



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 Nine Months Ended**

**September 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: SEPTEMBER 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>Php3,812.9 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 [  ]



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

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## PART I – FINANCIAL INFORMATION

### Item A. Financial Statements

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

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

#### Summary Consolidated Statements of Income

	For the Nine Months Ended September 30		Increase (Decrease)	Percent Inc (Dec)
	2022	2021		
	<i>(In Thousand Pesos)</i>			
Revenues	₱21,509,122	₱21,029,074	₱480,048	2%
Costs	(6,592,639)	(6,397,193)	195,446	3%
Operating expenses	(4,841,316)	(4,851,122)	(9,806)	0%
Finance income	94,673	136,985	(42,312)	-31%
Finance expenses	(212,475)	(180,578)	31,897	18%
Equity in net income of associates	1,023,659	340,405	683,254	201%
Other income - net	1,001,993	714,656	287,337	40%
Provision for income tax - net	(2,844,371)	(2,427,969)	416,402	17%
Net income	₱9,138,646	₱8,364,258	₱774,388	9%
Net income attributable to:				
Equity holders of the parent	₱6,903,297	₱6,172,311	₱730,986	12%
Non-controlling interests	2,235,349	2,191,947	43,402	2%
	₱9,138,646	₱8,364,258	₱774,388	9%

#### Summary Consolidated Statements of Financial Position

	September 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2022 (Unaudited)	2021 (Audited)		
	<i>(In Thousand Pesos)</i>			
Current assets	₱26,905,812	₱24,011,065	₱2,894,747	12%
Noncurrent assets	31,772,245	27,689,817	4,082,428	15%
Total assets	₱58,678,057	₱51,700,882	₱6,977,175	13%
Current liabilities	₱11,142,202	₱11,924,982	(₱782,780)	-7%
Noncurrent liabilities	4,955,058	3,446,700	1,508,358	44%
Equity attributable to equity holders of the parent	37,681,015	32,939,767	4,741,248	14%
Non-controlling interests	4,899,782	3,389,433	1,510,349	45%
Total liabilities and equity	₱58,678,057	₱51,700,882	₱6,977,175	13%

### Summary Consolidated Statements of Cash Flows

	For the Nine Months Ended September 30		Increase (Decrease)	Percent Inc (Dec)
	2022	2021		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	₱8,814,370	₱5,682,777	₱3,131,593	55%
Investing activities	(2,525,617)	(2,319,773)	205,844	9%
Financing activities	(4,562,866)	(3,944,836)	618,030	16%
Net increase (decrease) in cash and cash equivalents	1,725,887	(581,832)	2,307,719	397%
Cash and cash equivalents, beginning	10,826,806	11,835,201	(1,008,395)	-9%
Cash and cash equivalents, end	₱12,552,693	₱11,253,369	₱1,299,324	12%

### **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 nine months ended September 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.

#### **Nine months ended September 30, 2022 compared with nine months ended September 30, 2021**

##### **Revenues**

	2022	2021
	<i>(In Thousands)</i>	
Sale of ore and limestone	₱20,041,436	₱20,027,904
Services and others	951,868	629,536
Power	515,818	371,634
	₱21,509,122	₱21,029,074

Revenues during the first three quarters of 2022 were ₱21,509.1 million, higher by ₱480.0 million, or 2%, compared to ₱21,029.1 million during the same period last year.

##### *Sale of Ore*

Despite the lower ore sales volume sold during the period, revenues rose by 2% owed largely to higher nickel ore prices and favorable exchange rates.

The Group's operating mines sold a combined 12.44 million wet metric tons (WMT) of nickel ore during the first three quarters of 2022, compared to 14.44 million WMT in the same period last year.

The drop in sales volume was almost directly proportional to unrealized workable days caused by unfavorable weather that adversely affected the Group's mining operations during the current period.

The weighted average nickel ore sales price over the first three quarters of 2022 rose 5% to \$29.46 per WMT, compared with \$28.05 per WMT in the same period last year. The Group realized ₱54.22/US\$ from these nickel ore sales, a 10% increase from ₱49.17/US\$ last year.

Breaking down the ore sales, the Group exported 6.68 million WMT of saprolite and limonite ore at an average price of \$38.87 per WMT during the first three quarters of the year, compared to 8.73 million WMT at \$38.88 per WMT in the same period last year. Likewise, the Group delivered 5.76 million WMT of limonite ore to the Coral Bay and Taganito High-Pressure Acid Leach (HPAL) plants, the prices of which are linked to the London Metal Exchange (LME), and realized an average price of \$11.66 per pound of payable nickel. This compares to 5.68 million WMT at \$8.20 per pound of payable nickel during the first three quarters of 2021. Expressed in US\$ per WMT, deliveries to the two HPAL plants generated \$18.55 and \$11.54 in the first three quarters 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 2.10 million WMT of limonite ore to the Coral Bay processing plant during the first three quarters of 2022. This compares to sales of 1.29 million WMT of saprolite ore and 2.33 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 2.75 million WMT of saprolite ore and delivered 3.33 million WMT of limonite ore to the Taganito processing plant during the first three quarters of 2022. Compared to the same period last year, there were 3.60 million WMT of saprolite ore and 3.20 million WMT of limonite ore delivered to the Taganito processing plant.

The Group's Hinatuan, Cagdianao, and Dinapigue mines exported 1.18 million WMT, 1.58 million WMT, and 0.17 million WMT, respectively, of saprolite and limonite ore during the first three quarters of 2022, and 1.50 million WMT, 2.33 million WMT, and nil, respectively, during the first three quarters 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. During the first three quarters of 2022 and 2021, the Cagdianao mine delivered 0.22 million WMT and 0.17 million WMT, respectively, to the Coral Bay processing plant. The Dinapigue mine, which started its commercial operation in 2022, delivered 0.12 million WMT in the first three quarters of 2022 and 0.02 million WMT as a test shipment during the same period last year.

#### *Sale of Limestone*

Due to the 23% drop in limestone deliveries, Rio Tuba's revenue from the sale of limestone during the first three quarters of 2022 was lower by 19% at ₱168.7 million compared to ₱209.4 million during the same period last year.

#### *Services and Others*

##### *Sale of Quarry Materials*

Compared to the first three quarters of 2021, where Taganito Mining Corporation (TMC) delivered 314,167 bank cubic meters of quarry materials, there were no deliveries to Taganito HPAL Nickel Corporation (THNC) during the first three quarters of 2022, thus no revenue was recognized in the current period.

##### *Services*

Service 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, as well as usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was higher by ₱469.3 million,

from ₱482.6 million to ₱951.9 million, mainly because of the services provided in relation to CBNC's TSF-3 Project, which resulted in an overall increase of 62% in the volume of materials handled.

#### *Sale of Power*

Revenue from the sale of power during the first three quarters of 2022 amounted to ₱515.8 million, or 39% higher than last year's ₱371.6 million. Aside from the increase in the year-on-year average effective price of 2%, from ₱4.86/kilowatt hour (kWh) to ₱4.98/kWh, the generation volume by the Group's solar power plant was also higher by 56%, or by 28.29 Megawatts (MW) 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 30MW starting the second quarter of 2021, and Phase 3B, which contributed 38MW starting the third quarter of 2022.

#### **Costs**

Costs slightly went up by 3%, or ₱195.4 million, from ₱6,397.2 million to ₱6,592.6 million.

	2022	2021
	(In Thousands)	
Cost of sales	₱5,816,427	₱5,857,672
Services	489,822	279,058
Power generation	286,390	260,463
	<u>₱6,592,639</u>	<u>₱6,397,193</u>

#### *Cost of Sales*

Despite the 14% drop in sales volume caused by the late start of shipment, particularly in the Surigao mines due to unfavorable weather conditions, the cost of sales slightly decreased by 1% only to ₱5,816.4 million from ₱5,857.7 million. Aside from the drop in volume, the movement in the cost of sales was also driven by the increase in fuel costs, which increased by 85% based on the average cost per liter during the first three quarters of 2022 compared to the same period last year.

#### *Cost of Services*

The cost of services rose by 76% from ₱279.1 million to ₱489.8 million following the increase in outside services due to payments made to subcontractors for the TSF-3 project of CBNC.

#### *Cost of Power Generation*

The cost of power generation went up by 10% to ₱286.4 million from ₱260.5 million following the completion and energization of Phase 3A of the solar power project in June 2021 and Phase 3B in June 2022, which subsequently increased depreciation by 16%.

#### **Operating Expenses**

	2022	2021
	(In Thousands)	
Excise taxes and royalties	₱1,985,842	₱2,079,632
Shipping and loading costs	1,754,337	1,876,944
General and administrative	947,774	718,706
Marketing	153,363	175,840
	<u>₱4,841,316</u>	<u>₱4,851,122</u>

#### *Excise Taxes and Royalties*

Although revenue subject to excise taxes and royalties increased by 1%, the excise taxes and royalties declined by 5% to ₱1,985.8 million from ₱2,079.6 million because of the decrease in royalties paid to a claim owner of Cagdianao Mining Corporation (CMC). CMC's revenue, which was the basis for the royalty payments, was lower by 21% during the first three quarters of 2022 compared to the same period last year.

#### *Shipping and Loading Costs*

Shipping and loading costs went down by 7% because of the 23% decline in the volume of ore export sales. Compared to the same period last year, shipments 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 costs were lower in the current period.

#### *General and Administrative*

General and administrative expenses increased by 32% from ₱718.7 million to ₱947.8 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 received as a result of higher revenue during the current period. Moreover, due to the ease of pandemic restrictions, business costs are starting to normalize.

#### *Marketing*

The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 13% during the current period. The commission is based on CMC's revenue only, and CMC's revenue from the sale of ore during the first three quarters of 2022 was 21% lower compared to the same period last year.

#### **Finance Income**

Finance income significantly dropped by 31% to ₱94.7 million from ₱137.0 million as interest earned from investments in debt instruments fell from ₱110.3 million to ₱28.4 million due to significant disposals of debt investments towards the end of 2021. Moreover, as of the end of September 2022, most of the debt investments were newly acquired, and interest has not yet accrued.

#### **Finance Expenses**

Finance expenses rose by 18% during the first three quarters 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 2.96% and a significant jump in the average foreign exchange rate from ₱48.89/US\$1 to ₱53.59/US\$1.

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

Owing to the higher LME nickel price during the period, the Parent Company also recognized income from its equity share in investments in the two HPAL plants in the combined amount of ₱1,023.7 million against ₱340.4 million, or a 201% increase.

#### **Other Income - Net**

Other income - net was at ₱1,002.0 million in the first three quarters of 2022, compared to ₱714.7 million in the same period last year. The strong US\$ further enabled the Company to log a 162% hike in foreign exchange gains. The average foreign exchange rate was at ₱53.59 during the first three quarters of 2022 as against ₱48.89 during the same period last year, as a result, the Group recognized net foreign exchange gains of ₱1,539.3 million as against ₱587.2 million year-on-year. However, the increase in foreign exchange gains was partially offset by higher losses on investment valuations of ₱552.8 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, and an additional ₱17.7 million was provided with an allowance for impairment losses.

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

Due to higher taxable income and higher revenue during the current period, the net provision for income tax was higher by 17%.

#### **Net Income**

As a result of the foregoing, the consolidated net income was ₱9,138.6 million during the first three quarters of 2022, compared to ₱8,364.3 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 three quarters of the current year amounted to ₱6,903.3 million, compared to ₱6,172.3 million during the same period last year.

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

Total assets as of September 30, 2022 close at ₱58,678.1 million, compared to ₱51,700.9 million as of December 31, 2021. Current assets rose by 12% to ₱26,905.8 million from ₱24,011.1 million due to an increase in cash and cash equivalents and trade receivables as a result of higher revenues. Noncurrent assets were at ₱31,772.2 million as of September 30, 2022, up from ₱27,689.8 million as of December 31, 2021. The increase in noncurrent assets was attributable mainly to the Parent Company's equity share in the current period earnings of its associates and for its advances to Sumitomo Metal Mining Co., Ltd. (SMM) for the acquisition of additional shares of CBNC.

Current liabilities were lower by 7% from ₱11,925.0 million to ₱11,142.2 million due to payments of cash dividends in January 2022.

Noncurrent liabilities of ₱4,955.1 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 ₱1,367.7 million for the construction and expansion of Phase 3's 68MW solar project.

Equity net of non-controlling interests rose by 14% to ₱37,681.0 million due to the net effect of earnings during the current period and the impact of the translation adjustments on the balances of the associates.

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

Net cash from operating activities during the first three quarters of 2022, amounting to ₱8,814.4 million, was higher compared to ₱5,682.8 million during the same period last year due to higher collections of receivables from the sale of ore on account of higher revenues during the current period.

Net cash used for investments during the first three quarters of 2022 amounted to ₱2,525.6 million, slightly higher compared to ₱2,319.8 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 three quarters of 2022, the net acquisition cost of financial assets and property and equipment amounted to ₱743.3 million only, compared to ₱2,556.7 million incurred during the same period last year. The acquisitions last year were higher because 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 used the proceeds as additional funding for the

new offshore accounts. In 2022, the Parent Company pursued and exercised its option to purchase additional shares of CBNC from SMM, resulting in an increase in the Parent Company's equity ownership in CBNC from 10% to 15.625%.

Net cash used in financing activities increased during the first three quarters of 2022 due to higher cash dividends paid. However, the increase was partially offset by JSI's loan proceeds from TBEA, ICBC, and SBC, amounting to ₱1,367.7 million, for the expansion of Phase 3's 68MW solar project.

As of September 30, 2022 and 2021, cash and cash equivalents amounted to ₱12,552.7 million and ₱11,253.4 million, respectively.

## **KEY PERFORMANCE INDICATORS**

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

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

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

The average cost per volume of ore sold for the first three quarters of 2022 was ₱828.36/WMT on the basis of aggregate costs of ₱10,306.5 million and total sales volume of 12.44 million WMT of ore. This compares to ₱715.03/WMT during the first three quarters of 2021 on the basis of aggregate costs of ₱10,304.1 million and total sales volume of 14.41 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 three quarters of 2022 was ₱6,903.3 million compared to ₱6,172.3 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 three quarters of 2022 and 2021, there are around 25 and 22 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 the first three quarters of 2022 and 2021.

### **Liquidity and Capital Resources**

As at September 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 September 30, 2022 and December 31, 2021, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱15,763.6 million and ₱12,086.1 million, respectively. The Company expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and 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 does not generally believe that active currency hedging would provide long-term benefits to stockholders.

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

### *Equity Price Risk*

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

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

### **Seasonality of Operations**

Mining operations at the majority of the Group's mines are 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 three quarters of 2022 and 2021, HMC's tonnage consists 10% 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 September 30, 2022 and its financial performance and cash flows for the period then ended.

As at September 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 September 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 NINE MONTHS ENDED SEPTEMBER 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>2.41</b>	2.19
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	<b>1.91</b>	1.77
Solvency ratio	Total assets / Total liabilities	<b>3.65</b>	3.42
<i>B. Financial leverage ratios</i>			
Debt ratio	Total liabilities / Total assets	<b>0.27</b>	0.29
Debt-to-equity ratio	Total liabilities / Total equity	<b>0.38</b>	0.41
Asset-to-equity ratio	Total assets / Total equity	<b>1.38</b>	1.41
Interest coverage ratio	Earnings before interest and taxes / Interest expense	<b>65.95</b>	71.33
<i>C. Profitability ratios</i>			
Net profit margin	Net income / Revenue	<b>0.42</b>	0.40
Return on assets	Net income / Total assets	<b>0.16</b>	0.15
Return on equity	Net income / Total equity	<b>0.21</b>	0.21
Gross profit margin	Sales - Costs / Revenue	<b>0.69</b>	0.70
Price/earnings ratio	Price per share / EPS	<b>9.94</b>	11.71

**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

November 11, 2022



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

November 11, 2022

**NICKEL ASIA CORPORATION**  
SEC FORM 17-Q  
INDEX TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

Interim Consolidated Statements of Cash Flows for the nine-month period ended  
September 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**  
**SEPTEMBER 30, 2022**  
**(With Comparative Audited Figures as at December 31, 2021)**  
**(Amounts in Thousands)**

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱12,552,693	₱10,826,806
Trade and other receivables (Notes 5 and 29)	3,005,041	1,971,096
Inventories (Note 6)	2,566,872	2,242,932
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	5,176,517	5,266,080
Fair value through other comprehensive income (FVOCI)	489,634	1,122,284
Amortized cost	50,000	–
Prepayments and other current assets	3,065,055	2,581,867
<b>Total Current Assets</b>	<b>26,905,812</b>	<b>24,011,065</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 8)	17,380,854	17,238,357
Investments in associates (Note 9)	5,739,974	3,812,554
Geothermal exploration and evaluation assets (Note 10)	1,883,242	1,849,936
Financial assets at - net of current portion (Note 7):		
FVTPL	718,683	731,813
Amortized cost	410,000	460,000
Deferred income tax assets - net	299,039	309,746
Long-term stockpile inventory - net of current portion	42,535	42,535
Other noncurrent assets	5,297,918	3,244,876
<b>Total Noncurrent Assets</b>	<b>31,772,245</b>	<b>27,689,817</b>
<b>TOTAL ASSETS</b>	<b>₱58,678,057</b>	<b>₱51,700,882</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 11 and 29)	₱7,964,020	₱9,226,190
Short-term debts (Note 12)	1,497,696	1,492,916
Income tax payable	1,218,533	773,450
Current portion of:		
Long-term debt (Notes 12 and 29)	102,594	89,248
Lease liabilities (Note 30)	15,705	35,754
Long-term payable	6,923	6,693
Other current liability	336,731	300,731
<b>Total Current Liabilities</b>	<b>11,142,202</b>	<b>11,924,982</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debts (Notes 12 and 29)	2,212,632	867,111
Lease liabilities (Note 30)	595,331	578,190
Deferred income	38,757	41,899
Provision for mine rehabilitation and decommissioning (Note 13)	837,943	823,962
Pension liability	711,398	624,110
Deferred income tax liabilities	558,997	511,428
<b>Total Noncurrent Liabilities</b>	<b>4,955,058</b>	<b>3,446,700</b>
<b>Total Liabilities</b>	<b>16,097,260</b>	<b>15,371,682</b>

(Forward)

	September 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)	1,436,435	599,215
Cost of share-based payment plan (Note 15)	479,677	473,442
Asset revaluation surplus	30,278	30,565
Net valuation gains (losses) on financial assets at FVOCI	(3,354)	3,363
Retained earnings:		
Unappropriated	20,615,257	16,710,460
Appropriated (Note 14)	135,000	135,000
Treasury stock (Note 14)	(134,014)	(134,014)
	<b>37,681,015</b>	<b>32,939,767</b>
<b>Non-controlling Interests (NCI)</b>	<b>4,899,782</b>	<b>3,389,433</b>
<b>Total Equity</b>	<b>42,580,797</b>	<b>36,329,200</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱58,678,057</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 SEPTEMBER 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	₱8,976,337	₱9,676,086
Services and others	536,420	218,290
Sale of power	218,913	123,768
	<b>9,731,670</b>	<b>10,018,144</b>
<b>COSTS</b>		
Cost of sales (Note 17)	2,399,963	2,325,433
Services (Note 18)	300,283	82,469
Power generation (Note 19)	102,973	80,702
	<b>2,803,219</b>	<b>2,488,604</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 20)	1,020,138	1,105,005
Shipping and loading costs (Note 21)	888,809	822,075
General and administrative (Note 22)	352,391	239,451
Marketing	108,708	104,862
	<b>2,370,046</b>	<b>2,271,393</b>
<b>FINANCE INCOME</b> (Note 25)	51,704	33,336
<b>FINANCE EXPENSES</b> (Note 26)	(85,649)	(58,707)
<b>EQUITY IN NET INCOME (LOSS) OF ASSOCIATES</b> (Note 9)	(69,133)	96,349
<b>OTHER INCOME</b> – Net (Note 27)	623,126	497,707
<b>INCOME BEFORE INCOME TAX</b>	<b>5,078,453</b>	<b>5,826,832</b>
<b>PROVISION FOR INCOME TAX</b> (Note 31)		
Current	1,249,370	1,256,897
Deferred	35,873	67,084
	<b>1,285,243</b>	<b>1,323,981</b>
<b>NET INCOME</b>	<b>₱3,793,210</b>	<b>₱4,502,851</b>
Net income attributable to:		
Equity holders of the parent	₱3,068,466	₱3,445,165
NCI	724,744	1,057,686
	<b>₱3,793,210</b>	<b>₱4,502,851</b>
<b>Basic/Diluted Earnings Per Share (EPS)</b>	<b>₱0.23</b>	<b>₱0.25</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 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	₱20,041,436	₱20,027,904
Services and others	951,868	629,536
Sale of power	515,818	371,634
	<b>21,509,122</b>	<b>21,029,074</b>
<b>COSTS</b>		
Cost of sales (Note 17)	5,816,427	5,857,672
Services (Note 18)	489,822	279,058
Power generation (Note 19)	286,390	260,463
	<b>6,592,639</b>	<b>6,397,193</b>
<b>OPERATING EXPENSES</b>		
Excise taxes and royalties (Note 20)	1,985,842	2,079,632
Shipping and loading costs (Note 21)	1,754,337	1,876,944
General and administrative (Note 22)	947,774	718,706
Marketing	153,363	175,840
	<b>4,841,316</b>	<b>4,851,122</b>
<b>FINANCE INCOME</b> (Note 25)	94,673	136,985
<b>FINANCE EXPENSES</b> (Note 26)	(212,475)	(180,578)
<b>EQUITY IN NET INCOME OF ASSOCIATES</b> (Note 9)	1,023,659	340,405
<b>OTHER INCOME – Net</b> (Note 27)	1,001,993	714,656
<b>INCOME BEFORE INCOME TAX</b>	<b>11,983,017</b>	<b>10,792,227</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 31)		
Current	2,852,636	2,211,860
Deferred	(8,265)	216,109
	<b>2,844,371</b>	<b>2,427,969</b>
<b>NET INCOME</b>	<b>₱9,138,646</b>	<b>₱8,364,258</b>
Net income attributable to:		
Equity holders of the parent	₱6,903,297	₱6,172,311
NCI	2,235,349	2,191,947
	<b>₱9,138,646</b>	<b>₱8,364,258</b>
<b>Basic/Diluted Earnings Per Share</b> (Note 16)	<b>₱0.51</b>	<b>₱0.45</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

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

	2022	2021
	(Unaudited)	
<b>NET INCOME</b>	<b>₱9,138,646</b>	<b>₱8,364,258</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	837,220	280,015
Net valuation losses on financial assets at FVOCI	(6,717)	(77,493)
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	830,503	202,522
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(287)	(287)
<b>TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX</b>	<b>830,216</b>	<b>202,235</b>
<b>TOTAL COMPREHENSIVE INCOME - NET OF TAX</b>	<b>₱9,968,862</b>	<b>₱8,566,493</b>
Total comprehensive income attributable to:		
Equity holders of the parent	₱7,733,513	₱6,374,546
NCI	2,235,349	2,191,947
	<b>₱9,968,862</b>	<b>₱8,566,493</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 NINE MONTHS ENDED SEPTEMBER 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	-	-	-	-	-	-	6,903,297	-	-	6,903,297	2,235,349	9,138,646
Other comprehensive income (loss)	-	-	837,220	-	(287)	(6,717)	-	-	-	830,216	-	830,216
Total comprehensive income (loss)	-	-	837,220	-	(287)	(6,717)	6,903,297	-	-	7,733,513	2,235,349	9,968,862
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)
Investment of NCI in a subsidiary	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	287	-	-	287	-	287
<b>Balances at September 30, 2022 (Unaudited)</b>	<b>₱6,849,836</b>	<b>₱8,271,900</b>	<b>₱1,436,435</b>	<b>₱479,677</b>	<b>₱30,278</b>	<b>(₱3,354)</b>	<b>₱20,615,257</b>	<b>₱135,000</b>	<b>(₱134,014)</b>	<b>₱37,681,015</b>	<b>₱4,899,782</b>	<b>₱42,580,797</b>

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION  
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September 30, 2022

	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	–	–	–	–	–	–	6,172,311	–	–	6,172,311	2,191,947	8,364,258	
Other comprehensive income (loss)	–	–	280,015	–	(287)	(77,493)	–	–	–	202,235	–	202,235	
Total comprehensive income (loss)	–	–	280,015	–	(287)	(77,493)	6,172,311	–	–	6,374,546	2,191,947	8,566,493	
Cost of share-based payment plan	–	–	–	26,207	–	–	–	–	–	26,207	–	26,207	
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	–	–	–	–	–	–	287	–	–	287	–	287	
Balances at September 30, 2021 (Unaudited)	₱6,849,836	₱8,271,900	₱662,006	₱467,796	₱30,661	(₱19,722)	₱17,989,927	₱189,950	(₱134,014)	₱34,308,340	₱4,726,340	₱39,034,680	

See accompanying Notes to Unaudited Consolidated Financial Statements.

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

	2022	2021
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱11,983,017	₱10,792,227
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 24)	1,242,804	1,198,850
Equity in net income of associates (Note 9)	(1,023,659)	(340,405)
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 27)	595,537	42,740
Write-off of input Value Added Tax (VAT; Note 27)	30,177	-
Sale of property and equipment (Note 27)	(9,190)	-
Sale of financial assets at FVOCI (Note 27)	1,609	(6,546)
Unrealized foreign exchange gains - net	(350,535)	(110,384)
Interest expense (Notes 12 and 26)	129,316	104,024
Interest income (Note 25)	(94,673)	(136,985)
Movements in:		
Pension liability	57,297	31,276
Deferred income	(3,142)	(3,142)
Accretion of interest on:		
Lease liabilities (Notes 26 and 30)	40,980	40,800
Provision for mine rehabilitation and decommissioning (Notes 13 and 26)	13,981	8,177
Long-term payable (Note 26)	230	450
Provisions (reversals of allowance) for impairment losses on (Note 27):		
Inventories	(18,696)	(8,081)
Input VAT	17,667	-
Deferred mine exploration cost	630	-
Dividend income (Notes 7 and 27)	(33,696)	(29,833)
Cost of share-based payment plan (Notes 15 and 23)	6,235	26,207
Operating income before working capital changes	12,585,889	11,609,375
Decrease (increase) in:		
Trade and other receivables	(1,276,774)	(3,061,035)
Prepayments and other current assets	(513,365)	(2,700,431)
Inventories	(305,244)	653,418
Increase in trade and other payables	731,417	1,185,298
Net cash generated from operations	11,221,923	7,686,625
Income taxes paid	(2,407,553)	(2,003,848)
Net cash flows from operating activities	8,814,370	5,682,777
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Financial assets at (Note 7):		
FVTPL	(2,212,399)	(4,448,126)
FVOCI	(524,191)	(4,409,353)
Amortized cost	-	(300,000)
Property and equipment (Note 8)	(1,347,754)	(1,224,564)
Advances for the acquisition of shares of stock an associate	(1,530,313)	-
Proceeds from sale of:		
Financial assets at (Note 7):		
FVTPL	2,183,351	2,935,579
FVOCI	1,148,515	4,789,747
Amortized cost	-	100,000
Property and equipment	9,199	-

(Forward)

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	2022	2021
	(Unaudited)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in:		
Other noncurrent assets	(P589,916)	P119,015
Geothermal exploration and evaluation assets	(33,306)	(41,045)
Dividends received	288,795	29,499
Interest received	82,402	129,475
Net cash flows used in investing activities	(2,525,617)	(2,319,773)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends	(5,898,787)	(3,835,096)
Short-term debts	(1,500,000)	(1,500,000)
Long-term debts	(124,344)	(37,773)
Interest	(95,647)	(71,022)
Principal portion of lease liabilities (Note 30)	(44,098)	(42,410)
Debt issue cost	(740)	-
Availments of:		
Short-term debts	1,497,016	1,488,990
Long-term debts	1,367,734	13,435
Investment of NCI in a subsidiary	200,000	-
Increase in other current liability	36,000	39,040
Net cash flows used in financing activities	(4,562,866)	(3,944,836)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,725,887</b>	<b>(581,832)</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 SEPTEMBER 30 (Note 4)</b>	<b>P12,552,693</b>	<b>P11,253,369</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 November 10, 2022, FEI is still waiting for the approval of the SEC.

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

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

*Newminco Pacific Mining Corporation (Newminco)*

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

*Taganito Mining Corporation*

TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which 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. On August 26, 2022, NGCP issued the Final Certificate of Approval to Connect.

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 started in June 2022. Currently, the applications for COC for Phase 3A and 3B are on-going. As at September 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). 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 September 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.

*Greenlight Renewables Holdings Inc. (GRHI)*

GRHI was registered with the SEC on August 18, 2022, is a 51.77% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing, holding, purchasing, acquiring, lease contract, or otherwise, within the limits allowed by law, any and all real and personal properties of every kind and description. GRHI is the joint venture company established by EPI and Shell Overseas Investments B.V. (Shell) for the purpose of pursuing renewable energy projects in the Philippines.

### 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 September 30, 2022 and December 31, 2021 and its financial performance and cash flows for the periods then ended.

The unaudited interim condensed consolidated financial statements as at September 30, 2022 and December 31, 2021 and for the nine-month period ended September 30, 2022 and 2021, were authorized for issuance by the Parent Company's BOD on November 10, 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 September 30, 2022 and for the nine-month period ended September 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	
			September 30, 2022	September 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%
FEI <sup>(b)</sup>	Philippines	Mining	88.00%	88.00%
EPI	Philippines	Renewable Energy Developer	86.29%	86.29%
MGPC <sup>(c)</sup>	Philippines	Renewable Energy Developer	86.29%	86.29%
BHI <sup>(c)</sup>	Philippines	Services	86.29%	86.29%
NPPGC <sup>(c)</sup>	Philippines	Power Generation	86.29%	86.29%
JSI <sup>(c, d)</sup>	Philippines	Power Generation	82.87%	82.87%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco <sup>(e)</sup>	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
BGI <sup>(c)</sup>	Philippines	Power Generation	51.77%	51.77%
GRHI <sup>(c)</sup>	Philippines	Power Generation	51.77%	-
<i>Associates</i>				
THNC	Philippines	Manufacturing	10.00%	10.00%
CBNC	Philippines	Manufacturing	10.00%	10.00%

(a) Indirect ownership through HMC

(b) 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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and with banks	₱3,092,709	₱1,371,315
Cash equivalents	8,970,964	8,725,919
Cash under managed funds	489,020	729,572
	<b>₱12,552,693</b>	<b>₱10,826,806</b>

### 5. Trade and Other Receivables

Trade and other receivables amounting to ₱34.4 million and ₱33.1 million as at September 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 September 30, 2022 and December 31, 2021 are summarized below:

September 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)	₱2,232,166	₱467,816	₱21,672	₱2,721,654
Advances to officers and employees	49,520	5,904	288	55,712
Current portion of loan receivable	40,359	-	-	40,359
Interest receivable	27,903	-	-	27,903
Amounts owed by related parties (see Note 29)	3,518	-	4,228	7,746
Dividend receivables	153	-	-	153
Others	76,636	101,066	8,191	185,893
<b>Total</b>	<b>₱2,430,255</b>	<b>₱574,786</b>	<b>₱34,379</b>	<b>₱3,039,420</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
Trade and other receivables:				
Trade (see Note 29)	₱1,069,832	₱175,530	₱20,405	₱1,265,767
Advances to officers and employees	41,004	2,727	288	44,019
Current portion of loan receivable	202,772	–	–	202,772
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 September 30, 2022 and December 31, 2021, inventories amounting to ₱67.1 million and ₱85.8 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. For the nine months ended September 30, 2022 and 2021, the reversals of allowance for impairment losses on inventories amounted to ₱18.7 million and ₱11.7 million, respectively, and the provision for impairment losses amounted to nil and ₱3.6 million, respectively (see Note 27).

As at September 30, 2022 and December 31, 2021, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱134.8 million and ₱140.7 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱444.5 million and ₱309.4 million, respectively.

## 7. Financial Assets

	September 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	₱4,293,894	₱489,634	₱460,000	₱3,459,091	₱1,122,284	₱460,000
Equity securities	1,102,541	–	–	2,040,037	–	–
Unquoted equity instruments	498,765	–	–	498,765	–	–
	<b>₱5,895,200</b>	<b>₱489,634</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:

	September 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	2,212,399	524,191	-	5,721,442	5,467,059	350,000
Disposals	(2,183,351)	(1,150,124)	-	(3,640,683)	(6,839,370)	-
Redemption	-	-	-	-	-	(100,000)
Effect of changes in foreign exchange rate	463,796	-	-	94,282	-	-
Net valuation gains (losses) on financial assets	(595,537)	(6,717)	-	69,404	(54,165)	-
Balances at end of period	5,895,200	489,634	460,000	5,997,893	1,122,284	460,000
Less noncurrent portion	718,683	-	410,000	731,813	-	460,000
Current portion	₱5,176,517	₱489,634	₱50,000	₱5,266,080	₱1,122,284	₱-

For the nine months ended September 30, 2022 and 2021, dividend income from equity securities amounted to ₱33.7 million and ₱29.8 million, respectively (see Note 27), while interest income from debt securities amounted to ₱28.4 million and ₱110.3 million, respectively (see Note 25).

## 8. Property and Equipment

During the nine-month period ended September 30, 2022 and 2021, the Group acquired assets with a cost of ₱1,347.8 million and ₱1,224.6 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the nine months ended September 30, 2022 and 2021 amounted to ₱1,194.7 million and ₱1,173.4 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 September 30, 2022 and December 31, 2021 (see Note 12).

## 9. Investments in Associates

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
THNC	₱4,141,484	₱2,904,105
CBNC	1,598,490	908,449
	<b>₱5,739,974</b>	<b>₱3,812,554</b>

The movements in investments in associates follow:

	September 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	766,735	256,924	1,023,659	412,442	145,421	557,863
Dividends declared	-	-	-	-	(249,820)	(249,820)
	<b>1,159,323</b>	<b>191,617</b>	<b>1,350,940</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	470,644	433,117	903,761	145,011	165,589	310,600
	<b>1,007,461</b>	<b>682,463</b>	<b>1,689,924</b>	536,817	249,346	786,163
Balances at end of period	<b>₱4,141,484</b>	<b>₱1,598,490</b>	<b>₱5,739,974</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 ₱253.5 million and ₱186.9 million as at September 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. Starting June 2021, CDTN took over and provides ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱39,033.8 million and ₱34,251.9 million, respectively, as at September 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 ₱7,667.4 million and ₱2,569.2 million, respectively, for the nine months ended September 30, 2022, and ₱2,158.2 million and ₱1,245.8 million, respectively, for the nine months ended September 30, 2021. The Parent Company's share in cumulative translation adjustment amounted to ₱1,436.4 million and ₱599.2 million as at September 30, 2022 and December 31, 2021, respectively, and its equity in net income of associates amounted to ₱1,023.7 million and ₱340.4 million for the nine months ended September 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 September 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), Orka Geothermal Holdings, Inc. (OGHI) 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*

In 2021, SBC approved the renewal of EPI's 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. Proceeds of the loan drawdowns were used by EPI to settle the promissory notes under the original SBC loan facility, which matured in 2021.

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 8, 2022 and August 26, 2022, 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 2022.

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

Details of the drawdowns are as follows:

September 30, 2022					
Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
First	July 8, 2022	July 3, 2023	5.00%	₱300,000	₱2,220
Second	August 26, 2022	October 26, 2022*	5.50% to 5.75%	1,200,000	1,504
				<b>₱1,500,000</b>	<b>₱3,724</b>

\* subject to monthly repricing

December 31, 2021					
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
				<b>₱1,500,000</b>	<b>₱11,010</b>

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(2,304)	(7,084)
Balances at end of period	<b>₱1,497,696</b>	<b>₱1,492,916</b>

Interest incurred in connection with the short-term debts with SBC amounted to ₱62.4 million and ₱71.0 million for the nine months ended September 30, 2022 and 2021, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts for the nine months ended September 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 September 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:

	<b>September 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
JSI	<b>₱1,391,882</b>	₱108,501
TMC	<b>923,344</b>	847,858
	<b>2,315,226</b>	956,359
Less noncurrent portion:		
JSI	<b>1,391,882</b>	108,501
TMC	<b>820,750</b>	758,610
	<b>2,212,632</b>	867,111
Current portion	<b>₱102,594</b>	₱89,248

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:

Drawdown	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
				<b>₱259,878</b>	<b>₱1,949</b>

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

	<b>September 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Loans payable	<b>₱176,808</b>	₱109,116
Less unamortized debt issue cost	<b>(1,060)</b>	(615)
Balances at end of period	<b>₱175,748</b>	₱108,501

For the nine months ended September 30, 2022 and 2021, the interest incurred in connection with the long-term debts with TBEA amounted to ₱8.5 million and ₱4.1 million, respectively, of which ₱7.0 million and ₱4.1 million, respectively, pertain to capitalized borrowing costs (see Notes 26 and 29).

*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 28, 2022 until June 28, 2029.

Details of the drawdown follows:

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

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

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

The loan is secured by a chattel mortgage on all project assets, mortgage over the leasehold rights with Subic Bay Metropolitan Authority, and the pledge of shares of stocks of JSI.

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

- 1) Debt service coverage ratio (DSCR) is at least equal to the maintenance DSCR, subject to testing at each DSCR testing date;
- 2) Debt-to-equity (DE) ratio does not exceed the maintenance DE, subject to testing at each DE testing date;
- 3) To create, permit or enter into any loan facility agreement secured or to be secured by a lien of the whole or any portion of its present and future assets other than any permitted lien;
- 4) To incur any indebtedness for the purpose of paying dividends on its preferred shares;
- 5) To enter into any investment, joint venture, partnership or similar business combination or arrangement in relation to the project or otherwise;
- 6) To pay dividends to its shareholders, repay any shareholder loans and make any other payment to shareholders or its affiliates under any project document;
- 7) To sell or dispose any assets;
- 8) To withdraw from the debt service reserve account, except in accordance with the financing documents.

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

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

	<b>September 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Loans payable	<b>₱1,246,500</b>	₱–
Less unamortized debt issue cost	<b>(30,366)</b>	–
<b>Balances at end of period</b>	<b>₱1,216,134</b>	₱–

The interest incurred in connection with the long-term debts with ICBC and SBC amounted to ₱23.1 million, of which ₱8.1 million pertain to capitalized borrowing costs, for the nine months ended September 30, 2022 and nil for the nine months ended September 20, 2021 (see Note 26).

#### 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 September 30, 2022 and December 31, 2021, TMC is in compliance with the restrictions.

Interest expense for the nine months ended September 30, 2022 and 2021 amounted to ₱19.7 million and ₱14.7 million, respectively (see Notes 26 and 29).

### **13. Provision for Mine Rehabilitation and Decommissioning**

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

The Group makes a full provision for the future cost of rehabilitating 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 nine months ended September 30, 2022 and 2021, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱14.0 million and ₱8.2 million, respectively (see Note 26).

## 14. Equity

### Capital Stock

The capital structure of the Parent Company follows:

	<b>September 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>	₱6,849,836

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

### Issued Capital Stock

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 September 30, 2022 and December 31, 2021, a total of 3,795,514,212 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 9,835,335,905 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 September 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 nine months ended September 30, 2022 and 2021.

On September 15, 2022, the SEC approved the exemption from registration of the additional 220,000,000 common shares which shall form part of the ESOP. As of November 10, 2022, the Parent Company is still waiting for PSE's approval on the listing of the 2018 ESOP.

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

	<b>September 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Balances at January 1	<b>₱473,442</b>	₱441,589
Stock option expense (see Note 23)	<b>6,235</b>	31,853
Balances at end of period	<b>₱479,677</b>	₱473,442

## 16. Earnings Per Share

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

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	<b>₱6,903,297</b>	₱6,172,311
b. Weighted average number of common shares for basic EPS (in thousands)	<b>13,630,850</b>	13,630,850
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	<b>13,630,850</b>	13,630,850
Basic/Diluted EPS	<b>₱0.51</b>	₱0.45

## 17. Cost of Sales

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Cost of sale of:		
Ore	<b>₱5,684,458</b>	₱5,593,158
Limestone	<b>131,969</b>	178,539
Quarry materials	–	85,975
	<b>₱5,816,427</b>	₱5,857,672

Details of cost of sales follow:

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Production overhead	<b>₱2,841,068</b>	₱2,180,647
Outside services	<b>1,375,029</b>	1,430,746
Personnel costs (see Note 23)	<b>993,661</b>	924,016
Depreciation, amortization and depletion (see Note 24)	<b>697,963</b>	689,471
Long-term stockpile inventory sold	–	6,887
	<b>5,907,721</b>	5,231,767
Net changes in beneficiated nickel ore and limestone	<b>(91,294)</b>	625,905
	<b>₱5,816,427</b>	₱5,857,672

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 nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Outside services	<b>₱226,694</b>	₱5,418
Personnel costs (see Note 23)	<b>80,981</b>	112,247
Depreciation (see Note 24)	<b>79,579</b>	81,320
Overhead	<b>63,234</b>	55,309
Equipment operating cost	<b>39,334</b>	24,764
	<b>₱489,822</b>	₱279,058

### 19. Cost of Power Generation

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Depreciation and amortization (see Note 24)	<b>₱209,616</b>	₱180,854
Overhead	<b>34,691</b>	40,785
Outside services	<b>18,399</b>	14,226
Personnel costs (see Note 23)	<b>17,349</b>	18,668
Materials and supplies	<b>6,335</b>	5,930
	<b>₱286,390</b>	₱260,463

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

### 20. Excise Taxes and Royalties

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Royalties	<b>₱1,184,185</b>	₱1,272,638
Excise taxes	<b>801,657</b>	806,994
	<b>₱1,985,842</b>	₱2,079,632

## 21. Shipping and Loading Costs

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Outside services	<b>₱1,064,669</b>	₱1,307,743
Materials and supplies	<b>446,143</b>	361,078
Depreciation and amortization (see Note 24)	<b>112,678</b>	116,949
Personnel costs (see Note 23)	<b>80,460</b>	86,673
Other services and fees	<b>50,387</b>	4,501
	<b>₱1,754,337</b>	₱1,876,944

## 22. General and Administrative Expenses

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Personnel costs (see Note 23)	<b>₱315,856</b>	₱291,633
Taxes and licenses	<b>152,519</b>	82,712
Depreciation and amortization (see Note 24)	<b>137,421</b>	119,539
Outside services	<b>82,214</b>	34,392
Supplies	<b>47,076</b>	18,963
Professional fees	<b>44,780</b>	29,932
Dues and subscriptions	<b>27,082</b>	18,651
Transportation and travel	<b>23,442</b>	21,696
Publicity and promotions	<b>22,007</b>	17,022
Donation	<b>20,431</b>	–
Communications, light and water	<b>12,568</b>	17,646
Entertainment, amusement and recreation	<b>8,216</b>	5,899
Repairs and maintenance	<b>5,146</b>	11,828
Rentals	<b>4,574</b>	12,376
Others	<b>44,442</b>	36,417
	<b>₱947,774</b>	₱718,706

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

## 23. Personnel Costs

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Salaries, wages and employee benefits	<b>₱1,482,072</b>	₱1,407,030
Cost of share-based payment plan (see Note 15)	<b>6,235</b>	26,207
	<b>₱1,488,307</b>	₱1,433,237

The amounts of personnel costs are distributed as follows:

<b>For the nine-month period ended September 30</b>		
	2022	2021
	(Unaudited)	
Cost of:		
Sales (see Note 17)	<b>₱993,661</b>	₱924,016
Services (see Note 18)	<b>80,981</b>	112,247
Power generation (see Note 19)	<b>17,349</b>	18,668
General and administrative (see Note 22)	<b>315,856</b>	291,633
Shipping and loading costs (see Note 21)	<b>80,460</b>	86,673
	<b>₱1,488,307</b>	₱1,433,237

#### 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 nine-month period ended September 30</b>		
	2022	2021
	(Unaudited)	
Cost of:		
Sales (see Note 17)	<b>₱697,963</b>	₱689,471
Power generation (see Note 19)	<b>209,616</b>	180,854
Services (see Note 18)	<b>79,579</b>	81,320
General and administrative (see Note 22)	<b>137,421</b>	119,539
Shipping and loading costs (see Note 21)	<b>112,678</b>	116,949
Others	<b>5,547</b>	10,717
	<b>₱1,242,804</b>	₱1,198,850

The above is distributed as follows:

<b>For the nine-month period ended September 30</b>		
	2022	2021
	(Unaudited)	
Property and equipment (see Note 8)	<b>₱1,194,673</b>	₱1,173,433
Computer software under "Other noncurrent assets"	<b>44,911</b>	25,417
Mining rights under "Other noncurrent assets"	<b>3,220</b>	-
	<b>₱1,242,804</b>	₱1,198,850

## 25. Finance Income

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	<b>₱60,102</b>	₱14,266
Financial assets at (see Note 7):		
FVOCI	<b>15,423</b>	87,793
Amortized cost	<b>10,331</b>	6,288
FVTPL	<b>2,600</b>	16,236
Loans	<b>5,175</b>	11,360
Long-term negotiable instruments	<b>1,042</b>	1,042
	<b>₱94,673</b>	₱136,985

## 26. Finance Expenses

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 12)	<b>₱62,377</b>	₱70,993
Long-term debts (see Notes 12 and 29)	<b>36,237</b>	14,684
Pension	<b>30,702</b>	18,347
Accretion of interest on:		
Lease liabilities (see Note 30)	<b>40,980</b>	40,800
Provision for mine rehabilitation and decommissioning (see Note 13)	<b>13,981</b>	8,177
Long-term payable	<b>230</b>	450
Guarantee service fee (see Note 29)	<b>27,968</b>	27,127
	<b>₱212,475</b>	₱180,578

## 27. Other Income (Charges) - Net

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Foreign exchange gains - net	<b>₱1,539,312</b>	₱587,151
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	<b>(595,537)</b>	(42,740)
Write-off of input VAT	<b>(30,177)</b>	-
Sale of property and equipment	<b>9,190</b>	-
Sale of financial assets at FVOCI	<b>(1,609)</b>	6,546
Rentals and accommodations	<b>45,268</b>	42,973
Reversals of allowance (provisions) for impairment losses on:		
Inventories (see Note 6)	<b>18,696</b>	8,081
Input VAT	<b>(17,667)</b>	-
Deferred mine exploration cost	<b>(630)</b>	-
Dividend income (see Note 7)	<b>33,696</b>	29,833
Trust fee	<b>(17,731)</b>	(18,557)
Others	<b>19,182</b>	101,369
	<b>₱1,001,993</b>	₱714,656

## 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 nine months ended September 30, 2022 and 2021:

	<b>For the nine-month period ended September 30, 2022</b>			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	<b>₱13,423,057</b>	<b>₱5,708,183</b>	<b>₱741,540</b>	<b>₱19,872,780</b>
Limestone	-	<b>168,656</b>	-	<b>168,656</b>
	<b>₱13,423,057</b>	<b>₱5,876,839</b>	<b>₱741,540</b>	<b>₱20,041,436</b>
	For the nine-month period ended September 30, 2021			
	(Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	₱15,214,675	₱3,212,484	₱1,391,296	₱19,818,455
Limestone	-	209,449	-	209,449
	₱15,214,675	₱3,421,933	₱1,391,296	₱20,027,904

<b>For the nine-month period ended September 30</b>		
	<b>2022</b>	<b>2021</b>
(Unaudited)		
<b>Services and others</b> (see Note 29)		
Materials handling and others	P951,868	P482,600
Sale of quarry materials	–	146,936
	<b>P951,868</b>	<b>P629,536</b>
 <b>Sale of power</b>		
Solar	P393,671	P246,615
Diesel	21,393	24,265
	<b>P415,064</b>	<b>P270,880</b>

## 29. Related Party Transactions

Set out below are the Group's transactions with related parties for the nine-month period ended September 30, 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at September 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 Debts (see Note 12)		Terms	Conditions
	September 30, 2022	September 30, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021		
<i>Stockholders</i>														
<b>Pacific Metals Co., Ltd.</b>														
Sale of ore	<b>₱741,540</b>	₱1,299,762	<b>₱62,348</b>	₱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 - net	<b>5,142</b>	1,131	-	579	<b>545</b>	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A
<b>Sumitomo Metal Mining Co., Ltd. (SMM)</b>														
Sale of ore	-	91,535	-	-	-	-	-	-	-	-	-	-	Collectible upon billing; non-interest bearing	A
Guarantee service fee (see Note 26)	<b>27,968</b>	27,127	-	-	<b>1,360</b>	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	<b>33,894</b>	32,356	-	-	<b>82</b>	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 Debts (see Note 12)		Terms	Conditions
	September 30, 2022	September 30, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 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>73</b>	-	-	-	-	-	<b>37</b>	1	-	-	-	-	Collectible upon billing; noninterest-bearing	A
<i>Associates</i>														
<b>CBNC</b>														
Sale of ore and limestone	<b>2,596,903</b>	1,447,685	<b>751,187</b>	315,433	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Materials handling	<b>606,492</b>	143,285	<b>257,286</b>	32,239	-	-	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	A
Infralase and throughput	-	3,628	<b>26,162</b>	6,024	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	A
Other income	<b>41,136</b>	151,559	<b>72,582</b>	93,079	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A
<b>THNC</b>														
Sale of ore	<b>3,268,537</b>	1,910,920	<b>93,438</b>	186,900	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Sale of quarry materials	-	146,936	-	10,144	-	-	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Rendering of service	<b>90,943</b>	86,907	<b>66,890</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 Debts (see Note 12)		Terms	Conditions
	September 30, 2022	September 30, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021		
<b>THNC</b>														
Materials handling	<b>₱220,001</b>	₱194,313	<b>₱12,788</b>	₱13,456	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Fifteen (15) days term; noninterest-bearing	A
Rental income	<b>5,296</b>	5,296	<b>136</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>923,344</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>19,714</b>	14,684	-	-	<b>13,287</b>	3,582	-	-	-	-	-	-	Payable semi-annually on April 10 and October 10	A
Short-term advances	-	-	-	-	-	-	<b>2,796</b>	3,507	-	-	-	-	Collectible/payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at September 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 Debts (see Note 12)		Terms	Conditions
	September 30, 2022	September 30, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 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>OGHI</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	-	-	-	-	-	-	-	-	175,748	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 Notes 12 and 26)	8,544	4,145	-	-	5,146	7,264	-	-	-	-	-	-	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	A
			<b>₱1,342,817</b>	<b>₱805,104</b>	<b>₱23,892</b>	<b>₱25,431</b>	<b>₱3,518</b>	<b>₱4,193</b>	<b>₱5,475,049</b>	<b>₱5,475,049</b>	<b>₱1,099,092</b>	<b>₱956,359</b>		

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 September 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 nine months ended September 30, 2022 and 2021 amounted to about ₱249.0 million and ₱222.0 million, respectively.

### 30. Leases

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Lease liabilities	₱611,036	₱613,944
Less noncurrent portion	595,331	578,190
Current portion	₱15,705	₱35,754

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balances at January 1	₱613,944	₱615,904
Addition	210	-
Accretion of interest (see Note 26)	40,980	54,554
Payments	(44,098)	(56,514)
Balances at end of period	₱611,036	₱613,944

For the nine months ended September 30, 2022 and 2021, accretion of interest on lease liabilities amounted to ₱41.0 million and ₱40.8 million, respectively (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱31.7 million.

### 31. Income Taxes

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

	<b>For the nine-month period ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
Current	<b>₱2,852,636</b>	₱2,211,860
Deferred	<b>(8,265)</b>	216,109
	<b>₱2,844,371</b>	₱2,427,969

### 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).

	September 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	P5,401,322	P-	P493,878	P5,504,015	P-	P493,878
FVOCI	489,634	-	-	1,122,284	-	-
	<b>P5,890,956</b>	<b>P-</b>	<b>P493,878</b>	<b>P6,626,299</b>	<b>P-</b>	<b>P493,878</b>

As at September 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 September 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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	September 30, 2022 (Unaudited)												
	Mining					Power		Services			Eliminations	Total	
	HMC	CMC	TMC	RTN	DMC	JSI	NAC	RTN/TMC/ CDTN	HMC	Others			
External customers	₱1,778,451	₱3,287,589	₱9,859,774	₱4,713,774	₱401,848	₱393,671	₱122,147	₱951,868	₱-	₱-	₱-	₱-	₱21,509,122
Inter-segment revenues	-	-	-	-	-	-	-	6,060	-	729,732	-	(735,792)	-
<b>Total revenues</b>	<b>1,778,451</b>	<b>3,287,589</b>	<b>9,859,774</b>	<b>4,713,774</b>	<b>401,848</b>	<b>393,671</b>	<b>122,147</b>	<b>957,928</b>	<b>-</b>	<b>729,732</b>	<b>(735,792)</b>	<b>-</b>	<b>21,509,122</b>
Cost of sales	600,086	1,090,570	2,497,006	1,481,170	147,595	-	-	-	-	-	-	-	5,816,427
Cost of services	-	-	-	-	-	-	-	489,822	-	-	-	-	489,822
Cost of power generation	-	-	-	-	-	215,599	70,791	-	-	-	-	-	286,390
Excise taxes and royalties	160,061	583,547	985,977	235,689	19,484	1,084	-	-	-	-	-	-	1,985,842
Shipping and loading costs	235,732	369,569	881,839	167,642	92,421	-	-	-	7,134	-	-	-	1,754,337
Marketing	-	115,066	38,297	-	-	-	-	-	-	-	-	-	153,363
<b>Segment operating earnings (loss)</b>	<b>₱782,572</b>	<b>₱1,128,837</b>	<b>₱5,456,655</b>	<b>₱2,829,273</b>	<b>(₱142,348)</b>	<b>₱176,988</b>	<b>₱51,356</b>	<b>₱468,106</b>	<b>(₱7,134)</b>	<b>₱729,732</b>	<b>(₱735,792)</b>	<b>-</b>	<b>₱11,022,941</b>
General and administrative	₱85,107	₱43,174	₱77,018	₱64,700	₱85,197	₱130,556	₱-	₱28,720	₱-	₱433,302	₱-	₱-	₱947,774
Finance income	₱2,755	₱9,546	₱15,218	₱23,732	₱60	₱502	₱1,078	₱273	₱-	₱41,509	₱-	₱-	₱94,673
Finance expenses	₱127	₱3,041	₱25,241	₱13,150	₱11	₱118,367	₱-	₱19,714	₱-	₱32,824	₱-	₱-	₱212,475
Provision for (benefit from) income tax	₱168,612	₱269,832	₱1,358,571	₱728,890	(₱13,337)	(₱5,984)	₱-	₱-	(₱1,784)	₱339,571	₱-	₱-	₱2,844,371
Net income (loss) attributable to equity holders of the parent	₱585,714	₱922,789	₱2,825,434	₱1,487,995	₱68,124	(₱45,397)	₱52,435	₱319,131	₱-	₱687,072	₱-	₱-	₱6,903,297
Segment assets	₱1,784,718	₱3,545,332	₱10,420,531	₱5,302,734	₱2,254,708	₱16,503,828	₱741,832	₱557,863	₱14,799	₱17,252,673	₱-	₱-	₱58,379,018
Deferred income tax assets - net	35,943	17,838	40,005	83,262	120,944	1,047	-	-	-	-	-	-	299,039
<b>Total assets</b>	<b>₱1,820,661</b>	<b>₱3,563,170</b>	<b>₱10,460,536</b>	<b>₱5,385,996</b>	<b>₱2,375,652</b>	<b>₱16,504,875</b>	<b>₱741,832</b>	<b>₱557,863</b>	<b>₱14,799</b>	<b>₱17,252,673</b>	<b>-</b>	<b>-</b>	<b>₱58,678,057</b>
Segment liabilities	₱489,645	₱966,456	₱2,733,772	₱1,239,353	₱251,117	₱9,203,922	₱12,624	₱127,758	₱-	₱513,616	₱-	₱-	₱15,538,263
Deferred income tax liabilities	-	-	-	68,481	135,949	84,223	-	-	3,700	266,644	-	-	558,997
<b>Total liabilities</b>	<b>₱489,645</b>	<b>₱966,456</b>	<b>₱2,733,772</b>	<b>₱1,307,834</b>	<b>₱387,066</b>	<b>₱9,288,145</b>	<b>₱12,624</b>	<b>₱127,758</b>	<b>₱3,700</b>	<b>₱780,260</b>	<b>-</b>	<b>-</b>	<b>₱16,097,260</b>
<i>Other segment information:</i>													
Capital expenditures	₱75,791	₱67,946	₱369,653	₱55,318	₱16,998	₱733,707	₱4,627	₱15,689	₱-	₱8,234	₱-	₱-	₱1,347,963
Depreciation, amortization and depletion	₱90,131	₱133,762	₱505,024	₱194,222	₱38,024	₱171,031	₱41,532	₱2,031	₱7,134	₱59,913	₱-	₱-	₱1,242,804

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	December 31, 2021 (Audited)											Eliminations	Total	
	Mining					Power		Services						
	HMC	CMC	TMC	RTN	DMC	JSI	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	-	-	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>₱-</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>₱-</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>₱-</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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	September 30, 2021 (Unaudited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	JSI	NAC	RTN/TMC/ CDTN	HMC	Others		
External customers	P2,102,598	P4,156,915	P9,616,752	P4,286,027	P12,548	P246,615	P125,019	P417,179	P-	P65,421	P-	P21,029,074
Inter-segment revenues	-	-	-	-	-	-	-	-	-	729,867	(729,867)	-
Total revenues	2,102,598	4,156,915	9,616,752	4,286,027	12,548	246,615	125,019	417,179	-	795,288	(729,867)	21,029,074
Cost of sales	1,014,784	1,257,917	2,289,042	1,285,288	10,641	-	-	-	-	-	-	5,857,672
Cost of services	-	-	-	-	-	-	-	279,058	-	-	-	279,058
Cost of power generation	-	-	-	-	-	187,410	73,053	-	-	-	-	260,463
Excise taxes and royalties	189,234	737,852	937,743	214,301	502	-	-	-	-	-	-	2,079,632
Shipping and loading costs	191,181	443,609	981,206	251,590	2,224	-	-	-	7,134	-	-	1,876,944
Marketing	-	145,492	30,348	-	-	-	-	-	-	-	-	175,840
<b>Segment operating earnings (loss)</b>	<b>P707,399</b>	<b>P1,572,045</b>	<b>P5,378,413</b>	<b>P2,534,848</b>	<b>(P819)</b>	<b>P59,205</b>	<b>P51,966</b>	<b>P138,121</b>	<b>(P7,134)</b>	<b>P795,288</b>	<b>(P729,867)</b>	<b>P10,499,465</b>
General and administrative	P48,234	P44,101	P81,562	P65,797	P67,557	P43,785	P-	P20,493	P-	P347,177	P-	P718,706
Finance income	P872	P13,092	P3,976	P4,871	P18	P95	P183	P10	P-	P113,868	P-	P136,985
Finance expenses	P276	P3,456	P23,396	P7,781	P24	P108,538	P-	P14,684	P-	P22,423	P-	P180,578
Provision for (benefit from) income tax	P151,570	P337,064	P1,072,081	P580,623	P14,709	P2,816	P-	P68	(P1,784)	P270,822	P-	P2,427,969
Net income (loss) attributable to equity holders of the parent	P537,758	P1,276,077	P2,903,292	P1,338,803	(P82,908)	(P50,953)	P52,154	P118,148	P-	P79,940	P-	P6,172,311
Segment assets	P1,849,504	P3,322,565	P13,688,371	P4,916,414	P1,437,137	P13,319,828	P821,980	P74,256	P32,377	P15,343,893	P-	P54,806,325
Deferred income tax assets - net	41,232	32,329	28,822	131,701	73,547	1,829	-	-	-	38,323	-	347,783
<b>Total assets</b>	<b>P1,890,736</b>	<b>P3,354,894</b>	<b>P13,717,193</b>	<b>P5,048,115</b>	<b>P1,510,684</b>	<b>P13,321,657</b>	<b>P821,980</b>	<b>P74,256</b>	<b>P32,377</b>	<b>P15,382,216</b>	<b>P-</b>	<b>P55,154,108</b>
Segment liabilities	P416,725	P859,758	P5,064,289	P904,403	P183,883	P7,658,384	P7,587	P49,463	P-	P494,188	P-	P15,638,680
Deferred income tax liabilities	-	-	-	82,524	164,105	99,366	-	-	10,070	124,683	-	480,748
<b>Total liabilities</b>	<b>P416,725</b>	<b>P859,758</b>	<b>P5,064,289</b>	<b>P986,927</b>	<b>P347,988</b>	<b>P7,757,750</b>	<b>P7,587</b>	<b>P49,463</b>	<b>P10,070</b>	<b>P618,871</b>	<b>P-</b>	<b>P16,119,428</b>
<i>Other segment information:</i>												
Capital expenditures	P43,280	P85,142	P212,765	P126,079	P25,674	P723,866	P196	P594	P-	P6,968	P-	P1,224,564
Depreciation, amortization and depletion	P88,235	P139,189	P488,043	P201,163	P35,539	P141,694	P41,632	P44	P7,134	P56,177	P-	P1,198,850

The Group has revenues from external customers as follows:

<b>For the nine-month period ended September 30</b>		
	<b>2022</b>	<b>2021</b>
Country of Domicile	(Unaudited)	
China	<b>₱13,423,057</b>	₱15,214,675
Local	<b>7,344,525</b>	4,423,103
Japan	<b>741,540</b>	1,391,296
	<b>₱21,509,122</b>	₱21,029,074

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 (2) key customers for the sale of ore amounted to ₱10,120.0 million and ₱12,455.8 million for the nine months ended September 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

- a) On October 3, 2022, the Company purchased 33,046,875 common shares of CBNC from SMM for a total consideration of US\$25.9 million, resulting in an increase in the Company's equity ownership in CBNC from 10% to 15.625%. The purchase was made by the Company pursuant to the exercise of its option to purchase additional shares of CBNC.
- b) On November 10, 2022, the Company's BOD declared special cash dividends of ₱0.23 per common share to stockholders of record as at November 24, 2022 which will be paid on December 9, 2022. On the same date, the Company was also authorized to guarantee the ₱2,000.0 million loan facility to be obtained by EPI from SBC. The proceeds of the loan will be used to finance the Phase 4A's 68MW Subic solar power plant expansion of EPI's solar power subsidiary, JSI.

### 36. Other Matters

On August 4, 2022, the Company's BOD approved the issuance of up to US\$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 joint venture, as well as other projects of EPI.