

## **PRESS RELEASE**

### **NICKEL ASIA CORPORATION ANNOUNCES Q1 2016 FINANCIAL AND OPERATING RESULTS**

#### **ALL FOUR NICKEL ASIA MINES APPROVED FOR ISO 14001 CERTIFICATION ON ENVIRONMENTAL MANAGEMENT SYSTEMS**

Taguig, May 11, 2016 - Nickel Asia Corporation (NAC) (PSE:NIKL) today announced its unaudited financial and operating results for the three months ended March 31, 2016 with an attributable net loss (net of minority interests) of P300.8 million as compared to a net income of P675.8 million reported during the same period last year. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P507.0 million compared to P1.56 billion in the prior year.

The bulk of the loss corresponded to the Company's share of the losses on its 22.5% equity interest in Taganito HPAL Nickel Corporation and its 10% equity interest in Coral Bay Nickel Corporation in the total amount of P225.9 million, accounted for under the equity method. The profitability of the two plants was affected by very low nickel prices realized during the period. Also contributing to the loss was the Company's share of the pre-operating losses of P39 million by its 66%-owned renewable power subsidiary, Emerging Power, Inc.

With respect to the Company's mining operations, the Company sold an aggregate 3.49 million wet metric tons (WMT) of nickel ore during this first quarter, the same volume sold in the first quarter of 2015. Typically, low sales volumes occur during the first quarter of the year since shipments at the Company's Taganaan and Cagdianao mines are either minimal or do not commence until the second quarter following the rainy season in the south of the country. While in the prior year these operations managed to commence shipments in the first quarter, no shipments were made this year.

Additionally, a strategic decision was made to push back shipments of higher-grade ore from the Company's Rio Tuba and Taganito mines in anticipation of better prices in the succeeding quarters – the bulk of the ore shipments were thus of the low-grade varieties. As a result, sales of the higher value saprolite ore dropped from 1.34 million WMT in the first quarter of last year to 745.5 thousand WMT this quarter, while sales of limonite ore increased from 2.15 million WMT last year to 2.74 million WMT. Included in the limonite sales volumes are ore sold to the two HPAL plants, which remained unchanged at about 2.0 million WMT.

In terms of price, the Company realized an average of \$3.85 per pound of payable nickel on its shipments of ore to the two HPAL plants during the first three months of the year. This compares to an average price of \$6.50 per pound of payable nickel sold during the same period last year. With respect to export sales, the Company achieved an average price of \$15.65 per WMT as against \$32.35 per WMT in 2015.

The much lower prices and the change in the mix of ore sold in the first quarter of this year resulted in a decline in revenues, from P3.12 billion in the first quarter of last year to P1.70 billion. The Company realized a modest attributable loss of P43.0 million from mining operations during this first quarter.

“The first quarter of 2016 was indeed extremely challenging. It was the worst quarter we've seen for nickel prices in 13 years”, said Gerard Brimo, President and CEO of the Company. “On a brighter note, supply tightness is also now being felt in the market, in

turn leading to some improvement in nickel ore prices. This is timely as we are now entering our peak shipment season, and we anticipate that our decision to push back shipments of the higher value saprolite ore will turn out to be correct,” Mr. Brimo added.

Total operating cash costs decreased by 17% during the first three months of the year to P1.34 billion from P1.61 billion in 2015, despite the Company achieving the same level of shipments in 2016. On a per WMT of ore sold, total operating cash costs decreased to P8.13 per WMT compared to P10.36 per WMT in 2015. The realized Peso / U.S. dollar exchange rate during the first quarter of the year was P47.14 compared to P44.44 during the same period last year.

The Company also reported that as of April 2016, following two stages of audit by a certifying entity, **all of its four operating mines** met the standards of compliance for the issuance of **ISO 14001 Certification for Environmental Management Systems**. Consequently, the certifying entity favorably endorsed the issuance of such Certifications.

“We are delighted that all of our mines will receive their ISO 14001 Certification and extend our appreciation to all those in the team that were involved in this process”, said Mr. Brimo.

Finally, the Company reported that its affiliate, Taganito HPAL Nickel Corp., has approved the construction of a plant to produce a Scandium intermediate product, which will be refined in Japan to recover Scandium Oxide. The plant, at a cost of about \$35 million, is expected to be operational in the 3<sup>rd</sup> quarter of 2018 at an initial production rate of about 7,500 kg. per year. Scandium is a rare earth element that is primarily produced in China and Russia, and is used as a Scandium-Aluminum alloy for aircraft manufacturing, as well as for the production of fuel cells and other specialty products. A very small percentage of Scandium is contained in the limonite ore that is being supplied by the Company’s Taganito mine to the HPAL plant, and its recovery is only possible through the leaching process in the plant.