



## MINING INDUSTRY



Week ended **12 December 2008**

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### **KPMG LOB Contacts**

**Ador C. Mejia**  
**Audit Services**  
[acmejia@kpmg.com](mailto:acmejia@kpmg.com)

**Roberto L. Tan**  
**Tax & Corporate Services**  
[rltan@kpmg.com](mailto:rltan@kpmg.com)

**Reginald C. Nery**  
**Risk Advisory Services**

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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If you want us to send this to any other member of your company, please contact Gillian de Guzman, KPMG Markets Communication Officer, at 8857000 loc 369 or at [gddeguzman@kpmg.com](mailto:gddeguzman@kpmg.com)

#### **Norway firm delays Philippine mine plan**

Norway-based Intex Resources said it had deferred the completion of a definitive feasibility study for its nickel mining project in Mindoro Island, south of Manila, including a \$2.9-billion plant, from early next year to the fourth quarter of 2009, citing as reason the global financial crisis.

"The new schedule is a board decision that will optimize the process and cost efficiency of the [feasibility study], in reference to the current global financial situation," Intex president and chief executive Erlend Grimstad said in statement. Grimstad said that despite the global economic crisis, Intex "remains well funded to take the Mindoro nickel project through a full study. The company has a strong cash position and no interest-bearing debt."

Intex plans to invest \$2.9 billion in a high-pressure acid leach facility at the Mindoro mine site. The plant is projected to produce 80,000 metric tons of nickel and 3,700 metric tons of cobalt annually.

Grimstad said the new schedule should "allow lower [feasibility study] capital costs to be estimated, as it will better capture the general price deflation of capital items currently ongoing in the industry."

The project—involving a substantial nickel laterite deposit that the company says may be one of the biggest in the world—covers 9,720 hectares straddling the border of the provinces of Oriental Mindoro and Occidental Mindoro.

[http://business.inquirer.net/money/topstories/view/20081213-177752/Norway\\_firm\\_delays\\_Philippine\\_mine\\_plan](http://business.inquirer.net/money/topstories/view/20081213-177752/Norway_firm_delays_Philippine_mine_plan)

#### **Atlas Mining unit starts production**

MANILA, Philippines--MINING FIRM Carmen Copper Corp. has processed 745,359 dry metric tons of copper ore since it started operations last October at its Toledo copper mine in Cebu.

Parent firm Atlas Consolidated Mining and Development Corp. told the Philippine Stock Exchange that as of end-November, Carmen Copper has processed ore with an average grade of 0.29-percent copper and produced 4,744.31 tons of copper concentrates.

It added that the concentrate grade averaged 28.13-percent copper. Gold and silver content averaged 2.56 grams and 19.79 grams a ton, respectively.

Atlas said the total payable metals contained in the concentrates were estimated at 2.94 million pounds of copper, 391 ounces of gold and 3,019 ounces of silver. Under the agreement, copper concentrates delivered by Carmen Copper to MRI would be sold at an average price of \$7,612.50 a ton.

With the completion of the first phase of the mine's rehabilitation, the concentrator at the Toledo copper mine can process at least 21,000 metric tons

of copper ore a day or about half the planned maximum ore production.  
[http://business.inquirer.net/money/topstories/view/20081207-176649/Atlas\\_Mining\\_unit\\_starts\\_production](http://business.inquirer.net/money/topstories/view/20081207-176649/Atlas_Mining_unit_starts_production)

### **Gold erases early gains on euro US data eyed**

Gold slipped as the dollar gained against the euro and worries about demand weighed on oil, driving investors away from bullion ahead of the release of US non-farm payrolls data later this week.

Fears of a severe global recession have curbed investors' appetite for risky assets, while recent terror attacks in India that killed nearly 200 people failed to stir up safe-haven buying. Gold was 25 percent below March's record of \$1,030.80.

Gold was trading at \$771.30 an ounce, down \$1.30 from New York's notional close, after hitting an intraday high of \$775.35. Gold posted its biggest daily percentage fall in almost eight weeks on Monday on falling oil and firm dollar. Oil fell below \$46 a barrel to its weakest in nearly four years as fears of deepening economic woes overshadowed bullish weekly US oil stocks data. Investors are awaiting the release of US non-farm payrolls numbers on Friday, which could set the tone for the dollar after gains in the US currency sparked selling in bullion.

The euro fell to \$1.2690 against the dollar.

Gold was struggling to sustain gains since falling to a 13-month low of \$680.80 in late October. A rebound to a six-week high around \$830 late last month was met by heavy selling.

Platinum was trading at \$788.00 an ounce, down \$5.50 from New York's notional close. Platinum has more than halved since spiking to a lifetime high of \$2,290 in March on weaker gold and oil and recently, dismal car sales.

[http://business.inquirer.net/money/breakingnews/view/20081204-176060/Gold\\_erases\\_early\\_gains\\_on\\_euro](http://business.inquirer.net/money/breakingnews/view/20081204-176060/Gold_erases_early_gains_on_euro)

### **Philippines: OceanaGold In Talks To Sell Copper-Gold Proj**

MANILA -- OceanaGold Corp. may no longer pursue development of the Didipio copper-gold project in the northern Philippines as it is now seeking to sell its interest in the property, Environment Secretary Jose Atienza said.

"They are currently negotiating to sell the project," Atienza said, adding three local companies are in talks to acquire Didipio.

OceanaGold said it has placed the Didipio project under care and maintenance due to the continued deterioration of financial markets.

OceanaGold suspended high cost development work in Didipio in late June due to financial difficulties following an increase in the project's capital cost to \$320 million from \$155 million amid rising commodity and labor costs.

[http://forexdaily.org.ru/Dow\\_Jones/page.htm?id=363714](http://forexdaily.org.ru/Dow_Jones/page.htm?id=363714)

### **TVI Resource steps up copper mine work**

TVI Resource Development (Philippines) Inc., the local unit of Canadian-listed TVI Pacific Inc., is stepping up work on its Canatuan mine site in Zamboanga Sibugay province in preparation for the initial export shipment 5,000 metric tons of copper by the first quarter of next year.

TVI Resource commissioned its facility in November in preparation for commercial operations this month.

The mining company recently forged a five-year supply agreement with MRI Trading AG of Switzerland, one of the world's largest global copper concentrates trading houses.

The Swiss trader agreed to purchase exclusively all copper concentrates produced from the TVI Resource's sulphide project at the Canatuan mine.

[http://www.manilastandardtoday.com/?page=business4\\_dec6\\_2008](http://www.manilastandardtoday.com/?page=business4_dec6_2008)

### **Japan takes stock of RP's mining prospects**

JAPAN is appraising investment prospects in the local mining industry.

"Japanese companies are interested in investing in the Philippines. We will check the mining system, analyze the situation and report to the Japanese

government and private companies," Toshimasa Tajima, senior researcher of the Japan Mining Engineering Center for International Cooperation (JMEC), said in an interview late last week.

He added that his team will meet with officials of the Board of Investments in the coming weeks.

The visiting team will submit a report on the prospects of Philippine mining by February next year, JMEC technical adviser Yosuke Suzuki, said in a separate interview.

<http://www.bworldonline.com/BW120208/content.php?id=051>

### Philippine Stock Exchange Weekly Top Gainers (Dec. 08 – 12)

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	Pepsi-Cola Products Philippines, Inc.	0.83	25.76	18.57	13,415
2	Petron Corporation	5.30	21.84	10.42	169,977
3	RFM Corporation	0.2400	20.00	4.35	439
4	Dizon Copper Silver Mines, Inc.	1.40	16.67	(12.50)	17
4	Manila Mining Corporation "B"	0.0070	16.67	(6.67)	262
6	SM Investments Corporation	195.00	15.38	3.72	289,242
7	Araneta Properties, Inc.	0.26	13.04	13.04	18
8	Ayala Corporation	201.00	12.92	(1.95)	517,267
9	Oriental Petroleum and Mineral Corporation "B"	0.0090	12.50	(5.26)	379
10	Cebu Holdings, Inc.	1.46	12.31	12.31	88

### Philippine Stock Exchange Weekly Top Gainers (Dec. 08 – 12)

PER, EPS & BPV

Rank	Stock	PER	EPS	BPV
1	Pepsi-Cola Products Philippines, Inc.	4.15	0.20	0.61
2	Petron Corporation	9.83	0.54	1.26
3	RFM Corporation	3.13	0.08	0.18
4	Dizon Copper Silver Mines, Inc.	(9.83)	(0.14)	2.27
4	Manila Mining Corporation "B"	4.50	0.002	0.90
6	SM Investments Corporation	9.03	21.61	1.09
7	Araneta Properties, Inc.	5.41	0.05	0.35
8	Ayala Corporation	9.57	21.01	1.07
9	Oriental Petroleum and Mineral Corporation "B"	12.76	0.001	0.80
10	Cebu Holdings, Inc.	7.10	0.21	0.69

Source: Philippine Stock Exchange, Weekly Market Watch, VOL. II NO. 50

### Philippine Stock Exchange Index Composition for Mining and Oil

**As of Dec. 15, 2008**

**Feedback**

Please contact Pacifico M. Castañeda (+632 885 7000 ext: 247 or [pcastaneda@kpmg.com.ph](mailto:pcastaneda@kpmg.com.ph)) or Gillian de Guzman (+632 885 7000 ext: 369 or [gdeguzman@kpmg.com.ph](mailto:gdeguzman@kpmg.com.ph)) to discuss your views/suggestions.

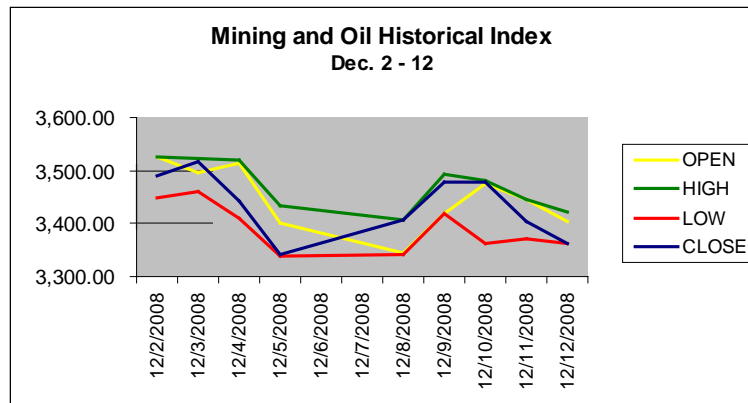
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SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
APEX MINING COMPANY, INC. "A"	1.08	458,981,818	26.0%	128,882,094.49	0.45
APEX MINING COMPANY, INC. "B"	1.04	295,731,885	28.0%	86,117,124.91	0.30
ABRA MINING & INDUSTRIAL CORP.	0.003	182,946,882,574	53.0%	290,885,543.29	1.01
ATLAS CONSOLIDATING MINING & DEVELOPMENT CORP.	2.80	1,048,931,882	45.0%	1,321,654,171.32	4.57
BENGUET CORPORATION "A"	5.00	93,761,587	40.0%	187,523,174.00	0.65
BENGUET CORPORATION "B"	9.60	57,049,272	74.0%	405,278,028.29	1.40
BASIC ENERGY CORP.	0.125	2,289,821,964	99.0%	283,365,468.04	0.98
DIZON COPPER SILVER MINES, INC.	1.40	78,006,687	33.0%	36,039,089.39	0.12
GEOGRACE RESOURCES PHILIPPINES, INC.	0.42	2,522,105,615	98.0%	1,038,098,671.13	3.59
LEPANTO CONSOLIDATING MINING "A"	0.07	19,721,933,633	85.0%	1,173,455,051.16	4.06



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices