

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, 2022

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, 2022
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
28th 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 |
|----------------------------------|--|
| Common Stock | 13,630,850,117 shares |
| Short and Long-term Debts | Php2,588.4 million |

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 5, 2022

Ms. Alexandra D. Tom Wong

Officer-in-Charge, 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 2022 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, 2022.

We trust everything is in order.

Very truly yours,

A handwritten signature in black ink, appearing to read "MAG Villamor".

Maria Angela G. Villamor

Senior Vice President and Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
MARCH 31, 2022

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2022 (with Comparative Audited Statement of Financial Position as at December 31, 2021) and for the three-month period ended March 31, 2022 and 2021 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2022 and 2021 and as at March 31, 2022 and December 31, 2021:

Summary Consolidated Statements of Income

| | For the Three Months Ended March 31 | | Increase (Decrease) | Percent Inc (Dec) |
|---------------------------------------|-------------------------------------|-------------|------------------------|----------------------|
| | 2022 | 2021 | | |
| <i>(In Thousand Pesos)</i> | | | | |
| Revenues | ₱3,693,135 | ₱3,167,580 | ₱525,555 | 17% |
| Costs | (1,258,041) | (1,225,695) | 32,346 | 3% |
| Operating expenses | (639,147) | (624,630) | 14,517 | 2% |
| Finance income | 20,305 | 67,251 | (46,946) | -70% |
| Finance expenses | (61,320) | (61,146) | 174 | 0% |
| Equity in net income of associates | 305,181 | 114,926 | 190,255 | 166% |
| Other income - net | 26,260 | 11,026 | 15,234 | 138% |
| Provision for income tax - net | (499,251) | (480,079) | 19,172 | 4% |
| Net income | ₱1,587,122 | ₱969,233 | ₱617,889 | 64% |
| Net income attributable to: | | | | |
| Equity holders of the parent | ₱1,053,858 | ₱584,097 | ₱469,761 | 80% |
| Non-controlling interests | 533,264 | 385,136 | 148,128 | 38% |
| | ₱1,587,122 | ₱969,233 | ₱617,889 | 64% |

Summary Consolidated Statements of Financial Position

| | March 31, | December 31, | Increase (Decrease) | Percent Inc (Dec) |
|--|---------------------|-------------------|------------------------|----------------------|
| | 2022 (Unaudited) | 2021 (Audited) | | |
| <i>(In Thousand Pesos)</i> | | | | |
| Current assets | ₱23,566,362 | ₱24,011,065 | (₱444,703) | -2% |
| Noncurrent assets | 28,337,521 | 27,689,817 | 647,704 | 2% |
| Total assets | ₱51,903,883 | ₱51,700,882 | ₱203,001 | 0% |
| Current liabilities | ₱10,292,375 | ₱11,924,982 | (₱1,632,607) | -14% |
| Noncurrent liabilities | 3,628,124 | 3,446,700 | 181,424 | 5% |
| Equity attributable to equity holders of the parent | 34,060,687 | 32,939,767 | 1,120,920 | 3% |
| Non-controlling interests | 3,922,697 | 3,389,433 | 533,264 | 16% |
| Total liabilities and equity | ₱51,903,883 | ₱51,700,882 | ₱203,001 | 0% |

Summary Consolidated Statements of Cash Flows

| | For the Three Months Ended March 31 | | Increase (Decrease) | Percent Inc (Dec) |
|---|-------------------------------------|-------------|------------------------|----------------------|
| | 2022 | 2021 | | |
| <i>(In Thousand Pesos)</i> | | | | |
| Net cash flows from (used in): | | | | |
| Operating activities | ₱2,020,754 | ₱543,607 | ₱1,477,147 | 272% |
| Investing activities | 142,955 | (426,566) | 569,521 | 134% |
| Financing activities | (1,882,420) | (728,471) | 1,153,949 | 158% |
| Net increase (decrease) in cash and cash equivalents | 281,289 | (611,430) | 892,719 | 146% |
| Cash and cash equivalents, beginning | 10,826,806 | 11,835,201 | (1,008,395) | -9% |
| Cash and cash equivalents, end | ₱11,108,095 | ₱11,223,771 | (₱115,676) | -1% |

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, 2022 and 2021, 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, 2022 compared with three months ended March 31, 2021

Revenues

| | 2022 | 2021 |
|---------------------------|-----------------------|------------|
| | <i>(In Thousands)</i> | |
| Sale of ore and limestone | ₱3,383,001 | ₱2,901,043 |
| Services and others | 170,755 | 189,784 |
| Power | 139,379 | 76,753 |
| | ₱3,693,135 | ₱3,167,580 |

Revenues during the first quarter of 2022 was ₱3,693.1 million, higher by ₱525.6 million or 17%, compared to ₱3,167.6 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 sales prices. The continued strong demand for stainless steel and the accelerating trend in demand in the electric vehicle market have been beneficial to the metals and mining business.

Although nickel ore sales volume decreased by 10%, from 2.65 million wet metric tons (WMT) in the first quarter last year to 2.39 million WMT in the same period this year, revenue from the sale of nickel ore increased 17% year-on-year, from ₱2.85 billion in 2021 to ₱3.32 billion in 2022, as the weighted average realized price of ore sold increased 22% from \$22.21 per WMT last year to \$27.03 per WMT this year.

Breaking down the ore sales, the Group exported 0.65 million WMT of saprolite and limonite ore to Japanese and Chinese customers at the weighted average price of \$46.90 per WMT in the first three months of the year, compared to 0.84 million WMT at \$45.60 per WMT in the same period last year. Likewise, the Group delivered 1.74 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the London Metal Exchange (LME), and realized an average price of \$11.80 per pound of payable nickel. This compares to 1.81 million WMT at \$7.96 per pound of payable nickel in the first quarter of 2021. Expressed in US\$ per WMT, deliveries to the two HPAL plants generated \$19.58 and \$11.29 in the first quarter of 2022 and 2021, respectively.

The realized peso to US\$ exchange rate for ore sales was ₱51.51 during the first quarter of 2022 compared to ₱48.38 during the same period last year.

On a per mine basis, the Group's Rio Tuba mine exported 0.65 million WMT of saprolite ore and delivered 0.76 million WMT of limonite ore to the Coral Bay processing plant during the first quarter of 2022. This compares to sales of 0.73 million WMT of saprolite ore and 0.80 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine delivered 0.98 million WMT of limonite ore to the Taganito processing plant during the first quarter of 2022. Compared to the same period last year wherein there were 54.40 thousand WMT of saprolite ore and 1.00 million WMT of limonite ore delivered to the Taganito processing plant.

The Company's Hinatuan and Cagdianao mines have no shipments during the first quarter of 2022 but HMC was able to ship 56.44 thousand WMT of limonite ore during the first quarter of 2021.

Sale of Limestone

Due to the 33% drop in limestone deliveries, Rio Tuba's revenue from sale of limestone during the first quarter of 2022 was lower by 25% at ₱58.8 million compared to ₱78.6 million during the same period last year.

Services and Others

Sale of Quarry Materials

Compared to first quarter of 2021 wherein Taganito Mining Corporation (TMC) delivered 314,167 bank cubic meter of quarry materials, there were no deliveries to Taganito HPAL Nickel Corporation (THNC) during the first quarter of 2022.

Services

Services revenue largely consists of payments made in consideration for the hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation, CDTN Services Company Inc., and TMC provides to either Coral Bay Nickel Corporation (CBNC) or THNC and usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was lower by ₱18.4 million, from ₱189.2 million to ₱170.8 million, because of the 11% decline in the volume of materials handled.

Sale of Power

Revenue from sale of power during the first quarter of 2022 amounted to ₱139.4 million, or 82% higher than last year's ₱76.8 million. The energy generated by the Group's solar power plant was higher by 152% or by 14 million kilowatt hour (kWh) compared to the same period last year. A portion of the energy generated was attributable to the completion and energization of Phase 3A, which contributed 30 MWp starting second quarter of 2021. The average effective price for the first quarter of 2022 was higher by 11% at ₱4.23/kWh as against ₱3.80/kWh for the first quarter of 2021.

Costs

Costs slightly went up by 3% or ₱32.3 million, from ₱1,225.7 million to ₱1,258.0 million.

| | 2022 | 2021 |
|------------------|-------------------|-------------------|
| | (In Thousands) | |
| Cost of sales | ₱1,086,935 | ₱1,047,711 |
| Power generation | 96,589 | 80,276 |
| Services | 74,517 | 97,708 |
| | <u>₱1,258,041</u> | <u>₱1,225,695</u> |

Cost of Sales

Cost of sales slightly increased by 4% to ₱1,086.9 million from ₱1,047.7 million primarily due to the increase in diesel cost during the first quarter of 2022. Local business tax, which was computed based on 2021 revenue, was also higher in the current period because of the favorable nickel price in 2021 which resulted to higher net income.

Cost of Power Generation

Cost of power generation went up by 20% to ₱96.6 million from ₱80.3 million following the completion and energization of Phase 3A of the solar power project in June 2021 which subsequently increase depreciation by 14%.

Cost of Services

Cost of services slid by 24% from ₱97.7 million to ₱74.5 million following the decrease in personnel cost and decrease in overhead cost on account of lower share in fixed cost. Aside from this, the volume of materials handled decreased by 11%.

Operating Expenses

| | 2022 | 2021 |
|----------------------------|-----------------|-----------------|
| | (In Thousands) | |
| General and administrative | ₱267,524 | ₱228,693 |
| Excise taxes and royalties | 217,727 | 184,066 |
| Shipping and loading costs | 153,896 | 211,871 |
| | <u>₱639,147</u> | <u>₱624,630</u> |

General and Administrative

General and administrative expenses increased by 17% from ₱228.7 million to ₱267.5 million on account of the donation made to NAC Foundation Inc. and increase in amortization expense after the implementation of new accounting software.

Excise Taxes and Royalties

Excise taxes and royalties rose by 18% to ₱217.7 million from ₱184.1 million because of higher revenues resulting from higher ore prices.

Shipping and Loading Costs

Shipping and loading costs went down by 27% because of the 23% decline in the volume of ore export sales which was attributable to late start of shipment. This resulted to lower LCT rental and stevedoring and wharfage cost incurred during the current period.

Finance Income

Finance income significantly dropped by 70% at ₱20.3 million from ₱67.3 million as interest earned from investments in debt instruments fell from ₱56.6 million during the first quarter of 2021 to ₱6.9 million only during the first quarter of 2022.

Finance Expenses

Finance expenses was almost the same at ₱61.3 million during the first quarter of 2022 and ₱61.1 million during the first quarter of 2021. The decline in the London Inter-Bank Offered Rate from 2.25% to 2.16% and domestic borrowing rate from an average of 5.75% to an average of 4.50%, was offset by the increase in average foreign exchange rate from ₱48.30/US\$1 to ₱51.57/US\$1.

Equity in Net Income of Associates

As a result of higher LME prices, the Parent Company recognized gain from its equity share in its investments in the two HPAL plants in the amount of ₱305.2 million in the first quarter of 2022, a 166% increase compared to ₱114.9 million in the same period last year.

Other Income - Net

Other income - net was at ₱26.3 million in the first quarter of 2022 compared to ₱11.0 million in the same period last year and this was driven mainly by the appreciation of US\$ compared to peso. The average foreign exchange rate was at ₱51.57 during the first quarter of 2022 as against ₱48.30 during the same period last year, as a result, the Group recognized net foreign exchange gains of ₱188.3 million in the first quarter of 2022 compared to ₱107.2 million in the same period last year. However, the increase in foreign exchange gains was partially offset by the unfavorable valuation of the Parent Company's investments leading to higher losses incurred during the current period. In addition, TMC wrote off ₱21.1 million of its input value added tax claims that were denied by the Supreme Court.

Provision for Income Tax - Net

The net provision for income tax was higher by 4% due to higher taxable income and higher revenue during the current period.

Net Income

As a result of the foregoing, the consolidated net income was ₱1,587.1 million during the first quarter of 2022 compared to ₱969.2 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 ₱1,053.9 million compared to ₱584.1 million during the same period last year.

STATEMENT OF FINANCIAL POSITION

Total assets as of March 31, 2022 close at ₱51,903.9 million compared to ₱51,700.9 million as of December 31, 2021. Current assets slid by 2% to ₱23,566.4 million from ₱24,011.1 million due to partial withdrawal of funds from local investments and collection of trade and other receivables that were used for capital asset acquisitions. Noncurrent assets was at ₱28,337.5 million from ₱27,689.8 million as at March 31, 2022 and December 31, 2021, respectively. The slight increase in noncurrent assets was attributable mainly from the Parent Company's equity share in the current period earnings of its associates and from acquisitions of property and equipment.

Current liabilities were lower by 14% from ₱11,925.0 million to ₱10,292.4 million due to payments of cash dividends in January 2022.

Noncurrent liabilities of ₱3,628.1 million was slightly higher as against end of last year's ₱3,446.7 million due to additional loans availed by Jobin-SQM, Inc. (JSI) from TBEA International Engineering Co., Ltd. (TBEA) amounting to ₱123.9 million.

Equity net of non-controlling interests rose by 3% to ₱34,060.7 million due to the net effect of earnings during the period.

STATEMENT OF CASH FLOWS

Net cash from operating activities during the first quarter of 2022 amounting to ₱2,020.8 million was higher compared to ₱543.6 million during the same period last year due to higher collections of receivables from the sale of ore on account of higher revenue during the period.

Net cash from investment activities in the first quarter of 2022 amounted to ₱143.0 million compared to net cash used in investment activities of ₱426.6 million in the same period last year. Cash from (used in) investment activities arose mainly from net acquisitions and/or disposals of property and equipment and financial assets in debt and equity securities. During the first quarter of 2022, the net proceeds from the sale of financial assets and property and equipment amounted to ₱3.8 million compared to the net acquisition cost of ₱359.4 million incurred during the same period last year. In line with the change in investment strategy of the Parent Company during the first quarter of 2021, some of its local investments and one offshore account were disposed of and the proceeds from the sale were used as additional fund for the opening of new offshore investment accounts. Moreover, in January 2022, the Parent Company received cash dividends from CBNC.

Net cash used in financing activities was higher in the first quarter of 2022 because cash dividends paid was at ₱1,975.0 million compared to ₱700.0 million only in the same period last year.

As at March 31, 2022 and 2021, cash and cash equivalents amounted to ₱11,108.1 million and ₱11,223.8 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 2022 was ₱687.51 per WMT on the basis of aggregate costs of ₱1,641.4 million and total sales volume of 2.39 million WMT of ore. This compares to ₱593.11 per WMT during the first quarter of 2021 on the basis of aggregate costs of ₱1,574.1 million and total sales volume of 2.65 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 income attributable to equity holders of the Parent Company for the first quarter of 2022 was ₱1,053.9 million compared to ₱584.1 million 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 quarters of 2022 and 2021, the open hectares per million WMT sold was 107.65 and 119.24, 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 for both first quarters of 2022 and 2021.

Liquidity and Capital Resources

As at March 31, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱13,274.0 million and ₱12,086.1 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.

On August 2, 2021 JSI entered into an Omnibus Loan and Security Agreement to document the syndicated loan with two (2) banks as lenders, i.e., SBC and International and Commercial Bank of China with the Parent Company forming part of the Share Collateral Security Grantors and Sponsors together with EPI and TBEA. The principal loan will be used to partly refinance the shareholders loans used for the Phase 3A and Phase 3B expansion. Payment of the loan shall be secured by chattel mortgage on all project assets, mortgage over the leasehold rights with Subic Bay Metropolitan Authority, and the pledge of shares of stocks of JSI.

Other than those 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. During the first quarters of 2022 and 2021, HMC's tonnage consists nil and 2%, respectively, of the Group's total volume shipped.

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 effective March 15, 2020. On March 16, 2020, Presidential Proclamation (PP) No. 929 was issued, declaring State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, PP 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, 2022 and its financial performance and cash flows for the period then ended.

As at May 5, 2022, Metro Manila is under Alert level 1.

As at March 31, 2022, 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, 2022 and December 31, 2021, 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, 2022 AND 2021

| Ratios | Formula | 2022 | 2021 |
|--|--|--------------|--------|
| <i>A. Liquidity analysis ratios</i> | | | |
| Current ratio or working capital ratio | Current assets / Current liabilities | 2.29 | 2.18 |
| Quick ratio | Current assets - Inventories - Prepayments and other current assets / Current liabilities | 1.81 | 1.82 |
| Solvency ratio | Total assets / Total liabilities | 3.73 | 3.62 |
| <i>B. Financial leverage ratios</i> | | | |
| Debt ratio | Total liabilities / Total assets | 0.27 | 0.28 |
| Debt-to-equity ratio | Total liabilities / Total equity | 0.37 | 0.38 |
| Asset-to-equity ratio | Total assets / Total equity | 1.37 | 1.38 |
| Interest coverage ratio | Earnings before interest and taxes / Interest expense | 41.29 | 28.88 |
| <i>C. Profitability ratios</i> | | | |
| Net profit margin | Net income / Revenue | 0.43 | 0.31 |
| Return on assets | Net income / Total assets | 0.03 | 0.02 |
| Return on equity | Net income / Total equity | 0.04 | 0.03 |
| Gross profit margin | Sales - Costs / Revenue | 0.66 | 0.61 |
| Price/earnings ratio | Price per share / EPS | 98.00 | 125.00 |

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 5, 2022



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

May 5, 2022

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2022

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at March 31, 2022 and
December 31, 2021

Interim Consolidated Statements of Income for the three-month period ended
March 31, 2022 and 2021

Interim Consolidated Statements of Comprehensive Income for the three-month period ended
March 31, 2022 and 2021

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Interim Consolidated Statements of Cash Flows for the three-month period ended
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NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022

(With Comparative Audited Figures as at December 31, 2021)

(Amounts in Thousands)

| | March 31, 2022 | December 31, 2021 |
|---|--------------------|----------------------|
| | (Unaudited) | (Audited) |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | ₱11,108,095 | ₱10,826,806 |
| Trade and other receivables (Notes 5 and 29) | 1,694,147 | 1,971,096 |
| Inventories (Note 6) | 2,624,701 | 2,242,932 |
| Financial assets at (Note 7): | | |
| Fair value through profit or loss (FVTPL) | 5,140,383 | 5,266,080 |
| Fair value through other comprehensive income (FVOCI) | 645,734 | 1,122,284 |
| Prepayments and other current assets | 2,353,302 | 2,581,867 |
| Total Current Assets | 23,566,362 | 24,011,065 |
| Noncurrent Assets | | |
| Property and equipment (Note 8) | 17,320,869 | 17,238,357 |
| Investments in associates (Note 9) | 4,197,188 | 3,812,554 |
| Geothermal exploration and evaluation assets (Note 10) | 1,863,831 | 1,849,936 |
| Financial assets at - net of current portion (Note 7): | | |
| FVTPL | 728,783 | 731,813 |
| Amortized cost | 460,000 | 460,000 |
| Deferred income tax assets - net | 375,523 | 309,746 |
| Long-term stockpile inventory - net of current portion | 42,535 | 42,535 |
| Other noncurrent assets | 3,348,792 | 3,244,876 |
| Total Noncurrent Assets | 28,337,521 | 27,689,817 |
| TOTAL ASSETS | ₱51,903,883 | ₱51,700,882 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other payables (Notes 11 and 29) | ₱7,016,383 | ₱9,226,190 |
| Short-term debts (Note 12) | 1,495,685 | 1,492,916 |
| Income tax payable | 1,351,347 | 773,450 |
| Other current liability | 300,731 | 300,731 |
| Current portion of: | | |
| Long-term debt (Notes 12 and 29) | 90,545 | 89,248 |
| Lease liabilities (Note 30) | 30,914 | 35,754 |
| Long-term payable | 6,770 | 6,693 |
| Total Current Liabilities | 10,292,375 | 11,924,982 |
| Noncurrent Liabilities | | |
| Noncurrent portion of: | | |
| Long-term debt (Notes 12 and 29) | 1,002,150 | 867,111 |
| Lease liabilities (Note 30) | 582,309 | 578,190 |
| Deferred income | 40,852 | 41,899 |
| Provision for mine rehabilitation and decommissioning (Note 13) | 827,525 | 823,962 |
| Pension liability | 666,330 | 624,110 |
| Deferred income tax liabilities | 508,958 | 511,428 |
| Total Noncurrent Liabilities | 3,628,124 | 3,446,700 |
| Total Liabilities | 13,920,499 | 15,371,682 |

(Forward)

| | March 31, 2022 | December 31, 2021 |
|--|--------------------|----------------------|
| | (Unaudited) | (Audited) |
| Equity Attributable to Equity Holders of the Parent | | |
| Capital stock (Note 14) | ₱6,849,836 | ₱6,849,836 |
| Additional paid-in capital | 8,271,900 | 8,271,900 |
| Other components of equity: | | |
| Share in cumulative translation adjustment (Note 9) | 666,750 | 599,215 |
| Cost of share-based payment plan (Note 15) | 476,857 | 473,442 |
| Asset revaluation surplus | 30,470 | 30,565 |
| Net valuation gains (losses) on financial assets at FVOCI | (525) | 3,363 |
| Retained earnings: | | |
| Unappropriated | 17,764,413 | 16,710,460 |
| Appropriated (Note 14) | 135,000 | 135,000 |
| Treasury stock (Note 14) | (134,014) | (134,014) |
| | 34,060,687 | 32,939,767 |
| Non-controlling Interests (NCI) | 3,922,697 | 3,389,433 |
| Total Equity | 37,983,384 | 36,329,200 |
| TOTAL LIABILITIES AND EQUITY | ₱51,903,883 | ₱51,700,882 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021****(Amounts in Thousands, Except Earnings per Share)**

| | 2022 | 2021 |
|--|-------------------|------------------|
| | (Unaudited) | |
| REVENUES (Notes 28 and 29) | | |
| Sale of ore and limestone | ₱3,383,001 | ₱2,901,043 |
| Services and others | 170,755 | 189,784 |
| Sale of power | 139,379 | 76,753 |
| | 3,693,135 | 3,167,580 |
| COSTS | | |
| Cost of sales (Note 17) | 1,086,935 | 1,047,711 |
| Power generation (Note 18) | 96,589 | 80,276 |
| Services (Note 19) | 74,517 | 97,708 |
| | 1,258,041 | 1,225,695 |
| OPERATING EXPENSES | | |
| General and administrative (Note 20) | 267,524 | 228,693 |
| Excise taxes and royalties (Note 21) | 217,727 | 184,066 |
| Shipping and loading costs (Note 22) | 153,896 | 211,871 |
| | 639,147 | 624,630 |
| FINANCE INCOME (Note 25) | 20,305 | 67,251 |
| FINANCE EXPENSES (Note 26) | (61,320) | (61,146) |
| EQUITY IN NET INCOME OF ASSOCIATES (Note 9) | 305,181 | 114,926 |
| OTHER INCOME - Net (Note 27) | 26,260 | 11,026 |
| INCOME BEFORE INCOME TAX | 2,086,373 | 1,449,312 |
| PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31) | | |
| Current | 579,409 | 443,349 |
| Deferred | (80,158) | 36,730 |
| | 499,251 | 480,079 |
| NET INCOME | ₱1,587,122 | ₱969,233 |
| Net income attributable to: | | |
| Equity holders of the parent | ₱1,053,858 | ₱584,097 |
| NCI | 533,264 | 385,136 |
| | ₱1,587,122 | ₱969,233 |
| Basic/Diluted Earnings Per Share (EPS; Note 16) | ₱0.08 | ₱0.04 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Amounts in Thousands)

| | 2022 | 2021 |
|---|-------------------|-----------------|
| | (Unaudited) | |
| NET INCOME | ₱1,587,122 | ₱969,233 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| <i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i> | | |
| Share in translation adjustment of associates | 67,535 | 45,923 |
| Net valuation losses on financial assets at FVOCI | (3,888) | (67,885) |
| Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods | 63,647 | (21,962) |
| <i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i> | | |
| Asset revaluation surplus | (95) | (95) |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX | 63,552 | (22,057) |
| TOTAL COMPREHENSIVE INCOME - NET OF TAX | ₱1,650,674 | ₱947,176 |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent | ₱1,117,410 | ₱562,040 |
| NCI | 533,264 | 385,136 |
| | ₱1,650,674 | ₱947,176 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Thousands)

| | Equity Attributable to Equity Holders of the Parent | | | | | | | | | | Total | NCI | Total |
|--|---|----------------------------|--|---|---------------------------|---|--------------------|---------------------------|-----------------------------|--------------------|-------------------|--------------------|-------|
| | Capital Stock (Note 14) | Additional Paid-in Capital | Share in Cumulative Translation Adjustment (Note 9) | Cost of Share-based Payment Plan (Note 15) | Asset Revaluation Surplus | Net Valuation Gains (Losses) on Financial Assets at FVOCI | Retained Earnings | | Treasury Stock (Note 14) | | | | |
| | | | | | | | Unappropriated | Appropriated (Note 14) | | | | | |
| Balances at December 31, 2021 | ₱6,849,836 | ₱8,271,900 | ₱599,215 | ₱473,442 | ₱30,565 | ₱3,363 | ₱16,710,460 | ₱135,000 | (₱134,014) | ₱32,939,767 | ₱3,389,433 | ₱36,329,200 | |
| Net income | - | - | - | - | - | - | 1,053,858 | - | - | 1,053,858 | 533,264 | 1,587,122 | |
| Other comprehensive income (loss) | - | - | 67,535 | - | (95) | (3,888) | - | - | - | 63,552 | - | 63,552 | |
| Total comprehensive income (loss) | - | - | 67,535 | - | (95) | (3,888) | 1,053,858 | - | - | 1,117,410 | 533,264 | 1,650,674 | |
| Cost of share-based payment plan (Note 15) | - | - | - | 3,415 | - | - | - | - | - | 3,415 | - | 3,415 | |
| Asset revaluation surplus transferred to retained earnings | - | - | - | - | - | - | 95 | - | - | 95 | - | 95 | |
| Balances at March 31, 2022 (Unaudited) | ₱6,849,836 | ₱8,271,900 | ₱666,750 | ₱476,857 | ₱30,470 | (₱525) | ₱17,764,413 | ₱135,000 | (₱134,014) | ₱34,060,687 | ₱3,922,697 | ₱37,983,384 | |

See accompanying Notes to Unaudited Consolidated Financial Statements.

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

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Amounts in Thousands)**

| | 2022 | 2021 |
|--|-------------|-------------|
| | (Unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | ₱2,086,373 | ₱1,449,312 |
| Adjustments for: | | |
| Depreciation, amortization and depletion (Notes 8 and 24) | 409,669 | 373,648 |
| Equity in net income of associates (Note 9) | (305,181) | (114,926) |
| Loss (gain) on: | | |
| Changes in fair value of financial assets at FVTPL (Notes 7 and 27) | 150,970 | 104,642 |
| Write-off of input Value Added Tax (VAT) | 21,103 | - |
| Sale of financial assets at FVOCI (Note 27) | 1,645 | (1,088) |
| Interest expense (Notes 12 and 26) | 34,490 | 35,478 |
| Movements in: | | |
| Pension liability | 32,697 | 30,593 |
| Deferred income | (1,048) | (1,048) |
| Interest income (Note 25) | (20,305) | (67,251) |
| Unrealized foreign exchange gains - net | (17,303) | (12,473) |
| Accretion of interest on: | | |
| Lease liabilities (Notes 26 and 30) | 13,655 | 13,625 |
| Provision for mine rehabilitation and decommissioning (Notes 13 and 26) | 3,563 | 2,726 |
| Long-term payable (Note 26) | 77 | 150 |
| Provision for impairment losses on input VAT | 8,092 | - |
| Dividend income (Notes 7 and 27) | (6,864) | (4,374) |
| Cost of share-based payment plan (Notes 15 and 23) | 3,415 | 7,452 |
| Operating income before working capital changes | 2,415,048 | 1,816,466 |
| Decrease (increase) in: | | |
| Trade and other receivables | 23,396 | (296,698) |
| Inventories | (381,769) | (213,579) |
| Prepayments and other current assets | 205,950 | (247,198) |
| Decrease in trade and other payables | (241,871) | (515,384) |
| Net cash flows from operating activities | 2,020,754 | 543,607 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of: | | |
| Financial assets at (Note 7): | | |
| FVOCI | 961,167 | 2,208,818 |
| FVTPL | 903,907 | 1,672,952 |
| Amortized cost | - | 20,000 |
| Property and equipment | 9 | - |
| Acquisitions of: | | |
| Financial assets at (Note 7): | | |
| FVTPL | (896,526) | (1,818,723) |
| FVOCI | (490,150) | (2,180,080) |
| Property and equipment (Note 8) | (474,629) | (262,392) |
| Dividends received | 259,842 | 3,011 |
| Increase in: | | |
| Other noncurrent assets | (127,650) | (117,454) |
| Geothermal exploration and evaluation assets | (13,895) | (7,574) |
| Interest received | 20,880 | 54,876 |
| Net cash flows from (used in) investing activities | 142,955 | (426,566) |

(Forward)

NICKEL ASIA CORPORATION
17-Q Quarterly Report
March 31, 2022

| | 2022 | 2021 |
|---|--------------------|--------------------|
| | (Unaudited) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of: | | |
| Cash dividends | (P1,975,000) | (P700,000) |
| Interest | (16,969) | (21,858) |
| Principal portion of lease liabilities (Note 30) | (14,376) | (19,969) |
| Availments of long-term debt | 123,925 | 13,356 |
| Net cash flows used in financing activities | (1,882,420) | (728,471) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 281,289 | (611,430) |
| CASH AND CASH EQUIVALENTS AT JANUARY 1 | 10,826,806 | 11,835,201 |
| CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4) | P11,108,095 | P11,223,771 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM 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.

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 in Dinapigue, Isabela. Currently, DMC is transitioning from construction and development stage to production 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.

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.

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.

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.

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 5, 2022, 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) up to May 2021.

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. The transfer of GRESC No. 2010-02-013 to MGPC was approved by the Department of Energy (DOE) on February 16, 2016.

On February 26, 2019, MGPC received from the Philippine Government, through the DOE, the Confirmation of Commerciality for the 10 megawatt (MW) project.

On September 6, 2021, MGPC entered into a Memorandum of Agreement with Symba Renewable Energy (SRE) on the conduct of flow test and resource assessment to demonstrate the commercial viability of the drilled production wells in the Montelago geothermal field. Should the flow test be successful based on MGPC engineer's assessment and overall viability of the project, SRE intends to participate as financial and technical partner of MGPC for the development of the modular geothermal power plant system. Currently, the electrical submersible pump to be used for the flow test is being manufactured based on the updated temperature data from the geothermal wells.

MGPC is in exploration phase and is expected to have an operating capacity of 40MW. The geothermal power plant is intended to supply electricity to the Mindoro island grid.

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, wherein the Parent Company has 38% direct ownership and 44.87% indirect ownership through EPI. JSI 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.

In January 2019, JSI received the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) for Phases 1 and 2 - 32MW of the Solar Project, valid for a period of five (5) years from November 2016 to November 2021 until revoked or suspended. The COC 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 Project 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. In November 2021, pursuant to JSI's COC renewal application, the ERC extended the Provisional Authority to Operate (PAO) for Phases 1 and 2 for a period of one (1) year or up to November 2022.

Moreover, in June 2021, the ERC granted a PAO for JSI's Phase 3A - 30MW for one (1) year or up to June 2022. As at March 31, 2022, Phases 1, 2 and 3A of the Solar Project with total capacity of 62MW are in commercial operations. The remaining Phase 3B - 38MW is currently under construction and expected to be completed by second quarter of 2022.

On June 17, 2020, EPI sold its 10% investment in JSI to TBEA International Engineering Co., Ltd. (TBEA) for ₱144.3 million. On March 29, 2021, EPI partially paid its outstanding loan from the Parent Company by way of dation in payment of EPI's right and interest equivalent to 38% of JSI's shares of stock.

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.

As at March 31, 2022, there are a total of eight (8) wells drilled, with vertical, deviated or directional well tracks. BGI has continued to conduct activities for maintenance of the existing wells and secure the necessary permits and licenses related to the project.

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 effective March 15, 2020. On March 16, 2020, Presidential Proclamation (PP) No. 929 was issued, declaring State of Calamity throughout the Philippines and imposed community quarantine throughout the Philippines. On September 16, 2020, PP 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, 2022 and December 31, 2021 and its financial performance and cash flows for the periods then ended.

As at May 5, 2022, Metro Manila is under Alert level 1.

The unaudited interim consolidated financial statements as at March 31, 2022 and December 31, 2021 and for the three-month period ended March 31, 2022 and 2021, were authorized for issuance by the Parent Company's BOD on May 5, 2022.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying unaudited interim consolidated financial statements of the Group as at March 31, 2022 and for the three-month period ended March 31, 2022 and 2021 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, 2021.

Basis of Consolidation

The unaudited 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, 2022 | March 31, 2021 |
| <i>Subsidiaries</i> | | | | |
| HMC | Philippines | Mining and Services | 100.00% | 100.00% |
| CMC | Philippines | Mining | 100.00% | 100.00% |
| DMC | Philippines | Mining | 100.00% | 100.00% |
| SNMRC | Philippines | Mining | 100.00% | 100.00% |
| CDTN | Philippines | Services | 100.00% | 100.00% |
| CPDL | BVI | Services | 100.00% | 100.00% |
| LCSLC ^(a) | Philippines | Services | 100.00% | 100.00% |
| FEI ^(b) | Philippines | Mining | 88.00% | 88.00% |
| EPI | Philippines | Renewable Energy Developer | 86.29% | 86.29% |
| MGPC ^(c) | Philippines | Renewable Energy Developer | 86.29% | 86.29% |
| BHI ^(c) | Philippines | Services | 86.29% | 86.29% |
| NPPGC ^(c) | Philippines | Power Generation | 86.29% | 86.29% |
| JSI ^(c, d) | Philippines | Power Generation | 82.87% | 82.87% |
| CExCI | Philippines | Mining | 71.25% | 71.25% |
| Newminco ^(e) | Philippines | Mining | 71.25% | 71.25% |
| TMC | Philippines | Mining and Services | 65.00% | 65.00% |
| RTN | Philippines | Mining and Services | 60.00% | 60.00% |
| BGI ^(c) | Philippines | Power Generation | 51.77% | 51.77% |

| | Principal Place of Business | Principal Activities | Effective Ownership | |
|-------------------|-----------------------------|----------------------|---------------------|----------------|
| | | | March 31, 2022 | March 31, 2021 |
| <i>Associates</i> | | | | |
| THNC | Philippines | Manufacturing | 10.00% | 10.00% |
| CBNC | Philippines | Manufacturing | 10.00% | 10.00% |

- (a) Indirect ownership through HMC
 (b) Indirect ownership through HMC, CMC and TMC
 (c) Indirect ownership through EPI
 (d) Partially disposed to NAC on March 29, 2021
 (e) Indirect ownership through CExCI

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited 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, 2021, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- 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*

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, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

Effective beginning on or after January 1, 2025

- 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 2022. 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, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-----------------------------|---|-----------------------------------|
| Cash on hand and with banks | ₱2,892,903 | ₱1,371,315 |
| Cash under managed funds | 544,631 | 729,572 |
| Cash equivalents | 7,670,561 | 8,725,919 |
| | ₱11,108,095 | ₱10,826,806 |

5. Trade and Other Receivables

Trade and other receivables amounting to ₱33.2 million and ₱33.1 million as at March 31, 2022 and December 31, 2021, respectively, 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, 2022 and December 31, 2021 are summarized below:

| March 31, 2022 (Unaudited) | 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 29) | ₱1,132,903 | ₱149,328 | ₱20,528 | ₱1,302,759 |
| Current portion of loan receivable | 202,772 | – | – | 202,772 |
| Advances to officers and employees | 44,254 | 3,328 | 288 | 47,870 |
| Interest receivable | 15,058 | – | – | 15,058 |
| Amounts owed by related parties (see Note 29) | 3,410 | – | 4,228 | 7,638 |
| Dividend receivables | 2,273 | – | – | 2,273 |
| Others | 34,380 | 106,441 | 8,191 | 149,012 |
| Total | ₱1,435,050 | ₱259,097 | ₱33,235 | ₱1,727,382 |

| December 31, 2021 (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 29) | ₱1,069,832 | ₱175,530 | ₱20,405 | ₱1,265,767 |
| Current portion of loan receivable | 202,772 | – | – | 202,772 |
| Advances to officers and employees | 41,004 | 2,727 | 288 | 44,019 |
| Interest receivable | 15,633 | – | – | 15,633 |
| Amounts owed by related parties (see Note 29) | 4,193 | – | 4,228 | 8,421 |
| Dividend receivables | 255,251 | – | – | 255,251 |
| Others | 110,026 | 94,128 | 8,191 | 212,345 |
| Total | ₱1,698,711 | ₱272,385 | ₱33,112 | ₱2,004,208 |

6. Inventories

As at March 31, 2022 and December 31, 2021, inventories amounting to ₱85.8 million 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, 2022 and 2021.

As at March 31, 2022 and December 31, 2021, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱260.1 million and ₱140.7 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱360.7 million and ₱309.4 million, respectively.

7. Financial Assets

| | March 31, 2022 (Unaudited) | | | December 31, 2021 (Audited) | | |
|-----------------------------|-------------------------------|-----------------|-------------------|--------------------------------|-------------------|-------------------|
| | Financial Assets at | | | Financial Assets at | | |
| | FVTPL | FVOCI | Amortized Cost | FVTPL | FVOCI | Amortized Cost |
| Quoted instruments | | | | | | |
| Debt securities | ₱3,675,319 | ₱645,734 | ₱460,000 | ₱3,459,091 | ₱1,122,284 | ₱460,000 |
| Equity securities | 1,695,082 | - | - | 2,040,037 | - | - |
| Unquoted equity instruments | 498,765 | - | - | 498,765 | - | - |
| | ₱5,869,166 | ₱645,734 | ₱460,000 | ₱5,997,893 | ₱1,122,284 | ₱460,000 |

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, 2022 (Unaudited) | | | December 31, 2021 (Audited) | | |
|--|-------------------------------|-----------------|-------------------|--------------------------------|-------------------|-------------------|
| | Financial Assets at | | | Financial Assets at | | |
| | FVTPL | FVOCI | Amortized Cost | FVTPL | FVOCI | Amortized Cost |
| Balances at January 1 | ₱5,997,893 | ₱1,122,284 | ₱460,000 | ₱3,753,448 | ₱2,548,760 | ₱210,000 |
| Additions | 896,526 | 490,150 | - | 5,721,442 | 5,467,059 | 350,000 |
| Disposals | (903,907) | (962,812) | - | (3,640,683) | (6,839,370) | - |
| Redemption | - | - | - | - | - | (100,000) |
| Effect of changes in foreign exchange rate | 29,624 | - | - | 94,282 | - | - |
| Net valuation gains (losses) on financial assets | (150,970) | (3,888) | - | 69,404 | (54,165) | - |
| Balances at end of period | 5,869,166 | 645,734 | 460,000 | 5,997,893 | 1,122,284 | 460,000 |
| Less noncurrent portion | 728,783 | - | 460,000 | 731,813 | - | 460,000 |
| Current portion | ₱5,140,383 | ₱645,734 | ₱- | ₱5,266,080 | ₱1,122,284 | ₱- |

For the three months ended March 31, 2022 and 2021, dividend income from equity securities amounted to ₱6.9 million and ₱4.4 million, respectively (see Note 27), while interest income from debt securities amounted to ₱10.3 million and ₱58.6 million, respectively (see Note 25).

8. Property and Equipment

During the three-month period ended March 31, 2022 and 2021, the Group acquired assets with a cost of ₱474.6 million and ₱262.4 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the three months ended March 31, 2022 and 2021 amounted to ₱394.8 million and ₱368.6 million, respectively (see Note 24).

As at March 31, 2022 and December 31, 2021, there were no property and equipment pledged as collateral for the Group's borrowings.

9. Investments in Associates

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------|---|-----------------------------------|
| THNC | ₱3,119,104 | ₱2,904,105 |
| CBNC | 1,078,084 | 908,449 |
| | ₱4,197,188 | ₱3,812,554 |

The movements in investments in associates follow:

| | March 31, 2022 (Unaudited) | | | December 31, 2021 (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 | 392,588 | (65,307) | 327,281 | (19,854) | 39,092 | 19,238 |
| Equity in net income | 175,701 | 129,480 | 305,181 | 412,442 | 145,421 | 557,863 |
| Dividends declared | - | - | - | - | (249,820) | (249,820) |
| | 568,289 | 64,173 | 632,462 | 392,588 | (65,307) | 327,281 |
| Share in cumulative translation adjustment: | | | | | | |
| Balances at January 1 | 536,817 | 249,346 | 786,163 | 391,806 | 83,757 | 475,563 |
| Movements | 39,298 | 40,155 | 79,453 | 145,011 | 165,589 | 310,600 |
| | 576,115 | 289,501 | 865,616 | 536,817 | 249,346 | 786,163 |
| Balances at end of period | ₱3,119,104 | ₱1,078,084 | ₱4,197,188 | ₱2,904,105 | ₱908,449 | ₱3,812,554 |

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱198.9 million and ₱186.9 million as at March 31, 2022 and December 31, 2021, 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. Aside from supplying ore and limestone, RTN

also provided ancillary services to Coral Bay HPAL facility until May 2021. Then starting June 2021, CDTN took over and provides ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱28,810.0 million and ₱29,047.9 million, respectively, as at March 31, 2022, and ₱26,660.0 million and ₱27,351.5 million, respectively, as at December 31, 2021. The results of THNC's and CBNC's operations were net income of ₱1,757.0 million and ₱1,294.8 million, respectively, for the three months ended March 31, 2022, and net income of ₱613.1 million and ₱536.1 million, respectively, for the three months ended March 31, 2021. The Parent Company's share in cumulative translation adjustment amounted to ₱666.7 million and ₱599.2 million as at March 31, 2022 and December 31, 2021, respectively, and its equity in net income of associates amounted to ₱305.2 million and ₱114.9 million for the three months ended March 31, 2022 and 2021, 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, 2022 and December 31, 2021, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. 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 29), 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.

12. Short-term and Long-term Debts

Short-term debts

Security Bank Corporation (SBC)

On September 29, 2020, SBC approved the renewal of EPI's original loan facility to the extent of ₱1,500.0 million. 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. Proceeds of the loan drawdowns were used by EPI to settle the promissory notes under the original SBC loan facility, which matured in 2020.

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. On July 15, 2021 and September 3, 2021, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively, which was used to settle the promissory notes under the original SBC loan facility, which matured in 2021.

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 15, 2021 | July 8, 2022 | 4.50% | ₱300,000 | ₱2,207 |
| Second | September 3, 2021 | August 26, 2022 | 4.50% | 1,200,000 | 8,803 |
| | | | | ₱1,500,000 | ₱11,010 |

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

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------|---|-----------------------------------|
| Loans payable | ₱1,500,000 | ₱1,500,000 |
| Less unamortized debt issue cost | (4,315) | (7,084) |
| Balances at end of period | ₱1,495,685 | ₱1,492,916 |

Interest incurred in connection with the loans amounted to ₱19.6 million and ₱24.3 million for the three months ended March 31, 2022 and 2021, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts for the three months ended March 31, 2022 and 2021.

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, 2022 and December 31, 2021, 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:

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|---------------------------------|---|-----------------------------------|
| TMC | ₱860,178 | ₱847,858 |
| JSI | 232,517 | 108,501 |
| | 1,092,695 | 956,359 |
| Less noncurrent portion: | | |
| TMC | 769,633 | 758,610 |
| JSI | 232,517 | 108,501 |
| | 1,002,150 | 867,111 |
| Current portion | ₱90,545 | ₱89,248 |

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former an unsecured loan facility amounting to a total of 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 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, 2022 and December 31, 2021, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2022 and 2021 amounted to ₱4.6 million and ₱5.0 million, respectively (see Notes 26 and 29).

JSI Loan

In accordance with the Agreement on Shareholder's 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 Phase 3A - 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 |
| Fifth | January 17, 2022 | June 17, 2025 | 5.00% | 124,861 | 936 |
| | | | | ₱233,977 | ₱1,755 |

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

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|----------------------------------|----------------------------------|-----------------------------------|
| Loans payable | ₱233,977 | ₱109,116 |
| Less unamortized debt issue cost | (1,460) | (615) |
| Balances at end of period | ₱232,517 | ₱108,501 |

The capitalized borrowing costs pertaining to long-term debts amounted to ₱2.7 million and ₱1.3 million for the three months ended March 31, 2022 and 2021, respectively.

13. Provision for Mine Rehabilitation and Decommissioning

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

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

For the three months ended March 31, 2022 and 2021, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱3.6 million and ₱2.7 million, respectively (see Note 26).

14. Equity

Capital Stock

The capital structure of the Parent Company follows:

| | March 31, 2022 (Unaudited) | December 31, 2021 (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 | ₱6,842,636 | ₱6,842,636 |
| Preferred stock - ₱0.01 par value | | |
| Authorized and Issued - 720,000,000 shares | 7,200 | 7,200 |
| Total | ₱6,849,836 | ₱6,849,836 |

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

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, 2022 and December 31, 2021, a total of 3,793,691,412 common shares and 3,910,132,966 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-two (82) and eighty-four (84) shareholders, respectively, while the balance of 9,837,158,705 common shares and 9,720,717,151 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

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 |
|------|-----------------------|---------------------|----------------|-----------------|--------------------|-----------------|
| 2022 | <i>Cash Dividends</i> | | | | | |
| | Regular | March 10, 2022 | March 24, 2022 | ₱2,317,245 | ₱0.17 | April 7, 2022 |
| | Special | March 10, 2022 | March 24, 2022 | 681,542 | 0.05 | April 7, 2022 |
| 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 |

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. 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 15, 2021, the BOD of HMC approved the reversal of the ₱54.9 million appropriation following the completion of the purchase of mining equipment.

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, 2022 and December 31, 2021, 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.

15. Executive Stock Option Plan (ESOP)

2018 ESOP

On April 5, 2018, the Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. On February 18, 2020, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The 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 Plan was granted on June 15, 2018.
5. The term of the 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 Plan.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The 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, 2022 and 2021.

As at March 31, 2022 and December 31, 2021, there are 278,947,780 total option shares granted at an exercise price of ₱2.43.

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

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|------------------------------------|---|-----------------------------------|
| Balances at January 1 | ₱473,442 | ₱441,589 |
| Stock option expense (see Note 23) | 3,415 | 31,853 |
| Balances at end of period | ₱476,857 | ₱473,442 |

16. Earnings Per Share

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

| | For the three-month period ended March 31 | |
|--|--|------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| a. Net income attributable to equity holders of the Parent | ₱1,053,858 | ₱584,097 |
| b. Weighted average number of common shares for basic EPS (in thousands) | 13,630,850 | 13,630,850 |
| c. Weighted average number of common shares adjusted for the effect of dilution (in thousands) | 13,630,850 | 13,630,850 |
| Basic/Diluted EPS | ₱0.08 | ₱0.04 |

17. Cost of Sales

| | For the three-month period ended March 31 | |
|------------------|--|------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Cost of sale of: | | |
| Ore | ₱1,041,460 | ₱985,173 |
| Limestone | 45,475 | 61,521 |
| Quarry materials | – | 1,017 |
| | ₱1,086,935 | ₱1,047,711 |

Details of cost of sales follow:

| | For the three-month period ended March 31 | |
|--|--|-------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Production overhead | ₱641,083 | ₱566,160 |
| Personnel costs (see Note 23) | 293,210 | 261,380 |
| Depreciation, amortization and depletion (see Note 24) | 231,191 | 220,735 |
| Outside services | 220,993 | 233,540 |
| | 1,386,477 | 1,281,815 |
| Net changes in beneficiated nickel ore and limestone | (299,542) | (234,104) |
| | ₱1,086,935 | ₱1,047,711 |

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.

18. Cost of Power Generation

| | For the three-month period ended March 31 | |
|---|--|-------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Depreciation and amortization (see Note 24) | ₱66,229 | ₱53,130 |
| Overhead | 16,296 | 15,275 |
| Outside services | 7,131 | 3,881 |
| Personnel costs (see Note 23) | 5,450 | 5,658 |
| Materials and supplies | 1,483 | 2,332 |
| | ₱96,589 | ₱80,276 |

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

19. Cost of Services

| | For the three-month period ended March 31 | |
|-------------------------------|--|-------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Depreciation (see Note 24) | ₱27,294 | ₱28,827 |
| Personnel costs (see Note 23) | 23,358 | 42,776 |
| Overhead | 16,059 | 24,223 |
| Equipment operating cost | 6,280 | – |
| Outside services | 1,526 | 1,882 |
| | ₱74,517 | ₱97,708 |

20. General and Administrative Expenses

| | For the three-month period ended March 31 | |
|---|---|-----------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Personnel costs (see Note 23) | ₱89,895 | ₱93,130 |
| Depreciation and amortization (see Note 24) | 48,742 | 37,815 |
| Taxes and licenses | 32,898 | 25,797 |
| Donation | 20,000 | – |
| Outside services | 17,212 | 12,923 |
| Supplies | 10,887 | 6,533 |
| Professional fees | 9,597 | 9,807 |
| Publicity and promotions | 7,461 | 7,794 |
| Dues and subscriptions | 7,150 | 7,657 |
| Transportation and travel | 5,532 | 4,785 |
| Communications, light and water | 3,990 | 4,314 |
| Repairs and maintenance | 1,827 | 6,403 |
| Entertainment, amusement and recreation | 1,495 | 1,624 |
| Others | 10,838 | 10,111 |
| | ₱267,524 | ₱228,693 |

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

21. Excise Taxes and Royalties

| | For the three-month period ended March 31 | |
|--------------|---|-----------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Excise taxes | ₱135,320 | ₱116,065 |
| Royalties | 82,407 | 68,001 |
| | ₱217,727 | ₱184,066 |

22. Shipping and Loading Costs

| | For the three-month period ended March 31 | |
|---|---|-----------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Outside services | ₱68,738 | ₱118,383 |
| Depreciation and amortization (see Note 24) | 33,675 | 30,806 |
| Materials and supplies | 30,892 | 40,626 |
| Personnel costs (see Note 23) | 17,988 | 17,771 |
| Other services and fees | 2,603 | 4,285 |
| | ₱153,896 | ₱211,871 |

23. Personnel Costs

| For the three-month period ended March 31 | | |
|--|-----------------|----------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Salaries, wages and employee benefits | ₱426,486 | ₱413,263 |
| Cost of share-based payment plan (see Note 15) | 3,415 | 7,452 |
| | ₱429,901 | ₱420,715 |

The amounts of personnel costs are distributed as follows:

| For the three-month period ended March 31 | | |
|--|-----------------|----------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Cost of : | | |
| Sales (see Note 17) | ₱293,210 | ₱261,380 |
| Services (see Note 19) | 23,358 | 42,776 |
| Power generation (see Note 18) | 5,450 | 5,658 |
| General and administrative (see Note 20) | 89,895 | 93,130 |
| Shipping and loading costs (see Note 22) | 17,988 | 17,771 |
| | ₱429,901 | ₱420,715 |

24. Depreciation, Amortization and Depletion

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

| For the three-month period ended March 31 | | |
|--|-----------------|----------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Cost of: | | |
| Sales (see Note 17) | ₱231,191 | ₱220,735 |
| Power generation (see Note 18) | 66,229 | 53,130 |
| Services (see Note 19) | 27,294 | 28,827 |
| General and administrative (see Note 20) | 48,742 | 37,815 |
| Shipping and loading costs (see Note 22) | 33,675 | 30,806 |
| Others | 2,538 | 2,335 |
| | ₱409,669 | ₱373,648 |

The above is distributed as follows:

| For the three-month period ended March 31 | | |
|---|-----------------|----------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Property and equipment (see Note 8) | ₱394,785 | ₱368,557 |
| Computer software under "Other noncurrent assets" | 14,884 | 5,091 |
| | ₱409,669 | ₱373,648 |

25. Finance Income

| For the three-month period ended March 31 | | |
|--|----------------|---------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Interest income from: | | |
| Financial assets at (see Note 7): | | |
| FVOCI | ₱6,164 | ₱47,784 |
| Amortized cost | 3,444 | 1,932 |
| FVTPL | 705 | 8,846 |
| Cash and cash equivalents and others | 7,678 | 4,193 |
| Loans | 1,967 | 4,149 |
| Long-term negotiable instruments | 347 | 347 |
| | ₱20,305 | ₱67,251 |

26. Finance Expenses

| For the three-month period ended March 31 | | |
|---|----------------|---------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Interest expense on: | | |
| Short-term debts (see Note 12) | ₱19,644 | ₱24,321 |
| Pension | 10,234 | 6,174 |
| Long-term debts (see Notes 12 and 29) | 4,612 | 4,983 |
| Accretion of interest on: | | |
| Lease liabilities (see Note 30) | 13,655 | 13,625 |
| Provision for mine rehabilitation and decommissioning (see Note 13) | 3,563 | 2,726 |
| Long-term payable | 77 | 150 |
| Guarantee service fee (see Note 29) | 9,535 | 9,167 |
| | ₱61,320 | ₱61,146 |

27. Other Income (Charges) - Net

| | For the three-month period ended March 31 | |
|--|---|----------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Foreign exchange gains - net | P188,252 | P107,250 |
| Gain (loss) on: | | |
| Changes in fair value of financial assets at FVTPL (see Note 7) | (150,970) | (104,642) |
| Write-off of input VAT | (21,103) | - |
| Sale of financial assets at FVOCI | (1,645) | 1,088 |
| Rentals and accommodations | 18,269 | 1,761 |
| Provision for impairment losses on input VAT | (8,092) | - |
| Dividend income (see Note 7) | 6,864 | 4,374 |
| Trust fee | (6,427) | (5,832) |
| Others | 1,112 | 7,027 |
| | P26,260 | P11,026 |

28. 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, 2022 and 2021:

| | For the three-month period ended March 31, 2022 | | | |
|------------------------|---|-------------------|-----------------|-------------------|
| | (Unaudited) | | | |
| | China | Local | Japan | Total |
| Sale of (see Note 29): | | | | |
| Ore | P1,424,674 | P1,745,261 | P154,301 | P3,324,236 |
| Limestone | - | 58,765 | - | 58,765 |
| | P1,424,674 | P1,804,026 | P154,301 | P3,383,001 |

| | For the three-month period ended March 31, 2021 | | | |
|------------------------|---|-------------------|-----------------|-------------------|
| | (Unaudited) | | | |
| | China | Local | Japan | Total |
| Sale of (see Note 29): | | | | |
| Ore | P1,436,646 | P989,192 | P396,619 | P2,822,457 |
| Limestone | - | 78,586 | - | 78,586 |
| Quarry materials | - | 585 | - | 585 |
| | P1,436,646 | P1,068,363 | P396,619 | P2,901,628 |

| For the three-month period ended March 31 | | |
|--|-----------------|-----------------|
| | 2022 | 2021 |
| (Unaudited) | | |
| Services and others (see Note 29) | | |
| Materials handling and others | ₱170,755 | ₱189,199 |
| Sale of power | | |
| Solar | ₱99,100 | ₱35,337 |
| Diesel | 40,279 | 41,416 |
| | ₱139,379 | ₱76,753 |

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2022 (Unaudited) and December 31, 2021 (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 12) | | Terms | Conditions |
|--|-------------------|-------------------|---|----------------------|--------------------------|----------------------|---|----------------------|------------------------------------|----------------------|------------------------------|----------------------|---|------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | | |
| <i>Stockholders</i> | | | | | | | | | | | | | | |
| Pacific Metals Co., Ltd. | | | | | | | | | | | | | | |
| Sale of ore | ₱154,301 | ₱300,267 | ₱- | ₱119,426 | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | 80% to 90% upon receipt of documents and 20% to 10% after the final dry weight and applicable assay have been determined; noninterest-bearing | A |
| Despatch income and others | 1,592 | - | - | 579 | - | - | - | - | - | - | - | - | Collectible on demand; noninterest-bearing | A |
| Sumitomo Metal Mining Co., Ltd. | | | | | | | | | | | | | | |
| Sale of ore | - | 96,352 | - | - | - | - | - | - | - | - | - | - | Collectible upon billing; non-interest bearing | A |
| Guarantee service fee (see Note 26) | 9,535 | 9,167 | - | - | 1,495 | 10,547 | - | - | - | - | - | - | Every twenty first (21st) of February, March, August and September | A |
| <i>With Common Stockholders</i> | | | | | | | | | | | | | | |
| Manta Equities, Inc. | | | | | | | | | | | | | | |
| Rentals, dues and utilities | 10,284 | 10,291 | - | - | 123 | 686 | - | - | - | - | - | - | Payable upon billing; noninterest-bearing | A |

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| | 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 12) | | Terms | Conditions |
|-----------------------------|-------------------|-------------------|---|----------------------|--------------------------|----------------------|---|----------------------|------------------------------------|----------------------|------------------------------|----------------------|--|------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | | |
| Manta Equities, Inc. | | | | | | | | | | | | | | |
| Rental deposits | ₱9,129 | ₱9,129 | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– | ₱– | Collectible at the end of the lease; noninterest-bearing | A |
| Short-term advances | 36 | – | – | – | – | – | 2 | 1 | – | – | – | – | Collectible upon billing; noninterest-bearing | A |
| <i>Associates</i> | | | | | | | | | | | | | | |
| CBNC | | | | | | | | | | | | | | |
| Sale of ore and limestone | 821,201 | 453,704 | 419,967 | 315,433 | – | – | – | – | – | – | – | – | Thirty (30) days term; noninterest-bearing | A |
| Materials handling | 21,306 | 82,613 | 20,732 | 32,239 | – | – | – | – | – | – | – | – | Fifteen (15) days term; noninterest-bearing | A |
| Infralase and throughput | 4,179 | – | 24,856 | 6,024 | – | – | – | – | – | – | – | – | Collectible at the end of February and August; noninterest-bearing | A |
| Other income | 4,124 | 30,570 | 70,084 | 93,079 | – | – | – | – | – | – | – | – | Collectible on demand; noninterest-bearing | A |
| THNC | | | | | | | | | | | | | | |
| Sale of ore | 971,538 | 592,370 | 339,160 | 186,900 | – | – | – | – | – | – | – | – | Thirty (30) days term; noninterest-bearing | A |
| Sale of quarry materials | – | 585 | – | 10,144 | – | – | – | – | – | – | – | – | Thirty (30) days term; noninterest-bearing | A |
| Rendering of service | 28,932 | 31,089 | 57,115 | 27,824 | – | – | – | – | – | – | – | – | Semi-annual term; noninterest-bearing | A |

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| | 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 12) | | Terms | Conditions |
|--|-------------------|-------------------|---|----------------------|--------------------------|----------------------|---|----------------------|------------------------------------|----------------------|------------------------------|----------------------|---|------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | | |
| THNC | | | | | | | | | | | | | | |
| Materials handling | ₱60,254 | ₱63,466 | ₱23,077 | ₱13,456 | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | Fifteen (15) days term; noninterest-bearing | A |
| Rental income | 1,765 | 1,735 | ₱351 | - | - | - | - | - | - | - | - | - | Collectible on demand; noninterest-bearing | A |
| Rental deposit | - | - | - | - | 3,472 | 3,352 | - | - | - | - | - | - | Collectible at the end of the lease term; noninterest-bearing | A |
| Loan facility | - | - | - | - | - | - | - | - | - | - | 860,178 | 847,858 | Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread | B |
| Interest expense on long-term debt (see Notes 12 and 26) | 4,612 | 4,983 | - | - | 7,575 | 3,582 | - | - | - | - | - | - | Payable semi-annually on April 10 and October 10 | A |
| Short-term advances | - | - | - | - | - | - | 2,723 | 3,507 | 60 | - | - | - | Collectible/payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at March 31, 2022 | A |

(Forward)

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| | 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 12) | | Terms | Conditions |
|--|-------------------|-------------------|---|----------------------|--------------------------|----------------------|---|----------------------|------------------------------------|----------------------|------------------------------|----------------------|--|------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 | | |
| <i>Affiliates</i> | | | | | | | | | | | | | | |
| OGIPL | | | | | | | | | | | | | | |
| Short-term advances | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱- | ₱2,341,587 | ₱2,341,587 | ₱- | ₱- | Collectible upon billing; noninterest-bearing | A |
| Orka Geothermal Holdings, Inc. | | | | | | | | | | | | | | |
| Short-term advances | - | - | - | - | - | - | 666 | 666 | 2,225,413 | 2,225,413 | - | - | Collectible upon billing; noninterest-bearing | A |
| BGHI | | | | | | | | | | | | | | |
| Short-term advances | - | - | - | - | - | - | 19 | 19 | 908,049 | 908,049 | - | - | Collectible upon billing; noninterest-bearing | A |
| TBEA | | | | | | | | | | | | | | |
| Loan facility | 123,925 | 13,356 | - | - | - | - | - | - | - | - | 232,517 | 108,501 | 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. | A |
| Interest expense on long-term debt (see Note 13) | 2,720 | 1,293 | - | - | 9,894 | 7,264 | - | - | - | - | - | - | Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025 | A |
| | | | ₱955,342 | ₱805,104 | ₱22,559 | ₱25,431 | ₱3,410 | ₱4,193 | ₱5,475,109 | ₱5,475,049 | ₱1,092,695 | ₱956,359 | | |

A - Unsecured; no guarantee
B - Unsecured; with guarantee

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, 2022 and December 31, 2021 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. Except for the guarantee on THNC's and EPI's Loan Obligations, there have been no guarantees received or provided for any related party receivables or payables, respectively. This assessment is undertaken at each end of the financial reporting period through the examination of the financial position of the related party and the market in which the related party operates.

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, 2022 and 2021 amounted to about ₱66.8 million and ₱70.8 million, respectively.

30. Leases

The lease liabilities as at March 31, 2022 and December 31, 2021, discounted using incremental borrowing rate, are as follows:

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------|---|-----------------------------------|
| Lease liabilities | ₱613,223 | ₱613,944 |
| Less noncurrent portion | 582,309 | 578,190 |
| Current portion | ₱30,914 | ₱35,754 |

The rollforward analysis of lease liabilities as at March 31, 2022 and December 31, 2021 follows:

| | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
|-------------------------------------|---|-----------------------------------|
| Balances at January 1 | ₱613,944 | ₱615,904 |
| Accretion of interest (see Note 26) | 13,655 | 54,554 |
| Payments | (14,376) | (56,514) |
| Balances at end of period | ₱613,223 | ₱613,944 |

For the three months ended March 31, 2022 and 2021, accretion of interest on lease liabilities amounted to ₱13.7 million and ₱13.6 million, respectively (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱10.6 million and ₱10.5 million, respectively.

31. Income Taxes

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

| | For the three-month period ended March 31 | |
|----------|--|----------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Current | ₱579,409 | ₱443,349 |
| Deferred | (80,158) | 36,730 |
| | ₱499,251 | ₱480,079 |

32. 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 and Short-term Cash Investments

The carrying amounts of cash and cash equivalents and short-term cash investments 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.

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.

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.

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, 2022 and December 31, 2021, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at March 31, 2022 and December 31, 2021, 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.

33. 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 cash and cash equivalents, trade and other receivables, inventories, financial assets at FVTPL, at FVOCI and at amortized cost, prepayments and other current assets, property and equipment, investments in associates, geothermal exploration and evaluation assets 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 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.

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| | March 31, 2022 (Unaudited) | | | | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|------------------|-----------------|--------------------|--------------|-------------------|--------------------|
| | Mining | | | | | Power | | Services | | | Eliminations | Total | |
| | HMC | CMC | TMC | RTN | DMC | EPI | NAC | RTN/TMC/ CDTN | HMC | Others | | | |
| External customers | P- | P- | P971,538 | P2,411,463 | P- | P99,100 | P40,279 | P170,755 | P- | P- | P- | P- | P3,693,135 |
| Inter-segment revenues | - | - | - | - | - | - | - | 5,157 | - | 148,448 | - | (153,605) | - |
| Total revenues | - | - | 971,538 | 2,411,463 | - | 99,100 | 40,279 | 175,912 | - | 148,448 | - | (153,605) | 3,693,135 |
| Cost of sales | 6 | - | 411,754 | 675,175 | - | - | - | - | - | - | - | - | 1,086,935 |
| Cost of power generation | - | - | - | - | - | 69,265 | 27,324 | - | - | - | - | - | 96,589 |
| Cost of services | - | - | - | - | - | - | - | 74,517 | - | - | - | - | 74,517 |
| Excise taxes and royalties | - | - | 97,154 | 120,573 | - | - | - | - | - | - | - | - | 217,727 |
| Shipping and loading costs | 16,619 | - | 27,233 | 107,666 | - | - | - | - | 2,378 | - | - | - | 153,896 |
| Segment operating earnings (loss) | (P16,625) | P- | P435,397 | P1,508,049 | P- | P29,835 | P12,955 | P101,395 | (P2,378) | P148,448 | P- | (P153,605) | P2,063,471 |
| General and administrative | P19,120 | P12,664 | P16,582 | P23,728 | P37,285 | P13,828 | P- | P5,762 | P- | P138,555 | P- | P- | P267,524 |
| Finance income | P629 | P1,490 | P1,899 | P4,291 | P4 | P11 | P755 | P81 | P- | P11,145 | P- | P- | P20,305 |
| Finance expenses | P56 | P1,023 | (P7,416) | P4,405 | P5 | P32,634 | P- | P19,363 | P- | P11,250 | P- | P- | P61,320 |
| Provision for (benefit from) income tax | P943 | P4,689 | P109,132 | P360,280 | P- | P1,160 | P- | P- | (P595) | P23,642 | P- | P- | P499,251 |
| Net income (loss) attributable to equity holders of the parent | (P37,050) | (P12,215) | P214,410 | P736,877 | (P37,266) | (P12,475) | P13,710 | P69,342 | P- | P118,525 | P- | P- | P1,053,858 |
| Segment assets | P951,682 | P2,018,622 | P7,807,906 | P6,820,205 | P1,417,593 | P14,035,482 | P1,470,087 | P231,461 | P19,002 | P16,756,320 | P- | P- | P51,528,360 |
| Deferred income tax assets - net | 37,983 | 27,049 | 48,709 | 108,884 | 105,836 | 1,047 | - | - | - | 46,015 | - | - | 375,523 |
| Total assets | P989,665 | P2,045,671 | P7,856,615 | P6,929,089 | P1,523,429 | P14,036,529 | P1,470,087 | P231,461 | P19,002 | P16,802,335 | P- | P- | P51,903,883 |
| Segment liabilities | P246,595 | P333,386 | P2,361,971 | P1,881,929 | P151,325 | P7,926,223 | P8,852 | P61,554 | P- | P439,706 | P- | P- | P13,411,541 |
| Deferred income tax liabilities | - | - | - | 68,606 | 136,754 | 98,343 | - | - | 4,889 | 200,366 | - | - | 508,958 |
| Total liabilities | P246,595 | P333,386 | P2,361,971 | P1,950,535 | P288,079 | P8,024,566 | P8,852 | P61,554 | P4,889 | P640,072 | P- | P- | P13,920,499 |
| <i>Other segment information:</i> | | | | | | | | | | | | | |
| Capital expenditures | P31,368 | P6,809 | P29,441 | P24,291 | P3,408 | P361,167 | P3,094 | P11,439 | P- | P3,612 | P- | P- | P474,629 |
| Depreciation, amortization and depletion | P29,212 | P46,420 | P166,519 | P67,828 | P10,509 | P52,823 | P13,800 | P242 | P2,378 | P19,938 | P- | P- | P409,669 |

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| | December 31, 2021 (Audited) | | | | | | | | | | | |
|--|-----------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-----------------|------------------|-----------------|--------------------|-------------------|--------------------|
| | Mining | | | | | Power | | Services | | | Eliminations | Total |
| | HMC | CMC | TMC | RTN | DMC | EPI | NAC | RTN/TMC/ CDTN | HMC | Others | | |
| External customers | ₱2,679,029 | ₱5,099,158 | ₱12,122,366 | ₱6,337,013 | ₱12,548 | ₱341,437 | ₱166,494 | ₱646,070 | ₱- | ₱- | ₱- | ₱27,404,115 |
| Inter-segment revenues | - | - | - | - | - | - | - | 45,298 | - | 952,449 | - | (997,747) |
| Total revenues | 2,679,029 | 5,099,158 | 12,122,366 | 6,337,013 | 12,548 | 341,437 | 166,494 | 691,368 | - | 952,449 | (997,747) | 27,404,115 |
| Cost of sales | 1,256,158 | 1,542,726 | 2,871,798 | 1,924,959 | 16,200 | - | - | - | - | - | - | 7,611,841 |
| Cost of power generation | - | - | - | - | - | 257,306 | 103,815 | - | - | - | - | 361,121 |
| Cost of services | - | - | - | - | - | - | - | 321,622 | - | - | - | 321,622 |
| Excise taxes and royalties | 241,113 | 935,101 | 1,212,237 | 316,851 | 627 | - | - | - | - | - | - | 2,705,929 |
| Shipping and loading costs | 251,402 | 556,109 | 1,082,783 | 353,539 | 2,224 | - | - | - | 9,513 | - | - | 2,255,570 |
| Marketing | - | 178,470 | 30,651 | - | - | - | - | - | - | - | - | 209,121 |
| Segment operating earnings (loss) | ₱930,356 | ₱1,886,752 | ₱6,924,897 | ₱3,741,664 | (₱6,503) | ₱84,131 | ₱62,679 | ₱369,746 | (₱9,513) | ₱952,449 | (₱997,747) | ₱13,938,911 |
| General and administrative | ₱75,799 | ₱68,021 | ₱109,775 | ₱96,044 | ₱130,630 | ₱65,452 | ₱- | ₱9,052 | ₱- | ₱591,134 | ₱- | ₱1,145,907 |
| Finance income | ₱2,450 | ₱19,312 | ₱7,341 | ₱8,470 | ₱24 | ₱141 | ₱308 | ₱74 | ₱- | ₱123,955 | ₱- | ₱162,075 |
| Finance expenses | ₱1,495 | ₱4,727 | ₱20,133 | ₱14,813 | ₱1,461 | ₱141,416 | ₱- | ₱19,363 | ₱- | ₱40,673 | ₱- | ₱244,081 |
| Provision for (benefit from) income tax | ₱190,880 | ₱377,871 | ₱1,613,485 | ₱871,191 | (₱44,869) | ₱2,184 | ₱- | ₱- | (₱6,370) | ₱327,908 | ₱- | ₱3,332,280 |
| Net income (loss) attributable to equity holders of the parent | ₱672,978 | ₱1,469,124 | ₱3,565,558 | ₱1,910,206 | (₱93,571) | (₱148,086) | ₱62,994 | ₱303,522 | ₱- | ₱69,850 | ₱- | ₱7,812,575 |
| Segment assets | ₱1,355,658 | ₱2,446,854 | ₱11,955,993 | ₱6,291,416 | ₱1,406,533 | ₱13,560,773 | ₱742,447 | ₱122,634 | ₱21,380 | ₱13,487,448 | ₱- | ₱51,391,136 |
| Deferred income tax assets - net | 38,905 | 31,550 | - | 108,884 | 105,836 | 1,047 | - | - | - | 23,524 | - | 309,746 |
| Total assets | ₱1,394,563 | ₱2,478,404 | ₱11,955,993 | ₱6,400,300 | ₱1,512,369 | ₱13,561,820 | ₱742,447 | ₱122,634 | ₱21,380 | ₱13,510,972 | ₱- | ₱51,700,882 |
| Segment liabilities | ₱301,164 | ₱521,322 | ₱3,829,473 | ₱1,807,701 | ₱150,480 | ₱7,776,165 | ₱8,556 | ₱27,130 | ₱- | ₱438,263 | ₱- | ₱14,860,254 |
| Deferred income tax liabilities - net | - | - | 13,645 | 68,669 | 136,754 | 98,429 | - | - | 5,483 | 188,448 | - | 511,428 |
| Total liabilities | ₱301,164 | ₱521,322 | ₱3,843,118 | ₱1,876,370 | ₱287,234 | ₱7,874,594 | ₱8,556 | ₱27,130 | ₱5,483 | ₱626,711 | ₱- | ₱15,371,682 |
| <i>Other segment information:</i> | | | | | | | | | | | | |
| Capital expenditures | ₱38,172 | ₱111,766 | ₱338,863 | ₱159,962 | ₱26,670 | ₱1,088,859 | ₱- | ₱2,191 | ₱- | ₱7,950 | ₱- | ₱1,774,433 |
| Depreciation, amortization and depletion | ₱127,661 | ₱189,356 | ₱651,852 | ₱268,065 | ₱45,597 | ₱196,062 | ₱55,876 | ₱220 | ₱9,513 | ₱75,937 | ₱- | ₱1,620,139 |

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| | March 31, 2021 (Unaudited) | | | | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-----------------|----------------|-----------------|--------------------|-------------------|-----------|--------------------|
| | Mining | | | | | Power | | Services | | | Eliminations | Total | |
| | HMC | CMC | TMC | RTN | DMC | EPI | NAC | RTN/TMC | HMC | Others | | | |
| External customers | ₱81,976 | ₱- | ₱714,109 | ₱2,105,544 | ₱- | ₱35,336 | ₱41,416 | ₱189,199 | ₱- | ₱- | ₱- | ₱- | ₱3,167,580 |
| Inter-segment revenues | - | - | - | - | - | - | - | - | - | 125,577 | (125,577) | - | - |
| Total revenues | 81,976 | - | 714,109 | 2,105,544 | - | 35,336 | 41,416 | 189,199 | - | 125,577 | (125,577) | - | 3,167,580 |
| Cost of sales | 46,378 | - | 427,301 | 574,032 | - | - | - | - | - | - | - | - | 1,047,711 |
| Cost of power generation | - | - | - | - | - | 51,361 | 28,915 | - | - | - | - | - | 80,276 |
| Cost of services | - | - | - | - | - | - | - | 97,708 | - | - | - | - | 97,708 |
| Excise taxes and royalties | 7,378 | - | 71,411 | 105,277 | - | - | - | - | - | - | - | - | 184,066 |
| Shipping and loading costs | 24,789 | 15,504 | 52,634 | 116,566 | - | - | - | - | 2,378 | - | - | - | 211,871 |
| Segment operating earnings (loss) | ₱3,431 | (₱15,504) | ₱162,763 | ₱1,309,669 | ₱- | (₱16,025) | ₱12,501 | ₱91,491 | (₱2,378) | ₱125,577 | (₱125,577) | ₱- | ₱1,545,948 |
| General and administrative | ₱13,265 | ₱10,710 | ₱22,184 | ₱18,936 | ₱29,880 | ₱15,267 | ₱- | ₱- | ₱- | ₱118,451 | ₱- | ₱- | ₱228,693 |
| Finance income | ₱127 | ₱4,703 | ₱1,241 | ₱1,068 | ₱1 | ₱28 | ₱26 | ₱- | ₱- | ₱60,057 | ₱- | ₱- | ₱67,251 |
| Finance expenses | ₱104 | ₱1,164 | ₱4,615 | ₱2,671 | ₱9 | ₱36,683 | ₱- | ₱4,983 | ₱- | ₱10,917 | ₱- | ₱- | ₱61,146 |
| Provision for (benefit from) income tax | ₱2,241 | ₱9,179 | ₱46,822 | ₱383,905 | ₱- | ₱371 | ₱- | ₱- | (₱713) | ₱38,274 | ₱- | ₱- | ₱480,079 |
| Net income (loss) attributable to equity holders of the parent | (₱10,460) | (₱23,661) | ₱112,346 | ₱616,192 | (₱29,888) | (₱50,016) | ₱12,527 | ₱- | ₱- | (₱42,943) | ₱- | ₱- | ₱584,097 |
| Segment assets | ₱1,470,586 | ₱2,757,660 | ₱8,830,794 | ₱5,580,672 | ₱1,385,011 | ₱12,723,177 | ₱809,456 | ₱- | ₱37,133 | ₱14,970,684 | ₱- | ₱- | ₱48,565,173 |
| Deferred income tax assets - net | 50,787 | 38,624 | 60,353 | 188,983 | 88,256 | 364 | - | - | - | 151,300 | - | - | 578,667 |
| Total assets | ₱1,521,373 | ₱2,796,284 | ₱8,891,147 | ₱5,769,655 | ₱1,473,267 | ₱12,723,541 | ₱809,456 | ₱- | ₱37,133 | ₱15,121,984 | ₱- | ₱- | ₱49,143,840 |
| Segment liabilities | ₱237,414 | ₱474,626 | ₱2,329,732 | ₱1,774,120 | ₱175,698 | ₱7,604,364 | ₱9,552 | ₱- | ₱- | ₱480,938 | ₱- | ₱- | ₱13,086,444 |
| Deferred income tax liabilities | - | - | - | 132,863 | 164,105 | 99,102 | - | - | 11,140 | 98,674 | - | - | 505,884 |
| Total liabilities | ₱237,414 | ₱474,626 | ₱2,329,732 | ₱1,906,983 | ₱339,803 | ₱7,703,466 | ₱9,552 | ₱- | ₱11,140 | ₱579,612 | ₱- | ₱- | ₱13,592,328 |
| <i>Other segment information:</i> | | | | | | | | | | | | | |
| Capital expenditures | ₱20,662 | ₱13,516 | ₱127,992 | ₱15,994 | ₱8,410 | ₱74,559 | ₱- | ₱- | ₱- | ₱1,259 | ₱- | ₱- | ₱262,392 |
| Depreciation, amortization and depletion | ₱28,868 | ₱42,650 | ₱156,191 | ₱60,400 | ₱11,257 | ₱40,024 | ₱13,905 | ₱- | ₱2,378 | ₱17,975 | ₱- | ₱- | ₱373,648 |

The Group has revenues from external customers as follows:

| Country of Domicile | For the three-month period ended March 31 | |
|---------------------|---|-------------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| Local | ₱2,114,159 | ₱1,334,314 |
| China | 1,424,675 | 1,436,647 |
| Japan | 154,301 | 396,619 |
| | ₱3,693,135 | ₱3,167,580 |

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

Revenue arising from two key customers for the sale of ore amounted to ₱2,425.4 million and ₱1,717.7 million for the three months ended March 31, 2022 and 2021, respectively.