

YEAR ENDER REVIEW CY 2018
THE CONTINUING CHALLENGE FOR THE MINING INDUSTRY
IN THE CORDILLERAS

The challenge for the mining industry in this region continues with the year ending with a downtrend in mineral production. These challenges, however, continue to breed resiliency among all stakeholders of the industry.

To date, four (4) companies are still engaged in 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 12.64%, from ₱11.8 Billion to ₱10.3 Billion year-on-year, or a decrease of ₱1.5 Billion in spite of the maintained high world metal prices.

Gold incurred both volume and value deficits of 9.27% and 6.22%, respectively, from 3,436 Kg to 3,118 Kg, valued at ₱7.1 Billion to 6.6 Billion. This performance of the yellow metal was due to lower tonnes mined from the four operating large-scale mines in the region. On the other hand, silver posted significant increases in both the volume and value of 50.79% and 36.495, respectively, from 3,353 Kg to 5,5057 Kg.

The quantity of copper went down by 15.12%, from 65,299 DMT to 55,423 DMT valued at ₱4.6 Billion to ₱3.5 Billion, respectively, despite the resumption of the Enargite Project of Lepanto Consolidated Mining Company. The decrease in metal production and recoveries were affected by low head grades and lower operating days.

Sand and gravel registered decreases in volume and value, down by 55.22% and 79.18%, respectively as reflected in the very low turnout of field reports coming from the Local Government Units.

The average world metal prices of gold silver and copper went up in 2018 as compared to 2017. Gold was up with 6.45% increase from \$1,238.46/tr.oz to \$ 1,318.33/tr.oz on a year-on-year. Copper has a 20.70% gain from \$2.58/lb to \$ 3.12/lb.

Table 1. Mineral Production by Commodity in CAR for CY 2018-2019

Mineral Commodity/ Mineral Products	2017		2018		Growth Rate	
	Qty	Value (₱)	Qty	Value (₱)	Qty	Value (₱)
GOLD (Kg)	3,436.92	7,101,587,271.18	3,118.17	6,659,699,633.62	- 9.27	-6.22
SILVER (Kg)	3,353.97	91,017,305.65	5,057.41	124,233,201.91	50.79	36.49
Total		7,192,604,576.83		6,783,932,835.53		-5.68
Copper Concentrate (DMT)	65,299.87	4,682,113,790.00	55,423.94	3,589,484,480.00	- 15.12	-23.34
Total		4,682,113,790.00		3,589,484,480.00		
TOTAL METALLIC		11,874,718,366.83		10,373,417,315.53		-12.64
Quicklime (MT)	9,380.08	76,205,755.38	8,995.00	92,184,172.00	- 4.11	20.97
Slakelime (MT)	54.00	350,284.00	1,672.00	15,184,172.00	2,996.30	4,234.82
Total		76,556,039.38		107,368,344.00		
Sand and Gravel (Cu.M.)	1,148,824.00	577,140,646.00	514,406.25	120,143,640.00	- 55.22	-79.18
Total	1,148,824.00	577,140,646.00	514,406.25	120,143,640.00		

Figure 1. Gold and Silver Production. Value in CAR for. CY 2017-2018

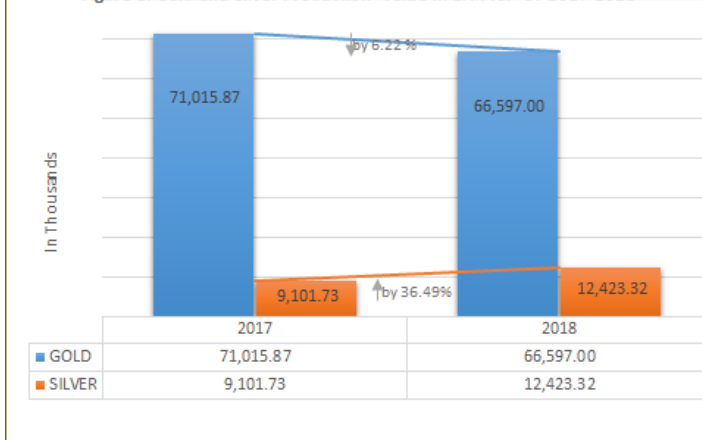


Figure 2. Copper Value in Thousands in CAR, CY 2017-2018

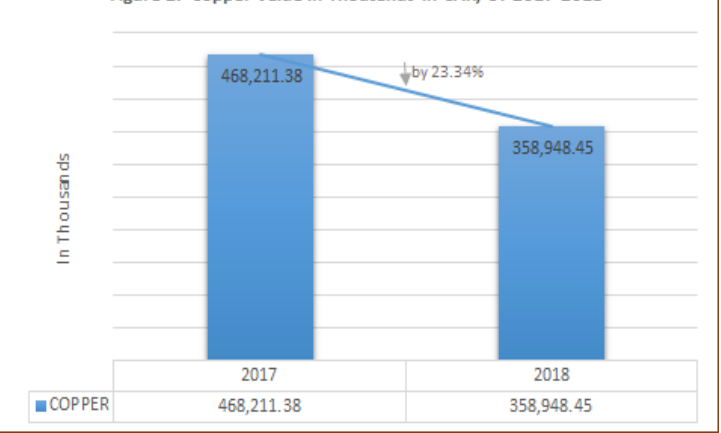


Figure 3. Gold and Silver Price, 2018 vs 2017 (US \$/troy ounce)

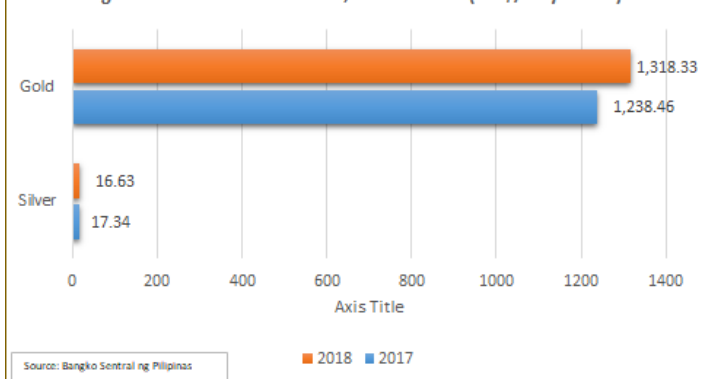
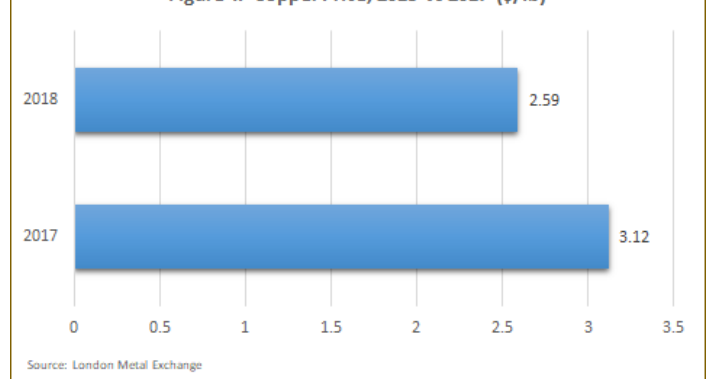


Figure 4. Copper Price, 2018 vs 2017 (\$/lb)



EMPLOYMENT

Direct jobs from the mining industry minimally increased by nine per cent (8.88%), with total employment of 7, 193 in 2017 to 7,832 this year. 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 ₱152 million which is lower by ₱68 million from the previous year's ₱220 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

The amount of sixteen million pesos (₱ 16 Million) is one million pesos lower from 2017's seventeen million pesos (₱17 Million) has been committed by companies with exploration permits. 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 approved plans/programs/projects/activities under the Environmental Protection and Enhancement Program (EPEP) is down to ₱473 million from ₱712 million previously. EPEP refers to the comprehensive and strategic environmental management objectives, criteria and commitments including protection and rehabilitation of the disturbed environment.