

SEMIRARA

REPORT TO SHAREHOLDERS 2010

Corporate Social Responsibility

Production in Panian 2000 to 2010

Embracing Sustainability



CERTIFICATION
INTERNATIONAL
ISO 9001:2008
ISO 14001:2004
OHSAS 18001:2007
CIP/38671/08/11/606



SEMIRARA
MINING
CORPORATION





Corporate Social Responsibility

In 1997, DMCI-HI, majority owner of Semirara Mining Corporation recognized for building major commercial and industrial structures and real estate, took on the challenge of the Philippine coal mining industry and that of building a 'home' on Semirara Island some 350 kilometers away from Manila.

Recognizing the woes that Semirara Island shares with many of the thousands of small islands all over the world that include narrow range of resources to provide a living for communities, pressure on limited resources like water, vulnerability to global developments, costly public administration and infrastructure, and limited domestic markets, Semirara Mining Corporation believed that Semirara Island can play a role in the task of strengthening the country's position in terms of energy-sufficiency.

Fourteen (14) years have passed since new management took over Semirara Mining Corporation, and eleven (11) years since the operation of Panian

mine. It took several years to make mining operations on the island viable but, holding on to a vision of a bright future for Semirara Island and to a firm commitment to principles of good corporate governance, Semirara Mining Corporation found inroads toward sustainable living for its communities that in the past relied mainly on fish catch and meager harvest from land that does not lend well to agricultural toil.

Year after year, the company improved its economic, social and environmental performance. As it achieved one milestone after another, along with it, it changed for the better the economic, social and environmental landscape of Semirara Island through its 5Es program that focused on, but is not limited to, electrification, economic empowerment, employment, education, and environmental protection.

After eleven (11) years of production in Panian, the company shares with its stockholders and stakeholders its experiences in community building in this report.

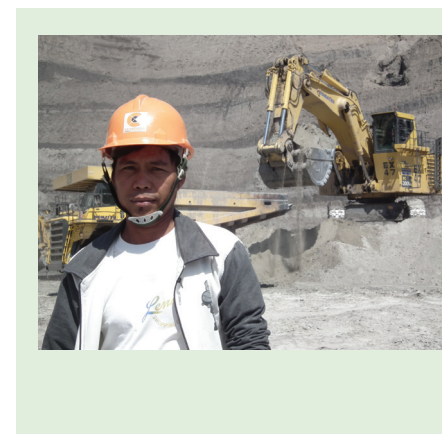
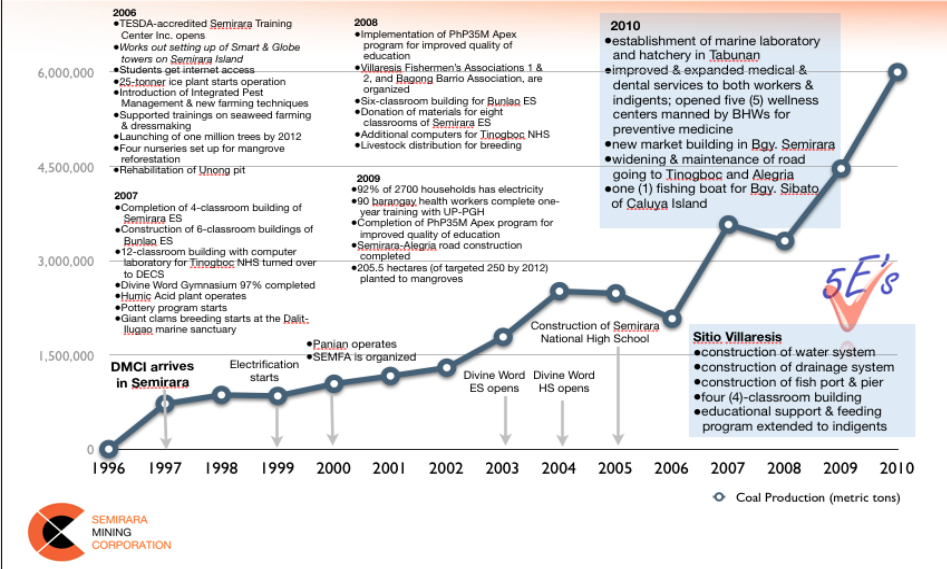
PEOPLE

The people on Semirara Island, estimated to be 12,000 in 2007 and inclusive of the more than 2,000 workers of Semirara Mining Corporation, will always be the most important resource of the island.

Accordingly, the island communities receive the biggest support from the company, not yet considering the payments of taxes and royalty to the national and local governments for their share in the development of the country's natural wealth. The municipality of Caluya, where Barangay Semirara is located, had been classified in 2008 as a first class municipality, a long jump from fourth class. Notably, royalty from coal mining operations improved the local government units' capacity to deliver basic services.

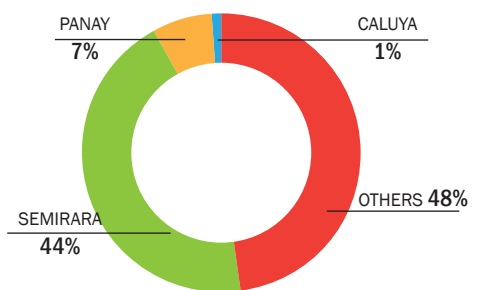
Semirara Mining Corporation is the single biggest employer on the island with its mining and support operations. It employs 2,427 as of end-2010, representing an average monthly payroll of PhP39 million. The opportunities the company provides are enhanced by its investments in education and skills training of the youth, in community livelihood particularly fishing, and in community health and sanitation, working closely with partners in the government and the communities.

Coal production vs. social-envi investments



Dory M. Domingo, 39, born in Bgy. Tinogboc, operates a power shovel and has been working in Semirara Island's coal mines in the past sixteen years. He says that it is most important to have self confidence and presence of mind to do his work well and to stay safe. He says, "Pabor sa amin na ang ibinibigay sa amin ay base sa production namin... Kung lingatan mo ang unit mo, kung nasa kondisyon ang katawan, malaki ang production mo... Kung walang tiyaga, walang nilaga. (It is in our favor that what we receive (from the company) is based on our production...If you take care of your equipment, if you are in good health, your production will be good... No perseverance, no stew.)"

EMPLOYMENT BY REGION AS OF DECEMBER 2010





Dioscoro Duran Jr., 39, from Salvacion, Mindoro Occidental drives a 100-tonner hauling truck at Panian. A farmer and a passenger jeepney driver plying the Mindoro - Manila route prior to joining the company in 2002, he says that he is happy that he can support his family's needs now. "Kung di mo didisiplinahin ang sarili mo, mahihirapan ka. Pero kung pagdating sa bahay, di ka na magta-trabaho ng kung ano-ano, pagkatapos kumain matutulog ka na, walang problema. (If you don't discipline yourself, you'd find it difficult. But, if you get home from work and don't get busy with housework, after you eat

you sleep, then you'd have no problem.)" His wife is a barangay health worker, their youngest child an honor student in Semirara National High School, and their eldest son is in second year college taking up aeronautical engineering, a scholar of the company for graduating at the top of his high school class.

EDUCATION AND SKILLS TRAINING

Semirara Mining Corporation believes that education is one way to secure a better future for the island youth and their families.

Early on, the company worked with the local government units, the Department of Education and the Societas Verbi Divini (SVD) of San Jose, Mindoro Occidental, in identifying the basic needs of the schools and schoolchildren on the island in 1999. By 2003, the Divine Word School of Semirara Island, Inc., was established, and Semirara National High School built two years after.

The company built classrooms and provided facilities like computers with internet connection to allow better access to knowledge and information, understanding that these investments must be made to lay the ground for quality education for the island youth and the employees' children.

Moreover, the company sought to convert multi-grade public schools into regular ones by actively supporting the recruitment of teachers. Salaries are shouldered by the company or augmented through allowances, and housing and utilities are provided by the company as additional incentives.

Special trainings for teachers are conducted to upgrade teaching skills and to improve quality of education in the schools. Among the trainings that have been held:

- Learning management program with DepEd, 2004
- Interactive strategies in teaching science & technology, 2007
- Test Construction & Communication Workshop with DepEd, 2008
- Applied Academics for Excellence (APEX) with SEAMEO-INNOTECH, in 2008-2009
- Professional Development for Science & Math Teachers with UP-NISMED in 2009

Employees' dependents enjoy free education on the island, and 74 schoolchildren from Sitio Villaresis receive support through tutorials and other school provisions.

Students of the Divine Word and Semirara National High School graduating at the top of their class are given college scholarships. Workers' dependents who are studying in Mindoro Occidental are given housing support. The company spent PhP792,476 on scholarships in 2010.

Vocational training was seen as another opportunity to build a future for the island youth. In 2006, the Semirara Training Center, Inc. (STCI) opened, to improve the employability of locals. Accredited by the Technical Education and Skills Development Authority (TESDA), STCI offers courses on automotive servicing, industrial electricity, machine shop practice, welding technology, mobile equipment technology and industrial equipment technology.

STCI students become on-the-job trainees of the company, receiving allowances and meal support.

Since 2006 until December 2010, STCI have produced a total of 424 skilled men and women, 233 of them have found employment in the company. Some are hired by company affiliates and contractors, and a few have landed jobs overseas.

STCI's skills training programs are enhanced by company-sponsored trainings on plumbing, masonry, building wiring, and rough carpentry to support the manpower requirements of construction activities on the island.

The company regularly sponsors summer art workshops, theatre building and sports to develop the island's young adults.

Semirara Mining Corporation spent PhP10.4 million in 2010 on education and skills training of the young people of Semirara Island. Since 2000, it has spent a total of PhP118 million on scholarships and to improve the youth's learning environment and the education sector's capacity to deliver on its role in improving the island's human resources. It continues to look for ways to contribute to the improvement of the quality of education in the schools in its effort to empower island residents.



Lilybeth, 18, Semirara National High School Batch 2011 "Mga nai-donate nila nagpadali sa pag-aaral namin. (The company's donations (to schools) made it easier for us students to learn.)"

Empowering the Semirara fisherfolk

The case of Sitio Villaresis

Sitio Villaresis of Barangay Semirara, located on the upper west side of the island, only had less than 200 households back in 1999. When the company started to develop the Panian mine in 2000, families in and around Panian had to be moved to the sitio.

Faced with the task of re-building the communities impacted by its operations, the company helped organize the Semirara Fishing Association (SEMFA), registering the organization with the Securities and Exchange Commission in 2000. It helped the association put together its initial investment of PhP1.2 million including one (1) mother boat equipped with motor, lights and fishnet. From near-shore line fishing, the association members learned the *payao* fishing system.

The SEMFA members worked hard to grow their association, learning sustainable fishing practices over time. Successful fishing seasons over the years have allowed SEMFA to grow and to now operate five (5) mother boats. Its fish catch now reaches markets in Mindoro Oriental and Batangas using the delivery trucks the association purchased to extend reach.

Seeing the success of SEMFA, more fishing organizations all over Semirara Island have been organized and patterned after the organization.

In 2005, the company built a 25-tonner ice plant to support the growing local fishing industry. The company also initially helped dredge an area in Sitio Villaresis to enable the fishing boats to dock properly and with ease, but it eventually built a pier in 2009 to further spur livelihood activities on the island. The pier now serves as the island fishport.

To date, Sitio Villaresis hosts almost 500 households and the fishing associations on Semirara Island have a total of 15 mother boats operated by 455 fisherfolk. Fish catch has grown to about 432 tons a year.



There has been no report of dynamite or cyanide fishing around the island in the past four to five years. More than that, the island fisherfolk are learning to give the mangroves the space and time these needed to mature and serve its role in supporting marine life.

In 2010, a fishing community in Barangay Sibato on nearby Caluya Island received support from the company. The community was granted one (1) mother boat, with its members attending a values orientation and formation seminar prior to the turn-over.

Rebuilding the lives of families affected by mine operations is a commitment the company continues to deliver on. Much work remains to be done, but the company ensures that Sitio Villaresis, with 70% to 80% of its households fueling the island fishing industry, remains a place where all the aspects of the 5Es program are present. The company gives the Villaresis community the necessary focus to give community members a firm foothold toward economic empowerment backed by sustainable livelihood practices.

Beyond fishing and beyond Sitio Villaresis, Semirara Mining Corporation supports the aspirations of the local leadership to develop the seaweeds and tourism industries of Caluya. The company, the local government and the communities since 1999 have been working closely together, determining the best ways to develop local human and natural resources for a shared future that is simultaneously beautiful, peaceful, and prosperous.



Lucio Roldan 47, captain of COMREL #7 fishing boat. He lives in Sitio Villaresis and now owns small boats, nets, hook and line fishing gear and a tricycle from his earnings from fishing. He wants his children to finish school.



Rolando Tamayo, 46, captain of COMREL #4 fishing boat. Resettled in Sitio Villaresis from Bagong Barrio, he readily took on the challenge of leading 35 men on fishing trips, his companions volunteering to catch migrating fish with him. He also now owns small fishing boats.

HEALTH AND SANITATION

Semirara Mining Corporation maintains an infirmary unit on Semirara Island to provide free primary medical services to its employees. Due to lack of other health care facilities on the island, medical services are extended to workers' dependents and local residents as well. The infirmary also receives patients from Caluya, Sibay and Panagatan islands, including referrals from the Caluya Municipal Health Office.

The infirmary has an emergency room, delivery room, medical laboratory, x-ray room, dental clinic, a pharmacy, and 25 beds to accommodate workers and residents who need to be admitted for medical treatment.

The skills of infirmary personnel and local barangay health workers (BHWs) were tested in 2008 when Semirara Island had about 100 diagnosed cases of malaria in March and April, when Antique Province was already malaria-free.

Dr. Annabelle Rebolledo, the infirmary medical director, doctors from the University of the Philippines – Philippine General Hospital (UP-PGH), the local government and the BHWs worked together, forming a Malaria Crisis Group to respond and control the situation. Barangay Semirara was lucky to have the financial capability to place emergency orders for antibiotics and intravenous fluids that the situation was controlled.

The malaria cases, however, were quickly followed by a diarrhea outbreak in June to July of 2008 and the crisis group was called to respond. The company also initiated sampling and monitoring of the island's water sources to prevent water-borne diseases from spreading further.

Having learned much from the combined malaria and diarrhea outbreak, the malaria crisis group reactivates at the onset of the rainy season yearly. Seeing the need to greatly improve the island's capability to respond to residents' health care needs and similar emergencies, the company sponsored a one-year training program for BHWs in 2009. Ninety (90) BHWs completed a training conducted by three doctors from UP-PGH on providing primary health care to island residents.

The company also beefed up the infirmary's medical team to at least four doctors on call at any day, a dentist, five nurses, one medical technologist, an x-ray



technician, a midwife, three nurse aides, one caregiver, and other hospital personnel by the last quarter of 2010.

Five (5) wellness centers were set up in the villages on the island to focus on preventive medicine. Manned by the BHWs who get counseling and advise from the company doctors, the wellness centers eased the pressure on services at the infirmary by handling minor medical needs of community members. The BHWs also conduct lecture series on common health issues like diarrhea, hypertension and pre-natal care under the guidance of the company doctors.

The company sponsors surgical, medical and dental missions on the island. In April 2010, UP-PGH held a free surgical mission and ophthalmological and dermatological consultations. There were also lectures on the prevention of heart diseases. In June and November, the Department of Health - Antique Provincial Health Office (DOH-PHO) held two (2) First Aid leaning sessions for employees. There was also an AIDS awareness session conducted by DOH - PHO for the island communities in November.

All the students of Divine Word School and STCI completed medical and dental checkups in 2010. A student clinic manned by a nurse from the infirmary has also been established in DWSSI, completing the first round of deworming of students.

Also in 2010, 74 students from Sitio Villaresis were registered on a free breakfast program to improve performance in school. Their height and weight are monitored. They were also part of a deworming program facilitated by the BHWs.

The Solid Waste Management program on the island received a boost in 2010 with the purchase of a bio-reactor that processes bio-degradable waste to produce organic fertilizer. The company conducted an information and education campaign (IEC) on waste segregation to complement the government's efforts to properly manage solid waste.

The company and the local barangays cooperated to discourage company workers and community members from using plastic bags. The residents of Sitio Villaresis were encouraged to weave the *bayong* using pandan leaves to replace plastic shopping bags. Stores have gone back to wrapping products in old newspaper, and residents to carrying their purchases in these locally-made *bayong*.



Clark Jian Caliso, two (2) years old, now enjoys a normal life after undergoing multiple operations in the University of Sto. Tomas Hospital starting in August 2010. He was diagnosed with vesicoureteral reflux with vesicocutaneous fistula when he was two weeks old. Semirara Mining Corporation, through the company hospital, helped Clark through numerous complications including recurrent life-threatening infections and spontaneous drainage of urine through his lower abdomen. His mother, Janet, says, "Kung hindi sa tulong ni Mr. Victor Consunji, baka wala na si Clark... Very active siya ngayon. Pumupunta na lang kami sa hospital monthly para ma-monitor 'yung bacterial infection. (If not for Mr. Vic Consunji, Clark would be gone... He is very active. We just go to the hospital monthly to monitor bacterial infection)."

PLANET

The Philippine Mining Act of 1995, or Republic Act 7942, requires mining companies to protect the environment through work programs that include, "rehabilitation, regeneration, revegetation and reforestation of mineralized areas, slope stabilization of mined-out and tailings covered areas, aquaculture, watershed development and water conservation; and socio-economic development."

To comply with the law while dealing with the bad reputations of both coal and mining, Semirara Mining Corporation found itself searching for ways to simultaneously continue operations, improve business, and realize its vision of an island where it thrives peacefully & prosperously with the community and the environment using best practices.

The company needed to provide itself with an environment that can sustain business. It faced the challenge of rehabilitation and development --- beyond protection --- of the island's inland and

coastline forest covers, and even of its marine biodiversity. It also needed to attend to the mined-out pit in Unong.

Holding on to its vision and a firm determination to minimize and manage its impact on the environment, Semirara Mining Corporation acquired its ISO 14001:2004 certification for Environmental Management in December 2008, with its ISO 9001:2000 for Quality Management System and its Occupational Health and Safety Management System (OSHAS) 18001:2007 to guide operations.

In May 2009, Semirara Mining Corporation signed a Memorandum of Agreement with Endesa Carbono, an international organization that leads

in greenhouse gas emission reduction projects, to explore in Semirara and develop, if proven feasible, a Clean Development Mechanism (CDM) Coal Bed Methane Project. Registered with the United Nation's Framework Convention on Climate Change, this project aims to use methane from the Panian mine as an additional source of power and as a measure to reduce carbon emissions.

Project design was prepared in November 2010 while drill tests were done in November and December. Preliminary drilling plans for Panian is expected to commence in March 2011, while projections on electricity generation potential are expected to come in the same month.

AFFORESTATION OR REFORESTATION?

"There were hardly any trees on the island when the new management team of Semirara Mining Corporation arrived in 1997," said Vicente Lantaca, head of the company's reforestation program. "But whether or not there were any forests on the island prior to mining operations in 1983, we are tasked to rehabilitate areas affected by our operations."

Engr. George San Pedro, Vice President for Operations and Resident Manager of Semirara Mining Corporation, who has seen mining operations progress on the island since 1997 said, "Large areas were bare except for *cogon* (a kind of grass) and a few *dubai* and *bubog* trees. This is because the island is highly mineralized."

Faced with a difficult challenge, the company started planting various kinds of trees around the island using techniques it developed as it got acquainted with the



island environmental conditions. Upon seeing some success in its efforts, the company felt confident enough to launch in 2006 its One Million Trees by 2012 program.

Much of the success of the environmental rehabilitation work can be credited to the use of humic acid, a soil conditioner that is derived from coal. The company started operating a humic acid production plant in 2007, following research and much experimentation on the island, getting inspiration from the successes in the agricultural use of humic acid in China.

Mr. Lantaca says his team has been observing positive impact from the combination of humic acid, coal waste and coal dust on the growth of trees on the island. Even coal ash from the power plant, he observes, improves planting soil texture and promotes aeration.

Rehabilitation work has become a year-round source of livelihood for about 100 locals. During peak planting season, the reforestation team works with as many as 200 community members.

There are seven (7) nurseries maintained by the company to support its tree-planting program. It conducted seedling dispersal from 2002 to 2008 to

encourage residents to grow trees in their backyards. It has planted 117,642 hills of forest and fruit-bearing trees in 2010.

The reforestation team has planted, from 2006 to 2010, a total of 851,821 trees on the island. It will have to intercrop calamansi, guava and jathropa with the coconuts in the next planting season to accomplish its target of one million trees by 2012.

The company maintains a demonstration farm to grow various crops and see the suitability of these crops to island conditions. In 2010, it successfully grew palay in Bagong Barrio, Pungtod and Bantayan, trying a 80:20 sharing scheme with six (6) indigent families to augment these families' income.

Along the coastline, the company continues to protect the old mangrove trees and to develop more areas for these trees, which, in the past, locals used to burn to make charcoal.

The target is 250 hectares of mangrove plantations by 2012. Project accomplishment stands at 74% or 184.3 hectares as of end-December 2010. Supported by mangrove nurseries, the company has expanded the mangrove areas of the island by 61.08 hectares in 2010.

The transformation of Unong in the past eleven years is nothing short of dramatic.

Standing barren and without topsoil in 2000 after coal extraction, the company grew *ipil-ipil* along the rim of the mined-out pit to stabilize the soil, to encourage grasses to grow and for the trees to act as windbreaker.

The pit filled up with water over time, and Unong transformed into a peaceful lake that now hosts meter-long eels, tilapia and other fish that grow in brackish water. Unong now also has high-value trees and ornamental plants along its rim, the green grasses perfect for cows and goats to graze on.

With fresh patches of green all over the island, the island is attracting migratory birds. Watch out for the falcon, the blue kingfisher, a woodpecker, owls, huge black crows, wild ducks and bright yellow orioles. Monitor lizards, locally called *bayawak*, are growing in number. Lastly, please mind your junk food and drinks so that monkeys can keep to their diet of bananas and coconut meat.

IMPROVING MARINE BIODIVERSITY AT TABUNAN

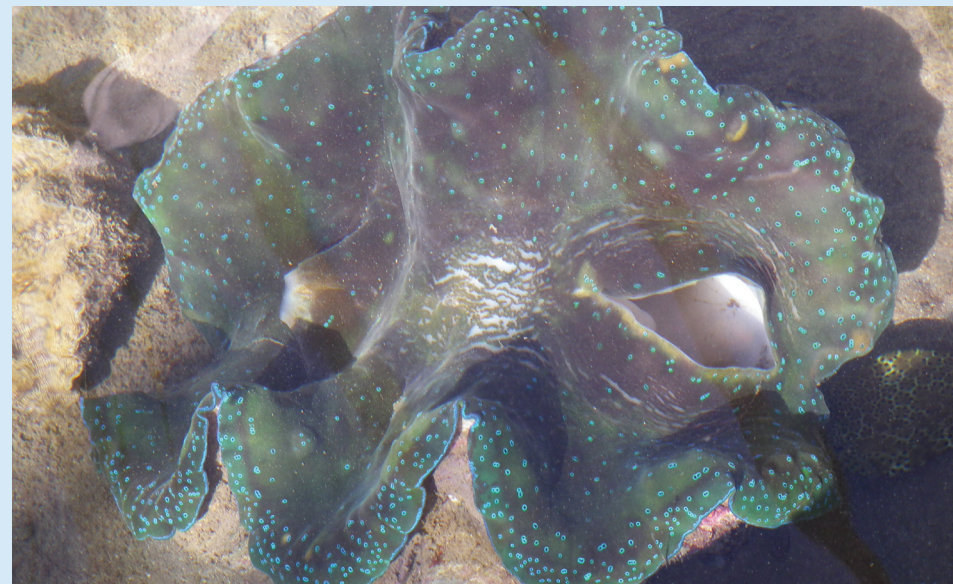
The law mandates the company to mitigate the environmental impact of its operations.

Back in the 1990's, fishing using dynamites, cyanide and fine nets was rampant in Semirara. Low fish catch and dead corals for many years were proof of the non-sustainability of such activities.

Facing these damages wrought by years of bad fishing practices, and siltation in some areas where the company has active operations, Semirara Mining Corporation understood that it needed to work with the communities on the island to achieve any success in coastal rehabilitation.

In 2006, the company brought to Semirara Island 96 pieces of giant clams (*Tridacna gigas*) from the University of the Philippines - Bolinao, Pangasinan. These clams were to be used for reseeding the reefs of Semirara Island as much as they were to prove that the waters around the island can sustain life of marine organisms, including those as sensitive to pollution as the *T. gigas*.

Dreaming of commercially growing these endangered species of giant clams in the future, the company and the barangay officials worked together to convince the residents that the establishment of a marine sanctuary will be good for the fisherfolk. Together they explained that



this will allow fishery and coastal resources to rehabilitate and replenish, and therefore, it will promote food sufficiency for the locals in the long-term.

Environmental rehabilitation and protection reached a milestone in 2009 when a 150-hectare coastal area from Ilugao, south to Tabunan, Sibotong and up to Mamboquil cove, was declared a marine sanctuary by Barangay Semirara per Barangay Proclamation #25-2009. Marker buoys were immediately set up to define the area for development and to facilitate monitoring of work progress. By the third quarter of 2010, Semirara Mining Corporation's Tabunan Marine Hatchery and Laboratory has been constructed and equipped to ensure scientific methods

are used in guiding the island toward improved biodiversity productivity.

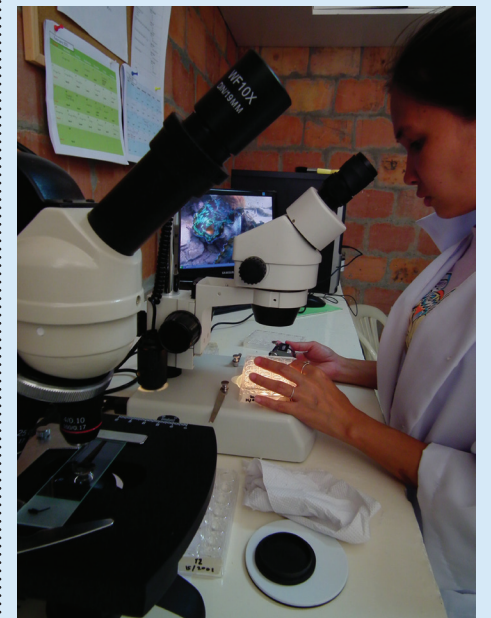
The company recruited three (3) marine biologists and two (2) aquaculturists to run the hatchery and laboratory. They procured more clams from Pangasinan, bringing its collection of *T.gigas* for propagation to 150. Successfully spawning this and some varieties of sea cucumber while maintaining the facilities at the site, the marine specialists also grow high-value marine organisms like the sea urchin, abalone, mud crab, oysters, fin fishes, and edible seaweeds locally known as *lato*, to improve Tabunan's reefs.

It must be noted that in 2009, Dr. Ronnie Estrellada, who heads the



Susana Reyes, 39, Bunlao, a graduate of the Integrated Pest Management (IPM) training on rice, corn and vegetables in 2003 to 2005. She says in Tagalog, "The training was good because we are practicing

what we learned on our crops, especially rice, up to now. We saw in our harvest the difference the IPM method brought, and the non-use of pesticides really save us a lot of money." She is part of the group of barangay health workers who received one-year of training on primary health care from UP-PGH doctors in 2009. "I join the trainings, because it's the way the company gives back to us (the community)."



team of marine life specialists on Semirara Island, was able to retrieve from the island waters the shell of a *T. gigas* clam measuring 95 centimeters in width.

With this as inspiration, Dr. Estrellada and his team plan to conduct coral transplantation to fast-track the restoration of reefs and marine habitat. It is currently working on accreditation with the Bureau of Fishery and Aquatic Resources for the giant clams project to bring to realization the dream of a community that commercially grows endangered marine life species in its reefs.

PROGRESS

Building primary and support infrastructure

An individual or a community that is invariably disconnected from the activities of mainstream society may not be able to access opportunities to develop to full potential. Realizing this early on, the company invested in primary and support infrastructure to connect the communities of the island with each other, and the island to its neighbors, to expand markets and spur progress.

To promote engagement with stakeholders and reduce administration cost for itself and the local government in the long term, the company built roads and water systems, generated electricity, served as the primary market of telecommunications companies on the island, and shared the benefits of all these with the local communities.

Semirara Mining Corporation took advantage of an affiliate's expertise in building infrastructure, housing and, thereby, experience in building communities to maximize the positive impact of each new structure and facility on the island.

A quick scan of life on Semirara Island and its neighbors will reveal how far ahead these investments through the 5Es have brought the island in terms of economic and social development.

ELECTRIFICATION

When new management took over Semirara Mining Corporation in 1997, only the mine sites and the employees' village had electricity. In 1999, it started to energize its surrounding communities as part of its 5Es program, subsidizing cost of power in all three barangays of the island.

The company generates power through its 2 x 7.5-megawatt coal-fired power plant and supplies electricity through Antique Electric Cooperative (ANTECO). The goal to energize 2,700 households on the island of Semirara is 92% complete by the end of 2009, with the company spending PhP3.2 million on initial hardware and posts. As the development of the island's inland roads continues, households that live too far from supply lines are expected to be served by ANTECO soon.



Year	Consumption (kwh)	Subsidy (PhP)
1999	47,610	119,025.00
2000	253,151	632,877.50
2001	293,964	734,910.00
2002	322,555	806,387.50
2003	350,325	875, 812.50
2004	500,745	1,251,862.50
2005	552,187	1,380,467.00
2006	617,470	1,543,674.75
2007	764, 413	1,911,032.50
2008	785,103	1,962,757.50
2009	952,067	2,380,167.50
2010	1,118,510	2,796,275.00
Total	5,793,687	15,519,436.75

The electrification program triggered new businesses and livelihood activities to sprout, and Semirara Island now stays connected with the world through the

internet, cable television and mobile communication.

See the community's increasing electric consumption vis-a-vis the company's rising subsidy from 1999 to 2010.

WATER SUPPLY

Semirara Island, only five kilometers wide and 14 kilometers long, has no watershed. It relies on whatever little groundwater it has and on rainfall for water for both industrial and domestic use.

From 1982 until 1999, the mine and the employees' village relied mainly on a spring in Sitio Bunlao and deep wells in Unong to support its requirement of about 3,000 cubic meters of water per day to operate, already including the requirements of the coal washing plant that improves the quality and marketability of Semirara coal.

To take advantage of the demand for coal from export and local markets, Semirara Mining Corporation soon needed to improve systems and facilities from north to south of the island. Water requirements increased as the technical and environmental operations expanded and



Von, 16, Semirara National High School Batch 2011
"Noong dumating ang Semirara Mining Corporation naging parang little city po (ang Semirara) kasi 'yung mga structures po nila dito pang-siyudad na rin. Di mo mapi-feel na nakatira ka sa isla kasi 'yung mga benefits nila kakaiba. Sa mga tao po, well-organized po sila kasi sa mga housing may mga rules na sinusunod. Nagiging more disciplined 'yung mga tao kasi sa mga rules na ipinapatupad nila. (When Semirara Mining Corporation came, the island became like a little city because the structures it built are like those in the city. You wouldn't feel like you're on an island because the employees receive good benefits. The people are well-organized because they follow the rules in the housing facilities where they live. Community members have become more disciplined because of these rules.)"



The El Nino in 2010 brought water requirement to a peak of about 10,000 cubic meters per day that water rationing on the island needed to be done sometime in April and May. To ease the strain on the Sanglay catchment, by December of 2010, the company started to draw water from Unong lake for its coal washing plant, as recent sampling revealed that the top portion of the lake is less saline than water from the sea. Two-way distribution lines are now being completed to ensure steady supply of water to and from the lake.

Water for domestic use is treated with chlorine, and drinking water filtered. Water quality is monitored and regularly undergoes bacteriological tests as prescribed in the company's Environmental Compliance Certificate. Plans to install a filtration plant in the second quarter of 2011 are underway to further improve the quality of water available to residents of the island.

In 2010, the company built 6,650 meters of concrete drainage canals in Sitio Villaresis of Barangay Semirara, benefiting about 500 households. Laborers hired for the job were residents of the same sitio to allow them additional income. Drainage construction work in Barangay Semirara continues to date.

ISLAND ROADS

Semirara Island is host to three (3) barangays. When mining operations were still being managed by the government, only Barangay Tinogboc connected by road to Barangay Semirara. Residents who wanted to visit Alegria, in the southwest portion of the island, would ride a boat or take the foot trails from Tinogboc.

Goods and supplies had to go this same route. In the case of Sitio Villaresis of Barangay Semirara itself, residents had to wade in thigh-high mangrove water for about 50 meters to reach the barangay proper.

To address the situation and improve business administration, the company started to build roads inland. It widened and backfilled roads to connect Semirara to Tinogboc. It opened the road to Bunlao in Barangay Alegria in 2003 and made it an all-weather road by 2005. In 2010, the company widened 6.71 kilometers of barangay road in the same barangay, greatly improving traffic between Alegria and Semirara.

The circumferential road and access roads to and from *sitios*, developed and being maintained by the company, have reached a total length of 33.41 kilometers in the past eleven (11) years.

With the construction of the island's road network, the basic utilities and modern life's amenities available in Barangay Semirara are now as accessible to the communities in Barangays Tinogboc and Alegria.



Maria Cristina, 29, Semirara National High School Batch 2011, learned to use the computer when she moved from Surigao to Semirara Island to study and stay with her uncle.
"... 'Yung incentives na ibinigay ng kompanya malalaki kaya nakakabili ng modern technology 'yung mga mamamayan dito. (The incentives the company gives to employees are enough to allow community members to afford modern technology.)"

housing units for employees increased. The growing local communities also needed access to a stable supply of clean water for domestic use.

The increasing demand exerted pressure on the island's water resources and the company had to look for source alternatives. In 2008, a water catchment in Sanglay and a few more deep wells were developed but supply still fell short in the dry months of the year.



**SEMIRARA
MINING
CORPORATION**

2F DMCI Plaza, 2281 Chino Roces Avenue
Extension, Makati City, Philippines 1231
Tel.: +632 867-3379 Fax: +632 816-7185
www.semiraramining.com