COVER SHEET

C S 2 0 0 8 1 1 5 3 0

SEC Registration Number

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

(Company's Full Name)

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

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

IRYAN JEAN U. PADILLO

(Contact Person)

(632) 8892-6669 / 7798-7622

(Company Telephone Number)

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

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

92	₱8,345.3 million	₱142.4 million
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

28th Floor NAC Tower, 32nd Street,
Bonifacio Global City, Taguig City
(Company's Address)

+63 2 8892 6669 / +63 2 7798 7622
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month & day)

SEC Form 17-Q Quarterly Report
Form Type

____
Amendment Delegation (If applicable)

For the Nine Months Ended
September 30, 2023
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended: **SEPTEMBER 30, 2023**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter: **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: ________ (SEC Use Only)
7. Address of principal office / Postal Code
   28th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City / **1634**
8. Issuer's telephone number, including area code: **+63 2 8892 6669 / +63 2 7798 7622**
9. Former name, former address, and former fiscal year, if changed since last report.
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**13,882,210,614 shares**
Short and Long-term Debts	**Php8,487.7 million**

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

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

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

NICKEL ASIA CORP.

November 9, 2023

Ms. Alexandra D. Tom Wong
Officer-in-Charge, Disclosure Department
Philippine Stock Exchange Tower,
5th Avenue corner 28th Street, BGC Taguig City

Mr. Vicente Graciano P. Felizmenio, Jr.
Director - Markets and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Re : SEC Form 17-Q 2023 3rd Quarter Report
x ==x

Gentlemen/Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended September 30, 2023.

We trust everything is in order.

Very truly yours,

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

Nickel Asia Corporation

Main Office:
28th Floor NAC Tower,
32nd Street, Bonifacio
Global City, Taguig City,
Philippines 1634

Phone: +63 2 8892 6669
+63 2 7798 7622

Fax: +63 2 8892 5344

Web: nickelasia.com

NICKEL ASIA CORPORATION

17-Q QUARTERLY REPORT

SEPTEMBER 30, 2023

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Condensed Consolidated Financial Statements as at September 30, 2023 (with Comparative Audited Statement of Financial Position as at December 31, 2022) and for the nine-month period ended September 30, 2023 and 2022 are hereto attached.

The following tables set forth the summary financial information for the nine-month period ended September 30, 2023 and 2022 and as at September 30, 2023 and December 31, 2022:

Summary Consolidated Statements of Income

	For the Nine Months Ended September 30		**Increase**	**Percent**
	2023	**2022**	**(Decrease)**	**Inc (Dec)**
	(In Thousand Pesos)			
Revenues	₱19,286,725	₱21,509,122	(₱2,222,397)	-10%
Costs	(7,409,438)	(6,592,639)	816,799	12%
Operating expenses	(4,453,532)	(4,841,316)	(387,784)	-8%
Finance income	360,291	94,673	265,618	281%
Finance expenses	(464,497)	(212,475)	252,022	119%
Equity in net income (loss) of associates	(379,825)	1,023,659	(1,403,484)	-137%
Other income - net	215,813	1,001,993	(786,180)	-78%
Provision for income tax - net	(1,960,797)	(2,844,371)	(883,574)	-31%
Net income	₱5,194,740	₱9,138,646	(₱3,943,906)	-43%
Net income attributable to:				
Equity holders of the parent	₱3,646,012	₱6,903,297	(₱3,257,285)	-47%
Non-controlling interests	1,548,728	2,235,349	(686,621)	-31%
	₱5,194,740	₱9,138,646	(₱3,943,906)	-43%

Summary Consolidated Statements of Financial Position

	September 30, 2023 (Unaudited)	**December 31, 2022** (Audited)	**Increase (Decrease)**	**Percent Inc (Dec)**
	(In Thousand Pesos)			
Current assets	₱26,811,915	₱20,955,174	₱5,856,741	28%
Noncurrent assets	32,555,667	28,803,868	3,751,799	13%
Total assets	₱59,367,582	₱49,759,042	₱9,608,540	19%
Current liabilities	₱10,411,129	₱4,772,920	₱5,638,209	118%
Noncurrent liabilities	4,691,864	4,455,303	236,561	5%
Equity attributable to equity holders of the parent	37,226,484	35,688,635	1,537,849	4%
Non-controlling interests	7,038,105	4,842,184	2,195,921	45%
Total liabilities and equity	₱59,367,582	₱49,759,042	₱9,608,540	19%

Summary Consolidated Statements of Cash Flows

	For the Nine Months Ended September 30		Increase	Percent
	2023	2022	(Decrease)	Inc (Dec)
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	₱6,864,663	₱8,814,370	(₱1,949,707)	-22%
Investing activities	(3,533,417)	(2,525,617)	1,007,800	40%
Financing activities	3,406,120	(4,562,866)	7,968,986	175%
Net increase in cash and cash equivalents	6,737,366	1,725,887	5,011,479	290%
Cash and cash equivalents, beginning	10,809,026	10,826,806	(17,780)	0%
Cash and cash equivalents, end	₱17,546,392	₱12,552,693	₱4,993,699	40%

Item B. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following discussion and analysis are based on the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2023 and 2022, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim condensed consolidated financial statements.

Nine months ended September 30, 2023 compared with nine months ended September 30, 2022

Revenues

	2023	2022
	(In Thousands)	
Sale of ore and limestone	₱16,959,587	₱20,041,436
Services	1,659,483	951,868
Sale of power	667,655	515,818
	₱19,286,725	₱21,509,122

Revenues during the first three quarters of 2023 were ₱19,286.7 million, lower by ₱2,222.4 million, or 10%, compared to ₱21,509.1 million during the same period last year.

Sale of Ore

Revenues from the sale of ore were down by 15% due to lower nickel ore prices caused by the growth in Indonesian nickel production.

The Group's operating mines sold a combined 13.01 million wet metric tons (WMT) of nickel ore during the first three quarters of 2023, or 5% higher than last year's 12.44 million WMT. The weighted average nickel ore sales price during the period dropped by 21% to $23.24/WMT, compared with $29.46/WMT in the same period last year. The Group realized ₱55.64/US$ from these nickel ore sales, a 3% increase from ₱54.22/US$ year-on-year.

Breaking down the ore sales, the Group exported 7.29 million WMT of saprolite and limonite ore at an average price of $29.15/WMT during the first three quarters of 2023, compared to 6.68 million WMT at $38.87/WMT in the same period last year. Likewise, the Group delivered 5.72 million WMT of limonite ore to the Coral Bay and Taganito High-Pressure Acid Leach (HPAL) plants, realizing an average price of $10.53 per pound of payable nickel. This compares to 5.76 million WMT at $11.66 per pound of payable nickel during the first three quarters of 2022.

On a per mine basis, the Group's Rio Tuba mine exported 0.93 million WMT of saprolite ore and delivered 2.03 million WMT of limonite ore to the Coral Bay processing plant during the first three quarters of 2023. This compares sales of 0.99 million WMT of saprolite ore and 2.10 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 3.21 million WMT of saprolite ore and delivered 3.30 million WMT of limonite ore to the Taganito processing plant during the first three quarters of 2023. Compared to the same period last year, there were 2.75 million WMT of saprolite ore and 3.33 million WMT of limonite ore delivered to the Taganito processing plant.

The Group's Hinatuan, Cagdianao, and Dinapigue mines exported 1.32 million WMT, 1.57 million WMT, and 0.26 million WMT, respectively, of saprolite and limonite ore during the first three quarters of 2023, and 1.18 million WMT, 1.58 million WMT, and 0.17 million WMT, respectively, during the first three quarters of 2022. Aside from 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 for a total of 0.39 million WMT and 0.34 million WMT during the first three quarters of 2023 and 2022, respectively.

Sale of Limestone
Due to the 15% drop in limestone deliveries, Rio Tuba's revenue from the sale of limestone during the first three quarters of 2023 was lower by 17% at ₱139.2 million compared to ₱168.7 million during the same period last year.

Services
Service revenue consists mainly of payments for the hauling, manpower, and other ancillary services that CDTN Services Company Inc. and Taganito Mining Corporation (TMC) provide to Coral Bay Nickel Corporation (CBNC), Taganito HPAL Nickel Corporation (THNC), and other third parties. This also includes the usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was higher by ₱707.6 million, from ₱951.9 million to ₱1,659.5 million, mainly because of the increase in the volume of materials handled, particularly for CBNC's TSF-3 Project.

Sale of Power
Revenue from the sale of power during the first three quarters of 2023 amounted to ₱667.7 million, or 29% higher than last year's ₱515.8 million. Despite the 1% decrease in the year-on-year average effective price, from Php5.05/kilowatt hour (kWh) to Php4.99/kWh, the generation volume of the Group's solar power plant was higher by 36%, or by 28.05 megawatts (MW), owing to higher demand, compared to the same period last year. A portion of the energy generated was attributable to the completion and energization of Phase 3B, which contributed 38MW starting in the third quarter of 2022.

Costs

Costs went up by 12%, or ₱816.8 million, from ₱6,592.6 million to ₱7,409.4 million.

	2023	2022
	(In Thousands)	
Cost of sales	₱5,997,502	₱5,816,427
Services	1,015,824	489,822
Power generation	396,112	286,390
	₱7,409,438	₱6,592,639

Cost of Sales

The movement in the cost of sales was driven by higher fuel consumption, which increased by 17%. Compared to the first three quarters of last year, when the mines were still recovering from the impact of typhoon Odette, the Group is operating normally during the first three quarters of 2023. The cost of electricity was also higher in the current period due to higher consumption, whereas last year the Surigao mines experienced almost a month without power due to damaged powerlines caused by typhoon Odette. Moreover, aside from the slight increase in the contractor's rate, the contracted tonnage was also higher during the current period.

Cost of Services

The cost of services rose by 107% from ₱489.8 million to ₱1,015.8 million following the increase in payments made to subcontractors for CBNC's TSF-3 project. Aside from this, the volume of materials handled during the first three quarters of the current year was higher by 36% than last year.

Cost of Power Generation

The cost of power generation went up by 38% to ₱396.1 million from ₱286.4 million following the completion and energization of Phase 3B in June 2022, which increased depreciation by 26%, and because of higher generation volume, which increased by 36% compared to the same period in the year prior.

Operating Expenses

	2023	2022
	(In Thousands)	
Shipping and loading costs	₱1,831,779	₱1,754,337
Excise taxes and royalties	1,495,440	1,985,842
General and administrative	1,033,334	947,774
Marketing	92,979	153,363
	₱4,453,532	₱4,841,316

Shipping and Loading Costs

Shipping and loading costs were up by 4% since loading started early for some of the mines compared to last year, when shipment started late due to inclement weather conditions. Aside from this, the volume of ore export sales increased by 9%.

Excise Taxes and Royalties
Excise taxes and royalties were down by 25% to ₱1,495.4 million from ₱1,985.8 million, mainly on account of the lower revenue from the sale of nickel ore, which declined by 15% due to lower nickel ore prices during the first three quarters of 2023, and the reduction in the royalty rate of CMC to its claim owner, from 8.75% to 2.50%.

General and Administrative
General and administrative expenses increased by 9% from ₱947.8 million to ₱1,033.3 million on account of higher personnel costs due to the hiring of new employees, annual merit increases and promotions, and higher taxes due to the settlement of the prior year's deficiency taxes. Aside from this, additional expenses were incurred for the risk conference held in Cebu and Manila, for NAC's first sustainability-run event, and for the temporary relocation of employees because of office renovation.

Marketing
The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 39% during the current period. The commission is based on CMC's revenue only, and CMC's revenue from the sale of ore was 23% lower during the first three quarters of 2023 compared to the same period last year. Further, shipments subjected to a marketing fee were lower by 75% compared to the same period last year.

Finance Income
Finance income significantly improved by 281% to ₱360.3 million from ₱94.7 million because of the improvements in interest rates, which were around 4% during the first three quarters of the current year, compared to around 2% during the same period last year.

Finance Expenses
Finance expenses rose by 119% during the first three quarters of 2023 compared to the same period last year on account of the increase in the London Inter-Bank Offered Rate, from an average of 2.90% to 6.82%, and the domestic borrowing rate, from an average of 5.73% to 7.06%. Aside from this, a jump in the foreign exchange rate from an average of ₱53.59/US$1 to ₱55.49/US$1 also contributed to the increase.

Equity in Net Income (Loss) of Associates
The Parent Company registered a loss from its equity interests in the two HPAL plants in the combined amount of ₱379.8 million during the current period against a profit of ₱1,023.7 million the year prior, or a 137% decrease. The net loss incurred by the HPAL plants was due to lower metal prices for nickel and cobalt year-on-year.

Other Income - Net
Other income - net was at ₱215.8 million during the current period, compared to ₱1,002.0 million in the same period last year. In the first three quarters of 2023, the Group's recognized net foreign exchange gains of ₱118.7 million were significantly lower than last year's ₱1,539.3 million. However, the decrease in foreign exchange gains was partially offset by the decrease in the valuation losses of investments by ₱592.2 million.

Provision for Income Tax - Net
As a result of the above, the taxable income during the current period was lower compared to the same period last year, thus the net provision for income tax was lower by 31%.

Net Income
As a result of the foregoing, the consolidated net income was ₱5,194.7 million during the first three quarters of 2023, compared to ₱9,138.6 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 ₱3,646.0 million, compared to ₱6,903.3 million during the same period last year.

STATEMENT OF FINANCIAL POSITION
Total assets as of September 30, 2023, were ₱59,367.6 million, compared to ₱49,759.0 million as of December 31, 2022. Current assets rose by 28% to ₱26,811.9 million from ₱20,955.2 million, mainly due to collections of receivables, higher input VAT, and prepaid royalties. The increase in noncurrent assets from ₱28,803.9 million to ₱32,555.7 million was attributable mainly to acquisitions of property and equipment, including the advances and downpayments made to suppliers.

Current liabilities were higher by 118%, from ₱4,772.9 million to ₱10,411.1 million, due to additional short-term loans obtained by Emerging Power Inc. (EPI) from Security Bank Corporation (SBC) and Rizal Commercial Banking Corporation to finance the construction of Jobin-SQM, Inc.'s (JSI) Phase 4A - 72MW solar project and the Cawag project.

Noncurrent liabilities of ₱4,691.9 million were slightly higher than the end of last year's ₱4,455.3 million due to the renewal of the long-term lease agreement for the use of office space and parking in the head office, which led to the recognition of lease liability for the right-of-use, and due to the loans drawn by Dinapigue Mining Corporation (DMC) from SBC to finance the construction of its permanent causeway.

The equity net of non-controlling interests increased by 4% to ₱37,226.5 million due to the net effect of earnings during the current period and the issuance of shares upon exercise of stock options, less the impact of the translation adjustments on the balances of the associates and cash dividends paid.

STATEMENT OF CASH FLOWS
Net cash from operating activities during the first three quarters of 2023, amounting to ₱6,864.7 million, was lower compared to ₱8,814.4 million during the same period last year due to higher collections from the sale of ore in the prior year on account of higher revenue compared to the current period, which has lower revenue due to lower nickel ore prices.

For its investment activities, the Group spent a significant amount on its capital expenditures, primarily to the construction of JSI's 72MW solar project, DMC's permanent causeway, and the re-fleeting of mining equipment, during the first three quarters of the current year, which amounted to ₱4,866.0 million compared to ₱1,347.8 million during the same period last year.

During the current period, the Group is in a positive cash position for its financing activities due to the following: 1) additional bank loans obtained by EPI and JSI amounting to a total of ₱4,670.5 million, net of debt issue costs, which was used for the construction of JSI's 72MW solar project, for the Cawag project and to refinance the shareholder's loans used for Phase 3 expansions; 2) new loans obtained by DMC amounting to ₱246.2 million for the construction of its permanent causeway; and 3) additional equity call of Greenlight Renewables Holdings Inc. (GRHI). Aside from this, cash dividends paid in 2023 were lower compared to 2022.

As of September 30, 2023 and 2022, cash and cash equivalents amounted to ₱17,546.4 million and ₱12,552.7 million, respectively.

KEY PERFORMANCE INDICATORS

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

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

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

   The average cost per volume of ore sold for the first three quarters of 2023 was ₱775/WMT based on aggregate costs of ₱10,085.1 million and total sales volume of 13.01 million WMT of ore. This compares to ₱830/WMT during the first three quarters of 2022 based on aggregate costs of ₱10,324.7 million and total sales volume of 12.44 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 2023 was ₱3,646.0 million compared to ₱6,903.3 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 with and following environmental regulations by implementing best practices in managing the environmental impact 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 2023 and 2022, there were around 70 and 43 open hectares per million WMT sold, respectively.

4) ***FREQUENCY RATE***

   Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations. The Group measures our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total million man-hours worked for the period. The Group's frequency rate was nil for both the first three quarters of 2023 and 2022.

RECENT DEVELOPMENTS

- In May 2023, the Philippine Competition Commission cleared the acquisition by GRHI of shares in San Isidro Solar Power Corporation (SISPC) and the proposed joint venture between Shell Overseas Investments B.V. and EPI. On June 30, 2023, GRHI acquired SISPC.
- The construction of the Dinapigue causeway project, which was awarded to D.M. Consunji, Inc., started in the second quarter of 2023 and expected to be completed in January 2024.
- The following subsidiaries of GRHI were incorporated from May to September 2023: 1) Casilagan Solar Power Corporation; 2) SanJuan Solar Power Corporation; 3) Sta. Maria Solar Power Corporation; 4) Tuy Solar and Wind Power Corp.; 5) San Antonio Solar Power Corp.
- On February 17, 2023, Hallmark Mining Corporation (Hallmark) and Austral-Asia Link Mining Corporation (Austral-Asia) accepted NAC's Letter of Intent (LOI), for NAC or its wholly owned subsidiary, to be the sole and exclusive mining service contractor for Hallmark's Mineral Production Sharing Agreement (MPSA) in Mati and San Isidro, Davao Oriental, and Austral-Asia's MPSA in Mati and Gov. Generoso, Davao Oriental. The LOI also permits the conduct of a feasibility study to determine the economic and technical viability for NAC to establish a HPAL or equivalent mineral processing plant within the MPSA area.

Liquidity and Capital Resources

As at September 30, 2023 and December 31, 2022, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under a throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debts to finance the solar project of 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, 2023 and December 31, 2022, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱16,400.8 million and ₱16,182.3 million, respectively. The Company expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and EPI's solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financing, 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 London Metal Exchange (LME) prices, to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to the 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 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 the 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$. Because almost all the revenues are earned in US$ 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 daily.

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 the share price and market value of the assets are monitored regularly to determine the impact on the financial position.

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

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

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

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

Known Trends, Events, or Uncertainties

Cancellation of Hinatuan Mining Corporation's (HMC) 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 2023 and 2022, HMC's tonnage consists of 10% of the Group's total ore sold.

As at September 30, 2023, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended September 30, 2023 and December 31, 2022, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

Ratios	Formula	**2023**	2022
A. *Liquidity analysis ratios*			
Current ratio or working capital ratio	Current assets / Current liabilities	**2.58**	2.41
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	**2.07**	1.91
Solvency ratio	Total assets / Total liabilities	**3.93**	3.65
B. *Financial leverage ratios*			
Debt ratio	Total liabilities / Total assets	**0.25**	0.27
Debt-to-equity ratio	Total liabilities / Total equity	**0.34**	0.38
Asset-to-equity ratio	Total assets / Total equity	**1.34**	1.38
Interest coverage ratio	Earnings before interest and taxes / Interest expense	**15.16**	52.24
C. *Profitability ratios*			
Net profit margin	Net income / Revenue	**0.27**	0.42
Return on assets	Net income / Total assets	**0.09**	0.16
Return on equity	Net income / Total equity	**0.12**	0.21
Gross profit margin	Sales - Costs / Revenue	**0.62**	0.69
Price/earnings ratio	Price per share / EPS	**23.54**	9.94

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 9, 2023

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

November 9, 2023

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱17,546,392**	₱10,809,026
Trade and other receivables (Notes 5 and 29)	**2,242,432**	2,687,062
Inventories (Note 6)	**2,942,036**	2,432,224
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	**1,307,239**	3,361,015
Fair value through other comprehensive income (FVOCI)	**479,925**	447,975
Amortized cost	**–**	50,000
Prepayments and other current assets	**2,293,891**	1,167,872
Total Current Assets	**26,811,915**	20,955,174
Noncurrent Assets		
Property and equipment (Note 8)	**17,401,060**	13,815,041
Investments in associates (Note 9)	**6,246,874**	7,147,565
Geothermal exploration and evaluation assets (Note 10)	**1,891,638**	1,882,318
Financial assets at - net of current portion (Note 7):		
FVTPL	**729,470**	758,760
Amortized cost	**410,000**	410,000
Deferred income tax assets - net	**318,913**	400,605
Other noncurrent assets	**5,557,712**	4,389,579
Total Noncurrent Assets	**32,555,667**	28,803,868
TOTAL ASSETS	**₱59,367,582**	₱49,759,042
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 29)	**₱2,962,850**	₱2,207,412
Short-term debts (Note 12)	**5,836,946**	1,498,266
Income tax payable	**886,712**	625,319
Current portion of:		
Long-term debt (Notes 12 and 29)	**350,950**	97,571
Lease liabilities (Note 30)	**36,940**	7,621
Other current liability	**336,731**	336,731
Total Current Liabilities	**10,411,129**	4,772,920
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Notes 12 and 29)	**2,299,808**	2,119,280
Lease liabilities (Note 30)	**759,696**	603,548
Deferred income	**34,567**	37,709
Provision for mine rehabilitation and decommissioning (Note 13)	**808,143**	791,060
Pension liability	**400,663**	435,443
Deferred income tax liabilities	**388,987**	468,263
Total Noncurrent Liabilities	**4,691,864**	4,455,303
Total Liabilities	**15,102,993**	9,228,223

(Forward)

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	**₱6,986,361**	₱6,849,836
Additional paid-in capital (Note 14)	**9,120,136**	8,271,900
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	**957,499**	1,400,235
Cost of share-based payment plan (Note 15)	**187,418**	522,837
Asset revaluation surplus	**29,895**	30,182
Net valuation losses on financial assets at FVOCI	**(3,458)**	(5,934)
Retained earnings:		
Unappropriated	**19,947,647**	18,618,593
Appropriated (Note 14)	**135,000**	135,000
Treasury stock (Note 14)	**(134,014)**	(134,014)
	37,226,484	35,688,635
Non-controlling Interests (NCI)	**7,038,105**	4,842,184
Total Equity	**44,264,589**	40,530,819
TOTAL LIABILITIES AND EQUITY	**₱59,367,582**	₱49,759,042

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts in Thousands, Except Earnings per Share)

	2023	2022
	(Unaudited)	
REVENUES (Notes 28 and 29)		
Sale of ore and limestone	**₱7,593,993**	₱8,976,337
Services	**577,676**	536,420
Sale of power	**193,177**	218,913
	8,364,846	9,731,670
COSTS		
Cost of sales (Note 17)	**2,298,480**	2,399,963
Services (Note 18)	**315,902**	300,283
Power generation (Note 19)	**143,130**	102,973
	2,757,512	2,803,219
OPERATING EXPENSES		
Shipping and loading costs (Note 20)	**919,862**	888,809
Excise taxes and royalties (Note 21)	**724,847**	1,020,138
General and administrative (Note 22)	**373,306**	352,391
Marketing	**68,271**	108,708
	2,086,286	2,370,046
FINANCE INCOME (Note 25)	**137,016**	51,704
FINANCE EXPENSES (Note 26)	**(181,383)**	(85,649)
EQUITY IN NET LOSS OF ASSOCIATES (Note 9)	**(302,396)**	(69,133)
OTHER INCOME – net (Note 27)	**118,855**	623,126
INCOME BEFORE INCOME TAX	**3,293,140**	5,078,453
PROVISION FOR INCOME TAX (Note 31)		
Current	**869,876**	1,249,370
Deferred	**15,344**	35,873
	885,220	1,285,243
NET INCOME	**₱2,407,920**	₱3,793,210
Net income attributable to:		
Equity holders of the parent	**₱1,899,617**	₱3,068,466
NCI	**508,303**	724,744
	₱2,407,920	₱3,793,210
Basic/Diluted Earnings Per Share (EPS; Note 16)	**₱0.13**	₱0.23

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, 2023 AND 2022

(Amounts in Thousands, Except Earnings per Share)

	2023	2022
	(Unaudited)	
REVENUES (Notes 28 and 29)		
Sale of ore and limestone	**₱16,959,587**	₱20,041,436
Services	**1,659,483**	951,868
Sale of power	**667,655**	515,818
	19,286,725	21,509,122
COSTS		
Cost of sales (Note 17)	**5,997,502**	5,816,427
Services (Note 18)	**1,015,824**	489,822
Power generation (Note 19)	**396,112**	286,390
	7,409,438	6,592,639
OPERATING EXPENSES		
Shipping and loading costs (Note 20)	**1,831,779**	1,754,337
Excise taxes and royalties (Note 21)	**1,495,440**	1,985,842
General and administrative (Note 22)	**1,033,334**	947,774
Marketing	**92,979**	153,363
	4,453,532	4,841,316
FINANCE INCOME (Note 25)	**360,291**	94,673
FINANCE EXPENSES (Note 26)	**(464,497)**	(212,475)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	**(379,825)**	1,023,659
OTHER INCOME – net (Note 27)	**215,813**	1,001,993
INCOME BEFORE INCOME TAX	**7,155,537**	11,983,017
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31)		
Current	**1,880,251**	2,852,636
Deferred	**80,546**	(8,265)
	1,960,797	2,844,371
NET INCOME	**₱5,194,740**	₱9,138,646
Net income attributable to:		
Equity holders of the parent	**₱3,646,012**	₱6,903,297
NCI	**1,548,728**	2,235,349
	₱5,194,740	₱9,138,646
Basic/Diluted EPS (Note 16)	**₱0.26**	₱0.51

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, 2023 AND 2022

(Amounts in Thousands)

	2023	2022
	(Unaudited)	
NET INCOME	**₱5,194,740**	₱9,138,646
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:		
Share in translation adjustment of associates	**(442,736)**	837,220
Net valuation gains (losses) on financial assets at FVOCI	**2,476**	(6,717)
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	**(440,260)**	830,503
Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:		
Asset revaluation surplus	**(287)**	(287)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**(440,547)**	830,216
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱4,754,193**	₱9,968,862
Total comprehensive income attributable to:		
Equity holders of the parent	**₱3,205,465**	₱7,733,513
NCI	**1,548,728**	2,235,349
	₱4,754,193	₱9,968,862

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, 2023 AND 2022

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 15)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Unappropriated	Appropriated (Note 14)	Treasury Stock (Note 14)	Total	NCI	Total
Balances at December 31, 2022	**₱6,849,836**	**₱8,271,900**	**₱1,400,235**	**₱522,837**	**₱30,182**	**(₱5,934)**	**₱18,618,593**	**₱135,000**	**(₱134,014)**	**₱35,688,635**	**₱4,842,184**	**₱40,530,819**
Net income	–	–	–	–	–	–	**3,646,012**	–	–	**3,646,012**	**1,548,728**	**5,194,740**
Other comprehensive income (loss)	–	–	**(442,736)**	–	**(287)**	**2,476**	–	–	–	**(440,547)**	–	**(440,547)**
Total comprehensive income (loss)	–	–	**(442,736)**	–	**(287)**	**2,476**	**3,646,012**	–	–	**3,205,465**	**1,548,728**	**4,754,193**
Issuance of shares upon exercise of stock options	**136,525**	**848,236**	–	**(335,419)**	–	–	–	–	–	**649,342**	–	**649,342**
Cash dividends - ₱0.17 per share	–	–	–	–	–	–	**(2,317,245)**	–	–	**(2,317,245)**	–	**(2,317,245)**
Cash dividends to NCI	–	–	–	–	–	–	–	–	–	–	**(950,000)**	**(950,000)**
Investment of NCI in a subsidiary	–	–	–	–	–	–	–	–	–	–	**1,597,193**	**1,597,193**
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	**287**	–	–	**287**	–	**287**
Balances at September 30, 2023 (Unaudited)	**₱6,986,361**	**₱9,120,136**	**₱957,499**	**₱187,418**	**₱29,895**	**(₱3,458)**	**₱19,947,647**	**₱135,000**	**(₱134,014)**	**₱37,226,484**	**₱7,038,105**	**₱44,264,589**

See accompanying Notes to Unaudited Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Unappropriated	Appropriated (Note 14)	Treasury Stock (Note 14)	Total	NCI	Total
Balances at December 31, 2021	₱6,849,836	₱8,271,900	₱599,215	₱473,442	₱30,565	₱3,363	₱16,710,460	₱135,000	(₱134,014)	₱32,939,767	₱3,389,433	₱36,329,200
Net income	–	–	–	–	–	–	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	–	–	–	6,235	–	–	–	–	–	6,235	–	6,235
Cash dividends - ₱0.22 per share	–	–	–	–	–	–	(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
Balances at September 30, 2022 (Unaudited)	₱6,849,836	₱8,271,900	₱1,436,435	₱479,677	₱30,278	(₱3,354)	₱20,615,257	₱135,000	(₱134,014)	₱37,681,015	₱4,899,782	₱42,580,797

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, 2023 AND 2022
(Amounts in Thousands)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱7,155,537**	₱11,983,017
Adjustments for:		
Depreciation, amortization, and depletion (Notes 8 and 24)	**1,459,622**	1,242,804
Equity in net loss (income) of associates (Note 9)	**379,825**	(1,023,659)
Interest expense (Notes 12 and 26)	**377,136**	129,316
Interest income (Note 25)	**(360,291)**	(94,673)
Movements in:		
Pension liability	**(75,699)**	57,297
Deferred income	**(3,142)**	(3,142)
Accretion of interest on:		
Lease liabilities (Notes 26 and 30)	**45,803**	40,980
Provision for mine rehabilitation and decommissioning (Notes 13 and 26)	**17,083**	13,981
Long-term payable (Note 26)	–	230
Loss (gain) on:		
Sale of property and equipment (Note 27)	**(19,154)**	(9,190)
Changes in fair value of financial assets at FVTPL (Notes 7 and 27)	**3,304**	595,537
Write-off of advances to suppliers (Note 27)	**2,791**	–
Write-off of input Value Added Tax (VAT; Note 27)	**1,590**	30,177
Sale of financial assets at FVOCI (Note 27)	–	1,609
Dividend income (Notes 7 and 27)	**(20,974)**	(33,696)
Unrealized foreign exchange gains - net	**(18,009)**	(350,535)
Provision for expected credit losses (ECL; Note 27)	**14,999**	–
Provisions (reversals of allowance) for impairment losses on (Note 27):		
Inventories	**8,134**	(18,696)
Input VAT	–	17,667
Deferred mine exploration cost	–	630
Cost of share-based payment plan (Note 23)	–	6,235
Operating income before working capital changes	**8,968,555**	12,585,889
Decrease (increase) in:		
Prepayments and other current assets	**(1,130,400)**	(513,365)
Inventories	**(517,946)**	(305,244)
Trade and other receivables	**448,948**	(1,276,774)
Increase in trade and other payables	**714,364**	731,417
Net cash generated from operations	**8,483,521**	11,221,923
Income taxes paid	**(1,618,858)**	(2,407,553)
Net cash flows from operating activities	**6,864,663**	8,814,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	**(4,866,019)**	(1,347,754)
Financial assets at (Note 7):		
FVTPL	**(729,566)**	(2,212,399)
FVOCI	**(135,014)**	(524,191)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVTPL	**2,827,804**	2,183,351
FVOCI	**105,540**	1,148,515
Amortized cost	**50,000**	–
Property and equipment	**27,500**	9,199

(Forward)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in:		
Other noncurrent assets	**(₱1,180,656)**	(₱589,916)
Geothermal exploration and evaluation assets	**(9,320)**	(33,306)
Interest received	**355,053**	82,402
Dividends received	**21,261**	288,795
Advances for the acquisition of shares of stock an associate (Note 9)	**–**	(1,530,313)
Net cash flows used in investing activities	**(3,533,417)**	(2,525,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Short-term debts, net of debt issue costs	**4,331,716**	–
Long-term debts, net of debt issue costs	**596,171**	1,367,734
Payments of:		
Cash dividends	**(3,267,245)**	(5,898,787)
Interest	**(272,113)**	(95,647)
Long-term debts	**(167,626)**	(124,344)
Principal portion of lease liabilities (Note 30)	**(50,147)**	(44,098)
Debt issue cost	**(11,171)**	(3,724)
Investment of NCI in a subsidiary	**1,597,193**	200,000
Proceeds from exercise of stock options	**649,342**	–
Increase in other current liability	**–**	36,000
Net cash flows from (used in) financing activities	**3,406,120**	(4,562,866)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,737,366**	1,725,887
CASH AND CASH EQUIVALENTS AT JANUARY 1	**10,809,026**	10,826,806
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Note 4)	**₱17,546,392**	₱12,552,693

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.

<u>The Subsidiaries</u>

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

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

Dinapigue Mining Corporation (DMC)
DMC was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits in Dinapigue, Isabela. DMC started its commercial operation in 2022.

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

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

furnish building materials and supplies. It is also engaged in the handling of materials in connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

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

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

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at November 9, 2023, FEI is still waiting for the approval of the SEC.

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

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

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

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

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

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

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

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

As at September 30, 2023, the flow testing is expected to commence in the last quarter of 2023, and if successful, the first modular plant will be installed with a target power generation and operation of 2MW in the first quarter of 2024.

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

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

Jobin-SQM, Inc. (JSI)
JSI was registered with the SEC on January 6, 2010, wherein the Parent Company has 38% direct ownership and 44.87% indirect ownership through EPI. JSI is primarily engaged in the power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI was acquired by EPI on September 11, 2015 and commenced operation in May 2016.

In January 2019, JSI received the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) for Phases 1 and 2 - 32MW of the Solar Project, valid for a period of five (5) years from November 2016 to November 2021 until revoked or suspended. The COC was issued after the authorization was granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Project to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018. Pursuant to JSI's COC renewal applications, the ERC extended the Provisional Authority to Operate (PAO) until November 2024 for Phases 1 and 2, and until June 2024 for Phase 3A - 30MW.

In June 2022, JSI completed the Phase 3B - 38MW of the Solar Project and it applied for a provisional certificate of approval to connect. The PAO for JSI's Phase 3B - 38MW was granted in November 2022 and valid and extended until November 2024.

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

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

As at September 30, 2023, Phases 1, 2 and 3 of the Solar Project with total capacity of 100MW are in commercial operations.

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

San Isidro Solar Power Corp. (SISPC)
SISPC was registered with the SEC on February 28, 2022, is a 51.77% owned subsidiary of the Parent Company through EPI. SISPC is primarily engaged in harnessing solar energy and producing and generating electricity from solar energy and other renewable energy sources, including expanded operation of solar energy and other renewable energy supply base and the generation and co-generation of electric power, as well as the supply and consolidation of the electric power demand of end-users, and to carry on all services incident and/or ancillary to the business. SISPC was acquired by GRHI on June 30, 2023.

Casilagan Solar Power Corporation (CSPC)
CSPC was registered with the SEC on May 9, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. CSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

SanJuan Solar Power Corporation (SSPC)
SSPC was registered with the SEC on July 26, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

Sta. Maria Solar Power Corporation (SMSPC)
SMSPC was registered with the SEC on July 26, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SMSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

Tuy Solar and Wind Power Corp. (TSWPC)
TSWPC was registered with the SEC on September 13, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. TSWPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

San Antonio Solar Power Corp. (SASPC)
SASPC was registered with the SEC on September 14, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SASPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

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

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

The unaudited interim condensed consolidated financial statements as at September 30, 2023 and December 31, 2022 and for the nine-month period ended September 30, 2023 and 2022, were authorized for issuance by the Parent Company's BOD on November 9, 2023.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation
The accompanying unaudited interim condensed consolidated financial statements of the Group as at September 30, 2023 and for the nine-month period ended September 30, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2022.

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

Basis of Consolidation
The unaudited interim condensed consolidated financial statements include the balances of the subsidiaries and equity share in the net income or loss of associates:

			Effective Ownership	
	Principal Place of Business	Principal Activities	**September 30, 2023**	September 30, 2022
Subsidiaries				
HMC	Philippines	Mining and Services	**100.00%**	100.00%
CMC	Philippines	Mining	**100.00%**	100.00%
DMC	Philippines	Mining	**100.00%**	100.00%
SNMRC	Philippines	Mining	**100.00%**	100.00%
CDTN	Philippines	Services	**100.00%**	100.00%
CPDL	BVI	Services	**100.00%**	100.00%
LCSLC [(a)]	Philippines	Services	**100.00%**	100.00%
FEI [(b)]	Philippines	Mining	**88.00%**	88.00%
EPI	Philippines	Renewable Energy Developer	**86.29%**	86.29%
MGPC [(c)]	Philippines	Renewable Energy Developer	**86.29%**	86.29%
BHI [(c)]	Philippines	Services	**86.29%**	86.29%
NPPGC [(c)]	Philippines	Power Generation	**86.29%**	86.29%

(Forward)

	Principal Place of Business	Principal Activities	Effective Ownership **September 30, 2023**	September 30, 2022
Subsidiaries				
JSI (d)	Philippines	Power Generation	**82.87%**	82.87%
CExCI	Philippines	Mining	**71.25%**	71.25%
Newminco (e)	Philippines	Mining	**71.25%**	71.25%
TMC	Philippines	Mining and Services	**65.00%**	65.00%
RTN	Philippines	Mining	**60.00%**	60.00%
GRHI (c,f)	Philippines	Services	**51.77%**	51.77%
SISPC (c,h)	Philippines	Power Generation	**51.77%**	–
CSPC (c)	Philippines	Power Generation	**51.77%**	–
SSPC (c)	Philippines	Power Generation	**51.77%**	–
SMSPC (c)	Philippines	Power Generation	**51.77%**	–
TSWPC (c)	Philippines	Power Generation	**51.77%**	–
SASPC (c)	Philippines	Power Generation	**51.77%**	–
BGI (c,g)	Philippines	Power Generation	–	51.77%
Associates				
BGI (c,g)	Philippines	Power Generation	**38.83%**	–
Coral Bay Nickel Corporation (CBNC; see Note 9)	Philippines	Manufacturing	**15.62%**	10.00%
THNC	Philippines	Manufacturing	**10.00%**	10.00%

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through EPI
(d) Direct ownership of 38% and indirect ownership through EPI of 44.87%
(e) Indirect ownership through CExCI
(f) Incorporated on August 18, 2022; a joint venture of EPI and Shell
(g) Partially disposed on December 20, 2022
(h) Acquired by GRHI on June 30, 2023

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

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

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

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

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

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

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

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022, except for the adoption of the following amendments to existing standards and/or interpretations, which were effective beginning January 1, 2023. The adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

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

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

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

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

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

The Group will continue to evaluate the impact of the standards, interpretations, and amendments in its consolidated financial statements for the year 2023. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

3. Seasonality of Operations

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

4. Cash and Cash Equivalents

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and with banks	**₱6,284,683**	₱2,056,702
Cash equivalents	**11,255,045**	8,663,632
Cash under managed funds	**6,664**	88,692
	₱17,546,392	₱10,809,026

5. Trade and Other Receivables

Trade and other receivables amounting to ₱48.9 million and ₱33.8 million as at September 30, 2023 and December 31, 2022, respectively, were impaired and fully provided for with allowance for ECL.

The aging analysis of the Group's trade and other receivables as at September 30, 2023 and December 31, 2022 are summarized below:

September 30, 2023 (Unaudited)	**Neither Past Due Nor Impaired (30 days)**	**Past Due But Not Impaired (31-180 days)**	**Past Due and Individually Impaired (> 180 days)**	**Total**
Trade and other receivables:				
Trade (see Note 29)	**₱1,681,964**	**₱18,995**	**₱36,331**	**₱1,737,290**
Amounts owed by related parties (see Note 29)	**209,318**	**–**	**4,228**	**213,546**
Advances to officers and employees	**57,067**	**2,570**	**193**	**59,830**
Interest receivable	**28,749**	**–**	**–**	**28,749**
Others	**153,141**	**90,628**	**8,191**	**251,960**
Total	**₱2,130,239**	**₱112,193**	**₱48,943**	**₱2,291,375**

December 31, 2022 (Audited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
Trade and other receivables:				
Trade (see Note 29)	₱1,604,055	₱659,599	₱21,195	₱2,284,849
Amounts owed by related parties (see Note 29)	175,239	–	4,228	179,467
Advances to officers and employees	42,699	4,997	193	47,889
Interest receivable	23,511	–	–	23,511
Current portion of loan receivable	5,425	–	–	5,425
Dividend receivables	287	–	–	287
Others	88,587	82,663	8,191	179,441
Total	₱1,939,803	₱747,259	₱33,807	₱2,720,869

6. Inventories

As at September 30, 2023 and December 31, 2022, inventories amounting to ₱66.3 million and ₱58.1 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. For the nine months ended September 30, 2023 and 2022, the reversals of allowance for impairment losses on inventories amounted to nil and ₱18.7 million, respectively, and the provision for impairment losses on inventories amounted to ₱8.1 million and nil, respectively,

As at September 30, 2023 and December 31, 2022, the cost of materials and supplies provided with allowance for impairment losses amounted to ₱501.4 million and ₱492.3 million, respectively, and no allowance for impairment losses was provided for the cost of beneficiated nickel ore and limestone.

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

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	**FVOCI**	**Amortized Cost**	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	**₱1,025,135**	**₱479,925**	**₱410,000**	₱2,713,653	₱447,975	₱460,000
Equity securities	**497,268**	**–**	**–**	891,816	–	–
Unquoted equity instruments	**514,306**	**–**	**–**	514,306	–	–
	₱2,036,709	**₱479,925**	**₱410,000**	₱4,119,775	₱447,975	₱460,000

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

The movements in financial assets follow:

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	**FVOCI**	**Amortized Cost**	FVTPL	FVOCI	Amortized Cost
Balances at January 1	**₱4,119,775**	**₱447,975**	**₱460,000**	₱5,997,893	₱1,122,284	₱460,000
Additions	**729,566**	**135,014**	**–**	3,643,300	550,113	–
Disposals/redemption	**(2,827,804)**	**(105,540)**	**(50,000)**	(5,093,617)	(1,215,125)	–
Effect of changes in foreign exchange rate	**18,476**	**–**	**–**	65,502	–	–
Net valuation gains (losses) on financial assets	**(3,304)**	**2,476**	**–**	(493,303)	(9,297)	–
Balances at end of period	**2,036,709**	**479,925**	**410,000**	4,119,775	447,975	460,000
Less noncurrent portion	**729,470**	**–**	**410,000**	758,760	–	410,000
Current portion	**₱1,307,239**	**₱479,925**	**₱–**	₱3,361,015	₱447,975	₱50,000

For the nine months ended September 30, 2023 and 2022, dividend income from equity securities amounted to ₱21.0 million and ₱33.7 million, respectively (see Note 27), while interest income from debt securities amounted to ₱22.7 million and ₱28.4 million, respectively (see Note 25).

8. Property and Equipment

During the nine-month period ended September 30, 2023 and 2022, the Group acquired assets with a cost of ₱4,866.0 million and ₱1,347.8 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the nine months ended September 30, 2023 and 2022 amounted to ₱1,446.9 million and ₱1,194.7 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, 2023 and December 31, 2022 (see Note 12).

9. Investments in Associates

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
THNC	**₱3,470,888**	₱3,922,385
CBNC	**2,775,159**	3,223,757
BGI	**827**	1,423
	₱6,246,874	₱7,147,565

The movements in investments in associates follow:

	September 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	THNC	**CBNC**	**BGI**	**Total**	THNC	CBNC	BGI	Total
Balances at January 1	**₱1,974,700**	**₱2,254,722**	**₱1,384**	**₱4,230,806**	₱1,974,700	₱724,410	₱–	₱2,699,110
Acquisitions	**–**	**–**	**–**	**–**	–	1,530,312	–	1,530,312
Reclassification	**–**	**–**	**–**	**–**	–	–	1,384	1,384
	1,974,700	**2,254,722**	**1,384**	**4,230,806**	1,974,700	2,254,722	1,384	4,230,806
Accumulated equity in net earnings (losses):								
Balances at January 1	**1,144,949**	**124,436**	**39**	**1,269,424**	392,588	(65,307)	–	327,281
Equity in net income (loss)	**62,974**	**(442,203)**	**(596)**	**(379,825)**	752,361	189,743	39	942,143
	1,207,923	**(317,767)**	**(557)**	**889,599**	1,144,949	124,436	39	1,269,424
Share in cumulative translation adjustment:								
Balances at January 1	**802,736**	**844,599**	**–**	**1,647,335**	536,817	249,346	–	786,163
Movements	**(514,471)**	**(6,395)**	**–**	**(520,866)**	265,919	595,253	–	861,172
	288,265	**838,204**	**–**	**1,126,469**	802,736	844,599	–	1,647,335
Balances at end of period	**₱3,470,888**	**₱2,775,159**	**₱827**	**₱6,246,874**	₱3,922,385	₱3,223,757	₱1,423	₱7,147,565

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱169.0 million and ₱247.1 million as at September 30, 2023 and December 31, 2022, respectively.

THNC

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

The net assets and Parent Company's share in cumulative translation adjustment of THNC amounted to ₱38,026.7 million and ₱245.0 million, respectively, as at September 30, 2023, and ₱36,842.8 million and ₱682.3 million, respectively, as at December 31, 2022. For the nine months ended September 30, 2023 and 2022, the results of THNC's operations were net income of ₱629.7 million and ₱7,667.4 million, respectively, and the Parent Company's equity in net income of THNC amounted to ₱63.0 million and ₱766.7 million, respectively.

CBNC

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

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

The net assets and Parent Company's share in cumulative translation adjustment of CBNC amounted to ₱29,693.6 million and ₱712.5 million, respectively, as at September 30, 2023, and ₱32,106.8 million and ₱717.9 million, respectively, as at December 31, 2022. For the nine months ended September 30, 2023 and 2022, the results of CBNC's operations were net loss of ₱2,830.1 million and net income of ₱2,569.2 million, respectively, and the Parent Company's equity in CBNC amounted to ₱442.2 million loss and ₱256.9 million income, respectively.

BGI

BGI, a private entity that is not listed on any public exchange, was incorporated, and registered with the Philippine SEC on October 31, 2007. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services.

On December 20, 2022, BHI sold a portion of its shareholdings in BGI, equivalent to 461,250 common shares or 15% interest in BGI, for ₱0.5 million. After the sale, BHI's equity ownership in BGI decreased from 60% to 45%.

The net liabilities of BGI amounted to ₱441.0 million and ₱439.7 million as at September 30, 2023 and December 31, 2022, respectively. For the nine months ended September 30, 2023 and 2022, the Parent Company's equity in net loss of BGI amounted to ₱0.6 million and nil, respectively.

10. Geothermal Exploration and Evaluation Assets

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

As at September 30, 2023 and December 31, 2022, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, are noninterest-bearing and are generally settled in one (1) year. Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, and fringe benefit tax which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped/delivered. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

12. Short-term and Long-term Debts

Short-term debts

SBC

SBC granted a ₱3,500.0 million loan facility to EPI which is secured by a continuing suretyship of the Parent Company. The proceeds of the loans were used to settle the promissory notes under the original SBC loan facility and to finance the construction of JSI's Phase 4A - 72MW solar project.

Details of the drawdowns are as follows:

Drawdown Date	Maturity Date	Interest Rate*	Amount
July 8, 2022	June 27, 2024	5.00% to 7.75%	₱300,000
August 26, 2022	January 24, 2024	5.50% to 7.75%	1,200,000
February 10, 2023	February 5, 2024	7.00% to 7.75%	1,500,000
March 31, 2023	March 25, 2024	7.75%	500,000
			₱3,500,000

** subject to monthly repricing*

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱1,500,000**	₱1,500,000
Drawdowns	**2,000,000**	–
	3,500,000	1,500,000
Less unamortized debt issue cost	**(11,100)**	(1,734)
Balances at end of period	**₱3,488,900**	₱1,498,266

The interest incurred in connection with the short-term debts with SBC amounted to ₱195.0 million and ₱62.4 million for the nine months ended September 30, 2023 and 2022, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts with SBC for the nine months ended September 30, 2023 and 2022.

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment, and other governmental charges due. As at September 30, 2023 and December 31, 2022, EPI has been compliant with the covenants contained in the loan facility and agreements.

Rizal Commercial Banking Corporation (RCBC)
RCBC granted a ₱3,500.0 million loan facility to EPI to fund the following projects: 1) JSI's Phase 4A solar project; 2) Cawag project; and 3) the balance for EPI's working capital requirements. On August 29, 2023, EPI drawn an amount of ₱2,364.0 million from the said facility. Interest is at 6.65% per annum (p.a). The principal and interest are payable one (1) year after drawdown or by August 28, 2024.

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Drawdown	**₱2,364,000**	₱–
Less unamortized debt issue cost	**(15,954)**	–
Balances at end of period	**₱2,348,046**	₱–

The interest incurred in connection with the short-term debts with RCBC amounted to ₱15.5 million and nil for the nine months ended September 30, 2023 and 2022, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts with RCBC for the nine months ended September 30, 2023 and 2022.

Long-term debts

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
JSI	**₱1,613,616**	₱1,387,496
TMC	**792,049**	829,355
DMC	**245,093**	–
	2,650,758	2,216,851
Less noncurrent portion:		
JSI	**1,406,301**	1,387,496
TMC	**693,043**	731,784
DMC	**200,464**	–
	2,299,808	2,119,280
Current portion	**₱350,950**	₱97,571

JSI Loans

ICBC and SBC

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

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

Details of the drawdown follows:

Tranche	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
A	June 28, 2022	June 28, 2029	6.5948%[1]	₱1,250,000	₱31,899
B	April 28, 2023	June 28, 2029	8.1978%[2]	350,000	–

[1] *Fixed interest rate for two (2) years covering June 28, 2022 to June 28, 2024.*
[2] *Fixed interest rate for two (2) years covering April 28, 2023 to April 28, 2025.*

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

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱1,240,500**	₱–
Drawdowns	**350,000**	1,250,000
Payments	**(94,950)**	(9,500)
	1,495,550	1,240,500
Less unamortized debt issue cost	**(24,349)**	(28,844)
Balances at end of period	**1,471,201**	1,211,656
Less noncurrent portion	**1,263,886**	1,211,656
Current portion	**₱207,315**	₱–

The interest incurred in connection with the long-term debts with ICBC and SBC amounted to ₱77.3 million and ₱23.1 million, of which nil and ₱8.1 million pertain to capitalized borrowing costs, for the nine months ended September 30, 2023 and 2022, respectively (see Note 26).

TBEA

In accordance with the Agreement on Shareholder's Advances on June 17, 2020, TBEA granted JSI an unsecured term loan facility of a total cumulative principal amount of US$2.2 million to be used for the Phase 3A - 30MW solar project.

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

Details of the drawdowns are as follows:

Phase	Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
3A	First	July 23, 2020	June 17, 2025	5.00%	₱60,806	₱456
	Second	August 27, 2020	June 17, 2025	5.00%	24,127	181
	Third	November 23, 2020	June 17, 2025	5.00%	10,761	81
	Fourth	February 26, 2021	June 17, 2025	5.00%	13,422	101
3B	First	January 17, 2022	June 17, 2025	5.00%	124,861	937
	Second	June 20, 2022	June 17, 2025	5.00%	25,902	194
					₱259,879	₱1,950

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱176,808**	₱109,116
Drawdowns	**–**	150,763
Payments	**(33,817)**	(83,071)
	142,991	176,808
Less unamortized debt issue cost	**(576)**	(968)
Balances at end of period	**₱142,415**	₱175,840

For the nine months ended September 30, 2023 and 2022, the interest incurred in connection with the long-term debts with TBEA amounted to ₱6.4 million and ₱8.5 million, respectively, of which nil and ₱7.0 million, respectively, pertain to capitalized borrowing costs (see Notes 26 and 29).

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

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

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence, and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at September 30, 2023 and December 31, 2022, TMC is in compliance with the restrictions.

Interest expense for the nine months ended September 30, 2023 and 2022 amounted to ₱41.5 million and ₱19.7 million, respectively (see Notes 26 and 29).

DMC Loan
SBC granted an ₱843.0 million loan facility to DMC to finance the construction of its permanent causeway. Interest is based on quarterly floater for seven (7) years using Bangko Sentral ng Pilipinas overnight lending facility rate plus the credit spread. Interest is payable monthly for a period of seven (7) years commencing on the initial drawdown date until maturity.

Details of the drawdowns are as follows:

Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
August 16, 2023	August 16, 2030	6.82%	₱9,465	₱71
August 16, 2023	August 16, 2030	6.82%	81,743	613
September 1, 2023	August 16, 2030	6.75%	156,823	1,176
			₱248,031	₱1,860

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Drawdowns	**₱248,031**	₱–
Payment	**(1,086)**	–
	246,945	–
Less unamortized debt issue cost	**(1,852)**	–
Balances at end of period	**245,093**	–
Less noncurrent portion	**200,465**	–
Current portion	**₱44,628**	₱–

The interest incurred in connection with the long-term debts with SBC amounted to ₱0.5 million and nil for the nine months ended September 30, 2023 and 2022, respectively (see Note 26).

The capitalized borrowing costs pertaining to long-term debts with SBC for the nine months ended September 30, 2023 and 2022 amounted to nil.

The Term Loan Agreement with SBC provides for certain conditions and/or restrictions, but are not limited to the following:
1) DE ratio of at most 1.50x defined as total liabilities less advances from stockholders divided by total equity plus advances from stockholders.
2) DSCR of at least 1.15x defined as earnings before interest, taxes, depreciation, and amortization divided by interest expense plus prior year's current portion of long-term debt.
3) The borrower shall only pay interest on any subordinated loans, pay dividends, and repay any portion of its subordinated loans and/or advances from stockholders provided that the distribution DSCR is at least 1.25x and DMC's DE ratio should not be more than 1.50x.
4) As long as any of the credit obligations remain unpaid, DMC will not, without prior written consent of SBC, create or permit to exist any mortgage or pledge lien or any encumbrance on all free assets now owned or hereafter acquired by DMC.

As at September 30, 2023, DMC has been compliant with the covenants contained in the loan facility and agreements.

13. Provision for Mine Rehabilitation and Decommissioning

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

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

For the nine months ended September 30, 2023 and 2022, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱17.1 million and ₱14.0 million, respectively (see Note 26).

14. Equity

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,958,322,808 shares* as at September 30, 2023 and 13,685,272,117 shares as at December 31, 2022		
Outstanding - 13,903,900,808 shares* as at September 30, 2023 and 13,630,850,117 shares as at December 31, 2022	**₱6,979,161**	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
Total	**₱6,986,361**	₱6,849,836

* *Includes common shares for lodgment to Philippine Depository and Trust Corporation (PDTC).*

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

Issued Capital Stock
As at September 30, 2023 and December 31, 2022, a total of 7,636,988,726 common shares and 3,852,936,213 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of ninety (90) and ninety-five (95) shareholders, respectively, while the balance of 6,266,912,082 common shares and 9,777,913,904 common shares, respectively, are lodged with the PDTC.

Outstanding Capital Stock
The movement in outstanding common stock follows:

	Number of Shares		
	Issued	Treasury	Outstanding
Balances at December 31, 2021 and 2022	13,685,272,117	(54,422,000)	13,630,850,117
Exercise of stock options	273,050,691	–	273,050,691
Balances at September 30, 2023	13,958,322,808	(54,422,000)	13,903,900,808

Additional Paid-in Capital
The movements in additional paid-in capital follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱8,271,900**	₱8,271,900
Exercise of stock options	**512,817**	–
Reclassification adjustment from cost of share-based payment plan upon exercise of stock options (see Note 15)	**335,419**	–
Total	**₱9,120,136**	₱8,271,900

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

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

Dividends
Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2023	***Cash Dividends***					
	Regular	**March 14, 2023**	**March 29, 2023**	**₱2,317,245**	**₱0.17**	**April 12, 2023**
2022	*Cash Dividends*					
	Regular	March 10, 2022	March 24, 2022	₱2,317,245	₱0.17	April 7, 2022
	Special	March 10, 2022	March 24, 2022	681,542	0.05	April 7, 2022

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

Treasury Stock
On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at September 30, 2023 and December 31, 2022, the Parent Company purchased from the market a total of 54,422,000 of its own common shares at an average price of ₱2.4625 per share or a total of ₱134.0 million.

15. Executive Stock Option Plan

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

1. The Plan covers up to 155.0 million shares, which was further increased to 375.0 million shares, allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its operating subsidiaries, including CExCI, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The grant dates and exercise prices are as follows:

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

4. The term of the Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the Plan.
5. The participant can exercise the vested options by giving notice within the term of the Plan and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair value of the stock option ranges from ₱0.11 to ₱2.90, which was estimated as at grant date using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

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

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

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

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

There have been no modifications or cancellations of stock options for the nine months ended September 30, 2023 and 2022.

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱522,837**	₱473,442
Cost of share-based payment recognized as capital upon exercise (see Note 14)	**(335,419)**	–
Stock option expense	–	49,395
Balances at end of period	**₱187,418**	₱522,837

As at September 30, 2023, there were a total of 273,050,691 shares of stock options exercised. The weighted average stock price at exercise date of the options was ₱6.40 per share.

16. Earnings Per Share

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

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱3,646,012**	₱6,903,297
b. Weighted average number of common shares for basic EPS (in thousands)	**13,809,467**	13,630,850
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	**13,829,135**	13,630,850
Basic/Diluted EPS	**₱0.26**	₱0.51

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the financial reporting period and the date of authorization of the consolidated financial statements.

17. Cost of Sales

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Cost of sale of:		
Ore	**₱5,883,800**	₱5,684,458
Limestone	**113,702**	131,969
	₱5,997,502	₱5,816,427

Details of cost of sales follow:

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Production overhead	**₱2,987,082**	₱2,841,068
Outside services	**1,451,150**	1,375,029
Personnel costs (see Note 23)	**1,121,988**	993,661
Depreciation, amortization and depletion (see Note 24)	**831,988**	697,963
	6,392,208	5,907,721
Net changes in beneficiated nickel ore and limestone	**(394,706)**	(91,294)
	₱5,997,502	₱5,816,427

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

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

18. Cost of Services

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Outside services	**₱666,809**	₱226,694
Personnel costs (see Note 23)	**109,094**	80,981
Depreciation (see Note 24)	**100,989**	79,579
Overhead	**72,799**	63,234
Equipment operating cost	**66,133**	39,334
	₱1,015,824	₱489,822

19. Cost of Power Generation

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Depreciation and amortization (see Note 24)	**₱263,265**	₱209,616
Outside services	**39,421**	18,399
Overhead	**39,381**	34,691
Materials and supplies	**33,818**	6,335
Personnel costs (see Note 23)	**20,227**	17,349
	₱396,112	₱286,390

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

20. Shipping and Loading Costs

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Outside services	**₱1,151,743**	₱1,064,669
Materials and supplies	**428,639**	446,143
Depreciation and amortization (see Note 24)	**112,697**	112,678
Personnel costs (see Note 23)	**84,151**	80,460
Other services and fees	**54,549**	50,387
	₱1,831,779	₱1,754,337

21. Excise Taxes and Royalties

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Royalties	**₱817,057**	₱1,184,185
Excise taxes	**678,383**	801,657
	₱1,495,440	₱1,985,842

22. General and Administrative Expenses

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Personnel costs (see Note 23)	**₱358,233**	₱315,856
Taxes and licenses	**203,154**	152,519
Depreciation and amortization (see Note 24)	**101,399**	137,421
Outside services	**86,485**	82,214
Professional fees	**54,053**	44,780
Transportation and travel	**41,132**	23,442
Publicity and promotions	**38,513**	22,007
Dues and subscriptions	**33,341**	27,082
Supplies	**25,933**	47,076
Rentals	**14,713**	4,574
Communications, light and water	**9,083**	12,568
Entertainment, amusement, and recreation	**7,602**	8,216
Repairs and maintenance	**3,040**	5,146
Donation	–	20,431
Others	**56,653**	44,442
	₱1,033,334	₱947,774

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

23. Personnel Costs

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Salaries, wages and employee benefits	**₱1,693,693**	₱1,482,072
Cost of share-based payment plan	–	6,235
	₱1,693,693	₱1,488,307

The amounts of personnel costs are distributed as follows:

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Cost of :		
Sales (see Note 17)	**₱1,121,988**	₱993,661
Services (see Note 18)	**109,094**	80,981
Power generation (see Note 19)	**20,227**	17,349
General and administrative (see Note 22)	**358,233**	315,856
Shipping and loading costs (see Note 20)	**84,151**	80,460
	₱1,693,693	₱1,488,307

24. Depreciation, Amortization and Depletion

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

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Cost of:		
Sales (see Note 17)	**₱831,988**	₱697,963
Power generation (see Note 19)	**263,265**	209,616
Services (see Note 18)	**100,989**	79,579
Shipping and loading costs (see Note 20)	**112,697**	112,678
General and administrative (see Note 22)	**101,399**	137,421
Others	**49,284**	5,547
	₱1,459,622	₱1,242,804

The above is distributed as follows:

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Property and equipment (see Note 8)	**₱1,446,882**	₱1,194,673
Other noncurrent assets		
Computer software	**12,740**	44,911
Mining rights	–	3,220
	₱1,459,622	₱1,242,804

25. Finance Income

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	**₱330,400**	₱60,102
Financial assets at (see Note 7):		
FVOCI	**12,497**	15,423
Amortized cost	**10,169**	10,331
FVTPL	–	2,600
Short-term cash investments	**6,265**	–
Negotiable instruments	**920**	1,042
Loans	**40**	5,175
	₱360,291	₱94,673

26. Finance Expenses

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 12)	**₱210,529**	₱62,377
Long-term debts (see Notes 12 and 29)	**125,682**	36,237
Pension	**40,919**	30,702
Others	**6**	–
Accretion of interest on:		
Lease liabilities (see Note 30)	**45,803**	40,980
Provision for mine rehabilitation and decommissioning (see Note 13)	**17,083**	13,981
Long-term payable	–	230
Guarantee service fee (see Note 29)	**24,475**	27,968
	₱464,497	₱212,475

27. Other Income (Charges) - Net

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Foreign exchange gains - net	**₱118,684**	₱1,539,312
Rentals and accommodations	**49,374**	45,268
Gain (loss) on:		
Sale of property and equipment	**19,154**	9,190
Changes in fair value of financial assets at FVTPL (see Note 7)	**(3,304)**	(595,537)
Write-off of advances to suppliers	**(2,791)**	–
Write-off of input VAT	**(1,590)**	(30,177)
Sale of financial assets at FVOCI	–	(1,609)
Dividend income (see Note 7)	**20,974**	33,696
Provision for ECL	**(14,999)**	–
Trust fee	**(8,330)**	(17,731)
Reversals of allowance (provisions) for impairment losses on:		
Inventories (see Note 6)	**(8,134)**	18,696
Input VAT	–	(17,667)
Deferred mine exploration cost	–	(630)
Others	**46,775**	19,182
	₱215,813	₱1,001,993

28. Revenue from Contracts with Customers

Disaggregated Revenue Information

The tables below show the disaggregation of revenues of the Group by location of the customers for sale of ore and limestone, type of services rendered for sale of services and source of electricity for sale of power for the nine months ended September 30, 2023 and 2022:

	For the nine-month period ended September 30, 2023 (Unaudited)			
	China	**Local**	**Japan**	**Total**
Sale of (see Note 29):				
Ore	**₱11,489,760**	**₱4,966,435**	**₱364,231**	**₱16,820,426**
Limestone	–	**139,161**	–	**139,161**
	₱11,489,760	**₱5,105,596**	**₱364,231**	**₱16,959,587**

	For the nine-month period ended September 30, 2022 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	₱13,423,057	₱5,708,183	₱741,540	₱19,872,780
Limestone	–	168,656	–	168,656
	₱13,423,057	₱5,876,839	₱741,540	₱20,041,436

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Services (see Note 29)		
Materials handling	**₱1,659,483**	₱951,868
Sale of power		
Solar	**₱528,893**	₱393,671
Diesel	**38,008**	21,393
	₱566,901	₱415,064

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the nine-month period ended September 30, 2023 and 2022, including the corresponding assets and liabilities arising from the said transactions as at September 30, 2023 (Unaudited) and December 31, 2022 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	September 30, 2023	September 30, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022		
Stockholders												
Pacific Metals Co., Ltd.												
Sale of ore	**₱364,231**	₱741,540	**₱33,796**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	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 and other income (charges) - net	**(2,183)**	(5,142)	**–**	–	**720**	–	**–**	–	**–**	–	Collectible/ payable on demand; noninterest-bearing	A
SMM												
Guarantee service fee (see Note 26)	**24,475**	27,968	**–**	–	**977**	9,588	**–**	–	**–**	–	Every twenty first (21st) of February, March, August and September	A
With Common Stockholders												
Manta Equities, Inc. (Manta)												
Rentals, dues and utilities	**45,857**	33,894	**–**	–	**30**	453	**–**	–	**–**	–	Payable upon billing; noninterest-bearing	A
Short-term advances	**–**	73	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	A
Associates												
CBNC												
Sale of ore and limestone	**2,234,694**	2,596,903	**263,533**	751,724	**–**	–	**–**	–	**–**	–	Thirty (30) days term; noninterest-bearing	A
Materials handling	**1,288,439**	606,492	**473,577**	110,862	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	A
Infralease and throughput	**5,729**	–	**30,770**	19,328	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	A
Other income	**57,129**	41,136	**56,767**	72,169	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	A

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	September 30, 2023	September 30, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022		
(Forward)												
THNC												
Sale of ore	**₱2,866,930**	₱3,268,537	**₱174,396**	₱442,021	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Thirty (30) days term, noninterest-bearing	A
Rendering of service	**109,870**	90,943	**72,156**	31,221	**–**	–	**–**	–	**–**	–	Semi-annual term; noninterest-bearing	A
Materials handling	**233,958**	220,001	**19,178**	28,693	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	A
Rental income	**5,296**	5,296	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest bearing	A
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**792,050**	829,355	Principal is payable in semi-annual installments; interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	B
Interest expense on long-term debt (see Notes 12 and 26)	**41,500**	19,714	**–**	–	**23,551**	10,252	**–**	–	**–**	–	Payable semi-annually on April 10 and October 10	A
Short-term advances	**–**	–	**–**	–	**–**	–	**801**	1,559	**–**	–	Collectible/ payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at September 30, 2023 and December 31, 2022	A
BGI												
Short-term advances	**–**	–	**–**	–	**–**	–	**208,517**	173,680	**–**	–	Collectible upon billing; noninterest-bearing	A

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	September 30, 2023	September 30, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022		
Affiliates												
TBEA												
Loan facility	**₱–**	₱149,632	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱142,415**	₱175,840	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5.00% p.a.	A
Interest expense on long-term debt (see Notes 12 and 26)	**6,401**	8,544	**–**	–	**1,827**	2,259	**–**	–	**–**	–	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	A
			₱1,124,173	₱1,456,018	**₱27,105**	₱22,552	**₱209,318**	₱175,239	**₱934,465**	₱1,005,195		

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

Terms and Conditions of Transactions with Related Parties
All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at September 30, 2023 and December 31, 2022 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash. Except for the guarantee on THNC's, EPI's and JSI's Loan Obligations, there have been no guarantees received or provided for any related party receivables or payables, respectively. This assessment is undertaken at each end of the financial reporting period through the examination of the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel
The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the nine months ended September 30, 2023 and 2022 amounted to about ₱285.5 million and ₱249.0 million, respectively.

30. Leases

The lease liabilities as at September 30, 2023 and December 31, 2022, discounted using incremental borrowing rate, are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Lease liabilities	**₱796,636**	₱611,169
Less noncurrent portion	**759,696**	603,548
Current portion	**₱36,940**	₱7,621

The rollforward analysis of lease liabilities follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	**₱611,169**	₱613,944
Addition	**189,811**	2,222
Accretion of interest (see Note 26)	**45,803**	54,742
Payments	**(50,147)**	(59,739)
Balances at end of period	**₱796,636**	₱611,169

For the nine months ended September 30, 2023 and 2022, the accretion of interest on lease liabilities amounted to ₱45.8 million and ₱41.0 million, respectively (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱37.9 million and ₱31.7 million, respectively.

31. Income Taxes

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

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Current	**₱1,880,251**	₱2,852,636
Deferred	**80,546**	(8,265)
	₱1,960,797	₱2,844,371

32. Financial Instruments

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

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

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

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

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

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

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

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

Fair Value Hierarchy of Financial Instruments
The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

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

	September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets measured at fair value:						
Financial assets at:						
FVTPL	**₱1,525,788**	**₱–**	**₱510,921**	₱3,608,854	₱–	₱510,921
FVOCI	**479,925**	**–**	**–**	447,975	–	–
	₱2,005,713	**₱–**	**₱510,921**	₱4,056,829	₱–	₱510,921

As at September 30, 2023 and December 31, 2022, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at September 30, 2023 and December 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Business Segment Information

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

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

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

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

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

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

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

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

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

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

	September 30, 2023 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	Eliminations	Total
External customers	₱1,717,153	₱2,520,434	₱8,076,840	₱4,229,232	₱415,928	₱528,893	₱138,762	₱1,659,483	₱–	₱–	₱–	₱19,286,725
Inter-segment revenues	–	–	–	–	–	–	–	25,342	–	588,191	(613,533)	–
Total revenues	1,717,153	2,520,434	8,076,840	4,229,232	415,928	528,893	138,762	1,684,825	–	588,191	(613,533)	19,286,725
Cost of sales	651,159	989,633	2,533,014	1,590,396	278,411	–	–	–	–	–	(45,111)	5,997,502
Cost of services	–	–	–	–	–	–	–	1,034,884	–	–	(19,060)	1,015,824
Cost of power generation	–	–	–	–	–	289,781	104,788	–	–	–	1,543	396,112
Shipping and loading costs	233,318	371,473	915,422	175,242	134,100	–	–	–	–	–	2,224	1,831,779
Excise taxes and royalties	154,544	300,955	807,684	211,462	20,795	–	–	–	–	–	–	1,495,440
Marketing	20,555	103,066	108,251	112,816	3,507	–	–	–	–	–	(255,216)	92,979
Segment operating earnings (loss)	₱657,577	₱755,307	₱3,712,469	₱2,139,316	(₱20,885)	₱239,112	₱33,974	₱649,941	₱–	₱588,191	(₱297,913)	₱8,457,089
General and administrative	₱46,122	₱64,034	₱231,816	₱155,270	₱38,141	₱187,541	₱–	₱47,993	₱–	₱552,576	(₱290,159)	₱1,033,334
Finance income	₱3,130	₱19,877	₱50,171	₱130,705	₱556	₱92,188	₱1,065	₱2,517	₱–	₱265,853	(₱205,771)	₱360,291
Finance expenses	₱2,325	₱3,927	₱29,441	₱18,078	₱566	₱442,989	₱6	₱41,513	₱–	₱53,194	(₱127,542)	₱464,497
Provision for (benefit from) income tax	₱155,306	₱198,210	₱905,464	₱515,956	₱–	₱12,340	(₱3,330)	₱–	₱–	₱179,042	(₱2,191)	₱1,960,797
Net income (loss) attributable to equity holders of the parent	₱465,530	₱510,788	₱1,699,755	₱925,049	(₱62,469)	(₱194,123)	₱31,364	₱406,195	₱–	(₱136,077)	₱–	₱3,646,012
Segment assets	₱2,305,459	₱2,998,809	₱10,649,897	₱4,838,464	₱3,018,102	₱19,740,822	₱709,728	₱1,149,787	₱17,297	₱13,620,304	₱–	₱59,048,669
Deferred income tax assets - net	27,556	40,456	29,509	111,417	82,142	1,047	–	–	–	26,786	–	318,913
Total assets	₱2,333,015	₱3,039,265	₱10,679,406	₱4,949,881	₱3,100,244	₱19,741,869	₱709,728	₱1,149,787	₱17,297	₱13,647,090	₱–	₱59,367,582
Segment liabilities	₱583,249	₱738,523	₱2,422,058	₱1,084,401	₱514,540	₱8,460,797	₱26,614	₱359,425	₱–	₱524,399	₱–	₱14,714,006
Deferred income tax liabilities	–	–	–	65,653	134,663	14,718	–	–	4,186	169,767	–	388,987
Total liabilities	₱583,249	₱738,523	₱2,422,058	₱1,150,054	₱649,203	₱8,475,515	₱26,614	₱359,425	₱4,186	₱694,166	₱–	₱15,102,993
Other segment information:												
Capital expenditures	₱673,003	₱156,012	₱1,093,796	₱455,830	₱657,547	₱1,880,517	₱1,292	₱3,989	₱–	₱133,844	₱–	₱5,055,830
Depreciation, amortization and depletion	₱136,520	₱98,280	₱595,738	₱189,603	₱82,338	₱226,946	₱41,586	₱27,242	₱2,224	₱59,145	₱–	₱1,459,622

	December 31, 2022 (Audited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	Eliminations	Total
External customers	₱2,167,768	₱3,823,653	₱12,461,000	₱6,756,563	₱530,027	₱609,518	₱163,930	₱1,490,691	₱–	₱–	₱–	₱28,003,150
Inter-segment revenues	–	–	–	–	–	–	–	6,212	–	994,971	(1,001,183)	–
Total revenues	2,167,768	3,823,653	12,461,000	6,756,563	530,027	609,518	163,930	1,496,903	–	994,971	(1,001,183)	28,003,150
Cost of sales	830,185	1,287,562	3,250,697	2,295,411	263,293	–	–	–	–	–	3,841	7,930,989
Cost of services	–	–	–	–	–	–	–	934,869	–	–	(32,634)	902,235
Cost of power generation	–	–	–	–	–	303,797	98,040	–	–	–	2,056	403,893
Shipping and loading costs	284,128	514,338	963,448	249,917	147,062	–	–	–	–	–	2,965	2,161,858
Excise taxes and royalties	195,099	678,698	1,246,100	337,828	26,501	2,086	–	–	–	–	–	2,486,312
Marketing	75,872	267,656	415,582	223,534	18,551	–	–	–	–	–	(829,071)	172,124
Segment operating earnings	₱782,484	₱1,075,399	₱6,585,173	₱3,649,873	₱74,620	₱303,635	₱65,890	₱562,034	₱–	₱994,971	(₱148,340)	₱13,945,739
General and administrative	₱79,490	₱84,485	₱175,641	₱141,698	₱37,149	₱147,112	₱–	₱29,461	₱–	₱770,523	(₱159,281)	₱1,306,278
Finance income	₱7,265	₱22,081	₱42,841	₱52,694	₱102	₱5,098	₱1,231	₱747	₱–	₱245,038	(₱188,475)	₱188,622
Finance expenses	₱1,125	₱4,162	₱24,052	₱21,509	₱1,458	₱288,626	₱–	₱32,894	₱–	₱56,927	(₱123,970)	₱306,783
Provision for (benefit from) income tax	₱186,319	₱255,487	₱1,689,323	₱943,194	₱26,495	(₱5,697)	₱–	₱–	₱–	₱338,241	(₱4,226)	₱3,429,136
Net income attributable to equity holders of the parent	₱647,356	₱941,050	₱3,576,990	₱1,956,327	₱13,356	₱98,381	₱67,025	₱413,564	₱–	₱217,101	₱–	₱7,931,150
Segment assets	₱1,641,073	₱2,840,958	₱8,231,516	₱5,008,736	₱2,480,858	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,841,576	₱–	₱49,358,437
Deferred income tax assets - net	35,028	39,244	33,859	113,766	82,142	–	–	–	–	96,566	–	400,605
Total assets	₱1,676,101	₱2,880,202	₱8,265,375	₱5,122,502	₱2,563,000	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,938,142	₱–	₱49,759,042
Segment liabilities	₱324,966	₱360,275	₱1,961,537	₱1,384,340	₱225,781	₱3,636,442	₱13,618	₱220,907	₱–	₱632,094	₱–	₱8,759,960
Deferred income tax liabilities - net	–	–	–	65,841	135,819	13,964	–	–	4,742	247,897	–	468,263
Total liabilities	₱324,966	₱360,275	₱1,961,537	₱1,450,181	₱361,600	₱3,650,406	₱13,618	₱220,907	₱4,742	₱879,991	₱–	₱9,228,223
Other segment information:												
Capital expenditures	₱105,495	₱80,508	₱499,748	₱119,922	₱119,188	₱1,380,226	₱4,699	₱167,273	₱–	₱10,203	₱–	₱2,487,262
Depreciation, amortization and depletion	₱119,312	₱174,328	₱677,675	₱253,359	₱52,891	₱241,309	₱55,443	₱5,601	₱2,965	₱80,126	₱–	₱1,663,009

	September 30, 2022 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	JSI	NAC	RTN/TMC/CDTN	HMC	Others	Eliminations	Total
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)	–
Total revenues	1,778,451	3,287,589	9,859,774	4,713,774	401,848	393,671	122,147	957,928	–	729,732	(735,792)	21,509,122
Cost of sales	599,844	1,092,472	2,498,505	1,487,230	144,375	–	–	–	–	–	(5,999)	5,816,427
Cost of services	–	–	–	–	–	–	–	509,394	–	–	(19,572)	489,822
Cost of power generation	–	–	–	–	–	214,057	70,791	–	–	–	1,542	286,390
Shipping and loading costs	235,732	369,569	881,839	167,642	92,421	–	–	–	–	–	7,134	1,754,337
Excise taxes and royalties	160,061	583,547	985,977	235,689	19,484	1,084	–	–	–	–	–	1,985,842
Marketing	62,246	230,131	324,539	153,679	–	–	–	–	–	–	(617,232)	153,363
Segment operating earnings	₱720,568	₱1,011,870	₱5,168,914	₱2,669,534	₱145,568	₱178,530	₱51,356	₱ 448,534	₱–	₱729,732	(₱101,665)	₱11,022,941
General and administrative	₱96,357	₱60,049	₱127,643	₱97,700	₱85,197	₱108,515	₱–	₱33,886	₱–	₱433,302	(₱94,875)	₱947,774
Finance income	₱2,755	₱9,546	₱15,218	₱25,652	₱60	₱502	₱1,078	₱273	₱–	₱174,009	(₱134,420)	₱94,673
Finance expenses	₱127	₱3,041	₱25,241	₱13,150	₱11	₱187,043	₱–	₱19,714	₱–	₱44,430	(₱80,282)	₱212,475
Provision for (benefit from) income tax	₱168,612	₱269,832	₱1,358,571	₱729,078	(₱12,532)	(₱6,359)	₱–	₱–	₱–	₱339,571	(₱2,402)	₱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
Total assets	₱1,820,661	₱3,563,170	₱10,460,536	₱5,385,996	₱2,375,652	₱16,504,875	₱741,832	₱557,863	₱14,799	₱17,252,673	₱–	₱58,678,057
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
Total liabilities	₱489,645	₱966,456	₱2,733,772	₱1,307,834	₱387,066	₱9,288,145	₱12,624	₱127,758	₱3,700	₱780,260	₱–	₱16,097,260
Other segment information:												
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

The Group has revenues from external customers as follows:

	For the nine-month period ended September 30	
	2023	2022
Country of Domicile	(Unaudited)	
China	**₱11,489,760**	₱13,423,057
Local	**7,432,734**	7,344,525
Japan	**364,231**	741,540
	₱19,286,725	₱21,509,122

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

The revenue from key customers are as follows:

	For the nine-month period ended September 30	
	2023	2022
	(Unaudited)	
Union Wave Holding Pte. Ltd.	**₱3,844,104**	₱4,055,477
CBNC	**3,523,134**	3,208,451
THNC	**3,210,759**	3,579,481
Ningbo Lygend Wisdom Co. Ltd.	**2,628,580**	4,411,814
Zhen Hao Investments Limited	**2,221,259**	1,358,353
Big Wave Resources Co., Limited	**2,203,576**	2,503,229
	₱17,631,412	₱19,116,805

34. Event after the End of the Financial Reporting Period

On November 9, 2023, the Parent Company's BOD declared special cash dividends of ₱0.07 per common share to stockholders of record as at November 24, 2023 and payable on December 7, 2023.

35. Other Matter

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