



Mining

February 24, 2010 to March 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.

Zambales mining outposts demolished

At least two mining outposts here were demolished last week on the order of the municipal council, but the firm's owner called the move political harassment. Officials and personnel of Compania Minera Tubajon Inc. (formerly Coto Mining Corp.) said the demolition was carried out by the municipal engineering personnel and policemen without a court order. CMTI security personnel said the demolition team and armed policemen, some of who were not in uniform, disarmed them as they destroyed the structures on Friday. Arsenia Lim, CMTI chair, said her candidacy for mayor against Desiree Edora, wife of incumbent Mayor Jessu Edora, was the reason behind the harassment. She also questioned the approval of the demolition, as shown in the council's February 17 resolution, which came even before the resolution was passed. Lawyer Yodel Deloso, who represents CMTI, said the municipal government could not use a resolution to order the demolition. "That is usurpation of judicial functions by Masinloc's legislative body," he said. In a telephone interview, Mayor Edora confirmed that no court order covered the demolition. "But a court order is not really needed because they are a nuisance there. They can be removed without involving the court in this," he said. He said the security personnel manning the outposts were preventing government agencies from entering that area. http://archive.inquirer.net/view.php?db=1&story_id=260237

Mindoro resources increase

A mineral inventory update at Intex Resources' Mindoro Nickel Project in the Philippines has resulted in a 70% increase in laterite ore reserves to 126.3 million tonnes of 0.95% nickel. The estimate is for the Lower Kisluyan and Buraboy laterite deposits, which were previously estimated to contain 74.2 million tonnes.

The new estimate includes 59.1 million tonnes of limonite ore @ 0.92% nickel and 0.09% cobalt, and 67.1 million tonnes of saprolite ore at 0.98% nickel and 0.03% cobalt. The reserves contain about 1.2 million tonnes of nickel and 76,000 tonnes of cobalt. There has also been a new estimate of resources and this resulted in a 50% increase to 315 million tonnes, holding more than 2.6 million tonnes of nickel. Resources from three remaining deposits, Shabo, Kapawa and Alg-Ag, are categorized as inferred and estimated to 51 million tonnes @ 0.78% nickel. The new reserve estimate was prepared on the basis of a mine plan and financial factors, and classified according to the JORC code. It incorporates a review of mining methods and costs, prepared for the Mindoro Nickel Definitive Feasibility Study, as well as other key operational and organizational financial factors.

<http://www.asiaminer.com/magazine/latest/10-philippines-mindoro-resources-increase.html>

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Nickel mining may resume

Improving nickel prices have prompted Atlas Consolidated Mining and Development Corp to consider re-opening its Berong mine in Palawan. The company's subsidiary Berong Nickel Corp closed the mine in February 2009, laying off more than 600 workers, due to low nickel prices and poor demand. With growth in China and other Asian countries beginning to pick up, demand for nickel is increasing, pushing up prices from the lows of the global financial crisis. Atlas Consolidated's chairman Alfredo C Ramos says the interest in nickel is starting to increase. "Hopefully we will be mining again soon." He says if Berong Nickel resumes operations, the miner will still ship nickel ores to traditional markets like Japan, South Korea and China. Berong Nickel is a joint venture involving European Nickel, Atlas Consolidated and Toledo Mining Corp. Atlas Consolidated is also considering constructing a processing plant at Berong to add value to the nickel ores. The Berong mine, which the company says is the world's fourth-largest nickel laterite resource, still has about 275 million tonnes of nickel ores ready to be extracted.

<http://www.asiaminer.com/magazine/latest/9-philippines-nickel-mining-may-resume.html>

Australia's Medusa eyes second gold mine in Philippines

Australia's Medusa Mining Ltd. is eyeing its second Philippines gold mining operation if an upcoming exploration program proves successful. From July, Medusa will use six drilling rigs to upgrade resources at its Bananghilig project, Managing Director Geoff Davis said in an interview with Dow Jones Newswires. A feasibility study is due for completion in the second half of next year, with the aim of justifying a new 200,000 ounce-a-year open cut mine with a minimum five-year life, he said. It would be Medusa's second gold mine in the Philippines behind the Co-O venture, which is now producing at a rate of 100,000 oz a year following a recent expansion. Bananghilig, which requires an upgrade of its 650,000 oz resource to justify the new mine, is part of Medusa's pipeline of projects that could expand production to 300,000-400,000 oz a year in the medium term, Davis said. To help achieve the goal, Medusa is spending US\$18 million on exploration this fiscal year ending June 30. Perth-based Medusa is part of a mining revival in the Philippines, fostered by the pro-development policies of President Gloria Macapagal-Arroyo, who came to power in 2001. Several gold and nickel mines have started in recent years, while a feasibility study on Xstrata's mooted US\$5.2 billion Tampakan copper-gold venture is due to be completed next month. "China is one country that has already declared an interest in the Philippines mining sector via its current A\$545 million bid for Melbourne-based Indophil Resources NL, part owner of Tampakan. Medusa, which has six copper exploration targets in the country, has a market capitalization of about A\$660 million.

<http://www.mb.com.ph/articles/248576/australia-s-medusa-eyes-second-gold-mine-philippines>

Canatuan JV Finalized

TVI Pacific's Philippine affiliate, TVI Resource Development Philippines (TVIRD), has finalized its joint venture agreement with DMCI-CERI, a subsidiary of DACON Corporation, to conduct exploration, development and production of mineral deposits in the greater Canatuan tenement area. The joint venture partners will fund an exploration program in the tenement area for a period of two years amounting to a maximum of US\$2 million, to be shared in accordance with their respective interests (TVIRD 70%, DMCI-CERI 30%). The parties have 30 business days in which to agree on a work program for the coming year. In the meantime, the partners have begun working together on the process of finalizing the government permits required to begin exploration activities and drilling and TVI, as operator, is preparing its communications program with community stakeholders. TVI Pacific is a low cost copper producer focused on the production, development, exploration and acquisition of precious and base metal mining deposits in the Philippines.

<http://www.asiaminer.com/magazine/latest/11-philippines-canatuan-jv-finalized.html>

DJ Philex: Padcal Copper-Gold Mine Proven Reserves 69.2 Mln Tons

Philex Mining Corp. (PX.PH), the Philippines' largest miner by revenue, said Monday that its Padcal copper-gold mine, had proven reserves of 69.2 million metric tons as of December last year. The estimate is slightly lower than proven reserves of 73.8 million tons estimated as of last June that the company announced in August. The reserves have copper content of 0.22%, equivalent to 274 million pounds, and 0.44% grams/ton of gold, equivalent to 744,000 ounces, the company said in a statement to the stock exchange. Padcal is expected to remain in operation until 2017.

http://www.tradingmarkets.com/news/stock-alert/plxcl_dj-philex-padcal-copper-gold-mine-proven-reserves-69-2-mln-tons-860997.html

DENR moves to ensure mining sector growth

To fast-track the development of the local mining industry, the Department of Environment and Natural Resources is implementing reform measures that will expedite the granting of mining contracts and permits. These reforms, according to the DENR, are in line "with the ongoing thrust of the government to revitalize the Philippine mineral industry." In a memorandum to the Mines and Geosciences Bureau, the DENR ordered the processing and approval within 10 weeks from date of acceptance of all applications for exploration permits or mineral agreements that have complied with all the requirements. Applications for first and second renewal of

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an exploration permit, according to the DENR, should be granted within 15 days from the date of payment of necessary fees. Mining companies earlier complained of the long lead time needed to secure all the necessary government approvals and permits. The DENR said it would deny or disapprove the mining applications of companies that would reject “requests for free and prior informed consent by the indigenous peoples concerned as certified by the National Commission on Indigenous Peoples (NCIP).” Another ground for the disapproval of application would be the applicant’s failure to secure necessary certifications from the NCIP and a proof of consultation with the Sanggunian concerned within two years, as well as its failure to complete the publication, posting and announcement requirements within one year from the date of acceptance of the application. The DENR is also implementing several reforms to ensure the mining firms’ compliance with the requirements.

http://business.inquirer.net/money/topstories/view/20100317-259270/DENR_moves_to_ensure_mining_sector_growth

Miner to buy up minority stakes in Philex Gold

Philex Mining Corp., the country’s largest miner, is set to indirectly acquire all of the outstanding common shares of Toronto-based Philex Gold Inc. from minority shareholders for \$0.75 apiece. In a disclosure to the Philippine Stock Exchange, Philex Mining said Philex Gold was able to obtain an interim order from the Ontario Superior Court of Justice. This order would authorize Philex Gold to hold a special meeting with its shareholders to consider the “plan of arrangement” with Philex Mining and its wholly owned subsidiary Philex Gold Holdings Inc. (PGHI). Philex Gold is also expected to send its shareholders a circular that will include the recommendation of the company’s board of directors based on the vote of shareholders regarding the plan of arrangement. To make the transaction, or the plan of arrangement, final, at least two-thirds of shareholders of Philex Gold should vote in favor of the plan. The plan of arrangement, which was disclosed last month, would allow Philex Mining—through its subsidiary PGHI—to acquire all the outstanding common shares of Philex Gold for a total of \$77.7 million. Following the completion of the transaction, Philex Gold will become a wholly owned subsidiary of PGHI.

http://archive.inquirer.net/view.php?db=1&story_id=259671

Philippine Stock Exchange Weekly Top Gainers March 10 - 23, 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	
	Active Alliance, Inc	7.60	49.02	-15.56	8
2	Prime Media Holdings, Inc.	2.00	23.46	11.11	40
3	Mabuhay Vinyl Corporation	1.20	20.00	25.00	82
4	Suntrust Home Developers, Inc.	0.54	14.89	20.00	29,426
5	RFM Corporation	0.62	14.81	14.81	16,166
6	Alcorn Gold Resources Corporation	0.0080	14.29	14.29	200
7	JTH Davies Holdings, Inc.	1.54	13.24	10.00	7,730
8	Leisure & Resorts World Corporation	1.70	11.84	19.72	15,221
9	Manchester International Holdings Unlimited Corporation	1.20	11.11	-29.41	12
10	Cityland Development Corporation	1.42	9.23	9.23	9

Philippine Stock Exchange Weekly Top Gainers March 10 - 23, 2010

PER, EPS & BPV

Rank	Stock	PER	EPS	BPV
1	Active Alliance, Inc	386.26	0.02	7.75
2	Prime Media Holdings, Inc.	-65.48	-0.03	-0.91

3	Mabuhay Vinyl Corporation	9.84	0.12	0.71
4	Suntrust Home Developers, Inc.	-19.12	-0.03	11.49
5	RFM Corporation	5.38	0.12	0.39
6	Alcorn Gold Resources Corporation	13.85	0.001	0.70
7	JTH Davies Holdings, Inc.	296.40	0.01	2.67
8	Leisure & Resorts World Corporation	9.11	0.19	1.04
9	Manchester International Holdings Unlimited Corporation	3.40	0.35	0.58
10	Cityland Development Corporation	5.46	0.26	0.76

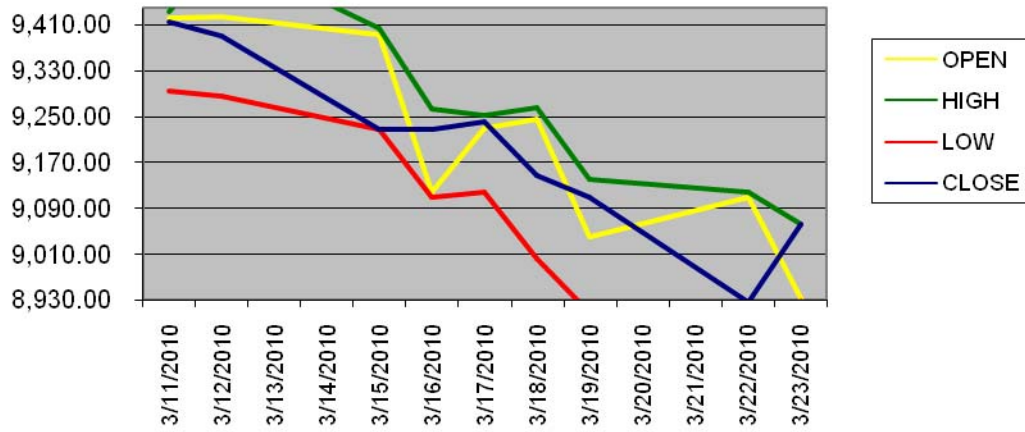
Source: Philippine Stock Exchange, Weekly Market Watch,

Philippine Stock Exchange Index Composition for Mining and Oil As of TUE MAR 23, 2010 12:10:00 PM

SECURITY NAME	PRICES	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT ADJUSTED MARKET CAPITALIZATION
APEX MINING COMPANY, INC. "A"	2.40	458,981,818	26.0 %	286,404,650
APEX MINING COMPANY, INC. "B"	2.42	295,731,885	28.0 %	200,387,920
ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	9.90	1,048,931,882	43.0 %	4,465,303,020
GEOGRACE REOURCES PHILIPPINES, INC.	0.70	2,522,105,615	98.0 %	1,730,164,450
LEPANTO CONSOLIDATED MINING COMPANY "A"	0.215	19,721,947,347	85.0 %	3,604,185,870
LEPANTO CONSOLIDATED MINING COMPANY "B"	0.22	13,145,619,988	84.0 %	2,429,310,570
MANILA MINING CORPORATION "A"	0.019	120,862,277,583	62.0 %	1,423,757,620
MANILA MINING CORPORATION "B"	0.019	80,517,583,773	66.0 %	1,009,690,500
NiHao Mineral Resources International, Inc.	4.05	600,000,000	61.0 %	1,482,300,000
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	0.013	191,868,805,358	49.0 %	1,222,204,290
PHILEX MINING CORPORATION	13.00	4,909,245,313	52.0 %	33,186,498,310

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

Mining and Oil Historical Index March 10 to March 23, 2010



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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