



Message from the President and CEO for 10 August 2020

“Please mine more nickel.” So, said Elon Musk, founder of Tesla Inc., during a call with investment media last month, highlighting the value and importance of what we produce at NAC to the growing global demand for batteries to power electric cars.

As reported by Reuters: Nickel makes batteries energy dense so cars can run further on a single charge, and Tesla needs the metal more than ever even as it looks to ramp up production of trucks and solar projects that use a lot of nickel. And, between this year and 2025, nickel consumption for electric vehicle batteries is expected to grow by 64%, which is good news for us at NAC and for our industry.

Elon Musk actually said more: “Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way”.

NAC needs to prepare itself today for the future, and that is why it is important to keep these words of Elon Musk in our heads as we begin charting our directions for 2021, and beyond. And part of those directions will be to focus on becoming an epitome of the best ESG (Environmental, Social and Governance) practices in the Philippines. We will take a first step to that end today, when management begins the process of budget and planning for next year. Management has identified our priority goals for 2021, which will be shared with everyone shortly, and these will guide all of us when we set our performance targets for next year. We have also identified six of the 17 Sustainability Development Goals of the United Nations that we will focus on as we streamline our organizational structure, our operations as well as our community programs, ensuring that we get the “biggest bang for the buck” for all our stakeholders and especially for the communities that we serve.

We always keep the interests of our communities and our stakeholders front and center in what we do.

During last Friday’s Board of Directors meeting, our Company announced a dividend amounting to P3 Billion for all shareholders. I was pleasantly surprised to note the numerous positive reactions to this news, very rare these days when most companies are struggling to stay afloat. More important, I am aware that many of the small shareholders of NAC welcome the fact that they will soon receive a cheque in the mail representing their share of the dividend earnings. It is our way of thanking them for their faith in our Company, and of sharing with them in the blessings that we continue to enjoy during these challenging months.

All these are made possible because of our front liners, those at our business units who deliver on their targets every day, despite the challenges. At Taganito, for example, loading of eight foreign vessels are on-going after having been delayed by 20 days of successive rainfall at the minesite. Needless to say, TMC has completed 31 vessels this year. TMC also hosted MGB Regional Director Glenn Noble recently, whose visit was part of his regular monitoring of and immersion in our actual mining operations and environment projects.

HMC is doing its share. It had loaded its 16th vessel for the year at the end of July, and is currently loading 3 others simultaneously. It continues to reach out to the community, donating rapid test kits, participating in the Nutrition Month activities, while focusing as well on the mental, emotional and physical well-being of everyone in the company.

RTN continues to provide for the limonite and materials handling needs of CBNC, including limestone supply from Gotok. During this lull in saprolite shipment, RTN Comrel is active in providing various assistance to our communities, including turning over solar panels and internet connection facilities to Bgy Sandoval, calamansi seedlings to Bgy Culandanum, and

MOA signing with three IP farm communities for its Mine Ecotourism project. The Envi team, on the other hand, continues to implement its program on Edible Landscaping and Mine Ecotourism and the slope greening program contracted to the IPs.

CMC for its part has completed 22 foreign vessels and 9 shipments to CBNC. It is currently loading three foreign vessels and one for CBNC. CMC is proud of the continuous improvement in its safety performance, with only 1 NLTA for the month of July and none to-date for August.

And at EPI, the number of contractors under the TBEA Engineering, Procurement and Construction contract (EPC) are being increased from 125 to more than 200 given the looming arrival of 5MW solar panels at the Subic solar plant. Everyone is given a rapid test and is monitored in compliance with strict health protocols. We are also adding additional manpower in order to complete the drainage project by the end of this month. TBEA is our minority partner at the Subic project.

Despite a sense of bleakness that many of us may feel from time to time due to this seemingly never-ending pandemic, the reality is, like a strong but slow-moving typhoon, the challenge posed by COVID-19 will eventually pass. And when it does, the world will jumpstart into the "new normal". We need to be prepared for that jumpstart, and that is what I hope today's budget process will begin to set us up for.

Remember that within the NAC organization you and I are part of the greater whole – and all of us individually will need to succeed at what we do for the whole to succeed. And so, while the budget and planning process may be distant to most of you, all of us (and not just management) need to ask one thing of ourselves as we move into the last five months of 2020 and look to a new year: what does success look like?

Let's stay safe and healthy and focused, and hope things start looking better for our country during the second half of this month!

DocuSigned by:

Martin Antonio G. Zamora
President and CEO