

THE POWER TO GROW

SUSTAINABILITY REPORT 2013



STAKEHOLDER ENGAGEMENT



INFRASTRUCTURE DEVELOPMENT



EDUCATIONAL MINE TOUR



LIVELIHOOD PROGRAMS



EMERGENCY RESPONSE



NURSERY MANAGEMENT



REFORESTATION

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ABOUT THE COVER

The implementation of the different components of Carmen Copper's Social Development and Management Program (SDMP), as illustrated in the cover of this Sustainability Report, shows the commitment of the Company to do business responsibly.

Carmen Copper is geared towards intensifying its social, economic and environmental initiatives that will bring about transformative change in the lives of all its stakeholders.

As it takes the bold leap in expanding its operations, indeed, Carmen Copper has **THE POWER** to steer its wheels in bringing inclusive **GROWTH** to the communities.

Carmen Copper Corporation

(Carmen Copper) is a wholly-owned subsidiary of Atlas Consolidated Mining and Development Corporation (Atlas Mining) and shares the same core values and commitment to sustainable development with the parent company.

CORE VALUES

Professionalism, Genuine Concern for the Company, Team Orientation, Innovation, Concern for Safety, Social Development and Sustainability

ABOUT THE REPORT

This is the second Sustainability Report of Carmen Copper reflecting its continued commitment to do business responsibly. This report provides information about the various sustainable development programs for the year 2013. It also defines the systems, policies and processes, including the monitoring and evaluation of community engagements that altogether comprise the sustainability framework.

For more information on Carmen Copper's financial performance, please refer to the 2013 Annual Report of Atlas Mining.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Carmen Copper is a steward of its people, its community and the environment. We are committed to protect the welfare of our employees, provide our host communities with opportunities for employment, education and entrepreneurship and contribute in the protection and restoration of the environment. Guided by the principles of safety, social development and sustainability, we will ensure long-term growth for the future and the succeeding generations.



SCOPE

This report will focus on the various sustainable development programs implemented in 2013. Every effort has been undertaken to report all issues material to Carmen Copper.



REPORTING PERIOD

This report covers the year ended December 31, 2013. Selected key 2012 data and figures have also been included for comparison.



CASE STUDIES

This report is supported by case studies on specific activities that detail the Company's approach to sustainable development.



AUDIENCE AND DISTRIBUTION

This report is made publicly available, especially to all Atlas Mining and Carmen Copper shareholders and key stakeholders including business partners, regulators, industry groups, media and the community. The electronic version of this report is also available online at www.atlasmining.com.ph.

AWARDS & RECOGNITION

DENR Environmental Management Awards

- Plaque of Recognition for being an active collaborator in accomplishing the 1:10,000-scale geohazards mapping and assessment in Toledo City and Asturias, Cebu in a public-private partnership as a disaster risk reduction and management strategy
- Plaque of Recognition in gratitude of Carmen Copper's indomitable commitment and vital support as Corporate Partner in the implementation of programs and conduct of special events for a sustainable environment throughout the year 2013
- Certificate of Appreciation for generously extending its invaluable support to the successful conduct of the Orchestrated River and International Coastal Clean Up on August 31, 2013 and September 21, 2013 in Central Visayas

PMSEA Annual National Mines Safety and Environment Conference 2013

- Plaque of Recognition to Atlas Mining for pioneering the growth and development of the mining industry in the Philippines for the past 60 years
- Best Mining Forest Award for Metallic Category (First Runner-up)
- Mines Safety Field Competition for First Aid (Second Runner-up)
- Plaque of Recognition for exemplary voluntary service, dedication and commendable humanitarian support to PMSEA Pusong Minero Program

Good Corporate Citizenship Awards

- Top Exporter (No. 1), Bureau of Customs, Cebu Port
- Top Importer (No. 2), Bureau of Customs, Cebu Port

CORPORATE PROFILE

Carmen Copper is a wholly-owned subsidiary of Atlas Mining and is one of the largest operating copper mines in the country. It was incorporated in September 16, 2004 and has the existing operating rights over the Toledo Copper Mine under a Mineral Production Sharing Agreement (MPSA) with the Philippine Government.

The Toledo Copper Mine is located in Barangay Don Andres Soriano, Toledo City, Cebu. Carmen Copper's operational area covers 1,676 hectares while the actual pit mining area is about 393 hectares.

Carmen Copper sources and extracts its ore from two active mine open pits, namely: Lutopan Pit and Carmen Pit. The Toledo Copper Mine has an estimated mineral resource of 1.43 million tonnes at 0.29% copper grade and at 0.15% copper cut-off grade equivalent to about 4.1 million tonnes of copper metal. Based on updated estimates as of December 31, 2013, Carmen Copper has 412 million tonnes of proved and probable reserves at an average grade of 0.34% copper and 0.20% copper cut-off grade.

Copper ore is processed on site at the Carmen Concentrator Plant with an average daily milling tonnage of 43,000 dry metric tonnes (dmt) in 2013.

Waste components (tailings) produced in processing the copper ore are piped from the mill and permanently deposited at the Biga Tailings Storage Facility (TSF) which is formerly an open pit mine converted into a waste containment site with an estimated operating life of 19 years at the current mill capacity.

Copper concentrate produced from the mill is transported by 20-tonne dump trucks to the Sangi Terminal where it is stored in ore bins prior to shipment. Bulk loading of concentrate is facilitated by a conveyor-loader system that directly discharges the cargo to the berthed vessels.

For more information, visit our website at www.atlasmining.com.ph



FINANCIAL AND OPERATIONAL HIGHLIGHTS

Year-on-Year (In Million Pesos)	YTD 2013	YTD 2012	Change
Gross Revenues	13,584	14,341	-5%
Cash Cost	8,083	8,550	-6%
EBITDA	5,501	5,791	-5%
Core Income	3,250	3,136	1%
Net Income	2,596	3,320	-22%

Year-on-Year	YTD 2013	YTD 2012	Change
Production			
Milling Tonnage ('000 dmt)	15,699	15,190	3%
Daily Milling Average (dmt per day)	43,010	41,504	4%
Ore Grade	0.327%	0.322%	-2%
Copper Concentrate ('000 dmt)	155	152	2%
Copper Metal Gross (in million lbs)	91.51	89.92	2%
Gold (ounces)	21,430	12,333	57%
Shipments			
Number of Shipments	32.5	32	2%
Copper Concentrate ('000 dmt)	154	155	-0.7%

MESSAGE FROM THE CHAIRMAN AND PRESIDENT

I take pride in Atlas Mining and Carmen Copper's role as leaders in community service and responsible mining.

Upon the resumption of Carmen Copper's operations in 2008, or after six years of dynamic involvement in development initiatives among our host and neighboring communities, we affirm our commitment to be the leading mining company in terms of corporate social responsibility (CSR) by building a world-class workforce and organization; and, by initiating and supporting leading edge programs that have the potential to provide a brighter future for our communities.

I am pleased to present our 2013 Sustainability Report which expounds more on our initiatives and approach to sustainable development. Our dedicated efforts in re-greening mined-out areas and restoring the forest cover within the mining complex, our consistent efforts in sustaining our host and neighboring communities through various projects under our Social Development and Management Program (SDMP), our significant contribution to the coffers of our government, our intensive campaign for health and safety in our workplace, and our utmost support for our employee welfare and development – these, among others, are all geared towards achieving inclusive growth.

To bolster community empowerment, we instituted a community-driven development approach as an essential element of a sustainable development strategy. This system enables them to take part in the administration and implementation of the various development interventions in their respective areas based on their immediate communal need.

As we affirm our commitment to sustainability and social progress through our CSR initiatives, I invite you, our stakeholders, to remain with us as we take giant strides towards ensuring that each member of the community is part of our success.



A handwritten signature in black ink, appearing to read 'Alfredo C. Ramos'.

ALFREDO C. RAMOS

Chairman and President

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT

With a deepened commitment towards ensuring the growth of our communities and preservation of our environment, we publish our second sustainability report, which chronicles our past achievements and future endeavors.

We have made substantial difference in the lives of our stakeholders and of the communities where we serve and operate. In line with our Social Development and Management Program (SDMP), we have instituted projects aimed to sustain our host and neighboring communities. Out of the Php41 million we spent on SDMP, Php23 million was earmarked for infrastructure projects that shall have long-lasting impact on the economic growth of our local communities. This went into building classrooms and perimeter fences, farm-to-market road, spillway, birthing center, multi-purpose covered courts, water supply systems, and other projects for the benefit of our host and neighboring communities in Toledo City.

We remain committed to applying best practices in maintaining the ecological balance within and around our mining operations. We spent Php304 million for environmental protection and enhancement activities such as climate change mitigation, plant nursery improvement, waste management capital outlays, and research and development.

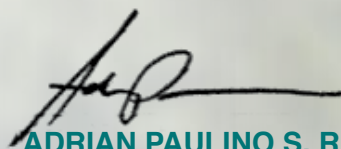
While we are proud of our outstanding safety performance that marked the preceding two years, we recognize that we have wavered in sustaining our strong safety performance in that two of our colleagues lost their lives to accidents in the workplace. As such, we have strengthened our best safety practices campaign by ensuring stronger safety leadership and compliance.

Our social responsibility reaches beyond the borders of the mining complex. Rapid reaction teams were created and on standby round-the-clock ready to respond to emergency situations. This was most evident in October 17, 2013, when we dispatched a 24-man rescue team to the province of Bohol, where for six days we undertook search-and-retrieval operations in the aftermath of the 7.2 magnitude earthquake.

Our “Operation Tabang” and Adopt-an-Island project complemented the government’s relief operations and post-Yolanda rehabilitation efforts in northern Cebu towns. We adopted the Panitugan islet in Bantayan Island and restored the livelihood of fisherfolks, who received newly-constructed motorboats.

Our work and contributions have been recognized by the different regulating agencies of our government. In 2013, Carmen Copper was awarded first runner-up in the Best Mining Forest program among metallic mines, cited by the Department of Environment and Natural Resources. We were also cited by the Bureau of Customs in the Port of Cebu as the No. 1 Top exporter and the No. 2 Top importer in the province.

As we take stock of the progress of our enterprise, we will likewise intensify our sustainable development initiatives because we have proven our power to bring transformative change to the lives of the people in our communities and promote responsible mining.



ADRIAN PAULINO S. RAMOS
Executive Vice President





Carmen Copper Corporation

Sustainable Development Policy

Our Vision

It is our vision to create continuing value through the exploration, mining and processing of mineral resources in Cebu, but only when such resources are used and managed in a manner that is sustainable, as to meet the requirements and aspirations of current and future generations. We recognize that to be truly successful we must continue to work with our neighbors and host communities to maintain and continuously enhance our reputation in the areas of safety, environment, social impact and business ethics.

The minerals and metals produced at our operations contribute to society's needs, creating wealth to support community infrastructure, health care and education programs, and delivering financial dividends for our shareholders. Our activities also provide the means and opportunity to develop new approaches to assist in solving some of the environmental and human development challenges in the Philippines, such as poverty.

We also recognize that, if not managed appropriately, some aspects of our activities have the ability to detract from sustainable development, such as options for the future use of water and land; amenity impacts on local communities; and greenhouse gas emissions from our operations and the use of our products.

We work with all our stakeholders to understand the effects that we have on the environment around us, and aim to progress our business in a way that delivers annual improvements in our performance.

Our Commitment

It is our goal to be recognized as a model company. We are therefore committed to creating sustainable opportunities and value for our host communities, employees and contractors, customers, suppliers and business partners. The continued success and growth of our business is dependent on strong commitment to all aspects of sustainable development - incorporating an integrated approach to safety and health, social and environmental management as well as a goal to achieve economic prosperity, simultaneously, maintaining the highest level of ethical corporate governance and decision-making principles.

Our Strategy

We continue to develop, implement and continuously improve our business framework to ensure that we meet the goal of contributing to the transition to sustainable development. This framework involves the implementation of a series of Standards, which represent Carmen Coppers business, ESH and Community Care drivers.

Our Success

Carmen Copper Corporation will only be successful in creating real sustainable value when:

- Our Shareholders are in receipt of returns on their investment;
- Our customers and suppliers are benefiting from our relationships;
- The environments in which we operate are not adversely impacted;
- Our neighbors and host communities value our citizenship; and
- Our employee's are safe, healthy and proud to be one of our employees.

It is vital for Carmen Copper Corporation to strive towards providing lasting social, environmental and economic benefits to society. We realize that failure to do so, could risk or revoke our license to operate. Success can only be achieved by striving to be the best we can, meet our sustainable development vision, goals and targets and continue to do what we say are going to do.

**The Board of Directors of Carmen Copper Corporation acting through its
Chairman, Alfredo C Ramos**

SUSTAINABILITY STRATEGY

Strategic Focus

Carmen Copper’s firm commitment and strategy in optimizing production and improving efficiency extends towards its employees, host communities and the environment.

The Company’s conscious effort to be a responsible corporate citizen is consistent with the vision to become a leading copper producer in the Philippines and a role model for responsible mining.

Towards this goal, Carmen Copper anchors its sustainable development practices on four (4) focus areas: Community, Environment, Workplace and Ethics. This is in line with the Company’s core values of professionalism, genuine concern for the company, team orientation, innovation and genuine concern for safety, social development, and sustainability.

Carmen Copper operates its business in a way that is environmentally responsible, benefits its host communities, cares for the well-being of its employees, contributes to good governance, and leaves a positive social legacy.

Carmen Copper believes that a sustainable corporate responsibility framework that is fully integrated with its business model will drive shareholder value and brand affinity.

CARMEN COPPER’S Sustainable Corporate Responsibility Framework



MATERIALITY ANALYSIS

Relevant areas have been identified and a materiality matrix is used to map issues and rate them according to the following levels of significance.

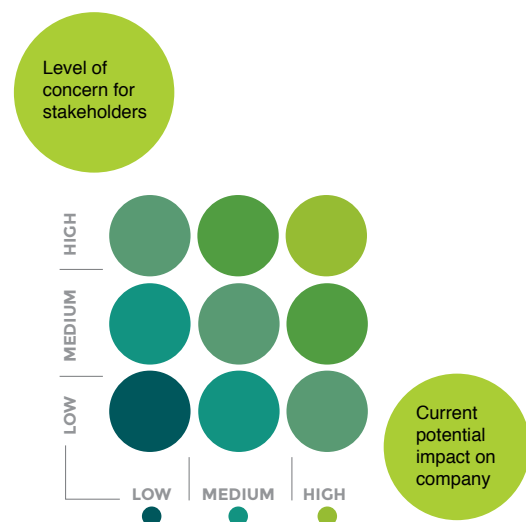
High – Issues that are most relevant to the business and have a high potential impact on both the bottomline and the stakeholders.

Medium – Issues that are reported but necessarily with quantitative indicators. Some issues only partially impact the business and the stakeholders.

Low – Issues that are of low materiality, with minimum impact on business and are not reported in detail.

Carmen Copper aims to integrate this materiality matrix into future stakeholder engagement matrix processes to align business and stakeholder concerns more effectively. Using the matrix, the Company has likewise provided the needed resources and taken action to address the identified stakeholders concern.

The main areas that pose the highest level of materiality to Carmen Copper are safety, community relations, environmental issues, resource management, waste management, and regulatory requirements.



STAKEHOLDER ENGAGEMENT

Believing that continuous stakeholder engagement is integral to the success of its business, Carmen Copper communicates with seven major stakeholder groups using diverse channels.

STAKEHOLDERS	METHOD OF ENGAGEMENT	CONCERNS	RESPONSIVENESS
Offtaker (MRI, PASAR, Chinese smelters)	Regular meetings	Clean concentrates Uninterrupted shipments Transparency Clear policies	Quality of product Regular feedbacks
Suppliers, contractors and business partners	Regular meetings Procurement management	Clear procurement policies Transparency Long-term contracts Ethical behavior	Sourcing "green" supplies and equipment
Investor community	Annual Stockholder's Meeting Annual Report Analyst briefings Quarterly reports and press releases	Higher financial returns Long-term growth	Dividends Strong financial performance ROI action on measurement
Employees and labor unions	Focus group meetings Performance appraisal (semi-annual) Training and awareness initiatives Labor Management Relations Council	Career development plans Safe work environment Open dialogue Compensation and benefits	Trainings Townhall meetings Kapihan sessions
Local communities, non-government organizations, community-based organizations	Social Investigation and Participatory Situation Analysis	Support to the community Development programs	Social Development and Management Program (SDMP)
Government authorities and regulators	Compliance to regulatory requirements	Regulatory disclosures Transparency Accountability Building partnerships Policy agreement	Annual Report Quarterly Report Sustainability Report Public disclosures
Industry associations and media	Participation in industry activities and initiatives Conferences and meetings Industry workshops	Building partnerships	Sharing of expertise and resources

RISK MANAGEMENT

Carmen Copper adopts a risk management approach that allows for the execution of adequate mitigation measures without imposing constraints upon the ability of the enterprise to optimize business opportunities.

The Enterprise Risk Management Committee of the Company that is composed of members of senior management continually reviews the efficacy of existing risk assessment protocols and the adequacy of the risk reduction strategies being implemented within the organization.

The Company has taken the critical initial steps to formalize a risk management program for

itself and its subsidiaries that will allow for the formulation and documentation of policies to be adopted and implemented for the purpose of moderating, in the most comprehensive manner achievable, the various forms of economic and operational risks to which the business enterprise is exposed.

Currently, the managers of all the organizational units of the Company are required to present, as part of their monthly reports, (i) the results of their regular assessments of risks attending such aspects of the operations to which their functions pertain, and (ii) the remediation measures

that they have adopted to address such risks. Material and high-probability risks that are identified are immediately reported to senior management for immediate action.

At the board level, the governance of the Company's internal systems for managing risks falls within the purview of the Audit and Risk Management Committee that is mandated to regularly examine and evaluate the Company's exposure to existing risk sources to guide the institution of policies that will diminish the likelihood and impact of risk realization.



ETHICS & HUMAN RIGHTS

“We uphold human rights and treat our people with dignity and respect.”



Integral in Carmen Copper's operations is the utmost respect for human rights. The Company endeavours to operate openly and fairly by upholding the human rights of its stakeholders who are involved in all aspect of its operations.

Ethical Behavior

Carmen Copper dutifully abides by its Human Rights Policy in accordance with the United Nation's Universal Declaration of Human Rights and the UN Global Compact Principles and compliance with all Philippine laws and regulations. In effect, the Company takes pride in a work environment that follows the highest standards of personal and professional ethical behaviour among its people.

The Company makes sure that all of its employees, contractors, suppliers and other stakeholders are well-informed and oriented about its code of business conduct and policies for respect of human rights through activities and training programs that teach them to make responsible behaviour a part of their everyday life at work and at home.

Extractive Industries Transparency Initiative

In keeping with its principle of open and fair operation, Carmen Copper fully supports the Extractive Industries Transparency Initiative (EITI), which is an international initiative that seeks to ensure transparency in the oil, gas and mineral resources industries of a country.

Though the Philippines is yet to become an EITI implementing country, Carmen Copper and its parent company, Atlas Mining is ready to support this initiative.

Labor

In line with its policies for the respect of human rights, Carmen Copper upholds above all its commitment to fair labor practices and labor relations. The Company strives to eliminate all labor malpractices identified at work and prevent the occurrence of the same.

Carmen Copper has no reported incidents related to forced or compulsory labor and child labor among its employees, suppliers and contractors in 2013.

We endeavour to operate openly and fairly by upholding the human rights of our stakeholders who are involved in all aspect of our operations.



Safety meeting



From left: Regular coordination meeting, and employees on the field

Carmen Copper’s security framework is anchored on compliance with government law enforcement procedures and respect for human rights.

Carmen Copper adheres to labor laws and strives to adapt best labor practices. It has provided competitive compensation, monetary and non-monetary benefits that are above the minimum levels allowed by the government agencies.

Security

Carmen Copper’s security framework is anchored on compliance with government law enforcement procedures and respect for human rights. The security group exists to protect the Company, especially its

people against harm and other risks. The safety of the employees and protection of the company properties are of utmost importance.

All security personnel undergo regular training and refresher courses on firearms handling and other training activities to make them more effective law enforcers inside the minesite.

The Company’s commitment to human rights is inviolable and is regularly articulated to all the members of the security force during their regular meetings.



Another productive day at work

CASE STUDY



The Carmen Copper Arboretum

In intensifying its rehabilitation and enhancement initiatives, Carmen Copper developed an arboretum in 2010 inside its sprawling mining complex to maintain quality plant collection, promote preservation and restoration practices, and facilitate research and exploration.

As of December 2013, the 2.3-hectare arboretum, surrounded by hill sides and slopes, accounts for more than 2,000 trees consisting of 16 species including the rare Cebu Cinnamon (*Cinnamomum cebuense*), *Ipil* (*Intsia bijuga*), *Tindalo* (*Azelia rhomboidea*) and *Kamagong* (*Diospyros philippensis*). These species are indigenous, protected, and regulated hard wood trees (dipterocarp).



Company Forester Roy Sabijon checks on the indigenous tree species at the Carmen Copper arboretum



The Carmen Copper arboretum preserves and enriches the forest cover of the mining complex

The arboretum, which now holds varied trees, is not only a dependable source of indigenous Philippine tree species, but also a stable source of seedlings for propagation and conservation for its host and neighboring communities. This tree farm will also become a natural habitat of both aboriginal and migratory birds in the ensuing years.

Such initiative is consistent with the Company's goal of enriching the forest cover inside its vast mining complex, and a testament to its environmental commitment to establish a sense of ecology of the place for the community.

ENVIRONMENT

“We will steadfastly promote environmental responsibility and sustainability in every facet of our operations.”



In mitigating the ecological impacts of its operations, Carmen Copper intensified and spent about Php304 million in implementing the Company's key Environmental Protection and Enhancement Programs for 2013.

As part of its rehabilitation efforts in 2013, Carmen Copper has planted 150,898 seedlings of assorted tree species covering 110 hectares of land. For this outstanding initiative, Carmen Copper was recognized by the Mines and Geosciences Bureau (MGB) and the PMSEA for the fourth consecutive year. The Company's successful reforestation activities was awarded first runner-up in the Best Mining Forest Competition – Metallic Category during the 60th Annual National Mine Safety and Environment Conference in Baguio City last November 2013.

To date, Carmen Copper has reforested 393 hectares of land inside its Toledo Copper Mine Complex by growing more than 606,227 trees of assorted species including fruit-bearing trees, and in the process enhanced plant biodiversity and attracted emerging wildlife.

The forested areas included mined-out sites, slopes of decommissioned tailings ponds, waste dumps, and barren lots that are now blanketed by lush vegetation.

As a testament to Carmen Copper's commitment to environmental protection and enhancement, an arboretum or tree farm was established in 2010. Since then, 2,264 seedlings of combined premium, dipterocarps and rare native trees have been planted. There are about 16 different tree species surviving in the arboretum such as ipil, molave, narra, kamagong, Cebu cinnamon and white lauan. The arboretum is already thriving and is currently maintained.

Carmen Copper also participated in the Environmental Management Bureau's (EMB) Adopt-a-River program in 2013, wherein the Company conducted regular river clean-up drives in Barangay Cantabaco, Toledo City. Other advocacies of the Company include Run to Plant activities, Arbor Day and World Water Day celebration, among others.

393
HECTARES
REHABILITATED SINCE 2007



Community Relations Staff Rex Geriane with community volunteers



Philippine Kingfisher locally known as *Tikarol*

Biodiversity and Land Management

In preserving biodiversity within the mining complex, Carmen Copper has employed mechanisms to effectively manage its land access. The Company declared a moratorium against cutting of matured trees in certain areas as part of its efforts in identifying and maintaining sites for wildlife habitat.

There are at least 50 hectares of undisturbed man-made woodlands within the minesite where wildlife thrives. Carmen Copper's forested areas are home to Philippine monkeys, civet, iguana, monitor lizards and different species of birds such as wild duck, kingfisher, tree sparrow, Asian glossy starling, red-keeled flowerpecker and hawk, among others.

To establish an effective Environment Management System (EMS) for the company, Carmen Copper has laid the groundwork for the application for an IMS (ISO 14001 and OSHAS 18001) certification in 2013. ISO 14001, part of the ISO 14000 series, represents the core set of standards or criteria in the design and establishment of an effective EMS in a company or organization.

Due to the prioritization of the Carmen Concentrator Expansion Project, the certification was scheduled at a later time. Meanwhile, activities related to preparing the site operation for Stage 1 and 2 third-party audit proceedings were continued. The established IMS Core Group,

composed of technical personnel from all divisions and departments, continues the development, implementation and finalization of IMS policies and procedures in order to assure that all divisions/ departments will be IMS-ready.

As the Company continuously expand its operations, it will engage its stakeholders to ensure proper understanding and protection of the biodiversity in the area.

Rehabilitation

Since 2008, Carmen Copper has rehabilitated large areas in its Toledo Copper Mine Complex. The Company reforested a total of 110 hectares (with an equivalent of

150,898 seedlings) in 2013. This is also in support of the government's National Greening Project.

More than 38,803 seedlings were donated to schools, LGUs, religious organizations, and civic and private groups.

All seedlings planted were produced from the Carmen Copper Main Plant Nursery Facility and three satellite nurseries operated by company-assisted community organizations.

Waste Management

The large quantities of mineral waste (waste rocks and tailings) produced from mining and ore

110
HECTARES
OF MINED-OUT AREAS
REFORESTED



Clockwise from top left: Employees taking part in a tree growing activity, a 30 year-old Mahogany tree within the mine site and a butterfly native to the Philippines



100 employee volunteers during the 2013 Arbor Day (top spread image) and a macro shot of a butterfly thriving in Carmen Copper's man-made forest



Philippine Monkey nesting on trees inside the mine camp

470M WMT

**BIGA TAILINGS
POND CAPACITY
OPERATING LIFE
OF 19 YEARS**



processing are managed effectively and efficiently. Waste management plans are in place to address waste minimization, storage, transportation and disposal to control adverse impacts on the environment. The Mabais-Sigpit Waste Dump was established to manage waste materials from the development of Carmen Pit.

The Biga Pit which was mined in previous years was converted into a tailings storage and disposal facility. With its landlocked features,

the Biga Pit is a strong, safe and secured tailings storage and disposal facility. The water in Biga Tailings Storage Facility has a PH of between 7.5 and 8, which allows fish species such as tilapia and milkfish to thrive in it.

The Biga Tailings Pond has a capacity of 294 million cubic meters or 470 million wet metric tonnes (WMT). As of December 31, 2013, the volume of tailings deposited at the Biga pit has reached 39 million cubic meters or some 62 million WMT. At 60,000 tonnes per day of milling capacity, the Biga Tailings Pond may last up to 19 years. Its remaining capacity as of December 31, 2013 is 255 million cubic meters or 408 million WMT.

Studies are underway to evaluate other potential areas to locate the next-generation tailings solution options to supplement the current facility.

In adherence to existing environmental regulations, all hazardous wastes (e.g. used/waste oil, used lead acid batteries) are properly managed by acquiring the services of EMB accredited third-party hazardous waste transporters and treaters. Spent polychlorinated by-phenyl (PCB) coolants and PCB contaminated transformer units are temporarily stored on site, but for immediate disposal upon the



Tree Sparrows



Philippine Iguana



Asian Glossy Starling



Reforested slopes of Biga Pit



Elevated view of the Malubog Dam

availability of the treatment and disposal facility in Bataan. Other wastes that are not disposed of by third-party transporters and treaters are stored and monitored inside the camp.

Water Management

The Malubog Reservoir, Carmen Copper’s main water source was built to manage water flows and secure downstream supply.

Overall water consumption was reduced by approximately 15.3% due to improved water conservation practices such as maximized recovery of plant process water, recovery of runoff water and immediate repair of pipeline leaks implemented across the organization. In the same year, 23.24 million cubic meters of water was recycled from the tailings thickeners and the Biga Tailings Storage Facility.

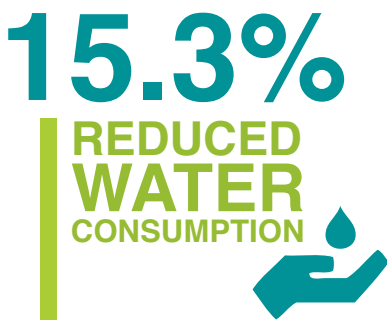
The reduction in consumption is largely due to improved water efficiency in its processing operation and in its camp facilities.

Energy Use and Air Emissions

The Company strives to continually understand the risks and opportunities on climate change issues and how it may affect the organization. As part of its commitment to minimize its carbon footprint, Carmen Copper monitors and controls its energy use and Green House Gases emissions, and it also implements organization-wide energy conservation efforts.

In reducing the Company’s total carbon emissions, an information campaign was launched by the Safety, Health and Environment Division to enjoin all members of the organization to use energy more efficiently.

In 2013, annual energy consumption was 19% lower than projected at 323 million kilowatt hours with the continued implementation of energy conservation initiatives. The 2013 energy consumption was higher than that of 2012 by 11% due mainly to the higher level of operations in 2013 and to the full implementation of the processing plant expansion.



Malubog Dam floodgates

Carmen Copper also controls ozone-depleting substances emitted by maintaining the levels at very minimal amounts. In 2013, nitrous oxides (NOx) and sulphur oxides (SOx) emissions registered at average 236.5 and 44 milligrams per normal cubic meter (mg/NCM), respectively (based on readings from two generator sets). These are way below the standards set by the National Emission Standards for Source Specific Air pollutants of 2,000mg/NCM for NOx and 700 mg/NCM for SOx.

Closure Planning

In compliance with Republic Act 7492 or the Philippine Mining Act of 1995, Carmen Copper has an approved Final Mine Rehabilitation and Decommissioning Plan (FMRDP) for the Toledo Copper Mine that lays out the company’s plan for its after-mining landscape.

The FMRDP details the activities that the Company will undertake upon the cessation of its operations particularly in the areas of tailings management, air quality, biodiversity loss and degradation, as well as its social impact such as unemployment and alternative household income generation.

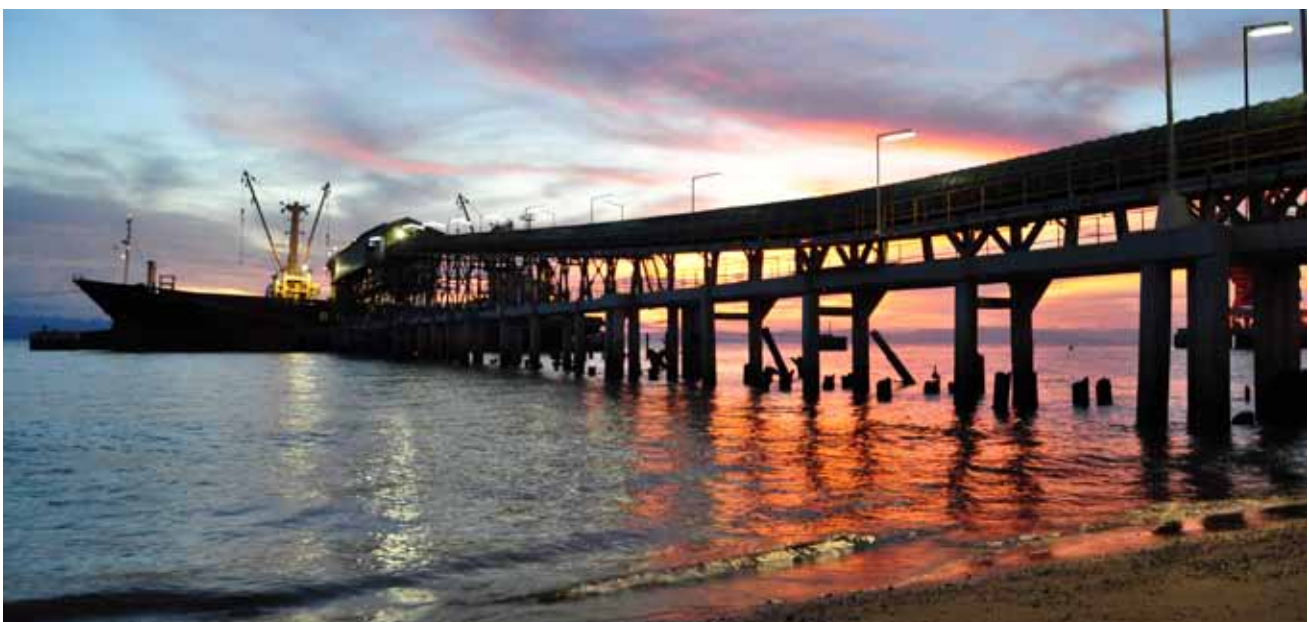
An FMRDP fund will be established and the initial seed funding of Php19 million is scheduled to be released in 2014.

Product Responsibility

Carmen Copper primarily produces copper concentrates, the raw material for making copper cathodes. The Company regularly and strictly monitors the toxicity of all its products. Product stewardship commitments are done at the industry association level.



From top: Linis Estero in Barangay Cantabaco and an employee tending the plant nursery facility



Copper Concentrate loading in progress





Carmen Copper Corporation **IMS POLICY**

Safety, Health and Environmental (SHE)

CARMEN COPPER CORPORATION envisions the prudent conduct of its mining business while providing an environmentally friendly, healthy and safe workplace for our employees and contractors by implementing actions that promote health care, prevention of injury, accidents, prevention of pollution and protection of the environment.

Specifically, we commit to the efficient management and use of materials, products and energy through waste or emission reduction or elimination, reuse, recycling or replacement. **CARMEN COPPER CORPORATION** commits to the continuous review of opportunities for improvement of its processes and operations by implementing objectives, targets and programs toward sustainable development.

We shall ensure compliance to regulatory and other SHE-related covenants as well as adopt and enforce sound SHE internal standards.

The **Top Management** of Carmen Copper Corporation shall ensure that this Integrated Management System (IMS) policy and its SHE objectives and programs remain current, relevant, suitable and appropriate to the organization and the mining industry by conducting periodic IMS reviews.

We pledge to this commitment of performance to our employees, contractors, host communities, stakeholders, customers, and shareholders. Ensuring awareness, complying with and enforcing this policy is the responsibility of every one who works at **CARMEN COPPER CORPORATION**.

Rodrigo C. Cal
Vice President & Resident Manager

Adrian Paulino S. Ramos
Director and Executive Vice President

CASE STUDY

17
MOTOR
BOATS



Restoring Hope

Carmen Copper and Atlas Mining's Adopt-an-Island project restored the livelihood of the fisherfolks in Panitugan Islet, Bantayan, Cebu

The devastating onslaught of Typhoon Yolanda last November of 2013 affecting the central Philippines has opened the country to the world and its good people. All attention was focused to the areas badly hit by the storm and donations from across the globe poured in for the

rescue, relief, and rebuilding operations. Even remote places that many have never heard of benefitted from the donations, including a small island in Bantayan town called the Panitugan Islet, some 90 miles from Cebu City.

Panitugan is home to more or less 900 Bantayanons who depend on the rich marine resources of Bantayan Island for a living. When Yolanda hit the island, local fishermen recalled their horrifying ordeal in the ocean and just as when they thought the worst is over, they went home to a flattened land – the sight of destroyed houses, uprooted trees and

their families cowering behind walls to escape the storm's wrath. Some of them barely came back alive.

Carmen Copper and Atlas Mining were the first to reach the islet at the height of relief operations in northern Cebu. Through its "Operation Tabang," they distributed relief packs, survival kits and generator sets, to the islet residents that helped them get by.

Both companies also complemented the government's relief operations and post Yolanda rehabilitation efforts by restoring the livelihood of 40 fisher folks in



The fisherfolks of Panitugan Islet in Bantayan, Cebu expressed their gratitude to Atlas Mining and Carmen Copper for the newly-constructed motorboats that have restored their livelihood

“Layo ug gamay ang among Isla, maong nagpasalamat mi na naabot gyud sila didto (Our island is far and small, we are glad that they found their way here),” Leonardo Alolor, 38, was quoted in Sun Star Cebu saying this when he, along with 16 other fisherfolks received their motorboats from Carmen Copper last February.



Clockwise from top left: Fleet of donated motorboats, turnover of generator sets, distribution of relief goods and Carmen Copper Ladies Association with Panitugan fisherfolks

the islet through its Adopt-an-Island project. Some 17 families dependent on fishing were recipients of newly-constructed motorboats while the rest were given fishing nets and other paraphernalia. Carmen Copper's more than 3,000 employees donated goods, cash including their Christmas party budget allotment to help fund this project.

"Layo ug gamay ang among Isla, maong nagpasalamat mi na naabot gyud sila didto (Our island is far and small, we are glad that they found their way here)," Leonardo Alolor, 38, was quoted in Sun Star Cebu saying this when he, along with

16 other fisherfolks received their motorboats from Carmen Copper last February.

The Adopt-an-Island project has helped the beneficiaries get back on their feet. Their restored livelihood paved the way for the rebuilding of their homes and recovery of properties. It was indeed a defining moment – hopes were restored, lives were changed.



WORKPLACE HEALTH & SAFETY

“We ensure the well-being of our people and the community by strictly implementing our safety and health programs and policies.”



With the objective of zero harm and elimination of workplace injuries and fatalities, Carmen Copper remained compliant with government's safety regulatory standards and permit requirements in 2013, particularly in securing permits for equipment installations for the expansion of the Carmen Concentrator.

In 2013, the Company recorded nine (9) lost-time accidents, two (2) of which were fatal. This resulted to a marked decrease in the number of man-hours worked without Lost-Time Accident from 10,395,599 in 2012 to 2,904,053 in 2013.

This setback has propelled Carmen Copper to be more relentless in the pursuit of its goal to ensure that its people return home safe at the end of each workday and are able to retire fit and healthy. This was addressed by employing a tighter monitoring system of safety compliance for all activities within the mining complex and by extending support and counseling to those who were affected by these incidents.

The ongoing ISO 18001 (Occupational Health and Safety Management System) accreditation process is an initiative that shall ensure compliance of the Company to international safety and environment management standards and practices.

Emergency Readiness

While the primary focus of Carmen Copper is the welfare of its people, the Company's social responsibility extends to cover accident prevention, emergency response

and medical aid outside the borders of its mining complex. The Company formed and trained teams to quickly respond to calls of emergency and disaster assistance.

Aside from safety trainings, Carmen Copper also conducts crisis management workshops in compliance with the Annual Safety and Health Program of the MGB. This is to prepare the employees to handle emergency situations, such as, evacuation drills, defensive driving, and basic life support and standard first aid.

The Company's fire fighting crew was on hand during the August 11, 2013 fire in the sitios of DASUNA and DAS-Bagong Buhay in Barangay Don Andres Soriano, Toledo City and the October 31, 2013 fire in Balirong National High School, Naga City, Cebu.

On October 17, 2013, Carmen Copper dispatched a 24-man rescue team to the province of Bohol for search-and-rescue/ retrieval operations in the aftermath of the 7.2 magnitude earthquake.



OHSAS 18001 is an internationally-applied British Standard for occupational health and safety management systems.



Fire and earthquake drill

**PHILHEALTH
ACCREDITED
LEVEL 1
HOSPITAL**



Carmen Copper along with some members of the PMSEA were among the first teams to immediately provide support.

Occupational Health

Carmen Copper operates a 30-bed capacity, PhilHealth accredited, Level 1 Hospital dedicated to provide comprehensive health care services to employees and their dependents. Strategically located inside the camp and accessible to nearby barangays, Carmen Copper hospital has often been called to respond to medical emergencies affecting the Toledo community as well.

In line with the Company's pursuit for excellence through continuous improvement, the medical staff keeps abreast with current trends and clinical practice guidelines.

It also continues to upgrade its facilities. The latest addition is a fully functional operating theater which ensures that patients who need surgical intervention will be attended to promptly. It also offers maternity services to employees and their dependents espousing the Department of Health's campaign for breastfeeding and rooming-in, to reduce maternal and infant mortality, which is one of the Millennium Development goals for 2015.

As a company hospital, it concerns itself with not just curative measures but more importantly preventive measures through patient counseling and health fora on healthy lifestyle, physical fitness and wellness programs.



Clockwise from top: Carmen Copper Hospital, Fire drill, and a safety officer



CASE STUDY



A healthy and happy workforce

Carmen Copper holds recreational, cultural and social events for employees to foster camaraderie and team spirit that enhances their productivity.

An annual sports festival is held every May 1 in celebration of Labor Day. The Sportsfest is a showcase of the varied hoop talents and sporting attributes of the different competing teams in various sports such as basketball, badminton, volleyball, table and lawn tennis and traditional Filipino games. The annual sportsfest also serves as a family day for employees and their dependents as it is held like a feast at the company's recreation area.



The bonding and rapport that are developed and nurtured among the employees during these games have extended and echoed into the work environment and offices. These are also the very important imperatives in building teamwork, understanding and productivity at the workplace especially in critical and hazardous preoccupations like mining.



While it is every team's goal to win and bring home the bacon, the employees are aware that winning is not the end-all in competitions. The respect for the losing team and the exercise of fair-play in conducting the game are far more important attributes that define true sportsmanship. After all, what matters is they have played the games with fairness, unity and goodwill.

Sportsfest 2013

OUR PEOPLE

“We nurture our people by optimizing their potentials for sustained professional growth.”



Recruitment and Benefits

Recognizing that its employees are the Company's most valuable asset, Carmen Copper invested on trainings that will fully enhance its employees' potentials and skills.

At the core of Carmen Copper's operation is a robust workforce of 4,600 employees of whom 84% are from the host city of Toledo and the rest mostly from Cebu province. As a policy, Carmen Copper gives preference to competent and qualified applicants who are residing in its host and neighboring communities.

Carmen Copper provides health insurance, housing and transportation benefits, vacation leave, sick leave, birthday leave, and bonus day-off to full time employees. Its entry-level wages are above the legal minimum. Carmen Copper's retirement benefit is in accordance with the mandate of the Philippine Labor Code's provisions on retirement benefits.

Focused on one vision, its employees embody the Company's corporate values of professionalism, genuine concern for the company, team orientation, innovation, and concern for safety, social development and sustainability.

Employee turnover rate in 2013 reached 5%, or about 252 employees resigned, retired or finished their employment contracts from 3% or 105 employees in 2012.

Labor Relations

Carmen Copper upholds the rights of its workforce to a safe and humane workplace, collective representation, fair compensation, job security and development opportunities.

Relationships with employees and stakeholders are based on mutual respect. Carmen Copper believes in ensuring that employees are directly engaged with the business and aligned with the Company's goals through quality leaderships and effective communication. Significant operational changes are consulted with employees within five days under normal circumstances.

84%
TOLEDANOS



Majority of the workforce are from the host city of Toledo



Safety first at the Motor Control Center



Dental benefits for employees and their dependents



Training for employees

19 | 73

Youngest Employee

Oldest Employee

23,379
EMPLOYEES
TRAINING HOURS



Diversity and Equal Opportunity

Carmen Copper affords equal opportunity to its employees and strives to achieve diversity at all levels in the organization. Discrimination, abuse of power, harassment or any type of violence in the workplace is not tolerated. Employee complaint mechanisms that are accessible, just and non-discriminatory are in place, and there are systems to protect their rights and dignity. There were no reported cases of discrimination in 2013.

Pay equity across all levels is based on skills, experience, and functions. The youngest employee in 2013 was 19 and the oldest was 73.

Rewards and Development

Carmen Copper fosters professional and personal growth among employees who are encouraged to work to their full potential. Their skills and capabilities are developed through training and development programs combined with regular work performance reviews designed to ensure that performance is measured on fact-

based outcomes and employees are rewarded for their achievements in a transparent process.

Mandatory training requirements for all employees and contractors cover health and safety, leadership, code of conduct, waste and environment management, and anti-corruption.

Carmen Copper invested heavily on trainings for its employees' continued growth and development. In 2013, 2,282 employees underwent 106 trainings both technical and behavioral, for over 23,379 hours.

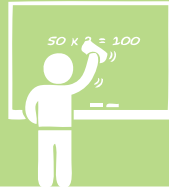
To increase productivity, professionalism, and competitiveness, the Company will launch the Rewards and Recognition Program in 2014. This is anchored on employees' performance.

Governance Bodies

Each department is well represented in formal management-worker health and safety committees created to help monitor and review occupational health and safety program.

CASE STUDY

10 HS SCHOLARS



8 COLLEGE SCHOLARS



A brighter future awaits young Curambao

Being the youngest in a family of six, Allan Curambao, Jr., 20, thought there is no hope for him to get a college degree as he is the last priority among all four children. With a teacher mother, a sickly and unemployed father and a small sari-sari store, Curambao said it was impossible to send four kids to college at the same time. He almost dropped out due to financial constraints, but thanks to Carmen Copper, he is graduating next year.

Curambao hails from Cayam, Colon, Naga City in Cebu. He is one of four pilot beneficiaries of Carmen Copper's Scholarship Program under the SDMP.

On his fifth year now taking Bachelor of Science in Mining Engineering in the Cebu Institute of Technology

– University (CIT-U), Curambao is already assured of a job at Carmen Copper when he graduates in 2015. In fact, he already had a taste of Carmen Copper's working environment when he spent the last summer taking his on-the-job training at Carmen Copper's Mine Open Pit Operations Department.

A constant Dean's Lister at CIT-U, Curambao swore he will continue to study hard in preparation for the time to finally join Carmen Copper's workforce. "I want to contribute to the company and introduce new ideas," Curambao said.

"No words can express my gratitude to Carmen Copper. The scholarship program has helped

me and my family a lot. If not for this grant, I may not be able to pursue my studies," he said in Cebuano.

Like Curambao, a brighter future awaits seven other scholars who will join Carmen Copper after their graduation. Presently, Carmen Copper has eight college and 10 high school scholars. Most of them are academic achievers in their respective institutions.

Carmen Copper's Scholarship Program seeks to help underprivileged but deserving students in its host and neighboring communities. This is in line with Carmen Copper's solid support to providing access to education as a means to alleviating poverty in its target communities.

Our Commitment

Carmen Copper has a shared vision with its parent company Atlas Mining to provide access to education and other educational support programs to the underprivileged children of its host and neighboring communities in Toledo City.

"No words can express my gratitude to Carmen Copper. The scholarship program has helped me and my family a lot. If not for this grant, I may not be able to pursue my studies."



Allan Curambao

SUSTAINABLE DEVELOPMENT

“We develop our host and neighboring communities by optimizing their capabilities and instituting mechanisms which allow them to decide on issues affecting their growth.”



Carmen Copper employs a community-driven development approach to ensure that priorities for development in the host and neighboring communities are addressed through participatory, need-driven and inclusive process. Social preparation activities and participatory situation analysis are undertaken in projects identification, prioritization, planning and development.

Carmen Copper ensures that SDMP projects continue to deliver intended benefits over a long period and even beyond the life of the project. The Company invests heavily on building the capacities of special bodies in the villages and of the community members to guarantee that SDMP projects are effectively operationalized and maintained.

The Company allots one percent (1%) of its direct mining and milling costs for its social development initiatives in its four hosts and thirteen neighboring barangays. The 2013 SDMP allotment was Php44 million and the completed projects amounted for Php41 million.

Education

Carmen Copper recognizes education as a crucial determinant of economic growth and development in rural areas. Since 2008, the Company has partnered with the Department of Education in servicing the educational needs of the youth in communities adjoining its mine site, particularly in the construction and repair of school buildings.

In 2013, the two school buildings were donated by the Company to Pandong Bato Elementary School and Media Once National High School to address the scarcity of adequate learning spaces as enrollees keep growing every year.

Aside from constructing complete classrooms, the Company has likewise assisted the public schools within its host and neighboring communities, by funding other educational-oriented impact projects like classroom repairs, fence-and-stairway constructions and slope stabilizations, refurbishment of covered courts, donation of books and instructional materials, and donation of plastic chairs and footwear for students.

The Company has assisted hundreds of students for their on-the-job-training requirements. It has also subsidized the tuition of over 900 less privileged but deserving students to make education accessible to all.

Health

In improving the quality of medical and health care services in its communities, the Company has spent approximately Php8.5 million for health programs. It conducted

4 HOST COMMUNITIES

13 NEIGHBORING BARANGAYS



A Thank You message from students and teachers of Media Once National High School after receiving free school shoes from Carmen Copper



a comprehensive medical mission in barangay Biga that benefitted almost 800 individuals. A two-storey birthing center was also donated by the Company to barangay DAS in August 2013 to improve access of less privileged mothers and their newborn babies to reproductive and maternal health care. A total of six ambulances were also donated to barangays Biga, Media Once, Loay, Bagakay, and Gen. Climaco including the local government of Toledo City.

Biweekly, volunteer nurses are deployed in at least five host and neighboring barangays that have limited access to basic health care. In December 2013, Carmen Copper donated medicines to the local government of Toledo benefitting over 1,500 senior citizens from 38 barangays in Toledo City.

assisted the different barangays to form community cooperatives that will manage their various livelihood projects.

Carmen Copper has helped finance the development of income-generating enterprises such as livestock and poultry management, coffee-based sustainable farming, banana plantation, goat raising, broiler production, premium crops production, jute bag-making and community-based contract nursing.

To make sustainability possible for the company-assisted livelihood projects, Carmen Copper's intervention extends to building the people's capabilities to manage these projects through capacity building seminars specific for each livelihood project. Carmen Copper also holds teambuilding and technical skills training.

Use of facilities

Carmen Copper shares the use of facilities and services within the minesite to the communities. This is to foster harmonious co-existence with the people in recognition of their significant contribution and support to the continuous operation of the mine. The Company grants power subsidies, allows the use of recreation facilities, deploys

MEDICAL MISSION

1,500
SENIOR CITIZENS

38
BARANGAYS



Infrastructure

Carmen Copper has poured over Php23 million for various infrastructure developments in 2013 ranging from the construction of community stage and covered courts, water system, concrete spillway, and farm-to-market roads.

Community Development

To help the underprivileged community members sustain themselves, Carmen Copper has



School Building for Pandong Bato Elementary School



Construction and repair of classrooms

community buses, water trucks and provides drinking water to areas with no access to clean water.

Stakeholder Engagement

In its thrust for social development, the Company engages the multi-sector represented Development Councils of the host and neighboring barangays in projects identification, prioritization and planning. It also collaborates with the programs initiated by the barangays, as well as, the local and national government agencies. Carmen Copper likewise supports community organizations as partners in pursuing development in the host and neighboring barangays.

For purposes of awareness and education, Carmen Copper establishes information and publicity centers where stakeholders can access information on the performance of mining operations. It also produces Information Education and Communications (IEC) materials on social, environmental and other topics related to mineral resources development and responsible mining operations.

Grievance Mechanisms

In the past two years, there have been some disputes pertaining to informal settlers, illegal cutting of trees within company-owned land

and claims of damages on crops affected by the Company's mining operations.

Carmen Copper's grievance resolution mechanism captures and addresses both formal grievances and general community complaints and inquiries.

In 2013, Carmen Copper received a total of 12 community complaints, most of which were not formal grievances but notifications of community-related conflicts regarding illegal structures. All of these were addressed through barangay consultations.

Artisanal and Small-Scale Mining

In the year 2013, there was no artisanal or small scale mining activity within company-owned and managed mineral lands, as well as, within or adjacent to the Company's mining operation areas.

Resettlement

Carmen Copper's resettlement consultations are designed to provide opportunities for engagement that ensure the interests of affected communities are properly represented. Consultations are primarily done in the presence of third parties, mostly barangay officials.



Sustainable community-based nurserying



Feeding Program



Shoe-making



Birthing Center for Barangay DAS



From left: Free vaccine for kids, hog raising project, and harvesting produce at the banana plantation

74
FAMILIES
 AFFECTED BY MINING
 OPERATIONS WERE
 RELOCATED



A total of 74 families were resettled in the old airport area after their houses were affected by the Ilag River Diversion Project to mine the south block of the Lutopan Orebody. Most of the resettled families were company employees whose livelihood were not affected. The families whose livelihood were impacted were provided alternative sources of income, such as shoemaking, furniture making, hog-raising and glove-making through the company-sponsored 4H Club near the resettlement site.

Boundary Disputes

Like in the previous years, there were no disputes relating to ancestral rights of local communities and indigenous peoples in 2013. The lands being utilized for mining do not overlap with any cultural communities and/or ancestral domains.

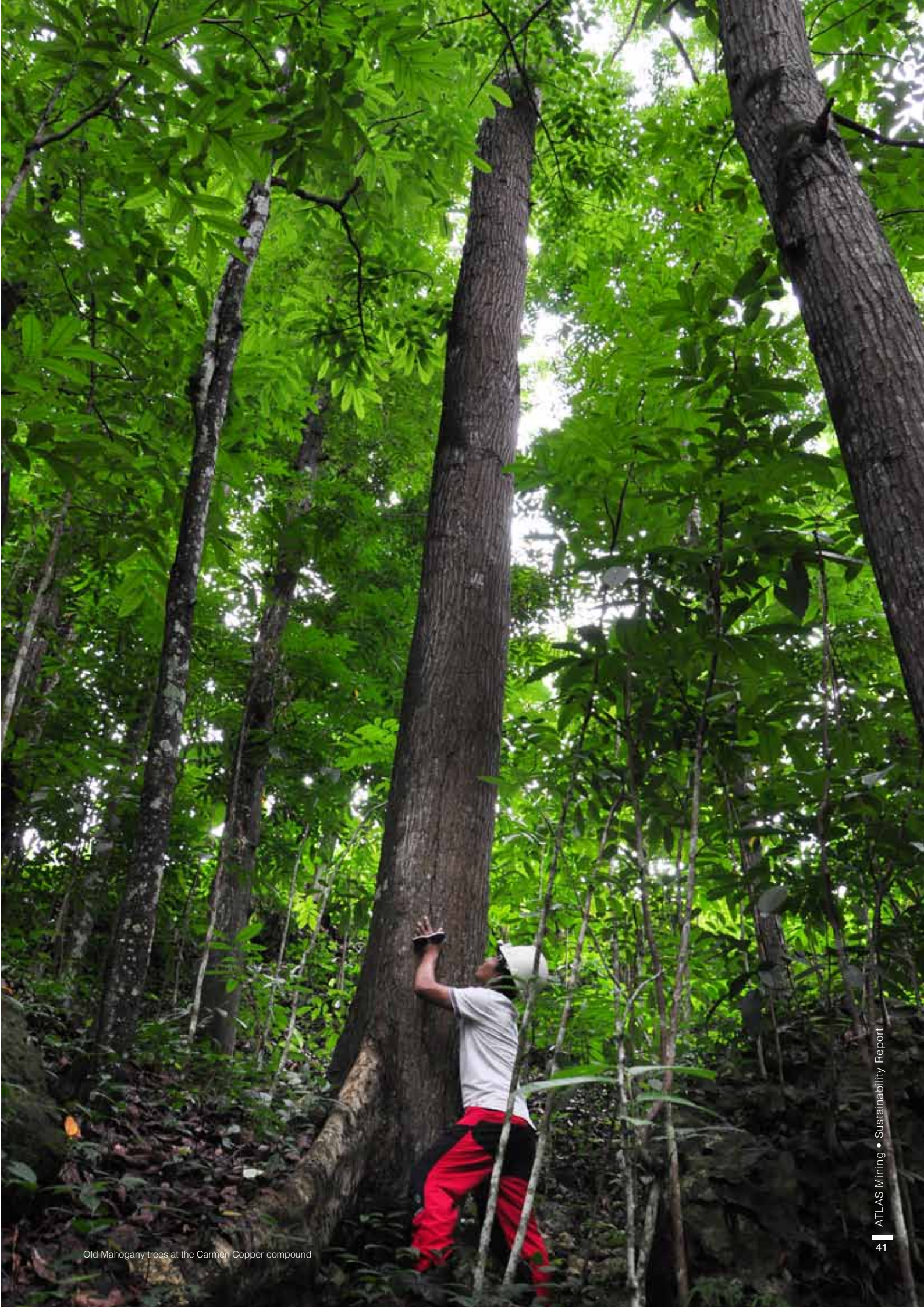
Resolving boundary issues is the direct responsibility of local government units although the DENR and the Department of Interior and Local Government (DILG) facilitate negotiations.

The grievance mechanism for cases of illegal structures and informal settlers involves amicable settlement at the barangay level. Carmen Copper strives to amicably resolve cases in the barangay level and only resorts to filing suits in the courts if no resolution is achieved at the barangay level.

There was a total of 12 land use disputes in 2013, of which 8 were illegal structure cases while 4 were informal settler cases. Of the 8 illegal structure cases, 5 were amicably settled while 3 are pending. On the other hand, for informal settler cases, 3 were resolved while 1 case is pending.



Jute bag-making



Old Mahogany trees at the Carmen Copper compound

CASE STUDY



50,000
SEEDLINGS



The humble tale of Bagakay Farmers

Boasting of an asset of more than Php229,000, there is no stopping Bagakay Farmers Association from growing.

Marciana Sabellano, 50, bruised her hands from clearing the weeds that started growing on the one-hectare banana plantation that will produce more than 7500 kilos of Lakatan banana in a year's time. If all goes well, its proceeds shall add to the growing riches of the Bagakay Farmer's Association (BFA) with current membership of 138 and counting.

The banana plantation was established in a Carmen Copper property in barangay Bagakay, a neighboring community. It was among the several projects granted by the company to BFA since the organization was formed in 2011.

BFA is one of five Carmen Copper-assisted People's Organizations in its host and neighboring barangays. BFA started with managing a plant nursery in a rented lot in barangay Loay, an adjacent barangay, until it was able to establish its own plant nursery in 2013.

The group earns from the nursery through contract-based plant nurserying scheme where Carmen Copper pays an amount

for every seedling produced. Today, with more than 50,000 seedlings on hand, it is one of the sources of seedlings for the company's rehabilitation and reforestation activities.

With some courage and determination, BFA took the challenge to manage more projects with the help of Carmen Copper. Early this year, they built a Carmen Copper-funded 10-bed vermicomposting facility that guaranteed them regular income every four months.

The banana plantation will soon yield harvest and a sure market for their produce already waits. To date, all of BFA-managed enterprises have generated more than 150 project-based employments.



Officers of the Bagakay Farmers Association tending the Banana Plantation



Bagakay Vermicomposting Facility



Clockwise from top: Bagakay Plant Nursery, Bagakay Barangay Hall and Concrete Spillway

In 2013, Carmen Copper donated an ambulance to the barangay to increase their mobility and improve its health services. In the same year, a concrete spillway was completed and turned over to the residents.

Monthly, Carmen Copper holds feeding activities for the children of Bagakay Elementary School. A school building will be constructed to address the

scarcity of classrooms due to the growing enrollees every year.

The association has established three bank accounts and acquired other assets that if combined, would exceed their initial asset size of Php229,000. With their innate management skills boosted by trainings provided by Carmen Copper, BFA has a lot of opportunities to grow.

ECONOMIC CONTRIBUTION

“We reaffirm our commitment to be a leading contributor to the growth of the Philippine economy and we strive to ensure that the best outcomes are delivered to all our stakeholders.”



As a reaffirmation of Carmen Copper being a significant contributor to local, national and international trade and business, the Bureau of Customs, Port of Cebu has again recognized Carmen Copper for being the No. 1. exporter and No. 2 importer in 2013. This had been a consistent recognition since 2010.

With record production and improved profitability, Carmen Copper is in a strong position to give back to its stakeholders as part of its goal of achieving long-term mutual benefits and realizing inclusive growth. Overall, its total economic contribution has been growing steadily since the resumption of its operations in 2008.

In 2013, Carmen Copper registered Php13.6 billion in revenues and Php9.7 billion in operating expenditures. Total taxes for 2013 amounted to Php1.4 billion (inclusive of input VAT, customs duties, excise taxes, local government taxes, and withholding taxes), with Php1.3 billion paid to the national government and Php88.1 million paid to the local government units.

Carmen Copper contributes to the economy through jobs and livelihood opportunities, taxes paid to the national and local governments, businesses generated by local suppliers, support for community development and public infrastructure programs.

The Company also contributed to the economy annual wages of Php799 million in 2013.

Local Suppliers

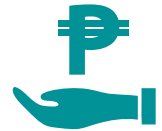
Carmen Copper demonstrates its strong investment in the community by sourcing its goods and services from local suppliers. In 2013, the Company's engagement with local suppliers increased to 85%, which is 5% higher than 2012.

Acquisition of goods, equipment and services are in accordance with the company policies to ensure quality and value for money.

All suppliers undergo pre-qualification and performance evaluation processes to ensure that suppliers align with Carmen Copper's business principles and policies.

PHP1.4 BILLION TAXES

Input VAT, customs duties, excise taxes, local government taxes, and withholding taxes.



General view of the CarCon 60KTPD Expansion



Clockwise from top left: Loading of copper ore, high-grade cleaner, tailing pipelines, ball mills and flotation cells

KEY SUSTAINABILITY DATA

SUSTAINABLE DEVELOPMENT

SUMMARY OF KEY PROJECTS For the year 2013

Location	Projects Implemented	Direct Beneficiary	Project Cost
1. DAS	<ul style="list-style-type: none"> 2- Storey Birthing Center Renovation of H.E. Building, P. del Rosario Elem. Sch. Lot Donation Cottage Industry Concreting & Various rehab works of DAS NHS 	<ul style="list-style-type: none"> Mothers in the Barangay Public Elementary Pupils Barangay DAS Coop Members Public HS Students 	<ul style="list-style-type: none"> Php1,522,364 474,058 1,462,500 109,900 853,814
2. Cantabaco	<ul style="list-style-type: none"> Community Stage Slope Stabilization, Apid Elem. School 	<ul style="list-style-type: none"> Barangay Residents Public Elementary Pupils 	<ul style="list-style-type: none"> 1,253,339 152,950
3. Biga	<ul style="list-style-type: none"> 1 Ambulance Unit 1 Community Bus Agri-based ventures Water System 	<ul style="list-style-type: none"> Barangay Residents Barangay Residents Coop Members Barangay Residents 	<ul style="list-style-type: none"> 684,821 4,403,000 443,167 479,025
4. Media Once	<ul style="list-style-type: none"> 1 Ambulance 2-classroom bldg. National High School Agri-based ventures 2-classroom bldg., Pandong Bato ES 	<ul style="list-style-type: none"> Barangay Residents Public Secondary Students Association Members Public Elementary pupils 	<ul style="list-style-type: none"> 684,821 1,550,198 313,747 2,021,812
5. Toledo City	<ul style="list-style-type: none"> 1 Ambulance Unit 1 L300 carry-all van 3 Motorcycles Cardio Life Support Training Perimeter Fence 	<ul style="list-style-type: none"> City Residents City Residents City Residents City Residents SSS-Toledo City 	<ul style="list-style-type: none"> 1,283,036 600,000 30,000 943,500 650,000
6. Loay	<ul style="list-style-type: none"> 1 Ambulance Agri-based ventures 	<ul style="list-style-type: none"> Barangay Residents Coop Members 	<ul style="list-style-type: none"> 684,821 339,368
7. Bagakay	<ul style="list-style-type: none"> 1 Ambulance Unit Concrete Spillway Agri-based ventures 	<ul style="list-style-type: none"> Barangay Residents Barangay Residents Barangay Residents 	<ul style="list-style-type: none"> 684,821 1,284,040 339,368
8. Gen Climaco	<ul style="list-style-type: none"> 1 Ambulance Unit 	<ul style="list-style-type: none"> Barangay Residents 	<ul style="list-style-type: none"> 684,821
MULTI LOCATIONS	<ul style="list-style-type: none"> Nurses health services, dispensing of OTC medicines, health, teachings High School and College Scholarships Socio-cultural, religious affairs assistance OJT Program 	<ul style="list-style-type: none"> Barangay Residents Deserving Students Barangay Resident College Students 	<ul style="list-style-type: none"> 1,572,640 440,045 1,702,525 1,036,031
TOTAL			Php28,684,534

SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM

	2013
Livelihood	Php2,827,563
Infrastructure	23,400,916
Education and Health	7,519,015
Information and Communication	7,162,623
Total	Php40,910,117

ENVIRONMENT

KEY ENVIRONMENTAL PARAMETERS

Parameters	2012	2013	Notes
Water Management			
Fresh Water Usage (in mcm)	19	16	Freshwater source from Malubog Dam
Recycled (in mcm)	35	23	Recycled water from Tailings Thickener overflows, Biga Tailing Storage Facility and from creeks
Total water usage	54	39	
Hazardouse Waste Management			
Used oil (in thousand liters)	146	479	Oil generated from preventive maintenance of heavy equipment and light vehicles.
Polychlorinated Biphenyls (in thousand liters)	19	19	Polychlorinated Biphenyls – Coolants of transformers
Air Emissions			
NOx (mg/NCM)	192	236	2013 record for NOx and SOx emission is based on readings from 2 units of Pielstick generators. Data of previous is based only on one Genset that explains the increase.
SOx (mg/NCM)	9	44	National Emission Standards for Source Specific Air Pollutants (NESSAP) SOx = 700 mg/NCM NOx = 2,000 mg/NCM
Energy Use			
Annual Energy (in million kwh)	289	323	
Monthly Energy (in million kwh)	24	26	

ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAM

ACTUAL EXPENSE	2013
Climate Change Mitigation/Adaption (includes nursery management and tailings disposal facility management)	Php34,971,467
Capital Outlay (includes waste management)	71,643,189
Environmental Maintenance (includes operation and maintenance of tailings disposal system and water sprinkling)	195,996,929
Research and Development	988,355
Monitoring Trust Fund (includes seminars, short courses, and mine cross-visits)	313,987
Total	Php303,913,927

KEY SUSTAINABILITY DATA

WORKPLACE HEALTH AND SAFETY

KEY SAFETY DATA

Accident Type/Rate	2012	2013
Non-Lost Time Accident	33	52
Lost-Time Accident	1	9
Frequency Rate	0.08	0.54
Severity Rate	31.34	738.70
Man-hours without Lost-Time Accidents	10,395,599	2,904,053

OUR PEOPLE

STATISTICS ON EMPLOYEE POPULATION

As of December 31, 2013

Particulars	2012	2013
Regular	3,000	3,819
Probationary	319	106
Project-based	530	692
Expats	3	4
Consultants	25	39
Total Workforce	3,877	4,660
No. of Male Employees	3,643	4,396
No. of Female Employees	206	221
Percentage of Employees hired from Toledo City	82%	84%
Youngest Employee	18	19
Oldest Employee	72	73
Total No. of Employees who are Members of the Bargaining Unit	2,050	2,746

EMPLOYEE TURNOVER RATE

As of December 31, 2013

Nature of Separation	Headcount
End of Contract	104
Resignation	71
Retirement	31
Discharged	30
Deceased	14
Medical Termination	2
Total	252

TOTAL TRAINING HOURS

As of December 31, 2013

Training hours	Technical	Behavioral
Ore Processing	3,318	978
Mine Operations	7,662	1,172
Site Support	2,891	693
SHE-ComRel (Safety, Health, Environment and Community Relations)	927	329
Commercial	962	530
Administration	3,242	675
Total 2013 Training Hours	19,002	4,377
Overall 2013 Training Hours	23,379	

CREDITS

Carmen Copper Corporation

Barangay Don Andres Soriano
Toledo City, 6038 Cebu, Philippines

Tel: +63 32 325-2215

Fax: +63 32 467-1288

Rodrigo C. Cal

Vice President and Resident Manager

Catherine C. Fontanoza

Legal Affairs and Compliance

Sofia P. Picardal

Corporate Communications

Sustainable Development

For sustainable
development-related concerns,
you may contact:

Reynaldo T. Conti

Safety

Christopher John W. Salcedo

Environment

Neil L. Papas

Community Relations

Email: sustainability@carmencopper.com

Atlas Consolidated Mining and Development Corporation

9th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City
1554 Metro Manila, Philippines

Tel: +63 2 584-9788

Fax: +63 2 635-4495

Investor Relations

For investor-related concerns,
you may contact:

Fernando A. Rimando

Vice President, Chief Financial Officer

Joanne M. Villanueva

Manager, Investor Relations

Tel No: +63 2 584-9788 local 129

Email: ir@atlasphilippines.com

For more information visit:

www.atlasmining.com.ph



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**CARMEN
COPPER
CORPORATION**

A Subsidiary of Atlas Consolidated Mining
& Development Corporation

Carmen Copper Corporation

Barangay Don Andres Soriano
Toledo City, 6038 Cebu, Philippines

www.atlasmining.com.ph