May 29, 2019

CERTIFICATE OF TAX EXEMPTION NO. 310-19

CERTIFICATE OF TAX EXEMPTION

TO WHOM IT MAY CONCERN :

This certifies that **SOUTH PACIFIC, INC.** (Formerly: Southpacific, Inc.), with Tax Identification Number (TIN) 000-000-000-000, is exempt from income tax and creditable withholding tax on its income received directly attributable to the revenue generated from the registered project, [Calaca, Batangas LPG Terminal Phase 2 with 10,000 MT LPG storage tanks] for bulk marketing of petroleum products covered by Import Entry Declaration or sourced locally from new industry participants pertaining to the capacity of the new LPG storage tanks, a project duly registered with the Board of Investments (BOI) under Registration No. 2017-280 dated September 29, 2017. The exemption is for a period of **five (5) years** beginning from **September 2017**, or the actual start of commercial operation, pursuant to Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987" and Section 2.57.5 (B) (2) of Revenue Regulations 2-98, as amended. Revenues from bulk marketing of petroleum products that will be entitled to ITH should be at ex-depot prices and importation documents for petroleum products should reflect ownership by South Pacific, Inc.'s Calaca, Batangas LPG Terminal Phase 2 with 10,000 MT Storage Tanks. Revenues generated from sale of petroleum and non-petroleum products by the retail/refilling stations that the firm services shall not be qualified for ITH.

The grant of tax exemption herein is subject to the compliance with the provisions of applicable BIR rules and regulations and the Terms and Conditions stated at the back hereof. The Company is liable, however, for all other applicable taxes not discussed above.

This Certificate of Tax Exemption is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains that the facts are different, then this Certificate shall be considered null and void.

Issued this 29th day of May, 2019.

(SGD.) CAESAR R. DULAY

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ATTACHMENT

TERMS AND CONDITIONS OF THE CERTIFICATE OF TAX EXEMPTION

1. The exemption from income and creditable withholding taxes covers only income directly attributable to the revenues generated from the registered project of **South Pacific, Inc.** [Calaca, Batangas LPG Terminal Phase 2 with 10,000 MT LPG storage tanks].

2. The Company's entitlement to the ITH for its BOI-registered project is subject to the compliance with the provisions of the Terms and Conditions of its BOI Registration.

3. Pursuant to Section 4 of the Republic Act (RA) No. 10708, [1] the Company is required to file its tax returns and pay their tax liabilities, on or before the deadline as provided under the 1997 Tax Code, as amended, using the electronic system for filing and payment of taxes of the BIR. It shall file with BOI a complete annual tax incentives report of its income-based tax incentives, VAT and duty exemptions, deductions, credits or exclusions from the tax base, as may be provided under E.O. 226, within the periods prescribed under R.A. 10708's Implementing Rules and Regulations and Joint Memorandum Circular No. 1-2016 dated September 1, 2016.

4. The Company shall be constituted as a withholding agent for the government if it acts as employer and any of its employees received compensation income subject to compensation withholding tax, or if it makes payments to individuals or corporations subject to the withholding taxes at source as required under Chapter XIII and Section 57 of the Tax Code of 1997, as amended and implemented by Revenue Regulations No. 2-98, as amended.

5. The Company is required to file on or before the 15th day of the fourth month following the close of its accounting period of a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the taxable year.

6. Finally, the Company's books of accounts and other pertinent records shall be subject to periodic examination by revenue enforcement officers of this Bureau for the purpose of ascertaining whether it has been complying with the conditions under which it has been granted tax exemption or tax incentives and its tax liability, if any, pursuant to Section 235 of the Tax Code of 1997, as amended.

Footnotes

1. An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies.

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