NICKEL ASIA CORP.

May 12, 2014

THE PHILIPPINE STOCK EXCHANGE INC.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Re : SEC Form 17-Q 2014 1st Quarter Report
x ==x

Dear Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended March 31, 2014.

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
SVP - Chief Financial Officer

COVER SHEET

CS200811530

SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

NAC Tower 32nd Street, Bonifacio Global City, Taguig

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

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

12	31	17-Q	06	1st Friday
Month	*Day*	(Form Type)	*Month*	*Day*
(Calendar Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign
54	₱1,372.5 million	₱160.6 million

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

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

+63 2 892 6669 / +63 2 892 4177
(Telephone Numbers)

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

SEC FORM 17-Q Quarterly Report
Form Type

____
Amendment Delegation (If applicable)

For the Quarter Ended
March 31, 2014
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **MARCH 31, 2014**
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
   NAC Tower 32nd Street, — **1634**
   Bonifacio Global City, Taguig
8. Issuer's telephone number, including area code: **+63 2 892 6669 / +63 2 892 4177**
9. Former name, former address, and former fiscal year, if changed since last report.
   6th Floor NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City
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	**2,525,757,932 Shares**
Long-term Debt	**Php1,533.1 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 CORPORATION
17-Q QUARTERLY REPORT
MARCH 31, 2014

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2014 and for the three-month period ended March 31, 2014 and 2013 (with Comparative Audited Statement of Financial Position as at December 31, 2013) are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2014 and 2013 and as of March 31, 2014 and December 31, 2013:

Summary Consolidated Statements of Income

	For the Quarter Ended March 31		Increase	Percent
	2014	2013	(Decrease)	Inc (Dec)
	(In thousand pesos)			
Revenues	1,697,016	1,404,884	292,132	21%
Cost and expenses	(1,272,670)	(1,071,155)	201,515	19%
Finance income	729,524	56,784	672,740	1185%
Finance expenses	(42,536)	(25,761)	16,775	65%
Equity in net income (losses) of an associate	11,656	(60,228)	71,884	119%
Other income - net	45,226	16,582	28,644	173%
Provision for income tax - net	(134,579)	(103,147)	31,432	30%
Net income	1,033,637	217,959	815,678	374%
Net income attributable to:				
Equity holders of the parent	593,725	100,300	493,425	492%
Non-controlling interests	439,912	117,659	322,253	274%
	1,033,637	217,959	815,678	374%

Summary Consolidated Statements of Financial Position

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)	Increase (Decrease)	Percent Inc (Dec)
	(In Thousand Pesos)			
Current assets	14,174,830	14,601,036	(426,206)	-2.9%
Noncurrent assets	15,079,362	14,312,492	766,870	5.4%
Total assets	29,254,192	28,913,528	340,664	1.2%
Current liabilities	1,466,518	1,308,963	157,555	12.0%
Noncurrent liabilities	2,387,625	2,392,777	(5,152)	-0.2%
Non-controlling interests	4,215,737	4,721,640	(505,903)	-10.7%
Equity attributable to equity holders of the Parent	21,184,312	20,490,148	694,164	3.4%
Total liabilities and equity	29,254,192	28,913,528	340,664	1.2%
	-	-		

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31		Increase	Percent
	2014	2013	(Decrease)	Inc (Dec)
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	286,953	141,527	145,426	103%
Investing activities	(430,787)	(657,698)	(226,911)	-35%
Financing activities	(921,518)	(23,913)	897,605	3754%
Net decrease in cash and cash equivalents	(1,065,352)	(540,084)	(525,268)	97%
Cash and cash equivalents, beginning	10,234,336	9,263,451	970,885	10%
Cash and cash equivalents, end	9,168,984	8,723,367	445,617	5%

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

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the three months ended March 31, 2014 and 2013, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Three months ended March 31, 2014 compared with three months ended March 31, 2013

Revenues

Our total revenues were ₱1,697.0 million in the three months ended March 31, 2014 as compared to ₱1,404.9 million in the three months ended March 31, 2013, an increase of ₱292.1 million or 21%.

Sale of ore

We sold an aggregate 2,646.2 thousand wet metric tonnes ("WMT") of nickel ore in the three months ended March 31, 2014, an increase of 52% compared to 1,740.2 thousand WMT of nickel ore in the three months ended March 31, 2013. Our sales for the first quarter of this year included 566.2 thousand WMT of saprolite ore to Japanese customers, 278.0 thousand WMT of saprolite and limonite ore to our Chinese customers and 1,802.0 thousand WMT of limonite ore to Coral Bay Nickel Corporation ("CBNC") and Taganito HPAL Nickel Corporation ("THNC"), compared to sales of 307.1 thousand WMT, 581.0 thousand WMT and 852.1 thousand WMT, respectively, for the same period last year.

Our revenue from sale of nickel ore was ₱1,448.9 million in the first quarter of 2014 compared to ₱1,245.6 million in the same quarter last year, an increase of ₱203.3 million or 16%, mainly as a result of higher sales volume achieved and depreciation of peso as against US dollar (US$1 = ₱45 in 2014 vs. US$1 = ₱41 in 2013).

Our realized London Metal Exchange ("LME") nickel price, applicable to sales of high grade saprolite ore sold to Japan and sales of limonite ore to CBNC and THNC, averaged $6.59 per pound of payable nickel in 2014 compared to $7.82 per pound of payable nickel in 2013. The weighted average price per WMT of low grade saprolite and limonite ore sold to our Chinese customers in 2014 amounted to $19.93 compared to $22.21 in 2013.

We own 60% of Rio Tuba Nickel Mining Corporation ("RTN"), which owns and operates the Rio Tuba mining operations. RTN's revenue from sale of nickel ore was ₱926.5 million in the first quarter of 2014 compared to ₱975.6 million in the first quarter of 2013, a decrease of ₱49.1 million, or 5%. RTN sold an aggregate 1,513.6 thousand WMT of nickel ore in the first quarter of 2014 compared to an aggregate 1,487.8 thousand WMT of nickel ore sold in the same quarter last year. The volume of saprolite ore sold to Japanese customers increased by 152.3 thousand WMT or 72% and the volume of saprolite and limonite ore sold to Chinese customers decreased by 145.9 thousand WMT or 34%. Further, the volume of limonite ore sold to CBNC increased by 19.3 thousand WMT or 2%.

RTN's revenue from sale of limestone ore was ₱79.0 million in the first quarter of 2014, as compared to ₱33.5 million in the same quarter last year, an increase of ₱45.5 million or 136%. The increase in limestone revenue was due mainly to the start of production of RTN's limestone operation at the Botok area. As a result, a total of 106.9 thousand WMT of limestone ore was delivered to CBNC this period compared to the 50.5 thousand WMT delivered for the same period last year.

We own 65% of Taganito Mining Corporation ("TMC"), which owns and operates the Taganito mining operations. TMC's revenue from sale of ore was ₱522.4 million in the three months ended March 31, 2014 as compared to ₱215.3 million in the three months ended March 31, 2013, an increase of ₱307.1 million, or 143%. TMC sold an aggregate 1,132.7 thousand WMT of nickel ore in the first three months of this year as compared to an aggregate 197.6 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to Japanese customers increased by 106.9 thousand WMT or 112% and the volume of saprolite and limonite ore sold to Chinese customers decreased by 102.4 thousand WMT or 100%. Further, due to the start of regular ore deliveries to the new Taganito processing plant, TMC was able to deliver 930.6 thousand WMT of limonite ore to THNC in the first quarter of 2014 whereas there was none in the same period last year.

We own 100% of CMC, which owns and operates the Cagdianao mining operations. Historically, CMC does not have shipments during the first quarter of every year and, as a result, no revenue is recognized. This is due to the effect of the rainy season, which occurs during the months of November to April, resulting in the suspension of operations at the mine during the period. Typically, shipments from our Cagdianao mine will commence in May and would end in October.

We own 100% of HMC, which owns and operates the Taganaan mining operations. The bad weather condition in the mine site during the first quarter of this year did not permit HMC to make any shipments to its customers. However, in the same period last year HMC managed to sell an aggregate of 54.8 thousand WMT of limonite ore to one of its Chinese customers.

Services and Others
Our revenue from services and others was ₱169.1 million in the first three months of 2014 as compared to ₱125.8 million in the first three months of 2013, an increase of ₱43.3 million, or 34%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The main reason for the sudden increase in our revenues from services and others was due to the materials handling services provided by TMC to THNC in the first quarter of 2014 while there was none in the first quarter of 2013.

Costs and Expenses
Our costs and expenses amounted to ₱1,272.7 million in the three months ended March 31, 2014 as compared to ₱1,071.2 million in the three months ended March 31, 2013, an increase of ₱201.5 million, or 19%.

Cost of Sales
In the first quarter of 2014, our cost of sales was ₱766.2 million as compared to ₱695.0 million in the same quarter last year, an increase of ₱71.2 million, or 10%. The movement in cost of sales was attributable to the net effect of increase in production overhead from ₱422.2 million to ₱463.0 million and depreciation and depletion from ₱196.6 million to ₱237.9 million. The increase in cost of sales in the first quarter of 2014 was attributable mainly to the cost of limonite ore delivered to THNC. In the first quarter of 2013, TMC has no shipments of limonite ore to THNC.

Cost of Services
Cost of services was ₱93.7 million in the three months ended March 31, 2014 as compared to ₱65.5 million in the three months ended March 31, 2013, an increase of ₱28.2 million, or 43%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services by RTN and TMC to CBNC and THNC, respectively, plus the costs of maintaining the pier facility used by THNC. Increase in cost of services pertains to the cost of materials handling services rendered by TMC to THNC in the first three months of 2014. In the same period last year, no materials handling services were rendered to THNC.

Shipping and Loading
Shipping and loading costs were ₱177.4 million in the three months ended March 31, 2014 as compared to ₱131.6 million in the same comparable period last year, an increase of ₱45.8 million, or 35% due to the 52% increase in shipments volume. In addition, two out of three tugboats of RTN were dry-docked during the period which resulted to additional barges hired/contracted.

Marketing
Marketing costs were nil and ₱5.4 million in the three months ended March 31, 2014 and 2013, respectively. This pertains to the cost of services provided by a marketing agent in order to market the product such as, but not limited to, collecting, studying and analyzing the market information related to nickel ore, iron ore, NPI, and stainless steel in China, providing support in negotiation of prices with the customer and creating effective pricing strategy and marketing plan.

Excise Taxes and Royalties
Our excise taxes and royalties were ₱61.9 million in the first quarter of 2014 as compared to ₱41.2 million in the same quarter last year, an increase of ₱20.7 million, or 50%. The increase in excise taxes and royalties was brought mainly by the increase in our sales revenue from TMC.

General and Administrative
General and administrative expenses were ₱173.5 million in the first three months of 2014 compared to ₱132.5 million in the first three months of 2013, an increase of ₱41.0 million, or 31%. The increase in taxes and licenses by ₱16.3 million and donations by ₱21.4 million caused the increase in the account. The increment in taxes and licenses pertains to the fringe benefit tax on stock option exercised during the period. In the first quarter of 2014, a total of 6.6 million shares were exercised whereas in 2013, the exercise of stock options started only in April. In addition, donations amounting to ₱17.9 million were given to the victims of super typhoon in Guian, Eastern Samar. The donations were used in delivery of relief goods, building houses and churches and other livelihood programs for the community. Aside from that, donations were also given to the Philippine General Hospital for the renovation of the wards.

Finance Income
Our finance income was ₱729.5 million in the first quarter of 2014 compared to ₱56.8 million in the same comparable period last year, an increase of ₱672.7 million, or 1,184%. The significant increase in finance income pertains mainly to the gain on de-recognition of AFS financial asset as a result of RTN's declaration of its shares in CBNC as property dividend to the Parent Company.

Finance Expense
Our finance expense was ₱42.5 million in the first quarter of 2014 compared to ₱25.8 million in the same period last year, an increase of ₱16.7 million, or 65%. Basically, the movement in our finance expense arises from the increase in our loan guarantee service fee, which moved from ₱23.9 million to ₱40.4 million, due to additional loan drawn by THNC.

Equity in Net Income (Losses) of an Associate
Our equity in net income (losses) of THNC was ₱11.7 million income and ₱60.2 million loss for the first quarter of 2014 and 2013, respectively. In 2014, the result of THNC's operations was US$1.2 million net income whereas in 2013, it was US$6.6 million net loss.

Other Income - Net
Our other income - net in the three months ended March 31, 2014 was ₱45.2 million compared to ₱16.6 million in the same comparable period last year, an increase of ₱28.6 million, or 172%. The significant increase in our other income - net was brought mainly by the movement in foreign exchange gains from ₱4.3 million in the first three months of 2013 to ₱15.8 million in the first three months of 2014 since the Group is in net foreign currency denominated asset position as at March 31, 2014 and the value of peso to US$1 depreciated from ₱44.40 as at December 31, 2013 to ₱44.82 as at March 31, 2014. Other income - net also increased due to numerous job orders received from CBNC in the current period.

Provision for (Benefit from) Income Tax
Net provision for income tax was ₱134.6 million in the first quarter of 2014 compared to ₱103.1 million in the first quarter of 2013, an increase of ₱31.5 million, or 31%.

Current
Our current provision for income tax in the first three months of 2014 was ₱163.9 million compared to ₱110.3 million in the first three months of 2013, an increase of ₱53.6 million, or 49% due to increase in our sales revenue.

Deferred
Our deferred benefit from income tax in the first three months of 2014 was ₱29.3 million compared to ₱7.2 million in the same period last year, an increase of ₱22.1 million, or 307%. Deferred benefit from income tax for the first three months of 2014 was higher compared to the same period last year due to the net taxable loss position of the Parent Company wherein the related deferred income tax asset was recognized. In the first three months of 2013, the Parent Company is in net taxable income position. In both periods, the Parent Company was subjected to minimum corporate income tax.

Net Income
As a result of the foregoing, our net income was ₱1,033.6 million in the first quarter of 2014 compared to ₱218.0 million in the same period last year. Net of non-controlling interests, our net income was ₱593.7 million in the first quarter of 2014 compared to a net income of ₱100.3 million in the same period last year.

Statement of Financial Position
As at March 31, 2014, total assets increased to ₱29,254.2 million from ₱28,913.5 million as of the end of 2013. Current assets decreased to ₱14,174.8 million from ₱14,601.0 million mainly because of the decrease in cash and cash equivalents due to cash dividends paid by RTN amounting to ₱945.8 million. However, the decrease was partially offset by the increase in trade and other receivable from ₱839.4 million to ₱1,071.5 million and inventories from ₱2,044.5 million to ₱2,300.2 million. Other current assets also increased from ₱225.4 million to ₱310.4 million due to additional creditable withholding taxes, advances and deposits and other prepayments for shipments which started in March but to be completed on the succeeding quarter.

The increase in noncurrent assets from ₱14,312.5 million to ₱15,079.4 million was brought mainly by the higher fair value of CBNC shares as compared to its cost. The fair value of CBNC shares, as recognized in the books of the parent company, amounted to ₱1,418.7 million while its cost amounted to ₱724.4 million only. The said shares were declared by RTN as property dividend to the parent company.

Total current liabilities increased to ₱1,466.5 million as at March 31, 2014 from ₱1,309.0 million as at December 31, 2013 due to additional income taxes payable which increased from ₱263.4 million to ₱420.4 million. Total noncurrent liabilities decreased to ₱2,387.6 million as of March 31, 2014 from ₱2,392.8 million as of December 31, 2013 due mainly to the payments of rehabilitation cost amounting to ₱3.6 million and funding of retirement plan by TMC amounting to ₱9.0 million. However, the decrease was slightly reduced by the accrual of pension liability.

Our equity net of non-controlling interests as at March 31, 2014 increased to ₱21,184.3 million from ₱20,490.1 million as of year-end 2013, due to exercise of stock options amounting to ₱47.5 million and additional gain on valuation of AFS financial assets of ₱17.6 million.

Statement of Cash Flows

The net cash from operating activities amounted to ₱287.0 million for the three months ended March 31, 2014 compared to ₱141.5 million for the same period last year. The movement pertains to higher cash generated from operations which increased from ₱86.2 million to ₱257.6 million as a result of higher collections of receivables in the current period.

Net cash used in investing activities for the three months ended March 31, 2014 and 2013 amounted to ₱430.8 million and ₱657.7 million, respectively. The lower cash outflow in 2014 was attributable mainly to lower acquisitions of various property and equipment by ₱220.9 million as compared to 2013.

In 2014 and 2013, the net cash used in financing activities amounting to ₱921.5 million and ₱23.9 million, respectively, arises mainly from payments of cash dividends and rehabilitation cost, and partial settlement of long-term debt less the proceeds received from the exercise of stock options.

As at March 31, 2014 and 2013, cash and cash equivalents amounted to ₱9,169.0 million and ₱8,723.4 million, respectively.

Top Five (5) Key Performance Indicators

LME price

We typically sell high- and low-grade saprolite ore to Pacific Metals Co., Ltd. ("PAMCO") and Sumitomo Metal Mining Co. Inc. ("SMM") under long-term agreements and we are the exclusive supplier of limonite ore, also under a long-term agreement, to the Coral Bay HPAL facility and Taganito HPAL facility. The price of high and low-grade saprolite nickel ore sold to our customers, Coral Bay HPAL facility and the Taganito HPAL facility is determined based on a payable percentage of the nickel contained in the ore, multiplied by average LME nickel prices over specified quotational periods. The payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices resulting in a higher payable percentage of nickel and vice versa. Accordingly, higher LME nickel prices results both in a higher percentage of payable nickel in our ore to these customers as well as in higher prices, and can therefore have a substantial effect on our overall revenue. Nickel prices and demand for nickel typically increase during periods of high global demand for stainless steel.

Nickel prices have historically exhibited considerable volatility. Nickel prices climbed from as low as US$4.25 per pound in March 2009 to a high of US$13.17 per pound in February 2011. The average LME nickel prices per pound for the first quarters of 2014 and 2013 were US$6.64 and US$7.85, respectively.

The sensitivity of our revenues to LME nickel prices is not completely linear, because, in our experience, when nickel prices reach certain levels, the demand for our limonite ore increases. As a result of this effect, very high nickel prices have, in the past, resulted in increased volumes of nickel ore sold, as well as increased prices for our recurring sales of saprolite ore to PAMCO and limonite ore to the Coral Bay HPAL facility under long-term contracts. Increases and decreases in the LME nickel price will have a broadly proportional effect on our revenues from these sales.

Volume

The volume of saprolite ore that we sell largely depends on the grade of saprolite ore that we mine. The volume of limonite ore that we sell to our customers in China largely depends on the demand for nickel pig iron ("NPI") and lately, carbon steel, in China. Our sales of high-grade saprolite ore are mainly to PAMCO, who purchases our high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO, SMM and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a minority interest, and from our Taganito mine to the Taganito HPAL facility, in which we have a 22.5% equity interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 23,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 30,000 tons of contained nickel over an estimated 30-year Project life.

The type and grade of ore that we mine

We realize higher sales prices for our saprolite ore than for our limonite ore. Accordingly, the type and grade (which is a factor of nickel content) of the ore that we mine affects our revenues from year to year. The quantity of saprolite ore that we mine annually depends on the customer demand and the availability of such ore at our mine sites. The mix between high-and low-grade saprolite ore at our mine sites coupled with our long-term mining plan determines the quantities of each that we extract on an annual basis. The quantity of limonite ore that we mine on an annual basis depends on the amount of such ore that needs to be removed in order to extract the saprolite ore, as well as market demand.

Mine Site Cash Cost per Volume Sold

The mine site cash 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 year to year.

The mine site cash cost includes production and shipping and loading costs incurred by the Company in mining, handling and barging ore to customer's vessels, and excludes excise taxes and royalties.

The average mine site cash cost per volume sold in first quarter of 2014 was ₱308.38 per WMT on the basis of aggregate cash costs of ₱849.0 million. This compares to ₱417.54 per WMT during the same period in 2013 on the basis of aggregate cash costs of ₱747.7 million.

Currency exchange rates

We earn substantially all of our revenues in US$ while most of our expenses are paid in peso. The appreciation of the peso against the US$ reduces our revenue in peso terms. Accordingly, appreciation of the peso against the US$ effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents and other portfolio investments are denominated in US$, the appreciation of the peso against the US$ reduces the value of these assets in peso terms in our financial statements. Our current policy is not to hedge our exposure to foreign currency exchange risk.

The Company's average realized peso-to-dollar rates for the three-month period ended March 31, 2014 and 2013 are ₱44.87 and ₱40.69, respectively.

Liquidity and Capital Resources

As of March 31, 2014 and December 31, 2013, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba and Taganito pier facilities. We receive income from CBNC and THNC under throughput agreements whereby amounts are payable by CBNC and THNC to RTN and TMC, respectively, for the use of the pier facilities. The revenues that we receive from CBNC and THNC under the throughput agreements have typically been sufficient to service our long-term debt.

As of March 31, 2014 and December 31, 2013, our working capital, defined as the difference between our current assets and current liabilities, was ₱12.7 billion and ₱13.3 billion, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and as well as debt that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations due to factors such as government policies, changes in global demand and global production of similar and competitive mineral products. We are exposed to commodity price risk based on fluctuations in the price of nickel on the LME. The amounts payable under the contracts that govern our saprolite ore sales to PAMCO and SMM and limonite ore sales to CBNC and THNC are based upon payable nickel delivered with the nickel ore. The percentage varies depending on the customer, the ore type and nickel grade. This payable nickel is priced using an average of LME spot prices over a period preceding delivery. In addition, the payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices tending to result in a higher payable percentage of nickel and vice versa. Accordingly, increases or decreases in the price of nickel on the LME can have a significant effect on our revenues. In addition, although the payments that we receive from sales of saprolite ore and limonite ore to our Chinese customers is not directly correlated with the market price of nickel, high or low nickel prices can increase or decrease their demand for our limonite ore and thus also have an effect on our revenues. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

We are also subject to risk with respect to the market price of coking coal and prevailing shipping rates. The production of NPI using limonite ore requires the use of blast furnaces which use large amounts of coking coal. Accordingly, high world-wide demand for coal can result in an increase in the market price of coking coal which can decrease the demand for limonite ore from our Chinese customers. Similarly, during periods when dry bulk shipping rates are relatively high, the increased cost of shipping our saprolite ore or limonite ore to China can make the use of our nickel ore by Chinese customers uneconomical for them which may also result in a reduction of nickel ore sales to our Chinese customers.

Foreign Currency Risk
Our foreign currency risk results primarily from movements of the peso against the U.S. dollar and results primarily from the transaction exposure associated with transactions in currencies other than Peso. Such exposure arises from cash and cash equivalents, AFS financial assets, long-term debt and sales of beneficiated nickel ore denominated in US$. Because almost all of our revenues are earned in US$ while most of our expenses are paid in Peso, appreciation of the peso against the US$ effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents, AFS financial assets and long-term debt are denominated in US$, the appreciation of the peso against the US$ reduces the value of our total assets and liabilities in peso terms in our consolidated financial statements. We are not currently a party to any foreign currency swap agreements and our policy is not to hedge foreign currency exchange risk.

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

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities that we own. Our exposure to equity price risk relates primarily to our AFS financial assets in various stocks of listed companies.

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

Off-balance sheet arrangements
We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

PART II – FINANCIAL SOUNDNESS INDICATORS

Please refer to the attached schedule.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE-MONTHS ENDED MARCH 31, 2014 AND 2013

	2014	2013
A. Liquidity analysis ratios		
Current ratio or working capital ratio	**9.67**	10.10
Quick ratio	**7.89**	8.21
Solvency ratio	**7.59**	7.55
B. Financial leverage ratios		
Debt ratio	**0.13**	0.13
Debt-to-equity ratio	**0.15**	0.15
Interest coverage ratio	**93.24**	10.54
Asset-to-equity ratio	**1.15**	1.15
C. Profitability ratios		
Gross profit margin	**49%**	46%
Net profit margin	**61%**	16%
Return on assets	**4%**	1%
Return on equity	**4%**	1%

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:

Gerard H. Brimo
President and Chief Executive Officer

May 12, 2014

Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

May 12, 2014

NICKEL ASIA CORPORATION
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MARCH 31, 2014

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31, 2014
(With Comparative Audited Figures as at December 31, 2013)
(Amounts in Thousands)

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱9,168,984**	₱10,234,336
Trade and other receivables (Note 5)	**1,071,507**	839,449
Inventories (Notes 6 and 10)	**2,300,181**	2,044,469
Available-for-sale (AFS) financial assets (Note 7)	**1,323,751**	1,257,370
Prepayments and other current assets	**310,407**	225,412
Total Current Assets	**14,174,830**	14,601,036
Noncurrent Assets		
AFS financial assets (Note 7)	**1,935,881**	1,181,568
Property and equipment (Note 8)	**6,608,186**	6,585,752
Investment property (Note 26)	**29,000**	29,000
Investment in an associate (Note 9)	**4,161,672**	4,112,126
Long-term stock pile inventory - net of current portion (Note 10)	**929,114**	981,463
Deferred income tax assets - net (Note 31)	**349,524**	344,443
Other noncurrent assets (Note 4)	**1,065,985**	1,078,140
Total Noncurrent Assets	**15,079,362**	14,312,492
TOTAL ASSETS	**₱29,254,192**	₱28,913,528
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱947,661**	₱928,113
Income tax payable	**420,354**	263,381
Current portion of long-term debt (Note 12)	**98,503**	117,469
Total Current Liabilities	**1,466,518**	1,308,963
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	**1,434,573**	1,421,128
Deferred income tax liabilities – net	**473,467**	486,228
Deferred income - net of current portion	**75,069**	75,419
Provision for mine rehabilitation and decommissioning (Note 13)	**128,080**	130,927
Pension liability (Note 31)	**276,436**	279,075
Total Noncurrent Liabilities	**2,387,625**	2,392,777
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	**1,270,079**	1,266,780
Additional paid-in capital	**8,225,659**	8,151,603
Other components of equity:		
Cost of share-based payment plan (Note 15)	**20,942**	49,524
Net valuation gains on AFS financial assets (Note 7)	**117,071**	99,506
Share in cumulative translation adjustment (Note 9)	**174,302**	140,201
Asset revaluation surplus	**33,534**	33,629
Retained earnings		
Appropriated (Note 14)	**1,000,000**	1,000,000
Unappropriated	**10,342,725**	9,748,905
	21,184,312	20,490,148
Non-controlling Interests	**4,215,737**	4,721,640
Total Equity	**25,400,049**	25,211,788
TOTAL LIABILITIES AND EQUITY	**₱29,254,192**	₱28,913,528

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands, Except Earnings per Share)

	2014	2013
	(Unaudited)	
REVENUES (Note 27)		
Sale of ore	**₱1,527,962**	₱1,279,052
Services and others	**169,054**	125,832
	1,697,016	1,404,884
COSTS AND EXPENSES		
Cost of sales (Note 17)	**766,240**	694,951
Cost of services (Note 18)	**93,677**	65,516
Shipping and loading costs (Note 19)	**177,385**	131,590
Marketing	**–**	5,388
Excise taxes and royalties (Note 20)	**61,906**	41,234
General and administrative (Note 21)	**173,462**	132,476
	1,272,670	1,071,155
FINANCE INCOME (Note 24)	**729,524**	56,784
FINANCE EXPENSES (Note 25)	**(42,536)**	(25,761)
EQUITY IN NET INCOME (LOSSES) OF AN ASSOCIATE (Note 9)	**11,656**	(60,228)
OTHER INCOME – Net (Note 26)	**45,226**	16,582
INCOME BEFORE INCOME TAX	**1,168,216**	321,106
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)		
Current	**163,899**	110,324
Deferred	**(29,320)**	(7,177)
	134,579	103,147
NET INCOME	**₱1,033,637**	₱217,959
Net income attributable to:		
Equity holders of the parent	**₱593,725**	₱100,300
Non-controlling interests	**439,912**	117,659
	₱1,033,637	₱217,959
Basic and diluted earnings per share (Note 16)	**₱0.24**	₱0.04

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)

	2014	2013
		(Unaudited)
NET INCOME	**₱1,033,637**	₱217,959
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:		
Share in translation adjustment of an associate	**34,101**	(23,796)
Net valuation gains on AFS financial assets	**17,565**	16,295
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	**51,666**	(7,501)
Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:		
Asset revaluation surplus	**(95)**	(95)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**51,571**	(7,596)
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱1,085,208**	₱210,363
Total comprehensive income attributable to:		
Equity holders of the parent	**₱645,296**	₱92,704
Non-controlling interests	**439,912**	117,659
	₱1,085,208	₱210,363

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 14)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 15)	Net Valuation Gains on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment (Note 9)	Asset Revaluation Surplus	Retained Earnings Unappropriated	Retained Earnings Appropriated	Total	Non-controlling Interests	Total
Balances at December 31, 2013	**₱1,266,780**	**₱8,151,603**	**₱49,524**	**₱99,506**	**₱140,201**	**₱33,629**	**₱9,748,905**	**₱1,000,000**	**₱20,490,148**	**₱4,721,640**	**₱25,211,788**
Net income	**–**	**–**	**–**	**–**	**–**	**–**	**593,725**	**–**	**593,725**	**439,912**	**1,033,637**
Other comprehensive income (loss)	**–**	**–**	**–**	**17,565**	**34,101**	**(95)**	**–**	**–**	**51,571**	**–**	**51,571**
Total comprehensive income (loss)	**–**	**–**	**–**	**17,565**	**34,101**	**(95)**	**593,725**	**–**	**645,296**	**439,912**	**1,085,208**
Exercise of stock options (Note 15)	**3,299**	**74,056**	**(29,845)**	**–**	**–**	**–**	**–**	**–**	**47,510**	**–**	**47,510**
Cost of share-based payment (Note 15)	**–**	**–**	**1,263**	**–**	**–**	**–**	**–**	**–**	**1,263**	**–**	**1,263**
Asset revaluation surplus transferred to retained earnings	**–**	**–**	**–**	**–**	**–**	**–**	**95**	**–**	**95**	**–**	**95**
Share of non-controlling interest in cash dividends of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(945,815)**	**(945,815)**
Balances at March 31, 2014 (Unaudited)	**₱1,270,079**	**₱8,225,659**	**₱20,942**	**₱117,071**	**₱174,302**	**₱33,534**	**₱10,342,725**	**₱1,000,000**	**₱21,184,312**	**₱4,215,737**	**₱25,400,049**

- 2 –

	Capital Stock	Additional Paid-in Capital	Cost of Share-based Payment Plan	Net Valuation Gains on AFS Financial Assets	Share in Cumulative Translation Adjustment	Asset Revaluation Surplus	Retained Earnings	Total	Non-controlling Interests	Total
	Equity Attributable to Equity Holders of the Parent									
Balances at December 31, 2012, as previously stated	₱1,013,938	₱8,117,558	₱57,464	₱65,199	(₱136,909)	₱34,012	₱9,737,447	₱18,888,709	₱4,712,116	₱23,600,825
Effect of adoption of Revised Philippine Accounting Standards (PAS) 19	–	–	–	–	–	–	(12,283)	(12,283)	(6,838)	(19,121)
Balances at December 31, 2012, as restated	1,013,938	8,117,558	57,464	65,199	(136,909)	34,012	9,725,164	18,876,426	4,705,278	23,581,704
Net income	–	–	–	–	–	–	100,300	100,300	117,659	217,959
Other comprehensive income (loss)	–	–	–	16,295	(23,796)	(95)	–	(7,596)	–	(7,596)
Total comprehensive income (loss)	–	–	–	16,295	(23,796)	(95)	100,300	92,704	117,659	210,363
Cost of share-based payment	–	–	1,979	–	–	–	–	1,979	–	1,979
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	95	95	–	95
Balances at March 31, 2013 (Unaudited)	₱1,013,938	₱8,117,558	₱59,443	₱81,494	(₱160,705)	₱33,917	₱9,825,559	₱18,971,204	₱4,822,937	₱23,794,141

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in Thousands)

	2014	2013
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,168,216**	₱321,106
Adjustments for:		
Gain on de-recognition of AFS financial asset (Note 24)	**(694,312)**	–
Depreciation and depletion (Note 23)	**329,275**	296,196
Equity in net losses (gains) of an associate (Note 9)	**(11,656)**	60,228
Interest income (Note 24)	**(35,212)**	(56,056)
Unrealized foreign exchange loss (gains) - net	**12,809**	(7,656)
Interest expense (Notes 12, 18 and 25)	**9,540**	9,951
Gain on sale of property and equipment (Note 26)	**(7,993)**	(3,388)
Movements in pension liability	**(2,639)**	5,467
Cost of share-based payment plan (Notes 15 and 22)	**1,263**	1,979
Dividend income (Note 26)	**(941)**	(109)
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 13 and 25)	**726**	501
Gain on transfer from equity to profit or loss of AFS financial assets - net (Notes 7 and 24)	**–**	(728)
Operating income before working capital changes	**769,076**	627,491
Increase in:		
Trade and other receivables	**(236,936)**	(296,887)
Inventories	**(203,364)**	(165,192)
Prepayments and other current assets	**(84,995)**	(41,384)
Increase (decrease) in trade and other payables	**13,791**	(37,821)
Net cash generated from operations	**257,572**	86,207
Interest received	**40,090**	61,328
Interest paid	**(3,783)**	(5,986)
Income taxes paid	**(6,926)**	(22)
Net cash flows from operating activities	**286,953**	141,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	**(355,031)**	(575,891)
AFS financial assets (Note 7)	**(99,817)**	(20,000)
Proceeds from:		
Sale of property and equipment	**11,315**	4,018
Sale of AFS financial assets	**–**	45,614
Dividends received	**941**	109
Decrease in deferred income	**(350)**	(4,299)
Decrease (increase) in other noncurrent assets	**12,155**	(107,249)
Net cash flows used in investing activities	**(430,787)**	(657,698)

(Forward)

	2014	2013
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	**(₱945,815)**	₱–
Long-term debt	**(19,640)**	(23,913)
Rehabilitation cost	**(3,573)**	–
Proceeds from exercise of stock options	**47,510**	–
Net cash flows used in financing activities	**(921,518)**	(23,913)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,065,352)**	(540,084)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**10,234,336**	9,263,451
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	**₱9,168,984**	₱8,723,367

See accompanying Notes to Consolidated Financial Statements.

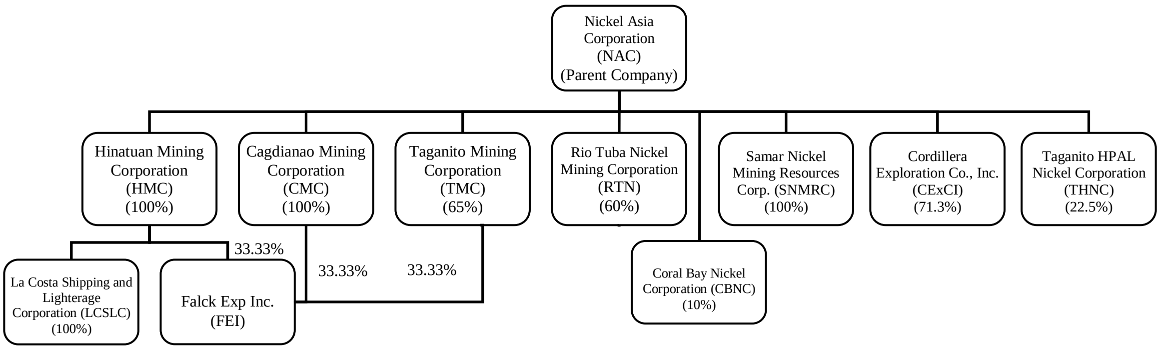
NICKEL ASIA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. **Corporate Information**

Nickel Asia Corporation (NAC, 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.

On November 22, 2010, the Company was listed on the Philippine Stock Exchange with an initial public offering (IPO) of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱8.00 per share after the stock dividends (see Note 14).

<u>Parent Company Ownership Map</u>



<u>The Subsidiaries</u>

HMC

HMC was registered with the SEC on October 9, 1979, is a one hundred percent (100%) owned subsidiary of the 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. The registered office address of HMC is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

CMC

CMC was registered with the SEC on July 25, 1997, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Island. The registered office address of CMC is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

TMC
TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (65%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides non-mining services such as handling, hauling and transportation of materials required in the processing operations of THNC. The registered office address of TMC is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

RTN
RTN was registered with the SEC on July 15, 1965, is a sixty percent (60%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan and providing non-mining services. The registered office address of RTN is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

FEI
FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Company through HMC, CMC and 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. FEI is dormant until the Company decides to resume its operations. The registered office address of FEI is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

LCSLC
LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (100%) owned subsidiary of the Company through HMC, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. The registered office address of the Company is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig. LCSLC was acquired by HMC in April 2010.

SNMRC
SNMRC was registered with the SEC on March 11, 2010, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations. The registered office address of SNMRC is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

CEXCI
CExCI was registered with the SEC on October 19, 1994, is a seventy-one percent (71%) owned subsidiary of the 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. It is currently not engaged in any development or commercial production activities. The registered office address of CExCI is at 29th floor NAC Tower 32nd Street, Bonifacio Global City, Taguig.

On March 24, 2014, the Board of Directors (BOD) of the Parent Company approved the amendment of its Articles of Incorporation to reflect the change in its principal office address from 6th floor NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City to NAC

Tower 32nd Street, Bonifacio Global City, Taguig, subject to the approval of the Parent Company's stockholders in June 2014.

The interim consolidated financial statements as at March 31, 2014 and December 31, 2013 and for the three-month period ended March 31, 2014 and 2013, were authorized for issuance by the Parent Company's BOD on May 6, 2014.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at March 31, 2014 and for the three-month period ended March 31, 2014 and 2013 have been prepared in accordance with PAS 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim 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, 2013.

Basis of Consolidation

The interim consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group) and associate:

	Country of Domicile	Principal Activities	Effective Ownership
Subsidiaries			
HMC	Philippines	Mining	100.00%
CMC	Philippines	Mining	100.00%
SNMRC	Philippines	Mining	100.00%
CEXCI	Philippines	Mining	71.25%
LCSLC*	Philippines	Services	100.00%
FEI*	Philippines	Mining	88.00%
TMC	Philippines	Mining and Services	65.00%
RTN	Philippines	Mining and Services	60.00%
Associate			
THNC	Philippines	Manufacturing	22.50%

*Direct and indirect ownership

Subsidiaries

Subsidiaries are entities over which the Parent Company has control.

Control is achieved when the Parent Company 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.

Specifically, the Parent Company controls an investee if and only if the Parent Company 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.

The Parent Company 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company 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 statement of income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

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

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 non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of 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 non-controlling interests;
- 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.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the 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, 2013, except for the adoption of new standards and interpretations as at January 1, 2014, noted below:

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of Philippine Financial Reporting Standards (PFRS)13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.
  IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that IFRIC 21 will have material financial impact in future consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group has no derivatives during the current period which will be considered for future novations.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as

reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Annual Improvements to PFRSs (2010-2012 cycle)
The annual improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The Group shall consider this amendment for future impact on the Group's financial position or performance.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).

  The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The Group does not expect that the amendment will have material financial impact in future consolidated financial statements.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no material impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments may affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

b) The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The annual improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of PFRS - Meaning of "Effective PFRSs"*
The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PFRS 9, *Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of

financial instruments, and the limited amendments to the classification and measurement model hedge accounting is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the

effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The amendment has no impact on the Group's financial position or performance.

After consideration of the result of the impact evaluation using the outstanding balances of financial statements as at December 31, 2013, the Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective. The Group will, however, continue to evaluate the impact of the standards, interpretations and amendments in our financial statements for the year 2014.

3. **Seasonality of Operations**

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

4. **Cash and Cash Equivalents**

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Cash on hand and with banks	**₱5,355,496**	₱4,981,843
Short-term cash investments	**3,813,488**	5,252,493
	₱9,168,984	₱10,234,336

Cash with banks amounting to ₱65.3 million and ₱65.1 million as at March 31, 2014 and December 31, 2013, respectively, representing proceeds from the IPO, were deposited in escrow and are restricted as to withdrawal for specified purpose and thus, classified as "Other noncurrent assets".

5. **Trade and Other Receivables**

Receivables amounting to ₱39.1 million and ₱38.9 million as at March 31, 2014 and December 31, 2013, respectively, were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at March 31, 2014 and December 31, 2013 are summarized below:

March 31, 2014 (Unaudited)	**Neither Past Due Nor Impaired (High)**	**Past Due But Not Impaired (30-180 days)**	**Past Due and Individually Impaired**	**Total**
Trade and other receivables:				
Trade	**₱748,281**	**₱–**	**₱25,252**	**₱773,533**
Advances to suppliers and contractors	**61,718**	**–**	**–**	**61,718**
Receivable from CBNC	**40,831**	**–**	**–**	**40,831**
Amounts owed by related parties	**10,030**	**–**	**–**	**10,030**
Others	**144,031**	**66,616**	**13,866**	**224,513**
Total	**₱1,004,891**	**₱66,616**	**₱39,118**	**₱1,110,625**

December 31, 2013 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade	₱628,418	₱–	₱26,150	₱654,568
Advances to suppliers and contractors	63,154	–	–	63,154
Receivable from CBNC	50,049	–	–	50,049
Amounts owed by related parties	9,212	–	–	9,212
Others	88,616	–	12,793	101,409
Total	₱839,449	₱–	₱38,943	₱878,392

6. Inventories

As at March 31, 2014 and December 31, 2013 , inventories amounting to ₱374.3 million were assessed to be impaired and were provided for with allowance. No provision for inventory losses were recognized for the three-month period ended March 31, 2014 and 2013.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱859.2 million and ₱677.2 million as at March 31, 2014 and December 31, 2013, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱303.2 million and ₱294.2 million as at March 31, 2014 and December 31, 2013, respectively.

7. AFS Financial Assets

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, golf club shares and debt securities.

During the three-month period ended March 31, 2014 and 2013, the Group acquired various AFS financial assets amounting to ₱99.8 million and ₱20.0 million, respectively, and disposed AFS financial assets amounting to nil and ₱44.9 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱0.9 million and ₱0.1 million for the three-month period ended March 31, 2014 and 2013, respectively (see Note 26).

8. **Property and Equipment**

During the three-month period ended March 31, 2014 and 2013, the Group acquired assets with a cost of ₱355.0 million and ₱575.9 million, respectively, including construction in-progress.

Pier facilities (included under "Buildings and Improvements") with a carrying value of ₱140.9 million and ₱150.3 million as at March 31, 2014 and December 31, 2013, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 12.

Depreciation expense for the three-month period ended March 31, 2014 and 2013 amounted to ₱329.3 million and ₱294.1 million, respectively (see Note 23).

9. **Investment in an Associate**

The investment in an associate pertains to the Parent Company's 22.5% interest in THNC with an acquisition cost of ₱4,443.1 million.

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. Its principal activities consist of the manufacture and export of nickel/cobalt mixed sulfide. THNC has started commercial operations in October 2013.

The net assets of THNC amounted to ₱18,028.0 million and ₱16,886.8 million as at March 31, 2014 and 2013, respectively. The result of THNC's operations was a net income of ₱51.8 million for the first quarter of 2014 and a net loss of ₱267.7 million for the first quarter of 2013. The Parent Company's share in cumulative translation adjustment amounted to a gain of ₱174.3 million and ₱140.2 million as at March 31, 2014 and December 31, 2013, respectively, and its equity in net income or losses of an associate amounted to ₱11.7 million income and ₱60.2 million loss for the period ended March 31, 2014 and 2013, respectively.

10. **Long-term Stock Pile Inventory**

The long-term stock pile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN. The low grade ore inventory was initially recognized and valued at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stock pile inventory. The fair value of the inventory as at the date of acquisition amounted to ₱2,036.7 million.

A portion amounting to ₱188.5 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next accounting period, were shown as part of "Inventories" as at March 31, 2014 and December 31, 2013, and the cost of the inventory delivered to CBNC for the period ended March 31, 2014 and 2013 of ₱52.3 million and ₱43.1 million, respectively, was included as part of "Cost of sales" (see Note 17).

The carrying value of long-term stock pile - net of current portion amounted to ₱929.1 million and ₱981.5 million as at March 31, 2014 and December 31, 2013, respectively.

11. **Trade and Other Payables**

Trade and other payables include amounts payable to regular suppliers, accrued expenses, excise, withholding and other taxes payable and other payables. Trade, accrued expenses and other payables are noninterest-bearing and are generally settled in less than thirty (30) days' term. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone ore were shipped. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties. Withholding taxes are payable ten (10) days after the end of each month. Output tax is derived from other revenues which can be offset against input tax.

12. **Long-term Debt**

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
TMC	**₱1,372,459**	₱1,359,597
RTN	**160,617**	179,000
	₱1,533,076	₱1,538,597
Less current portion:		
TMC	**78,426**	77,691
RTN	**20,077**	39,778
	98,503	117,469
	₱1,434,573	₱1,421,128

TMC Loan
On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to $35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus two percent (2%) spread, to finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan shall be drawn down in one or multiple times by July 31, 2011.

Starting 2011, the interest on the loans is payable semi-annually on October 10 and April 10. The total principal is payable in semi-annual installments of $875,000, starting on October 10, 2011 up to April 10, 2031.

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all governmental approvals necessary to perform the obligations. As at March 31, 2014 and December 31, 2013, TMC is in compliance with the restrictions.

Interest expense for the three-month period ended March 31, 2014 and 2013 amounted to ₱8.1 million and ₱8.9 million, respectively, were included in equipment operating cost under "Cost of services" (see Note 18).

RTN Loan
On November 25, 2002, RTN entered into an Omnibus Agreement with Sumitomo Metal Mining Co. Inc. (SMM), wherein the latter granted the former a loan facility amounting to US$1.8 million at prevailing 180-day LIBOR plus two percent (2%) spread, for the construction of the pier facilities.

In July 2003, an additional loan amounting to US$0.2 million was granted by SMM. Starting 2003, the interest on the original and additional loans is payable semi-annually on February 28 and August 31. The total principal is payable in 20 equal semi-annual installments starting February 28, 2004 up to August 31, 2013. In February 2007, RTN and SMM agreed to an additional loan facility amounting to US$9.0 million. Of the total loan facility, the remaining US$0.5 million was drawn during February and March 2008. The additional loan facility is payable in semi-annual installments starting August 31, 2008 up to February 28, 2018.

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking mortgage on the pier facilities.

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN'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 RTN's corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any governmental authority affecting RTN. As at March 31, 2014 and December 31, 2013, RTN is in compliance with the restrictions.

RTN settled ₱19.6 million (or US$0.4 million) and ₱23.9 million (or US$0.5 million) of long-term debt which became due in February 2014 and 2013, respectively.

Interest expense which formed part of "Fin ance expense" amounted to ₱1.0 million and ₱1.3 million for the three-month period ended March 31, 2014 and 2013, respectively (see Note 25).

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

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

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

For the three-month period ended March 31, 2014 and 2013, accretion expense amounted to ₱0.7 million and ₱0.5 million, respectively (see Note 25).

14. **Equity**

Capital Stock
The capital structure of the Parent Company as at March 31, 2014 and December 31, 2013 is as follows:

	March 31, 2014	December 31, 2013
Common stock - ₱0.50 par value		
Authorized - 4,265,000,000 shares		
Issued - 2,525,757,932 shares in 2014 and 2,519,159,345 shares in 2013	**₱1,262,879**	₱1,259,580
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
Total	**₱1,270,079**	₱1,266,780

As at March 31, 2014 and December 31, 2013, the Parent Company has fifty-four (54) and forty-five (45) stockholders, respectively.

As at March 31, 2014 and December 31, 2013, a total of 806,921,983 or 32% and 803,135,234 or 32%, respectively, of the outstanding common shares of the Parent Company are registered in the name of fifty-two (52) and forty-three (43) shareholders, respectively, while the balance of 1,718,835,949 common shares or 68% and 1,716,024,111 common shares or 68%, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends
On March 24, 2014, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.30 per share, to stockholders of record as at April 10, 2014, which will be paid on May 8, 2014.

On April 5, 2013, the Parent Company's BOD declared cash dividends amounting to ₱705.3 million, equivalent to ₱0.35 per share, to stockholders of record as at April 22, 2013 which were paid on May 14, 2013.

On June 3, 2013, the Parent Company's stockholders declared twenty five percent (25%) stock dividends on the outstanding common shares amounting to ₱251.9 million, equivalent to ₱0.50 per share, to stockholders of record as at June 18, 2013 which were issued on July 12, 2013. The stock dividends correspond to 503.8 million common shares.

Appropriated Retained Earnings
On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station.

15. **Executive Stock Option Plan (ESOP)**

On June 16, 2010, the BOD and stockholders of the Parent Company approved the Employee Stock Option Plan (ESOP; the Plan). On December 20, 2010, the Plan was approved by the SEC.

The basic terms and conditions of the ESOP are:

1. The ESOP covers up to 12.0 million shares allocated to Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with a position of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50, which is equivalent to ₱7.20 per share after the stock dividends.
4. The grant date of the Plan is January 3, 2011 as determined by the Stock Option Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of twenty five percent (25%) per year after the first year of the Plan or December 21, 2011.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The stock option agreement was made and executed on January 31, 2011 between the Parent Company and the option grantees.

The fair value of the stock options was estimated as at grant date, January 3, 2011, using the BlackScholes-Merton model, taking into account the terms and conditions upon which the options were granted.

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

Grant Date	January 3, 2011
Spot price per share	₱15.0
Exercise price	₱13.5
Expected volatility	60.34%
Option life	3.967 years
Dividend yield	2.06%
Risk-free rate	4.50%

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.

Except for the effect of stock dividends, there have been no cancellations or modifications to the ESOP in 2014 and 2013.

The following table illustrates the number of, and movements in, stock options:

	Number of shares	
	March 31, 2014	December 31, 2013
Outstanding at beginning of year	**15,150,313**	13,971,473
Exercised	**(6,598,587)**	(1,851,218)
Adjustment for stock dividends	**–**	3,030,058
Outstanding at end of period	**8,551,726**	15,150,313

On September 2, 2013 and March 19, 2013, the SEC approved the exemption from registration of 3,030,058 and 4,457,156 common shares, which shall form part of the ESOP.

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

	March 31, 2014	December 31, 2013
Balances at beginning of year	**₱49,524**	₱57,464
Cost of share-based payment recognized as capital upon exercise	**(29,845)**	(18,309)
Stock option expense (see Note 22)	**1,263**	10,369
Movements during the period	**(28,582)**	(7,940)
Balances at end of period	**₱20,942**	₱49,524

Cost of share-based payments for the three-month ended March 31, 2014 and 2013 amounted to ₱1.3 million and ₱2.0 million, respectively (see Note 22).

16. Basic Earnings Per Share

Basic earnings per common share (EPS) were computed as follows:

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱593,725**	₱100,300
b. Weighted average number of common shares issued and outstanding (in thousands)	**2,523,053**	2,516,845
Basic EPS (a/b)	**₱0.24**	₱0.04

Diluted EPS were computed as follows:

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
c. Net income attributable to equity holders of the Parent	**₱593,725**	₱100,300
d. Weighted average number of common shares issued and outstanding (in thousands)	**2,532,199**	2,528,095
Diluted EPS (a/b)	**₱0.23**	₱0.04

17. **Cost of Sales**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Production overhead	**₱462,972**	₱422,245
Outside services	**89,609**	90,635
Depreciation and depletion (see Note 23)	**237,895**	196,631
Personnel costs (see Note 22)	**144,815**	135,812
Long-term stockpile inventory sold (see Note 10)	**52,348**	43,084
	987,639	888,407
Net changes in beneficiated nickel ore and limestone ore	**(221,399)**	(193,456)
	₱766,240	₱694,951

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

18. **Cost of Services**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Depreciation and depletion (see Note 23)	**₱32,147**	₱26,875
Equipment operating costs (see Note 12)	**17,044**	19,127
Personnel costs (see Note 22)	**19,581**	10,415
Overhead	**20,186**	6,217
Outside services	**4,719**	2,882
	₱93,677	₱65,516

19. **Shipping and Loading Costs**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Contract fees	**₱85,811**	₱49,233
Fuel, oil and lubricants	**28,740**	20,050
Depreciation and depletion (see Note 23)	**25,779**	32,601
Personnel costs (see Note 22)	**10,174**	9,600
Materials and supplies	**21,302**	10,467
Other services and fees	**5,579**	9,639
	₱177,385	₱131,590

20. **Excise Taxes and Royalties**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Excise taxes	**₱30,559**	₱25,581
Royalties	**31,347**	15,653
	₱61,906	₱41,234

21. **General and Administrative Expenses**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Personnel costs (see Note 22)	**₱39,679**	₱42,404
Taxes and licenses	**40,224**	23,962
Depreciation and depletion (see Note 23)	**21,796**	20,819
Professional fees	**8,028**	13,032
Transportation and travel	**4,436**	4,099
Repairs and maintenance	**4,006**	1,075
Communications, light and water	**2,371**	3,197
Outside services	**2,066**	1,830
Entertainment, amusement and recreation	**1,827**	1,644
Donations	**21,407**	–
Others	**27,622**	20,414
	₱173,462	₱132,476

Other general and administrative expenses is composed of dues and subscription expense, rentals, other service fees, materials and supplies used, bank charges, insurance expense and other numerous transactions with minimal amounts.

Donations amounting to ₱17.9 million were given to the victims of super typhoon in Guian, Eastern Samar which were used in delivery of relief goods, building houses and churches, and other livelihood programs for the community; and ₱3.5 million to the Philippine General Hospital for the renovation of wards.

22. Personnel Costs

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Salaries, wages and employee benefits	**₱212,986**	₱196,252
Cost of share-based payment plan (see Note 15)	**1,263**	1,979
	₱214,249	₱198,231

The amounts of personnel costs are distributed as follows:

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Cost of sales (see Note 17)	**₱144,815**	₱135,812
General and administrative (see Note 21)	**39,679**	42,404
Cost of services (see Note 18)	**19,581**	10,415
Shipping and loading costs (see Note 19)	**10,174**	9,600
	₱214,249	₱198,231

23. Depreciation and Depletion

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Property and equipment (see Note 8)	**₱329,275**	₱294,146
Investment property	**–**	2,050
	₱329,275	₱296,196

The amounts of depreciation and depletion expense are distributed as follows:

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Cost of sales (see Note 17)	**₱237,895**	₱196,631
Shipping and loading costs (see Note 19)	**25,779**	32,601
Cost of services (see Note 18)	**32,147**	26,875
General and administrative (see Note 21)	**21,796**	20,819
Others	**11,658**	19,270
	₱329,275	₱296,196

24. **Finance Income**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Interest income	**₱35,212**	₱56,056
Gain on de-recognition of AFS financial asset	**694,312**	–
Gain on transfer from equity to profit or loss of AFS financial assets	**–**	728
	₱729,524	₱56,784

Gain on de-recognition of AFS financial asset arises from RTN's declaration of its 58,749,999 shares in CBNC, with market value of ₱1,418.7 million, as property dividend to the Parent Company.

25. **Finance Expenses**

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Guarantee service fee	**₱40,400**	₱23,930
Interest expense (see Note 12)	**1,410**	1,330
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 13)	**726**	501
	₱42,536	₱25,761

26. **Other Income** - Net

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Foreign exchange gains - net	**₱15,806**	₱4,273
Gain on sale of property and equipment	**7,993**	3,388
Rentals and accommodations	**4,482**	1,009
Issuance of fuel, oil and lubricants	**1,392**	1,953
Other services	**1,014**	1,320
Dividend income (see Note 7)	**941**	109
Despatch	**854**	1,978
Others	**12,744**	2,552
	₱45,226	₱16,582

27. **Related Party Transactions**

Set out on next page are the Group's transactions with related parties for the three-month period ended March 31, 2014 and 2013, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2014 (Unaudited) and December 31, 2013 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	2014	2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013		
Stockholder												
Pacific Metals Co., Ltd. (PAMCO)												
Sale of ore and services	**₱502,029**	₱349,482	**₱208,803**	₱5,948	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined; noninterest- bearing	Unsecured; no guarantee
Dividends paid	**945,815**	–	**–**	–	**–**	–	**–**	–	**–**	–	Payable on demand; noninterest-bearing	Fully paid
Draft survey fee	**–**	–	**–**	54	**–**	–	**–**	–	**–**	–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Despatch income	**–**	–	**–**	1,080	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
SMM												
Sale of ore	**68,513**	73,042	**30,326**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Guarantee service fee	**40,218**	23,588	**–**	–	**12,263**	39,549	**–**	–	**–**	–	Every twenty first (21) of February and August	Unsecured
Short-term advances	**–**	1,250	**–**	–	**–**	–	**10,025**	532	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**160,617**	179,001	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	2014	2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013		
Stockholder												
Nickel Asia Holdings Inc.												
Dividends payable	**₱–**	₱–	**₱–**	₱–	**₱2,016**	₱2,016	**₱–**	₱–	**₱–**	₱–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
With Common Stockholders												
CBNC												
Sale of ore and services	**512,825**	432,638	**222,278**	200,454	**–**	–	**–**	–	**–**	–	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	**2,125**	2,329	**7,206**	23,983	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	**31,566**	9,291	**33,625**	26,066	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**–**	–	**–**	–	**–**	–	**–**	63	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Manta Equities, Inc.												
Short-term advances	**16**	10	**–**	745	**–**	–	**5**	83	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Others	**–**	–	**–**	3,580	**–**	1,451	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Associate												
THNC												
Sale of ore	**272,231**	–	**130,537**	75,638	**–**	–	**–**	–	**–**	–	30 days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	**32,908**	30,102	**–**	31,146	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Materials handling	**49,317**	–	**90,343**	42,705	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debt (see Note 12)		Terms	Conditions
	2014	2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013		
Associate												
THNC												
Rental income	**₱3,352**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**1,372,459**	1,359,596	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee
Short-term advances	**–**	59,396	**–**	–	**–**	–	**–**	8,534	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱723,118	₱411,399	**₱14,279**	₱43,016	**₱10,030**	₱9,212	**₱1,533,076**	₱1,538,597		

Terms and Conditions of Transactions with Related Parties
All sales and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2014 and December 31, 2013 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.

Compensation of Key Management Personnel
The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group for the three-month period ended March 31, 2014 and 2013 amounted to about ₱27.9 million and ₱26.3 million, respectively.

28. **Income Taxes**

The provision for current income tax shown in the interim consolidated statements of income includes:

	For the three-month period ended March 31	
	2014	2013
	(Unaudited)	
Current	**₱163,899**	₱110,324
Deferred	**(29,320)**	(7,177)
	₱134,579	₱103,147

29. **Financial Instruments**

Fair Value Information and Categories of Financial Instruments
Set out below is the fair values of all the Group's financial instruments that are carried in the consolidated financial statements.

	Fair Values	
	March 31, 2014	December 31, 2013
FINANCIAL ASSETS		
Loans and Receivables		
Cash and cash equivalents	**₱9,168,984**	₱10,234,336
Cash on hand and with banks	5,355,496	4,981,843
Short-term cash investments	3,813,488	5,252,493
Trade and other receivables	**1,009,789**	776,295
Trade	748,281	628,418
Receivable from CBNC	40,831	50,049
Amounts owed by related parties	10,030	9,212
Others	210,647	88,616
Other noncurrent assets	**231,449**	237,584
Mine rehabilitation fund	123,924	125,467
Cash held in escrow	65,296	65,118
Long-term negotiable instrument	30,000	30,000
SDMP fund	12,229	16,999
	10,410,222	11,248,215

	Fair Values	
	March 31, 2014	December 31, 2013
AFS Financial Assets	**₱3,259,632**	₱2,438,938
Quoted equity securities	246,340	201,830
Quoted debt securities	1,400,453	1,318,364
Unquoted equity securities	1,612,839	918,744
	₱13,669,854	₱13,687,153
FINANCIAL LIABILITIES		
Other Financial Liabilities		
Trade and other payables	**₱773,776**	₱785,670
Trade	417,906	475,971
Accrued expenses	273,051	241,222
Retention payable	38,151	34,168
Others	44,668	34,309
Long-term debt	**1,533,076**	1,538,597
	₱2,306,852	₱2,324,267

Fair Value Hierarchy of Financial Instruments

All financial instruments carried at fair value are categorized in three categories, defined as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

As at March 31, 2014 and December 31, 2013, the Group's AFS financial assets are classified under Level 1 and 3.

As at March 31, 2014 and December 31, 2013, 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.

30. 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, limonite ore and limestone ore.

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC and THNC.

Financial information on the operation of the various business segments are as follows:

	March 31, 2014 (Unaudited)							
	Mining				Services and Others			
	HMC	CMC	TMC	RTN	RTN/TMC/LCSLC	Others	Eliminations	Total
External customers	-	-	522,440	1,005,522	169,054	-	-	1,697,016
Inter-segment revenues	-	-	-	-	71,108	-	(71,108)	-
Total revenues	-	-	522,440	1,005,522	240,162	-	(71,108)	1,697,016
Cost of sales	-	-	247,125	519,115	-	-	-	766,240
Cost of services	-	-	-	-	93,677	-	-	93,677
Shipping and loading costs	52,280	31	47,730	65,354	11,990	-	-	177,385
Excise taxes and royalties	-	-	41,795	20,111	-	-	-	61,906
Marketing	-	-	-	-	-	-	-	-
Segment operating earnings	(52,280)	(31)	185,790	400,942	134,495	-	(71,108)	597,808
General and administrative	30,008	3,933	33,618	16,953	1,179	87,771	-	173,462
Finance income	2,526	656	3,383	702,945	2	20,012	-	729,524
Finance expense	-	395	386	1,537	-	40,218	-	42,536
Provision for (benefit from) income tax	2,535	(48)	49,011	97,561	(713)	(13,767)	-	134,579
Net income (loss) attributable to equity holders of the parent	(76,265)	7,615	94,046	651,882	(12,453)	(71,100)	-	593,725
Segment assets	1,781,690	947,792	6,894,986	6,583,199	249,045	12,447,956	-	28,904,668
Deferred income tax assets - net	95,104	93,679	59,076	4,709	-	96,956	-	349,524
Total assets	1,876,794	1,041,471	6,954,062	6,587,908	249,045	12,544,912	-	29,254,192
Segment liabilities	340,129	135,501	2,033,205	776,414	1,461	93,966	-	3,380,676
Deferred income tax liabilities - net	-	-	-	407,770	31,116	34,581	-	473,467
Total liabilities	340,129	135,501	2,033,205	1,184,184	32,577	128,547	-	3,854,143
Capital expenditures	69,128	72,841	132,601	62,515	2,531	15,415	-	355,031
Depreciation, amortization and depletion	37,577	17,367	127,252	120,922	8,954	17,203	-	329,275

	December 31, 2013 (Audited)							
	Mining				Services and Others			
	HMC	CMC	TMC	RTN	RTN/TMC/LCSLC	Others	Eliminations	Total
External customers	3,438,856	737,906	3,109,101	3,189,634	623,942	10,090	-	11,109,529
Inter-segment revenues	-	-	-	-	72,637	434,953	(507,590)	-
Total revenues	3,438,856	737,906	3,109,101	3,189,634	696,579	445,043	(507,590)	11,109,529
Cost of sales	927,692	422,058	1,122,846	2,016,698	-	-	-	4,489,294
Cost of services	-	-	-	-	335,292	-	-	335,292
Shipping and loading costs	444,164	141,109	457,029	268,847	87,622	-	-	1,398,771
Excise taxes and royalties	240,720	95,368	248,728	63,792	-	-	-	648,608
Marketing	21,065	28,228	4,462	11,874	-	-	-	65,629
Segment operating earnings	1,805,215	51,143	1,276,036	828,423	273,665	445,043	(507,590)	4,171,935
General and administrative	66,117	34,038	110,899	111,172	12,156	290,437	-	624,819
Finance income	14,332	2,515	15,683	49,750	12	84,461	-	166,753
Finance expense	5,327	3,450	7,007	6,896	2,267	103,351	-	128,298
Provision for (benefit from) income tax	516,384	(8,787)	350,677	247,190	7,589	11,162	-	1,124,215
Net income (loss) attributable to equity holders of the parent	1,473,262	21,554	640,531	595,162	(98,064)	(578,771)	-	2,053,674
Segment assets	1,943,798	954,295	6,708,837	7,740,945	263,195	10,958,015	-	28,569,085
Deferred income tax assets - net	97,366	93,381	58,458	4,709	-	90,529	-	344,443
Total assets	2,041,164	1,047,676	6,767,295	7,745,654	263,195	11,048,544	-	28,913,528
Segment liabilities	419,751	152,185	1,970,952	547,866	5,270	119,488	-	3,215,512
Deferred income tax liabilities - net	-	-	-	423,608	31,830	30,790	-	486,228
Total liabilities	419,751	152,185	1,970,952	971,474	37,100	150,278	-	3,701,740
Capital expenditures	346,186	114,084	1,256,229	129,461	28,009	57,156	-	1,931,125
Depreciation, amortization and depletion	123,760	72,484	336,736	488,985	174,003	66,683	-	1,262,651

	March 31, 2013 (Unaudited)							
	Mining				Services and Others			
	HMC	CMC	TMC	RTN	RTN/TMC/LCSLC	Others	Eliminations	Total
External customers	54,728	-	215,281	1,009,042	120,414	5,419	-	1,404,884
Inter-segment revenues	-	-	-	-	11,898	73,550	(85,448)	-
Total revenues	54,728	-	215,281	1,009,042	132,312	78,969	(85,448)	1,404,884
Cost of sales	18,540	-	159,605	473,722	-	43,084	-	694,951
Cost of services	-	-	-	-	65,516	-	-	65,516
Shipping and loading costs	18,626	-	43,354	66,972	2,638	-	-	131,590
Excise taxes and royalties	3,831	-	17,223	20,180	-	-	-	41,234
Marketing	-	-	-	5,388	-	-	-	5,388
Segment operating earnings	13,731	-	(4,901)	442,780	64,158	35,885	(85,448)	466,205
General and administrative	16,200	12,424	20,971	30,703	1,615	50,563	-	132,476
Finance income	2,509	1,164	6,924	15,712	5	30,470	-	56,784
Finance expense	-	-	190	1,984	-	23,587	-	25,761
Provision for (benefit from) income tax	859	(75)	7,518	107,592	(1,501)	(11,246)	-	103,147
Net income (loss) attributable to equity holders of the parent	13,940	(6,636)	8,016	235,534	(17,060)	(133,494)	-	100,300
Segment assets	5,473,728	1,125,139	5,823,073	7,343,821	264,668	7,042,929	-	27,073,358
Deferred income tax assets - net	128,888	76,378	42,984	-	11,835	91,880	-	351,965
Total assets	5,602,616	1,201,517	5,866,057	7,343,821	276,503	7,134,809	-	27,425,323
Segment liabilities	353,522	148,065	1,823,593	700,429	16,566	51,379	-	3,093,554
Deferred income tax liabilities - net	3,099	-	-	497,184	33,969	3,376	-	537,628
Total liabilities	356,621	148,065	1,823,593	1,197,613	50,535	54,755	-	3,631,182
Capital expenditures	85,610	46,500	370,290	52,382	10,396	10,713	-	575,891
Depreciation, amortization and depletion	23,945	20,208	87,332	135,894	12,747	16,070	-	296,196

The Group has revenues from external customers as follows:

	For the three-month period ended March 31	
	2014	2013
Country of Domicile	(Unaudited)	
China	**₱253,555**	₱502,646
Japan	**570,541**	422,525
Local	**872,920**	479,713
	₱1,697,016	₱1,404,884

The revenue information above is based on the location of the customer.

Revenue from two key customers amounted to ₱1,205.9 million and ₱703.4 million for the three-month period ended March 31, 2014 and 2013, respectively, arising from sale of ores.

The Group has non-current assets consisting of property and equipment and investment property located in the Parent Company's country of domicile amounting to ₱6,637.2 million and ₱6,614.8 million as at March 31, 2014 and December 31, 2013, respectively.

31. **Reclassification**

Certain 2014 expense items were reclassified to conform to the presentation of the 2013 financial statements.