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British miner seeks full control of mining project

BRITISH MINER Metals Exploration PLC has posted a P175-million bond with the government for the approval of its Financial Technical Assistance Agreement (FTAA), which will allow 100% foreign ownership in its gold-molybdenum project in northern Luzon.

"They have submitted a bond worth P175 million," Horacio C. Ramos, director of the Environment department's Mines and Geosciences Bureau, told reporters.

Mr. Ramos said Metals Ex, through its local unit FCF Minerals, is waiting for the Office of the President, which received the Environment department's endorsement in March, to convert its exploration permit to an FTAA.

"This is a requirement based on the provisions of the FTAA, we just complied with it," FCF Vice-President Ernesto H. Mendoza said yesterday in a phone interview.

Total foreign control of mining operations through FTAA's under the Philippine

Mining Act of 1995, or Republic Act No. 7942, was upheld by a landmark Supreme Court decision in 2004.

Metals Ex will spend \$208 million to develop its 3,091-hectare Runruno gold-molybdenum project in Nueva Vizcaya.

Mr. Mendoza said the mining firm has committed \$15 million for a feasibility study which will be completed by the end of the year.

The miner wants to extract 183,000 ounces of gold and 1.7 million pounds of molybdenum, an industrial metal, per year, according to its pre-feasibility study.

The Runruno project has a mine life of nine years, with a potential to extend up to 15 years through exploration of additional ore reserves.

Prices of gold have so far increased to about \$960-\$980 per ounce from an average of \$907 per ounce in the first quarter.

"Any improvement in the prices will increase the profitability of the venture," FCF

Mineral's Mr. Mendoza said.

Meanwhile, Mr. Ramos said listed Benguet Corp., the oldest miner in the country, will likely start processing nickel ores this year.

"They have defended their feasibility study. It is a 'pelletizing' plant to reduce moisture from 30% so after processing it will only be 10%," Mr. Ramos said.

Nickel ores from Benguet Corp.'s 1,407.5-hectare nickel mine in the municipality of Sta. Cruz in Zambales will be processed in the plant.

The Sta. Cruz mine, which began commercial operations in 2006, has estimated resources of 19,528 million metric tons of ore at 1.36% grade nickel.

The miner cut net losses to P106.734 million in the first semester from P212.098 million last year.

Nickel prices have gone up to about \$8 per pound from \$6 per pound early this year.

—Neil Jerome C. Morales