Second National Reconciliation Report EITI-GUA. YEARS 2012 AND 2013 of the Independent Administrator Orellana Sánchez, Sazo y Asociados, S.C.

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1. Glossary of Terms and Abbreviations

1.1. Mining Industry Glossary

Alloy: Physical combination of two or more metals, usually to obtain improved properties.

Amalgam: It is the alloy of mercury with gold or silver. Upon contact with the ore, the mercury particles adhere to the gold or silver and form a plastic mass from which the gold can be separated by distillation or direct burning.

Areas of mining interest: Areas in which mining resources of economic importance have been identified or evaluated and declared as such by the State, in order to proceed with immediate exploration through a call for bids.

Public domain property: By virtue of the Law, mines or mineral deposits of any kind existing in the national territory are public domain property, that is to say, they belong to the State and are therefore inalienable and imprescriptible.

Royalty: Periodic pecuniary payment levied on a license and granting of mining rights or enjoyment in the public domain, regulated in mining according to the area granted, whether exploited or not.

Mining Law: Legal relationship between the State and an applicant, arising from an administrative act of the Ministry of Energy and Mines or the Directorate, including licenses for the execution of mining operations.

Rights in rem under the license: The right derived from the license is a real property right, therefore its holder may alienate it, encumber it, lease it, sublease it, transfer it or enter into subcontracts as long as the negotiation is previously approved by the Ministry of Energy and Mines.

Mitigation study: Technical report describing reconnaissance and exploration operations and the consequences of such operations for the environment, with a view to its protection and conservation.

Exploration (mining activity): Set of administrative, cabinet and field works, both superficial and subway, that are necessary to locate, study and evaluate a deposit.

Exploitation (mining activity): Extraction of rocks, minerals or both, in order to dispose of them for industrial, commercial or utilitarian purposes.

License: Authorization granted by the General Directorate of Mining or the Ministry of Energy and Mines to an applicant to carry out reconnaissance, exploration or exploitation operations.

Mining Law (Object): The Mining Law regulates all reconnaissance, exploration, exploitation and, in general, mining operations.

Minerals: These are substances formed by natural processes, with the integration of elements essentially from the earth's crust.

Mining: Any activity of reconnaissance, exploration and exploitation of mineral products.

Open pit mining: Mining that takes place above the surface.

Artisanal mining: A type of mining activity characterized by personal and direct work in the exploitation of minerals and rocks, using simple manual equipment and rudimentary techniques.

Subway mining: Mining that takes place underground, through tunnels or shafts.

Ministry of Energy and Mines: State agency in charge of formulating and coordinating government policies, plans and programs for the mining sector, processing and resolving all administrative matters and complying with the provisions of the Mining Law and its Regulations.

Mining operations: Any and all activities aimed at the development of mining.

Reconnaissance period: A period of six consecutive months, counted from the day following the date of notification to the interested party of the resolution granting the mining right of reconnaissance.

Principle of sustainable development: Principle that implies the exercise of mining activities in accordance with environmental aspects, land management, economic stability and social responsibility, combined with the principle of rationality and optimal resource recovery.

Resources: Natural concentration of solid, liquid or gaseous material in or on the earth's crust, whose economic exploitation is actual or potential.

Hypothetical resources: These are undiscovered resources, with the possibility of existence in known geological areas where other discoveries have already been made.

Royalty: Economic compensation paid to the State for the exploitation of mining products or construction materials, not considered as a tax.

Soil and subsoil: The soil comprises the simple surface and the layer that reaches as far as the work of the surface owner in non-mining activities and the subsoil extends indefinitely in depth from where the soil ends. (The law makes the distinction since it establishes that mining activities carried out in the subsoil do not give right of compensation to the surface owner, who only has that right when such activities are carried out in the soil).

Mining right holder: Any person who obtains a favorable resolution from the Ministry of Energy and Mines or the General Directorate of Mining, to carry out mining operations in accordance with the Mining Law in force.

Deposit: Any accumulation of rocks or natural concentration of one or more minerals.

1.2. Oil Industry Glossary

Contract Area: The original contract area minus, if applicable, the parts returned to the national reserve by the contractor, according to the law and the respective contract, during the exploration or exploitation period.

Exploration Area: This is the contract area minus, if applicable, the exploitation area or areas.

Exploitation Area: It is the area that the contractor retains for the development of its petroleum exploitation operations as a consequence of one or several discoveries of commercial fields in accordance with the law and the contract.

Original Contract Area: The area identified in the text of a petroleum exploration and exploitation operations contract.

Barrel: Unit of measurement of volume equivalent to 42 gallons.

Oil Field: Surface area delimited by the vertical projection of part, one or several reservoirs.

Contractor: Any person, individual or legal, national or foreign, duly authorized to operate in the Republic of Guatemala, that separately or jointly enters into petroleum operations contracts with the Government.

Petroleum Operations Contract: The contract entered into by the Government with one or more contractors to carry out petroleum operations in the country, which may be abbreviated to simply contract.

Production Sharing Contract: It is the contract for exploration and exploitation oil operations entered into pursuant to Article 66 of the Hydrocarbons Law.

Basin: Receptacle where a sedimentary column is deposited, sharing several stratigraphic levels and a common tectonic history.

Reservoir, Reservoir or Reservoir: Underground, porous and permeable geological formation, which contains natural accumulation, separate and individual, of exploitable hydrocarbons; and which is limited by impermeable rocks or water and is characterized by being subjected to a single pressure system, behaving as an independent unit in terms of production mechanisms, petrophysical properties and fluid properties.

Fonpetrol: Decree 71-2008 of the Congress of the Republic of Guatemala (Law of the Fund for the Economic Development of the Nation), whose purpose is to regulate the collection and administration of the funds obtained by the State from royalties and the participation of hydrocarbons that correspond to the State, and other income for any concept coming from oil operation contracts, all of which will integrate the Fund for the Economic Development of the Nation, attached to the Ministry of Public Finance.

Hectare: Unit of measurement for hydrocarbon exploration and exploitation contracts. A metric system surface measurement appropriate to express extensions of land, one hectare is equivalent to 10,000 square meters.

Hydrocarbons: Compounds of carbon and hydrogen found on the surface or in the subsoil, whatever their physical state.

Hydrocarbons Law: Decree Law 109-83, of the Head of State, whose purpose is to promote the use of the country's wealth, especially hydrocarbon deposits, as well as to establish an oil policy aimed at obtaining better results in the exploration and exploitation of such resources, in order to achieve the country's energy independence and self-sufficiency in hydrocarbons.

Pipeline: Pipeline system used to transport oil or its derivatives.

Operator: The contractor that, having entered into an oil operations contract with the Government, together with other contractors in a joint operation agreement, has been designated by the latter, due to its technical capacity in the matter, to execute the operations and activities derived from the obligations contracted in said contract, and also to administer and apply the funds provided by the contractors and required for the development of the oil operations contract.

State Participation in Production: Refers to the portion of hydrocarbon production that corresponds to the State in accordance with Article 66 of the Hydrocarbons Law.

Petroleum: Compound of hydrocarbons that is in liquid state, at the temperature of
15.56°C (Equivalent to 60°F) and at normal atmospheric pressure at sea level; and is not characterized as condensate.

Crude Oil: Oil that after being purified, separated or processed, is of a generally acceptable quality for transportation, transformation or commercialization.

Well: A well drilled for the purpose of discovering hydrocarbons.

Exploratory Well: The well drilled with the purpose of discovering new hydrocarbon reservoirs.

Injector Well: The well that is drilled with the purpose of injecting produced water, with the objective of recovering production in a hydrocarbon reservoir.

Measurement Point: It is the place located in the area of exploitation, where the net production of hydrocarbons is measured and state revenues are determined in the manner provided for in Article 30 of the Hydrocarbons Law.

Net Production: Volumes of crude oil, marketable natural gas and condensates produced in the area of exploitation, measured at the point of measurement after being purified, separated or processed, excluding the volumes actually used in exploitation operations, the quantities of natural gas destined for combustion in the atmosphere and the volumes of water, sediments or other non-hydrocarbon substances.

Royalty: Economic compensation paid to the State for oil exploitation, applied to the volume of net production.

General Regulations of the Hydrocarbons Law: Governmental Agreement 1034-83 which establishes the norms to regulate the hydrocarbons extractive activity in the country. This agreement is subordinated to the Hydrocarbons Law.

National Reserve: These are the areas that are not included in the current exploration and/or exploitation contracts where hydrocarbons may be discovered.

Stationary Hydrocarbon Transportation System (SETH): Consists of all facilities and installations established for the transportation of hydrocarbons between determined points, including their branches, extensions, storage facilities, pumps, loading and unloading equipment and facilities, means of communication, inter-stations, offices and any other movable or immovable property, whether owned by the contractor or otherwise, used in the operations, as well as all other works related thereto. Excluded are any goods or installations related to the exploitation, processing or refining of hydrocarbons, as well as trucks, railroads, ships and any other means of transportation for hydrocarbons, not stationary, whether by land or sea.

Tariff: It is the price to be paid for the services of transportation, storage or transfer of hydrocarbons or other services related to oil operations in the national territory, determined in accordance with the law.

Source: www.mem.gob.gt

1.3. Abbreviations

APIImerican Petroleum Institute

CNTComisión Nacional de Trabajo (Specifically for EITI implementation)

CODEDEConsejo Departamental de Desarrollo (Departmental Development Council)

COPRETPresidential Commission for Transparency and Electronic Government

CONAPNational Council for Protected Areas

EITIInitiative for Transparency in the Extractive Industries

FONPETROLLaw of the Fund for the Economic Development of the Nation

ISRIncome tax

ISOSolidarity Tax

IUSIIUnified Real Estate Tax

ITFIstamp tax

MEMMinistry of Energy and Mines

MINFINMinistry of Public Finances

MARNMinistry of Environment and Natural Resources

GDPGross Domestic Product

SATSuperintendencia de Administración Tributaria (Superintendency of Tax Administration)

Q Quetzales

Qty Quantity

US $ United States of America Dollars Ha Hectare

kg Kilogram

m^2 Square Meter

m^3 Cubic Meter

tMetric Tons

oz Ounce

2. Summary Executive

2.1. General

The Extractive Industries Transparency Initiative (EITI) is a global standard to promote transparent and accountable management of a country's natural resources. The Initiative seeks to strengthen the management of governments and extractive companies, encourage public debate and improve confidence in the extractive sector. In each country where the Initiative is implemented, the government, extractive companies and civil society form a coalition to work towards meeting the requirements of the standard.

The EITI Standard contains a number of requirements that countries must meet to become EITI Candidate Countries and ultimately EITI Compliant Countries. The Standard is overseen by the International EITI Committee where members from governments, extractive companies and civil society participate.

The exploitation of a country's natural resources can generate economic growth and social development. However, when not properly managed, it fosters corruption and conflict. There needs to be greater openness about how a country manages its natural resource wealth to ensure that these resources benefit all citizens. The EITI Initiative is an opportunity to make the management of natural resources from the extractive industry more transparent and to inform society and the general public about the situation of the extractive industry in the country.

Ownership of Natural Resources

Article 121, paragraph "e" of the Political Constitution of the Republic of Guatemala states: *"State property:*
e. The subsoil, hydrocarbon deposits and minerals, as well as any other organic or inorganic substances in the subsoil."

Guatemala began the process of joining the initiative in 2011 and presented its first EITI Report in May 2013. The premise behind the preparation of the annual report is that society should know what payments extractive companies make to the government and the government in turn should disclose that it has received such payments and how it has distributed them. The EITI Report is a tool to facilitate debate and awareness among the public of how the country should improve its management of natural resources by promoting better governance of the extractive sector in each of the member countries.

EITI implementation is successful when citizens in resource-rich countries actually see the benefits in terms of poverty reduction, economic development and real improvements in their lives.

In Guatemala, the extractive industry can be divided into two major groups:

- The mineral extractive industry, mainly represented by Montana Exploradora de Guatemala, S.A. since 2005. Montana Exploradora's share represented, on average, 88% of mining production in Guatemala for the years 2012 and 2013.
- The oil extractive industry, represented mainly by Perenco Guatemala Limited since 2001. Perenco's participation in the reconciled period represented 92% of the total annual oil production reported for that period.

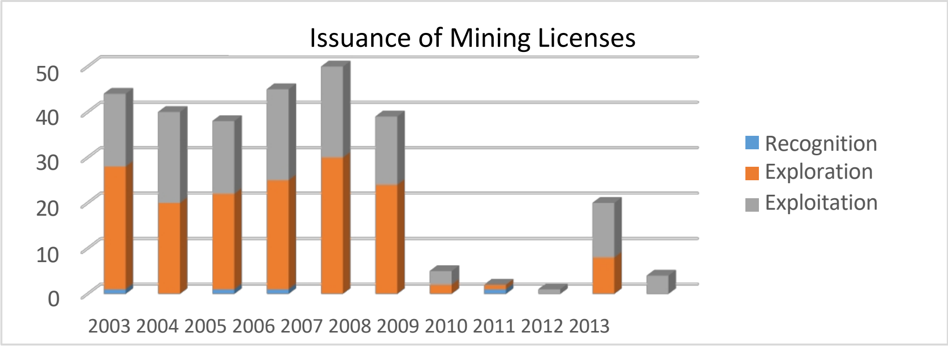
Both Montana Exploradora de Guatemala, S.A. and Perenco Guatemala Limited, major contributors to the extractive industry, are actively participating in the implementation of the EITI initiative in Guatemala. Other companies have also taken an interest in this transparency effort in order to meet the materiality criteria and achieve a broader scope of reporting. Each company that voluntarily agrees to participate in the initiative provides information on the payments they have made to the various government entities who in turn confirm receipt of payments and indicate the amounts that have been transferred to other sub-national entities (Municipalities, Departmental Development Councils and other entities) or to specific programs (CONAP) in accordance with applicable laws.

In general terms, the reconciled data show a downward trend in the extractive industry's contribution to government revenues. In the case of mining, the Ministry of Energy and Mines explains that the largest mining extractor, Montana Exploradora, has ended its open pit exploitation and extracts minerals only from its subway operation. This makes the extraction process more complicated and more expensive. In the case of oil, the same Ministry explains, the drop is due to the fact that the most important wells have begun to lose productivity. In both cases, efforts are being made to generate greater exploration and exploitation of the country's natural resources. This comment is congruent with the efforts made in 2012 when 6 new oil exploration areas were awarded. Not so in the mineral extractive industry, where a downward trend in the issuance of exploration and exploitation licenses in the extractive mining industry that began in 2009 still prevails. The report "Conflictos Mineros y Pueblos Indígenas de Guatemala" (Cordaid, September 2009) offers the best explanation for this phenomenon: *"On June 19, 2008, the Constitutional Court (at the request of CALAS) declared seven articles of the Mining Law (Decree 48-97) unconstitutional, especially those referring to the issuance of licenses. In practice, this created a "technical moratorium" on the granting of more mining licenses, until there is a national consensus on reforms to the Mining Law (CALAS 2008)"*. Although no moratorium has been decreed on the issuance of licenses in the mining industry, it is evident from the rate of issuance of licenses that the extractive mining industry has been affected by the lack of a regulatory framework adequate to the current conditions of the country.

In 2012, the President of the Republic proposed a moratorium to the mineral extractive industry in order to review and update the Mining Law. Neither the moratorium proposal nor the reform of the Mining Law were successful on that occasion. As of the date of issuance of this report, there is no progress on the reform initiative for said Law.

The current situation of the mining industry in Guatemala is reflected in the Fraser Institute's annual report where Guatemala ranks 116th out of 122 countries and regions as "unattractive" for mining industry investments.

The Investment Attractiveness Index measures how attractive a country or region is for extractive mining industry investment based on surveys of industry participants worldwide. [Fraser Institute Mining Companies Survey, 2014]



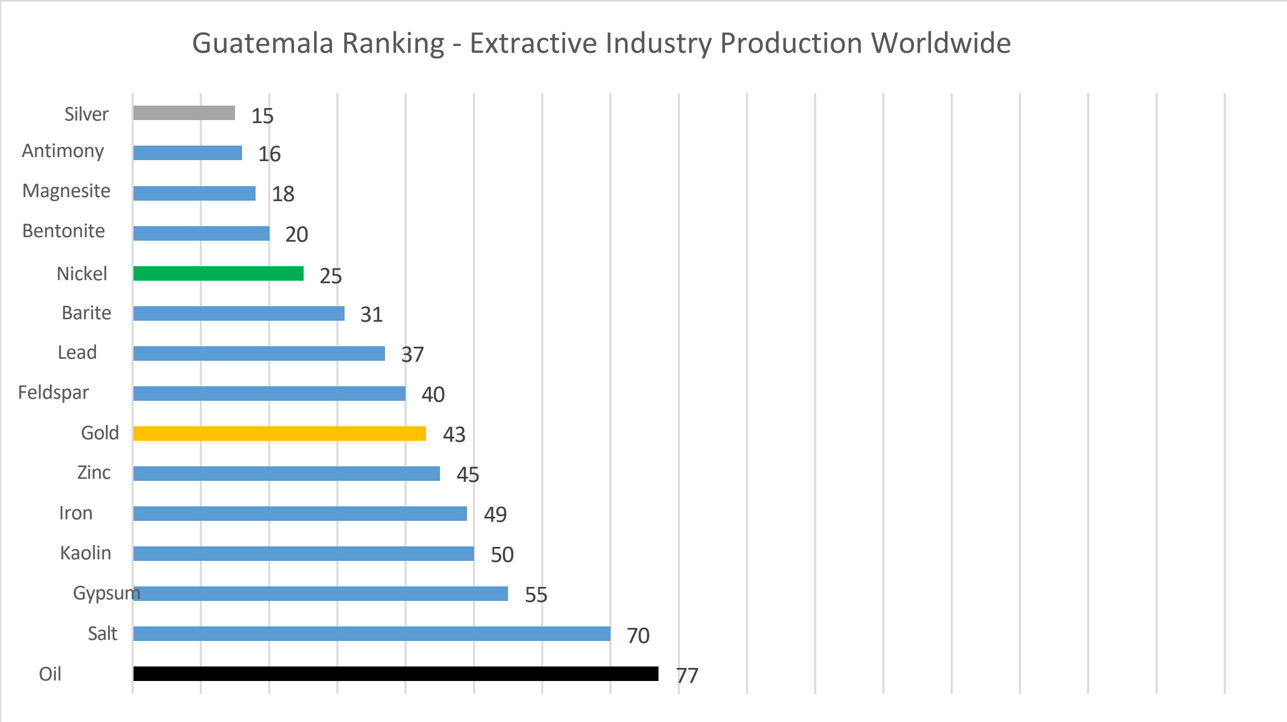
Graph N. 1 Source: Anuario Estadístico Minero 2013, MEM [www.mem.gob.gt]

Extractive Industry's Contribution to State Revenues

The extractive industry's contribution to the State's revenues comes mainly from: Income Tax, Mining and Oil Royalties and State Participation (only in the oil industry), as well as royalties, other taxes (Solidarity and Tax Stamps) and other contributions established for each type of license and industry and detailed in the "Sources (Legal and Fiscal Framework)" section of this document.

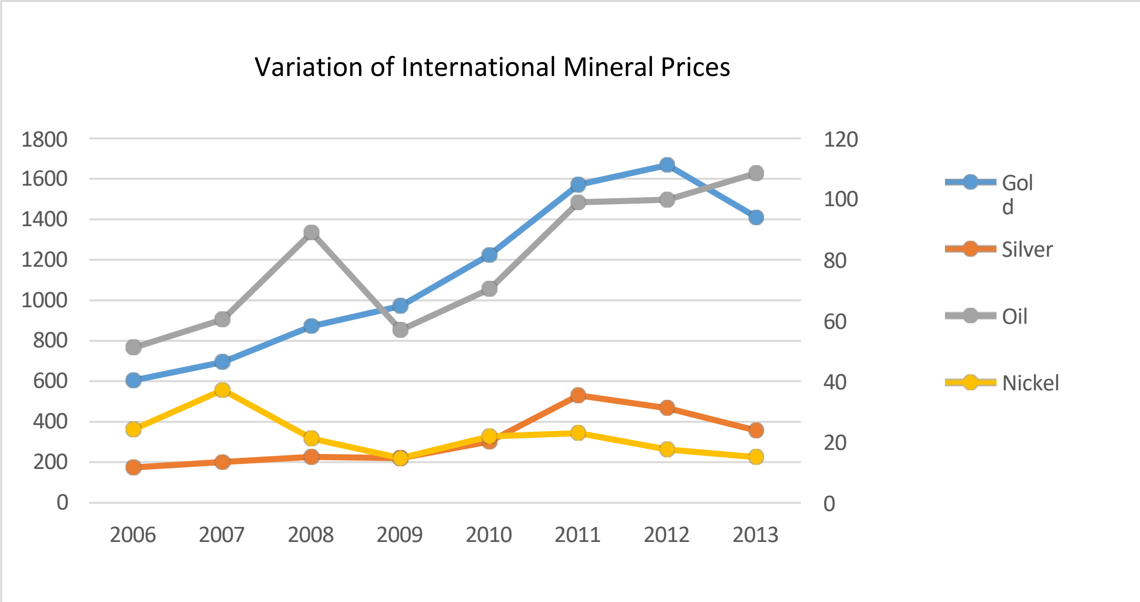
The potential of the extractive industry in Guatemala is evidenced in Guatemala's mining cadastre (See Appendix 1) which shows abundant outcrops of metallic and non-metallic minerals in almost all regions of Guatemala. As for the petroleum extractive industry, the proximity of Mexico's productive oil wells is a reference of the exploitable deposits that could exist in the national territory.

The latest report of the International Organizing Committee for the World Mining Congresses ranks Guatemala as producer No. 115 out of a total of 167 countries added to the report "World Mining Data 2014" although in the individual Ranking by minerals, Guatemala occupies important positions as the No. 15 producer of silver and No. 16 producer of antimony. Guatemala ranked 43rd among gold producers in the report.



Graph N. 2 Source: World Mining Data 2013 (International Organizing Committee for the World Mining Congress).

Mineral prices are usually defined by their opportunity price in the market; this price, known as "spot", responds to changes in production (supply) and demand for the mineral worldwide. The variation of world prices of the main products of the extractive industry in Guatemala directly affects the contribution of the extractive industry to the State's revenues.



Graph N. 3 Source: www.kitco.com, Servicio Geológico Mexicano http://portalweb.sgm.gob.mx/economia/es/precio-metales.html

At the date of preparation of this report, the downward trend in gold, silver and nickel prices continues. Oil has also suffered a significant drop in prices during 2014, although for the reported period it shows an upward trend and is the main contributor of the extractive industry products to the State's revenues.

According to the reconciled data, the total contribution of the Extractive Industry to State revenues (including Royalties paid directly to Municipalities) is 2.7% and 2.1% of the revenue budget for the years 2012 and 2013 respectively. The annual increase in the national budget and the reduction in the general production of the extractive industry have caused a drop in the participation of this industry in the State's revenues by around 15% in 2013 compared to 2012. The oil industry contributes around 70% of the total revenues generated by the extractive industry.

The total contribution reported includes all figures reconciled in this report: the data reported by the Ministry of Public Finance, by the Superintendence of Tax Administration, by the Ministry of Energy and Mines and by the Municipalities* of San Miguel Ixtahuacán and Sipacapa, in the department of San Marcos have been considered within the total contribution in order to provide a global view of the contribution of the Extractive Industry to the total revenues of the State.

The EITI Report

The work of the Independent Administrator consists of reconciling the information provided by the extractive companies and government entities to verify and report the figures paid and received as well as the distribution of revenues from the exploitation of the natural resources that are part of this initiative. The Independent Administrator is also responsible for preparing the EITI Report which discloses the conclusions of the reconciliation of figures and provides contextual information to facilitate the reader's understanding of the overall situation of the extractive industry in the country.

* Municipalities that received 99% of the total royalty contribution from the extractive mining industry for the years 2012 and 2013.

EITI Standard Requirement 3.4

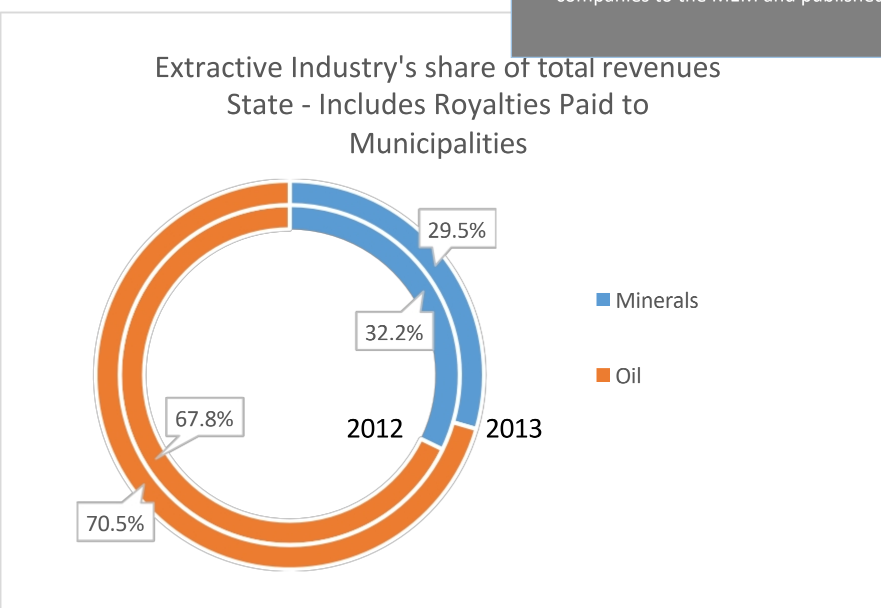
Information Contextual: Se determined that the information ha s been public some entities fro m can be found determined by the method of the "accrued or calculated" while that reconciled data are obtained by the "perceived" method. This report presents recommendations for the development of disclosure policies that contribute to minimize the discrepancies found.

* Contribution includes all figures reconciled in this report.

Table N. 1 - Summary of Contributions

	Total Contribution* (Reconciled Data) - in thousands of Quetzales	2,012	2,013
1	Minerals	521,143	422,327
2	Oil	1,097,089	1,010,050
3	Total Extractive Industry	1,618,232	1,432,377
4	General Budget of the Nation	59,547,384	66,985,437
5	Revenue participation in the State	2.7%	2.1%
6	Share of the Extractive Industries in GDP (at prices per capita) current)	1.89%	1.58%

Source: Own calculation based on reconciled figures. National budget data taken from Decrees N. 33-2011 and N. 30-2012. GDP obtained from the publication "Guatemala en Cifras, 2014" of the Bank of Guatemala, Contribución Minería y Petróleo taken from the production declared by the companies to the MEM and published in the Anuarios Estadísticos Mineros 2012 and 2013 and the magazine Estadística de Hydrocarbons 2012 and 2013, both MEM publications.



Graph N. 4 Source: Own calculation based on reconciled figures

The mineral and oil extractive industry contributed 2.7% of the state's revenues in 2012. This contribution fell to 2.1% in 2013 mainly due to the drop in oil field production.

On average, during 2012 and 2013 the oil industry contributed around 70% of the total contribution of the extractive industry. The remaining 30% was contributed by mining.

2.2. Reconciliation Results

- Figures totaling 3,050 million quetzals were reconciled with a final unreconciled difference of less than 2 thousand quetzals between the income declared as paid by the companies and the income of the companies.

declared as received by the Government. The unreconciled difference corresponds to an undelivered receipt from one of the extractive companies in the mining sector.

- Total contribution of the extractive mining industry to government revenues:
  - Contributions year 2012: 521 million quetzales
  - Contributions year 2013: 422 million quetzales
  - Total contributions in 2012 and 2013: 943 million quetzales
  - Total value of production 2012: 4,622 million quetzales
  - Total value of production 2013: 4,126 million quetzales
  - Total value of production in 2012 and 2013: 8,748 million quetzales.
  - % of total value of production contributed to state revenues in 2012 and 2013: 11%.
- Total contribution of the oil extractive industry to state revenues:
  - Contributions year 2012: 1,097 million quetzales
  - Contributions year 2013: 1,010 million quetzales
  - Total contributions for 2012 and 2013: 2,107 million quetzales
  - Total value of production in 2012: 2,804 million quetzales.
  - Total value of production in 2013: 2,525 million quetzales.
  - Total value of production in 2012 and 2013: 5,329 million quetzales.
  - % of total value of production contributed to state revenues in 2012 and 2013: 39%.
- The contributions paid by the Oil Extractive Industry, and reconciled in this report, are then distributed by the Ministry of Finance according to the Law of the Fund for the Economic Development of the Nation (FONPETROL). Of these sub-national transfers, it was not possible to reconcile 29 million quetzales for 2012 and 25 million quetzales for 2013 between the Ministry of Finance and CODEDES due to lack of disaggregated and detailed information for this purpose (see Note in Section 4.3 of this Report).

Table N. 2 - Total contribution of the Extractive Mining Industry

	Total Contribution - Reconciled Data, in thousands of Quetzals	2012	2013
	Minerals Extractive Industry		
	Non-Tax Income		
1	Royalties Paid to Central Government	24,245	19,392
2	Royalties Paid to Municipalities	24,245	19,392
3	Voluntary Royalties paid to Municipalities	40,208	60,728
4	Voluntary Royalties (Specific Contributions)	38,077	66,725
5	Canon Granting	38	9
6	Canon Exploration Surface	5,091	391
7	Operating Surface Fee	1,534	9,714
8	Fees for Assignments and Extensions	35	56
	Tax Revenues		
9	Income Tax	239,050	239,130
10	Stamp Tax	143,600	200
11	Solidarity Tax	5,020	6,590
	Total	521,143	422,327

Source: Own calculation based on reconciled figures.
* Royalties paid to the municipalities include an amount of Q1.14 million and Q 1.48 million for the years 2012 and 2013 respectively, unilaterally reconciled by the Independent Administrator for not having received a response from the municipalities involved.

Table N. 3 - Total Contribution of the Oil Extractive Industry			
	Total Contribution - Reconciled Data, in thousands of Quetzals	2012	2013
	Petroleum Extractive Industry		
	Non-Tax Income		
1	Royalties	205,635	171,131
2	State Participation in Production	775,424	706,613
3	Stationary Hydrocarbon Transportation System	3,864	3,722
4	Donation to La Selva Infantry Battalion	8,419	7,997
5	Contributions Laguna del Tigre Park	2,807	2,666
6	Training	3,546	3,920
7	Annual Contributions (National Development)	6,818	6,255
8	Annual Charges (Fees per Hectare)	2,316	1,886
	Tax Revenues		
9	Income Tax	88,260	105,860
	Total	1,097,089	1,010,050

Source: Own calculation based on reconciled figures.

2.3. Recommendations

- Implement the registration of the Tax Identification Number (NIT) and the Company Name for all procedures related to mining licenses at the MEM as an additional way of controlling income and cross-checking information.

- Establish a standardized procedure in the MEM for the registration of payments by means of the NIT or Company Name only to avoid the use of commercial names or mine names when registering payments in the corresponding receipts.

- Implement additional reporting capabilities in the Integrated Accounting System (SICOIN) that allow the generation of disaggregated reports of the information available in the System, particularly in the Municipalities and CODEDES.

- The CNT should make additional efforts to socialize the reconciliation process and the EITI initiative to all stakeholders (companies, government agencies, municipalities, Development Councils) on an ongoing basis.

- Seek to standardize criteria for the information published by the different entities participating in the extractive industry statistics, particularly for the MEM. It is suggested to adopt the use of amounts received to maintain consistency with the data reconciled in the EITI reports.

Recommendations to improve compliance with the EITI Standard

- Create a repository of official publications of Petroleum Contracts on the MEM website.

- Publish bidding processes and the status of mining license applications on the MEM website.

3. Background

3.1. EITI (Extractive Industries Transparency Initiative) Extractive Industries Transparency Initiative

History: The EITI began as a campaign by civil society organizations to promote the disclosure by extractive companies of payments made to host governments. This initiative was taken up in a speech made by the then Prime Minister of the United Kingdom, Tony Blair, in 2002. Following this mention, the British government agreed to bring together a group of resource-rich countries, extractive companies and civil society organizations that began to formulate the EITI methodology.

At a conference held in London in 2003, a set of principles (the EITI Principles) was established and a pilot phase was launched. Based on the experiences gained during this pilot phase, a set of criteria (the EITI Criteria) were determined in 2005 at a meeting at Lancaster House. This was the inaugural meeting of the EITI International Advisory Group, chaired by Peter Eigen and with representation from EITI stakeholders.

In October 2006, on the occasion of the third EITI Global Conference in Oslo, the International Advisory Group issued its final report (the IAG Report). In approving this report, all EITI parties participating in the Conference reiterated their support for the EITI Principles and Criteria and the Validation Guide. A number of recommendations were also made, including that "the EITI should establish a multi-stakeholder Board, supported by a Secretariat, to manage the EITI at the international level".

EITI principles:

- It is shared that the prudent use of natural resource wealth should be a major driving force for sustainable economic growth that contributes to sustainable development and poverty reduction.
- It is asserted that it is within the domain of sovereign governments to proceed with the administration of natural resource wealth for the benefit of their countries' citizens in a manner that promotes the interests of their national development.
- We recognize that the benefits of resource extraction occur in the form of revenue streams over many years and may be highly price dependent.
- There is an awareness that public understanding of public revenues and expenditures over time could contribute to public debate and inform the choice of appropriate and realistic solutions available to achieve sustainable development.
- The importance of transparency of governments and extractive companies is emphasized, as well as the need to improve public financial management and accountability.
- It is recognized that the achievement of greater transparency must be framed within the framework of respect for contracts and laws.
- It is recognized that financial transparency can improve conditions for domestic and foreign direct investment.
- It believes in the principle and practice of government accountability to all citizens for the management of public revenue and expenditure flows.
- There are efforts to promote high levels of transparency and accountability in public life, government activities and economic activity.
- It is believed that all stakeholders have important and relevant contributions to make to the search for solutions; these stakeholders include governments and their agencies, extractive industry companies, service companies, multilateral agencies, financial organizations, investors and non-governmental organizations.

Following this recommendation, the EITI International Board was established and has taken a number of decisions relating to both the implementation of the EITI and the governance of the EITI. Decisions taken by the Board that are relevant to EITI implementation are conveyed to EITI stakeholders through the EITI Policy Notes that the Secretariat issues and embodied in this publication.

Participating countries at the date of preparation of this report:

- 31 countries have been accepted as compliant countries, including Peru, which was accepted at the beginning of 2012, becoming the first country in the Americas to achieve this status. Guatemala was the second country in the Americas to achieve validation as a compliant country.
- 17 candidate countries are currently in the process of implementing the standard.

https://eiti.org/countries

3.2. EITI in Guatemala

One of the policies of the government of Guatemala is to subject the civil service to standards of probity, honesty and oversight. For this purpose, it has ratified several national, regional and international instruments with which it assumes commitments and obligations to comply with their provisions.

Among the instruments ratified by Guatemala are the United Nations Convention against Corruption, the Inter-American Convention against Corruption, the Central American Convention for the Prevention and Repression of Money Laundering and Asset Laundering, as well as the requirements of the Inter-American System in the issuance of the Framework Law on Access to Information. These legal instruments commit Guatemala to generate policies and regulations that allow their effective compliance.

The Extractive Industries Transparency Initiative (EITI) is framed within State policies as a mechanism that can lead to improved governance in areas where extractive sectors are present.

Implementation process: The process of conformation of the National Working Commission culminated on May 10, 2012, with the publication of Governmental Agreement 96-2012, with which the National Working Commission for the Implementation of the Extractive Industries Transparency Initiative (EITI) is created, forming a tripartite group of government, civil society and companies, of 16 members. The governmental group includes the Presidential Commission for Transparency and Electronic Government COPRET, which holds the Presidency of the Commission by delegation of the Vice-Presidency of the Republic, the Ministry of Energy and Mines, which currently holds the position of executive coordinator, and the Ministries of Public Finance and Environment and Natural Resources. The Superintendence of Tax Administration participates as a guest of the Commission. In addition, civil society and the business sector also participate through the group of extractive mining and hydrocarbon companies, which called for the participation of the mining sub-sector through the Mining, Quarrying and Processing Companies Association (GREMICAP, now GREMIEXT), which has appointed two representatives and two alternates. At present, the representatives belong to the organizations of Montana Exploradora de Guatemala, S.A. (Goldcorp), Compañía Guatemalteca de Níquel, S.A., Agregados de Guatemala, S.A. (Agregua) and Minera San Rafael, S.A. Also, a representative and an alternate representative of the company Perenco Guatemala Limited from the hydrocarbons subsector were summoned and integrated to the Commission.

One of the transcendental achievements for the Initiative in Guatemala is having obtained validation as an "EITI Compliant Country" on Wednesday, March 19, 2014, during the 26th Plenary Meeting of the EITI Board of Directors. This designation means that the country has an effective process for the regular disclosure of all revenues from its extractive sector, allowing citizens to see the values that the government receives from oil and mining companies.

On Thursday, July 3, 2014, Ms. Clare Short, President of the EITI International Secretariat, and Dr. Francisco Paris, EITI Director for Latin America, officially presented Guatemala with the recognition as an "EITI Compliant Country", making Guatemala the first Central American country and the second in the Americas to obtain the status of EITI Compliant.

For the International Secretariat "Compliance with the EITI should enable Guatemala to use Extractive Industries Revenue Transparency to achieve improvements in accountability and in the governance and management of its natural resources".

Due to the achievements of the EITI in Guatemala, the Latin American Energy Organization -OLADE- selected Guatemala as the host country for the EITI-OLADE Regional Workshop held on December 1, 2014, with the purpose of sharing progress, lessons learned and good practices during the implementation, institutionalization and validation process of the EITI Extractive Industries Transparency Initiative in Guatemala, with the presence of representatives from EITI Honduras, Ecuador, Colombia, Peru and Belize.

Source: www.transparencia.gob.gt

3.3. Content and purpose of the EITI Report

The EITI Standard requires the periodic and timely publication of reconciliation reports whose findings
to foster debate and awareness among the public to promote better governance of the extractive sector.

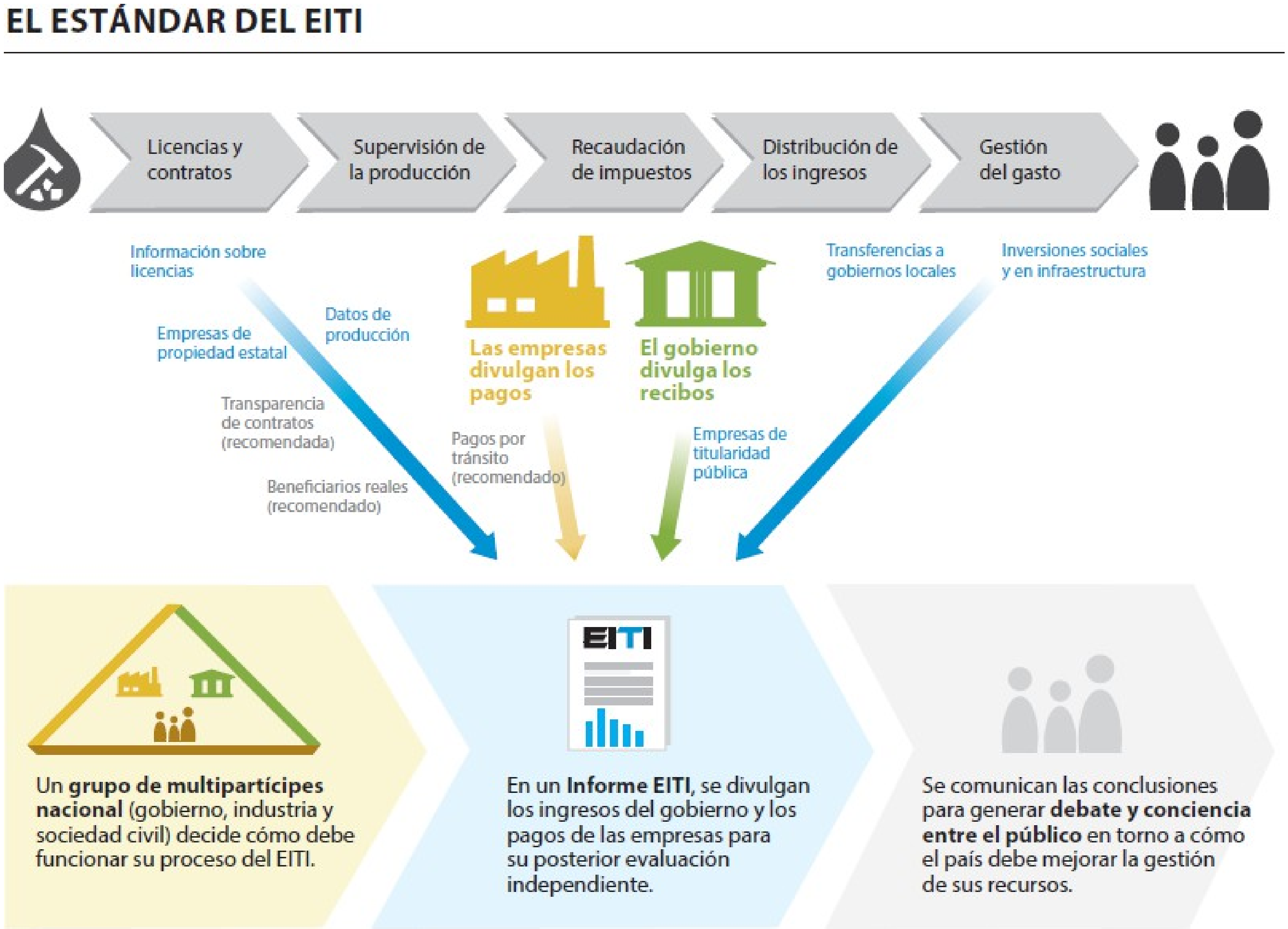
Under the EITI Standard, an independent administrator is contracted to prepare the EITI reconciliation report or "EITI Report" from the production data and payment information disclosed by the extractive sector companies and the payment receipt information disclosed by the government.

The National EITI Commission has contracted the firm Orellana Sánchez Sazo y Asociados, international representatives for Guatemala of the firm Moore Stephens International to provide the services of Independent Administrator to produce the EITI Report for the periods 2012 and 2013.

The contents of the EITI Report include:

- Contextual information - Public contextual information on the extractive industries is provided, including a summary description of the legal framework and fiscal regime; along with a summary of the status of the extractive industries; the contribution of the extractive industries to the economy; production data; state involvement in the extractive industries; revenue allocations and revenue sustainability; records of licenses, concessions, contracts and general extractive industry information.
- Reconciliation of figures - Comprehensive reconciliation of government receipts and company payments is required to give reliability to the figures presented.

- Status of actions taken based on the conclusions and recommendations of the previous report.
- Conclusions and recommendations of the Independent Administrator



Graph N. 5 Source: EITI Standard Revised Version January 1, 2015.

3.4. Scope of the EITI Report

The Scope of the Report is defined by the Terms of Reference and the guidance set out in the EITI Standard. In general:

- Receipt and validation of forms submitted by participating companies and government entities.
- Comparison of data on payments made and receipts received
- Review of supporting information for the different types of payments
- Revision of income distribution
- Compilation of available information from the extractive industry
- Preparation of the Reconciliation of Figures Report Years 2012 and 2013
- Preparation of a brochure with an executive summary of the 2012 and 2013 Reconciliation of Figures Report for mass distribution.

3.5. Methodology applied: The following methodology has been applied:

Graph No. 6 Source: Independent Administrator's Work Plan

3.6. Materiality

3.6.1. Flow materiality (Mining Sector and Hydrocarbon Sector): It was established based on the first report and the experiences learned from that process. All the flows presented in the first reconciliation report and others established by the National Labor Commission were included. The materiality of the flows is established based on the participation of each individual company to the total annual production of the country.

3.6.1.1. Mining Sector: In 2012, the percentage of participation of EITI member companies in Guatemala that carry out mining production activities was 96.5% (Q. 4,462 million) of the country's total production. In 2013, the percentage of participation was 97.2% (Q. 4,012 million) of the country's total production.

Table N. 4 - Flow-based materiality - Mining Extractive Industry

	Materiality of Reconciled Flows - Mining Industry % Corresponding to Member Companies	2012	2013
	Non-Tax Income		
1	Royalties Paid to Central Government	98.3%	96.4%
2	Royalties Paid to Municipalities	95.3%	92.4%
3	Voluntary Royalties Paid to Municipalities	100.0%	100.0%
4	Voluntary Royalties (Specific Contributions)	100.0%	100.0%
5	Canon Granting	17.2%	42.9%
6	Canon Exploration Surface	92.7%	81.3%
7	Operating Surface Fee	33.8%	51.1%
8	Fees for Assignments and Extensions	0.0%	27.0%
	Tax Revenues		
9	Income Tax	97.1%	97.3%
10	Stamp Tax	99.5%	0.0%
11	Solidarity Tax	9.0%	5.0%
	Materiality Based on Weighted Cash Flows	97.1%	95.2%

- The sum of items 1, 2, 7 and 8 corresponds to more than 95% of total income.

Source: Own calculation based on total production reported by the companies to MEM through Affidavit
Note: See Calculation of Materiality based on weighted cash flows in Appendix 3.

3.6.1.2. Hydrocarbons Sector: In 2012, the percentage of participation of EITI member companies in Guatemala that carry out oil production activities was 92.0% (Q. 2,581 million) of the country's total production. In 2013, the percentage of participation was 92.8% (Q. 2,343 million) of the country's total production.

Table N. 5 - Flow-based materiality - Oil Extractive Industry			
	Materiality of Reconciled Flows - Petroleum Industry % Corresponding to Member Companies	2012	2013
	Non-Tax Income		
1	Royalties	86.4%	88.7%
2	State Participation in Production	98.5%	100.0%
3	Donation to La Selva Infantry Battalion	100.0%	100.0%
4	Contributions Laguna del Tigre Park	100.0%	100.0%
5	Stationary Transportation System for Hydrocarbons (SETH)	100.0%	100.0%
6	Training	86.0%	78.5%
7	Annual Contributions (National Development)	100.0%	100.0%
8	Annual Charges (Fees per Hectare)	83.1%	39.4%
	Tax Revenues		
9	Income Tax	94.5%	96.3%
	Materiality Based on Weighted Cash Flows	95.9%	97.5%
	• Petroleum Contracts are exempt from payment of ITF and ISO.		

Source: Own calculation based on total production reported by the companies to MEM through Affidavit
Note: See Calculation of Materiality based on weighted cash flows in Appendix 3.

3.6.2. Company Materiality: The relevant companies included in the second reconciliation report are at least those included in the first report and those that were invited to join the EITI-GUA. Empresa Petrolera del Itsmo, S.A., of the Hydrocarbons Sector decided not to participate in this edition of the EITI Report. On the other hand, the oil company Latin American Resources LTD voluntarily adhered, achieving an improvement in the materiality of companies and flows, although it did not reach the level of the previous report.

3.6.2.1. Mining Sector

Table N. 6 - Materiality based on number of participating companies - Mining Extractive Industry				
	Company Name	Exploitation Phase	Exploration Phase	% Participation
1	Compañía Guatemalteca de Níquel, Sociedad Anónima, S.A. (Guatemalan Nickel Company)	X		< 1%
2	Entre Mares de Guatemala, Sociedad Anónima	X	X	< 1%
3	Exploraciones Mineras de Guatemala, S.A. (Explorations Mining of Guatemala, S.A.)	X	X	< %
4	Guatemarmol, Sociedad Anónima	X		4.0%
5	Guaxilan, Sociedad Anónima	X	X	< 1%
6	Mary Louis Johnson Thompson, widow of Ridinger	X		< 1%

7	Mayaniquel, Sociedad Anónima	X	X	< 1%
8	Minera San Rafael, Sociedad Anónima	X	X	6.1%
9	Montana Exploradora de Guatemala, Sociedad Anónima	X	X	83.6%
10	Peña Rubia, Sociedad Anónima	X		1.4%
11	Sílice de Centroamérica S. A.	X		<1%

- % share of production based on 2013 data
- Companies with 0% interest were in the exploration phase during the reconciliation period.

Source: Own calculation. Listed companies voluntarily participate in EITI.

3.6.2.2. Hydrocarbons Sector

Table N. 7 - Materiality based on number of participating companies - Oil Extractive Industry

	Company Name	Exploitation Phase	Participation
1	Latin American Resources LTD	X	< 1%
2	Perenco Guatemala Limited	X	92.19%

- % share of production based on 2013 data

Source: Own calculation. Listed companies voluntarily participate in EITI.

3.6.3. Materiality of government agencies that must report: The Ministry of Public Finance and the Superintendency of Tax Administration are the government entities with whom the Independent Administrator performed the final reconciliation of non-tax and tax revenues, as these entities are the final recipients of sectoral payments. However, the other government entities involved were also approached by the Independent Administrator in order to know the flows that pass through them.

3.6.4. Materiality of payments and municipal entities: The municipal entities included in the second reconciliation report were those included in the first report and those that began receiving revenues from extractive activities during the reporting period.

3.6.4.1. Mining Sector

Table N. 8 - Materiality of Payments - Mining Extractive Industry

Payments by mining companies	Entity receiving payment
• Income Tax • Stamp Tax • Solidarity Tax • Municipal and state royalties (including voluntary royalties registered in Ministerial Agreements)	SAT SAT SAT SAT Local Municipality/MINFIN MEM

• Granting fees and surface fees for reconnaissance, exploration and exploitation licenses, assignment of exploration and exploitation license rights and others.	
Source: Main payments made by companies to governments in accordance with current regulations. Includes tax and non-tax contributions. tax	

3.6.4.2. Hydrocarbons Sector

Table N. 9 - Materiality of Payments - Oil Extractive Industry	
Payments from oil companies	Entity receiving payment
• Income Tax • Royalties (subsequently assigned to Fonpetrol) • State Participation in Production (subsequently assigned to Fonpetrol) • Training Charges • Charges per Hectare • Additional charges for Fonpetrol • Donation to Conap • Donation to Departmental Development Councils. • Donation Jungle Infantry Battalion • Annual Contributions Extension of Contract 2-85 and Mini Refinery	SAT MINFIN MINFIN MINFIN/MEM MINFIN/MEM MINFIN/MEM MINFIN/MEM MINFIN/CONAP MINFIN/CODEDES
	• Petroleum Contracts are exempt from payment of FTT and ISO.
Source: Main payments made by companies to governments in accordance with current regulations. Contributions are included tax and non-tax	

3.6.5. Materiality of social payments and infrastructure provision: The totality of the flows presented in the first reconciliation report were included, as well as others established by the National Labor Commission. Unreconciled voluntary contributions are reported as Appendix 2 of this report.

3.7. Extractive Companies

3.7.1. Description Companies in the mining sector participating in EITI

- Compañía Guatemalteca de Níquel, S.A.: CGN is a subsidiary of Solway Investment Group, which acquired the company in September 2011. CGN holds two Mining Licenses in the department of Izabal, granted for the Fenix and Montufar projects. Fenix holds the mining license and environmental studies. approved by MARN and Montufar is currently in process. The company owns a nickel plant located in El Estor, Izabal. CGN's primary objective is to make efficient and responsible use of nickel, contributing to the progress and development of the municipality of El Estor and its communities and ensuring for the protection of the natural environment of the Izabal watershed.

Source: http://www.gremiext.com/

- Exploraciones Mineras de Guatemala, S.A.: It has a mining license for gold and silver mining, called Progreso VII Derivada, with a valid environmental license*; the project is in the construction phase. EXMINGUA, S.A. is operated by Kappes, Cassiday & Asociados, since 2008.
    - Source: http://www.gremiext.com/

    *At the date of issuance of this report, this license was is in the process of renovation.

- Guatemarmol, S.A.: For more than half a century Guatemarmol has extracted, cut, transported and processed marble from the quarry to finished products. It currently holds 6 mining rights and has environmental studies approved by MARN for its operation.
    - Source: http://www.gremiext.com/

- Mary Louis Johnson Thompson, widow of Ridinger: It has a Mining Exploration License, a Mining License for Jade Maya and environmental studies approved by MARN.

    Source: http://www.gremiext.com/

- Minera San Rafael, S.A.: It currently has 4 Exploration Mining Rights, protected under licenses: LEXR-040-06 "OASIS"; LEXR-041- 06 "LUCERO"; LEXR-030-07 "ANDRÉS" and LEXR-089-08 "JUAN BOSCO". Currently, all exploration mining rights and the exploitation request have an environmental instrument approved by MARN.
    - Source: http://www.gremiext.com/

- Montana Exploradora de Guatemala, S.A.: Mine Marlin has a Mining Exploration License, Exploitation license and socio-environmental studies approved by MARN.

    Montana Exploradora de Guatemala, S.A. is a subsidiary of Goldcorp and has operated the Marlin mine since 2009, although the mine has been in operation since 2005. Marlin was discovered in 1998 by two Guatemalan geologists.

    For the proper management of the environment, Mina Marlin adheres to the Environmental Impact Study, conducted in accordance with national requirements and strict international standards, approved by the Ministry of Environment and Natural Resources. In addition, it works with the communities to promote integrated development projects, which guarantees a balance between production and sustainable development in the region. Its business strategy is characterized by being an efficient mining company with social and environmental responsibility.

    The mine offers the best opportunities for the quality of life of its employees and neighbors through health, education, infrastructure, environmental protection and technical assistance programs for productive projects in nearby communities.

    Source: http://www.gremiext.com/

- Peña Rubia, S.A.: Cementos Progreso, S.A. (Peña Rubia is the exploitation holder) has an exploitation license and environmental impact study for the sale of unprocessed mining products such as raw limestone and whole tuff in the La Pedrera area.

    It has a license to exploit the quarry called San Miguel, raw limestone, schist, tuff, dolomite, volcanic sand.

    Cementos Progreso is a Guatemalan company that strives to be exemplary and since its foundation in 1,899 has been managed based on the following principles strong family values, among which ethical behavior, leadership, commitment to the company's sustainability and solidarity stand out; that is, getting involved with the communities by participating in the development and execution of projects that improve people's quality of life.

Experience has allowed Cementos Progreso to be recognized for its high quality standards in the production and marketing of cement, concrete, lime and other construction materials and services. More than a century of investment demonstrates that Cementos Progreso is Economic Development, Social Commitment and Environmental Responsibility.

Source: http://www.gremiext.com/

- Sílice de Centro América, S.A.: SICASA, holds a Mining Exploitation License and has studies of approved by MARN (Pochuta Quarry).

Exploration License authorization is pending: Venecia II.

SICASA, Sílice de Centroamérica, S. A. is a Central American company that belongs to Grupo Vical, operating since 1972 to initially supply the requirements of glass plants in Central America.

Because of its interest in the development of the community, it has achieved a close collaboration with the authorities, religious and health groups, as well as with the population in general, seeking the community's welfare.

Source: http://www.gremiext.com/

3.7.2. Description Companies in the hydrocarbon sector participating in EITI

- Latin American Resources, LTD. is an independent company engaged in the acquisition and development of oil and gas properties in Central America. Latin American Resources LTD. was created through the purchase of the assets of Quetzal Energy LTD. in Guatemala. The company is committed to the highest corporate standards protecting the health and safety of employees, protecting the environment and creating long-term positive impact in the communities where it operates. Latin American Resources operates under Contract 1-2005 the Atzam Field, located in the southwestern part of the Department of Petén.

Source: http://www.latinamericanresources.com/

- Perenco Guatemala Limited: Is an independent oil and gas company with operations in 17 countries. In Guatemala it has been operating since 2001, under Contract 2-85, with which it operates the Xan Field located in the northwest of the Department of Petén. Perenco Guatemala Limited operates under the Hydrocarbons Law in the departments of Petén, Alta Verapaz and Izabal, in the Xan Field, La Libertad Refinery, Piedras Negras Terminal and a 475 kilometer pipeline from Xan to Piedras Negras Terminal. Perenco Guatemala Limited's mission is to *produce oil resources in Guatemala in a responsible manner, in benefit and harmony with employees, communities, the State and the environment.* To achieve this, it has implemented Business Ethics and Integrity, Environmental Policy, Health and Safety Policy, Physical Integrity Policy, and Social Responsibility Policy.

As part of the Social Responsibility Policy, Perenco Guatemala Limited, contributes to the economic development of the populations located within the areas of influence of the oil activity through the promotion of public and private entities and the communities. beneficiaries. Institutional and community strengthening is promoted based on a triangle of solidarity involving the community, the company and the government authority.

Source: http://www.perenco.com/guatemala

3.8. Government Entities

3.8.1. Description of government stakeholders participating in EITI

- COPRET - Presidential Commission for Transparency and E-Government: The Executive created the Presidential Commission for Transparency and E-Government (COPRET), by means of Governmental Agreement 360-2012. The objective of the COPRET is to support the actions of
The Executive Branch ministries and institutions to coordinate the implementation of measures derived from international conventions on transparency, electronic government, the fight against corruption and open government.

  COPRET designs instruments for the implementation of e-government, transparency and anti-corruption mechanisms for the management of public entities, officials and employees. The agency also promotes the establishment of a culture of transparency and the fight against corruption, and monitors and oversees international commitments on e-government, among other tasks. The Extractive Industries Transparency Initiative is one of the transparency actions promoted by the Commission.

  Governmental Agreement 360-2012 empowers the Ministry of Public Finance, in accordance with the law, to allocate to the Commission the resources necessary for the fulfillment of its functions, and authorizes it to receive donations of any nature, both from domestic and foreign organizations. The institution, which convenes meetings at least once a month and extraordinarily when deemed necessary, is empowered to request information from all agencies within the deadlines established for the fulfillment of its goals.

  Source: www.guatemala.gob.gt

- Ministry of Public Finance: This is the government agency whose mission is to manage the financial and patrimonial resources of the State in an efficient, equitable and transparent manner in order to achieve the common good. The main attributions of this Ministry are:

  - To formulate fiscal and financial policy for the short, medium and long term in accordance with the Government's economic and social policy.
  - To propose to the Executive Branch the Budgetary Policy and the rules for its execution.
  - To direct, coordinate and consolidate the draft of the State's General Budget of Revenues and Expenditures.
  - Propose to the Superintendencia de Administración Tributaria (SAT) regulations to deconcentrate tax collection.
  - Coordinate with SAT the programming of revenues derived from tax collection.

- To transfer the resources allocated in the budget to State agencies and entities.
- Evaluate the State's budget execution every four-month period, and propose to the Presidency of the Republic corrective measures that may be necessary within the scope of its competence.
- Define the policy for selecting social investment projects and programs, which will be carried out with own funds, loans and external cooperation.
- To establish rules and operating procedures related to the State's contracting and procurement system in accordance with the Law.

Source: http://minfin.gob.gt/

The Ministry of Public Finance collects and channels State resources. These attributions place it at the center of the EITI figures confirmation axis.

- Ministry of Energy and Mines: MEM is the governing institution for the energy, mining and oil sectors, which promotes the adequate use of the country's natural resources. It is currently in charge of the EITI Executive Coordination, which is responsible for the technical and administrative aspects of the operation of the National Commission and the execution of the country's work plan for the implementation of the Initiative in Guatemala.

  Within the framework of the provisions of the Executive Branch Law, the Ministry of Energy and Mines is assigned the following general functions:

  - Study and encourage the use of new and renewable sources of energy; promote their rational use and stimulate the development and rational use of energy in its different forms and types, seeking a national policy aimed at achieving the country's energy self-sufficiency.
  - Coordinate the necessary actions to maintain an adequate and efficient supply of oil, oil products and natural gas in accordance with the country's demand, and in accordance with the law on the matter.
  - To comply with and enforce the legislation related to the surface reconnaissance, exploration, exploitation, transportation and transformation of hydrocarbons, the purchase and sale or any type of commercialization of crude or reconstituted oil, natural gas and other derivatives, as well as derivatives thereof.
  - To formulate the policy, propose the respective regulation and supervise the system of exploration, exploitation and commercialization of hydrocarbons and minerals.
  - Propose and comply with environmental standards in energy matters.
  - To issue opinions within the scope of its competence on policies or projects of other public institutions that have an impact on the country's energy development.
  - Exercise the regulatory, control and supervision functions in the area of electric energy assigned by law.

  Source: http://www.mem.gob.gt/

- MARN (Ministry of Environment and Natural Resources): MARN is the public sector entity specialized in environmental matters and natural goods and services of the Public Sector, which is responsible for protecting the natural systems that develop and sustain life in all its manifestations and expressions, promoting a culture of respect and harmony with nature and protecting, preserving and rationally using natural resources, in order to achieve a transgenerational development, articulating the institutional, economic, social and environmental work, with the purpose of forging a competitive Guatemala, The environmental management system is a solidary, equitable, inclusive and participatory institution. It is the institution that coordinates, complies with and enforces the policies and legal regulations concerning pollution prevention, conservation, protection and improvement of the environment to ensure the rational, efficient and sustainable use of natural resources.

Source: http://www.marn.gob.gt/

- **Superintendency of Tax Administration (SAT):** In early 1997, the Government of Guatemala, through the Ministry of Public Finance, initiated a series of actions aimed at transforming and strengthening the country's tax system. These actions included the
creation of the Superintendency of Tax Administration -SAT-, with the purpose of modernizing the tax administration and complying with the fiscal commitments contained in the Peace Agreements and the Public Sector Modernization Program.

  The Superintendency of Tax Administration is a decentralized state entity, with competence and jurisdiction throughout the national territory, to exercise exclusively the functions of tax administration, contained in in the legislation. The Institution enjoys functional, economic, financial, technical and administrative autonomy and has its own legal personality, assets and resources.

  The Superintendency of Tax Administration has no direct participation in EITI, but as tax collector it has an important role in the management of information on the extractive industry's contributions to the State's tax revenues. This information is fundamental for the reconciliation of figures in the EITI report.

  Source: http://portal.sat.gob.gt/sitio/

- **Municipalities:** Municipalities are the organizations in charge of the local administration of a municipality (town or city). According to the Political Constitution of the Republic of Guatemala, municipalities are autonomous institutions and their government is elected by universal suffrage and are governed by their own ordinances and regulations. The municipalities receive an annual contribution from the government, the distribution of which is made in the annual budget of the State. The municipalities also receive the percentages of royalties from the extractive industry established by law.

EITI Standard Requirement 3.2

3.9. Sources (Legal and Fiscal Framework)

Table N. 10 - Legal Framework for the Extractive Industry

Minerals	1. Mining Law Decree Number 48-97 and its Regulations, Governmental Agreement Number 176-2001 2. Law for the Protection and Improvement of the Environment, Decree Number 68-86. 3. Law of Protected Areas, Decree Number 4-89 4. Sustainable Management of the Amatitlán Basin and Lake Amatitlán, Decree Number 64-96. 5. Declaration of high risk sectors of the Amatitlán, Villalobos Michatoya watersheds, Governmental Agreement Number 179-2001. 6. Declaration of High Risk Sector of the Xaya Pixcaya National Aqueduct, Governmental Agreement Number 265-2004. 7. Supervision and Inspection of Mining Operations. Governmental Agreement Number 09- 2001

	8. Value of each unit, up to December 31, 1997, Agreement OM-318-97 9. Convention concerning Indigenous and Tribal Peoples in Independent Countries (ILO 169) 10. Law of the Executive Branch, Decree Number 114-97 11. Internal Organic Regulations of the Ministry of Energy and Mines, Governmental Agreement Number 179-2006. 12. Article 346 of Decree Number 17-73 Penal Code: Illegal exploitation of natural resources. 13. Forestry Law, Decree Number 101-96 14. Declaration of High Risk Sectors, CONRED. Act Number 15-2001
	http://www.mem.gob.gt/viceministerio-de-mineria-e-hidrocarburos-2/direccion-general-de-mineria/marco-legal-2/
Oil	1. Hydrocarbons Law Decree Number 109-83 and its General Regulations, Governmental Agreement Number 1034-83. 2. Governmental Agreement Number 165-2005, Amendments to the General Regulations of the Hydrocarbons Law. 3. Law of the Fund for the Economic Development of the Nation (Fonpetrol), Decree Number 71-2008. 4. Regulation of the Law of the Fund for the Economic Development of the Nation (Fonpetrol), Governmental Agreement Number 195-2009. 5. Regulations for the Call for Bids, Governmental Agreement Number 764-92 6. Model Exploration and Exploitation Contract, Governmental Agreement Number 190-2005 7. Model Management and Incremental Production Contract, Governmental Agreement Number 194-2005 8. Regulations for the Conclusion of Petroleum Services Contracts, Governmental Agreement Number 167-84. 9. Regulation of the Call for the Conclusion of Hydrocarbon Exploration and Exploitation Contracts, Governmental Agreement Number 754-92. 10. Regulations for Operating as a Contractor or Subcontractor of Petroleum Services, Governmental Agreement Number 299-84
	http://www.mem.gob.gt/viceministerio-de-mineria-e-hidrocarburos-2/direccion-general-de-hidrocarburos/marco-legal/area-de-petroleo/
	Source: Ministry of Energy and Mines

Table N. 11 - Extractive Industry Fiscal Framework

Tax	Percentage of collection	Frequency	Collecting institution	Distributing Institution
ISR- Regime Optional	31% of income taxable	Annual / Quarterly	SAT	Bank of Guatemala / MINFIN
ISR - Regime General	5% of income gross	Annual / Monthly	SAT	Bank of Guatemala / MINFIN
Solidarity Tax	1% of net assets or gross income	Quarterly	SAT	Bank of Guatemala / MINFIN
Stamp Tax Prosecutors	3% on taxable acts	Monthly	SAT	Bank of Guatemala / MINFIN

Mining Royalties	1% deductible for tax purposes (0.5% at the end of the year) State; 0.5% to municipalities)	Annual	MEM /Municipalities	50% municipalities and 50% central government
Mining Fees			MEM	MEM
	Mining royalty fee for mining rights		Q 1,300	One-time payment
	Recognition license fee		Q 120	Per km^2
	Exploration license fee		3 units* 3 units* 3 units* 3 units	Per km^2 per year
	• First extension		6 pieces* 6 pieces* 6 pieces* 6 pieces* 6 pieces	Per km^2 per year
	• Second extension		9 units* 9 units* 9 units* 9 units* 9 units	Per km^2 per year
	Operating license fee		12 pieces* 12 pieces* 12 pieces* 12 pieces* 12 pieces* 12 pieces* 12 pieces* 12 pieces* 12 pieces	Per km^2 per year
	Fee for assignment of license rights of exploration		3 units* 3 units* 3 units* 3 units	Per km^2 per year
	Fee for assignment of license rights of operation		5 units* 5 units* 5 units* 5 units	Per km^2 per year
* The Unit has a value of Q.100.00 to Q1,000.00 and is fixed according to Article 67 of the Mining Law. See note in Changes to the Law below.				
Hydrocarbon royalties	Determined by MEM based on production, API grades and international oil prices. Base 20%.	Monthly	MEM	MEM / MINFIN
State Participation	Net Production in each area of exploitation, less applicable royalties and the costs of operation. Minimum 30%.	Monthly	MEM	MEM / MINFIN
Privative Income (hydrocarbons)	Proprietary income: - Administrative fees		MEM	MEM / MINFIN
	Annual Contract Fees: (Adjusted for inflation)		MEM	MEM / MINFIN
	Annual charges per ha. in phase of exploration		$ 0.25	Per hectare per year
	Annual charges per ha. at evaluation stage		$ 0.50	Per hectare per year
	Annual charges per ha. in phase of exploitation		$ 5.00	per hectare per year

	Training: stipulated in the oil contracts to finance training programs. training of Guatemalan personnel	It is stipulated in each contract.	

Changes to the law during the period evaluated: 1. Ministerial Agreement Number 071- 2012 dated March 1, 2012, by which the Ministry of Energy and Mines establishes the value of the "unit", cited in the Mining Law, in	Source: Guatemalan legislation in force for the years 2012 and 2013: Decree No. 26-92 Income Tax Law and its Amendments Decree Number 73-2008 Solidarity Tax Law Decree No. 37-92 Stamp Tax Law

Q1,000. Previously the value of each "unit" was Q100. 2. By means of Governmental Agreement Number 105-2012 of May 28, 2012, the Emerging Fund is created, the Framework of Understanding with the Chamber of Industry of Guatemala is approved and the MEM is empowered to sign secondary agreements with the representatives of the extractive industries. This change leads to the subscription of an agreement between Montana Exploradora de Guatemala, S.A. and the Government of Guatemala. Guatemala for the contribution of voluntary royalties.	Fiscal and Special Sealed Paper for Protocols Decree Number 48-97 Mining Law Decree Law Number 109-83 Hydrocarbons Law and its Reforms
Source: Ministry of Energy and Mines, current regulations http://www.minfin.gob.gt/index.php/aporte-voluntario-por-mineria	

EITI Standard Requirement 3.3

3.10. Extractive Industry

3.10.1. General aspects and exploration

In Guatemala, the extractive industry can be divided into two major groups:

- The extractive industry of minerals, mainly gold and silver exploited by the mining company Montana Exploradora de Guatemala, S.A. with about 88% of the mining production in Guatemala.
- The oil extractive industry, represented mainly by Perenco Guatemala Limited, with 92% of the annual oil production.

Guatemala's mining cadastre shows that the country has a lot of exploitable extractive wealth and therefore there is a window of opportunity for the responsible development of this industry in Guatemala. The level of applications and issuance of exploration and exploitation licenses has dropped considerably since 2009 and remains at the date of preparation of this report.

According to information published by the Banco de Guatemala, the revenues from the extractive industry in Guatemala come mainly from: Income Tax, Mining and Oil Royalties and State Participation (only in the oil industry), as well as royalties, other taxes (Solidarity and Tax Stamps) and other contributions established for each type of license and industry.

EITI Standard Requirement 3.4

3.10.2. Contribution of the extractive industry to GDP, total government revenues, Exports and Employment

Table N. 12 - Contribution to Employment

	Employment	2012	2013

1	Mining and quarrying and quarries	4,784	5,893
	Total	1,185,866	1,219,460

	Percentage Contribution	0.40%	0.48%

Source: Publication "Guatemala en Cifras, 2014" by Banco de Guatemala.
It is estimated that the oil industry provides 645 direct jobs and 440 indirect jobs. There are no specific annual statistics for this industry and for this reason is not included in the calculation. Note: The independent administrator recommends keeping additional statistics to consider the personnel working for the mining industry through contractors as it is estimated that the reported figure underestimates the contribution of the mining industry.
extractive industry to employment in Guatemala.

Table N. 13 - Contribution to Exports

	Exports, Millions of Quetzales	2012	2013
1	FOB value Metals and precious stones	4,812	3,801
2	Oil	2,292	2,180
	Total exports	78,335	79,975
	Percentage Contribution	9.07%	7.48%

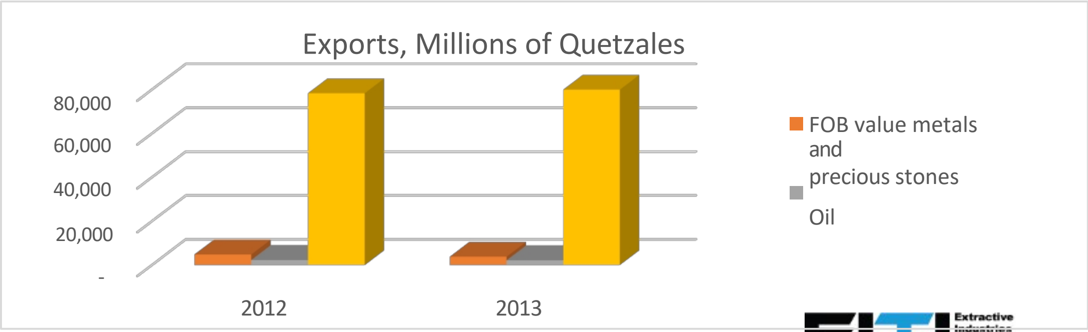
Source: Publication "Guatemala en Cifras, 2014" of the Bank of Guatemala Exchange rate used: Year 2012 - Q7.85 per $1, Year 2013 - Q7.87 per $1.
(Annual averages reported by the Bank of Guatemala)

EITI Standard Requirement 3.4

Table N. 14 - Contribution to GDP (Based on published figures)

	Contribution to GDP, Millions of Quetzals	2012	2013
1	Total extractive mining industry production	4,622	4,126
2	Total oil extractive industry production	2,804	2,525
3	Total Extractive Industry Contribution to the production	7,426	6,651
4	GDP current prices	393,532	421,873
	Percentage contribution to GDP	1.89%	1.58%

Source: GDP obtained from the publication "Guatemala en Cifras, 2014" of the Bank of Guatemala, Contribución Minería y Petróleo taken from the production declared by the companies to the MEM and published in the Anuarios Estadísticos Mineros.
2012 and 2013 and the journal Estadística de Hidrocarburos 2012 and 2013, both MEM publications.



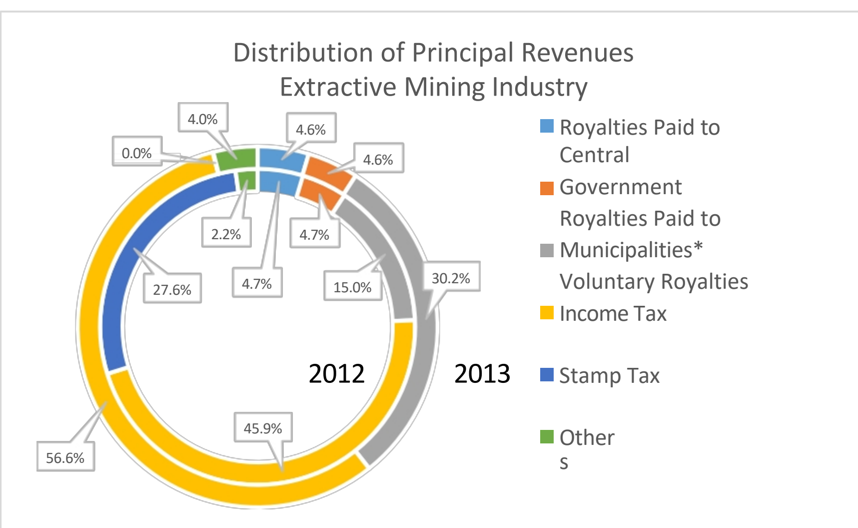
Graph N. 7 Source: Bank of Guatemala publication "Guatemala en Cifras, 2014".

3.10.3. General Aspects of the Mineral Extractive Industry

Table N. 15 - Total contribution of the extractive mining industry to government revenues

	Total Contribution - Reconciled Data, in thousands of Quetzals	2012	2013
	Minerals Extractive Industry		
	Non-Tax Income		
1	Royalties paid to the Central Government	24,245	19,392
2	Royalties Paid to Municipalities	24,245	19,392
3	Voluntary Royalties paid to Municipalities	40,208	60,728
4	Voluntary Royalties (Specific Contributions)	38,077	66,725
5	Canon Granting	38	9
6	Canon Exploration Surface	5,091	391
7	Operating Surface Fee	1,534	9,714
8	Fees for Assignments and Extensions	35	56
	Tax Revenues		
9	Income Tax	239,050	239,130
10	Stamp Tax	143,600	200
11	Solidarity Tax	5,020	6,590
	Total	521,143	422,327

Source: Own calculation based on reconciled figures.
* Royalties paid to the municipalities include an amount of Q1.14 million and Q 1.48 million for the years 2012 and 2013 respectively, unilaterally reconciled by the Independent Administrator for not having received a response from the municipalities.
municipalities involved.



Graph N. 8 Source: Own calculation based on reconciled figures

In accordance with the law, 50% of the
royalties obtained from the extractive mining industry are assigned directly to th
municipalities. The remaining 50% goes to
to the State's common fund. The Independent The Independent Administrator unilaterally reconciled, based on MEM receipts and company payments, a portion of the royalties received by the municipalities since he did not receive a response from the municipalities to the request for information.

EITI Standard Requirement 3.9

3.10.3.1. Regions and productive zones for the mineral extractive industry

ing Cadastre: A cadastre is a public record of the value, extent and ownership of land surface for taxation purposes. A digital mining cadastre can be defined as an inventory of mining areas backed up graphically and alphanumerically in a digital database.

The Mining Rights Department is in charge of keeping the national mining cadastre; the most important element of the mining cadastre is the mining polygons, which are defined by the coordinates of the vertices of the mining areas.

The sources of the mining cadastre are the polygons submitted with license applications, modifications of areas already registered, prohibition areas decreed by environmental institutions or by the General Directorate of Mining itself, the granting or expiration of areas, updated layers of protected areas and others.

In order to keep the national mining cadastre, the registry and documents inherent to the identification, extension and ownership of the areas affected by mining applications and rights are kept. This information can be used by the State Administration, thus guaranteeing legal certainty and the priority of applications according to the order of entry. See has with the sheets scale 1: 250,000 and some at a scale of 1: 50,000 are available, as well as the thematic layers necessary to comply with the cadastral analysis required by law. This information can be accessed by visiting the site: http://www.mem.gob.gt/viceministerio-de-mineria-e-hidrocarburos-2/direccion-general-de- mineria/catastro-minero/

Source: www.mem.gob.gt

Specific information on coordinates and holders of mining licenses can also be requested directly from MEM as provided in the Law of Access to Public Information, Decree Number 57-2008 of the Congress of the Republic of Guatemala.

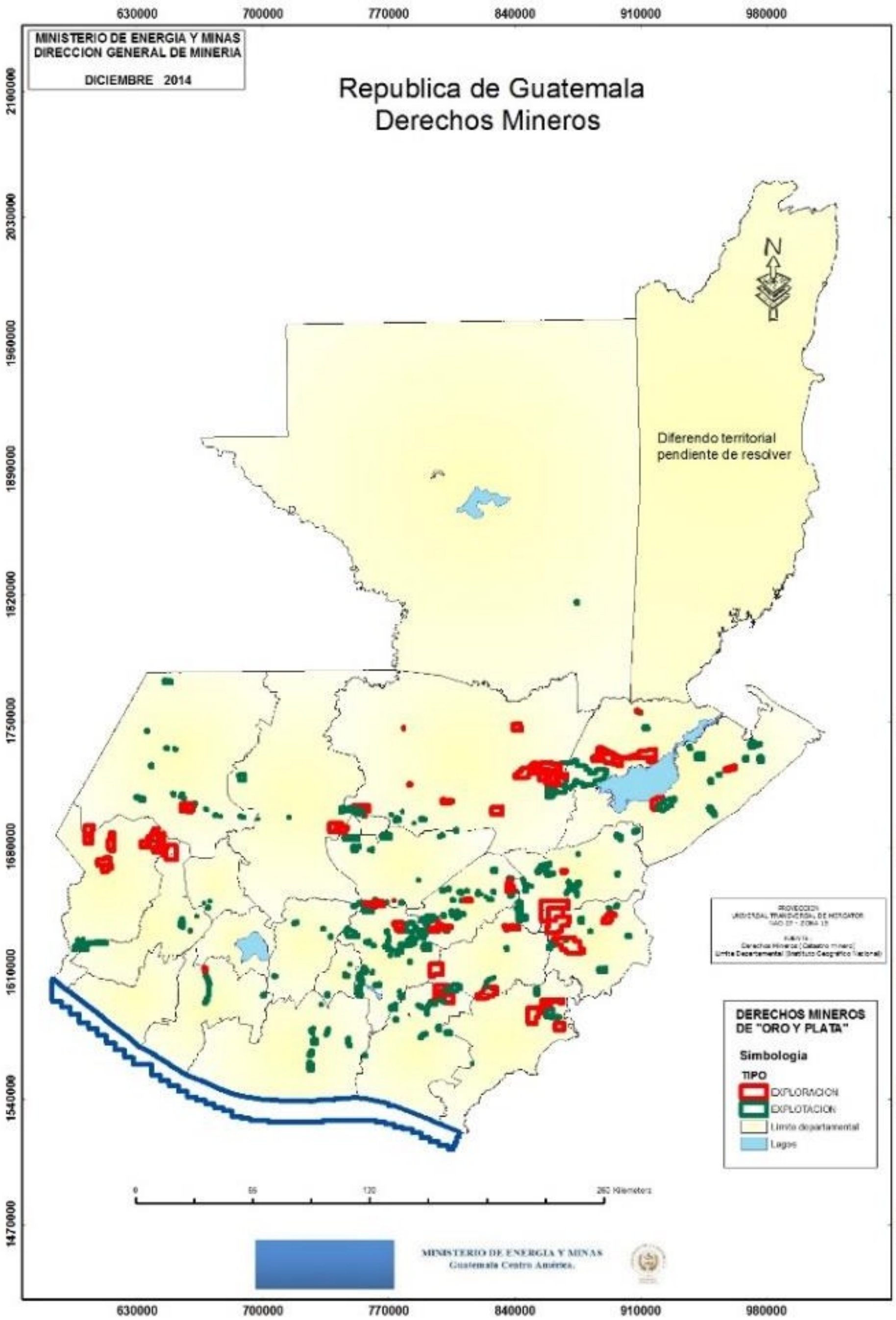
Currently, the minerals that make the largest contribution to extractive industry revenues in Guatemala are gold, silver and nickel. (See Appendix 1 for a complete listing of locations and minerals in Guatemala).

EITI Standard Requirement 3.4

Table N. 16 - Most important metallic minerals in Guatemala

MINERAL	LOCATION	INDUSTRIAL USE
METALLIC MINERALS		
Gold	Chiquimula, Izabal, Quiché, San Marcos	Jewelry, coins, electrical conductors, metal gilding, electronics, cellular phones.
Silver	Huehuetenango, Chiquimula, Baja Verapaz	Monetary uses, photography, electrical appliances, engine bearings, alloys for tanning, silverware and jewelry, mirrors, medical and dental articles, engraved ivory silver plating.
Nickel	Izabal, Alta Verapaz	Stainless steel, heat and acid resistant steel, German silver, nickel and chrome wire for electrical resistors, monel metal (copper, iron, nickel and manganese), nickel plating, coins, electrotypes, accumulators, magnets, lightning rods,

		electrodes, spark plugs, bearings and bearings, catalyst in oil hydrogenation, catalyst for hardening fats, varnishes for ceramics, sunlight resistant pigments, mordant for dyeing and printing, medicinal and pharmaceutical products.
		Source: Ministry of Energy and Mines



Graph N. 9 Source: Ministry of Energy and Mines, Mining Cadastre (www.mem.gob.gt).

EITI Standard Requirement 3.5

3.10.3.2. Contribution of the Mineral Extractive Industry:

Table N. 17 - Mineral Production in Guatemala

		2012			2013		
Mining Product	**Unit**	**Quantity**	**Value (Thousands of Quetzales)**	**%**	**Quantity**	**Value (Thousands of Quetzales)**	**%**
Grand Total			**4,621,527**			**4,126,495**	
Metallic Minerals			**4,411,998**	**95.47%**		**3,926,385**	**95.15%**
Antimony	t	62	1,826	0.04%	158,750	3,715	0.09%
Arsenopyrite	t	113	829	0.02%	0	0	0.00%
Galena	kg	7,985	4	0.00%	10,808	5	0.00%
Ferric shale	t	96,666	5,897	0.13%	150,010	4,449	0.11%
Ore with iron and nickel	t	173,281	66,352	1.44%	654,208	227,119	5.50%
Gold	troy oz	208,119	2,702,858	58.48%	205,303	2,200,206	53.32%
Iron oxide	t	10,808	1,474	0.03%	778	97	0.00%
Silver	troy oz	6,576,608	1,594,367	34.50%	8,550,261	1,469,789	35.62%
Lead	kg	2,269	2	0.00%	533,427	8,340	0.20%
Saprolites auriferous	m^3	127,964	38,389	0.83%	159,774	6,262	0.15%
Zinc	kg	0	0	0.00%	441,609	6,403	0.16%
Non-Metallic Minerals			**209,529**	**4.53%**		**200,110**	**4.85%**
Clay	t	66,392	10,250	0.22%	78,978	12,169	0.29%
Yellow sand	m^3	4,365	155	0.00%	3,915	177	0.00%
Blue sand	m^3	1,850	167	0.00%	846	80	0.00%
White sand	m^3	460,817	14,325	0.31%	376,836	9,528	0.23%
River sand	m^3	261,416	5,687	0.12%	49,920	1,983	0.05%
Silica sand	t	48,664	24,283	0.53%	53,242	27,917	0.68%
Volcanic sand	m^3	6,604	66	0.00%	17,196	184	0.00%
Melting sand	m^3	0	0	0.00%	4,608	177	0.00%
Pumice sand	m^3	0	0	0.00%	90,701	1,792	0.04%
Sand and gravel	m^3	0	0	0.00%	333,479	6,682	0.16%
Sandstone	t	0	0	0.00%	80	92	0.00%
Ballast	m^3	35,959	265	0.01%	52,756	169	0.00%
Barite	t	91	259	0.01%	343	140	0.00%
Andesitic basalt	m^3	1,007,465	26,814	0.58%	1,247,957	32,785	0.79%
Bentonite	t	131,843	975	0.02%	18,402	998	0.02%
Chalcopyrite	kg	0	0	0.00%	863	1	0.00%
Limestone	m^3	1,888,259	72,098	1.56%	1,768,337	61,243	1.48%
Dolomitic limestone	m^3	1,948	804	0.02%	12,593	171	0.00%
Boulder	m^3	261,138	5,166	0.11%	212,110	4,023	0.10%
Kaolin	t	1,866	82	0.00%	1,341	59	0.00%
Coal	t	2	0	0.00%	1	0	0.00%

Volcanic ash	t	1,412,009	19,380	0.42%	349,031	4,862	0.12%
Conglomerates	m^3	3,000	101	0.00%	15,485	521	0.01%
Quartz	t	0	1	0.00%	0	0	0.00%
Chromite	t	0	-	0.00%	5	3	0.00%
Shale	m^3	185,688	6,239	0.14%	182,652	6,137	0.15%
Steatite	t	138	21	0.00%	41	6	0.00%
Feldspar	t	19,356	3,916	0.08%	19,611	4,355	0.11%
Filita	m^3	230	167	0.00%	193	147	0.00%
Fine sand	m^3	3,191	311	0.01%	3,256	253	0.01%
Granite	t	1,667	2,981	0.06%	0	0	0.00%
Chalk	m^3	1,196	117	0.00%	1,275	45	0.00%
Jade	kg	32,814	193	0.00%	40,191	191	0.00%
Laja	m^2	60	0	0.00%	5	0	0.00%
Magnesite	t	27,132	1,269	0.03%	17,196	664	0.02%
Marble blocks	m^3	5,928	3,930	0.09%	2,600	7,815	0.19%
Marble in pieces	t	75,472	1,805	0.04%	227,205	3,129	0.08%
Stone	m^3	305	34	0.00%	230	27	0.00%
Stone .	m^3	39,228	2,264	0.05%	21,918	2,699	0.07%
Stone dust	m^3	1,531	14	0.00%	0	0	0.00%
Select	m^3	119,547	1,518	0.03%	149,529	2,198	0.05%
Serpentinite	m^3	159	69	0.00%	391	188	0.00%
Talc	t	2,311	359	0.01%	3,217	481	0.01%
Talpetate	m^3	1,050	37	0.00%	906	17	0.00%
Rhyolitic tuff	t	58,656	1,216	0.03%	360,004	3,931	0.10%
Gypsum	t	99,628	2,192	0.05%	117,619	2,068	0.05%

Source: Publication "Anuario Estadístico Minero 2012 y 2013", MEM.

EITI Standard Requirement 3.9

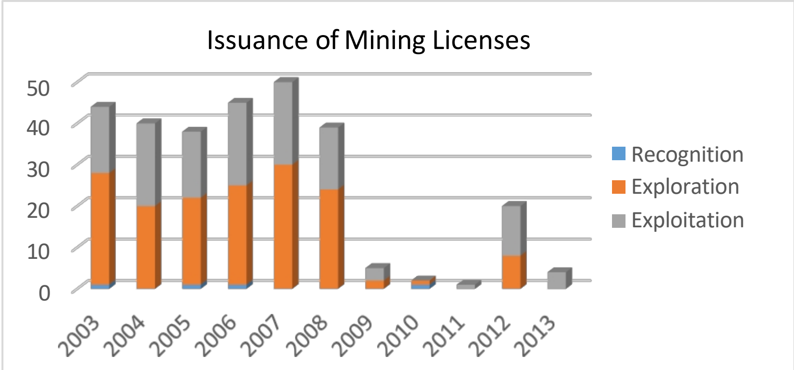
3.10.3.3. Licensing in the mining industry:

The General Directorate of Mining grants three types of licenses: reconnaissance, exploration and exploitation. MEM provides a guide for license applications on site:

http://www.mem.gob.gt/wp-content/uploads/2012/05/Solicitud-de-Licencia.pdf

Licenses are granted upon compliance with the requirements indicated in the application and upon obtaining the favorable opinion of the Cadastre and Mining Supervision. In the case of exploitation licenses, it is a requirement to obtain a favorable resolution of the corresponding Environmental Impact Study.

The number of licenses granted from 2003 to 2013 for each type and mineral category are shown below:



Graph N. 10 Source: Mining Statistical Yearbook 2013, MEM

It is notable that the issuance of mining licenses dropped considerably as of 2009. Although there is no declared moratorium on the issuance of mining licenses, an unconstitutional ruling on some articles of the Mining Law in 2008 resulted in a "technical moratorium" while the Mining Law was being revised and reformed. This "technical moratorium" is due to the lack of consensus among the different sectors regarding the exploitation of the country's mineral resources.

In 2012 there was an improvement in the issuance of mining licenses, but in 2013 the Presidency of the Republic presented an initiative to establish a moratorium on the mining industry in order to promote the Reform initiative proposed in October 2012. Although the moratorium initiative did not prosper, the issuance of mining licenses has not recovered the pace seen prior to 2008.

Table N. 18 - Mining licenses granted in the reconciled period

	ID Mining Law	Name of mining right	Company name	Minerals or rocks	Municipality(ies)	Department(s)
1	LEXT-015-11	ESCOBAL	Minera San Rafael, S.A.	Gold, silver, nickel, cobalt, cobalt, chromium, copper, lead, zinc, antimony, and rare earths.	San Rafael Las Flores	Santa Rosa
2	LEXT-019-11	NIQUEGUA MONTUFAR II MINING EXPLOITATION PROJECT	Guatemalan Nickel Company, S.A.	Nickel, cobalt, iron, chromium and magnesium	Los Amates	Izabal
3	LEXT-006-11	MINING PROJECT SECHOL	Mayaníquel, S.A.	Nickel, cobalt, iron, chromium and magnesium	Panzós, San Antonio Senahú	Izabal and Alta Verapaz

4	LEXT-028-06	EXTRACTION, CRUSHING AND PREPARATION OF ASPHALT MIX GRAVEL CHESTNUT	Jorge Francisco Madrid Ardavín	Sand, gravel and pebbles	Nuevo Progreso, Coatepeque	San Marcos, Quetzaltenango
5	LEXT-016-11	FINCA SAN MIGUEL QUARRY MINING PROJECT	ORASA, S.A.	Limestone, dolomitic limestone, marbleized limestone, breccia calcareous	Morazán	El Progreso
						Source: Publication "Anuario Estadístico Minero 2013", MEM.

EITI Standard Requirement 3.7 Requirement 3.8

3.10.3.4. Distribution of income from the mineral extractive industry

cle 63 of the Mining Law establishes that the extractive industries will contribute, with royalties calculated from orted production, as follows:

a) Zero point five percent (0.5%) of the total production quetzalized to the State
b) Zero point five percent (0.5%) of the total production quetzalized to Municipalities

It is important to mention that some extractive companies opted at the time to contribute with voluntary payments, with some companies contributing up to 5% of their reported production. At the date of issuance of this report this condition has changed due to changes in law during 2014 that have affected the position of the extractive industry with respect to voluntary royalties.

The distribution of tax revenues is not specifically defined (they are paid into the State's common fund).

EITI Standard Requirement 3.5

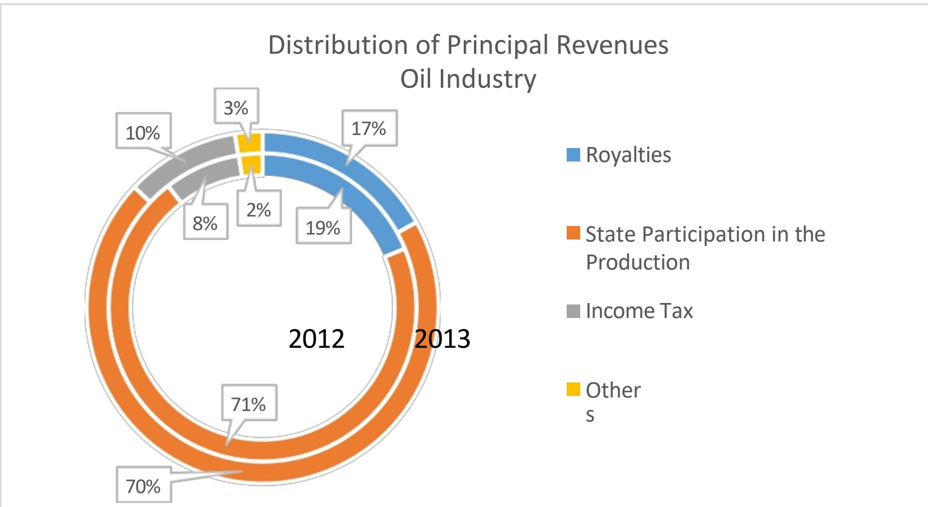
3.10.4. General Aspects of the Petroleum Extractive Industry

Table N. 19 - Total contribution of the oil extractive industry to state revenues

	Oil Activity Revenues (Thousands of Quetzales)	2012	2013
1	Net Production in Thousands of Barrels	3,876	3,645
	Non-Tax Income		
2	Royalties	205,635	171,131
3	State Participation in Production	775,424	706,613
4	Stationary Hydrocarbon Transportation System	3,864	3,722
5	Donation to La Selva Infantry Battalion	8,419	7,997
6	Contributions Laguna del Tigre Park	2,807	2,666
7	Training	3,546	3,920

8	Annual Contributions (National Development)	6,818	6,255
9	Annual Charges (Fees per Hectare)	2,316	1,886
	Tax Revenues		
10	Income Tax	88,260	105,860
	Total	1,097,089	1,010,050

Source: Own calculation based on reconciled figures.



Graph N. 11 Source: Own calculation based on reconciled figures

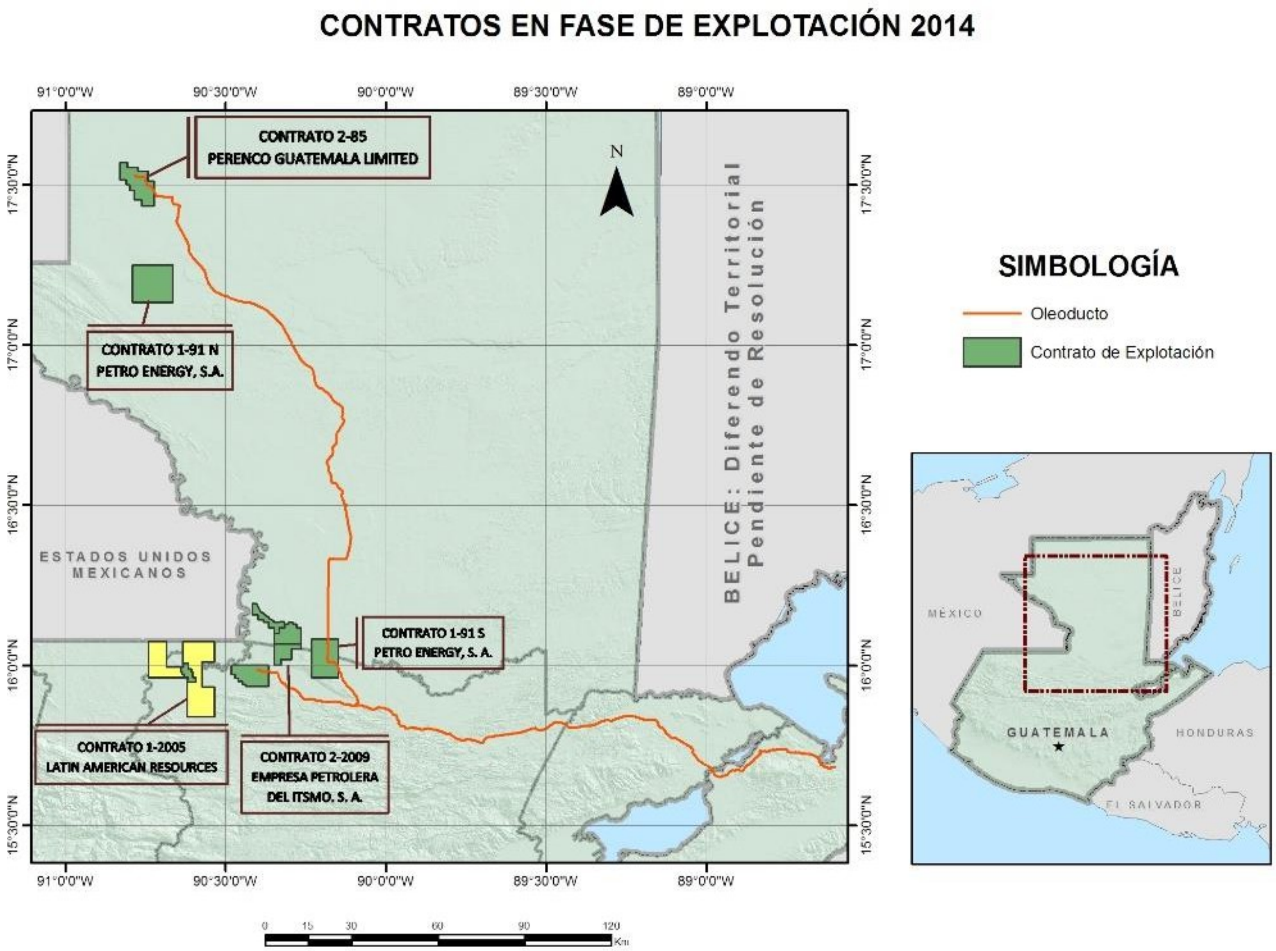
Income to the State from the oil company activity consist mainly in the State's Share of Oil Production with nearly 70% of the contribution of the State's

EITI Standard Requirement 3.4

3.10.4.1. Regions and productive zones for the oil extractive industry

Exploration and Exploitation: The Ministry of Energy and Mines, through the General Directorate of Hydrocarbons, has updated records and location maps of contracts in the Exploration and Exploitation phase, which are accessible to the public directly from the website www.mem.gob.gt.

The areas of greatest oil interest are currently located in the departments of Petén and Alta Verapaz, corresponding to the Petén Norte, Petén Sur and Amatique basins, which are currently the only ones with productive wells.



Graph N. 12 Source: Ministry of Energy and Mines, Exploration and Exploitation of Hydrocarbons (www.mem.gob.gt).

3.10.4.2. Contribution of the oil extractive industry:

Table N. 20 - Oil Production in Guatemala				
	Oil Production	barrels (bbls)		Variation
		2012	**2013**	**%**
1	Contract 1-91 Petro Energy, Sociedad Anónima	80,187	69,087	86.2%
2	Contract 2-85 Perenco Guatemala Limited	3,563,754	3,355,373	94.2%
3	Contract 2-2009 Empresa Petrolera del Itsmo, Sociedad Anonymous	229,007	199,655	87.2%
4	Contract 1-2005 Latin American Resources LTD	3,288	21,066	640.7%
	Total	3,876,236	3,645,181	94.0%
				Source: Hydrocarbon Statistics Magazine, MEM

EITI Standard Requirement 3.9 Requirement 3.12

3.10.4.3. Contracts in the oil industry: petróleo:

To date, a total of 164 wells have been drilled in search of hydrocarbons, of which 67 are producing, 21 are water injectors and 76 are abandoned wells. The result of this exploration is the discovery of 8 commercially producing fields: Rubelsanto, Chinajá Oeste, Caribe, Tierra Blanca, Yalpemech, Chocop, Xan and Atzam.

The oil market operates in Guatemala through contracts governed by the Hydrocarbons Law Decree Number 109-83. Contracts are awarded through a public bidding process (See Section "J. Legal and Juridical Framework" above to access the public documents governing the Conclusion of Petroleum Contracts) and are awarded to bidders that meet the technical, financial and legal criteria established in the Minimum Bases prepared by the MEM. The approval and awarding of the Contract corresponds to the Presidency of the Republic and the Council of Ministers and is published in the Official Gazette under a Governmental Agreement Number.

Within the evaluation period, Agreement Number 172-2012 was issued on August 31, 2012, by means of which the Company called for the execution of Hydrocarbon Exploration and Exploitation Contracts, from which 6 new exploration areas were awarded:

Table N. 21 - Exploration areas awarded in the reconciliation period

	Petroleum Exploration and Exploitation Contracts		
	Areas	**Awarded Company**	**Type of Exploration**
1	Cotzal 1-2012	Perenco Guatemala Limited	Indirect
2	San Francisco 2-2012	Galax Garden Corporation	Indirect
3	White Lagoon 4-2012	Island Oil Exploration Services, S.A.	Indirect
4	Cancuén 5-2012	Tikal Oil and Gas, S.A.	Indirect
5	El Cedro 6-2012	Greenfields Petroleum (Guatemala) Limited	Direct and indirect
6	Xalbal 7-2012	Loon Petroleum LTD	Direct and indirect

Source: Vice-Ministry of Energy and Mines, Mining and Hydrocarbons Areas.

The current situation of the Contracts and Areas of exploitation of the oil extractive industry in Guatemala is summarized in the following table:

Table N. 22 - Current status of current contracts

	Current Status of Exploration Contracts and Areas - Petroleum				
	No. Contract / operator	Field / location	Validity	Type of contract	Current status
1	1-2005 / Latin American Resources Ltd.	Campo Atzam/Alta Verapaz	25 years	Hydrocarbon exploration and exploitation	Exploitation

2	6-93 / Latin American Resources Ltd.	Campo Las Casas/ Alta Verapaz	25 years	Exploitation oil operations	Request for unilateral termination raised by the contractor
3	4-93 / Ceiba Petróleo, Sociedad Anónima	Petén, Alta Verapaz	25 years	Production sharing contract to carry out oil exploration and exploitation operations	Partial assignment of rights to Compañía General de Combustibles, S.A. in unilateral termination process
4	1-2006/ City Petén, Sociedad de Limited Liability	Camp Ocultún/ Petén	25 years	Hydrocarbon exploration and exploitation	Optional direct scanning
5	1-2011 / City Petén, Sociedad de Responsabilidad Limited	Petén	25 years	Hydrocarbon exploration and exploitation	Archaeological and environmental reconnaissance (EIA)
6	4-98 / Compañía General de Combustibles S. A.	Petén	25 years	Seismic option contract for oil and gas exploration and production operations	Non-automatic termination of seismic option contract 4-98
7	7-98 / Compañía Petrolera del Atlántico S. A.	Izabal	25 years	Seismic option contract for oil and gas exploration and production operations	Optional direct scanning
8	2-2009 / Empresa Petrolera del Itsmo, Sociedad Anónima	Rulbelsanto, Chinajá Oeste, Caribbean and Tierra Blanca/Alta Verapaz and Petén	25 years	Petroleum operations contract for the administration and execution of agreements for conservation and efficient production	Exploitation

9	2-2014/ Greenfields Petroleum (Guatemala) Limited	Petén, Quiche and Alta Verapaz	25 years	Hydrocarbon exploration and exploitation	Gathering technical information
10	1-89 / Perenco Guatemala Limited	La Libertad/Petén mini-refinery	15 years	Transformation contract for the installation of a mini-refinery to process crude oil coming from the Xan exploitation area	Crude oil processing
11	Cotzal Area / Perenco Guatemala Limited	Petén		Hydrocarbon exploration and exploitation	Legal administrative procedure for approval of signed contract
12	2-85 / Perenco Guatemala Limited	Campo Xan/Petén	15 years	Contract for oil exploitation operations	Exploitation
13	1-91 / Petro Energy, Sociedad Anónima	Chocop and Yalpemech fields/Petén and Alta Verapaz	15 years	Contract for oil exploitation operations	Exploitation
14	Cancuén Area/ Trayectoria Oil & Gas, Sociedad Anónima	Petén, Alta Verapaz, Izabal		Hydrocarbon exploration and exploitation	Legal administrative procedures, review of Contract minutes
15	Laguna Blanca Area	Petén		Hydrocarbon Exploration and Exploitation	Contract published

- Petroleum Contracts are published in the Diario de Centro América. The publication contains all the agreed terms and conditions, and the coordinates of the awarded sites.

Source: Ministry of Energy and Mines

EITI Standard Requirement 3.7 Requirement 3.8

3.10.4.4. Distribution of Revenues from the Oil Extractive Industry

distribution of revenues is governed by the Hydrocarbons Law (Decree Number 109-83) and the Law of the Fund for the Economic Development of the Nation (Decree Number 71-2008, Fonpetrol). The latter establishes the percentages of the distribution of the funds and the primary purpose of the funds. The funds obtained from royalties and the participation of hydrocarbons that correspond to the State and other income for any concept coming from oil operation contracts, will be distributed as follows:

a) **Five percent (5%)** of the total collected shall be distributed among the Departmental Development Councils of the country, proportionally to the number of inhabitants established annually by the National Institute of Statistics for each department.

b) **Twenty percent (20%)** of the total collected will be distributed among the Departmental Development Councils of the departments where oil operations are carried out. Said distribution shall be made on the basis of the percentage of annual hydrocarbon production carried out in each department, and this shall be invested in equal percentages among the municipalities of the same department.

c) **Three percent (3%)** of the total collected shall be distributed among the public entities responsible for the surveillance and recovery of the protected areas established by law. The Departmental Development Councils that benefit from the distribution percentage established in literal b), shall not receive the distribution established in literal a), both of the present article. Likewise, the resources distributed by means of the provisions of paragraphs a) and b) of this article shall be invested in infrastructure, rural development, renewable energies, sustainable tourism and social investment.

Seventy-two percent (72%) of the total collected will become part of the Government of Guatemala's Common Fund.

The distribution of tax revenues is not specifically defined (they are paid into the State's common fund).

EITI Standard Requirement 3.2 Requirement 3.8

3.10.5. Management of government revenues and expenditures

State, through the Ministry of Public Finance (MINFIN) is in charge of distributing the funds to the Municipalities and Departmental Development Councils. In the specific case of the extractive mining industry, the extractive companies pay directly the portion of royalties that corresponds to the Municipalities. In the case of the oil industry, all non-tax revenues are collected directly by MINFIN, which then distributes them according to the Law to the National Economic Development Fund (Fonpetrol) through transfers to CODEDES and CONAP.

4. Reconciliation of Figures Years 2012 and 2013

4.1. Conciliation process and participants

Adhered First and Second Reports, Mining Sector			
No.	Concept	1st Report, years 2010 and 2011	2nd Report, years 2012 and 2013
1	Guatemalan Nickel Company, S.A.	X	X
2	Entre Mares S. A.	X	X
3	Exploraciones Mineras de Guatemala (Exmigua), S.A.		X
4	Guatemarmol, S.A.	X	X
5	Guaxilan S. A.		X
6	Mary Louis Johnson Thompson		X
7	Maya Nickel	X	X
8	Minera San Rafael, S.A.	X	X
9	Montana Exploradora de Guatemala, S. A.	X	X
10	Peña Rubia S. A		X
11	Sílice de Centroamérica S. A.		X

Adhered First and Second Reports, Hydrocarbons Sector			
No.	**Concept**	**1st Report, years 2010 and 2011**	**2nd Report, years 2012 and 2013**
1	Empresa Petrolero del Itsmo, Sociedad Anónima	X	
2	Latin American Resources LTD		X
3	Perenco Guatemala Limited	X	X

Quetzalized Production, Mining Industry					
No.	**Detail**	**2012**		**2013**	
		in Thousands of Quetzales	**%**	**in Thousands of Quetzales**	**%**
1	Compañía Guatemalteca de Níquel, Sociedad Anonymous	22,469	0.49%	60,763	1.47%
2	Entre Mares de Guatemala, Sociedad Anónima	-	-	-	-
3	Exploraciones Mineras de Guatemala, Sociedad Anonymous	-	-	-	-
4	Guatemarmol, Sociedad Anónima	6,813	0.15%	9,201	0.22%
5	Guaxilan, Sociedad Anónima	44,769	0.97%	166,285	4.03%
6	Mary Louis Johnson Thompson, widow of Ridinger	22	0.0005%	46	0.001%

7	Mayaniquel, Sociedad Anónima	-	-	-	-

8	Minera San Rafael, Sociedad Anónima	-	-	251,783	6.10%
9	Montana Exploradora de Guatemala, Corporation Anonymous	4,297,247	92.98%	3,432,989	83.19%
10	Peña Rubia, Sociedad Anónima	59,788	1.29%	58,196	1.41%
11	Sílice de Centroamérica S. A.	31,166	0.67%	32,273	0.78%
12	Valued production of non-core companies adhered	159,252	3.45%	114,958	2.79%
	Total valued production	4,621,527	100%	4,126,495	100%

Quetzalized Production, Petroleum Industry

No.	Detail	2012		2013	
		in Thousands of Quetzales	%	in Thousands of Quetzales	%
1	Latin American Resources LTD	2,705	0.10%	14,818	0.59%
2	Perenco Guatemala Limited	2,577,934	91.92%	2,328,294	92.19%
3	Valued production of non-core companies adhered	223,756	7.98%	182,377	7.22%
	Total valued production	2,804,396	100%	2,525,490	100%

4.2. Reconciled Figures: The reconciled figures report is presented comparing the amounts reported as received by the MEM and the amounts paid reported by the extractive companies. The difference or variation corresponds to the subtraction between the amount reported by the MEM and the amount reported by the extractive companies. All figures are reported in thousands of Quetzales.

Note: The Independent Administrator has reconciled the figures based on the documentation provided by the EITI member companies and the information provided by MEM, MINFIN, CODEDES and Municipalities. In the case of the non-member companies, the total reported value of revenues reported by the MEM has been taken in order to obtain the total flows reported by the Government. The figures for the non-member companies have not been reconciled in practice but are assumed to be true on a unilateral basis for clarity in the reconciliation.

4.2.1. Mining Industry

	Total Contribution - Reconciled Data, in thousands of Quetzals	2012	2013
	Minerals Extractive Industry		
	Non-Tax Income		
1	Royalties Paid to Central Government	24,245	19,392
2	Royalties Paid to Municipalities	24,245	19,392
3	Voluntary Royalties Paid to Municipalities	40,208	60,728
4	Voluntary Royalties (Specific Contributions)	38,077	66,725
5	Canon Granting	38	9
6	Canon Exploration Surface	5,091	391
7	Operating Surface Fee	1,534	9,714
8	Fees for Assignments and Extensions	35	56
	Tax Revenues		
9	Income Tax	239,050	239,130
10	Stamp Tax	143,600	200
11	Solidarity Tax	5,020	6,590
	Total	521,143	422,327

Royalties Paid to Central Government		**2012**			**2013**	
Data in Thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	-	-	-	112.35	112.35	-
Entre Mares S. A.	-	-	-	-	-	-
Exploraciones Mineras de Guatemala, S. A.	-	-	-	-	-	-
Guatemarmol S. A.	56.69	56.69	-	53.67	53.67	-
Guaxilan S. A.	0.82	0.82	-	-	-	-
Mary Louis Johnson Thompson Vda. Ridinger	0.16	0.16	-	0.11	0.11	-
Maya Nickel S. A.	-	-	-	-	-	-
Minera San Rafael S. A.	-	-	-	-	-	-
Monta na Exploradora de Guatemala, S. A.	23,103.00	23,103.00	-	17,915.00	17,915.00	-
Peña Rubia, S. A.	321.27	319.45	1.82	298.94	298.94	-
Síl ice de Centroamérica S. A.	346.20	346.20	-	311.66	311.66	
Amount collected from companies not Adherence to the EITI Report	416.86	416.86	-	700.27	700.27	-
National Total Collected according to the Ministry of Energy and Mines	**24,245.00**	**24,243.18**	1.82	**19,392.00**	**19,392.00**	-

Royalties Paid to Municipalities		2012			2013	
Data in Thousands of Quetzales	**According to Municipality**	**According to Company**	**variation**	**According to Municipality**	**According to Company**	**variation**
San Miguel Ixta huacán, San Marcos	23,103	23,103	-	17,280	17,280	-
San Miguel Ixta huacán, San Marcos, Regalía Volunta ria	33,598	33,598		58,823	58,823	
Sipacapa, San Marcos			-	635	635	-
Sipacapa, San Marcos, Voluntary Royalties	6,611	6,611		1,906	1,906	
Amount Unilaterally Reconciled for the Independent Admi nistrator *	1,142	1,142	-	1,477	1,477	-
National Total Collected according to Municipalities	**64,453**	**64,453**	-	**80,121**	**80,121**	-
* Unilaterally settled due to non-accountability with information from municipalities						

Voluntary Royalties (Specific Contributions)		2012			2013	
Data in Thousands of Quetzales	**According to Minfin**	**According to Company**	**variation**	**According to Minfin**	**According to Company**	**variation**
Voluntary royalty - contribution to the fund emerging	33,598	33,598	-	58,875	58,875	-
Voluntary royalty - contribution to MARN	2,240	2,240	-	3,925	3,925	-
Voluntary royalty - contribution to MEM	2,240	2,240	-	3,925	3,925	-
National Total collected according to Ministry of Finance	**38,077**	**38,077**	**-**	**66,725**	**66,725**	**-**

Canon Granting		2012			2013	
Data in Thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	-	-	-	1.30	1.30	-
Entre Mares S. A.	2.60	2.60	-	-	-	-
Exploraciones Mineras de Guatemala, S. A.	-	-	-	-	-	-
Guatemarmol S. A.	1.30	1.30	-	-	-	-
Guaxilan S. A.	-	-	-	-	-	-
Mary Louis Johnson Thompson Vda. Ridinger	-	-	-	-	-	-
Maya Nickel S. A.	1.30	1.30	-	1.30	1.30	-
Minera San Rafael S. A.	1.30	1.30	-	1.30	1.30	-
Monta na Exploradora de Guatemala, S. A.	-	-	-	-	-	-
Peña Rubia, S. A.	-	-	-	-	-	-
Síl ice de Centroamérica, S. A.	-	-	-	-	-	-
Amount collected from companies not Adherence to the EITI Report	31.20	31.20	-	5.20	5.20	-
National Total collected according to the Ministry of Energy and Mines	**37.70**	**37.70**	-	**9.10**	**9.10**	-

Canon Exploration Surface		2012			2013	
Data in Thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	571.73	571.73	-		-	-
Entre Mares S. A.	1,491.59	1,491.59	-	129.87	129.87	-
Exploraciones Mineras de Guatemala, S. A.	-	-	-		-	-
Guatemarmol S. A.	-	-	-		-	-
Guaxilan S. A.	-	-	-	-	-	-
Mary Louis Johnson Thompson Vda. Ridinger	-	-	-		-	-
Maya Nickel S. A.	319.94	319.94	-	6.04	6.04	-
Minera San Rafael S. A.	1,256.35	1,256.35	-	181.76	181.76	-
Monta na Exploradora de Guatemala, S. A.	1,078.52	1,078.52	-	-	-	-
Peña Rubia, S. A.	-	-	-		-	-
Síl ice de Centroamérica S. A.	-	-	-	-	-	-
Amount collected from companies not Adherence to the EITI Report	373.10	373.10	-	72.83	72.83	-
National Total collected according to the Ministry of Energy and Mines	**5,091.22**	**5,091.22**	-	**390.50**	**390.50**	-

Operating Surface Fee		2012			2013	
Data in Thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	379.82	379.82	-	3,329.78	3,329.78	-
Entre Mares S. A.	24.39	24.39	-	196.99	196.99	-
Exploraciones Mineras de Guatemala, S. A.	-	-	-	245.31	245.31	-
Guatemarmol S. A.	42.71	42.71	-	340.56	340.56	-
Guaxilan S. A.	4.57	4.57	-	36.52	36.52	-
Mary Louis Johnson Thompson Vda. Ridinger	3.05	3.05	-	24.33	24.33	-
Maya Nickel S. A.	-	-	-	94.04	94.04	-
Minera San Rafael S. A.	-	-	-	180.66	180.66	-
Monta na Exploradora de Guatemala, S. A.	30.32	30.32	-	246.22	246.22	-
Peña Rubia, S. A.	32.23	32.23	-	258.93	258.93	-
Síl i ce de CentroAmérica S. A.	1.53	1.53	-	12.20	12.20	-
Amount collected from companies not Adherence to the EITI Report	1,015.56	1,015.56	-	4,748.43	4,748.43	-
National Total collected according to the Ministry of Energy and Mines	**1,534.17**	**1,534.18**	0.01	**9,713.95**	**9,713.95**	- 0.00

Fees for Assignments and Extensions		2012			2013	
Data in Thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	-	-	-	-	-	-
Entre Mares S. A.	-	-	-	-	-	-
Exploraciones Mineras de Guatemala, S. A.	-	-	-	-	-	-
Guatemarmol S. A.	-	-	-	-	-	-
Guaxilan S. A.	-	-	-	15.08	15.08	-
Mary Louis Johnson Thompson Vda. Ridinger	-	-	-	-	-	-
Maya Nickel S. A.	-	-	-	-	-	-
Minera San Rafael S. A.	-	-	-	-	-	-
Monta na Exploradora de Guatemala, S. A.	-	-	-	-	-	-
Peña Rubia, S. A.	-	-	-	-	-	-
Síl ice de Centroamérica S. A.	-	-	-	-	-	-
Amount collected from companies not Adherence to the EITI Report	35.44	35.44	-	40.70	40.70	-
National Total collected according to the Ministry of Energy and Mines	**35.44**	**35.44**	-	**55.79**	**55.79**	-

Income Tax		2012			2013	
Data in Thousands of Quetzales	**According to SAT**	**According to Company**	**variation**	**According to SAT**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	13.75	13.75	-	224.70	224.70	-
Entre Mares S. A.	79.67	79.67	-	6.85	6.85	-
Minera San Rafael S. A.	24.55	24.55	-	15,106.26	15,106.26	-
Montana Exploradora de Guatemala, S. A.	229,084.00	229,084.00	-	207,258.00	207,258.00	-
Amount Collected from Adhering Companies to the EITI Report	2,907.00	2,907.00	-	9,970.55	9,970.55	-
Amount collected from companies not Adherence to the EITI Report	6,941.03	6,941.03	-	6,563.64	6,563.64	-
National Total Collected according to the Ministry of Energy and Mines	**239,050.00**	**239,050.00**	-	**239,130.00**	**239,130.00**	-

Stamp Tax		2012			2013	
Data in Thousands of Quetzales	**According to SAT**	**According to Company**	**variation**	**According to SAT**	**According to Company**	**variation**
Compañía Guatemalteca del Níquel S. A.	0.02	0.02	-	2.56	2.56	-
Entre Mares S. A.	-	-	-	-	-	-
Minera San Rafael S. A.	-	-	-	-	-	-
Montana Exploradora de Guatemala, S. A.	142,836.15	142,836.15	-	-	-	-
Amount Collected from Adhering Companies to the EITI Report	-	-	-	-	-	-
Amount collected from companies not Adherence to the EITI Report	763.82	763.82	-	197.44	197.44	-
National Total Collected according to the Ministry of Energy and Mines	**143,600.00**	**143,600.00**	-	**200.00**	**200.00**	-

*Extractive companies did not report payment of FTT because dividends were not distributed.

Solidarity Tax		2012			2013	
Data in Thousands of Quetzales	According to SAT	According to Company	variation	According to SAT	According to Company	variation
Compañía Guatemalteca del Níquel S. A.	0.15	0.15	-	14.08	14.08	-
Entre Mares S. A.	-	-	-	-	-	-
Minera San Rafael S. A.	-	-	-	-	-	-
Montana Exploradora de Guatemala, S. A.	-	-	-	-	-	-
Amount Collected from Adhering Companies to the EITI Report	451.65	451.65	-	316.50	316.50	-
Amount collected from companies not Adherence to the EITI Report	4,568.20	4,568.20	-	6,259.42	6,259.42	-
National Total Collected according to the Ministry of Energy and Mines	**5,020.00**	**5,020.00**	-	**6,590.00**	**6,590.00**	-

* Companies that pay ISR on a monthly basis do not pay ISO.

4.2.2. Oil Industry

	Total Contribution - Reconciled Data, in thousands of Quetzals	2012	2013
	Petroleum Extractive Industry		
	Non-Tax Income		
1	Royalties	205,635	171,131
2	State Participation in Production	775,424	706,613
3	Stationary Hydrocarbon Transportation System	3,864	3,722
4	Donation to La Selva Infantry Battalion	8,419	7,997
5	Contributions Laguna del Tigre Park	2,807	2,666
6	Training	3,546	3,920
7	Annual Contributions (National Development)	6,818	6,255
8	Annual Charges (Fees per Hectare)	2,316	1,886
	Tax Revenues		
9	Income Tax	88,260	105,860
	Total	1,097,089	1,010,050

Royalties		2012			2013	
Figures Expressed in thousands of Quetzales	According to MEM	According to Company	variation	According to MEM	According to Company	variation
Latin American Resources LTD	706.00	706.00	-	2,931.19	2,931.19	-
Perenco Guatemala Limited	177,010.20	177,010.20	-	148,043.96	148,043.96	-
Amount collected from companies not EITI Report members	27,918.80	27,918.80	-	20,155.55	20,155.55	-
National Total collected according to the Ministry of Energy and Mines	**205,635.00**	**205,635.00**	**-**	**171,130.70**	**171,130.70**	**-**
Note Perenco Royalties: 2013 figure includes Q988,530.29 corresponding to a 2011 adjustment paid in 2013.						

State Participation in Production		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	27.56	27.56	-	-	-	-
Perenco Guatemala Limited	764,142.22	764,142.22	-	705,306.13	705,306.13	-
Amount collected from companies not EITI Report members	11,254.36	11,254.36	-	1,306.69	1,306.69	-
National Total collected according to the Ministry of Energy and Mines	**775,424.14**	**775,424.14**	**-**	**706,612.83**	**706,612.83**	**-**
Includes Q6,489,590.85 corresponding to a 2011 adjustment paid in 2013.						

Donation to La Selva Infantry Battalion		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	-	-	-	-	-	-
Perenco Guatemala Limited	8,419.56	8,419.56	-	7,996.73	7,996.73	-
Amount collected from companies not EITI Report members	-	-	-	-	-	-
National Total collected according to the Ministry of Energy and Mines	**8,419.56**	**8,419.56**	**-**	**7,996.73**	**7,996.73**	**-**

Contributions Laguna del Tigre Park		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	-	-	-	-	-	-
Perenco Guatemala Limited	2,806.52	2,806.52	-	2,665.58	2,665.58	-
Amount collected from companies not EITI Report members	-	-	-	-	-	-
National Total collected according to the Ministry of Energy and Mines	**2,806.52**	**2,806.52**	**-**	**2,665.58**	**2,665.58**	**-**

Stationary Transportation System for Hydrocarbons		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	-	-	-	-	-	-
Perenco Guatemala Limited	3,864.13	3,864.13	-	3,722.38	3,722.38	-
Amount collected from companies not EITI Report members	-	-	-	-	-	-
National Total Collected according to the Ministry of Energy and Mines	**3,864.13**	**3,864.13**	**-**	**3,722.38**	**3,722.38**	**-**

Training		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	200.75	200.75	-	208.52	208.52	-
Perenco Guatemala Limited	2,848.56	2,848.56	-	2,867.12	2,867.12	-
Amount collected from companies not EITI Report members	497.07	497.07	-	844.77	844.77	-

National Total Collected according to the Ministry of Energy and Mines	**3,546.39**	**3,546.39**	**-**	**3,920.41**	**3,920.41**	**-**

Annual Contributions (National Development)		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	-	-	-	-	-	-
Perenco Guatemala Limited	6,817.92	6,817.92	-	6,254.54	6,254.54	-
Amount collected from companies not EITI Report members	-	-	-	-	-	-
National Total collected according to the Ministry of Energy and Mines	**6,817.92**	**6,817.92**	**-**	**6,254.54**	**6,254.54**	**-**

Annual Charges (Fees per Hectare)		2012			2013	
Figures Expressed in thousands of Quetzales	**According to MEM**	**According to Company**	**variation**	**According to MEM**	**According to Company**	**variation**
Latin American Resources LTD	658.01	658.01	-	132.69	132.69	-
Perenco Guatemala Limited	393.13	393.13	0.00	400.09	400.09	0.00
Amount collected from companies not EITI Report members	1,264.58	1,264.58	-	1,353.28	1,353.28	-
National Total collected according to the Ministry of Energy and Mines	**2,315.72**	**2,315.72**	0.00	**1,886.06**	**1,886.06**	0.00

Income Tax		2012			2013	
Figures Expressed in thousands of Quetzales	**According to SAT**	**According to Company**	**variation**	**According to SAT**	**According to Company**	**variation**
Latin American Resources LTD	-	-	-	-	-	-
Perenco Guatemala Limited	83,447.65	83,447.65	-	101,957.45	101,957.45	-
Amount collected from companies not EITI Report members	4,812.35	4,812.35	-	3,902.55	3,902.55	-
National Total Collected according to SAT	**88,260.00**	**88,260.00**	**-**	**105,860.00**	**105,860.00**	**-**

FONPETROL					
Funds transferred to the Departmental Development Councils					
year 2012					
Figures expressed in thousands of Quetzales.					
No.	**Department**	**Amount S/MINFIN**	**Amount S/ S/ CODEDE**	**Variation**	**Representativeness**
1	Alta Verapaz	4,204.53	3,651.40	553.13	1.44%
2	Baja Verapaz	1,179.41	1,096.01	83.40	0.41%
3	Chimaltenango	2,481.19	2,481.19	- 0.00	0.85%
4	Chiquimula	1,503.44	1,503.44	-	0.52%
5	El Progreso	641.70	641.70	- 0.00	0.22%
6	Escuintla	2,841.69	2,841.69	-	0.98%
7	Guatemala	31,006.90	12,874.71	18,132.19	10.65%
8	Huehuetenango	4,809.16	4,632.61	176.55	1.65%
9	Izabal	2,691.76	1,674.69	1,017.07	0.92%
10	Jalapa	1,289.29	1,220.43	68.86	0.44%
11	Jutiapa	2,071.79	1,769.39	302.40	0.71%
12	Petén	212,561.25	206,487.22	6,074.04	73.03%
13	Quetzaltenango	3,672.44	3,199.26	473.18	1.26%
14	Quiche	3,909.98	3,887.47	22.51	1.34%
15	Retalhuleu	1,641.69	831.5725	810.12	0.56%
16	Sacatepequez	1,283.78	1,291.59	- 7.81	0.44%
17	San Marcos	4,153.86	4,159.51	- 5.64	1.43%
18	Santa Rosa	1,406.15	1,402.99	3.16	0.48%
19	Sololá	2,399.03	1,768.73	630.30	0.82%
20	Suchitepequez	2,092.66	1,935.02	157.64	0.72%
21	Totonicapán	1,927.18	1,927.18	-	0.66%
22	Zacapa	1,284.91	900.01	384.91	0.44%
		291,053.80	262,177.81	28,876.00	100%

FONPETROL					
Funds transferred to the Departmental Development Councils					
year 2013					
Figures expressed in thousands of Quetzales.					
No.	**Department**	**Amount S/MINFIN**	**Amount S/ S/ CODEDE**	**Variation**	**Representativeness**
1	Alta Verapaz	4,399.84	3,312.33	1,087.51	1.85%
2	Baja Verapaz	923.84	910.39	13.45	0.39%
3	Chimaltenango	2,067.85	352.86	1,714.99	0.87%
4	Chiquimula	1,245.94	1,245.94	-	0.52%
5	El Progreso	528.82	612.50	- 83.68	0.22%
6	Escuintla	2,352.99	2,352.99	-	0.99%
7	Guatemala	21,661.90	9,437.19	12,224.71	9.09%
8	Huehuetenango	4,105.93	3,611.15	494.78	1.72%
9	Izabal	2,102.38	1,391.00	711.38	0.88%
10	Jalapa	1,073.50	1,073.50	-	0.45%
11	Jutiapa	1,698.12	1,461.11	237.01	0.71%
12	Petén	176,490.50	170,912.37	5,578.13	74.03%
13	Quetzaltenango	3,141.54	2,652.16	489.38	1.32%
14	Quiche	3,227.50	2,724.23	503.27	1.35%
15	Retalhuleu	1,411.43	1,021.93	389.50	0.59%
16	Sacatepequez	1,062.30	951.15	111.15	0.45%
17	San Marcos	3,443.07	3,073.56	369.51	1.44%
18	Santa Rosa	1,161.35	1,442.25	- 280.91	0.49%
19	Sololá	1,871.63	1,473.48	398.15	0.79%
20	Suchitepequez	1,736.97	1,477.88	259.09	0.73%
21	Totonicapán	1,609.93	1,609.93	-	0.68%
22	Zacapa	1,098.47	740.77	357.70	0.46%
		238,415.81	213,840.68	24,575.13	100%

4.3. Differences found

The process of reconciling the figures began with a comparison of the data obtained from the forms submitted by the companies and the public institutions. The first differences found corresponded to incomplete data or typographical errors made when filling out the forms. These differences were reconciled by direct consultation with the parties. The second type of differences found in the process corresponded to omitted information or missing forms in the information provided by one or the other party. These differences were reconciled by direct request of the missing or omitted forms and supports.

The aggregated final unreconciled differences do not exceed 2 thousand Quetzals and are therefore considered immaterial. The unreconciled difference corresponds to a receipt not delivered by one of the extractive companies in the mining sector.

It is concluded that there are no significant differences between the amounts reported as "paid" by companies and the amounts reported as "received" by government agencies.

The contributions paid by the Oil Extractive Industry, and reconciled in this report, are then distributed by the Ministry of Finance according to the Law of the Fund for the Economic Development of the Nation (FONPETROL). Of these sub-national transfers, it was not possible to reconcile 29 million quetzales for 2012 and 25 million quetzales for 2013 between the Ministry of Finance and CODEDES due to lack of disaggregated and detailed information to that effect.

Note regarding differences in FONPETROL Allocations: The Ministry of Public Finance generated an Expenditure Execution report through the Integrated Governmental Accounting System (SICOIN) which presents different types of figures (allocated, modified, current, committed, accrued and paid) of FONPETROL funds consolidated by Departments. The CODEDES, for their part, provided the budget allocation records for the corresponding years, listing the monthly contributions in some cases and in others, only the total amount received* in each year. In order to reconcile these figures, it is necessary to have a monthly record of each of the transfers made to each CODEDE, with the date of transfer and indication of the month and year contributed. The CODEDES in turn need to generate the same level of detail of information to allow for the reconciliation of the figures.

The independent administrator recommends continuing to socialize the EITI initiative at the CODEDES level in order to obtain complete information in a timely manner. See Recommendations in Section 2.3 of this report.

4.4. Status of recommendations from previous reports

	Independent Administrator's Recommendations	Status of Recommendation
1	That the Commission promotes the presentation of non-tax information of the companies adhering to the initiative in a disaggregated form, which represents one of the pillars of the Extractive Industries Transparency Initiative (EITI).	The Reconciliation Report 2012 and 2013 presents disaggregated figures for all non-tax revenues of EITI participants.
2	That the government entities that receive payments, distribute and/or manage payments made by the extractive industry companies implement a periodic monitoring system that allows timely reconciliation of the information generated by the different government entities.	At the date of issuance of this report, this recommendation is being implemented by the Government sector member of the EITI-GUA National Work Commission, with the support of members of the extractive sector in order to diagram the corresponding information to facilitate the issuance of Conciliation reports, which will be stored in an electronic system. called SISTRAEITI.
3	That the Commission incorporate additional companies in the reconciliation process, thus encouraging participation in the transparency of payments in the extractive industry for smaller companies with smaller size and representation.	This recommendation is being implemented in the EITI Reconciliation Report for the fiscal periods 2012- 2013, within which the companies that reflected materiality agreed for the and other additional reports as part of this report and as part of

		of the process of voluntary corporate adhesion to EITI Guatemala. Intense work by the Independent Administrator, the Extractive Industries Association and the EITI Guatemala Secretariat was necessary to achieve participation. It is recommended to continue with the efforts to socialize the EITI initiative and its benefits to participants.
4	That the Commission disseminate in a timely manner and better channel the objectives and requirements of the conciliation process for the companies, so that they properly provide the information required for the purposes of the conciliation report, the key personnel within the companies that should be aware of it are: General Manager, General Manager, General Manager of the company, and the Chief Executive Officer of the company. Finance, General Accountant, Chief Tax Officer	This recommendation was implemented during the preparation of this report. It is necessary to continue with this effort in order to reduce waiting times for obtaining reconciliation information and to reduce the delivery time of EITI reports.
5	That the Commission disseminate information in a timely manner and better channel it to key personnel of the Municipalities, CODEDES and CONAP so that they provide the necessary information for the preparation of the National Conciliation in an appropriate and timely manner.	This recommendation was implemented during the preparation of this report. It is necessary to continue with this effort in order to reduce waiting times for obtaining reconciliation information and to reduce the delivery time for the EITI reports.
6	That consideration be given to using, in addition to the amounts valued for the country's production, the volumes of resources that, in order to better meet the requirements of the Extractive Industries Transparency Initiative (EITI).	The 2012-2013 Reconciliation Report includes quetzalized production and total volumes of each extractive industry product.
7	During the second half of 2013, a reconciliation between tax and non-tax payments made by member companies and the income for these concepts reported as received by government entities for the 2012 period should be carried out. This would make it possible to take advantage of the knowledge and resources acquired with the completion of this Settlement Report.	This recommendation was not addressed in 2013. The reconciliation of payments was completed in this report.

	Recommendations of the Enlarged Civil Society Group	
1	Indicate and quantify the tax benefits or exemptions that the Extractive Industries have (exemptions for importing machinery, raw materials, materials and others established in the Mining Law, according to Article 86 and other laws).	The Independent Administrator has designed a new format of forms for future reconciliations taking into account the information requirements to satisfy this recommendation. The new formats will be submitted to the CNT for review and implementation in the 2014 Report.
2	Identify the municipalities that receive royalties directly and what amount or percentage each receives.	We have identified all the municipalities that represent the required materiality in the this Conciliation Report.

3	What legal gaps or limitations does the legislation have in terms of access to information, compared to other countries.	As of the date of this report, this recommendation has not been implemented.

4	Identify under which tax regime the Extractive Industries are located (Small Taxpayer, General Regime or they follow the regime or benefit that the maquilas have).	See Recommendation 1.
5	It is recommended that t h e participation of the companies be disaggregated.	The Reconciliation of Figures Report 2012 and 2013 presents disaggregated figures for all participants' non-tax revenues. EITI members.
6	It is suggested to publish a summarized and pedagogically mediated report of the Reconciliation of Figures Report, since it will be published and made known to the communities.	This recommendation was taken into account in the preparation of the 2012-2013 Reconciliation of Figures Report.
7	Prepare an alternative report that includes or complements the Reconciliation of Figures Report, which must include information related to the development and economic, environmental, social and educational impact generated by the extractive industry in its area of influence. influence.	As of the date of this report, this recommendation has not been implemented.

5. Appendices

5.1. Guatemalan Mining Products

Ministry of Energy and Mines
General Directorate of Mining

INDUSTRIAL MINERALS AND ROCKS
LOCATION AND THEIR INDUSTRIAL
APPLICATION
Source: Ministry of Energy and Mines

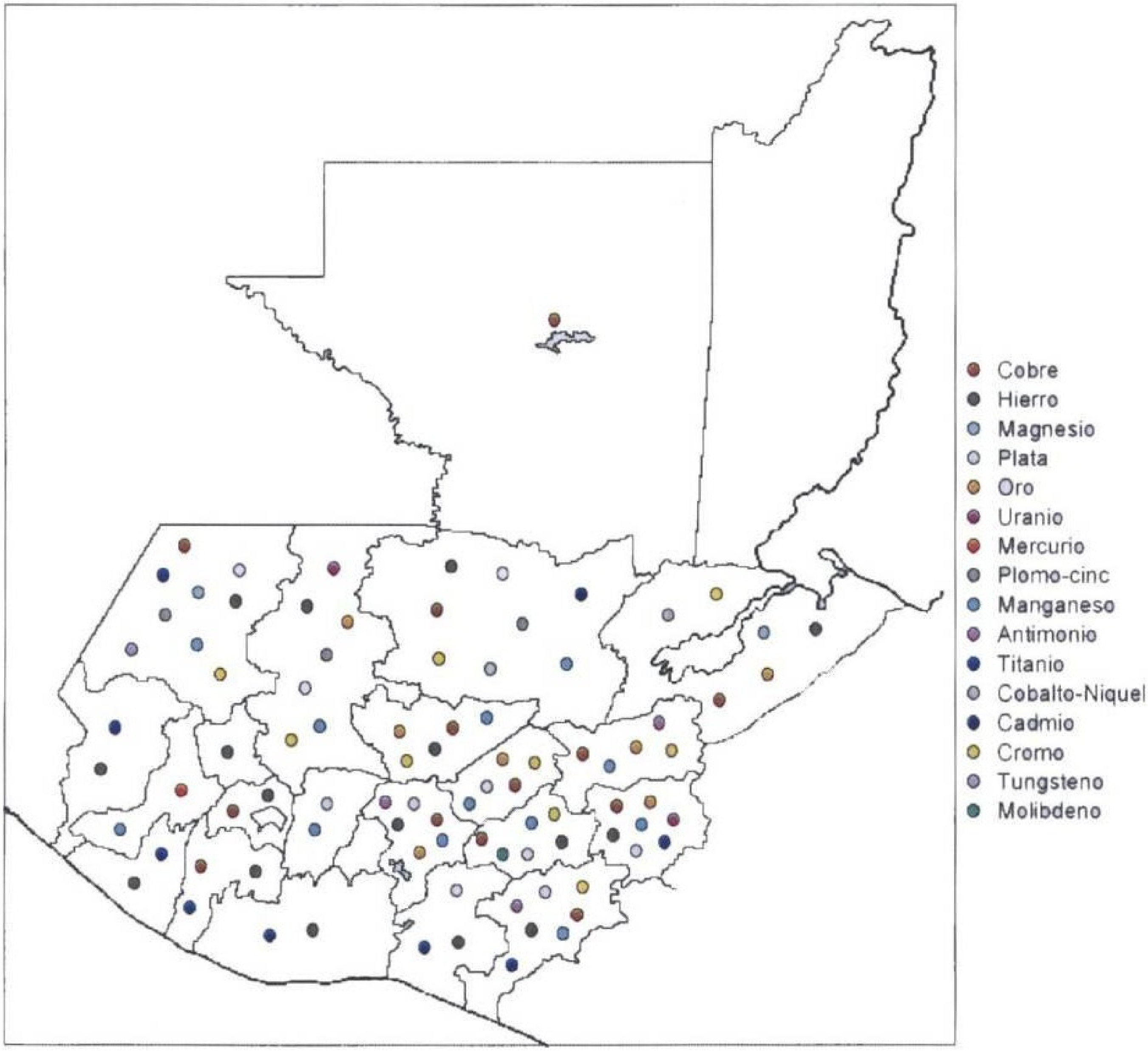
MINERAL	LOCATION	INDUSTRIAL USE
METALLIC MINERALS		
Antimony	Huehuetenango, Chiquimula	Accumulator plates, printing type, paints and lacquers, matches and motor alloys.
Zinc (or zinc)	Huehuetenango, Chiquimula, Baja Verapaz	Galvanized sheet and pipe, casting of molds, wet piles, separation of silver from lead, separation of gold from cyanide. Sodium hydrosulfite manufacture: bleaching agent for soaps, bleaching, wood preservation, soldering flux, steel bluing, cotton mercerizing, fabric sizing, rubber vulcanizing. Zinc sulfate: dye mordant, paint manufacturing, paper bleaching, electroplating. Zinc sulfide: pigment for paint, linoleum and leather. Zinc oxide: pigment for white paint, cosmetics and dental cements, porcelain, tires, white glue, matches, printing ink.
Cobalt	Izabal, Alta Verapaz	Steel alloys, magnets, welding rods, pigments, paint for glass and porcelain, hygrometers and barometers, absorbent for toxic gases, satin finish for ceramics.
Copper	Chiquimula, Alta Verapaz, Izabal	Wire for electricity and telephone, numerous alloys, paint and pigments for paper, boilers, coils, insecticides and exterminators, pyrotechnics, gilding wax, artificial flowers, mordants for dyeing, artificial silks, printing, colored glass, electrodes.
Chrome	Izabal, Alta Verapaz, Jalapa	Stainless steel, heat resistant steel, wire for electrical resistors.
Iron	Chiquimula	Manufacture of steel, ferroalloys for magnets, construction wire and rods, plates, sheets.
Magnesium	Izabal, El Progreso	Additive to increase aluminum resistance. Dies and molds, luminous signs, thermal insulation, pigments, dentifrice powders, polishing, rubber filler, magnesium cements, fire extinguishers, fabric sizing, gas dryer, boiler descaler, leather tanning, fertilizers, matches, frosted paper, paper pulp.
Manganese	El Progreso, Zacapa	Essential constituent of steel, depolarizing agent for dry batteries, manufacture of enamels and paints, mordants, fertilizers, tanneries, disinfectants, iron bluing, mordants for fabrics.

Mercury	Huehuetenango	Medicinal and pharmaceutical products, dental preparations, fulminants and detonators for explosives, agriculture, antifouling paints for ships, catalyst for chlorine, caustic soda and acetic acid, mercury arc lamps, amalgam for gold and silver extraction, mirror manufacture, electroplating, iron and steel bluing, wood preservative, fabric printing, leather tanning, leather mordant, disinfectants, fire gilding, porcelain paints, brass darkener. Extracting gold from sands, use in thermometers. Silver amalgam for dentistry.
Nickel	Izabal, Alta Verapaz	Stainless steel, heat and acid resistant steel, German silver, nickel and chromium wire for electrical resistors, monel metal (copper, iron, nickel and manganese), nickel plating, coins, electrotype accumulators, magnets, lightning rod tips, electrodes, spark plugs, bearings and bearings, catalyst in oil hydrogenation, catalyst for hardening fats, varnishes for ceramics, sunlight resistant pigments, mordant for dyeing and printing, medicinal and pharmaceutical products.
Silver	Huehuetenango, Chiquimula, Baja Verapaz	Monetary uses, photography, electrical appliances, motor bearings, tanning alloys, silverware and jewelry, mirrors, medical and dental articles, ivory engraved silver plating.
Lead	Huehuetenango, Chiquimula, Baja Verapaz	Antifriction metals, projectiles, cable sheathing, metal forming, folding tubes, welding, accumulators, antioxidant pigments, insecticides, oil refining, rubber, varnish, electroplating, printing presses, flux, battery electrodes, pyrotechnics.
Gold	Chiquimula, Izabal, Quiché, San Marcos	Jewelry, coins, electrical conductors, metal gilding, electronics, cellular phones.
Titanium	South Coast, San Marcos	Alloys, cotton and leather mordant, welding rod coating, paint pigments, steel deoxidizer and flux, linoleum and artificial leather manufacturing, shoe creams and polishes, facial coatings.
Tungsten	Huehuetenango	Alloys for high speed burins, filaments for phonographic lamps and needles, alloys for magnets, fireproof fabric, TV screens, chemical reagent.
Uranium	Volcanic belt	Nuclear uses, manufacture of projectiles, photography.
NON-METALLIC MINERALS		
Clay	Chiquimula, Baja Verapaz	Pottery and ceramics, tiles, kiln bricks, paper surface finishing, linoleum and rubber fillers.
Silica sand	Chimaltenango, Izabal	Manufacture of glass, porcelain, tile, glazed brick, sanitary ware, glass wool, abrasive in cleaning compounds and soaps.
Sand and gravel	Guatemala	Construction, pavements, road ballast, filtering.
Asbestos	El Progreso	Fire resistant fabrics, high temperature silica and lime insulation, brake and clutch linings, heat resistant gaskets, asbestos-cement roofing.
Sulfur	Quetzaltenango, Santa Rosa	Fertilizers, explosives, dyes, rubber, paints, vulcanization, plastics, bleaching, pharmaceuticals, petroleum purification, rayon and cellulose film, mineral pickling.
Barite	Huehuetenango, Baja Verapaz, Quiché.	Drilling muds, white for paints, glass, filler for rubber. Barium chloride: heat treatment of steel, manufacture of chlorine and hydroxides, green flashes for signs, manufacture of hydrogen peroxide.

Bentonite	Chiquimula	Drilling muds, petroleum refining, oil and grease bleach, paper and soap filler, de-inking agent, talc substitute, binder for foundry molding sand, suspension agent for enamels, water softener, repellents.
Limestone	Guatemala, El Progreso	Agricultural use, lime for mortars, acid neutralization, alkali manufacture, bleach, calcium carbide (acetylene) manufacture, creameries and dairies, gelatin, vegetable oil deodorant, glass manufacture, lubricating grease, steel flux, mineral concentration by flotation, cyanidation, magnesium manufacture, sewage treatment, paper and rubber manufacture, salt refining, soap and fat manufacture, sugar refining, tannery, water purification, precipitated calcium carbonate manufacture, polishing compounds.
Kaolin	Santa Rosa, Chiquimula	Very white pure clay, porcelain and tile manufacturing, crucibles for foundry, spark plugs for engines, filler in paper and rubber manufacturing, cosmetics, polishing, refractory, glass, tile manufacturing.
Coal	Izabal, Chiquimula, San Marcos, Huehuetenango	Fuel, cement manufacturing, filtration.
Quartz (pure silica)	Baja Verapaz, Guatemala	Manufacture of glass, blasting sand, abrasives. For radio frequency regulator. Optical glass.
Diatomite	Guatemala, Chiquimula, Jalapa, Zacapa	Insulating agent, filter medium, fine abrasive for toothpaste, glass and enamel manufacturing.
Dolomite	Guatemala, Baja Verapaz	Dolomitic limestone to neutralize soils and deacidify water. Carbonized with coke it forms an excellent insulator.
Volcanic slag	Santa Rosa, Escuintla	Construction material, decoration, block making.
Feldspar	Baja Verapaz	Manufacture of glass, porcelain, tile, glazed brick, sanitary ware, glass wool, abrasive in cleaning compounds and soaps.
Fluorite (or fluorspar)	Zacapa	Source of fluorine, flux in metallurgy. The crystalline variety is used for optical elements and the manufacture of glasses and ornaments.
Graphite	Chiquimula, Izabal, Quiché	Pencil leads, pigments, lubricants, explosives, electric motor brushes, anodes, arc coals, electroplating.
Garnet	Quiche	Polishing of optical lenses and glass plates, sandpaper for finishing of wood, leather, hard rubber, plastic, fine finishing of soft metals such as copper, brass and aluminum. Hydraulic cutting with pressurized water. Cleaning of nozzles and hydrocarbon deposits, with pressurized water. Semi-precious gems
Jadeite (jade)	Zacapa	Semiprecious stone, ornamentation
Marble	Guatemala, Zacapa, El Progreso	Decorative material and source of calcium carbonate.
Mica	Quiché, Alta Verapaz	In sheets or blocks: insulation, manufacture of spark plugs and capacitors. Milled: roofing, asphalt runways, telephone cable insulation, waterproofing paints for fabrics, rubber, plastic, molded electrical insulation, house insulation, snow for Christmas trees, manufacture of axle greases and oils, metal annealing, enamel for oil pipelines, textiles, oil well drilling, soldering.
Obsidian	Guatemala, Baja Verapaz, Izabal	Ornamentation

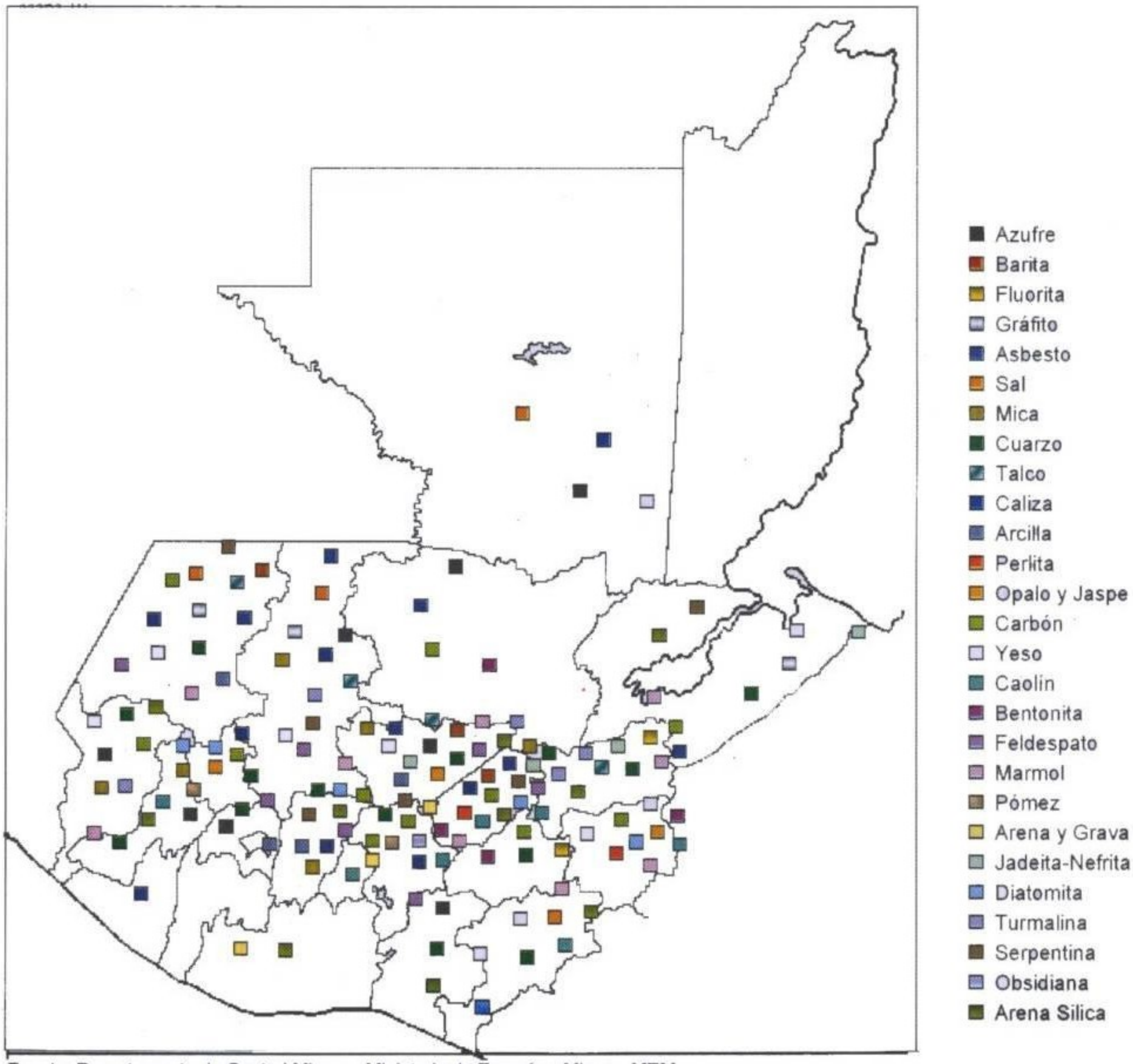
Opal and jasper	Chiquimula, Zacapa, Izabal	Semiprecious stones, ornamentation
Perlite	Chiquimula, Zacapa, Guatemala, El Progreso	Volcanic glass that expands up to 20 times its volume when heated. Lightweight aggregate for concrete, thermal insulation, filler, filter media; used in agribusiness and as a purifier of contaminated water.
Pumice	Guatemala, Quetzaltenango	Abrasives, polishes, detergent filler, fabric dyeing, insecticide vehicle.
Rock salt	Alta Verapaz, Huehuetenango	Chlorine and bleach manufacture, dyes and organic products, soap precipitator, textile processing, leather tanning, fish curing, refrigeration, livestock, water treatment, chemicals.
Serpentina	El Progreso, Baja Verapaz, Zacapa	Ornamental stone.
Talc	El Progreso	Cosmetic use, anti-glare paints, paper manufacturing, soap and lubricants.
Tourmaline	Guatemala, Baja Verapaz	Semi-precious gemstone, piezoelectric property (produces electricity when struck).
Gypsum	Alta Verapaz, Chiquimula, Quiché	Fertilizers, cement retarder, beer brewing, paper glazing, pottery plaster, orthopedic use, statues, industrial casting and molding, plastering, sheeting.

AFLORAMIENTO DE MINERALES METÁLICOS, AÑO 1999



Fuente: Ministerio de Energía y Minas. Departamento de Control Minero

AFLORAMIENTO DE MINERALES NO METÁLICOS, AÑO 1999



Fuente: Departamento de Control Minero. Ministerio de Energía y Minas -MEM-

5.2. Voluntary Contributions (Non-Conciliated)

Montana Exploradora, S.A. records voluntary contributions in the municipalities where it operates. These contributions have documentary support from Montana but the amounts were not reconciled with the beneficiaries and therefore have not been included in the final reconciliation of data in this report.

Montana Exploradora de Guatemala, S. A.				
Voluntary Contributions for Development Report				
Municipalities of San Miguel Ixtahuacán and Sipacapa, San Marcos				
Figures in Thousands of Quetzales				
No.	**Project Description**	**2012**	**2013**	**total**
1	Emergency and Humanitarian Assistance	200.00	200.00	400.00
2	Food Safety	989.14	1,522.60	2,511.73
3	Security and Justice	97.59	-	97.59
4	Economic Development	539.37	7,276.16	7,815.53
5	Community Relations	551.53	558.65	1,110.17
6	Real Estate	1,321.20	1,667.47	2,988.67
7	Religion	49.61	-	49.61
8	Health	1,574.33	1,123.94	2,698.28
9	Culture	-	22.69	22.69
10	Sports	1,035.95	720.53	1,756.48
11	Productive Projects	1,385.10	-	1,385.10
12	Environmental Sanitation	1,686.81	9,295.56	10,982.38
13	Environment	184.38	17.50	201.88
14	Education	5,147.74	4,971.47	10,119.21
15	Road Network	5,314.38	2,990.97	8,305.35
16	Administration	511.98	356.00	867.98
17	Housing	83.57	3,157.10	3,240.67
18	Infrastructure	1,720.92	3,749.83	5,470.75
	TOTAL Other Voluntary Contributions:	22,393.59	37,630.46	60,024.05

5.3. Flow Based Materiality Calculation

	Total Contribution - Reconciliated Data, in thousands of quetzales	2012	2013		2012			2013	
	Minerals Extractive Industry			% Participation	% Flow Weighted	Participation Weighted	% Participation	% Flow Weighted	Participation Weighted
	Non-Tax Income								
1	Royalties Paid to Central Government	24,245	19,392	98.3%	4.7%	4.6%	96.4%	4.6%	4.4%
2	Royalties Paid to Municipalities	24,245	19,392	95.3%	4.7%	4.4%	92.4%	4.6%	4.2%
3	Voluntary Royalties Paid to Municipalities	40,208	60,728	100.0%	7.7%	7.7%	100.0%	14.4%	14.4%
4	Voluntary Royalties (Specific Contributions)	38,077	66,725	100.0%	7.3%	7.3%	100.0%	15.8%	15.8%
5	Canon Granting	38	9	17.2%	0.0%	0.0%	42.9%	0.0%	0.0%
6	Canon Exploration Surface	5,091	391	92.7%	1.0%	0.9%	81.3%	0.1%	0.1%
7	Operating Surface Fee	1,534	9,714	33.8%	0.3%	0.1%	51.1%	2.3%	1.2%
8	Fees for Assignments and Extensions	35	56	0.0%	0.0%	0.0%	27.0%	0.0%	0.0%
	Tax Revenues								
9	Income Tax	239,050	239,130	97.1%	45.9%	44.5%	97.3%	56.6%	55.1%
10	Stamp Tax	143,600	200	99.5%	27.6%	27.4%	0.0%	0.0%	0.0%
11	Solidarity Tax	5,020	6,590	9.0%	1.0%	0.1%	5.0%	1.6%	0.1%
	Total	521,144	422,326		100.0%	97.1%		100.0%	95.2%

	Total Contribution - Reconciliated Data, in thousands of quetzales	2012	2013		2012			2013	
	Petroleum Extractive Industry			% Participation	% Flow Weighted	Participation Weighted	% Participation	% Flow Weighted	Participation Weighted
	Non-Tax Income								
1	Royalties	205,635	171,131	86.4%	18.7%	16.2%	88.7%	16.9%	15.0%
2	State Participation in Production	775,424	706,613	98.5%	70.7%	69.7%	100.0%	70.0%	70.0%
3	Hydrocarbons	3,864	3,722	100.0%	0.4%	0.4%	100.0%	0.4%	0.4%
4	Donation to La Selva Infantry Battalion	8,420	7,997	100.0%	0.8%	0.8%	100.0%	0.8%	0.8%
5	Contributions Laguna del Tigre Park	2,807	2,666	100.0%	0.3%	0.3%	100.0%	0.3%	0.3%
6	Training	3,546	3,920	86.0%	0.3%	0.3%	78.5%	0.4%	0.3%
7	Annual Contributions (National Development)	6,818	6,255	100.0%	0.6%	0.6%	100.0%	0.6%	0.6%
8	Annual Contributions (National Development)	2,316	1,886	83.1%	0.2%	0.2%	39.4%	0.2%	0.1%
	Tax Revenues								
9	Income Tax	88,260	105,860	94.5%	8.0%	7.6%	96.3%	10.5%	10.1%
	Total	1,097,089	1,010,049		100.0%	95.9%		100.0%	97.5%

5.4. Unilateral reconciliation of a portion of royalties to municipalities

The Independent Administrator reconciled the mining royalties paid to the municipalities of San Miguel Ixtahuacán and Sipacapa, in the department of San Marcos for 23 million quetzales for 2012 and 18 million quetzales for 2013. These royalties correspond to 95.3% and 92.4% of the total royalties paid by the extractive mining industry in the corresponding years.

Due to the lack of information from most municipalities it was not possible to reconcile the remaining royalties reported as paid by the companies and recorded as paid in the MEM. The Independent Administrator unilaterally reconciled these figures on the following basis:

1. As part of the MEM royalty payment procedure, the MEM treasury requires the presentation of the municipal receipt of the royalty paid to the municipality as a prerequisite to the issuance of the royalty payment order to the central government. These records exist and are verifiable.
2. The amount not reconciled corresponds to the royalties reported as paid by the companies, except in the case of Montana Exploradora, which was 100% reconciled with the municipalities of San Miguel Ixtahuacán and Sipacapa.
3. The municipalities did not respond in a timely manner to the request for information.