

**MINUTES OF THE  
ANNUAL GENERAL MEETING OF THE  
SHAREHOLDERS OF NICKEL ASIA CORPORATION**

*Held on 04 June 2021, at 10:00 a.m.  
via remote communication  
presided from 28F NAC Tower 32nd Street,  
Bonifacio Global City, Taguig, 1634 Metro Manila*

**Shareholder Attendance:**

85.54% of the Company's outstanding capital stock

**Director present at the Company's principal office:**

Gerard H. Brimo, Director, *Chairman*

**Directors present via remote communication:**

Martin Antonio G. Zamora, *Director and President and CEO*

Philip T. Ang, *Director and Vice Chairman*

Frederick Y. Dy, *Independent Director; Audit Committee Chairman*

Masahiro Kamiya, *Director, Related Party Transactions Committee Chairman*

Maria Patricia Z. Riingen, *Director*

Angelo Raymundo Q. Valencia, *Independent Director, Board Risk Oversight Committee Chairman*

Luis J.L. Virata, *Director*

Hiroshi Yoshida, *Director*

**Officers present at the Company's principal office:**

Maria Angela G. Villamor, *Senior Vice President and Chief Financial Officer*

Atty. Barbara Anne C. Migallos, *Corporate Secretary*

Atty. Georgina Caroline Y. Martinez, *Assistant Corporate Secretary, SVP, CCO, CGO, Head - Compliance & Corporate Support Services Group*

**Others present via remote communication:**

Manuel B. Zamora, Jr., *Chairman Emeritus*

**External Auditor:**

Sycip Gorres Velayo & Company, *External Auditors (represented by Jaime F. del Rosario and members of the external audit team)*

**I. CALL TO ORDER**

The Chairman, Mr. Gerard H. Brimo, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Barbara Anne C. Migallos, recorded the minutes of the proceedings.

The Chairman welcomed the stockholders to the 2021 Annual Stockholders' Meeting (the "Meeting") of Nickel Asia Corporation (the "Company"), the second Meeting held via remote communication. He then proceeded to introduce the Chairman Emeritus, Mr. Manuel B. Zamora Jr., and the Directors of the Company who were present via remote

communication: Mr. Philip T. Ang, Vice Chairman; Mr. Martin Antonio G. Zamora, President and CEO; Mr. Frederick Y. Dy, Independent Director and Chairman of the Audit Committee; Mr. Angelo Raymundo Q. Valencia, Independent Director and Chairman of the Board Risk Oversight Committee; Mr. Masahiro Kamiya, Chairman of the Related Party Transactions Committee, Ms. Maria Patricia Z. Riingen, and Messrs. Luis J. Virata, and Hiroshi Yoshida.

The Chairman introduced Ms. Maria Angela G. Villamor, Senior Vice President and Chief Financial Officer, and Atty. Barbara Anne C. Migallos, Corporate Secretary, both present at the Company's principal office where the meeting was presided from.

The Chairman also acknowledged the representatives of the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV & Co.) who attended the meeting remotely.

## **II. PROOF OF REQUIRED NOTICE OF THE MEETING**

The Chairman then inquired whether the Notices of the Meeting were properly sent to stockholders. The Corporate Secretary certified that in accordance with SEC rules, the Notice with the Agenda, together with the Definitive Information Statement approved by the SEC was posted on the website of the Corporation on 11 May 2021. The Notice and Agenda was also published in Business Mirror and Malaya Business Insight for two (2) consecutive days, on 11 and 12 May 2021, and published on-line in the Business Mirror and the Malaya Business Insight on the same dates.

## **III. CERTIFICATION OF QUORUM AND EXPLANATION OF VOTING PROCEDURE**

The Corporate Secretary certified that there are present via remote communication, or represented by proxy, 85.54% of the outstanding capital stock of the Company. Accordingly, there was a quorum for purposes of the meeting.

The Corporate Secretary explained that as indicated in the Notice of the Meeting, stockholders may participate and attend the meeting only by remote communication. A dedicated email address was disclosed consistent with SEC rules so that stockholders would be able to register or to submit proxies on or before 24 May 2021. Shareholders who did so were considered present at the Meeting.

### *Voting Procedure and General Protocol*

At the request of the Chairman, the Corporate Secretary explained the protocol and voting procedure for the meeting.

1. The required quorum for an annual stockholders' meeting is the presence in person or by proxy of stockholders holding a majority of the outstanding capital stock. As earlier stated, there is a quorum for today's meeting.

2. Only the items on the Agenda and in the Definitive Information Statement will be voted upon. Items that are not on the Agenda cannot be submitted to a vote by the shareholders.
3. As stated in both the Notice and in the Definitive Information Statement, stockholders may cast their votes through an online ballot which must be submitted on or before 12:00 noon of 2 June 2021 to the dedicated email address. Voting instructions were provided in the Definitive Information Statement.

Proxy forms, which contain each item on the Agenda that requires shareholders' vote, were also made available in the Company website, for use by the shareholders for today's meeting.

4. In the election of directors, cumulative voting may be adopted. The nine (9) nominees with the greatest number of votes will be elected directors.

The names of each of the nominees are stated in the online voting form, and in the proxy. The shareholder may vote for all of the nominees; OR withhold a vote for all or for certain nominees. Votes are cast and counted in accordance with the shareholders' instructions, as reflected in the proxies.

5. The Company's stock transfer agent, Stock Transfer Service, Inc. tabulated the votes. As necessary, such tabulation is subject to the review by SGV & Co., the Company's independent external auditor.
6. The results of the voting on each item will be announced when the particular item is taken up. A tabulation of results will be posted on the Company's website after the Meeting.
7. Stockholders were requested to submit their questions on or before 2 June 2021 at 12 noon, through the dedicated email address that was provided to shareholders. Management will endeavor to answer all the questions. If, due to time constraints, we are not able to answer all the questions, responses to remaining questions will be sent via email.

#### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

The Chairman announced that the first item on the Agenda was the reading and approval of the Minutes of the Annual General Stockholders' Meeting held on 17 July 2020 (the "2020 AGM"). The Minutes of the 2020 AGM were posted on the Company's website five business days after that meeting. At the request of the Chairman, the Corporate Secretary presented the resolution for approval:

*“RESOLVED, that the reading of the Minutes of the Annual Meeting of Stockholders held on 17 July 2020 be as it is hereby dispensed with, and that said Minutes are hereby approved.”*

According to the Corporate Secretary, based on the tabulation of votes, stockholders representing a total of 11,660,245,250 shares or 85.54% of the Company's outstanding capital stock voted in favor of the proposed resolution.

The Chairman declared the motion carried and announced that the Minutes of the Stockholders' Meeting held on 17 July 2020 were hereby approved.

## **V. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2020**

The next item on the Agenda was the approval of the Annual Report and of the Company's Audited Financial Statements and the Notes thereto for the year ended 31 December 2020. Copies of the report and the audited financial statements were previously distributed to the shareholders in accordance with pertinent SEC rules.

The President and Chief Executive Officer, Mr. Martin Antonio G. Zamora, presented the highlights of the Annual Report through a pre-recorded video, followed by the Senior Vice President and Chief Financial Officer, Ms. Maria Angela G. Villamor, who presented the financial and operating highlights.

### **The President's Report**

The President welcomed the shareholders to the Company's Annual Shareholders' Meeting.

The President recalled that 2020 was a year like no other. In the face of a once-in-a-century pandemic, the Company was certain that to get through this global crisis, it needed to focus on its people and its communities. For its people, the Company activated incident management teams at every mile, and made it clear that no one was to be left behind. This pledge was put to the test when one of its resident mine managers turned seriously ill. The Company immediately had him flown to Manila for medical treatment, and he was discharged 34 days later, fully recovered from the virus. The Company also knew that its operations could not continue in a bubble of safety if its own communities were vulnerable. Thus, it spent over Php60 million supplying its communities with fac masks, face shields, alcohol and other medical equipment, as well as rice and canned goods to tide over families while shops were closed. Through it all, the Company saw its people come together, focused on their responsibilities to their fellow workers, families, and communities. In the end, the Company delivered an outstanding performance during the most difficult time with not a single casualty, and no one left behind. The year also saw the Company continue to work on several matters critical to its future. In 2020, it embarked on a formal Environmental, Social, and Governance (ESG) process, the formalization of numerous practices and principles that its founders had adopted since the beginning. The Company resolved to be the top ESG investment in the Philippines within a five-year period. The year ended with the Company receiving recognition for efforts to become an example of responsible mining. Two of its subsidiaries, Rio Tuba Nickel Mining

Corporation and Cagdianao Mining Corporation, received the Presidential Mineral Industry Environment Award, the highest recognition that can be bestowed on a large-scale mining operation in the Philippines, while another subsidiary, Hinatuan Mining Corporation, received the Platinum Achievement Award.

### *Operating Results*

The Company's four operating companies achieved total sales of 18.2 million wet metric tonnes (WMT) of nickel ore, a slight decrease from the prior year's 18.8 WMT. Exports of saprolite ore increased to 9.2 million WMT from 8.9 million WMT in the previous year. On the other hand, exports of limonite ore decreased to 865,000 WMT from 1.6 million WMT. The Rio Tuba and Taganito operations also sold 8.2 million WMT of low-grade limonite ore to the Coral Bay and Taganito HPAL plants (the "HPAL Plants"), respectively.

With respect to prices, the Company averaged \$35.00 per WMT for saprolite ore exports, as against \$25.00 per WMT from the prior year, a 41% increase. The price of limonite exports also increased to \$20.00 per WMT, as against \$15.00 per WMT. The higher export prices were the result of tighter supply following the resumption of Indonesia's nickel ore export ban, which took effect at the start of the year. On the limonite sales to the HPAL Plants, the Company realized an average selling price of \$8.30 per WMT. On a combined basis, the Company averaged \$22.50 per WMT in 2020, 35% higher than the prior year's \$16.70 per WMT.

As a result, consolidated revenues increased to P21.8 billion from P17.9 billion in the prior year. Correspondingly, the attributable net income for the year increased to P4.1 billion from P2.7 billion in the previous year. Included in the income is the Company's share of earnings of the two HPAL Plants, which amounted to P190 million. On the basis of these results, on 11 March 2021, the Board of Directors approved a regular cash dividend of P0.09 per share and a special cash dividend of P0.14 per common share. Cash dividends in the total amount of P4.07 billion was paid on 08 April 2021 to shareholders of record as of 25 March 2021.

### *Economic and Social Contribution*

In 2020, the Company paid taxes and fees amounting P5 billion, including corporate income tax of P2.4 billion. With respect to the Company's Social Development and Management Programs and Corporate Social Responsibility Programs, the Company spent P244 million on infrastructure, livelihood, health care and educational programs within the host communities of the Company's operations.

### *Industry Outlook*

The Company's outlook for the nickel industry is positive over the long term. This is despite the global nickel market surplus recorded in 2020, which was driven by the slow down in the global economy due to the corona virus disease (Co-ViD-19) and more importantly, the increase in the Indonesian NPI production. Surpluses are expected to continue until 2024, driven by additional Indonesian nickel production. However, from 2025

onwards, a deficit build-up is expected as a result of nickel demand for the electric vehicle (EV) market, which is expected to lead to massive shortages unless a significant number of downstream nickel projects are added in the medium term. With nickel demand for EVs expected to grow at an accelerated pace and the corresponding build-up of deficits in the global nickel market, higher London Market Exchange (LME) nickel prices are expected over the foreseeable future.

With respect to the Company's renewable energy business, the prospects are positive. The Department of Energy (DOE) and National Grid Corporation of the Philippines expect demand for power to exceed dependable capacity by 2024. In addition, the DOE will require distribution utilities and retailers to procure more renewable energy starting in 2020. EPI continues to position itself competitively given the industry dynamics.

The 32 Megawatt (MW) solar plant in Subic generated 37.6 gigawatts of power, a 17% increase from the 2019 production. The Company signed a total of 27 MW of power supply agreements in 2020 and have developed a strong pipeline for future deliveries. The EPI and NAC Boards also approved a P2.6 billion capital budget to expand the existing Subic capacity to 100 MW. The Company started construction of 30 MW in the second quarter of 2020, which was energized in April 2021. The development plans for the next 38 MW was also finalized, which would bring total capacity to 100 MW by the first quarter of 2022. The Company secured a second 100 MW service contract for Subic.

Finally, amidst the challenging times brought about by the unprecedented threat of CoViD-19, the dedication and perseverance of the Company's officers, staff, and rank and file employees in continuing operations safely and in accordance with mandated government protocols have been exemplary – the President thanked them for their trust and dedication. Additionally, the President thanked them especially in making sure the Company's host communities are safe and secure from the virus and in reaching out and assisting everyone, especially the most severely affected.

The President expressed his appreciation to the Company's Directors for their collective wisdom and guidance throughout the year. Finally, the President thanked the shareholders, for their continued support and encouragement as the Company goes through a period of crisis.

The President said that the Company's commitment to raise the bar remains unchanged. With the shareholders' continued support, and the dedication of the Company's employees, the Company has emerged from 2020 even stronger and more confident about the future.

## **Financial and Operating Results**

The SVP and CFO presented the financial and operating results for 2020.

The year 2020 saw an improvement in ore prices as a result of the Indonesia ore export ban which took effect on 01 January 2020 and the recovery of the Chinese economy.

With respect to realized ore prices on deliveries to the two HPAL Plants, prices were at \$8.33 per WMT, which is slightly higher in comparison to \$8.19 per WMT in 2019. Taking into account the cobalt credits for the materials delivered to the plants, average realized LME price was slightly lower at \$6.21 per lb in 2020 as average cobalt price fell from \$16.70 in 2019 to \$15.60 in 2020.

With respect to ore export sales, realized ore prices increased by 45% to \$33.99 per WMT in 2020 from \$23.52 per WMT in 2019. As a result, the combined weighted average realized prices of both ore exports and HPAL deliveries is \$22.46 per WMT in 2020, 35% higher than the \$16.69 per WMT in 2019.

Changes in foreign exchange rates impact the company's operations as 100% of the company's mining revenues are denominated in US dollars. The steadily weakening of the US dollar contributed to the Peso closing at P49.15 to \$1 at end of 2020 compared to the P51.72 to \$1 in 2019. Based on the number shipments of the company, the effect of a P1.00 fluctuation in the foreign exchange rate to net income is approximately P267 million.

Also affected by changes in foreign exchange rates are the company's foreign currency denominated financial assets, which are mostly in US dollars and accounts for about 69% of the Company's cash and cash equivalents. The lower peso exchange rate resulted in the recognition of a higher foreign exchange loss of P451 million for 2020.

On shipment volumes, the imposition of the Indonesia ore export ban opened the market for lower grade saprolite ore, with nickel content of less than 1.5%. Sales volume of lower grade saprolite ore saw an increase of 3% to 9.15 million WMT in 2020 compared to 8.86 million WMT in 2019. The enhanced community quarantine (ECQ) and the prolonged rains in the south resulted to delay in shipments from the Surigao mines. As a result, total saprolite and limonite ore exports dropped by 4% or about 420,000 WMT to 10.02 million WMT for the year 2020.

Ore deliveries to the plants decreased to 8.18 million WMT for 2020, 3% lower than the 8.39 million WMT reported in 2019. Overall, total shipments of 18.20 million WMT is slightly lower than the 18.84 million WMT reported in 2019.

Despite the decrease in shipments and unfavorable foreign exchange rates, revenues from nickel sales stood at P20.10 billion, which is a 24% increase from the P16.26 billion actual revenues in 2019. This is due to improved prices.

In terms of cash cost per WMT sold, the Company spent \$12.86, or a margin of close to 43% or \$9.61. This is higher than the 34% margin in 2019.

The overall effects and performance driven by the key drivers resulted in P21.77 billion in revenues or a 21% increase from 2019's revenue of P17.9 billion. EBITDA stood at P9.36 billion in 2020 compared to P6.5 billion in 2019. The Company generated a net income of P4.069 billion compared to the P2.685 billion net income in 2019.

In summary, 2020 registered a \$22.46 realized revenue per WMT, a 19% improvement in both EBITDA and net income, as translated into 43% EBITDA margin and a net income margin of 25%. Finally, earnings per share for 2020 is P0.30, a 50% increase from P0.20 in 2019.

## **OPEN FORUM**

The Chairman then asked the Corporate Secretary to inform the stockholders of any questions received. The Corporate Secretary confirmed that there were no questions received from the stockholders.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval:

***“RESOLVED**, that the Annual Report, together with the Audited Financial Statements and the notes thereto of the Corporation for the year ended 31 December 2020, be as they are hereby approved.”*

The Corporate Secretary stated that based on the tabulation of votes, stockholders owning a total of 11,658,037,130 shares or 85.52% of the Company’s outstanding capital stock voted in favor of the approval of the Annual Report, together with the Audited Financial Statements and the notes thereto of the Corporation for the year ended 31 December 2020.

The Chairman then declared that the motion was carried. The Company’s Annual Report and the Audited Financial Statements and the notes thereto for the year ended 31 December 2020 were approved, ratified and confirmed.

## **VI. RATIFICATION AND APPROVAL OF ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

The Chairman said that the next item on the Agenda is the ratification and approval of the acts of the Board of Directors and executive officers during the year 2020. The Corporate Secretary presented the resolution for approval:

***“RESOLVED**, that all acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors, and Executive Officers and management of the Corporation during the past year and up to today’s meeting, as set forth in the Minutes of the Meetings of the Board of Directors, and/or all acts and proceedings performed or taken pursuant thereto, be as they are hereby, approved, ratified and confirmed.”*

At the Chairman's request, the Corporate Secretary informed the stockholders that based on the tabulation of votes, shareholders holding 11,658,037,130 shares, representing 85.52% of the Company's outstanding capital stock, have voted in favor of the approval and ratification of the acts of the Board of Directors and Officers of the Company during the past year.

The Chairman declared the motion carried. The resolution to ratify and approve all of the acts of the Board of Directors and/or Officers of the Corporation during the past year was approved.

## **VII. APPOINTMENT OF INDEPENDENT AUDITORS**

The Chairman said that the next item on the Agenda is the appointment of the Company's independent auditors. He said that the Audit Committee recommended the appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2021, and the Board of Directors approved and accepted the recommendation. The Corporate Secretary presented the resolution for approval:

***“RESOLVED,** that accounting firm of Sycip, Gorres Velayo & Company, as recommended by the Audit Committee and the Board of Directors, be appointed as the external auditor of the Corporation for the year 2021 and until its successor is duly appointed.”*

At the Chairman's request, the Corporate Secretary informed the stockholders that based on the tabulation of votes, shareholders holding 11,650,245,230 shares, representing 85.54% of the outstanding capital stock, voted in favor of the appointment of Sycip Gorres Velayo & Company as the independent external auditors of the Company for 2021.

The Chairman declared the motion carried. The appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2021 was approved.

## **VIII. ELECTION OF DIRECTORS**

The Chairman said that the next item on the Agenda is the election of directors for the ensuing year, at least two of whom must be independent directors.

The Corporate Secretary reported that there were nine (9) nominees for the nine (9) seats on the Company's Board of Directors for election at this Meeting. The Nominations Committee screened the nine (9) nominees including the nominees for independent directors and thereafter prepared a Final List of qualified candidates, which was incorporated in the Information Statement for today's meeting. The following are the nominees:

1. Gerard H. Brimo
2. Philip T. Ang
3. Martin Antonio G. Zamora
4. Jaime J. Bautista (Independent Director)
5. Masahiro Kamiya
6. Maria Patricia Z. Riingen
7. Angelo Raymundo Q. Valencia (Independent Director)
8. Luis J. L. Virata
9. Hiroshi Yoshida

The Chairman asked the Corporate Secretary to inform the body of the votes cast for each of the nine (9) nominees to the nine (9) seats on the Company's Board of Directors.

The Corporate Secretary reported that all nine (9) nominees for the nine (9) seats on the Board received sufficient votes to elect them as Director of the Company. Indeed, the vote of the shareholders was overwhelmingly in favor of the nine (9) nominees.

The Chairman then declared that the following have been elected as Directors of the Company:

1. Gerard H. Brimo
2. Philip T. Ang
3. Martin Antonio G. Zamora
4. Jaime J. Bautista (Independent Director)
5. Masahiro Kamiya
6. Maria Patricia Z. Riingen
7. Angelo Raymundo Q. Valencia (Independent Director)
8. Luis J. L. Virata
9. Hiroshi Yoshida

The Chairman thanked Mr. Frederick Y. Dy, the Company's outgoing Independent Director, for his invaluable contributions to the Company for the past 11 years.

## **IX. OTHER MATTERS**

The Chairman asked if there were any other matters or business that the shareholders wished to raise. None of the shareholders came forward with questions or concerns.

**X. ADJOURNMENT**

There being no other matters to discuss, on motion made and duly seconded, the meeting was thereupon adjourned.

Prepared by:

**BARBARA ANNE C. MIGALLOS**  
*Corporate Secretary*

Attest:

**GERARD H. BRIMO**  
*Chairman*

***Nickel Asia Corporation***  
***Minutes of the Annual Stockholders' Meeting***  
***Held on 04 June 2021***