protection and Enhancement Structures and Equipment. – Environmental Protection and Enhancement structures and equipment such as but not limited to tailings dams, sedimentation ponds, pipelines, flumes and similar structures and equipment as may be determined by the Secretary shall not be subject to real property or other taxes.

Chapter XXI

GROUND FOR CANCELLATION, REVOCATION AND TERMINATION

Section 93. Fixed Causes of Cancellation – The causes of cancellation provided for in this law shall be considered as inherent in all mineral agreements, financial or technical assistance agreements or permits or other rights hereunder and

1 no new cause or modification of such causes shall apply to any mineral agreement,
2 financial or technical assistance agreement or permit existing at the time such new or
3 modified causes are made effective.

4
5 **Section 94. Violation of Terms and Conditions of Agreements and**
6 **Permits-** Gross violation of the terms and conditions of the mineral agreement,
7 financial or technical assistance agreement or permit shall be sufficient ground for
8 the cancellation of the same.

9
10 **Section 95. Falsehood and Omission of Facts –** All statements made in the
11 application for mineral agreement, financial or technical assistance agreement or
12 permit shall be considered as conditions and essential parts thereof and any false
13 statement or omission of facts which may alter, change or affect substantially the
14 facts set forth in said statements shall be a ground for the termination of any mineral
15 agreement, financial or technical assistance agreement or permit.

16
17 **Chapter XXII**
18 **PENAL PROVISIONS**

19
20 **Section 96. False Statements –** Any person who knowingly presents or
21 causes to be presented any false application, declaration or evidence to the
22 Government or publishes or causes to be published any prospectus or other
23 information containing any false statement relating to mines, mining operations,
24 mineral agreement/s, financial or technical assistance agreement/s or permit/s shall
25 be guilty of perjury if such statement is made under oath and shall be punished, upon
26 conviction, in accordance with the provisions of the Revised Penal Code. If the
27 statement is not under oath, he shall be punished, upon conviction with a fine of Ten
28 Million Pesos(P 10,000,000).

29
30 **Section 97. Intentional Overlapping –** Any person who shall intentionally
31 overlap any mining claim knowing fully well that the area is already covered by
32 another valid and subsisting mining claim shall be guilty of falsification of public
33 documents punishable under the Revised Penal Code.

34
35 **Section 98. Destruction of Claim Monuments and Marks –** Any person
36 who willfully and maliciously defaces, removes or disturbs any stake, post,
37 monuments, boundary line or any other mark lawfully placed on mining claims or
38 destroys, injures or defaces any rules or notices required under this law shall be

1 punished, upon conviction, by a fine of One Million Pesos(P 1,000,000) besides
2 paying compensation for the expenses incurred in replacing the defaced, altered,
3 removed or disturbed stakes, posts, monuments, boundary lines, notices or any other
4 mark.

5
6 **Section 99. Theft of Minerals –** Any person who, without a mineral
7 agreement, financial or technical assistance agreement or permit shall extract,
8 remove, and or dispose of minerals for commercial purposes belonging to the
9 Government or from a mining claim held by other persons without the written
10 permission of such claim owner shall be deemed to have stolen the ores or the
11 productst therefrom from the mines or mills. He shall, upon conviction, be imprisoned
12 from six(6) months to six(6) years or pay a fine of double the value of the minerals
13 stolen or both at the discretion of the Court, beside paying compensation for the
14 minerals extracted and disposed of, the royalty, taxes, and the damage caused
15 thereby.

16
17 **Section 100. Fraudulent Conveyance of Mining Interest –** Any person,
18 who, with intent to gain knowingly sells, transfers or conveys any false mining claim/s
19 or any false right, title, or interest in such mining claims which were not actually
20 located on the ground and do not exist as such claims shall be guilty of estafa and
21 shall be punished upon conviction, in accordance with the provisions of the Revised
22 Penal Code.

23
24 **Section 101. Salting of Minerals and Mineral Lands –** Any person who
25 knowingly places or deposits or becomes accessory to the placing or depositing of
26 any mineral in any land for the purposes of "salting" or misleading other persons as
27 to the value of the mineral deposits in such land or who, knowingly co-mingles or
28 causes to be co-mingled samples of minerals with any other substance/s whatsoever
29 which increases the value or in any way changes the nature of said minerals for the
30 purpose of deceiving, cheating, or defrauding any person, shall be punished, upon
31 conviction, by imprisonment not exceeding a period of thirty(30) years besides paying
32 compensation for the damage which have been caused thereby.

33
34 **Section 102. Pollution from Mine Wastes and Mill Tailings –** Any person
35 who willfully causes or permits sludge or tailings and other mine and mill wastes to
36 accumulate in or flow from his mineral agreement, financial or technical assistance
37 agreement or permit so as to cause danger, injury or obstruction to any public road,
38 rivers or streams or other public property shall be punished, upon conviction, by a

1 fine not exceeding Five Million Pesos(P 5,000,000.00) or imprisonment not
2 exceeding six (6) years or both at the discretion of the Court besides paying
3 compensation for the damage thereby.

4
5 **Section 103. Interference with Mine Water Rights –** Any person who
6 willfully takes water from a mine, mill, dam, reservoir or from any other source of mine
7 water or prevents the water from entering said mine or mill, dam, reservoir or any
8 other source of mine water or in any way interferes in the full enjoyment of water
9 rights previously granted and lawfully held by another person, shall be punished,
10 upon conviction, by a fine not exceeding Five Million Pesos(P 5,000,000.00) or
11 imprisonment not exceeding six(6) months or both at the discretion of the Court

12
13 **Section 104. Destruction of Mining Structures –** Any person who
14 willfully destroys or damages structure in or in Contract Areas for mineral
15 agreements, financial or technical assistance agreements or permits or on mill sites,
16 shall be punished, upon conviction, by imprisonment not to exceed six(6) years
17 besides paying compensation for the damages which may have been caused
18 thereby.

19
20 **Section 105. Mine Arson –** Any person who willfully sets fire to any mine,
21 workings, mill or fittings shall be punished, upon conviction, by imprisonment in
22 accordance with the provisions of the Revised Penal Code besides paying
23 compenstion for the damage caused thereby.

24
25 **Section 106. Willfull Damage to a Mine –** Any person who willfully
26 damages, unlawfully causes water to flow into a mine, or obstructs any shaft or
27 passage to a mine, or renders useless, damages or destroys any machine,
28 equipment, apparatus, rope, chain or any other thing used in a mine, shall be
29 punished, upon conviction, by imprisonment not exceeding six(6) years, besides
30 paying compensation for the damage caused thereby.

31
32 **Section 107. Illegal Obstruction to Government Officials –** Any person
33 who willfully obstructs, harasses, and/or threatens the Secretary or his authorized
34 representatives in the performance of duties pursuant to this law, shall be punished,
35 upon conviction, by a fine not exceeding One Million Pesos(P 1,000,000) or by
36 imprisonment not exceeding one(1) year or both at the discretion of the Court.

37
38 **Section 108. Illegal Obstruction to Contractor or Permittee –** Any
39 person who, without justifiable cause prevents or obstructs a Contractor or Permittee

1 from undertaking prospecting, exploration, development or mining operations, shall
2 be punished, upon conviction, by a fine not exceeding One Million Pesos(P
3 1,000,000) or by imprisonment not exceeding one(1) year or both at the discretion of
4 the Court.

5
6 **Section 109. Delay in the Payment of Tax and/or Royalty –** Where the
7 amount of tax or royalty provided for under this law is not paid on due date, there
8 shall be collected as part of the amount due, a surcharge of five percent(5%) per
9 month, compounded monthly from the dsue date until fully paid.

10
11 **Section 110. Offenses by Corporation –** Whenever any of the offenses
12 provided for under this law is committed by a corporation or partnership, the firm's
13 President and all of its Secretaries, or Managers or agent or representative if a
14 foreign-owned corporation who shall have directed or induced the commission of said
15 offense shall be criminally liable as principal thereof.

16
17 **Chapter XXIII**
18 **GENERAL PROVISIONS**

19
20 **Section 111. Executive Officer –** The Secretary shall be the Executive
21 Officer charged with carrying out the provisions of this law. Except as herein
22 provided, the Secretary shall issue the rules, regulations and orders necessary to
23 carry out the provisions and purposes of this law.

24
25 **Section 112. Conservation Measures –** All Contractors and Permittees
26 under this law shall take appropriate measures and undertake researches in
27 accordance with the best practices to maximize recovery and utilization of minerals
28 and stop or prevents wastes in mining and milling operations. Rules and regulations
29 may be issued which shall require Contractors and Permittees to utilize in their
30 exploration, development and mining operations the latest and most improved
31 methods and devices to prevent wastes, or from causing pollution or otherwise
32 damaging streams, surface and underground water supply and valuable mineral
33 deposits

34
35 During the productive operation of any mine, the Contractor or Permittee shall take
36 the necessary measures to provide for the growth and development of any industry
37 suitable for the area, other than mining in order that when the mine is exhausted or
38 becomes no longer profitable for mining purposes, the people residing therein or

1 those who used to work for the mine will have a substitute industry or business activity
2 to provide their means of livelihood. Furthermore, the mine shall be placed in a
3 condition suitable for habitation or agriculture and free from danger of cave-ins, slides
4 and other risks brought about by mining operations.

5
6 **Section 113. Fixed Taxes and Fees** – Taxes and royalties which are fixed
7 by the provisions of this law as considered as inherent in all mineral agreements,
8 financial or technical assistance agreements or permits and shall remain at the rates
9 and levels in force at the time such agreements or permits were issued. Any increase
10 in the amount or rate of taxes and royalties shall apply only to agreements or permits
11 subsequent to the effectivity of such increase.

12
13 **Section 114. Minerals Not Included in Land Grants** – Land grants to
14 provinces, districts or municipalities to aid in the construction of roads, or other public
15 works does not include the minerals therein.

16
17 **Section 115. Maps of Mine Workings Required** – Contractors and
18 Permittees undertaking underground operations shall prepare and maintain a map or
19 maps of convenient scale showing their workings which shall be updated and made
20 available to the Secretary or his duly authorized representative/s upon demand.

21 22 *Chapter XXIV*

23 *TRANSITORY AND FINAL PROVISIONS*

24
25 **Section 116. Abolition of the Mines and Geosciences Bureau** – The
26 Mines and Geosciences Bureau is hereby abolished subject to Section 118 of this
27 law.

28 **Section 117. Transfer of Powers and Functions** – The powers and
29 functions of the Department of Environment and Natural Resources as far as mineral
30 lands and mineral resources are concerned as well as all the powers and functions of
31 the Mines and Geosciences Bureau are hereby transferred to the Department of
32 Mines.

33
34 The foregoing transfer of power and functions shall include all applicable funds and
35 appropriations, records, equipment, property, and personnel as may be necessary.

36
37 **Section 118. Transfer of Rights, Assets, and Liabilities** – The
38 Department shall, by virtue of this law, be subrogated to all the rights and assume all

1 the liabilities of the Mines and Geosciences Bureau and all their funds, records,
2 property, assets, equipment, and such personnel as necessary including
3 unexpended appropriations and/or allocations. All contracts and liabilities of the
4 Mines and Geosciences Bureau are hereby transferred to and assumed by the
5 Department and shall be acted upon in accordance with the Auditing Code and other
6 pertinent laws, rules and regulations. Provided that the officers and employees of the
7 Mines and Geosciences Bureau shall continue in a holdover capacity until such time
8 that the new officers and employees of the Department shall have been duly
9 appointed in accordance with this law.

10
11 **Section 119. Structure and Staffing Pattern** – The organizational
12 framework and staffing pattern of the Department shall be prescribed and approved
13 by the Secretary within sixty (60) days after the approval of this law and the
14 authorized positions created therein shall be filled by regular appointments by the
15 President or the Secretary as the case may be. Provided that in the filling of positions
16 created, preference shall be given to the personnel of the Mines and Geosciences
17 Bureau and provided further that if such individuals possess the same qualifications,
18 seniority shall be given priority.

19
20 Any personnel of the Mines and Geosciences who are appointed but fails to report
21 for duty within fifteen(15) days from receipt of the appointment shall be deemed to
22 have declined his appointment and in which case the position may be filled up by
23 another qualified applicant. Provided that those incumbents whose positions are not
24 included therein and who are not appointed to any position in the Department or its
25 Bureaus within six(6) months from the approval of the organizational framework and
26 staffing pattern shall be deemed separated from the service. Those separated from
27 the service shall receive the retirement benefits to which they may be entitled under
28 existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of
29 one(1) month basic salary for every year of service in the Government or a fraction
30 thereof, computed on the basis of highest salary received.

31
32 **Section 120. Appropriations.-** Such sums as may be necessary for the
33 implementation of this law shall be taken from the current fiscal year's appropriations
34 of the Mines and Geosciences Bureau and such other amounts that the President
35 may allocate from other resources provided that the total amount shall not exceed
36 Five Hundred Million Pesos(P 500,000,000.00). Thereafter, the amount needed for

1 the operation and maintenance of the Department shall be included in the annual
2 General Appropriations Act.

3
4
5 **Section 121. Disclosure and Divestment of Financial Interest** – Before
6 assumption of office, the Secretary, UnderSecretaries and Assistant Secretaries shall
7 submit to the Civil Service Commission a list of all companies, partnerships or
8 business enterprises, including non-profit organizations in which he or any immediate
9 member of his family within the second degree of consanguinity or affinity have any
10 form of financial interest or employment relationships, including consultancy.

11
12 Within thirty(30) days thereafter, complete divestments of financial interest in any
13 institution, firm, or company which fall under the supervisory or regulatory jurisdiction
14 of the Department shall be made. Provided, however, that in cases where
15 confirmation of appointment by the Commission on Appointments is required, the
16 divestment mandated shall complied with within thirty(30) days after such
17 confirmation.

18
19 The divestment required in the preceding paragraphs shall likewise apply to the
20 member of the immediate family with the second degree of consanguinity or affinity
21 having interest in any institution or activity under the regulatory jurisdiction or
22 supervision of the Department and its attached agencies and corporations.

23
24 **Section 122. Relationship with Other Government Departments** - Upon
25 request of the Department, all Governemnt agencies with functions relative to the
26 approval of projects of the Department shall act upon or resolve the matter within
27 thirty(30) calendar days. Towards this end, the Secretary, with the approval of the
28 President, amy establish an inter-agency secretariat for the purpose of expediting the
29 approval of said projects.

30
31 **Section 123. Visitorial Powers** .- The Secretary of the Department or his
32 duly authorized representative shall have visitorial powers over non-government
33 entities for the exploration, development of mineral resources and reserves in order
34 to determine the share of the Government in the revenues thereof and to ascertain
35 that all funds collectible and due the Government have actually been collected.

36
37 During such examination, the non-government entity shall produce all the reports,
38 ecords, books of accounts and other documents that may be required.

1 The refusal by any non-government entity to allow an examination of its books of
2 accounts or pertinent records or its concealment of any material information
3 concerning its financial status shall be a breach of its contract with the Government
4 and shall constitute a legal ground for the the cancellation thereof.

5
6 **Section 124. Non-impairment of Vested or Acquired Substantive Rights**

7 – Changes made and new provisions and rules laid down by this law which may
8 prejudice or impair vested or acquired rights in accordance with other mining laws
9 previously enforced shall have no retroactive effect. Provided that the provisions of
10 this law which are procedural in nature shall prevail.

11
12 **Section 125. Old Valid Mining Rights May Come Under This Law –**

13 Holders of valid and subsisting mining rights under other laws, irrespective of the
14 areas covered may avail of the rights and privileges under this law by making the
15 necessary application therefore within two(2) years from the effectivity of this law.

16
17 All pending applications for mineral agreements, financial or technical assistance
18 agreements or permits shall, within two(2) years from the effectivity of this law, re-
19 submit their applications to conform with the provisions of this law. Failure to re-apply
20 shall automatically cause the denial of their applications and their proposed Contract
21 Areas shall henceforth be opened to new applications.

22
23 **Section 126. Separability Clause.-** If any section or portion of this Act shall
24 be declared unconstitutional or invalid, such shall declaration shall not invalidate any
25 other section of this Act.

26
27 **Section 127. Repealing Clause.-** Republic Act No. 7942("the Philippine
28 Mining Act of 1995), Republic Act No. 7076("People's Small-Scale Act of 1991") and
29 Presidential Decree No. 1281 dated January 16,1978("revising Commonwealth Act
30 No. 136, Creating the Bureau of Mines and for Other Purposes) are hereby repealed
31 and Section Twenty Five of Republic Act No. 4274("the Mining Engineering Law of
32 the Philippines and Section 15 of Executive Order No. 192 dated June
33 10,1987("Providing for the Reorganization of the Department of Environment,
34 Energy, and Natural Resources, Renaming it as Department of Environment and
35 Natural Resources and for Other Purposes), are hereby amended accordingly. All
36 other laws, parts of law, orders, ordinances, or regulations and all parts thereof
37 inconsistent with the provisions of this law are likewise repealed or amended
38 accordingly.

1

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6

Section 128. Effectivity Clause.- This Act shall take effect fifteen(15) days following its publication in the Official Gazette or in a major daily newspaper of general circulation in the Philippines.

Approved.