

Reference No. EMQCS-09-2023-57

DATE : 05 October 2023

FOR : **ENGR. GILBERT C. GONZALES, CESO III**
Director, In Concurrent Capacity as
OIC Assistant Secretary For Luzon and Visayas
ENVIRONMENTAL MANAGEMENT BUREAU
DENR Compound, Visayas Ave.,
Diliman, Quezon City

THRU: **ENGR. ESPERANZA A. SAJUL**
OIC Assistant Director, In Concurrent Capacity
as Environmental Impact Assessment and Management Division Chief

SUBJECT : **Proposed CBNC Expansion Project**

Dear **Director Gonzales**:

Greetings!

In line with the environmental management objectives of the EMB Central Office, Coral Bay Nickel Corporation (CBNC) continues to ensure its safe and environmentally responsible operations. With the support and guidance of this Bureau, we will sustain environmentally sound and best practices to protect the environment.

CBNC intends to amend its Environmental Compliance Certificate (ECC) ECC CO-1806-0014 for the proposed expansion/modification incorporating the following components:

1. Construction of Tailings Storage Facility No. 4. The proposed Tailings Storage Facility (TSF4) for which this facility must start construction in the year 2025 will have a total area of 346.18 hectares including its ancillary facilities. Ancillary facilities will also be constructed. The list can be found in the attached Project Description.
2. Utilization of alternative feed materials for the CBNC HPP. This include the use of intermediate processed nickel materials (e.g., mixed hydroxide precipitate) to maximize recovery and maintain plant efficiency.
3. Improvement of CO2 emissions by the addition/mixing of 1-10% biofuel (e.g., wood pellet) with coal fuel and /or the use of alternative fuels for its Coal Fired Boilers.
4. Utilization of nickel ore from outside sources (i.e., other NAC companies such as Dinapigue, Hinatuan, Cagdianao, etc.) at a rate of up to 1,500,000 WMT/year to be processed by CBNC's HPP.

CBNC would like to ask for consideration from the EMB to accept our ECC amendment application while the Strategic Environmental Plan (SEP) clearance is still being processed. This is because SEP Clearance is required by the Palawan Council for Sustainable Development (PCSD) before an ECC or any permit is issued to a new project in Palawan. However CBNC needs to start the process for the ECC Amendment as early as possible. Once accepted by the EMB EIAMD, CBNC plans to conduct the Information and Education Campaign (IEC) in the first two weeks of November 2023 or earlier, prior to the conduct of the

Public Scoping. To further discuss the ECC Amendments for our proposed projects, CBNC would like to schedule a meeting with the concerned EMB EIAMD officers and personnel, possibly **on Tuesday, October 10, 2023**. Please let us know if the requested date is not feasible so that we can arrange to meet at a time that is most convenient for you.

Through this meeting, we will provide further information about our concerns in applying for an ECC amendment and the other needed permits. Because of the potential risk of the stoppage of CBNC's operation if we are not able to timely obtain the ECC Amendment, we will need your office's assistance and guidance in determining solutions and possible measures for us to prevent this situation and continue with our operations and our programs for safety, environment, and social development.

We are also herewith submitting pertinent documents related to the proposed expansion project of CBNC:

- Attachment 1 – Project Description Report
- Attachment 2 – LGU Endorsements (Bgy, Municipal, Provincial)
- Attachment 3 – ECAN Zoning Certification
- Attachment 4 – Letter Request to Palawan Council for Sustainable Development Re: SEP Clearance Application

Current Situation:

The current Tailings Storage Facility (TSF) of CBNC, which is TSF3, is projected to be filled to capacity by 2028; therefore, the construction of another TSF (TSF4) must be started by 2025 in order to have a pollution control facility available for the safe storage of our tailings by 2028. In order for CBNC to start construction, necessary permits like the SEP clearance and the ECC amendment should be secured by the company. In May 2022, CBNC started the process of securing the necessary requirements for SEP Clearance, like the endorsements from the Barangay and Municipal LGUs which unfortunately took a long time to acquire. This has led to the present situation, where CBNC only has 1.5 years left to secure all these permits. With this, we need the help and consideration of your office to discuss possible solutions or measures.

Status and timeline of CBNC's permits for the proposed TSF4 and other projects;

As of September 2023, CBNC is still in the process of securing the Local ECAN Board endorsement needed for the SEP clearance. Please see below timeline and Gantt chart for the permit applications, which show the potential stoppage of CBNC operation in 2028 in case we are unable to start the construction of the TSF4 by 2025.

Date	Activity
May 25, 2022	Preparation of ECAN Zoning requirements and payment of ECAN Zoning Certificate
November 11, 2022	Endorsement of Barangay Rio Tuba LGU
January 4, 2023	Approval of the ECAN Zoning Certificate
June 27, 2023	Endorsement of Bataraza LGU
June 29, 2023	CBNC's Official Submission of SEP Clearance Documentary Requirements to the Local ECAN Board
September 14, 2023	Endorsement of the Palawan Provincial Board, dated September 6, 2023
September 29, 2023	Submission of Lacking Requirements for SEP Clearance to the Local ECAN Board

ACTIVITIES	CURRENT TIMELINE FOR TSF4 PERMITS AND CONSTRUCTION																											
	2022				2023				2024				2025				2026				2027				2028			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
I. SEP Clearance																												
II. ECC Amendment																												
III. Tree Cutting Permit																												
IV. PEZA Expansion																												
V. TSF3 Operation																												
VI. TSF4 Construction																												
VII. TSF4 Start Operation																												

Legend: ■ Accomplished ■ To be Accomplished TSF - Tailings Storage Facility

To ensure the highest structural integrity of the TSF4, it will require 3–4 years to construct. Its construction must start in 2025 for it to be usable by 2028. This is so that CBNC will have a facility where our treated tailings will be stored after the TSF3 is filled to its maximum capacity by 2028. Prior to the start of the TSF4 construction, the SEP Clearance must be issued, which is also a requirement to secure the ECC Amendment. The ECC Amendment is also needed for the Tree Cutting Permits and PEZA Zone Expansion applications. We estimate that securing all these permits would require 2.5 years or more.

As an essential pollution control facility to safely store the tailings generated from our process, CBNC will be forced to stop if the TSF4 is not constructed on time. The management of CBNC is also concerned about the possible effects on the economy of the barangays in Bataraza if CBNC is forced to stop its operations by 2028.

Because of the above situation, CBNC would like to start the ECC amendment application while SEP clearance is in process. All these permits must be secured before the third quarter of 2025.

The table below shows the proposed catch-up plan so that CBNC would be able to avoid the potential stoppage of our operations.

ACTIVITIES	CATCH-UP PLAN TIMELINE FOR TSF4 PERMITS AND CONSTRUCTION																											
	2022				2023				2024				2025				2026				2027				2028			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
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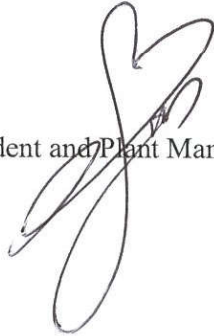
TSF4 is a facility that will enable CBNC to continue the safe storage of its tailings, not a new process. Other proposed projects, like the use of biomass fuel (BMF), Mixed Hydroxide Precipitate (MHP), Increase of Outsourced Ore, Return Water Pond (RWP) of TSF3, will not significantly change the process of CBNC. The use of biomass fuel will improve the carbon emissions of the company by reducing the consumption of coal in its power plant. The MHP and the increasing utilization of outsourced ore are needed for CBNC to achieve its nickel production, which is affected by the low quantity and low Nickel content of ore from RTNMC. The return water pond for TSF3 will only use an area that is already mined by RTNMC.

We are looking forward to your favorable response regarding this matter.

Sincerely,

HIDEAKI SATO

Executive Vice President and Plant Manager



Cc:

DIR. JOE AMIL M. SALINO

Regional Director

EMB MIMAROPA

6th Floor, DENR By the Bay Building
1515 Roxas Blvd., Ermita, Manila

DIR. FELIZARDO A. GACAD JR. CESO II

Regional Director

MGB MIMAROPA REGION

7th Floor, DENR By the Bay Building
1515 Roxas Blvd., Ermita, Manila

ATTY. DANILO U. UYKIENG

OIC Director

MINES AND GEOSCIENCES BUREAU

MGB Compound, North Avenue,
Diliman, Quezon City

FOR. FELIX S. MIRASOL JR, CESO IV

Regional Executive Director

DENR MIMAROPA REGION

3rd Floor, DENR By the Bay Building
1515 Roxas Blvd., Ermita, Manila