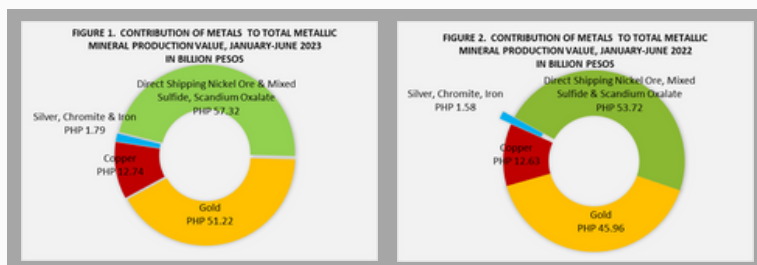


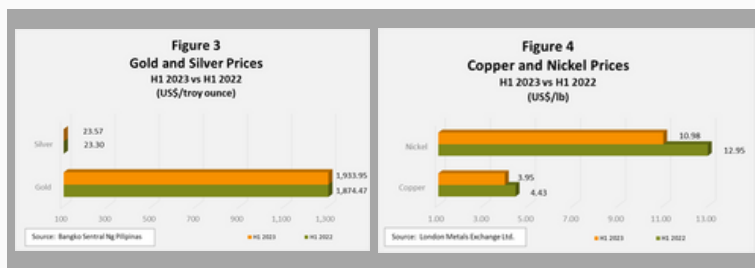
NICKEL AND NICKEL PRODUCTS LEADS IN H1 2023

Metallic mineral production value remained robust in H1 2023 with an 8.06% growth from PhP113.89 billion in H1 2022 to PhP123.07 billion, a difference of about PhP9.18 billion. This positive movement was attributed to the upstanding performance of gold and nickel.

In terms of contribution to the total metallic mineral production value, nickel ore, nickel-cobalt mixed sulfide and scandium oxalate led with PhP57.32 billion or 46.57%. while gold took the second spot with 41.62% or PhP51.22 billion. Copper came in third with 10.35% or PhP12.74 billion. The collective values of silver, chromite, and iron ore accounted for about 1.46% or PhP1.79 billion of the total production value.

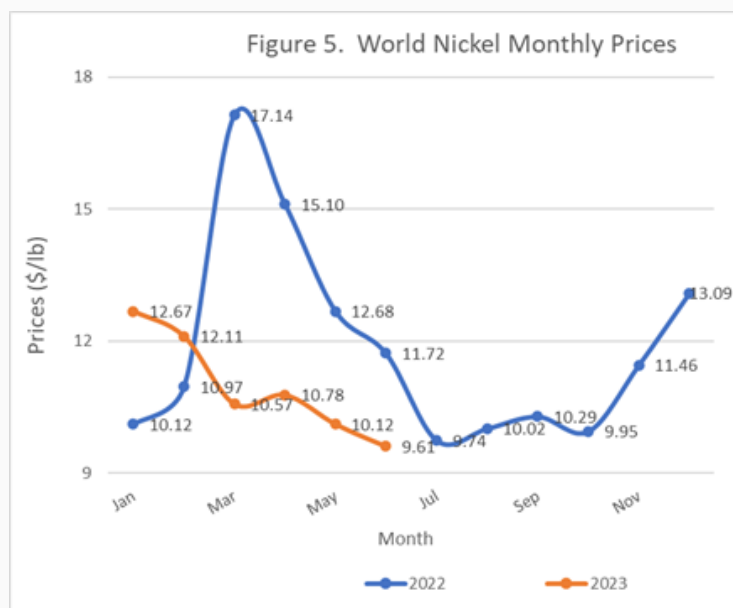


In terms of metal prices, precious metals gold and silver went up by 3.17% and 1.18%, respectively. Gold prices realized a US\$59.48 markup from US\$1,874.47 per troy ounce in H1 2022 to US\$1,933.95 per troy ounce in H1 2023. While, silver gained US\$0.27 from US\$23.30 per troy ounce to US\$23.57 per troy ounce, year-on-year. However, base metals, nickel, and copper posted declines during the period at 15.27% and 10.73% respectively.



Despite the sluggish nickel price in H1 2023, nickel ore, together with its nickel products, continued to dominate the production scene contributing more than 46.57% of the country's production value from PhP53.72 billion to PhP57.32 billion year-on-year, a PhP3.60 billion rise. Breaking it down further, nickel direct shipping ore accounted for PhP31.70 billion while nickel-cobalt mixed sulfide tendered PhP25.48 billion. Scandium oxalate made PhP0.14 billion. Taganito HPAL Nickel Corporation (THPAL) produces both nickel-cobalt mixed sulfide and scandium oxalate. Coral Bay Nickel Corporation (CBNC) only produces nickel-cobalt mixed sulfide.

Nickel ore production volume and value went up by about 40% and 18% from 12,013,110 dry metric tons with an estimated value of PhP26.82 billion to 16,865,887 dry metric tons with an estimated value of PhP31.70 billion year-on-year. The average nickel price for the period was lackluster at US\$10.98 per pound from US\$12.95 per pound, year-on-year, with a price variance of US\$1.98 per pound. Compared to the previous performance of prices H1 2023 levels were way below H1 2022.



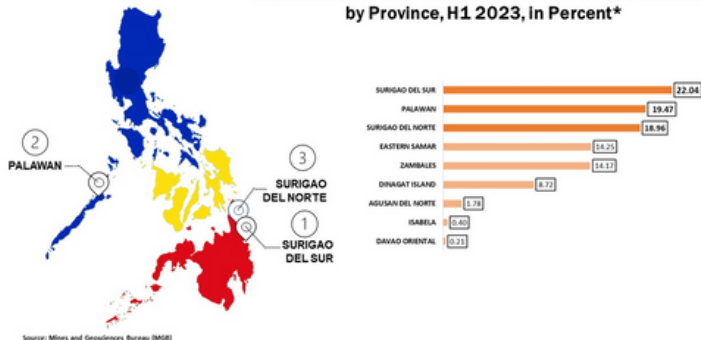
The top two producers for the first half were Taganito Mining Corporation (TMC) with 2,429,081 dry metric tons and Rio Tuba Nickel Mining Corporation (RTNMC) with 2,117,610 dry metric tons; TMC and RTNMC supply all the low-grade limonite ore feed requirements of THPAL and CBNC plants, respectively. The limonite ores delivered to THPAL and CBNC were included in the total ore production of TMC and RTNMC. Total limonite ore delivered to CBNC by RTNMC was 1,485,597 dry metric tons while TMC delivered 969,475 dry metric tons to THPAL which is about 70% and 40% of the total nickel ore first half production of RTNMC and TMC, respectively.

In terms of ore production, the top three Provinces were, Surigao del Sur with 3,717,743, followed by Palawan with 3,284,362 dry metric tons, and Surigao del Norte took the third position with 3,197,136 dry metric tons. Kafugan Mining Inc. is the new addition to the roster of nickel producers in Surigao del Sur accounting for 707,750 dry metric tons. Currently, there are five (5) nickel projects in Surigao Del Sur, three (3) in Palawan and four (4) in Surigao del Norte. And of the 33 listed operating nickel projects, 25 reported productions, and eight had zero production.



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**Contribution to Total Nickel Ore Production
by Province, H1 2023, in Percent***



Production volume and value of the yellow metal were up by 3% and 11% from 14,670 kilograms with an estimated value of PhP45.96 billion to 15,102 kilograms with an estimated value of PhP51.22 billion. The top three producers were Philippines Gold Processing and Refining Corporation (PGPRC) in Masbate with 3,010 kilograms with an estimated value of PhP10.35 billion followed by OceanaGold (Phils) Inc. (OGPI) in Nueva Vizcaya with 1,828 kilograms with an estimated value of PhP6.22 billion and FCF Minerals Corporation also in Nueva Vizcaya with 1,443 kilograms with an estimated value of PhP4.97 billion. Both OGPI and FCF are holders of Financial or Technical Assistance Agreement. The price of gold was impressive at US\$1,933.95 per troy ounce in contrast with last year's H1 average price of US\$1,874.47 per troy ounce, up by US\$59.48 per troy ounce. Another positive development was the increase in the Bangko Sentral Ng Pilipinas (BSP) gold purchases volume and value by 11% and 21% respectively from 3,686 kilograms with an estimated value of PhP11.59 billion to 4,103 kilograms with an estimated value of PhP13.99 billion, year-on-year. This includes BSP purchases from Benguet Corporation - Acupan Contract Mining Project, Loacan Itogon Pocket Miners and the 25% gold dore production of OGPI. Currently, BSP has five strategically established buying stations located in Baguio City, Davao City, Naga City, Zamboanga City and Quezon City. No purchases were made at the Zamboanga City buying station during the review period.

For silver, production volume and value declined by 12% and 11% respectively from 26,635 kilograms with an estimated value of PhP1.04 billion to 23,316 kilograms with an estimated value of PhP0.93 billion, year-on-year, down by 3,318 kilograms and PhP0.11 billion. While TVI Resource Development (Phils) Inc. still led in production with 8,940 kilograms, its silver output was lower by 24% or 2,766 kilograms compared to last year's output. Apex Mining Company Inc., which came in second, likewise incurred a 17% decline in production from 6,050 kilograms to 5,035 kilograms, year-on-year. Philippine Gold Processing & Refining Corporation which took the third spot on the other hand enjoyed a 22% increase from 2,708 kilograms to 3,301 kilograms, year-on-year. During the period, 11 mining projects recorded production.

Performance of the red metal was respectable as production volume and value recorded a 6% and 1% increase from 125,852 dry metric tons with an estimated value of PhP12.63 billion to 133,072 dry metric tons with an estimated value of PhP12.74 billion year-on-year. The growth was attributed to the 17% or 11,211 increase in the mine production of Carmen Copper Corporation from 65,189 dry metric tons to 76,399 dry metric tons, year on year. Production of Philex Mining Corporation and OceanaGold (Phils) Inc. diminished by 9% and 4%, respectively. Prices were lackluster during the period from US\$4.43 per pound to US\$3.95 per pound, down by US\$0.47 per pound.

Iron ore production volume and value, grew by 17% and 30% from 47,797 dry metric tons with an estimated value of PhP0.14 billion to 56,131 dry metric tons with an estimated value of PhP0.18 billion, year-on-year. Ore Asia Mining & Development Corporation located in Bulacan was the sole producer. Both the Leyte Ironsand Project of MacArthur Iron Projects Corp/Strongbuilt Mining & Development Corporation and Atrio Mining-Vitali Iron Inc. reported zero production.

On chromite production, volume and value went up by 20% and 73% from 39,522 dry metric tons with an estimated value of PhP0.39 billion to 47,449 dry metric tons with an estimated value of PhP0.68 billion year-on-year. Taganito HPAL Nickel Corporation had a good run with 43,038 dry metric tons with an estimated value of PhP0.64 billion. Techiron Resources Inc. declined with only 4,411 dry metric tons with an estimated value of PhP0.04 billion in H1 2023 from 5,646 dry metric tons with an estimated value of PhP0.05 billion in H1 2022.

In terms of mining taxes and fees paid to the National Government, during the first semester of 2023, the estimated excise tax collected is PhP3.25 billion while the estimated collection from the royalties derived by the government from the development and utilization of the mineral resources within the mineral reservation areas is about PhP932.02 million. Currently, we have 21 mining projects located within the mineral reservation areas, twenty nickel mining projects and a chromite mining project. Mineral reservations were established by the government mainly for the following reasons:

- Enable the government to advance wise and efficient disposition, development, utilization, and conservation of the country's mineral resources.
- The government may directly utilize the mineral resources or indirectly through operating agreements or contracts with qualified individuals; and
- Royalty share from the minerals/mineral products produced from Mineral Reservation areas exclusive of all other taxes accrues to the government.

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Under PD 463 and Republic Act 7942 not less than five (5%) percent of the market value of the gross output of the minerals/mineral products extracted" shall be the royalty accruing to the government. Further, both laws also provide that 10% of all royalties and revenues from mineral reservations shall accrue to the MGB to be allotted for "special projects and other administrative expenses related to the exploration and development of other mineral reservations. The remaining 90% shall be divided between the National Government (60%) and the Local Government (40%). The sharing of 40% shall be 20% for the Province, 45% for the Component City/Municipality, and 35% for the Barangay where the natural resources are located. The guidelines on the release of the share of LGUs are provided for under Joint Circular No. 2012-1 between the Department of Environment and Natural Resources (DENR), Department of Finance (DOF), Department of Budget and Management (DBM), and Department of the Interior and Local Government (DILG). Currently, the nine existing mineral reservation areas are:

MINERAL RESERVATION	LOCATION
1. Surigao Mineral Reservation (SMR)	Dinagat Island Province, Claver, Surigao del Norte, Adlay, Carrascal, Surigao del Norte
2. Zambales Chromite Mineral Reservation (ZCMR)	Municipalities of Masinloc, Sta. Cruz and Candelaria, Province of Zambales
3. Siruma White Clay Mineral Reservation	Municipality of Siruma, Province of Camarines Sur
4. Offshore Mineral Reservation Areas	All submerged lands within the contiguous zone and in the exclusive economic zone
5. Samar Bauxite Mineral Reservation	Samar Island
6. Ilocos Norte Feldspar Mineral Reservation (INFMR)	Caruan, Pasuquin, Ilocos Norte
7. Alicia Mineral Reservation	Alicia, Zamboanga del Sur
8. Biak-na-Bato (Marble) Mineral Reservation	D.R.T. , Bulacan
9. Mt. Diwata (Diwalwal) Gold Mineral Reservation	Monkayo, Compostela Valley

In line with this, the Mines and Geosciences Bureau (MGB) has also identified potential mineral reservation areas all over the country from 2024 onwards.

Still, on the local front, nickel ore production is expected to expand further as the MGB expects four (4) nickel mining projects to commence mining operations between 2023 to 2025 as part of the Priority Projects for Phase I & II. These are Zambales Chromite Mining Company, Inc., Macroasia Mining Corporation, Stagno Mining Corporation, and Aam-Phil Natural Resources Exploration and Development Corporation.

Table 1. Philippines Metallic Mineral Production, H1 2023 vs H1 2022

Mineral Commodity	Unit Used	JAN-JUN, 2023		JAN-JUN, 2022		% Change	
		Quantity	Value (Php)	Quantity	Value (Php)	Quantity	Value
Gold	KGS.	15,102	51,217,231,597	14,670	45,960,974,918	3	11
Silver	KGS.	23,316	930,506,769	26,635	1,041,042,318	(12)	(11)
Copper Concentrate	DMT	133,072	12,741,096,568	125,852	12,627,740,627	6	1
Nickel-Cobalt Mixed Sulfide	DMT	39,319	25,481,584,094	39,791	26,693,397,713	(1)	(5)
Scandium Oxalate (ScOX)	Dry-Kg	8,615	136,238,347	9,674	210,727,517	(11)	(35)
Nickel Direct Shipping Ore	DMT	16,865,887	31,701,913,029	12,013,110	26,817,377,632	40	18
Chromite	DMT	47,449	678,923,505	39,522	393,538,338	20	73
Iron Ore	DMT	56,131	184,917,320	47,797	142,652,507	17	30
TOTAL			123,072,411,229		113,887,451,572		8.06