



## Manabat Sanagustin & Co., CPAs

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### Mining

January 25, 2010 – February 9, 2010



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.

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#### Philex ships P805-M worth of metals in Jan

Philex Mining Corporation reported that its Padcal mine delivered ore worth P805 million in January this year, an 8% improvement over the P745 million worth of ore mined in the same month of 2009. In a disclosure to the Philippine Stock Exchange, Philex president Jose Ernesto Villaluna Jr. said Philex delivered 684,459 dry metric tons of ore resulting in 4,705 DMT of concentrates. Of the total P805 million, P422 million came from gold, P376 million from copper, and P7 million from silver. Philex earlier announced that the projected operating life of its Padcal mine has been extended by another 3 years until 2017, based on the reserves of the mine as of June 30, 2009. According to the company, the Padcal mine currently has reserves of 74 million tons, at assumed metal prices of \$800 per ounce of gold and \$2.00 per pound of copper and at copper equivalent cut-off of 0.36%. Philex is also ramping up exploration activities in its Bayugo prospect in Tubod, Surigao del Norte after initial mineral resource estimate showed 85.7 million DMT of indicated resource and 32.7 million DMT of inferred resource. The Bayugo mineral deposit is a porphyry-hosted copper gold occurrence in an island-arc setting, located within areas covered by MPSA 149 and EP13 and about one kilometer northwest of the Boyongan copper gold deposit. Boyongan and Bayugo are within the Silangan property in which Philex has a direct 50% interest. The other 50% is held by Canadian unit Philex Gold Inc. <http://www.abs-cbnnews.com/business/02/03/10/philex-ships-p805-m-worth-metals-jan>

#### TVI Pacific unit makes 11th shipment to Swiss trader

Canadian Backed TVI Resource Development (Phils.), Inc. has completed its eleventh shipment of copper concentrates produced at the Canatuan mine in Zamboanga del Norte. The miner said on its Web site yesterday that the 55,161 dry metric tons of copper concentrates, or copper with ore, were shipped from its warehouse at Santa Maria Port in Siocon, Zamboanga del Norte in accordance with an offtake arrangement with MRI Trading AG of Switzerland. The completion of the shipment brought TVI Resources' total expected gross revenue to \$72.5 million since March 2009. Last week, TVI Resources -- the local unit of Canadian miner TVI Pacific, Inc. -- disclosed that it had reduced a five-year debt facility by almost half to \$16.2 million because of a steady income stream from monthly exports of copper concentrates from the Canatuan copper project. The Canatuan project is expected to produce 65.428 million pounds of copper, 5,301 metric tons of zinc, 15,558 ounces of gold, and 1.074 million ounces of silver over seven years of operations that began two years ago. The firm has also entered into a \$2-million joint venture with DACON Corp., part of the DMCI Group of Companies, to expand its mining exploration areas in Canatuan. TVI Resource will control 70% of the project while the rest will be held by DACON.

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Feedback

<http://www.bworldonline.com/main/content.php?id=5561>

### **Gov't to bid out Diwalwal mining areas**

State Run Philippine Mining Development Corp. (PMDC) is re-bidding the Letter V property in the gold rush Mt. Diwalwal area in Compostela Valley. Also on the bidding block is the parcel called Higanteng Bato. In separate notices posted on the company's website, PMDC has invited interested Filipino corporations to start applying for eligibility and to submit sealed bid proposals. At stake are joint operating agreements for the exploration, development and mining operations of the Letter V and Higanteng Bato properties.

As a partner in the Mt Diwalwal projects, PMDC will get royalties on the production of gold, copper and other minerals in these areas. The 1,296-hectare Letter V and 1,359-hectare Higanteng Bato property are located side by side within the 8,100-hectare Diwalwal mineral reservation. An area on Mt. Diwalwal, spanning 729 hectares, attracted small-scale gold and copper miners and other claimants. However, PMDC said its control over the entire mineral reservation has been affirmed in local courts. PMDC is the Department of Environment and Natural Resources' corporate arm. It is tasked to monitor and oversee the development of the government's mineral resources.

<http://business.inquirer.net/money/topstories/view/20100204-251319/Govt-to-bid-out-Diwalwal-mining-areas>

### **Foreign miners merge to beef up Zambales nickel venture**

United Kingdom-based European Nickel PLC has merged with Australian firm Rusina Mining NL to create a "financially stronger company" that will finance the Acoje nickel mining project in Sta. Cruz, Zambales. Rusina said on its Web site it had signed a Merger Implementation Agreement with European Nickel that would allow the British company to acquire the entire issued capital of Rusina. European Nickel currently owns 2.9% of Rusina. Under the agreement, Rusina Mining shareholders will be offered four European Nickel shares for every five Rusina Mining ordinary shares held. The European Nickel shares represent a 15.5% premium to the Rusina Mining shares held by the stockholders, based on the latter's 10-day weighted average share price of A\$0.0933 per share. The Acoje project in Sta. Cruz, Zambales is a three-way partnership among European Nickel, Rusina Mining and Consunji-led DMCI Mining Corp. Rusina holds a 72% interest in the project. The merger comes a year before a feasibility study on the Acoje project falls due. Acoje is European Nickel's next heap leach project up for commercialization, after the Caldag project in Turkey. Upon completion of the deal, Rusina Mining shareholders will own approximately 27.3% of the merged company. The merger will likewise create a "significant nickel development company" with a resource base of 1.35 million tons of contained nickel and a medium-term nickel production target of 50,000 tons per annum. The merger will be beneficial to European Nickel because this will further cement its presence in the country.

<http://www.bworld.com.ph/main/content.php?id=5792>

### **Canadian miner Ivanhoe set to conduct due diligence on South Leyte property**

The local unit of Canadian miner Ivanhoe Mines Ltd. wants to take part in the exploration of a mine located in Southern Leyte which used to be under Australia-based Indophil Resources NL. Documents obtained from the Mines and Geosciences Bureau showed that Ivanhoe Philippines, Inc. is seeking the mining bureau's approval to conduct a six-month due diligence on an 855.71-hectare mine in St. Bernard, Southern Leyte. The six-month due diligence will cost Ivanhoe Philippines around P1.4 million and involves among others the establishment of benchmark stations, geological mapping, and geochemical sampling and grid-soil sampling. Ivanhoe Philippines told regulators the due diligence was in accordance with an agreement with a local company, Plethora Mining Corp., the new holder of the Mineral Production Sharing Agreement (MPSA) over the area. The MPSA was given to San Christo Mineral Exploration Corp. -- 40% owned by Indophil Resources -- in 2001. The mine is expected to yield gold and copper. In March 2008, San Christo executed a deed of assignment and assigned the MPSA to Plethora Mining.

<http://www.bworld.com.ph/main/content.php?id=5885>

### **First Pacific buys into Philippine mining firm**

Hong Kong-based First Pacific Co Ltd said on Monday that it has completed the purchase of an additional 5.9% stake in Philex Mining Corp for nearly US\$130 million through its unit Two Rivers Pacific Holdings Corp, Dow Jones Newswires reported. The company last Friday said in the statement filed with the Hong Kong Stock Exchange that Two Rivers and Philippines' Government Service Insurance System reached an agreement on Jan. 21. First Pacific bought 268.78 million shares of Philex owned by the state-owned retirement fund for P21 per share. After the completion of the deal, First Pacific's shareholding in Philex Mining would be increased to 15.1%, and the First Pacific group of companies holds another 31.5% in the mining company.

<http://www.energychinaforum.com/news/31248.shtml>

### **CGA Mining closes C\$86 million share offering**

Australian-listed explorer and developer CGA Mining has closed the C\$86 million share offering on a bought deal basis, of 39,100,000 ordinary shares in the capital of the Company. The net proceeds from the sale of the

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Shares will be used to repay indebtedness, including the 12% Senior Promissory Notes, to increase exploration activity at the Masbate Gold Project and for general corporate purposes. The Shares were sold at C\$2.20 per Share, with CGA entering into the agreement with a syndicate of underwriters led by BMO Capital Markets and including Haywood Securities under which the underwriters agreed to buy the Shares on a private placement, bought deal basis. CGA is listed on the Toronto Stock Exchange and Australian Securities Exchange. The Masbate Gold Project in the Philippines was successfully developed with first gold poured on 12 May 2009. The project which is currently ramping up to full production has a total indicated resource base of 4.55M ounces, total inferred resource base of 3.22M ounces and a probable reserve of 3.03M ounces of gold. It is currently forecast to produce over 200,000 ounces per annum  
<http://www.proactiveinvestors.com.au/companies/news/4773/cga-mining-closes-c86-million-share-offering-4773.html>

#### **Nyota sells interest in Daguma coal project in Philippines**

Nyota Minerals Ltd announced on February 4 it had completed the sale to a Philippine private company of its 8% minority contributing interest in the Philippine Daguma coal project for a net cash consideration of \$US1.7 million (\$A1.96 million). The company has completed its exit from the Philippines and says this enables it to increase its focus on its Tulu Kapi gold resource in Ethiopia.

<http://www.businessspectator.com.au/bs.nsf/Article/Nyota-sells-interest-in-Daguma-coal-project-in-Phi-2CVGZ?OpenDocument>

### **Philippine Stock Exchange Weekly Top Gainers February 1 - 5, 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	Oriental Peninsula Resources Group, Inc.	1.5	100	66.67	152,685
2	Cityland Development Corporation	1.34	48.89	-12.99	13
3	Active Alliance, Inc.	9.9	23.75	4.21	179
4	IPVG Corporation	1.94	22.78	22.78	57,570
5	Abacus Consolidated Resources and Holdings, Inc.	1	19.05	16.28	23,049
6	Anglo Philippine Holdings Corporation	1.2	13.21		24
7	Seafront Resources Corporation	0.91	10.98	-9	9
8	Primex Corporation	3.05	10.91	-3.17	433
9	Unioil Resources & Holdings Company, Inc.	0.11	10	-8.33	11
10	PetroEnergy Resources Corporation	7.9	9.72	-1.25	1,294

### **Philippine Stock Exchange Weekly Top Gainers February 1 - 5, 2010**

PER, EPS & BPV

Rank	Stock	PER	EPS	BPV
1	Oriental Peninsula Resources Group, Inc.	-39.03	-0.04	1.29
2	Cityland Development Corporation	5.16	0.26	0.72
3	Active Alliance, Inc.	503	0.02	10.09
4	IPVG Corporation	-3.96	-0.49	1.59
5	Abacus Consolidated Resources and Holdings, Inc.	1.1	0.91	0.6
6	Anglo Philippine Holdings Corporation	-11.92	-0.1	1.21
7	Seafront Resources Corporation	101.45	0.01	0.98
8	Primex Corporation	251.19	0.01	2.28
9	Unioil Resources & Holdings Company, Inc.	-274.47	-0.0004	-0.32

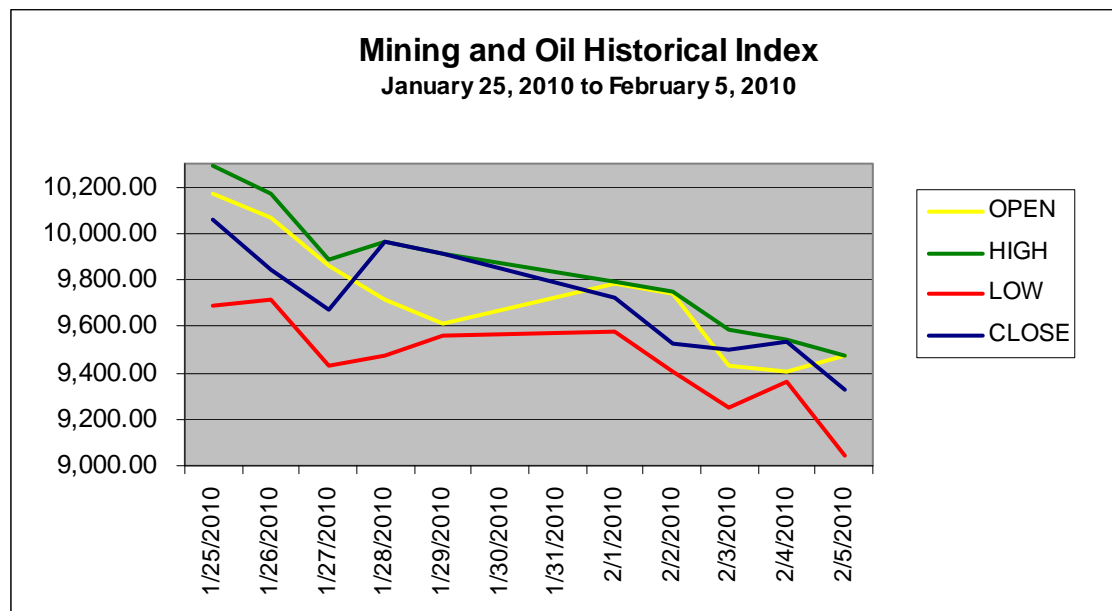
10	PetroEnergy Resources Corporation	13.16	0.6	1.08
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Source: Philippine Stock Exchange, Weekly Market Watch,

### Philippine Stock Exchange Index Composition for Mining and Oil As of February 5, 2010

SECURITY NAME	PRICES	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOA ADJUSTED MARKET CAPITALIZAT
APEX MINING COMPANY, INC. "A"	2.46	458,981,818	26.0 %	293,564,770
APEX MINING COMPANY, INC. "B"	2.50	295,731,885	28.0 %	207,012,319
ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	10.00	1,048,931,882	43.0 %	4,510,407,099
GEOGRACE REOURCES PHILIPPINES, INC.	0.63	2,522,105,615	98.0 %	1,557,148,000
LEPANTO CONSOLIDATED MINING COMPANY "A"	0.245	19,721,947,347	85.0 %	4,107,095,530
LEPANTO CONSOLIDATED MINING COMPANY "B"	0.23	13,145,619,988	84.0 %	2,539,733,780
MANILA MINING CORPORATION "A"	0.023	107,433,136,003	62.0 %	1,531,996,510
MANILA MINING CORPORATION "B"	0.024	71,571,185,202	66.0 %	1,133,687,570
NiHao Mineral Resources International, Inc.	3.55	600,000,000	61.0 %	1,299,300,000
OMICO CORPORATION	0.0075	105,046,167,332	85.0 %	669,669,310
ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	0.013	120,000,000,000	64.0 %	998,400,000
ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	0.013	80,000,000,000	64.0 %	665,600,000
THE PHILODRILL CORPORATION	0.014	191,868,805,358	49.0 %	1,316,220,000
PHILEX MINING CORPORATION	13.25	4,901,499,961	52.0 %	33,771,334,730

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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