

NICKEL ASIA CORPORATION ANNOUNCES 2016 FINANCIAL AND OPERATING RESULTS

Taguig City, March 15, 2017 – Nickel Asia Corporation (NAC; PSE:NIKL) today announced its audited financial and operating results for 2016 with attributable net income (net of minority interests) at P1.97 billion compared to P2.04 billion reported in 2015. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P5.69 billion compared to P6.51 billion in the prior year.

The Company's net income in 2016 is inclusive of a P413.7 million equity loss from its investment in both Taganito HPAL Nickel Corporation (THPAL) and Coral Bay Nickel Corporation. The equity loss is lower compared to the P811.4 million loss reported during the previous year as a result of reduced operating costs at THPAL and after the Company partially divested its interest in THPAL effective October 2016 from 22.5% to the current 10%. As a result of the partial divestment, the Company reported a gain of P239.6 million in 2016. The profitability of the two HPAL plants continues to be affected by low nickel prices that prevailed throughout the year.

With respect to mining operations, the Company sold an aggregate 19.3 million wet metric tons (WMT) of nickel ore in 2016 as against 19.7 million WMT in the previous year. The drop in shipment volumes was mainly the result of a delayed start of shipments from its Hinatuan and Cagdianao mines due to the prolonged rainy season and resulting sea swells in northeastern Mindanao, where the two mines are located, and a temporary reduction in the deliveries of limonite ore to the Taganito HPAL plant in the second quarter, while the plant was undergoing remedial work over a one-month period.

Of the total volume of ore shipped, 7.4 million WMT was saprolite ore and 11.9 million WMT was limonite ore, which includes 7.6 million WMT delivered to both the Coral Bay and Taganito processing plants. This compares to 7.1 million WMT, 12.6 million WMT and 7.8 million WMT, respectively, for 2015.

In terms of price, the Company realized an average of \$4.39 per pound of payable nickel on its shipments of ore to the two HPAL plants in 2016, the pricing of which is linked to the LME. This compares to an average price of \$5.36 per pound of payable nickel sold in 2015. With respect to export sales, the Company achieved an average price of \$20.77 per WMT compared to \$22.64 realized the prior year. On a combined basis, the average price received for sales of both saprolite and limonite ore in 2016 was \$14.51 per WMT, 10% lower than the prior year's \$16.11 per WMT.

Total operating cash costs decreased by 10% year-on-year to P7.61 billion from P8.49 billion in 2015. On a per WMT of ore sold, total operating cash costs decreased to P395 per WMT compared to P432 per WMT in 2015. The realized Peso / U.S. dollar exchange rate for ore sales was P47.38 in 2016 compared to P45.37 in 2015.

“We were faced with a very low nickel price for the second consecutive year, which hit a 13-year low early in 2016, said Gerard H. Brimo, President and CEO of the Company. “Notwithstanding this and its effect on the profitability of the processing plants, the Company managed to show positive results”. “We will continue to see more challenges in the coming year, brought about primarily by a partial reversal of Indonesia’s ore export ban and the uncertainty on how this will be implemented. Nonetheless, we have every expectation of continuing with profitable operations in 2017”, Mr. Brimo added.

Further to the Company’s February 2, 2017 disclosure advising that its wholly owned subsidiary, Hinatuan Mining Corp. (HMC), received an Order from the Department of Environment and Natural Resources (DENR) declaring that the Mine Production Sharing Agreement (MPSA) on its Taganaan operation is being cancelled, HMC has filed a Notice of Appeal with the Office of the President on February 17, 2017. The Notice of Appeal legally stays the Order of the DENR. It is the Company’s position that there are no legal and technical grounds to support the cancellation of HMC’s MPSA. The Company’s Taganito and Rio Tuba mines, the former being the largest nickel operation in the country, as well as its Cagdianao mine in Dinagat, passed the DENR audits.

Finally, the Company’s Board of Directors, during its meeting today, approved the declaration of cash dividends in the amount of P0.08 per common share, payable on April 11, 2017 to shareholders of record on March 29, 2017.

During the same meeting, the Board of Directors approved the promotion of Mr. Martin G. Zamora to Executive Vice President. Mr. Zamora will head the operations and legal groups, as well as the marketing and procurement functions. He will report to the President and CEO.

For any questions &/or clarifications, please contact:

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NICKEL ASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	P9,647,943	P7,073,171
Trade and other receivables	1,145,271	962,151
Inventories	3,210,838	3,211,269
Available-for-sale (AFS) financial assets	5,572,285	5,013,919
Prepayments and other current assets	946,431	417,432
Total Current Assets	20,522,768	16,677,942
Noncurrent Assets		
Property and equipment	15,566,425	13,909,595
Investments in associates	2,582,087	4,764,087
Geothermal exploration and evaluation assets	1,775,799	1,290,603
AFS financial assets - net of current portion	746,793	817,118
Deferred income tax assets	370,052	237,407
Long-term stockpile inventory - net of current portion	367,244	584,740
Other noncurrent assets	3,420,348	3,448,863
Total Noncurrent Assets	24,828,748	25,052,413
TOTAL ASSETS	P45,351,516	P41,730,355
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P7,016,683	P7,125,713
Income tax payable	426,802	113,939
Short-term debt	180,000	180,000
Current portion of:		
Long-term debt	148,274	124,521
Long-term payable	5,000	-
Other current liability	169,079	169,058
Total Current Liabilities	7,945,838	7,713,231
Noncurrent Liabilities		
Long-term debt - net of current portion	4,468,059	3,357,733
Provision for mine rehabilitation and decommissioning	442,484	169,926
Deferred income - net of current portion	62,849	67,039
Long-term payable - net of current portion	23,846	27,641
Deferred income tax liabilities - net	876,467	731,518
Pension liability	332,320	250,079
Total Noncurrent Liabilities	6,206,025	4,603,936
Total Liabilities	14,151,863	12,317,167
Equity Attributable to Equity Holders of the Parent		
Capital stock	3,808,665	3,805,670
Additional paid-in capital	8,300,002	8,284,767
Other components of equity:		
Share in cumulative translation adjustment	409,286	406,609
Cost of share-based payment plan	126,622	104,824
Asset revaluation surplus	32,480	32,863
Net valuation gains (losses) on AFS financial assets	12,954	(134,467)
Retained earnings:		
Unappropriated	13,221,526	11,300,347
Appropriated	1,108,956	1,711,260
	27,020,491	25,511,873
Non-controlling Interests (NCI)	4,179,162	3,901,315
Total Equity	31,199,653	29,413,188
TOTAL LIABILITIES AND EQUITY	P45,351,516	P41,730,355

NICKEL ASIA CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2016	2015	2014
REVENUES			
Sale of ore	₱13,574,382	₱14,795,649	₱24,052,734
Services and others	530,275	635,997	692,970
Sale of power	18,010	–	–
	14,122,667	15,431,646	24,745,704
COSTS			
Sale of ore	5,907,249	6,279,248	5,356,411
Services	441,501	482,882	521,306
Power generation	38,295	–	–
	6,387,045	6,762,130	5,877,717
OPERATING EXPENSES			
Shipping and loading costs	1,823,549	1,757,943	1,837,568
Excise taxes and royalties	1,006,712	1,089,603	1,754,834
General and administrative	737,207	787,889	806,306
Marketing	95,869	130,166	168,943
	3,663,337	3,765,601	4,567,651
FINANCE INCOME	228,430	305,112	172,104
FINANCE EXPENSES	(383,138)	(192,747)	(164,771)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES	(413,702)	(811,369)	522,380
OTHER INCOME - net	656,745	507,166	470,897
INCOME BEFORE INCOME TAX	4,160,620	4,712,077	15,300,946
PROVISION FOR INCOME TAX			
Current	1,441,526	1,605,750	4,265,468
Deferred	7,952	61,536	27,359
	1,449,478	1,667,286	4,292,827
NET INCOME	₱2,711,142	₱3,044,791	₱11,008,119
Net income attributable to:			
Equity holders of the parent	₱1,966,107	₱2,035,143	₱8,551,627
NCI	745,035	1,009,648	2,456,492
	₱2,711,142	₱3,044,791	₱11,008,119
Basic/Diluted Earnings Per Share (EPS)	₱0.26	₱0.27	₱1.13