



HOPE
HELPING OUR PEOPLE EXCEL



HELPING OUR PEOPLE EXCEL

Organizations are people working with one purpose towards one common objective. Excellent organizations are those whose policies, programs and processes are designed to help people maximize their potential and be the best in what they do.

NAC recognises its people as its most important asset – and is committed to building an excellent organization.

Contents

2 ___	Who We Are	79 ___	Review of Operations
4 ___	Vision, Mission & Core Values	84 ___	Review of Exploration
5 ___	Corporate Structure	88 ___	Report of the Audit Committee to the Board of Directors
6 ___	Sales and Financial Highlights	90 ___	Statement of Management's Responsibility for Financial Statements
8 ___	Key Performance Indicators	91 ___	Independent Auditors' Report
10 ___	Product Mix	99 ___	Consolidated Statements of Financial Position
12 ___	Joint Message to Shareholders	101 ___	Consolidated Statements of Income
20 ___	MBZ: The Gemologist	102 ___	Consolidated Statements of Comprehensive Income
24 ___	Board of Directors	103 ___	Consolidated Statements of Changes in Equity
28 ___	Corporate Governance	106 ___	Consolidated Statements of Cash Flows
34 ___	Enterprise Risk Management	108 ___	GRI Content Index Sheet
36 ___	Sustainability Report	112 ___	External Assurance Statement
72 ___	Financial Review	114 ___	Officers
76 ___	Map of Mineral Properties and Energy Projects	116 ___	Corporate Directory
77 ___	Summary of Ore Reserves and Resources		

Who We Are

We are the Philippines' largest producer of lateritic nickel ore, and one of the largest in the world.

Reforestation progress at RTN

GRI 102-2

It was over forty years ago when our first operation, Rio Tuba, made its initial shipment of ore to Japan. Today, we have four operating mines and other properties for nickel, copper and gold in various stages of exploration.

We export saprolite and limonite ore to our customers in China and Japan, who process our ore to produce ferronickel and nickel pig iron (NPI), used for the production of stainless steel. Locally, two of our mines sell limonite ore to downstream processing plants of our associate companies, which produce an intermediate product for further processing in Japan into refined metal and a product for batteries for the electric vehicle market.

Our Rio Tuba operation in Bataraza, Palawan, is the exclusive supplier of limonite ore to Coral Bay Nickel Corporation (CBNC), the Philippines' first hydrometallurgical nickel processing plant. CBNC,

commissioned in 2005, has a capacity of 24,000 tonnes of contained nickel and 1,500 tonnes of contained cobalt per year in the form of a mixed nickel-cobalt sulfide. We have a 10% equity interest in CBNC.

Our Taganito operation in Claver, Surigao del Norte, is also the exclusive supplier of limonite ore to Taganito HPAL Nickel Corporation (THPAL), the Philippines' second hydrometallurgical nickel processing plant. Built at a cost of USD 1.7 Billion and commissioned in 2013, it has an expanded capacity of 36,000 tonnes of contained nickel and 3,000 tonnes of contained cobalt per year. We also have a 10% equity interest in THPAL.

Hinatuan Mining in Taganaan, Surigao del Norte and Cagdianao Mining in Valencia, Dinagat Islands, are our two other nickel operations. We are further exploring and planning for the development of a 5th operation, Dinapigue Mining in Isabela.

Beyond our mineral resource operations, we have diversified into renewable energy through Emerging Power Inc. (EPI), which operates a 32 MW solar plant in the Subic Bay Freeport and which has geothermal service contracts in the provinces of Mindoro and Biliran. We have a 86.29% equity interest in EPI.

We remain focused on growth as we take our responsibilities to our communities and to the country in general very seriously. At the heart of this sense of responsibility is our commitment to operate in a sustainable manner, nurturing active communities, protecting the environment and ensuring the safety and well-being of everyone whom our operations touch.

Our efforts to keep faithful to the principles of sustainable development in all our operations have not gone unnoticed, as we have received awards and recognitions many times over. Our most notable

achievement was the selection of our Rio Tuba operation among entries from other ASEAN countries as the winner in the first ever ASEAN Mineral Awards in the category of Best Practices in Sustainable Mineral Development, given during the ASEAN Ministerial Meeting on Minerals in Myanmar in November 2017. Rio Tuba was additionally recognized in 2018 as the recipient of the Presidential Mineral Industry Environmental Award, the highest recognition for environmental excellence in our country, during the 65th Annual National Mine and Environment Conference.

Looking to the future, we seek only to be better in all that we do.

The Company's Vision and Mission Statements as well as its Core Values are regularly reviewed by Management and approved by the Board of Directors.

GRI 102-16

Vision

Achieve the highest standards for responsible and sustainable development of our country's natural resources.

Mission

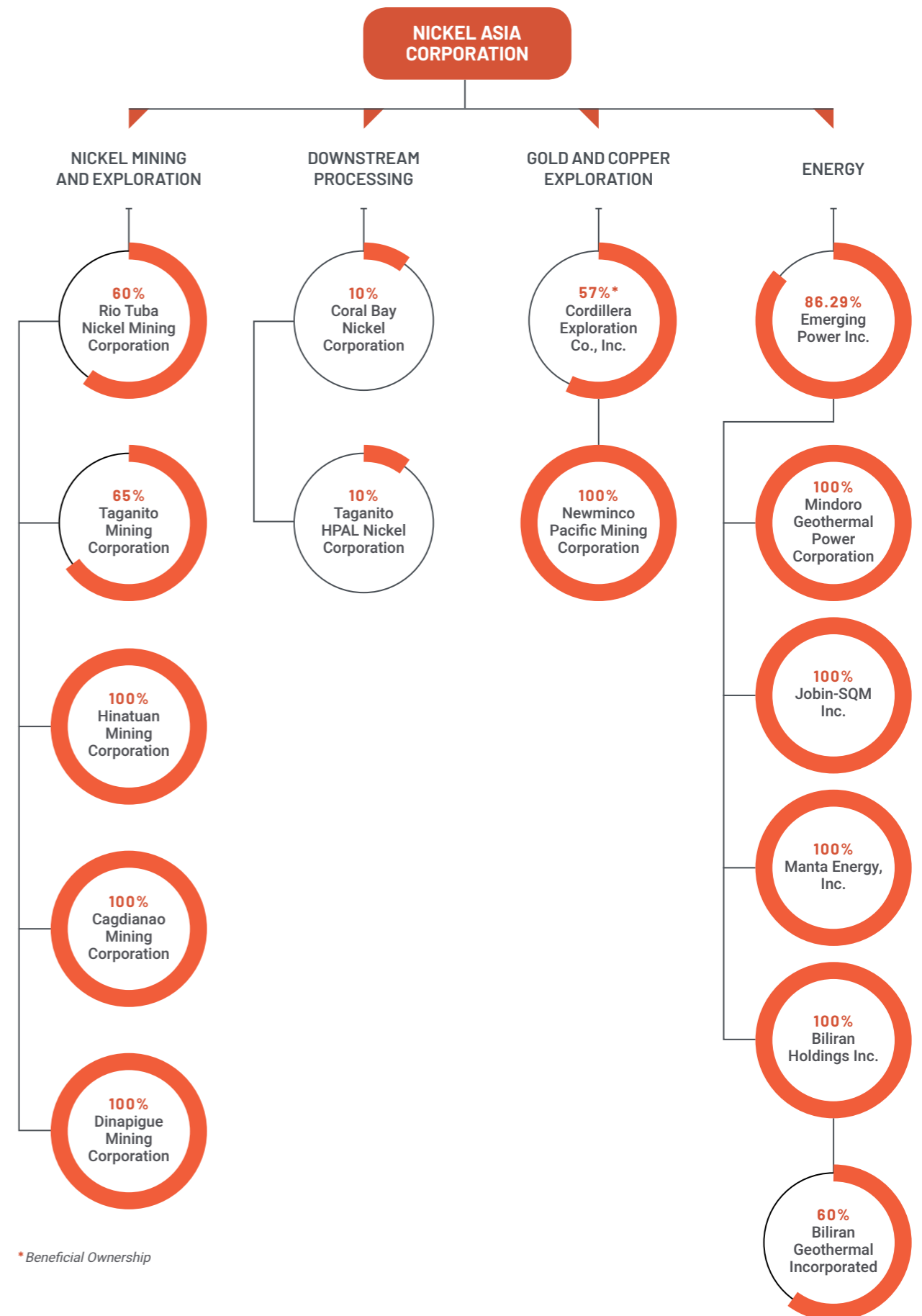
We exist to responsibly and sustainably develop our country's natural resources to meet society's needs, contributing to a brighter future for our people, our communities, and our other stakeholders, always conscious of being stewards of the environment where we operate.

Core Values

- » Responsibility
- » Leadership
- » Respect
- » Integrity
- » Financial Growth
- » Safety
- » Teamwork

Corporate Structure

GRI 102-5

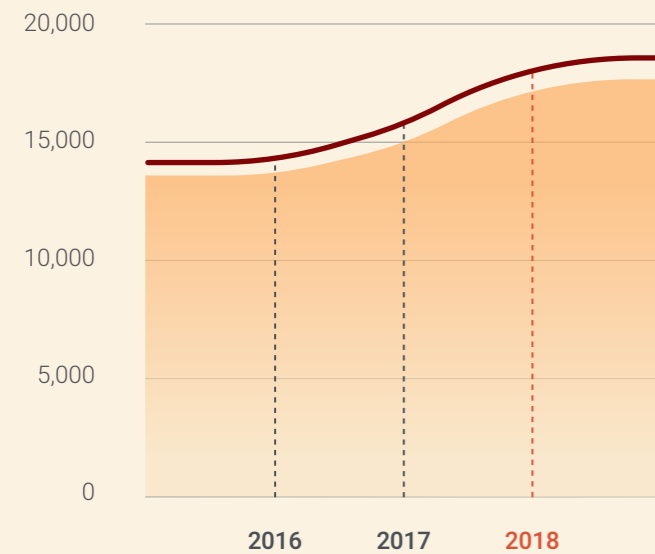


*Beneficial Ownership

Sales and Financial Highlights

GRI 102-7

NICKEL ORE SALES



— **Revenues**
(in PHP Million)
Inclusive of Sale of
Limestone and Services

● **Nickel Ore Sales**
(Wet Metric Ton '000)

2018

Total Sales
(WMT '000) **19,349**

LME-based Sales
(WMT '000) **7,808**

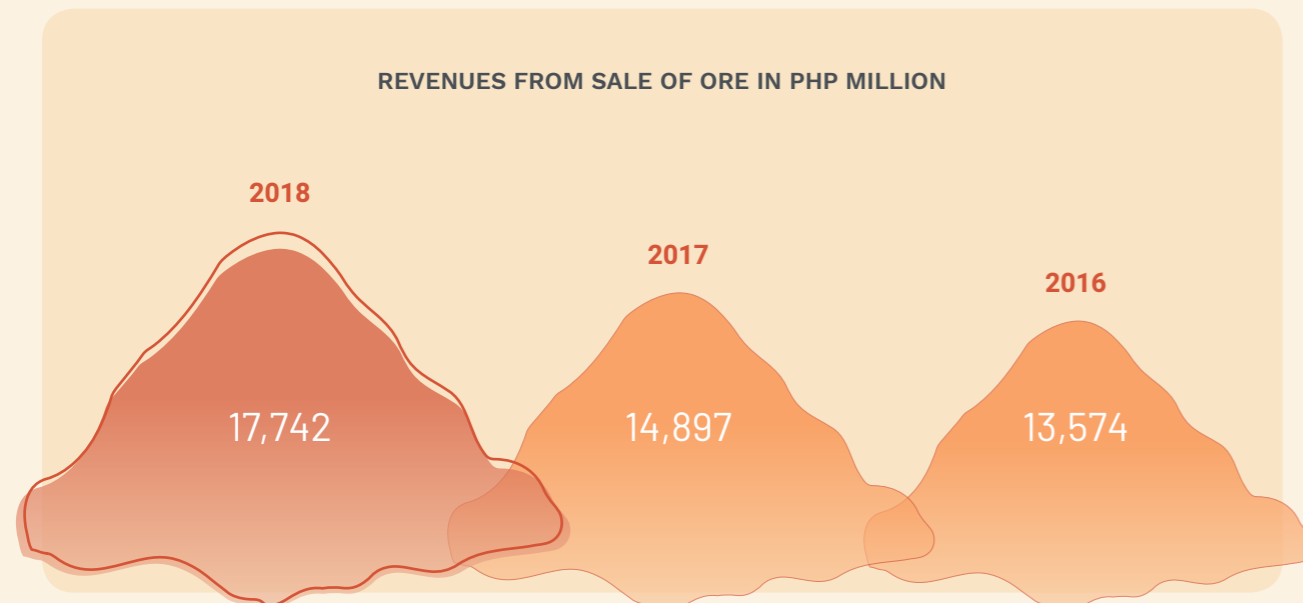
Realized LME Price
(USD/lb.) **5.95**

Tonnage-based Sales
(WMT '000) **11,541**

Average Price
(USD/WMT) **21.53**

Weighted Average
Price (USD/WMT) **16.86**

REVENUES FROM SALE OF ORE IN PHP MILLION



SALES HIGHLIGHTS

	2018	2017	2016
Total Sales (WMT '000)	19,349	17,703	19,254
LME-based Sales (WMT '000)	7,808	8,062	7,562
Realized LME Price (USD/lb.)	5.95	4.67	4.39
Tonnage-based Sales (WMT '000)	11,541	9,640	11,692
Average Price (USD/WMT)	21.53	24.42	20.77
Weighted Average Price (USD/WMT)	16.86	16.17	14.51

FINANCIAL HIGHLIGHTS

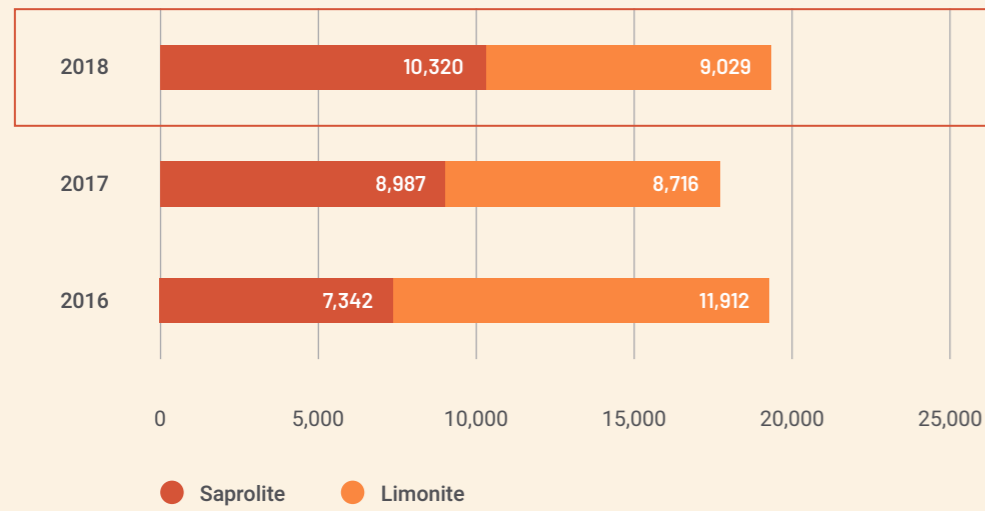
PHP Million except Per Share Amounts

	2018	2017	2016
Revenues			
Sale of Ore	17,742	14,897	13,574
Services and Others	906	842	549
Total Revenues	18,648	15,739	14,123
Operating Costs and Expenses	12,608	10,474	10,157
Net Income	4,223	3,854	2,711
Attributable to Equity Holders of the Parent	3,008	2,771	1,966
Attributable to Non-Controlling Interests	1,215	1,083	745
Basic Earnings Per Share (PHP)	0.22	0.20	0.14
Financial Condition			
Cash, Cash Equivalents and Other Financial Investments	15,931	16,294	15,967
Other Current Assets	5,966	5,337	5,302
Noncurrent Assets	24,136	24,106	24,082
Current Liabilities	9,866	9,614	7,946
Noncurrent Liabilities	2,716	2,905	6,206
Equity	33,451	33,218	31,199
Book Value Per Share (PHP)	2.17	2.15	1.97

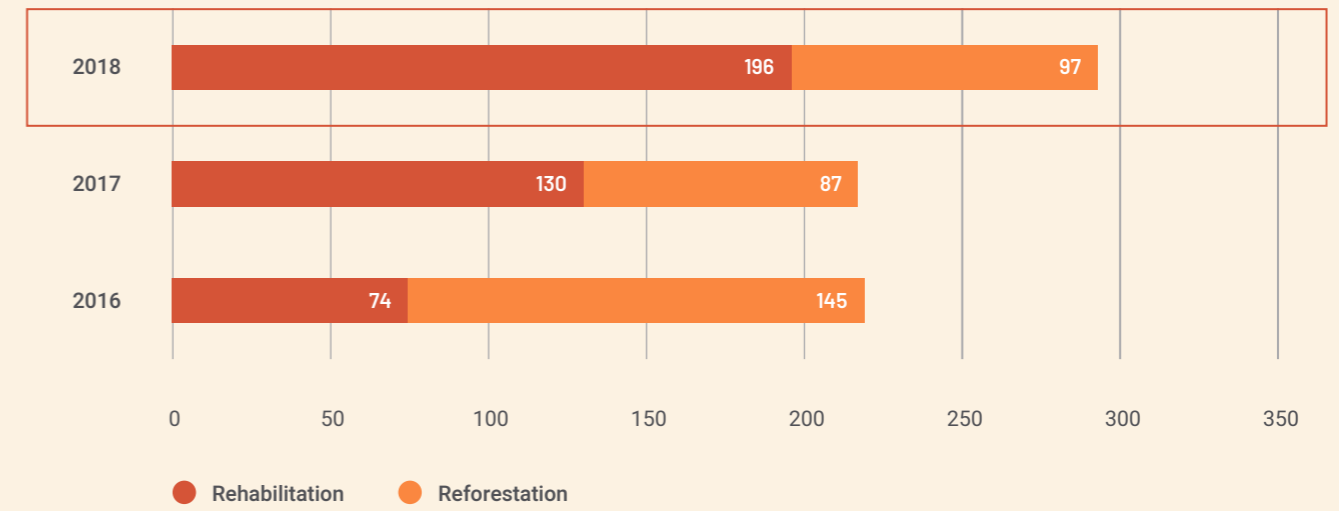
Key Performance Indicators

GRI 102-7

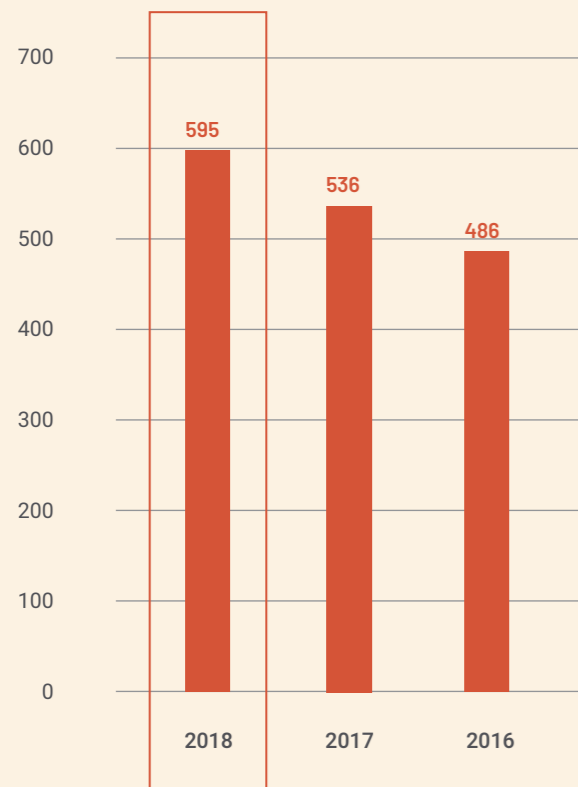
SALES VOLUME (WMT '000)



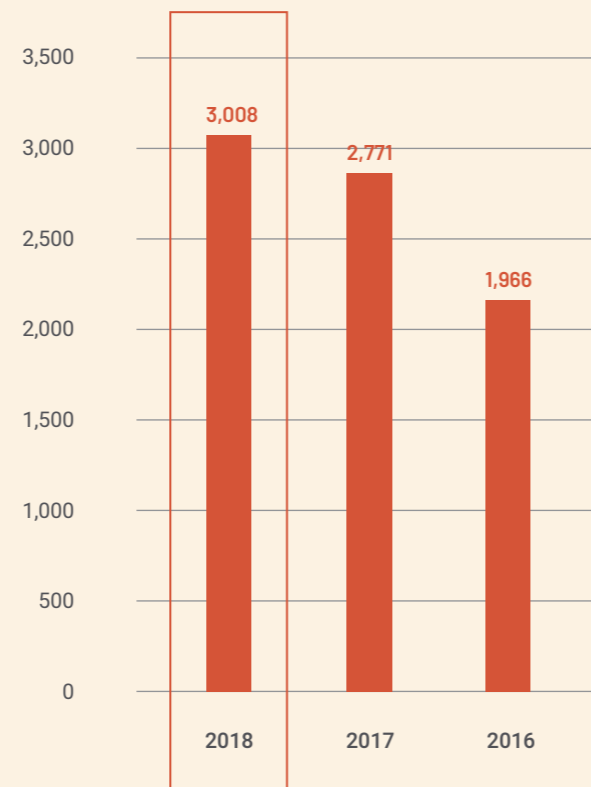
HECTARAGE REFORESTED AND REHABILITATED



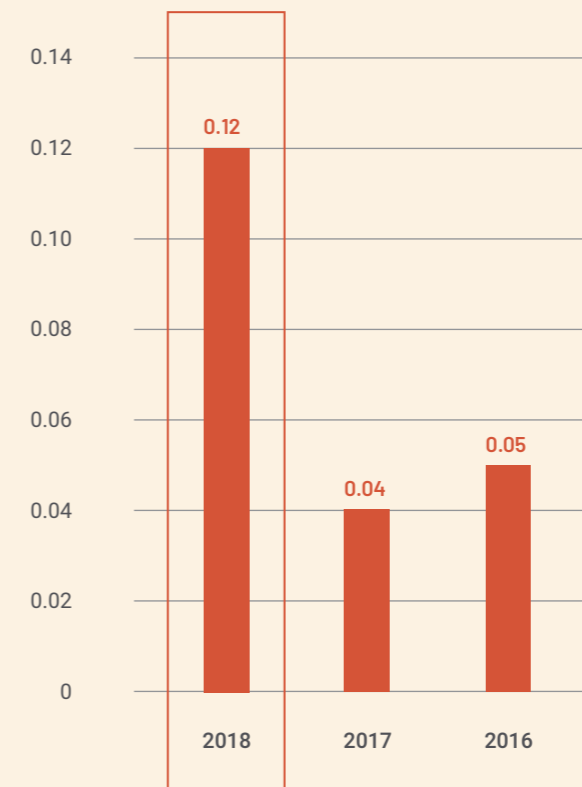
TOTAL COST/WMT (PHP/WMT)



ATTRIBUTABLE NET INCOME (PHP MILLION)



FREQUENCY RATE (LOST-TIME ACCIDENTS PER MILLION MAN-HOURS)



Product Mix

GRI 102-2, GRI 103-1



Sun drying area at RTN

We produce two types of nickel ore, namely saprolite ore and limonite ore. We define saprolite ore as nickel ore with iron content of less than 20% and limonite ore as nickel ore with iron content of 20% or higher.

GRI 102-6

We ship out two types of saprolite ore: high-grade and mid-grade. High-grade saprolite ore has a nickel content of about 1.7% while mid-grade saprolite ore has a nickel content of between 1.3 to 1.6%.

Most of our high-grade saprolite ore were sold to Pacific Metals Co., Ltd. (PAMCO), who use the material as feed for its ferronickel smelter. Our mid-grade saprolite ore were sold to Japanese and Chinese clients. Our Chinese clients use the material as feed for electric furnaces for production of high and medium-grade NPI.

We sell two types of limonite ore: high-iron, and low-grade. High-iron limonite ore has a nickel content of less than 1.0% and an iron content of 48 to 50%. Low-grade limonite ore has a nickel content of 1.0 to 1.2% and an iron content of at least 30%.

Our high-iron limonite ore were sold to Chinese customers who use the material as feed for blast furnaces for production of low-grade NPI. Finally, low-grade limonite ore from Taganito and Rio Tuba were utilized as feed for the Taganito and Coral Bay HPAL plants, respectively.

GRI 417-1

	SAPROLITE		LIMONITE	
Type Of Ore	High-Grade ~1.7% Ni	Mid-Grade 1.3~1.6% Ni	High Fe 0.6-0.9% Ni; 48-50% Fe	Low Grade 1.0-1.2% Ni; ≥30% Fe
Supplied by	Rio Tuba Taganito Cagdianao Hinatuan	Rio Tuba Taganito Cagdianao Hinatuan	Rio Tuba Taganito Hinatuan	Rio Tuba Taganito
Sold to	Japan FeNi Smelter/China NPI Smelter (RKEF)	Japan FeNi Smelter/China NPI Smelter (RKEF)	China NPI Smelter (Blast Furnace)	Philippines CBNC THPAL
Final Products	Ferronickel	Ferronickel/High- and Medium-Grade NPI: 10-12% Ni	Low-Grade NPI (1-3% Ni)	Ni-Co Sulfide 55% Ni
For Use in:	300 Series Stainless Steel	300 Series Stainless Steel	200 Series Stainless Steel	Ni Smelter: Ni Cathodes & Ni Sulfate
Pricing Method	Negotiated USD/WMT	Negotiated USD/WMT	Negotiated USD/WMT	LME Ni Price x Payable Ni
2018 Volume (kWMT)	758	9,562	1,221	7,808
2018 % of Volume	4%	50%	6%	40%
2018 % of Revenue	10%	62%	4%	24%

Helping Our People Excel

JOINT MESSAGE TO SHAREHOLDERS

GRI 102-14



Gerard H. Brimo
Chairman and Chief Executive Officer
Executive Director

Martin Antonio G. Zamora
President
Executive Director

During the year in review, we achieved the second highest level of production and sales in our history. As well, we continue to be recognized as a prime example of responsible mining.

Our Rio Tuba operation in southern Palawan was awarded the Presidential Mineral Industry Award in the surface mining category, the highest recognition of environmental excellence in our country, while our associate company, Coral Bay Nickel Corporation, received the same award in the category of mineral processing. Our Cagdianao and Hinatuan operations also received Platinum awards, the second highest environmental award. These awards were given during the 65th Annual National Mine and Safety Conference in November, 2018.

In March 2019, we were delighted to learn that the Department of Environment and Natural Resources again nominated our Rio Tuba operation to represent the country in the second ASEAN Mineral Awards for Best Practices in Sustainable Mineral Development. It will be recalled that Rio Tuba won such award in 2017 during the inaugural year of the launching of such awards, as adjudged by the various ASEAN mining ministers. We look forward to the results in November 2019.

OPERATING RESULTS

Our four operating subsidiaries achieved total sales of 19.3 million wet metric tons (WMT) of nickel ore, an increase of over 9% compared to the prior year's 17.7 million WMT. The higher volume was achieved in large part due to the performance of our Taganito operation, the largest in the country, which reached a record 8.8 million WMT of sales compared to 7.6 million WMT in the prior year, and to our Cagdianao operation with sales of 2.6 million WMT, also the highest ever achieved, compared to 1.8 million WMT a year ago.

Exports of saprolite ore to our Chinese and Japanese customers increased to 10.3 million WMT compared to 9.0 million WMT while exports of limonite ore increased to 1.2 million WMT from 653 thousand WMT. Our Rio Tuba and Taganito operations also sold 7.8 million WMT of low-grade limonite ore to our associate companies, Coral Bay and Taganito HPAL, respectively, which operate high-pressure acid leach (HPAL) processing plants adjacent to those mines. This compares to 8.1 million WMT in the prior year. The drop



Loading of Nickel Ore on Barge at RTN

Our attributable net income for the year increased by 9% to P3.0 billion compared to P2.8 billion in the prior year.

was the result of remedial work required at the Taganito HPAL plant, which was completed during the year in review.

With respect to prices, we averaged USD 22.65 per WMT for our saprolite exports of primarily medium grade ore as against USD 25.32 per WMT in the prior year, an 11% drop. The lower price was the result of increased ore exports from Indonesia due to the reversal in January 2017 of its export ore ban. The price of our limonite exports, principally of the high iron variety, remained largely unchanged at around USD 12.00 per WMT.

In contrast, the average price of our sales of limonite ore to the HPAL plants, which are linked to nickel prices quoted in the London Metal Exchange (LME), increased from USD 4.67 per pound of payable nickel in the prior year to USD 5.95 per pound. The higher price resulted from a deficit in global nickel supply for the third year in a row, leading to a substantial drawdown of inventories of refined metal in commodity exchange warehouses. It should be mentioned that the LME nickel price increased to an average USD 6.85 per pound in June 2018, the highest monthly average since December 2014. Although a price correction took place in the second half of the year, the 2018 average LME price of close to USD 6.00 per pound compares favorably with the prior year's average of USD 4.72 per pound.

On a combined per WMT basis, we averaged USD 16.86 in 2018, marginally higher than the prior year's USD 16.17.

Higher overall sales volumes and a more favorable average exchange rate of PHP 53.00 per US dollar compared to PHP 50.42 in 2017 resulted in an increase in our consolidated revenues to PHP 18.6 billion from PHP 15.7 billion in the prior year. As a result of better LME nickel prices as well as cobalt prices, which is contained in small quantities in our ore but recoverable by the HPAL plants, our revenues from sales of ore to the plants contributed 24% to total revenues as against 14% in the prior year despite a reduced volume of sales.

Included in our revenues for the year in review are services and other activities performed by our Rio Tuba and Taganito operations to the HPAL plants of PHP 650.1 million compared to PHP 630.1 million in the prior year, and sales of power from our 86.29%-owned renewable energy subsidiary, Emerging Power Inc. (EPI), and our Surigao diesel power plant of PHP 256.0 million compared to PHP 212.2 million.

Our attributable net income for the year increased by 9% to PHP 3.0 billion compared to PHP 2.8 billion in the prior year. Included in our income is our share of the earnings of the Coral Bay and Taganito HPAL plants corresponding to our 10% equity in each, which amounted to PHP 348.2 million compared to PHP 198.0 million in 2017. Also included is an impairment of PHP 444.3 million by EPI, representing uncollected advances to its original EPC contractor for the Subic solar project.

DIVIDENDS

On the basis of the results for the year in review, on March 14, 2019 the Board of Directors approved a regular cash dividend of PHP 0.07 per share. The cash dividend in the amount of PHP 957.2 million was paid on April 12, 2019 to shareholders of record as of March 28, 2019.

In the prior year, a regular cash dividend of PHP 0.12 per share was declared by the Board of Directors on March 14, 2018. The cash dividend in the amount of PHP 912.4 million was paid on April 10, 2018 to shareholders of record as of March 28, 2018. A special cash dividend of PHP 0.30 per share was also declared on August 28, 2018. Such dividend amounting to PHP 2.3 billion was paid on September 27, 2018 to shareholders of record as of September 11, 2018. During the same meeting of the Board of Directors, a stock dividend corresponding to 80% of outstanding shares was declared and issued on November 20, 2018 to shareholders of record as of October 23, 2018. The amount of the stock dividend was PHP 3.0 billion.



TaCPeCCo Water Refilling Station at TMC

It should be noted that since our Company became publicly listed in 2010, this is the fourth year that we have declared special cash dividends beyond our policy of paying a regular yearly cash dividend corresponding to about 30% of our yearly income, and likewise the fifth time that we have issued stock dividends.

ECONOMIC AND SOCIAL CONTRIBUTION

In 2018, our Company and operating mining subsidiaries paid total taxes and fees, both to the national and local government units, of PHP 4.9 billion, including corporate income taxes of PHP 2.0 billion. The corresponding figures for the prior were PHP 3.7 billion and PHP 1.7 billion, respectively. It should be noted that effective January 2018, the excise tax applied to gross revenues of our four operating mining subsidiaries increased from 2% to 4%. Total excise taxes paid in 2018 amounted of PHP 709.7 compared to PHP 297.9 in the prior year.

With respect to social expenditures under our subsidiaries' Social Development Management Programs, PHP 160.7 million was spent in 2018 primarily on infrastructure, livelihood projects, health care and educational programs within the host

communities of our operations. Additionally, we spent PHP 75.2 million on various CSR programs during the year in review.

In 2018, on average we employed 8,235 individuals, both full-time and through a number of contractors that we use for various aspects of our operations.

Details of our social, environmental, safety and health programs are contained in a Sustainability Report that is integrated to this Annual Report and prepared under global sustainability guidelines – G4.

Our mining subsidiaries continue to participate in the Extractive Industries Transparency Initiative (EITI) process by reporting annually on all taxes and fees paid as well as social expenditures and environmental funds. EITI is a global standard to promote transparency in the management of natural resources, particularly in the payment and receipt of taxes and fees from the extractive sector. In April 2018, our Taganito operation received from EITI Philippines a Transparency Award – Excellence in Reporting, in the metallic category. Our Rio Tuba operation also received a similar award in the non-metallic category relating to its limestone quarry.



HACOMUCO beneficiaries at TMC

RENEWABLE ENERGY

Our renewable energy subsidiary, EPI, has a number of Renewable Energy Service Contracts, principally a 100 MW solar and a 50 MW wind service contract under Jobin-SQM, Inc. (JSI - 100% owned), located in Subic Bay Freeport; two geothermal service contracts under Biliran Geothermal, Inc. (BGI - 60% owned), in the province of Biliran; and a geothermal service contract under Montelago Geothermal Power Corp. (MGPC - 100% owned) in Mindoro Oriental.

JSI continues to sell power from its existing 32 megawatt (MW) solar facility to the Wholesale Electricity Spot Market (WESM). In 2018, the solar facility produced 42,986 megawatt hours (MWh) of electricity which was sold at an average price of PHP 3.88/kWh. The low level of production, as compared to the expected production of about

48,000 MWh, was due to technical issues that occurred at the facility that have since been addressed. As we continue our efforts to obtain Power Sales Agreements for the project, development work will recommence on an additional 20 MW of capacity in 2019. This is in light of the significant drop in solar development costs, positive expectations for WESM prices driven by strong economic growth, supply constraints, and inflationary pressures on traditional fuels such as oil and coal, and the objective of benefiting from economies of scale.

Discussions with our joint venture partner, Biliran Geothermal Holdings, Inc. (BGHI), about the future of the Biliran geothermal project are ongoing. Meanwhile, discussions with potential joint venture partners to drill the northern part of the Montelago geothermal field are likewise ongoing.



Overlooking the Wharf at TMC

OUTLOOK

We are seeing two increasingly distinct markets for our ore. The first is our traditional exports to ferronickel and NPI customers, used in the manufacture of stainless steel. To a large extent, the price of our ore for this market, typically on a negotiated dollar per WMT basis, is determined on the basis of availability of ore. For as long as Indonesia continues to export at current volumes, soft prices can be expected.

The second represents our sales of limonite ore to our HPAL plant associates, who produce a nickel-cobalt sulfide for further treatment in Japan into refined nickel and products suitable for the growing battery market. These sales are priced on the basis of quoted LME prices which, unlike export ore prices, have been trending up.

All indications point to firmer LME nickel prices in the years ahead due to continuing supply deficits driven by increasing demand, not only for stainless steel, but

more importantly, for batteries primarily for the electric vehicle (EV) market. While the latter currently accounts for about 6% of total demand, it is widely acknowledged to be the next growth area for the metal given the expected growth in the EV market and the increasing proportion of nickel used in batteries for such market.

Supply, on the other hand, remains constricted, particularly from sulfide ore deposits that can result in products suitable for batteries but which require considerable capital investment and long lead times to develop. With respect to laterite ore, HPAL plants are required to produce suitable products for further treatment to nickel sulfates required in batteries. While there are some indications of new HPAL plants being considered, these plants also require considerable capital investment with long lead times and are technically challenging. NPI production, on the other hand, which has seen good growth as a result of plants built in Indonesia, cannot be used for the production of nickel sulfate required for batteries at this time due to financial considerations.

We see interesting times ahead for nickel and expect that our supply of ore to the HPAL plants coupled with our equity investments will play a significantly larger role in our business going forward. We continue to explore further opportunities to increase our participation in this sector.

ACKNOWLEDGMENT

We pay special tribute to Manuel B. Zamora, Jr., one of our founders, who retired as Chairman of the Board during the year in review. From the start of our first operation, Rio Tuba, in the 1970s, he has guided the growth of our Company over a long period of time. We thank him for his many years of dedication and perseverance, and his steadfast commitment to the principles of responsible mining that has become an integral part of our corporate culture. Upon his retirement, he was appointed by the Board of Directors as Chairman Emeritus.

We commend our team of officers, managers, supervisors and rank-and-file for a good performance during the year in review, and in particular those involved in our Taganito and Cagdianao operations for producing record results. We also thank our team for their continued dedication to the principles of sustainable development in all facets of our operations.

Finally, we are grateful to our Directors for their continued guidance throughout the year and to our shareholders for their continuing support.

Gerard H. Brimo
Chairman and
Chief Executive Officer
Executive Director

Martin Antonio G. Zamora
President
Executive Director

MBZ: The Gemologist

IT'S ALL ABOUT THE PEOPLE



MBZ's reward: a hug from a cancer-free Lyra Mae Juanaze



He wasn't supposed to end up a miner.

He went to the UP College of Law, the "right" law school especially during his time. He joined Sigma Rho, the "right" fraternity for law students. He ranked 3rd in the Philippine Bar of 1961, the "right" kind of placing for law students who wished to be noticed.

Just in his 20s, and with his future opening up before him, Manuel B. Zamora Jr. had all the makings of a top-notch corporate lawyer, as many of his peers and fraternity brods would eventually become.

Or he could have entered politics and become a politician for the rest of his life, again as many of his peers and fraternity brods chose to be.

Public service was in his genes: his maternal grandfather, Sergio Bayan, was appointed by President Manuel L. Quezon in 1937 as the first Filipino mayor of Baguio City and served until 1939. And his father, the

elder Manuel Zamora, was Presidential Chief Protocol Officer at Malacanang Palace, serving under Philippine presidents from Manuel Quezon all the way up to Ferdinand Marcos.

But Fate has a funny way of playing its hand in our lives, and in the case of MBZ, the "mistake" of sending a geologist to check out a logging area in a remote portion of Palawan resulted in the discovery of a huge, world-class nickel deposit.

And just like that the young man who could have been a top-notch Corporate lawyer or a politician ended up stumbling upon his calling for the rest of his lifetime: mining.

It was this conversion of MBZ into an "accidental miner" that, in turn, revealed to one and all the "gemologist" nature of his persona.



Yes, a gemologist. One who, by definition, “identifies and works with precious stones and gems.”

Consciously or unconsciously — and those who know him would say it’s the latter — it is in a story that MBZ himself has told that we see glimpses of this nature of his. In what serves as the Foreword to “The Jewels of Rio Tuba”, a coffee table book privately published in 2012, he says this:

“Early on, as I was stumbling along trying to transform myself into a manager, I discovered something startling in our operations. I saw that employee wages and benefits were a minuscule percentage of our operating costs. Alongside big ticket items like fuel and mining operations, wages were practically insignificant to our bottom line. Which is why I concluded that Rio Tuba could become a model employer, giving its workers superior wages and benefits without unduly impacting our stockholders.”

Fifty years later, the mining companies under the umbrella of Nickel Asia Corporation are known for paying above the legislated wage rates for the regions in which they operate.

The young man with no managerial experience and no knowledge of mining who was tasked to start a mining operation from scratch began with one very important core principle. In his own words: “My approach is to focus on the people.”

Again, as he related the story of Rio Tuba in the book, he revealed this principle at work:

“Why do I do this?...Because these are the people who make the company work. They work with their hands. Without them, the company would not be where we are.”

This is the reason why this Annual Report is focused on people: because it is the people of Nickel Asia, its operating companies and its communities, that have been the secret ingredients of its success. And this is the reason why this Annual Report takes this opportunity to focus on the Company’s Chairman Emeritus: because that people-oriented spirit has been the underlying principle that has guided Manuel B. Zamora Jr. through the fifty years he has devoted to the mining industry in the Philippines through the companies he has led.

Focusing on the people is the reason why MBZ has made sure that operations are environmentally conscious, minimising land disturbance and championing progressive mine rehabilitation for the benefit of the mining communities. It’s the reason why NAC’s Operating Subsidiaries regularly win the highest awards at the annual mine industry gathering in Baguio City, and why RTN was adjudged the first winner of the ASEAN Awards for Best Practices In Sustainable Mineral Mining In 2017 and is once again the Philippines entry in 2019.

It is the reason why one remote mining community has a school run on standards worthy of an exclusive Manila counterpart; why residents in the mining communities where NAC operates get health and livelihood support over and beyond what is required by the law or expected from the industry; why a young girl in high school who is diagnosed with cancer will, over ten years later, ask to hug the man who didn’t give up on her and had her treated; why Indigenous peoples in NAC’s areas of operations enjoy the blessings of their patrimony; why many aspire to become part of the NAC group workforce while veterans are reluctant to retire.

When people come first, they sense it, they see it, they know it.

Again, from Jewels of Rio Tuba, in his very own words:

“A final word: I hope that in reading this book, you will discover that the jewels of Rio Tuba are first of all its people — the workers and managers of our mining and processing operations, the doctors and nurses in our hospital, the teachers in our schools the indigenous peoples around our mine site who we support and that have become our friends, and the volunteers who give so much to developing the vibrant community that you will see when you visit our corner of southern Palawan....”

The “accidental miner” saw his people as jewels.

More than being a miner, Manuel B. Zamora Jr. has proven himself to be a gemologist.

No description of the man can be more fitting.

Board of Directors



MANUEL B. ZAMORA, JR.

Chairman Emeritus

Non-Executive Director

Age: 80

Date First Elected to the Board: July 11, 2008

Manuel B. Zamora, Jr. is the Chairman Emeritus, a Director and a founder of the Company. He is the Chairman of the Corporate Governance and Nominations Committees of the Board. He is a Director of RTN, TMC, HMC, CMC, DMC, CEXCI, Newminco, EPI, CBNC and THPAL. He is also a director of a number of other companies in the Philippines, including CLSA Exchange Capital, Inc. (CLSA). He once served as Chairman of the Chamber of Mines of the Philippines. Mr. Zamora is a lawyer and a member of the Integrated Bar of the Philippines. He received his Bachelor of Science degree from the University of the Philippines. He placed third in the 1961 Bar Examinations after receiving his Bachelor of Laws degree from the University of the Philippines.



GERARD H. BRIMO

Chairman and Chief Executive Officer

Executive Director

Age: 67

Date First Elected to the Board: August 1, 2009

Gerard H. Brimo is the Chairman and Chief Executive Officer of the Company since August 7, 2018. He is a member of the Corporate Governance Committee of the Board. He is also the Chairman of the Board of Directors of RTN, TMC, CMC, HMC, DMC, CEXCI and Newminco, and a Director of EPI and its subsidiaries. Prior to his career in mining, he worked for Citibank for a period of eight years and was a Vice President in the bank's Capital Markets Group in Hong Kong before joining Philex Mining Corporation as Vice President-Finance. Mr. Brimo served as Chairman and Chief Executive Officer of Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, and as Chairman from 1995 to 2003. He was again elected Chairman in 2017, a position he currently holds. He received his Bachelor of Science degree in Business Administration from Manhattan College, USA and his Master of Business Management degree from the Asian Institute of Management.



PHILIP T. ANG

Vice-Chairman

Non-Executive Director

Age: 77

Date First Elected to the Board: July 11, 2008

Philip T. Ang is the Vice Chairman of the Company. He is the Vice Chairman of TMC and a Director of RTN, TMC, HMC, CMC, DMC, CEXCI, Newminco and EPI. He is an Independent Director of Security Bank Corporation. He was previously involved in the textile business as Chairman and President of Solid Mills, Inc. and Unisol Industries and Manufacturing Corp., and as a Director of Investors Assurance Corp. and International Garments Corp. Mr. Ang received his Bachelor of Science in Business Administration degree from Oregon State University and his Master of Business Administration degree from the University of Denver, USA.



MARTIN ANTONIO G. ZAMORA

President

Executive Director

Age: 46

Date First Elected to the Board: June 16, 2010

Martin Antonio G. Zamora is the President of the Company and of all of the mining subsidiaries of the Company. He is the Chairman of the Board and Chief Executive Officer of EPI and Chairman of the Board of EPI's subsidiaries. Before joining the Company in 2007, Mr. Zamora was the Philippine Country Manager and a Director of UPC Renewables, a global developer, owner and operator of wind farms and solar facilities. Prior to that, he worked for 10 years for finance and investment banking firms such as CLSA, Robert Fleming & Co. (UK), Jardine Fleming, and SGV and Co. He received his BSC in Management from Ateneo de Manila University (Philippines), his MBA from London Business School (UK), and his Masters in Organizational Psychology from INSEAD.



FREDERICK Y. DY

Independent Director

Age: 64

Date First Elected to the Board: September 24, 2010

Frederick Y. Dy is an Independent Director of the Company, Chairman of the Audit Committee and a member of the Board Risk Oversight, Related Party Transactions and Corporate Governance Committees of the Board. Mr. Dy is also the Chairman Emeritus of Security Bank Corporation, Chairman of St. Luke's Medical Center and of City Industrial Corp. and a Director of Ponderosa Leather Goods Company, Inc. He received his Bachelor of Science degree in Industrial Engineering from Cornell University, USA.



FULGENCIO S. FACTORAN, JR.

Independent Director

Age: 75

Date First Elected to the Board: September 20, 2010

Fulgencio S. Factoran, Jr. is an Independent Director of the Company, Chairman of the Board Risk Oversight Committee and member of the Related Party Transactions and Nominations Committees of the Board. Mr. Factoran is the Chairman of the Board of Directors of GAIA South, Inc. and Agility Inc., and an independent director of Atlas Consolidated Mining and Development Corporation.

He is a Trustee of Philippine Educational Theater Association (PETA) and a Co-Founder Past President of Movement of Attorneys for Brotherhood, Integrity, and Nationalism Inc. (MABINI).

He held several government positions under the Corazon Aquino administration such as Deputy Executive Secretary at the Office of the President of the Philippines, Secretary of the Department of Environment and Natural Resources (DENR), Chairman of the Board of Trustees of the National Electrification Administration, Chairman of the Board of Directors of the Philippines Charity Sweepstakes Office, Member, Board of Trustees of the Development Academy of the Philippines. He also served as a member of the Board of Trustees of the Government Service Insurance System from 1998 until 2004.



TORU HIGO

Non-Executive Director

Age: 57

Date First Elected to the Board: November 6, 2017

Toru Higo is the Chairman of the Related Party Transactions Committee and a member of the Audit and Nomination Committees of the Board. He is a Qualified Executive of SMM and the President of SMM Philippines, CBNC and THPAL. He began his career with SMM in 1986 and occupied the following positions prior to assuming his current post: Company Secretary of SMM Oceania, General Manager of Nickel Sales and Raw Materials Department and General Manager of Copper and Precious Metals Raw Materials Department. He received his Bachelor of Science degree in Mathematics from Rikkyo University in Tokyo, Japan.



MASAHIRO KAMIYA

Non-Executive Director

Age: 59

Date First Elected to the Board: August 7, 2018

Masahiro Kamiya is an Executive Officer and the Senior Deputy General Manager of Non-Ferrous Metals Division of Sumitomo Metal Mining Co., Ltd. (SMM) since June 2017. Mr. Kamiya has held various positions within the SMM Group since he joined the same in April 1982. He was the President and Representative Director of Hyuga Smelting Co. Ltd., a subsidiary of SMM, from April 2016 until his recent resignation therefrom, and General Manager, Administration Department of the Taganito Project Division from September 2010 until March 2016. Prior thereto, he was the Executive Vice President of Coral Bay Nickel Corporation from February 2007 to August 2010, and Manager of the Ferro Nickel Section, Nickel Sales & Raw Materials Department of SMM from January 2002 to January 2007. He was also the General Manager of Sumitomo Metal Mining Oceania Pty. Ltd. from April 1998 to December 2001. Mr. Kamiya obtained his Bachelor of Arts in Political Science and Economics from Waseda University in Tokyo, Japan.



LUIS J. L. VIRATA

Non-Executive Director

Age: 65

Date First Elected to the Board: July 11, 2008

Luis J. L. Virata is the Chairman and Chief Executive Officer of CLSA Exchange Capital, Inc. Mr. Virata is also the Chairman of Cavite Holdings, Inc., President of Exchange Properties Resources Corp., Founder and a Director of Amber Kinetics, Inc. Mr. Virata is also a Director of Benguet Corporation. He is also a Founder, Trustee of Asia Society Philippine Foundation and the Metropolitan Museum of Manila and is a member of the Huntsman Foundation. Mr. Virata previously held positions with Dillon, Read and Co., Crocker National Bank, Bankers Trust Company, Philippine Airlines, NSC Properties, Inc., the Philippine Stock Exchange, the Makati Stock Exchange, and National Steel Corp. He received his Bachelor of Arts and Master of Arts degrees in Economics from Trinity College, Cambridge University and his Master of Business Administration degree from the Wharton School, USA.

Corporate Governance

MISSION, VISION, AND CORE VALUES

The Company's Mission, Vision and Core Values are formulated by the Board of Directors (Board) in line with the Board's responsibility to set the Company's direction and to provide strategic leadership, policies and guidelines to foster the long-term success for the best interests of its shareholders.

The Company's Mission, Vision and Core Values are reviewed by the Board periodically.

GOVERNANCE STATEMENT

The Company is committed to the highest standards of corporate governance as articulated in its Articles of Incorporation, By-Laws, Manual on Corporate Governance (CG Manual), Code of Business Conduct and Ethics (Code), and pertinent laws, rules and regulations.

The Board, Officers and employees of the Company commit themselves to the principles of sound corporate governance provided in the CG Manual and acknowledge that the same shall serve as a guide in the attainment of the Company's corporate goals, the creation of value for all its shareholders, and in sustaining the Company's long-term viability.

The Board likewise approved and adopted the Code in furtherance of its commitment to good and effective corporate governance. The Code applies to Directors, Officers and employees of Nickel Asia Corporation and its subsidiaries, who are all expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. It is designed to ensure consistency in how they conduct themselves within the Company, and outside of the Company in their dealings with all stakeholders.

Board of Directors

The Board is primarily responsible for the governance of the Company and shall provide the policies for the accomplishment of corporate objectives, including the means by which to effectively monitor Management's performance. It is the Board's responsibility to foster the long-term success of the Company and to sustain

its competitiveness and profitability in a manner consistent with its corporate objectives and the best interest of its stockholders.

The Company's Board is composed of nine (9) Directors, two (2) of whom are Independent Directors. The Company's CG Manual provides for qualifications of Directors, which allows shareholders to freely choose/nominate Directors coming from diverse professional backgrounds. Every shareholder, regardless of number of stocks held, has the right to nominate candidates for election to the Board of Directors.

All Directors of the Company are required to have a practical understanding of the business of the Company as provided in the Company's CG Manual.

The members of the Board are elected during the Annual Stockholders' Meeting based on the list of nominees prepared by the Nominations Committee and sent to the shareholders through the notice of meeting. A majority vote of the shareholders is required for the election of a Director.

Definition of Independence & Independent Directors

The Company adopts the definition of "independence" under the Securities Regulations Code. The Company considers as an Independent Director one who, except for his Director's fees and shareholdings, is independent of Management and free from any business or other relationships, which could reasonably be perceived to interfere with his exercise of independent judgment in carrying out his responsibilities as an Independent Director.

The Company follows the Term Limits for Independent Directors as provided under SEC Memorandum Circular No. 4, Series of 2017.

Board Attendance, Appraisal & Training

The Company's Board has a predetermined schedule of meetings at the beginning of each calendar year. As necessary, attendance at the Board meetings may be through electronic medium or telecommunications.

Board	Name	Date of Election	No. of Meetings Held during this year	No. of Meetings Attended	%	Directorship in Other Publicly Listed Companies
Chairman Emeritus	Manuel B. Zamora, Jr.	28 May 2018	9	9	100%	None
Chairman	Gerard H. Brimo	28 May 2018	9	9	100%	None
Vice-Chairman	Philip T. Ang	28 May 2018	9	9	100%	Security Bank Corporation
Independent Director	Frederick Y. Dy	28 May 2018	9	9	100%	Security Bank Corporation
Independent Director	Fulgencio S. Factoran, Jr.	28 May 2018	9	8	89%	Atlas Consolidated Mining and Development Corporation
Member	Takanori Fujimura*	28 May 2018	5	5	100%	None
Member	Toru Higo	28 May 2018	9	9	100%	None
Member	Luis J. L. Virata	28 May 2018	9	9	100%	Benguet Corporation
Member	Martin Antonio G. Zamora	28 May 2018	9	9	100%	None
Member	Masahiro Kamiya**	07 Aug 2018	5	5	100%	None

*Mr. Fujimura resigned as Director effective 06 August 2018.

**Mr. Kamiya was elected as a Director on 07 August 2018 to replace Mr. Fujimura and to serve as Director for the unexpired term of Mr. Fujimura.

On a yearly basis, the Company's Board undertakes a performance self-assessment as a body, and as individual committees, and assesses if it possesses the right mix of experience and backgrounds. It also conducts a performance assessment of the CEO to evaluate performance and overall compliance with laws, regulations and best practices.

The Board charter and CG Manual include a policy on the training of Directors, including an orientation program for first-time Directors and relevant annual continuing training for all Directors.

Shareholders' Rights

The Company recognizes that all shareholders of the Company have the right to participate in all scheduled shareholders' meetings of the Company and to exercise their right to vote.

Shareholders' Meeting

During the annual meeting all shareholders are given the opportunity to exercise their right to elect Directors,

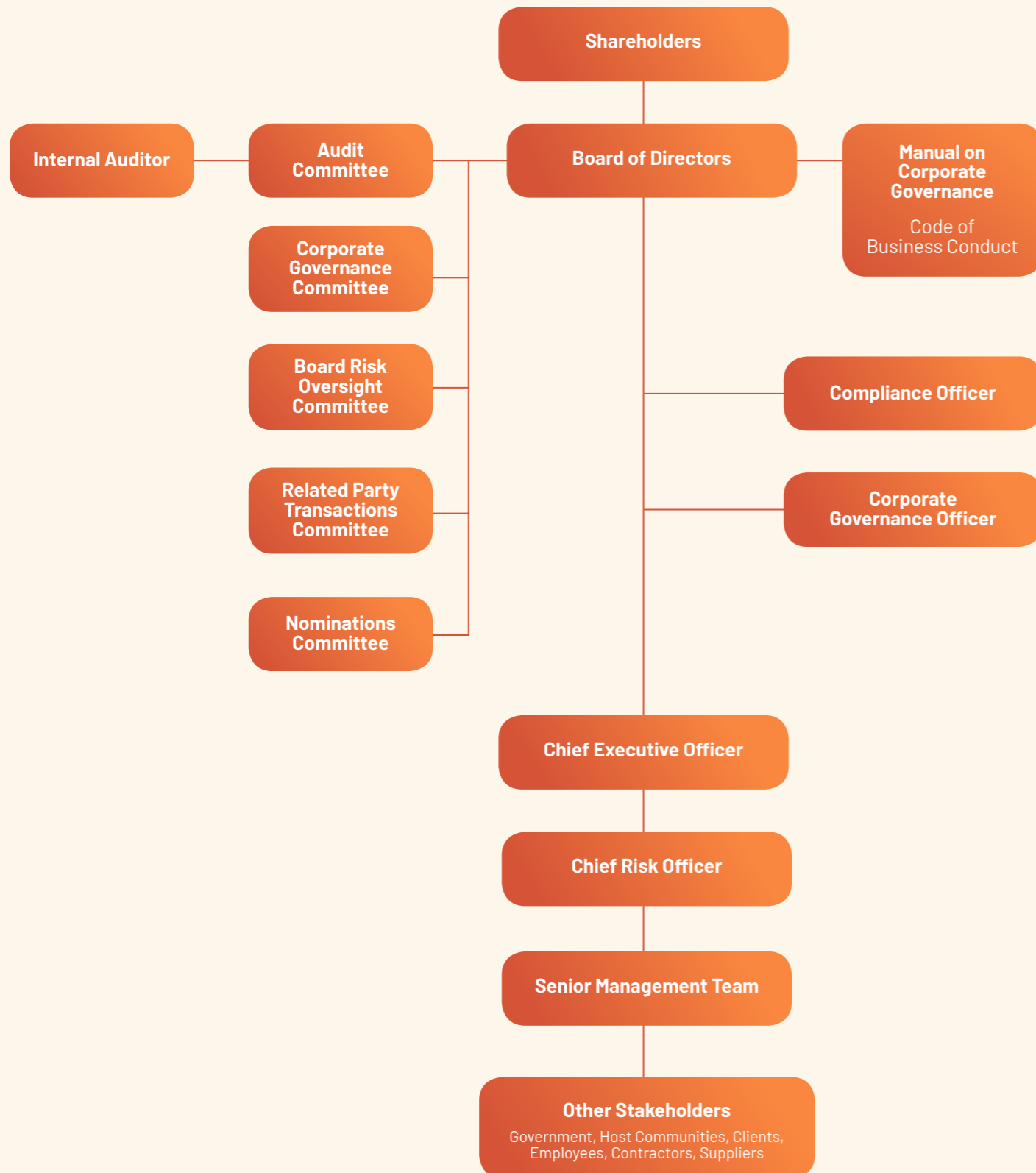
to replace and remove Directors, to approve certain corporate acts in accordance with the Corporation Code. The annual meeting also serves as a venue for all shareholders to be updated on the condition of the Company, its plans and programs, and to raise questions or concerns.

Notice and Procedures

The Company sends timely notice of meetings to shareholders. A notice stating the date, time and place of the annual meeting is announced at least twenty eight (28) days prior to the scheduled annual meeting. Materials for the meeting, including the agenda, the rationale and explanation for each of the items on the agenda, the Information Statement, profiles of candidates seeking election to the Board and proxy forms and documents required to enable a shareholder to appoint a proxy to vote on his behalf shall be disseminated to all shareholders within the period prescribed by the Securities and Exchange Commission.

Corporate Governance Structure

GRI 102-18



BOARD COMMITTEES

GRI 103-1

Audit Committee

The Audit Committee is composed of Mr. Frederick Y. Dy, (Independent Director) as Chairman, and Messrs. Toru Higo and Fulgencio S. Factoran, Jr. (Independent Director) as members. All of the members of the Audit Committee are financially literate. The Audit Committee reports to the Board and is required to meet at least once every three months.

Aside from overseeing the internal and external auditors of the Company, the Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Management and shareholders of the continuous improvement of the risk management system, business operations, and the proper safeguarding and use of Company resources and assets. The Audit Committee provides a general evaluation and assistance in the overall improvement of the risk management, control and governance processes.

The Board, upon the recommendation of the Audit Committee, appointed Ms. Maria Angela G. Villamor as the Company's Chief Audit Executive and Vice President for Internal Audit.

The table below shows the attendance of the members of the Audit Committee at Committee meetings held in 2018:

Board Risk Oversight Committee

Board	Name	No. of Meetings Held during this year	No. of Meetings Attended	%
Chairman	Frederick Y. Dy	4	4	100%
Member	Fulgencio S. Factoran Jr.	4	4	100%
Member	Toru Higo*	1	1	100%
Member	Takanori Fujimura**	3	3	100%

*Mr. Higo became a member of the Committee on 07 August 2018, vice Mr. Fujimura.

**Mr. Fujimura was a member of the Committee until 06 August 2018.

The Board Risk Oversight Committee is composed of Mr. Fulgencio S. Factoran, Jr., (Independent Director) as Chairman, and Messrs. Martin Antonio G. Zamora

and Frederick Y. Dy (Independent Director) as members. Mr. Zamora became a member of the Committee on 07 August 2018, vice Mr. Gerard H. Brimo. This Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk Management, and shall review the effectiveness of the risk management system. The Board Risk Oversight Committee reports to the Board and is required to meet at least once every three months.

The table below shows the attendance of the members of the Board Risk Oversight Committee during its meetings held in 2018:

Board	Name	No. of Meetings Held during this year	No. of Meetings Attended	%
Chairman	Fulgencio S. Factoran, Jr.	4	4	100%
Member	Gerard H. Brimo*	3	3	100%
Member	Frederick Y. Dy	4	4	100%
Member	Martin Antonio G. Zamora**	1	1	100%

*Mr. Brimo was a member of the Committee until 06 August 2018.

**Mr. Zamora became a member of the Committee on 07 August 2018, vice Mr. Brimo.

Corporate Governance Committee

The Corporate Governance Committee is composed of Mr. Manuel B. Zamora, Jr., as Chairman, and Messrs. Gerard H. Brimo and Frederick Y. Dy (Independent Director) as members. The Corporate Governance Committee reports to the Board and held two meetings in 2018, wherein all members were present.

The Corporate Governance Committee is responsible for ensuring compliance with and proper observance of corporate governance principles and practices; overseeing the implementation and periodic review of the Company's corporate governance framework to ensure that it remains responsive to the Company's size, complexity and business strategy; conducting an annual evaluation of the Board, its Committees and the Management of the Company; and developing and implementing action plans and programs to improve the performance of the Board, Committees, Directors and Officers. The Corporate Governance Committee also performs the functions previously assigned to the Compensation and Remuneration Committee.

It is tasked to establish and maintain a formal and transparent procedure for developing policy on remuneration of Directors and Officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Committee is also responsible for administering the Company's stock option policies and plans and for approving bonuses to all employees of the Company and its subsidiaries.

Related Party Transactions Committee

The Related Party Transactions Committee is composed of Mr. Toru Higo as Chairman and Messrs. Frederick Y. Dy (Independent Director) and Fulgencio S. Factoran, Jr. (Independent Director), as members. The Related Party Transactions Committee is tasked with reviewing all material and related party transactions of the Company to ensure that such transactions are conducted on terms which are no more favorable than the terms of similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied. This Committee is also responsible for identifying potential or actual conflicts of interest and reputational risk issues that may arise from such related party transactions. The Related Party Transactions Committee shall further ensure that transactions between and among related parties are properly identified, monitored and reflected in reports to the Board and relevant regulatory authorities. The Committee is required to meet at least once a year. In 2018, the Committee had one meeting wherein all its members were present.

Nominations Committee

The Nominations Committee is composed of Mr. Manuel B. Zamora, Jr., as Chairman, and Messrs. Fulgencio S. Factoran, Jr. (Independent Director) and Toru Higo as members. Mr. Higo became a member of the Committee on 07 August 2018 vice Mr. Takanori Fujimura who was a member thereof until 06 August 2018. The Nomination Committee reports to the Board and held one meeting in 2018, wherein all three members were present.

The Nominations Committee is responsible for setting qualification standards to facilitate the selection of potential nominees to Board seats and of all nominees to other positions in the Company requiring appointments by the Board, to provide shareholders with an independent and objective evaluation of, and assurance that, the members of its Board and the

officers appointed by the Board are competent and will foster the Company's long-term success and secure its competitiveness.

EXECUTIVE IMPLEMENTATION

Mr. Gerard H. Brimo and Mr. Martin Antonio G. Zamora were appointed as the Company's Chairman and Chief Executive Officer ("CEO"), and President, respectively, on 07 August 2018, following the retirement of Mr. Manuel B. Zamora, Jr. as Chairman. Mr. Manuel B. Zamora, Jr. remains as a member of the Board of Directors and was appointed as Chairman Emeritus on 07 August 2018.

Chairman and CEO

The Chairman is responsible for leadership of the Board. He ensures effective operation of the Board and its committees in conformity with the highest standards of corporate governance. He is accountable to the Board and, as CEO, acts as direct liaison between the Board and Management of the Company. He ensures that the Board works effectively and sets an agenda which is focused on strategy, performance and accountability, while taking into consideration recommendations of the Directors and Management. He sets the style and tone of Board discussions to promote constructive debate and effective decision making. He assures the availability of training opportunities to all Directors, including an orientation program for first-time Directors. He ensures that the Board performance is evaluated at least once a year.

President

The President, in coordination with the CEO, provides the leadership for Management to develop and implement sound business strategies, plans, budgets and a system of internal controls. He ensures that the overall business and affairs of the Company are managed in a sound and prudent manner in accordance with the Company's strategic plan and that business risks are identified and properly addressed. He also ensures that operational, financial and internal controls are adequate and effective in order to generate sound and reliable financial and operational information, to maximize the effectiveness and efficiency of operations, to safeguard Company assets and resources, and to comply with all laws, rules, regulations and contracts. The President, together with the CEO, and with the assistance of the rest of the Company's Management, also has the responsibility to provide the Board with a balanced, understandable

and accurate account of the Company's performance, financial condition, results of operations and prospects on a regular basis. The President is the link between internal operations and external stakeholders.

Chief Risk Officer

Mr. Jose B. Anievas, Senior Vice President - Operations and Chief Operating Officer, is also the Chief Risk Officer of the Company. The Chief Risk Officer supervises the Company's Enterprise Risk Management System and spearheads its implementation, review and continuous improvement. He takes the lead in identifying key risks exposure relating to economic, environmental, social and governance factors that may affect the achievement of the Company's strategic objectives, and of developing risk mitigation plans for such risks. He communicates the top risks and the status of implementation of the Company's risk management strategies and action plans to the Board Risk Oversight Committee, and works with the Chairman and CEO and the President in updating and making recommendations to the Board Risk Oversight Committee.

Corporate Governance Officer

Mr. Emmanuel L. Samson, Senior Vice President and Chief Financial Officer, is also the Corporate Governance Officer. He is tasked with ensuring that corporate governance policies are disseminated, adopted throughout the organization and become an integral part of the Company's culture. In addition, he also ensures that the necessary systems are in place to monitor compliance.

Compliance Officer

Ms. Georgina Carolina Y. Martinez, Vice President – Legal, is also the Chief Compliance Officer. The Compliance Officer ensures the Company's strict adherence to all laws, regulations, guidelines and specifications relevant to the business.

CORPORATE SECRETARY

Atty. Barbara Anne C. Migallos is the incumbent and duly qualified Corporate Secretary of the Company. She ensures that all Board procedures, rules and regulations are strictly followed. The Corporate Secretary is a lawyer with years of experience in corporate law practice, including corporate secretarial work. She is also a professional lecturer in advanced securities regulation.

AUDITORS

Chief Audit Executive

The Board, upon the recommendation of the Audit Committee, appointed Ms. Maria Angela G. Villamor as the Company's Chief Audit Executive. The Chief Audit Executive is primarily tasked with evaluating the adequacy and effectiveness of the Company's governance and operations, the reliability and integrity of financial information, the safeguarding of assets, and compliance with laws, rules and regulations.

External Auditor

The external auditor is appointed by the shareholders upon the recommendation of the Audit Committee, which reviews its qualifications, performance and independence. To ensure objectivity in the performance of its duties, the external auditor is subject to the rules on rotation and change (every five years for the engagement partner); general prohibitions on hiring of staff of the external auditor; and full and appropriate disclosure and prior approval by the Audit Committee of all audit and non-audit services and related fees. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an external auditor or would compromise its objectivity or independence as such.

Enterprise Risk Management

The Company adopts a risk philosophy aimed at enhancing shareholder value by sustaining competitive advantage, and managing risks, enabling the Company to pursue strategic growth opportunities with greater speed, skills and confidence over its competitors.

To put this philosophy into action, the Board, through its Board Risk Oversight Committee, adopted an Enterprise Risk Management (ERM) system that ensures all

business risks are identified, measured and managed effectively and continuously within a structured and proactive framework. The Company's ERM is based on the Committee of Sponsoring Organizations of the Treadway Commission-ERM framework. Values and standards of business conduct and ethics are important elements of the internal environment for risk management.

ENTERPRISE RISK MANAGEMENT PROGRAM

- 1 Identify and prioritize risks
- 2 Assess how risks are connected to or influenced by other risks
- 3 Source and analyse risks
- 4 Develop risk management strategies and action plans
- 5 Monitor management process and reports

← Communicate/Consult →

Internal Audit Review

RISK MANAGEMENT STRUCTURE



The Board, through its Board Risk Oversight Committee, has the responsibility for overseeing risk management within the Company. Assisting the Board is the Chief Risk Officer (CRO) of the Company, who in turn, is supported by the Risk Management Committee. The Risk Management Committee is responsible for ensuring that all significant risks are managed adequately. The Company CRO reports to the Board Risk Oversight Committee the significant risks and related risk strategies, and the status of the risk

management initiatives on a regular basis. In addition to the risk management teams, a cross-functional group composed of personnel with technical, financial, and legal expertise reviews the Company's compliance with mining laws and regulations. The Internal Auditor reports to the Audit Committee the results of the review of the effectiveness of the risk management strategies and action plans adopted by management.

Sustainability Report



REPORT BOUNDARIES

GRI 102-46, GRI 102-54

Nickel Asia Corporation (NAC) releases this Sustainability Report for the 6th consecutive year covering the initiatives and programs of our operating mines, namely RTN, TMC, HMC, and CMC for the calendar year 2018.

This report was prepared in accordance with the GRI Standards: Core option, for the benefit of our stakeholders who may be interested to know the Company's performance in the triple bottom line of economic, environmental, and social development.

Following the GRI guidelines, this report uses a globally shared framework of indicators for transparency and consistent tracking of performance results.



Lagoon at rehabilitated mined out area, Rio Tuba

Economic

	RTN	TMC	HMC	CMC
1 Shareholding Percentage	60%	65%	100%	100%
2 Financial Highlights (in PHP Million)				
Direct Revenue Generated	4,602	8,286	2,183	3,300
Costs and Expenses	2,842	4,749	1,811	2,459
Total Assets	4,242	10,352	1,660	2,581
Taxes, Licenses and Fees Paid	1,022	2,196	394	1,092
Employee Compensation & Benefits	610	513	190	180
3 Amount of Ore Sold (in thousand WMT)	5,747	8,811	2,152	2,639



195 Hectares
of Area Rehabilitated



100 Hectares
of Area Reforested



1.1 Million cu.m.
of Water Extracted



725,213 WMT
Silt Collected



1.1 Million cu.m.
Water Discharged

Environment

	RTN	TMC	HMC	CMC
1 Total Spending for EPEP (PHP)	102,836,000	227,734,755	175,000,000	45,879,711
2 Rehabilitation Efforts				
i. Number of hectares rehabilitated (permanent)	35.76	60.79	86.80	12.00
ii. Number of seedlings planted in rehabilitated area	106,900	60,615	287,644	30,005
3 Reforestation Efforts				
i. Number of hectares reforested within MPSA area	0	30.5	13.0	3.1
ii. Number of hectares reforested outside MPSA area	5.85	3.11	8.48	36.50
iii. Number of seedlings planted within MPSA area	0	76,063	44,120	8,145
iv. Number of seedlings planted outside MPSA area	14,755	31,050	26,056	25,000
4 Pollution Control				
i. Consumption of energy (kWh)	2,594,345	2,877,294	626,867	860,227
ii. Total fuel consumption – Genset (Itrs)	110,180	341,015	312,182	398,724
iii. Total fuel consumption – others (Itrs)	10,696,686	16,737,985	6,887,193	7,612,917
iv. Total GHG emissions (t CO2)	30,264	45,042	19,595	19,845
5 Waste Management				
i. Volume of solid waste disposed (kg)	351,000	29,480	20,540	33,745
ii. Volume of used oils (Itrs)	85,830	152,496	55,400	81,800
6 Water Management				
i. Volume of silt collected (cu.m.)	23,904	523,956	106,190	71,213
ii. Volume of water consumption (cu.m.)	528,071	54,362	64,223	3,967
iii. Volume of water discharge (cu.m.)	1,016,788	29,648	78,141	31,387
7 Land Use (Hectares)				
i. Disturbed	490	1,188	253	266
ii. Rehabilitated	155	191	184	92
iii. Other use (Undisturbed)	344	3,483	795	339



4,094

Employees Indirectly Employed (through contractors)



PHP 235.9 Million

Spending on Community Development



PHP 1.8 Million

worth of Assistance Provided to Calamity Victims



PHP 23.6 Million

Expenditure on Infrastructure Development



58

Barangays Benefited by Infrastructure Projects

Social

GRI 203-1, GRI 203-2

	RTN	TMC	HMC	CMC
1 Employees				
i. Number of employees	1,195	899	366	367
ii. Number of people indirectly employed (through contractors)	845	2,339	150	760
iii. Number of employees from local communities	652	891	300	220
iv. Percentage of employees under CBA	77%	63%	50%	26%
v. Average training hours/employee	45.65	36.84	53.90	129.35
2 Health and Safety				
i. Number of employees in health and safety committee	56	55	21	30
ii. Total man hours	7,576,463	7,945,192	4,847,980	4,008,262
iii. Incidence Rate	1.58	1.41	17.33	16.21
iv. Total Lost days	0	6,182	0	0
3 Communities				
i. Total spend on SDMP (in PHP Million)	46.9	57.2	27.5	29.1
ii. Population of neighboring communities	40,594	13,284	17,526	4,276
iii. Number of IP communities residing near the minesite	10	3	N/A	N/A
4 Social Development Focus Area (SDMP + CSR)				
i. Education (No. of Scholars)	1,685	339	1,433	1,794
ii. Health				
a. Number of patients/cases treated in hospital	50,793	None	None	36
b. Number of patients benefited from Medical Mission	370	242	1,701	340
c. Assistance to calamity victims	N/A	5	N/A	250
d. Admitted/confined patients	59,282	N/A	N/A	37
iii. Infrastructure				
a. Number of kilometers of roads constructed/ improved and amount (km/PHP)	3 km/PHP 200,000	None	None	586 m/PHP 417,958
b. Value of other infrastructure projects (PHP)	2,278,399	12,071,307	5,432,281	3,236,215
5 Livelihood				
Number of Peoples Organizations (POs) and members/beneficiaries	18 POs 1,274	8 POs 377	2 POs 228	13 POs 350

The NAC Sustainability Journey



Worker at GP4, RTN's first mine rehabilitation area

Toward Sustainable Mining

NAC and other members of the Chamber of Mines of the Philippines (COMP) signed the Mutual Cooperation and Licensing Agreement with the Mining Association of Canada (MAC) to adopt, as mandatory program, MAC's "Toward Sustainable Mining" (TSM) initiative.

NAC Chairman and CEO Gerard Brimo who is also the current chairman of the COMP, declared that the adoption of TSM is a move to institutionalize mining practices that secure the mining industry's contributions to national development.

NAC fully supports the TSM initiative of which programs are consistent with the Company's commitment to responsible mining. In fact, NAC is widely recognized for its world-class operations, processes and programs, serving as a model of responsible mining in the Philippines.

The Company takes concrete steps in educating the communities, its various stakeholders, the anti-mining groups, and the public in general on how responsible mining can help both the national and local economy in building a better future for the people in the mining communities.

NAC makes an effort to open communication channels in order to reach out to various, relevant audiences with reliable facts and information. Guests are welcome to visit and inspect the mine sites where technologies and processes that mitigate environmental impact can be demonstrated, and to showcase people-focused programs within the mine site. The Company takes every opportunity to exhibit the rehabilitation of mined-out areas as a strong case for responsible and sustainability mining.

Management Approach to Sustainability



IP reforestation workers at TMC

It is therefore expected that NAC would be among the industry leaders to first support the COMP's adoption of the Declaration of Commitment to Responsible Minerals Development in the Philippines, otherwise known as "The Baguio Declaration".

First, because the Company considers sustainability as an essential business goal, its management approach is already fully aligned with the five main principles of the Baguio Declaration:

1. Responsible Minerals Development is People-oriented.
2. Responsible Minerals Development protects and enhances the environment.
3. Responsible Minerals Development respects the rights and welfare of indigenous peoples whose ancestral lands and domains contain most of our mineral resources.
4. Responsible Minerals Development contributes its fair share to the national economy.
5. Responsible Minerals Development is efficient, competitive, and complies with international standards.

Second, because it is also a natural progression for NAC's programs which, since 2016, have been aligned with the UN SDGs of the 2030 Agenda for Sustainable Development which seeks to end all forms of poverty through "strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection." This vision of sustainability as a path to economic growth, fiercely advocated by NAC founder Manuel B. Zamora Jr., is a strong and inspiring ideal that has radiated and been adopted by all NAC employees.

So it was with confidence in the future that, last August, Manuel B. Zamora Jr. relinquished his post as Chairman of the Board, allowing a smooth transition of power for the organization.

The Board of Directors appointed Gerard H. Brimo as Chairman of the Board and Chief Executive Officer and Martin Antonio "Dennis" G. Zamora as President.

The smooth transition demonstrates how succession planning is a key component of a good sustainability strategy paving the way for a new generation of leaders to rise to the challenge of engaging and managing the workplace.

Stakeholder Engagement

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

In the pursuit of transparency and accountability, the Company utilizes a variety of channels and modes of engagement to keep stakeholders informed of its actions and decisions, the conduct and results of its programs and initiatives, and of emerging issues and

challenges. It is the policy of the Company to actively maintain open communications with its stakeholders and to create opportunities for dialogue to make the case for responsible mining as the right approach to sustainability.

STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY	CONCERN/EXPECTATIONS	RESPONSE
Local Communities	<ul style="list-style-type: none"> » SDMP and CSR Programs » Community engagement to prioritize and implement programs 	As Necessary	<ul style="list-style-type: none"> » Socio – Economic development of the communities » Provide education 	<ul style="list-style-type: none"> » Implementation of SDMP and CSR Programs by Community Relations Team (Comm Rel)
Employees	<ul style="list-style-type: none"> » Employee Engagement programs 	As Necessary	<ul style="list-style-type: none"> » Focus on work life balance 	<ul style="list-style-type: none"> » Service Tenure Awards » CSR/Environmental voluntary activities
LGUs/ Regulators	<ul style="list-style-type: none"> » Annual/Quarterly/ Monthly Reports 	As Necessary	<ul style="list-style-type: none"> » Inaccurate disclosures » Non-compliance to standards 	<ul style="list-style-type: none"> » Timely & accurate release of reports » Strict compliance to regulatory norms
Shareholders/ Investors	<ul style="list-style-type: none"> » Annual Stockholders' meeting » General Board Meeting » One on One Investor meeting 	Annual Quarterly On Demand	<ul style="list-style-type: none"> » Higher Financial Returns » Minimum Risks related to business & expansion 	<ul style="list-style-type: none"> » Stable Dividends » Regular disclosure of financial performance
Suppliers	<ul style="list-style-type: none"> » Accreditation Process » Annual Meetings with security agencies 	Once a year	<ul style="list-style-type: none"> » Transparency in accreditation » Integrity of bids » Timeliness of payments 	<ul style="list-style-type: none"> » Clear & transparent accreditation criterion » Auditable bidding process
Partners	<ul style="list-style-type: none"> » Corporate events/ Forums 	As Scheduled	<ul style="list-style-type: none"> » Transparency in disclosures » Alignment of advocacies 	<ul style="list-style-type: none"> » Regular disclosure of overall performance.
Industry Associates	<ul style="list-style-type: none"> » Regular Industry meetings 	As Scheduled	<ul style="list-style-type: none"> » Sharing of industry standards and best practices 	<ul style="list-style-type: none"> » Regular update on the industry outlook and standards
Media	<ul style="list-style-type: none"> » Press Release » Interviews » Official Media Statements » Public Advisories » Press Conferences » Site tours 	As Necessary	<ul style="list-style-type: none"> » Product brief/details » Transparency » Factual Information » Timely release of announcements 	<ul style="list-style-type: none"> » Availability of spokesperson » Media Events » Press kits » Factsheets » Market information



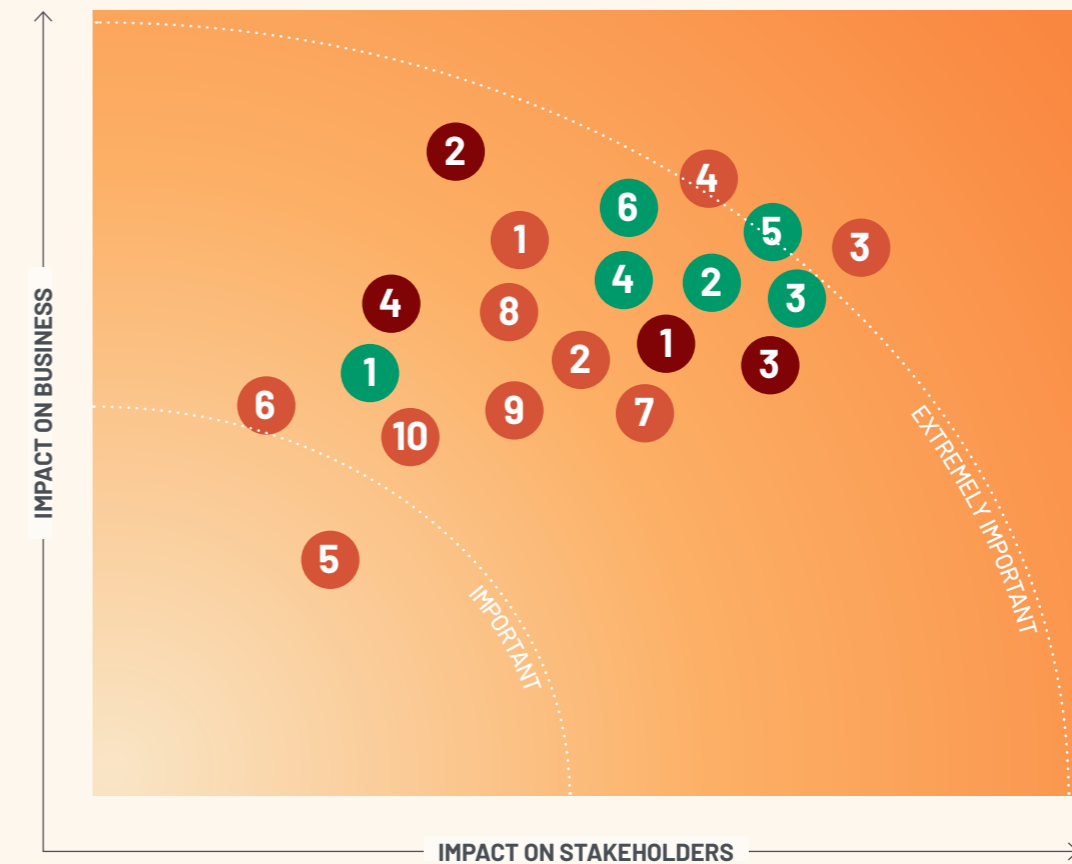
Truck Operator at RTN

Materials Aspects of Sustainability

As prescribed by the GRI standards, the Company has continued to apply the five-stage process to identify material aspects of sustainability and its level of criticality for its stakeholders. This practice of regular

re-assessment provides stakeholder with relevant information that are meaningful and helps keep programs relevant.

<p>1 Identifying Material Aspects</p>	<p>Using GRI guidelines, we determined all the material aspects that are critical for our operations.</p>
<p>2 Assessing the Level of Criticality</p>	<p>For all the identified material aspects, we conducted workshops for the sustainability representative from each of the operating mine sites to assess the level of criticality. The level of criticality was assessed based on the operational, regulatory and legal, environmental, and social impacts.</p>
<p>3 Determining the Current Performance</p>	<p>We monitored our current performance and compared it with previous year's performance for analysis. Monitoring data are reported in our 2018 Sustainability Report.</p>
<p>4 Recognizing Stakeholder Needs</p>	<p>We assessed our stakeholder needs as gathered through various stakeholders engagement channels, identifying priorities that address their real needs and interests as aligned with the UN SDGs.</p>
<p>5 Setting Up Targets and Objectives</p>	<p>Moving forward, we re-aligned and set up plans as needed. We articulated targets and measurable objectives and operationalized the application of our workshop results, cascading the new information to concerned teams.</p>



GRI 102-47

ECONOMIC

- 1 Leadership and Governance
- 2 Fluctuation of Metal Prices
- 3 Local Employment
- 4 Supply Chain Management

ENVIRONMENT

- 1 Energy Consumption (Fuel and Electricity)
- 2 Biodiversity Offsets
- 3 Water and Wastewater Management
- 4 Dust and Noise Pollution
- 5 Solid/Hazardous Waste Management
- 6 GHG Emissions

SOCIAL

- 1 Maintenance and Security of Plant and Production Sites
- 2 Human Rights Violations (Child Labor, Forced Labor)
- 3 Community Development
- 4 Health and Safety - Employees/Communities
- 5 Freedom of Association
- 6 Consumer Data Protection
- 7 Risks of Conflicts with Local Communities/ Indigenous People
- 8 Employees Training and Skills Development
- 9 Corruption and Human Rights Violation
- 10 Employee Retention and Relations



2,914
Employees
in Workforce



Morning toolbox meeting at RTN

Our Sustainability Performance

“The economic and social benefits derived from mining shall, first and foremost, be utilized for human resources development, uplifting the lives of the residents of its host communities and the industry’s employees under the framework of sustainable development.”

– Excerpt from The Baguio Declaration

PUTTING PEOPLE FIRST GRI 102-8, GRI 103-1

NAC appreciates the value of each employee and their contribution to the Company’s continued growth.

The Company strongly supports the protection of human rights, practices non-discrimination and equal employment opportunity, helps develop potentials through continuous learning, and compensates fairly commensurate to role and performance.

By end 2018, the Company had a total of 2,914 people in its workforce, majority of whom are male and between 30 to 50 years old, which has long been the industry norm. Predictably, the management roles were filled predominantly by male leaders, with women leaders holding around 1.8% of managerial posts.

EMPLOYEE BREAKDOWN GRI 405-1

A. By Contract Type and Gender

	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
Regular/ Probationary	45	42	641	63	576	88	177	46	191	46	1,915
Seasonal	0	0	199	0	206	9	124	19	118	12	687
Project-based	0	0	264	28	20	0	0	0	0	0	312
TOTAL	45	42	1,104	91	802	97	301	65	309	58	2,914

B. By Position and Gender

	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
Senior Management	18	3	1	0	1	0	1	0	1	0	25
Managers	8	9	28	10	36	6	14	3	11	4	129
Supervisors	8	13	112	37	131	70	59	34	54	30	548
Rank and File	11	17	500	16	408	12	103	9	125	12	1,213
TOTAL	45	42	641	63	576	88	177	46	191	46	1,915

Male Female

C. By Position and Age Group

	HEAD OFFICE			RTN			TMC			HMC			CMC		
Senior Management	0	5	16	0	0	1	0	1	0	0	3	1	0	0	1
Middle Management	1	12	4	7	14	17	3	24	14	1	10	3	2	8	5
Supervisors	9	10	2	53	71	25	74	108	20	45	19	11	51	28	5
Rank and File	14	14	0	31	402	83	30	285	105	31	78	21	14	83	40
TOTAL	24	41	22	91	487	126	107	418	139	77	110	36	67	119	51

Below 30 yrs. old 30-50 yrs. old Over 50 yrs. old

D. From Local Community GRI 202-2

	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
Regular	0	0	354	33	559	85	132	29	89	11	1,292
Probationary	0	0	58	8	11	1	5	2	0	1	86
Seasonal	0	0	199	0	226	9	113	19	107	12	685
TOTAL	0	0	611	41	796	95	250	50	196	24	2,063
Indigenous People	0	0	73	14	6	2	0	0	0	0	95

Male Female



5 GENDER EQUALITY

15% Women in Workforce

5 GENDER EQUALITY

11% Women in Supervisory, Managerial Positions

8 DECENT WORK AND ECONOMIC GROWTH

2,063 Employees Hired from Local Community

10 REDUCED INEQUALITIES

95 Indigenous Peoples (IP) in Workforce

Julietta Mesiona - TMC Lady Front End Loader Operator

However, women are slowly learning that the mining industry can offer career opportunities for them, albeit not the kind that is traditional or predictable. For instance, there were enough great women drivers in CMC that it was able to hold a successful Volvo I-shift Driving Competition. This had the support of the Women in Mining (WIM) group that believes these women drivers are equipped for the next level of competition in the national and international arena and deserve a career in this industry.

GRI 404-2

NAC also practices Impact Sourcing by prioritizing local hires whenever possible, opening the same opportunities to Indigenous Peoples in the communities.

And to support people in their work and career path, the Company provides continuous training and development opportunities. These training modules ensure that the employees have the right skillset to enable them to enjoy a safe and productive work life with the Company.

HELPING OUR PEOPLE EXCEL



4 QUALITY EDUCATION

49,801 Training Hours for Employees

Workers at the TMC Wharf

These training and skills development opportunities are just some of the benefits that NAC offers.

It is worth noting that the Company offers competitive compensation and benefits packages. For instance, TMC's compensation and benefits packages are very competitive in the Caraga Region. The average compensation and benefits for a regular rank-and-file employee is more than three times the prevailing daily

minimum wage rate in the Caraga Region. The benefits include, among other items provided in the Collective Bargaining Agreement (CBA), two sets of uniform, denim pants, Labor Day shirt, monthly housing and lighting allowances, monthly rice subsidy, water jug, three long sleeve shirts, back pack, safety shoes, boots, raincoat, group life insurance, and health care through HMO partner Intellicare.

AVERAGE TRAINING HOURS GRI 404-1, GRI 412-2

A. Total Training Hours	HEAD OFFICE	RTN	TMC	HMC	CMC
Annual Training Expenditure (PHP)	3,688,695	5,050,051	10,587,937	2,786,868	5,405,957
Total Training Hours	3,889	10,088	28,224	7,600	15,651
Total Employees Trained	87	221	766	141	121
Average Training Hours	44.70	45.65	36.84	53.90	129.35

B. Average Training Hours by Position

Senior Management	41.40	32.00	8.00	50.00	67.00
Middle Management	41.07	29.33	121.17	73.60	107.07
Supervisors	27.73	26.63	73.65	64.38	108.03
Rank and File	28.71	25.81	15.88	28.21	193.72



100% of Women Returned to Work after Parental Leave



Joana Marie Trinidad - Statistics Clerk, Mine Engineering Department at RTN

One of the most important intangible benefits is parental leaves, which demonstrates how the Company understands what is important to the people. These are among the things that help build a strong relationship between the Company and its workforce.

PARENTAL LEAVES

	HEAD OFFICE		RTN		TMC		HMC		CMC		TOTAL
Total employees who took parental leave	0	5	3	48	9	28	1	3	4	45	146
Number of employees who returned to work after parental leave	0	5	3	48	9	28	1	3	4	45	146
Number still employed one year after their return from parental leave	0	5	3	48	9	28	1	3	4	45	146
Retention Rate (%)	NA	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Paternal Leave Maternal Leave



1,172 Employees under CBA



Lead aligning with his team at RTN

Another important benefit is the Company's commitment to the people's Freedom of Association and Collective Bargaining. The Company always looks for win-win solutions when discussing with the various unions.

TMC has one union, the Taganito Labor Union, which represents the regular rank-and-file employees. TMC acknowledges the union's legitimacy and value, considering the group as important partner in business. Through the Labor Management Committee (LMC), labor management relationship is enhanced and sustained through mutual trust and respect, teamwork, proactive policies, openness in terms of information sharing, discussion, consultation and negotiations.

HMC also has a union called HIMLU which is affiliated with KMU. HMC management and HIMLU representatives hold monthly Labor Management Conference every third Friday of the month.

Meanwhile, CMC's existing Collective Bargaining Agreement also provides for a monthly Labor Management Conference every third Friday of the month on concerns that are not related to wages/ salaries and benefits. Respective department heads are invited in these conferences to address relevant concerns. The union is allowed to conduct Executive Committee Meetings whenever necessary to allow the officers and stewards of the union to discuss pressing matters concerning membership or labor-management issues.

PERCENTAGE OF EMPLOYEES IN COLLECTIVE BARGAINING AGREEMENTS: GRI 102-41

	HEAD OFFICE	RTN	TMC	HMC	CMC
No. of employees under CBA	0	543	419	112	98
% of employees under CBA	0	77%	63%	50%	26%



3 GOOD HEALTH AND WELL-BEING

PHP 52.4 Million

Expenditure on Health and Safety Programs



3 GOOD HEALTH AND WELL-BEING

24,377,897

Total Man-hours



Fil-Am volunteer doctor at RTN medical mission

SAFE WORKPLACE GRI 403-1

Providing a safe and healthy work environment for our people is a priority for NAC. The Company promulgates a comprehensive safety program designed to minimize risks in the work environment and ensures compliance with occupational health and safety standards in its operations:

- » Mandated use of protective equipment and safety devices
- » Provision of first-aid and emergency equipment in strategic areas
- » Regular safety inspections
- » Regular safety briefings and emergency preparedness training and drills
- » Safety orientation for new employees
- » Comprehensive investigation of incidents and near-misses to understand root cause and implement corrective measures
- » Monitoring of lost time injuries, medically treated injuries, minor injuries and non-injury incidents

Overseeing the consistent execution of the program is the Central Safety and Health Committee (CSHC) established in all mine sites, with oversight and responsibility for occupational health and safety programs.

The CSHC is composed of the Resident Mine Manager, at least one safety engineer, and representatives across Divisions, Groups, Departments, and Sections as well as from the union and the contractors. The CSHC promulgates standard processes to constantly monitor issues and employee concerns relating to health and safety.

Moreover, Safety Officers conduct regular inspections to ensure employee compliance with the Company's safety rules and regulations.

As part of its commitment, the Company has invested in proper safety equipment for employees and visitors alike. Standard Personal Protective Equipment (PPE) include skull guards, eye goggles/ spectacles, dust/ chemical respirator/masks, ear muffs, hand gloves, high visibility vests, rain boots, raincoats, and safety shoes that are to be required in specified area.

Underlining the principle of accountability and giving importance to personal inputs, employees have representation in Health and Safety Committees.

In RTN, for instance, there are 56 employee committee representatives corresponding to 8% of the total number of regular employees. TMC has 55 employee representatives (or roughly 8% of regular employees), HMC has 21 (9%), and CMC has 58 (24%).

With these safety systems and processes in place, it is likely that untoward incidents can be avoided. But should unfortunate accidents occur, the mines are able to immediately and properly address them.

When a fatal accident occurred at the motorpool of TMC, a systematic response protocol was immediately triggered that appropriately addressed the unfortunate accident. The employees at TMC acknowledged the importance of the Company's quick and decisive response during such situations. Aside from a full investigation of the accident, the corrective measures immediately implemented were:

- » Established a Tire Disassembly/Assembly and Inflation Checklist, to be reviewed and signed by supervisor or section head.
- » Put additional visible warning signages.
- » Intensive refresher safety training to all employees.
- » Provided wheel blocks for all moving units

including all service contractors.

- » Intensify sound check-out system – units with defects will not be used.
- » All contractors submitted the updated list of their personnel transport vehicle.
- » Safety Department will revise and issue the sticker used only for personnel transport vehicle.
- » Submission of contractors' preventive maintenance service schedule of all their available units, to be monitored by the Safety Department and Loss Control Coordinators.
- » Intensify Safety and Health Trainings from department managers down to the line supervisors.

Safety Training courses with ready modules are essential element of the Company's overall safety program. Additionally, safety reminders and safety signages are visible all around the mine sites to remind everyone of the safety protocols they have to strictly comply with.

GRI 403-2

	RTN	TMC	HMC	CMC	TOTAL
Total Manhours	7,576,463	7,945,192	4,847,980	4,008,262	24,377,897
Lost time accidents	0	3	0	-	3
Incidence Rate	1.58	1.41	17.33	16.21	36.53
Severity Rate	0	155.62	0	-	155.62
Fatalities	0	1	0	-	1
Work-related fatalities	0	-	0	-	0
Lost days	0	6,182	0	-	6,182
Number of occupational injuries/illnesses	8	8	0	65	81

Some of the Trainings offered in 2018

RTN		TMC	
Topics	No. of attendees	Topics	No. of attendees
Basic Life Support and First Aid Training	18	16th National Occupational Safety and Health Congress (NOSH)	3
BOSH Training/Seminar	21	20th General Assembly and OSH National Convention	3
BOSH Training/Seminar	40	Accident/ Incident Investigation Training	27
Confined Space Safety Training/Seminar	30	Basic Occupational Safety and Health (BOSH) for Managers	17
Defensive Driving Course	1,245	Basic Occupational Safety and Health (BOSH) for Mines	32
IEC on Bone and Joint	23	Basic Occupational Safety and Health (BOSH) for Nurses	2
IEC on BPH	32	Confined Space Safety	20
IEC on Common Cancer in women	32	Construction Occupational Safety and Health Training	14
IEC on Diabetes	30	Conveyor Safety Training	25
IEC on Diet and Nutrition for women	36	Crane and Rigging Safety	23
IEC on Ergonomics	218	Defensive Driving Seminar	189
IEC on Eye Safety at Work	37	Disaster Risk Reduction and Management Training	3
IEC on Family Planning	412	Electrical Safety with LOTO	20
IEC on Good Housekeeping	401	Equipment Safe Handling and Repair	13
IEC on hand safety and injury	40	Fire Safety	25
IEC on Handwashing	68	First Aid Training	24
IEC on Healthy Night Shift Lifestyle	562	Forklift Safety	21
IEC on Impact of Illegal Drugs on Health	69	Hazard Identification & Risk Assessment (HIRAC)	37
IEC on Latching on/ Breastfeeding	12	Heavy Equipment Safe Handling and Repair	13

Some of the Trainings offered in 2018

HMC		CMC	
Topics	No. of attendees	Topics	No. of attendees
Accident/Incident Investigation	21	Basic Occupational Safety and Health (BOSH)	31
Defensive Driving	505	Construction Occupational Safety and Health (COSH)	3
Fire Fighting	12	Fire Fighting and Rescue Training	19
Fire Safety	259	Incident Command System (ICS)	26
First Aid	43	Loss Control Management (LCM)	59
Water Search and Rescue (WASAR)	42	Pollution Control Officer Training	5
		Root Cause Analysis (RCA)	25
		Standard First Aid and CPR/EAD Training	16
		Training Lifting Operation	11
		Water Search and Rescue (WASAR) Training	36



Daily briefing prior to the workday at RTN



PHP 552 Million
Investment on EPEP

GRI 103-1

PROTECTING THE ENVIRONMENT

“Protection of the environment shall be of paramount consideration in every stage of a mining operation. Active mitigation plans, progressive rehabilitation measures and third-party monitoring shall be appropriate integral components of all mining operations.”

– Excerpt from The Baguio Declaration

NAC’s commitment to the principles of sustainability and responsible mining is exemplified by each of its operating mine site’s Environmental Protection and Enhancement Programs (EPEPs).

The EPEPs are comprehensive and strategic environmental management plans that cover the management objectives, its criteria and commitments pertaining to environment protection and rehabilitation. The Annual EPEP contains programs that cover the mine site’s initiatives for Land Protection, Air Protection, Water Protection, and Environmental Monitoring.

Activities under AEPEP include rehabilitation of mine disturbed areas, reforestation, construction and maintenance of environmental facilities, solid waste management, hazardous waste management, air quality monitoring, and preservation of downstream water quality.



PHP 134.3 Million
Budget for Water
Protection Programs

GRI 304-2, GRI 304-3

The environmental programs of each of NAC’s mine sites is carried out and monitored by a dedicated Mine Environment Protection and Enhancement Officer. Multipartite Monitoring Teams review these environmental programs on a quarterly basis. An annual accomplishment report based on the objectives outlined in the EPEP is prepared and submitted.

For 2018, total EPEP spending reached PHP 551.8 M, an increase of about 16.8% from the previous year. In terms of conservation efforts, total fuel consumption went down by 2.5% from last year.

Moreover, CMC reports that in compliance with DENR’s new Administrative Order on Rehabilitation, it has attained 100% completion of the physical target for the rehabilitation of 12 hectares of mined-out area as well as the target for enhancement planting of 3.06 hectares. And it has attained more than 100% of the physical target for the maintenance of all mine rehabilitation areas.

Meanwhile, RTN began progressive rehabilitation of 42 hectares of excavated areas even while the company is still in operation. The mine rehabilitation’s major activity is the planting of indigenous trees such as Narra and Nato. RTN will also undertake greening activity on about seven hectares within the mine site. Regreening is also a tree planting activity in open areas that are temporarily not subject for mine excavation. The unused area is therefore maximized.

TOTAL EPEP SPENDING (IN PHP MILLION)

	RTN	TMC	HMC	CMC
2018	102.8	227.7	175.4	45.9
2017	109.4	192.8	144.8	25.3
2016	103	144.7	76.9	38.9

LAND PROTECTION

Biodiversity	RTN	TMC	HMC	CMC
Area Distributed (hectares)	990	4,862.71	774	697.05
Area used for other purposes (hectares)	490	1,188	253	266
Area Rehabilitated (hectares)	155	191	184	92
Area Reforested (hectares)	609.49	640.69	35	39.56
Area of land used for extractive use (hectares)	142.12	103.09	57	41.92
% of land requiring biodiversity management plans	24%	17%	8%	13%

WATER USE AND DISCHARGE GRI 303-1, GRI 303-3, GRI 306-1, GRI 306-5

Water	RTN		TMC		HMC		CMC	
Extraction	Source	Volume (cu.m.)	Source	Volume (cu.m.)	Source	Volume (cu.m.)	Source	Volume (cu.m.)
	Water wells	783,947	Hubasan Creek	214,604	Filtered Springs	10,065	Baliwan Marsh Land	none
	Tagpisa Pond	92,390			Kaskag Creek	54,158	Maraguig Watershed	35,355
Discharge	Discharge Point	Volume (cu.m.)	Discharge Point	Volume (cu.m.)	Discharge Point	Volume (cu.m.)	Discharge Point	Volume (cu.m.)
	Lower Kinurong	368,784	Taganito River	29,648	Hinatuan Passage	67,152	CMC Dinagat	31,387
	Lower Togpon	648,004			Banug Street	10,989		
Silt collected/discharged (WMT)	SCS & Ponds	23,904		523,956		106,190	Settling ponds and collector sumps	31,387

ENERGY CONSUMPTION GRI 302-1

Source	RTN	TMC	HMC	CMC	TOTAL
Genset (Ltrs)	110,180	341,015	312,182	398,724	1,162,101
Energy Generated by Genset (Kwh)	159,698	1,200,238	626,867	860,227	2,847,030
Vehicles - Diesel (ltrs)	10,637,887	16,713,753	6,817,041	7,600,924	41,769,605
Vehicles - Gasoline (ltrs)	58,799	24,232	70,152	11,993	165,176
Electricity from Local Supply (Kwh)	2,434,647	1,677,056	N/A	N/A	4,111,703



1.4 Million
Seedlings Planted



Water Quality Maintained
within Standards at all Discharge
Points throughout the Year



6.9 MWh
of Electricity Consumed



41.9 Million
Liters of Fuel Consumed

11 SUSTAINABLE CITIES AND COMMUNITIES
254,187 Kgs
 of Recyclable Waste Collected

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
375,526 Liters
 of Used Oil Treated by Treatment Facility

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
125,305 Kg
 of Hazardous Waste Treated by Treatment Facility

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
87,242 Kg
 of Residual Waste Sent to Landfill

Bird's eye view of RTN siltation ponds and sun drying area

WASTE MANAGEMENT

Waste Generated	RTN		TMC	
	Volume	Disposal Method	Volume	Disposal Method
Biodegradable waste (kg)	52,000	SLF	14,796	Used in the vermicomposting facility
Residual Waste (kg)	53,000	SLF	12,524	Dumped to sanitary landfill
Recyclable Waste (kg)	246,000	MRF	2,160	Stored in the MRF and sold to accredited scrap buyer
Hazardous Waste (kg)	122,650	Treater	62	Sold to EMB accredited transporter/ buyer
Solid Waste (kg)	351,000	SLF/MRF	29,480	Sorted, disposed and stored according to wastes type
Used Oil (ltrs)	85,830	Treater	152,496	Sold to EMB accredited transporter/ buyer

HMC		CMC		TOTAL
Volume	Disposal Method	Volume	Disposal Method	
10,940	Composting/Mulching	15,600	Compost Pit	93,336
8,620	Landfill	13,098	Temporary Residual Waste Storage Facility	87,242
980	Material Recovery Facility	5,047	MRF	254,187
2,593	Thru DENR Accredited wastes transporter/treater			125,305
20,540		33,745	Accredited transporter and treater	434,765
55,400	Thru DENR Accredited wastes transporter/treater	81,800	Accredited transporter and treater	375,526



76,362 People
Supported by CSR and SDMP



Coffee farmer - RTN SDMP beneficiary

GRI 103-1, GRI 103-2, GRI 413-1

EMPOWERING COMMUNITIES

“We shall, through our Social Development Management Program, make available to our host communities, programs for livelihood, health and education, provide them with employment and business opportunities, as well as opportunities to acquire and develop valuable skills that will empower them to be productive participants in nation building.”
— Excerpt from The Baguio Declaration

Beyond compliance, NAC adheres to Responsible Mining as a strong commitment to its stakeholders.

The Company accomplishes its social programs through the Social Development Management Program (SDMP) which are mandatory social expenditures and through its own corporate social responsibility (CSR) initiatives.

SDMP and CSR programs address the real needs of the communities and are designed to have long-term positive impact for their future. The Company continues to strengthen its partnerships and collaboration with stakeholders because experience has shown that the participatory approach to program selection has effectively and consistently produced better results.

SDMP & CSR SPENDING (PHP)

	ELEMENT	RTN	TMC	HMC	CMC	TOTAL
SDMP	Required Spending	36,391,290	64,480,661	27,480,134	30,115,826	158,467,912
	Actual Spending	46,899,000	57,174,498	27,548,665	29,120,384	160,742,547
CSR	Non-IP Communities	42,704,336	7,719,789	4,250,861	7,621,501	62,296,487
	IP Communities	10,567,702	2,334,678	-	-	12,902,380
TOTAL		100,171,038	67,228,965	31,799,526	36,741,885	235,941,414



20,843 IP Population
Supported by SDMP



IP beneficiaries of RTN Gawad Kalinga Housing Project

A. Promoting Inclusive Development for Indigenous Peoples

NAC continues to strengthen its relationship with IP communities, fully recognizing the Indigenous Peoples rights to their Ancestral Domains.

TMC operates in an Ancestral Domain area while RTN operates in an area where IPs, though without an ancestral domain, hold a strong presence. Both RTN and TMC provide annual royalty payments, housing and other benefits to the IP communities.

In 2108, RTN, together with Coral Bay Nickel Corporation (CNBC) helped create new agricultural community associations to prepare the people for the eventual closure of mining activities in their areas. These community-based associations composed mostly of indigent individuals include the Iwahig Indigenous People Farmers Association, Ocayan IP's Farmers Association, Sandoval IP's and Women's Farmers Association, and the Sandoval IP's Hog Raising Association. The initiative aims to bring a stable source of livelihood and job opportunities for community members.



PHP 23.8 Million
Investment on
Education Programs



5,251 Scholars
Benefited from
Education Programs



High school students at RTN enjoying their new iMac Lab

B. Improving Education Facilities for the Community

Recognizing the importance of education in the quest for economic freedom, NAC has always supported education-related programs and school activities. The Company also supports similar activities in neighboring areas.

In 2018, TMC, together with the Taganito HPAL Nickel Corporation (THPAL), helped fund the construction of a two-storey school building for the Taganito National High School (THNS) in Claver, Surigao del Norte. The building houses 32 classrooms and benefits over 1,000 students from at least four barangays. The project is a prime example of high-impact community projects that is among the priority programs of NAC.

Meanwhile, RTN funded the construction of two Student Activity Centers for the College of Engineering, Architecture and Technology (CEAT) of the Palawan State University. It was a project proposed by the student councils of CEAT primarily to respond to the needs of those students who spend most of their day in school.

For its part, CMC has been accommodating K-12 students from nearby schools such as the Del Pilar National High School, also offering 10-day On-the-Job (OJT) Training and Technical Education and Skills Development Authority (TESDA) accredited short courses on Electrical Installation and Maintenance. CMC also offers the students state-of-the-art equipment where they can train while a pool of talented CMC technical personnel provides the practical learning.

For the Senior High School students of Valencia National High School (VNHS), CMC offers work immersion for their General Academic Strand, such as Automotive Servicing course. A total of 17 K-12 students were able to finish the course and were included in the graduation of the first batch of Senior High graduates of VNHS. The high school graduates interested to continue on to the tertiary level were encouraged to apply for CMC's Scholarship Program.



Members of the TMC-supported fisherfolks organization in barangay Wangke, Claver, SdN harvest their catch/cultured Bangus



PHP 38.3 Million
Expenditure on
Livelihood Programs



2,229 People
Benefited by
Livelihood Programs

C. Strengthening Livelihood Programs

NAC believes that the entrepreneurial spirit of the community can help uplift the economic status of the people. That is the reason the Company focuses on strengthening livelihood programs and in educating the people on financial stability and freedom.

Among the important projects undertaken this year is RTN and CBNC's donation of over PHP 1 million to fisherfolk of Bataraza, Palawan. The fund was for the purchase of seven fishing boats and five 6-meter wide fishing nets, and for the construction of cottages, and hatchery and culture facilities for the Igang-Igang Fisher Folks Association (IFFA) and well as for their Sea Cucumber production project.

RTN also increased its support for the coffee farming program of the Rocky Mountain Arabica Coffee Company through a 200-hectare coffee plantation where coffee plants that produce Liberica beans locally known as "kapeng Barako" are produced. To further strengthen the program, RTN partnered with the Palawan Cooperative Union (PCU) and the Cooperative Development Aide Authority (CDAA) in providing trainings to coffee growers and help them establish successful cooperatives.

Meanwhile, HMC's Manicani Nickel Project launched the Agar-Agar Farming livelihood program in Guiuan, Eastern Samar. Agar-Agar is a type of seaweed that is in high demand in both local and international markets. The beneficiaries of the program are the fisher folk families who now have an alternative source of income.

TMC on the other hand, awarded a fish cage project to "Gagmay'ng Mananagat sa Wangke (GAMAWA), a people's organization of fisher folks. The project is a 450 square meter area with six cottages and a multi-purpose area, with three chambers housing some 30,000 bangus (milkfish) fingerlings and with an adjacent floating fish cage containing 16,000 danggit fingerlings.

CMC's turnover of 16,000 bangus fingerlings to the Bayanihan Nickel Fisherfolk Association, marked the completion of the Bangus Culture Project for the community which included the provision of fishnet weaving and the installation of bamboo fish case and floater. The project is at Sitio Buloc-Buloc, Brgy. Bayanihan, Libjo town. Again, this entrepreneurial program is seen to cushion the impact of lean fishing months on fisher folks and their families.



2,653 Patients
Benefited from Medical
Mission Programs



Hospital employees at RTN Townsite

D. Improving Health in the Community

NAC has medical facilities in each of its mine sites because maintaining a strong and healthy community is one of the goals of the Company. NAC also conducts an annual medical-surgical mission that benefit hundreds of patients every year.

NAC, through its subsidiaries – TMC, CMC and HMC – and with THPAL, conducted its 7th annual medical-surgical mission at the Surigao del Norte Provincial Hospital, from February 3-5, 2018.

The annual medical-surgical mission is part of the CSR of NAC, which guarantees that special medical attention is provided to the residents of its mining communities. Each operation is estimated to cost at least PHP 50 thousand which most patients cannot afford on their own.

A team of medical experts including visiting volunteer-surgeons and nurses from California, USA, as well as

volunteers from Manila and Surigao, convened at the provincial hospital in the town of Bad-as Surigao del Norte, on the three days of the mission and conducted over 133 major operations and 109 minor operations, free of all charges.

The missions generated stories of hope from the community who felt the care and compassion of the Company for people who are in need. There was also an outpouring of gratitude for the opportunity to finally solve their health problems, something which they would have not done on their own due to lack of financial resources.

Also, RTN, in partnership with CBNC, conducted another medical mission to provide free cleft and lip palate surgery at the Aborlan Medicare Hospital under Operation Smile Philippines (OpSmile). This was a partnership since 2016 which will continue to grow stronger as the team is set to conduct another round of missions in 2019 to fulfill their promise to make Palawan cleft free.



Employee at the TMC rehabilitated mine area

Financial Review

GRI 103-1

REVENUES

GRI 201-1

	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2018	2017	2016	2018 vs 2017	2017 vs 2016
Sale of Nickel Ore					
Revenue (In PHP Million)	17,295	14,435	13,233	20	9
Volume (WMT '000)	19,349	17,703	19,254	9	-8
Average Price – LME-based (USD/lb.)	5.95	4.67	4.39	26	7
Average Price – tonnage-based (USD/WMT)	21.5	24.4	20.8	-12	18
Sale of Limestone, Services and Others	1,353	1,304	890	4	47
Total Revenue	18,648	15,739	14,123	18	11

Nickel ore shipments increased to 19.35 million WMT in 2018 compared to 17.70 million WMT in 2017. Direct export of ore, which accounted for 60% of total shipments, rose to 11.54 million WMT in 2018 from 9.64 million WMT in 2017. On the other hand, ore deliveries to the two HPAL plants, which comprise the remaining 40% of total shipments, decreased to 7.81 million WMT in 2018 compared to 8.06 million WMT in 2017.

The Company realized an average of USD 5.95 per pound of payable nickel on its shipment of ore to the HPAL plants in 2018, the pricing of which is linked to

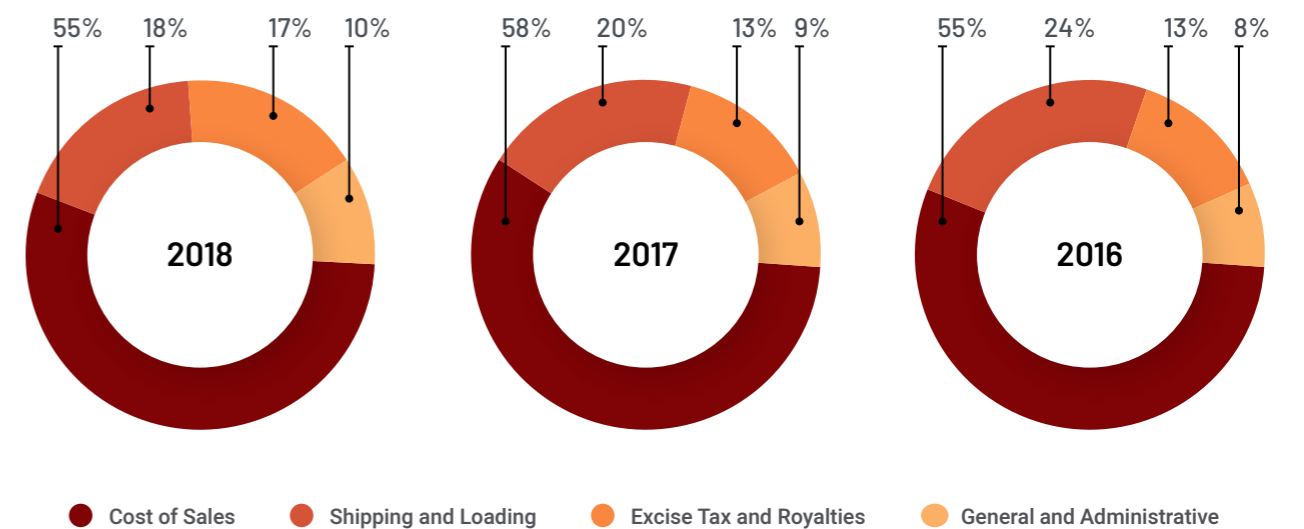
quoted prices in the London Metal Exchange (LME). This compares to an average price of USD 4.67 per pound of payable nickel sold in 2017 and USD 4.39 in 2016. With respect to export sales, the Company achieved an average price of USD 21.53 in 2018 compared to USD 24.42 in 2017 and USD 20.77 in 2016. On a combined basis, the average price received for sales of both ore exports and ore deliveries to the two plants in 2018 was USD 16.86 per WMT, higher than the USD 16.17 achieved in 2017 and USD 14.51 in 2016.

The realized PHP/USD exchange rate was PHP 53.00 in 2018 compared to PHP 50.42 in 2017.

OPERATING COSTS AND EXPENSES

(in PHP Millions)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2018	2017	2016	2018 vs 2017	2017 vs 2016
Cost of Sales, Services and Others	7,501	6,642	6,274	13	6
General and Administrative	1,213	863	850	41	2
Excise Taxes and Royalties	1,804	1,104	1,007	63	10
Total Operating Costs and Expenses	12,608	10,474	10,157	20	3
Total Cash Operating Costs and Expenses	10,612	8,363	7,828	27	7

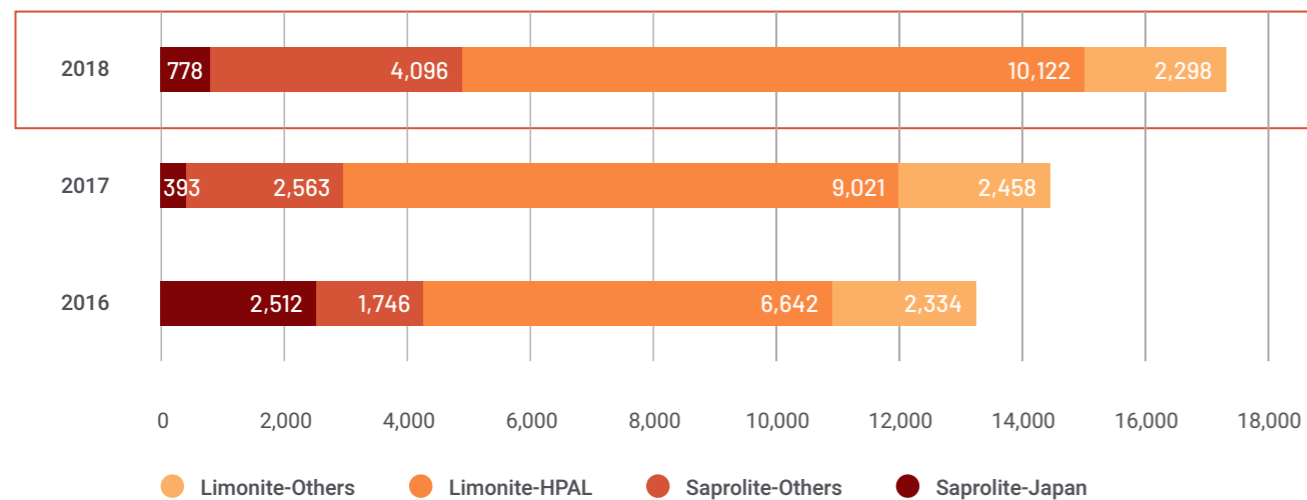
CASH COSTS



The cash operating 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 cash operating cost includes production, shipping and loading costs, excise taxes

and royalties, and general and administrative expenses incurred by the Group. On a per WMT of ore sold, total cash costs and expenses increased to PHP 548.45 per WMT in 2018 compared to PHP 472.39 per WMT in 2017 and PHP 406.58 per WMT in 2016.

REVENUE BREAKDOWN PER PRODUCT (In PHP Million)



Please refer to Pages 79 to 83 for the detailed breakdown of sales and production per operating mine.

NET INCOME (in PHP Millions)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2018	2017	2016	2018 vs 2017	2017 vs 2016
Net income	4,223	3,854	2,711	10	42
Net income attributable to equity holders	3,008	2,771	1,966	9	41

The net income for 2018 is inclusive of a PHP 348.2 million equity income from the Company's investment in Taganito HPAL Corporation and in Coral Bay Nickel Corporation, compared to PHP 198.0 million in 2017 and an equity loss of PHP 413.7 million in 2016. A further improvement in profitability was achieved in 2018 due to higher nickel and cobalt prices. The equity income, however, was offset by an impairment loss of

PHP 444.3 million related to the uncollected advances made by the Company's power subsidiary, Jobin-SQM, Inc., to the EPC contractor for the construction of its solar power facility in Subic Bay Freeport Zone.

The following are the relevant profitability ratios as of the end of 2018, 2017 and 2016.

	FOR THE YEARS ENDED DECEMBER 31		
	2018	2017	2016
Return on Assets	9%	8%	6%
Return on Equity	13%	12%	9%
Net Profit Margin	23%	24%	19%

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS (in PHP Millions)	FOR THE YEARS ENDED DECEMBER 31		
	2018	2017	2016
Net cash flows from operating activities	4,850	5,286	4,513
Net cash flows from (used in) investing activities	860	-1,468	-1,840
Net cash flows used in financing activities	-4,711	-3,808	-347

The Company continued with the annual upgrade of its mining fleet and facilities at its four operating mines, with total capital expenditures in 2018 of PHP 1.1 billion compared to PHP 829 million and PHP 822 million in 2017 and 2016, respectively. Capital expenditures were financed from available cash resources.

EPI's 32 MW of solar power, which forms part of its 100 MW solar service contract in the Subic Bay Freeport, experienced its first full-year of operations in 2018. On November 9, 2018, the Board approved a loan from the Company in the amount of PHP 1 billion to

mainly finance the expansion of the solar facility by an additional 20 MW. Construction for the new facility is expected to commence in May 2019.

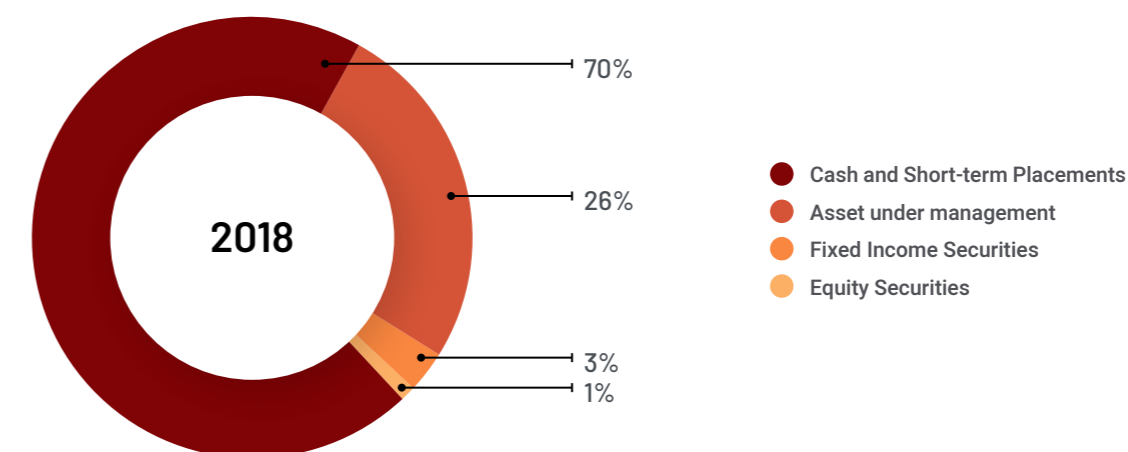
The Company has consistently paid out cash dividends to its shareholders totaling PHP 3,193.2 million in 2018, PHP 608.2 million in 2017 and PHP 607.8 million in 2016.

As at year end, the Company's financial position reflected total assets of PHP 46,032.5 million, a 1% increase from 2017.

Below is a summary of the financial position for 2018 and 2017.

(in PHP Millions)	DECEMBER 31, 2018	DECEMBER 31, 2017
Cash, Cash Equivalents and Other Financial Investments	15,931	16,294
Other Current Assets	5,966	5,337
Noncurrent Assets	24,136	24,106
Total Assets	46,033	45,737
Current Liabilities	9,866	9,614
Noncurrent Liabilities	2,716	2,905
Equity Attributable to Equity Holders of the Parent Company	29,665	29,457
Non-controlling Interests	3,786	3,761
Total Equity	33,451	33,218

The composition of the consolidated Company's cash, cash equivalents and other financial investments at end of 2018 follows:



The following are the relevant liquidity and debt-equity ratios as of end of calendar year 2018 and 2017:

	DECEMBER 31, 2018	DECEMBER 31, 2017
Current ratio	2.13	2.17
Quick ratio	1.63	1.71
Debt-to-equity ratio	0.38	0.38

Map of Mineral Properties and Energy Projects



- LEGEND**
- Operating Mines
 - Exploration Projects - Nickel
 - Exploration Projects - Gold
 - Development Projects - Nickel
 - Energy Projects
 - Major Cities

Summary of Ore Reserves and Resources



Conveyor belt structure at TMC

TOTAL ORE RESERVES (1) As of December 31, 2018

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KWMT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Proved and Probable	21,103	14,040	1.50	13.71	211
	Limonite	Proved and Probable	49,876	34,814	1.08	35.47	376
Taganito	Saprolite	Proved and Probable	53,030	36,969	1.48	10.18	547
	Limonite	Proved and Probable	108,933	73,001	1.06	45.70	774
Cagdianao	Saprolite	Proved and Probable	19,723	12,820	1.49	17.21	191
	Limonite	Proved and Probable	19,070	12,395	1.19	27.42	148
"Hinatuan (Taganaan)"	Saprolite	Proved and Probable	1,437	938	1.50	12.90	14
	Limonite	Proved and Probable	3,072	2,020	1.09	41.62	22
Dinapigue	Saprolite	Proved and Probable	4,337	2,819	1.85	28.74	52
	Limonite	Proved and Probable	50,576	32,875	1.32	40.00	434
TOTAL RESERVES	Saprolite	Proved and Probable	99,630	67,586	1.50	13.06	1,015
	Limonite	Proved and Probable	231,527	155,105	1.13	40.68	1,754

This summary was prepared by Engr. Rolando R. Cruz, who is the current Vice President for Project Development and Research of Nickel Asia Corporation. Engr. Cruz is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has sufficient experience as to the type of deposit and mineralization. He has given his consent to the Public Reporting of this statement concerning Ore Reserve Estimation.

Review of Operations

TOTAL MINERAL RESOURCES (1) (2) (3) (4)

As of December 31, 2018

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (KWT)	TONNES (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Measured and Indicated	24,959	15,685	1.62	13.50	254
	Limonite	Measured and Indicated	51,861	36,073	1.11	35.29	400
	Saprolite	Inferred	15,259	9,566	1.64	11.97	157
	Limonite	Inferred	56	39	1.26	38.57	-
Taganito	Saprolite	Measured and Indicated	53,030	36,969	1.65	10.18	610
	Limonite	Measured and Indicated	108,933	73,001	1.06	45.70	774
	Saprolite	Inferred	3,607	2,495	1.56	11.88	39
	Limonite	Inferred	-	-	-	-	-
Cagdianao	Saprolite	Measured and Indicated	28,960	18,818	1.36	12.85	256
	Limonite	Measured and Indicated	19,851	12,879	1.21	34.25	156
	Saprolite	Inferred	2,947	1,916	1.20	13.73	23
	Limonite	Inferred	873	567	1.14	30.99	6
Hinatuan (Taganaan)	Saprolite	Measured and Indicated	11,550	7,617	1.28	12.43	97
	Limonite	Measured and Indicated	13,965	9,108	1.06	40.46	97
	Saprolite	Inferred	2,891	1,879	1.24	12.15	23
	Limonite	Inferred	1,436	933	1.13	37.74	11
Dinapigue	Saprolite	Measured and Indicated	43,615	28,350	1.20	13.78	340
	Limonite	Measured and Indicated	60,830	39,540	1.23	43.32	486
	Saprolite	Inferred	25,046	16,280	1.14	13.95	186
	Limonite	Inferred	8,800	5,720	1.06	42.33	61
TOTAL RESOURCES	Saprolite	Measured and Indicated	162,114	107,439	1.45	12.24	1,557
	Limonite	Measured and Indicated	255,440	170,601	1.12	41.80	1,913
	Saprolite	Inferred	49,750	32,136	1.33	13.08	428
	Limonite	Inferred	11,165	7,259	1.08	40.83	78

This summary was prepared by Ramon N. Santos, who is a Consultant Geologist for Nickel Asia Corporation. Mr. Santos is a Competent Person for Reporting Exploration Results and Mineral Resources Estimates under the PMRC. He has sufficient experience which is relevant to the type of deposit and mineralization.

(1) Ore Reserves and Mineral Resource tonnages are shown in full. Nickel Asia Corporation owns 60% of Rio Tuba, 65% of Taganito, and 100% of the Cagdianao, Hinatuan and Dinapigue operations.

(2) Inclusive of Mineral Resources converted to Ore Reserves

(3) Mineral Resources include stockpiles

(4) The Contained Ni does not consider mining losses and dilution

Note: Cut-off grades used to estimate Ore Reserves are as follows:

Rio Tuba Saprolite: $\geq 1.0\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$

Taganito Saprolite: $\geq 1.22\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$

Cagdianao Saprolite: $\geq 0.90\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$

Taganaan Saprolite: $\geq 0.95\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$

Dinapigue Saprolite: $\geq 1.00\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$



Clear water discharge from RTN's Lower Kinurong pond

RIO TUBA NICKEL MINING CORPORATION (RTN – 60% Owned)

RTN bagged the Presidential Mineral Industry Environment (PMIEA) Award for surface mining operations during the 65th Annual National Mine Safety and Environment Conference held at Camp John Hay in Baguio City last November 2018. The Presidential award conferred on RTN came on the heels of the visit by Department of Environment and Natural Resources Secretary Roy A. Cimatu to the Palawan site, where he exclaimed "PWEDE TALAGA", representative of why RTN has become a standard for responsible mining not only in the Philippines but also in the region. RTN, among all the other mines in the Philippines both surface and underground, also won the major award which is the Safest Mine award. Along with this, RTN also got the Safest Surface Mine award and Best Safety Inspector award in the person of Bernard O. Balino.

These awards affirmed RTN's commitment to providing a safe and healthy workplace for its employees. RTN's best practices in safety that are embodied in its Emergency Preparedness and Response Program also received recognition when its response team won the championship in the First Aid Competition.

RTN upgraded its Environmental Management System or ISO 14001:2015 last May 9-11, 2018 and maintained its certification in Occupational Health and Safety Management System BS OHSAS 18001:2007 last April 10-12, 2018. Last December 19, 2018, RTN completed its Integrated Management System Certification after a successful audit with no Non-comformity in ISO 2001:2015 or Quality Management System. All three international standards have been successfully fitted together into the prestigious Integrated Management System.

Mining Volume

The volume of ore mined for the year amounted to 5,085,208 WMT, consisting of 1,661,838 WMT of saprolite ore and 3,423,370 WMT of limonite ore. Stripping volume for the year amounted to 409,609 WMT.

RTN also retrieved 1,062,488 WMT of saprolite ore and 1,186,113 WMT of limonite ore from stockpiles to meet the budgeted annual saprolite shipment volume and to provide limonite ore feed to the Coral Bay HPAL facility, respectively. Consequently, RTN's year-end limonite ore stockpile inventory decreased to 1,260,389 WMT. Furthermore, 582,616 WMT of oversized materials were recovered from ore delivered to the plant, which can be used for shipments of saprolite ore of 1.3% nickel grade.

Shipments

RTN sold a total of 5,747,341 WMT of nickel ore in 2018. High-grade and medium-grade saprolite ore totaling 398,071 WMT were sold to Pacific Metals Co., Ltd. (PAMCO) at an average price of USD 22.54 per WMT. In addition, medium-grade saprolite ore totaling 1,804,971 WMT were sold to Chinese customers at an average price of USD 19.25 per WMT.

HPAL-grade limonite ore (approximately 1.05% nickel grade) totaling 3,544,299 WMT was delivered to the Coral Bay HPAL facility. The realized LME nickel price for this tonnage averaged USD 5.93 per pound of payable nickel. In addition, 327,780 WMT of crushed limestone was sold to Coral Bay while 152,595 WMT was sold to Unichamp Mineral Philippines Inc. (UMPI). RTN also provided a variety of services such as handling and hauling of materials and supplies for the Coral Bay plant.

	2018	2017	2016
Tonnage Mined (WMT)			
Saprolite	1,661,838	1,529,526	1,921,351
Limonite	3,423,370	1,530,153	1,322,971
Sales Data			
Saprolite – Japan (WMT)	398,071	504,627	553,761
Average nickel grade	1.50%	1.51%	1.59%
Average price (per WMT)	US\$ 22.54	US\$ 30.35	US\$ 31.29
Saprolite – China (WMT)	1,804,971	1,608,499	1,719,682
Average nickel grade	1.45%	1.42%	1.48%
Average price (per WMT)	US\$ 19.25	US\$ 28.19	US\$ 22.82
Limonite – CBNC (WMT)	3,544,299	3,472,437	3,449,229
Average nickel grade	1.05%	1.06%	1.07%
Average payable nickel	7.00%	7.00%	7.00%
Average realized LME price (per pound)	US\$ 5.93	US\$ 4.72	US\$ 4.34
Limonite – China (WMT)	-	171,050	321,617
Average nickel grade	-	0.89%	0.87%
Average price (per WMT)	-	US\$ 11.35	US\$ 11.61
Limonite – Australia (WMT)	-	-	113,150
Average nickel grade	-	-	0.85%
Average price (per WMT)	-	-	US\$ 12.75

**TAGANITO MINING CORPORATION
(TMC - 65% Owned)**

During the 65th Annual National Mine Safety and Environment Conference, TMC was the 2nd runner-up for Best in Mining Forest Program.

TMC was recommended for certification for ISO 9001:2015 Quality Management System and ISO 45001:2018 and for re-certification for ISO 14001:2015 Environmental Management System on November 29, 2018 embracing the Integrated Management System.

Mining Volume

The volume of ore mined for the year amounted to 8,362,951 WMT, consisting of 4,567,257 WMT of saprolite ore and 3,795,694 WMT of limonite ore. As the ore was exposed on surface, no stripping was required. In addition, 660,874 WMT of limonite ore allocated to the Taganito HPAL facility was retrieved from stockpiles to augment ore deliveries to the plant.

Shipments

TMC sold a total of 8,810,675 WMT of nickel ore in 2018, an increase of 15% compared to the previous year's volume of 7,644,802 WMT. High-grade and medium-grade saprolite ore totaling 647,184 WMT were sold to PAMCO at an average price of USD 35.34 per WMT. High-grade and medium-grade saprolite ore totaling 3,364,269 WMT were sold to Chinese customers at an average price of USD 21.63 per WMT.

Low-grade limonite ore totalling 4,252,688 WMT, a 7% decrease from the prior year, was delivered to the Taganito HPAL plant. The realized LME nickel price for this tonnage was USD 5.96 per pound of payable nickel. In addition, TMC provided a variety of services such as handling and hauling of materials and supplies for the Taganito HPAL plant. In addition, TMC sold 546,534 low-grade limonite ore to Chinese customers at an average price of USD 11.76.

	2018	2017	2016
Tonnage Mined (in WMT)			
Saprolite ore	4,567,257	3,347,093	3,251,780
Limonite ore	3,795,694	3,397,749	4,605,606
Sales Data			
Saprolite - Japan (WMT)	647,184	739,570	601,870
Average nickel grade	1.68%	1.63%	1.72%
Average price (per WMT)	US\$ 35.34	US\$ 34.43	US\$ 37.32
Saprolite - China (WMT)	3,364,269	2,315,279	1,735,821
Average nickel grade	1.52%	1.49%	1.54%
Average price (per WMT)	US\$ 21.63	US\$ 24.59	US\$ 25.93
Limonite - China (WMT)	546,534	-	1,545,824
Average nickel grade	0.95%	-	0.96%
Average price (per WMT)	US\$ 11.76	-	US\$ 13.09
Limonite - THPAL (WMT)	4,252,688	4,589,953	4,113,167
Average nickel grade	1.08%	1.09%	1.12%
Average payable nickel	9.00%	8.32%	6.00%
Average realized LME price (per pound)	US\$ 5.96	US\$ 4.63	US\$ 4.43

HINATUAN MINING CORPORATION (HMC - 100% Owned)

HMC received the PMIEA Platinum Achievement award in November 2018, a repeat winner, after receiving the same award in 2017 and the Titanium award in 2016.

HMC was issued its Integrated Management System Certification on June 13, 2018 covering ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System. HMC is the first company under the umbrella of Nickel Asia Corporation to acquire such feat.

Mining Volume

The volume of ore mined for the year totalled to 2,795,188 WMT, consisting of 2,450,401 WMT of saprolite ore and 344,787 WMT of limonite ore. The stripping volume amounted to 1,390,882 WMT.

Shipments

HMC sold a total of 2,151,957 WMT of nickel ore in 2018, all of which were shipped out from HMC's Tagana-an Nickel Project. Medium-grade saprolite ore totaling 1,477,347 WMT and low-grade limonite ore totalling 674,610 WMT were sold to Chinese customers at an average price of USD 22.06 per WMT and USD 12.31 per WMT, respectively.

	2018	2017	2016
Tonnage Mined (WMT)			
Saprolite	2,450,401	2,077,048	1,209,050
Limonite	344,787	349,175	1,742,529
Sales Data			
Saprolite – China (WMT)	1,477,347	2,081,954	1,191,431
Average nickel grade	1.51%	1.39%	1.48%
Average price (per WMT)	US\$ 22.06	US\$ 19.47	US\$ 22.06
Limonite – China (WMT)	674,610	266,904	1,842,894
Average nickel grade	0.88%	0.82%	0.91%
Average price (per WMT)	US\$ 12.31	US\$ 12.54	US\$ 11.94
Saprolite – Japan (WMT)	-	51,906	-
Average nickel grade	-	1.45%	-
Average price (per WMT)	-	US\$ 32.80	-
Limonite – Japan (WMT)	-	49,946	-
Average nickel grade	-	1.00%	-
Average price (per WMT)	-	US\$ 9.00	-

CAGDIANAO MINING CORPORATION (CMC - 100% Owned)

CMC received the PMIEA Platinum Achievement Award, and was Runner-up for Safest Surface Mining Operations and Most Improved Safety Performance in 2018. It alternately bagged the Titanium award in 2015 and 2017 and the Platinum award in 2016.

CMC was certified for ISO 9001:2015 Quality Management System on July 18, 2018, in addition to ISO certificate for BS OHSAS 18001:2007 Occupational Health and Safety Management System and the upgraded ISO 14001:2015 Environmental Management System embracing all in one the Integrated Management System.

Mining Volume

The volume of ore mined for the year amounted to 6,261,382 WMT, consisting of 2,683,361 WMT of saprolite ore and 839,791 WMT of limonite ore. The stripping volume amounted to 2,738,230 WMT.

Shipments

CMC sold a total volume of 2,638,834 WMT of ore in 2018. High-grade and medium-grade saprolite ore totaling 251,108 WMT was sold to PAMCO at an average price of USD 45.56 per WMT. Medium-grade saprolite ore totaling 2,376,910 WMT was sold to Chinese customers at an average price of USD 21.18 per WMT, respectively. CMC also made a test shipment of its low-grade limonite ore totaling 10,816 WMT to Coral Bay at a price of USD 8.00 per WMT.

	2018	2017	2016
Tonnage Mined (WMT)			
Saprolite	2,683,361	1,491,610	1,360,722
Limonite	839,791	879,064	624,844
Sales Data			
Saprolite – Japan (WMT)	251,108	150,137	251,678
Average nickel grade	1.84%	1.80%	1.72%
Average price (per WMT)	US\$ 45.56	US\$ 41.12	US\$ 37.18
Saprolite – China (WMT)	2,376,910	1,534,957	1,287,824
Average nickel grade	1.53%	1.45%	1.48%
Average price (per WMT)	US\$ 21.18	US\$ 23.52	US\$ 22.95
Limonite – China (WMT)	-	165,341	526,095
Average nickel grade	-	1.22%	1.21%
Average price (per WMT)	-	US\$ 12.82	US\$ 11.71
Limonite – CBNC (WMT)	10,816	-	-
Average nickel grade	1.20%	-	-
Average price (per WMT)	US\$ 8.00	-	-

Review of Exploration

NICKEL

RTN

Drilling in 2018 was conducted in Umawi and in some areas in Guintalunan and Mangingidong with a total of 466 holes and an aggregate length of 7,363.38 meters. The drilling program is a continuation of the Stage 2 development drilling that started in 2017 to confirm marketable ore resources. In the Umawi area, the program has blocked a total of 2.7 million WMT of limonite and saprolite ore at an average grade of 1.25% Ni and 26.03% Fe in the Measured and Indicated resource category.

The amendment of the current Mineral Production Sharing Agreement (MPSA) to include the adjacent Bulanjao property is ongoing. The Strategic Environmental Plan clearance was issued by the Palawan Council for Sustainable Development in December 2015. An Environmental Impact Assessment has been submitted to the Environmental Management Bureau for evaluation, which is a pre-requisite to the issuance of an Environmental Compliance Certificate. Drilling conducted in the past has resulted in Measured and Indicated mineral resources of 24.7 million WMT of limonite ore with average grades of 1.21% Ni and 34.17% Fe and 10.2 million WMT of saprolite ore with average grades of 1.81% Ni and 11.95% Fe. Site preparations has started for a drilling program scheduled in 2019.

Dinapigue Mining Corporation (DMC)

The DMC MPSA covers an area of 2,392 hectares and is located in Brgy. Dimaluade, municipality of Dinapigue, province of Isabela in Luzon. Reconnaissance mapping was done in 90% of the tenement area, resulting in the delineation of the extent of laterization. Rock units associated with laterites were also mapped, composed mostly of harzburgite with pods of dunite and pyroxenite.

While waiting for the necessary government permits to be approved, other development works were continued. These are repair and maintenance of access roads, construction of staff accommodations and offices, maintenance of nursery facilities and environmental control measures. Topographic survey of priority areas for development was also conducted.

TMC

TMC entered into an Operating Agreement with Kepha Mining Exploration Company (KMEC) in 2009 and was granted rights over MPSA No. 284-2009-XII-SMR located in Barangay Urbiztondo, Municipality of Claver, Surigao del Norte. TMC completed a total of 27 test pits and 103 drill holes in the past, which resulted in 5.3 million WMT of combined saprolite and limonite ore resources under the Indicated and Inferred resource categories.

In September 2018, the MGB released the approval for the 2nd renewal of the Two-Year Exploration Period under the MPSA. Exploration work will continue in 2019.

GOLD AND COPPER

Cordillera Exploration Co., Inc. (CEXCI)

CEXCI has an application for Exploration Permit (EXPA) over the Kutop Property in the province of Abra, and an application for Financial and Technical Assistance Agreement (AFTA) over the Mankayan Property, within the adjoining provinces of Benguet, Ilocos Sur and Mountain Province. Portions of the AFTA covering areas in the municipalities of Mankayan and Cervantes were converted to EXPAs.

In December 2015, CEXCI purchased 100% of Newminco Pacific Mining Corporation (Newminco), which has an EP in the province of Zambales over an area that is prospective for gold-copper mineralization. As a result of such purchase, CEXCI's 25% shareholder, Sumitomo Metal Mining Co., Inc. (SMM), made an additional equity contribution of \$2.8 million in December 2015 to increase its equity to 40%. The transaction is pending approval by the Securities and Exchange Commission. Once approved, NAC's equity in CEXCI will be reduced to 57%.

Newminco Pacific Mining Corporation (Newminco)

Newminco holds an EP, designated as EP-001-2015-III, for copper, gold, and related base and precious metals over an area located in Cabangan, San Felipe, and San Marcelino in the province of Zambales. The decision to acquire the company was made following the discovery of outcropping quartz veins, the sampling of which in part returned good assays for gold. In 2016, Newminco



Rehabilitated mined out area at HMC



proceeded to implement its exploration program in the tenement, including geologic mapping, sampling and trenching. Exploratory trenches totalling 660 meters were dug, logged, sampled and rehabilitated. Diamond core drilling was conducted in Malabeg with an aggregate length of 3,799.5 meters and 401 samples were sent to the laboratory for multi-element geochemical analysis. The results verified gold mineralization in a portion of the area drilled, but of insufficient quantity and grade to warrant any further drilling at this time. In 2017, a tenement wide ridge and spur soil sampling program was implemented in order to define targets for more detailed work. This program has been put on hold pending the approval of the first renewal of the EP, which is pending.

Reconnaissance surveys of the north-eastern boundaries of the tenement were conducted in 2018 while the completion of documentary requirements necessary for the renewal of the EP was underway. A separate study of the Malabeg drill holes was started in the later part of 2018, with the results expected by the 1st quarter of 2019.

AFTA-008 (North Luzon) and EXPA 116 (Mankayan and Cervantes)

A portion of the original AFTA-008 over broad areas in the Cordillera mountain range was excised and converted into an EXPA covering sections within the municipalities of Mankayan and Cervantes. The application was further split into two in order to facilitate the conduct of the Free and Prior Informed Consent process in coordination with the NCIP, as the area straddles two regions and ancestral lands belonging to different tribes. The rest of AFTA-008 remains under the FTAA application. The two EXPAs are as follows:

EXPA-116-CAR covers an area of approximately 5,157 hectares in the municipality of Mankayan. The FPIC process has remained suspended since before the 2016 elections to concentrate on moving the same process forward in the Cervantes area.

EXPA-116-I covers an area of approximately 6,012 hectares in the municipality of Cervantes. After the 3rd General Assembly of the tribal groups in Cervantes last 13 March 2017, six out of the nine barangays voted for the approval of exploration within their ancestral domain. Despite a validation exercise by the NCIP regional office in November 2017 to confirm the results, no further action was taken by the NCIP to conclude the FPIC process.

In December 2018, the NCIP Central Office conducted another validation at the request of the tribal leaders who voted in favor of the exploration program. The results of their validation work is still pending and is expected to be released in the early part of 2019. It is anticipated that a favorable recommendation will be given, which would then lead to negotiations for a Memorandum of Agreement with the communities and the conclusion of the FPIC process.

Kutop

The Kutop property is located within the municipalities of Malibcong and Daguioaman in the Province of Abra, and the municipality of Balbalan in the Province of Kalinga. The property, with a total area of 13,268 hectares, is covered by an application for EP designated as EXPA-014-CAR.

As the area is ancestral land, CEXCI is required to obtain a FPIC from the tribal group prior to the grant of the EP. Considerable delays have been experienced with the NCIP in moving this process forward. In the meantime, a deadline imposed by the MGB to complete this process has not been met. A letter requesting for the extension of the deadline remains pending.

Report of the Audit Committee to the Board of Directors

The Audit Committee of Nickel Asia Corporation (the "Company" or "NAC") hereby submits this Report to the Board of Directors in connection with the Committee's compliance with its functions, duties and responsibilities consistent with the Company's Corporate Governance Manual and the Charter of the Audit Committee.

1. The Audit Committee confirms that, as constituted by the Board of Directors, the Audit Committee is composed of three (3) Directors, two of whom are Independent Directors and one (1) Non-Executive Director. The Chairman of the Committee is an Independent Director.
2. The NAC Audit Committee had four (4) meetings in 2018:
 - » March 13, 2018
 - » May 2, 2018
 - » August 6, 2018
 - » November 7, 2018
3. The Audit Committee discussed with the Internal Audit of the Company, headed by the Company's Chief Audit Executive and with the External Auditor, SyCip, Gorres, Velayo & Co. ("SGV") the scope and the plans for their respective audits.
4. Based on the Audit Committee's review of the reports of, and discussions with, the Chief Audit Executive and the internal audit team as well as discussion with the External Auditor, the Audit Committee confirms that the internal control systems, including financial and operational controls, are adequate and effective.
5. The Audit Committee reviewed and approved all audit services provided by SGV to the Company and its Subsidiaries and the audit fees for such services. Such audit fees are reported in the Company's Information Statement.
6. The Audit Committee also reviewed and approved non-audit work undertaken by the External Auditor and evaluated the External Auditor's independence consistent with prevailing independence standards.
7. The Audit Committee reviewed and discussed the audited financial statements of the NAC Group of Companies for the year ended December 31, 2018 with Management, which has the primary responsibility for the financial statements, and with the External Auditor.
8. Based on such review and discussions and consistent with its oversight responsibility, the Audit Committee recommended to the Board of Directors the approval of the Company's audited financial statements for the year ended December 31, 2018 and its inclusion in the Company's annual reports, including its annual report to the Securities and Exchange Commission on SEC Form 17-A.
9. Based on a review of SGV & Co.'s performance and qualifications, including consideration of management's recommendation, the Audit Committee approved the appointment of SGV & Co., as the Independent Auditor of the NAC Group of Companies for the year 2019.

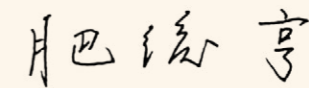
Submitted on May 6, 2019.



Frederick Y. Dy
Committee Chairman
Independent Director



Fulgencio S. Factoran, Jr.
Committee Member
Non-Executive Director



Toru Higo
Committee Member
Independent Director

Statement of Management's Responsibility for Financial Statements

GRI 102-45

The management of **Nickel Asia Corporation and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members of the Group.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Gerard H. Brimo
Chairman and Chief Executive Officer
Executive Director



Emmanuel L. Samson
Senior Vice President
Chief Financial Officer



Martin Antonio G. Zamora
President
Executive Director

Note: For a complete set of audited financial statements, including the notes, refer to the USB in the inside back cover of the Annual Report.

Independent Auditor's Report



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Nickel Asia Corporation

Opinion

We have audited the consolidated financial statements of Nickel Asia Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.



A member firm of Ernst & Young Global Limited



- 2 -

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Estimation of ore reserves

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties and are key inputs to depletion, amortization, and decommissioning provisions. The Group estimates its ore reserves based on information compiled by appropriately qualified specialist relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of ore reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the ore reserves may impact the carrying values of property and equipment, provision for mine rehabilitation and decommissioning, and depreciation and depletion charges.

The Group's mining properties and development costs are amortized using the units of production method. Under the units of production method, cost is amortized based on the ratio of the volume of actual ore extracted during the year over the estimated volume of ore reserves for the remaining life of the mine. The land improvements, machinery and equipment, and buildings and improvements are depreciated and amortized using the straight-line method, where the estimated useful life is based on the ore reserves. This matter is significant to our audit because the estimation of the ore reserves for mining projects located in Palawan and Surigao del Norte, for the remaining life of the mines, requires significant estimation from the management.

The Group's disclosures on mining properties and development costs are included in Notes 3 and 9 to the consolidated financial statements.

Audit response

We evaluated the competence, capabilities and objectivity of the internal specialist engaged by the Group to perform an independent assessment of its ore reserves. We reviewed the specialist's report and obtained an understanding of the nature, scope and objectives of his work, and the basis of the estimates including any changes in the reserves during the year. In addition, we tested the reserves estimates applied to the relevant areas of the consolidated financial statements including depletion, depreciation, amortization and decommissioning provisions.

Recoverability of geothermal exploration and evaluation assets and deferred mine exploration costs

The ability of the Group to recover its geothermal exploration and evaluation assets and deferred mine exploration costs would depend on the commercial viability of the reserves. The substantial amount of these accounts and the significant management judgment required in assessing whether there is any indication of impairment are key areas of focus in our audit.

The carrying values of geothermal exploration and evaluation assets and deferred mine exploration costs as of December 31, 2018 are disclosed in Note 11 and 13 to the consolidated financial statements.



- 3 -

Audit response

We obtained an understanding of the Group's capitalization policy and tested whether the policy has been applied consistently. We obtained management's assessment on whether there are impairment indicators affecting the recoverability of the geothermal exploration and evaluation assets and deferred mine exploration costs. We inquired into the status of these projects and their plans on operations. We reviewed contracts and agreements, and budgets for exploration and development costs. We inspected the licenses, permits and correspondences with regulatory agencies of each exploration project, to determine that the period for which the Group has the right to explore in the specific area, has not been cancelled or has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Recoverability of solar project and construction in-progress

The Group is adversely affected by the continued decline in wholesale electricity prices. In the event that an impairment indicator is identified, the assessment of the recoverable amounts of the solar project and construction in-progress related to solar farms and geothermal projects, requires significant judgment and is based on assumptions. The assessment of the recoverable amounts of the Sta. Rita Solar Power and the Biliran Geothermal Power Projects, which require estimation and assumptions about future production levels and costs, as well as external inputs such as commodity prices, discount rate, and foreign currency exchange rates, is a key audit matter in our audit.

The carrying values of the Group's solar project and construction in-progress recorded as part of property and equipment as of December 31, 2018 are disclosed in Note 9 to the consolidated financial statements.

Audit response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amounts. These assumptions include the expected life of the plant, forecasted annual energy output, forecasted average price of wholesale electricity, forecasted contributions to the government based on current regulations, inflation rate, planned debt ratio, and interest rate. We compared the key assumptions used against the industry benchmark plant life, production reports from operations department, average market price of electricity on Wholesale Electric Spot Market (WESM), current tax laws and Department of Energy regulations, Bangko Sentral ng Pilipinas (BSP) forecasted inflation rate, industry debt ratio and discount rate based on industry weighted average capital cost. We tested the parameters used in the determination of the discount rate against the market data.



- 4 -

Adoption of PFRS 9, Financial Instruments

On January 1, 2018, the Group adopted PFRS 9, *Financial Instruments*. PFRS 9, which replaced PAS 39, *Financial Instruments: Recognition and Measurement*, introduces a forward-looking expected credit loss model to assess impairment on debt financial assets not measured at fair value through profit or loss. The Group adopted the modified retrospective approach in adopting PFRS 9.

- **Classification and Measurement of Financial Assets**

As at January 1, 2018, the Group classified its financial assets based on its business models for managing these financial assets and the contractual cash flow characteristics of the financial assets. This resulted to transition adjustments that decreased other comprehensive income by ₱206.7 million, and increased retained earnings and noncontrolling interest by ₱339.6 million and ₱67.5 million, respectively. Thereafter, the financial assets were accounted for based on the transition date classification, while newly originated or acquired financial assets were also classified based on the PFRS 9 classification criteria.

The Group's application of PFRS 9 classification criteria is significant to our audit as the classification determines how financial assets are measured and accounted for in the consolidated financial statements.

The disclosures in relation to the adoption of the PFRS 9 classification criteria are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's contracts review process to establish the contractual cash flow characteristics of debt financial assets, including the identification of standard and non-standard contracts, and reviewed the assessment made by management by inspecting underlying contracts on a sample basis. We obtained the approved business models for the Group's financial assets. We compared the parameters set within the business models for the Group's portfolio and risk management policies of the Group. For significant portfolios, we assessed the frequency and relative amounts of sales in the past, understood how business performance is measured and evaluated performance measurements reports.

We checked the transition adjustments and reviewed the disclosures made in the consolidated financial statements required under PFRS 9.

- **Expected Credit Loss (ECL)**

The Group's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default and credit-impaired financial assets; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

Refer to Notes 2 and 3 of the consolidated financial statements for the disclosure on the transition adjustments and details of the allowance for credit losses using the ECL model, respectively.



- 5 -

Audit Response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices.

Further, we checked the data used in the ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We checked the transition adjustments and reviewed the disclosures made in the consolidated financial statements based on the requirements of PFRS 9.

Adoption of PFRS 15, Revenue from Contracts with Customers

Effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, under the modified retrospective approach. The following matters are significant to our audit because these involve application of significant management judgment in determining whether the transaction price includes variable consideration and in determining the timing of satisfaction of the performance obligation arising from the sale of nickel ore and limestone.

The disclosures related to the adoption of PFRS 15 are included in Notes 3 and 32 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's process in implementing the new revenue standard. We reviewed the PFRS 15 adoption documentation and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis. For significant revenue streams, we obtained sample contracts and reviewed whether the accounting policies appropriately considered the five-step model of PFRS 15. In addition, we checked whether the performance obligations within the contracts have been identified and whether management has identified and estimated the components of the transaction price. We reviewed sample contracts and checked whether the Group's timing of revenue recognition is based on when the performance occurs and control of the goods are transferred to the customer.





- 6 -

We reviewed the application of the accounting policy and the additional disclosures in the consolidated financial statements required under PFRS 15.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



- 7 -

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





- 8 -

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jaime F. del Rosario.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 7332543, January 3, 2019, Makati City

March 14, 2019

Consolidated Statements of Financial Position

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱10,784,369	₱9,635,514
Trade and other receivables (Note 5)	1,056,568	905,125
Inventories (Note 6)	3,744,274	3,502,414
Financial assets at (Note 7):		
Fair value through other comprehensive income (FVOCI)	2,608,301	-
Fair value through profit or loss (FVTPL)	1,420,718	-
Amortized cost	201,770	-
Available-for-sale (AFS) financial assets (Note 7)	-	5,925,682
Prepayments and other current assets (Note 8)	1,164,750	929,703
Total Current Assets	20,980,750	20,898,438
Noncurrent Assets		
Property and equipment (Note 9)	15,078,220	15,388,259
Investments in associates (Note 10)	3,540,589	2,952,132
Geothermal exploration and evaluation assets (Note 11)	1,793,444	1,784,183
Financial assets at - net of current portion (Note 7):		
FVTPL	585,928	-
Amortized cost	330,000	-
Deferred income tax assets (Note 36)	335,951	333,094
Long-term stockpile inventory - net of current portion (Note 12)	105,601	167,559
AFS financial assets - net of current portion (Note 7)	-	732,521
Other noncurrent assets (Note 13)	3,282,024	3,480,913
Total Noncurrent Assets	25,051,757	24,838,661
TOTAL ASSETS	₱46,032,507	₱45,737,099
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	₱7,664,984	₱7,569,941
Income tax payable	415,789	235,233
Short-term debts (Note 15)	1,492,268	-
Other current liability (Note 39k)	169,079	169,079
Current portion of:		
Long-term debts (Note 15)	118,970	1,635,178
Long-term payable (Note 17)	5,000	5,000
Total Current Liabilities	9,866,090	9,614,431
Noncurrent Liabilities		
Long-term debts - net of current portion (Note 15)	1,288,562	1,349,211
Deferred income tax liabilities - net (Note 36)	754,101	766,874
Pension liability (Note 35)	327,905	320,781
Provision for mine rehabilitation and decommissioning (Note 16)	274,227	388,787
Deferred income - net of current portion (Note 39m)	54,469	58,659
Long-term payable - net of current portion (Note 17)	16,323	20,168
Total Noncurrent Liabilities	2,715,587	2,904,480
Total Liabilities	12,581,677	12,518,911

(Forward)



Consolidated Statements of Income

- 2 -

	December 31	
	2018	2017
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 18)	₱6,849,836	₱3,808,665
Treasury stock (Note 18)	(20,366)	–
Additional paid-in capital (Note 18)	8,262,455	8,262,455
Other components of equity:		
Share in cumulative translation adjustment (Note 10)	780,412	564,152
Cost of share-based payment plan (Note 19)	240,003	137,635
Net valuation gains (losses) on financial assets (Note 7)	(92,504)	163,935
Asset revaluation surplus	31,714	32,097
Retained earnings:		
Unappropriated	11,794,529	15,392,459
Appropriated (Note 18)	1,818,628	1,095,583
	29,664,707	29,456,981
Non-controlling Interests (NCI)	3,786,123	3,761,207
Total Equity	33,450,830	33,218,188
TOTAL LIABILITIES AND EQUITY	₱46,032,507	₱45,737,099

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2018	2017	2016
REVENUES			
Revenue from contracts with customers (Note 32)	₱18,647,672	₱–	₱–
Sale of ore (Note 34)	–	14,897,080	13,574,382
Services and others (Note 34)	–	630,064	530,275
Sale of power (Notes 39g and 39p)	–	212,152	18,010
	18,647,672	15,739,296	14,122,667
COSTS			
Sale of ore (Note 21)	6,770,953	6,033,241	5,907,249
Services (Note 22)	369,891	351,339	328,457
Power generation (Note 23)	360,622	257,276	38,295
	7,501,466	6,641,856	6,274,001
OPERATING EXPENSES			
Shipping and loading costs (Note 24)	1,949,489	1,769,110	1,930,520
Excise taxes and royalties (Note 25)	1,804,029	1,103,686	1,006,712
General and administrative (Note 26)	1,213,041	863,153	850,251
Marketing (Notes 39e and 39l)	140,210	96,464	95,869
	5,106,769	3,832,413	3,883,352
FINANCE INCOME (Note 29)	354,803	301,967	228,430
FINANCE EXPENSES (Note 30)	(193,992)	(246,615)	(208,218)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 10)	348,168	197,972	(413,702)
OTHER INCOME (CHARGES) - net (Note 31)	(217,001)	72,649	588,796
INCOME BEFORE INCOME TAX	6,331,415	5,591,000	4,160,620
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 36)			
Current	2,173,934	1,865,318	1,441,526
Deferred	(65,459)	(128,462)	7,952
	2,108,475	1,736,856	1,449,478
NET INCOME	₱4,222,940	₱3,854,144	₱2,711,142
Net income attributable to:			
Equity holders of the parent	₱3,008,057	₱2,770,768	₱1,966,107
NCI	1,214,883	1,083,376	745,035
	₱4,222,940	₱3,854,144	₱2,711,142
Basic/Diluted Earnings Per Share (EPS; Note 20)	₱0.22	₱0.20	₱0.14

See accompanying Notes to Consolidated Financial Statements.



Consolidated Statements of Comprehensive Income

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2018	2017	2016
NET INCOME	₱4,222,940	₱3,854,144	₱2,711,142
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>			
Share in translation adjustment of associates (Note 10)	240,289	172,073	29,270
Income tax effect	(24,029)	(17,207)	(26,593)
	216,260	154,866	2,677
Net valuation gains (losses) on financial assets (Note 7)	(52,241)	194,243	153,124
Income tax effect (Note 7)	2,542	(41,132)	(3,035)
	(49,699)	153,111	150,089
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	166,561	307,977	152,766
<i>Other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods:</i>			
Remeasurement gain (loss) on pension liability (Note 35)	13,553	(8,373)	(83,731)
Income tax effect	(4,066)	2,512	25,119
	9,487	(5,861)	(58,612)
Asset revaluation surplus	(547)	(547)	(547)
Income tax effect	164	164	164
	(383)	(383)	(383)
Net other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods	9,104	(6,244)	(58,995)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	175,665	301,733	93,771
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱4,398,605	₱4,155,877	₱2,804,913
Total comprehensive income attributable to:			
Equity holders of the parent	₱3,186,229	₱3,071,379	₱2,076,466
NCI	1,212,376	1,084,498	728,447
	₱4,398,605	₱4,155,877	₱2,804,913

See accompanying Notes to Consolidated Financial Statements.



Consolidated Statements of Changes in Equity

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016 (Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 18)	Treasury Stock (Note 18)	Additional Paid-in Capital (Note 18)	Cumulative Translation Adjustment (Note 18)	Share-based Payment (Note 19)	Cost of Financial Assets (Note 7)	Revaluation Surplus (Note 7)	Asset Unappropriated Earnings (Note 18)	Appropriated Earnings (Note 18)	Total	NCI
Balances at December 31, 2017	₱3,808,665	₱-	₱8,262,455	₱564,152	₱137,635	₱163,935	₱32,097	₱15,392,459	₱1,095,583	₱3,761,207	₱33,218,188
Effect of Philippine Financial Reporting Standards (PFRS) 9 adoption (Note 2)	-	-	-	(206,740)	-	(206,740)	-	339,586	-	67,540	200,386
Balances at January 1, 2018, As Restated	3,808,665	-	8,262,455	564,152	(42,805)	137,635	32,097	15,732,045	1,095,583	3,828,747	33,418,574
Net income	-	-	-	-	-	-	-	3,008,057	-	1,214,883	4,222,940
Other comprehensive income (loss)	-	-	-	216,260	(49,699)	(49,699)	(383)	11,994	-	(2,507)	175,665
Total comprehensive income (loss)	-	-	-	216,260	(49,699)	(49,699)	(383)	3,020,051	-	1,212,376	4,398,605
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	-	102,368	-	-	-	-	-	102,368
Stock dividends (Note 18)	3,041,171	-	-	-	-	-	-	(3,041,171)	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	-	(3,193,230)	-	-	(3,193,230)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	-	(504)
Cash dividends to NCI (Notes 33 and 34)	-	-	-	-	-	-	-	-	-	(1,255,000)	(1,255,000)
Acquisition of treasury stock (Note 18)	-	(20,366)	-	-	-	-	-	-	-	(20,366)	(20,366)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	1,095,583	(1,095,583)	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(1,818,628)	1,818,628	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	-	-	-	383	383
Balances at December 31, 2018	₱6,849,836	(₱20,366)	₱8,262,455	₱780,412	(₱92,504)	₱240,003	₱31,714	₱11,794,529	₱1,818,628	₱3,786,123	₱33,450,830

See accompanying Notes to Consolidated Financial Statements.

- 2 -

	Equity Attributable to Equity Holders of the Parent					Cost of						
	Capital Stock (Note 18)	Treasury Stock	Additional Paid-in Capital (Note 18)	Share in Cumulative Translation Adjustment (Note 10)	Net Valuation Gains on Financial Assets (Note 7)	Share-based Payment Plan (Note 19)	Asset Revaluation Surplus	Retained Earnings Unappropriated	Appropriated (Note 18)	Total	NCI	Total
Balances at December 31, 2016	P= P3,808,665	P= P8,300,002	P= P8,300,002	P= P409,286	P= P12,954	P= P126,622	P= P32,480	P= P13,221,526	P= P1,108,956	P= P27,020,491	P= P4,179,162	P= P31,199,653
Net income	-	-	-	-	-	-	-	2,770,768	-	2,770,768	1,083,376	3,854,144
Other comprehensive income (loss)	-	-	-	154,866	150,981	-	(383)	(4,853)	-	300,611	1,122	301,733
Total comprehensive income (loss)	-	-	-	154,866	150,981	-	(383)	2,765,915	-	3,071,379	1,084,498	4,155,877
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	-	-	11,013	-	-	-	11,013	-	11,013
Cash dividends (Note 18)	-	-	-	-	-	-	-	(608,234)	-	(608,234)	-	(608,234)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	(504)	-	(504)
Cash dividends to NCI (Notes 33 and 34)	-	-	-	-	-	-	-	-	-	-	(1,540,000)	(1,540,000)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	108,956	(108,956)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(95,583)	95,583	-	-	-
Dilution in NCI	-	-	-	-	-	-	-	-	-	(37,547)	37,547	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	-	383	-	383	-	383
Balances at December 31, 2017	P= P3,808,665	P= P8,262,455	P= P8,262,455	P= P564,152	P= P163,935	P= P137,635	P= P32,097	P= P15,392,459	P= P1,095,583	P= P29,456,981	P= P3,761,207	P= P33,218,188

See accompanying Notes to Consolidated Financial Statements.



- 3 -

	Equity Attributable to Equity Holders of the Parent					Cost of						
	Capital Stock	Treasury Stock	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Net Valuation Gains (Losses) on Financial Assets	Share-based Payment Plan	Asset Revaluation Surplus	Retained Earnings Unappropriated	Appropriated (Note 18)	Total	NCI	Total
Balances at December 31, 2015	P= P3,805,670	P= P8,284,767	P= P8,284,767	P= P406,609	P= P134,467	P= P104,824	P= P32,863	P= P11,300,347	P= P1,711,260	P= P25,511,873	P= P3,901,315	P= P29,413,188
Net income	-	-	-	-	-	-	-	1,966,107	-	1,966,107	745,035	2,711,142
Other comprehensive income (loss)	-	-	-	2,677	147,421	-	(383)	(39,356)	-	110,359	(16,588)	93,771
Total comprehensive income (loss)	-	-	-	2,677	147,421	-	(383)	1,926,751	-	2,076,466	728,447	2,804,913
Exercise of stock options	2,995	-	15,235	-	-	(3,855)	-	-	-	14,375	-	14,375
Cost of share-based payment plan (Note 27)	-	-	-	-	-	25,653	-	-	-	25,653	-	25,653
Cash dividends (Note 18)	-	-	-	-	-	-	-	(607,755)	-	(607,755)	-	(607,755)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	(504)	-	(504)
Cash dividends to NCI (Note 34)	-	-	-	-	-	-	-	-	-	-	(677,500)	(677,500)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	711,260	(711,260)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(108,956)	108,956	-	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	-	383	-	383	-	383
Investments from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	226,900	226,900
Balances at December 31, 2016	P= P3,808,665	P= P8,300,002	P= P8,300,002	P= P409,286	P= P12,954	P= P126,622	P= P32,480	P= P13,221,526	P= P1,108,956	P= P27,020,491	P= P4,179,162	P= P31,199,653

See accompanying Notes to Consolidated Financial Statements.



Consolidated Statements of Cash Flows

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands)

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱6,331,415	₱5,591,000	₱4,160,620
Adjustments for:			
Depreciation, amortization and depletion (Notes 9 and 28)	1,352,605	1,480,045	1,475,139
Interest income (Note 29)	(354,803)	(301,967)	(228,430)
Equity in net losses (income) of associates (Note 10)	(348,168)	(197,972)	413,702
Loss (gain) on:			
Changes in fair value of financial assets (Note 31)	143,711	–	–
Sale of property and equipment (Note 31)	(59,683)	4,508	(6,644)
Sale of financial assets at FVOCI (Note 31)	49,456	–	–
Sale of financial assets at amortized cost (Note 31)	(2,353)	–	–
Write-off of investment property (Note 31)	1,623	–	–
Sale of AFS financial assets (Notes 7 and 31)	–	(14,336)	11,715
Debt extinguishment (see Notes 15 and 30)	–	3,433	–
Sale of interest in an associate (Notes 10 and 31)	–	–	(239,620)
Write-off of advances to claimowners (Note 31)	–	–	5,350
Write-off of AFS financial assets (Note 31)	–	–	3,000
Write-off of deferred mine exploration costs (Notes 31 and 39e)	–	–	2,278
Interest expense (Notes 22 and 30)	166,732	203,049	135,741
Unrealized foreign exchange losses (gains) - net (Note 31)	(153,705)	9,720	(300,086)
Cost of share-based payment plan (Notes 19 and 27)	102,368	11,013	25,653
Dividend income (Notes 7 and 31)	(38,849)	(36,967)	(35,117)
Accretion of interest on provision for mine rehabilitation and decommissioning (Notes 16 and 30)	13,746	16,123	8,942
Movements in pension liability	(5,819)	(36,225)	(17,119)
Provisions for (reversals of allowance for) impairment losses on:			
Deferred mine exploration costs (Notes 13 and 31)	15	1,233	460
AFS financial assets (Notes 7 and 31)	–	133,320	119,220
Property and equipment (Notes 9 and 31)	–	(12,825)	12,825
Operating income before working capital changes	7,198,291	6,853,152	5,547,629
Decrease (increase) in:			
Trade and other receivables	(76,748)	223,212	(235,789)
Inventories	(179,902)	(91,891)	217,927
Prepayments and other current assets	(235,047)	61,253	(7,108)
Increase in trade and other payables	136,678	296,999	119,395
Net cash generated from operations	6,843,272	7,342,725	5,642,054
Income taxes paid	(1,993,378)	(2,056,887)	(1,128,663)
Net cash flows from operating activities	4,849,894	5,285,838	4,513,391

(Forward)

- 2 -

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Financial assets at:			
FVTPL	₱2,007,499	₱–	₱–
FVOCI	1,700,179	–	–
Amortized cost	198,401	–	–
Property and equipment	85,052	20,116	12,794
AFS financial assets (Note 7)	–	4,981,173	8,296,174
Interest in an associate (Note 10)	–	–	2,037,188
Acquisitions of:			
Financial assets at (Note 7):			
FVOCI	(1,489,737)	–	–
FVTPL	(786,674)	–	–
Amortized cost	(48,439)	–	–
Property and equipment (Note 9)	(1,144,269)	(1,494,458)	(3,349,750)
AFS financial assets (Note 7)	–	(5,246,568)	(8,641,008)
Interest received	354,958	295,365	221,560
Decrease (increase) in:			
Other noncurrent assets	(46,239)	(52,212)	10,861
Geothermal exploration and evaluation assets (Note 11)	(9,261)	(8,384)	(463,184)
Dividends received (Note 7)	38,924	36,862	35,138
Net cash flows from (used in) investing activities	860,394	(1,468,106)	(1,840,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 18 and 34)	(4,418,734)	(1,801,238)	(1,473,259)
Long-term debts	(1,625,187)	(1,628,463)	(114,827)
Long-term payable	(5,000)	(5,000)	–
Short-term debt	–	(180,000)	–
Proceeds from:			
Availment of short-term debts (Note 15)	1,488,922	–	–
Availment of long-term debt (Note 15)	–	–	1,182,846
Exercise of stock options	–	–	14,375
Interest paid	(126,195)	(188,840)	(178,460)
Acquisitions of treasury stock	(20,366)	–	–
Decrease in deferred income	(4,190)	(4,190)	(4,190)
Investments from non-controlling shareholders	–	–	226,900
Increase in other current liability (Note 39k)	–	–	21
Net cash flows used in financing activities	(4,710,750)	(3,807,731)	(346,594)
NET INCREASE IN CASH AND CASH EQUIVALENTS	999,538	10,001	2,326,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,635,514	9,647,943	7,073,171
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS (Note 31)	149,317	(22,430)	248,202
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱10,784,369	₱9,635,514	₱9,647,943

See accompanying Notes to Consolidated Financial Statements.



GRI Content Index For “In Accordance” – Core Option

GRI 102-55

	PAGE NO.	OMMISSION
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016		
Organizational Profile		
GRI 102-1	Name of the organization	Front Cover
GRI 102-2	Activities, brands, products, and services	2, 10
GRI 102-3	Location of headquarters	110
GRI 102-4	Location of operations	110
GRI 102-5	Ownership and legal form	5
GRI 102-6	Markets served	10
GRI 102-7	Scale of the organization	8
GRI 102-8	Information on employees and other workers	50
GRI 102-9	Supply chain	11
GRI 102-10	Significant changes to the organization and its supply chain	No significant changes in supply chain
GRI 102-11	Precautionary Principle or approach	None
GRI 102-12	External initiatives	Not Applicable [No such initiatives]
GRI 102-13	Membership of associations	None
Strategy		
GRI 102-14	Statement from senior decision-maker	12
Ethics And Integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	4
Governance		
GRI 102-18	Governance Structure	30
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	47
GRI 102-41	Collective bargaining agreements	55
GRI 102-42	Identifying and selecting stakeholders	47
GRI 102-43	Approach to stakeholder engagement	47
GRI 102-44	Key topics and concerns raised	47
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	90
GRI 102-46	Defining report content and topic Boundaries	38
GRI 102-47	List of material topics	49
GRI 102-48	Restatements of information	None
GRI 102-49	Changes in reporting	None
GRI 102-50	Reporting period	2018
GRI 102-51	Date of most recent report	April 2018

GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	114
GRI 102-54	Claims of reporting in accordance with the GRI Standards	38
GRI 102-55	GRI content index	108
GRI 102-56	External Assurance	112

MATERIAL TOPICS		PAGE NO.	OMMISSION
Economic Performance			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	72
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	72
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	Mitigating activities are in place when calamities due to climate change occurs
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NAC complies with the government standards on the wages and labor practices in the Philippine mining industry
	GRI 202-2	Proportion of senior management hired from the local community	51
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	42
	GRI 203-2	Significant indirect economic impacts	42
Compliance			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	31
GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	None
	GRI 205-3	Confirmed incidents of corruption and actions taken	There were no such incidents
GRI 206: Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Monopoly is against the values of the company
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental criteria	None
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken	None
Energy			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	61
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	62

Water			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	61
GRI 303: Water 2018	GRI 303-1	Water withdrawal by source	62
	GRI 303-2	Water sources significantly affected by withdrawal of water	None
	GRI 303-3	Water recycled and reused	62
Biodiversity			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	61
GRI 304: Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None of the operational mining sites are located in, or near any areas of high biodiversity
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	61
	GRI 304-3	Habitats protected or restored	61
Effluents and Waste			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	61
GRI 306: Effluents & Waste 2016	GRI 306-1	Water discharge by quality and destination	62
	GRI 306-3	Significant spills	None
	GRI 306-5	Water bodies affected by water discharges and/or runoff	62
Labor Practices & Employee Relations			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	50
GRI 402: Labor/ Management Relations 2016	GRI 402-1	Minimum notice periods regarding operational changes	Minimum notice periods regarding operational changes is implemented
GRI 403: Occupational Health & Safety 2018	GRI 403-1	Workers representation in formal joint management-worker health and safety committees	57
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	58
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	Identification and prevention of hazardous and unhealthy working condition is part of the CBA of all mine sites
GRI 404: Training & Education 2016	GRI 404-1	Average hours of training per year per employee	53
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	52
GRI 405: Diversity & Equal Opportunities 2016	GRI 405-1	Diversity of governance bodies and employees	51
	GRI 405-2	Ratio of basic salary and remuneration of women to men	The ratio of salary is based on performance and position and not on gender
GRI 406: Non-discrimination 2016	GRI 406-1	Incidence of discrimination and corrective actions taken	There were no such incidents

GRI 407: Freedom of Association & Collective Bargaining 2016	GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	NAC ensures that none of our as well as our local suppliers have any incidents of child labor practice
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 410: Security Practices 2016	GRI 410-1	Security personnel trained in human right policies or procedures	All our security personnel are outsourced and are regularly trained by agency on human rights topics
GRI 411: Rights of Indigenous Peoples 2016	GRI 411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 412: Human Rights Assessment 2016	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	None
	GRI 412-2	Employee training on human rights policies or procedures	53
Community Development			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	66
	GRI 103-2	The management approach and its components	66
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	66
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	None
GRI 414: Supplier Social Assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	Key suppliers
GRI 416: Customer Health & Safety 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories	None
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
Customer Service			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	56
GRI 417: Marketing & Labeling 2016	GRI 417-1	Requirements for product and service information and labeling	11
	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	None
	GRI 417-3	Incidents of non-compliance concerning marketing communications	None
GRI 419: Socioeconomic Compliance 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	None



INDEPENDENT ASSURANCE STATEMENT

HOPE – Helping our People Excel 2018 Annual Report

Nickel Asia Corporation (“NAC”) has engaged GCSS Inc. to undertake independent assurance of sustainability / non-financial disclosures in 2018 Annual Report – HOPE – Helping our People Excel (the “Report”) for the year ended 31st December 2018. This assurance engagement was conducted using AccountAbility, UK - AA1000 Assurance Standard (AA1000AS) 2008 with 2018 Addendum and AA1000 AccountAbility Principles (AA1000AP) 2018 and Global Reporting Initiative (GRI) Standards.

Scope of Engagement

The scope of assurance included a review of sustainability activities and performance data for Rio Tuba Nickel Mining Corporation (RTN), Taganito Mining Corporation (TMC), Cagdianao Mining Corporation (CMC), and Hinatuan Mining Corporation (HMC). The boundary of the report for identified material aspects and performance indicators are defined in ‘Report Boundaries’, and ‘Materiality Aspects of Sustainability’ section of this report. The scope of assurance engagement is limited to the non-financial information associated with NAC and its subsidiaries operations covered within the report boundaries. This report was evaluated for adherence to the reporting principles of Global Reporting Standard (GRI) and AccountAbility Principles. We performed a Type II, Moderate Level of Assurance and evaluated the Company’s Sustainability Performance based on the information made available during the interviews to the assurers.

Assurance Procedure

We used the GRI Principles to evaluate the performance data together with the company’s data protocols for how the sustainability performance data is measured, recorded and reported. This formed the basis of the Reporting Criteria for undertaking our assurance work. In doing so, we have:

- Reviewed the approach towards stakeholder engagement and materiality analysis;
- Validated the accuracy performance data disclosed in the sustainability report;
- Assessed the reliability of internal process for data collection and management;
- Reviewed consistency of data/information within the report as well between the report and the original source;
- Conducted interviews / discussions with senior management and decision makers;

Financial data reported in the 2018 Annual Report is taken directly from the independent audited financial statements and the same has not been checked against its source as part of this assurance process.

Limitations

Our scope of work did not include providing conclusions in relation to:

- The completeness or accuracy of information relating to areas other than the subject matters.
- Information reported by NAC other than in its Sustainability section in 2018 Annual Report.
- Management’s forward-looking statements.
- Any disclosure made by the subsidiaries not covered within the report boundaries.

Areas for Improvement

The areas for improvement identified during the assurance were communicated to the NAC team through an internal report. The implementation of areas for improvement does not affect our conclusion for assurance for this report.

Conclusion

Subject to the section on limitations above and on the basis of our procedures for this limited assurance engagement, we conclude that nothing has come to our attention that causes us to believe that sustainability disclosures are not fairly presented in accordance with the stated criteria.



In our opinion, the company has represented its Sustainability Performance in the report in a fair and balanced manner and meets the requirement of **Type-2, Moderate level** of assurance. All material issues of the company’s business are adequately reported and the report gives reliable, accurate and complete information about its sustainability performance for the year. The report adheres to the AA1000 principles of Materiality, Inclusivity and Responsiveness.

The reporting principles for defining the report content and quality are followed in accordance with the GRI Standards “Core” Option.

All the Standard disclosure and Performance Indicators disclosure related to the identified material issues have been externally assured and the credibility of the data disclosed has been verified.

Adherence to AA1000 Principles

Inclusivity:

NAC have a variety of well-managed mechanisms to regularly engage with its key stakeholders on a regular basis. The company considers stakeholder concerns and addresses them through proper channels as reported. This report clearly indicates the various stakeholders the company is involved with and their method of engagement with them.

Materiality:

We reviewed and analyzed the process of defining the material aspects for NAC addressed in this report. The company has identified its key material aspects on sustainability by aligning the stakeholder needs and requirements to that of its business strategic plan.

Responsiveness:

The company has adequate set of policies and guidelines in place to respond to the stakeholder concerns. Some of the key process has been defined in the stakeholder management section of the report.

Responsibilities

The Sustainability Report was prepared by the management of NAC, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of the Specified Performance Indicators and the selection of and adherence to the stated criteria. In addition, NAC management is responsible for the identification and prioritization of stakeholders with respect to the material topics based on its review of the business and the views and expectations of its stakeholders.

NAC management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the Sustainability Report is free from any misstatement.

Our responsibility is to express an independent conclusion on the company’s Sustainability performance disclosed and defined within the scope of work as mentioned above. Our statement represents independent opinion of NAC performance to all stakeholders.

Arpit Shrivastava
Lead Assurer
GCSS Inc.

Date: April 22, 2019

Place: Bonifacio Global City, Philippines



AA1000
Licensed Assurance Provider
000-244

Officers

GRI 102-16

Nickel Asia Corporation

Manuel B. Zamora, Jr.
Chairman Emeritus

Gerard H. Brimo
Chairman and Chief Executive Officer

Philip T. Ang
Vice Chairman

Martin Antonio G. Zamora
President

Jose B. Anievas
Senior Vice President
Chief Operating Officer and Chief Risk Officer

Emmanuel L. Samson
Senior Vice President
Chief Financial Officer and
Corporate Governance Officer

Jose Bayani D. Baylon
Vice President
Corporate Communications

Rolando R. Cruz
Vice President
Project Development and Research

Rommel L. Cruz
Vice President
Operations

Aloysius C. Diaz
Vice President
Operations

Koichi Ishihara
Vice President
Marketing and Procurement

Michio Iwai
Vice President
Resource Management

Georgina Carolina Y. Martinez
Vice President
Legal
Assistant Corporate Secretary
Chief Compliance Officer

Gerardo Ignacio B. Ongkingco
Vice President
Human Resources and Administration

Augusto C. Villaluna
Vice President
Special Projects

Maria Angela G. Villamor
Vice President
Internal Audit
Chief Audit Executive

Rogel C. Cabauatan
Assistant Vice President
Environment and Community Relations

Marnelle A. Jalandon
Assistant Vice President
Management Information Systems and Administration

Ryan Rene C. Jornada
Assistant Vice President
Regulatory, Claims Management and Labor Relations

Iryan Jean U. Padillo
Assistant Vice President
Finance

Barbara Anne C. Migallos
Corporate Secretary

Rio Tuba Nickel Mining Corporation

Norberto R. Reyes
Vice President
Finance and Administration

Philipp D. Ines¹
Resident Mine Manager

Cynthia E. Rosero²
OIC-Resident Mine Manager

Taganito Mining Corporation
Lennie A. Terre
Vice President
Finance and Administration

Artemio E. Valeroso
Resident Mine Manager

Cagdianao Mining Corporation
Patrick S. Garcia
Assistant Vice President
Finance and Administration

Arnilo C. Milaor
Resident Mine Manager

Dinapigue Mining Corporation³
Patrick S. Garcia
Assistant Vice President
Finance and Administration

Hinatuan Mining Corporation
Fernando P. Cruz
Assistant Vice President
Finance and Administration

Francisco J. Arañes, Jr.
Resident Mine Manager

Emerging Power, Inc.

Martin Antonio G. Zamora
Chairman & CEO

Guido Alfredo A. Delgado
President

Ronaldo D. Ibasco
Executive Vice President & Chief Financial Officer

Augusto C. Villaluna
Senior Vice President for Operations

Jasmin Josefa P. Agbon
Senior Vice President for Controllership

¹ Until January 31, 2019

² Effective February 1, 2019

³ Formerly known as Geogen Corporation

Corporate Directory

GRI 102-3

Address

Head Office
28th Floor NAC Tower
32nd Street, Bonifacio Global City
Taguig City, Philippines 1634
T: +63 2 892 6669/+63 2 798 7622
F: +63 2 892 5344

Mine Sites GRI 102-4

Rio Tuba Mine

Barangay Rio Tuba, Bataraza, Palawan

Taganito Mine

Barangay Taganito, Claver, Surigao del Norte

Cagdianao Mine

Barangay Valencia, Cagdianao, Dinagat Islands

Hinatuan Mine

Barangay Talavera, Taganaan, Surigao del Norte

Dinapigue Mine

Dimaluade, Dinapigue, Isabela

Corporate Website

<http://www.nickelasia.com>

Independent Public Accountant

SyCip Gorres Velayo & Co.

Bankers

Banco de Oro
Bank of the Philippine Islands
Credit Suisse AG
DBS Private Bank
Maybank Philippines, Inc.
Metropolitan Bank & Trust Co.
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines
United Coconut Planters Bank

Transfer Agent

Stock Transfer Service, Inc.
34F, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City, Philippines
T: +63 2 403 2410/+63 2 403 2412
F: +63 2 403 2414

Attorneys

Migallos & Luna
Tan Acut Lopez & Pison
Zamora & Poblador
Factoran & Natividad
Mata-Perez Tamayo & Francisco
Atty. Maria Lourdes Belen Ugay
Kapunan Tamano & Javier



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