MINERAL PROCESSING PERMIT COMPLIANCE MONITORING

REGION I

TOTAL NO. OF MPP HOLDERS:

	COMPANY	MPP NO.	DATE APPROVED	EXPIRY DATE	DATE LAST AUDITED	FINDINGS	RECOMMENDATIONS	REMARKS
1	Hong Ze Mining Corp.	2012-03	June 10, 2013	June 9, 2018	July 22, 2014	A. As of July 2014, a total of eight (8) MPP's were issued by the MGB-RO No. I. Only two (2) MPP holders were operating during the time of field visit and the remaining six (6) permittees were not operating due to various reasons - legal issues, source of feed, etc. B. Some of the mandatory requirements needed for an MPP application were not present in the respective "carpeta" of each company in the files of MGB-RO No. I. All of the eight (8) MPP holders do not have an approved Feasibility Study (FS). C. During the course of validation, the audit team noticed the non submissions of some of the reportorial requirements. These are the Power Station's Energy Consumption (MGB Form No. 29-18) and the Monthly Report on Production, Sales and Inventory of Metallic Minerals and Employment (MGB Form No. 29-1). D. One MPP holder, Isla Verde Mining & Develpment Corp. (IVMDC) has been found to have operated in a different area with respect to its application. See Annex II, MGB-RO Integrated SHES Report. E. The Provincial Governor of La Union sent letter dated March 27, 2013 to MGB-RO No. I, requesting to issue a **CEASE AND DESIST ORDER** (CDO) to Pacific Dragon Sands and Mineral Incorporated (PDSMI) for it has been found to have engaged in black sand mining and the Province of La Union has a standing resolution opposing all offshore and onshore black sand mining. A follow-up letter from the Provincial Governor was sent dated April 22, 2013 to MGB-RO No. I, requesting for an update regarding the letter-complaint against PDSMI. See Annex I for the said letters. Both letters from the Provincial Governor were acknowledged by the MGB-RO and informed them that their opposition/objection had been brought to the attention of the cornered permittee for their information and appropriate actions. F. Order of Cancellation on its MPP was served to Hong Ze Mining Corporation dated July 10, 2013 due to mining/quarrying sand along the beach within the 200-meter zone closed to mining. See Annex I for the said Order. G. Some of the non operating companies have not submitted or notified the Regional Office of their closures. Table 1 shows the summary of the mandatory requirements contained in the "carpeta" of each Mineral Processing Permit holders verified by the audit team. Table 2 shows the status of each MPP holders and the summary of findings on the compliances under the terms and conditions of its MPP.	MGB-RO No.I is expected to impose appropriate penalties to the companies who have violated the terms and conditions of its respective MPP's. From the foregoing observations, the following are the recommended actions on some of the laxity on the part of the Regional Office and on the non-compliances of the terms and conditions of the MPP of the permittees: A. The Regional Office should have enforced the religious submissions of the mandatory requirements of an MPP. Foremost of which is the Feasibility Study. Fifty percent of MPP holders ceased its operation due to lack of proper study on the viability of the project. B. Monitoring on the compliances of each MPP should be regularly conducted. Though there were regular monitoring conducted on the Integrated Safety and Health, Environment, and Social Development, Regional MPP audit should also be made. C. The company should know the importance of an MPP audit. Its officers and employees should be made to understand the importance of compliance with the terms and conditions stipulated in its MPP. It should notify all concerned personnel on the submissions of various reports (MGB Form No. 29-1, 29-18, 29-16, SDMP reports). MGB-RO No.I should imposed appropriate sanctions/ penalties to the companies and should also regularly check and monitor the commitment of the company with regards to the terms and condition of its MPP. D. For the Social Development and Management Program (SDMP), the companies should submit regular reports especially on the updates of the projects and activities specified in its five-year work program. E. Any misrepresentation made by an MPP holder will have to bear the possibility of cancellation of its permit. Isla Verde has been found to have operated in a different area and under the terms and conditions of its MPP, this violation is subject for its MPP cancellation due to misrepresentation of its application. F. Pacific Dragon Sands and Mineral Corporation has been found also to have engaged in illegal mining. Though the company has ceased its operation on April 2013 following the request of Provincial Governor for MGB-RO to issue a CDO, still, MGB-RO should have enforced a penalty of its violation. G. MGB-RO No.I should restore and reinforce the Multipartite Monitoring Team of each MPP holder. H. MGB-RO No. I should require all non operating companies a formal notice of their closure for the Regional Office information.	
2	Skymark International Mining and Mineral Corporation					**A.** As of July 2014, a total of eight (8) MPP's were issued by the MGB-RO No. 1. Only two (2) MPP holders were operating during the time of field visit and the remaining six (6) permittes were not operating due to various reasons - legal issues, source of feed, etc. **B.** Some of the mandatory requirements needed for an MPP application were not present in the respective "carpeta" of each company in the files of MGB-RO No. I. All of the eight (8) MPP holders do not have an approved Feasibility Study (FS). **C.** During the course of validation, the audit team noticed the non submissions of some of the reportorial requirements. These are the Power Station's Energy Consumption(MGB Form No. 29-18) and the Monthly Report on Production, Sales and Inventory of Metallic Minerals and Employment(MGB Form No. 29-1). **D.** One MPP holder, Isla Verde Mining & Development Corp. (IVMDC) has been found to have operated in a different area with respect to its application. **E.** The Provincial Governor of La Union sent letter dated March 27, 2013 to MGB-RO No.I, requesting to issue a **CEASE AND DESIST ORDER (CDO)** to Pacific Dragon Sands and Mineral Incorporated (PDSMI) for it has been found to have engaged in black sand mining and the Province of La Union has a standing resolution opposing all offshore and onshore black sand mining. A follow-up letter from the	MGB-RO No.I is expected to impose appropriate penalties to the companies who have violated the terms and conditions of its respective MPP's. From the foregoing observations, the following are the recommended actions on some of the laxity on the part of the Regional Office and on the non-compliances of the terms and conditions of the MPP of the permittees: **A.** The Regional Office should enforce strict compliance in the submission of the mandatory requirements of MPP application. Foremost of which is the Feasibility Study. The FS is necessary since it evaluates and analyze the potential of a proposed projects which is based on extensive investigation and research to support the project. Two MPP holders ceased their operations due to high cost of production and low grade iron ore. If FS has been prepared before operation, this early closure should have been avoided. **B.** Monitoring on the compliance of approved MPP should be regularly conducted. Though there were regular monitoring conducted on the Intergrated Safety and Health, Environment, and Social Development, regular MPP monitoring should be included. Furthermore, as prescribed in MGB Form No. 29-18 (Power Station's Energy Consumption) and MGB Form No. 29-1 (Monthly Report on Production, Sales and Inventory of Metallic Minerals and Employment), these reports should be submitted to the MGB regional office within fifteen (15) days after the end of each calendar quarter and fifteen (15) days after the end of each calendar month, respectively. Appropriate penalties should be imposed on non submissions of reportorial requirements. **C.** For the Social	
3	North West Luzon Mining Corporation							
4	East Central Pangasinan Lumber & Hardware Corp.							
5	Isla Verde Mining & Development Corporation							
6	I.O. & G. Processing Corporation							
7	Fortune Allied Northern Philippines, Inc.							
8	Pacific Dragon Sands & Mineral Corporation							

9	Hong Ze Mining Corporation					Which has a standing resolution opposing all onshore and offshore black sand mining. A follow-up letter from the Provincial Governor was sent dated April 22, 2013 to MGB-RO No.I, requesting for an update regarding the letter-complaint against PDSMI. Both letters from The Provincial Governor were acknowledge by the MGB-RO and informed them that their opposition/objection had been brought to the attention of the concerned permittee for their information and appropriate actions. **F.** Order of Cancellation on its MPP was served to Hong Ze Mining Corporation dated July 10, 2013 due to mining/quarrying sand along the beach within the 200-meter zone closed to mining. **G.** Some of the non operating companies have not submitted or notified the Regional Office of their closures.	Development and Management Program (SDMP), the companies should submit regular reports especially on the updates of the projects and activities specified in its five-year work program. **D.** In the case of Isla Verde MIning & Development Corp. which has been found to have operated in a different area under the terms and conditions of its MPP, this violation is subject for its MPP cancellation due to misrepresentation of its application. MGB-RO No.i should be thorough in validating the compliance of the permit holder especially within months of its approval. **E.** For the case of Pacific Dragon Sands and MIneral Corporation, MGB-Ro No. I should at least be aware or confirm with the Local Government Units/Provincial Government if there is any standing resolution and or policy that is in direct conflict with application/approval of a MPP. Although the MGB-RO No.I did not issue a CDO following the request of the Provincial Governor, the company has created its operation willingly by the end of April 2013. **F.** For the case of Pacific Dragon Sands and Mineral Corporation, MGB-RO No.I shoiuld atleast be aware or confirm with the Local Government Units/Provincial Gornment if there is any standing resolution and or policy that is in direct conflict with the application/approval of a MPP. Although the MGB-RO- No.I did not issue a CDO following the request of the Provincial Governor, the company has ceased its operation willingly by the end of April 2013. **G.** MGB-RO No.I should be the forefront in enforcing the formation of Multipartitite Monitoring Team of each MPP holder. Withdrawal by the permit holder of its MPP does not release it from any environment obligations. Sanctions should still be impose on erring MPP holders. **H.** MGB-RO No.I should require all non operating companies a formal notice of their closure for the Regional Office information. **I.** According to MGB-RO No.I, there were already letters/notices sent to the MPP holders for not complying with some of the Reportorial requirements. However, no records and or copies of such letters were presented during field work. MGB-RO No.I must make a file of all its communications as a matter of records. **J.** As per instruction by the Director of MGB, the Regional Office should furnish a complete set of certified true copy of the "carpeta" of each MPP holder in the area. Included in the said "carpeta" are the minimum requirements as prescribed in the Mining Act and other relevant documents.	
10	San You Philippines Mining Trade Ltd. Inc.	000006-II	November 9. 2010	November 8, 2015	March 9-11. 2013	The compliance of the company with the terms and conditions of the Mineral Processing Perit are tabulated in Table I. Summary of Findings.	The company was not prepared during the conduct of the audit. All of the documents needed for validation by the team were not presented instantaneously. The team were advised to visit on another date for the said audit. Allegedly, the person in charge to meet the audit team was not around during the conduct of the audit. Despite the advance notice by the MGB-CO of the audit schedule, the company still fails to comply with the schedule. The said notice dated January 21, 2013 was received by the compay three (3) weeks before the audit schedule. Moreover, the team coordinated with the company through phone calls one day before the team arrived. Operation of the company is in an on and off mode. A Stoppage Order dated July 4, 2012 by the provincial Government of Cagayan was issued due to swelling of the Cagayan River. Frequent plant modification and maintenance added to numerous shutdowns of plant operations. The company has not fully complied with the terms and conditions on granting of its MPP. Foremost of which is the monthly submissions of its Monthly Report on Production, Sales and Inventory of Metallic Minerals and Employment as prescribed in MGB Form No. 29-1 that is within fifteen (15) days after the end of each calendar month. No reports were presented by the company. Records from the MGB regional office showed that the company has submitted reports before but the submission ceased when the MGB-RO No. II personnel in charge resigned for almost a year now. Though the plant production is still monitored by the MGB-RO No. II through its OTP, still the company has to submit these reports. Moreover, the regional office must continue to monitor these reports. No quarterly reports of its Power Station's Energy Consumption were submitted to the MGB-RO No. II. As prescribed in MGB Form No. 29-18, these reports shold be submitted to the MGB regional office. Records of MGB-RO No. II also showed that no reports has been submitted from the start of the operation. The company failed to present document from Human Resources Department for the list of employees (local and alien employment). It also failed to present any trainings, workshops and seminars to its employees. No production data (both daily and monthly) were presented during the conduct of the audit. This prevents the team to properly assess the efficiency of its operation. The company should knoow the importance of an MPP audit. Its officers and employees should be made to understand the importance of religious compliance with the terms and conditions stipulated in its MPP. It should notify all concerned personnel on the submissions of various reports (MGB Form No. 29-1 and 29-18, reports). MGB-RO No. II should imposed appropriate penalties to the company. It should also regularly check and monitor the commitment of the company with regards to the terms and condition of its MPP.	
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