COVER SHEET

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SEC Registration Number

N I C K E L A S I A C O R P O R A T I O N A N D
S U B S I D I A R I E S

(Company's Full Name)

2 8 t h F l o o r N A C T o w e r , 3 2 n d S t r e e t
B o n i f a c i o G l o b a l C i t y , T a g u i g
C i t y

(Business Address: No. Street City/Town/Province)7

IRYAN JEAN U. PADILLO

(Contact Person)

(632) 8892-6669 / 7798-7622

(Company Telephone Number)

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

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
91	₱4,981.1 million	₱175.9 million

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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, 2023
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, 2023**
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, Bonifacio Global City, Taguig City — **1634**
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	**Php5,157.0 million**

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

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

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

NAC
NICKEL ASIA CORP.

May 12, 2023

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 2023 1st Quarter Report
x ==x

Gentlemen/Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended March 31, 2023.

We trust everything is in order.

Very truly yours,

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

28/F NAC TOWER / 32ND ST., BGC, TAGUIG CITY / PHILIPPINES / 1634
TEL. NOS. (632) 7987-622; (632) 892-6669 FAX NO. (632) 892-5344

NICKEL ASIA CORPORATION

17-Q QUARTERLY REPORT

MARCH 31, 2023

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Condensed Consolidated Financial Statements as at March 31, 2023 (with Comparative Audited Statement of Financial Position as at December 31, 2022) and for the three-month period ended March 31, 2023 and 2022 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2023 and 2022 and as at March 31, 2023 and December 31, 2022:

Summary Consolidated Statements of Income

	For the Three Months Ended March 31		Increase	Percent
	2023	**2022**	**(Decrease)**	**Inc (Dec)**
	(In Thousand Pesos)			
Revenues	₱4,042,374	₱3,693,135	₱349,239	9%
Costs	(1,522,855)	(1,258,041)	264,814	21%
Operating expenses	(723,932)	(639,147)	84,785	13%
Finance income	109,160	20,305	88,855	438%
Finance expenses	(123,379)	(61,320)	62,059	101%
Equity in net income of associates	252,120	305,181	(53,061)	-17%
Other income (charges) - net	(90,726)	26,260	(116,986)	-445%
Provision for income tax - net	(452,640)	(499,251)	(46,611)	-9%
Net income	₱1,490,122	₱1,587,122	(₱97,000)	-6%
Net income attributable to:				
Equity holders of the parent	₱969,688	₱1,053,858	(₱84,170)	-8%
Non-controlling interests	520,434	533,264	(12,830)	-2%
	₱1,490,122	₱1,587,122	(₱97,000)	-6%

Summary Consolidated Statements of Financial Position

	March 31, 2023 (Unaudited)	**December 31, 2022** (Audited)	**Increase (Decrease)**	**Percent Inc (Dec)**
	(In Thousand Pesos)			
Current assets	₱22,928,131	₱20,955,174	₱1,972,957	9%
Noncurrent assets	29,704,240	28,803,868	900,372	3%
Total assets	₱52,632,371	₱49,759,042	₱2,873,329	6%
Current liabilities	₱6,952,954	₱4,772,920	₱2,180,034	46%
Noncurrent liabilities	4,272,615	4,455,303	(182,688)	-4%
Equity attributable to equity holders of the parent	36,044,184	35,688,635	355,549	1%
Non-controlling interests	5,362,618	4,842,184	520,434	11%
Total liabilities and equity	₱52,632,371	₱49,759,042	₱2,873,329	6%

Summary Consolidated Statements of Cash Flows

	For the Three Months Ended March 31		Increase	Percent
	2023	2022	(Decrease)	Inc (Dec)
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	₱2,277,151	₱2,020,754	₱256,397	13%
Investing activities	400,260	142,955	257,305	180%
Financing activities	1,387,063	(1,882,420)	3,269,483	174%
Net increase in cash and cash equivalents	4,064,474	281,289	3,783,185	1345%
Cash and cash equivalents, beginning	10,809,026	10,826,806	(17,780)	0%
Cash and cash equivalents, end	₱14,873,500	₱11,108,095	₱3,765,405	34%

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 condensed consolidated financial statements for the three months ended March 31, 2023 and 2022, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim condensed consolidated financial statements.

Three months ended March 31, 2023 compared with three months ended March 31, 2022

Revenues

	2023	2022
	(In Thousands)	
Sale of ore and limestone	₱3,546,870	₱3,383,001
Services	272,210	170,755
Sale of power	223,294	139,379
	₱4,042,374	₱3,693,135

Revenues during the first quarter of 2023 were ₱4,042.4 million, higher by ₱349.2 million, or 9%, compared to ₱3,693.1 million during the same period last year.

Sale of Ore

Owing largely to higher nickel ore prices and favorable exchange rates, revenues from sale of ore and limestone increased by 5%.

The Group's operating mines sold a combined 2.39 million wet metric tons (WMT) of nickel ore during the first quarter of 2023, almost the same volume compared to the same period last year. The weighted average nickel ore sales price over the first quarter of 2023 dropped by 1% to $26.80 per WMT, compared with $27.19 per WMT in the same period last year. The Group realized ₱54.80/US$ from these nickel ore sales, a 6% increase from ₱51.51/US$ last year.

Breaking down the ore sales, the Group exported 0.60 million WMT of saprolite ore at an average price of $50.37 per WMT during the first quarter of 2023, compared to 0.65 million WMT at $47.48 per WMT in the same period last year. Likewise, the Group delivered 1.79 million WMT of limonite ore to the Coral Bay and Taganito High-Pressure Acid Leach (HPAL) plants, the prices of which are linked to the London Metal Exchange (LME) and realized an average price of $11.98 per pound of payable nickel. This compares to 1.74 million WMT at $11.80 per pound of payable nickel during the first quarter of 2022. Expressed in US$ per WMT, deliveries to the two HPAL plants generated $18.84 and $19.58 in the first quarters of 2023 and 2022, respectively.

On a per mine basis, the Group's Rio Tuba mine exported 0.60 million WMT of saprolite ore and delivered 0.78 million WMT of limonite ore to the Coral Bay processing plant during the first quarter of 2023. This compares to sales of 0.65 million WMT of saprolite ore and 0.76 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine delivered 1.01 million WMT of limonite ore to the Taganito processing plant during the first quarter of 2023 compared to only 0.98 million WMT during the same period last year.

Sale of Limestone
Due to the 38% drop in limestone deliveries, Rio Tuba's revenue from the sale of limestone during the first quarter of 2023 was lower by 44% at ₱32.9 million compared to ₱58.8 million during the same period last year.

Services
Service revenue largely consists of payments made in consideration for the hauling, manpower, and other ancillary services that CDTN Services Company Inc. and Taganito Mining Corporation (TMC) provide to Coral Bay Nickel Corporation (CBNC), Taganito HPAL Nickel Corporation (THNC), and other third parties, as well as the usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was higher by ₱101.5 million, from ₱170.8 million to ₱272.2 million, mainly because of the increase in the volume of materials handled during the period and the services provided in relation to CBNC's
TSF-3 Project.

Sale of Power
Revenue from the sale of power during the first quarter of 2023 amounted to ₱223.3 million, or 60% higher than last year's ₱139.4 million. Aside from the increase in the year-on-year average effective price of 14.62%, from Php4.23/kilowatt hour (kWh) to Php4.84/kWh, the generation volume of the Group's solar power plant was also higher by 60.5%, or by 14.19 megawatts (MW) owing to higher demand compared to the same period last year. A portion of the energy generated was attributable to the completion and energization of Phase 3B, which contributed 38MW starting in the third quarter of 2022.

Costs
Costs went up by 21%, or ₱264.8 million, from ₱1,258.0 million to ₱1,522.9 million.

	2023	2022
	(In Thousands)	
Cost of sales	₱1,225,332	₱1,086,935
Services	176,431	74,517
Power generation	121,092	96,589
	₱1,522,855	₱1,258,041

Cost of Sales
The movement in the cost of sales was driven mainly by higher fuel costs, which increased by 30% from an average of around ₱41.95/liter to ₱54.73/liter, as well as the higher fuel consumption. Compared to the first quarter of last year, when the mines were still recovering from the impact of typhoon Odette, the Group is operating normally during the first quarter of 2023. The cost of electricity was also higher in the current period due to higher electricity consumption, whereas last year the Surigao mines experienced almost a month without power due to damaged powerlines because of typhoon Odette.

Cost of Services
The cost of services rose by 137% from ₱74.5 million to ₱176.4 million following the increase in outside services due to payments made to subcontractors for the TSF-3 project of CBNC. Aside from this, the volume of materials handled during the current year's first quarter was higher by 18%.

Cost of Power Generation
The cost of power generation went up by 25% to ₱121.1 million from ₱96.6 million following the completion and energization of Phase 3B in June 2022, which subsequently increased depreciation by 21%.

Operating Expenses

	2023	2022
	(In Thousands)	
General and administrative	₱319,878	₱267,524
Excise taxes and royalties	229,965	217,727
Shipping and loading costs	174,089	153,896
	₱723,932	₱639,147

General and Administrative
General and administrative expenses increased by 20% from ₱267.5 million to ₱319.9 million on account of higher personnel costs due to the hiring of new employees, annual merit increases and promotions, and higher taxes due to the settlement of deficiency taxes. The Group also incurred higher transportation and travel expenses due to the risk conference held in Cebu in the first quarter of 2023.

Excise Taxes and Royalties
Excise taxes and royalties were up by 6% to ₱230.0 million from ₱217.7 million, mainly on account of the higher value of ore shipments and/or deliveries arising from higher ore prices during the first quarter of 2023.

Shipping and Loading Costs
Shipping and loading costs were up by 13% since loading started early for some of the mines compared to last year, when shipment started late due to inclement weather conditions. Aside from this, some of the mines implemented an early mobilization for their shipping and loading activities for the second quarter.

Finance Income
Finance income significantly improved by 438% to ₱109.2 million from ₱20.3 million as principal time deposit placements increased by 5% and interest rates were also higher. The average interest rate during the first quarter of 2023 was around 4%, compared to less than 1% in the same period last year.

Finance Expenses
Finance expenses rose by 101% during the first quarter of 2023 compared to the same period last year on account of the increase in the average London Inter-Bank Offered Rate from 2.16% to 6.31%, the increase in the average domestic borrowing rate from 4.50% to 6.71%, and a significant jump in the average foreign exchange rate from ₱51.57/US$1 to ₱54.83/US$1.

Equity in Net Income of Associates
The Parent Company also recognized income from its equity share in investments in the two HPAL plants in the combined amount of ₱252.1 million against ₱305.2 million, or a 17% decrease.

Other Income - Net
Other charges - net were at ₱90.7 million in the first quarter of 2023, compared to other income - net of ₱26.3 million in the same period last year. In the first quarter of 2023, the Group recognized net foreign exchange losses of ₱201.6 million, a significant turnaround from a gain of ₱188.3 million during the same period last year. However, the increase in foreign exchange losses was partially offset by the increase in gains on investment valuations of ₱180.5 million.

Provision for Income Tax - Net
As a result of the above, the taxable income during the current period was lower compared to the same period last year, thus the net provision for income tax was lower by 9%.

Net Income
As a result of the foregoing, the consolidated net income was ₱1,490.1 million during the first quarter of 2023, compared to ₱1,587.1 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 ₱969.7 million, compared to ₱1,053.9 million during the same period last year.

STATEMENT OF FINANCIAL POSITION
Total assets as of March 31, 2023 were ₱52,632.4 million, compared to ₱49,759.0 million as of December 31, 2022. Current assets rose by 9% to ₱22,928.1 million from ₱20,955.2 million due to an increase in cash and cash equivalents from loan proceeds from Security Bank Corporation (SBC). The increase in noncurrent assets from ₱28,803.9 million to ₱29,704.2 million was attributable mainly to acquisitions of property and equipment, including the advances and downpayments made to suppliers.

Current liabilities were higher by 46%, from ₱4,772.9 million to ₱6,953.0 million, due to additional short-term loans obtained by Emerging Power Inc. (EPI) from SBC.

Noncurrent liabilities of ₱4,272.6 million were slightly lower than the end of last year's ₱4,455.3 million due to payments of loan amortization to Industrial and Commercial Bank of China (ICBC) and SBC and reclassification of the current portion of the loans under current liabilities, amounting to a total of ₱117.4 million. Moreover, deferred income tax liabilities also decreased by ₱108.4 million.

Equity net of non-controlling interests rose by 1% to ₱36,044.2 million due to the net effect of earnings during the current period less the impact of the translation adjustments on the balances of the associates.

STATEMENT OF CASH FLOWS

Net cash from operating activities during the first quarter of 2023, amounting to ₱2,277.2 million, was higher compared to ₱2,020.8 million during the same period last year due to higher collections of receivables from the sale of ore on account of higher revenues during the current period.

During the first quarter of 2023, the Parent Company disposed of some of its investments to minimize the risk and to have an immediately available funds. As a result, the Group received higher net cash from investments during the first quarter of 2023 which amounted to ₱400.3 million compared to ₱143.0 million during the same period last year.

During the current period, the Group is in a positive cash position for its financing activities due to additional short-term loans obtained by EPI from SBC amounting to ₱1,486.6 million, net of debt issue costs. Moreover, compared to the same period last year, wherein the subsidiaries' special cash dividends in 2021 were paid in January 2022, the special cash dividends in 2022 were paid in the same year.

As of March 31, 2023 and 2022, cash and cash equivalents amounted to ₱14,873.5 million and ₱11,108.1 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 the cost of sale of ore, general and administrative, excise taxes and royalties, and shipping and loading costs incurred by the Group.

   The average cost per volume of ore sold for the first quarter of 2023 was ₱770.74/WMT based on aggregate costs of ₱1,844.0 million and total sales volume of 2.39 million WMT of ore. This compares to ₱687.51/WMT during the first quarter of 2022 based on aggregate costs of ₱1,641.4 million and total sales volume of 2.39 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 2023 was ₱969.7 million compared to ₱1,053.9 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 with 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 2023 and 2022, there were around 126 and 122 open hectares per million WMT sold, 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. The Group's frequency rate was nil for both first quarters of 2023 and 2022.

Liquidity and Capital Resources

As at March 31, 2023 and December 31, 2022, 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 a 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 debts to finance the solar project of Jobin-SQM, Inc. (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, 2023 and December 31, 2022, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱15,975.2 million and ₱16,182.3 million, respectively. The Company 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 EPI's 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, 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$ 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$. Because almost all of the revenues are earned in US$ while most of the expenses are paid in Peso, appreciation of the Peso against the US$ 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$, 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 does not generally believe that active currency hedging would provide long-term benefits to stockholders.

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 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 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., ICBC and SBC, with the Parent Company forming part of the Share Collateral Security Grantors and Sponsors together with EPI and TBEA International Engineering Co., Ltd. The principal loan will be used to partly refinance the shareholders loans used for the Phase 3A and 3B expansions. 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 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. HMC has no ore shipment during the first quarters of 2023 and 2022.

As at March 31, 2023, 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, 2023 and December 31, 2022, 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, 2023 AND 2022

Ratios	Formula	**2023**	2022
A. *Liquidity analysis ratios*			
Current ratio or working capital ratio	Current assets / Current liabilities	**3.30**	2.29
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	**2.65**	1.81
Solvency ratio	Total assets / Total liabilities	**4.69**	3.73
B. *Financial leverage ratios*			
Debt ratio	Total liabilities / Total assets	**0.21**	0.27
Debt-to-equity ratio	Total liabilities / Total equity	**0.27**	0.37
Asset-to-equity ratio	Total assets / Total equity	**1.27**	1.37
Interest coverage ratio	Earnings before interest and taxes / Interest expense	**17.84**	41.29
C. *Profitability ratios*			
Net profit margin	Net income / Revenue	**0.37**	0.43
Return on assets	Net income / Total assets	**0.03**	0.03
Return on equity	Net income / Total equity	**0.04**	0.04
Gross profit margin	Sales - Costs / Revenue	**0.62**	0.66
Price/earnings ratio	Price per share / EPS	**96.43**	98.00

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 12, 2023

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

May 12, 2023

NICKEL ASIA CORPORATION
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MARCH 31, 2023

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2023

(With Comparative Audited Figures as at December 31, 2022)
(Amounts in Thousands)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱14,873,500**	₱10,809,026
Trade and other receivables (Notes 5 and 29)	**1,734,114**	2,687,062
Inventories (Note 6)	**2,782,782**	2,432,224
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	**1,343,870**	3,361,015
Fair value through other comprehensive income (FVOCI)	**419,210**	447,975
Amortized cost	**50,000**	50,000
Prepayments and other current assets	**1,724,655**	1,167,872
Total Current Assets	**22,928,131**	20,955,174
Noncurrent Assets		
Property and equipment (Note 8)	**14,605,251**	13,815,041
Investments in associates (Note 9)	**6,673,002**	7,147,565
Geothermal exploration and evaluation assets (Note 10)	**1,884,732**	1,882,318
Financial assets at - net of current portion (Note 7):		
FVTPL	**749,670**	758,760
Amortized cost	**410,000**	410,000
Deferred income tax assets - net	**440,084**	400,605
Other noncurrent assets	**4,941,501**	4,389,579
Total Noncurrent Assets	**29,704,240**	28,803,868
TOTAL ASSETS	**₱52,632,371**	₱49,759,042
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 29)	**₱2,333,680**	₱2,207,412
Short-term debts (Note 12)	**2,988,793**	1,498,266
Income tax payable	**1,108,267**	625,319
Current portion of:		
Long-term debt (Notes 12 and 29)	**183,005**	97,571
Lease liabilities (Note 30)	**2,478**	7,621
Other current liability	**336,731**	336,731
Total Current Liabilities	**6,952,954**	4,772,920
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Notes 12 and 29)	**1,985,193**	2,119,280
Lease liabilities (Note 30)	**611,020**	603,548
Deferred income	**36,662**	37,709
Provision for mine rehabilitation and decommissioning (Note 13)	**796,754**	791,060
Pension liability	**483,145**	435,443
Deferred income tax liabilities	**359,841**	468,263
Total Noncurrent Liabilities	**4,272,615**	4,455,303
Total Liabilities	**11,225,569**	9,228,223

(Forward)

	March 31, 2023	December 31, 2022
	(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)	**782,554**	1,400,235
Cost of share-based payment plan (Note 15)	**522,837**	522,837
Asset revaluation surplus	**30,087**	30,182
Net valuation losses on financial assets at FVOCI	**(2,392)**	(5,934)
Retained earnings:		
Unappropriated	**19,588,376**	18,618,593
Appropriated (Note 14)	**135,000**	135,000
Treasury stock (Note 14)	**(134,014)**	(134,014)
	36,044,184	35,688,635
Non-controlling Interests (NCI)	**5,362,618**	4,842,184
Total Equity	**41,406,802**	40,530,819
TOTAL LIABILITIES AND EQUITY	**₱52,632,371**	₱49,759,042

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands, Except Earnings per Share)

	2023	2022
	(Unaudited)	
REVENUES (Notes 28 and 29)		
Sale of ore and limestone	**₱3,546,870**	₱3,383,001
Services	**272,210**	170,755
Sale of power	**223,294**	139,379
	4,042,374	3,693,135
COSTS		
Cost of sales (Note 17)	**1,225,332**	1,086,935
Services (Note 18)	**176,431**	74,517
Power generation (Note 19)	**121,092**	96,589
	1,522,855	1,258,041
OPERATING EXPENSES		
General and administrative (Note 20)	**319,878**	267,524
Excise taxes and royalties (Note 21)	**229,965**	217,727
Shipping and loading costs (Note 22)	**174,089**	153,896
	723,932	639,147
FINANCE INCOME (Note 25)	**109,160**	20,305
FINANCE EXPENSES (Note 26)	**(123,379)**	(61,320)
EQUITY IN NET INCOME OF ASSOCIATES (Note 9)	**252,120**	305,181
OTHER INCOME (CHARGES) – net (Note 27)	**(90,726)**	26,260
INCOME BEFORE INCOME TAX	**1,942,762**	2,086,373
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31)		
Current	**491,539**	579,409
Deferred	**(38,899)**	(80,158)
	452,640	499,251
NET INCOME	**₱1,490,122**	₱1,587,122
Net income attributable to:		
Equity holders of the parent	**₱969,688**	₱1,053,858
NCI	**520,434**	533,264
	₱1,490,122	₱1,587,122
Basic/Diluted Earnings Per Share (EPS; Note 16)	**₱0.07**	₱0.08

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

	2023	2022
	(Unaudited)	
NET INCOME	**₱1,490,122**	₱1,587,122
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:		
Share in translation adjustment of associates	**(617,681)**	67,535
Net valuation gains (losses) on financial assets at FVOCI	**3,542**	(3,888)
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	**(614,139)**	63,647
Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:		
Asset revaluation surplus	**(95)**	(95)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**(614,234)**	63,552
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱875,888**	₱1,650,674
Total comprehensive income attributable to:		
Equity holders of the parent	**₱355,454**	₱1,117,410
NCI	**520,434**	533,264
	₱875,888	₱1,650,674

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	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 (Note 7)	Retained Earnings: Unappropriated	Retained Earnings: Appropriated (Note 14)	Treasury Stock (Note 14)	Total	NCI	Total
Balances at December 31, 2022	**₱6,849,836**	**₱8,271,900**	**₱1,400,235**	**₱522,837**	**₱30,182**	**(₱5,934)**	**₱18,618,593**	**₱135,000**	**(₱134,014)**	**₱35,688,635**	**₱4,842,184**	**₱40,530,819**
Net income	–	–	–	–	–	–	**969,688**	–	–	**969,688**	**520,434**	**1,490,122**
Other comprehensive income (loss)	–	–	**(617,681)**	–	**(95)**	**3,542**	–	–	–	**(614,234)**	–	**(614,234)**
Total comprehensive income (loss)	–	–	**(617,681)**	–	**(95)**	**3,542**	**969,688**	–	–	**355,454**	**520,434**	**875,888**
Cost of share-based payment plan	–	–	–	–	–	–	–	–	–	–	–	–
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	**95**	–	–	**95**	–	**95**
Balances at March 31, 2023 (Unaudited)	**₱6,849,836**	**₱8,271,900**	**₱782,554**	**₱522,837**	**₱30,087**	**(₱2,392)**	**₱19,588,376**	**₱135,000**	**(₱134,014)**	**₱36,044,184**	**₱5,362,618**	**₱41,406,802**

See accompanying Notes to Unaudited Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	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	Unappropriated	Appropriated (Note 14)	Treasury Stock (Note 14)	Total	NCI	Total
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	–	–	–	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 AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in Thousands)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,942,762**	₱2,086,373
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 24)	**419,462**	409,669
Equity in net income of associates (Note 9)	**(252,120)**	(305,181)
Interest income (Note 25)	**(109,160)**	(20,305)
Interest expense (Notes 12 and 26)	**95,947**	34,490
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 27)	**(29,559)**	150,970
Sale of property and equipment (Note 27)	**(13,365)**	–
Write-off of input Value Added Tax (VAT; Note 27)	–	21,103
Sale of financial assets at FVOCI (Note 27)	–	1,645
Movements in:		
Pension liability	**33,976**	32,697
Deferred income	**(1,048)**	(1,048)
Accretion of interest on:		
Lease liabilities (Notes 26 and 30)	**13,728**	13,655
Provision for mine rehabilitation and decommissioning (Notes 13 and 26)	**5,694**	3,563
Long-term payable (Note 26)	–	77
Unrealized foreign exchange gains - net	**5,856**	(17,303)
Dividend income (Notes 7 and 27)	**(1,002)**	(6,864)
Provisions for impairment losses on input VAT (Note 27)	–	8,092
Cost of share-based payment plan (Note 23)	–	3,415
Operating income before working capital changes	**2,111,171**	2,415,048
Decrease (increase) in:		
Trade and other receivables	**973,704**	23,396
Prepayments and other current assets	**(565,374)**	205,950
Inventories	**(350,558)**	(381,769)
Increase (decrease) in trade and other payables	**108,208**	(241,871)
Net cash flows from operating activities	**2,277,151**	2,020,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Financial assets at (Note 7):		
FVTPL	**2,301,780**	961,167
FVOCI	**33,944**	903,907
Property and equipment	**13,374**	9
Acquisitions of:		
Property and equipment (Note 8)	**(1,219,695)**	(474,629)
Financial assets at (Note 7):		
FVTPL	**(272,588)**	(896,526)
FVOCI	**(1,637)**	(490,150)
Increase in:		
Other noncurrent assets	**(554,436)**	(127,650)
Geothermal exploration and evaluation assets	**(2,414)**	(13,895)
Interest received	**100,674**	20,880
Dividends received	**1,258**	259,842
Net cash flows from investing activities	**400,260**	142,955

	2023	2022
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Short-term debts, net of debt issue costs	**₱1,486,636**	₱–
Long-term debts, net of debt issue costs	–	123,925
Payments of:		
Interest	**(58,674)**	(16,969)
Long-term debts	**(29,500)**	–
Principal portion of lease liabilities (Note 30)	**(11,399)**	(14,376)
Cash dividends	–	(1,975,000)
Net cash flows from (used in) financing activities	**1,387,063**	(1,882,420)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,064,474**	281,289
CASH AND CASH EQUIVALENTS AT JANUARY 1	**10,809,026**	10,826,806
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	**₱14,873,500**	₱11,108,095

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED 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. DMC started its commercial operation in 2022.

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. In May 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCTs to HMC.

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 12, 2023, FEI is still waiting for the approval of the 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 involve 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.

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. On November 24, 2014, by virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-013, 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.

MGPC is in the 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.

As at March 31, 2023, the flow testing is expected to commence in the second quarter of 2023, and if successful, the first modular plant will be installed with a target power generation and operation of 2MW in the first quarter of 2024.

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 evidence 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 and commenced operation in May 2016.

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 after the authorization was 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. Pursuant to JSI's COC renewal applications, the ERC extended the Provisional Authority to Operate (PAO) for a period of one (1) year or until November 2023 for Phases 1 and 2, and until June 2023 for Phase 3A.

In June 2022, JSI completed the Phase 3B - 38MW of the Solar Project and it applied for a provisional certificate of approval to connect. The PAO for JSI's Phase 3B - 38MW was granted in November 2022 and valid for a period of one (1) year or until November 2023.

On May 13, 2022, the Department of Environment and Natural Resources granted the request of JSI to increase its capacity, from 150MW to 200MW, and area, from 800 hectares to 815 hectares, located at Mt. Sta. Rita, Subic Bay Freeport Zone.

In relation to this, the construction of Phase 4A - 72MW of the Solar Project started in November 2022, with target testing and commissioning in November 2023. Phase 4B - 28MW will start after the completion and energization of Phase 4A, which is estimated at around the last quarter of 2023 or the first quarter of 2024.

As at March 31, 2023, Phases 1, 2 and 3 of the Solar Project with total capacity of 100MW are in commercial operations.

Greenlight Renewables Holdings Inc. (GRHI)
GRHI was registered with the SEC on August 18, 2022, is a 51.77% owned subsidiary of the Parent Company through EPI. GRHI is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. GRHI is the joint venture of EPI and Shell Overseas Investments B.V. (Shell).

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.

On December 20, 2022, BHI sold its 15% interest in BGI for ₱0.5 million.

The unaudited interim condensed consolidated financial statements as at March 31, 2023 and December 31, 2022 and for the three-month period ended March 31, 2023 and 2022, were authorized for issuance by the Parent Company's BOD on May 12, 2023.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements of the Group as at March 31, 2023 and for the three-month period ended March 31, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim condensed 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, 2022.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVTPL and at FVOCI, which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company and its subsidiaries' (collectively referred to as the Group) functional and presentation (or reporting) currency, except CPDL whose functional and reporting currency is in United States dollar (US$). All amounts are rounded to the nearest thousand (₱000), except when otherwise indicated.

Basis of Consolidation

The unaudited interim condensed 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, 2023	March 31, 2022
Subsidiaries				
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 [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	**60.00%**	60.00%
GRHI [c,f]	Philippines	Services	**51.77%**	–
BGI [c,g]	Philippines	Power Generation	–	51.77%

(Forward)

	Principal Place of Business	Principal Activities	Effective Ownership March 31, 2023	March 31, 2022
Associates				
BGI [c,g]	Philippines	Power Generation	**38.83%**	–
Coral Bay Nickel Corporation (CBNC; see Note 9)	Philippines	Manufacturing	**15.62%**	10.00%
THNC	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) *Direct ownership of 38% and indirect ownership through EPI of 44.87%*
(e) *Indirect ownership through CExCI*
(f) *Incorporated on August 18, 2022; a joint venture of EPI and Shell*
(g) *Partially disposed on December 20, 2022*

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.

The 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.

<u>Statement of Compliance</u>
The unaudited interim condensed consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

<u>Changes in Accounting Policies and Disclosures</u>
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, 2022, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2023. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

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

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, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

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 2023. 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 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, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and with banks	**₱2,895,713**	₱2,056,702
Cash equivalents	**11,941,855**	8,663,632
Cash under managed funds	**35,932**	88,692
	₱14,873,500	₱10,809,026

5. Trade and Other Receivables

Trade and other receivables amounting to ₱33.6 million and ₱33.8 million as at March 31, 2023 and December 31, 2022, 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, 2023 and December 31, 2022 are summarized below:

March 31, 2023 (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)	**₱1,229,859**	**₱41,572**	**₱20,963**	**₱1,292,394**
Amounts owed by related parties (see Note 29)	**181,223**	–	**4,228**	**185,451**
Advances to officers and employees	**50,177**	**3,788**	**193**	**54,158**
Interest receivable	**31,997**	–	–	**31,997**
Current portion of loan receivable	**5,425**	–	–	**5,425**
Dividend receivables	**31**	–	–	**31**
Others	**97,299**	**92,743**	**8,191**	**198,233**
Total	**₱1,596,011**	**₱138,103**	**₱33,575**	**₱1,767,689**

December 31, 2022 (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)	₱1,604,055	₱659,599	₱21,195	₱2,284,849
Amounts owed by related parties (see Note 29)	175,239	–	4,228	179,467
Advances to officers and employees	42,699	4,997	193	47,889
Interest receivable	23,511	–	–	23,511
Current portion of loan receivable	5,425	–	–	5,425
Dividend receivables	287	–	–	287
Others	88,587	82,663	8,191	179,441
Total	₱1,939,803	₱747,259	₱33,807	₱2,720,869

6. Inventories

As at March 31, 2023 and December 31, 2022, inventories amounting to ₱58.1 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, 2023 and 2022.

As at March 31, 2023 and December 31, 2022, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to nil while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱459.4 million and ₱492.3 million, respectively.

7. Financial Assets at FVTPL, at FVOCI and at Amortized Cost

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	**FVOCI**	**Amortized Cost**	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	**₱1,154,216**	**₱419,210**	**₱460,000**	₱2,713,653	₱447,975	₱460,000
Equity securities	**425,018**	**–**	**–**	891,816	–	–
Unquoted equity instruments	**514,306**	**–**	**–**	514,306	–	–
	₱2,093,540	**₱419,210**	**₱460,000**	₱4,119,775	₱447,975	₱460,000

The Group's financial assets pertain to investments in common and/or preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or at 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, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	**FVOCI**	**Amortized Cost**	FVTPL	FVOCI	Amortized Cost
Balances at January 1	**₱4,119,775**	**₱447,975**	**₱460,000**	₱5,997,893	₱1,122,284	₱460,000
Additions	**272,588**	**1,637**	**–**	3,643,300	550,113	–
Disposals	**(2,301,780)**	**(33,944)**	**–**	(5,093,617)	(1,215,125)	–
Effect of changes in foreign exchange rate	**(26,602)**	**–**	**–**	65,502	–	–
Net valuation gains (losses) on financial assets	**29,559**	**3,542**	**–**	(493,303)	(9,297)	–
Balances at end of period	**2,093,540**	**419,210**	**460,000**	4,119,775	447,975	460,000
Less noncurrent portion	**749,670**	**–**	**410,000**	758,760	–	410,000
Current portion	**₱1,343,870**	**₱419,210**	**₱50,000**	₱3,361,015	₱447,975	₱50,000

For the three months ended March 31, 2023 and 2022, dividend income from equity securities amounted to ₱1.0 million and ₱6.9 million, respectively (see Note 27), while interest income from debt securities amounted to ₱7.4 million and ₱10.3 million, respectively (see Note 25).

8. Property and Equipment

During the three-month period ended March 31, 2023 and 2022, the Group acquired assets with a cost of ₱1,219.7 million and ₱474.6 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the three months ended March 31, 2023 and 2022 amounted to ₱416.7 million and ₱394.8 million, respectively (see Note 24).

Except for the property and equipment pledged as collateral for the loans of JSI with Industrial and Commercial Bank of China (ICBC) and Security Bank Corporation (SBC), there were no other property and equipment pledged as collateral for the Group's borrowings as at March 31, 2023 and December 31, 2022 (see Note 12).

9. Investments in Associates

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
THNC	**₱3,622,424**	₱3,922,385
CBNC	**3,049,389**	3,223,757
BGI	**1,189**	1,423
	₱6,673,002	₱7,147,565

The movements in investments in associates follow:

	March 31, 2023 (Unaudited)				December 31, 2022 (Audited)			
	THNC	**CBNC**	**BGI**	**Total**	THNC	CBNC	BGI	Total
Balances at January 1	**₱1,974,700**	**₱2,254,722**	**₱1,384**	**₱4,230,806**	₱1,974,700	₱724,410	₱–	₱2,699,110
Acquisitions	**–**	**–**	**–**	**–**	–	1,530,312	–	1,530,312
Reclassification	**–**	**–**	**–**	**–**	–	–	1,384	1,384
	1,974,700	**2,254,722**	**1,384**	**4,230,806**	1,974,700	2,254,722	1,384	4,230,806
Accumulated equity in net earnings (losses):								
Balances at January 1	**1,144,949**	**124,436**	**39**	**1,269,424**	392,588	(65,307)	–	327,281
Equity in net income (loss)	**229,468**	**22,886**	**(234)**	**252,120**	752,361	189,743	39	942,143
	1,374,417	**147,322**	**(195)**	**1,521,544**	1,144,949	124,436	39	1,269,424
Share in cumulative translation adjustment:								
Balances at January 1	**802,736**	**844,599**	**–**	**1,647,335**	536,817	249,346	–	786,163
Movements	**(529,429)**	**(197,254)**	**–**	**(726,683)**	265,919	595,253	–	861,172
	273,307	**647,345**	**–**	**920,652**	802,736	844,599	–	1,647,335
Balances at end of period	**₱3,622,424**	**₱3,049,389**	**₱1,189**	**₱6,673,002**	₱3,922,385	₱3,223,757	₱1,423	₱7,147,565

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱138.1 million and ₱247.1 million as at March 31, 2023 and December 31, 2022, 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 (HPAL) 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.

The net assets and Parent Company's share in cumulative translation adjustment of THNC amounted to ₱38,195.9 million and ₱232.3 million, respectively, as at March 31, 2023, and ₱36,842.8 million and ₱682.3 million, respectively, as at December 31, 2022. For the three months ended March 31, 2023 and 2022, the results of THNC's operations were net income of ₱2,294.7 million and ₱1,757.0 million, respectively, and the Parent Company's equity in net income of THNC amounted to ₱229.4 million and ₱175.7 million, respectively.

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 facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPAL facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. Aside from the supply of ore and limestone from RTN, CDTN also provided ancillary services to Coral Bay HPAL facility

On October 3, 2022, the Parent Company purchased an additional 33,046,875 common shares of CBNC from Sumitomo Metal Mining Co., Ltd. (SMM) for a total consideration of US$25.9 million, equivalent to ₱1,530.3 million. The acquisition by the Parent Company of the additional CBNC shares increased its equity ownership from 10% to 15.62%.

The net assets and Parent Company's share in cumulative translation adjustment of CBNC amounted to ₱31,448.7 million and ₱550.3 million, respectively, as at March 31, 2023, and ₱32,106.8 million and ₱717.9 million, respectively, as at December 31, 2022. For the three months ended March 31, 2023 and 2022, the results of CBNC's operations were net income of ₱146.5 million and ₱1,294.8 million, respectively, and the Parent Company's equity in net income of CBNC amounted to ₱22.9 million and ₱129.5 million, respectively.

BGI

BGI, a private entity that is not listed on any public exchange, was incorporated, and registered with the Philippine SEC on October 31, 2007. 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 20, 2022, BHI sold a portion of its shareholdings in BGI, equivalent to 461,250 common shares or 15% interest in BGI, for ₱0.5 million. After the sale, BHI's equity ownership in BGI decreased from 60% to 45%.

The net liabilities of BGI amounted to ₱440.2 million and ₱439.7 million as at March 31, 2023 and December 31, 2022, respectively. For the three months ended March 31, 2023 and 2022, the Parent Company's equity in net loss of BGI amounted to ₱0.2 million and nil, 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, 2023 and December 31, 2022, 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, 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 and limestone 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

SBC

SBC granted a ₱3,000.0 million loan facility to EPI which is secured by a continuing suretyship of the Parent Company. The proceeds of the loans were used to settle the promissory notes under the original SBC loan facility and to finance the construction of JSI's Phase 4A - 72MW solar project.

Details of the drawdowns are as follows:

Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
July 8, 2022	**July 3, 2023**	**5.00% to 7.50%***	**₱300,000**	**₱2,220**
August 26, 2022	**April 28, 2023**	**5.50% to 7.75%***	**1,200,000**	**6,041**
February 10, 2023	**February 5, 2024**	**7.00% to 7.50%***	**1,500,000**	**11,096**
			₱3,000,000	**₱19,357**

** subject to monthly repricing*

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱1,500,000**	₱1,500,000
Drawdowns	**1,500,000**	–
	3,000,000	1,500,000
Less unamortized debt issue cost	**(11,207)**	(1,734)
Balances at end of period	**₱2,988,793**	₱1,498,266

The interest incurred in connection with the short-term debts with SBC amounted to ₱45.1 million and ₱19.6 million for the three months ended March 31, 2023 and 2022, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts for the three months ended March 31, 2023 and 2022.

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, 2023 and December 31, 2022, 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, 2023 (Unaudited)	December 31, 2022 (Audited)
JSI	**₱1,359,593**	₱1,387,496
TMC	**808,605**	829,355
	2,168,198	2,216,851
Less noncurrent portion:		
JSI	**1,271,718**	1,387,496
TMC	**713,475**	731,784
	1,985,193	2,119,280
Current portion	**₱183,005**	₱97,571

JSI Loans

ICBC and SBC

On August 2, 2021, JSI, ICBC and SBC entered into an Omnibus Loan and Security Agreement (OLSA), with NAC, EPI and TBEA International Engineering Co., Ltd. (TBEA) as Share Collateral Security Grantors and Sponsors. Pursuant to the OLSA, ICBC and SBC granted term loan facilities to JSI amounting to ₱1,600.0 million, payable in two Tranches (Tranche A for ₱1,250.0 million and Tranche B for ₱350.0 million), that will be used by JSI to partially refinance the shareholder's loans used for Phase 3A and 3B expansions.

Interest is fixed, which shall be the higher of the sum of the applicable benchmark rate (or the average of the applicable seven (7)-year Bloomberg Evaluated Pricing Service of Bloomberg LP (or BVAL) benchmark tenor) plus the credit spread, divided by the interest premium factor; and the minimum interest rate divided by the interest premium factor. Principal and interest are payable quarterly for a period of seven (7) years commencing on September 28, 2022 until June 28, 2029.

Details of the drawdown follows:

Tranche	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
A	June 28, 2022	June 28, 2029	6.5948%*	₱1,250,000	₱31,899

**Fixed interest rate for two (2) years covering June 28, 2022 to June 28, 2024.*

At any time after the fifth (5th) year of the loan, JSI may prepay all or any portion of the outstanding loan subject to certain conditions and by paying the prepayment penalty.

The loan is secured by a 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.

The OLSA provides certain debt covenants, but are not limited to the following:

1) Debt service coverage ratio (DSCR) is at least equal to the maintenance DSCR, subject to testing at each DSCR testing date;
2) Debt-to-equity (DE) ratio does not exceed the maintenance DE, subject to testing at each DE testing date;

3) To create, permit or enter into any loan facility agreement secured or to be secured by a lien of the whole or any portion of its present and future assets other than any permitted lien;
4) To incur any indebtedness for the purpose of paying dividends on its preferred shares;
5) To enter into any investment, joint venture, partnership or similar business combination or arrangement in relation to the project or otherwise;
6) To pay dividends to its shareholders, repay any shareholder loans and make any other payment to shareholders or its affiliates under any project document;
7) To sell or dispose any assets;
8) To withdraw from the debt service reserve account, except in accordance with the financing documents.

As at March 31, 2023 and December 31, 2022, JSI has been compliant with the covenants contained in the OLSA.

The carrying amounts of long-term debts with ICBC and SBC, net of unamortized debt issue cost, follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱1,240,500**	₱–
Drawdowns	**–**	1,250,000
Payments	**(29,500)**	(9,500)
	1,211,000	1,240,500
Less unamortized debt issue cost	**(27,338)**	(28,844)
Balances at end of period	**1,183,662**	1,211,656
Less noncurrent portion	**1,095,787**	–
Current portion	**₱87,875**	₱1,211,656

The interest incurred in connection with the long-term debts with ICBC and SBC, for which there were no capitalized borrowing costs, amounted to ₱21.9 million and nil for the three months ended March 31, 2023 and 2022, respectively (see Note 26).

TBEA

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.

On September 23, 2021, the Parent Company, JSI, EPI and TBEA executed the Supplemental Agreement on Shareholder Advances to agree on the shareholder advances for JSI's development of Phase 3B - 38MW. Under the terms of the Supplemental Agreement, TBEA grants JSI a loan facility amounting to US$2.9 million.

Details of the drawdowns are as follows:

Phase	Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
3A	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
3B	First	January 17, 2022	June 17, 2025	5.00%	124,861	937
	Second	June 20, 2022	June 17, 2025	5.00%	25,902	194
					₱259,879	₱1,950

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱176,808**	₱109,116
Drawdowns	**–**	150,763
Payments	**–**	(83,071)
	176,808	176,808
Less unamortized debt issue cost	**(877)**	(968)
Balances at end of period	**₱175,931**	₱175,840

For the three months ended March 31, 2023 and 2022, the interest incurred in connection with the long-term debts with TBEA amounted to ₱2.3 million and ₱2.7 million, respectively, of which nil and ₱2.7 million, respectively, pertain to capitalized borrowing costs (see Notes 26 and 29).

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, 2023 and December 31, 2022, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2023 and 2022 amounted to ₱12.9 million and ₱4.6 million, respectively (see Notes 26 and 29).

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 the 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 consider 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, 2023 and 2022, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱5.7 million and ₱3.6 million, respectively (see Note 26).

14. Equity

<u>Capital Stock</u>
The capital structure of the Parent Company follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (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 (p.a.).

Issued Capital Stock
As at March 31, 2023 and December 31, 2022, a total of 6,622,815,206 common shares and 3,852,936,213 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of ninety-one (91) and ninety-five (95) shareholders, respectively, while the balance of 7,008,034,911 common shares and 9,777,913,904 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

Cost of Share-based Payment Plan
On April 5, 2018, the BOD of the Parent Company approved the adoption of Executive Stock Option Plan (2018 ESOP; the Plan) which was ratified by the Parent Company's stockholders on May 28, 2018. A total of 375.0 million shares of stock were reserved for issue under the Plan.

The basic terms and conditions of the stock option plans are disclosed in Note 15.

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
2023	***Cash Dividends***					
	Regular	**March 14, 2023**	**March 29, 2023**	**₱2,317,245**	**₱0.17**	**April 12, 2023**
2022	*Cash Dividends*					
	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

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.

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, 2023 and December 31, 2022, 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

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 grant dates and exercise prices are as follows:

Grant date	Exercise prices, before stock dividends	Equivalent exercise prices, after the effect of stock dividends
June 15, 2018	₱4.38	₱2.43
April 4, 2019	2.18	2.18
May 20, 2019	2.08	2.08
March 1, 2020	2.30	2.30
March 16, 2020	3.95	3.95
May 8, 2020	1.47	1.47
February 17, 2021	2.60	2.60
July 1, 2021	4.71	4.71
September 11, 2021	4.95	4.95
June 3, 2022	6.31	6.31

4. 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.
5. 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 ranges from ₱0.11 to ₱2.90, 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	Spot price per share	Exercise price	Expected volatility	Option life (in years)	Dividend yield	Risk-free rate
June 15, 2018	₱5.01	₱4.38	45.34%	5.00	2.16%	5.93%
April 4, 2019	2.55	2.18	46.40%	4.20	5.88%	5.72%
May 20, 2019	2.18	2.08	45.51%	4.07	6.88%	5.76%
March 1, 2020	2.18	2.30	44.62%	3.29	6.88%	3.98%
March 16, 2020	1.80	3.95	44.95%	3.25	8.33%	4.36%
May 8, 2020	1.54	1.47	45.14%	3.10	9.74%	2.99%
February 17, 2021	5.53	2.60	46.42%	2.32	2.71%	2.06%
July 1, 2021	5.62	4.71	47.33%	1.95	2.67%	1.94%
September 11, 2021	6.13	4.95	46.73%	1.76	2.45%	1.88%
June 3, 2022	7.22	6.31	48.18%	1.03	2.08%	2.28%

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.

On September 15, 2022, the SEC approved the exemption from registration of the additional 220,000,000 common shares which shall form part of the ESOP. On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 ESOP.

There have been no modifications or cancellations of stock options for the three months ended March 31, 2023 and 2022.

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱522,837**	₱473,442
Stock option expense	**–**	49,395
Balances at end of period	**₱522,837**	₱522,837

As at May 12, 2023, there were a total of 259,048,708 of stock options exercised. The weighted average stock price at exercise date of the options was ₱6.43 per share.

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	
	2023	2022
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱969,688**	₱1,053,858
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	**₱0.07**	₱0.08

The diluted EPS after the exercise of stock options, between the end of the financial reporting period and the date of authorization of the consolidated financial statements, is ₱0.07.

17. Cost of Sales

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Cost of sale of:		
Ore	**₱1,198,051**	₱1,041,460
Limestone	**27,281**	45,475
	₱1,225,332	₱1,086,935

Details of cost of sales follow:

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Production overhead	**₱812,056**	₱641,083
Personnel costs (see Note 23)	**324,249**	293,210
Depreciation, amortization and depletion (see Note 24)	**233,819**	231,191
Outside services	**231,905**	220,993
	1,602,029	1,386,477
Net changes in beneficiated nickel ore and limestone	**(376,697)**	(299,542)
	₱1,225,332	₱1,086,935

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 Services

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Outside services	**₱67,880**	₱1,526
Depreciation (see Note 24)	**33,772**	27,294
Overhead	**32,384**	16,059
Personnel costs (see Note 23)	**30,660**	23,358
Equipment operating cost	**11,735**	6,280
	₱176,431	₱74,517

19. Cost of Power Generation

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Depreciation and amortization (see Note 24)	**₱79,971**	₱66,229
Overhead	**20,220**	16,296
Outside services	**10,278**	7,131
Personnel costs (see Note 23)	**6,739**	5,450
Materials and supplies	**3,884**	1,483
	₱121,092	₱96,589

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

20. General and Administrative Expenses

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Personnel costs (see Note 23)	**₱104,677**	₱89,895
Taxes and licenses	**59,604**	32,898
Depreciation and amortization (see Note 24)	**27,719**	48,742
Donation	**25,000**	20,000
Outside services	**16,780**	17,212
Professional fees	**12,854**	9,597
Supplies	**11,815**	10,887
Transportation and travel	**11,318**	5,532
Dues and subscriptions	**10,977**	7,150
Publicity and promotions	**9,242**	7,461
Communications, light and water	**3,155**	3,990
Entertainment, amusement, and recreation	**2,368**	1,495
Repairs and maintenance	**1,439**	1,827
Others	**22,930**	10,838
	₱319,878	₱267,524

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	
	2023	2022
	(Unaudited)	
Excise taxes	**₱141,875**	₱135,320
Royalties	**88,090**	82,407
	₱229,965	₱217,727

22. Shipping and Loading Costs

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Outside services	**₱69,710**	₱68,738
Materials and supplies	**46,507**	30,892
Depreciation and amortization (see Note 24)	**35,220**	33,675
Personnel costs (see Note 23)	**20,113**	17,988
Other services and fees	**2,539**	2,603
	₱174,089	₱153,896

23. Personnel Costs

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Salaries, wages and employee benefits	**₱486,438**	₱426,486
Cost of share-based payment plan	–	3,415
	₱486,438	₱429,901

The amounts of personnel costs are distributed as follows:

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Cost of :		
Sales (see Note 17)	**₱324,249**	₱293,210
Services (see Note 18)	**30,660**	23,358
Power generation (see Note 19)	**6,739**	5,450
General and administrative (see Note 20)	**104,677**	89,895
Shipping and loading costs (see Note 22)	**20,113**	17,988
	₱486,438	₱429,901

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	
	2023	2022
	(Unaudited)	
Cost of:		
Sales (see Note 17)	**₱233,819**	₱231,191
Power generation (see Note 19)	**79,971**	66,229
Services (see Note 18)	**33,772**	27,294
Shipping and loading costs (see Note 22)	**35,220**	33,675
General and administrative (see Note 20)	**27,719**	48,742
Others	**8,961**	2,538
	₱419,462	₱409,669

The above is distributed as follows:

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Property and equipment (see Note 8)	**₱416,745**	₱394,785
Computer software under "Other noncurrent assets"	**2,717**	14,884
	₱419,462	₱409,669

25. Finance Income

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	**₱100,208**	₱7,678
Financial assets at (see Note 7):		
FVOCI	**3,977**	6,164
Amortized cost	**3,444**	3,444
FVTPL	**–**	705
Short-term cash investments	**1,144**	–
Negotiable instruments	**347**	347
Loans	**40**	1,967
	₱109,160	₱20,305

26. Finance Expenses

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 12)	**₱45,110**	₱19,644
Long-term debts (see Notes 12 and 29)	**37,105**	4,612
Pension	**13,726**	10,234
Others	**6**	–
Accretion of interest on:		
Lease liabilities (see Note 30)	**13,728**	13,655
Provision for mine rehabilitation and decommissioning (see Note 13)	**5,694**	3,563
Long-term payable	–	77
Guarantee service fee (see Note 29)	**8,010**	9,535
	₱123,379	₱61,320

27. Other Income (Charges) - Net

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Foreign exchange gains (losses) - net	**(₱201,597)**	₱188,252
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	**29,559**	(150,970)
Sale of property and equipment	**13,365**	–
Write-off of input VAT	–	(21,103)
Sale of financial assets at FVOCI	–	(1,645)
Rentals and accommodations	**17,273**	18,269
Trust fee	**(2,839)**	(6,427)
Dividend income (see Note 7)	**1,002**	6,864
Provision for impairment losses on input VAT	–	(8,092)
Others	**52,511**	1,112
	(₱90,726)	₱26,260

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 and limestone, type of services rendered for sale of services and source of electricity for sale of power for the three months ended March 31, 2023 and 2022:

	For the three-month period ended March 31, 2023 (Unaudited)			
	China	**Local**	**Japan**	**Total**
Sale of (see Note 29):				
Ore	**₱1,668,140**	**₱1,845,805**	**₱–**	**₱3,513,945**
Limestone	**–**	**32,925**	**–**	**32,925**
	₱1,668,140	**₱1,878,730**	**₱–**	**₱3,546,870**

	For the three-month period ended March 31, 2022 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	₱1,424,674	₱1,745,261	₱154,301	₱3,324,236
Limestone	–	58,765	–	58,765
	₱1,424,674	₱1,804,026	₱154,301	₱3,383,001

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Services (see Note 29)		
Materials handling	**₱272,210**	₱170,755
Sale of power		
Solar	**₱182,252**	₱99,100
Diesel	**41,042**	40,279
	₱223,294	₱139,379

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2023 and 2022, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2023 (Unaudited) and December 31, 2022 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Rental Deposits		Long-term Debts (see Note 12)		Terms	Conditions
	March 31, 2023	March 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022		
Stockholders														
Pacific Metals Co., Ltd.														
Sale of ore	**₱–**	₱154,301	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	80% to 90% upon receipt of documents and 10% to 20% after the final dry weight and applicable assay have been determined; noninterest-bearing	A
Despatch income and others - net	**–**	1,592	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	A
SMM														
Guarantee service fee (see Note 26)	**8,010**	9,535	**–**	–	**1,080**	9,588	**–**	–	**–**	–	**–**	–	Every twenty first (21st) of February, March, August and September	A
With Common Stockholders														
Manta Equities, Inc.														
Rentals, dues and utilities	**7,896**	10,284	**–**	–	**133**	453	**–**	–	**–**	–	**–**	–	Payable upon billing; noninterest-bearing	A

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Rental Deposits		Long-term Debts (see Note 12)		Terms	Conditions
	March 31, 2023	March 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022		
Manta Equities, Inc.														
Rental deposits	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱9,129**	₱9,129	**₱–**	₱–	Collectible at the end of the lease; noninterest-bearing	A
Short-term advances	–	36	–	–	–	–	–	–	–	–	–	–	Collectible upon billing; noninterest-bearing	A
Associates														
CBNC														
Sale of ore and limestone	**826,319**	821,201	**238,825**	751,724	–	–	–	–	–	–	–	–	Thirty (30) days term; noninterest-bearing	A
Materials handling	**159,436**	69,593	**186,301**	110,862	–	–	–	–	–	–	–	–	Fifteen (15) days term; noninterest-bearing	A
Infralease and throughput	**2,875**	4,179	**30,834**	19,328	–	–	–	–	–	–	–	–	Collectible at the end of February and August; noninterest-bearing	A
Other income	**13,853**	4,124	**55,092**	72,169	–	–	–	–	–	–	–	–	Collectible on demand; noninterest-bearing	A
THNC														
Sale of ore	**1,052,412**	971,538	**229,130**	442,021	–	–	–	–	–	–	–	–	Thirty (30) days term, noninterest-bearing	A
Rendering of service	**30,720**	28,932	**60,805**	31,221	–	–	–	–	–	–	–	–	Semi-annual term; noninterest-bearing	A

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Rental Deposits		Long-term Debts (see Note 12)		Terms	Conditions
	March 31, 2023	March 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022		
THNC														
Materials handling	**₱75,466**	₱60,254	**₱19,865**	₱28,693	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Fifteen (15) days term; noninterest-bearing	A
Rental income	**1,526**	1,765	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest bearing	A
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**808,605**	829,355	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)	**12,862**	4,612	**–**	–	**20,833**	10,252	**–**	–	**–**	–	**–**	–	Payable semi-annually on April 10 and October 10	A
Short-term advances	**–**	–	**–**	–	**–**	–	**1,054**	1,559	**–**	–	**–**	–	Collectible/ payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at March 31, 2023 and December 31, 2022	A

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Rental Deposits		Long-term Debts (see Note 12)		Terms	Conditions
	March 31, 2023	March 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022		
BGI														
Short-term advances	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱180,169**	₱173,680	**₱–**	₱–	**₱–**	₱–	Collectible upon billing; noninterest-bearing	A
Affiliates														
TBEA														
Loan facility	–	123,925	**–**	–	**–**	–	**–**	–	**–**	–	**175,931**	175,840	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 Notes 12 and 26)	**2,301**	2,720	**–**	–	**2,210**	2,259	**–**	–	**–**	–	**–**	–	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	A
			₱820,852	₱1,456,018	**₱24,256**	₱22,552	**₱181,223**	₱175,239	**₱9,129**	₱9,129	**₱984,536**	₱1,005,195		

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, 2023 and December 31, 2022 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, EPI's and JSI'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, 2023 and 2022 amounted to about ₱85.0 million and ₱66.8 million, respectively.

30. Leases

The lease liabilities as at March 31, 2023 and December 31, 2022, discounted using incremental borrowing rate, are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Lease liabilities	**₱613,498**	₱611,169
Less noncurrent portion	**611,020**	603,548
Current portion	**₱2,478**	₱7,621

The rollforward analysis of lease liabilities follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱611,169**	₱613,944
Addition	–	2,222
Accretion of interest (see Note 26)	**13,728**	54,742
Payments	**(11,399)**	(59,739)
Balances at end of period	**₱613,498**	₱611,169

For the three months ended March 31, 2023 and 2022, accretion of interest on lease liabilities amounted to ₱13.7 million (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱10.8 million and ₱10.6 million, respectively.

31. Income Taxes

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

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
Current	**₱491,539**	₱579,409
Deferred	**(38,899)**	(80,158)
	₱452,640	₱499,251

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.

Mine Rehabilitation Fund (MRF), Restricted Cash, Social Development Management Program (SDMP) Funds and Negotiable Instruments
The carrying amounts of MRF, restricted cash and SDMP funds approximate their fair values since they are restricted cash with banks, which earns interest based on prevailing market rates repriced monthly. The negotiable instruments also approximate its fair value since it earns interest based on published cash investment rates.

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

Long-term Debts
The fair values of long-term debts 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 date (unobservable inputs; Level 3).

	March 31, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets measured at fair value:						
Financial assets at:						
FVTPL	**₱1,582,619**	**₱–**	**₱510,921**	₱3,608,854	₱–	₱510,921
FVOCI	**419,210**	**–**	**–**	447,975	–	–
	₱2,001,829	**₱–**	**₱510,921**	₱4,056,829	₱–	₱510,921

As at March 31, 2023 and December 31, 2022, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at March 31, 2023 and December 31, 2022, 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 and limestone.

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.

	March 31, 2023 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	Eliminations	Total
External customers	₱–	₱–	₱1,052,412	₱2,494,459	₱–	₱182,252	₱41,042	₱272,209	₱–	₱–	₱–	₱4,042,374
Inter-segment revenues	–	–	–	–	–	–	–	19,190	–	122,988	(142,178)	–
Total revenues	–	–	1,052,412	2,494,459	–	182,252	41,042	291,399	–	122,988	(142,178)	4,042,374
Cost of sales	–	–	516,759	708,573	–	–	–	–	–	–	–	1,225,332
Cost of services	–	–	–	–	–	–	–	176,431	–	–	–	176,431
Cost of power generation	–	–	–	–	–	90,950	30,142	–	–	–	–	121,092
Excise taxes and royalties	–	–	105,242	124,723	–	–	–	–	–	–	–	229,965
Shipping and loading costs	19,740	12,163	34,026	107,419	–	–	–	–	741	–	–	174,089
Segment operating earnings (loss)	(₱19,740)	(₱12,163)	₱396,385	₱1,553,744	₱–	₱91,302	₱10,900	₱114,968	(₱741)	₱122,988	(₱142,178)	₱2,115,465
General and administrative	₱9,287	₱34,798	₱25,031	₱37,691	₱6,040	₱33,572	₱–	₱23,764	₱–	₱149,695	₱–	₱319,878
Finance income	₱2,267	₱9,063	₱12,809	₱20,646	₱523	₱9,130	₱334	₱488	₱–	₱53,900	₱–	₱109,160
Finance expenses	₱775	₱1,221	₱9,713	₱5,877	₱–	₱83,022	₱6	₱12,862	₱–	₱9,903	₱–	₱123,379
Provision for (benefit from) income tax	₱9,442	(₱1,520)	₱87,045	₱353,305	(₱123)	₱4,347	₱–	₱–	(₱185)	₱329	₱–	₱452,640
Net income (loss) attributable to equity holders of the parent	(₱46,274)	(₱52,664)	₱193,050	₱716,383	(₱7,608)	₱25,352	₱11,228	₱69,476	₱–	₱60,745	₱–	₱969,688
Segment assets	₱1,463,281	₱1,898,277	₱8,997,801	₱6,534,798	₱2,502,503	₱13,733,211	₱725,058	₱516,025	₱18,227	₱15,803,106	₱–	₱52,192,287
Deferred income tax assets - net	25,626	40,867	40,852	113,766	82,142	1,047	–	–	–	135,784	–	440,084
Total assets	₱1,488,907	₱1,939,144	₱9,038,653	₱6,648,564	₱2,584,645	₱13,734,258	₱725,058	₱516,025	₱18,227	₱15,938,890	₱–	₱52,632,371
Segment liabilities	₱287,339	₱264,444	₱2,484,755	₱1,920,154	₱178,955	₱5,155,752	₱15,960	₱35,857	₱–	₱522,512	₱–	₱10,865,728
Deferred income tax liabilities	–	–	–	65,778	135,697	14,915	–	–	4,557	138,894	–	359,841
Total liabilities	₱287,339	₱264,444	₱2,484,755	₱1,985,932	₱314,652	₱5,170,667	₱15,960	₱35,857	₱4,557	₱661,406	₱–	₱11,225,569
Other segment information:												
Capital expenditures	₱224,036	₱64,479	₱592,792	₱135,814	₱8,449	₱184,430	₱544	₱3,349	₱–	₱5,802	₱–	₱1,219,695
Depreciation, amortization and depletion	₱36,340	₱32,882	₱168,568	₱57,704	₱14,903	₱67,633	₱13,853	₱8,770	₱741	₱18,068	₱–	₱419,462

	December 31, 2022 (Audited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	Eliminations	Total
External customers	₱2,167,768	₱3,823,653	₱12,461,000	₱6,756,563	₱530,027	₱609,518	₱163,930	₱1,490,691	₱–	₱–	₱–	₱28,003,150
Inter-segment revenues	–	–	–	–	–	–	–	6,212	–	994,971	(1,001,183)	–
Total revenues	2,167,768	3,823,653	12,461,000	6,756,563	530,027	609,518	163,930	1,496,903	–	994,971	(1,001,183)	28,003,150
Cost of sales	830,506	1,285,246	3,248,695	2,299,509	267,033	–	–	–	–	–	–	7,930,989
Cost of services	–	–	–	–	–	–	–	902,235	–	–	–	902,235
Cost of power generation	–	–	–	–	–	305,853	98,040	–	–	–	–	403,893
Excise taxes and royalties	195,099	678,698	1,246,100	337,828	26,501	2,086	–	–	–	–	–	2,486,312
Shipping and loading costs	284,128	514,338	963,448	249,917	147,062	–	–	–	2,965	–	–	2,161,858
Marketing	–	133,828	38,296	–	–	–	–	–	–	–	–	172,124
Segment operating earnings (loss)	₱858,035	₱1,211,543	₱6,964,461	₱3,869,309	₱89,431	₱301,579	₱65,890	₱594,668	(₱2,965)	₱994,971	(₱1,001,183)	₱13,945,739
General and administrative	₱64,490	₱61,985	₱108,141	₱101,327	₱21,248	₱154,615	₱–	₱23,949	₱–	₱770,523	₱–	₱1,306,278
Finance income	₱7,265	₱22,081	₱42,841	₱38,174	₱102	₱5,098	₱1,231	₱747	₱–	₱71,083	₱–	₱188,622
Finance expenses	₱1,125	₱4,162	₱24,052	₱21,509	₱1,458	₱183,106	₱–	₱32,894	₱–	₱38,477	₱–	₱306,783
Provision for (benefit from) income tax	₱186,319	₱255,487	₱1,689,323	₱940,366	₱25,560	(₱5,419)	₱–	₱–	(₱741)	₱338,241	₱–	₱3,429,136
Net income attributable to equity holders of the parent	₱647,356	₱941,050	₱3,576,990	₱1,956,327	₱13,356	₱98,381	₱67,025	₱413,564	₱–	₱217,101	₱–	₱7,931,150
Segment assets	₱1,641,073	₱2,840,958	₱8,231,516	₱5,008,736	₱2,480,858	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,841,576	₱–	₱49,358,437
Deferred income tax assets - net	35,028	39,244	33,859	113,766	82,142	–	–	–	–	96,566	–	400,605
Total assets	₱1,676,101	₱2,880,202	₱8,265,375	₱5,122,502	₱2,563,000	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,938,142	₱–	₱49,759,042
Segment liabilities	₱324,966	₱360,275	₱1,961,537	₱1,384,340	₱225,781	₱3,636,442	₱13,618	₱220,907	₱–	₱632,094	₱–	₱8,759,960
Deferred income tax liabilities - net	–	–	–	65,841	135,819	13,964	–	–	4,742	247,897	–	468,263
Total liabilities	₱324,966	₱360,275	₱1,961,537	₱1,450,181	₱361,600	₱3,650,406	₱13,618	₱220,907	₱4,742	₱879,991	₱–	₱9,228,223
Other segment information:												
Capital expenditures	₱105,495	₱80,508	₱499,748	₱119,922	₱119,188	₱1,380,226	₱4,699	₱167,273	₱–	₱10,203	₱–	₱2,487,262
Depreciation, amortization and depletion	₱119,312	₱174,328	₱677,675	₱253,359	₱52,891	₱241,309	₱55,443	₱5,601	₱2,965	₱80,126	₱–	₱1,663,009

	March 31, 2022 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/CDTN	HMC	Others	Eliminations	Total
External customers	₱–	₱–	₱971,538	₱2,411,463	₱–	₱99,100	₱40,279	₱170,755	₱–	₱–	₱–	₱3,693,135
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 services	–	–	–	–	–	–	–	74,517	–	–	–	74,517
Cost of power generation	–	–	–	–	–	69,265	27,324	–	–	–	–	96,589
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)	(₱16,625)	₱–	₱435,397	₱1,508,049	₱–	₱29,835	₱12,955	₱101,395	(₱2,378)	₱148,448	(₱153,605)	₱2,063,471
General and administrative	₱19,120	₱12,664	₱16,582	₱23,728	₱37,285	₱13,828	₱–	₱5,762	₱–	₱138,555	₱–	₱267,524
Finance income	₱629	₱1,490	₱1,899	₱4,291	₱4	₱11	₱755	₱81	₱–	₱11,145	₱–	₱20,305
Finance expenses	₱56	₱1,023	(₱7,416)	₱4,405	₱5	₱32,634	₱–	₱19,363	₱–	₱11,250	₱–	₱61,320
Provision for (benefit from) income tax	₱943	₱4,689	₱109,132	₱360,280	₱–	₱1,160	₱–	₱–	(₱595)	₱23,642	₱–	₱499,251
Net income (loss) attributable to equity holders of the parent	(₱37,050)	(₱12,215)	₱214,410	₱736,877	(₱37,266)	(₱12,475)	₱13,710	₱69,342	₱–	₱118,525	₱–	₱1,053,858
Segment assets	₱951,682	₱2,018,622	₱7,807,906	₱6,820,205	₱1,417,593	₱14,035,482	₱1,470,087	₱231,461	₱19,002	₱16,756,320	₱–	₱51,528,360
Deferred income tax assets - net	37,983	27,049	48,709	108,884	105,836	1,047	–	–	–	46,015	–	375,523
Total assets	₱989,665	₱2,045,671	₱7,856,615	₱6,929,089	₱1,523,429	₱14,036,529	₱1,470,087	₱231,461	₱19,002	₱16,802,335	₱–	₱51,903,883
Segment liabilities	₱246,595	₱333,386	₱2,361,971	₱1,881,929	₱151,325	₱7,926,223	₱8,852	₱61,554	₱–	₱439,706	₱–	₱13,411,541
Deferred income tax liabilities	–	–	–	68,606	136,754	98,343	–	–	4,889	200,366	–	508,958
Total liabilities	₱246,595	₱333,386	₱2,361,971	₱1,950,535	₱288,079	₱8,024,566	₱8,852	₱61,554	₱4,889	₱640,072	₱–	₱13,920,499
Other segment information:												
Capital expenditures	₱31,368	₱6,809	₱29,441	₱24,291	₱3,408	₱361,167	₱3,094	₱11,439	₱–	₱3,612	₱–	₱474,629
Depreciation, amortization and depletion	₱29,212	₱46,420	₱166,519	₱67,828	₱10,509	₱52,823	₱13,800	₱242	₱2,378	₱19,938	₱–	₱409,669

The Group has revenues from external customers as follows:

	For the three-month period ended March 31	
	2023	2022
Country of Domicile	(Unaudited)	
China	**₱1,668,141**	₱1,424,675
Local	**2,374,233**	2,114,159
Japan	–	154,301
	₱4,042,374	₱3,693,135

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

The revenue from key customers are as follows:

	For the three-month period ended March 31	
	2023	2022
	(Unaudited)	
THNC	**₱1,158,597**	₱1,060,725
CBNC	**985,755**	890,794
Big Wave Resources Co., Limited	**909,857**	680,102
Ningbo Lygend Wisdom Co. Ltd.	**472,095**	474,039
	₱3,526,304	₱3,105,660

34. Other Matter

On February 17, 2023, Hallmark Mining Corporation (Hallmark) and Austral-Asia Link Mining Corporation (Austral-Asia) accepted NAC's Letter of Intent (LOI), for NAC or its wholly-owned subsidiary, to be the sole and exclusive mining service contractor for Hallmark's Mineral Production Sharing Agreement (MPSA) No. 196-2004-XI covering 4,999.71 hectares located in Mati and San Isidro, Davao Oriental, and Austral-Asia's MPSA No. 197-2004-XI covering 5,000 hectares located in Mati and Gov. Generoso, Davao Oriental. NAC's commitments under LOI are subject to NAC's conduct of due diligence and exploration activities as well as the execution of definitive agreements among the parties. The LOI also permits the conduct of a feasibility study to determine the economic and technical viability for NAC to establish a HPAL or equivalent mineral processing plant within the MPSA area.