



Manabat Sanagustin & Co., CPAs

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Mining

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This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Information, Communications & Entertainment segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

China buys stake in Philippines mine

CHINA'S Zijin Mining Group will send offer documents to shareholders of Australia-based Indophil Resources on 18 January after gaining approval from Australia's Foreign Investment Review Board for a A\$547m (\$505m) takeover bid. Undertaken through its totally-owned subsidiary, Golden Resources Mining, the deal will deliver Indophil's 34.2% stake in the Tampakan copper and gold project in the southern Philippines island of Mindanao to Zijin which is China's largest gold producer and third-ranked copper producer. With an orebody of 2.2b t containing an estimated 12.8m t of copper and 15.2m ounces of gold, Tampakan is the largest undeveloped copper-gold deposit in South East Asia's Pacific rim. Operated by Xstrata, which gained a 62.5% stake in the project in late 2006, it is scheduled to begin production in 2016, targeting initial annual output of 340,000 t of copper and 350,000 ounces of gold. Xstrata owns 19.9% of Indophil which it has agreed to sell to Zijin in lieu of a better offer. The Tampakan copper-gold deposit is characterized as a major high-sulphidation epithermal deposit superimposed on an underlying porphyry copper system. It has been surveyed by a programme of more than 150 drill holes which found 0.2'C0.4% Cu porphyry-copper style mineralisation at depths of up to 500m.

<http://www.chinamining.org/Investment/2010-01-19/1263870474d33504.html>

TVI Partners with DACON for Canadian Exploration

TVI Pacific's Philippine affiliate has entered into an agreement with DACON to explore, develop and produce minerals in the Greater Canatuan tenement in Canada. TVI Resource Development Philippines (TVIRD) and DACON have signed a heads of terms agreement to enter into a formal joint venture within the next 90 days. TVIRD, which will act as operator, will hold a 70% stake, while DACON will hold the remaining 30%. The companies will fund a \$2m, two-year exploration programme in Canada's Greater Canatuan Tenement area, which is covered under TVIRD's Application for Exploration Permit No 61 project. Mineable ore deposits uncovered in the area will be sent for processing at TVIRD's Canatuan plant. The collaboration will enable mine life at Canatuan to be extended by conducting further assessments of already identified deposits and possibly identifying new ones, TVI Pacific said.

<http://www.mining-technology.com/news/news74294.html>

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BHP quits Philippines mine after Caritas campaign

Mining giant BHP Billiton has pulled out of a nickel project in the Philippines following a campaign by English Caritas agency, CAFOD. BHP Billiton sold its 40 percent stake in the A\$24.7 billion project to local joint-venture partner AMCOR (Asiaticus Management Corp), UCA News reports. Launching its campaign in 2008, CAFOD claimed that local people were kept in the dark about the project which, it said, could lead to soil erosion, landslides, flash floods and pollution that could affect the livelihoods of 65,000 people. CAFOD is continuing its call for a new consent process before work starts on the mine at Macambol in Davao Oriental province. "Given the serious flaws in the official consent process, AMCOR and any future partners in the project cannot use this to push ahead with mining in the area," said CAFOD's extractives policy analyst, Sonya Maldar. The site is close to two designated areas of outstanding natural beauty, the Hamiguitan mountains and Pujada bay, the news report said.
<http://www.cathnews.com/article.aspx?aeid=18754>

Century Peak and Guangdong firm forge mining agreement

LISTED miner Century Peak Metals Holdings Corp. is forging an agreement with China-based Guangdong Province Gold Corp. to conduct joint exploration and drilling activities in the country. Under the proposed agreement, the joint venture will also enter into drilling contracts with Century Peak's subsidiaries, including any other mining property that may be acquired in the future. "We're excited at the possibility of creating a strong partnership with a progressive company that operates in one of the most flourishing provinces in China," said Century Peak director and corporate information officer David Wuson in a statement. Guangdong Province Gold is a state-owned company engaged in the management of the gold production industry in the province of Guangdong. Guangdong is one of the most economically advanced provinces in China and has recorded the highest total gross domestic product among all provincial-level jurisdictions in the country. As China's boom town for tourism and high-tech manufacturing, Guangdong houses production facilities and offices of leading multinational and Chinese corporations. At present, the company's nickel mining subsidiary Century Peak Corp. holds a mineral production sharing agreement covering a 4,000-hectare property in the Dinagat Islands and in Albor, Dinagat province in Surigao del Norte.
<http://businessmirror.com.ph/home/companies/21084-century-peak-and-guangdong-firm-forge-mining-agreement.html>

Philex Mining Corporation Acquires Additional Shares in FEC Resources Inc.

Effective January 7, 2010, pursuant to a subscription agreement, Philex Mining Corporation ("Philex") acquired an aggregate of 5,000,000 shares of FEC Resources Inc. at a purchase price of CDN\$2,594,500 (US\$2,500,000). The Shares were acquired pursuant to a subscription agreement dated January 7, 2010 which closed January 7, 2010. The Shares represent 1.14% of the issued and outstanding shares of FEC as of January 7, 2010. Following the acquisition of the Shares, Philex has sole ownership of and control over 225,000,000 shares of FEC, representing 51.2% of the issued and outstanding shares of FEC as of January 7, 2010.
<http://finance.yahoo.com/news/Philex-Mining-Corporation-iw-695113934.html?x=0&.v=1>

Benguet loses Kingking mine

Listed Benguet Corp. has lost the right to complete the exploration of a gold and copper property in Southern Mindanao given the lack of project development in the past 12 years. "This department remains unsatisfied with [Benguet's] efforts to complete the mineral exploration activities in the contract area," the Environment department said in a letter to Benguet and partner Nationwide Development Corp. (Nadecor) dated Jan. 15. The government tasked Nadecor, the property owner of the Kingking gold and copper project in Compostela Valley, to explore the area for two years. "We have to take advantage of higher copper and gold prices," Acting Environment Secretary Eleazar P. Quinto told BusinessWorld in Filipino. Kingking, located in Pantukan town, Compostela Valley, has reserves of about 353 million metric tons (MT) of ore containing 0.385% copper grade and 0.439 grams of gold per MT. It is one of the priority mining projects of the government, which is aiming to raise \$11 billion in mining investments by 2013. Sought for comment, Reynaldo P. Mendoza, vice-president for finance and corporate secretary of Benguet, said in a phone interview that Benguet remains the operator of the

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project. "There is no mention that we are no longer the partner. The operating agreement is maintained," Mr. Mendoza said.

<http://www.bworldonline.com/main/content.php?id=4849>

Mining still an investment draw, officials say

In the eyes of mining officials, the country's mineral reserves still hold glitters for investors. This, even if BHP Billiton, the world's largest miner, has refocused its Philippine investment to oil from nickel. Mines and Geosciences Bureau (MGB) director Horacio Ramos said in an interview that there were other investors who might be interested in the sector, as economic recovery fuels infrastructure and production in coming years. Another MGB official said there should be other investors, "not necessarily large-scale miners," ready to push the Pujada nickel project which BHP dropped. Another official said there was increased interest, especially from Chinese investors, to engage in mining activities in the Philippines. According to MGB assistant director Edwin G. Domingo, one development that may help lure more mining capital into the Philippines is an impending mining policy change in Indonesia, a major competitor of the Philippines for foreign investments. A pending bill in Indonesia seeks to require all mining investors in that country to include downstream operations, such as the processing of mineral products into metal, within the country in their investment projects. The MGB thinks such a policy will drive away mining investors to other countries, particularly the Philippines. More interest is seen to be generated as more projects go into production. Not all that glitter is gold, even nickel may attract investors. An MGB official said that nickel projects might be particularly active in 2010 as recovering prices of the metal signal good margins for miners. There may be at least three developments in nickel mining in the Philippines by next year, he said. Nickel prices have improved last year to \$17,950 per ton from \$8,800 per ton at the end of 2008. Copper, used in energy infrastructure and construction, recently traded at around \$6,900 per ton. Gold prices are hovering around \$1,200 per ounce as demand for the yellow metal, viewed as a safe investment, remain high.

<http://business.inquirer.net/money/topstories/view/20100117-247912/Mining-still-an-investment-draw-officials-say>

Miner may build processing plant following finds at nickel mines in Surigao del Norte

Exploration by Canadian miner Mindoro Resources, Ltd. indicates an estimated nickel resource of 50 million-70 million dry metric tons (MT) at a nickel property in Surigao del Norte. This, along with nickel resources in the nearby Agata nickel project also in Surigao del Norte, have encouraged Mindoro Resources to put up a nickel processing plant, the miner told the Canadian bourse in a disclosure. Results of the exploration "substantially augments [Mindoro Resources'] plans to evaluate the feasibility of establishing a local processing plant," the miner said. "We now have a level of comfort because the long-term plan is [nickel] processing," Edsel M. Abrasaldo, vice-president of MRL Gold Phils., Inc., said in a phone interview. MRL Gold is the subsidiary of Mindoro Resources in the Philippines. "With that, we believe we have a world-class deposit. We are geared for processing," Mr. Abrasaldo added. In November, Mindoro Resources said the total resource estimate for the Agata nickel property rose by 40% to 26.92 million dry MT of ore equivalent to 657 million pounds of nickel and 24 million pounds of cobalt following additional exploration. Nickel prices for cash buyers closed at \$8.32 per pound late last week, up from the average price of \$5.64 and \$4.75 per pound in the second and first quarters of last year, respectively, data from the London Metal Exchange showed. The nickel-rich Surigao region has at least ten direct shipping ore nickel laterite mines either in production or under development. The miners in the area sell ores to processing plants in Japan, Australia and China. Mindoro Resources is looking for an investor to help it finance the Agata project, from which it expects to produce 7,000-10,000 MT of nickel per year for at least 25 years.

<http://www.bworldonline.com/main/content.php?id=4785>

Mining firms to spend P100 M for final rehab

As part of mining firms' responsibility to ensure that all disturbed areas during their rehabilitation will be restored to its original state as much as possible, the Region 7 Office of the Mines and Geo-sciences Bureau (MGB) has announced that operating mines and quarries in Central Visayas are set to spend some P100 million for their final

rehabilitation program. MGB7 Regional Director Roger de Dios explained that under the Final Mine Rehabilitation/Decommissioning Plan (FMR/DP), which shall be submitted as part of the requirements of existing mining operations, each approved application is subject to allot a specific budget for final rehabilitation. "The FMR/DP must be done in consultation with local governments and the communities which shall include financial assurances to cover the costs of rehabilitation and maintenance," De Dios further explained. "To ensure that all disturbed areas will be restored, as near as possible to its original state or to a pre-agreed productive end-use, mining firms are obliged to allocate a budget for the restoration program," he said. Meanwhile, the Philippine Mining Service Corporation-Alcoy Dolomite Mine/Dolomite Mining Corporation in Alcoy has allocated P31.791 million for its final rehabilitation program followed by Apo Cement Corporation/Apo Land & Quarry Corporation in City of Naga with P12.102 million, JLR Construction & Aggregates Inc. with P3.005 million, Taiheiy Cement Philippines Inc./Solid Earth Development Corporation in San Fernando with P4.0 million, Philippine Mining Service Corporation-Bohol Mine/Bohol Limestone Corporation in Garcia-Hernandez, Bohol with P49.2 million, Quarry Ventures Philippines Inc. with P1.4 million, Lazi Bay Resources Development Inc. in Lazi, Siquijor, with P18 million and Carmen Copper Corporation with P445 million.

<http://www.mb.com.ph/articles/239276/mining-firms-spend-p100-m-final-rehab>

Philippine Stock Exchange Weekly Top Gainers January 11 - 15, 2010

Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
1	Manchester International Holdings Unlimited Corporation "A"	1.6	116.22	150	485
2	Manchester International Holdings Unlimited Corporation "B"	1.6	81.82	90.48	2,140
3	Polar Property Holdings Corporation	4.5	80	73.08	32,366
4	MJC Investments Corporation	2.65	47.22	-11.67	40
5	Bogo Medellin Milling Company	45	45.16	50	40
6	IPVG Corporation	1.84	16.46	19.48	11,275
7	DFNN Inc.	10.75	13.16	34.38	203,199
8	F & J Prince Holdings Corporation "B"	2	12.36	66.67	4
9	Federal Resources Investment Group, Inc.	12.25	11.36	11.36	112
10	MRC Allied Industries, Inc.	0.69	11.29	102.94	66,862

Philippine Stock Exchange Weekly Top Gainers January 11 - 15, 2010

PER, EPS & BPV

Rank	Stock	PER	EPS	PBV
1	Manchester International Holdings Unlimited Corporation "A"	4.54	0.35	0.78
2	Manchester International Holdings Unlimited Corporation "B"	4.54	0.35	0.78
3	Polar Property Holdings Corporation	10,912	0.00	4.16
4	MJC Investments Corporation	-20.22	-0.13	3.13
5	Bogo Medellin Milling Company	-15.99	-2.81	2.01
6	IPVG Corporation	-3.76	-0.49	1.51
7	DFNN Inc.	-10.3	-1.04	5.72

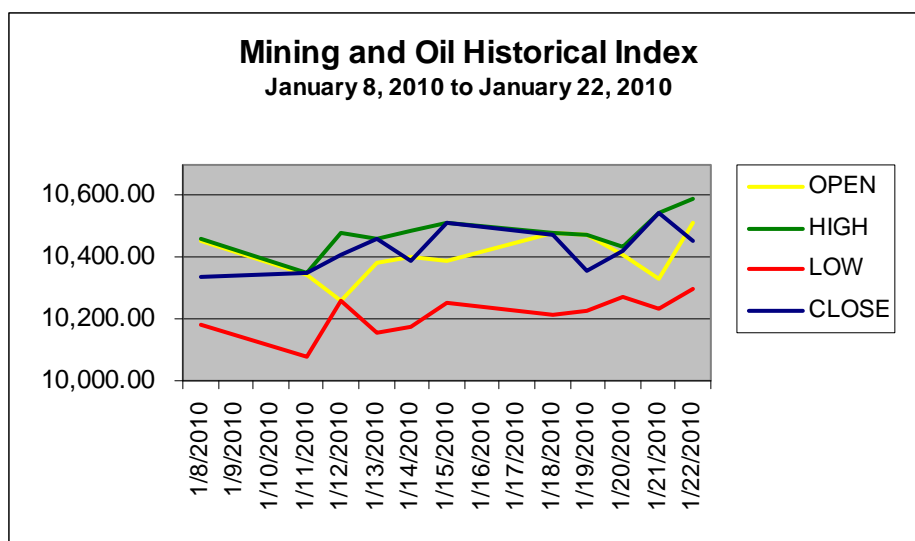
8	F & J Prince Holdings Corporation "B"	35.46	0.06	1.04
9	Federal Resources Investment Group, Inc.	21.56	0.57	16.11
10	MRC Allied Industries, Inc.	-3.05	-0.23	-1.93

Source: Philippine Stock Exchange, Weekly Market Watch,

Philippine Stock Exchange Index Composition for Mining and Oil As of January 22, 2010

SECURITY NAME	PRICES	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
APEX MINING COMPANY, INC. "A"	2.70	458,981,818	26.0 %	322,205,236.24	0.53
APEX MINING COMPANY, INC. "B"	2.70	295,731,885	28.0 %	223,573,305.06	0.37
ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	11.50	1,048,931,882	43.0 %	5,186,968,156.49	8.48
GEOGRACE REOURCES PHILIPPINES, INC.	0.77	2,522,105,615	98.0 %	1,903,180,897.08	3.11
LEPANTO CONSOLIDATED MINING COMPANY "A"	0.26	19,721,947,347	85.0 %	4,358,550,363.69	7.12
LEPANTO CONSOLIDATED MINING COMPANY "B"	0.26	13,145,619,988	84.0 %	2,871,003,405.38	4.69
MANILA MINING CORPORATION "A"	0.026	107,433,136,003	62.0 %	1,731,822,152.37	2.83
MANILA MINING CORPORATION "B"	0.027	71,571,185,202	66.0 %	1,275,398,520.30	2.08
NiHao Mineral Resources International, Inc.	4.45	600,000,000	61.0 %	1,628,700,000.00	2.66
OMICO CORPORATION	0.008	105,046,167,332	85.0 %	714,313,937.86	1.17
ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	0.015	120,000,000,000	64.0 %	1,152,000,000.00	1.88
ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	0.016	80,000,000,000	64.0 %	819,200,000.00	1.34
THE PHILODRILL CORPORATION	0.015	191,868,805,358	49.0 %	1,410,235,719.38	2.30
PHILEX MINING CORPORATION	14.75	4,901,499,961	52.0 %	37,594,504,700.87	61.44

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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