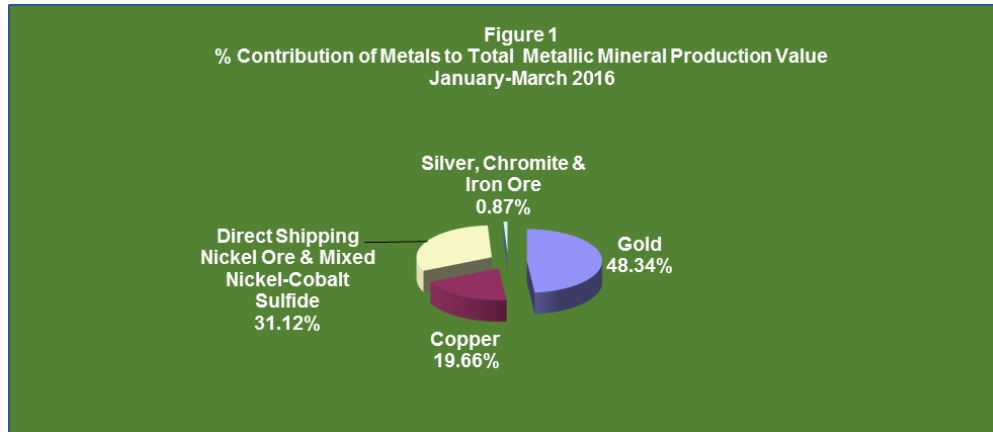


Q1 metallic production value down by 12% on soft metal prices

Metallic production value dipped from PhP24.98 billion in Q1 2015 to PhP22.09 billion in Q1 2016, down by 12%, or PhP2.89 billion. The sluggish first quarter performance was due to the persistent soft metal prices in the world market.



After dominating the production scene since 2012, nickel direct shipping ore and mixed sulfide succumbed the top spot to gold during the period. Gold accounted for 48.34% of the total production value, or a total of PhP10.68 billion. The Masbate Gold Project of Filminera Mining Corporation/Philippine Gold Processing and Refining Corporation in Masbate, and Didipio Gold Project of Oceana Gold Philippines Inc. in Nueva Vizcaya were at the frontlines with 1,640 kilograms and 1,456 kilograms, respectively.

Direct shipping nickel ore and mixed sulfide took the second spot with 31.12% share, or PhP6.88 billion, while copper came in third with 19.66% contribution, or PhP4.34 billion. The remaining 0.87%, or PhP0.19 billion, came from the combined values of silver and chromite. Ore Asia Mining and Development Corporation in Bulacan reported zero iron ore production during the period.

The slow start of mine production of direct shipping nickel ore for the year was attributed to the unfavorable weather condition that generally prevailed in the areas of Dinagat and Surigao Provinces. To date, 17 companies operate in the said provinces; 12 reported zero production for Q1 2016. A nickel mining operation, being surface mining, is always vulnerable to the weather condition.

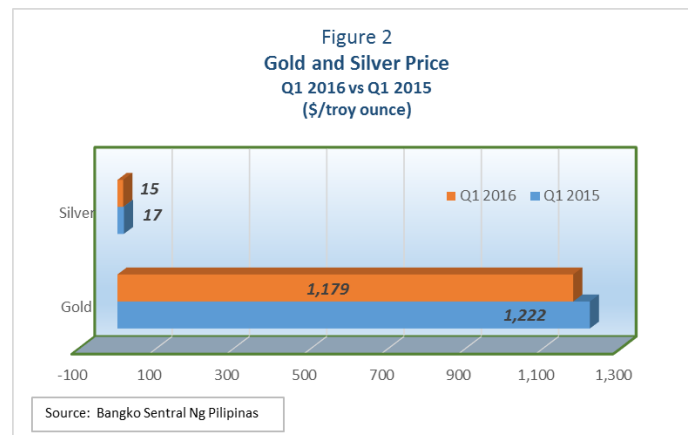
The top nickel mines in terms of production during the quarter were Rio Tuba Nickel Mining Corporation (RTNMC) and Taganito Mining Corporation (TMC) with 789,483 dry metric tons and 723,493 dry metric tons, respectively. Said mines are operated by Nickel Asia Corporation, the country's largest lateritic nickel ore producer. In addition, RTNMC exclusively supplies limonite ore to Coral Bay Nickel Corporation (CBNC) while TMC is the sole supplier of the limonite ore requirement of Taganito HPAL Nickel Corporation (THPAL). CBNC and THPAL are the only hydrometallurgical nickel processing plants in the country commissioned in 2005 and 2013,

respectively. Mixed sulfide of nickel and cobalt is the main product of the said plants. In Q1 2016 CBNC and THPAL produced 10,239 dry metric tons and 11,897 dry metric tons, respectively. The total output of the two plants was 22,136 dry metric tons, 10% lower than the 24,649 dry metric tons year-on-year.

The red metal, which accounted for almost 20%, or PhP4.34 billion, of the total metallic mineral production value in Q1 2016, enjoyed a 16%, or 12,585 dry metric tons, growth in mine output from 79,976 dry metric tons to 92,561 dry metric tons, year-on-year. Of the three copper mines in the country today, Toledo Copper Project of Carmen Copper Corporation in Cebu contributed 55%, or 50,838 dry metric tons, while in far second and last position were Didipio Copper-Gold Project of Oceana Gold Philippines Inc. in Nueva Vizcaya, and Padcal Copper - Gold Project of Philex Mining Corporation in Benguet Province with 23,919 dry metric tons and 17,804 dry metric tons, respectively. Despite the increase in production volume, value went down by 11%, or PhP544 million, from PhP4.89 billion to PhP4.34 billion year-on-year. The deficit was attributed to the lower copper price during the period from US\$2.64 per pound to US\$2.12 per pound, a US\$0.52 per pound deficit.

In terms of metal prices, precious metals gold and silver, and the base metals copper and nickel, all posted downward trend during the review period. The average price of the yellow metal registered a decline of 3.51% from \$1,221.87 per troy ounce to \$1,178.92 per troy ounce. Similarly, the white metal closed the first quarter with an average of \$14.84 per troy ounce, down by 11.48% from the \$16.76 per troy ounce year-on-year.

Similarly, the three-month averages for nickel and copper also went down by 40.88% and 19.71%, respectively. Nickel went down from \$6.52 to \$3.85 per pound while copper slipped from \$2.64 to \$2.12 per pound year-on-year.



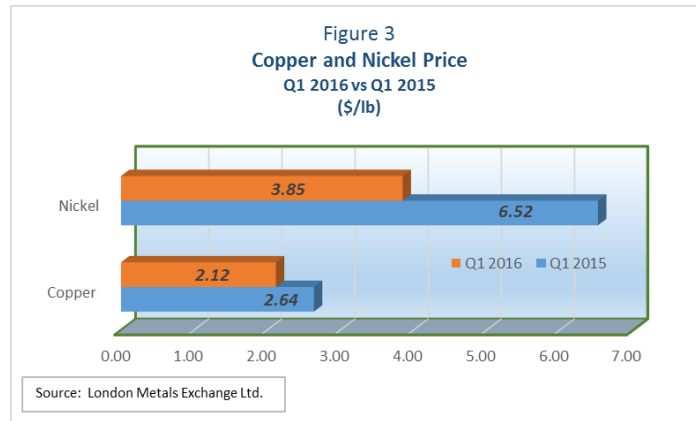


Table 1
Philippine Metallic Mineral Production
Q1 2016 vs Q1 2015

Value: In PhP

Mineral Commodity	Unit	JAN-MAR, 2016		JAN-MAR, 2015		% Change		
		Used	Quantity	Value	Quantity	Value	Quantity	Value
PRECIOUS METALS								
Gold	KGS.		5,890	10,680,783,819	5,147	8,749,250,593	14	22
Silver	KGS.		8,360	186,111,291	6,409	146,351,836	30	27
BASE METALS								
Copper Concentrate	DMT		92,561	4,343,321,014	79,976	4,887,722,492	16	(11)
Mixed Nickel-Cobalt Sulfide	DMT		22,136	3,804,690,381	24,649	5,031,131,851	(10)	(24)
Nickel Direct Shipping Ore	DMT		3,351,003	3,071,434,817	3,705,973	6,044,129,937	(10)	(49)
Nickel Content of Ore	MT		42,307		50,848		(17)	
Chromite	DMT		889	6,683,400	5,353	39,049,835	(83)	(83)
Iron Ore	DMT		0	0	36,061	85,113,071	(100)	(100)
TOTAL				22,093,024,722		24,982,749,615		(12)

Source: Mines and Geosciences Bureau