

**NICKEL ASIA
CORPORATION
2012
ANNUAL REPORT**



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Nickel Asia Corporation is the Philippines' largest producer of lateritic nickel ore and one of the largest in the world. We have a long operating history, starting with the sale of ore in 1977 from our first mine, Rio Tuba. Since then, we have expanded to four operating mines and have sold a total of about 82 million tonnes of ore up to 2012.

We export both saprolite and limonite ore to customers in Japan and China. Our customers use our ore for the production of ferronickel and nickel pig iron, both used to produce stainless steel, and for the production of pig iron used for carbon steel. We are also the exclusive supplier of limonite ore from our Rio Tuba mine to the country's first hydrometallurgical nickel processing plant, Coral Bay, where we have a 6% effective equity interest. Coral Bay became operational in 2005 and currently operates at a capacity

of 24,000 tonnes of contained nickel and 1,500 tonnes of contained cobalt per year in the form of a mixed nickel-cobalt sulfide. It has proven to be the world's most efficient facility using the high-pressure acid leach (HPAL) process.

In 2010, we made an investment of P4.4 billion for a 22.5% equity interest in the country's second hydrometallurgical nickel processing plant under Taganito HPAL Nickel Corporation. The plant has now been substantially completed



and commercial operation is expected to start by the latter part of 2013 at a capacity of 30,000 tonnes of contained nickel and 2,600 tonnes of contained cobalt per year. Our Taganito mine will supply all of the limonite ore for the plant. At a total project cost of \$1.7 billion, the plant will represent the single largest investment in the Philippine minerals sector to date.

Apart from our four operating mines, we have seven properties in various stages of exploration for nickel. In November 2010, we concluded the purchase of Cordillera Exploration Co., Inc. from Anglo American, with four properties in the Central Cordillera region of northern Luzon that are prospective for gold and copper. The purchase marks our first step in our vision to become a diversified mineral resource company. In November 2011, Sumitomo Metal Mining Co., Ltd. acquired 25% equity in the company with an option to purchase additional shares to increase its total equity to 40%.

We are focused on growth. At the same time, we take our responsibilities toward safety, environmental protection and community relations and development seriously. Our efforts in these fields have resulted in numerous awards received over the years during the annual Presidential Mineral Industry Environmental Awards. We believe that sustainable development is the only way forward for any mining operation and we exert great effort to achieve its principles. We are committed to responsible mining and to running every facet of our operations in a world-class manner.

VISION

To be a world-class diversified mineral resource company that has exemplary relationships with all stakeholders.

MISSION STATEMENT

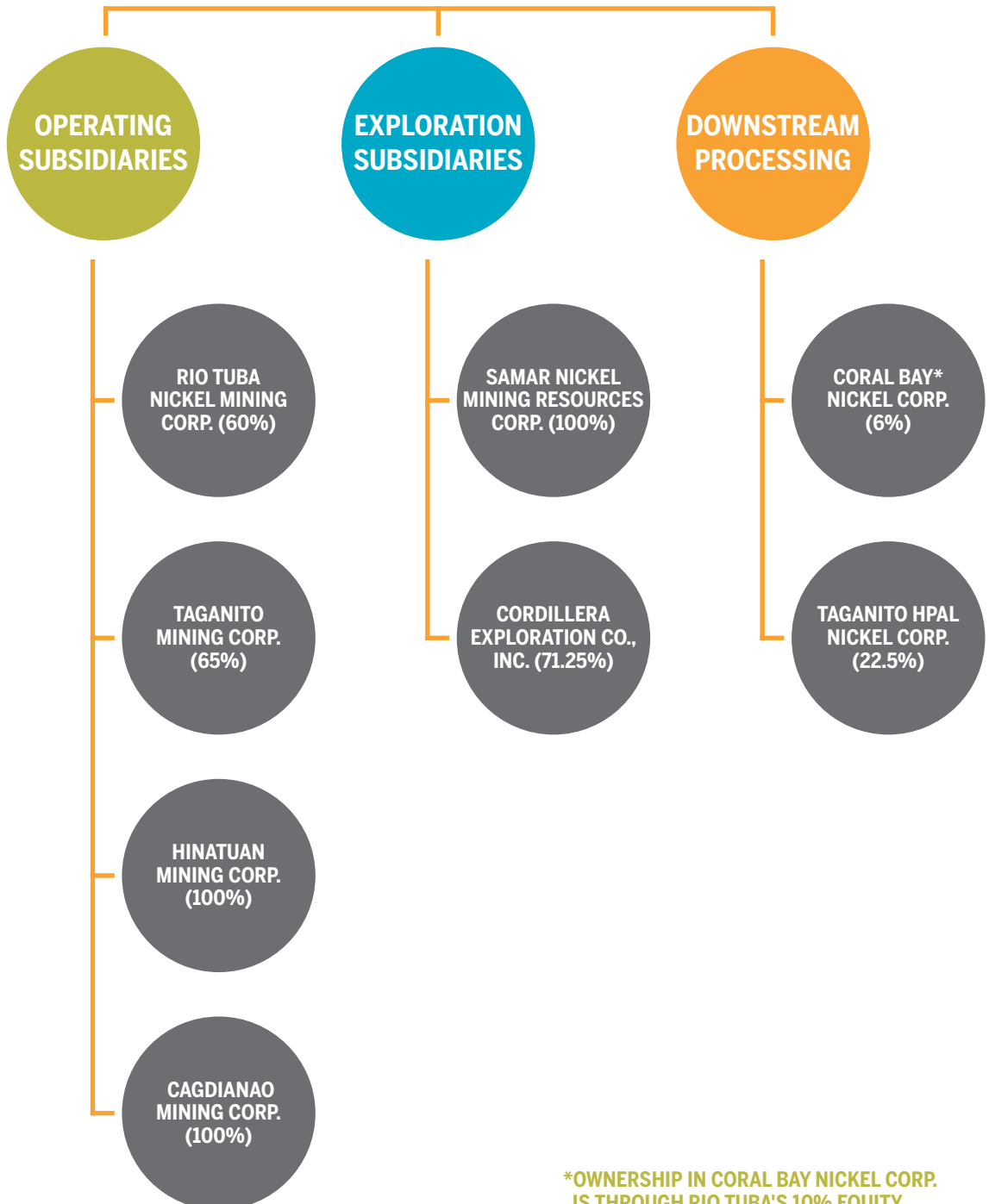
Using best global industry practices, we are committed to:

- Optimizing our current operations.
- Exploring and developing additional deposits for nickel and other minerals to sustain our growth.
- Delivering to our customers quality mineral products in a timely manner.
- Nurturing our employees and providing a safe and healthy workplace for them to achieve their full potential.
- Uplifting the quality of life of our host communities.
- Protecting the environment in all our operations.
- Adopting the highest standards of corporate governance.

CORE VALUES

Competence
Efficiency
Responsibility to all stakeholders
Teamwork
Integrity and honesty
Financial growth
Dedication

CORPORATE STRUCTURE



*OWNERSHIP IN CORAL BAY NICKEL CORP. IS THROUGH RIO TUBA'S 10% EQUITY

FROM A MINE TO A FOREST

Mother Nature Gives Us The Minerals,
We Give Her Back A Forest

JUNE 2008



SEPTEMBER 2008



JANUARY 2013



Mine rehabilitation is contained in the Mining Act of 1995. It's part of Sustainable Development. It's part of our Best Practice. The work starts by re-contouring, backfilling and leveling the land. Then we provide top soil to deliver a fertile ground for planting. Following the "Sequential Planting Method", we first plant fast growing species called Pioneer Species such as Batino, Acacia mangium, Acacia auriculiformis and others-- all grown and nurtured in our nursery. These species provide vegetative cover within 3 years to enable the planting of "Climax Species" like Apitong, Ipil, Narra, Almaciga, Agoho, Kamagong and others which need tree shade to grow. They form the core of the new forest stands. Native fruit-bearing trees are also planted to provide a source of food for wild animals that will eventually populate the forest. To ensure the survival of all these trees we have a forestry team. Composed mostly of indigenous people from the surrounding areas, the team conducts a maintenance program like watering during summer, ringweeding cultivation around seedlings, application of compost and other related activities. The work of the team has achieved a survival rate of 90% for the trees.

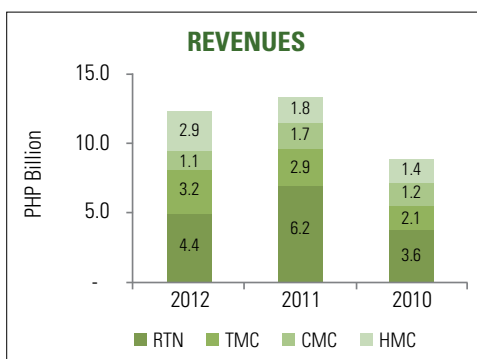
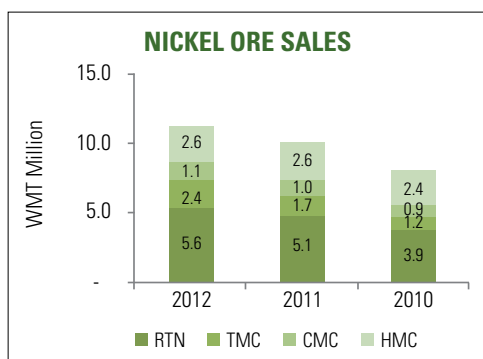
The end result is a sustainably managed forest far better than the stunted vegetation there before, because of the mineralized nature of the soil.

**Responsible Leadership.
Responsible Mining.**

NAC
NICKEL ASIA CORP.

SALES AND FINANCIAL HIGHLIGHTS

	2012	2011	2010
Sales Highlights			
Total Sales (WMT '000)	11,730	10,387	8,339
LME-based Sales (WMT '000)	4,718	4,380	3,835
Payable Nickel (lbs. '000)	11,176	12,606	9,837
Realized LME Price (\$/lb.)	8.1	10.5	9.6
Tonnage-based Sales (WMT '000)	7,012	6,007	4,504
Ave. Price (\$/WMT)	24.4	24.5	18.2
Financial Highlights (PHP '000)			
<i>Revenues</i>			
Sale of Ore	11,143,293	12,230,278	8,074,298
Services and Others	463,614	464,428	261,740
	11,606,907	12,694,706	8,336,038
<i>Cost and Expenses</i>			
Cost of Sales and Services	6,210,797	4,917,961	4,061,514
General and Administrative	627,950	607,275	475,732
Excise Tax and Royalties	707,937	736,262	523,208
	7,546,684	6,261,498	5,060,454
<i>Finance and Other Income - net</i>			
	428,502	717,472	43,123
<i>Provision for Income Tax</i>			
	1,344,816	1,685,123	946,779
<i>Net Income</i>			
Attributable to Equity Holders of the Parent	2,221,316	3,536,474	1,546,889
Attributable to Non Controlling Interests	922,593	1,929,083	825,039
	3,143,909	5,465,557	2,371,928
<i>Earnings per Share (PHP)</i>			
	1.10	1.76	0.99
<i>Financial Condition</i>			
Cash and cash equivalents	9,263,451	10,350,592	6,805,968
Other Current Assets	4,178,972	3,918,808	3,052,655
Non Current Assets	13,607,804	12,117,013	11,744,525
Current Liabilities	1,275,729	1,637,815	1,335,731
Non Current Liabilities	2,272,673	2,455,789	2,123,849
Equity	23,600,825	22,292,809	18,143,568
<i>Book Value per Share (PHP)</i>			
	9.38	8.91	7.46



¹ Earnings Per Share is computed based on outstanding common shares as of year end.

² Revenues include sales from limestone, cobalt, services and others.



For the year 2012, sales of ore from our four operating subsidiaries amounted to 11.7 million wet metric tons (WMT), a 13% increase from the prior year and a new record for our Company. As we go to print in May 2013, we are also delighted to advise that the construction of the Taganito downstream nickel processing plant has been completed and commissioning is underway.

Operating Results

For 2012, limonite ore accounted for about 7.5 million WMT of total sales, compared to 6.4 million WMT in the prior year. About 3.4 million WMT was low-grade ore sold by our 60%-owned subsidiary, Rio Tuba Nickel Mining Corp., to the adjacent processing plant under Coral Bay Nickel Corp. (Coral

Bay), compared to 3.0 million WMT in 2011. Coral Bay, the country's first hydrometallurgical processing plant using the high pressure acid leach (HPAL) process, where we have a 6% effective equity interest, likewise achieved record production of 23,891 tonnes of contained nickel and 2,269 tonnes of contained cobalt in the form of a nickel-cobalt sulfide following successive expansions since the start of operations in 2005.

About 3.3 million WMT of the low-nickel, high-iron limonite ore variety, compared to 3.1 million WMT in the prior year, was sold to China. This type of ore is being used by blast furnaces to produce low-grade nickel pig iron (NPI), and for blending with iron ore to produce carbon steel. Close to 800 thousand WMT of limonite ore grading around

JOINT STATEMENT TO SHAREHOLDERS

Gerard H. Brimo, President and CEO (left)
Manuel B. Zamora, Jr., Chairman (right)

"SALES OF ORE FROM OUR FOUR OPERATING SUBSIDIARIES AMOUNTED TO 11.7 MILLION WET METRIC TONS (WMT)"

1.5% nickel was likewise sold to China for use in the production of medium-grade NPI, compared to 364 thousand WMT in 2011.

Saprolite ore sales during the year in review amounted to 4.2 million WMT compared to 3.9 million WMT in 2011. Although the volume of high-grade ore (2% nickel grade and above) was lower, the drop was more than offset by higher sales of the medium-grade variety (1.7% to 1.8% nickel grade), both to Japan and China, which amounted to 1.9 million WMT as against 1.5 million





WMT in 2011. This type of ore is increasingly becoming standard material due to the general scarcity of higher-grade material in the region as well as in our own mines. We have decided to exclude this ore type from our mining plans starting 2013 and to blend any such incidental ore from our operations to maximize production of medium-grade material. This will avoid selective mining, thus improving efficiency, and facilitate related environmental measures. Finally,

sales of low-grade saprolite ore (1.5% nickel grade) to China amounted to 2.0 million WMT, a slight increase from last year's 1.9 million WMT.

An otherwise banner year was, however, affected by lower LME nickel prices. We realized an average price of \$8.10/lb. of payable nickel compared to \$10.53/lb. in the prior year on our shipments of saprolite ore to Japan and a portion to China, with pricing formulas tied to

the LME. The drop is largely the result of increasing supplies coming from new processing plants that have been in the pipeline for some years coupled with lackluster world economic growth, in turn affecting demand for stainless steel which consumes about 60% of the world's nickel supplies.

With respect to sales to China, which are sold primarily on the basis of negotiated prices per WMT of ore, the average price



for our saprolite ore likewise dropped from \$35.16/WMT in 2011 to \$23.13/WMT, in line with lower LME prices. With respect to sales of limonite ore, however, the average price achieved for the year increased to \$25.28/WMT from \$16.58/WMT in the prior year. The higher price is the result of increasing demand in China for the low-nickel, high-iron ore variety, which constitutes the bulk of our limonite sales to China and which has a closer correlation to iron ore prices than nickel prices.

Due to lower LME prices and a stronger peso exchange rate, our revenues dropped by 9% from P12.7 billion (including non-mining revenues of P464.4 million) in 2011 to P11.6 billion (including non-mining revenues of P463.6 million). The average peso exchange rate received for our exports was P42.22 compared to P43.15 in 2011. The higher volume of sales achieved during the year led to increases in our operating costs and expenses, which amounted to P646 per WMT of ore sold, 7% higher than the prior year's P603/WMT. Attributable net income for the year amounted to P2.2 billion compared to P3.5 billion in 2011.

Taganito HPAL Plant Project

We are pleased to announce that construction of the country's second downstream hydrometallurgical processing

plant, under Taganito HPAL Nickel Corp., was substantially completed on schedule despite an insurgency attack in October 2011 that caused the suspension of activities for some months. Commercial operation is expected to start towards the latter part of 2013.

Similar to Coral Bay, recognized as the most efficient HPAL plant in the world, the Taganito facility is designed to treat low-grade limonite ore using the same process under license from Sumitomo Metal Mining Co. Ltd., (SMM), the majority owner of both plants and a shareholder of our Company. At a cost of \$1.7 billion, inclusive of capitalized interest during the construction period, this project represents the single largest investment in the country's mineral resource sector to-date. The increase over the original estimated cost of \$1.4 billion was due to the effects of the attack and foreign exchange adjustments during the construction phase, which, under the circumstances, can be considered reasonable.

The Taganito plant has a capacity to produce 30,000 tonnes of contained nickel in the form of a nickel-cobalt sulfide. At full capacity, the plant will require over 4 million WMT of limonite ore per year over an estimated period of 30 years, which will be supplied by our

65%-owned subsidiary, Taganito Mining Corp. We can therefore look forward to a higher volume of ore sales, which will further increase when a planned expansion in capacity to 36,000 tonnes, scheduled for 2016, is completed. Additionally, our 22.5% equity in the plant will allow us to account for our share of the earnings on an equity accounting basis.

Rare Earth Element – Scandium

It is worthy to note that laboratory tests conducted by SMM over some time has led to the technology to recover Scandium as a by-product of the HPAL process. Scandium is a rare earth element present in small quantities in the limonite ore in both our Rio Tuba and Taganito mines. This has led to a decision by SMM to construct a pilot plant in Coral Bay, which is scheduled for completion by end-2013. Subject to satisfactory results, SMM expects to construct a production line and embark on commercial production in 2015.

Global production of Scandium is currently limited to only 10 tonnes per year due to its scarcity and technical difficulties in processing. It is expected that as supplies increase and the price stabilizes, demand will likewise increase for its main applications as an aluminum





additive and as an electrolyte in solid oxide fuel cells. While it is too soon to determine both the commercial viability of the process and the financial impact to our Company, we are certainly delighted by this development and will be monitoring its progress.

Economic and Social Contribution

For 2012, total taxes and fees paid both to the national and local government units amounted to P2.42 billion, inclusive of income taxes paid of P1.22 billion. The corresponding figures for the prior year were P2.76 billion and P1.62 billion, respectively. With respect

to social expenditures under our subsidiaries’ Social Development Management Programs, P160.8 million was spent in 2012 compared to P99.2 million in the prior year primarily on infrastructure, livelihood projects, health care and educational programs within the host communities of our operations. A description of these as well as our various environmental and safety programs can be found in our Sustainability Report within this Annual Report. In 2012, on the average we employed 5,015 individuals, both full-time and through a number of contractors that we use for various aspects of our operations.

Dividends

On the basis of the operating results for the year and consistent with our policy to declare approximately 30% of our earnings as dividends, the Board of Directors in April 5, 2013, approved a cash dividend of P0.35 per share. This was paid on May 14, 2013 to shareholders of record as of April 22, 2013. During the same meeting, a 25% stock dividend was likewise approved. This will require the approval of the shareholders in our forthcoming annual meeting, following which a record date will be set in accordance with SEC rules.



In the prior year, a cash dividend of P0.80 per share was declared on March 28, 2012, and paid on May 11, 2012 to shareholders of record as of April 16, 2012. A 50% stock dividend was also declared on March 28, 2012 and approved during the Annual Meeting on June 8, 2012 in favor of shareholders of record as of August 29, 2012. The stock dividends were issued on September 24, 2012 and were used to support the increase in the authorized capital stock of the Company from P800 million to P2.14 billion.

Outlook

Commodity prices across the board have been under downward pressure due to slow global economic growth, while in the case of nickel, the completion of new ferronickel and HPAL plants during the last several years has contributed to supply. We note, however, that no further large projects, which require substantial investments over fairly long periods of time, are in the pipeline. We are also encouraged by efforts of the new administration in Japan to reflate their economy and signs of more vigorous economic growth policies in China, also following new leadership there. We thus expect a more balanced demand and supply picture to eventually emerge.

The completion of the Taganito plant project and the anticipated increase in our sales of ore, coupled with returns expected from our equity interest in the plant, is of particular importance to our growth. We look forward to a smooth commissioning of the plant and the start of commercial operation towards the latter part of this year. All efforts will be exerted to operate at the most efficient levels and to use best mining practices in all of our operations, while we continue to seek opportunities to further grow in mining and processing. At the same time, we remain committed to the principles of responsible mining, which has been a hallmark of our operating subsidiaries for many years.

Acknowledgment

We commend our managerial, technical teams and workforce at our mine sites for another year of dedication and hard work. We recognize in particular the efforts of our team at Taganito Mining Corp. for the substantial work in gearing up to meet the much higher tonnage required to meet the demands of the new Taganito plant, as well as other ancillary works associated with the project.

We as well acknowledge the substantial efforts of our partner, SMM, in meeting the challenges and completing the Taganito plant project substantially on time and close to budget. Under the circumstances, their efforts are truly commendable.

Finally, we thank our Directors for their guidance throughout the year and the support that we have received from our shareholders.

Manuel B. Zamora, Jr.
Chairman

Gerard H. Brimo
President & CEO

SUMMARY OF ORE RESERVES AND RESOURCES

TOTAL ORE RESERVES As of December 31,2012⁽¹⁾

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (kwmt)	TONNES (kdmt)	%Ni	%Fe	Contained Ni (kt)
RioTuba	Saprolite	Proved and Probable	20,827	13,537	1.50	12.93	203
	Limonite	Proved and Probable	57,178	39,692	1.21	36.55	480
Taganito	Saprolite	Proved and Probable	59,584	41,107	1.50	9.79	617
	Limonite	Proved and Probable	146,342	98,072	1.07	46.14	1,049
Cagdianao	Saprolite	Proved	33,244	22,290	1.50	14.21	334
	Limonite	Proved	28,817	19,322	1.18	34.54	228
Hinatuan	Saprolite	Proved and Probable	5,403	3,623	1.50	13.17	54
	Limonite	Proved and Probable	16,632	11,152	0.94	45.61	105
Total Reserves	Saprolite	Proved and Probable	119,058	80,557	1.50	11.69	1,208
	Limonite	Proved and Probable	248,969	168,238	1.11	42.51	1,862

This summary was prepared by Engr. Jose S. Saret, who is the current Chief Operating Officer of Nickel Asia Corporation. Engr. Saret is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has sufficient experience as to the type of deposit and mineralization. He has given his consent to the Public Reporting of this statement concerning Ore Reserve Estimation.

TOTAL MINERAL RESOURCES As of December 31,2012⁽¹⁾⁽²⁾

OPERATION	MINERAL TYPE	CLASSIFICATION	TONNES (kwmt)	TONNES (kdmt)	%Ni	%Fe	Contained Ni (kt)
RioTuba	Saprolite	Measured and Indicated	26,332	15,924	1.59	12.22	253
	Limonite	Measured and Indicated	63,218	43,685	1.23	36.53	537
	Saprolite	Inferred	22,040	13,787	1.43	11.67	197
	Limonite	Inferred	6,817	4,741	1.25	36.45	59
Taganito	Saprolite	Measured and Indicated	59,584	41,107	1.67	9.79	686
	Limonite	Measured and Indicated	146,342	98,072	1.07	46.54	1,049
	Saprolite	Inferred	2,691	1,857	1.53	11.33	28
	Limonite	Inferred	1,598	1,071	0.59	49.77	6
Cagdianao	Saprolite	Measured and Indicated	31,837	21,347	1.58	12.87	337
	Limonite	Measured and Indicated	32,251	21,624	1.10	38.21	238
	Saprolite	Inferred	4,349	2,916	1.55	14.36	45
	Limonite	Inferred	2,061	1,382	1.08	34.44	15
Hinatuan	Saprolite	Measured and Indicated	8,459	5,672	1.39	11.76	79
	Limonite	Measured and Indicated	23,101	15,489	0.97	47.62	150
	Saprolite	Inferred	1,736	1,164	1.31	11.22	15
	Limonite	Inferred	2,673	1,792	1.00	46.81	18
Total Reserves	Saprolite	Measured and Indicated	126,212	84,050	1.61	11.17	1,356
	Limonite	Measured and Indicated	264,912	178,870	1.10	43.18	1,975
	Saprolite	Inferred	30,816	19,724	1.45	12.01	286
	Limonite	Inferred	13,149	8,986	1.10	39.79	98

This summary was prepared by Radejungdo S. de Luna, who is a Consultant Geologist for Nickel Asia Corporation. Mr. de Luna is a Competent Person for Exploration and Mineral Resource Estimation under the PMRC. He has sufficient experience which is relevant to the type of deposit and mineralization.

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

⁽²⁾Inclusive of Mineral Resources converted to Ore Reserves

Note: Cut-off grades used for Estimation of Mineral Resources and Ore Reserves

Rio Tuba	Saprolite: Ni ≥ 0.85%, Fe < 20%	Limonite HPAL type: Ni ≥ 0.80%, Fe ≥ 20%	Limonite Export type: Ni < 0.80%, Fe ≥ 47%
Taganito	Saprolite: Ni ≥ 1.24%, Fe < 20%	Limonite HPAL type: Ni ≥ 0.80%, Fe ≥ 20%	Limonite Export type: Ni < 0.80%, Fe ≥ 48%
Cagdianao	Saprolite: Ni ≥ 1.00%, Fe < 20%	Limonite HPAL type: Ni ≥ 1.00%, Fe ≥ 20%	Limonite Export type: regardless% Ni, Fe ≥ 20%
Hinatuan	Saprolite: Ni ≥ 1.00%, Fe < 20%	Limonite HPAL type: Ni ≥ 1.00%, Fe ≥ 20%	Limonite Export type: regardless% Ni, Fe ≥ 20%

MAP OF MINERAL PROPERTIES



- OPERATING MINES
- EXPLORATION PROJECTS - NICKEL
- EXPLORATION PROJECTS - GOLD



REVIEW OF OPERATIONS



Rio Tuba Nickel Mining Corporation (RTN - 60% Owned)

Mining Volume

The volume of ore mined for the year amounted to 4,699,685 WMT, consisting of 2,031,150 WMT of saprolite ore and 2,355,534 WMT of limonite ore. Stripping volume for the year amounted to 313,001 WMT.

RTN also retrieved 782,315 WMT of saprolite ore and 2,259,574 WMT of limonite ore from stockpiles to meet the budgeted annual saprolite shipment volume and to provide limonite ore feed to the Coral Bay HPAL facility, respectively. Furthermore, 816,160 WMT of oversized materials were recovered from ore delivered to the plant, consisting of 483,499 WMT of reclassified saprolite ore and 332,661 WMT of limonite ore.

Although the mild La Niña phenomenon that prevailed in 2011 extended to the third quarter of 2012, RTN was able to meet its targeted shipment volume. Mining operations were focused on the areas adjacent to the TSF2 tailings pond construction site of Coral Bay Nickel Corporation (CBNC).

	2012	2011	2010
Tonnage Mined (In WMT)			
Saprolite	2,031,150	1,172,375	959,862
Limonite	2,355,534	1,526,956	1,750,716
Sales Data			
Saprolite – Japan (WMT)	480,976	432,831	224,672
Average nickel grade	1.80%	1.88%	2.03%
Average payable nickel	19.67%	20.57%	20.36%
Average realized LME price (per pound)	US\$ 8.19	US\$ 10.85	US\$ 9.69
Saprolite – China (WMT)	1,793,848	1,689,425	1,030,690
Average nickel grade	1.57%	1.63%	1.75%
Average price (per WMT)	US\$ 24.02	US\$ 38.20	US\$ 22.30
Limonite – CBNC (WMT)	3,351,554	2,976,864	2,620,989
Average nickel grade	1.26%	1.31%	1.33%
Average payable nickel	6.16%	7.03%	6.96%
Average realized LME price (per pound)	US\$8.02	US\$10.53	US\$10.06

Shipments

RTN sold a total of 5,626,378 WMT of nickel ore in 2012. High-grade saprolite ore (1.80% nickel grade and above) totaling 349,574 WMT and medium-grade saprolite ore (1.50% nickel grade) totaling 131,402 WMT were sold to Pacific Metals Co., Ltd. (PAMCO) and Sumitomo Metal Mining Co., Ltd. (SMM). The realized LME nickel price for these shipments averaged US\$8.19 per pound.

In addition, high-grade saprolite ore totaling 165,750 WMT were sold to Chinese customers at an average price of US\$38.60 per WMT. Medium-grade saprolite ore totalling 1,628,098 WMT were likewise sold to Chinese customers at an average price of US\$22.53 per WMT.

Finally, HPAL-grade limonite ore (approximately 1.26% nickel grade) totaling 3,351,554 WMT was delivered to the Coral Bay HPAL facility. The realized LME nickel price for this tonnage averaged US\$8.02 per pound. In addition, 58,980 WMT of limestone was sold to, and a variety of services such as handling and hauling of materials and supplies for the Coral Bay HPAL facility were rendered to, CBNC.



Ore mined for Rio Tuba Nickel Mining Corporation

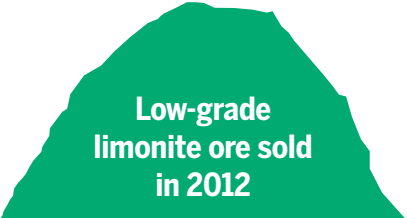
4,699,685 WMT



Nickel ore sold
in 2012

Taganito Mining Corporation

2,381,513 WMT



Low-grade
limonite ore sold
in 2012

Hinatuan Mining Corporation

2,636,698 WMT



Nickel Ore Sold
in 2012

Cagdianao Mining Corporation

1,085,612 WMT

**Taganito Mining Corporation
(TMC - 65% Owned)**

Mining Volume

The volume of ore mined for the year amounted to 3,774,706 WMT consisting of 1,099,326 WMT of saprolite ore and 2,675,380 WMT of limonite ore. Stripping volume for the year amounted to 22,949 WMT. TMC continued to accumulate ore in preparation for the startup of the Taganito HPAL facility. At the end of 2012, the total volume of stockpiled, in-process limonite ore amounted to 22,281,890 WMT.

	2012	2011	2010
Tonnage Mined (In WMT)			
Saprolite ore	1,099,326	608,500	813,949
Limonite ore	2,675,380	2,052,001	1,938,146
Sales Data			
Saprolite - Japan (WMT)	649,714	268,564	676,914
Average nickel grade	1.82%	1.94%	1.90%
Average payable nickel	20.01%	22.42%	18.38%
Average realized LME price (per pound)	US\$ 8.15	US\$ 10.87	US\$ 9.01
Saprolite - China (WMT)	1,021,709	744,699	454,788
Average nickel grade	1.61%	1.73%	1.82%
Average price (per WMT)	US\$ 24.43	US\$ 44.90	US\$ 27.96
Limonite - CBNC (WMT)	-	-	68,345
Average nickel grade	-	-	1.23%
Average payable nickel	-	-	6.00%
Average realized LME price	-	-	US\$ 10.19
Limonite - China (WMT)	710,090	651,490	-
Average nickel grade	1.02%	1.02%	-
Average price (per WMT)	US\$ 26.64	US\$ 16.55	-

Shipments

TMC sold a total of 2,381,513 WMT of nickel ore in 2012. High-grade saprolite ore amounting to 468,918 WMT and medium grade saprolite ore amounting to 180,796 WMT were sold to PAMCO and SMM, respectively. The realized LME nickel price for these shipments averaged US\$8.15 per pound.

In addition, high-grade saprolite ore totaling 57,205 WMT were sold to Chinese customers at an average price of US\$44.00 per WMT. Medium-grade saprolite ore totalling 964,504 WMT were likewise sold to Chinese customers at an average price of US\$23.27 per WMT

Finally, low-grade limonite ore (1.02% nickel grade) amounting to 710,090 WMT were sold to Chinese customers at an average price of US\$26.64 per WMT.

Hinatuan Mining Corporation
(HMC - 100% Owned)

Mining Volume

The volume of ore mined for the year amounted to 2,321,425 WMT, consisting of 30,316 WMT of saprolite ore and 2,291,109 of limonite ore. Stripping volume for the year amounted to 508,333 WMT of low grade in-situ materials such as topsoil, boulders and other waste materials which were used for rehabilitation and other environmental projects.

HMC's mining plan for 2012 was negatively impacted by the heavy rainfall, though the weather condition was better than 2011. The company took advantage of the strong demand for low-grade limonite ore catering to the Chinese pig iron market, by concentrating its efforts toward maximizing the production of this type of ore which is simpler to mine as it is found in the upper portions of the mine pits.

	2012	2011	2010
Tonnage Mined (In WMT)			
Saprolite	30,316	95,894	347,905
Limonite	2,291,109	2,603,185	2,085,927
Sales Data			
Saprolite – China (WMT)	-	115,571	265,043
Average nickel grade	-	1.68%	1.76%
Average price (per WMT)	-	US\$ 30.52	US\$ 25.82
Limonite – China (WMT)	2,636,698	2,462,303	2,101,807
Average nickel grade	0.85%	0.80%	0.90%
Average price (per WMT)	US\$ 25.94	US\$ 15.35	US\$ 11.44
Limonite – Japan (WMT)	-	11,000	-
Average nickel grade	-	0.76%	-
Average price (per WMT)	-	US\$ 21.50	-

Shipments

HMC sold a total of 2,636,698 WMT low-grade limonite ore in 2012 at an average price of US\$25.94 per WMT to Chinese customers.



**Cagdianao Mining Corporation
(CMC - 100% Owned)**

Mining Volume

The volume of ore mined for the year amounted to 907,383 WMT, consisting of 545,775 WMT of saprolite ore and 361,608 WMT of limonite ore. Stripping volume for the year amounted to 815,137 WMT. In addition, 206,767 WMT of boulders were moved to flatten the bedrock which was utilized as an in-pit stockpile area.

	2012	2011	2010
Tonnage Mined (In WMT)			
Saprolite	545,775	637,125	261,838
Limonite	361,608	366,291	369,590
Sales Data			
Saprolite – Japan (WMT)	182,730	130,910	244,064
Average nickel grade	1.82%	1.96%	2.01%
Average payable nickel	18.89%	25.27%	18.33%
Average realized LME price (per pound)	US\$ 8.08	US\$ 10.03	US\$ 10.01
Saprolite – China (WMT)	107,603	572,871	321,249
Average nickel grade	1.55%	1.68%	1.86%
Average price (per WMT)	US\$ 16.09	US\$ 39.36	US\$ 30.97
Limonite – China (WMT)	795,279	330,262	330,640
Average nickel grade	1.52%	1.49%	1.51%
Average price (per WMT)	US\$ 21.91	US\$ 25.65	US\$ 12.59

Shipments

CMC sold a total of 1,085,612 WMT of nickel ore in 2012, which was the highest shipment tonnage sold in its history. High-grade saprolite ore totalling 182,730 WMT was sold to PAMCO. The realized LME nickel price for these shipments averaged US\$8.08 per pound.

In addition, 107,603 WMT of medium grade saprolite ore and 795,279 WMT of limonite ore were sold to Chinese customers at an average price of US\$16.09 per WMT and US\$21.91 per WMT, respectively.





REVIEW OF EXPLORATION

NICKEL

RTN

Development drilling and re-drilling of previous boreholes were focused at Guintalunan, Mangingidong and Umawi. For re-drilling, a total of 1,109 holes equivalent to 6,943 meters, and for development drilling, a total of 566 holes equivalent to 4,642 meters, were completed.

The re-drilling of previous boreholes, without analysis of limonite and low grade saprolite, resulted in the blocking of an additional 1.4 million WMT of limonite ore with average grade of 1.16% nickel and 38.86% iron and 0.4 million WMT of saprolite ore with an average grade of 1.18% nickel, both in measured and indicated mineral resource category.



Development drilling resulted in the upgrading of 1.1 million WMT of ore (composed of 0.5 million WMT of saprolite and 0.6 million WMT of limonite ore) previously classified as inferred and indicated mineral resource to measured and indicated resource category.

The renewal and conversion of the expired Mining Lease Contract on the Bulanjao property into a Mineral Production Sharing Agreement (MPSA) has not been completed pending the issuance of a clearance by the Palawan Council for Sustainable Development. Partial drilling conducted in the past has resulted in measured and indicated mineral resources of 19.2 million WMT of limonite ore with average grades of 1.26% nickel and 35.5% iron and 7.5 million WMT of saprolite ore with an average grade of 1.88% nickel. Further drilling will be undertaken upon the issuance of the MPSA.

TMC

Exploration works were focused on the adjacent mining claims where TMC has an existing operating agreement, namely Kepha Mining, Ludgoron Mining and La Salle. These areas are vital in the supply of ore for the future operations of the HPAL plant.

Ludgoron Mining is under care and maintenance pending the first renewal of the Exploration Period. For Kepha Mining, the renewal of the first Exploration Period was already approved in late September 2012. Exploration activities have been budgeted and scheduled to commence in the third quarter. On La Salle, the company is working on obtaining the free, prior and informed consent (FPIC) of the Indigenous People (IP) in the area.

The Community Technical Working Group (CTWG) for Kepha Mining was organized and the Community Development Program (CDP) was approved for implementation by the Mines and Geosciences Bureau Regional Office.

CMC

Exploration and development drilling activities were conducted within the immediate vicinity of the presently defined pit limits. For exploration drilling, a total of 83 holes equivalent to 1,030.5 meters with an average depth of 12.4 meters; and for development drilling, a total of 110 holes equivalent to 1,850.5 meters with an average depth of 16.8 meters, were completed.

Valencia Active Mine Pit

Valencia development drilling covered the periphery of the active mine pit from July to October 2012. Based on the drill hole data, average grade of limonite is 1.03% Ni and 30.93% Fe with average thickness of six meters. For saprolite, average grade is 1.22% Ni and 14.45% Fe with average thickness of four meters.

Southwest Valencia

Exploration drilling was conducted at the southwest portion of the Valencia tenement from June to December 2012. It followed a grid spacing of 100 by 100 meters. Based on the drillhole data, the limonite grade averages 1.21% Ni and 41.83% Fe with an average thickness of seven meters. Saprolite, on the other hand has an average grade of 1.39% Ni and 14.59% Fe with an average thickness of three meters. Further exploration drilling will be carried out in 2013.

Boa

The Boa area is covered by a separate MPSA and is contiguous to the Valencia mining tenement. 167 drill holes were intended to be drilled by the third quarter of 2012, but due to the delayed issuance of the tenement's permit for extension of exploration period, no exploration activities were done in the area. The permit for extension is expected to be granted by the first quarter of 2013. Other exploration activities in the form of geologic mapping to find chromite in commercial quantities are also expected to be carried out by then.

HMC

Exploration drilling was conducted on the remaining unexplored areas along the periphery of Cortes (Area 11). For exploration drilling, a total of 66 holes equivalent to 1,052.31 meters were completed. For development drilling, a total of 389 holes equivalent to 5,495.47 meters and for the Production drilling, a total of 156 holes equivalent to 1,680.45 meters were completed.

Exploration drilling resulted in the blocking of an additional 1.8 million WMT of limonite ore with average grades of 1.01% nickel and 46.65% iron and 0.8 million WMT of saprolite ore with an average grade of 1.36% nickel, both in measured and indicated mineral resource category. Development drilling, in combination with the lowering of cutoff grades to reflect current market conditions resulted in upgrading of 16.5 million

WMT of ore (composed of 0.2 million WMT of saprolite ore and 16.3 million WMT of limonite ore) previously classified as indicated and inferred mineral resource to measured resource category.

Samar Nickel Mining Resources Corporation (SNMRC – 100% Owned)

The MPSA relating to the Manicani Island property in Guiuan, Eastern Samar was previously held by HMC and assigned in 2010 to SNMRC, a newly incorporated company. The property was partially drilled and mined in the 1990s. Shipments of stockpiled ore were made in 2004 and 2005 by contractors, which resulted in social problems. In 2004 a Regional Panel of Arbitrators recommended the cancellation of the MPSA on environmental grounds. HMC disputed the allegations and the Mines Adjudication Board of the DENR upheld the MPSA in September 2009. Since then, substantial social development work has been accomplished. Towards the later part of 2010, favorable endorsements were received from the host communities and local government units approving the resumption of operations. Upon receipt of final approval by the DENR, SNMRC will commence drilling work to delineate the deposit prior to mine development. Previous drilling work shows 2.5 million WMT of saprolite ore with an average grade of 1.80% nickel and 35.6 million WMT of limonite ore with an average grade of 1.20% nickel in the inferred mineral resource category.

GOLD AND COPPER

Cordillera Exploration Co., Inc. (CEXCI – 71.25% Owned)

In November 2010, we concluded the purchase of CEXCI from a Philippine subsidiary of Anglo American plc, who had decided to exit the country. In May 2011, we entered into a Participation and Shareholders' Agreement with Sumitomo Metal Mining Co., Ltd. (SMM) containing terms of SMM's equity participation in CEXCI. In November 2011, based on the terms of the Agreement, SMM invested US\$1.8 million in CEXCI in return for 25% equity. The amount will be used to cover overhead and exploration work, mainly at the Manmanok property. Once this amount is exhausted, SMM has the option to invest US\$2.8 million for an additional 15% equity, which would bring its total equity in CEXCI to 40%.

CEXCI has three properties in the central Cordillera of northern Luzon that are prospective for gold and copper. The Mankayan property, covered by

two separate claim boundaries, falls within the provinces of Benguet, Ilocos Sur and Mountain Province. The Kutop property falls mainly within the province of Abra and to a minor extent within the province of Kalinga. The Manmanok property is located entirely within the province of Apayao.

The Manmanok property is the most advanced of the properties in terms of exploration work. The Exploration Permit (EP-004-2006-CAR) was initially granted on October 6, 2006, covering a total area of 7,802 hectares, and the "first renewal" was subsequently applied for and consequently approved on March 4, 2009. The "second renewal" of the exploration permit was applied for in April, 2011, but conditional to the approval of the second renewal, CEXCI was required to relinquish some 40% of the claim holdings. The second renewal for the exploration application was finally granted in November 2011.

In order to systematize the progress of exploration work, the property was divided into five main areas; specifically 1) the Main Prospect area; 2) the North Outer zone; 3) the South Outer zone; 4) the West Outer zone; and 5) the East Outer zone. The Main Prospect area was further divided into four zones; namely a) Central Argillic Zone, b) Northwest Argillic Zone, c) Northeast Argillic Zone, and d) Southeast Argillic Zone.

2012 saw the partial implementation of the Stage I Exploration Program over the Manmanok Property. The program consisted basically of three objectives, namely: a) identify surface continuities and extensions of the main prospect areas through detailed geological and geochemical work; b) identify anomalous areas occurring outside and surrounding the main prospect areas; and c) drill the anomalies defined by mapping, geochemical sampling and induced polarization surveys within one of the main prospect areas known as the Central Argillic Zone to test presence and persistence and / or continuity of these anomalies at depth.

Detailed geological mapping and geochemical bedrock sampling was done over the Central and Northwest Argillic Zones from March to June, while detailed surface work over the Southeast Argillic Zone was done from November to December. Mapping was mainly done along trails and creeks, and to a lesser extent some trenches which have been rehabilitated / dug across selected portions. Another specific mapping technique that was utilized to carry out semi-detailed to detailed geological work was to map along profile lines. A total of 33 1,100-meter long profile lines running west to east at 100-meter intervals beginning from 1954000mN to 1957300mN were mapped.

Also, a total of six 1,400-meter long profile lines running north to south at 100-meter intervals beginning from 317500mS to 318,000mS were also mapped. The profiling technique brought about a more densely mapped ground. Great care was exercised during the mapping exercises to avoid damaging the vegetation.

Reconnaissance geological surveying was done over the “South Outer Zone” in July and over the “North Outer Zone” in August. A total approximate area of 505 hectares were covered by reconnaissance mapping work in the “South Outer Zone”, and a total approximate area of 430 hectares were covered by reconnaissance mapping work in the “North Outer Zone”. The total hectares mapped in 2012 represents about 30% of the total area for reconnaissance work. A clearer understanding of the regional and prospect geological setting was attained in this reconnaissance exercise work.

During the data evaluation in 2011, drill targets of coincident relatively high chargeability and high resistivity from the induced polarization surveys, and further coinciding with geochemical soil and bedrock anomalies have been identified. A total of nine inclined holes, totaling 2,790 meters, were originally planned to be drilled within the Central Argillic Zone. During the course of the drilling, which started in July, 2012, several revisions on the drilling program were put forward as a result of the drill intercepts, such that by the end of December 2012 the drill program stood as follows:

Hole No.	Target Zone	Total Meters Planned	Total Meters Accomplished
MNDH01	Central	300	300.60
MNDH02	Central	300	313.80
MNDH03	Central	300	230.80
MNDH04	Central	360	271.10
MNDH05	Central	370	75.60
MNDH06	Central	260	257.50
MNDH07	Southeast	300	-
MNDH08	Southeast	300	-
PDDH09	Northwest	300	-
Total		2790	1449.40

The completed meters drilled for 2012 represents about 52% of the drill program within the “Central Argillic Zone” with the remaining meterage to be drilled at the adjacent “Southeast Argillic Zone”. A discussion of the results of the Stage I Exploration Program will be done after total completion of the program.



SUSTAINABILITY REPORT

At the core of our operations is our adherence to the principles and processes of responsible mining: recognizing our responsibilities toward the environment, the communities where we operate, and the health and safety of our workforce as elements of our commitment to sustainable development.

Our operations manage their environmental projects through Annual Environmental Protection and Enhancement Programs (AEPEPs). Every year, these are prepared and submitted for review to their respective Multi-Partite Mine Monitoring Teams (MMT) and Mine Rehabilitation Fund Committees, for final approval by the Mines and Geosciences Bureau (MGB). Dedicated and qualified environmental teams in each of our operations are responsible for preparing and implementing their respective AEPEPs. Their work is subject to quarterly audits by the MMTs composed of representatives

of the MGB, the Environmental Management Bureau, local government officials, and civil society organizations.

Lateritic nickel deposits are shallow and their extraction does not require the use of explosives. The environmental impact of our mining operations is therefore limited to ground disturbance that can result in erosion and sedimentation, and dust. The AEPEPs of our operations provide for erosion and sedimentation control primarily through the use of sediment settling ponds, which are regularly maintained. Removal of the sediment material is a periodic activity and where appropriate, the material is used as backfill in the rehabilitation of mined out areas. Supplementary measures for rainfall erosion include soil covers, drainage structures to keep surface run off away from disturbed areas, and water velocity reducers. For dust control, windbreaks and water sprays along road networks are being used.

Our AEPEPs also provide for progressive rehabilitation of mined-out areas. This involves re-contouring of the ground, provision of backfill material where required and adequate topsoil, and re-vegetation using native species that are grown in nurseries at each of our operations. With proper care and maintenance, survival rates have averaged over 85%. The nurseries at our four mine sites have the capacity to grow over 200,000 seedlings per year of native species that are suitable for mine rehabilitation.

Under the 1995 Mining Act, a minimum annual expenditure of 3 to 5% of direct mining and (where applicable) milling costs is required for environmental protection and remediation; this requirement is complied with, if not occasionally exceeded, by our operations. In 2012, the combined environmental expenditures of our four operating mines amounted to PhP431.1 million.





In the area of social responsibility, the previous requirement of the Mining Act for 1% of direct mining and (where applicable) milling costs minimum annual expenditures for community development programs has been raised to 1.5% of total operating costs through an Administrative Order issued by the MGB. Our yearly expenditures normally exceed this minimum requirement. In 2012, total expenditures related to the social development programs of our four operating mines and our associate company, Coral Bay Nickel Corporation (CBNC), amounted to PhP281 million. This includes expenditures to Indigenous Peoples (IPs) within the general vicinity of two of our operations, TMC and RTN.

Our operations manage their social expenditures through their respective Social Development Management Programs (SDMPs). These are five-year programs containing a list of priority projects identified and approved for implementation in consultation with the host communities. The work involved in identifying and implementing the SDMPs, as well as the overall responsibility for maintaining strong relationships with our host communities, lies with community relations teams at each of our mine sites.

In the area of safety and in accordance with the Mining Act and other pertinent laws, each operation employs a safety team under an accredited safety officer to promulgate safety measures and procedures and to ensure that these are followed. Training programs are also being conducted regularly. In 2012, our four operations recorded a total of 17.91 million man-hours worked with a frequency rate of 0.45 (fatal plus non-fatal accidents) and an incident rate (including non-lost time accidents) of 15.58 per million man-hours worked.



RTN

Environmental Management

For 2012, RTN accomplished the rehabilitation of 8.45 hectares of mined-out areas with 14,500 seedlings planted. Cumulatively, there is now a total of 260 hectares, with 516,000 seedlings planted, that are attributable to mined-out area rehabilitation.

In addition, some 378,364 seedlings have been planted outside our mined-out areas as part of the National Greening Program.

To complement these reforestation activities, a number of agro-aqua-forestry combination trials are sustainably maintained such as rice planting, vegetable production and Tilapia culture, to showcase the maximization of benefits that can be derived from a well-managed rehabilitation of mined-out areas. A number of project studies have also been undertaken on various topics such as the recolonization of floral and faunal species, and the utilization of various reforestation species, in rehabilitated mined-out areas. With respect to coastal areas, care and maintenance of the 10,500 mangrove propagules planted over four hectares during the previous year is still ongoing.

Controls for siltation are conducted regularly with continuous desilting, repairs and maintenance of settling ponds and drainage canals, and stabilization of embankments and slopes. A series of silt traps are also installed to arrest as much silt as possible before they reach the settling ponds. During the year, around 30,000 cubic meters of silt were removed from existing settling ponds. With the conversion of mined-out Oreras pit into a siltation pond, the total capacity of the settling ponds stands at over 866,000 cubic meters to date.





Social Development

Various programs, projects, and activities were implemented during the year to continuously provide services and development to constituents and communities surrounding the mining area. These projects and programs are implemented by RTN Foundation Inc. (RTNFI) and its components.

Uplifting the quality of education and literacy in the community has been the top priority of the company. This is made possible by providing quality learning tools imposed at the Leonides S. Virata (LSV) Memorial School which caters not only to the student dependents of employees but also to those from the adjoining barangays. The LSV Memorial School, funded by RTNFI, served a total of 1,316 students for SY 2012-2013. Educational benefits were also granted to 38 college scholars.

RTNFI likewise sustained the education campaign program for Palaw'an IPs by supporting the full implementation of the Indigenous Learning System (ILS) accredited by the Department of Education (DepEd). Twenty five Centers were fully operational during the period which catered to 1,264 IP learners in three levels from basic literacy up to high-school equivalent.

The company continuously allowed the use and extended services of the RTNFI Hospital to the members of the host and neighboring communities, including IP communities, which catered to a total of over 49,000 patients during the year, 26,000 of which are non-dependent patients. Aside from this, from the medical missions conducted throughout the year, 1,856 patients were able to receive major and minor operations, dental work, and general medical consultations.

For projects specifically catering to the IPs, RTNFI, in collaboration with the Gawad Kalinga Foundation, continues to progress towards the goal of building 1,000 housing units by 2018. To date, a total of 210 units have been constructed and awarded to about 170 IP families in six sitios in the outlying barangays.

Infrastructure projects such as communal buildings, water systems, power, farm to market roads, post-harvest facilities, among others, are also provided in support of enterprise development and improved opportunities for livelihood. Furthermore, various community and livelihood projects related to farming, establishment of cooperative stores, buying and selling of merchandise, hog raising, rice trading, and seed dispersal, were implemented.

TMC

Environmental Management

TMC rehabilitated three hectares of mined-out areas and planted 7,500 seedlings for the year. To date, more than 83 hectares planted with 66,500 seedlings have been rehabilitated. Outside the mined-out areas, TMC forested around 121 hectares, with 181,000 seedlings planted. Thus, the total reforested area outside the mined-out sections to-date is 456 hectares, with 751,000 seedlings planted.

To complement its reforestation activities, TMC allocated one hectare of land to accommodate the research study being undertaken by Department of Environment and Natural Resources – Ecosystems Research and Development Service (DENR-ERDS) “Landscape Functional Analysis (LFA) for Mine Rehabilitation” by researchers from the University of the Philippines Los Banos.

With respect to coastal areas, 12,800 mangrove propagules were planted on a five hectare area. As a result, 57,800 mangrove propagules have been planted on 23 hectares to date.

During the year, over 557,000 WMT of silt were removed from the existing settling ponds. Moreover, through manual desilting, an additional 10,200 WMT of silt were recovered from the Taganito river. To date, the capacity of the settling ponds is at 567,000 cubic meters. Work was also undertaken at Daan Suba to fortify the embankments.

Social Development

TMC implemented various projects under its SDMP for the benefit of its host barangays, namely: Taganito, Urbiztondo, Hayanggabon and Cagdianao.

In the field of education, TMC carried out various initiatives which were geared towards uplifting the state of education through the improvement of school facilities and equipment and support to faculty and students development.

In the area of improving educational opportunities for locals, projects included providing subsidies to teachers, construction of classrooms and improvement of school facilities, construction of a multi-purpose learning center, procurement of educational learning materials, provision of equipment such as audio-video facilities, computers, photocopier, risograph machine, sound system, and digital cameras, and procurement of drum and lyre corps equipment and school bags.

Educational assistance was given in the form of giving subsidies to teachers, providing financial support, and scholarship grants to college students and access to training and seminars. We are currently in discussion with the regional office of the DepEd for the adoption by TMC of the Taganito High School.

In the area of health and sanitation, programs such as food for work program, financial and medicine assistance to senior citizens and persons with disabilities, and provision of honoraria to barangay health workers and sanitation maintenance ers were implemented by TMC.





Infrastructure activities focused on the repair of Catholic and non-Catholic buildings of worship and facilities; improvement of barangay facilities such as street lighting, day care centers, health center, pedestrian pathways, senior citizens’ building, procurement of generator set, waste disposal facilities, and water system.

To provide access to additional sources of income, livelihood projects included a rice brokering center (wholesaling and retailing of rice), the Taganito Concerned People Consumers Cooperative for the purpose of installing a water refilling station, the Urbiztondo Rural Women Workers Association for the purpose of retailing general merchandize and providing catering services, assistance to vegetable demonstration farms, funding for a welding and vulcanizing shop, establishment of family enterprises in Hayanggabon, and funding for the Cagdianao Public Market.

For projects related to IP communities, TMC and THPAL, in collaboration with the Gawad Kalinga Foundation, completed the construction of 120 housing units for the Mamanwa tribe of Taganito and Urbiztondo. These units were turned-over to AMPANTRIMTU, the organization jointly formed by the Mamanwas of Taganito and Urbiztondo. The Punta Naga Elementary School was turned over to the DepEd and is now operational with 306 pupils enrolled. Community organizing initiatives such as the core group formation and committees’ establishment were likewise initiated in these IP culturally-sensitive communities.

HMC

Environmental Management

HMC is progressively rehabilitating (backfilling and reshaping) around 18 hectares of mined-out areas of which about five hectares were reforested/re-vegetated with 12,500 seedlings planted during the year. HMC engaged the services of the community to expedite the rehabilitation program through its Community Output-Based Reforestation Program. Outside the mined-out areas, HMC forested a total of 14 hectares of disturbed areas with 15,200 seedlings planted. In addition, a total of 23 hectares of denuded areas were reforested with about 25,000 seedlings planted. Thus, the overall reforestation accomplishment outside mining areas is around 36 hectares, with about 40,300 seedlings planted.

With respect to coastal areas, 41,000 mangrove propagules were planted on 4.5 hectares during the year. As a result, 58,500 mangrove seedlings have been planted on around 7.25 hectares to date since the program started in 2011.

During the year, around 52,250 cubic meters of silt were removed from existing settling ponds. To date, the total volume capacity of the settling ponds stands at over 109,000 cubic meters. Re-engineering of Settling Pond No. 1 has commenced and additional series of settling ponds are being constructed.

Social Development

HMC implemented various projects under its SDMP for the benefit of the residents of its host and neighboring communities.

In the area of education, HMC implemented various projects geared toward holistic educational development from daycare to college level. HMC provided full scholarship to nine college students pursuing courses in mining engineering, education, and information technology. The scholarship covers tuition and miscellaneous expenses, living allowance, books and uniforms. Educational infrastructure projects were also undertaken such as the construction and repair of daycare and elementary classrooms and Alternative Learning System (ALS) Center. The usual provision of school supplies, instructional materials, uniforms, shoes and bags of students, school equipment and facilities, honoraria of teachers, and educational enhancement activities for elementary and secondary schools, which benefited 1,030 students and teachers were prioritized. Through the annual Hinatuan Educational Learnership Program for Students (HELPS), HMC was able to assist 26 college students by employing them in part-time summer jobs and providing them with stipends. Eighty five learners, mostly out-of-school youth, also benefited from the ALS program and were able to pass the National Acceleration Exam of DepEd for high school diploma equivalency.

For health care, priority projects included the quarterly medical-dental missions, quarterly provision of health food to 137 registered senior citizens of Brgy. Talavera, Sitio Bagong Silang and Sitio Campandan, among others. A birthing home at Brgy. Talavera was also constructed as part of its health program for pregnant women. HMC also provided a sea ambulance to its three host communities for emergency medical cases. It also conducted a series of trainings and seminars for the barangay health workers of the community. Finally, HMC supported the health and sanitation program of its host barangay by conducting a community clean-up activity under the Food for Work program.

To uplift the economic condition of the residents, HMC implemented livelihood projects that include the provision of fishing pump boats to 24 beneficiaries. A community beauty salon, snack house, bakery and livestock production center were also established to utilize their acquired skills as a result of the Livelihood Skills Training Program conducted in coordination with Technical Education and Skills Development Authority (TESDA).

For community infrastructure, HMC implemented the electrification project in Sitio Campandan, which will benefit a total of 180 houses. The company provided them with free service drop wires and electricity meters and street lighting for the entire community.

Lastly, HMC sponsored the formulation of the Barangay Development Plan (BDP) of the 13 neighboring barangays from the Municipality of Tagana-an as part of its research program as the official guiding principle in improving the barangay and attaining progress in all its communities.

CMC

Environmental Management

CMC, as of end of 2012, has not yet declared any areas as mined-out. Therefore, all the greening and reforestation work undertaken outside the mining areas and in denuded areas within its MPSA which are not suitable for mining. As such, CMC forested around 20 hectares, with over 10,000 seedlings planted. Additionally, for the Carbon Sink Program within the mining area, CMC planted on 4.3 hectares with almost 5,000 seedlings. The greening/forestation effort accomplished to date is around 106 hectares, with almost 76,000 seedlings planted. Activities are continuously conducted for maintenance and protection, including re-planting, brushing, fertilizer application and pruning.

With respect to coastal areas, maintenance of the 4,600 mangrove propagules planted on about 0.62 hectares of the declared Valencia Marine Protected Area is regularly conducted.

During the year, over 77,000 cubic meters of silt were removed from existing settling ponds. Moreover, additional settling ponds was constructed fronting the CMC Mine Camp with a total capacity of about 2,060 cubic meters bringing the total volume capacity to over 392,800 cubic meters. Maintenance of the sea wall was conducted by installing geo-textile, rip-rapping and gravelling of access roads in Claudia, Canduag and fronting the administration office area.



Social Development

CMC implemented various projects under its SDMP for the benefit of its host and neighboring barangays, respectively, Valencia, Boa, Legaspi and Sitio Maytubig.

In the area of education, CMC implemented various initiatives such as the continued implementation of tertiary education scholarships to 18 students undertaking courses in mining engineering, civil engineering, mechanical engineering, electronics and communication engineering, nursing, education, environmental science, and marine transportation. CMC likewise provided support to the public schools in the four barangays in the form of subsidies to volunteer teachers, assistance for building repairs and improvements and provision of multi-media equipment, desktop computers, and printers. School supplies and uniforms for the students were also provided.

For health care, medical consultations and first-aid medicines were regularly provided to the four barangays. The annual medical mission conducted in 2012 served over a thousand local residents. Senior citizens in the communities were given special attention through the provision of quarterly health supplies such as high-calcium milk and oatmeal.

For infrastructure, two day care centers were constructed in Barangay Valencia. Day care centers in the neighboring barangays were also given assistance for improvement. A concrete footbridge in Sitio Maytubig was constructed, and water systems in the four communities were continuously improved.

In terms of livelihood, technical services training on heavy equipment operation through TESDA was conducted for qualified men from the community. Curtain and fashion accessories making was also conducted for women and out-of-school-youth, wherein the trainees were provided with tools and materials needed to start-up a small business. A tilapia culture project was introduced and implemented for one barangay, and other previously implemented projects such as hog raising, rice retailing, and agri-vet supplies retailing were sustained. Lastly, in support of the implementation of a ecological solid waste management program for the community, the company provided a mini-dump truck for the collection of segregated waste for recycling project, which is an alternative source of income for the community.

"I suppose my misconceptions were a product of poor research and the willingness to simply believe anything it was that anyone told me."

-Alex Guerrero, DLSU , AB DSM and BS Management

"One must truly see it himself in order to fully understand and capture the importance of such activity and the idea of being responsible in restoring the site. The mining company showed us the very essence and the huge possibility of "responsible mining".

-Chermaine Ann Gonzalez, DLSU, AB Development Studies

"I am honoured to have witnessed the fruits of responsible mining in the country"

-Jake Manalaysay, UP, BA Political Science

"RTN Mining Company has done a lot for things for their community that has sparked development in the place. Imagine if there is no such thing as RTN in the place. The communities might still be in a difficult situation in terms of their survival. With the benefits that mining can give us, the country should show gratitude to it for it also helps in the expansion of the Philippine market in the other countries. So for those who are still in doubt, visit Rio Tuba Nickel Mining Company and see that responsible mining is really possible."

-JC Cabigunda, DLSU, AB Development Studies

" I was able to get new insights about mining. I do hope that the RTNMC could invite more students in order to give them new perspectives about mining and to know how responsible mining in Palawan is possible".

-Ace Dela Cruz, ADMU, BA Political Science-Masters In Public Management

"I really appreciated the effort that the mining companies pour to their operations. Also, I admire their integrity. The fact that people don't know what they are doing, the impact of what they are doing, is enough proof that there is a possibility that these companies may bring about a great change in the life of people that surrounds them."

-Claudine Reyes, DLSU, BS Accounting



"there are mining companies that take the extra effort to restore the destruction they have caused. These are what we consider as responsible mining companies. They are responsible because they exert effort to reforest the deactivated pits, develop the communities that they affect, and make the place that they affect a much better place to be in. One mining company that we were exposed to that does just that is the Riotuba Nickel Mining Corporation."

-Gerard Ventanilla, DLSU, AB Development Studies

"I am thankful to witness such a great accomplishment that the RTNMC did in Palawan and I hope that even if they are already finished with their mining project in Rio Tuba, I hope that they will still continue to help and support the community to grow and be able to let it stand alone on itself. And I am sure that I will never forget this wonderful experience!"

-Mikhail Bagamasbad, DLSU, AB Development Studies

"I didn't have an idea that a mining corporation can be this altruistic and sincere in improving the lives and welfare of its surrounding communities"

-Mary Heather Padua, UP, BA Political Science

"Rio Tuba showed me that mining is also an integral part of our development as a country because without mining, our country will have a hard time fully developing as it not only gives jobs, but the finished product of those mining operations result to many different and integral things we all use in our every day lives."

-Robby Quimson, DLSU, AB Development Studies

"mining is an integral part of human development. Without it, we won't be able to live the life we have now. Technological advances would seem to be impossible without mining and if mining would be stopped, further innovations would be stopped as well."

-Leir Abelardo, DLSU, AB DSM



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Resident Mine Manager, Cagdianao Mine

Joel G. Laporga³
Resident Mine Manager, Hinatuan Mine

¹ Effective 01 April 2013

² Effective 01 February 2013

³ Effective 26 February 2013

⁴ Effective 01 June 2012

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Mine Sites

Rio Tuba Mine
Barangay Rio Tuba, Bataraza, Palawan

Taganito Mine
Barangay Taganito, Claver, Surigao del Norte

Cagdianao Mine
Barangay Valencia, Cagdianao, Dinagat Islands

Hinatuan Mine
Barangay Talavera, Taganaan, Surigao del Norte

Corporate Website

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Sycip Gorres Velayo & Co.

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BNP Paribas
Credit Suisse
Metropolitan Bank & Trust Co.
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