

MINING INDUSTRY

Week ended **29 August 2008**

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This industry update from KPMG Manabat Sanagustin & Co. is a bi-monthly collection of the latest news and developments from the country's Mining segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business, interesting and useful.

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Mining draws \$1.68-B investments

Investments in priority mining projects from 2004 to June this year reached \$1.680 billion, Mines and Geosciences Bureau (MGB) director Horacio C. Ramos said yesterday. For the first half this year, Ramos said investments in priority mining projects amounted to \$229.54 million, with \$73.19 million going to projects that are already operating or are expanding.

Additional investments will be poured into the Rapu-Rapu Polymetallic project (\$14 million), Sto. Tomas II Copper expansion project (\$35.09 million), the Teresa Gold project (\$8.06 million), the SIRC Nickel project (\$9.7 million) and CTP Nickel project (6.34 million). Investments for first tier mineral development projects that are still in the construction and development stage amounted to \$125.08 million for the first half of this year, MGB data showed.

The amount will be invested in Atlas Consolidated Mining and Development Corp.'s Carmen Copper project (\$18.61 million), Palawan High Pressure Acid Leach (HPAL) nickel project (\$30.51 million), and Filminera's Masbate Gold project (\$75 million). A total of \$26.73 million was invested in the first half of this year for first tier priority mineral development projects that are still in the feasibility or financing state.

<http://www.philstar.com/archives.php?aid=2008082911&type=2>

Carmen Copper inks deal with Swiss firm

Carmen Copper Corp., a subsidiary of Atlas Consolidated Mining and Development Corp., has signed an off-take agreement with MRI Trading AG of Switzerland. Under the contract, Carmen Copper will sell to MRI the first 60,000 dry metric tons of copper concentrate produced from Carmen's Toledo, Cebu copper mine.

The first delivery has been set for June 2009. MRI also agreed to provide a hedge on copper prices for the first 30,000 tons of concentrate that will be delivered to its warehouse at the Sangi Port in Toledo City, Cebu.

Atlas and Carmen Copper obtained just this month a mineral production sharing agreement (MPSA) with the Department of Environment and Natural Resources. This will pave the way for the start of operation this month of the \$95-million Carmen Copper project in Toledo, Cebu.

<http://www.philstar.com/archives.php?aid=2008082623&type=2>

Mining industry's performance has improved steadily, says Atienza

THE performance of the country's mining industry is now comparable with or even better than those of other Asean countries. This was the assessment of

Environment Secretary Lito Atienza, who boasted that the country's mining industry has grown steadily since 2003 during a recent monthly meeting of the Australian-New Zealand Chamber of Commerce (Phils.) Inc. held at the Intercontinental Hotel in Makati City.

The Department of Environment and Natural Resources (DENR) chief said that socio-economic indicators for 2007 showed that the country's mining industry has been growing progressively since 2003, with gross production value of the industry increasing 2.4 times than the 2003 gross production value.

According to Atienza, in terms of the industry's contribution to exports, it has also grown 2.6 times, and contribution to gross domestic product (GDP) likewise grew 1.7 times. DENR records showed that the country's mining-production value in 2007 amounted to a total of P97.41 billion, and mining's contribution to GDP also amounted to \$1.77 billion.

<http://www.businessmirror.com.ph/08182008/economy05.html>

Metro Pacific on the lookout for opportunities in mining

METRO Pacific Investments Corp. (MPIC), the local flagship company of Hong Kong-based conglomerate First Pacific Co., has begun looking for opportunities in the mining sector. A company source told the BusinessMirror that MPIC is interested on mining copper, gold and nickel and is currently evaluating possible partnerships with existing mining companies.

Mining is just one of the sectors the company is considering. If there's an opportunity, MPIC would also like to invest in infrastructure and agricultural sectors. At present, its investments are focused on water utility, healthcare, toll way and real estate.

Last month, it signed a memorandum of understanding (MOU) with Basic Energy Corp. (BEC) for a potential partnership in ethanol production. Both companies are currently assessing the viability of establishing a joint venture that will engage in the production of ethanol and other alternative fuels, after MPIC conducts due diligence on BEC's planned ethanol projects.

<http://www.businessmirror.com.ph/08202008/companies01.html>

RP still considering mining proposals for abandoned mines

The Department of Environment and Natural Resources (DENR) remains open to mining proposals for the country's abandoned mine sites. This seeks to further increase opportunities for people's livelihood and for responsible mining which government identified as among economic drivers of the country.

DENR Mines and Geosciences Bureau (MGB) Mining Environment and Safety Division chief Rodolfo Velasco said interested companies can still apply for respective mining permits covering such sites.

Velasco said rehabilitation seeks to introduce in such portions new land uses like forestry.

In line with government's policy on revitalizing Philippine mining, MGB is prioritizing for its rehabilitation seven abandoned Philippine mine sites. Provinces where these sites are located and companies which formerly operated there are Western Samar (Philippine Pyrite Corporation), Benguet (Thanksgiving Mine-B, Western Minolco Corp. and Black Mountain Inc.), Negros Oriental (Basay Mining Corporation), Marinduque (Consolidated Mines Inc.) and Palawan (Palawan Quicksilver Mines).
<http://www.gov.ph/news/default.asp?i=18641>

5 priority mine projects

Five of the 24 priority mining projects the present administration is pushing for reopening are located in the Cordillera.

These are Teresa Gold Project, Far Southeast Project and Victoria Project all by



Lepanto in Mankayan, Project 3000 of Itogon Suyoc Mines, Padcal Copper Expansion Project by Philex Mines, and the Batong Buhay Project by the Philippine Mining Development Corporation.

Except for the Padcal Expansion Project and Far Southeast, the other projects are already in operation. Except for Batong Buhay, the rest are located in Benguet.
<http://www.gov.ph/news/default.asp?i=18641>

Mining firms told to apply "best practices"

Senate Minority Leader Aquilino Q. Pimentel, Jr. (PDP-Laban) today reminded foreign mining companies to apply "best practices" in their operations in the country to prevent the degradation of the environment and the violation of the rights of the people living around the mining sites.

Pimentel observed that a number of mining ventures being undertaken by foreign firms in the country have encountered delays and difficulties due to the resistance of local government officials and residents who are apprehensive over the harmful consequences of large-scale extraction of mineral deposits on their forests, rivers, water supply, farms and fishing grounds.
http://www.senate.gov.ph/press_release/2008/0831_pimentel1.asp

Feedback

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