



Mining

June 3, 2010 – June 16, 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.

South Cotabato set to ban open pit mining

A Philippine province is almost certain to ban open pit mining due to environmental concerns, its governor said, a move that could threaten development of one of Southeast Asia's richest copper-gold mines. Xstrata Plc's \$5.2-billion project is the centerpiece of the Philippine government's goal to attract billions of dollars in investments in its moribund mining sector. But residents fear the mining method to be used by Xstrata, which aims to start production in 2016, will pollute a major river used to irrigate farms. Charlie Sartain, the chief executive of Xstrata Copper told Reuters in Santiago that the looming open pit ban by the South Cotabato province will not endanger the project. Sartain said the Philippine mining codes support the projects.

"It is a serious announcement and we will take it very seriously, but at a national level within the Philippines we understand it is supportive," he said. The province's legislative council approved the proposed ban under the province's Environment Code on Wednesday. The measure will soon be endorsed by the governor. "The vote by the provincial council was unanimous so how can I veto it?," South Cotabato Governor Daisy Avance-Fuentes, told Reuters in a phone interview. "I think I need to approve it." The state's Mines and Geosciences Bureau said the looming ban "effectively means a ban on the development of the Tampakan copper-gold mine," considered Southeast Asia's largest undeveloped copper-gold prospect.

<http://www.mb.com.ph/articles/261628/south-cotabato-set-ban-open-pit-mining>

CGA's Masbate mine exceeds expected output

Australian miner CGA Mining Ltd. reported record-high gold production at the Masbate project for the month of May. CGA said it produced 17,707 ounces of gold at Masbate. "Throughput for the month of May was up 27 percent to 528,940 tons, which equates to an annualized rate of 6.35 million tons per annum (mtpa)," CGA said. CGA president and CEO Michael J. Carrick noted that the throughput of 6.35 mtpa was reached before any planned improvements to the plant, which was designed for a throughput of 4 mtpa. http://archive.inquirer.net/view.php?db=1&story_id=274742

Mindoro Resources sets share sale to IFC, investors

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Mindoro Resources Ltd. has arranged for a potential share sale to the International Finance Corporation (IFC), a member of the World Bank Group, and other investors to advance the Agata nickel project in the Surigao gold district. In a disclosure to the Toronto Stock Exchange, Mindoro Resources said that IFC might purchase up to 10 million units consisting of one common share and one common share purchase warrant at a price of CAD\$0.208 each. Proceeds from the IFC investment may reach around CAD\$2 million. Other institutional shareholders will invest up to CAD\$1 million as part of a planned private placement of 25 million units at a price of CAD\$0.208 per unit for gross proceeds of \$5.2 million. Funds from the proposed IFC investment and private placement will be used to advance Mindoro's exploration and development scoping and feasibility studies in the Surigao region. Mindoro Resources wants to convert into mineral resource a significant proportion of the exploration target of 50 million to 70 million dry metric tons at 0.9 percent to 1.2 percent.
http://archive.inquirer.net/view.php?db=1&story_id=274748

Philex mine output value up 16% from January to May

Philex Mining Corp. posted a 16 percent increase in the value of its mineral output from the Padcal mine in Benguet in January to May, as both production and metal prices improved, boosting the company's income prospects. Mineral production at Padcal reached P4.21 billion in the first five months of 2010 from P3.64 billion in the same period in 2009. Based on the firm's disclosures to the Philippine Stock Exchange, ore output at Padcal improved to 3.61 million dry metric tons (DMT) from 3.3 million DMT in the first five months of 2009. For the month of May alone, production value surged by 32 percent to P867 million in 2010, from P657 million in 2009 as world metal prices continued to rise. Tonnage also rose to 745,730 DMT of delivered ore from the 552,566 DMT shipped in 2009. The 745,730 DMT of ore resulted in 4,530 DMT of concentrates containing 59.77 grams per DMT of gold, 25.62 percent copper, and 60.59 grams per DMT of silver. Philex president John Ernesto C. Villaluna Jr. said the company's gold production in May 2010 amounted to 8,714 ounces while also producing 2.56 million pounds of copper and 8,824 ounces of silver. Of the total mineral value of P867 million for May, P488 million was from gold, P371 million from copper and P8 million from silver. The estimated value of the production for the month was based on provisional metal prices of \$1,211 per ounce of gold, \$3.14 per pound of copper, and \$18.53 per ounce of silver at the exchange rate of P46.212 to \$1.
http://archive.inquirer.net/view.php?db=1&story_id=274190

Sagittarius Mines investing in coal-fired plant

Sagittarius Mines Inc., the local subsidiary of Xstrata Copper, is investing in a coal-fired plant to power its operations for the \$5-billion Tampakan copper-gold project in southern Mindanao. "It would be about 10 to 20 percent [of the project cost]," Peter Forrestal, president of SMI, told reporters. The power plant will have a capacity of 400 megawatts and should be built before the project goes into production. "We're projecting full-scale production in 2016. All going well, we see some production in 2015," Forrestal said. Xstrata has a controlling 62.5 percent interest in the Tampakan project, which is considered the largest undeveloped copper-gold deposit in Southeast Asia.
http://archive.inquirer.net/view.php?db=1&story_id=273611

Canadian miner's affiliates get FTAA in Palawan

A consolidated application by the Philippine partners of Canadian nickel miner MBMI Resources Inc. (MBMI) has been approved into one Financial or Technical Assistance Agreement (FTAA). An FTAA allows full foreign control of large-scale mining projects with an initial investment of at least \$50 million for infrastructure and development. The Canadian mining company said the joint FTAA covered Narra Nickel Mining and Development, Inc., Tesoro Mining and Development, Inc., and McArthur Mining, Inc. The FTAA for MBMI's partners cover four properties located in the municipalities of Rizal, Bataraza, and Narra, all in the province of Palawan. This was the fifth FTAA issued by the Philippine government since it allowed such arrangements as a way of attracting investments into the capital-intensive and politically challenging mining industry. MBMI said the exploration and development of the four properties contained within the FTAA will exceed \$50 million over a period of one to four years. To date, some \$20 million has been spent on exploration, evaluation, development, infrastructure, and community relations for the Palawan properties. Other FTAA's approved by the Philippine government previously includes one for the 27,945-ha Tampakan gold-copper project in southern Mindanao. The

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project is controlled by Swiss firm Xstrata Plc through local unit Sagittarius Mines Inc. Another is for Australian firm OceanaGold Corp., which operates the 19,363-hectare Didipio gold-copper project in Nueva Vizcaya. The third FTAA covers the 46,052-ha iron and copper project of Filipino company Agusan Petroleum & Mining Corp. in Occidental Mindoro. The fourth is the 3,091-hectare Runruno gold-molybdenum project of FCF Minerals Corp. (FCFMC) in Nueva Vizcaya, which is backed by Metals Exploration Plc of Australia. FCFMC is 85-percent-owned by the Australian firm.
http://archive.inquirer.net/view.php?db=1&story_id=273635

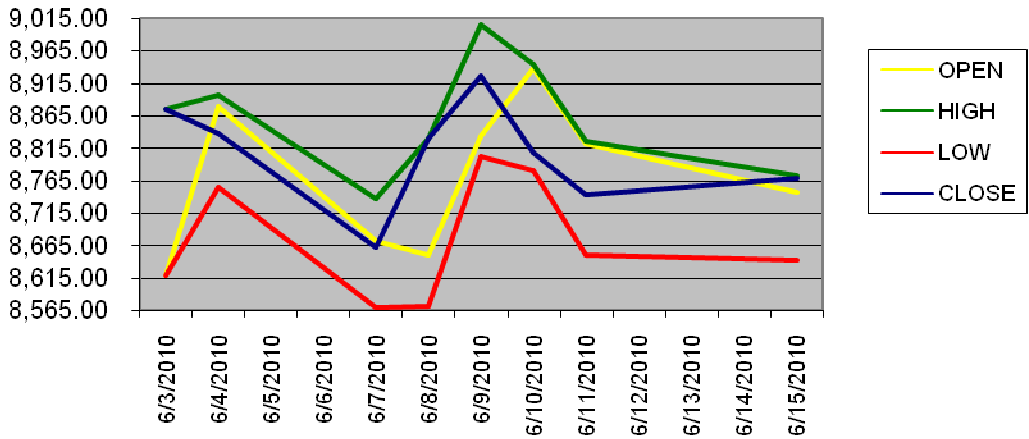
Weekly Market Watch Not Available

Philippine Stock Exchange Index Composition for Mining and Oil As of TUE JUN 15, 2010 12:10:00 PM

SECURITY NAME	PRICE S	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
APEX MINING COMPANY, INC. "A"	2.22	458,981,818	26.0 %	264,924,305.35	0.53
APEX MINING COMPANY, INC. "B"	2.24	295,731,885	28.0 %	185,483,038.27	0.37
ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	9.40	1,048,931,882	47.0 %	4,634,181,054.68	9.25
GEOGRACE REOURCES PHILIPPINES, INC.	0.67	2,522,105,615	98.0 %	1,656,014,546.81	3.31
LEPANTO CONSOLIDATED MINING COMPANY "A"	0.22	19,721,947,347	85.0 %	3,688,004,153.89	7.36
LEPANTO CONSOLIDATED MINING COMPANY "B"	0.225	13,145,619,988	84.0 %	2,484,522,177.73	4.96
MANILA MINING CORPORATION	0.02	120,862,277,583	62.0 %	1,498,692,242.03	2.99
MANILA MINING CORPORATION	0.02	80,517,583,773	62.0 %	998,418,038.79	1.99
NiHao Mineral Resources International, Inc.	3.40	600,000,000	72.0 %	1,468,800,000.00	2.93
OMICO CORPORATION	0.012	105,046,167,332	85.0 %	1,071,470,906.79	2.14
ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	0.013	120,000,000,000	64.0 %	998,400,000.00	1.99
ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	0.012	80,000,000,000	64.0 %	614,400,000.00	1.23
THE PHILODRILL CORPORATION	0.013	191,868,805,358	51.0 %	1,272,090,179.52	2.54
PHILEX MINING CORPORATION	12.50	4,915,546,187	36.0 %	22,119,957,841.50	44.16

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

Mining and Oil Historical Index June 3 - June 15, 2010



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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