

MINING INDUSTRY



Week ended **26 September 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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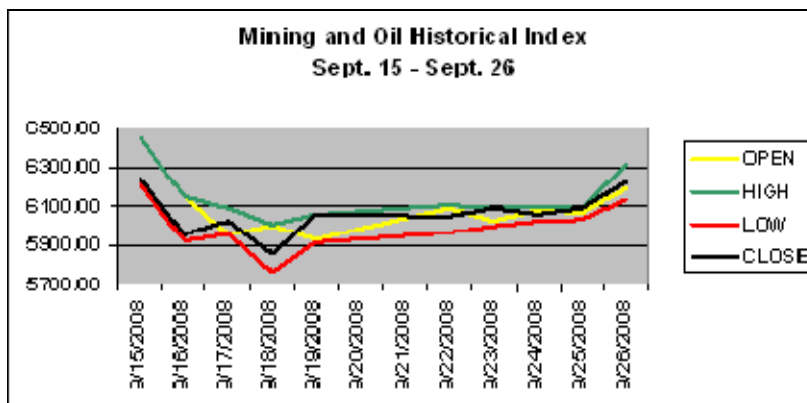
Philippine Stock Exchange Top Gainers for Sept. 22 - 26 Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 week	4 weeks	
1	Energy Development (EDC) Corporation	4.20	37.70	(7.69)	886,274
2	Keppel Philippines Holdings, Inc. "A"	2.00	31.58	33.33	152
3	Aboitiz Transport System (ATSC) Corporation	1.76	29.41	51.72	5,668
4	eTelecare Global Solutions, Inc.	387.50	29.17	25.00	13,367
5	Jollibee Foods Corporation	52.00	26.83	19.54	342,984
6	Cityland Development Corporation	1.60	23.08	(20.00)	16
7	Splash Corporation	5.20	20.93	40.54	41,541
8	San Miguel Corporation "B"	59.00	19.19	31.11	77,121
9	San Miguel Corporation "A"	58.00	18.37	31.82	65,395
10	Minerales Industrias Corporation	3.35	17.54	11.67	24,376

Philippine Stock Exchange Top Gainers for Sept. 22 - 26 PER, EPS & BPV

Rank	Stock	PER	EPS	BPV
1	Energy Development (EDC) Corporation	8.81	0.48	1.89
2	Keppel Philippines Holdings, Inc.	21.55	0.09	0.68
3	Aboitiz Transport System (ATSC) Corporation	61.35	0.03	0.96
4	eTelecare Global Solutions, Inc.	17.93	21.61	1.96
5	Jollibee Foods Corporation	23.30	2.23	3.91
6	Cityland Development Corporation	5.39	0.30	0.83
7	Splash Corporation	15.44	0.34	1.43
8	San Miguel Corporation "B"	8.56	6.89	1.21
9	San Miguel Corporation "A"	8.41	6.89	1.19
10	Minerales Industrias Corporation	(418.89)	(0.01)	977.59

Source: Philippine Stock Exchange, Weekly Market Watch, VOL. II NO. 39



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices, September 15-26 2008

Gold, copper output confirms mineral deposits in Sultan Kudarat

DAVAO CITY—The exploration conducted by the lone South Korean-backed mining firm in Sultan Kudarat confirmed the government's mineral mapping that the Daguma mountain range is indeed rich in copper and gold deposits.

"In fact, the mapping would point out that the Daguma Range is as rich in copper and gold minerals as the Diwata Range of Compostela Valley and Surigao del Sur," said Rudolf Joseph Lopez, operations manager of the Fadicasu Mining Corp. & General Resources Co. Ltd. (FMC & GRCO).

The range also holds coal, with a sizeable deposit found in scenic Lake Sebu and chromite in Lebak in the west. There were about 11 holders of the mineral-production sharing agreement (MPSA) in the range and a total of 50 firms in the entire province. Lopez said the company would ship copper concentrate to South Korea. It was also set to build a processing plant.

<http://www.businessmirror.com.ph/09222008/economy05.html>

Anglo banking on mining stake

Listed Anglo Philippine Holdings Corp. is banking on its stake in mining companies to hike profits next year, company officials said in an interview late last week.

"If Atlas [Consolidated Mining and Development Corp.] will be true to form to produce both in its Carmen copper project and Berong nickel project, I think Anglo will do well next year," Anglo Holdings Director Victor V. Benavidez said in an interview on Friday. Anglo owns 11.67% of Atlas, which has the Berong nickel project in Palawan and Carmen Copper Corp. as its subsidiaries.

Meanwhile, the company expects to benefit from its investments in commodities amid the peso's fall and financial crisis. Christopher M. Gotangco, president of Anglo, said the financial crisis would lead people to turn to commodities, which might increase the price of gold.

<http://www.bworldonline.com/BW092208/content.php?id=047>

Miner confident of funds

Asiaticus Management Corp. is confident funds would be available when operation of its Pujada nickel project in Davao Oriental goes full blast. "There are many funding sources available. We will just have to study which among them will be cost efficient to our operations," said Vicente J. Jayme Jr., president of the company. Mr. Jayme said the capital market is very active, adding that there are many ways to obtain funds for his company.

He made the statement as the initial exploration drilling achieved about 60% of the target. Lauriano A. Barrios, Asiaticus vice-president, said that the drilling might be completed within the next three months. The company, Mr. Jayme said, is using its own resources for its initial exploration drillings. But Mr. Barrios also clarified that the joint venture with BHP Billiton, which it had rescinded, was not about the financial aspect of the project. He said his company's estranged partner was supposed to provide the most modern technical know-how in extracting nickel.
<http://www.bworldonline.com/BW092208/content.php?id=048>

Asean+3 mining pact seen ratified next month

The mining industry is confident that the "Manila Accord," which establishes uniform mining policies, standards and benchmarks in the region, will be ratified next month by the Asean+3 countries. Drafted jointly by the Philippine government and the Chamber of Mines, the Manila accord will be the subject of discussion among ministers in the 8th Asia Pacific Mining Conference dubbed "Asean Mining: Fueling Asia's Growth" on Oct. 14-16.

According to Chamber of Mines president Philip Romualdez, a major point the country has introduced in the Manila Accord is the establishment of benchmarking for public and corporate social responsibility.

"We should have the same standards and benchmarks across Asean so there will be uniformity in policies and regulations. This means we would not allow anyone to escape from having to practice responsible mining and corporate social responsibility," Romualdez said.

This move, he added, would help minimize conflict among companies, local and provincial governments, communities and other stakeholders since "there will be a leveling of expectations as benchmarks are established—from feasibility study stage, construction and development, operation and closure.

The Manila Accord could also serve as guide book on how to mine responsibly in the Asean region.

"The Philippines, or any other country for that matter, will not be accused of either being too strict or too lenient to mining firms," he said.

http://business.inquirer.net/money/topstories/view_article.php?article_id=162045

Mining sector keeps positive outlook

The mining sector is confident it can withstand the ill effects of the current global financial crisis and credit crunch, which will be felt for only a short period, Chamber of Mines of the Philippines president Philip Romualdez said at a news briefing.

Romualdez admitted there might be a slowdown in funding activities. "There will be some aversion to risk and financial markets will probably have to reevaluate their risk profiles, and definitely the Philippines will be part of that review," he said. "Right now, we're in the middle of a crisis," he said. "But when the dust starts to settle, there will be a repositioning and Philippine mining projects will remain to be among those that will merit consideration in financing."

Romualdez also said that despite the crisis the "global economy is still growing, and in any growth, industrialization is needed and minerals are the backbone of any industrialization. Minerals have to come from somewhere." The Philippines is estimated to have \$1 trillion worth of untapped gold, copper and nickel resources. Less than two percent of about nine million hectares of land identified as having rich mineral deposits have been explored and covered by mining permits. Amy Remo; with editing by INQUIRER.net

<http://business.inquirer.net/money/breakingnews/view/20080920-161806/Mining-sector-keeps-positive-outlook>

Music Semiconductors plans to go into coal mining

Chip maker Music Semiconductors Corp. is planning to diversify into coal exploration and production. It has authorized its president and chief executive Michael Burton to negotiate an investment in Abacus Coal Exploration Development Corp., a spin-off company being set up by Abacus Consolidated Resources and Holdings Inc.

Abacus Coal will hold as its asset the coal mining rights of Abacus Consolidated in the southern province of Surigao del Sur, worth P297.5 million. Abacus Consolidated earlier said it would negotiate with Music on its entry into the new coal subsidiary.

To help fund its prospective investment in a coal venture and development of new products, Music is planning to issue 596.18 million common shares out of its unissued capital stock, company corporate compliance officer Juan Custodio said in a disclosure to the stock exchange.

The shares will be issued through private placement at a subscription price of P0.16 per share, or a total of P95.4 million.

http://business.inquirer.net/money/topstories/view_article.php?article_id=161804

Geograce, Platinum Group sign mining deal covering Isabela

Listed Geograce Resources Philippines, Inc. (Geograce) has signed a mining deal with Platinum Group Metals Corp. (PGMC) for an exclusive right to operate and develop a portion of the latter's mining project in Isabela province.

In a disclosure to the stock exchange yesterday, Geograce said it would exclusively operate 45 hectares out of the total 2,391 hectares covered by the Isabela Nickel project in Dinapigue, Isabela. PGMC is allowed to mine two million metric tons of ore every year in its Isabela mine site. The Dinapigue mining project is covered by a mineral production sharing agreement, which it received two years ago. PGMC received an environmental compliance certificate from the Environment department earlier this year.

Aside from signing the agreement, Geograce's board also said it was reallocating P40 million as a reimbursement to PGMC for the production cost of the ore now in stockpile from the mineral property, the company said. Geograce has exclusive access to nearly 240,000 hectares of nickel, gold, copper and chromite mining projects here.

In June, Geograce signed a deal with Brazilian Vale, the world's second largest mining company, for joint explorations of gold and copper in Masbate. Vale committed \$6 million as its initial investment.

<http://www.bworldonline.com/BW092508/content.php?id=044>

Zambales to go after its P3-B share in mining revenues

IBA, Zambales—Gov. Amor Deloso vowed to go after the province's more than P3-billion share in revenue from mining investments in the province. The amount, he said, is a rough estimate of what the national government owes the provincial government of Zambales, which accumulated over the past 75 years.

Deloso is tapping Gil Valera, a noted taxation lawyer, to represent the provincial government of Zambales in demanding for its just share in the revenues from the national government. Deloso said the last time the provincial government was able to benefit from large-scale mining was in 1996, when he was able to negotiate for the release of P14 million, P1.4 million of which, he added, went to the pocket of a national official as part of the deal.



Deloso, who favors small-scale mining in Zambales, is calling for automatic retention of income generated from mining activities, arguing that taxes that go to the national treasury take time before being released back to the provincial government. "The mining communities should benefit from these mining activities. In the first place, it is they who are affected directly by mining," he said.

Deloso said the Department of Environment and Natural Resources has issued eight minerals processing sharing agreements that are now in various stages of development, while the provincial government has issued at least 30 mining permits to small-scale miners.

<http://www.businessmirror.com.ph/09232008/economy03.html>

Feedback

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