NICKEL ASIA CORP.

May 12, 2011

PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attn: JANET A. ENCARNACION
Head – Disclosure Department

RE: SEC Form 17-Q Quarterly Report
x ========================= x

Dear Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the three-month period ended March 31, 2011, which we filed today with the Securities and Exchange Commission (SEC).

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
SVP – Chief Financial Officer

6th Floor NAC Building, 143 Dela Rosa cor., Adelantado Sts., Legaspi Village, Makati City
Tel. No. +632 892-6669 I +632 892-4177 I Fax No. +632 892-5344

COVER SHEET

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SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

6th Floor NAC Centre 143 Dela Rosa Street, Legaspi Village Makati City

(Business Address: No. Street City/Town/Province)

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

1 2	3 1		1 7 - Q		0 6	4th Friday
Month	*Day*		(Form Type)		*Month*	*Day*
(Calendar Year)					(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
20		**Php1.6 billion**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

6th Floor, NAC Centre, 143 Dela Rosa Street,
Legaspi Village, Makati City
(Company's Address)

+63 2 892 6669 / +63 2 892 4177
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month & day)

SEC FORM 17-Q Quarterly Report
Form Type

____
Amendment Delegation (If applicable)

For the quarter ended
March 31, 2011
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended: **MARCH 31, 2011**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: ______ (SEC Use Only)
7. Address of principal office Postal Code
   6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City **1229**
8. Issuer's telephone number, including area code**: +63 2 892 6669 / +63 2 892 4177**
9. Former name, former address, and former fiscal year, if changed since last report.
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**1,339,831,828 Shares**

11. Are any or all of these securities listed on a Stock Exchange.
    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE **Common Stock**

12. Check whether the issuer:
    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**X**] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [**X**] No [ ]

NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
MARCH 31, 2011

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2011 and for the three-month period ended March 31, 2011 and 2010 (with Comparative Audited Financial Statement of Financial Position as at December 31, 2010) are hereto attached.

The following table sets forth the summary financial information for the three-month period ended March 31, 2011 and 2010 and as at March 31, 2011 and December 31, 2010:

Summary Consolidated Statements of Income

	For the Quarter Ended March 31		Increase	Percent
	2011	2010	(Decrease)	Inc. (Dec.)
	(In thousand pesos)			
Revenues	2,053,904	1,132,415	921,489	81%
Cost and expenses	(1,030,195)	(807,024)	223,171	28%
Finance income	35,365	27,556	7,809	28%
Finance expenses	(4,015)	(7,867)	(3,852)	-49%
Other income (charges) - net	5,130	(236,385)	241,515	102%
Provision for income tax - net	(251,210)	(98,070)	153,141	156%
Net income	808,979	10,625	798,354	7514%
Net income attributable to:				
Equity holders of the parent	428,005	(101,965)	529,970	520%
Non-controlling interests	380,974	112,590	268,384	238%
	808,979	10,625	798,354	7514%

Summary Consolidated Statements of Financial Position

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)	Increase (Decrease)	Percent Inc./Dec.
	(In Thousand Pesos)			
Current assets	10,823,778	9,858,623	965,155	9.8%
Noncurrent assets	11,719,581	11,647,438	72,143	0.6%
Total assets	22,543,359	21,506,061	1,037,298	4.8%
Current liabilities	1,858,681	1,335,731	522,950	39.2%
Noncurrent liabilities	2,192,922	2,094,781	98,141	4.7%
Non-controlling interests	3,522,863	3,141,889	380,974	12.1%
Equity attributable to equity holders of the Parent	14,968,893	14,933,660	35,233	0.2%
Total liabilities and equity	22,543,359	21,506,061	1,037,298	4.8%

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31		Increase	Percent
	2011	2010	(Decrease)	Inc./Dec.
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	861,596	557,436	304,159	54.6%
Investing activities	(223,579)	(298,931)	75,352	25.2%
Financing activities	100,262	(12,075)	112,337	930.3%
Net increase (decrease) in cash and cash equivalents	738,279	246,430	491,849	199.6%
Cash and cash equivalents, beginning	6,805,968	6,779,215	26,753	0.4%
Cash and cash equivalents, end	7,544,247	7,025,645	518,602	7.4%

Item B. Management's Discussion and Analysis Of Financial Condition and Results Of Operations

Results of operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the three months ended March 31, 2010 and March 31, 2011, prepared in conformity with PAS 34, Interim Financial Reporting and included herein, and should be read in Conjunction with those unaudited interim consolidated financial statements.

Three months ended March 31, 2011 compared with three months ended March 31, 2010

Revenues

Our total revenues were ₱2,053.9 million in the three months ended March 31, 2011 as compared to₱1,132.4 million in the three months ended March 31, 2010, an increase of ₱921.5 million, or 81%.

Sale of ore

We sold an aggregate 1,424.9 million WMT of nickel ore in the three months ended March 31, 2011 as compared to 1,302.7 million WMT of nickel ore in the three months ended March 31, 2010. Our sales for the first three months of this year included 249.5 thousand WMT of saprolite ore to PAMCO, 471.4 thousand WMT of low-grade saprolite and limonite ore to our Chinese customers and 674.3 thousand WMT of limonite ore to CBNC, compared to sales of 185.4 thousand WMT, 270.3 thousand WMT and 847.0 thousand WMT, respectively, for the same period last year. In addition, we sold 29.7 thousand WMT of saprolite ore to SMM during the first three months of 2011 compared to no sales made to SMM for the same period last year.

Our revenue from sale of nickel ore was ₱1,965.5 million in the three months ended March 31, 2011 as compared to ₱1,020.5 million in the three months ended March 31, 2010, an increase of ₱945.0 million, or 93%. The increase in revenue was due both to a higher volume of nickel ore sold and higher ore prices. The realized nickel price applicable to 1.0 million WMT of ore shipped in the first quarter.was at an average of $11.63 per pound of payable nickel as against $8.64 per pound of payable nickel realized during the same period last year. The balance of the shipments for the first quarter was sold on the basis of negotiated prices per WMT of ore, which averaged $18.69 per WMT of ore compared to $13.51 per WMT for the same period last year. The increased demand for nickel ore as well as higher prices for our various types of ore was largely due to an improvement in global economic conditions.

We own 60% of RTN, which owns and operates the Rio Tuba mining operations. RTN's revenue from sale of nickel ore was ₱1,430.3 million in the three months ended March 31, 2011 as compared to ₱696.8 million in the three months ended March 31, 2010, an increase of ₱733.5 million, or 105%. RTN sold an aggregate 1,221.9 thousand WMT of nickel ore in the first three months of this year as compared to an aggregate 1,094.5 thousand WMT of nickel ore sold in the same period last year. The volume of saprolite ore sold to PAMCO increased by 55.2 thousand WMT or 121% and the volume of low-grade saprolite and limonite ore sold to Chinese customers increased by 146.9 thousand WMT or 54%. On the other hand, while the volume of limonite ore sold to CBNC decreased by 104.4 thousand WMT or 13%, this was offset by a higher average nickel grade. Limonite ore sold to CBNC during the first three months of this year had an average nickel grade of 1.38% compared to 1.29% for the same period last year.

RTN's revenue from sale of limestone ore was ₱17.8 million in the three months ended March 31, 2011, as compared to ₱51.9 million in the same period last year, a decrease of ₱34.1 million or 66%. The decrease in revenue was due mainly to a 67% drop in limestone ore deliveries to CBNC, or from 88.2 thousand WMT during the first quarter of 2010 to 29.3 thousand WMT for the same period this year. Heavy rainfall at the mine site in the first quarter of the year has made it difficult for CBNC to process the limestone from our quarry due to high moisture.

We own 65% of TMC, which owns and operates the Taganito mining operations. TMC's revenue from sale of ore was ₱535.2 million in the three months ended March 31, 2011 as compared to ₱323.7 million in the three months ended March 31, 2010, an increase of ₱211.5 million, or 65%. TMC sold an aggregate 203.0 thousand WMT of nickel ore in the first three months of this year as compared to an aggregate 208.2 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to PAMCO increased by 8.9 thousand WMT or 6%. In addition, TMC sold 54.2 thousand WMT of low-grade saprolite ore to Chinese customers in the three months ended March 31, 2011, whereas no sales were made to Chinese customers in the comparable period last year. In addition, TMC sold 68.3 thousand WMT of limonite ore to CBNC in the first quarter of 2010 in order to test its ore at the CBNC's HPAL facility in connection with the planned construction of the Taganito HPAL facility. Other than this sale of limonite ore to CBNC, all limonite ore mined by TMC is being stockpiled in preparation for the expected commencement of the Taganito HPAL facility mid-2013.

We own 100% of CMC, which owns and operates the Cagdianao mining operations. Historically, CMC does not have shipments during the first quarter of every year and, as a result, no revenue is recognized. This is due to the effect of the rainy season, which occurs during the months of November to April, resulting in the suspension of operations at the mine during the period. Typically, shipments from our Cagdianao mine will commence in May and would end in October.

We own 100% of HMC, which owns and operates the Taganaan mining operations. Similar to CMC, mining operations at the Taganaan mine is suspended during the months of November to April, the effect of the rainy season. Depending on the volume of rainfall, there are periods when production at the Taganaan mine may commence in April and end in November.

Services and Others

Our revenue from services and others was ₱70.6 million in the three months ended March 31, 2011 as compared to ₱60.0 million in the three months ended March 31, 2010, an increase of ₱10.6 million, or 18%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN provides to CBNC.

Costs and expenses

Our costs and expenses amounted to ₱1,030.2 million in the three months ended March 31, 2011 as compared to ₱807.0 million in the three months ended March 31, 2010 an increase of ₱223.2 million, or 28%.

Cost of Sales

Our cost of sales was ₱703.7 million in the three months ended March 31, 2011 as compared to ₱588.5 million in the three months ended March 31, 2010, an increase of ₱115.2 million, or 20%. The increase in cost of sales was due largely to the higher costs attributable to the ore that we shipped from inventory and an increase in depreciation as a result of new acquisitions of mine equipment. However, the sales out of inventory permitted us to undertake less mining activity and still meet customer demand resulting to lower contractors' fees and production overhead for the period, which dropped by ₱83.1 million and ₱10.2 million, respectively.

Cost of Services

Cost of services was ₱32.3 million in the three months ended March 31, 2011 as compared to ₱28.9 million in the three months ended March 31, 2010, an increase of ₱3.4 million, or 12%. Costs of services largely consist of the cost of providing hauling, manpower and other ancillary services by RTN to CBNC.

Shipping and Loading

Shipping and loading costs were ₱103.2 million in the three months ended March 31, 2011 as compared to ₱66.3 million in the three months ended March 31,2010, an increase of ₱36.9 million, or 56%. The increase was due to higher contract fees from ₱16.3 million in the three months ended March 31, 2010 to ₱45.5 million in the three months ended March 31, 2011 and an increase in fuel, oil and lubricant cost**s** from ₱7.4 million to ₱18.4 million. The increase in shipping and loading costs is related to the substantial increase in our shipment volumes to PAMCO and our Chinese customers for the first three months of this year.

General and Administrative.

General and administrative expenses were ₱119.2 million in the three months ended March 31, 2011 as compared to ₱82.4 million in the three months ended March 31, 2010, an increase of ₱36.8 million, or 45%. The increase can be attributable to a number of factors, primarily the rise in personnel cost from ₱24.0 million to ₱45.3 million, due to new and additional personnel hires for our recently acquired and newly created subsidiaries namely; La Costa Shipping and Lighterage Company, Samar Nickel Mining Resources Corp. and Codillera Exploration Co., Inc., the increase in depreciation expense from ₱6.5 million to ₱23.7 million due to the acquisition of a second-hand aircraft and compensation expenses related to the Company's Employee Stock Option Plan amounting to ₱9.9 million. These increases were partially offset by a ₱6.5 million decrease in taxes and licenses, a ₱1.2 million drop in guarantee fees and a ₱3.2 million decline in advertising expense.

Excise Taxes and Royalties.
Our excise taxes and royalties were ₱71.8 million in the three months ended March 31, 2011 as compared to ₱40.9 million in the three months ended March 31, 2010, an increase of ₱30.9 million, or 76%. The increase in excise taxes and royalties was a result of our increased sales revenue in the three months ended March 31, 2011.

Finance income.
Our finance income was ₱33.3 million in the three months ended March 31, 2011 as compared to ₱27.6 million in the three months ended March 31, 2010, an increase of ₱5.7 million, or 21%. Our finance income primarily consists of interest income on our cash balances and other investments.

Finance expense
Our finance expense was ₱4.0 million in the three months ended March 31, 2011 as compared to ₱7.9 million in the three months ended March 31, 2010, a decrease of ₱3.9 million, or 49%. Our finance expense primarily consist of interest expense on our long-term debt, which fell from ₱3.3 million to ₱2.1 million due to a partial payment of the principal portion of the RTN loan and provisions for mine rehabilitation, which increased from ₱989 thousand to ₱1.9 million. Interests on the loan drawdowns of TMC were capitalized to property and equipment.

Other income (charges)
Our other income in the three months ended March 31, 2011 was ₱5.1 million as compared to a charge of ₱236.4 million in the three months ended March 31, 2010. Our other income in the first three months of the current year primarily consists of a usage fee of ₱14.9 million which RTN collected from CBNC for the use of its pier facilities, ₱4.3 million of other services which RTN provides to CBNC and ₱5.2 million in dividend income. Our other income in 2011 was partially offset by a net foreign exchange loss of ₱22.0 million due to the appreciation of the peso relative to the U.S. dollar and a ₱6.8 million loss related to our share in the pre-operating loss of Taganito HPAL Nickel Corp. Our other income in the three months ended March 31, 2010 was a charge of ₱236.4 million primarily consisted of ₱137.7 million in foreign exchange loss due to the appreciation of the peso relative to the U.S. dollar and a derivative loss of ₱108.2 million on our nickel commodity hedge contract.

Provision for (benefit from) income tax
Provision for income tax was ₱251.2 million in the three months ended March 31, 2011 as compared to ₱98.1 million in the three months ended March 31, 2010, an increase of ₱153.1 million, or 156%.

Current.
Our current provision for income tax in the three months ended March 31, 2011 was ₱273.6 million as compared to ₱139.7 million in the three months ended March 31, 2010, an increase of ₱133.9 million, or 96%. The increase was primarily due to the increase in our income in the three months ended March 31, 2011.

Deferred.
Our deferred benefit from income tax in the three months ended March 31, 2011 was ₱22.4 million as compared to ₱41.6 million in the three months ended March 31, 2010, a decrease of ₱19.2 million, or 46%. The decrease was primarily due to a decrease in unrealized foreign exchange losses in the three months ended March 31, 2011.

Net income
As a result of the foregoing, our net income was ₱809.0 million in the three months ended March 31, 2011 as compared to ₱10.6 million in the three months ended March 31, 2010. Net of minority interests, our net income was ₱428 million in the three months ended March 31, 2011 compared to a net loss of ₱102.0 million during the same period last year. The net loss of ₱102.0 million in 2010 was largely due to foreign exchange losses amounting to ₱137.7 million and a derivative loss of ₱108.2 million, both attributable to the parent company.

Statement of Financial Position
As of March 31, 2011, Total Assets increased to ₱22,543.4 million from ₱21,506.1 million as of the end of 2010. Current Assets increased to ₱10,823.8 million from ₱9,858.6 million during the same comparable period due to the increases in cash and cash equivalents from ₱6,806.0 million to ₱7,544.2 million and trade and other receivables from ₱1,113.3 million to ₱1,303.1 million mainly as a result of higher revenues. Non-current assets remained at relatively the same levels in both March 31, 2011 and in the end of 2010.

Total current liabilities increased to ₱1,858.7 million as of March 31, 2011 from ₱1,335.7 million as of December 31, 2010 due to increases in income tax payable from ₱322.1 million to ₱599.7 million and dividends payable amounting to ₱469.4 million. These increases were offset by the decrease in trade and other payables from ₱935,2 million to ₱708.8 million. On the other hand, total noncurrent liabilities increased to ₱2,179.5 million as of March 31, 2011 from ₱2,192.9 million as of end 2010 largely due to the increase in long-term debt – net of current portion to ₱1,548.1 million from ₱1,465.8 million.

Stockholders' equity net of non-controlling interests as at March 31, 2011 increased to ₱14,968.9 million from ₱14,933.7 million as of yearend 2010, principally due to net earnings incurred during the first three months of 2011. However, the increase in stockholders' equity net of non-controlling interest was offset by a decrease in retained earnings as a result of dividends declared amounting to ₱469.4 million.

Statement of Cash Flows

The net cash from operating activities amounted to ₱861.6 million as of the three months ended March 31, 2011 compared to ₱557.4 million for the same period March 31, 2010, as proceeds from the sale of ore increased in 2011 compared to 2010. Net cash used in investing activities amounted to ₱223.6 million for the three months ended March 31, 2011, largely as a result of investments in property and equipment and acquisition of AFS investments. In 2010, net cash used in investment activities amounted to ₱298.9 million, which primarily consist of net acquisitions of AFS investments. Net cash generated from financing activities for the three months ended March 31, 2011 amounted to ₱100.3 million due to the availment of long-term debt. In 2010, net cash used in financing activities was ₱12.1 million, largely due to the partial settlement of long-term debt in the amount of ₱12.1 million. As of March 31, 2011, cash and cash equivalents amounted to ₱7,544.2 million compared to ₱7,025.6 million as of March 31, 2010.

Top Five (5) Key Performance Indicators

LME price

We typically sell high- and low-grade saprolite ore to PAMCO under long-term agreements and we are the exclusive supplier of limonite ore, also under a long-term agreement, to the Coral Bay HPAL facility. The price of nickel ore sold to PAMCO and the Coral Bay HPAL facility is determined based on a payable percentage of the nickel contained in the ore, multiplied by average LME nickel prices over specified quotational periods. The payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices resulting in a higher payable percentage of nickel and vice versa. Accordingly, higher LME nickel prices results both in a higher percentage of payable nickel in our ore to these customers as well as in higher prices, and can therefore have a substantial effect on our overall revenue. Nickel prices and demand for nickel typically increase during periods of high global demand for stainless steel.

Nickel prices have historically exhibited considerable volatility. Nickel prices climbed from as low as US$4.25 per pound in March 2009 to a high of US$13.17 per pound in February 2011. After recent corrections, the nickel price was US$11.83 per pound at the end of March 2011. The average LME nickel prices (per pound) in 2007, 2008, 2009 and 2010 were US$16.82, US$9.55, US$6.67 and US$9.89, respectively. The average LME nickel prices (per pound) for the 1st quarter of 2011 is US$12.20 per pound compared to US$9.11 per pound in the same period last year.

The sensitivity of our revenues to LME nickel prices is not completely linear, because, in our experience, when nickel prices reach certain levels, the demand for our limonite ore increases. As a result of this effect, very high nickel prices have, in the past, resulted in increased volumes of nickel ore sold, as well as increased prices for our recurring sales of saprolite ore to PAMCO and limonite ore to the Coral Bay HPAL facility under long-term contracts. Increases and decreases in the LME nickel price will have a broadly proportional effect on our revenues from these sales.

Volume

The volume of saprolite ore that we sell largely depends on the grade of saprolite ore that we mine. The volume of limonite ore that we sell to our customers in China largely depends on the demand for NPI in China. Our sales of high-grade saprolite ore are typically made to PAMCO, who purchases all of the high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a minority interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 23,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010.

The type and grade of ore that we mine

We realize higher sales prices for our saprolite ore than for our limonite ore. Accordingly, the type and grade (which is a factor of nickel content) of the ore that we mine affects our revenues from year to year. The quantity of saprolite ore that we mine annually depends on the customer demand and the availability of such ore at our mine sites. The mix between high-and low-grade saprolite ore at our mine sites coupled with our long-term mining plan determines the quantities of each that we extract on an annual basis. The quantity of limonite ore that we mine on an annual basis depends on the amount of such ore that needs to be removed in order to extract the saprolite ore, as well as market demand.

Mine Site Cash Cost per Volume Sold

The mine site cash cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from year to year.

The mine site cash cost includes production and marketing expenses incurred by the Company in mining, handling and barging ore to customer's vessels, and excludes excise taxes and royalties.

The average mine site cash cost per volume sold in 2011 is ₱371.10 per WMT on the basis of aggregate cash costs of ₱539.60 million and a total sales volume of 1,454.1 thousand WMT of ore. This compares to ₱468.47 per WMT during the same period in 2010 on the basis of aggregate cash costs of ₱651.60 million and a total sales volume of 1,390.9 thousand WMT of ore.

To augment our operations in 2010 in order to meet the surge in demand for our ore, the Company engaged third party contractors to assist in the hauling and loading of ore Typically, the unit cost associated with the use of outside services is higher compared to costs incurred when volume handling is done by the Company.

Currency exchange rates
We earn substantially all of our revenues in U.S. dollars while most of our expenses are paid in pesos. The appreciation of the peso against the United States dollar reduces our revenue in peso terms. Accordingly, appreciation of the peso against the U.S. dollar effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents and other portfolio investments are denominated in U.S. dollars, the appreciation of the peso against the U.S. dollar reduces the value of these assets in peso terms in our financial statements. Our current policy is not to hedge our exposure to foreign currency exchange risk.

The Company's average realized peso-to-dollar rates for the three-month period ended March 31, 2011 and 2010 are ₱43.79 and ₱45.87, respectively.

Liquidity and Capital Resources
As at March 31, 2011 and December 31, 2010, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba pier facilities and we receive income from CBNC under a throughput agreement whereby amounts are payable by CBNC to RTN for use of the pier facilities. The revenue that we receive from CBNC under the throughput agreement has typically been sufficient to service our long-term debt. We intend to finance the construction of pier facilities at our Taganito property under a similar arrangement with Taganito HPAL Nickel.

As of March 31, 2011, our working capital, defined as the difference between our current assets and current liabilities, was ₱10.8 billion and ₱1.9 billion, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and as well as debt that we have incurred to finance the construction of pier facilities at our Taganito property. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Off-balance sheet arrangements
We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

PART III – OTHER INFORMATION

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: NICKEL ASIA CORPORATION

By:

Gerard H. Brimo
President and Chief Executive Officer

Emmanuel L. Samson
Senior Vice President and
Chief Financial Officer

Date: May 12 2011

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2011

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statement of Financial Position as at March 31, 2011 and December 31, 2010

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March 31, 2011 and 2010

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NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
March 31, 2011
(With Comparative Audited Figures as at December 31, 2010)
(Amounts in Thousands)

	March 31 2011 (Unaudited)	December 31 2010 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱7,544,247**	₱6,805,968
Trade and other receivables (Note 5)	**1,303,079**	1,113,255
Available-for-sale (AFS) financial assets (Note 7)	**563,678**	469,976
Inventories (Notes 6 and 10)	**1,342,194**	1,416,431
Other current assets	**70,580**	52,993
Total Current Assets	**10,823,778**	9,858,623
Noncurrent Assets		
AFS financial assets (Note 7)	**907,603**	907,161
Property and equipment (Note 8)	**3,928,782**	3,762,607
Investment property	**48,970**	50,845
Investment in an associate (Note 9)	**4,651,665**	4,570,453
Long-term stock pile inventory - net of current portion (Note 10)	**933,565**	964,994
Deferred income tax assets - net	**457,116**	414,014
Other noncurrent assets (Note 4)	**791,880**	977,364
Total Noncurrent Assets	**11,719,581**	11,647,438
TOTAL ASSETS	**₱22,543,359**	₱21,506,061
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱708,784**	₱935,179
Dividends payable (Note 14)	**469,445**	–
Income tax payable	**599,727**	322,127
Current portion of long-term debt (Note 12)	**80,724**	78,425
Total Current Liabilities	**1,858,680**	1,335,731
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	**1,548,105**	1,465,826
Deferred income tax liabilities - net	**451,943**	440,770
Deferred rent income	**83,799**	83,799
Provision for mine rehabilitation and decommissioning (Note 13)	**57,325**	55,419
Pension liability	**51,750**	48,967
Total Noncurrent Liabilities	**2,192,922**	2,094,781
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	**677,116**	677,116
Additional paid-in capital (Note 14)	**8,075,641**	8,075,641
Other components of equity:		
Cost of share-based payment plan (Note 15)	**11,020**	1,101
Net valuation gains on AFS financial assets (Note 7)	**25,126**	37,589
Share in cumulative translation adjustment (Note 9)	**199,629**	120,411
Asset revaluation surplus	**34,683**	34,778
Retained earnings	**5,945,679**	5,987,024
	14,968,894	14,933,660
Non-controlling Interests	**3,522,863**	3,141,889
Total Equity	**18,491,757**	18,075,549
TOTAL LIABILITIES AND EQUITY	**₱22,543,359**	₱21,506,061

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011 and 2010
(Amounts in Thousands, Except Earnings per Share)

	2011	2010
	(Unaudited)	
REVENUES (Note 30)		
Sale of ore	**₱1,983,355**	1,072,417
Services and others	**70,549**	59,998
	2,053,904	1,132,415
COSTS AND EXPENSES		
Cost of sales (Note 17)	**703,652**	588,476
Cost of services (Note 18)	**32,274**	28,937
Shipping and loading costs (Note 19)	**103,261**	66,308
Excise taxes and royalties (Note 20)	**71,779**	40,871
General and administrative (Note 21)	**119,229**	82,432
	1,030,195	807,024
FINANCE INCOME (Note 24)	**35,365**	27,556
FINANCE EXPENSES (Note 25)	**(4,015)**	(7,867)
OTHER INCOME (CHARGES) - net (Note 26)	**5,130**	(236,385)
INCOME BEFORE INCOME TAX	**1,060,189**	108,695
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)		
Current	**273,608**	139,709
Deferred	**(22,398)**	(41,639)
	251,210	98,070
NET INCOME	**₱808,979**	₱10,625
Net income (loss) attributable to:		
Equity holders of the parent	**₱428,005**	(₱101,965)
Non-controlling interests	**380,974**	112,590
	₱808,979	₱10,625
Basic earnings (loss) per share (Note 16)	**₱0.32**	(₱0.10)

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011 and 2010
(Amounts in Thousands)

	2011	2010
	(Unaudited)	
NET INCOME	**₱808,979**	₱10,625
OTHER COMPREHENSIVE INCOME (LOSS)		
Share in translation adjustment of an associate	**79,218**	–
Net valuation loss on AFS financial assets	**(12,463)**	(14,096)
Asset revaluation surplus	**(95)**	–
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**66,660**	(14,096)
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱875,639**	(₱3,471)
Total comprehensive income attributable to:		
Equity holders of the parent	**494,665**	(116,061)
Non-controlling interests	**380,974**	112,590
	₱875,639	(₱3,471)

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011 and 2010
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Cost of Share based Payment Plan (Note 15)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment of an Associate (Note 9)	Asset Revaluation Surplus	Retained Earnings	Total	Non-controlling Interests	Total
Balances at December 31, 2010	₱677,116	₱8,075,641	₱1,101	₱37,589	₱120,411	₱34,778	₱5,987,024	₱14,933,660	₱3,141,889	₱18,075,549
Net income	–	–	–	–	–	–	428,005	428,005	380,974	808,979
Other comprehensive income (loss)	–	–	–	(12,463)	79,218	(95)	–	66,660	–	66,660
Total comprehensive income (loss)	–	–	–	(12,463)	79,218	(95)	428,005	494,665	380,974	875,639
Cost of share-based payment (Note 15)	–	–	9,919	–	–	–	–	9,919	–	9,919
Cash dividends - ₱0.35 per share (Note 14)	–	–	–	–	–	–	(468,941)	(468,941)	–	(468,941)
Preferred shares dividends – 7% cumulative							(504)	(504)		(504)
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	95	95	–	95
Balances at March 31, 2011 (Unaudited)	₱677,116	₱8,075,641	₱11,020	₱25,126	₱199,629	₱34,683	₱5,945,678	₱14,968,894	₱3,522,863	₱18,491,757

	Equity Attributable to Equity Holders of the Parent								
	Capital Stock (Note 18)	Additional Paid-in Capital (Notes 18)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 8)	Asset Revaluation Surplus (Notes 31)	Retained Earnings	Treasury Shares (Notes 1 and 18)	Total	Non-controlling Interests	Total
Balances at December 31, 2009	₱478,812	₱4,894,613	₱28,261	₱35,161	₱7,659,271	(₱1,821,994)	₱11,274,124	₱3,002,731	₱14,276,855
Net income	–	–	–	–	(101,965)	–	(101,965)	112,590	10,625
Other comprehensive loss	–	–	(14,096)	–	–	–	(14,096)		(14,096)
Total comprehensive income (loss)	–	–	(14,096)	–	(101,965)	–	(116,061)	112,590	(3,471)
Balances at March 31, 2010 (Unaudited)	₱478,812	₱4,894,613	₱14,165	₱35,161	₱7,557,306	(₱1,821,994)	₱11,158,063	₱3,115,321	₱14,273,384

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 and 2010

(Amounts in Thousands)

	2011	2010
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,060,189**	₱108,695
Adjustments for:		
Depreciation and depletion (Note 23)	**152,675**	119,220
Interest income (Note 24)	**(33,309)**	(27,556)
Dividend income (Note 6)	**(5,168)**	(150)
Unrealized foreign exchange losses (gains) - net	**(15,685)**	8,329
Loss (gain) on valuation on AFS financial assets transferred from equity to profit or loss - net (Notes 7, 24 and 25)	**(2,056)**	3,538
Interest expense (Note 12)	**2,109**	3,340
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 13 and 25)	**1,906**	989
Equity in net losses of an associate (Note 9)	**6,808**	–
Movements in pension liability	**2,783**	(8,627)
Cost of share-based payment plan (Note 15)	**9,919**	–
Operating income before working capital changes	**1,180,171**	207,778
Decrease (increase) in:		
Trade and other receivables	**(189,367)**	127,326
Inventories	**105,666**	279,081
Other current assets	**(17,587)**	(171,170)
Increase (decrease) in trade and other payables	**(226,808)**	85,692
Net cash generated from operations	**852,075**	528,707
Interest received	**32,852**	31,919
Dividends received	**5,168**	150
Income taxes paid	**(26,390)**	–
Interest paid	**(2,109)**	(3,340)
Net cash flows from operating activities	**861,596**	557,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
AFS financial assets	**(115,562)**	(702,491)
Property and equipment (Note 8)	**(316,975)**	(25,267)
Proceeds from (payments for):		
Sale of AFS financial assets	**23,474**	527,064
Sale of financial assets at FVPL	–	51,512
Decrease (increase) in other noncurrent assets	**185,484**	(149,749)
Net cash flows used in investing activities	**(223,579)**	(298,931)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of long-term debt (Note 12)	**124,095**	–
Payments of long-term debt	**(23,833)**	(12,075)
Net cash flows from (used in) financing activities	**100,262**	(12,075)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**738,279**	246,430
CASH AND CASH EQUIVALENTS AT JANUARY 1	**6,805,968**	6,779,215
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	**₱7,544,247**	₱7,025,645

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. **Corporate Information**

Nickel Asia Corporation (the Company, the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals.

The Company's common shares are listed with the Philippine Stock Exchange (PSE) on November 22, 2010.

<u>The Subsidiaries</u>
HMC
HMC was registered with the SEC on October 9, 1979, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan, Nonoc and Manicani Islands, Surigao del Norte. The registered office address of HMC is 4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

CMC
CMC was registered with the SEC on July 25, 1997, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Island. The registered office address of CMC is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

TMC
TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (65%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. The registered office address of TMC is 4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

RTN
RTN was registered with the SEC on July 15, 1965, is a sixty percent (60%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting nickel ore and providing non-mining services located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. The registered office address of RTN is 2nd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Company through HMC, CMC and TMC, and is primarily engaged in the business of exploring, prospecting, and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. FEI has not yet started commercial operations. The

registered office address of FEI is 3rd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

La Costa Shipping and Lighterage Corporation (LCSLC)
LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (100%) owned subsidiary of the Company through HMC, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. The registered office address of LCSLC is 7th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines. LCSLC was acquired by HMC in April 2010 (see Note 31).

Samar Nickel Mining Resources Corporation. (SNMRC)
SNMRC was registered with the SEC on May 11, 2010, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations. The registered office address of SNRMC is 6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

Cordillera Exploration Co., Inc. (CEXCI)
CEXCI was registered with the SEC on October 19, 1994, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CEXCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities. The registered office address of CEXCI is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

The interim consolidated financial statements as at March 31, 2011 and for the three-month period ended March 31, 2011 and 2010, were authorized for issuance by the Parent Company's BOD on May 9, 2011.

The Parent Company's registered office address is 6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City.

2. Basis of Preparation and Consolidation and Statement of Compliance

<u>Basis of Preparation</u>
The accompanying interim consolidated financial statements of the Group as at March 31, 2011 and for the three-month period ended March 31, 2011 and 2010 have been prepared in accordance with PAS 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2010.

Basis of Consolidation

The interim consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group):

	Country of Domicile	Nature of Business	Effective Ownership
HMC	Philippines	Mining	100%
CMC	Philippines	Mining	100%
SNMRC	Philippines	Mining	100%
CEXCI	Philippines	Mining	100%
LCSLC*	Philippines	Services	100%
FEI*	Philippines	Mining	88%
TMC	Philippines	Mining	65%
RTN	Philippines	Mining and Services	60%

*Direct and indirect ownership

Subsidiaries

Subsidiaries are entities over which the Parent Company has the power to govern the financial and operating policies of the entities, or generally has an interest of more than one half of the voting rights of the entities.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the Subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling Interest

Non-controlling interest represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interest. Total comprehensive income is attributed to the equity holders of the Parent Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent company's share of components previously recognized in other comprehensive income to profit or loss.

Changes in Accounting Policies

- Revised PAS 24, Related Party Disclosures, was revised in response to concerns that the previous disclosure requirements and the definition of a 'related party' were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by providing a partial exemption for government-related entities and by providing by simplifying the definition of a related party and removing inconsistencies. The adoption of the amendment did not have any impact on the interim financial position or performance of the Group.

- Amendment to PAS 32, Classification of Rights Issues, addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment issued today requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendment has no impact on the interim financial position or performance of the Group.

- Amendment to Philippine Interpretation IFRIC 14, Prepayments of a Minimum Funding Requirement, which is itself an interpretation of PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment has no impact on the interim financial position or performance of the Group.

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the interim financial position or performance of the Group.

- PFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- PFRS 7 Financial Instruments - Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- PAS 1 Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

- PAS 34 Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The Group has illustrated those amendments in Note 29.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 3 Business Combinations - Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005)
- PFRS 3 Business Combinations - Unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination
- PAS 27 Consolidated and Separate Financial Statements - applying the IAS 27 (as revised in 2008) transition requirements to consequentially amended standards
- Philippine Interpretation IFRIC 13 Customer Loyalty Programmes - in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. **Seasonality of Operations**

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

4. Cash and Cash Equivalents

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Cash on hand and with banks	**₱1,450,047**	₱1,847,488
Short-term cash investments	**6,094,200**	4,958,480
	₱7,544,247	₱6,805,968

Cash with banks amounting to ₱123.3 million and ₱297.0 million as at March 31, 2011 and December 31, 2010, respectively, representing proceeds from the IPO, were deposited in escrow and are restricted as to withdrawal for specified purpose and thus, classified as other noncurrent assets.

5. Trade and Other Receivables

Receivables amounting to ₱212.2 million and ₱214.3 million as at March 31, 2011 and December 31, 2010, respectively, were impaired and fully provided for with allowance for impairment losses. No provision for impairment losses on receivables were recognized for the three-month period ended March 31, 2011 and 2010.

The aging analysis of the Group's trade and other receivables as at March 31, 2011 and December 31, 2010 are summarized in the following tables:

March 31, 2011 (Unaudited)	**Neither Past Due Nor Impaired (High)**	**Past Due But Not Impaired (30-180 days)**	**Past Due and Individually Impaired**	**Total**
Trade and other receivables:				
Trade	**₱354,476**	**₱97,635**	**₱210,126**	**₱662,237**
Receivable from CBNC	**284,351**	**243,073**	**–**	**527,424**
Amounts owed by related parties	**3,233**	**–**	**–**	**3,233**
Others	**318,991**	**1,320**	**2,066**	**322,377**
Total	**₱961,051**	**₱342,028**	**₱212,192**	**₱1,515,271**

December 31, 2010 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade	₱182,363	₱39,200	₱212,247	₱433,810
Receivable from CBNC	277,235	385,326	–	662,561
Amounts owed by related parties	2,871	–	–	2,871
Others	220,844	5,416	2,066	228,326
Total	₱683,313	₱429,942	₱214,313	₱1,327,568

6. **Inventories**

As at March 31, 2011 and December 31, 2010, inventories amounting to ₱384.3 million were assessed to be impaired and were provided for with allowance. No provision for inventory losses were recognized for the three-month period ended March 31, 2011 and 2010.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱637.0 million as at March 31, 2011 and December 31, 2010 while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱243.3 million and ₱237.3 million as at March 31, 2011 and December 31, 2010, respectively.

7. **AFS Financial Assets**

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, golf club shares and debt securities.

During the three-month period ended March 31, 2011 and 2010, the Group acquired various AFS investments amounting to ₱115.6 million and ₱702.5 million, respectively and disposed AFS investments amounting to ₱23.5 million and ₱527.1 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱5.2 million and ₱0.2 million for the three-month period ended March 31, 2011 and 2010, respectively.

8. **Property and Equipment**

During the three-month period ended March 31, 2011 and 2010, the Group acquired assets with a cost of ₱176.8 million and ₱19.3 million, respectively, excluding construction in-progress amounting to ₱140.2 million and ₱6.0 million for the three-month period ended March 31, 2011 and 2010.

Borrowing costs amounting to ₱12.7 million and nil for the three-month period ended March 31, 2011 and 2010, respectively, were capitalized as part of construction in-progress.

Pier facilities (included under "Buildings and Improvements") with a carrying value of ₱313.3 million and ₱290.7 million as at March 31, 2011 and December 31, 2010, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 12.

Depreciation expense for the three-month period ended March 31, 2011 and 2010 amounted to ₱150.8 million and ₱116.9 million, respectively (see Note 23).

9. Investment in an Associate

The investment in an associate pertains to the Parent Company's 22.5% interest in Taganito HPAL Nickel Corporation (THNC) with an acquisition cost of ₱4,443.08 million.

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. Its principal activities, once operational, consist of the manufacture and export of nickel/cobalt mixed sulfide. THNC is currently undertaking construction and has not yet started commercial operations as at March 31, 2011.

As at March 31, 2011, net assets of THNC amounted to ₱20.7 billion and net loss of ₱30.3 million. The Parent Company's share in cumulative translation adjustment as at March 31, 2011 and equity in net losses for the period amounted to ₱199.6 million and ₱6.8 million, respectively.

10. Long-term Stock Pile Inventory

The long-term stock pile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN. The low grade ore inventory was initially recognized and valued at fair value. Subsequently, this fair value represented the cost of the long-term stock pile inventory.

A portion amounting to ₱138.8 million and ₱143.2 million representing the estimated future cash flows from the low grade ore inventory that will be delivered to CBNC in the next accounting period, was shown as part of "Inventories" as at March 31, 2011 and December 31, 2010, respectively.

The carrying value of long-term stock pile - net of current portion amounted to ₱933.6 million and ₱965.0 million as at March 31, 2011 and December 31, 2010, respectively.

11. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, excise, withholding and other taxes payable and other payables. Trade, accrued expenses and other payables are noninterest-bearing and are generally settled in less than thirty (30) days' term. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone ore were shipped. Withholding taxes are payable ten (10) days after the end of each month. Output tax is derived from other revenues which can be offset against input tax.

12. **Long-term Debt**

	March 31, 2011	December 31, 2010
	(Unaudited)	(Audited)
TMC	**₱1,335,545**	₱1,224,013
RTN	**293,284**	320,238
	1,628,829	1,544,251
Less current portion:		
TMC	**33,390**	30,600
RTN	**47,334**	47,825
	80,724	78,425
	₱1,548,105	₱1,465,826

<u>TMC Loan</u>
On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to $35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread, to finance the construction of the Pier Facilities. The loan shall be drawn down in one or multiple times by July 31, 2011. As at March 31, 2011, TMC's total loan drawn down amounted to $30.8 million, with peso equivalent of ₱1,335.5 million.

Starting 2011, the interest on the loans is payable semi-annually on October 10 and April 10. The total principal is payable in semi-annual installments of $875,000, starting on October 10, 2011 up to April 10, 2031.

Interest expense for the three-month period ended March 31, 2011 and 2010 amounted to ₱12.7 million and nil was capitalized as part of the cost of construction in-progress (see Note 8).

<u>RTN Loan</u>
RTN settled ₱23.8 million (US$0.5 million) of long-term debt which became due in February 2011.

Interest expense amounted to ₱2.1 million and ₱3.3 million for the three-month period ended March 31, 2011 and 2010, respectively (see Note 25).

13. Provision for Mine Rehabilitation and Decommissioning

Provision for mine rehabilitation and decommissioning pertains to the estimated decommissioning costs to be incurred in the future on the mined-out areas of the Group.

The Group makes a full provision for the future cost of rehabilitating mine site and related production facilities on a discounted basis on the development of mines or installation of those facilities. The rehabilitation provision represents the present value of rehabilitation costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future ore prices, which are inherently uncertain.

For the three-month period March 31, 2011 and 2010, accretion expense amounted to ₱1.9 million and ₱1.0 million, respectively.

14. Equity

Capital Stock

The capital structure of the Parent Company as at March 31, 2011 and December 31, 2010 follows:

Common Stock - ₱0.5 par value	
Authorized - 1,585,600,000 shares	
Subscribed and issued - 1,339,831,828 shares	**₱669,916**
Preferred Stock - ₱0.01 par value	
Authorized - 720,000,000 shares	
Subscribed and issued - 720,000,000 shares in 2010	**7,200**
Total	**₱677,116**

On March 25, 2011, the Parent Company's BOD declared cash dividends amounting to ₱468.9 million or ₱0.35 per share to stockholders of record as at April 11, 2011. Said dividends are paid on May 9, 2011.

As at March 31, 2011, a total of 977,672,720 or 72.97% of the outstanding common shares of the company are registered in the name of 18 shareholders, while the balance of 362,159,108 common shares or 27.03% are lodged with the Philippine Central Depository, Inc. (PCD).

15. **Executive Stock Option Plan (ESOP)**

On June 16, 2010, the BOD and stockholders of the Parent Company approved the ESOP (the Plan). On December 20, 2010, the Plan was approved by the SEC.

The basic terms and conditions of the ESOP are:

1. The ESOP covers up to 12.0 million shares allocated to Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with a position of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50.
4. The grant date of the Plan is January 3, 2011 as determined by the Stock Option Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of twenty five percent (25%) per year after the first year of the Plan or December 21, 2011.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The stock option agreement was made and executed on January 31, 2011 between the Parent Company and the option grantees.

The fair value of the stock options was estimated as at grant date, January 3, 2011, using the Black Scholes-Merton model, taking into account the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the stock options at effective grant date:

Grant Date	January 3, 2011
Spot price per share	₱15.0
Exercise price	₱13.5
Expected volatility	60.34%
Option life	3.967 years
Dividend yield	2.06%
Risk-free rate	4.50%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Cost of share-based payments for the three-month period ended March 31, 2011 amounted to ₱9.9 million (see Note 22).

16. **Basic Earnings (Loss) Per Share**

Basic earnings (loss) per common share were computed as follows:

	March 31, 2011	March 31, 2010
	(Unaudited)	
a. Net income (loss) attributable to equity holders of the Parent	**₱428, 005**	(₱101,965)
b. Weighted average number of common shares issued and outstanding (in thousands)	**1,339,832**	974,632
Earnings (loss) per common share (a/b)	**₱0.32**	(₱0.10)

The option to purchase the Parent Company's 12.0 million common shares was excluded from the computation of diluted earnings per share because the effect was antidilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting period and the date of completion of these interim consolidated financial statements.

17. **Cost of Sales**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Production overhead	**₱223,896**	₱234,103
Outside services	**125,780**	208,852
Personnel costs (see Note 22)	**101,321**	91,556
Depreciation and depletion (see Note 23)	**97,447**	78,890
Long-term stockpile inventory sold (see Note 10)	**35,796**	40,550
	584,240	653,951
Net changes in beneficiated nickel ore and limestone ore	**119,412**	(65,475)
	₱703,652	₱588,476

Outside services pertain to services offered by the contractors related to the mining activities of the Group. These services include, but not limited to, hauling, stevedoring, janitorial, maintenance, security and blasting equipment rental.

18. **Cost of Services**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Outside services	**₱9,973**	₱7,037
Equipment operating costs	**7,485**	7,932
Personnel costs (see Note 22)	**7,178**	4,577
Depreciation and depletion (see Note 23)	**3,844**	1,999
Overhead	**3,794**	7,392
	₱32,274	₱28,937

19. **Shipping and Loading Costs**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Contract fees	**₱45,491**	₱16,286
Fuel, oil and lubricants	**18,387**	7,447
Depreciation and depletion (see Note 23)	**14,631**	14,704
Materials and supplies	**11,588**	16,062
Personnel costs (see Note 22)	**9,692**	5,983
Other services and fees	**3,472**	5,826
	₱103,261	₱66,308

20. **Excise Taxes and Royalties**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Royalties	**₱39,667**	₱21,448
Excise taxes	**32,112**	19,423
	₱71,779	₱40,871

21. General and Administrative Expenses

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Personnel costs (see Note 22)	**₱45,310**	₱24,033
Depreciation and depletion (see Note 23)	**23,664**	6,540
Taxes and licenses	**11,765**	18,303
Outside services	**9,949**	7,414
Transportation and travel	**2,882**	2,406
Entertainment, amusement and recreation	**2,326**	2,988
Professional fees	**4,402**	3,921
Communications, light and water	**3,372**	2,268
Repairs and maintenance	**1,121**	758
Marketing	**1,534**	4,767
Guarantee fee	**517**	1,703
Others	**12,387**	7,331
	₱119,229	₱82,432

22. Personnel Costs

	For the three-month period ended March 31	
	2011	**2010**
	(Unaudited)	
Salaries, wages and employee benefits	**₱153,582**	₱126,149
Cost of share-based payment plan (Note 15)	**9,919**	–
	₱163,501	₱126,149

The amounts of personnel costs are distributed as follows:

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Cost of sales (see Note 17)	**₱101,321**	₱91,556
General and administrative (see Note 21)	**45,310**	24,033
Shipping and loading costs (see Note 19)	**9,692**	5,983
Cost of services (see Note 18)	**7,178**	4,577
	₱163,501	₱126,149

23. **Depreciation and Depletion**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Property and equipment (see Note 8)	**₱150,800**	₱116,918
Investment property	**1,875**	2,302
	₱152,675	₱119,220

The amounts of depreciation and depletion expense are distributed as follows:

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Cost of sales (see Note 17)	**₱97,447**	₱78,890
General and administrative (see Note 21)	**23,664**	6,540
Shipping and loading costs (see Note 19)	**14,631**	14,704
Cost of services (see Note 18)	**3,844**	1,999
Others	**13,089**	17,087
	₱152,675	₱119,220

24. **Finance Income**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Interest income	**₱33,309**	₱27,556
Gain on transfer from equity to profit or loss of AFS financial assets (see Note 7)	**2,056**	–
	₱35,365	₱27,556

25. **Finance Expenses**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Interest expense (see Note 12)	**₱2,109**	₱3,340
Accretion interest on mine rehabilitation and decommissioning (see Note 13)	**1,906**	989
Loss on transfer from equity to profit or loss of AFS financial assets (see Note 7)	**–**	3,538
	₱4,015	₱7,867

26. **Other Income (Charges)**

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Foreign exchange gain (losses) - net	**(₱21,983)**	(₱137,740)
Usage fee	**14,886**	–
Equity in net losses of an associate	**(6,808)**	–
Dividend income	**5,168**	150
Other services	**4,302**	6,222
Issuance of fuel, oil and lubricants	**3,260**	2,277
Despatch income	**132**	–
Derivative losses	–	(108,177)
Others	**6,173**	883
	₱5,130	(₱236,385)

27. **Related Party Transactions**

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2011 and 2010, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2011 (Unaudited) and December 31, 2010 (Audited):

Related Party	Relationship with Related Parties		Sale of Ore	Sale of Services and Others
Pacific Metals Co., Ltd. (PAMCO)	Stockholder	**March 31, 2011**	**₱792,483**	**₱–**
		December 31, 2010	₱389,279	₱–
SMM	Stockholder	**March 31, 2011**	**59,153**	**–**
		December 31, 2010	–	–
CBNC	Affiliate	**March 31, 2011**	**638,625**	**66,335**
		December 31, 2010	511,249	57,256
Totals		**March 31, 2011**	**₱1,490,261**	**₱66,335**
Totals		December 31, 2010	₱900,528	₱57,256

Related Party	Relationship with Related Parties		Trade and Other Receivables	Amounts Owed by Related Parties	Deferred Rent
CBNC	Affiliate	**2011**	**₱527,424**	**₱–**	**₱–**
		2010	₱662,561	₱–	₱–
PAMCO	Stockholder	**2011**	**365,088**	**–**	**–**
		2010	–	–	–
THNC	Associate	**2011**	**–**	**3,233**	**83,799**
		2010	3,104	2,871	83,799
Totals		**2011**	**₱892,512**	**₱3,233**	**₱83,799**
Totals		2010	₱665,665	₱2,871	₱83,799

Terms and Conditions of Transactions with Related Parties

All sales and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2011 and December 31, 2010 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group for the three-month period ended March 31, 2011 and 2010 amounted to about ₱19.7 million and ₱13.6 million.

28. **Income Taxes**

The provision for current income tax shown in the interim consolidated statements of income includes:

	For the three-month period ended March 31	
	2011	2010
	(Unaudited)	
Current	**₱273,608**	₱139,709
Deferred	**(22,398)**	(41,639)
	₱251,210	₱98,070

29. **Fair Value Hierarchy of Financial Instruments**

All financial instruments carried at fair value are categorized in three categories, defined as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

As at March 31, 2011 and December 31, 2010, the Group's AFS financial assets are classified under Level 1.

As at March 31, 2011 and December 31, 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. **Business Segment Information**

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite, limonite ore and limestone ore.

The services segment is engaged in the chartering out of Landing Craft Transportation, construction and rendering of services to CBNC.

There are no inter-segment revenues and expenses for the three-month period ended March 31, 2011 and 2010.

Financial information on the operation of the various business segments are as follows:

	March 31, 2011 (Unaudited)						
	Mining				Services and Others		
	HMC	CMC	TMC	RTN	RTN/LCSLC	Others	Total
Revenues	-	-	535,204	1,448,151	66,335	4,214	2,053,904
Cost of sales	65,227	64,939	148,006	425,480	-	-	703,652
Cost of services	-	-	-	-	32,274	-	32,274
Shipping and loading costs	-	-	36,084	67,177	-	-	103,261
Excise taxes and royalties	-	-	42,816	28,963	-	-	71,779
Segment operating earnings	(65,227)	(64,939)	308,297	926,532	34,062	4,214	1,142,938
General and administrative	17,954	12,710	23,871	16,534	3,949	44,212	119,229
Provision for (benefit from) income tax	-	-	69,529	202,796		(21,115)	251,210
Net income (loss) attributable to equity holders of the parent	(80,380)	(75,388)	153,426	469,018	(7,969)	(30,703)	428,005
Segment assets	1,046,591	922,329	4,503,746	5,724,078	111,776	9,777,723	22,086,243
Deferred income tax assets - net	149,718	51,118	52,630	-	4,445	199,204	457,116
Total assets	1,196,310	973,447	4,556,376	5,724,078	116,220	9,976,927	22,543,359
Segment liabilities	163,109	142,099	1,755,599	1,099,690	100,731	338,431	3,599,659
Deferred income tax liabilities - net	-	-	22,985	428,958	-	-	451,943
Total liabilities	163,109	142,099	1,778,583	1,528,648	100,731	338,431	4,051,602
Capital expenditures	9,654	1,075	261,000	1,785	40,362	3,099	316,975
Depreciation and depletion	7,724	24,325	34,430	69,716	2,217	14,263	152,675

	December 31, 2010 (Audited)						
	Mining				Services and Others		
	HMC	CMC	TMC	RTN	RTN	Others	Total
Segment assets	249,426	1,112,504	4,088,682	5,816,936	–	9,824,499	21,092,047
Deferred income tax assets - net	145,804	51,118	28,363	–	–	188,729	414,014
Total assets	395,230	1,163,622	4,117,045	5,816,936	–	10,013,228	21,506,061
Segment liabilities	153,266	256,887	1,575,291	438,674	–	565,624	2,989,742
Deferred income tax liabilities - net	-	-	-	427,391	–	13,379	440,770
Total liabilities	153,266	256,887	1,575,291	866,065	–	579,003	3,430,512

	March 31, 2010 (Unaudited)						
	Mining				Services and Others		
	HMC	CMC	TMC	RTN	RTN	Others	Total
Revenues	-	-	323,711	748,706	57,256	2,741	1,132,415
Cost of sales	44,606	64,659	134,600	344,611	-	-	588,476
Cost of services	-	-	-	-	28,937	-	28,937
Shipping and loading costs	-	-	42,752	23,556	-	-	66,308
Excise taxes and royalties	-	-	25,897	14,974	-	-	40,871
Segment operating earnings	(44,606)	(64,659)	120,462	365,565	28,319	2,741	407,823
General and administrative	22,309	8,807	19,544	15,030	-	16,741	82,432
Provision for (benefit from) income tax	(16,589)	(24,970)	30,462	109,167	-	-	98,070
Net income (loss) attributable to equity holders of the parent	(38,733)	(57,677)	35,820	139,954	-	(181,329)	(101,965)
Capital expenditures	6,601	5,428	7,030	6,183		24	25,267
Depreciation and depletion	9,833	27,615	33,553	48,219	-	-	119,220

The Group has revenues from external customers as follows:

	For the three-month period ended March 31	
Country of Domicile	**2011**	2010
	(Unaudited)	
China	**₱493,095**	₱171,889
Japan	**851,636**	389,279
Local	**709,173**	571,247
	₱2,053,904	₱1,132,415

The revenue information above is based on the location of the customer.

Revenue from two customers amounted to ₱1,431.1 million and ₱900.5 million for the three-month period ended March 31, 2011 and 2010, respectively, arising from sale of ores.

The Group has non-current assets consisting of property and equipment and investment property located in the Parent Company's country of domicile amounting to ₱3,977.8 million and ₱3,813.5 million as at March 31, 2011 and December 31, 2010, respectively.