

## VI. Conclusions and recommendations for advocacy

Based on geology, product, and production process, the following are the environmental risks and issues in Philex mine operations:

1. Environmental impact and geohazard risks posed by mine ore body
2. Environmental impact and geohazard risks posed by tailings pond 1, 2, and 3
3. Adequacy of rehabilitation done for tailings pond 1
4. Existence of and adequacy of plans and resources for post-mining operations management of tailings ponds 2 and 3
5. Risks posed by possible effluents from the Banget milling plant
6. Impact of Philex operations on the Albian Creek, Sal-angan Creek, Balog River and Agno River
7. Details on and soundness of the Philex mine rehabilitation plan given Philex's possible exit from Benguet in 2012
8. Adequacy of the Philex rehabilitation fund given its level at P26.639 million as of 31 December 2009

Action on the eight (8) concerns and issues identified above are most urgent given the possibility that Philex may cease operating in Benguet or withdraw from some parts of Benguet in 2012.

Based on the stockholder profile of Philex Mining Corporation, the following should be considered as possible pressure points once Philex reneged or fails on its corporate responsibilities, covering accountabilities related to the environment.

1. Social Security System (owner of a significant share of Philex)
2. The Manila Bank Corporation (with a significant number of shares)
3. Bancom International Limited (with a significant number of shares)
4. Pacific Bank Corporation (with a significant number of shares)

For advocacy work abroad, the following are some of the pressure points based on market and suppliers' profile of Philex Mining Corporation:

### 1. Canada

In Canada, **FECR** can be a target. **FECR** (formerly Forum Energy Corporation, see [www.fecresources.com](http://www.fecresources.com) and [www.sedar.com](http://www.sedar.com)) is a 50.67%-owned subsidiary of the Philex Mining Corporation and was incorporated under the laws of Alberta, Canada.

Another possible target is **Philex Gold Philippines, Inc.** or **PGPI**. **PGPI** is an 81%-owned subsidiary of Philex Mining Corporation through various holding companies that were incorporated in the Philippines. However, PGPI itself was incorporated under the laws of Alberta, Canada. The company is primarily engaged in the exploration and development of oil, gas, and minerals.

## **2. United Kingdom**

**Forum Energy Plc** or **FEP** is a **United Kingdom** company incorporated in April 2005 through the consolidation of the Philippine assets of Forum Energy Corporation and Sterling Energy Plc (“SEY”) of the UK. **FECR** (incorporated in Canada) owns 29.78% of the **FEP**. **FEP** can be searched in Google Finance and <http://investing.businessweek.com>. It has a portfolio of oil and gas exploration projects in the Philippines.

Almost 50% of the foreign sales of Philex go to L.D. Metals Ltd. The firm is under registration number 04382295.

## **3. Netherlands**

**Philippine Gold Mining Company B.V.** (PGMC-BV) was incorporated in The Netherlands. In turn, PGMC-BV has been the holding company of the Canada-registered Philex Gold Inc. or PGI (see page 5 of the SGV&Co/Ernst&Young Independent Auditors’ Report to the Philippine SEC). In turn, **PGI** is owned 81% by **Philex Gold Holdings Inc.** or **PGHI** (as per the organizational chart in [www.philexmining.com.ph](http://www.philexmining.com.ph) accessed April 2009). Finally, **Philex Mining Corporation** owns 100% of **PGHI**.

## **4. Japan**

Almost 50% of the foreign sales of Philex go to Kyushu Island, Japan, in the Saganoseki smelter of the Pan Pacific Copper Co. Ltd.

## **5. Australia**

As discussed earlier, Philex obtains some of its supply needs from the Crushing and Equipment PTY Limited of Perth, Sydney, and Brisbane of Australia.