



MINING INDUSTRY



Week ended **26 December 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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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

C. Visayas mining posts P12-M profit

The mining industry in Central Visayas earned more than P12 million this month, the highest in four years the Mines and Geosciences Bureau in Central Visayas-7 (MGB-7) said.

According to MGB-7 information officer Eddie Llamedo the total fees collected by the bureau as of November 2008 was recorded at P12,375,294.25.

He said the figure represents a 61.54 percent increase from the Dec. 2005 figure of P4,759,112.63.

The MGB-7 said it recorded 237 mining applications for various types of mining-related contracts in Central Visayas as of Oct. 25 covering more than 380,000 hectares.

http://globalnation.inquirer.net/cebudailynews/enterprise/view/20081213-178136/C._Visayas_mining_posts_P12-M_profit

Atlas unit shareholders up stake

Atlas Consolidated Mining and Development disclosed to the Philippine Stock Exchange that the shareholders of its subsidiary, Carmen Copper Corp. (CCC), would be increasing their combined stake through conversion of their advances to the company into common shares.

The parent mining firm said that Casop Atlas B.V. (CABV) and Casop Atlas Corp. (CAC), a joint venture of Atlas and Crescent Asian Special Opportunities Portfolio (Casop), would convert almost \$25-million worth of advances into 308.2 million CCC common shares.

According to Atlas, it is "actively exploring" other means of financing to "boost funding" for the capital requirements that CCC would need for its Toledo copper project.

In a related development, Atlas has executed an accord, the Fourth Amendment Agreement that amended the loan agreement between Atlas and various funds managed by Spinnaker Capital Group signed on July 23 this year.

This agreement extended the maturity date of the loan from December 19 "to a later date to be determined" by the agent of the lenders in consideration of the transfer by Alakor of 2.5 million of its common shares in Atlas to the lenders on January 16, 2009.

<http://www.manilatimes.net/national/2008/dec/29/yehey/business/20081229bus9.html>

Aussie mining giant sets sights on RP oil, gas field

THE world's biggest mining company has taken a substantial interest in one of the Philippines' potential oil and gas field in offshore Southwest Palawan Basin, according to the holder of the exploration contract.

In a statement, Otto Energy Ltd. said it sold to BHP Billiton Petroleum Pty Ltd. a

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60-percent interest in Service Contract (SC) 55.

Under the agreement signed by both parties, the unit of the global mining giant would take up the majority interest in SC 55 by carrying Otto Energy through a 3D seismic program and two deep-water exploration wells.

Otto would retain a carried working interest of 25 percent in SC 55 and would transfer operatorship to its fellow Australian company.

The agreement depends on final farm-out and joint operating agreements and the procurement of all necessary government and joint venture approvals.

<http://www.manilatimes.net/national/2008/dec/23/yehey/business/20081223bus1.html>

Mining, Property, BPO among hardest hit next year

DEUTSCHE Bank said the Philippine property, electronics, commodity and mining, as well as the business process outsourcing (BPO) sectors would be hardest hit by the global financial crisis next year.

In its 2009 outlook, the German lender said the Philippine economy will not face a crisis-like situation next year even as growth is expected at its slowest since 2001.

The bank said the country's economy is less susceptible to extreme risk aversion in this round than during the Asian financial crisis, thanks to strong ties to global trade and overseas Filipino worker (OFW) remittances.

Deutsche also said the country's "economy will see its slowest rate of growth since 2001," projecting a gross domestic product (GDP) expansion of 3.3 percent next year.

After enjoying a surge in prices during the first part of the year, the commodities and mining sector next year is looking at some of the lowest prices seen in this decade, with the demand outlook weak as well.

As early as the third quarter of 2008, Philippine economic growth weakened to 4.6 percent compared with 7.1 percent in the same period last year.

<http://www.manilatimes.net/national/2008/dec/22/yehey/business/20081222bus2.html>

Benguet to reopen Batong Buhay mine

Mining firm Benguet Corp. said it had been selected as the joint venture partner in the reopening and development of the Batong Buhay mines in Pasil town in the northern province of Kalinga.

In a disclosure to the Philippine Stock Exchange, Benguet said it received the results of the bidding for the Batong Buhay project, held on Dec. 15. It said it was selected to be the partner of the Balatoc Sub-Tribe of Kalinga, the tribal community holding ancestral-domain rights to the property.

Government documents show the Batong Buhay property is a copper-gold area with reserves estimated at 86.9 million metric tons with 0.599 percent copper and 0.253 grams of gold per metric ton.

http://business.inquirer.net/money/topstories/view/20081220-179014/Benguet_to_reopen_Batong_Buhay_mine

Gold steady in Asia after Japan rate cut

SYDNEY -- Gold was near unchanged, shrugging off a weakening dollar to trade lower at first, then advancing after Japan cut interest rates.

"Gold is a currency play in this market, pure and simple," said Australia & New Zealand commodities research chief Mark Pervan. "It's largely disconnected from oil and the other commodities to trade on the back of the dollar."

Spot gold stood at \$851.30 an ounce as of 0600 GMT, against New York's notional close of \$852.15. It had traded as high as \$852.90.

"A BOJ rate cut with additional steps may slow down the yen's appreciation against the dollar but the general trend of dollar weakness is likely to continue," said Masato Mori, senior manager at NTT Smarttrade in Tokyo.

Gold typically gets a boost when the dollar weakens by drawing in more investors using other currencies.

The new benchmark December contract on the Tokyo Commodity Exchange opened at 2,445 yen per gram before trading little changed at 2,442 yen. The previous key contract for October delivery was down 16 yen at 2,435 yen.

Cash platinum was down \$7 to \$850.00 an ounce and cash palladium was 50 cents higher at \$175.50 an ounce.

Silver edged down to \$10.97 from \$11.06.

http://business.inquirer.net/money/breakingnews/view/20081219-178882/Gold_steady_in_Asia_after_Japan_rate_cut

Leveraging best during mining gloom

LONDON -- A crash in metals markets shows scant sign of bottoming, but investors betting stimulus packages will kick in next year could see stronger returns from leveraged groups like Rio Tinto and Xstrata than safer plays like BHP Billiton.

The next six months are likely to see further drops in metals prices while sentiment remains sour as the impact on profits emerges during the upcoming results season.

"Equities might look cheap, but what stops them getting cheaper?" Merrill Lynch analysts led by Vicky Binns said in a report. "But on a one- to two-year view, we believe Q4-08 to Q2-09 will later be regarded as an excellent buying opportunity." Other analysts have expressed similar views, remaining wary of the short-term but seeing next year as an opportunity to lock in mining exposure at bargain prices. Many analysts expect metals prices to stabilize by the middle of next year with a fresh rally gaining steam by 2011/12 driven by shortages following cutbacks during the downturn.

"2009 will be a year of two halves for base metals, with weak demand weighing on prices in the first half, but recent stimulus packages positively impacting in the second half," analyst Frederic Lasserre at Societe Generale said.

http://business.inquirer.net/money/breakingnews/view/20081219-178919/Leveraging_best_during_mining_gloom

Lodestar to invest more in mining

LODESTAR Investments Holding Corp. said it would increase its investments in the Philippine mining sector following its purchase of Abacus Coal Exploration Development Corp. (Abacoal) with Music Semiconductors Corp.

"We bought 45 percent of Abacoal while Music got 55 percent. So it does not mean that the company will go into it [mining] full-time," he said.

The executive said the company's shareholders have approved the increase in authorized capital stock for future stock rights or follow-on offerings to raise capital and give it more flexibility in terms of investments in mining and other areas.

Lodestar shareholders recently approved the company's purchase, along with Music Semiconductors, of Abacoal from Abacus Consolidated Resources Holdings Inc. Abacoal has a coal operating contract that covers 7,000 hectares of property in Mimi Tandag, Surigao del Sur. Cuervo Appraisers has valued the Abacoal property at about P2.7 billion.

<http://www.manilatimes.net/national/2008/dec/17/yehey/business/20081217bus12.html>

Philippine Stock Exchange Weekly Top Gainers (Dec. 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	Information Capital Technology Ventures, Inc.	1.40	57.30	129.51	894
2	First Abacus Financial Holdings Corporation	0.57	42.50	14.00	358
3	Benguet Corporation "A"	6.6000	36.08	13.79	191
4	Empire East Land Holdings, Inc.	0.33	32.00	57.14	24,858
5	Oriental Peninsula Resources Group, Inc.	0.44	29.41	(34.33)	168

6	Premiere Entertainment Productions, Inc.	0.72	26.32	16.13	1,091
6	Uniwide Holdings, Inc.	0.1200	26.32	20.00	52
8	Abacus Consolidated Resources and Holdings, Inc. "A"	0.63	26.00	14.55	1,502
9	Mabuhay Holdings Corporation	0.2000	25.00	29.03	46
10	Belle Corporation	0.71	22.41	31.48	12,948

**Philippine Stock Exchange Weekly Top Gainers
(Dec. 22 – 26)
PER, EPS & BPV**

Rank	Stock	PER	EPS	BPV
1	Information Capital Technology Ventures, Inc.	(4,733.38)	(0.0003)	1.40
2	First Abacus Financial Holdings Corporation	(10.44)	(0.05)	1.00
3	Benguet Corporation "A"	25.09	0.26	(0.69)
4	Empire East Land Holdings, Inc.	11.29	0.03	0.21
5	Oriental Peninsula Resources Group, Inc.	(8.06)	(0.05)	0.37
6	Premiere Entertainment Productions, Inc.	(16.56)	(0.04)	2.68
6	Uniwide Holdings, Inc.	(0.65)	(0.19)	(0.12)
8	Abacus Consolidated Resources and Holdings, Inc. "A"	3.98	0.16	0.86
9	Mabuhay Holdings Corporation	(17.99)	(0.01)	0.37
10	Belle Corporation	14.42	0.05	0.86

Source: Philippine Stock Exchange, Weekly Market Watch, VOL. II NO. 52

**Philippine Stock Exchange Index Composition for Mining and Oil
As of Jan. 05, 2009**

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
APEX MINING COMPANY, INC. "A"	1.12	458,981,818	26.0%	133,655,505.40	0.47
APEX MINING COMPANY, INC. "B"	1.18	295,731,885	28.0%	97,709,814.80	0.35
ABRA MINING & INDUSTRIAL CORP.	0.003	182,946,882,574	53.0%	290,885,543.29	1.03
ATLAS CONSOLIDATING MINING & DEVELOPMENT CORP.	2.80	1,048,931,882	45.0%	1,321,654,171.32	4.68
BENGUET CORPORATION "A"	6.60	3,761,587	40.0%	247,530,589.68	0.88
BENGUET CORPORATION "B"	9.60	57,049,272	74.0%	405,278,028.29	1.44
BASIC ENERGY CORP.	0.13	2,289,821,964	99.0%	294,700,086.77	1.04
DIZON COPPER SILVER MINES, INC.	1.20	78,006,687	33.0%	30,890,648.05	0.11

Feedback

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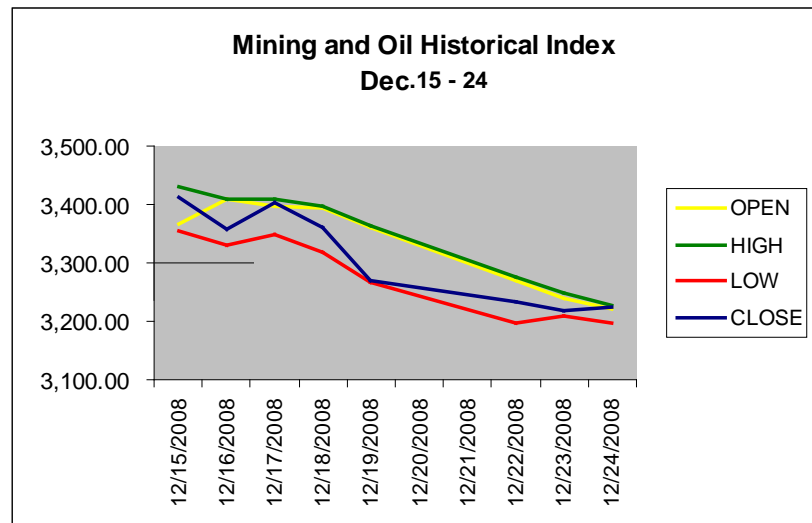
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GEOGRACE RESOURCES PHILIPPINES, INC.	0.41	2,522,105,615	98.0%	1,013,382,036.11	3.59
LEPANTO CONSOLIDATED MINING "A"	0.0625	19,721,933,633	85.0%	1,047,727,724.25	3.71
LEPANTO CONSOLIDATED MINING "B"	0.07	13,145,610,845	84.0%	772,961,917.69	2.74
MANILA MINING CORPORATION "A"	0.0065	107,433,136,003	63.0%	439,938,691.93	1.56
MANILA MINING CORPORATION "B"	0.0065	71,571,185,202	66.0%	307,040,384.52	1.09
NiHao MINERAL RESOURCES INTERNATIONAL, INC.	3.45	100,000,000	63.0%	217,350,000.00	0.77
OMICO CORPORATION	0.007	105,046,167,332	77.0%	566,198,841.92	2.01
ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	0.0085	120,000,000,000	64.0%	652,800,000.00	2.31
ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	0.0085	80,000,000,000	64.0%	435,200,000.00	1.54
ORIENTAL PENINSULA RESOURCES GROUP, INC.	0.44	1,452,000,005	32.0%	204,441,600.70	0.72
THE PHILODRILL CORPORATION	0.0085	191,868,805,358	30.0%	978,530,907.33	3.47
PETROENERGY RESOURCES CORPORATION	4.50	136,912,110	48.0%	295,730,157.60	1.05
PHILEX MINING CORPORATION	5.00	3,880,851,172	74.0%	14,359,149,336.40	50.88
SEMIRARA MINING CORPORATION	34.00	277,572,800	40.0%	3,774,990,080.00	13.38
UNITED PARAGON MINING CORPORATION	0.0032	261,314,797,080	40.0%	334,482,940.26	1.19



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices