

S.E.C. Number CS200811530

File Number _____

NICKEL ASIA CORPORATION

(Company's Full Name)

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

(Company's Address)

+63 2 8892 6669 / +63 2 7798 7622

(Telephone Numbers)

December 31

(Fiscal Year Ending)

(month & day)

SEC Form 17-Q Quarterly Report

Form Type

Amendment Delegation (If applicable)

For the Six Months Ended

June 30, 2023

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	13,882,210,614 shares
Short and Long-term Debts	Php5,903.5 million

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

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON STOCK

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

Yes [] No []

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

Yes [] No []

August 3, 2023

Ms. Alexandra D. Tom Wong

Officer-in-Charge, Disclosure Department
Philippine Stock Exchange Tower,
5th Avenue corner 28th Street, BGC Taguig City

Mr. Vicente Graciano P. Felizmenio, Jr.

Director - Markets and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Re : SEC Form 17-Q 2023 2nd Quarter Report

x =====x

Gentlemen/Madam:

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

We trust everything is in order.

Very truly yours,



Maria Angela G. Villamor

Senior Vice President and Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
JUNE 30, 2023

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

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

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

Summary Consolidated Statements of Income

	For the Six Months Ended June 30		Increase (Decrease)	Percent Inc (Dec)
	2023	2022		
<i>(In Thousand Pesos)</i>				
Revenues	₱10,921,879	₱11,777,452	(₱855,573)	-7%
Costs	(4,651,926)	(3,789,420)	862,506	23%
Operating expenses	(2,367,246)	(2,471,270)	(104,024)	-4%
Finance income	223,275	42,969	180,306	420%
Finance expenses	(283,114)	(126,826)	156,288	123%
Equity in net income (loss) of associates	(77,429)	1,092,792	(1,170,221)	-107%
Other income - net	96,958	378,867	(281,909)	-74%
Provision for income tax - net	(1,075,577)	(1,559,128)	(483,551)	-31%
Net income	₱2,786,820	₱5,345,436	(₱2,558,616)	-48%
Net income attributable to:				
Equity holders of the parent	₱1,746,395	₱3,834,831	(₱2,088,436)	-54%
Non-controlling interests	1,040,425	1,510,605	(470,180)	-31%
	₱2,786,820	₱5,345,436	(₱2,558,616)	-48%

Summary Consolidated Statements of Financial Position

	June 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2023 (Unaudited)	2022 (Audited)		
<i>(In Thousand Pesos)</i>				
Current assets	₱23,023,549	₱20,955,174	₱2,068,375	10%
Noncurrent assets	31,053,998	28,803,868	2,250,130	8%
Total assets	₱54,077,547	₱49,759,042	₱4,318,505	9%
Current liabilities	₱8,339,308	₱4,772,920	₱3,566,388	75%
Noncurrent liabilities	4,641,338	4,455,303	186,035	4%
Equity attributable to equity holders of the parent	35,214,292	35,688,635	(474,343)	-1%
Non-controlling interests	5,882,609	4,842,184	1,040,425	21%
Total liabilities and equity	₱54,077,547	₱49,759,042	₱4,318,505	9%

Summary Consolidated Statements of Cash Flows

	For the Six Months Ended June 30		Increase (Decrease)	Percent Inc (Dec)
	2023	2022		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	₱3,291,530	₱4,574,723	(₱1,283,193)	-28%
Investing activities	(1,521,436)	(13,387)	1,508,049	11265%
Financing activities	309,713	(3,805,987)	4,115,700	108%
Net increase in cash and cash equivalents	2,079,807	755,349	1,324,458	175%
Cash and cash equivalents, beginning	10,809,026	10,826,806	(17,780)	0%
Cash and cash equivalents, end	₱12,888,833	₱11,582,155	₱1,306,678	11%

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

RESULTS OF OPERATIONS

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

Six months ended June 30, 2023 compared with six months ended June 30, 2022

Revenues

	2023	2022
	<i>(In Thousands)</i>	
Sale of ore and limestone	₱9,365,594	₱11,065,099
Services	1,081,807	415,448
Sale of power	474,478	296,905
	₱10,921,879	₱11,777,452

Revenues during the first half of 2023 were ₱10,921.9 million, lower by ₱855.6 million, or 7%, compared to ₱11,777.5 million during the same period last year.

Sale of Ore

Revenues from the sale of ore and limestone was down by 15% due to lower nickel ore prices due to the growth in Indonesian nickel production and the slowdown in the Chinese economy.

The Group's operating mines sold a combined 7.52 million wet metric tons (WMT) of nickel ore during the first half of 2023, or 8% higher than last year's 6.95 million WMT. The weighted average nickel ore sales price during the period dropped by 26% to \$22.32/WMT, compared with \$30.03/WMT in the same period last year. The Group realized ₱55.33/US\$ from these nickel ore sales, a 5% increase from ₱52.56/US\$ year-on-year.

Breaking down the ore sales, the Group exported 3.66 million WMT of saprolite and limonite ore at an average price of \$28.22/WMT during the first half of 2023, compared to 3.12 million WMT at \$42.05/WMT in the same period last year. Likewise, the Group delivered 3.86 million WMT of limonite ore to the Coral Bay and Taganito High-Pressure Acid Leach (HPAL) plants, realizing an average price of \$10.13 per pound of payable nickel. This compares to 3.83 million WMT at \$12.52 per pound of payable nickel during the first half of 2022.

On a per mine basis, the Group's Rio Tuba mine exported 0.82 million WMT of saprolite ore and delivered 1.39 million WMT of limonite ore to the Coral Bay processing plant during the first half of 2023. This compares sales of 0.99 million WMT of saprolite ore and 1.42 million WMT of limonite ore to the Coral Bay processing plant during the same period last year.

The Group's Taganito mine exported 1.43 million WMT of saprolite ore and delivered 2.28 million WMT of limonite ore to the Taganito processing plant during the first half of 2023. Compared to the same period last year, there were 1.13 million WMT of saprolite ore and 2.28 million WMT of limonite ore delivered to the Taganito processing plant.

The Group's Hinatuan, Cagdianao, and Dinapigue mines exported 0.66 million WMT, 0.70 million WMT, and 0.05 million WMT, respectively, of saprolite and limonite ore during the first half of 2023, and 0.47 million WMT, 0.53 million WMT, and nil, respectively, during the first half of 2022. Aside from the limonite ore deliveries from the Rio Tuba mine, the Group's Cagdianao and Dinapigue mines also delivered limonite ore to the Coral Bay processing plant for a total of 0.19 million WMT and 0.13 million WMT during the first half of 2023 and 2022, respectively.

Sale of Limestone

Due to the 16% drop in limestone deliveries, Rio Tuba's revenue from the sale of limestone during the first half of 2023 was lower by 21% at ₱78.2 million compared to ₱98.5 million during the same period last year.

Services

Service revenue largely consists of payments made in consideration for the hauling, manpower, and other ancillary services that CDTN Services Company Inc. and Taganito Mining Corporation (TMC) provide to Coral Bay Nickel Corporation (CBNC), Taganito HPAL Nickel Corporation (THNC), and other third parties, as well as the usage fee charged by TMC to THNC for the use of its pier facility. Service revenue was higher by ₱666.4 million, from ₱415.4 million to ₱1,081.8 million, mainly because of the increase in the volume of materials handled, particularly for CBNC's TSF-3 Project.

Sale of Power

Revenue from the sale of power during the first half of 2023 amounted to ₱474.5 million, or 60% higher than last year's ₱296.9 million. Aside from the 20% increase in the year-on-year average effective price, from ₱4.36/kilowatt hour (kWh) to ₱5.11/kWh, the generation volume of the Group's solar power plant was also higher by 54%, or by 31.29 megawatts (MW) owing to higher demand compared to the same period last year. A portion of the energy generated was attributable to the completion and energization of Phase 3B, which contributed 38MW starting in the third quarter of 2022.

Costs

Costs went up by 23%, or ₱862.5 million, from ₱3,789.4 million to ₱4,651.9 million.

	2023	2022
	(In Thousands)	
Cost of sales	₱3,699,022	₱3,416,464
Services	699,922	189,539
Power generation	252,982	183,417
	<u>₱4,651,926</u>	<u>₱3,789,420</u>

Cost of Sales

The movement in the cost of sales was driven mainly by higher fuel costs, which increased by 20% from an average of around ₱45/liter to ₱54/liter, as well as higher fuel consumption. Compared to the first half of last year, when the mines were still recovering from the impact of typhoon Odette, the Group is operating normally during the first half of 2023. The cost of electricity was also higher in the current period due to higher consumption, whereas last year the Surigao mines experienced almost a month without power due to damaged powerlines because of typhoon Odette. Moreover, aside from the slight increase in the contractor's rate, the contracted tonnage was also higher during the current period.

Cost of Services

The cost of services rose by 269% from ₱189.5 million to ₱699.9 million following the increase in payments made to subcontractors for CBNC's TSF-3 project. Aside from this, the volume of materials handled during the first half of the current year was higher by 32%.

Cost of Power Generation

The cost of power generation went up by 38% to ₱253.0 million from ₱183.4 million following the completion and energization of Phase 3B in June 2022, which increased depreciation by 33%, and because of higher generation volume, which increased by more than half of the volume generated during the same period in the year prior.

Operating Expenses

	2023	2022
	(In Thousands)	
Shipping and loading costs	₱911,917	₱865,528
Excise taxes and royalties	770,593	965,704
General and administrative	660,028	595,383
Marketing	24,708	44,655
	<u>₱2,367,246</u>	<u>₱2,471,270</u>

Shipping and Loading Costs

Shipping and loading costs were up by 5% since loading started early for some of the mines compared to last year, when shipment started late due to inclement weather conditions. Aside from this, the volume of ore export sales increased by 17%.

Excise Taxes and Royalties

Excise taxes and royalties were down by 20% to ₱770.6 million from ₱965.7 million, mainly on account of the lower revenue from the sale of nickel ore, which declined by 15% due to lower nickel ore prices during the first half of 2023, and the reduction in the royalty rate of CMC to its claim owner, from 8.75% to 2.50%.

General and Administrative

General and administrative expenses increased by 11% from ₱595.4 million to ₱660.0 million on account of higher personnel costs due to the hiring of new employees, annual merit increases, and promotions, and higher taxes due to the settlement of prior year's deficiency taxes. Aside from this, additional expenses were incurred for the risk conference held in Cebu and Manila and for NAC's first sustainability-run event.

Marketing

The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 45% during the current period. The commission is based on CMC's revenue only, and CMC's revenue from the sale of ore was 29% lower during the first half of 2023 compared to the same period last year. Further, no shipments were subjected to a marketing fee during the first half of the current year compared to the same period last year, wherein ₱14.1 million was incurred.

Finance Income

Finance income significantly improved by 420% to ₱223.3 million from ₱43.0 million as principal time deposit placements increased as well as interest rates. The average interest rate during the first half of 2023 was around 4%, compared to less than 1% in the same period last year.

Finance Expenses

Finance expenses rose by 123% during the first half of 2023 compared to the same period last year on account of the increase in the London Inter-Bank Offered Rate, from an average of 2.60% to 6.62%, and the domestic borrowing rate, from an average of 5.55% to 7.33%. Aside from this, a significant jump in the foreign exchange rate from an average of ₱52.15/US\$1 to ₱55.24/US\$1 was also noted.

Equity in Net Income (Loss) of Associates

The Parent Company registered a loss from its equity interests in the two HPAL plants in the combined amount of ₱77.4 million during the current period against a profit of ₱1,092.8 million the year prior, or a 107% decrease. The combined losses incurred by the HPAL plants were due to lower metal prices of nickel and cobalt year-on-year.

Other Income - Net

Other income - net was at ₱97.0 million during the current period, compared to ₱378.9 million in the same period last year. In the first half of 2023, the Group recognized net foreign exchange losses of ₱71.1 million, a significant turnaround from a gain of ₱863.5 million during the same period last year. However, the increase in foreign exchange losses was partially offset by the increase in gains on investment valuations of ₱536.4 million. Aside from this, no input value added tax (VAT) was written off during the current period, compared to ₱30.2 million last year.

Provision for Income Tax - Net

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

Net Income

As a result of the foregoing, the consolidated net income was ₱2,786.8 million during the first half of 2023, compared to ₱5,345.4 million during the same period last year. Net of non-controlling interests, the net income attributable to the equity holders of the parent for the first half of the current year amounted to ₱1,746.4 million, compared to ₱3,834.8 million during the same period last year.

STATEMENT OF FINANCIAL POSITION

Total assets as of June 30, 2023 were ₱54,077.5 million, compared to ₱49,759.0 million as of December 31, 2022. Current assets rose by 10% to ₱23,023.5 million from ₱20,955.2 million due to an increase in trade and other receivables and inventories and higher input VAT and prepaid royalties. The increase in noncurrent assets from ₱28,803.9 million to ₱31,054.0 million was attributable mainly to acquisitions of property and equipment, including the advances and downpayments made to suppliers.

Current liabilities were higher by 75%, from ₱4,772.9 million to ₱8,339.3 million, due to additional short-term loans obtained by Emerging Power Inc. (EPI) from Security Bank Corporation (SBC) to finance the construction of Jobin-SQM, Inc.'s (JSI) Phase 4A - 72MW solar project.

Noncurrent liabilities of ₱4,641.3 million were slightly higher than the end of last year's ₱4,455.3 million due to the renewal of the long-term lease agreement for the use of office space and parking in the head office, which led to the recognition of lease liability for the right-of-use. Moreover, the Group accrues additional pension costs for eligible employees during the current period.

Equity net of non-controlling interests dropped by 1% to ₱35,214.3 million due to the net effect of earnings during the current period and the issuance of shares upon exercise of stock options, less the impact of the translation adjustments on the balances of the associates and cash dividends paid.

STATEMENT OF CASH FLOWS

Net cash from operating activities during the first half of 2023, amounting to ₱3,291.5 million, was slightly lower compared to ₱4,574.7 million during the same period last year due to higher collections of receivables from the sale of ore in the prior year on account of higher revenue compared to the current period, which has lower revenue due to lower nickel ore prices.

During the first half of 2023, the Group spent a significant amount on its capital expenditures, which amounted to ₱3,587.7 million compared to ₱862.7 million during the same period last year. However, this was partially offset by the higher proceeds received by the Parent Company from the disposal of its investments, which were winded down to minimize the risk and have immediately available funds.

During the current period, the Group is in a positive cash position for its financing activities due to additional bank loans obtained by EPI and JSI amounting to a total of ₱2,330.7 million, net of debt issue costs. Aside from this, cash dividends paid in 2023 were lower compared to 2022.

As of June 30, 2023 and 2022, cash and cash equivalents amounted to ₱12,888.8 million and ₱11,582.2 million, respectively.

KEY PERFORMANCE INDICATORS

1) TOTAL COST PER VOLUME SOLD

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

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

The average cost per volume of ore sold for the first half of 2023 was ₱779/WMT based on aggregate costs of ₱5,860.4 million and total sales volume of 7.52 million WMT of ore. This compares to ₱828/WMT during the first half of 2022 based on aggregate costs of ₱5,753.7 million and total sales volume of 6.95 million WMT of ore.

2) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The income attributable to equity holders of the Parent Company for the first half of 2023 was ₱1,746.4 million compared to ₱3,834.8 million in the same period last year.

3) NUMBER OF HECTARES OF OPEN AREA PER MILLION WMT SOLD

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying with and following environmental regulations by implementing best practices in managing the environmental impact of its operations. In 2018, the Department of Environment and Natural Resources (DENR), through the issuance of DENR Administrative Order (DAO) No. 2018-20, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. During the first half of 2023 and 2022, there were around 43 and 44 open hectares per million WMT sold, respectively.

4) FREQUENCY RATE

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

RECENT DEVELOPMENTS

- In May 2023, the Philippine Competition Commission cleared the acquisition by Greenlight Renewables Holdings Inc. (GRHI) of shares in San Isidro Solar Power Corporation and the proposed joint venture between Shell Overseas Investments B.V. and EPI.
- The construction of the Dinapigue causeway project, which was awarded to D.M. Consunji, Inc., started in the second quarter of 2023.
- On February 17, 2023, Hallmark Mining Corporation (Hallmark) and Austral-Asia Link Mining Corporation (Austral-Asia) accepted NAC's Letter of Intent (LOI), for NAC or its wholly owned subsidiary, to be the sole and exclusive mining service contractor for Hallmark's Mineral Production Sharing Agreement (MPSA) in Mati and San Isidro, Davao Oriental, and Austral-Asia's MPSA in Mati and Gov. Generoso, Davao Oriental. The LOI also permits the conduct of a feasibility study to determine the economic and technical viability for NAC to establish a HPAL or equivalent mineral processing plant within the MPSA area.

Liquidity and Capital Resources

As at June 30, 2023 and December 31, 2022, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under a throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debts to finance the solar project of JSI and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC). Any revenue that will be earned by JSI and MGPC upon start of or during their commercial operations will be used to pay-off the debt.

As at June 30, 2023 and December 31, 2022, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱14,684.2 million and ₱16,182.3 million, respectively. The Company expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and EPI's solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financing, depending on the financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations driven primarily by changes in global demand and global production of similar and competitive mineral products. This, therefore, required the Group to change the pricing mechanism on the sale of saprolite ore to Japanese customers, which was traditionally linked to London Metal Exchange (LME) prices, to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to the international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter commodity put option contracts.

Foreign Currency Risk

The foreign currency risk results primarily from movements of the peso against the US\$ on transactions in currencies other than the Peso. Such exposure arises mainly from cash and cash equivalents, financial assets in debt and equity securities, long-term debt and sales of beneficiated nickel ore denominated in US\$. Because almost all the revenues are earned in US\$ while most of the expenses

are paid in Peso, appreciation of the Peso against the US\$ effectively reduces the revenue without a corresponding reduction in the expenses and can result in a reduction in the net income. In addition, because a portion of the cash and cash equivalents, financial assets in debt and equity securities and long-term debt are denominated in US\$, the appreciation of the peso against the US dollar reduces the value of the total assets and liabilities in peso terms in the consolidated financial statements. Currently, the Group is not a party to any foreign currency swap agreements and the Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

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

Equity Price Risk

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

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

Seasonality of Operations

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

Off-balance Sheet Arrangements

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

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

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

Known Trends, Events, or Uncertainties

Cancellation of Hinatuan Mining Corporation's (HMC) Mineral Production Sharing Agreement

On February 13, 2017, HMC, a wholly owned subsidiary of the Parent Company, received a letter from the DENR stating that its MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation

of HMC's MPSA.

The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA. During the first half of 2023 and 2022, HMC's tonnage consists of 9% and 7%, respectively, of the Group's total ore sold.

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

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

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

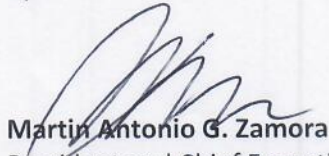
Ratios	Formula	2023	2022
<i>A. Liquidity analysis ratios</i>			
Current ratio or working capital ratio	Current assets / Current liabilities	2.76	2.14
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	2.17	1.68
Solvency ratio	Total assets / Total liabilities	4.17	3.29
<i>B. Financial leverage ratios</i>			
Debt ratio	Total liabilities / Total assets	0.24	0.30
Debt-to-equity ratio	Total liabilities / Total equity	0.32	0.44
Asset-to-equity ratio	Total assets / Total equity	1.32	1.44
Interest coverage ratio	Earnings before interest and taxes / Interest expense	15.45	64.59
<i>C. Profitability ratios</i>			
Net profit margin	Net income / Revenue	0.26	0.45
Return on assets	Net income / Total assets	0.05	0.10
Return on equity	Net income / Total equity	0.07	0.14
Gross profit margin	Sales - Costs / Revenue	0.57	0.68
Price/earnings ratio	Price per share / EPS	46.00	22.50

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **NICKEL ASIA CORPORATION**

By:



Martin Antonio G. Zamora
President and Chief Executive Officer

August 3, 2023



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

August 3, 2023

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at June 30, 2023 and
December 31, 2022

Interim Consolidated Statements of Income for the six-month period ended
June 30, 2023 and 2022

Interim Consolidated Statements of Comprehensive Income for the six-month period ended
June 30, 2023 and 2022

Interim Consolidated Statements of Changes in Equity for the six-month period ended
June 30, 2023 and 2022

Interim Consolidated Statements of Cash Flows for the six-month period ended
June 30, 2023 and 2022

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023
(With Comparative Audited Figures as at December 31, 2022)
(Amounts in Thousands)

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱12,888,833	₱10,809,026
Trade and other receivables (Notes 5 and 29)	3,354,121	2,687,062
Inventories (Note 6)	2,762,526	2,432,224
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	1,318,575	3,361,015
Fair value through other comprehensive income (FVOCI)	503,617	447,975
Amortized cost	50,000	50,000
Prepayments and other current assets	2,145,877	1,167,872
Total Current Assets	23,023,549	20,955,174
Noncurrent Assets		
Property and equipment (Note 8)	16,660,486	13,815,041
Investments in associates (Note 9)	6,425,121	7,147,565
Geothermal exploration and evaluation assets (Note 10)	1,888,400	1,882,318
Financial assets at - net of current portion (Note 7):		
FVTPL	741,590	758,760
Amortized cost	410,000	410,000
Deferred income tax assets - net	335,193	400,605
Other noncurrent assets	4,593,208	4,389,579
Total Noncurrent Assets	31,053,998	28,803,868
TOTAL ASSETS	₱54,077,547	₱49,759,042
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 11 and 29)	₱3,656,590	₱2,207,412
Short-term debts (Note 12)	3,488,958	1,498,266
Income tax payable	549,003	625,319
Current portion of:		
Long-term debt (Notes 12 and 29)	261,115	97,571
Lease liabilities (Note 30)	46,911	7,621
Other current liability	336,731	336,731
Total Current Liabilities	8,339,308	4,772,920
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Notes 12 and 29)	2,153,433	2,119,280
Lease liabilities (Note 30)	747,404	603,548
Deferred income	35,614	37,709
Provision for mine rehabilitation and decommissioning (Note 13)	802,449	791,060
Pension liability	531,137	435,443
Deferred income tax liabilities	371,301	468,263
Total Noncurrent Liabilities	4,641,338	4,455,303
Total Liabilities	12,980,646	9,228,223

(Forward)

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	₱6,985,205	₱6,849,836
Additional paid-in capital	9,112,347	8,271,900
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	851,972	1,400,235
Cost of share-based payment plan (Note 15)	188,866	522,837
Asset revaluation surplus	29,991	30,182
Net valuation losses on financial assets at FVOCI	(3,009)	(5,934)
Retained earnings:		
Unappropriated	18,047,934	18,618,593
Appropriated (Note 14)	135,000	135,000
Treasury stock (Note 14)	(134,014)	(134,014)
	35,214,292	35,688,635
Non-controlling Interests (NCI)	5,882,609	4,842,184
Total Equity	41,096,901	40,530,819
TOTAL LIABILITIES AND EQUITY	₱54,077,547	₱49,759,042

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Thousands, Except Earnings per Share)

	2023	2022
	(Unaudited)	
REVENUES (Notes 28 and 29)		
Sale of ore and limestone	₱5,818,724	₱7,682,098
Services	809,597	244,693
Sale of power	251,184	157,526
	6,879,505	8,084,317
COSTS		
Cost of sales (Note 17)	2,473,690	2,329,529
Services (Note 18)	523,491	115,022
Power generation (Note 19)	131,890	86,828
	3,129,071	2,531,379
OPERATING EXPENSES		
Shipping and loading costs (Note 20)	737,828	711,632
Excise taxes and royalties (Note 21)	540,628	747,977
General and administrative (Note 22)	340,150	327,859
Marketing	24,708	44,655
	1,643,314	1,832,123
FINANCE INCOME (Note 25)	114,115	22,664
FINANCE EXPENSES (Note 26)	(159,735)	(65,506)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	(329,549)	787,611
OTHER INCOME – net (Note 27)	187,684	352,607
INCOME BEFORE INCOME TAX	1,919,635	4,818,191
PROVISION FOR INCOME TAX (Note 31)		
Current	518,836	1,023,857
Deferred	104,101	36,020
	622,937	1,059,877
NET INCOME	₱1,296,698	₱3,758,314
Net income attributable to:		
Equity holders of the parent	₱776,707	₱2,780,973
NCI	519,991	977,341
	₱1,296,698	₱3,758,314
Basic/Diluted Earnings Per Share (EPS; Note 16)	₱0.06	₱0.20

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Thousands, Except Earnings per Share)

	2023	2022
	(Unaudited)	
REVENUES (Notes 28 and 29)		
Sale of ore and limestone	₱9,365,594	₱11,065,099
Services	1,081,807	415,448
Sale of power	474,478	296,905
	10,921,879	11,777,452
COSTS		
Cost of sales (Note 17)	3,699,022	3,416,464
Services (Note 18)	699,922	189,539
Power generation (Note 19)	252,982	183,417
	4,651,926	3,789,420
OPERATING EXPENSES		
Shipping and loading costs (Note 20)	911,917	865,528
Excise taxes and royalties (Note 21)	770,593	965,704
General and administrative (Note 22)	660,028	595,383
Marketing	24,708	44,655
	2,367,246	2,471,270
FINANCE INCOME (Note 25)	223,275	42,969
FINANCE EXPENSES (Note 26)	(283,114)	(126,826)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 9)	(77,429)	1,092,792
OTHER INCOME – net (Note 27)	96,958	378,867
INCOME BEFORE INCOME TAX	3,862,397	6,904,564
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 31)		
Current	1,010,375	1,603,266
Deferred	65,202	(44,138)
	1,075,577	1,559,128
NET INCOME	₱2,786,820	₱5,345,436
Net income attributable to:		
Equity holders of the parent	₱1,746,395	₱3,834,831
NCI	1,040,425	1,510,605
	₱2,786,820	₱5,345,436
Basic/Diluted EPS (Note 16)	₱0.13	₱0.28

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Thousands)

	2023	2022
	(Unaudited)	
NET INCOME	₱2,786,820	₱5,345,436
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	(548,263)	408,316
Net valuation gains (losses) on financial assets at FVOCI	2,925	(6,050)
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	(545,338)	402,266
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(191)	(191)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	(545,529)	402,075
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱2,241,291	₱5,747,511
Total comprehensive income attributable to:		
Equity holders of the parent	₱1,200,866	₱4,236,906
NCI	1,040,425	1,510,605
	₱2,241,291	₱5,747,511

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent									Total	NCI	Total
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 15)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Retained Earnings		Treasury Stock (Note 14)			
						Unappropriated	Appropriated (Note 14)					
Balances at December 31, 2022	₱6,849,836	₱8,271,900	₱1,400,235	₱522,837	₱30,182	(₱5,934)	₱18,618,593	₱135,000	(₱134,014)	₱35,688,635	₱4,842,184	₱40,530,819
Net income	-	-	-	-	-	-	1,746,395	-	-	1,746,395	1,040,425	2,786,820
Other comprehensive income (loss)	-	-	(548,263)	-	(191)	2,925	-	-	-	(545,529)	-	(545,529)
Total comprehensive income (loss)	-	-	(548,263)	-	(191)	2,925	1,746,395	-	-	1,200,866	1,040,425	2,241,291
Issuance of shares upon exercise of stock options	135,369	840,447	-	(333,971)	-	-	-	-	-	641,845	-	641,845
Cash dividends - ₱0.17 per share	-	-	-	-	-	-	(2,317,245)	-	-	(2,317,245)	-	(2,317,245)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	191	-	-	191	-	191
Balances at June 30, 2023 (Unaudited)	₱6,985,205	₱9,112,347	₱851,972	₱188,866	₱29,991	(₱3,009)	₱18,047,934	₱135,000	(₱134,014)	₱35,214,292	₱5,882,609	₱41,096,901

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION
17-Q Quarterly Report
June 30, 2023

	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 14)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings		Treasury Stock (Note 14)				
						Unappropriated	Appropriated (Note 14)						
Balances at December 31, 2021	₱6,849,836	₱8,271,900	₱599,215	₱473,442	₱30,565	₱3,363	₱16,710,460	₱135,000	(₱134,014)	₱32,939,767	₱3,389,433	₱36,329,200	
Net income	–	–	–	–	–	–	3,834,831	–	–	3,834,831	1,510,605	5,345,436	
Other comprehensive income (loss)	–	–	408,316	–	(191)	(6,050)	–	–	–	402,075	–	402,075	
Total comprehensive income (loss)	–	–	408,316	–	(191)	(6,050)	3,834,831	–	–	4,236,906	1,510,605	5,747,511	
Cost of share-based payment plan	–	–	–	6,235	–	–	–	–	–	6,235	–	6,235	
Cash dividends - ₱0.22 per share	–	–	–	–	–	–	(2,998,787)	–	–	(2,998,787)	–	(2,998,787)	
Cash dividends to NCI	–	–	–	–	–	–	–	–	–	–	(925,000)	(925,000)	
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	191	–	–	191	–	191	
Balances at June 30, 2022 (Unaudited)	₱6,849,836	₱8,271,900	₱1,007,531	₱479,677	₱30,374	(₱2,687)	₱17,546,695	₱135,000	(₱134,014)	₱34,184,312	₱3,975,038	₱38,159,350	

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Amounts in Thousands)

	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱3,862,397	₱6,904,564
Adjustments for:		
Depreciation, amortization, and depletion (Notes 8 and 24)	921,867	813,583
Interest expense (Notes 12 and 26)	226,977	71,777
Interest income (Note 25)	(223,275)	(42,969)
Equity in net loss (income) of associates (Note 9)	77,429	(1,092,792)
Movements in:		
Pension liability	68,501	52,015
Deferred income	(2,095)	(2,095)
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 27)	(27,265)	509,122
Sale of property and equipment (Note 27)	(13,683)	(262)
Write-off of input Value Added Tax (VAT; Note 27)	-	30,177
Sale of financial assets at FVOCI (Note 27)	-	1,609
Accretion of interest on:		
Lease liabilities (Notes 26 and 30)	28,945	27,322
Provision for mine rehabilitation and decommissioning (Notes 13 and 26)	11,389	9,321
Long-term payable (Note 26)	-	153
Dividend income (Notes 7 and 27)	(19,698)	(28,145)
Unrealized foreign exchange gains - net	(9,813)	(176,036)
Provisions (reversals of allowance) for impairment losses on (Note 27):		
Advances to suppliers	2,791	-
Inventories	-	(11,375)
Input VAT	-	8,092
Deferred mine exploration cost	-	630
Cost of share-based payment plan (Note 23)	-	6,235
Operating income before working capital changes	4,904,467	7,080,926
Increase in:		
Prepayments and other current assets	(980,796)	(444,341)
Trade and other receivables	(654,288)	(1,263,706)
Inventories	(330,302)	(140,802)
Trade and other payables	1,439,140	784,269
Net cash generated from operations	4,378,221	6,016,346
Income taxes paid	(1,086,691)	(1,441,623)
Net cash flows from operating activities	3,291,530	4,574,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	(3,587,722)	(862,687)
Financial assets at (Note 7):		
FVTPL	(437,337)	(1,713,142)
FVOCI	(86,765)	(502,458)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVTPL	2,515,241	1,977,297
FVOCI	34,048	1,084,683
Property and equipment	13,692	271
Interest received	224,614	45,540

(Forward)

NICKEL ASIA CORPORATION
17-Q Quarterly Report
June 30, 2023

	2023	2022
	(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in:		
Other noncurrent assets	(P211,080)	(P299,282)
Geothermal exploration and evaluation assets	(6,082)	(26,662)
Dividends received	19,955	283,053
Net cash flows used in investing activities	(1,521,436)	(13,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(2,317,245)	(4,973,787)
Interest	(176,427)	(52,331)
Long-term debts	(136,840)	(120,844)
Principal portion of lease liabilities (Note 30)	(32,313)	(29,921)
Proceeds from availment of:		
Short-term debts, net of debt issue costs	1,980,693	–
Long-term debts, net of debt issue costs	350,000	1,370,896
Proceeds from exercise of stock options	641,845	–
Net cash flows from (used in) financing activities	309,713	(3,805,987)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,079,807	755,349
CASH AND CASH EQUIVALENTS AT JANUARY 1	10,809,026	10,826,806
CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)	P12,888,833	P11,582,155

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

Nickel Asia Corporation (NAC; Ultimate Parent Company, Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Parent Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals and in the business of generation, transmission, distribution and supply of electricity to cities and other localities and to the public in general.

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

The Subsidiaries

Hinatuan Mining Corporation (HMC)

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

Cagdianao Mining Corporation (CMC)

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

Dinapigue Mining Corporation (DMC)

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

Samar Nickel Mining Resources Corporation (SNMRC)

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

CDTN Services Company Inc. (CDTN)

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

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

Coral Pearl Developments Limited (CPDL)

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

La Costa Shipping and Lighterage Corporation (LCSLC)

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

Falck Exp Inc. (FEI)

FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at August 3, 2023, FEI is still waiting for the approval of the SEC.

Cordillera Exploration Co., Inc. (CExCI)

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

Newminco Pacific Mining Corporation (Newminco)

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

Taganito Mining Corporation

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

Rio Tuba Nickel Mining Corporation (RTN)

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

Emerging Power Inc. (EPI)

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

Mindoro Geothermal Power Corporation (MGPC)

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

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

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

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

Biliran Holdings Inc. (BHI)

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

Northern Palawan Power Generation Corporation (NPPGC)

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

Jobin-SQM, Inc. (JSI)

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

In January 2019, JSI received the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) for Phases 1 and 2 - 32MW of the Solar Project, valid for a period of five (5) years from November 2016 to November 2021 until revoked or suspended. The COC was issued after the authorization was granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Project to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018. Pursuant to JSI's COC renewal applications, the ERC extended the Provisional Authority to Operate (PAO) until November 2023 for Phases 1 and 2, and until June 2023 for Phase 3A - 30MW.

In June 2022, JSI completed the Phase 3B - 38MW of the Solar Project and it applied for a provisional certificate of approval to connect. The PAO for JSI's Phase 3B - 38MW was granted in November 2022 and valid for a period of one (1) year or until November 2023.

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

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

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

Greenlight Renewables Holdings Inc. (GRHI)

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

Biliran Geothermal Inc. (BGI)

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

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

The unaudited interim condensed consolidated financial statements as at June 30, 2023 and December 31, 2022 and for the six-month period ended June 30, 2023 and 2022, were authorized for issuance by the Parent Company's BOD on August 3, 2023.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

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

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

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

Basis of Consolidation

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

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2023	June 30, 2022
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
CDTN	Philippines	Services	100.00%	100.00%
CPDL	BVI	Services	100.00%	100.00%
LCSLC ^(a)	Philippines	Services	100.00%	100.00%
FEI ^(b)	Philippines	Mining	88.00%	88.00%
		Renewable Energy		
EPI	Philippines	Developer	86.29%	86.29%
		Renewable Energy		
MGPC ^(c)	Philippines	Developer	86.29%	86.29%
BHI ^(c)	Philippines	Services	86.29%	86.29%
NPPGC ^(c)	Philippines	Power Generation	86.29%	86.29%
JSI ^(d)	Philippines	Power Generation	82.87%	82.87%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco ^(e)	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining	60.00%	60.00%
GRHI ^(c,f)	Philippines	Services	51.77%	–
BGI ^(c,g)	Philippines	Power Generation	–	51.77%

(Forward)

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2023	June 30, 2022
<i>Associates</i>				
BGI ^(c,g)	Philippines	Power Generation	38.83%	–
Coral Bay Nickel Corporation (CBNC; see Note 9)	Philippines	Manufacturing	15.62%	10.00%
THNC	Philippines	Manufacturing	10.00%	10.00%

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

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

Subsidiaries

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

The Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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

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

NCI

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

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

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

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

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

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

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

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

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

Standards and Interpretations Issued but not yet Effective

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred Effectivity

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

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

3. Seasonality of Operations

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

4. Cash and Cash Equivalents

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and with banks	₱3,163,555	₱2,056,702
Cash equivalents	9,706,017	8,663,632
Cash under managed funds	19,261	88,692
	₱12,888,833	₱10,809,026

5. Trade and Other Receivables

Trade and other receivables amounting to ₱33.7 million and ₱33.8 million as at June 30, 2023 and December 31, 2022, respectively, were impaired and fully provided for with allowance for expected credit losses (ECL).

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

June 30, 2023 (Unaudited)	Neither Past Due Nor Impaired (30 days)	Past Due But Not Impaired (31-180 days)	Past Due and Individually Impaired (> 180 days)	Total
Trade and other receivables:				
Trade (see Note 29)	₱2,533,036	₱147,001	₱21,103	₱2,701,140
Amounts owed by related parties (see Note 29)	194,670	-	4,228	198,898
Advances to officers and employees	68,443	3,555	193	72,191
Interest receivable	22,172	-	-	22,172
Dividend receivables	31	-	-	31
Others	296,501	88,712	8,191	393,404
Total	₱3,114,853	₱239,268	₱33,715	₱3,387,836

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

6. Inventories

As at June 30, 2023 and December 31, 2022, inventories amounting to ₱58.1 million were assessed to be impaired and were provided for with allowance for impairment losses. For the six months ended June 30, 2023 and 2022, the reversals of allowance for impairment losses on inventories amounted to nil and ₱11.4 million, respectively, and there was no provision for impairment losses on inventories.

As at June 30, 2023 and December 31, 2022, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to nil while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱500.2 million and ₱492.3 million, respectively.

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

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	₱1,095,378	₱503,617	₱460,000	₱2,713,653	₱447,975	₱460,000
Equity securities	450,481	-	-	891,816	-	-
Unquoted equity instruments	514,306	-	-	514,306	-	-
	₱2,060,165	₱503,617	₱460,000	₱4,119,775	₱447,975	₱460,000

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

The movements in financial assets follow:

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Balances at January 1	₱4,119,775	₱447,975	₱460,000	₱5,997,893	₱1,122,284	₱460,000
Additions	437,337	86,765	-	3,643,300	550,113	-
Disposals	(2,515,241)	(34,048)	-	(5,093,617)	(1,215,125)	-
Effect of changes in foreign exchange rate	(8,971)	-	-	65,502	-	-
Net valuation gains (losses) on financial assets	27,265	2,925	-	(493,303)	(9,297)	-
Balances at end of period	2,060,165	503,617	460,000	4,119,775	447,975	460,000
Less noncurrent portion	741,590	-	410,000	758,760	-	410,000
Current portion	₱1,318,575	₱503,617	₱50,000	₱3,361,015	₱447,975	₱50,000

For the six months ended June 30, 2023 and 2022, dividend income from equity securities amounted to ₱19.7 million and ₱28.1 million, respectively (see Note 27), while interest income from debt securities amounted to ₱14.8 million and ₱19.4 million, respectively (see Note 25).

8. Property and Equipment

During the six-month period ended June 30, 2023 and 2022, the Group acquired assets with a cost of ₱3,587.7 million and ₱862.7 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the six months ended June 30, 2023 and 2022 amounted to ₱914.2 million and ₱783.5 million, respectively (see Note 24).

Except for the property and equipment pledged as collateral for the loans of JSI with Industrial and Commercial Bank of China (ICBC) and Security Bank Corporation (SBC), there were no other property and equipment pledged as collateral for the Group's borrowings as at June 30, 2023 and December 31, 2022 (see Note 12).

9. Investments in Associates

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
THNC	₱3,509,221	₱3,922,385
CBNC	2,914,838	3,223,757
BGI	1,062	1,423
	₱6,425,121	₱7,147,565

The movements in investments in associates follow:

	June 30, 2023 (Unaudited)				December 31, 2022 (Audited)			
	THNC	CBNC	BGI	Total	THNC	CBNC	BGI	Total
Balances at January 1	₱1,974,700	₱2,254,722	₱1,384	₱4,230,806	₱1,974,700	₱724,410	₱-	₱2,699,110
Acquisitions	-	-	-	-	-	1,530,312	-	1,530,312
Reclassification	-	-	-	-	-	-	1,384	1,384
	1,974,700	2,254,722	1,384	4,230,806	1,974,700	2,254,722	1,384	4,230,806
Accumulated equity in net earnings (losses):								
Balances at January 1	1,144,949	124,436	39	1,269,424	392,588	(65,307)	-	327,281
Equity in net income (loss)	110,525	(187,593)	(361)	(77,429)	752,361	189,743	39	942,143
	1,255,474	(63,157)	(322)	1,191,995	1,144,949	124,436	39	1,269,424
Share in cumulative translation adjustment:								
Balances at January 1	802,736	844,599	-	1,647,335	536,817	249,346	-	786,163
Movements	(523,689)	(121,326)	-	(645,015)	265,919	595,253	-	861,172
	279,047	723,273	-	1,002,320	802,736	844,599	-	1,647,335
Balances at end of period	₱3,509,221	₱2,914,838	₱1,062	₱6,425,121	₱3,922,385	₱3,223,757	₱1,423	₱7,147,565

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱150.3 million and ₱247.1 million as at June 30, 2023 and December 31, 2022, respectively.

THNC

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

The net assets and Parent Company's share in cumulative translation adjustment of THNC amounted to ₱37,580.4 million and ₱237.2 million, respectively, as at June 30, 2023, and ₱36,842.8 million and ₱682.3 million, respectively, as at December 31, 2022. For the six months ended June 30, 2023 and 2022, the results of THNC's operations were net income of

₱1,105.3 million and ₱7,738.3 million, respectively, and the Parent Company's equity in net income of THNC amounted to ₱110.5 million and ₱773.8 million, respectively.

CBNC

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

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

The net assets and Parent Company's share in cumulative translation adjustment of CBNC amounted to ₱30,587.5 million and ₱614.8 million, respectively, as at June 30, 2023, and ₱32,106.8 million and ₱717.9 million, respectively, as at December 31, 2022. For the six months ended June 30, 2023 and 2022, the results of CBNC's operations were net loss of ₱1,200.6 million and net income of ₱3,189.6 million, respectively, and the Parent Company's equity in CBNC amounted to ₱187.6 million loss and ₱319.0 million income, respectively.

BGI

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

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

The net liabilities of BGI amounted to ₱440.5 million and ₱439.7 million as at June 30, 2023 and December 31, 2022, respectively. For the six months ended June 30, 2023 and 2022, the Parent Company's equity in net loss of BGI amounted to ₱0.4 million and nil, respectively.

10. Geothermal Exploration and Evaluation Assets

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

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

11. Trade and Other Payables

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

12. Short-term and Long-term Debts

Short-term debts

SBC

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

Details of the drawdowns are as follows:

Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
		5.00% to 7.750%*		
July 8, 2022	July 3, 2023	7.750%*	₱300,000	₱2,220
August 26, 2022	July 28, 2023	5.50% to 7.75%*	1,200,000	8,285
February 10, 2023	February 5, 2024	7.00% to 7.75%*	1,500,000	11,096
March 31, 2023	March 25, 2024	7.75%*	500,000	3,699
			₱3,500,000	₱25,300

* subject to monthly repricing

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	₱1,500,000	₱1,500,000
Drawdowns	2,000,000	–
	3,500,000	1,500,000
Less unamortized debt issue cost	(11,042)	(1,734)
Balances at end of period	₱3,488,958	₱1,498,266

The interest incurred in connection with the short-term debts with SBC amounted to ₱119.6 million and ₱39.5 million for the six months ended June 30, 2023 and 2022, respectively (see Note 26).

There were no capitalized borrowing costs pertaining to short-term debts for the six months ended June 30, 2023 and 2022.

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

Long-term debts

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
JSI	₱1,641,748	₱1,387,496
TMC	772,800	829,355
	2,414,548	2,216,851
Less noncurrent portion:		
JSI	1,477,233	1,387,496
TMC	676,200	731,784
	2,153,433	2,119,280
Current portion	₱261,115	₱97,571

JSI Loans

ICBC and SBC

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

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

Details of the drawdown follows:

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

¹ Fixed interest rate for two (2) years covering June 28, 2022 to June 28, 2024.

² Fixed interest rate for two (2) years covering April 28, 2023 to April 28, 2025.

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

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

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

- 1) Debt service coverage ratio (DSCR) is at least equal to the maintenance DSCR, subject to testing at each DSCR testing date;

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

As at June 30, 2023 and December 31, 2022, JSI has been compliant with the covenants contained in the OLSA.

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	P1,240,500	P-
Drawdowns	350,000	1,250,000
Payments	(65,250)	(9,500)
	1,525,250	1,240,500
Less unamortized debt issue cost	(25,837)	(28,844)
Balances at end of period	1,499,413	1,211,656
Less noncurrent portion	1,334,898	-
Current portion	P164,515	P1,211,656

The interest incurred in connection with the long-term debts with ICBC and SBC amounted to P48.6 million and P0.5 million, for which the capitalized borrowing costs amounted to nil and P0.5 million, for the six months ended June 30, 2023 and 2022, respectively (see Note 26).

TBEA

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

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

Details of the drawdowns are as follows:

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	₱176,808	₱109,116
Drawdowns	–	150,763
Payments	(33,817)	(83,071)
	142,991	176,808
Less unamortized debt issue cost	(656)	(968)
Balances at end of period	₱142,335	₱175,840

For the six months ended June 30, 2023 and 2022, the interest incurred in connection with the long-term debts with TBEA amounted to ₱4.5 million and ₱6.2 million, respectively, of which nil and ₱6.2 million, respectively, pertain to capitalized borrowing costs (see Notes 26 and 29).

TMC Loan

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

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

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

necessary to perform the obligations. As at June 30, 2023 and December 31, 2022, TMC is in compliance with the restrictions.

Interest expense for the six months ended June 30, 2023 and 2022 amounted to ₱27.0 million and ₱11.8 million, respectively (see Notes 26 and 29).

13. Provision for Mine Rehabilitation and Decommissioning

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

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

For the six months ended June 30, 2023 and 2022, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱11.4 million and ₱9.3 million, respectively (see Note 26).

14. Equity

Capital Stock

The capital structure of the Parent Company follows:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,956,009,550 shares* as at		
June 30, 2023 and 13,685,272,117 shares		
as at December 31, 2022		
Outstanding - 13,901,587,550 shares* as at		
June 30, 2023 and 13,630,850,117 shares		
as at December 31, 2022	₱6,978,005	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱6,985,205	₱6,849,836

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

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

Issued Capital Stock

As at June 30, 2023 and December 31, 2022, a total of 6,622,815,206 common shares and 3,852,936,213 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-nine (89) and ninety-five (95) shareholders, respectively, while the balance of 7,278,772,344 common shares and 9,777,913,904 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

Cost of Share-based Payment Plan

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

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

Dividends

Dividends declared and paid by the Parent Company follows:

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

Appropriation of Retained Earnings

Parent Company

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

Treasury Stock

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

15. Executive Stock Option Plan

2018 ESOP

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

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

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

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

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

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

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

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

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

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	₱522,837	₱473,442
Cost of share-based payment recognized as capital upon exercise	(333,971)	–
Stock option expense	–	49,395
Balances at end of period	₱188,866	₱522,837

As at June 30, 2023, there were a total of 270,737,433 shares of stock options exercised. The weighted average stock price at exercise date of the options was ₱6.41 per share.

16. Earnings Per Share

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

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	₱1,746,395	₱3,834,831
b. Weighted average number of common shares for basic EPS (in thousands)	13,762,662	13,630,850
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	13,780,769	13,630,850
Basic/Diluted EPS	₱0.13	₱0.28

The diluted EPS after the exercise of stock options, between June 30, 2023, the end of the financial reporting period, and the date of authorization of the consolidated financial statements, is ₱0.13.

17. Cost of Sales

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Cost of sale of:		
Ore	₱3,638,292	₱3,340,142
Limestone	60,730	76,322
	₱3,699,022	₱3,416,464

Details of cost of sales follow:

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Production overhead	₱1,885,098	₱1,584,805
Outside services	804,610	705,983
Personnel costs (see Note 23)	750,034	664,290
Depreciation, amortization and depletion (see Note 24)	514,937	450,902
	3,954,679	3,405,980
Net changes in beneficiated nickel ore and limestone	(255,657)	10,484
	₱3,699,022	₱3,416,464

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

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

18. Cost of Services

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Outside services	₱478,993	₱28,386
Depreciation (see Note 24)	66,121	53,190
Personnel costs (see Note 23)	65,835	53,267
Overhead	55,207	37,447
Equipment operating cost	33,766	17,249
	₱699,922	₱189,539

19. Cost of Power Generation

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Depreciation and amortization (see Note 24)	₱175,538	₱132,432
Overhead	29,358	23,895
Outside services	24,249	12,575
Personnel costs (see Note 23)	14,040	11,393
Materials and supplies	9,797	3,122
	₱252,982	₱183,417

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

20. Shipping and Loading Costs

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Outside services	₱539,172	₱496,253
Materials and supplies	227,060	223,637
Depreciation and amortization (see Note 24)	72,251	74,663
Personnel costs (see Note 23)	50,808	52,922
Other services and fees	22,626	18,053
	₱911,917	₱865,528

21. Excise Taxes and Royalties

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Royalties	₱395,969	₱523,029
Excise taxes	374,624	442,675
	₱770,593	₱965,704

22. General and Administrative Expenses

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Personnel costs (see Note 23)	₱239,312	₱217,144
Taxes and licenses	99,196	67,408
Depreciation and amortization (see Note 24)	65,654	98,478
Outside services	57,862	41,484
Professional fees	30,825	31,055
Publicity and promotions	25,501	13,235
Donation	25,000	20,131
Transportation and travel	24,185	14,049
Dues and subscriptions	23,325	17,626
Supplies	14,303	27,611
Communications, light and water	5,951	8,684
Rentals	5,559	501
Entertainment, amusement, and recreation	4,399	5,765
Repairs and maintenance	2,117	3,417
Others	36,839	28,795
	₱660,028	₱595,383

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

23. Personnel Costs

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Salaries, wages and employee benefits	₱1,120,029	₱ 992,781
Cost of share-based payment plan	–	6,235
	₱1,120,029	₱999,016

The amounts of personnel costs are distributed as follows:

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Cost of :		
Sales (see Note 17)	₱750,034	₱664,290
Services (see Note 18)	65,835	53,267
Power generation (see Note 19)	14,040	11,393
General and administrative (see Note 22)	239,312	217,144
Shipping and loading costs (see Note 20)	50,808	52,922
	₱1,120,029	₱999,016

24. Depreciation, Amortization and Depletion

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

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Cost of:		
Sales (see Note 17)	₱514,937	₱450,902
Power generation (see Note 19)	175,538	132,432
Services (see Note 18)	66,121	53,190
Shipping and loading costs (see Note 20)	72,251	74,663
General and administrative (see Note 22)	65,654	98,478
Others	27,366	3,918
	₱921,867	₱813,583

The above is distributed as follows:

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Property and equipment (see Note 8)	₱914,242	₱783,453
Computer software under "Other noncurrent assets"	7,625	30,130
	₱921,867	₱813,583

25. Finance Income

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	₱205,038	₱18,999
Financial assets at (see Note 7):		
FVOCI	7,928	10,936
Amortized cost	6,888	6,888
FVTPL	–	1,546
Short-term cash investments	2,731	–
Negotiable instruments	650	695
Loans	40	3,905
	₱223,275	₱42,969

26. Finance Expenses

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 12)	₱119,636	₱39,537
Long-term debts (see Notes 12 and 29)	80,141	11,772
Pension	27,194	20,468
Others	6	–
Accretion of interest on:		
Lease liabilities (see Note 30)	28,945	27,322
Provision for mine rehabilitation and decommissioning (see Note 13)	11,389	9,321
Long-term payable	–	153
Guarantee service fee (see Note 29)	15,803	18,253
	₱283,114	₱126,826

27. Other Income (Charges) - Net

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Foreign exchange gains (losses) - net	(₱71,084)	₱863,480
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	27,265	(509,122)
Sale of property and equipment	13,683	262
Write-off of input VAT	–	(30,177)
Sale of financial assets at FVOCI	–	(1,609)
Rentals and accommodations	31,861	28,626
Dividend income (see Note 7)	19,698	28,145
Trust fee	(5,554)	(13,243)
Reversals of allowance (provisions) for impairment losses on:		
Advances to suppliers	(2,791)	–
Inventories (see Note 6)	–	11,375
Input VAT	–	(8,092)
Deferred mine exploration cost	–	(630)
Others	83,880	9,852
	₱96,958	₱378,867

28. Revenue from Contracts with Customers

Disaggregated Revenue Information

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

	For the six-month period ended June 30, 2023 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	P5,626,791	P3,557,432	P103,141	P9,287,364
Limestone	-	78,230	-	78,230
	P5,626,791	P3,635,662	P103,141	P9,365,594

	For the six-month period ended June 30, 2022 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 29):				
Ore	P6,368,674	P4,052,442	P545,475	P10,966,591
Limestone	-	98,508	-	98,508
	P6,368,674	P4,150,950	P545,475	P11,065,099

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Services (see Note 29)		
Materials handling	P1,081,807	P415,448
Sale of power		
Solar	P390,627	P216,293
Diesel	16,681	13,442
	P407,308	P229,735

29. Related Party Transactions

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

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	June 30, 2023	June 30, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		
<i>Stockholders</i>												
Pacific Metals Co., Ltd.												
Sale of ore	₱103,141	₱545,475	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	80% to 90% upon receipt of documents and 10% to 20% after the final dry weight and applicable assay have been determined; noninterest-bearing	A
Despatch and other income (charges) - net	(599)	1,592	-	-	599	-	-	-	-	-	Collectible/payable on demand; noninterest-bearing	A
SMM												
Guarantee service fee (see Note 26)	15,803	18,253	-	-	8,824	9,588	-	-	-	-	Every twenty first (21st) of February, March, August and September	A
<i>With Common Stockholders</i>												
Manta Equities, Inc.												
Rentals, dues and utilities	17,167	22,899	-	-	218	453	-	-	-	-	Payable upon billing; noninterest-bearing	A
Short-term advances	-	37	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	A
<i>Associates</i>												
CBNC												
Sale of ore and limestone	1,518,185	1,736,983	392,025	751,724	-	-	-	-	-	-	Thirty (30) days term; noninterest-bearing	A
Materials handling	837,961	190,203	491,226	110,862	-	-	-	-	-	-	Fifteen (15) days term; noninterest-bearing	A
Infralase and throughput	2,875	-	32,985	19,328	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	A
Other income	33,534	23,309	52,796	72,169	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	A

(Forward)

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	June 30, 2023	June 30, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		
THNC												
Sale of ore	₱2,113,506	₱2,402,568	₱343,174	₱442,021	₱–	₱–	₱–	₱–	₱–	₱–	Thirty (30) days term, noninterest-bearing	A
Rendering of service	70,429	59,120	39,524	31,221	–	–	–	–	–	–	Semi-annual term; noninterest-bearing	A
Materials handling	162,817	149,894	26,457	28,693	–	–	–	–	–	–	Fifteen (15) days term; noninterest-bearing	A
Rental income	3,531	3,531	–	–	–	–	–	–	–	–	Collectible on demand; noninterest bearing	A
Loan facility	–	–	–	–	–	–	–	–	772,800	829,355	Principal is payable in semi-annual installments; interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	B
Interest expense on long-term debt (see Notes 12 and 26)	27,008	11,772	–	–	10,829	10,252	–	–	–	–	Payable semi-annually on April 10 and October 10	A
Short-term advances	–	–	–	–	–	–	801	1,559	–	–	Collectible/ payable upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at June 30, 2023 and December 31, 2022	A
BGI												
Short-term advances	–	–	–	–	–	–	193,869	173,680	–	–	Collectible upon billing; noninterest-bearing	A

(Forward)

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Long-term Debts (see Note 12)		Terms	Conditions
	June 30, 2023	June 30, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		
<i>Affiliates</i>												
TBEA												
Loan facility	₱-	₱149,632	₱-	₱-	₱-	₱-	₱-	₱-	₱142,335	₱175,840	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5.00% p.a.	A
Interest expense on long-term debt (see Notes 12 and 26)	4,493	6,194	-	-	2,210	2,259	-	-	-	-	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	A
			₱1,378,187	₱1,456,018	₱22,680	₱22,552	₱194,670	₱175,239	₱915,135	₱1,005,195		

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

Terms and Conditions of Transactions with Related Parties

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

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the six months ended June 30, 2023 and 2022 amounted to about ₱195.2 million and ₱169.1 million, respectively.

30. Leases

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Lease liabilities	₱794,315	₱611,169
Less noncurrent portion	747,404	603,548
Current portion	₱46,911	₱7,621

The rollforward analysis of lease liabilities follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at January 1	₱611,169	₱613,944
Addition	186,514	2,222
Accretion of interest (see Note 26)	28,945	54,742
Payments	(32,313)	(59,739)
Balances at end of period	₱794,315	₱611,169

For the six months ended June 30, 2023 and 2022, accretion of interest on lease liabilities amounted to ₱28.9 million and ₱27.3 million, respectively (see Note 26), while the amortization of ROU assets included in "Property and equipment" amounted to ₱24.8 million and ₱21.2 million, respectively.

31. Income Taxes

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

	For the six-month period ended June 30	
	2023	2022
	(Unaudited)	
Current	₱1,010,375	₱1,603,266
Deferred	65,202	(44,138)
	₱1,075,577	₱1,559,128

32. Financial Instruments

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

Cash and Cash Equivalents and Short-term Cash Investments

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

Trade and Other Receivables, Trade and Other Payables and Short-term Debts

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

Financial Assets at FVTPL and at FVOCI

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

Financial Assets at Amortized Cost

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

Mine Rehabilitation Fund (MRF), Restricted Cash, Social Development Management Program (SDMP) Funds and Negotiable Instruments

The carrying amounts of MRF, restricted cash and SDMP funds approximate their fair values since they are restricted cash with banks, which earn interest based on prevailing market rates repriced monthly. The negotiable instruments also approximate its fair value since it earns interest based on published cash investment rates.

Loan Receivable

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

Long-term Debts

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

Fair Value Hierarchy of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

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

	June 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value:						
<i>Financial assets at:</i>						
FVTPL	P1,549,244	P-	P510,921	P3,608,854	P-	P510,921
FVOCI	503,617	-	-	447,975	-	-
	P2,052,861	P-	P510,921	P4,056,829	P-	P510,921

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

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

33. Business Segment Information

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

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

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

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

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

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

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

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

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

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

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	June 30, 2023 (Unaudited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others		
External customers	P834,757	P705,945	P4,269,244	P3,457,800	P97,848	P390,627	P83,851	P1,081,807	P-	P-	P-	P10,921,879
Inter-segment revenues	-	-	-	-	-	-	-	25,218	-	251,264	(276,482)	-
Total revenues	834,757	705,945	4,269,244	3,457,800	97,848	390,627	83,851	1,107,025	-	251,264	(276,482)	10,921,879
Cost of sales	388,419	510,079	1,690,012	1,038,127	72,385	-	-	-	-	-	-	3,699,022
Cost of services	-	-	-	-	-	-	-	699,922	-	-	-	699,922
Cost of power generation	-	-	-	-	-	197,149	55,833	-	-	-	-	252,982
Shipping and loading costs	120,264	177,516	421,121	147,344	44,190	-	-	-	1,482	-	-	911,917
Excise taxes and royalties	75,128	90,758	426,925	172,890	4,892	-	-	-	-	-	-	770,593
Marketing	-	24,708	-	-	-	-	-	-	-	-	-	24,708
Segment operating earnings (loss)	P250,946	(P97,116)	P1,731,186	P2,099,439	(P23,619)	P193,478	P28,018	P407,103	(P1,482)	P251,264	(P276,482)	P4,562,735
General and administrative	P18,334	P42,177	P48,493	P59,252	P18,088	P105,296	P-	P37,388	P-	P331,000	P-	P660,028
Finance income	P2,556	P14,682	P26,130	P54,190	P540	P29,243	P688	P956	P-	P94,290	P-	P223,275
Finance expenses	P1,363	P2,511	P19,510	P11,875	P6	P200,286	P6	P27,008	P-	P20,549	P-	P283,114
Provision for (benefit from) income tax	P49,467	P406	P412,076	P487,482	(P568)	P9,322	P-	P-	(P371)	P117,763	P-	P1,075,577
Net income (loss) attributable to equity holders of the parent	P150,705	(P160,480)	P763,455	P868,461	(P40,036)	(P56,730)	P28,700	P238,306	P-	(P45,986)	P-	P1,746,395
Segment assets	P2,137,993	P2,320,004	P10,129,190	P6,312,542	P2,676,633	P15,793,224	P703,738	P948,934	P18,039	P12,702,057	P-	P53,742,354
Deferred income tax assets - net	27,556	41,301	31,000	111,451	82,142	1,047	-	-	-	40,696	-	335,193
Total assets	P2,165,549	P2,361,305	P10,160,190	P6,423,993	P2,758,775	P15,794,271	P703,738	P948,934	P18,039	P12,742,753	P-	P54,077,547
Segment liabilities	P755,172	P783,432	P2,584,433	P1,293,996	P251,454	P6,081,595	P16,449	P294,969	P-	P547,845	P-	P12,609,345
Deferred income tax liabilities	-	-	-	65,716	135,251	14,818	-	-	4,371	151,145	-	371,301
Total liabilities	P755,172	P783,432	P2,584,433	P1,359,712	P386,705	P6,096,413	P16,449	P294,969	P4,371	P698,990	P-	P12,980,646
<i>Other segment information:</i>												
Capital expenditures	P521,305	P140,840	P829,346	P415,985	P305,446	P1,430,185	P661	P3,989	P-	P126,479	P-	P3,774,236
Depreciation, amortization and depletion	P83,438	P65,720	P372,052	P121,954	P42,475	P150,732	P27,704	P17,732	P1,482	P38,578	P-	P921,867

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	December 31, 2022 (Audited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others		
External customers	₱2,167,768	₱3,823,653	₱12,461,000	₱6,756,563	₱530,027	₱609,518	₱163,930	₱1,490,691	₱-	₱-	₱-	₱28,003,150
Inter-segment revenues	-	-	-	-	-	-	-	6,212	-	994,971	-	(1,001,183)
Total revenues	2,167,768	3,823,653	12,461,000	6,756,563	530,027	609,518	163,930	1,496,903	-	994,971	(1,001,183)	28,003,150
Cost of sales	830,506	1,285,246	3,248,695	2,299,509	267,033	-	-	-	-	-	-	7,930,989
Cost of services	-	-	-	-	-	-	-	902,235	-	-	-	902,235
Cost of power generation	-	-	-	-	-	305,853	98,040	-	-	-	-	403,893
Shipping and loading costs	284,128	514,338	963,448	249,917	147,062	-	-	-	2,965	-	-	2,161,858
Excise taxes and royalties	195,099	678,698	1,246,100	337,828	26,501	2,086	-	-	-	-	-	2,486,312
Marketing	-	133,828	38,296	-	-	-	-	-	-	-	-	172,124
Segment operating earnings (loss)	₱858,035	₱1,211,543	₱6,964,461	₱3,869,309	₱89,431	₱301,579	₱65,890	₱594,668	(₱2,965)	₱994,971	(₱1,001,183)	₱13,945,739
General and administrative	₱64,490	₱61,985	₱108,141	₱101,327	₱21,248	₱154,615	₱-	₱23,949	₱-	₱770,523	₱-	₱1,306,278
Finance income	₱7,265	₱22,081	₱42,841	₱38,174	₱102	₱5,098	₱1,231	₱747	₱-	₱71,083	₱-	₱188,622
Finance expenses	₱1,125	₱4,162	₱24,052	₱21,509	₱1,458	₱183,106	₱-	₱32,894	₱-	₱38,477	₱-	₱306,783
Provision for (benefit from) income tax	₱186,319	₱255,487	₱1,689,323	₱940,366	₱25,560	(₱5,419)	₱-	₱-	(₱741)	₱338,241	₱-	₱3,429,136
Net income attributable to equity holders of the parent	₱647,356	₱941,050	₱3,576,990	₱1,956,327	₱13,356	₱98,381	₱67,025	₱413,564	₱-	₱217,101	₱-	₱7,931,150
Segment assets	₱1,641,073	₱2,840,958	₱8,231,516	₱5,008,736	₱2,480,858	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,841,576	₱-	₱49,358,437
Deferred income tax assets - net	35,028	39,244	33,859	113,766	82,142	-	-	-	-	96,566	-	400,605
Total assets	₱1,676,101	₱2,880,202	₱8,265,375	₱5,122,502	₱2,563,000	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,938,142	₱-	₱49,759,042
Segment liabilities	₱324,966	₱360,275	₱1,961,537	₱1,384,340	₱225,781	₱3,636,442	₱13,618	₱220,907	₱-	₱632,094	₱-	₱8,759,960
Deferred income tax liabilities - net	-	-	-	65,841	135,819	13,964	-	-	4,742	247,897	-	468,263
Total liabilities	₱324,966	₱360,275	₱1,961,537	₱1,450,181	₱361,600	₱3,650,406	₱13,618	₱220,907	₱4,742	₱879,991	₱-	₱9,228,223
<i>Other segment information:</i>												
Capital expenditures	₱105,495	₱80,508	₱499,748	₱119,922	₱119,188	₱1,380,226	₱4,699	₱167,273	₱-	₱10,203	₱-	₱2,487,262
Depreciation, amortization and depletion	₱119,312	₱174,328	₱677,675	₱253,359	₱52,891	₱241,309	₱55,443	₱5,601	₱2,965	₱80,126	₱-	₱1,663,009

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	June 30, 2022 (Unaudited)											Eliminations	Total	
	Mining					Power		Services						
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/C DTN	HMC	Others	P-			
External customers	₱738,722	₱872,068	₱5,421,509	₱4,012,275	₱20,525	₱216,293	₱80,612	₱415,448	₱-	₱-	₱-	₱-	₱11,777,452	
Inter-segment revenues	-	-	-	-	-	-	-	6,015	-	424,888	-	-	(430,903)	
Total revenues	738,722	872,068	5,421,509	4,012,275	20,525	216,293	80,612	421,463	-	424,888	-	-	(430,903)	11,777,452
Cost of sales	245,467	498,338	1,569,593	1,085,779	17,287	-	-	-	-	-	-	-	-	3,416,464
Cost of services	-	-	-	-	-	-	-	189,539	-	-	-	-	-	189,539
Cost of power generation	-	-	-	-	-	135,386	48,031	-	-	-	-	-	-	183,417
Shipping and loading costs	138,235	163,866	385,940	159,441	13,290	-	-	-	4,756	-	-	-	-	865,528
Excise taxes and royalties	66,485	154,792	542,151	200,614	1,026	636	-	-	-	-	-	-	-	965,704
Marketing	-	30,522	14,133	-	-	-	-	-	-	-	-	-	-	44,655
Segment operating earnings (loss)	₱288,535	₱24,550	₱2,909,692	₱2,566,441	(₱11,078)	₱80,271	₱32,581	₱231,924	(₱4,756)	₱424,888	₱-	₱-	(₱430,903)	₱6,112,145
General and administrative	₱39,958	₱25,081	₱47,421	₱47,366	₱82,401	₱46,731	₱-	₱12,902	₱-	₱293,523	₱-	₱-	₱-	₱595,383
Finance income	₱1,038	₱4,373	₱2,401	₱12,100	₱4	₱79	₱1,001	₱155	₱-	₱21,818	₱-	₱-	₱-	₱42,969
Finance expenses	₱98	₱2,042	₱16,845	₱8,789	₱8	₱65,681	₱-	₱11,772	₱-	₱21,591	₱-	₱-	₱-	₱126,826
Provision for (benefit from) income tax	₱57,859	₱11,281	₱726,435	₱635,056	(₱23,293)	₱4,330	₱-	₱-	(₱1,189)	₱148,649	₱-	₱-	₱-	₱1,559,128
Net income (loss) attributable to equity holders of the parent	₱213,216	₱15,906	₱1,507,107	₱1,318,265	(₱70,103)	(₱23,963)	₱33,581	₱149,528	₱-	₱691,294	₱-	₱-	₱-	₱3,834,831
Segment assets	₱1,353,480	₱2,161,629	₱10,512,437	₱7,329,086	₱1,522,305	₱14,730,211	₱771,355	₱275,114	₱16,624	₱15,834,581	₱-	₱-	₱-	₱54,506,822
Deferred income tax assets - net	37,243	24,400	44,054	83,262	129,335	1,047	-	-	-	20,341	-	-	-	339,682
Total assets	₱1,390,723	₱2,186,029	₱10,556,491	₱7,412,348	₱1,651,640	₱14,731,258	₱771,355	₱275,114	₱16,624	₱15,854,922	₱-	₱-	₱-	₱54,846,504
Segment liabilities	₱390,494	₱443,127	₱3,604,727	₱1,829,212	₱194,063	₱9,079,287	₱13,976	₱52,787	₱-	₱510,199	₱-	₱-	₱-	₱16,117,872
Deferred income tax liabilities - net	-	-	-	68,544	136,754	99,187	-	-	4,294	260,503	-	-	-	569,282
Total liabilities	₱390,494	₱443,127	₱3,604,727	₱1,897,756	₱330,817	₱9,178,474	₱13,976	₱52,787	₱4,294	₱770,702	₱-	₱-	₱-	₱16,687,154
<i>Other segment information:</i>														
Capital expenditures	₱54,603	₱43,218	₱169,906	₱40,072	₱5,709	₱525,479	₱4,274	₱13,795	₱-	₱5,631	₱-	₱-	₱-	₱862,687
Depreciation, amortization and depletion	₱59,351	₱89,965	₱330,170	₱132,766	₱21,224	₱106,722	₱27,659	₱1,080	₱4,756	₱39,890	₱-	₱-	₱-	₱813,583

The Group has revenues from external customers as follows:

For the six-month period ended June 30		
	2023	2022
Country of Domicile	(Unaudited)	
China	₱5,626,790	₱6,368,674
Local	5,191,948	4,863,303
Japan	103,141	545,475
	₱10,921,879	₱11,777,452

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

The revenue from key customers are as follows:

For the six-month period ended June 30		
	2023	2022
	(Unaudited)	
CBNC	₱2,356,146	₱1,927,187
THNC	2,340,423	2,608,062
Ningbo Lygend Wisdom Co. Ltd.	1,761,624	1,817,042
Big Wave Resources Co., Limited	1,507,879	1,519,683
Union Wave Holding Pte. Ltd.	1,335,797	1,525,492
	₱9,301,869	₱9,397,466

34. Other Matter

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