

## METALLIC MINERAL PRODUCTION VALUE DECLINES BY 14% IN H1 2020

Metallic mineral production value went down by 14.37% in H1 2020 from PhP62.92 billion in H1 2019 to PhP53.88 billion, a decline of PhP9.04 billion.

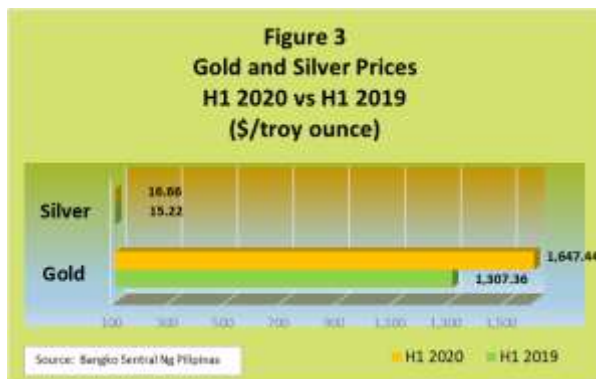
In terms of percent, contribution to the metallic production value nickel ore together with its nickel products, mixed nickel-cobalt sulfide and scandium oxalate ruled over the other metals accounting for 44.79% or PhP24.13 billion. Gold came in close second accounting for 41.51% or PhP22.12 billion. This was primarily due to the much-improved price of yellow metal in the world market from US\$1,307.36 per troy ounce in H1 2019 to \$1,647.44 per troy ounce, up by about US\$339 per troy ounce. Market analysts believed that gold prices would continue to go up given the current world economic situation. Meanwhile, nickel price also enjoyed a slight growth in H1 2020 from US\$12,316.06 per tonne in H1 2019 to US\$12,473.17 per tonne, an increase of US\$157.11. Copper took the third spot contributing PhP7.19 billion or 13.50%. Unlike with gold and nickel, the price of copper drop from US\$6,164.74 per tonne in H1 2019 to US\$5,496.36 per tonne in H1 2020, lower by US\$668.38. While combined mine output of silver and chromite accounted for less than 1% or PhP0.43 billion.

FIGURE 1. CONTRIBUTION OF METALS TO TOTAL METALLIC MINERAL PRODUCTION VALUE, IN BILLION PHP JANUARY-JUNE 2020

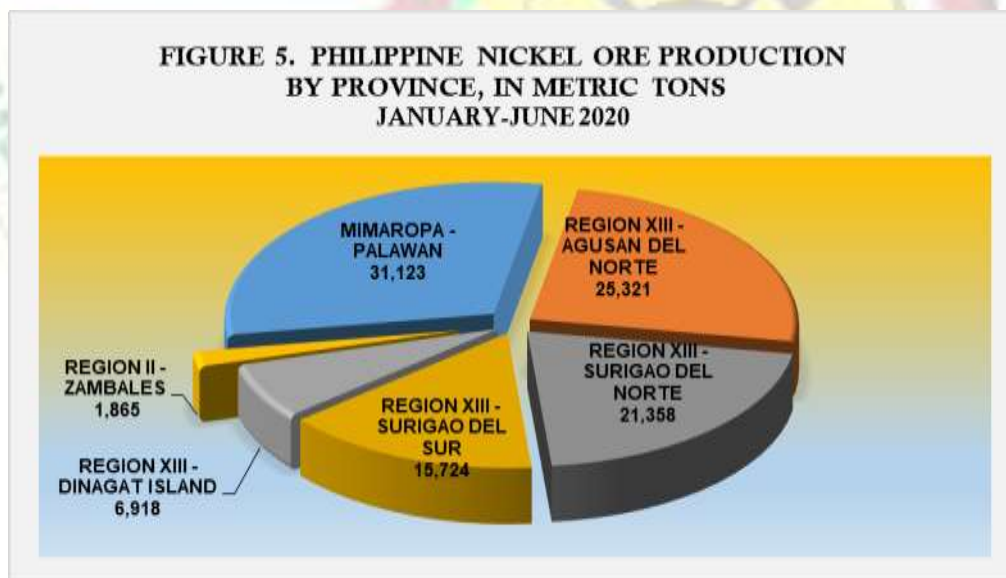


FIGURE 2. CONTRIBUTION OF METALS TO TOTAL METALLIC MINERAL PRODUCTION VALUE, IN BILLION PHP JANUARY TO JUNE 2019





Despite contributing the highest with 44.79% or PhP24.13 billion in the overall production value during the review period, nickel ore together with its nickel products suffered production-value setback from PhP27.86 billion in H1 2019 to PhP24.13 billion in H1 2020, respectively, more or less a loss of PhP3.73 billion. Nickel ore alone, incurred production volume and value shortfall of 28%, and 21%, respectively from 141,584 metric tons with an estimated value of PhP12.33 billion in H1 2019 to 102,310 metric tons with an estimated value of PhP9.76 billion H1 2020. With the exemption of six nickel projects, namely: (1) Rio Tuba Nickel Mining Corporation; (2) Adnama Mining Resources Inc.; (3) SR Metals Inc. (SRMI); (4) Agata Mining Ventures, Inc.; (5) Carrascal Mining Corporation; and (6) Marcventures Mining and Development Corporation, all the remaining nickel producers reported production-value deficits. It should be noted, that SRMI reported no production during the first semester in 2019 due to its care and maintenance status at that time. The distribution of nickel ore production in metric tons by province is as follows:



We expect, however, that production in the provinces of Surigao and Dinagat Island will at least pick-up or improve in the coming months since weather conditions will be more apt for mining operations. It is important to note, that of the 10 mining operations in

Dinagat Island only Cagdianao Mining Corporation and Libjo Mining Corporation reported production.

Mixed nickel-cobalt sulfide, likewise recorded lower output from 26,519 metric tons with an estimated value of PhP15.34 billion in H1 2019 to 25,306 metric tons with an estimated value of PhP14.22 billion, lower by 1,213 metrics and PhP1.12 billion. Taganito HPAL Nickel Corporation in Surigao del Norte accounted for 59% or 14,867 metric tons while Coral Bay Nickel Corporation in Palawan accounted for 41% or 10,440 metric tons. Incidentally, Taganito HPAL also produced scandium oxalate worth PhP152 million.

Output performance of gold, silver, and copper continued to be on the negatives with the absence of Didipio Gold-Copper Project of OceanaGold (Phils) Inc. (OGPI) located in Nueva Vizcaya. During its heyday, OGPI average annual contribution more or less to the country's mine output is as follows: 20% or 4,191 kilograms of gold; 24% or 7,003 kilograms of silver; and 25% or 20,575 metric tons of copper.

On the lackluster showing of gold, we saw production volume and value going down by as much as 27% and 10%, respectively from 11,252 kilograms with an estimated value of PhP24.52 billion in H1 2019 to 8,246 kilograms with an estimated value of PhP22.12 billion in H1 2020. Despite being down in production volume by as much as 27% or 3,006 kilograms, value only went down by 10%. The more upbeat gold price during the period resulted in the lesser decline in value vis-à-vis the decline in volume. The top two gold producers were Philippine Gold Processing Refining Corporation in Masbate with 2,909 kilograms valued at PhP7.72 billion or 35% and Mindanao Mineral Processing and Refining Corporation in Agusan del Sur with 1,454 kilograms valued at PhP3.95 billion or 18% of the overall gold production.

On copper production, of the three currently in the production-stream, Carmen Copper Corporation in Cebu dominated with 79% or 24,572 metric tons valued at PhP5.47 billion while in far second was Philex Mining Corporation with 6,142 metric tons valued at PhP1.67 billion. Total production volume and value were sluggish at 17% and 27%, respectively from 37,357 metric tons valued at PhP9.89 billion to 31,030 metric tons valued at PhP7.19 billion in H1 2020. The third producer was Lepanto Consolidated Mining Corporation (Quartz-Pyrite-Gold Project) with 316 metric tons valued at PhP0.42 billion.

Overall, the performance of the metallic sector was seriously dictated by the current happenings worldwide: (1) COVID 19 pandemic; (2) slow down economic activities; (3) upbeat/lethargic world metal prices; (4) limited and hampered mining operations. The country's traditional markets include China and Japan for nickel and copper; and Switzerland and Hongkong for gold.

## Philippine Metallic Mineral Production H1 2020 vs H1 2019

Value: In Pesos

Mineral Commodity	Unit Used	JAN-JUN, 2020		JAN-JUN, 2019		% Change	
		Quantity	Value	Quantity	Value	Quantity	Value
PRECIOUS METALS							
Gold	KGS.	8,246	22,121,512,783	11,252	24,515,064,639	(27)	(10)
Silver	KGS.	11,764	309,584,644	16,768	419,244,221	(30)	(26)
BASE METALS							
Copper Concentrate	DMT	124,239	7,191,355,759	156,745	9,889,405,410	(21)	(27)
Copper Metal Equivalent	MT	31,030		37,357		(17)	
Mixed Nickel-Cobalt Sulfide	DMT	43,794	14,221,685,060	46,073	15,344,247,621	(5)	(7)
Mixed Nickel-Cobalt Sulfide (Metal)	MT	25,306		26,519		(5)	
Scandium Oxalate	Dry-Kg	5,720	152,341,430	6,752	190,298,901	(15)	(20)
Nickel Direct Shipping Ore	DMT	8,210,676	9,757,101,060	11,306,982	12,328,442,419	(27)	(21)
Nickel Content of Ore	MT	102,310		141,584		(28)	
Chromite	DMT	13,021	123,952,370	21,231	232,527,226	(39)	(47)
TOTAL			53,877,533,106		62,919,230,436		(14.37)

On the local front, the “*Bayanihan to Heal as One Act*” paved the way for the Mines and Geosciences Bureau to issue a Memorandum dated March 27, 2020, authorizing the re-alignment of unutilized funds of Social Development and Management Program (SDMP) of the mining companies to Support Affected Impact and Non-Impact Communities due to COVID-19. Below is an infographic that summarizes the output of this undertaking.

