



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

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Amendment Delegation (If applicable)

**For the Six Months Ended**

**June 30, 2022**

Period Ended Date

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(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: JUNE 30, 2022
2. SEC Identification Number: CS200811530
3. BIR Tax Identification No.: 007-085-191-000
4. Exact name of issuer as specified in its charter: NICKEL ASIA CORPORATION
5. Province, Country or other jurisdiction of incorporation or organization: PHILIPPINES
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office Postal Code  
28<sup>th</sup> Floor NAC Tower, 32nd Street, 1634  
Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: +63 2 8892 6669 / +63 2 7798 7622
9. Former name, former address, and former fiscal year, if changed since last report.  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock</b>	<b>13,630,850,117 shares</b>
<b>Short and Long-term Debts</b>	<b>Php3,761.3 million</b>

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

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON STOCK

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]



August 5, 2022

**Ms. Alexandra D. Tom Wong**

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

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

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

Re : SEC Form 17-Q 2022 2nd 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 June 30, 2022.

We trust everything is in order.

Very truly yours,

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



**NICKEL ASIA CORPORATION**  
**17-Q QUARTERLY REPORT**  
**JUNE 30, 2022**

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## PART I – FINANCIAL INFORMATION

### Item A. Financial Statements

The Unaudited Interim Condensed Consolidated Financial Statements as at June 30, 2022 (with Comparative Audited Statement of Financial Position as at December 31, 2021) and for the six-month period ended June 30, 2022 and 2021 are hereto attached.

The following tables set forth the summary financial information for the six-month period ended June 30, 2022 and 2021 and as at June 30, 2022 and December 31, 2021:

#### Summary Consolidated Statements of Income

	For the Six Months Ended June 30		Increase (Decrease)	Percent Inc (Dec)
	2022	2021		
<i>(In Thousand Pesos)</i>				
Revenues	₱11,777,452	₱11,010,930	₱766,522	7%
Costs	(3,789,420)	(3,908,589)	(119,169)	-3%
Operating expenses	(2,471,270)	(2,579,729)	(108,459)	-4%
Finance income	42,969	103,649	(60,680)	-59%
Finance expenses	(126,826)	(121,871)	4,955	4%
Equity in net income of associates	1,092,792	244,056	848,736	348%
Other income - net	378,867	216,949	161,918	75%
Provision for income tax - net	(1,559,128)	(1,103,988)	455,140	41%
Net income	₱5,345,436	₱3,861,407	₱1,484,029	38%
Net income attributable to:				
Equity holders of the parent	₱3,834,831	₱2,727,146	₱1,107,685	41%
Non-controlling interests	1,510,605	1,134,261	376,344	33%
	₱5,345,436	₱3,861,407	₱1,484,029	38%

#### Summary Consolidated Statements of Financial Position

	June 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2022 (Unaudited)	2021 (Audited)		
<i>(In Thousand Pesos)</i>				
Current assets	₱25,220,758	₱24,011,065	₱1,209,693	5%
Noncurrent assets	29,625,746	27,689,817	1,935,929	7%
Total assets	₱54,846,504	₱51,700,882	₱3,145,622	6%
Current liabilities	₱11,794,943	₱11,924,982	(₱130,039)	-1%
Noncurrent liabilities	4,892,211	3,446,700	1,445,511	42%
Equity attributable to equity holders of the parent	34,184,312	32,939,767	1,244,545	4%
Non-controlling interests	3,975,038	3,389,433	585,605	17%
Total liabilities and equity	₱54,846,504	₱51,700,882	₱3,145,622	6%

### Summary Consolidated Statements of Cash Flows

	For the Six Months Ended June 30		Increase (Decrease)	Percent Inc (Dec)
	2022	2021		
<i>(In Thousand Pesos)</i>				
Net cash flows from (used in):				
Operating activities	₱4,574,723	₱3,875,816	₱698,907	18%
Investing activities	(13,387)	(1,774,449)	(1,761,062)	-99%
Financing activities	(3,805,987)	(3,900,527)	(94,540)	-2%
Net increase (decrease) in cash and cash equivalents	755,349	(1,799,160)	2,554,509	142%
Cash and cash equivalents, beginning	10,826,806	11,835,201	(1,008,395)	-9%
Cash and cash equivalents, end	₱11,582,155	₱10,036,041	₱1,546,114	15%

### **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 six months ended June 30, 2022 and 2021, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim condensed consolidated financial statements.

#### **Six months ended June 30, 2022 compared with six months ended June 30, 2021**

##### **Revenues**

	2022	2021
	<i>(In Thousands)</i>	
Sale of ore and limestone	₱11,065,099	₱10,351,818
Services and others	415,448	411,246
Power	296,905	247,866
	₱11,777,452	₱11,010,930

Revenues during the first half of 2022 were ₱11,777.5 million, higher by ₱766.5 million or 7%, compared to ₱11,010.9 million during the same period last year.

##### *Sale of Ore*

Despite the challenges during the first half of 2022, especially for the mining operations, brought about by weather conditions at the mine sites, particularly in Surigao, and continuing lockdowns in China, the Group's major market, that led to the 16% drop in the sales volume, the higher London Metal Exchange (LME) nickel price and stronger US\$ tempered the impact on the revenues.

The Group's operating mines sold a combined 6.95 million wet metric tons (WMT) of nickel ore during the first half of 2022 compared to 8.30 million WMT in the same period last year.

The drop in sales volume was almost in direct proportion to unrealized workable days caused by inclement weather that seriously affected the Group's mining operations during the current period.

The weighted average nickel ore sales price during the period rose by 18% to \$30.03 per WMT against \$25.54 per WMT in the same period last year. The Group realized ₱52.56/US\$ from these nickel ore sales, a 9% increase from ₱48.25/US\$ last year.

Breaking down the ore sales, the Group exported 3.12 million WMT of saprolite and limonite ore at the average price of \$42.05 per WMT during the first half of the year, compared to 4.56 million WMT at \$37.62 per WMT in the same period last year. Likewise, the Group delivered 3.83 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 LME, and realized an average price of \$12.52 per pound of payable nickel. This compares to 3.74 million WMT at \$7.92 per pound of payable nickel during the first half of 2021. Expressed in US\$ per WMT, deliveries to the two HPAL plants generated \$20.23 and \$10.85 in the first half of 2022 and 2021, respectively.

On a per mine basis, the Group's Rio Tuba mine exported 0.99 million WMT of saprolite ore and delivered 1.42 million WMT of limonite ore to the Coral Bay processing plant during the first half of 2022. This compares to sales of 1.30 million WMT of saprolite ore and 1.66 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 1.13 million WMT of saprolite ore and delivered 2.28 million WMT of limonite ore to the Taganito processing plant during the first half of 2022. Compared to the same period last year wherein there were 1.52 million WMT of saprolite ore and 2.02 million WMT of limonite ore delivered to the Taganito processing plant.

The Group's Hinatuan and Cagdianao mines exported 0.47 million WMT and 0.53 million WMT, respectively, of saprolite and limonite ore during the first half of 2022, and 0.71 million WMT and 1.03 million WMT, respectively, during the first half of 2021. In addition to the limonite ore deliveries from the Rio Tuba mine, the Group's Cagdianao and Dinapigue mines also delivered limonite ore to the Coral Bay processing plant. Cagdianao mine delivered 0.10 million WMT and 0.07 million WMT in both periods, and the Dinapigue mine, which started its commercial operation in 2022, delivered 0.03 million WMT during the first half of 2022.

#### *Sale of Limestone*

Due to the 39% drop in limestone deliveries, Rio Tuba's revenue from the sale of limestone during the first half of 2022 was lower by 35% at ₱98.5 million compared to ₱150.7 million during the same period last year.

#### *Services and Others*

##### *Sale of Quarry Materials*

Compared to the first half of 2021 wherein Taganito Mining Corporation (TMC) delivered 211,319 bank cubic meters of quarry materials, there were no deliveries to Taganito HPAL Nickel Corporation (THNC) during the first half of 2022, thus no revenue was recognized in the current period.

##### *Services*

Services revenue largely consists of payments made in consideration for the hauling, manpower, and other ancillary services that Rio Tuba Nickel Mining Corporation, CDTN Services Company Inc., and TMC provide to Coral Bay Nickel Corporation (CBNC), THNC and other third parties and usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was higher by ₱86.5 million, from ₱328.9 million to ₱415.4 million, because the volume of materials handled was higher by 12%.

### *Sale of Power*

Revenue from the sale of power during the first half of 2022 amounted to ₱296.9 million, or 20% higher than last year's ₱247.9 million. Despite the decline in the year-on-year average effective price by 16%, from ₱5.20/ kilowatt hour (kWh) to ₱4.36/kWh, the generation volume by the Group's solar power plant was higher by 56% or by 17.84 million kWh compared to the same period last year. A portion of the energy generated was attributable to the completion and energization of Phase 3A, which contributed 30-megawatt (MW) starting the second quarter of 2021.

### **Costs**

Costs slightly went down by 3% or ₱119.2 million, from ₱3,908.6 million to ₱3,789.4 million.

	2022	2021
	(In Thousands)	
Cost of sales	₱3,416,464	₱3,532,239
Services	189,539	196,589
Power generation	183,417	179,761
	<u>₱3,789,420</u>	<u>₱3,908,589</u>

### *Cost of Sales*

The cost of sales slightly decreased by 3% to ₱3,416.5 million from ₱3,532.2 million primarily due to the 16% drop in the sales volume caused by the late start of shipment particularly in the Surigao mines due to unfavorable weather conditions. The decrease, however, was partially offset by the 68% average increase in diesel cost during the first half of 2022.

### *Cost of Services*

Cost of services slid by 4% from ₱196.6 million to ₱189.5 million following the decrease in personnel cost and decrease in overhead cost on account of a lower share in fixed cost.

### *Cost of Power Generation*

Cost of power generation went up by 2% to ₱183.4 million from ₱179.8 million following the completion and energization of Phase 3A of the solar power project in June 2021 which subsequently increase depreciation by 5%.

### **Operating Expenses**

	2022	2021
	(In Thousands)	
Excise taxes and royalties	₱965,704	₱974,627
Shipping and loading costs	865,528	1,054,869
General and administrative	595,383	479,255
Marketing	44,655	70,978
	<u>₱2,471,270</u>	<u>₱2,579,729</u>

### *Excise Taxes and Royalties*

Although revenue subject to excise taxes and royalties increased by 6%, the excise taxes and royalties declined by 1% to ₱965.7 million from ₱974.6 million because of the decrease in royalties to a claim owner of Cagdianao Mining Corporation (CMC). CMC's revenue, which was the basis for the royalties, was lower by 49% during the first half of 2022 compared to the same period last year.

### *Shipping and Loading Costs*

Shipping and loading costs went down by 18% because of the 32% decline in the volume of ore export sales. Compared to the same period last year, shipment for this period started late due to inclement weather conditions, particularly in the Surigao mines. Relative to this, LCT rental, stevedoring, wharfage, and ship loading personnel cost were lower in the current period.

### *General and Administrative*

General and administrative expenses increased by 24% from ₱479.3 million to ₱595.4 million on account of the donation made to NAC Foundation Inc. and the increase in amortization expense after the implementation of new accounting software. Taxes were also higher due to several inward remittances as a result of higher revenue. Moreover, due to ease in pandemic restrictions, the incurrence of costs in doing business starts to normalize.

### *Marketing*

Marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 37% during the current period. The commission is based on CMC's revenue only and CMC's revenue during the first half of 2022 was 49% lower compared to last year.

### **Finance Income**

Finance income significantly dropped by 59% to ₱43.0 million from ₱103.6 million as interest earned from investments in debt instruments fell from ₱87.9 million to ₱19.4 million as a result of significant disposals of debt investments towards the end of 2021. Most of the debt investments as of the end of June 2022 were newly acquired and interests have not yet accrued.

### **Finance Expenses**

Finance expenses rose by 4% during the first half of 2022 compared to the same period last year on account of the increase in the average London Inter-Bank Offered Rate from 2.23% to 2.60% and a significant jump in the average foreign exchange rate from ₱48.24/US\$1 to ₱52.15/US\$1.

### **Equity in Net Income of Associates**

As a result of higher LME prices, the Parent Company also recognized gains from its equity share in investments in the two HPAL plants in the combined amount of ₱1,092.8 million against ₱244.1 million, or a 348% increase.

### **Other Income - Net**

Driven by the stronger US\$ against the peso, other income - net was at ₱378.9 million in the first half of 2022 compared to ₱216.9 million in the same period last year. The average foreign exchange rate was at ₱52.15 during the first half of 2022 as against ₱48.24 during the same period last year, as a result, the Group recognized net foreign exchange gains of ₱863.5 million as against ₱190.6 million year-on-year. However, the increase in foreign exchange gains was partially offset by higher losses on investments of ₱466.5 million. In addition, input value added tax claims that were denied by the Supreme Court amounting to ₱30.2 million were written off during the current period.

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

The net provision for income tax was higher by 41% due to higher taxable income and higher revenue during the current period.

### **Net Income**

As a result of the foregoing, the consolidated net income was ₱5,345.4 million during the first half of 2022 compared to ₱3,861.4 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 half of the current year amounted to ₱3,834.8 million compared to ₱2,727.1 million during the same period last year.

#### **STATEMENT OF FINANCIAL POSITION**

Total assets as of June 30, 2022 close at ₱54,846.5 million compared to ₱51,700.9 million as of December 31, 2021. Current assets rose by 5% to ₱25,220.8 million from ₱24,011.1 million due to an increase in trade receivables as a result of higher revenues. Noncurrent assets were at ₱29,625.7 million from ₱27,689.8 million as of June 30, 2022 and December 31, 2021, respectively. The increase in noncurrent assets was attributable mainly to the Parent Company's equity share in the current period earnings of its associates and from acquisitions of property and equipment.

Current liabilities were lower by 1% from ₱11,925.0 million to ₱11,794.9 million due to payments of cash dividends in January 2022.

Noncurrent liabilities of ₱4,892.2 million were higher than the end of last year's ₱3,446.7 million due to additional loans availed by Jobin-SQM, Inc. (JSI) from TBEA International Engineering Co., Ltd. (TBEA), Industrial and Commercial Bank of China (ICBC) and Security Bank Corporation (SBC) amounting to a total of ₱1,370.9 million for the construction and expansion of Phase 3 - 68MW solar project.

Equity net of non-controlling interests rose by 4% to ₱34,184.3 million due to the net effect of earnings during the period and the impact of the translation adjustments on the associates.

#### **STATEMENT OF CASH FLOWS**

Net cash from operating activities during the first half of 2022 amounting to ₱4,574.7 million was higher compared to ₱3,875.8 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 period.

Net cash used for investments during the first half of 2022 amounted to ₱13.4 million compared to ₱1,774.4 million during the same period last year. Cash used in investments pertains mainly to net acquisitions and/or disposals of property and equipment and financial assets in debt and equity securities. During the first half of 2022, the net acquisition cost of financial assets and property and equipment amounted to ₱16.0 million only compared to ₱1,656.5 million incurred during the same period last year. The Parent Company changed its investment strategy during the first half of 2021 wherein it disposed of some of its local investments and one offshore account and the proceeds were used as additional funding for the new offshore accounts.

Net cash used in financing activities was slightly lower in the first half of 2022 due to JSI's loan proceeds from TBEA, ICBC, and SBC for the expansion of Phase 3 - 68MW solar project amounting to ₱1,370.9 million which partially offset the higher cash dividends paid during the current period.

As of June 30, 2022 and 2021, cash and cash equivalents amounted to ₱11,582.2 million and ₱10,036.0 million, respectively.

## **KEY PERFORMANCE INDICATORS**

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

The total cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from period to period.

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

The average cost per volume of ore sold for the first half of 2022 was ₱822.03/WMT on the basis of aggregate costs of ₱5,712.4 million and total sales volume of 6.95 million WMT of ore. This compares to ₱706.73/WMT during the first half of 2021 on the basis of aggregate costs of ₱5,864.1 million and total sales volume of 8.30 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 half of 2022 was ₱3,834.8 million compared to ₱2,727.1 million in the same period last year.

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

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the Department of Environment and Natural Resources (DENR), through the issuance of DENR Administrative Order (DAO) No. 2018-20, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. During the first half of 2022 and 2021, there are 38 and 37 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 first half of 2022 and 2021.

## **Liquidity and Capital Resources**

As at June 30, 2022 and December 31, 2021, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debts to finance the solar project of JSI and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC). Any revenue that will be earned by JSI and MGPC upon start of or during their commercial operations will be used to pay-off the debt.

As at June 30, 2022 and December 31, 2021, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱13,425.8 million and ₱12,086.1 million, respectively. NAC expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and Emerging Power Inc.'s (EPI) solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financings, depending on the financing needs and market conditions.

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

#### *Commodity Price Risk*

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

#### *Foreign Currency Risk*

The foreign currency risk results primarily from movements of the peso against the US\$ 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's policy is not to hedge foreign currency exchange risk.

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

#### *Equity Price Risk*

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

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

### **Seasonality of Operations**

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

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

Under the Suretyship Agreement executed by and between the Parent Company and 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. The principal loan will be used to partly refinance the shareholders loans used for the Phase 3A and 3B expansion. Payment of the loan shall be secured by chattel mortgage on all project assets, mortgage over the leasehold rights with Subic Bay Metropolitan Authority, and the pledge of shares of stocks of JSI.

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

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

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

On February 13, 2017, HMC, a wholly owned subsidiary of the Parent Company, received a letter from the DENR stating that its MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA.

The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA. During the first half of 2022 and 2021, HMC's tonnage consists 7% and 9%, respectively, of the Group's total volume shipped.

#### **Coronavirus Disease (COVID-19) Outbreak**

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

These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at June 30, 2022 and its financial performance and cash flows for the period then ended.

As at August 4, 2022, Metro Manila is under Alert level 1.

As at June 30, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended June 30, 2022 and December 31, 2021, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**PART II - FINANCIAL SOUNDNESS INDICATORS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

Ratios	Formula	2022	2021
<i>A. Liquidity analysis ratios</i>			
Current ratio or working capital ratio	Current assets / Current liabilities	<b>2.14</b>	1.92
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	<b>1.68</b>	1.64
Solvency ratio	Total assets / Total liabilities	<b>3.29</b>	3.32
<i>B. Financial leverage ratios</i>			
Debt ratio	Total liabilities / Total assets	<b>0.30</b>	0.30
Debt-to-equity ratio	Total liabilities / Total equity	<b>0.44</b>	0.43
Asset-to-equity ratio	Total assets / Total equity	<b>1.44</b>	1.43
Interest coverage ratio	Earnings before interest and taxes / Interest expense	<b>64.59</b>	48.78
<i>C. Profitability ratios</i>			
Net profit margin	Net income / Revenue	<b>0.45</b>	0.35
Return on assets	Net income / Total assets	<b>0.10</b>	0.08
Return on equity	Net income / Total equity	<b>0.14</b>	0.11
Gross profit margin	Sales - Costs / Revenue	<b>0.68</b>	0.65
Price/earnings ratio	Price per share / EPS	<b>22.50</b>	27.55

**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

August 5, 2022



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

August 5, 2022

**NICKEL ASIA CORPORATION**  
SEC FORM 17-Q  
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JUNE 30, 2022

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Interim Consolidated Statements of Financial Position as at June 30, 2022 and  
December 31, 2021

Interim Consolidated Statements of Income for the six-month period ended  
June 30, 2022 and 2021

Interim Consolidated Statements of Comprehensive Income for the six-month period ended  
June 30, 2022 and 2021

Interim Consolidated Statements of Changes in Equity for the six-month period ended  
June 30, 2022 and 2021

Interim Consolidated Statements of Cash Flows for the six-month period ended  
June 30, 2022 and 2021

Notes to Consolidated Financial Statements

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**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
**(With Comparative Audited Figures as at December 31, 2021)**  
**(Amounts in Thousands)**

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱11,582,155	₱10,826,806
Trade and other receivables (Notes 5 and 29)	2,977,323	1,971,096
Inventories (Note 6)	2,395,109	2,242,932
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	4,737,740	5,266,080
Fair value through other comprehensive income (FVOCI)	532,400	1,122,284
Prepayments and other current assets	2,996,031	2,581,867
<b>Total Current Assets</b>	<b>25,220,758</b>	<b>24,011,065</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	17,297,982	17,238,357
Investments in associates (Note 9)	5,385,718	3,812,554
Geothermal exploration and evaluation assets (Note 10)	1,876,598	1,849,936
Financial assets at - net of current portion (Note 7):		
FVTPL	718,683	731,813
Amortized cost	460,000	460,000
Deferred income tax assets - net	339,682	309,746
Long-term stockpile inventory - net of current portion	42,535	42,535
Other noncurrent assets	3,504,548	3,244,876
<b>Total Noncurrent Assets</b>	<b>29,625,746</b>	<b>27,689,817</b>
<b>TOTAL ASSETS</b>	<b>₱54,846,504</b>	<b>₱51,700,882</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 11 and 29)	₱8,933,356	₱9,226,190
Short-term debts (Note 12)	1,498,515	1,492,916
Income tax payable	935,093	773,450
Current portion of:		
Long-term debt (Notes 12 and 29)	96,206	89,248
Lease liabilities (Note 30)	24,196	35,754
Long-term payable	6,846	6,693
Other current liability	300,731	300,731
<b>Total Current Liabilities</b>	<b>11,794,943</b>	<b>11,924,982</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debts (Notes 12 and 29)	2,166,601	867,111
Lease liabilities (Note 30)	587,359	578,190
Deferred income	39,804	41,899
Provision for mine rehabilitation and decommissioning (Note 13)	833,283	823,962
Pension liability	695,882	624,110
Deferred income tax liabilities	569,282	511,428
<b>Total Noncurrent Liabilities</b>	<b>4,892,211</b>	<b>3,446,700</b>
<b>Total Liabilities</b>	<b>16,687,154</b>	<b>15,371,682</b>

(Forward)

	June 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
<b>Equity Attributable to Equity Holders of the Parent</b>		
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)	1,007,531	599,215
Cost of share-based payment plan (Note 15)	479,677	473,442
Asset revaluation surplus	30,374	30,565
Net valuation gains (losses) on financial assets at FVOCI	(2,687)	3,363
Retained earnings:		
Unappropriated	17,546,695	16,710,460
Appropriated (Note 14)	135,000	135,000
Treasury stock (Note 14)	(134,014)	(134,014)
	<b>34,184,312</b>	<b>32,939,767</b>
<b>Non-controlling Interests (NCI)</b>	<b>3,975,038</b>	<b>3,389,433</b>
<b>Total Equity</b>	<b>38,159,350</b>	<b>36,329,200</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱54,846,504</b>	<b>₱51,700,882</b>

*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 JUNE 30, 2022 AND 2021**  
**(Amounts in Thousands, Except Earnings per Share)**

	2022	2021
	(Unaudited)	
<b>REVENUES</b> (Notes 28 and 29)		
Sale of ore and limestone	₱7,682,098	₱7,450,775
Services and others	244,693	221,462
Sale of power	157,526	171,113
	<b>8,084,317</b>	<b>7,843,350</b>
<b>COSTS</b>		
Cost of sales (Note 17)	2,329,529	2,484,528
Services (Note 18)	115,022	98,881
Power generation (Note 19)	86,828	99,485
	<b>2,531,379</b>	<b>2,682,894</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 20)	747,977	790,561
Shipping and loading costs (Note 21)	711,632	842,998
General and administrative (Note 22)	327,859	250,562
Marketing	44,655	70,978
	<b>1,832,123</b>	<b>1,955,099</b>
<b>FINANCE INCOME</b> (Note 25)	22,664	36,398
<b>FINANCE EXPENSES</b> (Note 26)	<b>(65,506)</b>	<b>(60,725)</b>
<b>EQUITY IN NET INCOME OF ASSOCIATES</b> (Note 9)	787,611	129,130
<b>OTHER INCOME</b> – Net (Note 27)	352,607	205,923
<b>INCOME BEFORE INCOME TAX</b>	<b>4,818,191</b>	<b>3,516,083</b>
<b>PROVISION FOR INCOME TAX</b> (Note 31)		
Current	1,023,857	511,614
Deferred	36,020	112,295
	<b>1,059,877</b>	<b>623,909</b>
<b>NET INCOME</b>	<b>₱3,758,314</b>	<b>₱2,892,174</b>
Net income attributable to:		
Equity holders of the parent	₱2,780,973	₱2,143,049
NCI	977,341	749,125
	<b>₱3,758,314</b>	<b>₱2,892,174</b>
<b>Basic/Diluted Earnings Per Share (EPS)</b>	<b>₱0.20</b>	<b>₱0.16</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
**(Amounts in Thousands, Except Earnings per Share)**

	2022	2021
	(Unaudited)	
<b>REVENUES</b> (Notes 28 and 29)		
Sale of ore and limestone	₱11,065,099	₱10,351,818
Services and others	415,448	411,246
Sale of power	296,905	247,866
	<b>11,777,452</b>	<b>11,010,930</b>
<b>COSTS</b>		
Cost of sales (Note 17)	3,416,464	3,532,239
Services (Note 18)	189,539	196,589
Power generation (Note 19)	183,417	179,761
	<b>3,789,420</b>	<b>3,908,589</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 20)	965,704	974,627
Shipping and loading costs (Note 21)	865,528	1,054,869
General and administrative (Note 22)	595,383	479,255
Marketing	44,655	70,978
	<b>2,471,270</b>	<b>2,579,729</b>
<b>FINANCE INCOME</b> (Note 25)	42,969	103,649
<b>FINANCE EXPENSES</b> (Note 26)	<b>(126,826)</b>	<b>(121,871)</b>
<b>EQUITY IN NET INCOME OF ASSOCIATES</b> (Note 9)	1,092,792	244,056
<b>OTHER INCOME</b> – Net (Note 27)	378,867	216,949
<b>INCOME BEFORE INCOME TAX</b>	<b>6,904,564</b>	<b>4,965,395</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 31)		
Current	1,603,266	954,963
Deferred	(44,138)	149,025
	<b>1,559,128</b>	<b>1,103,988</b>
<b>NET INCOME</b>	<b>₱5,345,436</b>	<b>₱3,861,407</b>
Net income attributable to:		
Equity holders of the parent	₱3,834,831	₱2,727,146
NCI	1,510,605	1,134,261
	<b>₱5,345,436</b>	<b>₱3,861,407</b>
<b>Basic/Diluted Earnings Per Share</b> (Note 16)	<b>₱0.28</b>	<b>₱0.20</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
**(Amounts in Thousands)**

	2022	2021
	(Unaudited)	
<b>NET INCOME</b>	<b>₱5,345,436</b>	<b>₱3,861,407</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	408,316	72,187
Net valuation losses on financial assets at FVOCI	(6,050)	(58,184)
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	402,266	14,003
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(191)	(191)
<b>TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX</b>	<b>402,075</b>	<b>13,812</b>
<b>TOTAL COMPREHENSIVE INCOME - NET OF TAX</b>	<b>₱5,747,511</b>	<b>₱3,875,219</b>
Total comprehensive income attributable to:		
Equity holders of the parent	₱4,236,906	₱2,740,958
NCI	1,510,605	1,134,261
	<b>₱5,747,511</b>	<b>₱3,875,219</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

**(Amounts in Thousands)**

	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 15)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings		Treasury Stock (Note 14)				
						Unappropriated	Appropriated (Note 14)						
<b>Balances at December 31, 2021</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱599,215</b>	<b>₱473,442</b>	<b>₱30,565</b>	<b>₱3,363</b>	<b>₱16,710,460</b>	<b>₱135,000</b>	<b>(₱134,014)</b>	<b>₱32,939,767</b>	<b>₱3,389,433</b>	<b>₱36,329,200</b>	
Net income	-	-	-	-	-	-	3,834,831	-	-	3,834,831	1,510,605	5,345,436	
Other comprehensive income (loss)	-	-	408,316	-	(191)	(6,050)	-	-	-	402,075	-	402,075	
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>408,316</b>	<b>-</b>	<b>(191)</b>	<b>(6,050)</b>	<b>3,834,831</b>	<b>-</b>	<b>-</b>	<b>4,236,906</b>	<b>1,510,605</b>	<b>5,747,511</b>	
Cost of share-based payment plan (Note 15)	-	-	-	6,235	-	-	-	-	-	6,235	-	6,235	
Cash dividends - ₱0.22 per share (Note 14)	-	-	-	-	-	-	(2,998,787)	-	-	(2,998,787)	-	(2,998,787)	
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(925,000)	(925,000)	
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	191	-	-	191	-	191	
<b>Balances at June 30, 2022 (Unaudited)</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱1,007,531</b>	<b>₱479,677</b>	<b>₱30,374</b>	<b>(₱2,687)</b>	<b>₱17,546,695</b>	<b>₱135,000</b>	<b>(₱134,014)</b>	<b>₱34,184,312</b>	<b>₱3,975,038</b>	<b>₱38,159,350</b>	

See accompanying Notes to Unaudited Consolidated Financial Statements.

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	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings		Treasury Stock (Note 14)				
							Unappropriated	Appropriated (Note 14)					
Balances at December 31, 2020	₱6,849,836	₱8,271,900	₱381,991	₱441,589	₱30,948	₱57,771	₱14,952,425	₱189,950	(₱134,014)	₱31,042,396	₱3,554,393	₱34,596,789	
Net income	-	-	-	-	-	-	2,727,146	-	-	2,727,146	1,134,261	3,861,407	
Other comprehensive income (loss)	-	-	72,187	-	(191)	(58,184)	-	-	-	13,812	-	13,812	
Total comprehensive income (loss)	-	-	72,187	-	(191)	(58,184)	2,727,146	-	-	2,740,958	1,134,261	3,875,219	
Cost of share-based payment plan	-	-	-	14,904	-	-	-	-	-	14,904	-	14,904	
Cash dividends - ₱0.23 per share (Note 14)	-	-	-	-	-	-	(3,135,096)	-	-	(3,135,096)	-	(3,135,096)	
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(1,020,000)	(1,020,000)	
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	191	-	-	191	-	191	
Balances at June 30, 2021 (Unaudited)	₱6,849,836	₱8,271,900	₱454,178	₱456,493	₱30,757	(₱413)	₱14,544,666	₱189,950	(₱134,014)	₱30,663,353	₱3,668,654	₱34,332,007	

See accompanying Notes to Unaudited Consolidated Financial Statements.

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**  
**(Amounts in Thousands)**

	2022	2021
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱6,904,564</b>	₱4,965,395
Adjustments for:		
Equity in net income of associates (Note 9)	<b>(1,092,792)</b>	(244,056)
Depreciation, amortization and depletion (Notes 8 and 24)	<b>813,583</b>	790,308
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 27)	<b>509,122</b>	42,648
Write-off of input Value Added Tax (VAT; Note 27)	<b>30,177</b>	-
Sale of financial assets at FVOCI (Note 27)	<b>1,609</b>	(1,817)
Sale of property and equipment (Note 27)	<b>(262)</b>	-
Unrealized foreign exchange gains - net	<b>(176,036)</b>	(31,278)
Interest expense (Notes 12 and 26)	<b>71,777</b>	70,909
Movements in:		
Pension liability	<b>52,015</b>	42,153
Deferred income	<b>(2,095)</b>	(2,095)
Interest income (Note 25)	<b>(42,969)</b>	(103,649)
Accretion of interest on:		
Lease liabilities (Notes 26 and 30)	<b>27,322</b>	27,261
Provision for mine rehabilitation and decommissioning (Notes 13 and 26)	<b>9,321</b>	5,451
Long-term payable (Note 26)	<b>153</b>	300
Dividend income (Notes 7 and 27)	<b>(28,145)</b>	(23,957)
Provisions (reversals of allowance) for impairment losses on (Note 27):		
Inventories	<b>(11,375)</b>	-
Input VAT	<b>8,092</b>	-
Deferred mine exploration cost	<b>630</b>	-
Cost of share-based payment plan (Notes 15 and 23)	<b>6,235</b>	14,904
Operating income before working capital changes	<b>7,080,926</b>	5,552,477
Decrease (increase) in:		
Trade and other receivables	<b>(1,263,706)</b>	(684,326)
Inventories	<b>(140,802)</b>	349,227
Prepayments and other current assets	<b>(444,341)</b>	(327,641)
Increase in trade and other payables	<b>784,269</b>	190,157
Net cash generated from operations	<b>6,016,346</b>	5,079,894
Income taxes paid	<b>(1,441,623)</b>	(1,204,078)
Net cash flows from operating activities	<b>4,574,723</b>	3,875,816
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Financial assets at (Note 7):		
FVTPL	<b>(1,713,142)</b>	(2,979,596)
FVOCI	<b>(502,458)</b>	(3,203,337)
Amortized cost	<b>-</b>	(200,000)
Property and equipment (Note 8)	<b>(862,687)</b>	(671,776)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVTPL	<b>1,977,297</b>	1,999,270
FVOCI	<b>1,084,683</b>	3,298,918
Amortized cost	<b>-</b>	100,000
Property and equipment	<b>271</b>	11

(Forward)

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	2022	2021
	(Unaudited)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in:		
Other noncurrent assets	(P299,282)	(P225,504)
Geothermal exploration and evaluation assets	(26,662)	(14,729)
Dividends received	283,053	23,982
Interest received	45,540	98,312
Net cash flows used in investing activities	(13,387)	(1,774,449)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends	(4,973,787)	(3,835,096)
Long-term debts	(120,844)	(37,773)
Interest	(52,331)	(52,178)
Principal portion of lease liabilities (Note 30)	(29,921)	(27,915)
Availments of long-term debt	1,370,896	13,395
Increase in other current liability	-	39,040
Net cash flows used in financing activities	(3,805,987)	(3,900,527)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>755,349</b>	<b>(1,799,160)</b>
<b>CASH AND CASH EQUIVALENTS AT JANUARY 1</b>	<b>10,826,806</b>	<b>11,835,201</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)</b>	<b>P11,582,155</b>	<b>P10,036,041</b>

*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.

*Samar Nickel Mining Resources Corporation (SNMRC)*

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

*CDTN Services Company Inc. (CDTN)*

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

connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

*Coral Pearl Developments Limited (CPDL)*

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

*La Costa Shipping and Lighterage Corporation (LCSLC)*

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

*Falck Exp Inc. (FEI)*

FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at August 4, 2022, FEI is still waiting for the approval of SEC.

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

CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. CExCI is currently not engaged in any development or commercial production activities.

*Newminco Pacific Mining Corporation (Newminco)*

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

*Taganito Mining Corporation*

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

*Rio Tuba Nickel Mining Corporation (RTN)*

RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. RTN also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Coral Bay Nickel Corporation (CBNC) up to May 2021.

*Emerging Power Inc. (EPI)*

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

*Mindoro Geothermal Power Corporation (MGPC)*

MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business. By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract (GRESK) No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro. The transfer of GRESK No. 2010-02-013 to MGPC was approved by the Department of Energy (DOE) on February 16, 2016.

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

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

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

*Biliran Holdings Inc. (BHI)*

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

*Northern Palawan Power Generation Corporation (NPPGC)*

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

*Jobin-SQM, Inc. (JSI)*

JSI was registered with the SEC on January 6, 2010, wherein the Parent Company has 38% direct ownership and 44.87% indirect ownership through EPI. JSI is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI was acquired by EPI on September 11, 2015.

In January 2019, JSI received the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) for Phases 1 and 2 - 32MW of the Solar Project, valid for a period of five (5) years from November 2016 to November 2021 until revoked or suspended. The COC was issued subsequent to the authorization granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Project to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018. In November 2021, pursuant to JSI's COC renewal application, the ERC extended the Provisional Authority to Operate (PAO) for Phases 1 and 2 for a period of one (1) year or up to November 2022.

In June 2021, the ERC granted a PAO for JSI's Phase 3A - 30MW for one (1) year or up to June 2022. JSI's Phase 3B - 38MW was completed and energization starts in June 2022. Currently, the applications for COC for Phase 3A and 3B are on-going. As at June 30, 2022, Phases 1, 2 and 3 of the Solar Project with total capacity of 100MW are in commercial operations.

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

*Biliran Geothermal Inc. (BGI)*

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

As at June 30, 2022, there are a total of eight (8) wells drilled, with vertical, deviated or directional well tracks. BGI has continued to conduct activities for maintenance of the existing wells and secure the necessary permits and licenses related to the project.

Coronavirus Disease (COVID-19) Outbreak

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

Philippines. On September 16, 2020, PP No. 1021 was signed, extending the period of State of Calamity throughout the Philippines until September 12, 2021.

These have caused disruptions to businesses and economic activities; however, the Group has determined that these series of events have not materially affected its financial position as at June 30, 2022 and December 31, 2021 and its financial performance and cash flows for the periods then ended.

As at August 4, 2022, Metro Manila is under Alert level 1.

The unaudited interim condensed consolidated financial statements as at June 30, 2022 and December 31, 2021 and for the six-month period ended June 30, 2022 and 2021, were authorized for issuance by the Parent Company's BOD on August 4, 2022.

## 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 June 30, 2022 and for the six-month period ended June 30, 2022 and 2021 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, 2021.

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	
			June 30, 2022	June 30, 2021
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
CDTN	Philippines	Services	100.00%	100.00%
CPDL	BVI	Services	100.00%	100.00%
LCSLC <sup>(a)</sup>	Philippines	Services	100.00%	100.00%

(Forward)

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2022	June 30, 2021
<i>Subsidiaries</i>				
FEI <sup>(b)</sup>	Philippines	Mining	<b>88.00%</b>	88.00%
EPI	Philippines	Renewable Energy Developer	<b>86.29%</b>	86.29%
MGPC <sup>(c)</sup>	Philippines	Renewable Energy Developer	<b>86.29%</b>	86.29%
BHI <sup>(c)</sup>	Philippines	Services	<b>86.29%</b>	86.29%
NPPGC <sup>(c)</sup>	Philippines	Power Generation	<b>86.29%</b>	86.29%
JSI <sup>(c, d)</sup>	Philippines	Power Generation	<b>82.87%</b>	82.87%
CExCI	Philippines	Mining	<b>71.25%</b>	71.25%
Newminco <sup>(e)</sup>	Philippines	Mining	<b>71.25%</b>	71.25%
TMC	Philippines	Mining and Services	<b>65.00%</b>	65.00%
RTN	Philippines	Mining and Services	<b>60.00%</b>	60.00%
BGI <sup>(c)</sup>	Philippines	Power Generation	<b>51.77%</b>	51.77%
<i>Associates</i>				
THNC	Philippines	Manufacturing	<b>10.00%</b>	10.00%
CBNC	Philippines	Manufacturing	<b>10.00%</b>	10.00%

(a) Indirect ownership through HMC

(b) Indirect ownership through HMC, CMC and TMC

(c) Indirect ownership through EPI

(d) Partially disposed to NAC on March 29, 2021

(e) Indirect ownership through CExCI

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

### *Subsidiaries*

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and

expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

#### *NCI*

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

#### Statement of Compliance

The unaudited interim condensed consolidated financial statements of the Group have been prepared in compliance with PAS 34, *Interim Financial Reporting*.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2021, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2022. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to Philippine Financial Reporting Standards (PFRSs) 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of PFRS, Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

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

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

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

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

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

#### *Effective beginning on or after January 1, 2024*

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

#### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

#### *Deferred Effectivity*

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

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2022. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

### **3. Seasonality of Operations**

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

#### 4. Cash and Cash Equivalents

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and with banks	₱2,739,818	₱1,371,315
Cash under managed funds	1,591,869	729,572
Cash equivalents	7,250,468	8,725,919
	<b>₱11,582,155</b>	<b>₱10,826,806</b>

#### 5. Trade and Other Receivables

Trade and other receivables amounting to ₱33.8 million and ₱33.1 million as at June 30, 2022 and December 31, 2021, respectively, were impaired and fully provided for with allowance for expected credit losses (ECL).

The aging analysis of the Group's trade and other receivables as at June 30, 2022 and December 31, 2021 are summarized below:

June 30, 2022 (Unaudited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
<b>Trade and other receivables:</b>				
Trade (see Note 29)	₱2,198,970	₱377,072	₱21,066	₱2,597,108
Current portion of loan receivable	147,705	-	-	147,705
Advances to officers and employees	45,211	3,791	288	49,290
Interest receivable	13,063	-	-	13,063
Amounts owed by related parties (see Note 29)	3,982	-	4,228	8,210
Dividend receivables	343	-	-	343
Others	82,511	104,675	8,191	195,377
<b>Total</b>	<b>₱2,491,785</b>	<b>₱485,538</b>	<b>₱33,773</b>	<b>₱3,011,096</b>

December 31, 2021 (Audited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
<b>Trade and other receivables:</b>				
Trade (see Note 29)	₱1,069,832	₱175,530	₱20,405	₱1,265,767
Current portion of loan receivable	202,772	-	-	202,772
Advances to officers and employees	41,004	2,727	288	44,019
Interest receivable	15,633	-	-	15,633
Amounts owed by related parties (see Note 29)	4,193	-	4,228	8,421
Dividend receivables	255,251	-	-	255,251
Others	110,026	94,128	8,191	212,345
<b>Total</b>	<b>₱1,698,711</b>	<b>₱272,385</b>	<b>₱33,112</b>	<b>₱2,004,208</b>

## 6. Inventories

As at June 30, 2022 and December 31, 2021, inventories amounting to ₱74.4 million and ₱85.8 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. For the six months ended June 30, 2022 and 2021, the reversals of allowance for impairment losses on inventories amounted to ₱11.4 million and nil, respectively, and there was no provision for impairment losses on inventories.

As at June 30, 2022 and December 31, 2021, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱205.4 million and ₱140.7 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱415.8 million and ₱309.4 million, respectively.

## 7. Financial Assets

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	₱3,979,050	₱532,400	₱460,000	₱3,459,091	₱1,122,284	₱460,000
Equity securities	978,608	-	-	2,040,037	-	-
Unquoted equity instruments	498,765	-	-	498,765	-	-
	<b>₱5,456,423</b>	<b>₱532,400</b>	<b>₱460,000</b>	<b>₱5,997,893</b>	<b>₱1,122,284</b>	<b>₱460,000</b>

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

The movements in financial assets follow:

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Balances at January 1	₱5,997,893	₱1,122,284	₱460,000	₱3,753,448	₱2,548,760	₱210,000
Additions	1,713,142	502,458	-	5,721,442	5,467,059	350,000
Disposals	(1,977,297)	(1,086,292)	-	(3,640,683)	(6,839,370)	-
Redemption	-	-	-	-	-	(100,000)
Effect of changes in foreign exchange rate	231,807	-	-	94,282	-	-
Net valuation gains (losses) on financial assets	(509,122)	(6,050)	-	69,404	(54,165)	-
Balances at end of period	5,456,423	532,400	460,000	5,997,893	1,122,284	460,000
Less noncurrent portion	718,683	-	460,000	731,813	-	460,000
Current portion	<b>₱4,737,740</b>	<b>₱532,400</b>	<b>₱-</b>	<b>₱5,266,080</b>	<b>₱1,122,284</b>	<b>₱-</b>

For the six months ended June 30, 2022 and 2021, dividend income from equity securities amounted to ₱28.1 million and ₱24.0 million, respectively (see Note 27), while interest

income from debt securities amounted to ₱19.4 million and ₱87.9 million, respectively (see Note 25).

## 8. Property and Equipment

During the six-month period ended June 30, 2022 and 2021, the Group acquired assets with a cost of ₱862.7 million and ₱671.8 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the six months ended June 30, 2022 and 2021 amounted to ₱783.5 million and ₱775.9 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 June 30, 2022 and December 31, 2021 (see Note 12).

## 9. Investments in Associates

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
THNC	₱3,927,763	₱2,904,105
CBNC	1,457,955	908,449
	<b>₱5,385,718</b>	<b>₱3,812,554</b>

The movements in investments in associates follow:

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Cost at January 1	₱1,974,700	₱724,410	₱2,699,110	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	392,588	(65,307)	327,281	(19,854)	39,092	19,238
Equity in net income	773,829	318,963	1,092,792	412,442	145,421	557,863
Dividends declared	-	-	-	-	(249,820)	(249,820)
	<b>1,166,417</b>	<b>253,656</b>	<b>1,420,073</b>	392,588	(65,307)	327,281
Share in cumulative translation adjustment:						
Balances at January 1	536,817	249,346	786,163	391,806	83,757	475,563
Movements	249,829	230,543	480,372	145,011	165,589	310,600
	<b>786,646</b>	<b>479,889</b>	<b>1,266,535</b>	536,817	249,346	786,163
Balances at end of period	<b>₱3,927,763</b>	<b>₱1,457,955</b>	<b>₱5,385,718</b>	₱2,904,105	₱908,449	₱3,812,554

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱259.0 million and ₱186.9 million as at June 30, 2022 and December 31, 2021, respectively.

### ***THNC***

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

### ***CBNC***

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. Aside from supplying ore and limestone, RTN also provided ancillary services to Coral Bay HPAL facility until May 2021. Then starting June 2021, CDTN took over and provides ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱36,896.6 million and ₱32,846.6 million, respectively, as at June 30, 2022, and ₱26,660.0 million and ₱27,351.5 million, respectively, as at December 31, 2021. The results of THNC's and CBNC's operations were net income of ₱7,738.3 million and ₱3,189.6 million, respectively, for the six months ended June 30, 2022, and ₱1,463.7 million and ₱976.9 million, respectively, for the six months ended June 30, 2021. The Parent Company's share in cumulative translation adjustment amounted to ₱1,007.5 million and ₱599.2 million as at June 30, 2022 and December 31, 2021, respectively, and its equity in net income of associates amounted to ₱1,092.8 million and ₱244.1 million for the six months ended June 30, 2022 and 2021, respectively.

## **10. Geothermal Exploration and Evaluation Assets**

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

As at June 30, 2022 and December 31, 2021, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

## **11. Trade and Other Payables**

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGIPL) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 29), are noninterest-bearing and are generally settled in one (1) year. Government payables include

withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, and fringe benefit tax which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore, limestone and quarry materials were shipped/delivered. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

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

### Short-term debts

#### *SBC*

On September 29, 2020, SBC approved the renewal of EPI's original loan facility to the extent of ₱1,500.0 million. On July 20, 2020 and September 10, 2020, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively. Proceeds of the loan drawdowns were used by EPI to settle the promissory notes under the original SBC loan facility, which matured in 2020.

At maturity date, EPI requested another approval from SBC for the renewal of their original loan facility to the extent of ₱1,500.0 million. On July 15, 2021 and September 3, 2021, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively, which was used to settle the promissory notes under the original SBC loan facility, which matured in 2021.

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

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 15, 2021	July 8, 2022	4.50%	₱300,000	₱2,207
Second	September 3, 2021	August 26, 2022	4.50%	1,200,000	8,803
				₱1,500,000	₱11,010

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(1,485)	(7,084)
Balances at end of period	₱1,498,515	₱1,492,916

Interest incurred in connection with the loans amounted to ₱39.5 million and ₱48.9 million for the six months ended June 30, 2022 and 2021, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts for the six months ended June 30, 2022 and 2021.

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at June 30, 2022 and December 31, 2021, EPI has been compliant with the covenants contained in the loan facility and agreements.

#### Long-term debts

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
TMC	P865,856	P847,858
JSI	1,396,951	108,501
	<b>2,262,807</b>	956,359
Less noncurrent portion:		
TMC	769,650	758,610
JSI	1,396,951	108,501
	<b>2,166,601</b>	867,111
Current portion	<b>P96,206</b>	P89,248

#### TMC Loan

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

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

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real

rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at June 30, 2022 and December 31, 2021, TMC is in compliance with the restrictions.

Interest expense for the six months ended June 30, 2022 and 2021 amounted to ₱11.8 million and ₱9.7 million, respectively (see Notes 26 and 29).

### JSI Loans

#### *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.

Details of the drawdowns are as follows:

Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 23, 2020	June 17, 2025	5.00%	₱60,806	₱456
Second	August 27, 2020	June 17, 2025	5.00%	24,127	181
Third	November 23, 2020	June 17, 2025	5.00%	10,761	81
Fourth	February 26, 2021	June 17, 2025	5.00%	13,422	101
Fifth	January 17, 2022	June 17, 2025	5.00%	124,861	936
Sixth	June 20, 2022	June 17, 2025	5.00%	25,901	194
				₱259,878	₱1,949

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans payable	₱259,878	₱109,116
Less payments of loan	(83,071)	-
Less unamortized debt issue cost	(1,150)	(615)
Balances at end of period	₱175,657	₱108,501

#### *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 as Share Collateral Security Grantors and Sponsors. Pursuant to the OLSA, ICBC and SBC granted a 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 29, 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	₱28,735

\*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 sale or dispose any assets;
- 8) To withdraw from the debt service reserve account, except in accordance with the financing documents.

As at June 30, 2022, JSI has been compliant with the covenants contained in the OLSA.

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans payable	₱1,250,000	₱-
Less unamortized debt issue cost	(28,706)	-
Balances at end of period	<u>₱1,221,294</u>	<u>₱-</u>

The capitalized borrowing costs pertaining to long-term debts amounted to ₱6.1 million and ₱2.6 million for the six months ended June 30, 2022 and 2021, respectively.

### 13. Provision for Mine Rehabilitation and Decommissioning

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

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

For the six months ended June 30, 2022 and 2021, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱9.3 million and ₱5.5 million, respectively (see Note 26).

### 14. Equity

#### Capital Stock

The capital structure of the Parent Company follows:

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,685,272,117 shares		
Outstanding - 13,630,850,117 shares	<b>₱6,842,636</b>	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	<b>7,200</b>	7,200
<b>Total</b>	<b>₱6,849,836</b>	<b>₱6,849,836</b>

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

### Issued Capital Stock

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

As at June 30, 2022 and December 31, 2021, a total of 3,795,815,335 common shares and 3,910,132,966 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-six (86) and eighty-four (84) shareholders, respectively, while the balance of 9,835,034,782 common shares and 9,720,717,151 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

### Dividends

Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2022	<i>Cash Dividends</i>					
	Regular	March 10, 2022	March 24, 2022	₱2,317,245	₱0.17	April 7, 2022
	Special	March 10, 2022	March 24, 2022	681,542	0.05	April 7, 2022
2021	<i>Cash Dividends</i>					
	Regular	March 11, 2021	March 25, 2021	₱1,226,777	₱0.09	April 8, 2021
	Special	March 11, 2021	March 25, 2021	1,908,319	0.14	April 8, 2021

### Appropriation of Retained Earnings

#### *Parent Company*

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

#### *HMC*

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

### Treasury Stock

On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at June 30, 2022 and December 31, 2021, the Parent Company purchased from the market a total of 54,422,000 of its own common shares at an average price of ₱2.4625 per share or a total of ₱134.0 million.

## 15. Executive Stock Option Plan (ESOP)

### 2018 ESOP

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

1. The Plan covers up to 155.0 million shares, which was further increased to 375.0 million shares, allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its operating subsidiaries, including CExCI, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱4.38, which is equivalent to ₱2.43 after the effect of stock dividends.
4. The Plan was granted on June 15, 2018.
5. The term of the Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the Plan.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair value of the stock option is ₱2.19, which was estimated as at grant date, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

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

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

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

There have been no modifications or cancellations for the six months ended June 30, 2022 and 2021.

As at June 30, 2022 and December 31, 2021, there are 278,947,780 total option shares granted at an exercise price of ₱2.43.

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

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balances at January 1	P473,442	P441,589
Stock option expense (see Note 23)	6,235	31,853
<b>Balances at end of period</b>	<b>P479,677</b>	<b>P473,442</b>

## 16. Earnings Per Share

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

	For the six-month period ended June 30	
	2022	2021
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	P3,834,831	P2,727,146
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
<b>Basic/Diluted EPS</b>	<b>P0.28</b>	<b>P0.20</b>

## 17. Cost of Sales

	For the six-month period ended June 30	
	2022	2021
	(Unaudited)	
Cost of sale of:		
Ore	P3,340,142	P3,363,868
Limestone	76,322	119,800
Quarry materials	-	48,571
	<b>P3,416,464</b>	<b>P3,532,239</b>

Details of cost of sales follow:

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Production overhead	<b>₱1,584,805</b>	₱1,358,960
Outside services	<b>705,983</b>	817,588
Personnel costs (see Note 23)	<b>664,290</b>	620,814
Depreciation, amortization and depletion (see Note 24)	<b>450,902</b>	448,899
Long-term stockpile inventory sold	–	6,887
	<b>3,405,980</b>	3,253,148
Net changes in beneficiated nickel ore and limestone	<b>10,484</b>	279,091
	<b>₱3,416,464</b>	₱3,532,239

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

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Personnel costs (see Note 23)	<b>₱53,267</b>	₱91,004
Depreciation (see Note 24)	<b>53,190</b>	56,178
Overhead	<b>37,447</b>	41,664
Outside services	<b>28,386</b>	3,633
Equipment operating cost	<b>17,249</b>	4,110
	<b>₱189,539</b>	₱196,589

#### 19. Cost of Power Generation

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Depreciation and amortization (see Note 24)	<b>₱132,432</b>	₱126,484
Overhead	<b>23,895</b>	28,623
Outside services	<b>12,575</b>	7,946
Personnel costs (see Note 23)	<b>11,393</b>	12,273
Materials and supplies	<b>3,122</b>	4,435
	<b>₱183,417</b>	₱179,761

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

## 20. Excise Taxes and Royalties

	For the six-month period ended June 30	
	2022	2021
	(Unaudited)	
Royalties	P523,029	P557,260
Excise taxes	442,675	417,367
	<b>P965,704</b>	<b>P974,627</b>

## 21. Shipping and Loading Costs

	For the six-month period ended June 30	
	2022	2021
	(Unaudited)	
Outside services	P496,253	P686,696
Materials and supplies	223,637	195,155
Depreciation and amortization (see Note 24)	74,663	74,053
Personnel costs (see Note 23)	52,922	56,317
Other services and fees	18,053	42,648
	<b>P865,528</b>	<b>P1,054,869</b>

## 22. General and Administrative Expenses

	For the six-month period ended June 30	
	2022	2021
	(Unaudited)	
Personnel costs (see Note 23)	P217,144	P201,525
Depreciation and amortization (see Note 24)	98,478	80,530
Taxes and licenses	67,408	51,382
Outside services	41,484	26,820
Professional fees	31,055	19,359
Supplies	27,611	13,394
Donation	20,131	–
Dues and subscriptions	17,626	12,693
Transportation and travel	14,049	10,123
Publicity and promotions	13,235	12,948
Communications, light and water	8,684	11,075
Entertainment, amusement and recreation	5,765	2,835
Repairs and maintenance	3,417	6,491
Rentals	501	4,928
Others	28,795	25,152
	<b>P595,383</b>	<b>P479,255</b>

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

### 23. Personnel Costs

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Salaries, wages and employee benefits	<b>₱992,781</b>	₱967,029
Cost of share-based payment plan (see Note 15)	<b>6,235</b>	14,904
	<b>₱999,016</b>	₱981,933

The amounts of personnel costs are distributed as follows:

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Cost of :		
Sales (see Note 17)	<b>₱664,290</b>	₱620,814
Services (see Note 18)	<b>53,267</b>	91,004
Power generation (see Note 19)	<b>11,393</b>	12,273
General and administrative (see Note 22)	<b>217,144</b>	201,525
Shipping and loading costs (see Note 21)	<b>52,922</b>	56,317
	<b>₱999,016</b>	₱981,933

### 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:

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Cost of:		
Sales (see Note 17)	<b>₱450,902</b>	₱448,899
Power generation (see Note 19)	<b>132,432</b>	126,484
Services (see Note 18)	<b>53,190</b>	56,178
General and administrative (see Note 22)	<b>98,478</b>	80,530
Shipping and loading costs (see Note 21)	<b>74,663</b>	74,053
Others	<b>3,918</b>	4,164
	<b>₱813,583</b>	₱790,308

The above is distributed as follows:

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Property and equipment (see Note 8)	<b>₱783,453</b>	₱775,855
Computer software under "Other noncurrent assets"	<b>30,130</b>	14,453
	<b>₱813,583</b>	₱790,308

## 25. Finance Income

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Interest income from:		
Financial assets at (see Note 7):		
FVOCI	<b>₱10,936</b>	₱68,141
Amortized cost	<b>6,888</b>	3,712
FVTPL	<b>1,546</b>	16,012
Cash and cash equivalents and others	<b>18,999</b>	6,899
Loans	<b>3,905</b>	8,190
Long-term negotiable instruments	<b>695</b>	695
	<b>₱42,969</b>	₱103,649

## 26. Finance Expenses

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 12)	<b>₱39,537</b>	₱48,950
Pension	<b>20,468</b>	12,232
Long-term debts (see Notes 12 and 29)	<b>11,772</b>	9,727
Accretion of interest on:		
Lease liabilities (see Note 30)	<b>27,322</b>	27,261
Provision for mine rehabilitation and decommissioning (see Note 13)	<b>9,321</b>	5,451
Long-term payable	<b>153</b>	300
Guarantee service fee (see Note 29)	<b>18,253</b>	17,950
	<b>₱126,826</b>	₱121,871

## 27. Other Income (Charges) - Net

	<b>For the six-month period ended June 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Foreign exchange gains - net	<b>₱863,480</b>	₱190,631
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	<b>(509,122)</b>	(42,648)
Write-off of input VAT	<b>(30,177)</b>	-
Sale of financial assets at FVOCI	<b>(1,609)</b>	1,817
Sale of property and equipment	<b>262</b>	-
Rentals and accommodations	<b>28,626</b>	28,089
Dividend income (see Note 7)	<b>28,145</b>	23,957
Reversals of allowance (provisions) for impairment losses on:		
Inventories (see Note 6)	<b>11,375</b>	-
Input VAT	<b>(8,092)</b>	-
Deferred mine exploration cost	<b>(630)</b>	-
Trust fee	<b>(13,243)</b>	(11,933)
Others	<b>9,852</b>	27,036
	<b>₱378,867</b>	₱216,949

## 28. Revenue from Contracts with Customers

### Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by location of the customers for sale of ore, limestone and quarry materials, type of services rendered for sale of services and others and source of electricity for sale of power for the six months ended June 30, 2022 and 2021:

	<b>For the six-month period ended June 30, 2022</b>			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	<b>₱6,368,674</b>	<b>₱4,052,442</b>	<b>₱545,475</b>	<b>₱10,966,591</b>
Limestone	-	<b>98,508</b>	-	<b>98,508</b>
	<b>₱6,368,674</b>	<b>₱4,150,950</b>	<b>₱545,475</b>	<b>₱11,065,099</b>
	For the six-month period ended June 30, 2021			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	₱7,492,320	₱1,959,386	₱749,392	₱10,201,098
Limestone	-	150,720	-	150,720
	₱7,492,320	₱2,110,106	₱749,392	₱10,351,818

<b>For the six-month period ended June 30</b>		
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
<b>Services and others (see Note 29)</b>		
Materials handling and others	<b>₱415,448</b>	₱328,884
Sale of quarry materials	–	82,362
	<b>₱415,448</b>	<b>₱411,246</b>
<b>Sale of power</b>		
Solar	<b>₱216,293</b>	₱164,789
Diesel	<b>80,612</b>	83,077
	<b>₱296,905</b>	<b>₱247,866</b>

## 29. Related Party Transactions

Set out below are the Group's transactions with related parties for the six-month period ended June 30, 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at June 30, 2022 (Unaudited) and December 31, 2021 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 12)		Terms	Conditions
	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		
<i>Stockholders</i>														
<b>Pacific Metals Co., Ltd.</b>														
Sale of ore	₱545,475	₱657,857	₱158,273	₱119,426	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	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	1,592	-	-	579	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A
<b>Sumitomo Metal Mining Co., Ltd.</b>														
Sale of ore	-	91,535	-	-	-	-	-	-	-	-	-	-	Collectible upon billing; non-interest bearing	A
Guarantee service fee (see Note 26)	18,253	17,950	-	-	10,687	10,547	-	-	-	-	-	-	Every twenty first (21st) of February, March, August and September	A
<i>With Common Stockholders</i>														
<b>Manta Equities, Inc.</b>														
Rentals, dues and utilities	22,899	21,212	-	-	845	686	-	-	-	-	-	-	Payable upon billing; noninterest-bearing	A

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 12)		Terms	Conditions
	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		
<b>Manta Equities, Inc.</b>														
Rental deposits	<b>₱9,129</b>	₱9,129	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	<b>₱-</b>	₱-	Collectible at the end of the lease; noninterest-bearing	A
Short-term advances	<b>37</b>	-	-	-	-	-	-	1	-	-	-	-	Collectible upon billing; noninterest-bearing	A
<i>Associates</i>														
<b>CBNC</b>														
Sale of ore and limestone	<b>1,736,983</b>	942,897	<b>656,411</b>	315,433	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Materials handling	<b>190,156</b>	113,909	<b>86,640</b>	32,239	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	A
Infralase and throughput	-	2,378	<b>20,607</b>	6,024	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	A
Other income	<b>23,309</b>	51,438	<b>70,427</b>	93,079	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A
<b>THNC</b>														
Sale of ore	<b>2,402,568</b>	1,130,171	<b>446,297</b>	186,900	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Sale of quarry materials	-	82,362	-	10,144	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Rendering of service	<b>59,120</b>	58,767	<b>31,397</b>	27,824	-	-	-	-	-	-	-	-	Semi-annual term; noninterest-bearing	A

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 12)		Terms	Conditions
	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		
<b>THNC</b>														
Materials handling	<b>₱149,894</b>	₱131,832	<b>₱33,244</b>	₱13,456	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Fifteen (15) days term; noninterest-bearing	A
Rental income	<b>2,484</b>	3,471	<b>110</b>	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A
Rental deposit	-	-	-	-	<b>3,472</b>	3,352	-	-	-	-	-	-	Collectible at the end of the lease term; noninterest-bearing	A
Loan facility	-	-	-	-	-	-	-	-	-	-	<b>865,856</b>	847,858	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	B
Interest expense on long-term debt (see Notes 12 and 26)	<b>11,772</b>	9,727	-	-	<b>5,872</b>	3,582	-	-	-	-	-	-	Payable semi-annually on April 10 and October 10	A
Short-term advances	-	-	-	-	-	-	<b>3,297</b>	3,507	-	-	-	-	Collectible/payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at June 30, 2022 and December 31, 2021	A

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 12)		Terms	Conditions
	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		
<i>Affiliates</i>														
<b>OGIPL</b>														
Short-term advances	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱2,341,587	₱2,341,587	₱-	₱-	Collectible upon billing; noninterest-bearing	A
<b>Orka Geothermal Holdings, Inc.</b>														
Short-term advances	-	-	-	-	-	-	666	666	2,225,413	2,225,413	-	-	Collectible upon billing; noninterest-bearing	A
<b>BGHI</b>														
Short-term advances	-	-	-	-	-	-	19	19	908,049	908,049	-	-	Collectible upon billing; noninterest-bearing	A
<b>TBEA</b>														
Loan facility	149,632	13,321	-	-	-	-	-	-	-	-	175,657	108,501	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5.00% p.a.	A
Interest expense on long-term debt (see Note 12)	5,600	2,637	-	-	2,887	7,264	-	-	-	-	-	-	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	A
			<b>₱1,503,406</b>	₱805,104	<b>₱23,763</b>	₱25,431	<b>₱3,982</b>	₱4,193	<b>₱5,475,049</b>	₱5,475,049	<b>₱1,041,513</b>	₱956,359		

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

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at June 30, 2022 and December 31, 2021 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash. Except for the guarantee on THNC's, 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 six months ended June 30, 2022 and 2021 amounted to about ₱169.1 million and ₱155.8 million, respectively.

### 30. Leases

The lease liabilities as at June 30, 2022 and December 31, 2021, discounted using incremental borrowing rate, are as follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Lease liabilities	₱611,555	₱613,944
Less noncurrent portion	587,359	578,190
Current portion	₱24,196	₱35,754

The rollforward analysis of lease liabilities as at June 30, 2022 and December 31, 2021 follows:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balances at January 1	₱613,944	₱615,904
Accretion of interest (see Note 26)	27,322	54,554
Payments	(29,921)	(56,514)
Addition	210	-
Balances at end of period	₱611,555	₱613,944

For the six months ended June 30, 2022 and 2021, accretion of interest on lease liabilities amounted to ₱27.3 million (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱21.2 million and ₱21.1 million, respectively.

### 31. Income Taxes

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

	<b>For the six-month period ended June 30</b>	
	2022	2021
	(Unaudited)	
Current	<b>₱1,603,266</b>	₱954,963
Deferred	<b>(44,138)</b>	149,025
	<b>₱1,559,128</b>	₱1,103,988

### 32. Financial Instruments

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

#### *Cash and Cash Equivalents and Short-term Cash Investments*

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

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

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

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

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

#### *Financial Assets at Amortized Cost*

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

#### *Loan Receivable*

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

#### *Long-term Negotiable Instruments*

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

*Long-term Debt and Long-term Payable*

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

Fair Value Hierarchy of Financial Instruments

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

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

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>						
<i>Financial assets at:</i>						
FVTPL	P4,962,545	P-	P493,878	P5,504,015	P-	P493,878
FVOCI	532,400	-	-	1,122,284	-	-
	<b>P5,494,945</b>	<b>P-</b>	<b>P493,878</b>	<b>P6,626,299</b>	<b>P-</b>	<b>P493,878</b>

As at June 30, 2022 and December 31, 2021, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at June 30, 2022 and December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### 33. Business Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite and limonite ore, limestone and quarry materials.

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

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group is also using net income (loss) in evaluating total performance. Net income is the performance

of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company.

Segment assets include all operating assets used by a segment and consist principally of cash and cash equivalents, trade and other receivables, inventories, financial assets at FVTPL, at FVOCI and at amortized cost, prepayments and other current assets, property and equipment, investments in associates, geothermal exploration and evaluation assets, long-term stockpile inventory and other noncurrent assets. Segment liabilities include all operating liabilities and consist principally of trade and other payables, short-term and long-term debts and other liabilities. Segment assets and liabilities do not include deferred income taxes.

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

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

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

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

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	June 30, 2022 (Unaudited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others		
External customers	P738,722	P872,068	P5,421,509	P4,012,275	P20,525	P216,293	P80,612	P415,448	P-	P-	P-	P11,777,452
Inter-segment revenues	-	-	-	-	-	-	-	6,015	-	424,888	(430,903)	-
<b>Total revenues</b>	<b>738,722</b>	<b>872,068</b>	<b>5,421,509</b>	<b>4,012,275</b>	<b>20,525</b>	<b>216,293</b>	<b>80,612</b>	<b>421,463</b>	<b>-</b>	<b>424,888</b>	<b>(430,903)</b>	<b>11,777,452</b>
Cost of sales	245,467	498,338	1,569,593	1,085,779	17,287	-	-	-	-	-	-	3,416,464
Cost of services	-	-	-	-	-	-	-	189,539	-	-	-	189,539
Cost of power generation	-	-	-	-	-	135,386	48,031	-	-	-	-	183,417
Excise taxes and royalties	66,485	154,792	542,151	200,614	1,026	636	-	-	-	-	-	965,704
Shipping and loading costs	138,235	163,866	385,940	159,441	13,290	-	-	-	4,756	-	-	865,528
Marketing	-	30,522	14,133	-	-	-	-	-	-	-	-	44,655
<b>Segment operating earnings (loss)</b>	<b>P288,535</b>	<b>P24,550</b>	<b>P2,909,692</b>	<b>P2,566,441</b>	<b>(P11,078)</b>	<b>P80,271</b>	<b>P32,581</b>	<b>P231,924</b>	<b>(P4,756)</b>	<b>P424,888</b>	<b>(P430,903)</b>	<b>P6,112,145</b>
General and administrative	P39,958	P25,081	P47,421	P47,366	P82,401	P46,731	P-	P12,902	P-	P293,523	P-	P595,383
Finance income	P1,038	P4,373	P2,401	P12,100	P4	P79	P1,001	P155	P-	P21,818	P-	P42,969
Finance expenses	P98	P2,042	P16,845	P8,789	P8	P65,681	P-	P11,772	P-	P21,591	P-	P126,826
Provision for (benefit from) income tax	P57,859	P11,281	P726,435	P635,056	(P23,293)	P4,330	P-	P-	(P1,189)	P148,649	P-	P1,559,128
Net income (loss) attributable to equity holders of the parent	P213,216	P15,906	P1,507,107	P1,318,265	(P70,103)	(P23,963)	P33,581	P149,528	P-	P691,294	P-	P3,834,831
Segment assets	P1,353,480	P2,161,629	P10,512,437	P7,329,086	P1,522,305	P14,730,211	P771,355	P275,114	P16,624	P15,834,581	P-	P54,506,822
Deferred income tax assets - net	37,243	24,400	44,054	83,262	129,335	1,047	-	-	-	20,341	-	339,682
<b>Total assets</b>	<b>P1,390,723</b>	<b>P2,186,029</b>	<b>P10,556,491</b>	<b>P7,412,348</b>	<b>P1,651,640</b>	<b>P14,731,258</b>	<b>P771,355</b>	<b>P275,114</b>	<b>P16,624</b>	<b>P15,854,922</b>	<b>P-</b>	<b>P54,846,504</b>
Segment liabilities	P390,494	P443,127	P3,604,727	P1,829,212	P194,063	P9,079,287	P13,976	P52,787	P-	P510,199	P-	P16,117,872
Deferred income tax liabilities - net	-	-	-	68,544	136,754	99,187	-	-	4,294	260,503	-	569,282
<b>Total liabilities</b>	<b>P390,494</b>	<b>P443,127</b>	<b>P3,604,727</b>	<b>P1,897,756</b>	<b>P330,817</b>	<b>P9,178,474</b>	<b>P13,976</b>	<b>P52,787</b>	<b>P4,294</b>	<b>P770,702</b>	<b>P-</b>	<b>P16,687,154</b>
<i>Other segment information:</i>												
Capital expenditures	P54,603	P43,218	P169,906	P40,072	P5,709	P525,479	P4,274	P13,795	P-	P5,631	P-	P862,687
Depreciation, amortization and depletion	P59,351	P89,965	P330,170	P132,766	P21,224	P106,722	P27,659	P1,080	P4,756	P39,890	P-	P813,583

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

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	June 30, 2021 (Unaudited)											Eliminations	Total
	Mining					Power		Services					
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	P-		
External customers	₱904,440	₱1,704,287	₱3,988,878	₱3,836,576	₱-	₱164,789	₱83,077	₱328,883	₱-	₱-	₱-	₱-	₱11,010,930
Inter-segment revenues	-	-	-	-	-	-	-	-	-	398,845	-	(398,845)	-
Total revenues	904,440	1,704,287	3,988,878	3,836,576	-	164,789	83,077	328,883	-	398,845	-	(398,845)	11,010,930
Cost of sales	541,481	562,691	1,375,907	1,052,160	-	-	-	-	-	-	-	-	3,532,239
Cost of services	-	-	-	-	-	-	-	196,589	-	-	-	-	196,589
Cost of power generation	-	-	-	-	-	128,554	51,207	-	-	-	-	-	179,761
Excise taxes and royalties	81,400	302,511	398,887	191,829	-	-	-	-	-	-	-	-	974,627
Shipping and loading costs	114,842	231,795	477,840	225,636	-	-	-	-	4,756	-	-	-	1,054,869
Marketing	-	59,650	11,328	-	-	-	-	-	-	-	-	-	70,978
<b>Segment operating earnings (loss)</b>	<b>₱166,717</b>	<b>₱547,640</b>	<b>₱1,724,916</b>	<b>₱2,366,951</b>	<b>₱-</b>	<b>₱36,235</b>	<b>₱31,870</b>	<b>₱130,007</b>	<b>(₱4,756)</b>	<b>₱423,330</b>	<b>₱-</b>	<b>(₱398,845)</b>	<b>₱5,024,065</b>
General and administrative	₱32,419	₱25,684	₱44,386	₱41,062	₱65,064	₱28,532	₱-	₱2,120	₱-	₱239,988	₱-	₱-	₱479,255
Finance income	₱360	₱9,155	₱2,101	₱1,859	₱14	₱54	₱43	₱6	₱-	₱90,057	₱-	₱-	₱103,649
Finance expenses	₱196	₱2,316	₱9,215	₱5,206	₱17	₱73,826	₱-	₱9,727	₱-	₱21,368	₱-	₱-	₱121,871
Provision for (benefit from) income tax	₱25,547	₱92,251	₱343,077	₱512,592	₱-	₱729	₱-	₱23	(₱1,189)	₱130,958	₱-	₱-	₱1,103,988
Net income (loss) attributable to equity holders of the parent	₱111,607	₱458,263	₱953,106	₱1,186,051	(₱65,067)	(₱29,813)	₱31,918	₱77,511	₱-	₱3,570	₱-	₱-	₱2,727,146
Segment assets	₱1,375,673	₱3,448,508	₱10,286,590	₱5,955,121	₱1,389,938	₱12,934,230	₱792,128	₱31,834	₱34,755	₱12,458,990	₱-	₱-	₱48,707,767
Deferred income tax assets - net	43,400	31,261	30,443	131,701	88,256	364	-	-	-	85,113	-	-	410,538
<b>Total assets</b>	<b>₱1,419,073</b>	<b>₱3,479,769</b>	<b>₱10,317,033</b>	<b>₱6,086,822</b>	<b>₱1,478,194</b>	<b>₱12,934,594</b>	<b>₱792,128</b>	<b>₱31,834</b>	<b>₱34,755</b>	<b>₱12,544,103</b>	<b>₱-</b>	<b>₱-</b>	<b>₱49,118,305</b>
Segment liabilities	₱319,785	₱694,854	₱3,175,552	₱1,635,790	₱175,524	₱7,688,219	₱7,450	₱6,888	₱-	₱625,430	₱-	₱-	₱14,329,492
Deferred income tax liabilities	-	-	-	82,586	164,105	97,858	-	-	10,664	101,593	-	-	456,806
<b>Total liabilities</b>	<b>₱319,785</b>	<b>₱694,854</b>	<b>₱3,175,552</b>	<b>₱1,718,376</b>	<b>₱339,629</b>	<b>₱7,786,077</b>	<b>₱7,450</b>	<b>₱6,888</b>	<b>₱10,664</b>	<b>₱727,023</b>	<b>₱-</b>	<b>₱-</b>	<b>₱14,786,298</b>
<i>Other segment information:</i>													
Capital expenditures	₱36,185	₱56,328	₱175,459	₱98,912	₱25,427	₱276,735	₱-	₱46	₱-	₱2,684	₱-	₱-	₱671,776
Depreciation, amortization and depletion	₱58,319	₱89,559	₱320,536	₱129,437	₱22,737	₱100,325	₱27,790	₱2	₱4,756	₱36,847	₱-	₱-	₱790,308

The Group has revenues from external customers as follows:

Country of Domicile	<b>For the six-month period ended June 30</b>	
	2022	2021
	(Unaudited)	
China	<b>₱6,368,674</b>	₱7,492,320
Local	<b>4,863,303</b>	2,769,218
Japan	<b>545,475</b>	749,392
	<b>₱11,777,452</b>	₱11,010,930

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

Revenue arising from two key customers for the sale of ore amounted to ₱5,869.5 million and ₱7,027.9 million for the six months ended June 30, 2022 and 2021, respectively.

#### **34. Supplemental Disclosure to Consolidated Statements of Cash Flows**

In March 2021, EPI partially paid ₱500.0 million out of its outstanding loan from the Parent Company by way of dation in payment of all of EPI's rights and interest equivalent to 38% of JSI's shares of stock.

#### **35. Events after the End of the Financial Reporting Period**

On August 4, 2022, the Company's BOD approved the following:

- a. Issuance of up to \$300.0 million corporate bonds between November 2022 or the first quarter of 2023. The proceeds of the offering shall be utilized for the funding of EPI's renewable energy projects, primarily those forming part of the 1 gigawatt project to be undertaken by the EPI-Shell Overseas Investments B.V. joint venture, as well as other projects of EPI.
- b. Conversion of ₱1,054.2 million advances to equity in EPI upon approval of EPI's application for increase in authorized capital stock. Upon conversion of the ₱1,500.0 million advances that was approved by the BOD on August 4, 2017 and the additional ₱1,054.2 million advances into equity, the Company's ownership interest in EPI will increase from the current 86.29% to 93.13%.