



S.E.C. Number CS200811530

File Number \_\_\_\_\_

**NICKEL ASIA CORPORATION**

(Company's Full Name)

**28th Floor NAC Tower, 32nd Street,  
Bonifacio Global City, Taguig City**

(Company's Address)

**+63 2 8892 6669 / +63 2 7798 7622**

(Telephone Numbers)

**December 31**

(Fiscal Year Ending)

(month & day)

**SEC Form 17-Q Quarterly Report**

Form Type

---

Amendment Delegation (If applicable)

**For the Three Months Ended**

**March 31, 2021**

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, 2021
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  
28<sup>th</sup> Floor NAC Tower, 32nd Street, 1634  
Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: +63 2 8892 6669 / +63 2 7798 7622
9. Former name, former address, and former fiscal year, if changed since last report.  
N/A
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
<b>Common Stock</b>	<b>13,630,850,117 shares</b>
<b>Short and Long-term Debts</b>	<b>Php2,495.5 million</b>

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

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

Yes [  ] No [  ]



May 10, 2021

**Ms. Janet A. Encarnacion**

Head - Disclosure Department  
Philippine Stock Exchange Tower,  
5th Avenue corner 28th Street, BGC Taguig City

**Mr. Vicente Graciano P. Felizmenio, Jr.**

Director - Markets and Securities Regulation Department  
Securities and Exchange Commission  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Re : SEC Form 17-Q 2021 1st Quarter Report  
X =====X

Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended March 31, 2021.

We trust everything is in order.

Very truly yours,

**Maria Angela G. Villamor**  
SVP - Chief Financial Officer



**NICKEL ASIA CORPORATION**  
**17-Q QUARTERLY REPORT**  
**MARCH 31, 2021**

**PART I – FINANCIAL INFORMATION**

Item A. Financial Statements .....	<b>1 – 2</b>
Summary Consolidated Statements of Income for the Three Months Ended March 31, 2021 and 2020	
Summary Consolidated Statements of Financial Position as at March 31, 2021 and December 31, 2020	
Summary Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020	
 Item B. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	 <b>2 – 10</b>
 <b>PART II – FINANCIAL SOUNDNESS INDICATORS .....</b>	 <b>11</b>

**SIGNATURES****INDEX TO FINANCIAL STATEMENTS**

## PART I – FINANCIAL INFORMATION

### Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2021 (with Comparative Audited Statement of Financial Position as at December 31, 2020) and for the three-month period ended March 31, 2021 and 2020 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2021 and 2020 and as at March 31, 2021 and December 31, 2020:

#### Summary Consolidated Statements of Income

	For the Three Months Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2021	2020		
<i>(In Thousand Pesos)</i>				
Revenues	₱3,167,580	₱2,209,043	₱958,537	43%
Costs	(1,225,695)	(1,263,912)	(38,217)	-3%
Operating expenses	(624,630)	(504,338)	120,292	24%
Finance income	67,251	86,465	(19,214)	-22%
Finance expenses	(61,146)	(78,565)	(17,419)	-22%
Equity in net income (losses) of associates	114,926	(10,423)	125,349	1203%
Other income (charges) - net	11,026	(234,016)	245,042	105%
Provision for income tax - net	(480,079)	(135,416)	344,663	255%
Net income	₱969,233	₱68,838	₱900,395	1308%
Net income (loss) attributable to:				
Equity holders of the parent	₱584,097	(₱89,341)	₱673,438	754%
Non-controlling interests	385,136	158,179	226,957	143%
	₱969,233	₱68,838	₱900,395	1308%

#### Summary Consolidated Statements of Financial Position

	March 31,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2021 (Unaudited)	2020 (Audited)		
<i>(In Thousand Pesos)</i>				
Current assets	₱22,182,045	₱22,011,970	₱170,075	1%
Noncurrent assets	26,961,795	26,901,320	60,475	0%
Total assets	₱49,143,840	₱48,913,290	₱230,550	0%
Current liabilities	₱10,161,558	₱10,944,323	(₱782,765)	-7%
Noncurrent liabilities	3,430,770	3,372,178	58,592	2%
Equity attributable to equity holders of the parent	31,611,983	31,042,396	569,587	2%
Non-controlling interests	3,939,529	3,554,393	385,136	11%
Total liabilities and equity	₱49,143,840	₱48,913,290	₱230,550	0%

### Summary Consolidated Statements of Cash Flows

	For the Three Months Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2021	2020		
<i>(In Thousand Pesos)</i>				
Net cash flows from (used in):				
Operating activities	₱544,655	₱251,911	₱292,744	116%
Investing activities	(426,566)	(510,122)	(83,556)	-16%
Financing activities	(729,519)	(680,563)	48,956	7%
Net increase (decrease) in cash and cash equivalents	(611,430)	(938,774)	(327,344)	-35%
Cash and cash equivalents, beginning	11,835,201	11,943,128	(107,927)	-1%
Cash and cash equivalents, end	₱11,223,771	₱11,004,354	₱219,417	2%

### **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, 2021 and 2020, prepared in conformity with Philippine Accounting Standards 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, 2021 compared with three months ended March 31, 2020**

##### **Revenues**

	2021	2020
	(In Thousands)	
Sale of ore and limestone	₱2,901,043	₱1,938,054
Services and others	189,784	197,290
Power	76,753	73,699
	₱3,167,580	₱2,209,043

Revenues during the first quarter of 2021 was ₱3,167.6 million, higher by ₱958.5 million or 43%, compared to ₱2,209.0 million during the same period last year.

##### *Sale of Ore*

Income during the first quarter of the year was achieved mainly due to higher ore selling prices. London Metal Exchange (LME) nickel price continued its momentum from last year which was both supply-driven, because of the Indonesian ore export ban, and demand-driven, due to the upgrading of forecasts with respect to the Electric Vehicle market.

The average realized export price during the first quarter of 2021 was \$44.86 per wet metric tons (WMT), 56% higher compared to \$28.67 per WMT realized during the same period last year. Likewise, the Group delivered limonite ore to Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of \$7.96 per pound of payable nickel during the first quarter compared to \$5.80 per pound of payable nickel in last year's first quarter. Ore shipments to the HPAL

plants accounted for 70% and 75% of the Group's total shipments during the first quarter of 2021 and 2020, respectively.

In terms of shipment volume, the Group sold an aggregate of 2.82 million WMT of nickel ore during the first quarter of 2021 compared to 2.78 million WMT during the same period last year. Limonite ore deliveries to the two processing plants were lower at 1.98 million WMT compared to 2.08 million WMT last year. On the other hand, ore export shipments increased by 20% to 845.0 thousand WMT from 703.3 thousand WMT last year. On a combined basis, the average realized price for both ore exports and ore deliveries to the two plants in the first quarter of 2021 was \$20.64 per WMT compared to \$12.97 per WMT in the same period last year.

The realized peso to US dollar exchange rate for ore sales was ₱48.41 during the first quarter of 2021 compared to ₱50.85 during the same period last year.

On a per mine basis, the Group's Rio Tuba mine exported 734.1 thousand WMT of saprolite ore and delivered 804.6 thousand WMT of limonite ore to the Coral Bay processing plant during the first quarter of 2021. This compares to sales of 652.9 thousand WMT of saprolite ore and 869.1 thousand WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 54.4 thousand WMT of saprolite ore and delivered 1.17 million WMT of limonite ore to the Taganito processing plant during the first quarter of 2021. Compared to the same period last year wherein there was no ore export sales and 1.21 million WMT was delivered to the Taganito processing plant.

The Company's Hinatuan mine shipped limonite ore of 56.5 thousand WMT during the first quarter of 2021 compared to 50.4 thousand WMT during the same period last year. Meanwhile, Cagdianao has no shipments yet during the first quarter of both years.

#### *Sale of Limestone*

Rio Tuba's revenue from sale of limestone was lower by 25% at ₱78.6 million during the first quarter of 2021 compared to ₱105.1 million during the same period last year due to the 27% drop in limestone deliveries.

#### *Services and Others*

##### *Sale of Quarry Materials*

Revenue from sale of quarry material was significantly lower than last year by 96% as a result of lower deliveries of quarry materials to Taganito HPAL Nickel Corporation (THNC). During the first quarter of 2021, Taganito Mining Corporation (TMC) delivered 1,500 cubic centimeter (ccm) only of quarry materials compared to 38,077 ccm during the same period last year.

##### *Services*

Services revenue largely consists of payments made in consideration for the hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation (RTN) and TMC provides to Coral Bay Nickel Corporation (CBNC) and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The revenue from services was higher by ₱6.8 million, from ₱182.4 million to ₱189.2 million due to minimal increase in materials handled by RTN for CBNC.

### *Sale of Power*

Revenue from the sale of power amounted to ₱76.8 million during the first quarter of 2021, a little higher than the ₱73.7 million revenue during the same period last year. The increase was attributable to higher energy generated during the first quarter of 2021. The average system availability during the first quarter of 2020 was lower at 68.70% only compared to 86.71% during the first quarter of 2021. The contracted capacity increased as well from 10MW during the first quarter of last year to 17MW during the first quarter of the current year. Effective price for the first quarter of 2020 was at ₱3.15/kWh as against ₱3.80/kWh for the first quarter of 2021.

### **Costs**

Costs went down by 3% or ₱38.2 million, from ₱1,263.9 million to ₱1,225.7 million.

	2021	2020
	(In Thousands)	
Cost of sales	₱1,047,711	₱1,087,905
Services	97,708	97,336
Power generation	80,276	78,671
	₱1,225,695	₱1,263,912

### *Cost of Sales*

Cost of sales decreased by 4% to ₱1,047.7 million from ₱1,087.9 million mainly on account of the lower quarry materials delivered to THNC, lower average fuel price per liter from ₱33/liter to ₱25/liter and delay in the repairs of heavy equipment due to non-arrival of planned repair parts. The Corona Virus Disease (COVID-19) restrictions imposed by the province also caused the delay in the deployment of contractors and hiring of other personnel in the site.

### *Cost of Services*

Cost of services were almost the same at ₱97.7 million and ₱97.3 million during the first quarter of 2021 and 2020, respectively. In terms of volume, the combined materials handled by RTN and TMC decreased by 5%, however, fixed cost such as depreciation increased due to chromite handling.

### *Cost of Power Generation*

Cost of power generation slightly went up by 2% to ₱80.3 million from ₱78.7 million due to the annual preventive maintenance of high voltage equipment and environmental activities conducted during the period.

### **Operating Expenses**

	2021	2020
	(In Thousands)	
General and administrative	₱228,693	₱246,587
Shipping and loading costs	211,871	123,582
Excise taxes and royalties	184,066	134,169
	₱624,630	₱504,338

### *General and Administrative*

General and administrative expenses slid by 7% from ₱246.6 million to ₱228.7 million mainly due to payments of employee separation pays that were not covered by the retirement plan during the first quarter of 2020. Also, the accrual for stock option expense in the first quarter of 2020 was higher

compared to the current period.

#### ***Shipping and Loading Costs***

Shipping and loading costs went up by 71% because of the 20% increase in the volume of ore export and due to the advance ship loading activities conducted by the mines. Landing Craft Transport were already hired for vessels that started loading in March.

#### ***Excise Taxes and Royalties***

Excise taxes and royalties rose by 37% to ₱184.1 million from ₱134.2 million because of higher revenues as a result of higher ore prices and slight increase in volume shipped.

#### **Finance Income**

Finance income was lower by 22% at ₱67.3 million from ₱86.5 million due to lower interest rates and lower short-term cash placements during the current period.

#### **Finance Expenses**

Finance expenses dropped by 22% to ₱61.1 million from ₱78.6 million due to the continuous decline in the London Inter-Bank Offered Rate from 1.23% to 0.25% as a result of the COVID-19 global pandemic. Moreover, domestic borrowing rate fell from an average of 6.5% to an average of 5.75%. The reduced guarantee fee rate from 1% to 0.6% starting September 2020 also contributed to the decline.

#### **Equity in Net Income (Losses) of Associates**

As a result of higher LME prices, the Group recognized income from its equity share in its investments in THNC and CBNC in the amount of ₱114.9 million in the first quarter of 2021 compared to a loss of ₱10.4 million in the same period last year.

#### **Other Income (Charges) - Net**

Other income - net was at ₱11.0 million during the first quarter of 2021 compared to other charges – net of ₱234.0 million during the same period last year. At the onset of the COVID-19 pandemic last year, the Group reported higher mark-to-market losses from its portfolio investments during the first quarter of 2020 which amounted to ₱267.4 million. Although some of these losses were recovered towards the end of last year, the Group recorded mark-to-market losses of ₱104.6 million, particularly from its equity investments, in the first quarter of 2021. Aside from this, the Group recognized gains from foreign exchange movement by ₱91.5 million, and out of which ₱66.2 million pertains to realized gains.

#### **Provision for Income Tax - Net**

The net provision for income tax was higher by 255% due to higher taxable income during the current period compared to the same period last year.

#### **Net Income**

As a result of the foregoing, the consolidated net income was ₱969.2 million during the first quarter of 2021 compared to ₱68.8 million during the same period last year. Net of non-controlling interests, the net income attributable to the equity holders of the parent for the first quarter of the current year amounted to ₱584.1 million compared to the attributable loss of ₱89.3 million during the same period last year.

## **STATEMENT OF FINANCIAL POSITION**

Total assets were almost the same at ₱49,143.8 million and ₱48,913.3 million as of March 31, 2021 and December 31, 2020, respectively. Current assets went up by 1% to ₱22,182.0 million from ₱22,012.0 million due to increase in trade and other receivables by ₱311.7 million, inventories by ₱213.6 million and prepayments and other current assets by ₱241.1 million. However, the increase was partially offset by the decrease in cash and cash equivalents due to payments of cash dividends. Noncurrent assets were also the same at ₱26,961.8 million and ₱26,901.3 million as at March 31, 2021 and December 31, 2020, respectively.

Current liabilities was slightly lower by 7% from ₱10,944.3 million to ₱10,161.6 million due to payment of cash dividends and settlement of payables to suppliers. The decrease was partially offset by the increase in income tax payable due to accrual of income tax due at the end of the quarter.

Noncurrent liabilities of ₱3,430.8 million was 2% above of end of last year's ₱3,372.2 million due to additional loans availed by Jobin-SQM, Inc. (JSI) from TBEA International Engineering Co., Ltd. (TBEA) and due to the retirement accrual for the quarter.

Equity net of non-controlling interests grew by 2% to ₱31,612.0 million due to the net income attributable to equity holders of the parent during the first quarter of the current year.

## **STATEMENT OF CASH FLOWS**

Net cash from operating activities during the first quarter of 2021 amounting to ₱544.7 million was higher compared to ₱251.9 million during the same period last year due to higher collections from prior year receivables from the sale of ore and on account of higher revenue during the period.

Cash used in investment activities arose mainly from net acquisitions and/or disposals of property and equipment and financial assets in debt and equity securities. For the three months ended March 31, 2021, the net acquisitions of financial assets and property and equipment amounting to ₱4,261.2 million was higher compared to the ₱2,308.3 million incurred during the same period last year due to additional offshore investments acquired by the Parent Company during the period. However, these acquisitions were partially offset by the net proceeds from sale of financial assets amounting to ₱3,901.8 million and ₱2,028.3 million during the first quarter of 2021 and 2020, respectively, since some of the local investments and one offshore account were disposed of during the period in line with the investment strategy of the Parent Company.

For cash used in financing activities, compared to last year, there were no acquisitions of treasury stocks during the first quarter of 2021. However, the cash dividends paid to noncontrolling interest during the first quarter of the current year was higher at ₱700.0 million compared to ₱640.0 million in the same period last year. JSI also availed additional loans from TBEA amounting to ₱13.4 million during the current period.

As at March 31, 2021 and 2020, cash and cash equivalents amounted to ₱11,223.8 million and ₱11,004.4 million, respectively.

## **KEY PERFORMANCE INDICATORS**

### **1) TOTAL COST PER VOLUME SOLD**

The total 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 period to period.

The total cost includes cost of sale of ore, excise taxes and royalties, shipping and loading costs, general and administrative and marketing expenses incurred by the Group.

The average cost per volume of ore sold for the first quarter of 2021 was ₱560.80 per WMT on the basis of aggregate costs of ₱1,583.9 million and total sales volume of 2.82 million WMT of ore. This compares to ₱529.43 per WMT during the first quarter of 2020 on the basis of aggregate costs of ₱1,473.9 million and total sales volume of 2.78 million WMT of ore.

### **2) ATTRIBUTABLE NET INCOME**

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The results of operations attributable to equity holders of the Parent Company for the first quarter of 2021 was ₱584.1 million income compared to ₱89.3 million loss in the same period last year.

### **3) NUMBER OF HECTARES OF OPEN AREA PER MILLION WMT SOLD**

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the Department of Environment and Natural Resources (DENR), through the issuance of DENR Administrative Order (DAO) No. 2018-20, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. During the first quarter of 2021 and 2020, the open hectares per million WMT sold was 102.38 and 104.27, respectively.

### **4) FREQUENCY RATE**

Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations. The Group measures our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total million man-hours worked for the period. NAC's frequency rate was nil, both for the first quarter of 2021 and 2020.

## **Liquidity and Capital Resources**

As at March 31, 2021 and December 31, 2020, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debt to finance the solar project of JSI and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC). Any revenue that will be earned by JSI and MGPC upon start of or during their commercial operations will be used to pay-off the debt.

As at March 31, 2021 and December 31, 2020, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱12,020.5 million and ₱11,067.6 million, respectively. NAC expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and Emerging Power Inc.'s (EPI) solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financings, depending on the financing needs and market conditions.

### **Qualitative and Quantitative Disclosures about Market Risk**

#### *Commodity Price Risk*

The price of nickel is subject to fluctuations driven primarily by changes in global demand and global production of similar and competitive mineral products. This, therefore, required the Group to change the pricing mechanism on the sale of saprolite ore to Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

#### *Foreign Currency Risk*

The foreign currency risk results primarily from movements of the peso against the US dollar on transactions in currencies other than Peso. Such exposure arises mainly from cash and cash equivalents, financial assets in debt and equity securities, long-term debt and sales of beneficiated nickel ore denominated in US dollar. Because almost all of the revenues are earned in US dollar while most of the expenses are paid in Peso, appreciation of the Peso against the US dollar effectively reduces the revenue without a corresponding reduction in the expenses and can result in a reduction in the net income. In addition, because a portion of the cash and cash equivalents, financial assets in debt and equity securities and long-term debt are denominated in US dollar, the appreciation of the peso against the US dollar reduces the value of the total assets and liabilities in peso terms in the consolidated financial statements. Currently, the Group is not a party to any foreign currency swap agreements and the Group's policy is not to hedge foreign currency exchange risk.

To mitigate the effect of foreign currency risk, the Group will seek to accelerate the collection of foreign currency-denominated receivables and the settlement of foreign-currency denominated payables, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

#### *Equity Price Risk*

Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities owned by the Group. The Group's exposure to equity price risk relates primarily to the financial assets in various stocks of listed companies.

The Group's policy is to maintain the risk to an acceptable level. Movement in share price and market value of the assets are monitored regularly to determine impact in the financial position.

### **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.

### **Off-balance Sheet Arrangements**

Under the Suretyship Agreement executed by and between the Parent Company and Security Bank Corporation (SBC) on August 4, 2015, the Parent Company solidarily with EPI guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

Other than the Suretyship Agreement mentioned above, the Parent Company has not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

### **Known Trends, Events, or Uncertainties**

#### ***Cancellation of Hinatuan Mining Corporation's (HMC) Mineral Production Sharing Agreement (MPSA)***

On February 13, 2017, HMC, a wholly owned subsidiary of the Parent Company, received a letter from the DENR stating that its MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA. The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA. In both quarters, HMC's tonnage consists 2% of the Group's total volume shipped.

#### ***COVID-19 Outbreak***

The existence of COVID-19 was confirmed in January 2020 and has spread across different countries including the Philippines. In a move to contain the outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, Presidential Proclamation No. 1021 was signed, extending the period of State of Calamity throughout the Philippines until September 12, 2021.

These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at March 31, 2021 and its financial performance and cash flows for the period then ended.

As at May 6, 2021, NCR is still under modified enhanced community quarantine.

As at March 31, 2021, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;

- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended March 31, 2021 and December 31, 2020, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**PART II - FINANCIAL SOUNDNESS INDICATORS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

	<b>2021</b>	2020
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	<b>2.18</b>	2.29
Quick ratio	<b>1.82</b>	1.78
Solvency ratio	<b>3.62</b>	3.85
<i>B. Financial leverage ratios</i>		
Debt ratio	<b>0.28</b>	0.26
Debt-to-equity ratio	<b>0.38</b>	0.35
Asset-to-equity ratio	<b>1.38</b>	1.35
Interest coverage ratio	<b>28.88</b>	4.32
<i>C. Profitability ratios</i>		
Net profit margin	<b>0.31</b>	0.03
Return on assets	<b>0.02</b>	0.00
Return on equity	<b>0.03</b>	0.00
Gross profit margin	<b>0.61</b>	0.43
Price/earnings ratio	<b>125.00</b>	(155.00)

## 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:



Martin Antonio G. Zamora  
President and Chief Executive Officer

May 10, 2021



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

May 10, 2021

**NICKEL ASIA CORPORATION**  
SEC FORM 17-Q  
INDEX TO FINANCIAL STATEMENTS  
MARCH 31, 2021

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Interim Consolidated Statements of Financial Position as at March 31, 2021 and  
December 31, 2020

Interim Consolidated Statements of Income for the three-month period ended  
March 31, 2021 and 2020

Interim Consolidated Statements of Comprehensive Income for the three-month period ended  
March 31, 2021 and 2020

Interim Consolidated Statements of Changes in Equity for the three-month period ended  
March 31, 2021 and 2020

Interim Consolidated Statements of Cash Flows for the three-month period ended  
March 31, 2021 and 2020

Notes to Consolidated Financial Statements

---

## NICKEL ASIA CORPORATION AND SUBSIDIARIES

### INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2021

(With Comparative Audited Figures as at December 31, 2020)

(Amounts in Thousands)

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P11,223,771	P11,835,201
Trade and other receivables (Notes 5 and 30)	1,749,356	1,438,920
Inventories (Note 6)	3,143,927	2,930,348
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	2,981,510	2,846,822
Fair value through other comprehensive income (FVOCI)	2,450,487	2,548,760
Amortized cost	80,000	100,000
Prepayments and other current assets	552,994	311,919
<b>Total Current Assets</b>	<b>22,182,045</b>	<b>22,011,970</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	16,784,678	16,889,585
Investments in associates (Note 9)	3,359,863	3,193,911
Geothermal exploration and evaluation assets (Note 10)	1,827,433	1,819,859
Financial assets at - net of current portion (Note 7):		
FVTPL	814,716	906,626
Amortized cost	110,000	110,000
Deferred income tax assets - net	578,667	607,264
Other noncurrent assets	3,486,438	3,374,075
<b>Total Noncurrent Assets</b>	<b>26,961,795</b>	<b>26,901,320</b>
<b>TOTAL ASSETS</b>	<b>P49,143,840</b>	<b>P48,913,290</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 12 and 30)	P6,809,908	P8,033,675
Short-term debts (Note 13)	1,495,413	1,492,654
Income tax payable	1,471,507	1,034,281
Other current liability	261,691	261,691
Current portion of:		
Long-term debt (Notes 13 and 30)	84,928	84,040
Lease liabilities (Note 31)	31,111	30,982
Long-term payable	7,000	7,000
<b>Total Current Liabilities</b>	<b>10,161,558</b>	<b>10,944,323</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Notes 13 and 30)	915,193	893,409
Lease liabilities (Note 31)	578,449	584,922
Deferred income	45,042	46,089
Long-term payable	6,243	6,093
Pension liability	712,854	676,087
Provision for mine rehabilitation and decommissioning (Note 14)	667,105	664,379
Deferred income tax liabilities	505,884	501,199
<b>Total Noncurrent Liabilities</b>	<b>3,430,770</b>	<b>3,372,178</b>
<b>Total Liabilities</b>	<b>13,592,328</b>	<b>14,316,501</b>

(Forward)

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock (Note 15)	₱6,849,836	₱6,849,836
Additional paid-in capital	8,271,900	8,271,900
Other components of equity:		
Cost of share-based payment plan (Note 16)	449,041	441,589
Share in cumulative translation adjustment (Note 9)	427,914	381,991
Asset revaluation surplus	30,853	30,948
Net valuation gains (losses) on financial assets at FVOCI	(10,114)	57,771
Retained earnings:		
Unappropriated	15,536,617	14,952,425
Appropriated (Note 15)	189,950	189,950
Treasury stock (Note 15)	(134,014)	(134,014)
	<b>31,611,983</b>	<b>31,042,396</b>
<b>Non-controlling Interests (NCI)</b>	<b>3,939,529</b>	<b>3,554,393</b>
<b>Total Equity</b>	<b>35,551,512</b>	<b>34,596,789</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱49,143,840</b>	<b>₱48,913,290</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Amounts in Thousands, Except Earnings per Share)**

	2021	2020
	(Unaudited)	
<b>REVENUES</b> (Notes 29 and 30)		
Sale of ore and limestone	P2,901,043	P1,938,054
Services and others	189,784	197,290
Sale of power	76,753	73,699
	<b>3,167,580</b>	<b>2,209,043</b>
<b>COSTS</b>		
Cost of sales (Note 18)	1,047,711	1,087,905
Services (Note 19)	97,708	97,336
Power generation (Note 20)	80,276	78,671
	<b>1,225,695</b>	<b>1,263,912</b>
<b>OPERATING EXPENSES</b>		
General and administrative (Note 21)	228,693	246,587
Shipping and loading costs (Note 22)	211,871	123,582
Excise taxes and royalties (Note 23)	184,066	134,169
	<b>624,630</b>	<b>504,338</b>
<b>FINANCE INCOME</b> (Note 26)	67,251	86,465
<b>FINANCE EXPENSES</b> (Note 27)	(61,146)	(78,565)
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b> (Note 9)	114,926	(10,423)
<b>OTHER INCOME (CHARGES) – Net</b> (Note 28)	11,026	(234,016)
<b>INCOME BEFORE INCOME TAX</b>	<b>1,449,312</b>	<b>204,254</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 32)		
Current	443,349	168,106
Deferred	36,730	(32,690)
	<b>480,079</b>	<b>135,416</b>
<b>NET INCOME</b>	<b>P969,233</b>	<b>P68,838</b>
Net income (loss) attributable to:		
Equity holders of the parent	P584,097	(P89,341)
NCI	385,136	158,179
	<b>P969,233</b>	<b>P68,838</b>
<b>Basic/Diluted Earnings (Loss) Per Share</b> (EPS; Note17)	<b>P0.04</b>	<b>(P0.01)</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020  
(Amounts in Thousands)**

	2021	2020
	(Unaudited)	
<b>NET INCOME</b>	<b>₱969,233</b>	<b>₱68,838</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	45,923	3,905
Net valuation losses on financial assets at FVOCI	<b>(67,885)</b>	<b>(60,069)</b>
Net other comprehensive loss to be reclassified to consolidated statements of income in subsequent periods	<b>(21,962)</b>	<b>(56,164)</b>
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	<b>(95)</b>	<b>(95)</b>
<b>TOTAL OTHER COMPREHENSIVE LOSS - NET OF TAX</b>	<b>(22,057)</b>	<b>(56,259)</b>
<b>TOTAL COMPREHENSIVE INCOME - NET OF TAX</b>	<b>₱947,176</b>	<b>₱12,579</b>
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	<b>₱562,040</b>	<b>(₱145,600)</b>
NCI	<b>385,136</b>	<b>158,179</b>
	<b>₱947,176</b>	<b>₱12,579</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**  
**(Amounts in Thousands)**

	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Asset Revaluation Surplus	Retained Earnings		Treasury Stock (Note 15)				
						Unappropriated	Appropriated (Note 15)						
<b>Balances at December 31, 2020</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱381,991</b>	<b>₱441,589</b>	<b>₱57,771</b>	<b>₱30,948</b>	<b>₱14,952,425</b>	<b>₱189,950</b>	<b>(₱134,014)</b>	<b>₱31,042,396</b>	<b>₱3,554,393</b>	<b>₱34,596,789</b>	
Net income	-	-	-	-	-	-	584,097	-	-	584,097	385,136	969,233	
Other comprehensive income (loss)	-	-	45,923	-	(67,885)	(95)	-	-	-	(22,057)	-	(22,057)	
Total comprehensive income (loss)	-	-	45,923	-	(67,885)	(95)	584,097	-	-	562,040	385,136	947,176	
Cost of share-based payment plan (Note 16)	-	-	-	7,452	-	-	-	-	-	7,452	-	7,452	
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	95	-	-	95	-	95	
<b>Balances at March 31, 2021 (Unaudited)</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱427,914</b>	<b>₱449,041</b>	<b>(₱10,114)</b>	<b>₱30,853</b>	<b>₱15,536,617</b>	<b>₱189,950</b>	<b>(₱134,014)</b>	<b>₱31,611,983</b>	<b>₱3,939,529</b>	<b>₱35,551,512</b>	

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Asset Revaluation Surplus	Retained Earnings		Treasury Stock	Total	NCI	Total
							Unappropriated	Appropriated (Note 15)				
Balances at December 31, 2019	₱6,849,836	₱8,262,455	₱612,635	₱370,522	₱32,243	₱31,331	₱13,713,383	₱1,585,576	(₱87,950)	₱31,370,031	₱3,761,230	₱35,131,261
Net income (loss)	-	-	-	-	-	-	(89,341)	-	-	(89,341)	158,179	68,838
Other comprehensive income (loss)	-	-	3,905	-	(60,069)	(95)	-	-	-	(56,259)	-	(56,259)
Total comprehensive income (loss)	-	-	3,905	-	(60,069)	(95)	(89,341)	-	-	(145,600)	158,179	12,579
Cost of share-based payment plan	-	-	-	19,465	-	-	-	-	-	19,465	-	19,465
Acquisitions of treasury stock	-	-	-	-	-	-	-	-	(42,832)	(42,832)	-	(42,832)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	95	-	-	95	-	95
Balances at March 31, 2020 (Unaudited)	₱6,849,836	₱8,262,455	₱616,540	₱389,987	(₱27,826)	₱31,236	₱13,624,137	₱1,585,576	(₱130,782)	₱31,201,159	₱3,919,409	₱35,120,568

See accompanying Notes to Unaudited Consolidated Financial Statements.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**  
**(Amounts in Thousands)**

	2021	2020
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱1,449,312	₱204,254
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 25)	373,648	364,115
Equity in net losses (gains) of associates (Note 9)	(114,926)	10,423
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 28)	104,642	267,436
Sale of financial assets at FVOCI (Note 28)	(1,088)	(6,400)
Interest income (Note 26)	(67,251)	(86,465)
Interest expense (Notes 13 and 27)	35,478	44,578
Movements in pension liability	30,593	18,480
Accretion of interest on:		
Lease liabilities (Notes 27 and 31)	13,625	13,414
Provision for mine rehabilitation and decommissioning (Notes 14 and 27)	2,726	3,413
Long-term payable (Note 27)	150	198
Unrealized foreign exchange losses (gains) - net	(12,473)	165
Cost of share-based payment plan (Notes 16 and 24)	7,452	19,465
Dividend income (Notes 7 and 28)	(4,374)	(5,719)
Operating income before working capital changes	1,817,514	847,357
Increase in:		
Trade and other receivables	(296,698)	(79,300)
Inventories	(213,579)	(200,108)
Prepayments and other current assets	(247,198)	(163,110)
Decrease in trade and other payables	(515,384)	(152,928)
Net cash flows from operating activities	544,655	251,911
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Financial assets at (Note 7):		
FVOCI	(2,180,080)	(1,755,675)
FVTPL	(1,818,723)	(422,563)
Property and equipment (Note 8)	(262,392)	(130,028)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVOCI	2,208,818	1,556,765
FVTPL	1,672,952	377,313
Amortized cost	20,000	94,217
Increase in:		
Other noncurrent assets	(117,454)	(316,359)
Geothermal exploration and evaluation assets	(7,574)	(6,056)
Interest received	54,876	87,345
Dividends received	3,011	4,919
Net cash flows used in investing activities	(426,566)	(510,122)

(Forward)

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	2021	2020
	(Unaudited)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends	(P700,000)	(P640,000)
Interest	(21,858)	(24,520)
Principal portion of lease liabilities (Note 31)	(19,969)	(12,775)
Availments of long-term debt	13,356	-
Increase (decrease) in:		
Deferred income	(1,048)	(1,048)
Other current liability	-	40,612
Acquisitions of treasury stock	-	(42,832)
Net cash flows used in financing activities	(729,519)	(680,563)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(611,430)</b>	<b>(938,774)</b>
<b>CASH AND CASH EQUIVALENTS AT JANUARY 1</b>	<b>11,835,201</b>	<b>11,943,128</b>
<b>CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)</b>	<b>P11,223,771</b>	<b>P11,004,354</b>

*See accompanying Notes to Unaudited 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 (NAC; Ultimate Parent Company, Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Parent 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 and in the business of generation, transmission, distribution and supply of electricity to cities and other localities and to the public in general.

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

#### The Subsidiaries

##### *Hinatuan Mining Corporation (HMC)*

HMC was registered with the SEC on October 9, 1979, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan Island, Surigao del Norte and Manicani Island, Eastern Samar. HMC is also engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services.

##### *Cagdianao Mining Corporation (CMC)*

CMC was registered with the SEC on July 25, 1997, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Islands.

##### *La Costa Shipping and Lighterage Corporation (LCSLC)*

LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. In May 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCTs to HMC for a consideration.

##### *Dinapigue Mining Corporation (DMC)*

DMC was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits. DMC has not yet started commercial operations and is currently under development stage.

##### *Samar Nickel Mining Resources Corporation (SNMRC)*

SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

*Coral Pearl Developments Limited (CPDL)*

CPDL was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the leasing of aircraft.

*CDTN Services Company Inc. (CDTN)*

CDTN was registered with the SEC on December 21, 2020, is a 100% owned subsidiary of the Parent Company and is primarily engaged in general engineering construction, contracting and machinery, and supply sales business in all its phases, extend and receive any contracts or assignments or contracts related thereto or connected therewith, and manufacture and furnish building materials and supplies. It is also engaged in the handling of materials in connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

*Falck Exp Inc. (FEI)*

FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (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. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at May 6, 2021, FEI is still waiting for the approval of SEC.

*Cordillera Exploration Co., Inc. (CExCI)*

CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent 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. CExCI is currently not engaged in any development or commercial production activities.

*Newminco Pacific Mining Corporation (Newminco)*

Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. Newminco is currently not engaged in any development or commercial production activities.

*Taganito Mining Corporation*

TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

*Rio Tuba Nickel Mining Corporation (RTN)*

RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. RTN also provides services

which involves the handling, hauling and transportation of materials required in the processing operations of Coral Bay Nickel Corporation (CBNC).

*Emerging Power Inc. (EPI)*

EPI was registered with the SEC on October 16, 2007, is an 86.29% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

*Mindoro Geothermal Power Corporation (MGPC)*

MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business. By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro.

On February 26, 2019, MGPC received the Confirmation of Commerciality for the 10 megawatt (MW) project from the Philippine Government, through the Department of Energy (DOE). MGPC has actively pursued to seek potential investors for the drilling of production wells until the project achieves financial close and has been engaged in various social projects ranging from a series of community lectures, focusing on safety and health and environmental awareness, to educational activities.

*Biliran Holdings Inc. (BHI)*

BHI was registered with the SEC on July 31, 2015, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

*Northern Palawan Power Generation Corporation (NPPGC)*

NPPGC was registered with the SEC on July 5, 2017, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business and in producing and generating electricity and processing fuels alternative for power generation.

*Jobin-SQM, Inc. (JSI)*

JSI was registered with the SEC on January 6, 2010, is a 77.66% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI was acquired by EPI on September 11, 2015. On May 23, 2016, JSI entered into the testing and commissioning phase for the 7MW Sta. Rita Solar Power Project. On November 7, 2016, JSI was granted by Energy Regulatory Commission (ERC) a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7MW Sta. Rita Solar Power Project pending approval of JSI's dedicated point to point limited facilities to connect to the transmission system. On March 18, 2017, JSI commenced testing and commissioning phase for the 25MW Sta. Rita Solar Power Project and was granted by ERC a PAO to transition from testing and commissioning phase to actual production on September 27, 2017. In 2018, the ERC extended the effectivity of the PAO until

May 14, 2019. On January 15, 2019, pursuant to Section 8 of Republic Act No. 9136 the ERC issued to JSI the Certificate of Compliance (COC) for the 7MW and 25MW of Phase I and Phase II, respectively, of the Sta. Rita Solar Power Project. The COC serves as JSI's authority to operate Phase I and II of the Solar Power Project, valid for a period of five (5) years from November 16, 2016 to November 15, 2021 until revoked or suspended. The certificate was issued subsequent to the authorization granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Power Plant to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018. JSI's Phase III-A for 30MW started construction in mid-2020 and Phase III-B for 38MW will be implemented in the latter half of 2021. On June 17, 2020, EPI sold its 10% investment in JSI to TBEA International Engineering Co., Ltd. (TBEA) for ₱144.3 million.

*Biliran Geothermal Inc. (BGI)*

BGI was registered with the SEC on October 31, 2007, is a 51.77% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the DOE. BGI was acquired by BHI on December 17, 2015.

Coronavirus Disease (COVID-19) Outbreak

The existence of COVID-19 was confirmed in January 2020 and has spread across different countries including the Philippines. In a move to contain the outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, Presidential Proclamation No. 1021 was signed, extending the period of State of Calamity throughout the Philippines until September 12, 2021. These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at March 31, 2021 and its financial performance and cash flows for the period then ended.

As at May 6, 2021, NCR is still under modified enhanced community quarantine.

The interim consolidated financial statements as at March 31, 2021 and December 31, 2020 and for the three-month period ended March 31, 2021 and 2020, were authorized for issuance by the Parent Company's BOD on May 6, 2021.

## 2. Basis of Preparation and Consolidation and Statement of Compliance

### Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at March 31, 2021 and for the three-month period ended March 31, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standards (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, 2020.

### Basis of Consolidation

The interim consolidated financial statements include the balances of the subsidiaries and equity share in the net income or losses of associates:

	Principal Place of Business	Principal Activities	Effective Ownership	
			March 31, 2021	March 31, 2020
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
LCSLC (a)	Philippines	Services	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
CPDL	BVI	Services	100.00%	100.00%
CDTN (b)	Philippines	Services	100.00%	–
FEI (c)	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco (d)	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
EPI	Philippines	Renewable Energy Developer	86.29%	86.29%
MGPC (e)	Philippines	Renewable Energy Developer	86.29%	86.29%
BHI (e)	Philippines	Services	86.29%	86.29%
NPPGC (e)	Philippines	Power Generation	86.29%	86.29%
JSI (e, f)	Philippines	Power Generation	82.87%	86.29%
BGI (d)	Philippines	Power Generation	51.77%	51.77%
<i>Associates</i>				
THNC	Philippines	Manufacturing	10.00%	10.00%
CBNC	Philippines	Manufacturing	10.00%	10.00%

(a) Indirect ownership through HMC

(b) Incorporated on December 21, 2020

(c) Indirect ownership through HMC, CMC and TMC

(d) Indirect ownership through CExCI

(e) Indirect ownership through EPI

(f) Partially disposed on June 17, 2020

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

### *Subsidiaries*

Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated statement of income and each component of consolidated statement of comprehensive income are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

### *NCI*

NCI represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- 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 the consolidated statement of income; and

- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

#### Statement of Compliance

The interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

#### Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2021. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 9, PFRS 7, PFRS 4, *Insurance Contracts* and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

The amendments have no impact on the financial statements of the Group.

#### Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

##### *Effective beginning on or after January 1, 2022:*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of PFRS, Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

##### *Effective beginning on or after January 1, 2023:*

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- PFRS 17, *Insurance Contracts*

*Deferred effectivity:*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2021. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

### 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, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand and with banks	₱3,707,182	₱2,034,084
Cash under managed funds	1,270,520	1,634,697
Short-term cash investments	6,246,069	8,166,420
	<b>₱11,223,771</b>	<b>₱11,835,201</b>

### 5. Trade and Other Receivables

Trade and other receivables amounting to ₱33.8 million as at March 31, 2021 and December 31, 2020, were impaired and fully provided for with allowance for expected credit losses (ECL).

The aging analysis of the Group's trade and other receivables as at March 31, 2021 and December 31, 2020 are summarized below:

March 31, 2021 (Unaudited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
<b>Trade and other receivables:</b>				
Trade (see Note 30)	₱989,905	₱209,998	₱19,995	₱1,219,898
Current portion of loan receivable	255,411	-	-	255,411
Interest receivable	36,524	-	-	36,524
Advances to officers and employees	29,697	4,101	95	33,893
Amounts owed by related parties (see Note 30)	1,730	-	5,162	6,892
Others	164,772	57,218	8,598	230,588
<b>Total</b>	<b>₱1,478,039</b>	<b>₱271,317</b>	<b>₱33,850</b>	<b>₱1,783,206</b>

December 31, 2020 (Audited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
Trade and other receivables:				
Trade (see Note 30)	₱822,395	₱169,426	₱19,911	₱1,011,732
Current portion of loan receivable	255,411	–	–	255,411
Interest receivable	24,150	–	–	24,150
Advances to officers and employees	26,695	3,754	288	30,737
Amounts owed by related parties (see Note 30)	2,960	–	4,228	7,188
Others	112,155	21,974	9,338	143,467
<b>Total</b>	<b>₱1,243,766</b>	<b>₱195,154</b>	<b>₱33,765</b>	<b>₱1,472,685</b>

## 6. Inventories

As at March 31, 2021 and December 31, 2020, inventories amounting to ₱95.3 million and ₱111.7 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. There was no provision for and reversal of allowance for impairment losses on inventories for the three months ended March 31, 2021 and 2020.

As at March 31, 2021 and December 31, 2020, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱672.1 million and ₱561.4 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱315.5 million and ₱398.4 million, respectively.

## 7. Financial Assets

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Quoted instruments:						
Debt securities	₱1,778,342	₱2,450,487	₱190,000	₱1,826,274	₱2,548,760	₱210,000
Equity securities	1,522,201	–	–	1,431,491	–	–
Unquoted equity instruments						
	495,683	–	–	495,683	–	–
	<b>₱3,796,226</b>	<b>₱2,450,487</b>	<b>₱190,000</b>	<b>₱3,753,448</b>	<b>₱2,548,760</b>	<b>₱210,000</b>

The Group's financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or with quoted market prices. Quoted and unquoted instruments are carried either at fair market value or at amortized cost as at the end of the financial reporting period.

The movements in financial assets follow:

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Balances at January 1	₱3,753,448	₱2,548,760	₱210,000	₱2,502,549	₱2,730,168	₱454,217
Additions	1,818,723	2,180,080	-	3,251,019	4,639,845	-
Disposals	(1,672,952)	(2,207,730)	-	(1,947,411)	(4,837,255)	-
Redemption	-	-	(20,000)	-	-	(244,217)
Reclassification	(11,888)	(2,441)	-	-	-	-
Effect of changes in foreign exchange rate	13,537	8,254	-	(10,909)	(7,543)	-
Net valuation gains (losses) on financial assets	(104,642)	(76,436)	-	(41,800)	23,545	-
Balances at end of period	3,796,226	2,450,487	190,000	3,753,448	2,548,760	210,000
Less noncurrent portion	814,716	-	110,000	906,626	-	110,000
Current portion	₱2,981,510	₱2,450,487	₱80,000	₱2,846,822	₱2,548,760	₱100,000

For the three months ended March 31, 2021 and 2020, dividend income from equity securities amounted to ₱4.4 million and ₱5.7 million, respectively (see Note 28), while interest income from debt securities amounted to ₱58.6 million and ₱36.1 million, respectively (see Note 26).

## 8. Property and Equipment

During the three-month period ended March 31, 2021 and 2020, the Group acquired assets with a cost of ₱262.4 million and ₱130.0 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the three months ended March 31, 2021 and 2020 amounted to ₱368.6 million and ₱361.3 million, respectively (see Note 25).

As at March 31, 2021 and December 31, 2020, there were no property and equipment pledged as collateral for the Group's borrowings.

## 9. Investments in Associates

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
THNC	₱2,430,510	₱2,346,652
CBNC	929,353	847,259
	₱3,359,863	₱3,193,911

The movements in investments in associates follow:

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Cost at January 1	₱1,974,700	₱724,410	₱2,699,110	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	(19,854)	39,092	19,238	(248,188)	76,979	(171,209)
Equity in net income (losses)	61,312	53,614	114,926	228,334	(37,887)	190,447
	41,458	92,706	134,164	(19,854)	39,092	19,238
Share in cumulative translation adjustment:						
Balances at January 1	391,806	83,757	475,563	501,872	229,962	731,834
Movements	22,546	28,480	51,026	(110,066)	(146,205)	(256,271)
	414,352	112,237	526,589	391,806	83,757	475,563
Balances at end of period	₱2,430,510	₱929,353	₱3,359,863	₱2,346,652	₱847,259	₱3,193,911

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱98.7 million and ₱93.6 million as at March 31, 2021 and December 31, 2020, respectively.

#### **THNC**

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

#### **CBNC**

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN also supplies limestone and provide ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱21,924.1 million and ₱27,560.6 million, respectively, as at March 31, 2021, and ₱21,085.5 million and ₱26,739.6 million, respectively, as at December 31, 2020. The results of THNC's and CBNC's operations were net income of ₱613.1 million and ₱536.1 million, respectively, for the three months ended March 31, 2021, and net loss of ₱16.1 million and ₱88.1 million, respectively, for the three months ended March 31, 2020. The Parent Company's share in cumulative translation adjustment amounted to ₱427.9 million and ₱382.0 million as at March 31, 2021 and December 31, 2020, respectively, and its equity in associates amounted to a net income of ₱114.9 million and a net loss of ₱10.4 million for the three months ended March 31, 2021 and 2020, respectively.

## 10. Geothermal Exploration and Evaluation Assets

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Montelago Geothermal Project. The recovery of these costs depends upon determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities.

As at March 31, 2021 and December 31, 2020, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

## 11. Long-term Stockpile Inventory

The long-term stockpile 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 in August 2006. The low grade ore inventory was initially recognized at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stockpile inventory.

A portion amounting to ₱49.4 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at March 31, 2021 and December 31, 2020, and there were no deliveries of long-term stockpile inventory to CBNC for the three months ended March 31, 2021 and 2020.

## 12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGIPL) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 30), are noninterest-bearing and are generally settled in one (1) year. Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, and fringe benefit tax which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore, limestone and quarry materials were shipped/delivered. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

### 13. Short-term and Long-term Debts

#### Short-term debts

##### *Security Bank Corporation (SBC)*

On July 19, 2019, SBC approved the renewal of EPI's original loan facility to the extent of ₱1,500.0 million. On July 26, 2019 and September 16, 2019, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively. Proceeds of the loan drawdowns were used by EPI to settle the promissory notes under the original SBC loan facility, which matured in 2019.

At maturity date, EPI requested another approval from SBC for the renewal of their original loan facility to the extent of ₱1,500.0 million which was approved on September 29, 2020. On July 20, 2020 and September 10, 2020, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively, which was used to settle promissory notes under the original SBC loan facility, which matured in 2020.

The loan facility is secured by a continuing suretyship of the Parent Company.

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 20, 2020	July 15, 2021	5.75%	₱300,000	₱2,219
Second	September 10, 2020	September 3, 2021	5.75%	1,200,000	8,828
				₱1,500,000	₱11,047

The carrying amount of short-term debts with SBC, net of unamortized debt issue cost, follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(4,587)	(7,346)
Balances at end of period	₱1,495,413	₱1,492,654

Interest incurred in connection with the loans amounted to ₱24.3 million and ₱27.4 million for the three months ended March 31, 2021 and 2020, respectively (see Note 27).

There were no capitalized borrowing costs pertaining to short-term debts for the three months ended March 31, 2021 and 2020.

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI;

suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at March 31, 2021 and December 31, 2020, EPI has been compliant with the covenants contained in the loan facility and agreements.

Long-term debts

Long-term debts of the following subsidiaries are as follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
TMC	<b>₱891,739</b>	₱882,423
JSI	<b>108,382</b>	95,026
	<b>1,000,121</b>	977,449
Less noncurrent portion:		
TMC	<b>806,811</b>	798,383
JSI	<b>108,382</b>	95,026
	<b>915,193</b>	893,409
Current portion	<b>₱84,928</b>	₱84,040

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US\$35.0 million at a prevailing one hundred eighty (180)-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan is unsecured and shall be drawn in one or multiple times by July 31, 2011.

The interest on the loan is payable semi-annually, on October 10 and April 10. The total principal is payable in semi-annual installments of US\$0.9 million starting on October 10, 2011 up to April 10, 2031.

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at March 31, 2021 and December 31, 2020, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2021 and 2020 amounted to ₱5.0 million and ₱10.2 million, respectively (see Notes 27 and 30).

As at March 31, 2021 and December 31, 2020, the carrying amount of long-term debt with THNC amounted to ₱891.7 million and ₱882.4 million, respectively (see Note 30).

#### JSI Loan

In accordance with the Agreement on Shareholders Advances on June 17, 2020, TBEA granted JSI an unsecured term loan facility of a total cumulative principal amount of US\$2.2 million to be used for the 30MW solar project.

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 23, 2020	June 17, 2025	5.00%	₱60,806	₱456
Second	August 27, 2020	June 17, 2025	5.00%	24,127	181
Third	November 23, 2020	June 17, 2025	5.00%	10,761	81
Fourth	February 26, 2021	June 17, 2025	5.00%	13,422	101
				₱109,116	₱819

The carrying amount of short-term debts with TBEA, net of unamortized debt issue cost, follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Loans payable	₱109,116	₱95,694
Less unamortized debt issue cost	(734)	(668)
<b>Balances at end of period</b>	<b>₱108,382</b>	<b>₱95,026</b>

The capitalized borrowing costs pertaining to long-term debts amounted to ₱1.3 million and nil for the three months ended March 31, 2021 and 2020, respectively.

#### **14. 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 months ended March 31, 2021 and 2020, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱2.7 million and ₱3.4 million, respectively (see Note 27).

## 15. Equity

### Capital Stock

The capital structure of the Parent Company follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,685,272,117 shares		
Outstanding - 13,630,850,117 shares	<b>₱6,842,636</b>	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	<b>7,200</b>	7,200
<b>Total</b>	<b>₱6,849,836</b>	₱6,849,836

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% p.a.

### Issued Capital Stock

Beginning November 22, 2010, the common shares of the Parent Company were listed and traded in PSE with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱1.48 per share after the stock dividends.

As at March 31, 2021 and December 31, 2020, a total of 28% or 3,881,566,969 common shares and 30% or 4,034,433,405 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-one (81) and eighty-three (83) shareholders, respectively, while the balance of 72% or a total of 9,749,283,148 common shares and 70% or a total of 9,596,416,712 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

The movements in outstanding common stock follows:

	Number of Shares		
	Issued	Treasury	Outstanding
Balances at December 31, 2019	13,685,272,117	(33,734,000)	13,651,538,117
Acquisitions during the year	–	(20,688,000)	(20,688,000)
Balances at December 31, 2020	13,685,272,117	(54,422,000)	13,630,850,117
Acquisitions during the period	–	–	–
Balances at March 31, 2021	13,685,272,117	(54,422,000)	13,630,850,117

### Dividends

Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2021	<i>Cash Dividends</i>					
	Regular	March 11, 2021	March 25, 2021	₱1,226,777	₱0.09	April 8, 2021
	Special	March 11, 2021	March 25, 2021	1,908,319	0.14	April 8, 2021
2020	<i>Cash Dividends</i>					
	Regular	March 13, 2020	March 27, 2020	₱1,090,638	₱0.08	April 8, 2020
	Special	August 7, 2020	August 24, 2020	2,998,787	0.22	September 4, 2020

### Appropriation of Retained Earnings

#### *Parent Company*

On November 27, 2018, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,500.0 million in relation to the share buy-back program of the Parent Company. And on November 6, 2020, the Parent Company's BOD approved the reversal of the appropriation of up to ₱1,365.0 million which took effect on December 2, 2020, the end of the Parent Company's share buy-back program.

#### *HMC*

On December 17, 2020, the BOD of HMC approved the reversal of the ₱85.6 million appropriation following the completion of the purchase of mining equipment. On the same date, an appropriation was approved amounting to ₱54.9 million for HMC's capital expenditures for the year 2021.

### Treasury Stock

On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at March 31, 2021 and December 31, 2020, the Parent Company purchased from the market a total of 54,422,000 of its own common shares at an average price of ₱2.4625 per share or a total of ₱134.0 million.

## 16. Executive Stock Option Plan (ESOP)

### 2018 ESOP

On April 5, 2018, the New Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. As at May 6, 2021, the New Plan is yet to be approved by the SEC. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 155.0 million shares, which was further increased to 375.0 million shares, allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its operating subsidiaries, including CExCI, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱4.38, which is equivalent to ₱2.43 after the effect of stock dividends.
4. The New Plan was granted on June 15, 2018.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the New Plan.
6. The participant can exercise the vested options by giving notice within the term of the New 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 fair value of the stock option is ₱2.19, which was estimated as at grant date, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the 2018 ESOP at effective grant date:

Grant date	June 15, 2018
Spot price per share	₱5.01
Exercise price	₱4.38
Expected volatility	45.34%
Option life	5.00 years
Dividend yield	2.16%
Risk-free rate	5.93%

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.

Except for the increase in number of shares reserved for the exercise of 2018 ESOP, there have been no modifications or cancellations for the three months ended March 31, 2021 and 2020.

As at March 31, 2021 and December 31, 2020, there are 278,947,780 total option shares granted.

The movements in the cost of share-based payment plan included in equity are as follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balances at January 1	<b>₱441,589</b>	₱370,522
Stock option expense (see Note 24)	<b>7,452</b>	71,067
<b>Balances at end of period</b>	<b>₱449,041</b>	₱441,589

### 17. Earnings (Loss) Per Share

The following reflects the income and share data used in the basic and diluted EPS computations:

	<b>For the three-month period ended March</b>	
	<b>2021</b>	2020
	(Unaudited)	
a. Net income (loss) attributable to equity holders of the Parent	<b>₱584,097</b>	(₱89,341)
b. Weighted average number of common shares for basic EPS (in thousands)	<b>13,630,850</b>	13,642,007
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	<b>13,630,850</b>	13,642,007
<b>Basic/Diluted EPS</b>	<b>₱0.04</b>	(₱0.01)

### 18. Cost of Sales

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	2020
	(Unaudited)	
Cost of sale of:		
Ore	<b>₱985,173</b>	₱999,255
Limestone	<b>61,521</b>	79,115
Quarry materials	<b>1,017</b>	9,535
	<b>₱1,047,711</b>	₱1,087,905

Details of cost of sales follow:

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Production overhead	<b>₱566,160</b>	₱543,794
Personnel costs (see Note 24)	<b>261,380</b>	265,898
Outside services	<b>233,540</b>	270,371
Depreciation, amortization and depletion (see Note 25)	<b>220,735</b>	225,094
	<b>1,281,815</b>	1,305,157
Net changes in beneficiated nickel ore and limestone	<b>(234,104)</b>	(217,252)
	<b>₱1,047,711</b>	₱1,087,905

Production overhead consists of fuel, oil and lubricants, materials and supplies, equipment rentals and other miscellaneous charges.

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

## 19. Cost of Services

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Personnel costs (see Note 24)	<b>₱42,776</b>	₱46,296
Depreciation (see Note 25)	<b>28,827</b>	24,880
Overhead	<b>24,223</b>	20,102
Outside services	<b>1,882</b>	1,977
Equipment operating cost	-	4,081
	<b>₱97,708</b>	₱97,336

## 20. Cost of Power Generation

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Depreciation and amortization (see Note 25)	<b>₱53,130</b>	₱52,894
Overhead	<b>15,275</b>	14,979
Personnel costs (see Note 24)	<b>5,658</b>	5,453
Outside services	<b>3,881</b>	4,101
Materials and supplies	<b>2,332</b>	1,244
	<b>₱80,276</b>	₱78,671

Overhead in cost of power generation consists of insurance, taxes and licenses, utilities and other miscellaneous charges.

## 21. General and Administrative Expenses

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Personnel costs (see Note 24)	<b>₱93,130</b>	₱120,704
Depreciation and amortization (see Note 25)	<b>37,815</b>	36,376
Taxes and licenses	<b>25,797</b>	23,388
Outside services	<b>12,923</b>	10,530
Professional fees	<b>9,807</b>	13,361
Publicity and promotions	<b>7,794</b>	3,371
Dues and subscriptions	<b>7,657</b>	6,696
Supplies	<b>6,533</b>	5,293
Repairs and maintenance	<b>6,403</b>	3,897
Transportation and travel	<b>4,785</b>	5,077
Communications, light and water	<b>4,314</b>	2,391
Rentals	<b>2,328</b>	2,318
Entertainment, amusement and recreation	<b>1,624</b>	2,898
Others	<b>7,783</b>	10,287
	<b>₱228,693</b>	₱246,587

Other general and administrative expenses are composed of other service fees and other numerous transactions with minimal amounts.

## 22. Shipping and Loading Costs

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Contract fees	<b>₱117,584</b>	₱55,096
Depreciation and amortization (see Note 25)	<b>30,806</b>	24,249
Fuel, oil and lubricants	<b>21,264</b>	16,755
Materials and supplies	<b>19,362</b>	10,675
Personnel costs (see Note 24)	<b>17,771</b>	14,775
Other services and fees	<b>5,084</b>	2,032
	<b>₱211,871</b>	₱123,582

## 23. Excise Taxes and Royalties

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Excise taxes	<b>₱116,065</b>	₱78,116
Royalties	<b>68,001</b>	56,053
	<b>₱184,066</b>	₱134,169

## 24. Personnel Costs

<b>For the three-month period ended March 31</b>		
	2021	2020
	(Unaudited)	
Salaries, wages and employee benefits	<b>₱413,263</b>	₱433,661
Cost of share-based payment plan (see Note 16)	<b>7,452</b>	19,465
	<b>₱420,715</b>	₱453,126

The amounts of personnel costs are distributed as follows:

<b>For the three-month period ended March 31</b>		
	2021	2020
	(Unaudited)	
Cost of :		
Sales (see Note 18)	<b>₱261,380</b>	₱265,898
Services (see Note 19)	<b>42,776</b>	46,296
Power generation (see Note 20)	<b>5,658</b>	5,453
General and administrative (see Note 21)	<b>93,130</b>	120,704
Shipping and loading costs (see Note 22)	<b>17,771</b>	14,775
	<b>₱420,715</b>	₱453,126

## 25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including amortization of right-of-use (ROU) assets, are distributed as follows:

<b>For the three-month period ended March 31</b>		
	2021	2020
	(Unaudited)	
Cost of:		
Sales (see Note 18)	<b>₱220,735</b>	₱225,094
Power generation (see Note 20)	<b>53,130</b>	52,894
Services (see Note 19)	<b>28,827</b>	24,880
General and administrative (see Note 21)	<b>37,815</b>	36,376
Shipping and loading costs (see Note 22)	<b>30,806</b>	24,249
Others	<b>2,335</b>	622
	<b>₱373,648</b>	₱364,115

The above is distributed as follows:

<b>For the three-month period ended March 31</b>		
	2021	2020
	(Unaudited)	
Property and equipment (see Note 8)	<b>₱368,557</b>	₱361,302
Computer software under "Other noncurrent assets"	<b>5,091</b>	2,813
	<b>₱373,648</b>	₱364,115

## 26. Finance Income

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	<b>₱4,193</b>	₱43,805
Financial assets at (see Note 7):		
FVOCI	<b>47,784</b>	30,830
FVTPL	<b>8,846</b>	1,863
Amortized cost	<b>1,932</b>	3,391
Loans	<b>4,149</b>	6,229
Long-term negotiable instruments	<b>347</b>	347
	<b>₱67,251</b>	₱86,465

## 27. Finance Expenses

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 13)	<b>₱24,321</b>	₱27,440
Pension	<b>6,174</b>	6,889
Long-term debts (see Notes 13 and 30)	<b>4,983</b>	10,249
Accretion of interest on:		
Lease liabilities (see Note 31)	<b>13,625</b>	13,414
Provision for mine rehabilitation and decommissioning (see Note 14)	<b>2,726</b>	3,413
Long-term payable	<b>150</b>	198
Guarantee service fee (see Note 30)	<b>9,167</b>	16,962
	<b>₱61,146</b>	₱78,565

## 28. Other Income (Charges) - Net

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Foreign exchange gains - net	<b>₱107,250</b>	₱15,729
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	<b>(104,642)</b>	(267,436)
Sale of financial assets at FVOCI	<b>1,088</b>	6,400
Management fee	<b>(5,832)</b>	(3,612)
Dividend income (see Note 7)	<b>4,374</b>	5,719
Rentals and accommodations	<b>1,761</b>	3,011
Others	<b>7,027</b>	6,173
	<b>₱11,026</b>	(₱234,016)

## 29. Revenue from Contracts with Customers

### Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by location of the customers for sale of ore, limestone and quarry materials, type of services rendered for sale of services and others and source of electricity for sale of power for the three months ended March 31, 2021 and 2020:

	<b>For the three-month period ended March 31, 2021</b>			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 30):				
Ore	<b>₱1,436,646</b>	<b>₱989,192</b>	<b>₱396,619</b>	<b>₱2,822,457</b>
Limestone	-	<b>78,586</b>	-	<b>78,586</b>
	<b>₱1,436,646</b>	<b>₱1,067,778</b>	<b>₱396,619</b>	<b>₱2,901,043</b>
	For the three-month period ended March 31, 2020			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 30):				
Ore	₱787,402	₱811,573	₱233,940	₱1,832,915
Limestone	-	105,139	-	105,139
	₱787,402	₱916,712	₱233,940	₱1,938,054

<b>For the three-month period ended March 31</b>		
	<b>2021</b>	<b>2020</b>
(Unaudited)		
<b>Services and others (see Note 30)</b>		
Materials handling and others	P <b>189,199</b>	P182,449
Sale of quarry materials	<b>585</b>	14,841
	<b>P189,784</b>	<b>P197,290</b>
 <b>Sale of power</b>		
Solar	P <b>35,337</b>	P32,872
Diesel	<b>41,416</b>	40,827
	<b>P76,753</b>	<b>P73,699</b>

### 30. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2021 and 2020, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2021 (Unaudited) and December 31, 2020 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	March 31, 2021	March 30, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		
<i>Stockholders</i>														
<b>Pacific Metals Co., Ltd.</b>														
Sale of ore	₱300,267	₱233,940	₱48,324	₱151,507	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	80% to 90% upon receipt of documents and 20% to 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch income and others	-	337	-	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Dividends	-	-	-	-	-	627,700	-	-	-	-	-	-	Payable on agreed pay-out date	Unsecured; no guarantee
<b>Sumitomo Metal Mining Co., Ltd.</b>														
Sale of ore	96,352	-	97,254	-	-	-	-	-	-	-	-	-	Collectible upon billing; non-interest bearing	Unsecured; no guarantee

(Forward)

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	March 31, 2021	March 30, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		
<b>Sumitomo Metal Mining Co., Ltd.</b>														
Guarantee service fee (see Note 27)	<b>₱9,167</b>	₱16,962	<b>₱-</b>	₱-	<b>₱1,808</b>	₱10,896	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	Every twenty first (21st) of February, March, August and September	Unsecured
<i>With Common Stockholders</i>														
<b>Manta</b>														
Rentals, dues and utilities	<b>10,377</b>	9,147	-	-	<b>457</b>	161	-	-	-	-	-	-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	<b>9,093</b>	9,093	-	-	-	-	-	-	-	-	-	-	Collectible at the end of the lease; noninterest-bearing	Unsecured; no guarantee
<i>Associates</i>														
<b>CBNC</b>														
Sale of ore and limestone	<b>453,704</b>	351,628	<b>148,695</b>	104,158	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	Unsecured; no guarantee
Materials handling	<b>82,613</b>	72,149	<b>45,127</b>	119,352	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Infrlease and throughput	-	1,259	<b>8,496</b>	16,055	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	<b>30,570</b>	8,632	<b>25,376</b>	13,427	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	March 31, 2021	March 30, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		
<b>THNC</b>														
Sale of ore	<b>₱592,370</b>	₱532,976	<b>₱218,800</b>	₱192,102	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Sale of quarry materials	<b>585</b>	14,841	-	8,338	-	-	-	-	-	-	-	-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	<b>31,089</b>	36,120	<b>62,673</b>	29,898	-	-	-	-	-	-	-	-	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Materials handling	<b>63,466</b>	66,030	<b>22,204</b>	14,815	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Rental income	<b>1,735</b>	1,735	-	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Rental deposit	-	-	-	-	<b>3,471</b>	3,471	-	-	-	-	-	-	Collectible at the end of the lease term; noninterest-bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	-	-	<b>891,739</b>	882,423	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	Unsecured; with guarantee

(Forward)

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	March 31, 2021	March 30, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		
<b>THNC</b>														
Interest expense on long-term debt (see Notes 13 and 27)	<b>₱4,983</b>	₱10,249	₱-	₱-	<b>₱8,182</b>	₱3,885	₱-	₱-	₱-	₱-	₱-	₱-	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	<b>1,045</b>	2,275	-	-	-	-	Collectible upon billing; noninterest-bearing; with allowance for ECL of ₱5.2 million as at March 31, 2021 and December 31, 2020	Unsecured; no guarantee
<i>Affiliates</i>														
<b>OGIPL</b>														
Short-term advances	-	-	-	-	-	-	-	-	<b>2,197,840</b>	2,197,840	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<b>Orka Geothermal Holdings, Inc.</b>														
Short-term advances	-	-	-	-	-	-	<b>666</b>	666	<b>2,225,413</b>	2,225,413	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<b>BGHI</b>														
Short-term advances	-	-	-	-	-	-	<b>19</b>	19	<b>908,049</b>	908,049	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

(Forward)

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)		Terms	Conditions
	March 31, 2021	March 30, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		
<b>TBEA</b>														
Loan facility	<b>₱13,321</b>	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	<b>₱108,382</b>	₱95,026	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5.00% p.a.	
Interest expense on long-term debt (see Notes 13 and 27)	<b>1,258</b>	-	-	-	<b>3,096</b>	1,839	-	-	-	-	-	-	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	
			<b>₱676,949</b>	₱649,652	<b>₱17,014</b>	₱647,952	<b>₱1,730</b>	₱2,960	<b>₱5,331,302</b>	₱5,331,302	<b>₱1,000,121</b>	₱977,449		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2021 and December 31, 2020 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 chairman. The short-term benefits of key management personnel of the Group for the three months ended March 31, 2021 and 2020 amounted to about ₱70.8 million and ₱51.7 million, respectively.

Intercompany Guarantees

As discussed in Note 13, the Parent Company has entered into a Continuing Suretyship Agreement with SBC covering the loan obtained by EPI.

Except for the guarantee on the THNC and EPI loan obligations, there have been no guarantees received or provided for any related party receivables or payables, respectively.

### 31. Leases

The lease liabilities as at March 31, 2021 and December 31, 2020, discounted using incremental borrowing rate, are as follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Lease liabilities	<b>₱609,560</b>	₱615,904
Less noncurrent portion	<b>578,449</b>	584,922
Current portion	<b>₱31,111</b>	₱30,982

The rollforward analysis of lease liabilities as at March 31, 2021 and December 31, 2020 follows:

	<b>March 31, 2021 (Unaudited)</b>	December 31, 2020 (Audited)
Balances at January 1	<b>₱615,904</b>	₱606,678
Additions	–	10,031
Accretion of interest (see Note 27)	<b>13,625</b>	54,344
Payments	<b>(19,969)</b>	(55,149)
Balances at end of period	<b>₱609,560</b>	₱615,904

For the three months ended March 31, 2021 and 2020, accretion of interest on lease liabilities amounted to ₱13.6 million and ₱13.4 million, respectively (see Note 27), while the amortization of ROU assets included in “Property and equipment” amounted to ₱10.5 million and ₱9.9 million, respectively.

### 32. Income Taxes

The provision for (benefit from) income tax shown in the interim consolidated statements of income includes:

	<b>For the three-month period ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	
Current	<b>₱443,349</b>	₱168,106
Deferred	<b>36,730</b>	(32,690)
	<b>₱480,079</b>	₱135,416

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law as Republic Act No. 11534. The CREATE Act took effect on April 11, 2021. Among the relevant provisions of the CREATE Act which have an impact to the Group are as follows:

- Change in tax rate for domestic corporations depending on its total assets and taxable income as follows:

Total Assets	Net Taxable Income	Tax Rate
₱100.0 million and below	₱5.0 million and below	20%
All Other Domestic Corporations		25%

- Amendment of the rate of income tax on non-resident foreign corporations from 30% to 25% on gross income sourced from the Philippines effective January 1, 2021;
- Reduction by 20% of the interest income subjected to final tax of the allowable deduction for interest expense;
- Change in minimum corporate income tax rate (MCIT) from 2% to 1% on gross income applicable to both domestic corporations and resident foreign corporation effective July 1, 2020 up to June 30, 2023. Thereafter, it shall revert to the 2% MCIT rate.

The expected impact to the financial statement of the change in tax rate is, as follows:

	Increase (decrease)
Asset	
Deferred income tax asset	(₱101,234)
Liabilities	
Income tax payable	(287,842)
Income taxes	
Provision for current income tax	(287,842)
Provision for deferred income tax	85,522

### 33. Financial Instruments

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

#### *Cash and Cash Equivalents*

The carrying amounts of cash and cash equivalents approximate their fair value due to the short-term nature and maturity of these financial instruments.

#### *Trade and Other Receivables, Trade and Other Payables and Short-term Debts*

Similarly, the carrying amounts of trade and other receivables, trade and other payables and short-term debts approximate their fair values due to the short-term nature of these accounts.

#### *Loan Receivable*

The carrying amount of loan receivable, which is the transaction price, approximates its fair value.

#### *Long-term Negotiable Instruments*

The carrying amount long-term negotiable instruments approximate their fair values since interest are earned based on long-term cash investment rates.

#### *Financial Assets at FVTPL and at FVOCI*

The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. Upon adoption of PFRS 9, the Group used the net asset approach with consideration of lack of marketability discount and lack of control discount in determining the fair value of unquoted equity securities since the fair value measurement is unobservable (Level 3).

#### *Financial Assets at Amortized Cost*

The carrying amount of financial assets at amortized cost, which is measured using the effective interest rate (EIR), is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

*Long-term Debt and Long-term Payable*

The fair values of long-term debt and long-term payable are based on the present value of future cash flows discounted using applicable risk free rates for similar types of loans adjusted for credit risk.

Fair Value Hierarchy of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Quoted prices in active markets for identical asset or liability (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (as prices) or indirectly (derived from prices; Level 2); and
- Those inputs for assets or liability that are not based on observable market data (unobservable inputs; Level 3).

As at March 31, 2021 and December 31, 2020, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at March 31, 2021 and December 31, 2020, 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.

### **34. 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 and limonite ore, limestone and quarry materials.

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC, THNC and other parties and leasing of aircraft to World Aviation International Services Corporation.

The power segment is engaged in power generation and exploration for geothermal resources.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group is also using net income (loss) in evaluating total performance. Net income is the performance of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, financial assets at FVTPL, at FVOCI and at amortized cost, property and equipment, investments in associates and other noncurrent assets. Segment liabilities include all operating liabilities

and consist principally of trade and other payables, short-term and long-term debts and other liabilities. Segment assets and liabilities do not include deferred income taxes.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRSs.

There were no changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

The Group's identified reportable segments are consistent with the segments reported to the BOD, which is the Chief Operating Decision Maker of the Group.

Financial information on the operation of the various business segments are set out on next page.

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	March 31, 2021 (Unaudited)											Eliminations	Total
	Mining					Power		Services					
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	P81,976	P-	P714,109	P2,105,544	P-	P35,336	P41,416	P189,199	P-	P-	P-	P-	P3,167,580
Inter-segment revenues	-	-	-	-	-	-	-	-	-	125,577	-	(125,577)	-
<b>Total revenues</b>	<b>81,976</b>	<b>-</b>	<b>714,109</b>	<b>2,105,544</b>	<b>-</b>	<b>35,336</b>	<b>41,416</b>	<b>189,199</b>	<b>-</b>	<b>125,577</b>	<b>-</b>	<b>(125,577)</b>	<b>3,167,580</b>
Cost of sales	46,378	-	427,301	574,032	-	-	-	-	-	-	-	-	1,047,711
Cost of services	-	-	-	-	-	-	-	97,708	-	-	-	-	97,708
Cost of power generation	-	-	-	-	-	51,361	28,915	-	-	-	-	-	80,276
Shipping and loading costs	24,789	15,504	52,634	116,566	-	-	-	-	2,378	-	-	-	211,871
Excise taxes and royalties	7,378	-	71,411	105,277	-	-	-	-	-	-	-	-	184,066
<b>Segment operating earnings (loss)</b>	<b>P3,431</b>	<b>(P15,504)</b>	<b>P162,763</b>	<b>P1,309,669</b>	<b>P-</b>	<b>(P16,025)</b>	<b>P12,501</b>	<b>P91,491</b>	<b>(P2,378)</b>	<b>P125,577</b>	<b>-</b>	<b>(P125,577)</b>	<b>P1,545,948</b>
General and administrative	P13,265	P10,710	P22,184	P18,936	P29,880	P15,267	P-	P-	P-	P118,451	-	-	P228,693
Finance income	P127	P4,703	P1,241	P1,068	P1	P28	P26	P-	P-	P60,057	-	-	P67,251
Finance expenses	P104	P1,164	P4,615	P2,671	P9	P36,683	P-	P4,983	P-	P10,917	-	-	P61,146
Provision for (benefit from) income tax	P2,241	P9,179	P46,822	P383,905	P-	P371	P-	P-	(P713)	P38,274	-	-	P480,079
Net income (loss) attributable to equity holders of the parent	(P10,460)	(P23,661)	P112,346	P616,192	(P29,888)	(P50,016)	P12,527	P-	P-	(P42,943)	-	-	P584,097
Segment assets	P1,470,586	P2,757,660	P8,830,794	P5,580,672	P1,385,011	P12,723,177	P809,456	P-	P37,133	P14,970,684	-	-	P48,565,173
Deferred income tax assets - net	50,787	38,624	60,353	188,983	88,256	364	-	-	-	151,300	-	-	578,667
<b>Total assets</b>	<b>P1,521,373</b>	<b>P2,796,284</b>	<b>P8,891,147</b>	<b>P5,769,655</b>	<b>P1,473,267</b>	<b>P12,723,541</b>	<b>P809,456</b>	<b>P-</b>	<b>P37,133</b>	<b>P15,121,984</b>	<b>-</b>	<b>-</b>	<b>P49,143,840</b>
Segment liabilities	P237,414	P474,626	P2,329,732	P1,774,120	P175,698	P7,604,364	P9,552	P-	P-	P480,938	-	-	P13,086,444
Deferred income tax liabilities	-	-	-	132,863	164,105	99,102	-	-	11,140	98,674	-	-	505,884
<b>Total liabilities</b>	<b>P237,414</b>	<b>P474,626</b>	<b>P2,329,732</b>	<b>P1,906,983</b>	<b>P339,803</b>	<b>P7,703,466</b>	<b>P9,552</b>	<b>P-</b>	<b>P11,140</b>	<b>P579,612</b>	<b>-</b>	<b>-</b>	<b>P13,592,328</b>
<i>Other segment information:</i>													
Capital expenditures	P20,662	P13,516	P127,992	P15,994	P8,410	P74,559	P-	P-	P-	P1,259	-	-	P262,392
Depreciation, amortization and depletion	P28,868	P42,650	P156,191	P60,400	P11,257	P40,024	P13,905	P-	P2,378	P17,975	-	-	P373,648

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	December 31, 2020 (Audited)											Eliminations	Total
	Mining					Power		Services					
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	₱1,991,195	₱5,078,125	₱9,106,145	₱4,678,504	₱-	₱124,144	₱164,014	₱629,454	₱-	₱-	₱-	₱-	₱21,771,581
Inter-segment revenues	-	-	-	-	-	-	-	-	-	789,423	-	-	-
Total revenues	1,991,195	5,078,125	9,106,145	4,678,504	-	124,144	164,014	629,454	-	789,423	-	-	21,771,581
Cost of sales	1,048,457	1,544,636	2,872,321	2,054,567	-	-	-	-	-	-	-	-	7,519,981
Cost of services	-	-	-	-	-	-	-	328,562	-	-	-	-	328,562
Cost of power generation	-	-	-	-	-	211,818	101,432	-	-	-	-	-	313,250
Shipping and loading costs	232,748	581,788	1,022,254	276,476	-	-	-	-	9,513	-	-	-	2,122,779
Excise taxes and royalties	179,208	920,655	910,614	233,925	-	-	-	-	-	-	-	-	2,244,402
Marketing	-	175,429	32,649	-	-	-	-	-	-	-	-	-	208,078
<b>Segment operating earnings (loss)</b>	<b>₱530,782</b>	<b>₱1,855,617</b>	<b>₱4,268,307</b>	<b>₱2,113,536</b>	<b>₱-</b>	<b>(₱87,674)</b>	<b>₱62,582</b>	<b>₱300,892</b>	<b>(₱9,513)</b>	<b>₱789,423</b>	<b>(₱789,423)</b>	<b>(₱789,423)</b>	<b>₱9,034,529</b>
General and administrative	₱84,575	₱57,352	₱106,950	₱96,756	₱129,101	₱60,116	₱-	₱-	₱-	₱582,816	₱-	₱-	₱1,117,666
Finance income	₱1,333	₱28,062	₱22,601	₱16,775	₱32	₱146	₱2,302	₱-	₱-	₱167,042	₱-	₱-	₱238,293
Finance expenses	₱1,748	₱4,668	₱15,894	₱13,191	₱1,973	₱153,027	₱-	₱31,509	₱-	₱52,492	₱-	₱-	₱274,502
Provision for (benefit from) income tax	₱101,026	₱473,458	₱1,137,649	₱592,949	(₱39,059)	(₱949)	₱-	₱-	(₱2,854)	₱56,630	₱-	₱-	₱2,318,850
Net income (loss) attributable to equity holders of the parent	₱345,649	₱1,298,806	₱2,069,800	₱1,014,064	(₱91,980)	(₱256,237)	₱64,888	₱-	₱-	(₱376,258)	₱-	₱-	₱4,068,732
Segment assets	₱1,582,753	₱2,870,615	₱10,241,256	₱4,988,713	₱1,353,208	₱12,643,376	₱852,992	₱-	₱38,958	₱13,734,155	₱-	₱-	₱48,306,026
Deferred income tax assets - net	52,232	47,420	64,436	188,983	88,256	364	-	-	-	165,573	-	-	607,264
<b>Total assets</b>	<b>₱1,634,985</b>	<b>₱2,918,035</b>	<b>₱10,305,692</b>	<b>₱5,177,696</b>	<b>₱1,441,464</b>	<b>₱12,643,740</b>	<b>₱852,992</b>	<b>₱-</b>	<b>₱38,958</b>	<b>₱13,899,728</b>	<b>₱-</b>	<b>₱-</b>	<b>₱48,913,290</b>
Segment liabilities	₱280,715	₱547,605	₱3,027,714	₱1,693,564	₱167,733	₱7,600,393	₱7,547	₱-	₱-	₱490,031	₱-	₱-	₱13,815,302
Deferred income tax liabilities - net	-	-	-	132,938	164,105	98,732	-	-	11,853	93,571	-	-	501,199
<b>Total liabilities</b>	<b>₱280,715</b>	<b>₱547,605</b>	<b>₱3,027,714</b>	<b>₱1,826,502</b>	<b>₱331,838</b>	<b>₱7,699,125</b>	<b>₱7,547</b>	<b>₱-</b>	<b>₱11,853</b>	<b>₱583,602</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,316,501</b>
<i>Other segment information:</i>													
Capital expenditures	₱87,688	₱110,263	₱498,191	₱445,251	₱9,841	₱967,453	₱3,330	₱-	₱-	₱10,831	₱-	₱-	₱2,132,848
Depreciation, amortization and depletion	₱145,621	₱176,627	₱593,715	₱184,958	₱45,390	₱161,443	₱57,178	₱-	₱9,513	₱70,815	₱-	₱-	₱1,445,260

NICKEL ASIA CORPORATION  
17-Q Quarterly Report  
March 31, 2021

	March 31, 2020 (Unaudited)												
	Mining					Power		Services			Eliminations	Total	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	₱40,848	₱-	₱547,817	₱1,364,230	₱-	₱32,872	₱40,827	₱182,449	₱-	₱-	₱-	₱-	₱2,209,043
Inter-segment revenues	-	-	-	-	-	-	-	-	-	93,464	(93,464)	-	-
Total revenues	40,848	-	547,817	1,364,230	-	32,872	40,827	182,449	-	93,464	(93,464)	-	2,209,043
Cost of sales	30,961	-	415,849	641,095	-	-	-	-	-	-	-	-	1,087,905
Cost of services	-	-	-	-	-	-	-	97,336	-	-	-	-	97,336
Cost of power generation	-	-	-	-	-	49,847	28,824	-	-	-	-	-	78,671
Shipping and loading costs	23,941	-	15,198	82,065	-	-	-	-	2,378	-	-	-	123,582
Excise taxes and royalties	3,676	7,500	54,782	68,211	-	-	-	-	-	-	-	-	134,169
<b>Segment operating earnings (loss)</b>	<b>(₱17,730)</b>	<b>₱-7,500</b>	<b>₱61,988</b>	<b>₱572,859</b>	<b>₱-</b>	<b>(₱16,975)</b>	<b>₱12,003</b>	<b>₱85,113</b>	<b>(₱2,378)</b>	<b>₱93,464</b>	<b>(₱93,464)</b>	<b>₱-</b>	<b>₱687,380</b>
General and administrative	₱14,815	₱8,477	₱17,020	₱20,194	₱31,092	₱17,618	₱-	₱-	₱-	₱137,371	₱-	₱-	₱246,587
Finance income	₱381	₱9,260	₱11,299	₱6,367	₱10	₱36	₱954	₱-	₱-	₱58,158	₱-	₱-	₱86,465
Finance expenses	₱866	₱1,216	₱4,710	₱3,381	₱13	₱39,079	₱-	₱10,249	₱-	₱19,051	₱-	₱-	₱78,565
Provision for (benefit from) income tax	(₱7,700)	₱2,203	₱19,521	₱161,220	₱-	(₱26)	₱-	₱-	(₱713)	(₱39,089)	₱-	₱-	₱135,416
Net income (loss) attributable to equity holders of the parent	(₱26,708)	(₱6,122)	₱75,312	₱273,948	(₱31,094)	(₱60,937)	₱12,957	₱-	₱-	(₱326,697)	₱-	₱-	(₱89,341)
Segment assets	₱1,603,545	₱2,961,272	₱9,324,635	₱4,511,152	₱1,320,543	₱11,864,581	₱1,028,194	₱-	₱46,386	₱14,484,141	₱-	₱-	₱47,144,449
Deferred income tax assets - net	51,252	37,260	1,689	78,496	49,197	-	-	-	-	91,095	-	-	308,989
<b>Total assets</b>	<b>₱1,654,797</b>	<b>₱2,998,532</b>	<b>₱9,326,324</b>	<b>₱4,589,648</b>	<b>₱1,369,740</b>	<b>₱11,864,581</b>	<b>₱1,028,194</b>	<b>₱-</b>	<b>₱46,386</b>	<b>₱14,575,236</b>	<b>₱-</b>	<b>₱-</b>	<b>₱47,453,438</b>
Segment liabilities	₱218,753	₱430,697	₱2,009,195	₱1,171,828	₱97,091	₱7,445,908	₱8,085	₱-	₱-	₱435,280	-	-	₱11,816,837
Deferred income tax liabilities	-	-	-	118,447	164,105	99,299	-	-	13,994	120,188	-	-	516,033
<b>Total liabilities</b>	<b>₱218,753</b>	<b>₱430,697</b>	<b>₱2,009,195</b>	<b>₱1,290,275</b>	<b>₱261,196</b>	<b>₱7,545,207</b>	<b>₱8,085</b>	<b>₱-</b>	<b>₱13,994</b>	<b>₱555,468</b>	<b>₱-</b>	<b>₱-</b>	<b>₱12,332,870</b>
<i>Other segment information:</i>													
Capital expenditures	₱148	₱17,809	₱55,989	₱20,134	₱3,061	₱28,320	₱-	₱-	₱-	₱4,567	₱-	₱-	₱130,028
Depreciation, amortization and depletion	₱42,015	₱45,487	₱144,977	₱47,092	₱10,839	₱39,971	₱13,958	₱-	₱2,378	₱17,398	₱-	₱-	₱364,115

The Group has revenues from external customers as follows:

Country of Domicile	<b>For the three-month period ended March 31</b>	
	2021	2020
	(Unaudited)	
China	<b>₱1,436,647</b>	₱787,402
Local	<b>1,334,314</b>	1,187,700
Japan	<b>396,619</b>	233,941
	<b>₱3,167,580</b>	₱2,209,043

The revenue information above is based on the location of the customers. The local customers include CBNC and THNC, which are Philippine Economic Zone Authority-registered entities.

Revenue arising from two key customers for the sale of ores amounted to ₱1,717.7 million and ₱1,311.5 million for the three months ended March 31, 2021 and 2020, respectively.

### 35. Supplemental Disclosure to Consolidated Statements of Cash Flows

EPI paid ₱500.0 million out of its outstanding loan from the Parent Company by way of dation in payment of all of EPI's rights and interest for a portion of its shares of stock in JSI equivalent to ₱500.0 million.