

NICKEL ASIA YTD Q3 SHIPMENT VOLUME INCREASES 165% IN VALUE

The Company's four operating mines sold an aggregate 14.26 million wet metric tons (WMT) of nickel ore in the first nine months of 2014 as compared to 10.32 million WMT in the same period last year, or an increase of 38%. The estimated value of shipments for the nine months ended September 30, 2014 amounted to P20.6 billion, 165% higher compared to P7.8 billion reported in the same period last year.

The growth in shipment volumes was largely the result of increased ore deliveries to the HPAL plants, in particular to the Taganito HPAL facility, now on its first full year of commercial operations. The said plant was still in its pre-operating stage during the same period last year. As a result, total ore deliveries to the two HPAL plants reached 5.38 million WMT in 2014 compared to 2.81 million WMT in 2013. The direct exports of ore likewise contributed to the Company's higher shipments, increasing from 7.50 million WMT in 2013 to 8.87 million WMT in 2014.

The Company's Taganito subsidiary, which is now the largest, accounted for 41% of total shipments during the first nine months of the year. The mine shipped a total of 2.22 million WMT of saprolite ore and 3.58 million WMT of limonite ore, including 2.78 million WMT of limonite to the new plant. The Rio Tuba subsidiary accounted for 32% of total shipments during this period. The mine shipped 1.63 million WMT of saprolite ore and 2.92 million WMT of limonite ore, including 2.61 million WMT of limonite to the adjacent Coral Bay plant. The Company's Hinatuan mine managed to ship a total of 2.50 million WMT of limonite ore and 261 thousand WMT of saprolite ore, while the Cagdianao mine shipped a total of 462 thousand WMT of limonite ore and 678 thousand WMT of saprolite ore.

The effect of the Indonesian ore export ban has led to a rapid surge in ore prices to Chinese customers, significantly higher than the increase experienced in LME prices. As a result, ore sales to our Japanese customers, whose selling price has been traditionally linked to LME prices, are now benchmarked to China prices on the basis of a negotiated price per WMT of ore starting April of this year. The average price received for ore sales to mainly Japanese and Chinese customers totaling 8.87 million WMT of both saprolite and limonite ore during the first nine-months of the year amounted to \$46.72 per WMT. This compares to an average \$20.96 per WMT for the same period last year on a total of 7.50 million WMT of ore sold. The pricing of shipments to Japanese customers for the comparable period last year and the first quarter of this year, which were then linked to the LME, were converted to the equivalent US dollar per WMT for comparison purposes.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito plants, which remain linked to LME prices, we realized an average of \$7.87 per pound of payable nickel on 5.38 million WMT sold during this first nine-months. This compares to an average price of \$6.89 per pound of payable nickel on 2.81 million WMT sold during the same period last year.

“We are delighted that the Company has been able to produce strong volume growth, both in terms of ore deliveries to the two processing plants, as well as direct ore exports. As a result, we have been able to capitalize from the strong prices we are now experiencing”, said Gerard H. Brimo, President and CEO of the Company.