

Results of Environmental Review of the Project

(1) Reference Number

07-004

(2) Project Name

Expansion of a nickel/cobalt mixed sulfide refinery

(3) Project Site

Palawan, Philippines

(4) Project Outline

Expansion of a nickel/cobalt mixed sulfide refinery

(5) Category

A

(6) Reason of Categorization

The project falls into large-scale non-ferrous metal refining sector, being located in a sensitive area (i.e. coral habitat, mangrove habitat and indigenous people living area) and having sensitive characteristics (i.e. logging within the project site) under the Environmental Guidelines.

(7) Environmental Permission/Approval by the Environmental Authority

Environmental Performance Report and Management Plan on the project have been developed under the law of the Philippines (DENR Administrative Order No. 2003-30) and submitted to the Department of Environment and Natural Resources in December 2006, which was approved in February 2007. The approval has been given with 26 conditions and recommendations such as measures against impact of the pier expansion on mangroves and marine plants and in-depth design inspection on the No.2 tailing dam. The 26 conditions and recommendations are being or will be carried out appropriately. Before the development of the report, the consultation was carried out in an efficient and adequate manner and the project gained wide acceptance.

(8) Antipollution Measures

The planned values for air quality, water quality and noise levels comply with the local standards and largely meet the World Bank standards. (The TSP level is slightly above the standards. It is due to road dust limited to dry season, which will be mitigated by watering and speed limit for commercial vehicles.) Antipollution measures such as waste treatment have been taken appropriately.

(9) Natural Environmental Considerations

The project site does not include any protected areas stipulated in the laws of the Philippines or international agreements. No particular effects have been recognized in coral and mangroves around the project site during the post-commencement inspection since they exist in the habitat away from the impact area of the project construction and operation. No particular effects are expected after the expansion of the project. No particular impact is expected on other plants or animals. The future construction of the No.2 tailing dam involves deforestation. However, no particular adverse impact is expected since it is within the project site acquired already which does not include any native or natural forest.

(10) Social Environmental Considerations

No involuntary resettlement is involved in the project implementation. Improvement of the livelihood of local residents including indigenous people is being made in an appropriate manner.

(11) Other Considerations (including Monitoring)

Monitoring of air quality, water quality and noise that are specified by the DENR will be conducted and reported to the Department on a quarterly basis. Construction of the project has a limited impact (such as contamination, natural and social environment) since it has been implemented in the existing premises. Impact mitigation measures including accident prevention will be taken appropriately.