



## YEAR END REVIEW FOR CY2019: DECREASES IN PRODUCTION INCREASE CHALLENGES FOR THE CORDILLERAN MINING INDUSTRY

Increasing challenges meet the miners of the Cordillera with the decreased metallic production for the year ended 2019. Decrease in metallic production value resulted from the reduced production of gold and silver due to lower grade sources and lesser operating days of mining companies in the region.

To date, four (4) companies continue with their large-scale mining operations namely: Padcal Copper-Gold Mine of Philex Mining Corporation, Victoria Gold Mine of Lepanto Consolidated Mining Company, Benguet Corporation's Acupan Contract Mining Project and Itogon Suyoc Resources, Inc.

### MINERAL PRODUCTION

The total metallic production value in the Region decreased by 15.76%, from ₱11.7 Billion to ₱9.8 Billion year-on-year, or a decrease of ₱1.8 Billion in spite of the maintained high world metal prices.

Gold incurred both volume and value deficits of 19% and 13.95%, respectively, from 3,119 Kg to 2,524 Kg, valued at ₱6.6 Billion to 5.7 Billion. Silver on the other hand also posted decreases in both volume and value, 10.29% and 13.27% respectively, from 5,235 Kg to 4,696 Kg valued at ₱129 Million to ₱112 Million. The decrease in gold and silver production was due to lower grade sources and lesser operating days from the four operating large scale mines in the region.

The quantity and value of copper also went down by 4.22% and 4.12%, from 71,184 DMT to 65,588 DMT valued at ₱4.7 Billion to ₱3.8 Billion, respectively. The decrease in copper production was due to lower copper head grades despite the higher tonnage milled from Lepanto Consolidated Mining Company' Copper-QPG Project and Philex Mining Company's Cu-Au Project.

Sand and Gravel registered decreases in volume and value, down by 26.86% and 22.72%, respectively as reflected in the very low turnout of field reports coming from the Local Government Units.

### MINERAL SALES/EXPORTS

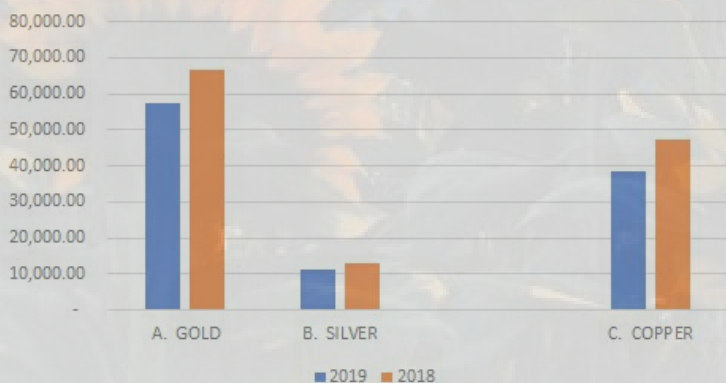
Gold and copper exports from the region posted decreases for both volume and value. Gold registered a decrease by 16.73% and 9.37% respectively, from US\$ 113 Million to US\$102 Million. Copper exports on the other hand was down from 5.68% and 8.12% respectively from US\$ 79 Million to US\$ 73 Million. However Silver posted an increase of 16.16% in volume and 33.07% in value from US\$ 2.03 Million to US\$ 2.7 Million in 2019.

Table 1. Metallic and Non-Metallic Mineral Production/Sales by Mining Companies in CAR for CY 2018-2019

Commodity	Unit	2019						2018					
		PRODUCTION			LOCAL SALES/EXPORTS			PRODUCTION			LOCAL SALES/EXPORTS		
METALLIC Production		Quantity	Value P	Quantity	Value P	Value US \$	Quantity	Value P	Quantity	Value P	Value US \$		
A. GOLD		2,525	5,753,783,597	2,398	5,328,984,236	102,736,453	3,119	6,686,401,626.00	2,880	5,923,663,453	1,076,310,425		
		LOCAL SALES											
			251	539,721,102	11,193,384				302	648,745,343	12,516,501		
B. SILVER		4,696	112,089,554	5,634	161,316,583	2,705,911	5,235	129,245,289.69	4,851	900,159,455	2,072,546		
C. COPPER	Concentrate DMT	65,588	3,840,838,818	15,747	231,657,270	73,099,233	71,184	4,754,686,391.00	69,283	4,722,417,857	79,561,339		
NON-METALLIC Production													
A. QUICKLIME	MT	8,615	95,965,297	6,721	74,489,828		8,995	92,184,172.00	7,263	75,505,309			
B. SLAKED LIME	MT	2,433	29,280,959	2,432	29,838,102		1,672	15,275,018.00	1,702	15,614,932			
C. LIMESTONE	MT	19,710	9,558,243										
D. SAND AND GRAVEL	Cu.M	232,092	52,745,693	241,695	54,611,729		317,347	68,250,774.00	417,964	96,858,852			
	TOTAL	9,894,262,161		6,420,616,850		189,734,980		11,746,043,271		12,382,965,201	1,170,460,811		

source: Mines and Geosciences Bureau-CAR

Figure 1. Metallic Mineral Production in CAR, CY 2018-2019





## METAL PRICES

In 2019 one troy ounce of gold had an annual average price of US\$ 1,393.34 18.83% annual change. After remaining subdued at US\$ 15.71 per troy ounce in 2018, silver prices saw an uptick in 2019 with prices closing to US\$ 16.22 per troy ounce, with 15.36% annual percentage change. Silver has had its fair share of volatility in the last ten years, with prices ranging from US\$ 14 per troy ounce to US\$ 50 per troy ounce between 2009-2018. As one of the most versatile metals, the significant decrease in copper prices signifies that demand has slowed down, from US\$2.93 per pound to US\$ 2.72 per pound in 2019.

Gold Prices - Historical Annual Data

Year	Average Closing Price	Annual % Change
2019	\$1,393.34	18.83%
2018	\$1,268.93	-1.15%
2017	\$1,260.39	12.57%

Silver Prices - Historical Annual Data

Year	Average Closing Price	Annual % Change
2019	\$16.22	15.36%
2018	\$15.71	-9.40%
2017	\$17.07	7.12%

Copper Prices - Historical Annual Data

Year	Average Closing Price	Year Low
2019	\$2.7218	\$2.5280
2018	\$2.9333	\$2.5600
2017	\$2.8128	\$2.4890

## EMPLOYMENT

Direct jobs from the mining industry significantly decreased with 1,544 losing their jobs which translates to at least twenty percent (19.71%). Employment in 2018 was 7,832 and drastically decreased in 2019 with 6,288. While estimates vary, it is conservatively projected that for every basic job in the mines, about four ancillary/indirect jobs may be generated in the upstream and downstream sectors.

## SOCIAL DEVELOPMENT AND MANAGEMENT PROGRAM

The total amount committed by mining companies in the region for the development of their host and neighboring communities through approved Social Development and Management Program (SDMP) is ₱164 million which is higher by ₱12 million from the previous year's ₱152 million. SDMP refers to the comprehensive 5-year plan of the Contractor authorized to conduct actual mining and milling operations towards the sustained improvement in the living standards of the host and communities by creating responsible, self-reliant and resource-based communities capable of developing, implementing and managing community development programs, projects, and activities in a manner consistent with the principle of people empowerment.

### Community Development Plan.

For CY 2019, the amount committed by companies with exploration permits totaled to a meager amount of six million seven hundred thousand pesos (6.7M) compared to the previous year's sixteen million (16M). Community Development Plan (CDP) refers to the two-year plan of the contractor for the development programs of the host community.

## ENVIRONMENT PROTECTION AND MANAGEMENT

The total amount committed for the implementation of projects/activities under the Environmental Protection and Enhancement Program (EPEP) is down to ₱405 million from the previous year's ₱473 million. EPEP refers to the comprehensive and strategic environmental management objectives, criteria and commitments including protection and rehabilitation of the disturbed environment.