

MYANMAR EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (MEITI)

**EITI REPORT FOR THE PERIOD
APRIL 2013- MARCH 2014**

OIL, GAS AND MINING SECTORS

December 2015



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Glossary and abbreviations

ASM	Artisanal and Small-scale mining
Bbl.	Barrel
Bscf	Billion Scf
BO	Beneficial Ownership
CD	Custom Department
CIT	Corporate Income Tax
CSO	Central Statistical Organization
CSR	Corporate Social Responsibility
CT	Commercial Tax
DGSE	Department of Geological Service and Mineral Exploration
DHPP	Department of Hydropower Planning
EGTA	Export Gas Transportation Agreement
EITI	Extractive Industries Transparency Initiative
EPD	Energy Planning Department
EUR	Euro
FS	Financial Statements
GAAP	Generally Accepted Accounting Principles
GOUM	Government of the Union of Myanmar
GPOA	Gas Pipeline Operating Agreement
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
INTOSAI	International Organisation of Supreme Audit Institutions
IOC	International Oil Company
IPRC	Improved Petroleum Recovery Contracts
IRD	Internal Revenue Department
JV(A)	Joint Venture (Agreement)
Kg	Kilograms
km ²	Square kilometre
MAC	Myanmar Accountancy Council
MATA	Myanmar Alliance for Transparency and Accountability
MEB	Myanmar Economic Bank
MEC	Myanmar Economic Corporation
MOECAF	Ministry of Environmental Conservation and Forestry
MEITI	Myanmar EITI
MEPE	Myanmar Electric Power Enterprise
MFRS	Myanmar Financial Reporting Standards
MGE	Myanmar Gems Enterprise
MIC	Myanmar Investment Commission
MICPA	Myanmar Institute of Certified Accountants
MMscf	Million scf
MNPED	Ministry of National Planning and Economic Development
MNRMC	Minerals and Natural Resources Management Committee
MOE	Ministry of Energy
MOF	Ministry of Finance

Glossary and abbreviations

MOGE	Myanma Oil & Gas Enterprise (Ministry of Energy)
MPE	Myanmar Petrochemical Enterprise
MPPE	Myanmar Petroleum Products Enterprise
Mscf	Thousand scf
MSG	Multi-Stakeholder Group
MT	Metric Tons
n/a	Not applicable
OAG	Office of the Auditor General of the Union
Oz T	troy ounce
PCC	Performance Compensation Contracts
PFM	Public Finance Management
PSC	Production Sharing Contract
scf	Cubic Feet
SEE	State Economic Enterprise
SME	Small and Medium Enterprises
SOE	State-Owned Enterprise
THB	Thai Baht
ToR	Terms of Reference
Tscf	Trillion Cubic Feet
UMEHL	Union of Myanmar Economic Holdings Ltd.
US \$-USD	United States dollars

INTRODUCTION

Extractive Industries Transparency Initiative (EITI)¹

The Extractive Industries Transparency Initiative (EITI) is a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debates and enhance trust. In each implementing country it is supported by a coalition of governments, companies and civil society organisations working together.

The Extractive Industries Transparency Initiative (EITI) was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 49 countries in Africa, Asia, Europe and America.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as an EITI Candidate and ultimately as an EITI compliant country. The Standard is overseen by the international EITI Board, which comprises members from Governments, companies and civil society organisations.

EITI in Myanmar²

Myanmar joined EITI upon instructions from its President at the end of 2012. Myanmar submitted its application to become an 'EITI Candidate' country to the EITI Board in May 2014. At its 27th meeting in Mexico in early July 2014, the EITI Board approved Myanmar's candidacy application, and granted Myanmar until January 2016 to produce its first EITI Report. Myanmar has until January 2017 to meet all 7 EITI Requirements in order to gain 'EITI Compliant' status.

On 18 February 2014, a Multi-Stakeholder Group (MSG) was formed to oversee EITI implementation in Myanmar. MSG comprises 21 representatives from government, civil society organisations and the private sector. Three sub-committees have also been set up to take forward the work on reporting, outreach and communications, and work plan and governance. Further details on MSG membership are available in the government notification letter setting up the MSG³.

This is the First Myanmar Extractive Industries Transparency Initiative (MEITI) Report of flows from the Oil, Gas and Mining Sectors, which covers the period from 1 April 2013 to 31 March 2014.

Objective

The purpose of this Report is to reconcile the data provided by companies operating in the extractive sector (hereafter referred to as "Companies") with the data provided by relevant Government Ministries and Bodies (hereinafter referred to as "Government Bodies").

The overall objectives of the reconciliation exercise are to assist the Government of Myanmar in identifying the positive contribution that extractive sector is making to the economic and social development of the country and to realise their potential through improved resource governance that encompasses and fully implements the principles and criteria of the Extractive Industries Transparency Initiative.

According to MSG decision, the extractive sector includes three sub-sectors i.e. oil & gas, gems & jade and other minerals.

¹ Source: <https://eiti.org/eiti>

² Source : <http://myanmareiti.org/what-eiti>

³ https://eiti.org/files/Annex_07052014_op.pdf

Nature and extent of our work

We have performed our work in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference as set out in the Request for Proposal and approved by MSG.

The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The report consists of seven (7) chapters presented as follows:

- Executive summary;
- Methodology and approach to the reconciliation process;
- Description of the contextual information on the industry;
- Determination of the reconciliation scope;
- Reconciliation results of reported data;
- Other information disclosed; and
- Findings, recommendations for improvement of future reconciliation processes.

Reported data disaggregated by individual companies, Government Bodies and revenue streams, are included as Appendices to the report. The amounts in this report are stated in Myanmar Kyat (MMK), unless otherwise stated.

Our report incorporates information received up to 16 December 2015. Any information received after this date has not been included in our report.

Information confidentiality assurance

The information collected by us, as Independent Administrator, during the work carried out was subject to confidentiality agreements. For this reason, the information presented in this report is that considered strictly necessary for a full understanding of the MEITI Report and compliance with the EITI Standard.

1. EXECUTIVE SUMMARY

This report summarises information about the reconciliation of fiscal and non-fiscal revenues from the extractive sector in Myanmar as part of the implementation of the Extractive Industries Transparency Initiative (EITI). In addition this report includes the reconciliation of revenues collected by the State Owned Enterprises (SOE) from extractive companies and cash flows contributed by SOE to the State's budget.

As decided by the MSG during their meeting held on 6 October 2015, the extractive sector covered by the present reconciliation includes three sub-sectors oil & gas, gems & jade and other minerals.

1.1. Revenue generated from the extractive sector

The receipts reported by the Government Bodies during the period from 1 April 2013 to 31 March 2014, after reconciliation, are summarised as follows:

Revenues collected from extractive companies

Total revenue collected from the extractive sector amounted to MMK **3,011,283** million⁴ for the fiscal period 2013-2014. The revenue stream from the extractive sector is composed of 85% of revenues from Oil & Gas sub-sector while gems & jade and other minerals represent 13% and 2% respectively. The detail of these revenue streams is set out in the table below:

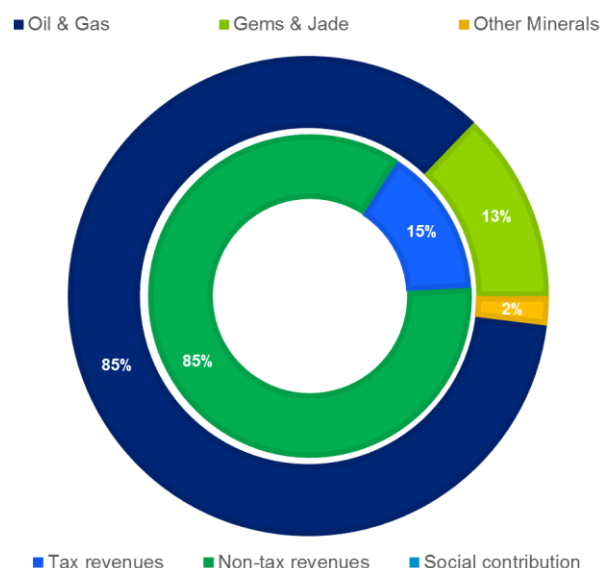
Table n°1: Myanmar Extractive revenues by sub-sector

Figures in million MMK

Sub-sector	Tax revenues	Non-tax revenues	Social contribution	Total revenues	%
Oil & Gas (*)	433,285	2,129,972	5,736	2,568,993	85%
Gems & Jade	-	380,197	8,570	388,767	13%
Other Minerals	3,303	48,203	2,017	53,523	2%
Total	436,588	2,558,372	16,323	3,011,283	100%

(*) including revenues collected from transport of oil and gas

Figure 1: Relative size of revenue stream and sub-sectors



⁴ Source : EITI Data reported by Government Bodies after adjustments

The revenues received from extractive companies amount to MMK **3,011,283** million (after adjustments), and are collected mainly by SOE's who collected MMK **2,554,562** million representing 85% of total extractive revenues. The detail by Government Body and by source of revenues is set out in the table below⁵:

Table n°2: Collection of extractive revenues

Figures in million MMK

	Revenues received from extractive sector					
	SOE	MOECAF	DoM	IRD-Customs	Social payments	Total
Oil & Gas sub-sector	2,129,972	-	-	433,285	5,736	2,568,993
MOGE	-	-	-	-	-	-
Oil and Gas companies (in cash) ⁶	1,868,193	-	-	150,570	5,736	2,024,499
Sale of the state's share of production ⁷	72,490	-	-	-	-	72,490
Oil and Gas transportation companies	189,289	-	-	282,715	-	472,004
Gems & Jade sub-sector	380,197	-	-	-	8,570	388,767
MGE	-	-	-	-	-	-
Gems and Jade companies	380,197	-	-	-	8,570	388,767
Other Minerals sub-sector	44,393	527	3,284	3,302	2,017	53,523
ME 1	7,185	-	181	275	1,524	9,165
Companies under ME 1	2,744	-	181	275	1,524	4,724
Sale of the state's share of production ⁸	4,441	-	-	-	-	4,441
ME 1	-	-	-	-	-	-
ME 2	34,205	22	227	1,000	19	35,473
Companies under ME 2	763	22	227	1,000	19	2,031
Sale of the state's share of production ⁹	33,442	-	-	-	-	33,442
ME 2	-	-	-	-	-	-
ME 3	3,003	13	798	2,027	474	6,315
Companies under ME 3	3,003	13	798	2,027	474	6,315
ME 3	-	-	-	-	-	-
Unilateral disclosure by DoM	-	-	2,078	-	-	2,078
Unilateral disclosure by MOECAF	-	492	-	-	-	492
Total	2,554,562	527	3,284	436,587	16,323	3,011,283

Transfers made by SOEs

The transfers made by SOE's for the same period amounted to MMK 2,676,139 million of which MMK 1,542,653 million representing 58% was held on SOE's "other accounts"¹⁰.

Table n°3: Transfers of revenues collected by SOE's

Figures in million MMK

SOE	Amount received by SOE	Transfer from SOE to State's budget			SOE net receipts held on other accounts	Total
		IRD-Customs	DoM	State contributions		
MOGE	2,129,972	655,055		225,393	1,320,175	2,200,623
MGE	380,197	180,069		48,367	195,516	423,952
Total ME 1,2 and 3	44,393	9,573	6,015	9,014	26,962	51,564
ME 1	7,185	590	4,441	472	2,436	7,939
ME 2	34,205	7,515	1,574	7,225	20,963	37,277
ME 3	3,003	1,468		1,317	3,563	6,348
Total	2,554,562	844,697	6,015	282,774	1,542,653	2,676,139

⁵ Source: EITI data reported by Government Bodies after reconciliation.

⁶ Revenues received by MOGE and IRD from the transportation of Oil and Gas (See detail in Section 6.3).

⁷ Revenues received by MOGE from sales of crude oil and natural gas to MPE (See section 6.4).

⁸ Revenues received by SOE from the sales of State's share of production (See section 6.4).

⁹ Ibid.

¹⁰ Other Accounts are used to manage SOE's own-source revenues and spending under the supervision of Parliament

Further explanation on the process of collection of extractive revenues in Myanmar is included in Section 3.6 of the present report.

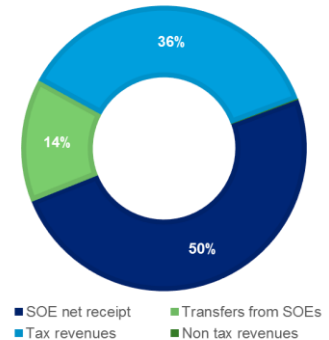
Government receipts from the extractive sector

The extractive revenues recorded in Myanmar accounts for the fiscal year 2013/14 amounts to MMK 3,116,537 million. These revenues are mainly recorded and held by SOE on “other accounts”. The SOE’s net receipts for the year 2013/14 amounted to MMK 1,542,653 million representing 49% of the total extractive revenues recorded, while tax revenues and transfers made by SOEs to budget accounts and IRD represent 14% and 36% respectively. The detail of these revenues streams is set out in the table below:

Table 4: Total Government Receipts from the Sector

	Oil & Gas	Gems & Jade	Other minerals	Total	%
SOE's net receipts	1,320,175	195,516	26,962	1,542,653	49%
Tax revenues	433,285	-	3,303	436,588	14%
Transfers from SOEs	880,449	228,436	24,601	1,133,486	36%
Non Tax revenues	-	-	3,810	3,810	0%
Total	2,633,909	423,952	58,676	3,116,537	100%

Figure 2: Allocation of the government receipts from the Sector



Significance to Myanmar economy

According to the Ministry of National Planning and Economic Development, the Gross Domestic Product (GDP) from the extractive sector in 2013 amounted to approximately MMK 3,467,620¹¹ million or 6% of the Country’s GDP amounting to MMK 58,012,754.5 million.

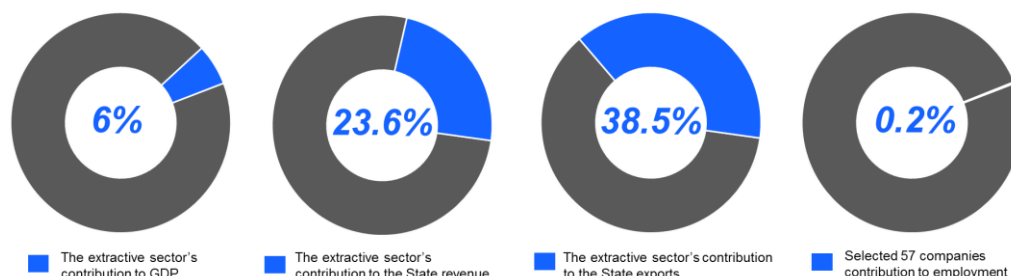
The extractive sector contribution to the State’s revenue in 2013-2014 amounting to MMK 3,116,537 million represents 23.6% of total revenues of the Union amounting to MMK 13,214,229 million¹².

As per the Central Statistical Organization, the value of exported natural gas and Jade amounted to US\$ 3,299.2 million and US\$ 1,011.6 million respectively and represents about 38.5% of the total export of the country¹³.

The entire sector’s contribution to employment has not been made available at the time this report was prepared. As declared in their reporting templates, the Fifty Seven (57) selected companies employ directly about 18,529 individuals representing 0.2% of the total of the country’s employment amounting to 8,731,678 individuals in 2013¹⁴.

The charts below show the contribution from the extractive sector to the GDP, the State revenues and the exports figures for 2013-2014. More details are set out in Section 3.11 of this report.

Figure 3: Macro-economic indicators for the extractive sector (2013-2014)



¹¹ Ministry of National Planning and Economic Development: GDP at current prices.

¹² Total State revenues from Union Budget Law 2013.

¹³ Source: selected monthly economic indicators CSO, March 2015.

¹⁴ Total employment as published by the department of population-Ministry of immigration and population, May 2015.

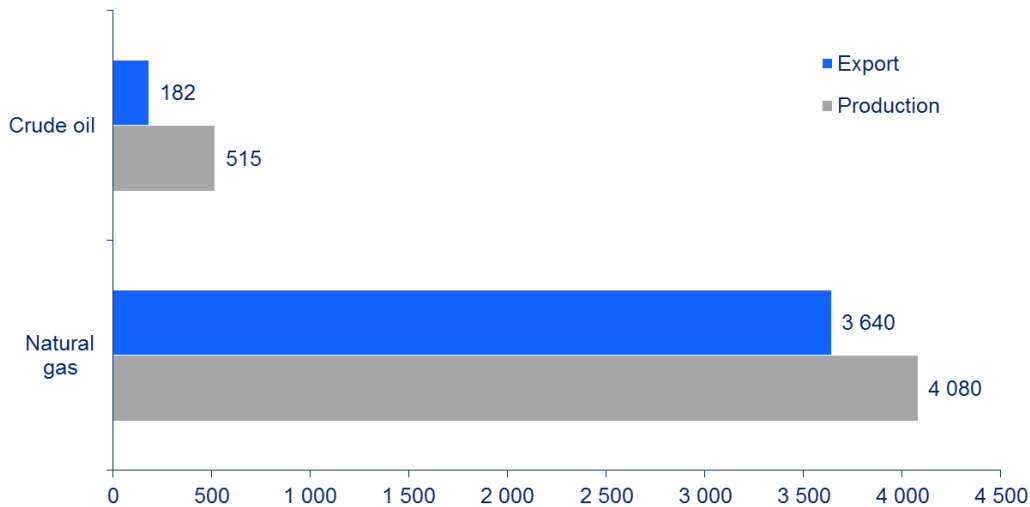
1.2. Production and exports

Oil & Gas

According to data reported by the MOGE, 5,957,224 barrels of Crude Oil and 462,174 MMscf of Natural Gas were produced during the period from April 2013 to March 2014 from producing fields. The production value according to MOGE data, amounting to US\$ 515 million (MMK 495,190 million) for crude oil and US\$ 4,080 million (MMK 3,918,695 million) for natural gas.

The value of exported petroleum and natural gas were, respectively, about US\$ 182 million and US\$ 3,640 million according to data submitted by MOGE. Average Brent was US\$ 105.72 per barrel and US\$ 9,767.48 per MMscf.

Figure 4: Production and export of Crude Oil and Natural Gas (US\$ million)



Gems & jade

2,361,172 carat of gems and 6,245 tons of Jade were sold in the two emporium organized during the period from April 2013 to March 2014. The value of Gems & Jade sold during the two emporium was MMK 1,471,130 million (US\$ 1,531.61 million).

The value of Gems and Jade exported amounts to US\$ 6.56 million and US\$ 1,444.17 million, respectively, according to data submitted by MGE.

The volume and value were reported by MGE based on the emporium data only.

Table 5: Emporium sales of Gems & Jade

	Gems (in carat)	Jade (in Tons)	Value (in million MMK)	Value (in million US\$) ¹⁵
Emporium (EUR) ¹⁶	949,985		6,299	6.56
		3,371	1,387,143	1,444.17
Emporium (MMK)	1,411,187		1,859	1.94
		2,874	75,828	78.95
Total	2,361,172	6,245	1,471,130	1,531.61

¹⁵ Using average rate of US\$ 1 = MMK 960.5121

¹⁶ Correspond to exported Gems & Jade according to MGE reporting template

Other minerals

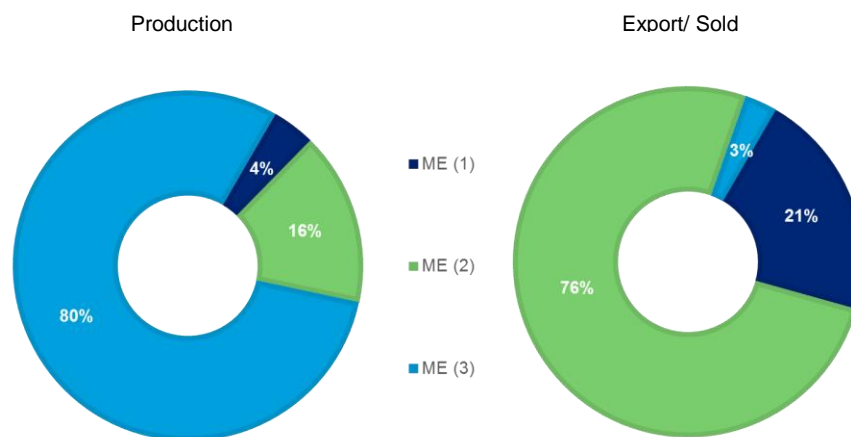
The production and exports/sold value for other minerals as declared by SOE's, amounted to MMK 254,675 million and MMK 43,621 million, respectively. The table below shows the contribution of each category of minerals in the total production and exports of the other minerals sub-sector:

Table 6: Production and export of other minerals

Minerals	Production value (in million MMK)	in %	Export/Sold value (in million MMK)	in %
Lead, Zinc, Copper, Iron and Antimony (reported by ME 1)	8,775	4%	9,056	21%
Gold, Tin, Tungsten and Sheelite (reported by ME 2)	41,087	16%	33,442	76%
Coal, Manganese, Nickel, Barite, Limestone (reported by ME 3)	204,813	80%	1,123	3%
Total	254,675	100%	43,621	100%

The charts below shows the contribution of each class of company to the mining production and the exports for 2013:

Figure 5: Production and export/ Sold by commodity (other minerals)



1.3. Scope of the data collection and reconciliation

Payment flows and data reported

The MSG has agreed that for the purpose of first MEITI Report the revenues collected from the extractive sector in Myanmar for the fiscal year 2013-2014 are composed of:

- Oil & Gas including transportation ; and
- Mining (including jade and gemstones, according to formal government Gem Emporium data only).

The revenue streams in scope for reconciliation include:

- all tax payments and non-tax payments made or reported by companies selected in the scope and revenues received by or reported to the government Bodies during the fiscal year 2013-2014; and
- all transfers made or reported to SOEs and revenues received by or reported to Government Bodies during the fiscal year 2013-2014.

Payments made by companies not selected in the scope, social payments and cash flows from the sale of the State share of production are disclosed but not reconciled in this report except for revenues collected by IRD and Customs Department.

Extractive companies

For the Mining sector, the MSG identified 44 companies to be included in the reconciliation process for the first MEITI Report. The companies listed in Section 4.2.2 meet the materiality threshold of **MMK 10 billion** for Gems & Jade and **MMK 0.25 billion** for other minerals of total revenues collected in fiscal year 2013-2014 and were included in the reconciliation process.

For Oil & Gas, the MSG has agreed to include all Oil & Gas operators in producing field and exploration companies that have made payments without applying any materiality threshold. This has led to the selection of 13 companies in the reconciliation scope. These companies are listed in Section 4.2.1.

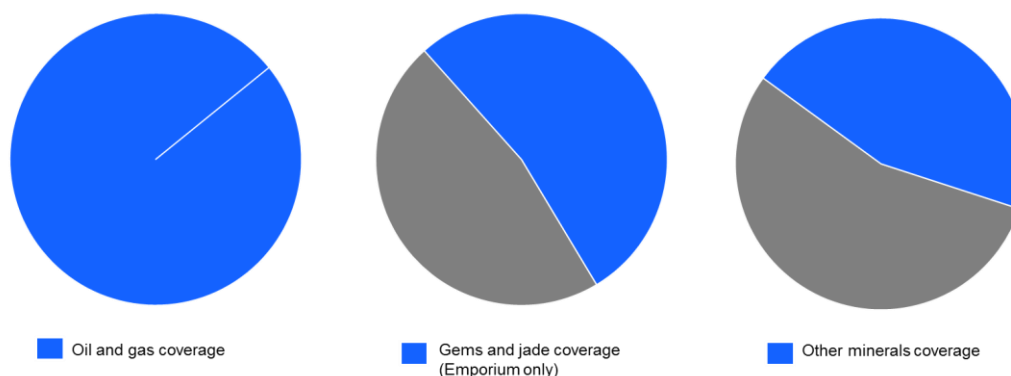
Details of coverage and number of companies are set out in the table below:

Table 7: Coverage by sub-sector

EITI Scope	Coverage		
	Oil & Gas	Gems & Jade	Mining
Covered sector			
Number of companies selected	13	30	14
Number of Government Bodies selected	3	1	7
Materiality	All companies	MMK 10 billion	MMK 0.25 billion
Coverage of the reconciliation exercise ¹⁷	100%	53%	45%
Overall coverage ¹⁸	92.3%		

The charts below shows the reconciliation coverage of each sub-sector for 2013:

Figure 6: Coverage of the reconciliation exercise by sub-sector



Government Bodies

The MSG determined that all Government Bodies which receive extractive-related revenues from companies are in scope and included for reporting and reconciliation. Based on these criteria, the MSG has identified eleven (11) Government Bodies to be in-scope for the MEITI reconciliation. These entities are listed in Section 4.2.3 of the present report.

¹⁷ The % of coverage is calculated, excluding the social payments, Oil & Gas transportation revenues and revenues from the sale of state's share of production

¹⁸ Ibid

1.4. Comprehensiveness and reliability of data

Comprehensiveness of the scope

Government Bodies under the MoF i.e. IRD and Customs Department did not disclose revenues collected from extractive companies not selected in the reconciliation scope as agreed by the MSG. Accordingly, these revenues were not taken into account when determining the total revenue from the extractive sector in Myanmar.

According to the MSG decision and due to constraints related to the Gems and Jade sub-sector, the sub-sector was included based on the Emporium data only. Accordingly, revenues such as royalties, a 20% value-based tax on Jade at the mine site, taxes paid by companies where production is directly exported and revenues from sales of State shares of Gems & Jade were not covered by this report.

Data submission

All companies included in the reconciliation scope have submitted their reporting templates according to the reporting instructions approved by the MSG, with the exception of:

- “Nobel Gold Ltd” which ceased operations in the country. MoM submitted a letter stating that the company left the country. Payments made by this company, amounted to MMK 639,200,847 were included in the report based on Government Bodies declaration; and
- Four (4) Oil & Gas companies (Nippon Oil, ONGC Videsh Ltd, Gail JJ India Ltd and Korea Gas Corporation) did not submit their reporting templates. According to the data submitted by Government Bodies, there are no payments made by these companies except for Nippon Oil for which IRD has reported CIT amounting to MMK 19,223,327,039. This payment was however declared by Petronas (as operator) on behalf of this company and was accordingly reconciled.

All Government Bodies included in the reconciliation scope submitted their reporting templates according to the reporting instructions approved by MSG.

Data reliability

Selected companies

As decided by the MSG reporting templates should be approved by an authorised company official.

According to the information collected during the reconciliation work, all companies have submitted reporting templates signed by an authorised officer as requested by the MSG.

Government Bodies

With regards to Government Bodies including SOEs, reporting templates should be signed by an authorised officer and certified by the Office of the General Auditor (OAG) except for MoF reporting templates as agreed by MSG.

Assurance on Government figures has been given by the senior official in the reporting departments and the Office of the General Auditor (OAG). All SOEs in the scope have submitted reporting templates signed by an official and certified by the OAG.

1.5. Summary of Results for MEITI Reconciliation

Total revenue received from extractive companies as declared by Government bodies amounted to MMK 3,011,283 million during the period covered by the report. The table and figure below summarize the reconciled revenues and revenues unilaterally disclosed by the government according to the scope decisions made by the MSG.

Table 8: Total payments from the extractive industries which were included in the reconciliation

Figures in million MMK

Sub-sector	Reconciled revenues	Payments from companies not selected in the reconciliation scope	Oil and gas transportation	Sales of the State share of production	Social contributions	Total revenues	%
Oil & Gas	2,018,762	-	472,004	72,490	5,736	2,568,993	85%
Gems & Jade	202,526	177,671	-	-	8,570	388,767	13%
Other Minerals	6,120	7,504	-	37,883	2,017	53,523	2%
Total	2,227,408	185,175	472,004	110,373	16,323	3,011,283	100%

Reconciliation of payments to the Government Bodies

Moore Stephens has been contracted to reconcile taxes reported by extractive companies and Government Bodies in order to identify and clarify any potential discrepancies in the payments reported in the declarations. Disaggregated reporting is detailed in Chapter 5 of this report.

A net difference of **MMK (162) million** (US\$ 0.17 million) representing 0.01% of Government reporting templates after adjustments remained unreconciled. This is the sum of positive differences of MMK 1,348 million and negative differences amounting to MMK (1509) million.

Table 9: Final discrepancies aggregated compilation

Figures in million MMK

Sub sector	Extractive companies	Government	Positive difference	Negative difference	Net Difference	%
Oil and Gas	2,018,119	2,018,762	206	(849)	(643)	(0.03%)
Gems and Jade	202,527	202,526	4	(3)	1	0.00%
Other minerals	6,601	6,120	1,138	(657)	481	7.86%
Total	2,227,247	2,227,408	1,348	(1,509)	(162)	(0.01%)

Excluding data related to entities not subject to EITI reporting

Detail of reconciliation and adjustments made by company and by tax are set out in the Chapter 5 of this report.

Reconciliation of payments in kind to Government Bodies

We also reconciled in kind payments made by extractive companies selected in the scope with commodities received by Government Bodies and we raised few non-material differences as detailed in the table below:

Table 10: In kind payments final discrepancies

Payment in kind	Government Body	Extractive companies	Government	Differences
Oil and Gas sub-sector				
Payment in kind (Barils)	MOGE	1,219,255	1,219,255	-
Payment in kind (Mscf)	MOGE	758,524	758,523	1
Mining sub-sector				
Gold in oz-T	ME (2)	6,272	6,272	-
Tin in MT	ME (2)	417	415	2
Copper in MT	ME (1)	591	591	-

Detail of reconciliation and adjustments made by company and by tax are set out in the Chapter 5 of this report.

Reconciliation of transfers made by SOEs to MOF

According to the MSG decision, transfers made by SOEs to MoF and other Government Bodies such as DoM, IRD and Customs department were also reconciled.

A non-material net difference amounting to MMK (280,852) between transfers as declared by SOEs and revenues received by Government Bodies remains unreconciled. The detail by SOE is set out in the table below:

Table 11: reconciliation results of transfers made by SOE's

Figures in million MMK

SOE	SOE		Government Body		Final difference
	Transfers to budget accounts	Other accounts - SOE own Accounts	Transfers to budget accounts	Other accounts - SOE own Accounts	
MOGE	880,449	1,320,175	880,449	1,320,175	-
MGE	228,436	195,516	228,436	195,516	-
ME (1)	5,502	2,436	5,502	2,436	-
ME (2)	16,314	20,963	16,314	20,963	-
ME (3)	2,784	3,563	2,784	3,563	-
Total	1,133,486	1,542,653	1,133,486	1,542,653	-

Individual tax templates by SOE showing the reconciliation work are presented in Appendix 8 of this report.



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2. APPROACH AND METHODOLOGY

The reconciliation of the revenues from the extractive sector consisted of the following steps:

- conduct a scoping study to determine the scope of the reconciliation exercise and to design the reporting template (See Appendix 7);
- collection of payment and other data from Government Bodies and extractive companies which provide the basis for reconciliation;
- comparison of payments and other information reported by Government Bodies and the extractive companies to determine if there are discrepancies between what the authorities report as being received and the licensees report to have paid in taxes; and
- contact with Government Bodies and extractive companies to resolve the identified discrepancies.

2.1. Scoping Study

The financial flows to be included in the reconciliation and the Government Bodies and companies which were required to report were determined by the MSG based on the scoping study conducted by Moore Stephens.

Under the TOR for the Engagement, we were required to carry out a scoping exercise which should be considered in determining the scope of the first MEITI Report, including a proposal of:

- materiality threshold for receipts and payments by sub-sector;
- taxes and revenues to be covered;
- companies and Government Bodies to be included in the report; and
- assurances to be provided by reporting Bodies to ensure credibility of the data.

The scope of the EITI report as decided by the MSG during their meeting held on 6 October 2015 is described in the Chapter 4 of this report.

2.2. Data collection

A standard reporting template and instructions were designed to facilitate the process for the reporting entities. The template was designed to include the revenue streams paid to each government entity and was formatted in such a way that companies can easily identify and determine the appropriate amounts to disclose. The reporting templates were sent electronically to the reporting entities.

The companies and Government Bodies were required to report directly to the reconciler and they were also requested to direct any questions on the reporting templates.

Companies and Government Bodies were requested to submit a breakdown of payments by date and by receipt in the supporting schedules.

The MSG agreed that the deadline for submission of the certified reporting templates (soft copies and hard copies) would be 6 November 2015.

2.3. Reconciliation and investigation of discrepancies

The process of reconciling the data and investigating discrepancies was carried out between 2 and 20 November 2015. In carrying out the reconciliation, we performed the following procedures:

Initial Reconciliation Procedures: Figures reported by extractive companies were compiled item by item figures reported against the Government Bodies. As a result, all discrepancies identified have been listed item by item in relation to each Government body and company.

In cases where the reported revenue data from Governmental Bodies agrees with a company's reported payment data, with deviation within the allowable variance described in section below, the government figures were considered to be confirmed and no further action was undertaken.

In cases where the reported revenue data from Governmental Bodies does not agree with a company's reported payment data and the difference is not within the allowable variance, discrepancies are specified for each company and government reporting entity and the discrepancies were subject to further evaluation before completing the initial reconciliation report.

Reconciliation Variance and Level of Effort: As part of the reporting template finalisation, a variance threshold of MMK 5 million was used to help to determine an acceptable level of effort to spend in attempting to resolve discrepancies.

In the cases where the reported revenue data from governmental bodies does not agree with the company's reported payment data, and the discrepancies are at or below the variance threshold established by the MSG, the EITI reconciler will conclude that the discrepancies are not material to the MEITI Report.

Follow-Up Procedures to Investigate Differences: In the cases where the reported revenue data from Governmental Bodies does not agree with the company's reported payment data and the discrepancies are outside the variance, the IA will consider the discrepancies to be material and further research and actions will be performed. In this case, the Government bodies and the companies were asked to provide supporting documents and/or confirmation for any adjustment to the information provided on the original data collection templates.

We contacted and arranged meetings with the reporting entities and reviewed additional supporting documentation evidencing the payments reported. In the event that we were not able to identify the reason for the reconciliation differences through review of additional supporting evidence and contact with the reporting entities, we concluded that the discrepancies are "undetermined / unexplained". The result of our work is presented in Chapter 5 of this report. Adjustments made to reporting templates are presented in Appendices 3 to 5.

2.4. Reliability and credibility of data reported

In order to comply with EITI Requirement 5.2 of the EITI Standard (2013) which seeks to guarantee the credibility of the data submitted by reporting entities, the MSG agreed the following approach in for the preparation of the 2013-2014 MEITI report:

For companies

The Reporting Templates submitted by extractive companies selected in the reconciliation scope should be:

- signed by a person authorised to represent the extractive company (Chief Financial Officer or Chief Executive Officer/Director); and
- supported by detail of payments reported

Companies were also requested to provide a copy of their audited financial statements, so that a review could be undertaken of the assurance procedures applied to them, e.g. use of international auditing standards. However, only Three (3) companies MPRL, Petronas and Xie Family have submitted their Audit report for the year 2013-2014.

For Government Bodies and SOEs

The Reporting Templates submitted by Government bodies included in the reconciliation scope must be:

- signed by a person authorised to represent the Government Body;
- accompanied by detail of payments reported; and
- certified by the Office of the Auditor General of the Union, except for the MoF (*) reporting template.

(*) MoF – IRD and Custom Department (CD): The EITI Standard requires that the multi-stakeholder group, in consultation with the Independent Administrator, is required to examine the audit and assurance procedures in companies and Government Bodies participating in the EITI reporting process. Accordingly, we met with the Auditor General to discuss what assurance he would give on the information provided by the MOF-IRD for the 2013/14 EITI Report. The Auditor General confirm

that the MOF-IRD/CD is not able to provide desegregated data by extractive company and therefore they would not be able to provide any assurance on the declarations made by the MOF-IRD/CD in connection with the 2013/14 EITI Report.

It is worth mentioning that MOF-IRD/CD provided information on companies selected by the MSG as part of the EITI reconciliation process. However, MOF-IRD/CD was not able to provided information on total receipts from the sector, in connection with the determination of extractive revenues and materiality for the reconciliation.

2.5. Basis and period of reporting

In order to comply with Requirement 2 of the EITI Standard, the MSG agreed that the 2013/14 MEITI Report will be based on data for the fiscal year 2013-2014.

The MSG defined the period of reporting as the Fiscal Year (FY). For the 2013/14 MEITI Report, the reconciliation has been carried out on data from FY 2013-2014, which is April 1, 2013 through March 31, 2014.

The revenue streams in scope for reconciliation included only the payments made or reported by companies and revenues received by or reported to the Government Bodies during FY 2013/14. The period in which the fees are incurred by companies is not relevant; only the period in which the fees are paid and reported is utilised.

The reporting currency is MMK. For payments made in foreign currency, the reporting entities were required to report in the currency of payment. Payments made in foreign currency (US\$ and EURO) have been converted to MMK at the actual rate used by the Government Body to record the amount received.

When actual rates were not available or not disclosed by the reporting entities, we used the average rate for the period as per Central Bank of Myanmar. Average rate used are as follows:

- US\$ 1 = MMK 960.5121
- EUR 1= MMK 1,288.5715

3. CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY

3.1. Extractive sector in Myanmar

Myanmar is richly endowed with mineral resources and is one of the largest producers and exporters of jade. In 2013, Myanmar produced a variety of mineral commodities, including natural gas, petroleum, coal, copper, gemstones, precious and semi-precious stones, tin, tungsten, and zinc.

According to the Central Statistical Organisation, gas accounted for 29% of exports and gemstones for 10% of exports in FY April 2013 – March 2014 and the extractive sector is the second largest source of foreign direct investment. The Central Statistical Organisation reported total sales of gas amounting to US \$3.3 billion in 2013-14, up from US \$580 million in 2003-04. Official revenues from gem stones sales in 2014 were estimated at US \$3.4 billion (Myanmar Gems Emporium).

The sectors covered by this report are:

- Oil & Gas exploration, development, processing and export;
- Oil & Gas transit and transfer pipelines; and
- Solid minerals and mining sector.

3.2. Oil & Gas sector

3.2.1 General context of the hydrocarbons sector

Myanmar is one of the world's oldest oil producers, having exported its first barrel more than 100 years ago as early as 1853. Myanmar is the second-largest natural gas producer within Southeast Asia and, over the last decade, its production has increased substantially.

Most of Myanmar natural gas production is exported to Thailand and, more recently, China. Natural gas exports to Thailand, which accounted for an average of 70%, or 304 Bcf/y in 2014, of Myanmar natural gas output over the past decade, came solely from the Yetagun and Yadana fields.

Myanmar is today primarily a natural gas producer. Myanmar had proven gas reserves of 10 trillion cubic feet in 2012, with an annual production capacity of 416 Bscf. Oil reserves in 2013 were estimated at 50 million barrels, with a production capacity of 21,000 bbl./d.¹⁹

The sector is currently the largest sector for Foreign Direct Investment (FDI) and gas production is the largest income export earner with US \$3.3 bn in 2013-14²⁰. Myanmar has estimated proven gas reserves of 10 trillion cubic feet and proven oil reserves of 50 million barrels from onshore and offshore fields, according to the US Energy Information Administration. Myanmar's proven reserves are worth an estimated US\$75 billion at current prices.

According to data from the Ministry of Energy, Myanmar produced only 42% of gasoline and 11% of the diesel consumed in the fiscal year 2013-14. The shortfall was met by importing 97 million gallons of gasoline and 330 million gallons of diesel. The State owned MOGE has exclusive rights to carry out all Oil a Gas operations with private contractors.

The country produced approximately 21,000 barrels of oil per day in 2014. According to the US Energy Information Administration, Myanmar produced 416 billion cubic feet of gas in 2012.²¹

¹⁹ <http://www.eia.gov/beta/international/?fips=bm>

²⁰ Source: Central Statistical Organisation

²¹ Source : Energy Information Administration

3.2.2 Legal Framework

Upstream activities (exploration and production) in the Oil & Gas sector are governed by the following legislation:

- Oil-Fields Act [1918];
- Oil-Fields Rules [1936];
- Petroleum Act [1934];
- Petroleum Rules [1936];
- the Oilfields (Labour and Welfare Act) [1951];
- the Petroleum Resources (Development Regulation Act [1957];
- the Myanmar Petroleum concession Rules [1962]; and
- the Law Amending the Petroleum Resources (Development Regulation) Act [1969].

In practice, the Oil & Gas legislation above is outdated and do not reflect current regulatory and policies of the MOE. These are instead governed by the terms of contracts entered into between the MOGE and private operators, including Production Sharing Contracts (PSCs), Performance Compensation Contracts (PCCs), and Improved Petroleum Recovery contracts (IPRs). As long as there are no conflicts with an existing law, the terms and conditions of such contracts will govern the terms of the transactions.

The Oil & Gas sector is also governed by:

- the State-Owned Economic Enterprises Law (under which MOGE is assigned responsibility for the E&P sector under PSCs with private companies);
- the Foreign Investment Law, Foreign Investments Rules, and MIC Notification 1/2013 (under which Permits are granted by the Myanmar Investment Commission (MIC) to approved terms and conditions of draft PSCs); and
- the Environmental Conservation Law 2012.

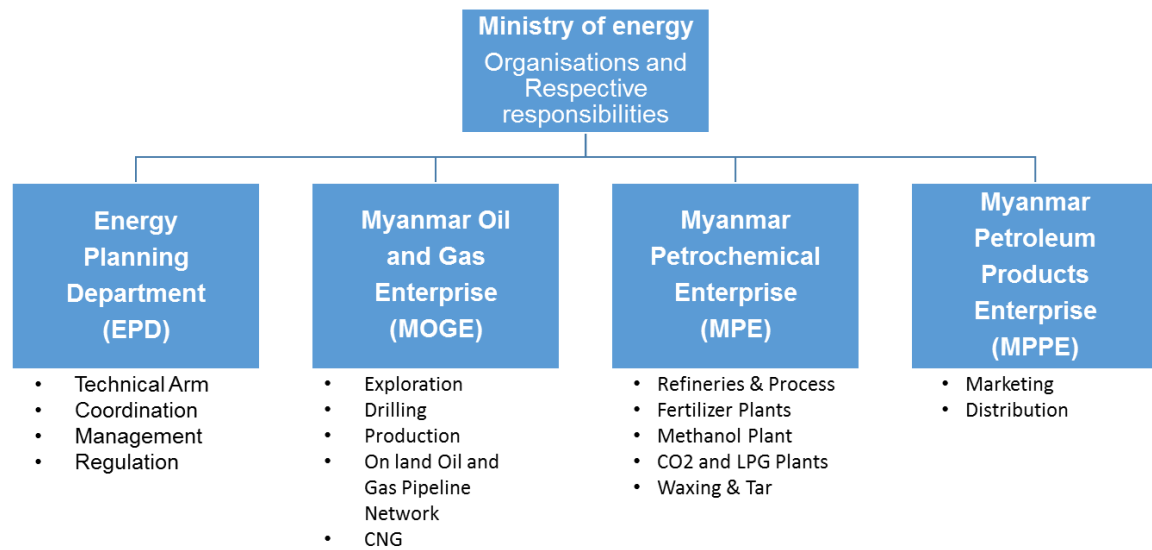
3.2.3 Institutional framework

The Ministry of Energy is the primary Government Body responsible for the Oil & Gas sector. MOE has oversight of three state owned enterprises:

- **Myanma Oil and Gas Enterprise (MOGE):** responsible for exploration/production and land transmission of oil and gas through a 2,488 km onshore transmission pipeline network and for overseeing Production Sharing contracts (PSCs) entered into private investors. The MOGE is also responsible for issuing tenders to foreign companies;
- **Myanmar Petrochemical Enterprise (MPE):** has the oversight of three refineries, five urea fertilizer plants and a number of other processing plants; and
- **Myanmar Petroleum Products Enterprise (MPPE):** manages retail and wholesale distribution of petroleum products.

In addition to these enterprises, the MOE organisation chart includes the Energy Planning Department (EPD) which is responsible for energy policy formulation, coordination and the discussion of Energy development Programme. EPD is also responsible with MOGE for tendering Oil & Gas blocks (onshore, shallow water offshore, deep water offshore) in Myanmar and managing concession contracts, exploration & production and sale of Oil & Gas.

Figure 7: 2013-2014 MOE Organisation Chart



In order to ensure the development of energy and electrical sectors, the National Energy Management Committee (NEMC) and Energy Development Committee (EDC) were set up in January 2013 by the President's office notification No (12/2013). It is chaired by the Minister of Energy and comprised MOGE and ten other government institutions involved in energy development and aims to streamline the country's national energy policy.

3.2.4 Main Oil & Gas projects

Yadana project²²

Total E&P signed the Yadana production sharing contract with the MOGE in July 1992 and operates the field with a 31.2% interest in the State-owned Myanmar Oil & Gas Enterprise (MOGE) holding 15% interest.

The Yadana gas field is located in the Andaman Sea, approximately 60 kilometres offshore the nearest landfall in Myanmar. This major energy resource contains more than 5.3 trillion cubic feet (150 billion cubic metres) of natural gas, with an expected field life of 30 years. Commercial production began in the year 2000 and production averaged more than 21.7 million cubic meters per day in 2014.

The gas is supplied to Thai power plants and is also sold on Myanmar's domestic market. The gas is transported onshore via a 346-kilometre subsea pipeline. A 63-kilometer onshore pipeline then takes it to the Thai border.

The Yadana field is governed by the following contractual arrangements:

- PSC and Petroleum Production JV with the following participants: Total E&P as operator with 31.24%, Unocal with 28.26%, PTT Exploration and Production Plc (PTT) with 25.50% and MOGE with 15.00%;
- an Export Gas Sales Agreement (EGSA) between the JV partners and the Thai gas buyer PTT (to be used in Thai power plants);
- an Export Gas Transportation Agreement (EGTA) between Moattama Gas Transportation Company (MGTC) and the above PSC with the same shareholders, participants and interest percentages;
- a Production Operating Agreement between Total, UNOCAL, PTT and MOGE;
- a Gas Pipeline Operating Agreement (GPOA) where Total is the operator; and
- a series of Domestic Gas Sales Agreement between the JV and MOGE.

²² <http://burma.total.com/myanmar-en/total-in-myanmar-200275.html>

Yetagun project²³

The Yetagun gas field is an offshore gas field in the Andaman Sea, covering an area of approximately 24,130km². Following the Yadana project, the US\$700 million Yetagun ("waterfall") project was the second natural gas offshore project in Myanmar.

The field is estimated to hold three trillion cubic feet of gas and 80 million barrels of condensate in reserves.

Petronas holds a 40.91% interest and operates the field. The other partners working in the field include Myanma Oil & Gas Enterprise MOGE, 20.45%, PTT Exploration & Production 19.32% and Nippon Oil Exploration Myanmar, 19.32%.

The Yetagun field was discovered in December 1992. The field development activities started in 1996, construction of the pipeline and associated facilities were carried out in 1998 and 1999 and commercial production started in May 2000. The field is expected to continue production until 2030.

Natural gas produced from the field is supplied to the Petroleum Authority of Thailand (PTT) through the Taninthayi Pipeline operated by Taninthayi Pipeline Company (TPC), whereas the condensate from the field is stored in the Yetagun FSO vessel and sold to both domestic and international customers.

Zawtika project²⁴

The Zawtika project includes the development of the Zawtika, Kakonna and Gawthaka fields, located in blocks M9 and M11 of the Gulf of Martaban, offshore of Myanmar. The project is spread across an area of 11,746 square kilometres.

The Petroleum Authority of Thailand Exploration and Production International (PTTEP International) is the operator of the project. PTTEP owns an 80% interest in the project, with Myanma Oil & Gas Enterprise (MOGE) holding the remaining 20%.

The \$2bn project initially started delivering natural gas for domestic purposes in Myanmar in March 2014 at a rate of approximately 60 million standard cubic feet per day (MMscf/d). In August 2014, it started exporting natural gas to Thailand at a rate of 240MMscf/d.

On 5 January 2012, PTTEP Offshore Investment Limited (PTTEPO) with Myanma Oil & Gas Enterprise (MOGE) entered into a Shareholder Agreement with Andaman Transportation Limited (ATL) to invest in Zawtika gas transportation project. MOGE's investment is under 'the Agreement Establishing the Rights and Obligations of the Andaman Transportation Limited', which stated that, if MOGE exercised its rights to invest 20% of participating interest under the Production Sharing Contract, MOGE will have rights to invest in the common stock of ATL at the same proportion.²⁵

Shwe Natural Gas Project²⁶

The Shwe Natural Gas project consists of the Shwe, Shwe Phyu and Mya offshore gas fields, located in blocks A-1 and A-3 of the Bay of Bengal, Myanmar.

The project is being developed by a consortium of six companies and led by POSCO subsidiary Daewoo International, which is also the operator of the project.

The first production gas from the Shwe project was achieved in July 2013 from the Mya field and commercial production started in August the same year.

Production from the Shwe gas field started in January 2014, as a result of which, the production by the end of 2014 was expected to reach 500 million cubic feet of gas a day.

This cycle is expected to last until 2020. The gas will either be sold to China National United Oil Corporation (CNUOC) for 25 to 30 years, or used within Myanmar.

In June 2010, MOGE and CNPC created the joint-venture Southeast Asia Gas Pipeline Co. (SEAGP) to manage the gas pipeline project.

²³ <http://www.offshore-technology.com/projects/yetagun-gas-and-condensate-field/>

²⁴ <http://www.offshore-technology.com/projects/zawtika-gulf-martaban-myanmar-burma/>

²⁵ www.pttep.com

²⁶ <http://www.offshore-technology.com/projects/shwe-natural-gas-project/>

After three years of construction, the Myanmar-China natural gas pipeline began flowing on 29 July 2013, carrying gas from the Shwe field complex in the Rakhine Offshore Area, Bay of Bengal, to Yunnan province, in South West China. The natural gas is being produced from the Shwe and Shwe Phyu fields in Block A-1 and Mya field in Block A-3. In February 2013, MOGE estimated the gas pipeline cost at US\$2.15 billion.

Chauk and Yenangaung Fields²⁷

Interra-resources holds 60% of the rights and interests of two of the largest onshore oil producing fields in Chauk and Yenangaung under two Improved Petroleum Recovery Contracts (IPRCs).

The IPRCs with Myanmar Oil & Gas Enterprise (MOGE) commenced on 4 October 1996 for a term of 20 years and 6 months. The two fields are jointly managed through Goldpetrol Joint Operating Company Inc. The adjacent Myanmar concessions extend over a total area of approximately 1,800 square kilometres and are located along the Ayeyarwaddy River, approximately 580 kilometres north of Yangon. In 2014, the combined gross production for both fields was 1,192,523 barrels of oil.

Mann Field²⁸

Mann Field is situated on the Northern plunging end of the 30 mile-long Mann-Minbu structure trend in the oil province of the Central Myanmar basin. Mann field was discovered in April 1970 by Myanmar Oil & Gas Enterprise (MOGE) and this discovery led to the Padaung formation. By 1 April 2014, 667 wells had been drilled in the field and approximately 120 million barrels of oil and 121 Bcf of associated gas had been produced. Estimated ultimate remaining recoverable oil is about 25 MMbbls. The field is currently producing about 1,450 barrels of oil per day from 351 wells.

MOGE is the operator and MPRL E&P provides services to MOGE via a Production Compensation Contract and is remunerated with a share of Incremental production an agreed upon base line.”

3.2.5 Procedures for the award of Oil & Gas blocks

Before 2011, there was no Oil & Gas bidding process and the senior authorities allocated certain blocks to certain companies through direct negotiations. However, since 2010, Production-sharing contracts are increasingly awarded through licensing rounds. A bidding process and evaluation procedure has been implemented for the award of licenses.

The first licensing rounds for oil and natural gas fields took place in 2013 as follows:

On 17 January 2013, MOGE announced a round of bidding for 18 onshore blocks: 3 IPRs and 15 PSCs

- Expressions of Interest were due on 16 March 2013;
- 59 bidders were shortlisted for the second round of bidding;
- 26 shortlisted bidders submitted 53 bids for 16 blocks; and
- 11 bidders were awarded 16 onshore blocks on 10 October 2013.

Recent onshore energy block winners		
Company name	Country	Number of blocks
Production Sharing Contract		
ONGC Videsh	India	2
Recent onshore energy block winners		
Eni	Italy	2
Petroleum exploration	Pakistan	2
Recent onshore energy block winners		
Brunei National Petroleum	Brunei	1

²⁷ http://www.interraresources.com/operations_myanmar.asp

²⁸ <http://www.mprlexp.com/>

Petronas	Malaysia	1
Pacific Hunt energy	Canada	2
CAOG S.a.r.l	Luxembourg	1
JSOC Bashneft	Russia	1
PTTEP South Asia Ltd and Palang	Thailand	1
Sophon Offshore	Thailand	1
Petroleum Recovery Contracts		
MPRL E&P Pte	British Virgin Islands	2

On 11 April 2013, the MOGE announced a new round of bidding for shallow water blocks (11 PSCs) and deep water blocks (19 PSCs)

- Expressions of Interest were due on 14 June 2013;
- 61 bidders were shortlisted for the second round of bidding;
- 30 shortlisted bidders submitted bids on 15 November 2013; and
- 13 bidders were awarded 10 shallow water blocks and 10 deep water blocks in March 2014 as follows:

Shallow water blocks

Number	Block/Area	Company awarded	Country	Acreage (sq km)
1 A-4		BG Asia Pacific and Woodside Energy (Myanmar)	UK and Australia	2,200
2 A-5		Chevron (Unocal Myanmar Offshore Co. Ltd)	United States	10,600
3 A-7		BG Asia Pacific and Woodside Energy (Myanmar)	UK and Australia	8,220
4 M-4		Oil India Ltd, Mercator Petroleum Ltd and Oilmax Energy	India	N/A
5 M-7		ROC Oil and Tap Oil	Australia	13,000
6 M-8		Berlanga Holding	Netherlands	N/A
7 M-15		Transcontinental Group	Australia	N/A
8 M-17		Reliance Industries	India	27,600
9 M-18		Reliance Industries	India	N/A
10 YEB		Oil India Ltd, Mercator Petroleum Ltd and Oilmax Energy	India	N/A

Deep water blocks

Number	Block/Area	Company awarded	Country	Acreage (sq km)
1 AD-2		BG Asia Pacific and Woodside Energy (Myanmar)	UK and Australia	8,098
2 AD-3		Ophir Energy Pic	United Kingdom	10,000
3 AD-5		BG Asia Pacific and Woodside Energy (Myanmar)	UK and Australia	10,560
4 AD-9		Shell Myanmar Energy and MOECO	Netherlands	N/A
			Norway and United States	9,000
5 AD-10		Statoil and Conoco Phillips		
6 AD-11		Shell Myanmar Energy and MOECO	Netherlands	N/A
7 MD-2		Eni Myanmar	Italy	N/A
8 MD-4		Eni Myanmar	Italy	N/A
9 MD-5		Shell Myanmar Energy and MOECO	Netherlands	N/A
10 YWB		Total E&P	France	N/A

After agreement between MOE and selected candidates, the Ministry of Energy requested comments from respective Ministries such as the Union Attorney General Office, Union Auditor General Office, the Ministry of National Planning and Economic Development, Ministry of Finance and Central Bank for the draft contract.

Once the Ministry of Energy has received comments from the relevant Ministries on the draft contracts they are submitted to the Economic Committee Cabinet and Myanmar Investment Commission for authorisation. After approval and permission of Myanmar Investment Commission, successful bidders can enter into the PSC Contracts.

12 companies (successful bidders) have executed PSC Contracts for 19 offshore blocks with MOGE. One remaining block will be signed in the near future.

For the bid rounds under the new process, the MOGE set out the following bid assessment criteria:

- Technical capability;
- Financial capability;
- Prior experience in Myanmar;
- Financial terms for the block; and
- Experience relevant to the block (e.g. deep-water).

According to MOGE, Shallow/Deep Offshore PSC Selection Criteria are as follows:

Sr. No	Description	Mark
1	Work Program and Expenditure	60%
2	Production Split	20%
3	Signature Bonus & Working Experience	10%
4	Financial Standing	10%
Total		100%

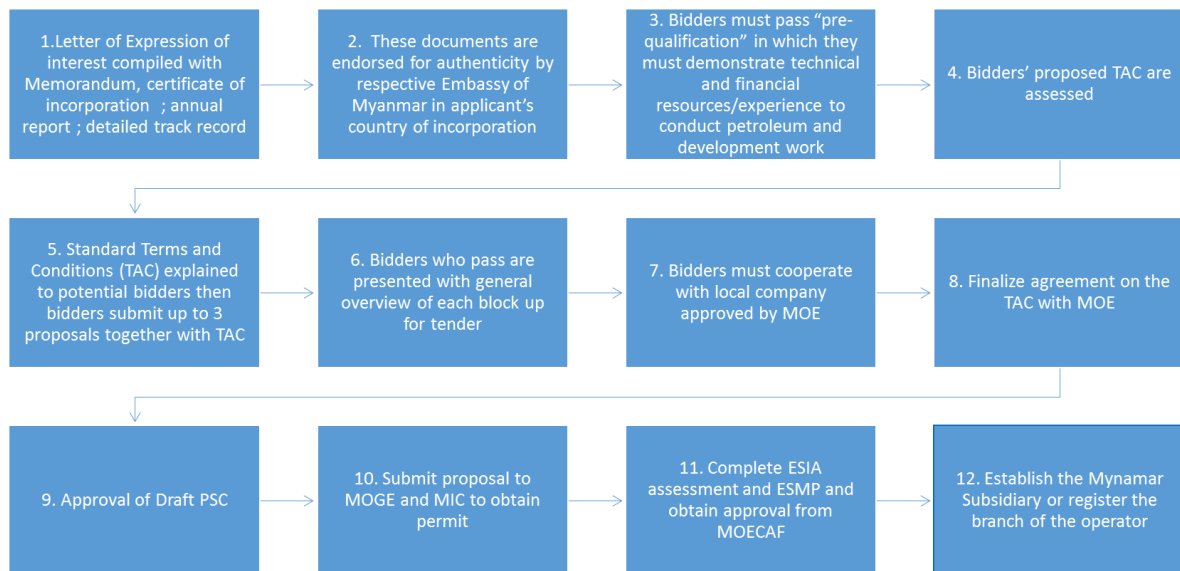
Moreover, for onshore and shallow water blocks, potential bidders must partner with at least one national owned company which is registered with the Energy Planning Department (EPD). Bidders for deep water offshore blocks are not required to partner with a national company.

The list of the selected candidates were announced on the Ministry of Energy Website which held a press release for announcement of selected candidates on 26th March 2014.

The current legal framework does not include requirements related to the application process to award oil & gas blocks and GOUM treats at its absolute discretion, the awards of oil & gas contracts and applications.

The figure below outlines the application process used by the GOUM to manage the development for available Oil & Gas blocks²⁹.

Figure 8: Contracting and Bidding Process for Oil & Gas Blocks



According to MSG decision, all SOEs including MOGE were required to disclose the detail of awarded licenses according to the form (see Appendix 11). However, we noted that this latter did not report detail of awarded licenses during the period covered by the present report.

3.2.6 Contract types

²⁹ The Oil and Gas Sector in Myanmar PP Presentation. Ministry of Energy, Myanmar Oil and Gas Enterprise.2013

The Oil & Gas sector in Myanmar is governed by 3 types of contracts, as below:

- Production Sharing Contracts (PSCs): for Offshore and Onshore projects
- Performance Compensation Contracts (PCC): for onshore projects
- Improved Petroleum Recovery Contracts (IPRs): for onshore projects

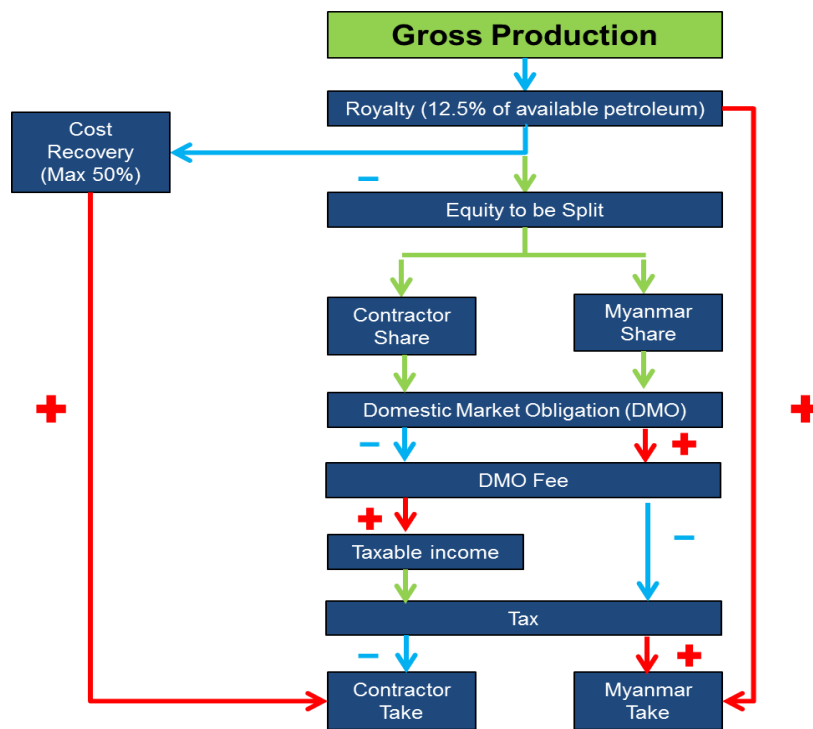
We have not been provided with the oil and gas contracts in force for the period 2013/14 due to confidentiality provisions. Only the terms and conditions of the PSCs are published on the MOE website³⁰. PSCs in Myanmar have the following terms:

	Onshore PSCs	Shallow water PSCs	Deep water offshore PSCs
Management	MOGE is responsible for management of operations. Contractor is responsible to MOGE for the execution of such operations and the associated costs.	MOGE is responsible for management of operations. Contractor is responsible to MOGE for the execution of such operations and the associated costs.	MOGE is responsible for management of operations. Contractor is responsible to MOGE for the execution of such operations and the associated costs.
Preparatory Period:	Six months (after signing of contract), which may be extended.	Six months, which may be extended.	Six months, which may be extended.
Exploration Period	Initial term 3 years, 1 st extension 2 years, and 2 nd extension 1 year. Seismic and well commitments: negotiable	Initial term 3 years, 1 st extension 2 years, and 2 nd extension 1 year	Initial term 3 years, 1 st extension 2 years, and 2 nd extension 1 year
Production Period	20 years from completion of development or according to sales contract, whichever is longer	20 years from completion of development or according to sales contract, whichever is longer	20 years from completion of development or according to sales contract, whichever is longer
Signature bonus:	Payment within 30 days of approval from MIC on EIA/SIA	Payment within 30 days of entering Exploration Period	Payment within 30 days of signing PSC [amended to 30 days after start of Exploration Period]
Relinquishment:	100% at end of Exploration Period, less Discovery Areas and Development and Production Areas.	100% at end of Exploration Period, less Discovery Areas and Development and Production Areas	100% at end of Exploration Period, less Discovery Areas and Development and Production Areas
Royalty:	12.5% of available petroleum (10% for PSC up to 2012)	12.5% of available petroleum (10% for PSC up to 2012)	12.5% of available petroleum (10% for PSC up to 2012)
Cost recovery	Limited to 50%	Limited to 50% in water depth of 600 feet or less; 60% for water depth exceeding 600 feet	Limited to 60% in water depth of 2,000 feet or less; 70% for water depth exceeding 2,000 feet
Production split:	Progressive per rate of production 60 to 90% for crude oil and natural gases	Progressive per rate of production 60 to 90/85% for crude oil and 65/60% to 90% for natural gases	Progressive per rate of production 60/55% to 85/80% for crude oil and 60/55% to 90/80% for natural gases
Production bonus	Progressive per rate of production. USD 0.5 million to 6.0 million	Progressive per rate of production. USD 1 million to 10.0 million	Progressive per rate of production. USD 1 million to 10.0 million

³⁰ <http://www.energy.gov.mm/>

	Onshore PSCs	Shallow water PSCs	Deep water offshore PSCs
Domestic requirements:	20% of crude oil and 25% of natural gas from the contractor's share of profit of petroleum to be sold on the domestic market, at 90% of fair market prices	20% of crude oil and 25% of natural gas of contractor's share of profit from petroleum to be sold on the domestic market, at 90% of fair market prices	20% of crude oil and 25% of natural gas of contractor's share of profit from petroleum to be sold in the domestic market, at 90% of fair market prices
Training fund:	USD 25,000 pa during exploration USD 50,000 pa during production	USD 25,000 pa during exploration USD 50,000 pa during production	USD 50,000 pa during exploration USD 100,000 pa during production
State participation	15% with MOGE option to increase to 25%	Up to 20% with MOGE option to increase up to 25%	Up to 20% with MOGE option to increase up to 25%
Other	EITI implementation Contractor must include a company registered in Myanmar	EITI Implementation CSR Obligations. Contractor must include a company registered in Myanmar	EITI Implementation CSR Obligations. Contractor must include a company registered in Myanmar

The PSC calculation in Myanmar can be presented as follows³¹:



³¹ For PSC up to 2012 royalties were 10% of available petroleum.

3.2.7 Policy on disclosure of contracts and licenses

Contracts disclosures

The Oil & Gas legislation does not include any express restriction on the public disclosure of contracts and licenses by the Government. However, signed contracts are not currently published due to the confidentiality provisions in Oil & Gas contracts.

The existing Oil & Gas contracts are predominantly PSCs entered into by MOGE and private operators. PSCs are all based on a model contract that MOE has used for several years. This model contract contains a confidentiality provision which prevents the public disclosure of information relating to Oil & Gas operations by both MOGE and the operators as follows:

“Contractor undertakes to maintain in strictest secrecy and confidence all data and information purchased or acquired from MOGE as well as during the course of operations... until such time as MOGE agrees in writing to release Contractor from its undertakings and obligations... MOGE may use at its own discretion all the data and information obtained but shall undertake to maintain such data and information in strictest secrecy and confidence during the term of this Contract.” (Clause 27.5 of the model PSC).

In practice, only a model short-form "terms and conditions for PSCs" (which sets out the key financial and production sharing regime) is publicly disclosed by MOE but does not include the full terms of the contracts.

A copy of the PSC between MOGE and Total E&P for the Yadana project dated 9 July 1992 is available publicly on the MOE website but no other long-form PSCs are publicly available.

Under this contract, information regarding the exploration period, the work programme and expenditure, production period, royalty, production split, data fee, production bonus for both crude oil and gas, domestic requirements, cost recovery provision, training and research and development funds, state participation, income tax and tax holiday period, profit sharing and arbitration, and governing law are described. However, the contract does not include the amount of signature bonuses paid by Total.

Contract allocation and transfer disclosure

The Oil & Gas Legislation does not restrict the disclosure of the award or transfer of Oil & Gas Blocks or the bid criteria used in the Oil & Gas block auctions. However, the confidentiality provision in the PSC contracts (as mentioned above) would restrict the disclosure of the transfer of Oil & Gas concessions under PSCs by MOGE.

In practice, MOE has publicly announced the award of Oil & Gas blocks to operators, although the technical and financial criteria used to award the blocks have not been disclosed in full. (See Section 3.2.5)

In the recent round of bidding, the initial request for expressions of interest and list of qualified applicants were publicly released by MOE.

3.2.8 Reforms in the Oil & Gas sector:

New political reforms introduced in 2011 have seen sanctions lifted by the European Union and the United States, allowing international players to re-enter the market.

The Oil & Gas industry in Myanmar is governed by a complex mixture of regulations from the colonial era, parliamentary laws passed immediately after independence, revolutionary council laws from 1962 to 1988, decrees passed by the military regime from 1988 to 2011, and laws introduced by the newly elected government in 2011.

Since 2011, legislation reforms included amendments to the Oil Fields Act 1918 and Petroleum Act 1934. Laws relating to foreign investment, namely the Myanmar Foreign Investment Law (2012), the Ministry of National Planning and Economic Development No. 11/2013, the Foreign Investment Rules; the Myanmar Investment Commission Notification No. 1/2013 and the State Law and Order Restoration Council Law No. 9/89.

Under these reformed investment laws, foreigners can invest in the Oil & Gas sector through a joint venture with a Myanmar partner, which can either be an individual or a corporation, in an 80:20 shareholding ratio. In practice, however, this stipulation is not systematically applied due to a continued lack of local expertise in highly technical areas of the Oil & Gas industry, particularly with regards to deep-water offshore activities.

Until 2012, there were no specific laws protecting the environment in Myanmar. The 2008 Constitution includes provisions guaranteeing the conservation of natural resources and the prevention of environmental degradation. Environmental impact assessments were not required for any projects, governmental or private, and there were no laws controlling water or air pollution. The Environmental Conservation Law 2012 was enacted in March 2012. Rules to implement the new law have not been issued but drafts have been released. Myanmar Investment Commission (MIC) Notification 1/2013 requires an environmental impact assessment (EIA) for all Oil and Gas projects. Rules to implement the Environmental Conservation Law were prescribed on 5 June 2014.

3.2.9 Exports

According to the data reported by MOGE, the total exports of gas amounted US\$ 3,640 million for the year 2013-2014. However, according to the data provided by the Customs Department, the total exports of gas in Myanmar for the year 2013-2014 amounted to US\$ 3,711.5 million while the Monthly Economic Indicators (March 2015) published by CSO shows that the total exports of gas in Myanmar is amounting to US\$ 3,299.2 million.

The MSG may be interested in examining the reasons for such differences, both as a means of gaining greater understanding and also in order to improve the quality of information published about Myanmar Oil & Gas sector.

3.3. Mining sector

3.3.1 General context of the mining sector

Myanmar's mining sector is not as developed as its Oil & Gas sector as the level of foreign investment is much lower. However, the country has extensive mineral resources which are attracting considerable interest from international mining companies.

Mineral deposits cover all sectors, including base metals (gold, copper, silver, lead, zinc, tin, manganese, antimony), industrial minerals (cement, clays, gypsum, fertilizer bases, dolomite, limestone, salt and barite), energy sources (coal and uranium) and gems (jade, rubies, spinel, peridot, sapphire, kyanite).³²

Myanmar's mining sector is made up of large scale mining, small scale artisan extraction and a certain amount of informal mining. The mining sector operates both through granting concessions to private investors and through State Owned Mining Enterprises placed under the authority of the Ministry of Mines (MoM).

In the precious gem subsector, around 90% of the world's supply of rubies are sourced from Myanmar and the country is also the world's largest single source of Jade. The Government of Myanmar prohibits the extraction of precious gems by foreign investors. The sub-sector also remains subject to sanctions, thus entirely off limits to foreign investors for the foreseeable future. According to CSO data, the sale of Jade reached US\$3bn in 2014.

Copper makes up the largest export metal in the mining sector, and silver, lead, tin, tungsten and antimony deposits are widespread across the country. Exploration of metallic or industrial minerals can only be undertaken through a Joint Venture agreement with citizens of Myanmar.

³² 2012 Minerals Yearbook, Burma, U.S.Geological Survey

3.3.2 Mineral resources

Major minerals produced and exported are cathode copper, refined lead, refined silver, zinc concentrate, refined tin, tin concentrates, tin-wolfram mixed concentrates and coal while gold, iron and steel, limestone and industrial minerals and barites are produced for domestic consumption. Barites powder produced is used by foreign oil companies working in Myanmar and by the State owned Myanma Oil & Gas Enterprise. Gemstones such as rubies, sapphire, coloured gemstone and jade are also exported.

Rubies, Sapphires: The best rubies and sapphire in the world are produced from Mogok, Upper Myanmar known as the Land of Rubies since the thirteenth century. The ruby mines are situated about 150 miles to the north east of Mandalay in Mandalay division. Sale of precious stones is done through bi-annually held gem emporiums, gem trading centres and gems marts, and by private licence holders. Sales vouchers issued by private licence holders with Myanmar Gems Enterprise logo are treated as export permits.

Jade: Jade is produced from the Kachin State in upper Myanmar. Jade which can compare with Myanmar Jade in hue, tone and texture is still not known.

Cathode Copper: The Sabetaung and Kysisntaung (S&K) mine is an open-cut Copper Ore mine of 3 deposits that are located in the Monywa District of Sagaing Division in Myanmar. The mine started its commercial production in January 1999 and annual production at present is approximately 27,000 tonnes. Many international companies have been involved in the development of this mine under several eras of ownership. Today the S&K Mine is operated by Wanbao Mining Limited with the name of Myanmar Yang Tse Copper Limited – MYTCL.

Refined Lead/ Refined Silver and Zinc Concentrates: Mining operations in Namtu Bawdwin lead zinc mine started since the fifteenth century. The Mine was operated by the Burma Mines Ltd prior to Myanmar's independence from British Colonial rule and became a joint venture operation in 1951. The mine is at present operating under No.1 Mining Enterprise. Other lead/zinc mines under No. 1 Mining Enterprise are Yadanatheingi and Bawsaing mines all of which are situated in the Shan States. Bawdwin underground mine has its own concentrating plant for upgrading of sulphide ores of lead, where after the concentrates are fed into smelter at Namtu to produce refined lead and refined silver and zinc concentrates. By-products are copper matte, nickel speiss, antimonial lead. There are private owned lead/zinc mines in the same region. Major share of lead/zinc production are exported. Silver and Lead produced by the No.1 Mining Enterprise is also registered with London Metal Exchange.

Refined Tin, Tin Concentrate, Tin Tungsten Mixed concentrate: Mawchi mine, situated in Kayah State was well known for its tin tungsten scheelite mixed concentrate in the world market before the world war, but most of the installations were destroyed during the war. Tin and Tungsten mixed concentrates are also produced from various mines in Taninthayi division. Heinda Kanbauk and Kalonta tin mine are major tin producing mines. All tin and tungsten mines have been privatised and at present there is no state operated tin tungsten mine apart from one tin smelter in Thanlyin.

Coal: In the state sector, Kalewa underground coal mine and Namma opencast coal mine are operating under No. 3 Mining Enterprise. In the private sector, Mawdaung opencast mine in Taninthayi division is producing over 500,000 tonnes annually which are exported across the border to Thailand. Private owned coal mines in Shan State are operated by local entrepreneurs for local consumption. 120 MW coal fired power plant is being built at Tigyt in the Shan State and coal production will increase significantly in the near future.

Gold: Kyaukpahto gold mine situated in Kawlin township Sagaing division is owned/operated by "Hta Wa Ya", while private gold mines in Mandalay division, Sagaing division and Kachin States operate with production sharing contracts signed between the private mine companies and No.2 Mining Enterprise.

The government is working in joint venture with three foreign companies for exploration of gold and another company is already in the production stage.

Iron and Steel : No.1 Iron and Steel Plant at Pyin Oo Lwin smelts iron ore from Kyatwinye iron mine situated 26 miles to the south east of Pyin Oo Lwin. No.1 iron steel plant produces sponge iron, pig iron and steel, steel grinding balls and steel round bars. The products are consumed locally for construction works.

Limestone : Two types of limestone are produced in Myanmar depending on the physical properties. Limestone which is high in calcium with no outstanding physical appearance is fed as a raw material for cement production while limestone with inclusions giving rise to beautiful texture and colour is used as decoration limestone, known as dimension stones. One of the outstanding decoration quality limestone mines is situated near Loikaw. Limestone production is sufficient for the local cement industry.

3.3.3 Context of the Artisanal Mining sector

Since the mid-1990s the artisanal mining mainly done by locals, has gradually been replaced by mechanized mining. Artisanal mining operations include riverbed mining with bucket and suction dredges as well as hydraulic mining of river banks and large open cast and shaft mines. On land, more and more areas are deforested in order to make way for mining and to build the necessary infrastructure. Together with the mining activities, the use of the mining agent mercury has increased. Methods of mining that disturb increasingly large areas of land are spreading, including employment of cyanide leaching, as the most easily accessible alluvial gold is depleted and deposits deeper in the ground and in hard rock are exploited. Artisanal gold mining could be found all over Myanmar and some 20,000 people or more are involved³³.

For other minerals, there is no available information on the artisanal mining operations.

3.3.4 New mining projects

Ongoing mining projects in Myanmar can be summarized in the table below:

Projects	Status (startup year)	Location	Ore reserve
Tagaung Taung Nickel Deposit	Operating (2011)	Mandalay Region, Thabeikkyin Township, Lat. 23 34' 25" N Long. 96 10' 56" E	It has been estimated at 40 million tons of lateritic nickel ore with an average content of 2.02 % Ni based on 1.40 % cut-off grade, in TagaungTaung area. Chromite is also associated with nickel silicate.
Kalewa Coal Mine	Operating	SagaingRegion, Kalewa Township, Thickchawk village west bank of Chindwin river.	New Energy and Industrial Technology Development Institute (NEDO) from Japan carried out check boring in limited area, approximately 5.5 square km (3.6km x 1.5 km) during 1999-2000 and estimated the in-situ ore reserves of 15.3 million tons for 9 feet, 6 feet and 4 feet coal seams. Ore reserves will be increased if more borings are carried out in the northern extension area. According to the feasibility study by UNIDO Mission, Mining method proposal was combination of Underground mining Longwall mining system and open cut mining. Estimated total production envisaged was 140,000 tons per mine annually for 2 mines.
BophiVum Chromite Deposit	2013-2015 Operating	Chin State, Tidim Township Lat. 23 13' N - 23 18' N Long. 93 50' E - 94 00' E	<ul style="list-style-type: none"> • Joint research project between DGSE and Korea Institute of Geoscience and Mineral Resources (KIGAM) • Irregular, Lenticular, Lenses, pockets. • Podiform type, disseminates, leopard textured, nodular, massive. • Demarcated 12 square kilometers wide target area, drilled 6 drill holes totaling in 600 meters depth. • 15 primary chromite outcrops and 29 chromite float occurrences were observed. • Measured reserve - 7780 tons • Indicated reserve - 12080 tons • Average grade - Cr- 12.61 %, Ni- 0.41 %
TaungNgalTaung Limestone Exploration	May 2013 to Oct. 2013	Bago Region, Padaung Township Lat. 18 27'47" N - 18 29'50" N Long. 95 4' 20"E - 95 4' 48"E	<ul style="list-style-type: none"> • DGSE exploration project. • Drilled 6 drill holes • Measured reserve 31.43 million ton with CaO- 45.26 %, MgO-1.68 %, SiO₂-13.53 % • Indicated reserve 2.01 million ton with CaO- 46.71%, MgO- 0.83%, SiO₂-9.9 %

³³ Mineral resources assessment, development and management series, volume 8, United Nations, 2002.

Projects	Status (startup year)	Location	Ore reserve
Loi Tom Coal Exploration	Feb.2013 to Mar. 2014	Shan State (North), Tang Yan Township. Lat. 22 40' N - 23 00' N Long. 98 0' E - 98 30' E	<ul style="list-style-type: none"> • DGSE exploration project • Drilled 10 drill holes (total depth 610 meters) • Measured reserve 0.07 million tons. • Indicated reserve 0.0056 million tons. • Coal rank - Lignite • Coal quality - F.C 4.48 % to 40.56 %, C.V 6690 - 10950 Btu/lb
Mawlaikgyi Chaung Coal Exploration	Nov. 2013 to Mar. 2014	Sagaing Region, Maw Laik Township, Lat.23 35'30" N - 23 38'45"N Long.94 17' 05"E - 94 18'30"E	<ul style="list-style-type: none"> • DGSE exploration project • Hand Drill 42 Nos. (Total depth 440 meters) • Measured reserve 0.37 million tons • Indicated reserve 1.5 million tons • Coal rank - Lignite to Subbituminous • Coal quality - F.C 23.77% -52.92%, C.V 6710 - 12520 Btu/Lb.
YatkansinTaung Graphite Exploration	Jun. 2013 to Mar. 2014	Mandalay Region Singu/ Madaya Township Lat.22 23' 15" N - 22 25' 27"N Long.96 4' 47"E - 96 5' 58"E	<ul style="list-style-type: none"> • DGSE exploration project • 4 drill holes (Total depth 210 meters) • Measured reserve 0.249 million tons, • Indicated reserve 0.019 million tons • Average carbon content of graphite is 20 %

3.3.5 Legal framework

The mining sector is governed by:

- Myanmar Mines Law 1994;
- Myanmar Mines Rules 1996;
- Myanmar Gemstone Law 1995; and
- Myanmar Gemstone Rules, Notification No.70/95 dated 30 December 1996 of the Ministry of Mines.

The Union of Myanmar Mines Law was promulgated in September 1994 and Rules relating to the law followed in December 1996.

Amendments to the Mining Law and Rule are in Parliament to facilitate environmental conservation, to decentralise the mining sector governance and to promote better investments in the country. According to the MOM website³⁴, the amendments are now ready for promulgation and shall be put into effect soon.

Currently, there is no formal written mineral policy that would be comparable to the GOUM Energy Policy. However, MOM has a "policy direction"³⁵. This policy direction sets out the privatisation goals of the government as a whole, which is to encourage private sector investment into the mining sector and avoid reliance on public sector funds. It is the policy of the Ministry of Mines not to make new investment on its own but to encourage foreign and local investors to invest in the mining sector.

Forms of agreement may be generally on production sharing basis or profit sharing basis based on equity contribution by both parties. Production sharing type of investment could either be straight split on total production or after cost recovery. Depending on case by case basis, Ministry of Mines is flexible whether to have majority, minority or equal participation in equity participation joint ventures.

In addition to the Mining Legislation listed above, the following key pieces of legislation are relevant to the mining industries in Myanmar:

- Constitution of Myanmar (2008);
- Income tax legislation;
- Foreign investment legislation;
- Companies legislation;
- State-owned Economic Enterprises Law 1989;

³⁴ www.mining.gov.mm/

³⁵ http://www.mining.gov.mm/Minister_Office/3.Minister_Office/details.asp?submenuID=4&sid=59

- Myanmar Official Secrets Act 1923;
- Environmental Conservation Law [2012]; and
- Contract Act 1872.

Any application for the award of a Mining permit is subject to the signing of a production sharing or profit sharing arrangement with the MoM.

The MoM can enter into agreements with mining operators through joint ventures with state owned enterprises (Mining Enterprise 1, 2 or 3 etc.) on a production sharing basis. However, these joint ventures only happen for the most significant large-scale projects.

Every extractive industry inside the Permanent Forest Estate (PFE) must follow the Forest Law and rules and the Protection of Wildlife and Protected Areas Law and rules.

3.3.6 Institutional framework

The Ministry of Mines (MoM) is the Government Body responsible for implementing the GOUM's mineral policy, for planning, and for enforcing the laws and regulations related to the mining sector.

According to the Myanmar Mines Law, all naturally occurring minerals found either on or under the soil of any land in the continental shelf are deemed to be owned by the State.

The Ministry evaluates and processes all licence applications for the prospecting and production of minerals (value added processing) in accordance with the 1994 Mining Law. It also monitors production operations and promotes investment in the mineral sector. According to the Mining Law, any naturally occurring minerals found on or under the ground and on Myanmar's continental shelf belong to the State of Myanmar.

During the fiscal year 2013/2014, the ministry has two main departments and six state enterprises:

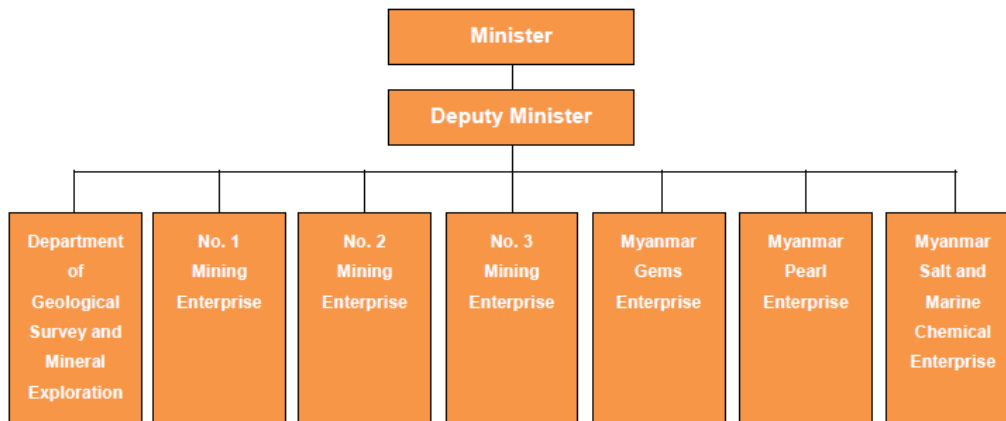
Department of Geological Survey and Mineral Exploration (DGSE)	DGSE is directly responsible for countrywide geological mapping, mineral prospecting and exploration using geological, geochemical, geophysical and exploratory drilling techniques.
The Department of Mines	The Department of Mines is responsible for administration of mineral policies and planning mineral legislation, mine inspection and safety, minerals conservation and environmental conservation. The Mines Law 1994 specifies oversight responsibility for monitoring of all exploration and mining permits residing in the Ministry of Mines. Under the Myanmar Mines Law, the Director General is the Chief Inspector of Mines and also responsible for scrutinising applications and granting of permits.
The Mining Enterprises³⁶:	
The state-owned No. 1 Mining Enterprise	ME (1) is responsible for mining, production and marketing of antimony, lead, zinc, silver, iron, nickel and copper ores.
The state-owned No. 2 Mining Enterprise	ME (2) is responsible for mining, production and marketing of gold, platinum, tin, tungsten, molybdenum, niobium, columbium, heavy mineral and gold ores.
The state-owned No. 3 Mining Enterprise	ME (3) is responsible for the production and supply of industrial raw minerals such as bauxite, bentonite, gypsum, limestone, dolomite, clay, manganese and coals.
Myanmar Gem Enterprise (MGE)	MGE is responsible for mining and marketing of various precious gemstones and Jade.
Myanmar Pearl Enterprise (MPE)	The MPE handles breeding and cultivating of mothers of Pearl, and production of Pearl.
Myanmar Salt and Marine Chemical Enterprise (MSMCE)	The MSMCE is responsible for production and marketing of common salt, marine chemical and soda ash.

State Enterprises rely on a production sharing contract (PSC) system with private companies, by which 100% of the investments are borne privately and profits are shared between the two parties³⁷. According to the GOUM officials, all mines are now either JVs or have been privatised and State Enterprises are no longer involved in the mining operations.

³⁶ According to the Myanmar Mines Law, 1994

³⁷ The average PSC provides 30% of profits for the government and 70% for the private contractor. Besides the PSC, there is a 3% royalty levy, a 5% commercial tax, and a 2% income tax.

Myanmar Ministry of Mines Structure



3.3.7 Types of Mining permits

An organisation that wishes to carry out prospecting, exploration, large scale production or small scale production activities in relation to gemstones, metallic minerals, industrial minerals or stones, must apply for a permit.

Different permits are issued by the Ministry of Mines, depending on the type of activities, or on whether or not foreign persons are involved, and each permit will specify the conditions and restrictions that the applicant is required to comply with.

The mining legislation specifies six types of permits that can be issued (prospecting permits, exploration permits, large scale production permits, small scale production permits, subsistence production permits and an integrated permits).

Permit Type	Definition	Validity period
Prospecting permit	This is issued to a person or organisation desirous of carrying out prospecting operations of metallic minerals, industrial minerals or stones. The total area of land for which the permit is attributed must not exceed 4,200 square km ²	Period not exceeding 1 year
Mineral Exploration Permit	This is issued to a person or an organisation desirous of carrying out exploration of metallic minerals, industrial minerals or stones. The total area of land for which the permit is attributed must not exceed 3,150 square km ²	Period not exceeding 3 years.
Large Scale Mineral Production Permit	This is issued to a person or an organisation desirous of carrying out large scale production of metallic minerals, industrial minerals or stones.	Period not exceeding 25 years
Small Scale Mineral Production Permit	This is issued to a person or an organisation desirous of carrying out small scale production operation of metallic minerals, industrial minerals or stones. The total area of land for which the permit is attributed must not exceed 1 km ²	Period not exceeding 5 years (with possible extend for 1 year)
Subsistence Mineral Production Permit	This is issued to a person desirous of carrying out subsistence mineral production operation of metallic minerals, industrial minerals or stones.	Period not exceeding 1 year
Integrated Permit	This is issued to a person or an organisation desirous of obtaining an integrated permit for more than one operations out of the three operations of mineral prospecting, mineral exploration, large scale production or small scale production of metallic mineral, industrial mineral or stones involving foreign or local investment.	

3.3.8 Award procedures for mineral concessions and licenses

The award of mining permits and licenses is governed by the Myanmar Mines Rules 1996. There is a strict requirement that a person shall not prospect for minerals or carry on mining operations or mineral processing operations without the authority of a mining permit or mineral licence.

The Ministry of Mines is responsible for granting mineral rights. The general procedure required for the exploration permit includes 5 stages:

Stages ³⁸	Procedure
Field visit	Meeting with the Ministry of Mines, accessing geological data supplied by DGSE, assessing historical records of previous activities in the area, studying mineral maps and gathering local knowledge by the investor.
Proposal	<p>Submit a proposal or letter of intention to the Ministry of Mines and copied to DGSE. The proposal should clearly mention the area of interest and include coordinates, types of minerals, proposed activities (prospecting, exploration, feasibility study), amount of capital investment, technical capacity, methods that apply for the specific mining operation, duration and general terms preferred by the company;</p> <p>The following documents are required with the proposal:</p> <ul style="list-style-type: none"> - Company Registration; - Company Profile and other relevant facts about the company; - Recommendation and endorsement of the respective Embassy in Myanmar; - Financial statement; - List of the Board of Directors; - Initial work program; and - Map of the proposed area with coordinates.
Evaluation	<p>Assessment by the Management committee under the Ministry of Mines and approval of the proposal. The criteria used for the assessment of applications submitted by foreign companies are:</p> <p>Technical criteria:</p> <ul style="list-style-type: none"> - Recommendation letter from respective embassy - Relevant geology information and kind of minerals - Feasibility of the work program submitted by the company - Proposed area is not overlapping with other permits or forestry area or any other project in the region - Recommendation from the region government and forestry department and land registration department. <p>For the local companies, only the recommendation from the region government and forestry department and land registration department is considered</p> <p>Financial criteria :</p> <ul style="list-style-type: none"> - Minimum spending per Km² depending of the commodity - Bank Guarantee of USD 100,000 for large scale <p>For the local companies, minimum investment of Kyat 10 millions for coal and Kyat 50 millions for other minerals are required.</p>
Draft agreement	Preparation of a draft Agreement (either the technical terms and conditions of an exploration permit or a PSC) including all relevant information about financial requirements (Signature Bonus, Dead Rent, Performance Bank Guarantee and minimum expenditure).
Approval	<p>Submit the draft Agreement to the "Scrutinising Committee" of the MoM for assessment.</p> <p>After the approval from the Scrutinising Committee, submit the application to the Ministry for approval.</p> <p>Submit the application approved by the MoM to the Attorney General Office and the Office of the Auditor General for legal endorsement.</p> <p>Submit the application for other Ministries' endorsement (Forestry, Finance Submission to Myanmar Investment Commission for comments).</p>
Final negotiation with relevant MoM Enterprise	Negotiation with the relevant MoM Enterprise the economic, social and other benefits to be realised by both parties.
Issue of mining permit	

³⁸ Facts of Joint Venture Procedures, Mom, July 2012

It is worth noting that the mining legislation does not include clear provision on the application of the principle of “first come, first served” for granting mining permits. However, the right to the production permit is guaranteed in case of the discovery of a deposit by the holder of prospecting permit.

The following criteria are used for the assessment of the application for a production permit:

- Relevant data on exploration;
- Minimum investment capital for the production stage depending on the commodity;
- Infrastructure plan for the production;
- Process to be used for extraction and processing;
- Agreement on the Production split Company/SOEs (small scale other minerals 70/30 – Tin 67/33 –Gold 50/50);
- The amount of the signature bonus: 2% of the total investment with some deviation based on the negotiation; and
- Bank guarantee of 2% of the total investment.

For Jade and Gems, according to the Myanmar gemstone law, the Ministry of Mines shall:

- determine the tenure of a permit for each gemstone block;
- determine the floor price for each gemstone block for which tenure of a permit has been determined; and
- invite competitive bids in accordance with bidding terms for the gemstone blocks for which the floor price has been determined.

The assessment is made by the supervision committee and the criteria considered for the granting of the permit are:

- Highest price with a minima of approx. 1,000 USD or 1,000,000 MMK
- Security deposit amount depending on the proposed price
- 60/40 production split set up in the contract only for demarked area.

However in practice, we understand that the tendering process is not systematically used given that most reach area that are in conflict zone and there is no clear geologic information in order to go for the bidding process. So local companies can apply for free area by submitting an application for exploration permit to MGE. In this case no criteria is used to grant the permit and no further conditions are used when the commercial production is proven and production permit is granted.

The procedure applied to the award of mining licenses by MoM for the year 2013/14 is listed in Appendix 11. However, we noted that details such as list of candidates and technical criteria were not made available by SOEs.

3.3.9 Register of mining permits

Currently, the mining legislation does not lay down any procedures or provisions to keep, maintain, retain and safeguard mining permits in a public register. Information on permit holders and permit areas are therefore not publicly available.

The list of the active licenses provided to us by the Ministry of Mines is attached in Appendix 10.

3.3.10 Policy on disclosure of contracts and licenses

Contracts disclosures

The Mines Rules permit the MOM to enter into agreements for prospecting, exploration or production with mining operators and to establish joint-ventures between mining state-owned enterprises and operators (Rules 83 and 84). The MOM can enter into such contracts on a production-sharing basis or profit-sharing basis.

The mining legislation does not include any express restriction on the public disclosure of contracts and licenses by the Government. However, signed contracts are not currently published and there are likely to be contractual confidentiality provisions which could restrict the disclosure of information for EITI purposes. Depending on the scope of such confidentiality provisions, contract waivers or regulatory instruments may be required to permit mining contracts disclosure.

Given that contracts largely govern mining operations in Myanmar, there are likely to be contractual confidentiality provisions which could restrict the disclosure of information for EITI purposes.

Depending on the scope of such confidentiality provisions, contract waivers or regulatory instruments may be required to permit the disclosure of data for EITI reporting purposes.

If there are contractual barriers to disclosure and waivers are required from individual mining companies, it may be a time consuming process to seek such waivers. While the O&G industry in Myanmar is dominated by well-resourced international companies with the MOGE as a focal government liaison, the mining industry is dominated by smaller companies with limited resources and limited government liaison. In such circumstances, legal or regulatory mechanisms to overcome contractual confidentiality obligations and impose an EITI disclosure obligation on mining companies may be more efficient for EITI implementation.

Contract allocation and transfer disclosure

The Mining Legislation does not restrict the disclosure of the award or transfer of mining permits or the criteria used for the granting of a licence.

In practice, the MOM does not publicly release any information on the award or transfer of mining permits and there may be restrictions on disclosure of such information in mining contracts signed with operators.

3.3.11 Reforms in mining sector

Until now, foreign investment in mining has been minimal. However, the government is keen to entice more foreign investors to support the sector's development as part of a reform drive under way in the mining of metals, ores, industrial minerals and coal. A new mining law has been drafted and submitted to the parliament aims to boost investment and would replace existing legislation dating back to 1994.

The new amendments is aimed at encouraging more overseas investment in Myanmar, encouraging more local investment and implementing environmental controls on mining companies. For many years, due to sanctions imposed by the US, EU and other Western countries, China has been the primary investor and buyer in the minerals sector. This has left Myanmar little in the way of flexibility, with no room to exert leverage across the sector.

The main areas of debate over the draft legislation are the sharing of mining revenues between the states and the central government and allowing small and medium-sized enterprises to enter into joint ventures with foreign firms. Other key elements of the draft law include extending the duration of licences granted to mining companies, relaxing taxes imposed on investors and setting out the terms under which foreign firms can operate in the sector.

The amended mining law was recently approved by parliament, and then the president will sign this approved law within 90 days.

3.3.12 Gems and jade Exports

According to the data collected from the Customs department, the total exports of Jade in Myanmar for the year 2013-2014 amounted to US\$ 924.2 million. However, the Monthly Economic Indicators (March 2015) collected from CSO mention that the direct exports of Gems and Jade in Myanmar for the year 2013-2014 amounted to US\$ 1,011.6 million. The difference between the two sources of information is outlined in the table below:

	Customs data (In US\$ million)	CSO data (In US\$ million)	Difference
Exports of Jade	924.2	1,011.6	(87.4)
Exports of Gems	2.4	not provided	n.a

Moreover, according to the Gems and Jade Emporium data provided by MGE, the total sales of Jade and Gems in Myanmar for the year 2013-2014 amounted to US\$ 1,531.61 million.

We have researched other published information about the Gems and Jade statistics in Myanmar and noted that:

- the *Myanmar Business Update* issued in June 2015 mentions that according to the Chinese Customs, China imported US\$ 12.3 billion of Jade and Gems in 2014; and
- Global witness has estimated the production of jade, in 2014, to US\$ 30,859 billion in their report published during October 2015³⁹.

Hence, it appears that there is material discrepancies between the various information sources published and a need for greater detail and consistency of definition and presentation.

3.4. Budget process

In Myanmar, accounting is on a cash basis, following the double entry principle. Most payments are made through Myanmar Economic Bank (MEB) by cheques or bank transfers. Tax revenue is usually paid into MEB by the taxpayer directly, based on an assessment raised by the tax authorities although some fees and charges are collected in cash and paid in by the relevant Government Body.

Accounting records are originated by the spending/revenue raising Government Body. Aggregation and reconciliation for reporting and control purposes are conditioned by the largely manual, paper based processes that are still used in both the originating agencies and in MEB.

The accounting year for the Government runs from April to March. Accounts are prepared in the form of consolidated financial statements and several annexes. Copies of the statements are provided to the Minister of Finance and Revenue, the Cabinet, and the President but are not published or made available to the public.

The financial statements show cash payments and receipts as well as movements in cash balances. There are a large number of SOE other accounts, but the movements in these accounts are recorded in an annex to the main financial statement, not the balances.

Cash transactions of SEEs are also included in these financial statements, but each SEE is required, in addition, to produce separate accounts on a “commercial” accounting basis.

“Other Accounts” used are essentially accounts held by ministries and SEEs in the Myanmar Economic Bank (MEB) for management of their own-source revenues. FY2012/13 data from the Budget Department show total Other Account receipts of 2.54 trillion kyat, which is 44% of total budgeted revenue, and expenditures of 2.26 trillion, which represents 28% of total budgeted expenditure. On the external financing side, the picture is also mixed.

Since 2011, the Parliament has set up two specialised committees for the purpose of providing oversight of the Government’s public finances. The Public Accounts Committee (PAC) has a bipartisan membership and vets the budget bill and the audit report. The Planning and Finance Committee is responsible for reviewing the national development plan and legislative matters relating to the financial sector. Since 2012/13 these committees have reviewed and rationalised the executive budget proposal significantly and have been instrumental in having the approved Budget Law published in the local press.

In order to coordinate and integrate state and region budgets with the Union budget, the government has also set up the Financial Commission and the National Planning Commission. Since 2011, the new planning and budgeting practices have resulted in a decentralisation of Public Financial Management (PFM) policy functions from the President’s Office to the Ministry of Finance and Revenue and the Ministry of National Planning and Economic Development (MNPED) respectively.

³⁹ <https://www.globalwitness.org/campaigns/oil-gas-and-mining/myanmarjade/>

3.5. Fiscal devolution

Under the 2008 Constitution, state and regional governments are empowered to enact laws and collect taxes in relation to the extractive industries sector, but only for significant types of operations. In each state or region, there is a unicameral Hluttaw (with two elected members per township, and 25% of the parliament sourced from the Defence Services), as well a Chief Minister and a Cabinet. The Chief Minister is selected by the President and confirmed by the Hluttaw. The sub-national Hluttaw is entitled to set its own budgets (under Article 252), based on the envelopes set by the annual Union budget.

Under Article 254, the Region/State is also entitled to collect those taxes and revenues listed in Schedule Five (and deposit them in the Region/State fund), which are:

- Land revenue;
- Excise revenue;
- Water tax and embankment tax based on dams and reservoirs managed by the Region or State and tax on use of electricity generated by such facilities managed by the Region or State;
- Toll fees from using roads and bridges managed by the Region or State;
- Royalty collected on fresh water fisheries;
- Royalty collected on marine fisheries within the permitted range of territorial water;
- Taxes collected on vehicles on road transport and vessels on inland waterway transport, in accord with law, in a Region or a State;
- Proceeds, rent fees and other profits from those properties owned by a Region or a State; and
- Fees, taxes and other revenues collected on services enterprises by a Region or a State.

However, Section 96 of the 2008 Constitution centralises government control of the extractive industries sector, foreclosing any powers at state or regional level to enact laws. At the sub-national level, the only powers granted in terms of legislation is to enact laws regarding salt and timber (under Schedule 2 of the constitution).

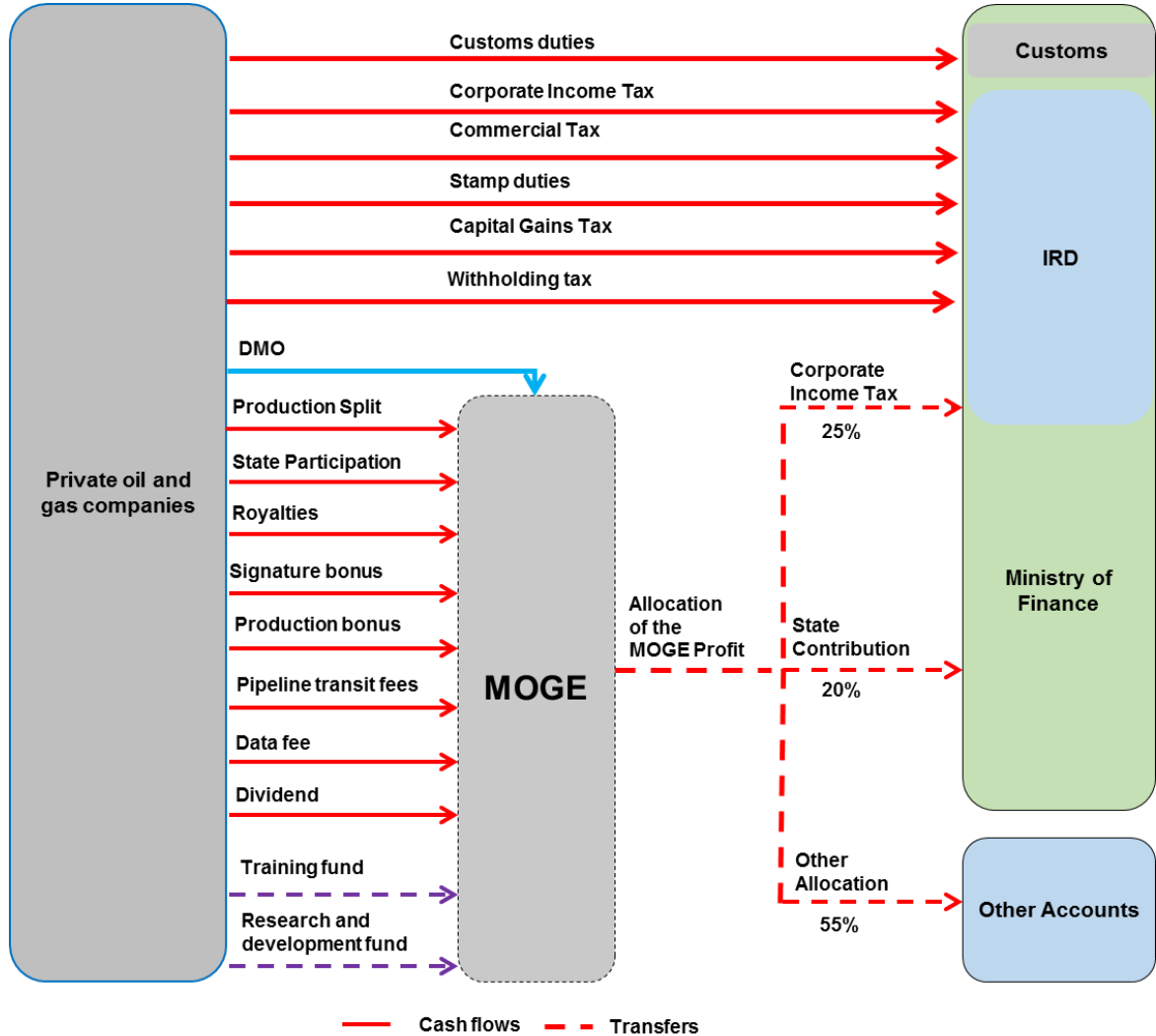
From the perspective of the extractive industries sector and EITI, the most significant payments collected and retained at sub-national level that the MSG may consider to be material for reporting purposes are contributions to state/region social development funds (where they exist).

There are currently no derivation type transfers (whereby the subnational unit may retain a share of what is collected within their boundaries), from Union government to state or region budgets based on extractive industries sector production volumes (either for Oil & Gas or for minerals).

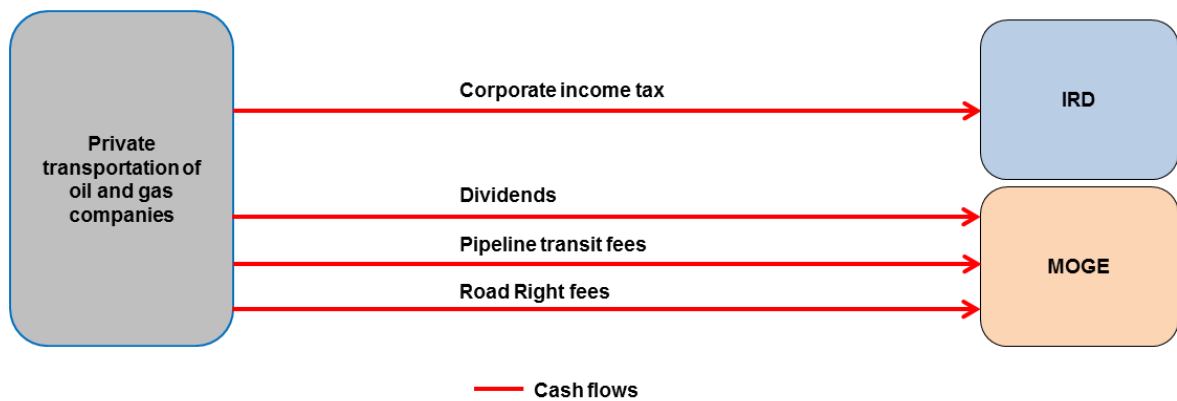
3.6. Revenues collection

3.6.1. Revenues collection

(a) Oil & Gas payments flow

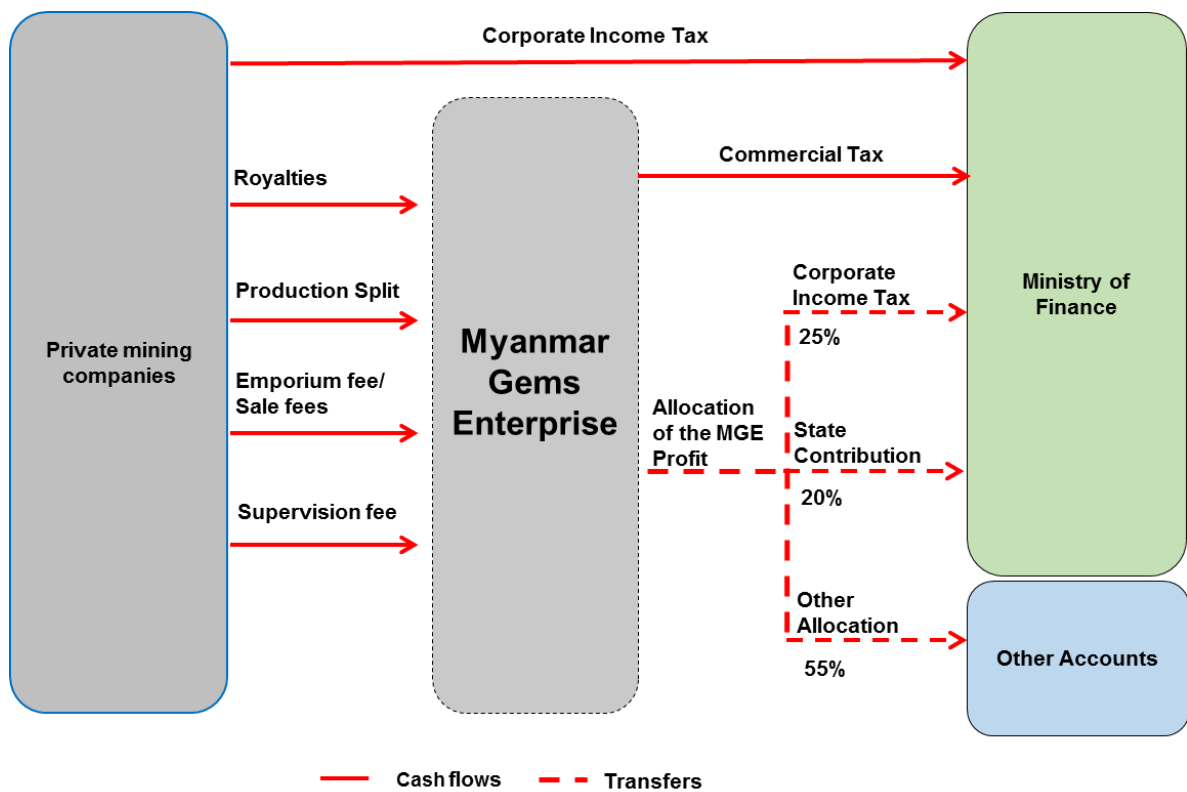


(b) Transportation of Oil & Gas payments flow

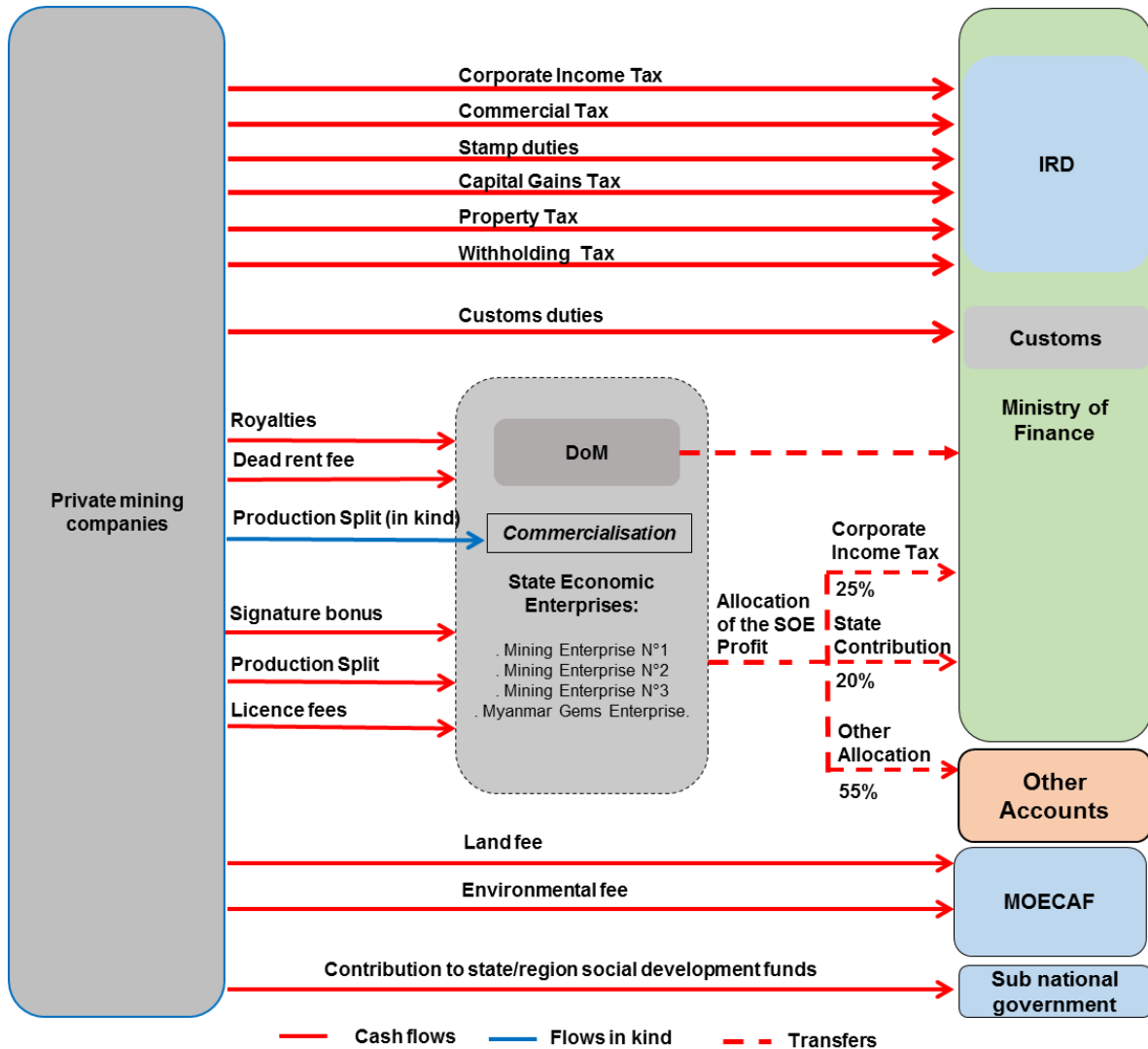


(c) Mining sector payments flow

Jade and Gemstones



Other minerals



3.6.2. Revenues allocation

In the diagrams above, the Budget and Treasury Departments within the MoF coordinate the receipt of information on the types on tax and non-taxes received from the MOECAF, MoE and MoM respectively.

Meanwhile, IRD and Customs Department within the Ministry of Finance collects taxes such as corporate income tax (including withholding taxes), commercial tax, capital gains tax, stamp duties and customs duties either in local or foreign currency.

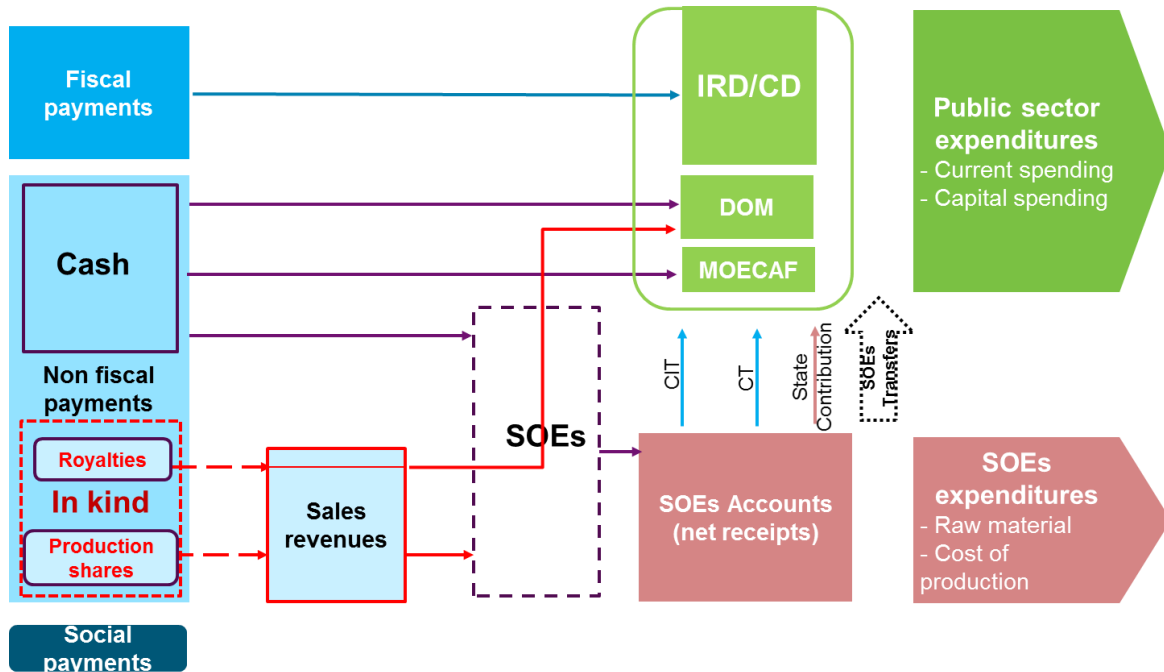
All government SOEs including MOGE, Mining Enterprises 1,2,3 and the MGE, are required to submit reports about their revenue sources and expenditures in cash and in kind at the time of the budget review on an annual basis.

SOE's are in charge of collecting most non-tax revenues such, production sharing split, land fees, signature bonuses and other compulsory payments mandated by contracts as per the corresponding extractive operation.

Oil, gas and mining revenue payments in cash are transferred by the taxpayer or the contractually responsible entity to the Myanmar Economic Bank (MEB) when the payment is in national currency and to the Myanmar Foreign Trade Bank (MFTB) when it is in foreign currency. Both MEB and MFTB are state owned commercial banks and are controlled by the Central Bank of Myanmar as well as by the MoF through its reporting line process.

According to the EITI data, about 85% of extractive revenues, are collected by SOEs through “Other Accounts” at the MEB or MFTB. Other Accounts are used to manage own-source revenue under the supervision of Parliament. According to the Budget Department within the MoF the Other accounts are meant to be used for the payment by SOEs of the CT, CIT, State contribution and raw material costs only. Detail of transfers by SOE is presented in Section 5.4 of the present report.

The allocation of extractive revenues can be summarised as follows:



3.6.3. The Oil & Gas Subsidy

The Oil & Gas subsidy for domestic consumption is a medium through which Oil & Gas revenues are shared with citizens. Oil and gas subsidies absorb a part of the total cost of petroleum fuels as a means of protecting consumers from high fuel/energy prices and sharing of the petroleum wealth.

Oil & Gas Subsidy is supported by both the producing companies and the Government. According to the oil & gas contracts, 20% of crude oil and 25% of natural gas of contractor’s shares should be sold by the latter on the domestic market, at 90% of fair market prices.

The government also subsidises gasoline and other fuels by selling crude oil and natural gas locally at a price below the comparable international market price, and this subsidy is channelled through MOGE. In 2013-2014 subsidies granted through MOGE, more details is set out in the Section 6.7 of the present report.

3.7. Social Expenditures and Infrastructure Provisions

The private sector’s contribution to good governance in the extractive industries sector typically comes through either individual projects (which can be classed, in EITI terms, as “social payments”), as Corporate Social Responsibility (CSR) programmes, or in a more structured form as Community Development Agreements which are incorporated into legal contracts between the operator and the government.

Under the EITI 2013 Standard, all forms of social payment must be recorded in the annual EITI reports, whether these social payments are either mandated by law or included within the contract.

We understand that in Myanmar there are no social payments mandated by law or by contracts signed with the extractive companies. Social expenditures are made in a voluntary way through CSR programmes which are implemented in accordance to the company policies.

MEITI may wish to play a role in ensuring greater transparency and accountability in these programmes by requiring detailed reporting on revenue and expenditure for all the major extractive industries sector CSR programmes in Myanmar.

3.8. Beneficial ownership

Myanmar does not currently have a publicly available register of the beneficial owners of the corporate entity that bid for, operate or invest in extractive assets.

At its October 2015 meeting, the MSG agreed to implement a MEITI Beneficial Ownership Project in forthcoming EITI Report. For the 2013/14 MEITI Report, the MSG agreed to disclose the legal ownership data for companies selected in the scope. The data submitted by companies is detailed in Appendix 2 of this report.

For more details about the Oil & Gas companies' ownership, Global Witness has published a report on the ownership of the 46 Oil & Gas winning companies of the 36 blocks awarded by the Myanmar Government in October 2013 and March 2014⁴⁰.

3.9. State Participation in the extractive sector

3.9.1. State participation in the Oil & Gas sector

The Constitution of the Republic of the Union of Myanmar 2008, stipulates that the state is the ultimate owner of all natural resources including Oil & Gas. The State intervention in the Oil & Gas sector is made through the State Enterprise MOGE and the production Sharing contract signed with companies.

State Owned Enterprises (SOEs) - MOGE

In 1989, Myanmar enacted its State-Owned Economic Enterprise Law, identifying key areas of economic activities where the State would exercise control via SOEs. Although this law remains in effect, the Foreign Investment Law largely determines, in practical terms, how GOUM exercises its involvement in the extractive industries sector. For example, in contrast to the State Owned Economic Enterprises Law, GOUM no longer exercises its right to monopolise the extraction of resources.

SOEs hold considerable influence over the management of public funds. According to the Budget data, MOGE accounted for 15.8% of all public revenues and 10% of public expenditure in Myanmar's 2013-14 fiscal year.

The principal vehicles by which MOGE collects these revenues appear to be their production sharing contracts, which entitle them to the government share of profit from petroleum (40 to 60 percent for oil and gas, according to details released by the government), production bonuses and other fees for training and development purposes (aiming at helping increase MOGE's capacity). Beyond their revenue collection and marketing responsibilities, MOGE play major roles in the allocation of licenses; the monitoring of implementation of the country's legal regime; and efforts to develop commercial capacity.

Production sharing contracts

The standard PSCs used by the EPD contain state buy-in provisions depending on the block location.

(a) For onshore blocks

Clause 19.1 of the standard PSC reserves a 15% undivided interest in the total rights and obligations for MOGE, with the option for MOGE to increase its share up to 25% undivided interest in the project.

⁴⁰ <https://www.globalwitness.org/sites/default/files/global%20witness%20-the%20shell%20starts%20to%20crack%20-%20october%202014.pdf>

For the assignment of the undivided interest in the total of the rights and obligations arising, MOGE shall reimburse the Contractor an amount equal to the same percentage of the sum of Operating Costs which the Contractor has incurred and on behalf of its activities as well as the same percentage of the Signature Bonus paid to MOGE referred to in Section 11.1 of the PSC.

The reimbursement of the above-referred amounts can be made by:

- transfer by MOGE within three (3) months after the date of its acceptance of the Contractor's offer, to the Contractor's account, in the currency in which the relevant costs have been financed; or
- in-kind payment or "Payment out of Production" of fifty percent (50%) of MOGE'S production entitlement under the Contract valued in the manner as described in Section 12 of the PSC, as from the beginning of Commercial Production.

(b) For offshore blocks

MOGE has buy-in rights into the project up to 20% upon a commercial discovery (increasing to 25% if the reserves are greater than 5 Tscf).

MOGE participation in Oil & Gas producing fields is detailed in the table below:

	Project	Operator	%	Interest distribution (in %)							
				MOGE							
Offshore projects	Yadana	TOTAL	31.2	MOGE	15.0	UNOCAL	28.3	PTTEP	25.5		
	Yetagun	Petronas	40.9	MOGE	20.5	Nippon Oil	19.3	PTTEP	19.3		
	Shwe	Daewoo	51.0	MOGE	15.0	ONGC Videsh Ltd	17.0	Gail JJ India Ltd	8.5	Korea Gas Corporation	8.5
	Zawtika	PTTEP	80.0	MOGE	20.0						
Onshore projects	Chauk Oil Field	Goldpetrol	45.0	MOGE	55.0						
	YNG Oil Field	Goldpetrol	45.0	MOGE	55.0						
	Mann Oil Field	MOGE	65.0	MPRL	35.0						

Source: Ministry of Energy

We understand that MOGE does not hold any interests in the capital of Oil & Gas operators.

3.9.2. State participation in the Mining Sector

Production sharing contracts

The Myanmar Ministry of Mines (MOM) utilises Production Sharing Contracts (PSCs). Under a PSC agreement the investor is required to come up with 100% of the investment. The government takes a share of the production according to a production sharing ratio agreed between the mining joint venture partners. The Production Sharing Ratio is based on mineral commodities like Gold, Copper, Lead, Zinc, Tin, Tungsten, Nickel, Manganese, Mineral and coal and the commodity current prices on the London Metal Exchange.

Government equity participation is between 20% and 25% at the initial stage depending on the size of the investment, with the option to purchase further shares up to 50% after recoupment of capital by the investor.

State Owned Enterprises (SOEs)

The State-owned Economic Enterprise Law grants the government discretion to allow investment either as a joint-venture between the government and the investor or to allow the investor to pursue the enterprise independently under prescribed conditions.

Where the relevant Ministry considers that the application should be dealt with under the Foreign Investment Law, the company will be required to obtain a Foreign Investment Law permit instead. Factors which suggest the Foreign Investment Law is applicable include: whether the Ministry believes the operation should be a joint venture with a state-owned enterprise and the size of the proposed operation.

Joint venture companies which partner with the state or a state-owned enterprise must obtain a Foreign Investment Law permit along with a Companies Act permit. Foreign Investment Law permits are issued by the Myanmar Investment Commission (MIC). For joint-ventures, MIC has discretion to stipulate minimum equity participation requirements for each partner.

Even though the State-owned Economic Enterprise Law remains in effect, the Foreign Investment Law largely determines, in practical terms, how GOUM exercises its involvement in the extractive industries sector. In contrast to the State Owned Economic Enterprises Law, GOUM no longer exercises its right to monopolise the extraction of resources.

Military Holding Companies

The two large military holdings companies, Union of Myanmar Economic Holdings (UMEHL) and (Myanmar Economic Corporation) MEC hold important positions in Myanmar's economy, including in the energy, mining and gems sectors. These two conglomerates which report to directorates of the Defence Services are set up under laws that provide protections and privileges to state-based companies.

The purpose for setting up both companies was to generate funds for the welfare of both active-duty and retired Defence Services personnel and their families. This has been accomplished through a combination of profit distribution and job provision for family members of military personnel as well as for veterans themselves.

UMEHL

UMEHL was established in 1990 under the Special Companies Act as the economic arm of the Myanmar military, during a period of privatisation and transition from a socialist command economy, with an initial capital of \$1.6 billion USD. UMEHL was established to generate profits from light industry and the trade of commercial goods.

In the mid-2000s it expanded into services and trading activities. Its current holdings include stakes in almost all sectors of the Myanmar economy.

UMEHL conglomerate is jointly owned by two military departments: the Directorate of Defence Procurement and Defence Personnel (active and veteran), including high-ranking military officials. UMEHL is exempt from commercial and profit taxes.

UMEHL classifies its holdings into three categories: fully-owned and-operated, affiliate subsidiaries and joint ventures. Fully-owned UMEHL companies have significant roles in extractives industries.

Its subsidiaries include Myanmar Imperial Jade Company and Myanmar Ruby Enterprise, which operates mines at Mogoke, Mongshu, Nayar, Mawchi and Thabeikkyin. Some of these operations are subcontracted to other domestic companies.

Table : UMEH Mining Interests (non-exhaustive)

Region/state	Area	Type
Mandalay	Kyaukpukhet	Limestone
Mandalay	Hsin Mountain	Granite
Mon	Mayangon	Granite
Mon	Kyauk Mae Mountain	Granite
Mon	Tin War Mountain	Granite
Sagaing	Kyay Sin Mountain	Copper
Sagaing	Kyauk An Che	Coal
Sagaing	Letpadaung Mountain	Copper

MEC

The Myanmar Economic Corporation (MEC) was set up in 1997, during the Asian financial crisis. MEC is one of the two major conglomerates and holding companies operated by the Burmese military forces. Founded in 1997 to set up profitable heavy industries that can provide the Burmese military access to supplies of important materials (e.g. cement and rubber).

MEC is operated under the Ministry of Defence's Directorate of Defence Procurement (DPP), with its private shares exclusively owned by active-duty military personnel. The corporation's capital was issued through revenues generated from the public auctioning of state-owned enterprises

throughout the 1990s. Through joint ventures with foreign companies and mergers with smaller companies, MEC has positioned itself as one of Burma's largest corporations.

Unlike UMEHL, MEC was more explicitly focused on serving the industrial and technological needs of the armed forces, as well as on larger-scale infrastructure projects. Although less is publicly known about MEC than UMEHL, OAG has the power to request audits from MEC but not from UMEHL.

MEC mining interests include some mines operating in:

Table : MEC Mining Interests (non-exhaustive)

Region/state	Area	Type
Kayin	Than Dai Mountain	Limestone
Mandalay	Yathayt Mountain	Marbre
Shan(East)	Mongku	Coal
Tanintharyi	Maw Taung	Coal
Shan(East)	Maw Taung	Gypsum

According to MSG decision, SOEs were requested to provide their level of beneficial ownership in mining, oil and gas companies operating within the extractive sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. The detail of public interest reported by SOE is set out in the table below:

Extractive Company /Joint Venture	MOGE Share of Profit %	Contractor Share of Profit %	Comment
Yadana Project	63%	37%	Base on March '14 Income Statement
Yetagun Project	60%	40%	Base on March '14 Income Statement
Shwe Project	60%	40%	Base on March '14 Income Statement
Zawtika Project	50%	50%	Base on Nov '15 Current Income
MPRL (Mann Oil)	65%	35%	As per Contract
Goldpetrol (Chk & Yanangyaung)	45%	55%	As per Contract

Extractive Company / Joint Venture	SOE	State Share of production	Comment
Tha Byu Mining Co.Ltd.	ME (1)	30%	
Win Myint Mo Industries Co, Ltd.	ME (1)	Sliding ratio	
Myanmar Wanbao Mining Copper, Ltd.	ME (1)	Sliding ratio	
GPS Joint venture Co, Ltd.	ME (1)	Sliding ratio	
Myanmar Yang Tse Copper, Ltd	ME (1)	NA	ME (1) share transfer to MEHL
Eternal Mining Company Ltd.	ME (2)	40%	Including 5 % Royalty
Kayah State Mining Production Co. (KMPC)	ME (2)	33%	Including 4 % Royalty
Myanmar Pongpipat Company Ltd.	ME (2)	35%	Including 4 % Royalty
DELCO (Developers Enterepreneurs Liaison Construction Organizers Ltd)	ME (2)	33%	Including 4 % Royalty
Ngwe Yi Pale Mining Co, Ltd	ME (3)	30%	
Max Myanmar Manufacturing Co, Ltd	ME (3)	30%	
Triple A Cement International Co, Ltd	ME (3)	30%	
CNMC Nickel Co, Ltd	ME (3)	Sliding ratio	

3.10. Audit and assurance practices in Myanmar

3.10.1. Private companies

Under the Myanmar Companies Act (MCA) companies must keep proper books of accounts at their registered office. Financial statements must be prepared in accordance with Myanmar Accounting Standards (MAS).

Accounting practices in Myanmar have been historically based on British accounting standards and Generally Accepted Accounting Principles (GAAP). For several years, Myanmar adopted International Accounting Standards for reporting purposes, while the Myanmar Accountancy Council (MAC), through the Myanmar Institute of Certified Accountants (MICPA) has adopted the majority of International Accounting Standards that existed in 2003 and 2004. In 2010, MAC withdrew all 30 of International Accounting Standards and replaced them with 29 new Myanmar Accounting Standards and 8 new Myanmar Financial Reporting Standards that were identical to the 2010 International Financial Reporting Standards (IFRS). Such standards were published in the Official Gazette and became effective on 4 January 2011.

During the covered year, Myanmar has no stock exchange, only an over the counter market for the sale of shares of a number of publicly accountable companies.

On 9 December 2015, Myanmar launched the Yangon Stock Exchange. A total of six companies have been approved to list on the new stock exchange, with trading expected to begin in February or March 2016.

Public companies and financial institutions are required to apply MFRS (Myanmar Financial Reporting Standards, which are a word-for-word equivalent of IFRS). SMEs must apply MFRS for Small and Medium Enterprises (SMEs) (word-for-word equivalent of IFRS for SMEs).

The tax assessment year runs from 1 April to 31 March. This is mandatory even for branches of foreign companies which may have a different financial year-end.

The Myanmar Companies Act requires companies to appoint an auditor and companies are required to submit audited financial statements to the tax authorities annually by 30 June.

Section 145(1) of the Myanmar Companies Act requires an auditor to report to the members of a company on the financial statements examined by the auditor at the annual general meeting. The auditor's report must state, amongst others, whether or not in their opinion the balance sheet and profit and loss account referred to in the auditor's report are drawn up in accordance with law, whether or not the balance sheet gives a true and fair view of the state of affairs of the company. The opinion should also state whether the company's accounting records have been kept by the company as required by law.

3.10.2. Public sector and SEEs

In Myanmar there is a special government body – OAG – the supreme audit institution, which is accountable to the Parliament through the President. This body carries out controls over the execution of the State's budget and payment of taxes and other mandatory payments, including payments from SOEs and partners.

OAG was set up under the 2008 Constitution as an independent agency, for the appointment of the Auditor General. This is made by the President with the approval of the Parliament.

OAG performs audits consistent with International Organisation of Supreme Audit Institutions (INTOSAI) audit standards.

All SEEs are required to submit to OAG bi-annual financial reports that are in accordance with General Accepted Accounting Standards. According to OAG, the annual audit includes all tax and non-tax payments made by all partners to the extractive industries sector project.

OAG has the power to audit joint venture partners as well as MEC but not UMEHL, which has its own auditors. OAG also has the power to audit private companies, but currently lacks the capacity and the resources to do so.

OAG have to submit audited reports in each fiscal year to the Presidency and to the Public Accounts Committee in Parliament

The Auditor General is also Chairman of the Myanmar Accountancy Board which deals with accounting standards generally in Myanmar. Accounting standards have been developed for the commercial sector which is also applicable to SEEs in the “commercial” form of their accounts. But, as yet, there are no standards or statements of practice that apply to the Government's financial statements which include SEE activity prepared on a parallel cash basis.

Accounting is maintained on a simple cash based double entry system, however, the current form of the financial statements does not fully reflect the requirements of the IPSAS.

3.11. Contribution to the Economy

3.11.1. GDP Contribution

The most widely used indicator of how well a country is performing economically is the Gross Domestic Product (GDP). In simple terms, the GDP of a country refers to the total dollar value of all of the goods and services produced within the borders of that country in a given year.

In fiscal year 2013/2014, the total value of goods and services produced in Myanmar stood at MMK 58,012,754.5 million⁴¹, of which 6% or MMK 3,467,620 million was accounted for the extractive sector. This figure does not include midstream, downstream and transportation contribution and available data does not allow a systematic analysis by subsectors (e.g. exploration and production, refining, petrochemicals, service contractors, transportation, distribution and production).

3.11.2. Revenues contribution

The extractive sector contributes significantly to the revenues received by the Government. EITI Data reported by government shows that in fiscal year 2013/2014, the extractive sector generated MMK 3,116,537 million, which amounted 23.6% of total Government revenue. The analysis of contribution by sector is detailed as follows:

	Amount (in million MMK)	%
Oil & Gas	2,633,909	19.9%
Gems & Jade	423,952	3.2%
Other minerals	58,676	0.4%
Total extractive sector	3,116,537	23.6%
Total budget of the Union	13,214,229	100%

According to the Union budget in Myanmar, revenues are organised by category such as Ministries and department revenues, State Owned Enterprises Revenues and NPT development committee and not by sector. Accordingly there's no available data of the contribution of the extractive sector in the State revenues. The detail, by category, of the Union budget for the year 201-2014 is as below:

Collecting Government Body	Amount (in million MMK)	%
Ministries and department revenues	4,155,202	31.45%
Of which tax on income and property	1,264,933	9.60%
Of which tax on trade	1,091,082	8.30%
Of which tax on State Owned Enterprises	944,897	7.20%
State Owned Enterprises Revenues	9,039,021	68.40%

⁴¹ Source: Ministry of National Planning and Economic Development: GDP at current prices.

Collecting Government Body	Amount (in million MMK)	%
Of which SOE Energy	4,341,112	32.85%
Of which SOE Mines	303,107	2.29%
Other SOE	4,394,802	33.26%
NPT development committee	20,006	0.15%
Total	13,214,229	100%

Source: Union Budget Law 2013

3.11.3. Export contribution

The extractive sector accounts on average for almost 38.5% of exports earning over the period 2013-2014 with a large contribution of oil & gas subsector which accounts for over 29.5% of the total exports as shown in the table below:

	Amount (million US\$)	Amount (million MMK) ⁴²	% contribution
Total Exports	11,204.00	10,761,579	100%
Extractive sector exports	4,310.80	4,140,576	38.5%
<i>Oil & gas</i>	<i>3,299.20</i>	<i>3,168,922</i>	<i>29.5%</i>
<i>Gems and Jade</i>	<i>1,011.60</i>	<i>971,654</i>	<i>9%</i>

(Source: Central Statistical Organization)

It is worth noting that export statistics published by CSO above are different from those reported by SOE's in their reporting templates. Details of export figures reported are set out in the Section 6.1 of the present report.

3.11.4. Labour Contribution

We did not find any recent statistic concerning the employment by sector in Myanmar during the period covered by the present report. (See recommendation n°7). The only statistic available was the total employment in Myanmar during the year 2013-2014, the number of people employed in the Government sector is 1,355,370 and in the private sector is 7,376,308⁴³.

According to reporting instructions approved by MSG, companies selected in the scope have reported the number of employees. The detail by sub-sector is set out in the table below:

Sub-sector	Average number of direct local employees	Average number of direct foreign employees	Average number of direct employees
Oil & Gas	2,022	589	2,611
Gems & Jade	6,225	50	6,525
Other minerals	8,771	622	9,393
Total	17,018	1,261	18,529

Due to the lack of statistics, only data reported by selected companies was used for the estimation of the labour contribution of the extractive sector. The Fifty Seven (57) Selected companies employ directly about 18,529 people representing 0.2% of total employment in 2013.

⁴² US\$ 1= MMK 960.5121 (average rate as published by CBM).

⁴³ Total employment as published by the department of population-Ministry of immigration and population, May 2015.

4. DETERMINATION OF THE RECONCILIATION SCOPE

4.1. Selection of payment flows

The financial flows to be included in the reconciliation and the Government Bodies and companies which were required to report were determined by the MSG based on the scoping study performed before the reconciliation work.

The description of each payment flow detailed as follows, are set out in Appendix 9 of this report.

4.1.1. Common law taxes

The Internal Revenue Department (IRD) and Custom Department (CD) within MoF are responsible for the collection of tax revenue streams. The list of taxes collected by IRD and CD from the extractive sector (Oil & Gas and mining) and identified through the review of regulations and the interviews held with Government Bodies is as follows:

N°	Payment flows
1	Corporate Income Tax (CIT)
2	Commercial Tax
3	Customs Duties
4	Stamp Duties
5	Withholding Tax
6	Capital Gains Tax

The MSG has decided to include all the identified tax revenue streams in the scope for the 2013-2014 EITI Report without applying a materiality threshold.

4.1.2. Non-tax revenue streams for Oil & Gas

The non-tax revenue streams determined to be within the scope of the 2013/14 MEITI Report by the MSG are those payments made to the MOGE. The MSG has decided to include all the non-tax revenue streams in the scope of the 2013/14 EITI Report without applying a materiality threshold.

Based on the above, the payments below were selected in the scope of the 2013/14 Report:

N°	Payment flows
1	Signature Bonus
2	Royalties
3	Production Split
4	Production Bonus
5	State Participation
6	State Contribution
7	Baseline payment (IPR/PCC)
8	Risk compensation (IPR/PCC)
9	Payment out of production (-)
10	Dividend
11	Training Fund
12	Research and Development Fund
13	Domestic Market Obligation (DMO)
14	Data fee
15	Land fees/Dead rent fee

4.1.3. Non-tax revenues streams for mining sector

The non-tax revenue streams determined to be within the scope of the 2013/14 MEITI Report by the MSG are those payments made to the MGE, ME1, ME2 and ME3.

On the basis of the information supplied by the MoM during the scoping phase, MSG has agreed a threshold of MMK 0.1 billion. Moreover, MSG also decided to include “Signatures bonuses” and “Land fees” which could be material in the context of Myanmar.

Based on the above, the non-tax revenues streams for mining sector included in the 2013/14 Report are detailed as follows:

N°	Payment flows
1	Royalties
2	Signature Bonus
3	Production Split
4	Dead Rent Fees
5	Land fees
6	Licence Fees
7	Emporium Fees
8	Supervision Fees
9	Sale Fees
10	Dividend

According to the MSG decision, the Gems & Jade sub-sector was included based on the emporium data only. Accordingly, revenues such as royalties, a 20% value-based tax on jade at the mine site, taxes paid by companies whose production is exported directly and revenues from sales of state's shares of Gems & Jade were not covered in the 2013/14 MEITI Report scope.

4.1.4. In kind payments

The EITI Standard requires disclosure of the sale of the State's share of production or other revenues collected in kind where such flows are material. This includes transfers between State-owned enterprises and other Government Bodies.

As recommended by the Standard, the MSG required that these flows should form part of the reconciliation and templates were issued to Government, State-owned enterprises and companies. The PSCs in Oil & Gas and mining sectors permit the Government to receive certain payments in kind or in cash, as follows:

- Sale of the State's share of production or other revenues collected in kind; and
- Royalty oil & gas and mining: MOGE and MEs under the Ministry of Mines may choose to receive royalty in kind or to nominate an amount under an agreement with the producing company.

The in kind payments included in the 2013/14 MEITI Report scope were:

	In kind payments for oil & gas	In kind payments for mining sector
1	State production entitlement	Production Split (Government and SOEs share)
2	MOGE production entitlement	Royalties
3	Royalties	
4	Baseline payment (IPR/PCC)	
5	Risk compensation (IPR/PCC)	
6	Payment out of production (-)	

For the sale of the state's share of production, the MSG decided to disclose the revenues received by SOEs without reconciling with the trading companies.

4.1.5. Transfers from SOEs to the MoF

According to the MSG decision, the revenue streams in scope for reconciliation include all the transfers made or reported SOEs and revenues received by or reported to the Government Bodies during the fiscal year 2013-2014, accordingly the payments below have been selected in the reconciliation scope:

N° Transfers from MOGE	
Transfers to budget accounts	
4	Corporate Income Tax (CIT)
5	Commercial Tax
6	Customs Duties
7	Stamp Duties
8	Capital Gains Tax
9	Withholding tax
10	State contribution
11	Other material transfers (> 50,000 USD)
Other accounts - MOG Own Accounts	
12	Transfers to MOGE other accounts (+)
13	Transfers from the Government Budget to MOGE (-)
N° Transfers from MGE-ME1-ME2-ME3	
Transfers to budget accounts	
1	Corporate Income Tax (CIT)
2	State Contribution
3	Commercial Tax
4	Other material transfers (> 50,000 USD)
Other accounts	
5	Transfers to Other Accounts (+)
6	Transfers from Government Budget to MGE (-)
Quasi fiscal expenditure	
7	In kind payments
8	Cash payments

4.1.6. Other information

Oil & Gas transportation

The MSG included transportation revenues paid by oil & gas transportation companies as flows in the reconciliation, and decided that these should be reported by MOGE and IRD only, i.e. they should be declared flows and not reconciled flows. The flows reported are detailed as follows:

Payment flows	
1	Profit Sharing Oil & Gas transportation
2	Transit fees Oil & Gas transportation
3	Road right fee Oil & Gas transportation
4	Corporate Income Tax (CIT)

Social payments and infrastructure provisions

Companies were asked to disclose any social expenditures and infrastructure provisions. According to the MSG decision, these payments were declared by the companies and were not included in the flows to be reconciled.

Other significant payments flows

To avoid omissions that may be considered significant, MSG has decided to include a separate line entitled "Other significant payments flows" in the reporting template for extractive companies to report any significant payment exceeding US\$50,000 including any payment flows which are not shown in the reporting template.

Quasi fiscal expenditures

According to the MSG decision, Government bodies and SOEs selected in the scope were asked to disclose any quasi fiscal expenditures. These payments were declared by Government bodies and SOEs and were not included in the flows to be reconciled.

Loans /Loan guarantee granted to Entities operating in extractive sector

EITI requirement 3.6 (c) states where the government and SOE (s) have provided loans or loan guarantees to mining, Oil & Gas companies operating within the country, details on these transactions should be disclosed in the EITI Report. Accordingly, the MSG has decided to disclose loans /Loan guarantee granted by SOE's to entities operating in the extractive sector.

4.2. Selection of reporting entities

4.2.1. Selection of Oil & Gas companies

Given the limited number of companies in the Oil & Gas sector, MSG decided to include all the operators, partners in producing fields and exploration companies that made payments without applying a materiality threshold.

On this basis, 14 Oil & Gas companies were included in the reconciliation scope for the EITI Report 2013-2014. These companies are presented as follows:

	Company ⁴⁴
SOE	1. MOGE
	2. Petronas Carigali Myanmar Inc- PC Myanmar (Hong Kong) Limited
	3. TOTAL
Private companies in production	4. Daewoo International Corporation
	5. PTT Exploration & Production
	6. Goldpetrol Co Ltd
	7. MPRL E&P Pte Ltd
Partners in the producing fields	8. Nippon Oil
	9. ONGC Videsh Ltd
	10. Gail JJ India Ltd
	11. Korea Gas Corporation
	12. UNOCAL
Companies in exploration phase	13. Chinnery Assets Ltd
	14. SNOG Pte Ltd

4.2.2. Selection of mining companies

Gems and Jade

The MSG identified 30 companies to be included in the reconciliation process for the 2013/14 MEEITI Report. The companies listed in table below meet the materiality threshold of **MMK 10 billion** revenues collected through the emporium in FY 2013-2014 and were included in the reconciliation process.

For companies which have made payments below **MMK 10 billion**, the MSG decided to include through unilateral disclosure by Government Bodies of the combined benefit stream from the companies.

⁴⁴ Company profile is set out in the Appendix 1.

The MSG has also decided to include all payments and transfers made by the MGE to the MoF regardless of whether they are recorded in the budget accounts or in off-budget accounts.

Gems and Jade companies selected in the reconciliation scope ⁴⁵	
Great Genesis Gems Co., Ltd.	WINN LEI YADANA
MYANMAR IMPERIAL JADE	Myanmar Si Thu
Richest Gems Co., Ltd	111
LINN LETT WIN YADANAR GEMS	Sein Lone Taung Tan
EVER WINNER GEMS	SHINING STAR LIGHT GEMS
AUNG HEIN MIN GEMS	Khin Zaw Aung and Brothers
Wai Aung Ka Bar	Xie Family
Ya Zar Htar Ni	Aye Yar Kyauk Sein
SHWE YWET HLWAR GEMS	WAI FAMILY GEMS
Kyauk Sein Na Gar	AYEYAR YANDANAR GEMS
YADANAR YAUNG CHI GEMS	A Myo Thar Kyi Pwar Toe Tat Yay
Jade Mountain Gems	SHWE WAH MYAY (MANDALAY)
THI RAW MANI GEMS	Ya Da Nar Taung Tan
Kyaik International	NAY LA PWINT GEMS
MYAT YAMON GEMS	TREASURE WHITE LOTUS GEMS

Other minerals

In the materiality decision adopted by the MSG, 14 companies were to be required to report payments to Government for the 2013/14 Report. These companies meet the materiality threshold of

MMK 0.25 billion of total revenues collected by SOEs in fiscal year 2013-2014, except for Myanmar Yang Tse Copper Ltd and CNMC Nickel Co Ltd. (MCNICO) (Tagaung Taung Nickel project) which have been selected by the MSG regardless the materiality of payments.

For companies which have made payments below **MMK 0.25 billion**, MSG decided to include them through unilateral disclosure of Government Bodies of the combined benefit stream from the companies in accordance with EITI Requirement 4.2.b.

The MSG has also decided to include all payments and transfers made by the SOE's (ME 1, ME 2 and ME 3) to the MoF regardless whether they are recorded in the budget accounts or in off-budget accounts.

The companies selected in the reconciliation scope for the 2013/14 MEITI Report are listed below:

No.	Company ⁴⁶	Type of minerals
1	Eternal Mining Company Ltd	Gold
2	Kayah State Mining Production Co. (KMPC)	Tin-Tungsten Scheelite mixed concentrate
3	Myanmar Pongpipat Company Limited	Tin Concentrates
4	Nobel Gold	Gold
5	Tha Byu Mining Co., Ltd.	Antimony Ore
6	Win Myint Mo Industries Co.,Ltd.	Mining
7	DELCO (Developers Enterepreneurs Liaison Construction Organizers Limited	Tin & Tungsten
8	GPS Joint Venture Co., Ltd.	Lead Concentrate
9	Ngwe Yi Pale Mining Co., Ltd	Crown Cement
10	Max Myanmar Manufacturing Co.,	Cement Production
11	Triple A Cement International Co., Ltd	Cement Factory
12	Myanmar Wanbao Mining Copper	Copper
13	Myanmar Yang Tse Copper Ltd	Copper
14	CNMC Nickel Co Ltd. (MCNICO) (Tagaung Taung Nickel project)	Ferronickel

⁴⁵ Ibid

⁴⁶ Ibid

4.2.3. Selection of Government Bodies

The MSG determined that Departments under the MoF and MOECAF and the SOEs under the MoE and the MoM that receive extractive-related revenues from companies are in-scope and included for reporting and reconciliation. Based on these criteria, the MSG has identified the following Government Bodies to be in-scope for the MEITI reconciliation:

Government Bodies

1. Ministry of Energy (MoE)
2. Ministry of Mines (MoM) – Department of Mining (DoM)
3. Ministry of Finance (MoF)
4. Internal Revenue Department (IRD) – under MoF
5. Customs Department (CD) – Under MoF
6. Ministry of Environmental Conservation and Forestry (MOECAF)

SOEs

1. Myanmar Oil and Gas Enterprise (MOGE)
2. N°1 Mining Enterprise (ME1)
3. N°2 Mining Enterprise (ME2)
4. N°3 Mining Enterprise (ME3)
5. Myanmar Gems Enterprise (MGE)

5. RECONCILIATION RESULTS

We present below detailed results of the reconciliation exercise, as well as differences noted between amounts paid by extractive companies and amounts received by Government Bodies. We have highlighted the amounts initially reported and the adjustments made following our reconciliation work, as well as the final amounts and unreconciled differences.

5.1. Payments of Oil & Gas companies

5.1.1. Cash flows reconciliation by company

The tables below summarise the differences between the payments reported by extractive companies and receipts reported by Government Bodies.

The tables include consolidated figures based on the reporting templates prepared by each extractive company and Government Body, adjustments made by us following our reconciliation work and residual, unreconciled differences.

Amounts in MMK

N°	Company	Per Company			Per Government			Final difference
		Original	Adjust	Final	Original	Adjust	Final	
1	Petronas	918,997,659,220	1,611,942,928	920,609,602,148	920,609,602,168	-	920,609,602,168	(20)
2	TOTAL	934,699,507,540	(8,179,344,799)	926,520,162,741	501,112,733,929	425,303,862,301	926,416,596,230	103,566,511
3	Daewoo International Corporation	78,772,635,795	-	78,772,635,795	109,706,328,173	(31,035,579,301)	78,670,748,872	101,886,923
4	PTT Exploration & Production	30,272,723,344	5,696,639,421	35,969,362,765	35,969,362,765	-	35,969,362,765	-
5	Goldpetrol Co Ltd	6,865,836,490	(5,388,534)	6,860,447,956	6,622,516,339	237,931,617	6,860,447,956	-
6	MPRL E&P Pte Ltd	391,831,636	34,954,178	426,785,814	426,785,814	-	426,785,814	-
7	Nippon Oil	19,223,327,039	-	19,223,327,039	20,072,456,769	-	20,072,456,769	(849,129,730)
8	ONGC Videsh Ltd	-	-	-	-	-	-	-
9	Gail JJ India Ltd	-	-	-	-	-	-	-
10	Korea Gas Corporation	-	-	-	-	-	-	-
11	UNOCAL	23,712,993,391	-	23,712,993,391	21,361,620,334	2,351,104,114	23,712,724,448	268,943
12	Chinnery Assets Ltd	5,303,168,853	-	5,303,168,853	5,303,168,853	-	5,303,168,853	-
13	SNOG Pte Ltd	720,384,146	-	720,384,146	720,373,523	-	720,373,523	10,623
	Total payments	2,018,960,067,454	(841,196,806)	2,018,118,870,648	1,621,904,948,667	396,857,318,731	2,018,762,267,398	(643,396,750)

5.1.2. Cash flows reconciliation by revenue stream

The table below shows the total Basic Payments reported by extractive companies and Government Bodies, taking into account all adjustments:

Amounts in MMK

N°	Description of payment	Per company			Per Government			Final difference
		Initial	Adjust	Final	Initial	Adjust	Final	
Payments in cash								
MoF-IRD-Customs Department								
		150,578,342,831	(652,260,964)	149,926,081,867	148,218,385,106	2,351,104,114	150,569,489,220	(643,407,353)
7	Corporate Income Tax (CIT)	142,869,792,421	4,364,186,029	147,233,978,450	145,732,004,066	2,351,104,114	148,083,108,180	(849,129,730)
8	Commercial Tax	101,202,528	(4,497,867)	96,704,661	2,835	-	2,835	96,701,826
9	Customs Duties	109,878,525	(890,667)	108,987,858	236,250	-	236,250	108,751,608
10	Stamp Duties	-	-	-	-	-	-	-
11	Capital Gains Tax	1,379,875,806	-	1,379,875,806	1,379,875,806	-	1,379,875,806	-
12	Withholding tax	6,117,593,551	(5,011,058,459)	1,106,535,092	1,106,266,149	-	1,106,266,149	268,943
13	Other significant payments (> 50,000 USD)	-	-	-	-	-	-	-
MOGE								
		1,868,381,724,623	(188,935,842)	1,868,192,788,781	1,473,686,563,561	394,506,214,617	1,868,192,778,178	10,603
14	Signature Bonus	8,945,658,387	-	8,945,658,387	8,945,647,764	-	8,945,647,764	10,623
15	Royalties	292,808,090,747	-	292,808,090,747	293,656,567,097	(848,476,350)	292,808,090,747	-
16	Production Split (State share)	1,349,358,796,848	-	1,349,358,796,848	940,463,196,880	408,895,599,988	1,349,358,796,868	(20)
17	Production Bonus	-	-	-	-	-	-	-
18	MOGE share (Profit and Cost)	211,918,712,787	-	211,918,712,787	230,621,151,820	(18,702,439,033)	211,918,712,787	-
19	Dividend	-	-	-	-	-	-	-
20	Training Fund	237,931,617	-	237,931,617	-	237,931,617	237,931,617	-
21	Research and Development Fund	-	-	-	-	-	-	-
22	Domestic Market Obligation (DMO)	4,923,598,395	-	4,923,598,395	-	4,923,598,395	4,923,598,395	-
23	Data fee	-	-	-	-	-	-	-
24	Land fees/Dead rent fee	-	-	-	-	-	-	-
25	Other significant payments (> 50,000 USD)	188,935,842	(188,935,842)	-	-	-	-	-
States/regions								
26	Contribution to the State/region social development fund	-	-	-	-	-	-	-
Total payments in cash		2,018,960,067,454	(841,196,806)	2,018,118,870,648	1,621,904,948,667	396,857,318,731	2,018,762,267,398	(643,396,750)

5.1.3. Unreconciled discrepancies

Following our adjustments made (see Appendix 3), the total unreconciled discrepancies amounted to MMK (643,396,750) representing (0.03%) of total payments reported by Government Bodies. This is the sum of positive differences of MMK 205,733,000 and negative differences amounting to MMK (849,129,750). These unreconciled differences are summarised below:

Reasons for differences	Amount in MMK
Cut-off error (a)	(849,129,730)
Tax not reported by the Govt Body (b)	205,453,434
Not material difference (c)	279,546
Total général	(643,396,750)

(a) Cut-off errors

These differences are related to CIT payments. In fact, Oil & Gas companies pay CIT before the end of March and flag receipt are issued in April due to the lengthy process between the transfer date and the date of the receipt (See recommendation 2). Accordingly companies reported final CIT payments for the year 2013-2014 which were paid in March 2014. However IRD reported final CIT payment of the year 2012-2013 according to the date mentioned on the receipt.

We were able to adjust some amounts reported by companies. The final differences are related to “Nippon Oil” who failed to produce copies of their receipts.

(b) Tax not reported by Government Body

These differences relate mainly to Commercial Tax and Customs Duties not reported by IRD and Customs Department respectively. According to our understanding of the collection process of those two taxes, receipts are issued in the name of MOGE. Oil & Gas companies pay MOGE and this latter pay the amount to the respective Government Body. Accordingly, the Government Body was not able to identify the company that paid the taxes as all receipts were issued in the name of MOGE.

(c) Not material difference

These difference correspond to not material differences above a materiality threshold of **MMK 5,000,000** set for the reconciliation work as described in the Section 2.3 above.

5.1.4. In kind flows reconciliation

The tables below summarises the differences, by tax, between the in kind payments reported by extractive companies and receipts reported by Government Bodies:

N°	Description of payment	Per company			Per Government			Final difference
		Initial	Adjust	Final	Initial	Adjust	Final	
Payments in kind								
In Barils								
		1,219,255	-	1,219,255	1,219,255	-	1,219,255	-
1.1	State production entitlement	-	-	-	-	-	-	-
2.1	MOGE production entitlement	148,992	-	148,992	148,992	-	148,992	-
3.1	Royalties	54,179	-	54,179	54,179	-	54,179	-
4.1	Baseline payment (IPR/PCC)	610,602	-	610,602	610,602	-	610,602	-
5.1	Risk compensation (IPR/PCC)	405,483	-	405,483	405,483	-	405,483	-
6.1	Payment out of production (-)	-	-	-	-	-	-	-
In Mscf								
		935,623	(177,099)	758,524	758,523	-	758,523	1
1.2	State production entitlement	131,355	(131,355)	-	-	-	-	-
2.2	MOGE production entitlement	17,894	(17,894)	-	-	-	-	-
3.2	Royalties	27,850	(27,850)	-	-	-	-	-
4.2	Baseline payment (IPR/PCC)	608,007	-	608,007	608,006	-	608,006	1
5.2	Risk compensation (IPR/PCC)	150,517	-	150,517	150,517	-	150,517	-
6.2	Payment out of production (-)	-	-	-	-	-	-	-

As mentioned in the table above, the unreconciled differences of payments in kind is **1 Mscf** of natural gas. This difference is immaterial in the context of this reconciliation.

Adjustments correspond to natural gas paid in cash by "Total" and reported both as payment in kind and as in cash. The payment in kind were adjusted following their confirmation from the company that payment was made in cash.

5.2. Payments of Gems & Jade companies

5.2.1. Cash flows reconciliation by company

The tables below summarise the differences between the payments reported by extractive companies and receipts reported by Government Bodies.

The tables include consolidated figures based on the reporting templates prepared by each extractive company and Government Body, adjustments made following our reconciliation work and the residual, unreconciled differences:

Amounts in MMK

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) =(a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
1	Great Genesis Gems Co., Ltd.	20,016,553,974	20,016,553,974	-	-	-	-	20,016,553,974	20,016,553,974	-
2	MYANMAR IMPERIAL JADE	4,175,896,187	4,175,896,136	52	-	-	-	4,175,896,187	4,175,896,136	52
3	Richest Gems Co., Ltd	16,044,808,582	16,041,563,969	3,244,613	-	3,244,613	(3,244,613)	16,044,808,582	16,044,808,582	-
4	LINN LETT WIN YADANAR GEMS	8,111,386,517	8,079,840,827	31,545,689	(31,545,688)	-	(31,545,688)	8,079,840,829	8,079,840,827	2
5	EVER WINNER GEMS	4,459,206,845	4,459,206,845	-	-	-	-	4,459,206,845	4,459,206,845	-
6	AUNG HEIN MIN GEMS	2,134,889,728	2,196,765,561	(61,875,833)	58,603,684	-	58,603,684	2,193,493,412	2,196,765,561	(3,272,150)
7	Wai Aung Ka Bar	18,078,036,756	18,078,036,756	-	-	-	-	18,078,036,756	18,078,036,756	-
8	Ya Zar Htar Ni	12,799,079,956	12,799,079,994	(38)	-	-	-	12,799,079,956	12,799,079,994	(38)
9	SHWE YWET HLWAR GEMS	2,713,192,423	2,083,836,865	629,355,558	(629,354,823)	-	(629,354,823)	2,083,837,600	2,083,836,865	735
10	Kyauk Sein Na Gar	8,253,148,203	9,122,210,197	(869,061,994)	869,061,994	-	869,061,994	9,122,210,197	9,122,210,197	-
11	YADANAR YAUNG CHI GEMS	1,893,932,562	1,885,873,024	8,059,538	-	8,059,989	(8,059,989)	1,893,932,562	1,893,933,013	(451)
12	Jade Mountain Gems	8,592,584,112	8,592,584,112	-	-	-	-	8,592,584,112	8,592,584,112	-
13	THI RAW MANI GEMS	11,543,816,221	11,581,352,073	(37,535,851)	37,535,851	-	37,535,851	11,581,352,073	11,581,352,073	-
14	Kyaik International	5,351,261,758	5,351,261,589	168	-	-	-	5,351,261,758	5,351,261,589	168
15	MYAT YAMON GEMS	5,778,485,414	5,778,485,669	(256)	-	-	-	5,778,485,414	5,778,485,669	(256)
16	WINN LEI YADANA	2,341,319,304	2,341,319,304	-	-	-	-	2,341,319,304	2,341,319,304	-
17	Myanmar Si Thu	7,998,450,550	8,142,193,296	(143,742,746)	143,742,746	-	143,742,746	8,142,193,296	8,142,193,296	-
18	111	8,509,487,520	8,420,017,501	89,470,019	(89,469,246)	-	(89,469,246)	8,420,018,274	8,420,017,501	773
19	Sein Lone Taung Tan	8,686,355,374	8,686,355,364	10	-	-	-	8,686,355,374	8,686,355,364	10
20	SHINING STAR LIGHT GEMS	8,894,058,990	9,559,134,911	(665,075,921)	669,064,127	-	669,064,127	9,563,123,117	9,559,134,911	3,988,206

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) =(a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
21	Khin Zaw Aung and Brothers	4,186,185,573	4,186,185,574	(1)	-	-	-	4,186,185,573	4,186,185,574	(1)
22	Xie Family	6,365,314,207	6,365,314,568	(361)	-	-	-	6,365,314,207	6,365,314,568	(361)
23	Aye Yar Kyauk Sein	6,478,744,042	7,016,874,203	(538,130,161)	538,130,161	-	538,130,161	7,016,874,203	7,016,874,203	-
24	WAI FAMILY GEMS	1,281,940,055	1,109,454,992	172,485,063	(172,485,063)	-	(172,485,063)	1,109,454,992	1,109,454,992	-
25	AYEYAR YANDANAR GEMS	1,083,478,928	1,083,478,915	13	-	-	-	1,083,478,928	1,083,478,915	13
26	A Myo Thar Kyi Pwar Toe Tat Yay	1,453,792,479	1,453,792,479	-	-	-	-	1,453,792,479	1,453,792,479	-
27	SHWE WAH MYAY (MANDALAY)	1,188,666,306	1,188,666,306	-	-	-	-	1,188,666,306	1,188,666,306	-
28	Ya Da Nar Taung Tan	7,136,626,293	7,136,626,293	-	-	-	-	7,136,626,293	7,136,626,293	-
29	NAY LA PWINT GEMS	4,575,571,496	4,575,571,496	-	-	-	-	4,575,571,496	4,575,571,496	-
30	TREASURE WHITE LOTUS GEMS	1,007,072,425	1,007,072,425	-	-	-	-	1,007,072,425	1,007,072,425	-
Total		201,133,342,783	202,514,605,220	(1,381,262,437)	1,393,283,743	11,304,603	1,381,979,140	202,526,626,526	202,525,909,823	716,703

5.2.2. Cash flows reconciliation by revenue stream

The table below shows the total Basic Payments reported by extractive companies and Government Bodies, taking into account all adjustments:

Amounts in MMK

N°	Description of Payment	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
1-	Myanmar Gems Enterprise (MGE)	201,133,342,783	202,514,605,220	(1,381,262,437)	1 393 283,743	11,304,603	1,381,979,140	202,526,626,526	202,525,909,823	716,703
1	Royalties (10%)	59,077,227,327	58,931,373,949	145,853,378	(145,265,737)	-	(145,265,737)	58,931,961,589	58,931,373,949	587,640
1.1	Royalties 3% for MGE	17,794,971,052	17,679,412,185	115,558,867	(115,382,758)	-	(115,382,758)	17,679,588,294	17,679,412,185	176,109
1.2	Royalties 7% for IRD	41,282,256,275	41,251,961,764	30,294,510	(29,882,979)	-	(29,882,979)	41,252,373,295	41,251,961,764	411,531
2	Sale Split	132,662,515,837	134,187,256,547	(1,524,740,710)	1,524,740,300	-	1,524,740,300	134,187,256,137	134,187,256,547	(409)
3	Emporium Fees / Sale Fees	6,076,248,919	6,116,570,464	(40,321,546)	53,450,164	11,304,603	42,145,561	6,129,699,083	6,127,875,067	1,824,016
4	Supervision Fees	3,227,795,210	3,189,848,769	37,946,440	(39,640,984)	-	(39,640,984)	3,188,154,226	3,189,848,769	(1,694,544)
5	Other significant payments (> 50,000 USD)	89,555,490	89,555,490	-	-	-	-	89,555,490	89,555,490	-
2-	States/Regions	-	-	-	-	-	-	-	-	-
6	Contribution to the State/region social development fund	-	-	-	-	-	-	-	-	-
	Total	201,133,342,783	202,514,605,220	(1,381,262,437)	1,393,283,743	11,304,603	1,381,979,140	202,526,626,526	202,525,909,823	716,703

5.2.3. Unreconciled discrepancies

Following our adjustments (See Appendix 4), the total unreconciled discrepancies amounted to MMK 716,703 representing 0.0004% of total payments reported by Government Bodies. This is the sum of positive differences of MMK 3,989,959 and negative differences amounting to MMK (3,273,256). These unreconciled differences can be analysed as follows:

The unreconciled differences are not material in the context of extractive industries in Myanmar and are under MMK 5 million. We set out in the table below details of unreconciled amounts by type of payment:

Amounts in MMK

No.	Revenu Stream	Unreconciled difference (Not material difference < MMK 5 million)
1- Myanmar Gems Enterprise (MGE)		716,703
1	Royalties (10%)	587,640
1.1	Royalties 3% for MGE	176,109
1.2	Royalties 7% for IRD	411,531
2	Sale Split	(409)
3	Emporium Fees / Sale Fees	1,824,016
4	Supervision Fees	(1,694,544)
5	Other significant payments (> 50,000 USD)	-
Total		716,703

5.3. Payments of other minerals companies

5.3.1. Cash flows reconciliation by company

The tables below shows the differences between the payments reported by extractive companies and receipts reported by Government Bodies.

The tables include consolidated figures based on the reporting templates prepared by each extractive company and Government Body, adjustments made following our reconciliation work and the residual, unreconciled differences:

Amounts in MMK

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
1	Eternal Mining Company Ltd	1,071,077,494	934,503,622	136,573,872	(44,000,000)	92,571,312	(136,571,312)	1,027,077,494	1,027,074,934	2,560
2	Kayah State Mining Production	584,192,271	98,464,200	485,728,071	(498,915,781)	(10,172,200)	(488,743,581)	85,276,490	88,292,000	(3,015,510)
3	Myanmar Pongpipat Company Ltd	182,413,282	187,809,995	(5,396,713)	(123,144,020)	(127,580,832)	4,436,812	59,269,262	60,229,163	(959,901)
4	Nobel Gold	-	639,200,847	(639,200,847)	-	-	-	-	639,200,847	(639,200,847)
5	Tha Byu Mining Co., Ltd.	526,166,557	526,622,064	(455,507)	-	-	-	526,166,557	526,622,064	(455,507)
6	Win Myint Mo Industries Co.,Ltd.	462,394,447	462,394,447	-	(453,789,600)	(453,789,600)	-	8,604,847	8,604,847	-
7	DELCO	160,855,793	108,704,003	52,151,790	(50,000,000)	-	(50,000,000)	110,855,793	108,704,003	2,151,790
8	GPS Joint Venture Co., Ltd.	520,771,571	520,771,410	161	-	-	-	520,771,571	520,771,410	161
9	Ngwe Yi Pale Mining Co., Ltd	697,328,050	723,736,169	(26,408,119)	24,202,719	-	24,202,719	721,530,769	723,736,169	(2,205,400)
10	Max Myanmar Manufacturing Co.	730,145,259	745,307,756	(15,162,497)	-	(15,262,500)	15,262,500	730,145,259	730,045,256	100,003
11	Triple A Cement International Co	753,582,919	767,815,677	(14,232,758)	4,633,110	242,800	4,390,310	758,216,029	768,058,477	(9,842,448)
12	Myanmar Wanbao Mining Copper	87,124,656	1,212,834	85,911,822	(87,124,656)	-	(87,124,656)	-	1,212,834	(1,212,834)
13	Myanmar Yang Tse Copper Ltd	2,284,389,433	206,794,813	2,077,594,620	(1,347,046,801)	-	(1,347,046,801)	937,342,632	206,794,813	730,547,819
14	CNMC Nickel Co Ltd.	1,240,756,867	710,726,711	530,030,156	(124,946,664)	-	(124,946,664)	1,115,810,203	710,726,711	405,083,492
Total		9,301,198,599	6,634,064,548	2,667,134,051	(2,700,131,693)	(513,991,020)	(2,186,140,673)	6,601,066,906	6,120,073,528	480,993,378

5.3.2. Cash flows reconciliation by revenue stream

The table below shows the total Payments reported by extractive companies and Government Bodies, taking into account all adjustments:

Amounts in MMK

N°	Description	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
	MoF-IRD-Customs Department	6,223,331,330	3,322,194,884	2,901,136,446	(1,796,712,248)	(19,200,000)	(1,777,512,248)	4,426,619,082	3,302,994,884	1,123,624,198
1	Corporate Income Tax (CIT)	1,242,441,854	985,580,636	256,861,218	(362,374,741)	(105,926,888)	(256,447,853)	880,067,113	879,653,748	413,365
2	Commercial Tax	2,247,846,296	1,498,477,598	749,368,698	14,215,205	-	14,215,205	2,262,061,501	1,498,477,598	763,583,903
3	Customs Duties	477,406,169	117,779,239	359,626,930	-	-	-	477,406,169	117,779,239	359,626,930
4	Stamp Duties	-	-	-	-	-	-	-	-	-
5	Capital Gains Tax	-	-	-	-	-	-	-	-	-
6	Withholding Tax	2,255,637,011	720,357,411	1,535,279,600	(1,448,552,712)	86,726,888	(1,535,279,600)	807,084,299	807,084,299	-
7	Other significant payments (> 50,000 USD)	-	-	-	-	-	-	-	-	-
	MoM (MD-ME 1-ME 2-ME 3)	2,913,517,079	3,280,835,024	(367,317,945)	(774,143,955)	(498,728,520)	(275,415,435)	2,139,373,124	2,782,106,504	(642,733,380)
8	Royalties	181,653,080	185,197,892	(3,544,812)	-	-	-	181,653,080	185,197,892	(3,544,812)
9	Signature Bonus	274,602,439	195,102,439	79,500,000	(47,000,000)	32,500,000	(79,500,000)	227,602,439	227,602,439	-
10	Production Split	1,349,415,567	1,346,537,773	2,877,794	-	-	-	1,349,415,567	1,346,537,773	2,877,794
11	Dead Rent Fees	526,563,273	926,948,288	(400,385,015)	(146,016,235)	92,814,112	(238,830,347)	380,547,038	1,019,762,400	(639,215,362)
12	Licence Fees	153,000	6,000	147,000	2,000	3,000,000	(2,998,000)	155,000	3,006,000	(2,851,000)
13	Dividends	-	-	-	-	-	-	-	-	-
14	Other significant payments (> 50,000 USD)	581,129,720	627,042,632	(45,912,912)	(581,129,720)	(627,042,632)	45,912,912	-	-	-
	MOECAAF	164,350,190	31,034,640	133,315,550	(129,275,490)	3,937,500	(133,212,990)	35,074,700	34,972,140	102,560
15	Land rental fees	120,350,190	31,034,640	89,315,550	(85,275,490)	3,937,500	(89,212,990)	35,074,700	34,972,140	102,560
16	Environmental / Plantation fees	44,000,000	-	44,000,000	(44,000,000)	-	(44,000,000)	-	-	-
	States/regions	-	-	-	-	-	-	-	-	-
17	Contribution to the State/region social development fund	-	-	-	-	-	-	-	-	-
	Total	9,301,198,599	6,634,064,548	2,667,134,051	(2,700,131,693)	(513,991,020)	(2,186,140,673)	6,601,066,906	6,120,073,528	480,993,378

5.3.3. Unreconciled discrepancies

Following our adjustments (see Appendix 5), the total unreconciled discrepancies amounted to MMK 480,993,378 representing 7.86% of total payments reported by Government Bodies. This is the sum of positive differences of MMK 1,137,885,825 and negative differences amounting to MMK (656,892,447). These unreconciled differences are summarized in the table below:

	Total Amount (in MMK)
Tax not reported by the Govt Body (a)	1,137,783,101
Reporting template not submitted by the extractive company (b)	(639,200,847)
Tax not reported by the extractive company (c)	(17,423,268)
Detail of expenditure could not be used (d)	(364,680)
Non material difference (e)	199,072
Total	480,993,378

(a) Tax not reported by the Government Entity

These differences are mainly related to Commercial Tax and Customs Duties which were not reported by Customs Department.

(b) Reporting template not submitted by extractive company

This unreconciled difference relates to “Nobel Gold Ltd” which failed to submit its reporting templates. The receipts reported by Government Bodies in respect of these companies amounted to MMK 639,200,847 representing 0.03% of the total extractive sector revenue.

(c) Tax not reported by the extractive company

These differences correspond to taxes not reported by companies in their reporting templates and not confirmed by them following our request.

(d) Detail of payments could not be used

These differences relate to the reporting template of “NGWE YI PALE` MINING CO. LTD” who report detail of payments by mine (site) and not by receipt number as suggested in the reporting instructions. Accordingly, we were not able to reconcile payments declared by the company and those reported by Government Bodies.

(e) Non material difference

These differences correspond to immaterial differences above a materiality threshold of **MMK 5 million** set for the reconciliation work as described in the Section 2.3 above.

5.3.4. In Kind payment flows reconciliation

Following adjustments of in kind payments, final differences correspond to a gap of 2 MT of Tin between production split reported by “Myanmar Pongpipat Company Limited” and ME (2) which represent 1.5% of the quantity as declared by the Government Body.

The tables below summarise the differences, by tax, between in kind payments reported by extractive companies and receipts reported by Government Bodies:

N° Description	Templates originally lodged			Adjustments			Final amounts		
	Extractive company (a)	Government (b)	Difference (c) =(a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
Payments in kind									
Gold in oz-T									
	6,272	6,272	-	-	-	-	6,272	6,272	-
1 Production Split (Government and SOEs share)	6,272	6,272	-	-	-	-	6,272	6,272	-
2 Royalties	-	-	-	-	-	-	-	-	-
Tin in MT									
	417	415	2	-	-	-	417	415	2
1 Production Split (Government and SOEs share)	387	415	(28)	-	(30)	30	387	385	2
2 Royalties	30	-	30	-	30	(30)	30	30	-
Copper in MT									
	591	591	-	-	-	-	591	591	-
1 Production Split (Government and SOEs share)	-	-	-	-	-	-	-	-	-
2 Royalties	591	591	-	-	-	-	591	591	-

The tables below summarise the differences, by company, between in kind payments reported by extractive companies and receipts reported by Government Bodies:

N° Description	Templates originally lodged			Adjustments			Final amounts		
	Extractive company (a)	Government (b)	Difference (c) =(a - b)	Extractive company (d)	Government (e)	Difference (f) = (d-e)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
Payments in kind									
Gold in oz-T									
	6,272	6,272	-	-	-	-	6,272	6,272	-
1 Eternal Mining Company Ltd	6,272	6,272	-	-	-	-	6,272	6,272	-
Tin in MT									
	417	415	2	-	-	-	417	415	2
2 Kayah State Mining Production Co	139	139	-	-	-	-	139	139	-
3 Myanmar Pongpipat Company Ltd	169	167	2	-	-	-	169	167	2
7 DELCO	109	109	-	-	-	-	109	109	-
Copper in MT									
	591	591	-	-	-	-	591	591	-
13 Myanmar Yang Tse Copper Ltd	591	591	-	-	-	-	591	591	-

5.4. Transfers from SOEs to MoF

Following the MSG's decision, we reconciled the transfers made by SOE to MoF and other Government Bodies such as DoM, IRD and Customs department.

A non-significant net difference amounting to MMK (280,852) was raised between transfers as declared by SOEs and revenues received by Government Bodies. The detail by SOE is set out in the table below:

Figures in MMK

SOE	SOE		Government Body		Final difference
	Transfers to budget accounts	Other accounts - SOE own Accounts	Transfers to budget accounts	Other accounts - SOE own Accounts	
MOGE	880,448,582,697	1,320,174,769,181	880,448,582,697	1,320,174,769,000	181
MGE	228,435,836,585	195,516,038,695	228,435,836,585	195,516,458,000	(419,305)
ME (1)	5,502,433,620	2,436,160,851	5,502,433,620	2,436,022,000	138,851
ME (2)	16,314,437,898	20,962,592,986	16,314,437,898	20,962,593,000	(14)
ME (3)	2,784,336,015	3,563,348,437	2,784,336,016	3,563,349,000	(564)
Total	1,133,485,626,815	1,542,652,910,149	1,133,485,626,816	1,542,653,191,000	(280,852)

Individual tax templates by SOE showing the reconciliation are presented in Appendix 8 of this report.

6. OTHER INFORMATION

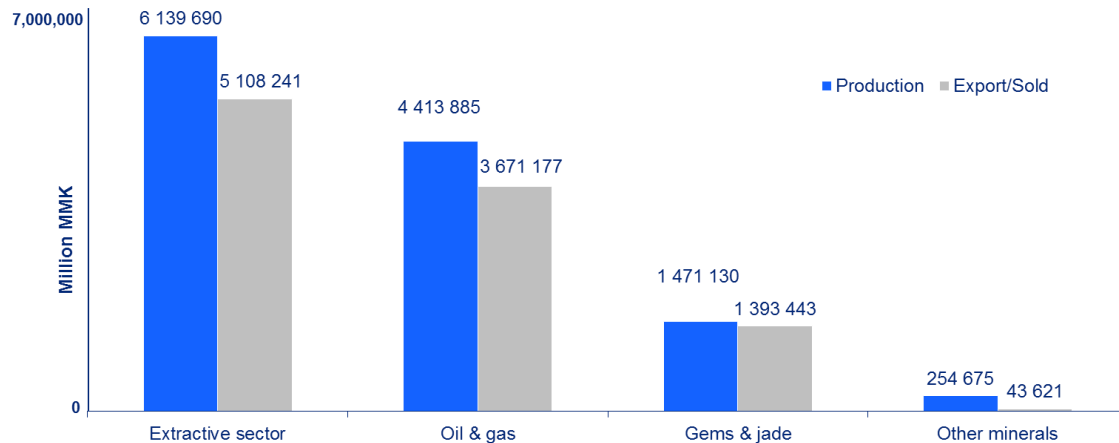
6.1. Production and exports/Sold declared by SOEs

SOEs were asked to report production for the Fiscal Year 2013/14. The production reported, is shown in Appendix 6. For the Gems and Jade sub-sector, figures reported by MGE were based on the emporium data only. For Oil & Gas, the estimation of the production value was calculated based on the average price of Oil & Gas exports as declared by MOGE.

Aggregated figures as declared by SOE's are detailed in the table below:

	Production (In million MMK)	Export/Sold (In million MMK)
Oil & Gas ¹	4,413,885	3,671,177
Gems & Jade ²	1,471,130	1,393,443
Other minerals	254,675	43,621
Total	6,139,690	5,108,241

The chart below compare the production to the export in terms of value by sub-sector.



6.2. Government receipts from companies not selected in the reconciliation scope

According to MSG decisions, SOEs were required to disclose aggregated revenues received from extractive companies not selected in the scope. Unilateral revenues received by Government Bodies from companies not selected in the scope come to MMK 185,174,644,874 and can be summarized as below:

Revenues	Amount in MMK
ME (1)	1,935,616,850
Signature Bonus	198,600,000
Production Split	1,737,016,850
ME (2)	727,870,000
Application fees	727,870,000
ME (3)	2,269,985,005
Signature Bonus	69,500,000
Production Split	2,200,485,005

¹ US\$ 1= MMK 960.5121 (average rate for the period from 1 April 2013 to 31 March 2014 as published by CBM)

² For Gems & Jade production figures correspond to Emporium Sales and exports

Revenues	Amount in MMK
DoM	2,078,291,629
Royalties	598,263,859
Dead Rent Fees	1,478,607,969
Licence Fees	1,419,800
MOECAF	492,069,100
Land rental fees	492,069,100
Sub-total (Other minerals)	7,503,832,584
MGE	177,670,812,290
Royalties (10%)	111,092,756,522
Sale Split	51,742,994,736
Emporium Fees / Sale Fees	11,401,644,588
Supervision Fees	1,246,890,624
Other significant payments (> 50,000 USD)	2,186,525,820
Total unilateral disclosure	185,174,644,874

6.3. Oil & gas transportation revenues

The MSG included transportation revenues in the 2013/14 EITI Report, and decided that these should be reported by MOGE and IRD only, i.e. they should be declared flows and not reconciled flows. The flows reported are detailed as follows:

	Mottama Gas Transportation Co.,Ltd	Taninthayi Pipeline Co.,Ltd	Total
Corporate Income Tax (CIT)	137,452,884,888	145,262,404,025	282,715,288,913
Dividend	71,861,618,754	115,912,499,800	187,774,118,554
Land fees/Dead rent fee	976,896,193	537,960,500	1,514,856,693
Total	210,291,399,835	261,712,864,325	472,004,264,160
Volume transported (in MMscf)	183,120	138,465	321,585

6.4. Revenues from the sale of the state's share of production

Reporting entities were requested to report contributions in kind made to or received by Government or State Owned Entities. An in kind flow is where the Government receives mineral, crude oil or natural gas instead of cash, and monetises the physical commodity in some way. SOEs were also requested to report quantities and revenues received from the sale of the state's share of production.

In kind flows

In kind flow as reported by SOE detailed by commodity for the fiscal period 2013/14 are set out in the table below:

SOE	Commodity	Reconciled Qty	Unilateral disclosure Qty	Total Qty	Unit
ME (1)	Copper	591.085	-	591.085	MT
	Gold	6,271.690	7,476.250	13,747.940	Tri-oz
ME (2)	Sheelite Mixed	-	66.179	66.179	MT
	Tin	414.732	73.936	488.668	MT
	Tin, Tungsten, Mixed	-	56.227	56.227	MT
MOGE	Crude oil	1,219,255	-	1,219,255	Barils
	Natural Gas	758,523	-	758,523	Mscf

Revenues from sales

Revenues from the sales of State's share of production received in kind by MOGE amounting to MMK 72,490,103,750 and are generated from the sales of crude oil and natural gas to MPE using a reduced price as mentioned in the table below:

Unit	Qty	Unit price (in MMK)	Amount (in MMK)
Crude oil (Barrels)	1,219,255	59,330	72,338,399,150
Natural Gas (MMscf)	758.523	200,000	151,704,600
Total			72,490,103,750

The subsidies cost born by the Government corresponds to loss of earnings due to the use of reduced price, is calculated in the Section 6.7 below.

Sales of State's share of production operated by ME (1) amounts to MMK 4,441,029,620 and are detailed by Commodity, as below:

Minerals	Destination	Qty	Unit	Amount (in MMK)
Copper	Export	610.057	MT	4,441,029,620
Total				4,441,029,620

Sales of State's share of production operated by ME (2) amounts to MMK 33,441,516,000 and are detailed, by Commodity, as below:

Minerals	Destination	Qty	Unit	Amount (in MMK)
Tin(Concentrate)	Export	24	MT	231,053,000
Tin, Tungsten, Mixed		338	MT	2,613,833,000
Scheelite Mixed		97	MT	1,201,271,000
Refine Tin		397	MT	8,704,261,000
Wolfram Concentrate		6.28	MT	66,026,000
Gold	Local sales	16,614.95	T-oz	20,477,993,000
Refine Tin		7.53	MT	147,079,000
Total				33,441,516,000

Sales of State's share of production by MGE were not covered by this report due to the MSG decision to select only Emporium data in the reconciliation scope.

Mining Enterprise N° (3) did not receive payments in kind and there was no revenue received under this category.

6.5. Transfers from SOEs to the MoF

According to the data declared by SOEs and reconciled with the MoF the transfers from SOEs to the state budget for 2013-14 were MMK 2,676,139 million while the total revenues received by SOEs from companies amounted to MMK 2,710,623 million. These transfers include the payments made by SOEs under CT, CIT, State contribution and Royalties levied in kind. The receipts and transfers made by SOEs may be summarised as follows:

SOEs	Payments received from companies	Transfers from SOEs to the MoF			Other accounts	Total
		IRD-Customs	DoM	State contributions		
MOGE	2,281,525	655,055	-	225,394	1,320,175	2,200,623
MGE	380,197	180,069	-	48,367	195,516	423,952
ME 1	7,185	590	4,441	472	2,436	7,938
ME 2	38,714	7,516	1,574	7,225	20,963	37,277
ME 3	3,004	1,468	-	1,317	3,563	6,348
Total	2,710,623	844,697	6,015	282,774	1,542,653	2,676,139

6.6. Social Expenditures and Infrastructure Provisions

Companies were asked to disclose any social expenditures and infrastructure provisions. Amounts reported are shown in the Table below. These amounts were declared by the companies and were not included in the flows to be reconciled.

Oil and Gas companies	Voluntary social expenditures (in MMK)	Mandatory social expenditures (in MMK)	Infrastructure payments (in MMK)
TOTAL	3,565,656,498	-	-
Daewoo International Corporation	874,532,724	-	-
PTT Exploration & Production	19,366,453	-	-
Goldpetrol Co Ltd	79,486,750	-	-
MPRL E&P Pte Ltd	228,952,845	-	-
UNOCAL	968,154,991	-	-
Total Oil & Gas subsector	5,736,150,261	-	-
Gems and Jade companies			
LINN LETT WIN YADANAR GEMS	455,305,000	-	-
EVER WINNER GEMS	2,292,857,317	-	-
Wai Aung Ka Bar	307,363,902	-	-
Jade Mountain Gems	5,426,511,023	-	-
Xie Family	23,279,398	-	-
TREASURE WHITE LOTUS GEMS	65,050,000	-	-
Total gems and jade sub-sector	8,570,366,640	-	-
Other minerals			
Myanmar Pongpipat Company Ltd	12,550,000	-	-
DELCO	6,322,500	-	-
GPS Joint Venture Co., Ltd.	586,267,815	-	-
Ngwe Yi Pale Mining Co., Ltd	43,960,000	-	-
Max Myanmar Manufacturing Co	5,212,000	-	-
Triple A Cement International Co. Ltd	417,874,357	-	-
Myanmar Wanbao Mining Copper ¹	-	937,975,613	-
CNMC Nickel Co Ltd	6,415,000	-	-
Total other minerals sub-sector	1,078,601,672	937,975,613	-

6.7. Quasi-fiscal expenditures

The SOEs under the MoE and the MoM were requested to disclose quasi-fiscal contributions made to Government. Only MOGE has supported a loss of earnings amounting to MMK 58,440,997,699. This contribution came from supplying Oil & Gas to Government institutions/Agencies using prices lower than those on the international market. The calculation detail is set out in the table below.

Figures in MMK

	Qty	International market price ²	Market value	revenues from sales to MPE	Subsidies cost
Crude oil (Barrels) to Government institutions	1,219,255	101,550	123,814,804,066	72,338,399,150	51,476,404,916
Natural Gas (MMscf) to Government institutions	759	9,381,782	7,116,297,383	151,704,600	6,964,592,783
Total			130,931,101,449	72,490,103,750	58,440,997,699

¹ Mandatory social expenditures according to PSC signed between ME (1) and Myanmar Wanbao Mining Copper.

² Average price of export as reported by MOGE in US\$ multiplied by average rate of the year US\$ 1= MMK 960.5121.

7. RECOMMENDATIONS

7.1. Reliability of the data reported

According to EITI Requirements, the reliability of data is one of the critical points for the evaluation of a country's transparency and consequently one of the important criteria during the compliance process.

The Office of the Auditor General do not publish any reports relating to audits carried out on Government Bodies. We requested audit reports from OAG for the Government Bodies involved in the extractive sector and these documents are not available for the public.

With the purpose of ensuring the reliability of financial information relating to the extractive sector in accordance with international standards we recommend to review the regulation to make OAG reports publicly available in order to raise awareness and importance of the extractive sector in Myanmar.

7.2. Delay in issuing CIT payment receipts

CIT payment receipts are issued by IRD with considerable delay. In fact, extractive companies do not receive payment receipts upon money transfer. Payment receipts can be issued by IRD with a delay that can reach one month.

The gap between the payment/transfer date made by the extractive companies and the accounting records of the IRD causes significant discrepancies in the reported data. Several companies reported CIT final payment for the year 2013-2014 and presented proof that transfers were made during March 2014. The IRD did not report these payments as receipts were issued during April 2014 which is outside the reconciliation period.

We recommend that CIT payment receipts are issued upon receiving transfers from companies. This will avoid cut-off errors in the reported data. IRD should review the process and identify weaknesses that causes the delay in producing the receipts.

7.3. Reporting deadlines

The deadline for reporting template submission from reporting entities was set to 6 November 2015. Four (4) extractive companies and two (2) Government Bodies (IRD and Customs Department) failed to submit their reporting templates on time.

This situation caused considerable delays in the reconciliation work and led to additional resources being deployed to try to contact entities and collect reporting templates.

We recommend for future exercises that the timing of the reconciliation exercise is better planned in order to avoid short deadlines and provide sufficient time for reporting entities to prepare their templates. This is likely to promote better cooperation from reporting entities and they will be available to provide better support to the reconcilers.

7.4. Future EITI scope

EITI requirement 4 requires the production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies.

We make the following recommendations which MEITI could consider in this context:

- *Include the production in the reconciliation process;*
- *extending the coverage of the Gems and Jade sub-sector revenues by including all revenues collected and not only those received from emporium; and study the possibility to include hydro, forestry, fisheries and others;*
- *reconcile revenues collected by SOEs from companies with the transfers made by SOEs to the MoF;*

- *extending the coverage of the report by reducing the materiality thresholds and by considering other relevant criteria for Gems, Jade and other minerals;*
- *include transportation revenues in the reconciliation scope; and*
- *disclosure of social expenditures desegregated by project and beneficiary;*

In setting its annual work plan, MEITI should cover the extractive sector in full and consider the progressive extension of the EITI scope.

7.5. Definition of the Beneficial Ownership

The 2013 EITI Requirement recommends that beneficial owners of companies which bid for, operate and/or invest in the extractive industries are made public (see below for EITI standard provisions on beneficial ownership). This is a mandatory requirement for government and state owned enterprises, and could become a requirement as from 2016 for private or unlisted public companies, including partners in joint ventures.

Myanmar does not currently have a publicly available register of the beneficial owners of the corporate entities that bid for, operate or invest in extractive assets. A brief on the proposed definitions for Beneficial Ownership and Politically Exposed Persons was circulated to Steering Committee members at the MEITI scope validation meeting but has yet to be further discussed at the Committee level.

The appropriateness of the beneficial ownership definition proposed in the scoping report needs to be addressed by the MSG on the basis that EITI multi-stakeholders will give their feedback in order to agree the percentage shareholding in a company that a person has to hold or controls in order to qualify as a beneficial owner and take necessary action to implement the beneficial ownership reporting process. The MSG should also agree whether Politically Exposed Persons, who otherwise benefit financially from the company, are also considered to be beneficial owners.”

In this connexion and after agreeing the BO definition and reporting process, we recommend that MEITI Secretariat should ensure that reporting entities are made aware of the importance of the BO declaration. Particular attention should be given to the ownership of companies which are not owned by listed companies or SOEs.

Furthermore, we strongly recommend that training should be provided to companies on BO reporting requirements. During training, the BO template should be presented and instructions and guidance notes should be provided for the preparation of BO declaration.

It is also recommended that MSG launches a consultation with Government along with extractive industry companies engaged in the country to agree a standard format for companies to display, substantiate and update ultimate beneficial ownership information according to EITI Requirement 3.11. For this purpose, the MSG could consider the setting up of a sub-committee in which Civil Society Organisations, regulators, companies, experts and other stakeholders are represented. This committee will allow for an exchange of information on the effectiveness and future developments of disclosure rules and regulations.

7.6. Military holding companies

The EITI Standard requires the disclosure by SOE(s) their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing and to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and which should include SOE subsidiaries and joint ventures. SOEs are also required to disclose their level of beneficial ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period.

We understand that the two large military holding companies, UMEHL and MEC, hold important positions in Myanmar's economy, including in the mining and gems sectors. We also understand that these two conglomerates which report to the Directorates of the Defence Services are organised under laws which provide protections and privileges to state-based companies. We also understand that until 2014, these companies were exempt from certain taxes and contributions applied for private mining companies.

We recommend to address the issue whether UMEHL and MEC should be treated as SOEs for the next EITI Report and included in the scope, irrespective of the materiality threshold. Accordingly, these companies will be required to disclose:

- prevailing rules and practices regarding their financial relationship with the government;
- level of beneficial ownership in mining, oil and gas companies;
- payments and contribution to the national budget;
- their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing; and
- transactions relating to loans or loan guarantees granted to mining, oil and gas companies operating within the country.

7.7. Publication of statistics and information on the extractive industry

The EITI standard stipulates the disclosure of contextual information and regulations in the extractive industry, including the disclosure of:

- an overview of the extractive industry in terms of reserves, regions, current structure and size, significant exploration activities etc.;
- contribution to the economy in terms of employment and export levels;
- government revenues generated by the extractive industry and funds earmarked for specific programmes / geographic regions and sub-national transfers; and
- public information on license allocations, register of licensees, beneficial owners, contract terms, etc.

Currently, Myanmar EITI Secretariat does not have a comprehensive database including extractive operators, contextual information and statistics on the sector. The contextual information in this report was collected from dispersed sources and meetings held with government entities. Most of the information collected is not available to the public. Some analyses were limited due to the lack of statistics in the sector such as employment.

We also noted that many figures such as exports and production vary from one source to another (See Section 3.11 of this report).

In order to enhance the integrity, accuracy, reliability and accessibility of contextual information, we recommend that MEITI Secretariat, MoM, MoE and CSOs publish contextual information at least annually including: the industry potential, the contribution to the economy, the strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.

We also recommend that the MSG assists the EITI Secretariat with adequate resources in order to consider implementing reporting requirements that are similar to the international directives regarding accounting and transparency.

7.8. Register of licenses

The EITI Standard requires implementing countries to maintain a publicly available register or cadastral system including comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report. This register should cover the following information:

- i. license holder(s);
- ii. coordinates of the license area;
- iii. date of application, date of award and duration of the license; and
- iv. in the case of production licenses, the commodity being produced.

We noted that the current permit register has the following weaknesses: i) it is not available online; ii) transfers of mineral rights are not computerised; iv) intensive manual manipulation required to extract the list of licenses; v) licences are not systematically pre-numbered.

We recommend that the Mining Cadastre ensures that all records are computerised and kept up to date. This would then allow the generation of reports of all licensed operators with relevant details.

An online cadastral system should be installed, which includes information on coordinates of concessions and transfers of mineral rights as well as fees paid. The MoM and the MoE should have official online cadastre maps with details of licences.

7.9. Government accounting systems

During the reconciliation work, we noted that government accounting systems are not always set up in such a way that it is easy for government entities to provide information required for EITI purposes and to report on a timely basis.

The records in departments and SOEs under the MoF, the MoM and the MoE are kept using manual systems. This made the collection of information time-consuming and prone to error. It also makes management of the information and the control over Government revenues more difficult.

Government bodies do not use Tax Identification Number. Payments are recorded in most cases using companies' names. In several instances, we noted that payments were allocated to the wrong company because the company name was misspelt or because the company name is similar to other companies. This renders the identification of payments per company laborious as payments can be made by other entities on behalf of the company.

We recommend that the Government introduces appropriate computerised systems to record and control information relating to taxation and revenues. We also recommend that the Myanmar Tax Authorities (IRD and Customs Department) implement the use of Unique Tax Identification Numbers for all taxpayers in order to avoid unnecessary confusion and mistakes. TIN would also lead to information being reported reliably and efficiently.

7.10. Budget comprehensiveness and transparency

The EITI standard requires that the EITI Report should indicate which extractive industry revenues, are recorded in the national budget and whether these include cash or in-kind payments. When revenues are not recorded in the national budget, the allocation of these revenues must be explained.

According to the Union budget for the year 2013/2014, the revenues are detailed by source such as revenues from Ministries and department revenues, State Owned Enterprise Revenues and NPT development committee.

The Union budget for FY2013/2014 does not show specific line for the extractive sector revenues. Figures mentioned for each ministry or SOEs are detailed by sector or activity and include total revenue collected from all sectors. As a result, we were not able to determine the contribution of the extractive sector in the State revenues. Furthermore, there is extensive use of "other accounts" in the budgetary system in Myanmar. These 'other accounts' are essentially accounts held by ministries and SEEs at the Myanmar Economic Bank (MEB) for management of their own resources. Functioning modalities and use of these accounts were not provided to us. As a result we cannot provide explanation on rules and practices governing transfers of funds between the SOE(s) and the State, retained earnings, reinvestment and third-party financing as requested by Requirement 3.6 of the EITI Standard.

In order to improve the transparency and comprehensiveness of the budgeting process, we recommend that the Ministry of Finance considers whether own-source revenues from extractive sector could be redefined as normal budgetary revenue and whether more information need to be disclosed with regards to "other accounts" in the budget.

7.11. Enactment of EITI reporting regulations

EITI is established by the Presidential Decree 99/2012 of December 2012 which formally established EITI and states the Government's intention and commitment to implement EITI.

However, we understand that the EITI reporting obligations are not covered by any other Law organising the process of collection in the current Legislation. This is one of the main reasons which led to delays to submit EITI reporting templates by some extractive companies and also the lack of contextual information's covering the extractive sector in Myanmar.

We recommend to develop a legal framework for EITI in Myanmar including an EITI law that can be harmonised with existing legislation. The law can include provisions relating to:

- reporting obligations for extractive companies and government entities alike, while specifying the level of disaggregation of the data to be submitted; and
- a time schedule for updating and publishing forms and instructions and selection of the reporting entities and submission of declarations and completion of all reconciliation work.

7.12. Allocation of licenses

The EITI standard requires the disclosure of information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.

The mining legislation does not precise if bidding procedure is to be applied for the award of licences or permits or the application of the principle of “first come, first served”. However, the right to the production permit is guaranteed in case of the discovery of a deposit by the holder of prospecting permit.

We recommend that the MoM reviews the current legislation to state clearly the process used for awarding licenses and when a round of bidding should be conducted with the highest bidder obtaining the concession. This will ensure transparency and could also generate higher revenues.

7.13. Confidentiality provisions in PSCs

The model PSC used by MOE contains confidentiality provisions preventing public disclosure of information relating to Oil & Gas operations by both parties (MOGE and the operators). This issue was addressed by the MOGE before the reconciliation stage by providing to each company selected in the scope a letter of consent allowing them to disclose information about the amounts paid to MOGE and the MoF.

However, over the long term such provisions should be amended to allow disclosure for EITI purposes and include an EITI reporting obligation on the operators and MOGE. These amendments should be considered for the forthcoming contracts and those currently being negotiated.

7.14. Strengthening transparency at the subnational level

We understand that there is no regulation or procedure allowing the distribution of extractive revenues to region/states and local population in Myanmar. We also understand that the influence of illegal mining in the regions is particularly problematic in terms of negative health impacts and environmental effects, poor safety standards and monitoring, and in some cases human rights violations.

In order to strengthen transparency and the promotion of good governance in the extractive sector, we recommend to review the mining regulation in order to set up a fair revenue sharing mechanism of extractive revenues between central and local level.

It is also useful to reflect the establishment of sub-national EITI units in mining regions/states such as Mandalay and Magway regions and Rakhine and Shan states. This process can provide a valuable forum for dialogue at the state/regional level on the distribution/collection of extractive revenues and environmental and social issues associated with the extractive industries. We also recommend the involvement of the General Administration Department (GAD) in local resource management, which can further improve local efforts to increase transparency.

APPENDICES

Appendix 1: Extractive companies profile

Appendix 1.a. Oil and Gas

No.	Company	Registry Number	Founding date	Core business activities	Secondary business activities	Capital	Unit	Certified FS	Auditor Name
1	PC Myanmar (Hong Kong) Limited	251/97	21/02/1997	Petroleum Exploration / Production	NA	338,500,000	US\$	Yes	U Hla Tun & Associates Limited
2	TOTAL	24FC of 1992-1993	11/03/1992	NC	NC	NA (Branch Office)	NA	Yes	U Hla Tun & Associates Ltd
3	Daewoo International Corporation	1 FC / 2002-2003	17 June 2002	Exploration, Production and Transportation of Oil and Gas	NA	NA (Branch Office)	NA	Yes	U Hla Tun & Associates Ltd
4	PTT Exploration & Production	84 FC	19.10.1995	Exploration and Production of Crude Oil and Natural Gas	NA	20,000,000	THB	Yes	U Hla Tun & Associates Ltd
		173 FC	01.11.2012	Exploration and Production of Crude Oil and Natural Gas	NA	50,000	US\$	Yes	
5	Goldpetrol Co Ltd	177 FC 97-98	04/01/1998	Exploration and Production of Crude Oil	NA	1,000	US\$	Yes	Daw Win Htay (B.Com, C.P.A, DBL)
6	MPRL E&P Pte Ltd	24 FC	07 August 2000	Exploration & Production of Oil and Gas	NA	NA (Branch Office)	NA	Yes	Khin Su Htay & Associates Ltd.
7	Nippon Oil	NC	NC	NC	NC	NC	NC	NC	NC
8	ONGC Videsh Ltd	NC	NC	NC	NC	NC	NC	NC	NC
9	Gail JJ India Ltd	NC	NC	NC	NC	NC	NC	NC	NC
10	Korea Gas Corporation	NC	NC	NC	NC	NC	NC	NC	NC
11	UNOCAL	9 FC of 1994-1995	21 April 1994	Exploration and Production of Crude Oil and Natural Gas	NA	NA (Branch Office)	NA	Yes	U Hla Tun & Associates Ltd
12	Chinnery Assets Ltd	5 FC OF 2002-2003	5 FC OF 2002-2003	NC	NC	NA (Branch Office)	NA	Yes	Stuart Smith & Allan
13	SNOG Pte Ltd	44FC of 2012-13	06/07/2012	Exploration & Production of Oil and Gas	NA	NA (Branch Office)	NA	Yes	M/S Stuart Smith and Allan

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 1.b. Gems and Jade

No.	Company	RC number	Founding date	Core business activities	Secondary business activities	Capital		Financial Statements 2013-2014	Name of the auditor
						Amount	Unit		
1	Great Genesis Gems Co., Ltd.	978/2005-2006	26.8.2005	Business of production of gemstone	Business of culturing ,production and selling of pearls	3,000,000,000	MMK	Yes	Daw Thant Myint Win
2	MYANMAR IMPERIAL JADE	919 / 1996-1997	13-9-1996	Business of production and selling of Jade Rough	Jade Mining	500,000,000	MMK	Yes	OFFICE OF THE COMMANDER-IN-CHIEF (ARMY) (ACCOUNTS DEPARTMENT)
3	Richest Gems Co., Ltd	1047/2007-2008 (23.11.2007)	2007-2008 (23.11.2007)	Gems	None	16,050,000	MMK	Yes	Daw Thant Myat Win / Ye Noos (Audit Firm)
4	LINN LETT WIN YADANAR GEMS	7/2000-2001	1st APRIL 2000	Jade Mining	None	6,000,000,000	MMK	Yes	NGWE INZALY AUDIT FIRM
5	EVER WINNER GEMS	952/1995-1996	27th DECEMBER 1995	Jade Mining	None	8,000,000,000	MMK	Yes	NGWE INZALY AUDIT FIRM
6	AUNG HEIN MIN GEMS	617/2004-2005	02/08/2004	Jade Mining	Trading	50,000,000	MMK	Yes	Ma Khin Thin Kyu
7	Wai Aung Ka Bar	696 / 2005-2006	18th July, 2005	Jade Mining	None	110,500,000	MMK	Yes	Daw Ohn Mar Yi Focus Consulting Group Ltd.
8	Ya Zar Htar Ni	1999/2010-2011	11 January 2011	Jade Mining	None	500,000,000	MMK	Yes	U Zaw Lwin
9	SHWE YWET HLWAR GEMS	519/2003-2004	22 October	Jade Mining	None	5,000,000,000	MMK	Yes	NGWE INZALY AUDIT FIRM
10	Kyauk Sein Na Gar	1630/1999-2000	23.2.2000	Jade Mining	None	140,700,000	MMK	Yes	U Kyaw Nyunt
11	YADANAR YAUNG CHI GEMS	67 / 2008-2009	04/08/2008	Jade Extracting	None	50,000,000	MMK	Yes	Focus Consulting Group Ltd.
12	Jade Mountain Gems	203 / 2000-2001	12.5.2000	Jade Extracting	None	1,597,050,000	MMK	Yes	U SUN TUN (B.A , C.P.A ,F.B.S.A)
13	THI RAW MANI GEMS	363/ 1995-1996	14th, NOVEMBER, 1995	Jade Extracting	None	32,000,000	MMK	Yes	KHAING WIN , B.Com, C.P.A., D.B.L., D.M.L., D.I.L. Certified Public Accountant/ Auditor & Financial Consultant No. 83, 32nd St, Yangon
14	Kyaik International	872/2007-2008	15/11/2007	Jade	None	5,000,000	MMK	Yes	DAW Thant Myat Win(Ye Noos Audit Firm)
15	MYAT YAMON GEMS	1043 / 1995-1996	29.12.1995	Gems	None	1,370,100,000	MMK	Yes	Ngwe Inzaly (Audit Firm)
16	WINN LEI YADANA	99/2004-2005	20.4.2004	Gems Enterprise	None	1,000,000,000	MMK	Yes	Zin Wai B.Com; C.P.A
17	Myanmar Si Thu	448/95-96	17.11.1995	GEMS AND JWEWLLERY	None	500,000,000	MMK	Yes	Daw Nyunt Nyunt Yi
18	111	312/ 2006-2007	16.5.2006	Jade	None	500,000,000	MMK	Yes	Zin Wai
19	Sein Lone Taung Tan	1273 of 1996-1997	25th OCTOBER. 1996	GEMS	None	50,000,000	MMK	Yes	Daw Hla Than

No.	Company	RC number	Founding date	Core business activities	Secondary business activities	Capital		Financial Statements 2013-2014	Name of the auditor
						Amount	Unit		
20	SHINING STAR LIGHT GEMS	220/2004-2005	13.5.2004	Raw Jade	None	3,500,000,000	MMK	Yes	Daw Khin Thin Kyu (B.Com, CPA)
21	Khin Zaw Aung and Brothers	1117 / 2007-2008	30/11/2007	Jade Extracting	None	500,000,000	MMK	Yes	Focus Consulting Group Ltd.
22	Xie Family	742/1994-1995	13.10.1994	NC	NC	100,000,000	MMK	Yes	KYU KYU WIN & ASSOCIATES SERVICES CO.,LTD.
23	Aye Yar Kyauk Sein	92 / 2009-2010	5.5.2009	Jade Mining	None	100,000,000	MMK	Yes	U Sein Kyaw Win
24	WAI FAMILY GEMS	174 / 2000-2001	4th May, 2000	Jade Mining	None	5,000,000	MMK	Yes	Daw Ohn Mar Yi Focus Consulting Group Ltd.
25	AYEYAR YANDANAR GEMS	1532 /1996-1997	12 December 1996	Jade Business	None	600,000,000	MMK	Yes	U Zaw Lwin
26	A Myo Thar Kyi Pwar Toe Tat Yay	1925 / 2007 - 2008	NC	NC	NC	340,000,000	MMK	Yes	n.c
27	SHWE WAH MYAY (MANDALAY)	1735/1999-2000	21.3.2000	Jade	None	50,000,000	MMK	Yes	Focus Consulting Group Ltd.
28	Ya Da Nar Taung Tan	787/2000-2001	28/08/2000	NC	NC	1,000	MMK	Yes	Win Group
29	NAY LA PWINT GEMS	927/1995-1996	27.12.1995	Jade and Gems	None	10,100,000	MMK	Yes	Daw San Kyi
30	TREASURE WHITE LOTUS GEMS	273/2003-2004	22nd AUGUST 2003	JADE EXPLORATION & MINING	None	5,000,000,000	MMK	Yes	TOP AUDIT FIRM

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 1.c. Other minerals

No.	Company	Registry Number	Founding date	Core business activities	Secondary business activities	Capital	Unit	Certified FS	Auditor Name
1	Eternal Mining Company Ltd	974 / 2006-2007	13.11.2006	Mining-Gold	NA	7,500,000,000	MMK	Yes	Maung Maung Hteik & Associates
2	Kayah State Mining Production Co. (KMPC)	762/2002-2003	28-2-2002	Mining -Tin-Tungsten Scheelite mixed concentrate	N/A	52,040,000	MMK	No	N/A
3	Myanmar Pongpipat Company Limited	10FC/1999-2000	12-août-99	Mining - Tin Concentrates	N/A	6,000,000	MMK	Yes	U Myaing
4	Nobel Gold	NC	NC	NC	NC	NC	NC	NC	NC
5	Tha Byu Mining Co., Ltd.	1117/2000-2001	15.2.2001	Mining - Antimony Ore	N/A	60,000,000	MMK	Yes	Thaung Aye and Associates
6	Win Myint Mo Industries Co.,Ltd.	1928/2007-2008	25/08/2008	Mining	NA	100,000,000	MMK	Yes	Win Group Certified Accountants
7	DELCO	No-556 / 2007-2008	25.9.2007	Mining - Tin & Tungsten Production	Mining - Tin & Tungsten Export	500,000,000	MMK	Yes	Focus Consulting Group Ltd.
8	GPS Joint Venture Co., Ltd.	314 FC/ 2012-2013	9.1.2013	Mining -Lead Concentrate	N/A	28,120,000	US\$	No (Still Auditing)	Famat Co.,Ltd
9	Ngwe Yi Pale Mining Co., Ltd	1299/2004-2005	22.12.2004	Crown Cement	Sin Shwe Li Sugar	2,055,000,000	MMK		Daw Kyu Kyu Win ,Kyu Kyu Win & Associates Services Co., Ltd.
10	Max Myanmar Manufacturing Co.,	1230/2007-2008	24/09/2007	Cement Production	Mining	1,000,000,000	MMK	Yes	Myanmar Vigour Group
11	Triple A Cement International Co., Ltd	No. 695 /1998-1999	24.09.1998	Cement Factory	Mining mainly for factory usage	864,300,000	MMK	Yes	Daw Toe Chit Khaing
12	Myanmar Wanbao Mining Copper	9FC of 2010-2011	10th-September, 2010	Exploration, exploitation, production, processing of minerals and marketing.	NA	10,000,000	US\$	Yes	U Hla Tun & Associates Limited
13	Myanmar Yang Tse Copper Ltd	461/2011	18/03/2011	Mining , Mineral Processing and Marketing of Cathode copper	NA	10,000,000	US\$	Yes	Stuart Smith & Allan
14	CNMC Nickel Co Ltd. (MCNICO) (Tagaung Taung Nickel project)	NO.4FC/2008-2009	2008.09.23	ferronickel production	NA	855,996,000	US\$	Yes	Sein Pwint Thit Group ACCOUNTING,AUDITING& CONSULTANCY COPMPANY LIMITED

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 2: Legal ownership

Appendix 2.a. Oil and Gas

N°	Company	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange	Owner (if the company's shares are not quoted)
1	PC Myanmar (Hong Kong) Limited	1	PC Myanmar Holding Limited	99.99%	NC	no	NA	NA
		2	PETRONAS International Corpion Limited	0.01%	Malaysian	no	NA	NA
2	TOTAL E&P	1	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)
3	Daewoo International Corporation	1	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)
4	PTT Exploration & Production	1	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)
		1	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)	NA (Branch)
5	Goldpetrol Co Ltd	1	Goldwater Company Limited	60%	Indonesia	Yes	NA	
		2	North Petrol Operating Inc.	40%	China	No	NA	
6	MPRL E&P Pte Ltd	1	MPRL E&P Pte Ltd.	100%	British Virgin Island	No	No	
7	Nippon Oil		NC	NC	NC	NC	NC	NC
8	ONGC Videsh Ltd		NC	NC	NC	NC	NC	NC
9	Gail JJ India Ltd		NC	NC	NC	NC	NC	NC
10	Korea Gas Corporation		NC	NC	NC	NC	NC	NC
11	UNOCAL	1	Chevron Global Ventures, Ltd	100%	Bermuda	No	No	
12	Chinnery Assets Ltd	1	CNPC International Limited	100%	China	No	No	NA
13	SNOG Pte Ltd	1	SNOG Pte.Ltd	94%	Singapore	No	No	NA
		2	UPR Pte.Ltd	6%	China	No	No	NA

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 2.b. Gems and Jade

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange
1	Great Genesis Gems Co., Ltd.	1	U Thiha Aung	99.00%	NC	no	NA
		2	Daw Nang Saw Htwe	1.00%	NC	no	NA
2	MYANMAR IMPERIAL JADE	1	MYANMA ECONOMIC HOLDINGS LTD	100.00%	Myanmar	yes	NA
		1	U Win Tin (Chairman)	22.00%	Myanmar	no	NA
3	Richest Gems Co., Ltd	2	U Hla Htoo (Managing Director)	32.00%	Myanmar	no	NA
		3	Daw Aye Nyein (Director)	9.00%	Myanmar	no	NA
		4	U Kyaw Thu (Director)	19.00%	Myanmar	no	NA
		5	Daw Hla Nu Htwe (Director)	9.00%	Myanmar	no	NA
		6	Daw Ye Ye Myint (Director)	9.00%	Myanmar	no	NA
		1	U TUN KYI	50.00%	NC	no	NA
4	LINN LETT WIN YADANAR GEMS	2	DAW KYI KYI AYE	50.00%	NC	no	NA
		1	AIKE HTWE	40.00%	NC	no	NA
5	EVER WINNER GEMS	2	KYAUK CHI PHONE	30.00%	NC	no	NA
		3	WAI WAI HTWE	30.00%	NC	no	NA
		1	U Chit San	40.00%	Myanmar	no	NA
6	AUNG HEIN MIN GEMS	2	Daw Yin Yin Lae	26.67%	Myanmar	no	NA
		3	U Than Naing Win	16.67%	Myanmar	no	NA
		4	U Zaw Naing Oo	16.67%	Myanmar	no	NA
		1	Daw Htet Htet Wai	24.00%	Myanmar	no	NA
7	Wai Aung Ka Bar	2	U Lee Kyone Yin @ U Myat Htwe	24.00%	Myanmar	no	NA
		3	U Sai Yee	1.00%	Myanmar	no	NA
		4	U Sai Shan Twee	24.00%	Myanmar	no	NA
		5	Daw Let Let Wai	9.00%	Myanmar	no	NA
		6	Daw Nway Nway Hlaing	9.00%	Myanmar	no	NA
		7	Daw Yu Yu San	9.00%	Myanmar	no	NA
		8	Ya Zar Htar Ni	1	U Zaw Bo Khant	94.00%	Myanmar
2	U Soe Win			6.00%	Myanmar	n.c	NA
9	SHWE YWET HLWAR GEMS	1	Moe Kyaw	50.00%	Myanmar	no	NA
		2	Moh Moh Win	50.00%	Myanmar	no	NA
10	Kyauk Sein Na Gar	1	U Nay Win Swe @ U Nay Win Tun	62.69%	Myanmar	no	NA
		2	Daw Aye Aye Myint	1.78%	Myanmar	no	NA
		3	Daw Myint Myat Thu	1.78%	Myanmar	no	NA
		4	U Ye Myat Thu	3.55%	Myanmar	no	NA

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange
		5	U Min Myat Thu	1.78%	Myanmar	no	NA
		6	U Khin Zaw	1.78%	Myanmar	no	NA
		7	U Maung Maung Naing	1.78%	Myanmar	no	NA
		8	U Zaw Weik	1.78%	Myanmar	no	NA
		9	U San Lwin	1.78%	Myanmar	no	NA
		10	U Win Naing	1.78%	Myanmar	no	NA
		11	U Zaw Lay Myint	1.78%	Myanmar	no	NA
		12	U Ye Min Htut	1.78%	Myanmar	no	NA
		13	U Khun Tun Kyaw	1.78%	Myanmar	no	NA
		14	U Soe Than	1.78%	Myanmar	no	NA
		15	U Nay Soe Kyaw	1.78%	Myanmar	no	NA
		16	U Sai San Tit	1.78%	Myanmar	no	NA
		17	U Tun Win	1.78%	Myanmar	no	NA
		18	U Tun Aung	1.78%	Myanmar	no	NA
		19	U Myint Thein	1.78%	Myanmar	no	NA
		20	U Khin Maung Than	1.78%	Myanmar	no	NA
		21	U Nanda Aung	1.78%	Myanmar	no	NA
11	YADANAR YAUNG CHI GEMS	1	U Kyaw Wai @ San Wai Hwar	30.00%	Myanmar	no	NA
		2	Daw Chein Yu Yin	20.00%	Myanmar	no	NA
		3	U San Wai Chint	20.00%	Myanmar	no	NA
		4	Daw Yan Shinn May	20.00%	Myanmar	no	NA
		5	U Hla Maung @ Yan Kyar Lint	10.00%	Myanmar	no	NA
12	Jade Mountain Gems	1	U SEIN WIN	62.00%	Myanmar	no	NA
		2	DAW KHIN THAN KYI	36.50%	Myanmar	no	NA
		3	U KYAW WIN	1.00%	Myanmar	no	NA
		4	U TIN SHWE	0.50%	Myanmar	no	NA
13	THI RAW MANI GEMS	1	U HTUN THEIN@ U TUN TUN	56.25%	Myanmar	no	NA
		2	DAW WAI WAI	18.44%	Myanmar	no	NA
		3	U TUN SEIN	0.31%	Myanmar	no	NA
		4	U ZAW TUN NAING	6.25%	Myanmar	no	NA
		5	U ZAW TUN WAI	6.25%	Myanmar	no	NA
		6	U ZAW TUN AUNG	6.25%	Myanmar	no	NA
		7	DAW THAZIN HTUN	6.25%	Myanmar	no	NA
14	Kyaik International	1	KYAINING SAN SHWE	80.00%	Myanmar	no	NA
		2	WIN TIN	20.00%	Myanmar	no	NA
15	MYAT YAMON GEMS	1	U Chit Sein	40.00%	Myanmar	no	NA

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange
		2	U Kyaw Oo	25.00%	Myanmar	no	NA
		3	U Khin Maung Myint	25.00%	Myanmar	no	NA
		4	U Tin Myint	10.00%	Myanmar	no	NA
16	WINN LEI YADANA	1	U Chein Soak	16.45%	Myanmar	no	NA
		2	Daw Li Kwai Shan	50.00%	Myanmar	no	NA
		3	U Lwai Khine Wan	33.23%	Myanmar	no	NA
		4	U Myint Zaw Hein	0.32%	Myanmar	no	NA
17	Myanmar Si Thu	1	U Wang Shan Lyan @ U Khin Maung Soe	33.33%	Myanmar	no	NA
		2	Daw San San Aye	50.00%	Myanmar	no	NA
		3	U Chit Lwin Oo @U Chit Oo Lwin	6.67%	Myanmar	no	NA
		4	U SiThu	6.67%	Myanmar	no	NA
		5	U Chit Khaing	3.33%	Myanmar	no	NA
18	111	1	Daw Tin Tin Shwe @Daw Soon Kyein Yin	35.00%	NC	no	NA
		2	Daw Khing Khing Oo	20.00%	NC	no	NA
		3	Daw Hmwe Khayay @Daw Shaw Sue	10.00%	NC	no	NA
		4	U Shouk Yone	25.00%	NC	no	NA
		5	Daw Win Win Khing @ Daw Show Shin	10.00%	NC	no	NA
19	Sein Lone Taung Tan	1	U YAN CHIN SEIN	21.30%	Myanmar	no	NA
		2	DAW ZU HWAM	14.20%	Myanmar	no	NA
		3	DAW AYE KYU	7.10%	Myanmar	no	NA
		4	U LAN PIYN SITE	14.20%	Myanmar	no	NA
		5	U PYIN SHO	14.20%	Myanmar	no	NA
		6	U THEIN AUNG	0.70%	Myanmar	no	NA
		7	U KYAW SOE TUN	3.50%	Myanmar	no	NA
		8	DAW KHIN THET OO	3.50%	Myanmar	no	NA
		9	DAW THAN THAN SWE	21.30%	Myanmar	no	NA
20	SHINING STAR LIGHT GEMS	1	Daw Nan Lin Lin Tun	70.21%	Myanmar	no	NA
		2	U Nyi Nyi	12.76%	Myanmar	no	NA
		3	U Aung Aung Myint	15.59%	Myanmar	no	NA
		4	U Myint Ko	1.44%	Myanmar	no	NA
21	Khin Zaw Aung and Brothers	1	U Khin Zaw Aung	7.00%	Myanmar	no	NA
		2	U Than Tun Aung	3.00%	Myanmar	no	NA
		3	Daw Chein Yu Yin	20.00%	Myanmar	no	NA
		4	Daw Nan Lee	20.00%	Myanmar	no	NA

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange
		5	U Tin Win	10.00%	Myanmar	no	NA
		6	Shi Shauk Kyi @ U Tin Pe	10.00%	Myanmar	no	NA
		7	U Aung Aung @ U Aung Tu	30.00%	Myanmar	no	NA
		1	UMEHL	40.00%	n.a	n.a	NA
		2	U Tin Maung	12.00%	Myanmar	n.c	NA
		3	U Maung Gyi	12.00%	Myanmar	n.c	NA
22	Xie Family	4	Daw Myint	12.00%	Myanmar	n.c	NA
		5	Daw Shwe Cynn	12.00%	Myanmar	n.c	NA
		6	Daw Law Kyein	7.20%	Myanmar	n.c	NA
		7	U Kyaw Kyaw Tun	4.80%	Myanmar	n.c	NA
23	Aye Yar Kyauk Sein	1	U Laphai Khun Sa	90.00%	Myanmar	no	NA
		2	U Au Ya Tang	10.00%	Myanmar	no	NA
		1	U Sai Shang @ U Tar Wai	60.00%	Myanmar	no	NA
24	WAI FAMILY GEMS	2	Daw Khin Saw Hlaing	10.00%	Myanmar	no	NA
		3	U Sai Shan Twee	10.00%	Myanmar	no	NA
		4	Daw Nway Nway Hlaing	10.00%	Myanmar	no	NA
		5	Daw Yu Yu San	10.00%	Myanmar	no	NA
25	AYEYAR YANDANAR GEMS	1	U Soe Win	99.17%	Myanmar	n.c	NA
		2	U Zaw Bo Khant	0.83%	Myanmar	n.c	NA
		1	U Soe Htun Shein	58.24%	Myanmar	no	NA
26	A Myo Thar Kyi Pwar Toe Tat Yay	2	Daw Aye Aye	14.27%	Myanmar	no	NA
		3	Daw Nandy Lynn	14.27%	Myanmar	no	NA
		4	U Khin Zaw Swe	7.35%	Myanmar	no	NA
		5	U Win Htike	5.88%	Myanmar	no	NA
27	SHWE WAH MYAY (MANDALAY)	1	Daw Nan Aye Htwen	99.40%	Myanmar	no	NA
		2	Kyan Ein Thee @ U Tin Tun	0.60%	Myanmar	no	NA
		1	U Tun Myint Naing	24.00%	Myanmar	no	NA
		2	U Than Myint	5.00%	Myanmar	no	NA
		3	U Maung Kyay	5.00%	Myanmar	no	NA
28	Ya Da Nar Taung Tan	4	U Khin Aung	2.00%	Myanmar	no	NA
		5	U Thet Naing	2.00%	Myanmar	no	NA
		6	U Myat Cho Win	2.00%	Myanmar	no	NA
		7	Asia World Company	60.00%	Myanmar	no	NA
29	NAY LA PWINT GEMS	1	U Aik Pang	54.45%	Myanmar	no	NA
		2	U Sai Noom Lone	10.89%	Myanmar	no	NA

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange
		3	Daw Myint Myint Win	21.77%	Myanmar	no	NA
		4	U Yin Lin Phoo	10.89%	Myanmar	no	NA
		5	U Aik Kwin	1.00%	Myanmar	no	NA
		6	U Sat Ko (a) U Ba Shwe	1.00%	Myanmar	no	NA
30	TREASURE WHITE LOTUS GEMS	1	EIKE TI	60.00%	NC	no	NA
		2	KYAW WIN @ TEL PHIN	40.00%	NC	no	NA

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 2.c. Other minerals

No.	Company	N°	Name/Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
1	Eternal Mining Company Ltd	1	U Maung Ko	Myanmar	34%	No	NA
		2	U Sai Maung Aye	Myanmar	17%		NA
		3	U Aik Shan	Myanmar	33%		NA
		4	U Maung Maung Latt	Myanmar	16%		NA
2	Kayah State Mining Production Co. (KMPC)	5	Maj-Gen Zar Ni Win	Myanmar	100% owned by UMEHL	No	NA
		6	U Sein Than	Myanmar			NA
		7	U Ba Ko	Myanmar			NA
		8	U Thaw Tint	Myanmar			NA
		9	U Thein Hlaing	Myanmar			NA
3	Myanmar Pongpipat Company Limited	1	Mr.Sompong Chavaltanplpat	Thailand	5%	No	NA
		2	Mr.Chavaltanplpat Chavaltanplpat	Thailand	5%		NA
		3	Ms.Sirima Chavaltanplpat	Thailand	25%		NA
		4	Ms.Parichat Kotepetch	Thailand	50%		NA
		5	Ms.Sirion Chavaltanplpat	Thailand	15%		NA
4	Nobel Gold	NC	NC	NC	NC	NC	NC
5	Tha Byu Mining Co., Ltd.	1	Dr.Tun Min (Latt12/DaGaNa(N) 004114)	Myanmar	83.33%	No	NA
		2	Dr.Win Min Soe(9/MaNaMa(N) 031190	Myanmar	16.50%		NA
		3	U Win Maung7/PaTaNa(N) 018051	Myanmar	0.17%		NA
6	Win Myint Mo Industries Co.,Ltd.	1	U Hla Myint	Myanmar	60%	No	NA
		2	Daw Aye Aye Aung	Myanmar	40%		NA
7	DELCO (Developers Enterepreneurs Liaison Construction Organizers Limited	1	U Ding Ying	Myanmar	70%	No	NA
		2	U Ying Bawm	Myanmar	20%		NA
		3	Daw Hkaw Win	Myanmar	10%		NA
8	GPS Joint Venture Co., Ltd.	1	Mr.Luo Rong	China	98%	No	NA
		2	Daw Lee Hunyinn	Myanmar	2%		NA
9	Ngwe Yi Pale Mining Co., Ltd	1	U Thein Myint @ Chaung Hpin	Myanmar	43.55%	No	NA
		2	U Myint Shein	Myanmar	29.20%		NA
		3	U Kyaw Shein	Myanmar	6.81%		NA
		4	U Tun Win	Myanmar	6.81%		NA
		5	U Shin Si @ U Hla Win	Myanmar	4.87%		NA
		6	U Shwe @ Khin Maung Swe	Myanmar	4.87%		NA
		7	U Sein Myo Aung	Myanmar	1.95%		NA
		8	Daw Khin Khin Myint	Myanmar	1.95%		NA

No.	Company	N°	Name/Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
10	Max Myanmar Manufacturing Co.,	1	Max (Myanmar) Co. Ltd	Myanmar	80%	No	NA
		2	M.Y Associate Co.,Ltd	Myanmar	10%	No	NA
		3	U Zaw Zaw (a) U Pho Zaw	Myanmar	10%	No	NA
		4	U Soe Tint	Myanmar	0%	No	NA
		5	U Ohn Kyaw (a) U Aye Twin	Myanmar	0%	No	NA
		6	Daw Htay Htay Khine	Myanmar	0%	No	NA
11	Triple A Cement International Co., Ltd	1	U Shwin Chauk	NC	34.70	No	NA
		2	U Kyaw Aye	NC	23.13	No	NA
		3	U Lyaw Myint Chin	NC	3.00	No	NA
		4	(a) U Aung Thein	NC		No	NA
		5	U Aike Soon	NC	2.87	No	NA
		6	U Sai Kyaw	NC	3.73	No	NA
		7	Daw Hong Yan Zine	NC	1.30	No	NA
		8	(a) Daw Moe Moe Aye	NC		No	NA
		9	Daw Nann Li Li Hlaing	NC	2.83	No	NA
		10	U Nay Myo Shwe	NC	1.60	No	NA
		11	Daw Tin Tin Htwe	NC	0.69	No	NA
		12	Daw Aye Kyu	NC	1.16	No	NA
		13	U Aike Hu	NC	0.58	No	NA
		14	U Yone Mu	NC	0.93	No	NA
		15	U Kyaw Zaw	NC	0.93	No	NA
		16	U An Haing	NC	2.55	No	NA
		17	Daw Khin Kyi (a)	NC	2.08	No	NA
		18	Daw Khun Li	NC		No	NA
		19	U Sai Fa	NC	1.16	No	NA
		20	U Kyaw That (a)	NC	0.93	No	NA
		21	U Kyauk Tat Fu	NC		No	NA
		22	U Aike On (a) U Saw Han	NC	0.84	No	NA
		23	U Aike Yee	NC	0.58	No	NA
		24	Daw Shwe Kwe Shan(a)	NC	0.58	No	NA
		25	Daw Khin Ye	NC		No	NA
		26	U Mg Aye	NC	1.17	No	NA
		27	Daw Yan Sein Shan	NC	0.58	No	NA
		28	U Bhone Bhone Naing	NC	0.58	No	NA
		29	U Se Phin Khwe	NC	0.58	No	NA
		30	Daw Aye Sai	NC	0.58	No	NA
		31	Daw Yee Phone	NC	0.69	No	NA

No.	Company	N°	Name/Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
		32	U Aung Myo Shwe	NC	0.93	No	NA
		33	Daw Khin Khin	NC	0.52	No	NA
		34	U Yan Lin Chan (a)	NC	1.16	No	NA
		35	U Sain Win	NC	3.22	No	NA
		36	U Yan Khwe Sone (a)	NC	0.58	No	NA
		37	U Sein Maung	NC	0.58	No	NA
		38	U Aike Maung (a) Li Son	NC	0.58	No	NA
		39	U Kyaw Than	NC	1.04	No	NA
		40	Daw Yan Kait Yin	NC	0.81	No	NA
		41	Daw Yone Kyi	NC	0.23	No	NA
12	Myanmar Wanbao Mining Copper	1	Wanbao Mining (HongKong) copper limited	China	100%	No	NA
13	Myanmar Yang Tse Copper Ltd	1	Yang Tse Mining Limited	Hong Kong	100%	No	NA
14	CNMC Nickel Co Ltd. (MCNICO) (Tagaung Taung Nickel project)	1	CNMC NICKEL CO.,LTD	China	100%	No	NA

Source: information provided by Extractive companies

NA: Not Applicable

NC: Not communicated

Appendix 3: Adjustments to Oil & Gas Sub-sector

Appendix 3.1. Extractive company adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Entities and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount (in MMK)
Tax paid not reported (a)	16,120,770,382
Tax paid reported but outside the period covered (b)	(11,721,630,175)
Tax paid reported but outside the reconciliation scope (c)	(5,234,948,479)
Tax paid on other identification number (d)	(5,388,534)
Total added to amounts originally reported	(841,196,806)

(a) Tax paid not reported

Corresponds mainly to payment of 2012-2013 CIT amounting to MMK 16,085,816,204 made by companies and not reported in their reporting template because payment were made during March 2013 but receipt dates were April 2013. The amount was confirmed with the companies before adjustment. The detail by tax and by company is set out in the table below:

Company	Corporate Income Tax (CIT)	Withholding tax	Total (in MMK)
Petronas	8,123,418,863		8,123,418,863
TOTAL E&P	2,265,757,920		2,265,757,920
PTT Exploration & Production	5,696,639,421		5,696,639,421
Goldpetrol Co Ltd			0
MPRL E&P Pte Ltd		34,954,178	34,954,178
Total	16,085,816,204	34,954,178	16,120,770,382

(b) Taxes paid reported but outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 April 2013 or after 31 March 2014. The amounts adjusted were related to 2013-2014 CIT final payment made by Petronas and Total E&P during March 2014. However, the receipt date was April 2014. Accordingly, the amount reported by the company was adjusted following confirmation with the company.

(c) Taxes reported but outside the reconciliation scope

Corresponds mainly to withholding taxes amounting to MMK 5,046,012,637 and "Rental of Thaketa-base" amounting to MMK 188,935,842 reported by "Total"

Concerning withholding taxes these payments are related to other tax payers' (suppliers or sub-contractors) of Total E&P and receipts were issued in their name. For the rental of Thaketa-base, these category of payments is outside the scope of reconciliation and should be adjusted accordingly.

(d) Tax paid using another identification number

Corresponds to Commercial Taxes and Customs duties reported by Gold petrol. However, receipts were in the name of MOGE. We noted that all customs operations made by Oil & Gas companies were made in the name of MOGE, companies pay MOGE and this latter pay CD as mentioned in the Section 5 of this report.

Appendix 3.2. Adjustments to Government Entity templates

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Entities and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total Amount (in MMK)
Tax received not reported (a)	430,231,870,579
Tax received reported but outside the period covered (b)	(33,374,551,848)
Total added to amounts originally reported	396,857,318,731

(a) Taxes received not reported

These are payment flows reported by extractive companies but which were not reported by Government Bodies. We set out in the table below a summary of the adjustments made to Government Bodies' initial reporting:

Payment flows	Total	Goldpetrol Co Ltd	UNOCAL	Total (in MMK)
Royalties	16,900,098,057			16,900,098,057
Production Split (State share)	396,644,668,406			396,644,668,406
MOGE share (Profit and Cost)	11,759,095,838			11,759,095,838
Training Fund		237,931,617		237,931,617
Corporate Income Tax (CIT)			4,690,076,661	4,690,076,661
Total	425,303,862,301	237,931,617	4,690,076,661	430,231,870,579

(b) Taxes paid reported but outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 April 2013 or after 31 March 2014. The amounts adjusted were related to payments reported by MOGE as received from "Daewoo International Corporation". However the date of the receipts were 4 April 2014. Accordingly, the amount reported by the Government Body was adjusted following their confirmation.

Appendix 4: Adjustments to Gems & Jade Sub-sector

Appendix 4.1. Extractive company adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Entities and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount (in MMK)
Tax paid not reported (a)	1,878,281,651
Tax paid on other identification number (b)	(718,824,070)
Tax amount incorrectly reported (c)	454,290,679
Tax reported but not paid (d)	(188,918,829)
Tax paid reported but outside the period covered (e)	(31,545,688)
Tax incorrectly classified	-
Total added to amounts originally reported	1,393,283,743

(a) Taxes paid not reported

These are payment flows reported by Government Bodies but were not reported by Gems and Jade companies. Adjustments were based on the receipt or confirmation of the company. We set out in the table below a summary of the adjustments made to company payments:

Company	Amount in MMK
AUNG HEIN MIN GEMS	58,603,684
Kyauk Sein Na Gar	869,061,994
THI RAW MANI GEMS	37,535,851
Myanmar Si Thu	143,742,746
SHINING STAR LIGHT GEMS	214,773,448
Aye Yar Kyauk Sein	538,130,161
WAI FAMILY GEMS	16,433,766
Total	1,878,281,651

(b) Tax paid on other identification number

These are payment flows declared by 2 Gems & Jade companies but were not paid by them. In fact, those 2 companies have partner roles in license and payments were made by their partners (taxpayers) and the receipt mentions only the tax payer names. Accordingly, payments were taken into consideration as payments of the taxpayers. Detail of adjustments by company are detailed below:

Company	Amount in MMK
SHWE YWET HLWAR GEMS	(629,354,823)
111	(89,469,246)
Total	(718,824,070)

(c) Tax amount incorrectly reported

“Shining Star Light Gems” has reported only a part of the payments made to MGE. In fact the part reported was related to their contribution as partner in the license. However, the receipt mentions their name as taxpayer. Accordingly we corrected their reporting and added the payments made by them for the whole license. We set out in the table below a summary of the adjustments made by tax:

No.	Revenu stream	Amount in MMK
1-	Myanmar Gems Enterprise (MGE)	454,290,679

No.	Revenu stream	Amount in MMK
1	Royalties (10%)	416,776,882
1.1	Royalties 3% for MGE	125,033,061
1.2	Royalties 7% for IRD	291,743,821
2	Sale Split	-
3	Emporium Fees / Sale Fees	37,513,797
Total		454,290,679

(d) Tax reported but not paid

These adjustments were made to the reporting template of “WAI FAMILY GEMS”. The company has reported a payment amounting to MMK 188,918,829. However, during the reconciliation work they stated that this payment was not made. Accordingly, we adjusted their reporting template.

(e) Tax paid reported but outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 April 2013 or after 31 March 2014. Adjustments were made to the reporting template of “LINN LETT WIN YADANAR GEMS” company.

Appendix 4.2. Adjustments to Government Bodies templates

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Bodies and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Amount in MMK
Tax received not reported	11,304,603

These are payment flows reported by extractive companies but which were not reported by MGE. We set out in the table below a summary of the adjustments made to Government Entities’ initial reporting:

Company	Amount in MMK
Richest Gems Co., Ltd	3,244,613
YADANAR YAUNG CHI GEMS	8,059,989
Total	11,304,603

Appendix 5: Adjustments to Other minerals Sub-sector

Appendix 5.1. Extractive company adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Entities and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount
Tax paid under the name of another company (a)	(1,833,558,412)
Tax paid reported but outside the reconciliation scope (b)	(625,129,720)
Tax paid reported but outside the period covered (c)	(189,200,000)
Tax incorrectly reported (d)	(61,072,771)
Tax paid not reported (e)	8,829,210
Total added to amounts originally reported	(2,700,131,693)

(a) Tax paid under the name of another company

These are taxes reported by selected companies and according to receipts not in their names. Accordingly, we adjusted company reporting templates to take into consideration only payments on the name of selected companies:

Company	Corporate Income Tax	Commercial Tax	Withholding Tax	Total
CNMC Nickel Co Ltd. (MCNICO)			(124,946,664)	(124,946,664)
Kayah State Mining Production Co.	(369,825,000)	(5,550,000)	(38,265,291)	(413,640,291)
Myanmar Wanbao Mining Copper			(87,124,656)	(87,124,656)
Myanmar Yang Tse Copper Ltd			(1,207,846,801)	(1,207,846,801)
Total	(369,825,000)	(5,550,000)	(1,458,183,412)	(1,833,558,412)

(b) Tax paid reported but outside the reconciliation scope

These are payments reported, but not covered by the EITI scope as decided by the MSG. Those payments are as follows:

Company	Amount (in MMK)
Eternal Mining Company Ltd	(44,000,000)
Myanmar Pongpipat Company Limited	(127,340,120)
Win Myint Mo Industries Co.,Ltd.	(453,789,600)
Total	(625,129,720)

(c) Tax paid reported but outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 April 2013 or after 31 March 2014. We set out in the table below the detail of the adjustments made to company payments:

Company	Amount in MMK
DELCO (Developers Enterepreneurs Liaison Construction Organizers Limited)	(50,000,000)
Myanmar Yang Tse Copper Ltd	(139,200,000)
Total	(189,200,000)

(d) Tax amount incorrectly reported

These adjustments are made to 2 companies as mentioned in the table below:

Company	Amount (in MMK)
Kayah State Mining Production Co. (KMPC)	(85,275,490)
Ngwe Yi Pale Mining Co., Ltd	24,202,719
Total	(61,072,771)

- “Ngwe Yi Pale Mining Co., Ltd” reported payment which does not match the amount of the corresponding payment receipt.
- KMPC reported the same amount twice on their reporting template.

Reporting templates have been adjusted following the production of supporting documents and/or the confirmation of the companies.

(e) Taxes paid not reported

These are payment flows reported by Government Bodies but were not reported by Mining companies. Adjustments were based on the receipt or confirmation of the company. We set out in the table below a summary of the adjustments made to company payments:

Company	Amount (in MMK)
Myanmar Pongpipat Company Limited	4,196,100
Triple A Cement International Co., Ltd	4,633,110
Total	8,829,210

Appendix 5.2. Adjustments to Government Entity templates

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Bodies and supported by payment receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total Amount
Tax received reported but outside the reconciliation scope (a)	(591,542,632)
Tax received not reported (b)	96,751,612
Tax received on other identification number (c)	(19,200,000)
Total added to amounts originally reported	(513,991,020)

(a) Tax paid reported but outside the reconciliation scope

Corresponds to payments declared by Government Bodies under the type “Other Significant payments> US\$ 50,000” and which are mainly related to rental fees, which were not selected in the reconciliation scope and should be adjusted. Detail of adjustments by company is set out in the table below:

Company	Amount (in MMK)
Kayah State Mining Production Co. (KMPC)	(10,172,200)
Myanmar Pongpipat Company Limited	(127,580,832)
Win Myint Mo Industries Co.,Ltd.	(453,789,600)
Total	(591,542,632)

(b) Taxes received not reported

These are payment flows reported by extractive companies but which were not reported by SOE and DoM. We set out in the table below a summary of the adjustments made to Government Entities' initial reporting:

Company	Dead Rent Fees	Land rental fees	Total (in MMK)
Eternal Mining Company Ltd	92,571,312		92,571,312
Max Myanmar Manufacturing Co.,		3,937,500	3,937,500
Triple A Cement International Co., Ltd	242,800		242,800
Total	92,814,112	3,937,500	96,751,612

(c) Tax received on other identification number

These are taxes reported by IRD as received from “Max Myanmar Manufacturing Co” and upon verification we noted that payments were related to another Max Myanmar group company.

Appendix 6: Production and export detail

Appendix 6.a. Oil & Gas

	Volumes		Value		Comments
	Oil (Barrels)	Oil (Kyats)	Oil (US\$)		
Production of the country	5,957,224	146,827,099,884	362,684,543		
Myanmar O&G Exports	1,720,143		181,861,094		
Domestic Sales	1,762,328		180,823,449		buyer MPE
Local sale from Myanmar Production	2,474,753	146,827,099,884			

	Volumes		Value		Comments
	Gas (MMscf)	Gas (Kyats)	Gas (US\$)		
Production of the country	462,174	50,207,236,530	4,027,525,804		
Myanmar O&G Exports	372,690		3,640,242,335		
Domestic Sales	68,286		387,283,469		Including the valuation of subsidies
Local sale from Myanmar Production	21,198	50,207,236,530			

Appendix 6.b. Gems & Jade

		Unit	Volumes	Amount in Euro	Amount in MMK
Sold in Emporium	Gems	Carat	949,985	5,965,298	6,299,354,000
	Jade	Tonnes	3,371	1,313,582,747	1,387,143,379,000
	Gems	Carat	1,411,187		1,859,102,596
	Jade	Tonnes	2,874		75,828,372,901
Total Emporium sales					1,471,130,208,497
Myanmar Exports	Gems	Carat	949,985		6,299,354,000
	Jade	Tonnes	3,371		1,387,143,379,000
Total Exports					1,393,442,733,000

Appendix 6.c. Other minerals

SOE	Type	Minerals	Qte	Unit	Amount in million MMK
ME1	Production	Lead Ore	45,482	MT	2,729
ME1	Production	Lead Concentrate	9,411	MT	753
ME1	Production	Zinc Ore	5,918	MT	473
ME1	Production	Copper Ore	18,578	MT	929
ME1	Production	Iron	2,970	MT	113
ME1	Production	Antimony Ore	9,172	MT	3,210
ME1	Production	Antimony Concentrate	848	MT	424
ME1	Production	Zinc Concentrate	957	MT	143
Sub-total ME (1)					8,775
ME 2	Production	Gold	28,712	T-oz	29,654
ME 2	Production	Tin (Concentrate)	681	MT	3,941
ME 2	Production	Tin, Tungsten, Mixed	439	MT	2,036
ME 2	Production	Scheelite Mixed	620	MT	5,035
ME 2	Production	Refine Tin	94	MT	421
Sub-total ME (2)					41,087
ME 3	Production	Coal	380,272	MT	3,345
ME 3	Production	Limestone	666,990	MT	667
ME 3	Production	Maganessedioxide	53,016	MT	2,855

SOE	Type	Minerals	Qte	Unit	Amount in million MMK
ME 3	Production	Marble	855	MT	13
ME 3	Production	Granite	200	MT	3
ME 3	Production	Gypsum	60,510	MT	605
ME 3	Production	Quartz	455	MT	5
ME 3	Production	Bauxite	5,250	MT	32
ME 3	Production	Limestone(decorative)	470	MT	8
ME 3	Production	Barite	31,295	MT	376
ME 3	Production	White Clay	2,050	MT	12
ME 3	Production	Barite Powder	3,354	MT	335
ME 3	Production	Clay	1,700	MT	10
ME 3	Production	Ferro Nickel	40,765	MT	196,534
ME 3	Production	Bantonite	1,552	MT	11
ME 3	Production	Dolomite	400	MT	2
Sub-total ME (3)					204,813
Total					254,675

SOE	Type	Minerals	Qte	Unit	Amount in million MMK
ME1	Export	Lead Ore	15,454	MT	2,170
ME1	Export	Lead Concentrate	4,815	MT	2,313
ME1	Export	Zinc Ore	1,125	MT	372
ME1	Export	Copper Ore	2,861	MT	441
ME1	Export	Iron	5,000	MT	552
ME1	Export	Antimony Ore	2,926	MT	1,772
ME1	Export	Antimony Concentrate	800	MT	1,436
Sub-total ME (1)					9,057
ME2	Export	Gold		T-oz	
ME2	Export	Tin(Concentrate)	24.39	MT	231
ME2	Export	Tin, Tungsten, Mixed	338.16	MT	2,614
ME2	Export	Scheelite Mixed	97.00	MT	1,201
ME2	Export	Refine Tin	397.41	MT	8,704
ME2	Export	Wolfram Concentrate	6.28	MT	66
ME2	Local	Gold	16,614.95	T-oz	20,478
ME2	Local	Refine Tin	7.53	MT	147
Sub-total ME (2)					33,442
ME 3	Export	Coal	5,000	MT	50
ME 3	Export	Feldspar	500	MT	11
ME 3	Export	Wood Fossil	2,247	MT	671
ME 3	Export	Magnesedioxide	19,000	MT	392
Sub-total ME (3)					1,123
Total					43,621

Appendix 7: Reporting templates

Oil & Gas Companies

This Template is addressed to Oil & Gas companies



Data Sheet

Full legal name of the company	
Registry number	
Date of the company establishment	
Company's Capital	[Currency Unit]
Contact address (registered office for legal entities)	

Employment 2013-2014	Average number of direct domestic employees
	Average number of direct foreign employees
	Average number of di 0

Core business activities	
Secondary business activities	

Active Licenses	Permit Code	Type (Exploration, Production ...)	Resources/Type of mineral	Area (Km2)	Location

Please state if the 2013-2014 financial statements have been audited (yes/no)	
Name of the 2013-2014 financial statements Auditor	

The soft copy of the audited financial statements should be submitted along with the reporting templates.
If the audit report is publicly available, it is sufficient to include the reference or the link :

This Template is addressed only to Oil and Gas companies

Final version (As of 16 Oct 2015)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (O&G Company)			
Identification Number		0	
Reporting template prepared by			Position
Email address			Tel.

Payments in kind				
Ref.	Type of payment/Revenue	Paid Amount		Comments
		Barrels	Mscf	
		-	-	
1	State production entitlement			
2	MOGE production entitlement			
3	Royalties			
4	Baseline payment (IPR/PCC)			
5	Risk compensation (IPR/PCC)			
6	Payment out of production (-)			

Payments in cash				
Ref.	Type of payment/Revenue	Paid Amount		Comments
		Kyat	USD	
<i>Ministry of Finance</i>				
<i>IRD</i>				
<i>Customs department</i>				
7	Corporate Income Tax (CIT)			
8	Commercial Tax			
9	Customs Duties			
10	Stamp Duties			
11	Capital Gains Tax			
12	Withholding tax			
13	Other significant payments (> 50,000 USD)			
<i>Ministry of Energy</i>				
<i>MOGE</i>				
14	Signature Bonus			
15	Royalties			
16	Production Split (State share)			
17	Production Bonus			
18	MOGE share (Profit and Cost)			
19	Dividend			
20	Training Fund			
21	Research and Development Fund			
22	Domestic Market Obligation (DMO)			
23	Data fee			
24	Land fees/Dead rent fee			
25	Other significant payments (> 50,000 USD)			
<i>States/Regions</i>				
26	Contribution to the State/region social development fund			
<i>Social Payments</i>				
27	Mandatory Corporate Social Responsibility			
28	Voluntary Corporate Social Responsibility			
Total payments		-	-	

This Template is addressed to Oil & Gas companies



Social Payments Details
Period covered: 1 April 2013 to 31 March 2014

Is there any contract/agreement signed with local communities/gouvernement for social expenditures?	
Is there any social expenditures foreseen in the Mining/ Oil&Gas contracts?	

Mandatory Social Expenditure

Beneficiary Identity	Beneficiary Location	Cash Payments		In Kind payments (Projects)		Purpose of payment ("Resettlement" or "Sustainability")	Legal/contractual basis of the payment (Ref to the agreement, Act, ..)*
		Amount (Kyat)	Date	Description (activities undertaken, beneficiaries, objectives..)	Project cost incurred during 2013-2014		
Total		0			0		

**(Attach the copy of the agreement of applicable)*

This Template is addressed only to Oil & Gas companies



Template legal ownership declaration form
Period covered: 1 April 2013 to 31 March 2014

	Name of the Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
Gouvernement of Myanmar					
SOES					
Individuals					
Private Entities *					
			0%	The total should be equal to 100%	

This Template is addressed only to Oil & Gas companies



Infrastructure provisions and barter arrangements
Period covered: 1 April 2013 to 31 March 2014

Description of the project	Location of the project	Terms of the Transaction			Terms of Transaction and legal basis (Ref of the Agreement, date of signature, etc..)
		Total budget of the Engagement/Project	Value of engagements/project incurred from 1/4/2013 au 31/03/2014	Cumulated value of engagements/project incurred on 31/03/2014	
Total		0	0	0	

Gems & Jade Companies

This Template is addressed only to Gems & Jade companies



Data Sheet

Full legal name of the company	
Registry number	
Date of the company establishment	
Company's Capital	[Currency Unit]
Contact address (registered office for legal entities)	

Employment 2013-2014	Average number of direct domestic employees
	Average number of direct foreign employees
	Average number of direct employ 0

Core business activities	
Secondary business activities	

Active Licenses	Serial number (Permit Code)	Type (Exploration, Production ...)	Resources/Type of mineral	Area (acre)	Location

Please state if the 2013-2014 financial statements have been audited (yes/no)	
Name of the 2013-2014 financial statements Auditor	

*The soft copy of the audited financial statements should be submitted along with the reporting templates.
If the audit report is publicly available, it is sufficient to include the reference or the link :*

This Template is addressed only to Jade & Gems Companies

EITI Payment/Receipt Report

(From April 2013_ to March 2014)

Name of the Entity (Jade&Gems company)				
Identification Number				
Reporting template prepared by			Position	
Email address			Tel.	

Payments in cash					
Ref.	Type of payment/Revenue	Paid Amount			Comments
		Kyat	USD	EUR	
<i>Ministry of Mines</i>					
<i>Myanmar Gems Enterprise (MGE)</i>					
1	Royalties (10%)	-	-	-	
11	Royalties 3% for MGE				
12	Royalties 7% for IRD				
2	Sale Split				
3	Emporium Fees / Sale Fees				
4	Supervision Fees				
5	Other significant payments (> 50,000 USD)				
<i>States/Regions</i>					
6	Contribution to the State/region social development fund				
<i>Social Payments</i>					
7	Mandatory Corporate Social Responsibility				
8	Voluntary Corporate Social Responsibility				
Total payments		-	-	-	

This Template is addressed to Jade & Gems Companies



Template legal ownership declaration form
Period covered: 1 April 2013 to 31 March 2014

	Name of the Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
Gouvernement of Myanmar					
SOES					
Individuals					
Private Entities *					
			0%	The total should be equal to 100%	

This Template is addressed to Jade & Gems Companies



Transactions/Infrastructure provisions and barter arrangements
Period covered: 1 April 2013 to 31 March 2014

Description of the project	Location of the project	Terms of the Transaction			Terms of Transaction and legal basis (Ref of the Agreement, date of signature, etc..)
		Total budget of the Engagement/Project	Value of engagements/project incurred from 1/4/2013 au 31/03/2014	Cumulated value of engagements/project incurred on 31/03/2014	
Total		0	0	0	

Mining Companies

This Template is addressed to mining companies



Data Sheet

Full legal name of the company	
Registry number	
Date of the company establishment	
Company's Capital	[Currency Unit]
Contact address (registered office for legal entities)	

Employment 2013-2014	Average number of direct domestic employees
	Average number of direct foreign employees
	Average number of direct employees 0

Core business activities	
Secondary business activities	

Active Licenses	Permit Code	Type (Exploration, Production ...)	Resources/Type of mineral	Area (Km2)	Location

Please state if the 2013-2014 financial statements have been audited (yes/no)	
Name of the 2013-2014 financial statements Auditor	

*The soft copy of the audited financial statements should be submitted along with the reporting templates.
If the audit report is publicly available, it is sufficient to include the reference or the link :*

(From April 2013_ to March 2014)



Name of the Entity (Mining company)			
Identification/Registry Number			
Reporting template prepared by			Position
Email address			Tel.

Payments in kind				
Ref.	Type of payment/Revenue	Paid Amount		Comments
		Volume		
1	Production Split (Government and SOEs share)	[Volume] in [Unit]		
2	Royalties	[Volume] in [Unit]		

Payments in cash					
Ref.	Type of payment/Revenue	Paid/Received Amount			Comments
		Kyat	USD	EUR	
<i>Ministry of Finance</i>					
<i>Internal Revenue Department</i>					
<i>Customs department</i>					
1	Corporate Income Tax (CIT)				
2	Commercial Tax				
3	Customs Duties				
4	Stamp Duties				
5	Capital Gains Tax				
6	Withholding Tax				
7	Other significant payments (> 50,000 USD)				
<i>Ministry of Mines</i>					
<i>Department of Mines</i>					
<i>N°1 Mining Enterprise (ME1)</i>					
<i>N°2 Mining Enterprise (ME2)</i>					
<i>N°3 Mining Enterprise (ME3)</i>					
8	Royalties (*)				
9	Signature Bonus				
10	Production Split (*)				
11	Dead Rent Fees				
12	Licence Fees				
13	Dividends				
14	Other significant payments (> 50,000 USD)				
<i>Forest Department -Ministry of Environmental Conservation and Forestry</i>					
15	Land rental fees				
16	Environmental / Plantation fees				
<i>States/Regions</i>					
17	Contribution to the State/region social development fund				
<i>Social Payments</i>					
18	Mandatory Corporate Social Responsibility				
19	Voluntary Corporate Social Responsibility				
Total payments					

(*) Royalties and Production Split may be paid in a lumpsum and the company does not know the breakdown of the amount paid by tax . In this case, the company could fill in either line 8 or 10 to report the payment. The company may add comments to mention that the amount include Royalties and Production Split.

This Template is addressed only to mining companies



Template legal ownership declaration form
Period covered: 1 April 2013 to 31 March 2014

	Name of the Entity	Nationality of the Entity	% Interest	Publicly Listed entity (yes/no)	Stock exchange
Gouvernement of Myanmar					
SOES					
Individuals					
Private Entities *					
			0%	The total should be equal to 100%	

This Template is addressed to mining companies



Transactions/Infrastructure provisions and barter arrangements
Period covered: 1 April 2013 to 31 March 2014

Description of the project	Location of the project	Terms of the Transaction			Terms of Transaction and legal basis (Ref of the Agreement, date of signature, etc..)
		Total budget of the Engagement/Project	Value of engagements/project incurred from 1/4/2013 au 31/03/2014	Cumulated value of engagements/project incurred on 31/03/2014	
Total		0	0	0	

Oil & Gas - Government Agencies and MOGE

This template is addressed to MOGE, EPD (Ministry of Energy) and MoF

Final version (As of 16 Oct 2015)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (SOE/Government Agency)			
Identification Number			
Reporting template prepared by		Position	
Email address		Tel.	

Payments in Kind

Ref.	Type of payment/Revenue	Received Amount		Comments
		Barrels	Mscf	
MOGE				
1	State production entitlement			
2	MOGE production entitlement			
3	Royalties			
4	Baseline payment (IPR/PCC)			
5	Risk compensation (IPR/PCC)			
6	Payment out of production (-)			

Payments in cash

Ref.	Type of payment/Revenue	Received Amount		Comments
		Kyat	USD	
Ministry of Finance				
IRD				
Customs department				
7	Corporate Income Tax (CIT)			
8	Commercial Tax			
9	Customs Duties			
10	Stamp Duties			
11	Capital Gains Tax			
12	Withholding tax			
13	Other significant payments (> 50,000 USD)			
Ministry of Energy				
MOGE				
14	Signature Bonus			
15	Royalties			
16	Production Split (State share)			
17	Production Bonus			
18	MOGE share (Profit and Cost)			
19	Dividend			
20	Training Fund			
21	Research and Development Fund			
22	Domestic Market Obligation (DMO)			
23	Data fee			
24	Land fees/Dead rent fee			
25	Profit Sharing Oil & Gas transportation			
26	Transit fees Oil & Gas transportation			
27	Road right fee Oil & Gas transportation			
28	Other significant payments (> 50,000 USD)			
States/Regions				
29	Contribution to the State/region social development fund			
Total payments				

This Template is addressed only to MOGE, EPD (Ministry of Energy) and MoF (IRD and Budget/Treasury Department)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (MOGE/EPD/MoE and MoF)			
Reporting template prepared by		Position	
Email address		Tel.	

Payments in cash					
Ref.	Type of payment/Revenue	Paid/Received Amount		Comments	
		Kyat	USD		
<i>Transfers to budget accounts</i>					
		-	-		
4	Corporate Income Tax (CIT)				
5	Commercial Tax				
6	Customs Duties				
7	Stamp Duties				
8	Capital Gains Tax				
9	Withholding tax				
10	State contribution				
11	Other material transfers (> 50,000 USD)				
<i>Other accounts - MOG Own Accounts</i>					
		-	-		
12	Transfers to MOGE other accounts (+)				
13	Transfers from the Government Budget to MOGE (-)				
<i>Quasi fiscal expenditure</i>					
		-	-		
14	In kind payments				
15	Cash payments				
Total payments					
Currency					
16. Sale of the state's share of production	Oil	[State the stage of	[Volume]	Barrels	[Sale Value]
	Gas	the value chain the	[Volume]	MSCF	[Sale Value]
		product is at?			
17. Domestic Market obligation	Oil		[Volume]	Barrels	[Value]
	Gas		[Volume]	MSCF	[Value]
18. Myanmar O&G production	Oil	[State the stage of	[Volume]	Barrels	[Value]
	Gas	the value chain the		MSCF	
		product is at?			
19. Myanmar O&G Exports	Oil	[State the stage of	[Volume]	Barrels	[Value]
	Gas	the value chain the		MSCF	
		product is at?			

This Template is addressed only to the MOGE, EPD (Ministry of Energy) and MoF



Public interests in Extractive Companies
Period covered: 1 April 2013 to 31 March 2014

Extractive Company /Joint Venture	% Interest 31/03/2013	% Interest 31/03/2014	Nature of the transaction	In case of change in the % interest			Engagements attached to the equity stake	
				Value of the transaction in Kyat	Terms of transaction (cash payments or loan ..)	Beneficiary of the transaction (company)	State if there is responsibility to cover the project expenses ?	terms attached to their equity stake

This Template is addressed to MOGE, EPD (Ministry of Energy) and MoF



Transactions/Infrastructure provisions and barter arrangements
Period covered: 1 April 2013 to 31 March 2014


Description of the project	Location of the project	Terms of the Transaction			Terms of Transaction and legal basis (Ref of the Agreement, date of signature, etc..)
		Total budget of the Engagement/Project	Value of engagements/project incurred from 1/4/2013 au 31/03/2014	Cumulated value of engagements/project incurred on 31/03/2014	
Total		0	0	0	

This Template is addressed only to the the Ministry of Energy and the Ministry of Finance



Loans /Loan guarantee granted to Entities operating in extractive sector
Period covered: 1 April 2013 to 31 March 2014

Beneficiary (Name of the Entity operating in mining sector)	Total amount of the loan/loan guarantee	Terms of the Transaction				Outstanding amount not reimbursed on 31/03/2014	Amount reimbursed during the year	Other comments
		Date of the grant	Repayment period	Interest rate				
Total	0	0	0	0	0	0		

This Template is addressed to Ministry of Energy							
			Licenses awarding and transfers				
			Period covered: 1 April 2013 to 31 March 2014				
Reference of awarded title	Area (Km2)	Awarding/Transfer date	Holder Entity/Consortium	Awarding process			Others comments
				Awarding process	Technical Criteria	Financial Criteria	

If requested information are publicly available, please insert a reference or a link

Mining and Gems & Jade - Government Agencies and SOEs

This Template is addressed to Myanmar Gems Enterprise (MGE)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (MGE)			
Identification/Registry Number	0		
Reporting template prepared by			Position
Email address			Tel.

Payments in cash					
Ref.	Type of payment/Revenue	Received Amount			Comments
		Kyat	USD	EUR	
Ministry of Mines					
1	Royalties (10%)	-	-	-	
11	Royalties 3% for MGE				
12	Royalties 7% for IRD				
2	Sale Split				
3	Emporium Fees / Sale Fees				
4	Supervision Fees				
5	Other significant payments (> 50,000 USD)				
States/Regions					
6	Contribution to the State/region social development fund				
Total payments		-	-	-	

This Template is addressed to MoF (IRD and Customs Department), SOEs of Ministry of Mines and Forest Department of MOECAF

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (ME1, ME2, ME3, DoM)				
Identification/Registry Number	0			
Reporting template prepared by			Position	
Email address			Tel.	

Payments in kind				
Ref.	Type of payment/Revenue	Received Amount		Comments
		Volume		
1	Production Split (Government and SOEs share)	[Volume] in [Unit]		
2	Royalties	[Volume] in [Unit]		

Payments in cash					
Ref.	Type of payment/Revenue	Received Amount			Comments
		Kyat	USD	EUR	
<i>Ministry of Finance</i>					
<i>Internal Revenue Department (IRD)</i>					
<i>Customs department</i>					
1	Corporate Income Tax (CIT)				
2	Commercial Tax				
3	Customs Duties				
4	Stamp Duties				
5	Capital Gains Tax				
6	Withholding Tax				
7	Other significant payments (> 50,000 USD)				
<i>Ministry of Mines</i>					
<i>Department of Mines</i>					
<i>N°1 Mining Enterprise (ME1)</i>					
<i>N°2 Mining Enterprise (ME2)</i>					
<i>N°3 Mining Enterprise (ME3)</i>					
8	Royalties				
9	Signature Bonus				
10	Production Split				
11	Dead Rent Fees				
12	Licence Fees				
13	Dividends				
14	Other significant payments (> 50,000 USD)				
<i>Forest Department -Ministry of Environmental Conservation and</i>					
15	Land rental fees				
16	Environmental / Plantation fees				
<i>States/Regions</i>					
17	Contribution to the State/region social development fund				
Total payments		-	-	-	

This Template is addressed only to MGE (Ministry of Mines) and MoF (IRD and Budget/Treasury Department)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (MGE/ MoF)				
Identification Number				
Reporting template prepared by				Position
Email address				Tel.

Payments in cash					
Ref.	Type of payment/Revenue	Paid/Received Amount			Comments
		Kyat	USD	EUR	
Transfers to budget accounts					
1	Corporate Income Tax (CIT)	-	-	-	
2	State Contribution				
3	Commercial Tax				
4	Other material transfers (> 50,000 USD)				
Other accounts					
5	Transfers to Other Accounts (+)				
6	Transfers from Government Budget to MGE (-)				
Quasi fiscal expenditure					
7	In kind payments				
8	Cash payments				
Total payments					
					Currency
11. Type of mineral sold in emporium	Gems	[State the stage of the value chain the	[Volume]	Tonnes	[Value]
	Jade			Tonnes	
	Gems	[State the stage of the value chain the	[Volume]	Tonnes	[Value]
	Jade			Tonnes	
12. Myanmar exports	Gems	[State the stage of the value chain the	[Volume]	Tonnes	[Value]
	Jade			Tonnes	
	Gems	product is at?	[Volume]	Tonnes	
	Jade		[Volume]	Tonnes	

This Template is addressed only to MoM, Department of Mines, ME1, ME2, ME3 and MoF (IRD and Budget/Treasury Department)

EITI Payment/Receipt Report

(From April 2013_ to March 2014)



Name of the Entity (MoM, Department of Mines, ME1, ME2, ME3 / MoF)			
Identification Number	0		
Reporting template prepared by			Position
Email address			Tel.

Payments in cash					
Ref.	Type of payment/Revenue	Paid/Received Amount			Comments
		Kyat	USD	EUR	
<i>Transfers to budget accounts</i>					
1	Corporate Income Tax (CIT)	-	-	-	
2	State Contribution				
3	Commercial Tax				
4	Other material transfers (> 50,000 USD)				
<i>Other accounts</i>					
5	Transfers to other accounts (+)				
6	Transfers from Government Budget to MoM, Department of Mines, ME1, ME2, ME3 (-)				
<i>Quasi fiscal expenditure</i>					
7	In kind payments				
8	Cash payments				
Total payments					
24. Type of mineral produced	Gold	[State the stage of the value chain the product is at?]	[Volume]	Kg	[Value]
	Coal			Tonnes	
	Copper			Kg	[Value]
	Tin			Tonnes	
	Tinstgen			Kg	
	Others			Tonnes	
	
25. Type of mineral sold/exported	Gold	[State the stage of the value chain the product is at?]	[Volume]	Kg	[Value]
	Coal			Tonnes	
	Copper			Kg	[Value]
	Tin			Tonnes	
	Tinstgen			Kg	
	Others			Tonnes	
	

This Template is addressed to the SOEs (Ministry of Mines), Department of Mines, MoF and Forest Department of MOECAF



Transactions/Infrastructure provisions and barter arrangements
Period covered: 1 April 2013 to 31 March 2014

Description of the project	Location of the project	Terms of the Transaction			Terms of Transaction and legal basis (Ref of the Agreement, date of signature, etc..)
		Total budget of the Engagement/Project	Value of engagements/project incurred from 1/4/2013 au 31/03/2014	Cumulated value of engagements/project incurred on 31/03/2014	
Total		0	0	0	

This Template is addressed only to the Ministry of Mines and the Ministry of Finance



Loans /Loan guarantee granted to Entities operating in extractive sector
Period covered: 1 April 2013 to 31 March 2014

Beneficiary (Name of the Entity operating in mining sector)	Total amount of the loan/loan guarantee	Terms of the Transaction					Other comments
		Date of the grant	Repayment period	Interest rate	Outstanding amount not reimbursed on 31/03/2014	Amount reimbursed during the year	
Total	0	0	0	0	0	0	

This Template is addressed to Ministry of Mines



Licenses awarding and transfers
Period covered: 1 April 2013 to 31 March 2014

Reference of awarded title	Area (Km2)	Awarding/Transfer date	Holder Entity/Consortium	Awarding process				Others comments
				Awarding process	Technical Criteria	Financial Criteria	List of candidate	
								<i>If requested information are publicly available, please insert a reference or a link</i>

Appendix 8: SOEs reconciliation sheets

Transfer made by	MOGE
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N°	Description of payment	Paid to	MOGE			MoF			Final difference
			Initial	Ajust	Final	Initial	Ajust	Final	
Transfers to budget accounts			880,448,582,697	-	880,448,582,697	880,448,582,697	-	880,448,582,697	-
4	Corporate Income Tax (CIT)	IRD	281,742,744,000		281,742,744,000	281,742,744,000		281,742,744,000	-
5	Commercial Tax	IRD	364,312,097,697		364,312,097,697	364,312,097,697		364,312,097,697	-
6	Customs Duties	Customs	9,000,000,000		9,000,000,000	9,000,000,000		9,000,000,000	-
7	Stamp Duties	IRD			-			-	-
8	Capital Gains Tax	IRD			-			-	-
9	Withholding tax	IRD			-			-	-
10	State contribution	MoF	225,393,741,000		225,393,741,000	225,393,741,000		225,393,741,000	-
11	Other material transfers (> 50,000 USD)	All			-			-	-
Other accounts - SOE Own Accounts			1,320,174,769,181	-	1,320,174,769,181	1,320,174,769,000	-	1,320,174,769,000	181
12	Transfers to MOGE other accounts (+)	MoF	1,320,174,769,181		1,320,174,769,181	1,320,174,769,000		1,320,174,769,000	181
13	Transfers from the Government Budget to MoF				-			-	-
Quasi fiscal expenditure			132,089,790,475	-	132,089,790,475	-	-	-	-
14	In kind payments		132,089,790,475		132,089,790,475			-	
15	Cash payments				-			-	-
			2,332,713,142,352	-	2,332,713,142,352	2,200,623,351,697	-	2,200,623,351,697	

Transfer made by	MGE
------------------	-----

N°	Description of payment	Paid to	MGE			MoF			Final difference
			Initial	Ajust	Final	Initial	Ajust	Final	
Transfers to budget accounts			228,435,836,585	-	-	228,435,836,585	-	-	
1	Corporate Income Tax (CIT)	IRD	60,458,777,000			60,458,777,000			-
2	State Contribution	MoF	48,367,022,000			48,367,022,000			-
3	Commercial Tax	IRD	21,499,000			21,499,000			-
4	Other material transfers (> 50,000 USD)	All	119,588,538,585			119,588,538,585			(0)
Other accounts			195,516,457,782	-	-	195,516,458,000	-	-	
5	Transfers to Other Accounts (+)	MoF	195,516,457,782			195,516,458,000			(218)
6	Transfers from Government Budget to MGE (-)	MoF							-
Quasi fiscal expenditure									
7	In kind payments								
8	Cash payments								
			423,952,294,367	-	-	423,952,294,585	-	-	

Transfer made by	ME (1)
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N°	Description of payment	Paid to	MOGE			MoF			Final difference
			Initial	Ajust	Final	Initial	Ajust	Final	
Transfers to budget accounts			5,502,433,620	-	5,502,433,620	5,502,433,620	-	5,502,433,620	-
1	Corporate Income Tax (CIT)	IRD	589,669,000		589,669,000	589,669,000		589,669,000	-
2	State Contribution	MoF	471,735,000		471,735,000	471,735,000		471,735,000	-
3	Commercial Tax	IRD			-			-	-
4	Other material transfers (> 50,000 USD)	DoM/MoF	4,441,029,620		4,441,029,620	4,441,029,620		4,441,029,620	-
Other accounts - MOG Own Accounts			2,436,160,851	-	2,436,160,851	2,436,022,000	-	2,436,022,000	138,851
5	Transfers to MOGE other accounts (+)	MoF	2,436,160,851		2,436,160,851	2,436,022,000		2,436,022,000	138,851
6	Transfers from the Government Budget to MOGE (-)				-			-	-
Quasi fiscal expenditure			-	-	-	-	-	-	-
7	In kind payments				-			-	-
8	Cash payments				-			-	-
			7,938,594,471	-	7,938,594,471	7,938,455,620	-	7,938,455,620	138,851

Transfer made by	ME (2)
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N°	Description of payment	Paid to	MOGE			MoF			Final difference
			Initial	Ajust	Final	Initial	Ajust	Final	
Transfers to budget accounts			16,314,437,898	-	16,314,437,898	16,314,437,898	-	16,314,437,898	(0)
1	Corporate Income Tax (CIT)	IRD	6,483,502,129		6,483,502,129	6,483,502,129		6,483,502,129	-
2	State Contribution	MoF	7,225,086,000		7,225,086,000	7,225,086,000		7,225,086,000	-
3	Commercial Tax	IRD	1,032,154,769		1,032,154,769	1,032,154,769		1,032,154,769	(0)
4	Other material transfers (> 50,000 USD)	DoM/MoF	1,573,695,000		1,573,695,000	1,573,695,000		1,573,695,000	-
Other accounts - MOG Own Accounts			20,962,592,986	-	20,962,592,986	20,962,593,000	-	20,962,593,000	(14)
5	Transfers to MOGE other accounts (+)	MoF	20,962,592,986		20,962,592,986	20,962,593,000		20,962,593,000	(14)
6	Transfers from the Government Budget to MOGE (-)				-			-	-
Quasi fiscal expenditure			-	-	-	-	-	-	-
7	In kind payments				-			-	-
8	Cash payments				-			-	-
			37,277,030,883	-	37,277,030,883	37,277,030,898	-	37,277,030,898	(14)

Transfer made by	ME (3)
------------------	--------

N°	Description of payment	Paid to	MOGE			MoF			Final difference
			Initial	Ajust	Final	Initial	Ajust	Final	
Transfers to budget accounts			2,784,336,015	-	2,784,336,015	2,784,336,016	-	2,784,336,016	(1)
1	Corporate Income Tax (CIT)	IRD	1,467,634,015		1,467,634,015	1,467,634,016		1,467,634,016	(1)
2	State Contribution	MoF	1,316,702,000		1,316,702,000	1,316,702,000		1,316,702,000	-
3	Commercial Tax	IRD			-			-	-
4	Other material transfers (> 50,000 USD)	DoM/MoF			-			-	-
Other accounts - MOG Own Accounts			3,563,348,437	-	3,563,348,437	3,563,349,000	-	3,563,349,000	(563)
5	Transfers to MOGE other accounts (+)	MoF	3,563,348,437		3,563,348,437	3,563,349,000		3,563,349,000	(563)
6	Transfers from the Government Budget to MOGE (-)				-			-	-
Quasi fiscal expenditure			-	-	-	-	-	-	-
7	In kind payments				-			-	-
8	Cash payments				-			-	-
			6,347,684,452	-	6,347,684,452	6,347,685,016	-	6,347,685,016	(564)

Appendix 9: Payment flows description

a. Common law taxes

N°	Payment flows	Definition
Payments to IRD and Custom Department		
1	Corporate Income Tax (CIT)	An enterprise registered under the Myanmar Companies Act, an entity registered under the Myanmar Foreign Investment Law (MFIL) and a registered Myanmar branch of a foreign entity which enjoys incentives under MFIL are subject to income tax at 25%. A registered Myanmar branch of a foreign entity does not enjoy incentives under MFIL, and other non-resident entities, are subject to income tax at the higher rate of 35%.
2	Commercial Tax	A commercial tax is levied on the sales of goods and services and applies to certain transactions as defined in the Commercial Tax Law. Commercial tax is applied to the gross sales of goods and services. For imported goods, commercial tax is calculated via the "cost, insurance and freight" (CIF) value of goods. Commercial tax is levied at 5% on goods other than exempted goods. Commercial tax is not applicable for exports, except in the case of natural gas, crude oil, jade, gemstones and timber.
3	Customs Duties	Goods imported in Myanmar are subject to Customs Duties on importation and are required to be declared to the Myanmar Customs Department accordingly. Currently, the Customs Duties levied on the import of machinery, spare parts, and inputs generally range from 0% to 40% of the value of the goods imported. For exports of goods, export duty is levied on certain commodities.
4	Stamp Duties	Stamp duty applies to a number of transactions. The Myanmar Stamp Act defines the rules to implement Stamp Duties for various types of instruments payable in MMK and in other currencies.
5	Capital Gains Tax	The sale or transfer of capital assets are levied for income tax purposes on gains calculated based on the difference between gross sales and the purchase cost of assets plus any additions less depreciation. Capital assets for income tax purposes are defined as lands, buildings, vehicles, or any other asset owned by an entity including shares, bonds and intangibles
6	Withholding tax	Withholding tax is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Bodies. The payments that attract WHT include management and consultant fees, commissions, rent dividends and payments to non-resident contractors.
7	Other significant payments (> 50,000 USD)	To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payment including any payment flows which is not expected in the reporting template and which is above 50,000 USD.

b. Oil & Gas payments

▪ Payment flows in kind

N°	Payment flows	Definition
Payments to MOGE		
1	State production entitlement	It is the State entitlement on the Profit Oil/Gas of the Oil & Gas produced.
2	MOGE production entitlement	It is the MOGE entitlement on the Profit Oil/Gas and Cost Oil/Gas of the Oil and Gas produced. All three of the Standard PSCs used by the EPD contain state buy-in provisions. For onshore blocks, the standard PSC reserves a 15% undivided interest for MOGE, with the option for the state to increase their share up to a 25% undivided interest in the project. For offshore blocks, MOGE has the right to buy-in to the project up to 20% upon a commercial discovery (increasing to 25% if the reserves are greater than 5 Tscf).
3	Royalties	Royalties are charged at percentage (mentioned in the PSC) of the value of production. The same rate applies for both oil and natural gas. Royalties in Myanmar could be paid in kind or in cash.
4	Baseline payment	In-kind payment made by Oil & Gas onshore companies to MOGE. The amount and modalities of this payment are detailed in the PCC (Performance Compensation Contracts) and IPR (Improved Petroleum Recovery Contract)..

N°	Payment flows	Definition
5	Risk compensation	In-kind payment made by Oil & Gas onshore companies to MOGE. The amount and modalities of this payment are detailed in the PCC (Performance Compensation) Contracts and IPR (Improved Petroleum Recovery Contract).
6	Payment out of production (-)	The reimbursement of the undivided interest by MOGE in the total of the rights and obligations can be made in kind or "Payment out of Production" of fifty percent (50%) of MOGE'S production entitlement under the Contract valued commencing as from the beginning of Commercial Production.

▪ **Payment flows in cash**

N°	Payment flows	Definition
Payments to Ministry of Energy/MOGE		
7	Signature Bonus	Bonus paid upon conclusion of a (Production Sharing Contract (PSC). The amount of the Signature Bonus is specified in the PSC.
8	Royalties	Royalties are charged at percentage (mentioned in the PSC) of the value of production. The same rate applies for both oil and natural gas. Royalties in Myanmar could be paid in kind or in cash.
9	Production Split (State share)	It is the State entitlement on the Profit Oil/Gas of the Oil and Gas produced. Production of petroleum net of cost is shared between the PSC parties, based on a progressive sliding scale linked to average daily production levels from the production area. The rates are distinct for oil and for natural gases.
10	Production Bonus	Bonus paid to MOGE in proportion to the quantities of hydrocarbons produced. The amount of the Production Bonus is specified in the PSC.
11	MOGE share (Profit and Cost)	It is the MOGE entitlement on the Profit Oil/Gas and Cost Oil/Gas of the Oil and Gas produced. All three of the Standard PSCs used by the EPD contain state buy-in provisions. For onshore blocks, the standard PSC reserves a 15% undivided interest for MOGE, with the option for the state to increase their share up to a 25% undivided interest in the project. For offshore blocks, MOGE has the right to buy-in to the project up to 20% upon a commercial discovery (increasing to 25% if the reserves are greater than 5 Tscf).
12	Dividend	This is the distribution of profits in proportion to the number of shares held directly in the Extractive Company.
13	Training Fund	A training contribution is payable annually by concession holders. Different annual payments apply during the exploration and production periods. The payments to the training fund are not transferred to MOGE, they are held by the extractive companies and managed by a monitoring committee of which MOGE is a member.
14	Research and Development Fund	Contractors should pay an annual contribution to a Research and Development (R&D) Fund from the start of production. The contribution equals 0.5% of contractor's share of profit production.
15	Domestic Market Obligation (DMO)	The Contractor's obligatory share of the domestic market obligation will be in the proportion that the Contractor's entitlement to crude oil and gas to all crude oil and gas produced in Myanmar, up to 20% of the crude oil allocated to the Contractor.
16	Data fee	Data fee is levied only on offshore blocks. It is payable within 30 days after the PSC signature.
17	Land fees/Dead rent fee	Land fees is payable to the Ministry of Environmental Conservation and Forestry. The amount of the land rent is specified by the PSC.
18	Other significant payments (> 50,000 USD)	To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payment including any payment flows which is not expected in the reporting template and which is above 50,000 USD.
19	Contribution to the State/region social development fund	It is the amount of the annual contribution made by the Oil & Gas companies to the State/region social development fund.

c. O&G transportation payments

N°	Payment flows	Definition
Payments to MOGE		
1	Profit Sharing Oil & Gas transportation	It is MOGE share on the Oil & Gas transported via the pipeline.
2	Transit fees Oil & Gas transportation	Transit fees are paid by extractives companies to MOGE for the use of the pipelines.
3	Road right fee Oil & Gas transportation	Road right fees are paid by the companies that are operating the pipelines to MOGE.

d. Mining sector payments

▪ Payment flows in kind

N°	Payment flows	Definition
Payments to MoM: Department of Mines		
1	Production Split	Production is shared between the parties. The percentage of the SOE and the percentage of each partner are mentioned in the PSC. The Ministry of Mines share can be increased if production increases
2	Royalties	Royalties are paid by a mining licence holder to SOE on the sales value of all products extracted. Royalties for Mining Projects are: <ul style="list-style-type: none"> ▪ -Precious metallic minerals from 5% to 7.5%; ▪ -Iron, copper, zinc, lead, etc. from 3% to 4%; and ▪ -Gold, silver, platinum from 4% to 5%.

▪ Cash payment

N°	Payment flows	Definition
Payments to Ministry of Mines		
Department of Mines - N°1 Mining Enterprise (ME1) - N°2 Mining Enterprise (ME2) - N°3 Mining Enterprise (ME3)		
1	Royalties	Royalties are paid by a mining licence holder to SOE on the sales value of all products extracted. Royalties for Mining Projects are: <ul style="list-style-type: none"> ▪ -Precious metallic minerals from 5% to 7.5%; ▪ -Iron, copper, zinc, lead, etc. from 3% to 4%; and ▪ -Gold, silver, platinum from 4% to 5%.
2	Signature Bonus	Bonus paid within 30 days after conclusion of mining agreement. The amount of the Signature Bonus is specified in the agreement.
3	Production Split	Production is shared between the parties. The percentage of the SOE and the percentage of each partner are mentioned in the PSC. The Ministry of Mines share can be increased if production increases.
4	Dead Rent Fees	Land rent also called "dead rent" is payable on mineral prospecting and exploration stages. The amount of the land rent is specified by the mining agreement.
5	Licence Fees	Fees payable by an applicant of mining rights to be granted a mining license or permit.
6	Dividend	This is the distribution of profits in proportion to the number of shares held directly in the Extractive Company.
7	Other significant payments (> 50,000 USD)	To avoid omissions that may be considered significant, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payment including any payment flows which is not expected in the reporting template and which is above 50,000 USD.
Payments to MGE		
8	Royalties (20%)	Royalties is levied on the Gems & Jade sales production at the rate of 20% These royalties are paid to MGE.
9	Royalties (10%)	Royalties is levied on the Gems & Jade sales in the annual emporium at the rate of 10%. Royalties is split between IRD (7%) and MGE (3%).
10	Sale Split	It is the share of the State on the revenues of Gems & Jade sales made in te annual emporium.
11	Emporium Fees / Sale Fees	These fees are payable by the participants at the Gems and Jade Emporium.
12	Supervision Fees	These fees are payable by the participants at the Gems and Jade Emporium.
Payments to Forest Department -Ministry of Environmental Conservation and Forestry		
13	Land rental fees	Land rent also called "dead rent" is payable on mineral prospecting and exploration stages. The amount of the land rent is specified by the mining agreement.
14	Environmental / Plantation fees	Environmental / Plantation fees is payable by the mining companies when they obtain the mining license.
Payments to States/Regions		
15	Contribution to the	It is the amount of the annual contribution made by the companies to the State/region

N°	Payment flows	Definition
	State/region social development fund	social development fund.

Appendix 10: Detail of Licenses

Appendix 10.a. Oil & Gas

See excel sheets

Appendix 10.b. Gems & Jade

See excel sheets

Appendix 10.c. Other minerals

See excel sheets

Appendix 11: Award Process

Appendix 11.a. Gems & Jade

See excel sheets

Appendix 11.b. Other minerals

See excel sheets

Appendix 12: Persons contacted or involved in the 2013-2014 MEITI reconciliation

Persons involved

Moore Stephens LLP	
Tim Woodward	Partner
Ben Toorabally	Head of Office / Mission Director
Karim Lourimi	Team Leader
Karim Ghezaiel	Audit Supervisor
Elyes Kooli	Audit Senior

Cho Cho Toe & Associates – Consultants	
Daw Cho Cho Toe	Partner
Daw Tin Myo Thu Zar	Audit Senior

Persons contacted

Auditor General Office	
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