



April 19, 2013

**THE PHILIPPINE STOCK EXCHANGE, INC.**

3<sup>rd</sup> Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

Attn.: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

Gentlemen:

Further to our previous disclosure last March 5, 2013 on the clearance from the Department of Energy (DOE) to do preparatory activities at the North Panian area, we wish to inform the Exchange that the DOE has given full clearance to the Company to proceed with the coal production activity in the North Panian area subject to the following conditions:

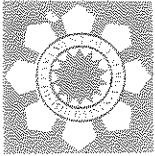
1. Maintain and closely monitor the preventive measures to ensure stability of the west and north walls of Panian Pit;
2. Control water seepages at the Panian West Wall area;
3. Continue the search and retrieval operation for the missing mine workers; and
4. Operate in accordance with Coal Mine Safety Rules and Regulations of this Department.

We attached hereto a copy of the DOE clearance dated April 10, 2013.

Thank you.

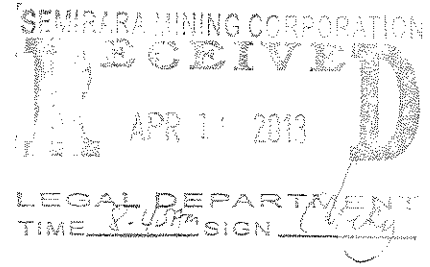
Very truly yours,

**JOHN R. SADULLO**  
Corporate Information Officer



Republic of the Philippines  
DEPARTMENT OF ENERGY

April 10, 2013



Mr. VICTOR A. CONSUNJI  
President  
Semirara Mining Corporation (SMC)  
2<sup>nd</sup> Floor DMCI Plaza, #2281 Chino Roces Ave.,  
Makati City  
Fax No. (632) 616-7185

*Jim*

Dear Mr. Consunji:

We refer to your Letter dated 26 March 2013 informing us on the status of preparatory activities and safety measures undertaken at the North Panian area to prevent any future pit wall slide/collapse similar to the recent incident at the Panian West Wall and requesting to allow SMC to proceed with coal production since you will reach the coal seam by the second week of April and in order to meet your contractual/supply obligations to the power plants in Cebu, Panay and Calaca as well as cement plants.

At the outset, we note that throughout the thirteen (13) years that you operated the Panian mine, the following parameters and precautionary measures were instituted: cut-off wall construction, dewatering wells, observation wells (Piezometers) and crack monitoring by Extensometers and observers. All of these proved to be adequate and served well prior to the incident.

In the North Panian area, based on the validation of our staff, you have instituted notable improvements/asures for the stabilization of the slope to ensure the smooth and safe operation, to wit:

| Activity                               | Target   | Accomplishment To Date | Remarks  | % Accomplishment |
|--|----------|------------------------|--|------------------|
| Dewatering Wells                       | 28 wells | 13 wells               | Operating, casing & pump installation, on-progress drilling                            | 46 %             |
| Piezometer Holes                       | 27 holes | 19 holes               | Operating, casing installation and on-progress drilling                                | 70 %             |
| Crack monitoring or prism Installation | 25 pcs.  | 16 pcs.                | Continue developing mining benches   | 64 %             |
| Cutoff wall trench                     | 400 mtr  | 280 mtrs               | Clay fillings to form water barrier  | 70 %             |
| Drainage canal                         |          |                        | Northern pit limit were already provided and now working on the western pit boundaries |                  |
| Geotecnica Corporation consultants     | Phase 1  |                        | Back Analysis on the NW wall & geological mapping of the NW & N wall.                  |                  |
|  | Phase 2  |                        | Geotechnical drilling and field laboratory testing                                     |                  |

*Jim*

We also noted that you have instituted stabilization measures for the West Wall area in order to continue the search and retrieval operations for the missing workers.

In view of the above, you are hereby granted permission to proceed with the coal production activity in the North Panian Area subject to the following conditions:

1. Maintain and closely monitor the preventive measures to ensure the stability of the west and north walls of Panian Pit;
2. Control water seepages at the Panian West Wall area;
3. Continue the search and retrieval operation for the missing mine workers; and
4. Operate in accordance with Coal Mine Safety Rules and Regulations of this Department.

As a safety reminder, the company is further enjoined to put paramount importance in implementing actions and programs intended for the safety of its employees at all times.

Please be guided accordingly.

Very truly yours,



CARLOS JERICO L. PETILLA

Secretary



Republic of the Philippines  
DEPARTMENT OF ENERGY

IN REPLYING PLS CITE:

SOE-JLP-13002021

