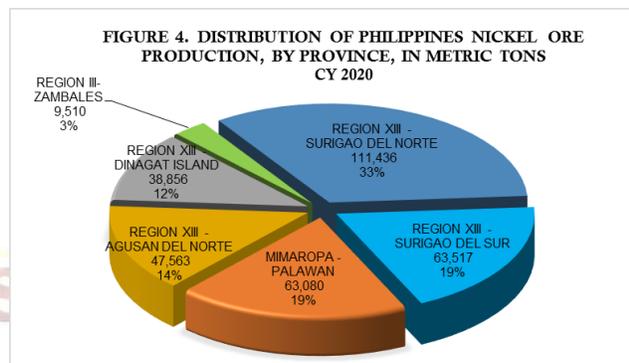
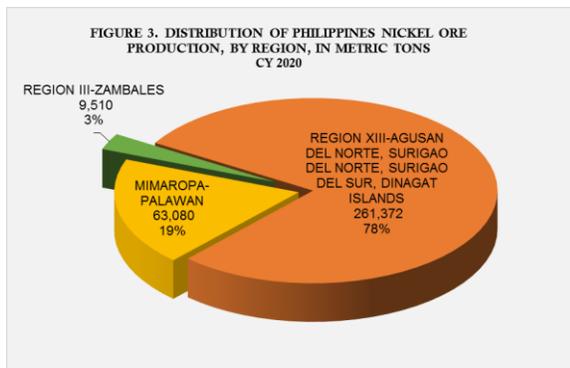


## METALLIC PRODUCTION VALUE ENDS THE YEAR ON A POSITIVE NOTE

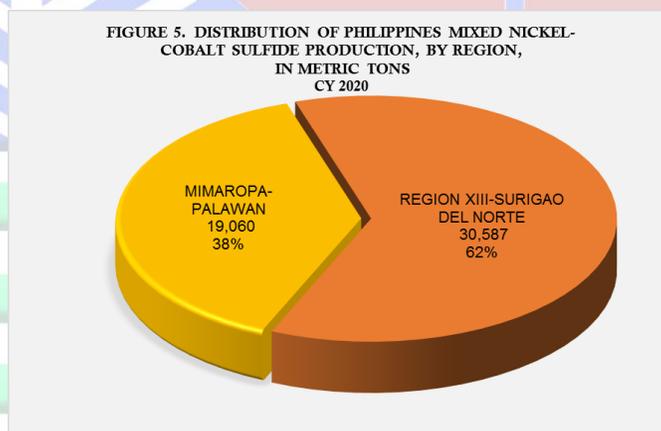
The metallic mineral production value ended the year on a positive note with a 1.13% gain from PhP130.74 billion in 2019 to PhP132.21 billion in 2020, a PhP1.47 billion increase. Nickel ore together with the nickel by-products - mixed nickel-cobalt sulfide and scandium oxalate ruled the production scene with PhP68.48 billion or 51.80%. Gold earned the second spot with PhP47.60 billion or 36.00%. Copper, on the other hand, was third accounting for PhP14.88 billion or 11.25%. While the shared value of silver, chromite, and iron amounted to PhP1.26 billion which was less than 1%.



Primarily it was direct shipping nickel ore that steered the local mining industry to this upswing. Production volume and value went up by 3% and 21%, respectively from 323,325 metric tons valued at PhP31.65 billion to 333,962 metric tons valued at PhP38.39 billion year-on-year. Of the 30 nickel mines, the key producers were Taganito Mining Corporation (TMC) with 67,324 metric tons, followed by Rio Tuba Nickel Mining Corporation (RTNMC) with 46,571 metric tons and in third was Platinum Group Metals Corporation with 32,848 metric tons. Mine output of TMC and RTNMC include nickel ores delivered to Taganito HPAL Nickel Corporation and Coral Bay Nickel Corporation, respectively. Noteworthy, 37% or eleven mining projects reported zero production of which eight were located in Dinagat Island, and one each from Isabela, Zambales, and Davao Oriental. The zero production was attributed to care and maintenance program and suspension by the government. Despite the current situation, this commodity had a good run due to favorable metal price and this was credited to the pandemic-induced supply disruptions, robust demand from China's stainless steel industry and possible lower supply due to Indonesia's export ban on nickel ore. Tight supply coupled with strong demand will naturally push prices to better levels. Next to Indonesia, the Philippines is the largest supplier of nickel ore to China. China was still the country's top export market for its nickel ore followed by Japan in 2020.



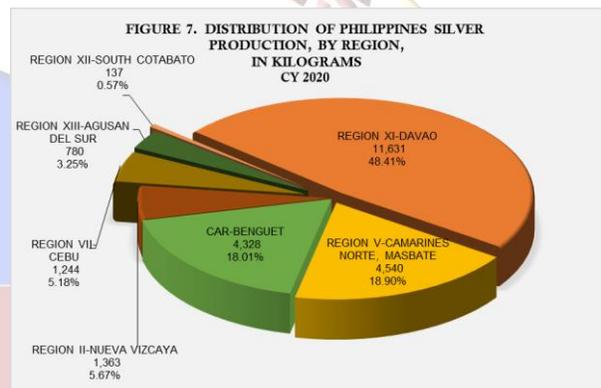
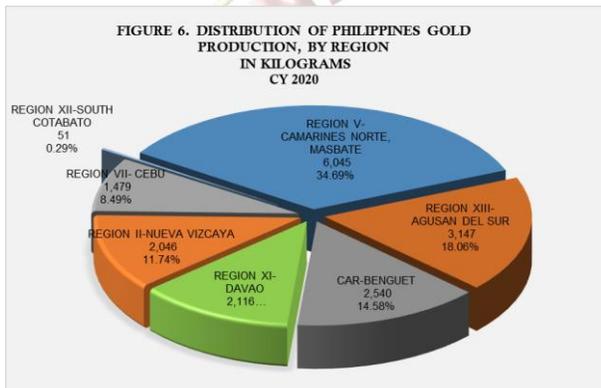
Mixed nickel-cobalt sulfide, recorded lower output and value from 51,144 metric tons with an estimated value of PhP31.70 billion to 49,647 metric tons with an estimated value of PhP29.76 billion, lower by 1,497 metric tons and PhP1.94 billion year-on-year. Taganito HPAL Nickel Corporation in Surigao del Norte accounted for 62% or 30,587 metric tons while Coral Bay Nickel Corporation in Palawan accounted for 38% or 19,060 metric tons. Incidentally, Taganito HPAL also produced scandium oxalate worth PhP337 million. Said commodity was sold to Japan.



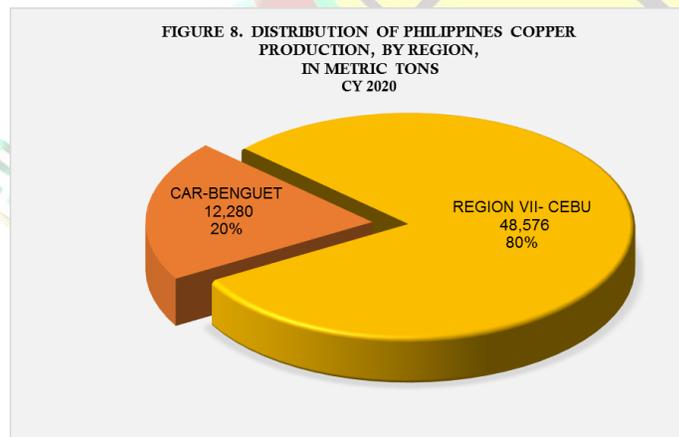
Mine output of gold, silver, and copper continued to be on the downswing with the absence of Didipio Gold-Copper Project of OceanaGold (Phils) Inc. (OGPI) located in Nueva Vizcaya. During its production years, the average annual contribution of the company to the country's mine output was as follows: 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 sluggish showing of mine production of gold and silver, we saw volume going down by as much as 16% and 23%, respectively. For gold from 20,646 kilograms to 17,424 kilograms year-on-year, a difference of 3,223 kilograms while silver decreased from 31,267 kilograms to 24,024 kilograms, a substantial 7,243 kilograms decline. Despite being down in production volume, the upbeat gold and silver price in 2020 curtailed the drop in value in relation to the decline in volume. Production value of gold grew by 1% from PhP47.36 billion to PhP47.60 billion year-on-year while silver declined

by 7% from PhP0.83 billion to PhP0.77 billion year-on-year. The top producer for gold was Philippine Gold Processing Refining Corporation in Masbate with 6,045 kilograms valued at PhP15.33 billion accounting for 35% of the country's total gold production. While Apex Mining Corporation in Davao led the local silver production with 11,631 kilograms or 48% valued at PhP0.38 billion. A positive development in 2020 was the entry in the commercial phase of Kematu Gold-Silver Project of Tribal Mining Corporation located in South Cotabato, in May 2020. The combined value of gold and silver of Tribal amounted to PhP145 million. We also saw the return to the production-scene of Johson Gold Mining Corporation total gold production amounted to PhP0.68 million.



On copper production, of the three currently in the production-circle, Carmen Copper Corporation in Cebu dominated with almost 80% or 48,576 metric tons valued at PhP11.19 billion while in far second was Philex Mining Corporation with 11,964 metric tons valued at PhP3.65 billion. Total production volume and value were lackluster at 18% and 19%, respectively from 71,892 metric tons valued at PhP18.46 billion to 60,856 metric tons valued at PhP14.88 billion. The third producer was Lepanto Consolidated Mining Corporation (Quartz-Pyrite-Gold Project) with 316 metric tons valued at PhP0.42 billion.



In 2020, metal prices, remain to be the silver lining amid the COVID-19 pandemic for the minerals sector. The impact of the pandemic differs across various market commodities from agriculture, energy, metals & mineral prices. For metals, we saw that prices were higher than their pre-pandemic levels. Experts said that the upward trend for precious metals gold and silver was attributed to “depreciation in the U.S. Dollar and lower interest rate”. Gold recorded an average price of US\$1,770.21 per troy ounce from US\$1,390.91 per troy ounce year-on-year, an increase of US\$379.30 or 27%. The gold price achieved heights not seen in the history of the commodity. In 2020, price levels were all beyond the US\$1,500 mark and have been ranging from US\$1,558.25 per troy ounce recorded in January 2020 up to as high as US\$1,971.08 per troy ounce recorded in August 2020. Silver likewise went up by 27% from US\$16.15 per troy ounce to US\$20.45 per troy ounce in 2020. It should be noted, that the improved level of metal prices in 2020 cushioned an otherwise bigger deficit in the country’s mineral production value. With the exemption of nickel ore, all metallic commodities incurred a production volume shortfall in 2020.



Given the pressing developments in the global and local scenes, the outlook for 2021 for the minerals industry remains uncertain as the COVID-19 pandemic continues to be a threat to lives and livelihoods. Operations in mining continue but were hampered when quarantines/lockdowns were imposed due to new COVID-19 positive cases in the area. When this happens the companies have no recourse but to reduce total man-hours and manpower or worst impose lockdowns to comply with the health protocol set by the local and national government. During lockdowns economic activities in the area suffers since movement of people and equipment/supplies are restrained.

Also seen to affect the performance of the local minerals sector this year is the continued non-production of a number of mining operations due to environmental related issues or mine imposed non-operations due to unfavorable weather conditions, and/or care maintenance status. It is important, to note that during the last quarter of 2020 the country was severely hit by strong typhoons Rolly, Ulysses, and Vicky. Another factor that will have a telling impact on the performance of the industry this year is the non-production of a major producer of copper, gold, and silver OGPI, located in Nueva Vizcaya.

Still on the local front, in 2020 the production loop was composed only of 18 nickel mines, eight (8) gold mines with silver as by-product, three (3) copper with gold and silver as by-products, one (1) chromite mine, one (1) iron mine, two (2) nickel processing plant, two (2) gold processing plants, and small-scale chromite mining operations. Not included in the total number were mining operations with reported zero production. We are hoping that as the year progresses new mining projects will enter the production-stream and those mining operations that recorded zero production in 2020 will resume operations to inject the much needed lift to the minerals sector.

The boon or bane of the minerals sector this year is seen to be the following: (1) metal prices; (2) the strength of the peso over the US dollar; (3) the duration and intensity of the COVID-19 pandemic with consideration to the new strains that is going around which is believed to be more infectious; (4) accessibility of the vaccine; (5) fuel prices; (6) the mining companies manner/strategy in adapting and responding to this new normal; and last but not the least (7) policy support given by the government to mitigate the impact of the COVID-19 pandemic in terms of tax reforms, ease of doing business, and foreign investment.

Philippines Metallic Mineral Production  
2020 vs 2019

Mineral Commodity	Unit Used	JAN-DEC, 2020		JAN - DEC, 2019		% Change	
		Quantity	Value (In PhP)	Quantity	Value (In PhP)	Quantity	Value
Gold	KGS.	17,424	47,596,135,758	20,646	47,357,070,332	(16)	1
Silver	KGS.	24,024	770,498,845	31,267	827,269,356	(23)	(7)
Copper Concentrate	DMT	242,075	14,879,871,611	296,997	18,456,262,112	(18)	(19)
Copper Content of Concentrate	MT	60,856		71,892		(15)	
Mixed Nickel-Cobalt Sulfide	DMT	85,723	29,759,438,185	88,814	31,700,955,961	(3)	(6)
Mixed Nickel-Cobalt Sulfide (Metal)	MT	49,647		51,144		(3)	
Scandium Oxalate	Dry-Kg	12,868	337,272,126	12,854	358,356,578	0	(6)
Nickel Direct Shipping Ore	DMT	27,170,487	38,387,000,785	26,212,124	31,653,009,469	4	21
Nickel Content of Ore	MT	333,962		323,325		3	
Chromite	DMT	35,112	299,052,011	36,423	390,566,251	(4)	(23)
Iron Ore	DMT	42,795	185,884,672	0	0		
TOTAL			132,215,153,994		130,743,490,059		1.13