

# *Championing Responsible Mining*

## **A report of accomplishment on mining and geosciences under the watch of DENR Secretary Lito Atienza**

On August 1, 2007, Secretary Lito Atienza assumed the reins of the Department of Environment and Natural Resources (DENR) with a marching order from President Arroyo to pursue the agenda to revitalize the mining industry, which is seen to help propel economic development. One of the most respected local government executives in the country, he was particularly entrusted to communicate the positive side of mining and ensure that benefits of mining projects accrue to the communities.

Secretary Atienza also entered the mining scene with the heavy task of further advancing the four-year gains of the revitalization program that ultimately targets to develop a US\$10-billion industry by 2010. At the same time, he needed to confront the many issues hounding the widely misunderstood industry that in most cases bring about the tough task of striking a balance among the conflicting concerns of the various stakeholders and the duty of government to improve the quality of life of every Filipino.

In this report, the Mines and Geosciences Bureau (MGB) provides highlights of its accomplishments in the first three hundred sixty-five (365) days under Secretary Atienza's leadership—essentially outlining how the DENR Chief carried out the tough calls of the job, why he proved to be just the right man for it, and how he came to be acknowledged today as the new *Champion* for responsible mining.

The report also tackles major milestones in the two other banner programs of the MGB: the Geohazard Assessment and Mapping Program of the MGB, and the Program for Abandoned Mines.

### **A. The Revitalization Program of the Minerals Industry**

- **Progress of Priority Projects.** As of July 31, there are already nine new projects that are in operation namely: Palawan Nickel Project, Rapu-Rapu Polymetallic Project, Canatuan Silver- Gold Project, Sto. Tomas II Copper Expansion Proj., Teresa Gold Project, Berong Nickel Project, Maco (Masara) Gold Project, SIRC Nickel Project, and PASAR Copper Smelter Exp. Proj.

Likewise, there are also eight (8) projects under construction and development, eight (8) in feasibility and financing stage, while nine (9) are undertaking advance exploration. There are five (5) projects classified as second tier, which refers to projects that are considered high-potential but are either awaiting bidding or looking for joint venture partners.

In addition, there are also 23 priority exploration projects, which are now conducting exploration activities in various parts of the country.

First quarter figures on investments, the latest available, showed that a total of US\$1,467 billion in investments and 13,642 new jobs were generated from the exploration, mining operation, and construction and development activities of the

priority projects mining companies since the start of the mining revitalization program in 2004.

- **Mining Rights Applications and Approval.** Consistent with the revitalization program and as a result of the continued simplification of procedures in processing mining rights applications, four (4) MPSAs were approved and issued by the DENR Secretary, while 33 EPs were given clearance by the DENR Secretary, 30 projects of which have been issued by the MGB Director.

These approvals will result in some P600 million in investments in the next two to three years that would be spent for the various exploration and development activities of the 37 companies. About P171 million of such amount would be spent for environmental programs to be imposed by the contractors.

Following is a list of the issued MPSAs and EPs:

#### MPSA

1. SR Metals, Inc. ((SRMI)
2. PHILSAGA Mining Corporation
3. Sinophil Resources Mining and Trading Corporation
4. Atlas Consolidated Mining and Development Corp. etc.

#### Exploration Permits Issued

1. Eagle Crest Mining & Dev't. Corp.
2. Cypress Mining & Dev. Corp.
3. Glendale Mining & Dev. Corp
4. Colossal Mining Corporation (EP-1-OMR-06-2007/OEP-2007-003)
5. Colossal Mining Corporation (EP-1-OMR-07-2007/OEP-2007-004)
6. Colossal Mining Corporation (EP-1-OMR-08-2007/OEP-2007-005)
7. Colossal Mining Corporation (EP-II-OMR-09-2007)
8. Minimax Mineral Exploration Corp. (2nd Term)
9. Oriental Synergy Mining Corp.
10. MRL Gold Phils., Inc.
11. Egerton Gold Phils., Inc. (EP-IVA-008)
12. Egerton Gold Phils., Inc. (EP-IVA-010)
13. Masbate10 Phils., Inc.
14. Oceanagold (Phils.) Resource Corp.
15. Century Peak Corporation
16. Sagittarius Mines, Inc.
17. Masbate13 Phils., Inc.
18. Sapolite Mining, Inc.
19. Minprocess Group, Inc.
20. Kalayaan Copper-Gold Res., Inc.
21. Makilala Mining Company, Inc. (2nd Term)
22. Tambuli Mining Company, Inc.
23. Royalco Philippines, Inc.
24. MTL Philippines, Inc. (EXP000016II)
25. MTL Philippines, Inc. (EXP000017II)

26. Semco Exploration and Mining Corp. (EP-XIII-024)
27. Semco Exploration and Mining Corp. (EP-XIII-025)
28. Minimax Mineral Exploration Corp. on behalf of the Heirs of Aludia L. Torino (2nd Term)
29. Bulawan Mineral Resources Corp.
30. Boston Mineral Mining Corp.

Exploration Permits cleared by the Secretary

1. Bulawan Mineral Resources Corp.
  2. Epithermal Gold Corp.
  3. Intex Resources Philippines, Inc.
- **Policy Reforms.** In line with the thrust to revitalize the minerals industry, and as part of the continuing effort to improve the investment climate in mining as well in ensuring that policies in the sector are responsive to the needs of local stakeholders particularly those directly impacted by mining operations, the MGB has undertaken a continuing review of mining and related regulations.

The focus of such efforts for the period are as follows:

- **Expansion of the Social Development and Management Program for mining projects.** This aims to improve the benefits coverage for community development, IEC and mining technology. *The draft policy is now in its final stage of review.*
- **Rationalization of Small-scale Mining Laws.** This particularly seeks to set a moratorium on the issuance of Small-scale Mining Permits for iron and nickel, which are identified to be not suitable for small-scale mining here in the country. The policy also aims to emphasize that small-scale mining operations must comply with the environmental provisions of the Mining Act of 1995. *The draft policy is now under the process of consultation with the League of Provinces of the Philippines. The DENR Secretary has issued a Special Order identifying the DENR officials tasked to discuss the proposal thoroughly with the representative-governors of the League.*
- **Establishment of Mineral Exports Permit.** This will set out the creation of a Mineral Exports Permit as a requirement for taking our minerals from the country. The policy will enable government to more efficiently track minerals produced locally as well as collect the appropriate taxes due the government. *The policy is now undergoing thorough review.*
- **Simplification of VAT exemption procedure for mining companies.** The MGB is drafting a proposal to the Bureau of Internal Revenue for direct deduction of the VAT exemption of mining companies, simplifying the current procedure that requires them to pay the said tax first before reimbursing it later. *The proposal is currently being drafted.*
- **Designation of the Central Bank as the withholding agent for the collection of excise tax from small-scale gold mining.** The policy aims to

address the growing gap in the tax collection for gold, in the absence of an efficient mechanism in the collection of taxes from small-scale miners. Substantial portion of gold production come from small-scale mining. Since small-scale miners sell their gold largely to the Bangko Sentral ng Pilipinas, the MGB raised the scheme to the Mineral Development Council, wherein the BSP will directly withhold the 2% excise tax from the small-scale miners upon sale of gold. The BIR, which is part of the MDC, had drafted the needed guidelines and later presented to different stakeholders for consultation. *The policy has yet to be approved pending appeal from the BSP.*

- **Adoption of the Philippine Mineral Reporting Code.** The policy aims to adopt the terms, definitions, and descriptions used in the Philippine Mineral Reporting Code (PMRC) and the internationally accepted mineral resources and ore reserves classification standards of the Joint Ore Reserves Committee of Australia. The PMRC was prepared by the a Committee composed of Philippine Minerals Development Institute Foundation, Philippine Society of Mining Engineers, Geological Society of the Philippines, MGB, Philippine Stock Exchange, Board of Investments, Chamber of Mines of the Philippines and the Philippine Australia Business Council. *The policy has been approved by Secretary Atienza.*
- **Supplementary Guidelines in the Implementation of the Classification and Reporting Standards on Exploration Results, Mineral Resources and Ore Reserves.** This intends to clarify concepts, terms used, and relevant considerations in generating and reporting mineral resources and ore reserves data to further simplify understanding of the Order adopting PMORC. *The policy is now undergoing thorough review.*
- **Creation of the Regional Minerals Development Council.** To expand the involvement of the different sectors in setting the policy direction of the mining industry, and further facilitate the resolution of various issues in the sector,

Aside from these policies, the MGB also undertakes regular review of the Priority Project's List, which also guides the management as to the progress of the revitalization program including the effectiveness and impact of its policies.

The MGB also submitted position papers on issues that required its technical opinion/expertise. In particular, MGB provided guidance and technical inputs on the DENR's position on the Proposed Environment Code of South Cotabato particularly on certain provisions banning open pit mining in the province. Taking into consideration MGB's inputs, Secretary Atienza formally raised to the Sangguniang Panlalawigan of South Cotabato the concern that the proposed ban is not in accordance with existing laws. The DENR chief also emphasized in his letter that open pit mining is a globally accepted method of extracting minerals and that the needed technology is now available to mitigate its impacts and avoid harm to the environment and health of the people. He committed to provide assistance to the Provincial Council in the enhancement of the Code, and ordered the MGB to work closely with the Council.

- **Advocacy, Promotion and IEC.** MGB has been actively promoting the revitalization program by attending and participating in various events here and abroad. Over the years, attendance to events like dialogues with stakeholders, presentations to investors, conferences, forums and roundtable discussions with various stakeholders, and field visits, have been an effective avenue for the Bureau to reach out to its stakeholders and communicate the advocacies, programs, and the efforts of the government in mining and geosciences. These meetings also enabled the MGB to provide assistance and guidance to visiting investors, address issues raised by various stakeholders, and as part of its investment promotion, advocacy and IEC campaign, delivered presentations on the revitalization program for the Philippine minerals industry, as well as other issues and concerns on mining and geosciences.

One tack that is unique to Secretary Atienza is his aggressiveness when it comes to the IEC drive for the critical stakeholders of the mineral sector. He took it upon himself to reach out to the Church, the bishops in particular, the LGUs, down to the communities—sectors that he is very comfortable dealing with, and that somehow he also represents and holds mutual trust with, being a former mayor himself and an active layleader in the Catholic Church. A great communicator himself, especially in Filipino, the Secretary proved to be just the right man to communicate to the locals the government's often unpopularly received, if not wrongly perceived, aspirations for the minerals industry, while firmly addressing the private sector on their own role in ensuring that communities gain from their operations. He also tasked the MGB to expand its IEC and advocacy activities at the local level particularly in areas of conflict.

Some of the major events participated in by the MGB/DENR for the period are:

- **Dialogues with local government leagues.** Secretary Atienza has addressed the three major LGU leagues in their respective conventions namely: League of Municipalities of the Philippines, League of Provinces, League of Board Members. These meetings led to inclusion of the leagues as voting members of the Minerals Development Council, essentially making LGUs take an active role in setting policy direction in Philippine mining. The MGB provided all necessary technical assistance and guidance to the Secretary and the MDC in all these activities.
- **Forums and dialogues in mining hotspots.** From his first day in Office, Secretary Atienza has emphasized the need for government to sit down with stakeholders at the local and community level. In some instances the Secretary travelled to the province concerned to personally meet the bishops, group or local officials citing the case. In others, he let the MGB render informative and comprehensive discussions with the local people and executives. Following are the forums attended by the Secretary/MGB in identified conflict areas:
  1. Palawan Mining Summit
  2. Zamboanga Mining Summit
  3. Sibuyan Mining Forum, Sibuyan Islands
  4. Mining Forum in Albay re: El Dore

5. Mining Industry Lecture Series
  6. Mindoro Mining Forum/Meeting of the Provincial Mineral Development Council
  7. Sibuyan Mining Forum, Sibuyan Island (Two parts)
- **International Investment and Technical Conference.** In the international front, the MGB also provided the needed guidance and inputs to the Secretary in some of the biggest conferences on mining. MGB officials were also sent to different conferences in a bid to invite more investors in the country. Some of the mining-related international events attended include:
    1. Exploration Mining Exhibition and Conference Australia
    2. China Geological Survey 3rd Workshop of International Geological Map of Asia 5000
    3. Intergovernmental Forum on Mining, Minerals and Metals and Sustainable Development, Switzerland
    4. CCOP Annual Session and Steering Committee Meeting, Cebu, Philippines
    5. APEC Workshop on Stewardship, Beijing, China; Presentation to the Geological Society of China, Beijing, China; and Visit to ferronickel plant in Shanghai, China
    6. Asia Mining Congress, Singapore
    7. Official Opening of Ravensthorpe Nickel Operation of BHP Billiton
    8. Seminar on Mineral Resources Assessment and Management for Administration Department Officials from ASEAN Countries
    9. XX Macao and Asia Miner – The Exploration Exchange
    10. ASEAN Workshop on Corporate Social Responsibility and Mining Laws and Regulations

In addition to this, the Secretary and MGB also accommodated some major foreign investors for lectures on investing on mining in the Philippines. Some of these are:

- BHP Billiton
  - Vale
  - Oceana Gold
  - Kores LG
  - Xstrata
  - Holcim
  - Zijin
  - Crew/Intex
  - JOGMEC
  - JMEC
  - World Bank
  - Australian Mining Mission, Australia
  - Chinese Delegation, Mining Investors Mission
- **Coordination of National and International Linkages.** The Office of the Director continued its coordination works with existing linkages as well as in the

establishment of new ones in order to further advance its thrusts on mining and geosciences.

- **Minerals Development Council and Regional MDCs.** The MGB continued to be the principal provider of technical assistance to the MDC. The Director and Assistant Director are actively engaged in all the working groups of the council. The Director heads the Working Group on Policy and sits in the WG on Investment, while the Assistant Director co-chairs the WG on Information, Communication and Education. The Office of the Director, through Ms. Rose Imperial who serves as MGB's conduit to the Council, also provides guidance and assistance in the daily operations of the Council's Secretariat. With the establishment of RMDCs, the Office of the Director has expanded its assistance to the MDC by providing guidance to the various regions in the formation of their respective councils as well as in conducting IEC activities in their areas of jurisdiction.
- **Mining Industry Stakeholders** - The MGB has intensified its engagement with critical stakeholder groups of the mining industry in a bid to enhance their understanding of the activities of the sector as well as the national government's policy and program on mining. Among these groups are:
  - Leagues of Provinces of the Philippines
  - Leagues of Municipalities of the Philippines
  - Catholic Bishops Conference of the Philippines
  - Foreign Embassies in Manila
- **Investments Groups and Related Bodies** - With investments promotion as an integral component of the revitalization agenda, the MGB has maintained close coordination with the private sector and various investments group and related bodies. Such coordination works include addressing the sector's issues and concerns particularly on policy issues, which has been consistently identified as a key factor in determining the competitiveness of the country as a destination for mining investments. Among these groups are:
  - National Competitive Council
  - Chamber of Mines of the Philippines
  - Philippine Mines Safety and Environment Association
  - Foreign Embassies in Manila particularly Canadian, British, US, New Zealand, Australian Embassies
  - Australia-New Zealand Chamber of Commerce
  - American Chamber of Commerce
  - Philippine Mineral Exploration Association
  - Philippine-Australia Business Council
  - Filipino-Chinese Chambers of Commerce
- **ASEAN/ASOMM/AMMin** – As this year's host to the ASEAN Senior Officials Meeting on Mining and the ASEAN Ministerial Meeting on Minerals, the MGB has been in close coordination with the ASEAN Secretariat for the preparatory activities of the twin event.

- **World Bank** – Continued coordination is also undertaken with World Bank particularly on projects with funding from the institution namely: abandoned mines, geohazard mapping and assessment, and IEC on mining.
  - Others - Other international linkages maintained are:
    - CCOP/International Year of the Planet Earth International Committee
    - Philippine Embassies particularly in Germany, ASEAN Countries
    - Chinese Geological Survey
- **Major Mining Issues Addressed.** Like in most mineral rich countries, the Philippines was not spared from an increase in conflicts that arose due to increased investments and mining activities in some parts of the country. In solving these conflicts, the MGB is consistently guided by the provisions of the Mining Act of 1995 and its implementing rules and regulations, which were anchored on the principles of sustainable development. The MGB, through its regional offices, has been closely monitoring and addressing all issues in the localities. Some of the major issues are:
- **Illegal small-scale mining activities in the Province of Zambales.** Secretary Atienza has ordered a crackdown on the rampant illegal mining activities in the Province of Zambales. The crackdown has led to the confiscation of about 200,000 metric tons of nickel ore valued at US\$4 million illegally extracted by A3 UNA Corp. in Sta. Cruz, Zambales.
  - **CDO issued by Governor of Nueva Vizcaya on the Didipio Project of OceanaGold Philippines due to alleged non-payment of quarry fee.** The DENR Secretary intervened and ordered the resumption of developmental works by OceanaGold for its Didipio Project. The Secretary reiterated the provisions of the Mining Act of 1995, as well as the FTAA contract between the company and the government, stating that the quarry fees cannot be collected from the company in view that its quarry activities are non-commercial since the company uses the materials in their development works.
  - **Security issue raised by certain companies.** In view of the series of attacks by NPA groups on the mining facilities of Sagittarius Mines in South Cotabato, El Dore in Masbate, and Apex Mining in Davao, the MGB has elevated the issue to the Mineral Development Council. DENR Secretary and MDC Chairman Atienza formed a multisectoral group led by the Department of National Defense to look into the issue. The effort later led to the formation of an Investment Defense Force that was tasked by the President to urgently address the threats on mining companies and other investments. Continuous consultation is being done with the concerned stakeholders.
  - **Complaint of Calatagan farmers on the operation of Asturias.** This is a land utilization conflict in Barangays. Baha and Talibayog that arose from the opposition of some farmers to the decision of the Supreme Court which upheld the validity of the sale of about 807-hectare area in the two barangays to Asturias Chemical Industries (ACI) by heirs of Ceferino Ascue, the original owner of the property. In view that this is a resolved legal case, the DENR

offered to work with the farmers and the company to come up with a solution that would be beneficial to all parties concerned. The consultation with various stakeholders is being done by DENR together with the Provincial Government of Batangas.

## **B. Abandoned Mines Program**

Focus is also given on the Program for Abandoned Mines, which was identified as banner program of the MGB as a result of the consultations made in connection with the Mineral Action Plan. The Bureau is carrying out this Program parallel to the Revitalization Program.

The Program has two major components namely the Rehabilitation/Redevelopment of Abandoned/Inactive Mines, referring to the earlier six mines identified. The MGB is currently conducting assessment of the priority abandoned mines located in Western Samar for rehabilitation or to transform the area into environmentally safe areas and productive mines.

The second component involves the activities concerning the Bagacay Mine Rehabilitation Project. The mine, located in Brgy. Bagacay, Mun. of Hinabangan, Western Samar, ceased operation in 1992 and has since been managed by Privatization and Management Office (PMO) of the Department of Finance.

The MGB has already finalized the Terms of Reference (TOR) for rehabilitation to initially clean up and implement the Phase I of the Work Program. The MGB Central Office supervised implementation of the work program while Region VIII directly coordinated with other agencies on the progress of work. On-going Interim Rehab Measures done by MGB Regional Office No. 8 and the cleaning, hauling and dumping of ore from the airstrip to the open pit. Collection, planting and maintenance of wildlings (agoho and other appropriate species) will follow later.

A pre-bid conference, participated by six bidders, was undertaken last December 12, 2007 and the opening of bid with two qualified bidders last December 19, 2007. SR Metals, Inc. won the bidding and finalization of the contract of work between MGB and SR Metals, Inc. is now underway.

## **C. Geohazard Assessments and Mapping Program**

Now on its third year, the National Geohazard Assessment Mapping Program of MGB, has been maintained by Secretary Atienza as a banner program for the DENR. An architect by profession and a former mayor, the Secretary is aware of the long-term value of the program in land-use planning as well as its urgency and use as a tool in disaster management.

Following are some of its major accomplishments:

- **Conduct of Field Mapping and Survey.** Geohazard mapping and assessment for 1:50,000-scale output were conducted over the provinces of Batangas, Laguna and Zamboanga del Sur. The areas covered were assessed

for susceptibility to landslides as well as flooding/flashflooding. Advisories and appropriate warnings were given to each barangay assessed. Overall, **21 municipalities** covering **556 barangays** have been assessed, while 21 of the targeted 75 municipalities were accomplished. The rest of the annual target is projected to be finished by year-end. Considered for the next half of the year is the completion of the rest of Cagayan Province (municipalities west of Cagayan River), and the municipalities in Panay Island affected by Typhoon Frank (Iloilo and Antique provinces). The table below shows the details of the recent geohazard assessment of MGB geologists.

<b>Fieldwork Schedule</b>	<b>Municipalities/Barangays Assessed</b>
February to March 2008 covering Laguna and Batangas Provinces	13 Municipalities assessed covering 427 barangays: <ol style="list-style-type: none"> <li>A. Laguna               <ol style="list-style-type: none"> <li>1. Biñan (18)</li> <li>2. San Pedro (19)</li> <li>3. Sta. Rosa (18)</li> <li>4. Cabuyao (18)</li> </ol> </li> <li>B. Batangas               <ol style="list-style-type: none"> <li>1. Batangas City (99)</li> <li>2. Bauan (40)</li> <li>3. San Pascual (29)</li> <li>4. Lipa City (72)</li> <li>5. Mataas na Kahoy (16)</li> <li>6. San Jose (33)</li> <li>7. Ibaan (26)</li> <li>8. Cuenca (21)</li> <li>9. Padre Garcia (18)</li> </ol> </li> </ol>
May 2008 covering Zamboanga del Sur Province	8 Municipalities assessed covering 129 barangays: <ol style="list-style-type: none"> <li>1. Mahayag (29)</li> <li>2. Midsalip (26)</li> <li>3. Pitogo (15)</li> <li>4. Sominot (18)</li> <li>5. Tabina (15)</li> <li>6. Tambulig (31)</li> <li>7. Dumingag (44)</li> <li>8. Josefina (14)</li> </ol>

In addition, 14 relocation sites were assessed to date. These include the recent assessment of 8 relocation sites in Loon, Bohol Province. The LGU of Loon requested the MGB to conduct assessment of barangays affected by landslides and floods brought about by Typhoon Frank. A technical personnel from the LGSD was dispatched immediately to the area and conducted the assessment. A report containing appropriate recommendations was provided to the requesting LGU.

- **Production of Geohazard Maps.** Eleven (11) 1:50,000-scale geohazard maps have been prepared by the MGB, six (6) of which involve the quadrangles covering Cavite province. Actual field mapping of the areas will be done in the future for verification on the reliability of the maps prepared.

The 1:10,000 scale mapping was conducted in Rizal Province covering three (3) quadrangles namely: Montalban, San Mateo and San Rafael. Detailed landslide hazard mapping of the said quadrangles were conducted last April 2008 in conjunction with the MGB-UNDP-READY Project. This translates to 75% accomplishment to date. The final geohazard maps are being finalized and readied for peer review by the other UNDP-READY agencies.

- **Conduct of IEC.** Beyond mapping, MGB geologists also conduct IEC drive, where they orient the communities on how geohazard maps can save their lives and properties in times of disaster. Some 25 municipal advisories and 556 barangay advisories have been undertaken.

The ten (10) reported IECs are the various clusters of municipalities in Bohol Province where the province-wide UNDP-READY IEC was conducted. Of the 10 clusters, 8 are for LGUs, the other 2 for teachers. During this IEC, the results of the geohazard mapping (mainly landslide hazard assessment) conducted by the MGB last year was presented.

- **Production and dissemination of IEC materials.**
  - 765 maps of various scales and themes were printed.
  - Some 3,000 posters (of the 10,000 target to date) have been readied so far for the upcoming MGB IEC in Ilocos Norte on July this year. The rest of the target is expected to be completed before the event is held.
  - Four (4) out of 10 targeted signages have been installed last April in Baguio and La Trinidad as part of the commitment under the MGB-UNDP-READY Project. Previous 1:10,000 detailed mapping have been done last year over these areas. The MGB team who conducted the mapping in together with MGB-CAR and the local governments of Baguio and La Trinidad coordinated efforts in the selection of the best locations for the installation of the signages.
- **Linkage with the National Disaster Coordinating Council** – The MGB provides a regular resource person to the NDCC to provide technical information on geological hazards. Thru the READY project, the MGB also provides assistance to the Council in terms of technical guidance and when needed by sending a team to evaluate geohazards in affected areas. The MGB Director, as official of the Philippine Mine Safety and Environment Association, also sets direction on the need of sending the association's rescue network in times of calamities.