COVER SHEET

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S.E.C. Registration Number

N I C K E L A S I A C O R P O R A T I O N

(Company's Full Name)

2 8 t h F l o o r , N A C T o w e r , 3 2 n d

S t . B o n i f a c i o G l o b a l C i t y

T a g u i g C i t y

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

Atty. Barbara Anne C. Migallos Atty. Daneia Isabelle F. Palad	8896-9357 to 59
Contact Person	Telephone Number of the Contact Person

1 2 3 1	**SEC Form 20- IS** **Preliminary Information Statement**	**Every First Friday of June**
Fiscal Year	FORM TYPE	Annual Meeting

N/A

Secondary license Type, If Applicable

M S R D	**n/a**
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

NICKEL ASIA CORPORATION
Notice of Annual General Meeting of Stockholders

TO OUR STOCKHOLDERS:

Please be informed that the **Annual General Meeting of the stockholders** of **NICKEL ASIA CORPORATION** (the "Company") will be held online on **Friday, 2 June 2023 at 10:00 A.M.** and will be presided at the Company's principal office address at the 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila (the "2023 AGM" or the "Meeting")**.** The time of the Meeting will be announced at a later date. The order of business thereat will be as follows:

1. Call to Order
2. Proof of required notice of the meeting
3. Certification of quorum
4. Reading and approval of the Minutes of the 3 June 2022 annual general meeting of stockholders
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2022 and action thereon
6. Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2022
7. Appointment of independent auditors
8. Election of directors, including independent directors
9. Other matters
10. Adjournment

A brief statement of the rationale and explanation for each Agenda item which requires shareholders' approval is contained in Annex "A" of this Notice. The Preliminary Information Statement accompanying this Notice contains more detail regarding the rationale and explanation for each of such Agenda items.

Stockholders of record at the close of business on 29 March 2023 are entitled to notice of, and to vote at, this year's Meeting. Shareholder may only participate via remote communication.

To register, certificated stockholders who will attend the Meeting should send a scanned copy of one (1) valid government identification card (ID) to NIKL-ASM2023@nickelasia.com. Indirect shareholders should send scanned copies of their broker's certification and one (1) valid ID to NIKL-ASM2023@nickelasia.com. Deadline for registration is on 23 May 2023, at 12NN.

The Company is not soliciting proxies. Should you be unable to attend the meeting, you can nevertheless be represented and vote at the AGM by submitting a proxy by email to NIKL-ASM2023@nickelasia.com, or by sending a physical copy to the Office of the Corporate Secretary at the Company's principal address at 18th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. The deadline for submission of proxies is on 23 May 2023.

Inquiries and/or comments limited to the items in the Agenda of the Meeting may be sent to NIKL-ASM2023@nickelasia.com on or before 29 May 2023. Inquiries and/or comments received after the deadline, or those unrelated to the items in the Agenda of the Meeting shall be referred to the Corporation's proper officer for the appropriate response.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

The Rationale and Explanation for each Agenda item requiring shareholders' approval is attached to this Notice.

The Definitive Information Statement, Management Report and SEC Form 17-A with 2022 Audited Financial Statements, accompany this Notice.

ANNEX "A"

EXPLANATION AND RATIONALE
For each item on the Agenda of the 2023 Annual General Meeting of Stockholders of Nickel Asia Corporation requiring the vote of stockholders

AGENDA

1. **Call to Order**
   The Chairman will formally open the 2023 Annual General Meeting of Stockholders. The Directors and Officers of the Company will be introduced.

2. **Proof of required notice of the meeting**
   The Corporate Secretary will certify that copies of this Notice and the Information Statement with its accompanying documents with its accompanying documents have been duly provided in accordance with SEC Rules, within the required periods, to stockholders of record as of 29 March 2023.

3. **Certification of quorum**
   The Corporate Secretary will attest whether a quorum is present for the meeting.

4. **Reading and approval of the Minutes of the 3 June 2022 annual general meeting of stockholders, and action thereon**
   Shareholders may examine the Minutes of the 3 June 2022 annual general meeting of stockholders, in accordance with Sec. 73 of the Revised Corporation Code. The Minutes are also available on the Company's website.

   Resolution to be adopted:
   Shareholders will vote for the adoption of a resolution approving the Minutes of the 3 June 2022 annual general meeting of stockholders.

5. **Presentation of annual report and audited financial statements for the year ended 2022 and action thereon**
   The annual report and the financial statements of the Company, audited by the Company's external auditors, Sycip Gorres Velayo & Company, will be presented. The report will include the Audited Financial Statements, a copy of which accompanies this Notice and the Definitive Information Statement. Copies of the Definitive Information Statement and the Audited Financial Statements for 2022 are likewise made available on the Company's website (www.nickelasia.com).

   OPEN FORUM. After the report, inquiries submitted by stockholders on or before 29 May 2023 via email as stated in the Notice will be answered by the appropriate officer. Due to time considerations, questions not addressed at the meeting will be responded to via email.

   Resolution to be adopted:
   Shareholders will vote for the adoption of a resolution approving the annual report and the audited financial statements for the year ended 2022.

6. **Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2022**
   Actions by the Board and by the officers are contained in the Definitive Information Statement (please see pages 32-35 of the Information Statement) or are referred to in the Management Report.

   Resolution to be adopted:
   The ratification and approval of the acts of the Board of Directors and Officers.

7. **Appointment of independent auditors**
   The Audit and Risk Committee screened the nominees for independent external auditor and endorsed the appointment of Sycip Gorres Velayo and Company ("SGV") as the Company's independent external auditors for the year 2023.

   Resolution to be adopted:
   Shareholders will vote on a resolution for the appointment of SGV as independent external auditor of the Company for 2023.

8. **Election of directors, including independent directors**
   The Final List of Candidates for election as directors, as prepared by the Nominations Committee in accordance with the Company's By-Laws, the Revised Manual on Corporate Governance, the Securities Regulation Code and its Implementing Rules and Regulations and SEC guidelines for the election of independent directors, is contained in the Definitive Information Statement (please see page 12). The Final List will be presented to the shareholders, and the election of directors will be held.

   The Voting Procedure is stated in the Definitive Information Statement (please see pages 35-36).

9. **Other matters**
   Matters that are relevant to and appropriate for the annual general shareholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Definitive Information Statement, will be submitted for voting by the shareholders.

10. **Adjournment**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [**X**] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **NICKEL ASIA CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **CS200811530**

5. BIR Tax Identification Code: **007-085-191-000**

6. **28th Floor, NAC Tower, 32nd Street, Bonifacio Global City,**
   Taguig City, Metro Manila **1634**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **+63 2 8798 7622**

8. Date, time and place of the meeting of security holders:

Date	**:**	**June 2, 2023**
Time	**:**	**10:00 A.M.**
Place	**:**	**The meeting will be presided at the 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 13, 2023**

10. In case of Proxy Solicitations: **NOT APPLICABLE**

    Name of Person Filing the Statement/Solicitator:
    Address and Telephone Number:

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Common Stock Issued	**13,685,272,117**
Preferred Stock Issued	**720,000,000**
	(as of December 31, 2022)

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes x No ____

    If so, disclose the name of Exchange: **The Philippine Stock Exchange, Inc.**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual General Meeting (the "2023 AGM" or the "Meeting") of the Stockholders of Nickel Asia Corporation, a corporation organized and existing under the laws of the Philippines with principal office address at the 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila (the "Company") will be held on **Friday, June 2, 2023, at 10:00 A.M.** and will be presided at the Company's principal office address provided above. The time of the meeting will be provided at a later date. Stockholders may attend the meeting and participate by remote communication only.

The Agenda of the 2023 AGM, as indicated in the accompanying Notice of Annual General Meeting of Stockholders, is as follows:

1. Call to Order
2. Proof of required notice of the meeting
3. Certification of quorum
4. Reading and approval of the Minutes of the 3 June 2022 annual general meeting of stockholders
5. Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2022 and action thereon
6. Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2022
7. Appointment of independent auditors
8. Election of directors, including independent directors
9. Other matters
10. Adjournment

Shareholders may only participate via remote communication.

Voting procedures are contained in Item 19 of this Information Statement and will be stated at the start of the 2023 AGM. Cumulative voting is allowed; please refer to Item 4 for an explanation of cumulative voting.

The Management Report, the Securities Exchange Commission ("SEC") Form 17-A with the Audited Financial Statements for the year ended December 31, 2022, are attached to this Information Statement. Said reports are also uploaded to the Company's website. Upon written request of a shareholder, the Company shall furnish such shareholder with a printed copy of the said reports, as filed with the SEC, free of charge. The contact details for obtaining such copies are on page 36 of this Information Statement. This Information Statement, Proxy Form, and attachments shall be available to security holders on or before May 13, 2023.

Further information and explanation regarding specific agenda items**,** where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

WE ARE NOT SOLICITING PROXIES. SHAREHOLDERS MAY APPOINT PROXIES IF THEY ARE UNABLE TO ATTEND THE MEETING SO THAT THEIR VOTE MAY BE COUNTED.

Item 2. Dissenters' Right of Appraisal

Title X, Section 80 of the Revised Corporation Code of the Philippines grants in favor of the stockholder the right to dissent and demand payment of the fair value of his shares in certain instances, to wit:

(1) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(2) in case of the sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets;

(3) in case of merger or consolidation; or

(4) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

None of the proposed corporate actions to be discussed at the forthcoming Stockholders' Meeting qualifies as an instance for the exercise of the appraisal right by any stockholder.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Apart from election to office, none of the incumbent Directors Executive Officers of the Company or any associate of the foregoing have any substantial interest, direct or indirect, by security holding or otherwise, in any matter to be acted upon in the Meeting.

The Company has not received any information from any Director that he/she intends to oppose any matter to be acted upon in the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of March 31, 2023, the Company has 13,685,272,117 issued and outstanding common shares and 720,000,000 issued and outstanding preferred shares. Out of the outstanding common shares, 54,422,000 are treasury shares.

Out of the 13,630,850,117 outstanding common shares of the Company, 61.93% are owned by Filipinos, while 38.07% are owned by non-Filipinos.

Cumulative voting may be adopted in the election of directors as allowed by the Revised Corporation Code of the Philippines. On this basis, each registered stockholder as of March 29, 2023, vote the number of shares registered in his name for each of the nine (9) directors to be elected; or he may multiply the number of shares registered in his name by nine (9), the number of the Company's directors as provided in its Articles of Incorporation, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the nine (9) directors to be elected.

All stockholders of record as of the close of business on March 29, 2023 are entitled to notice of, and to vote at, the 2023 AGM. A stockholder entitled to vote at the meeting shall have the right to online by sending an online form via email, or by proxy.

Security ownership of certain record and beneficial owners (more than 5% of voting securities) as of March 31, 2023:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	PCD Nominee Corporation (Filipino)	*See Note 1* *See Note 3*	Filipino	4,473,473,028	32.8%
Common	PCD Nominee Corporation (Non-Filipino)	*See Note 1* *See Note 3*	Non-Filipino	2,588,983,883	18.99%
Common	Sumitomo Metal Mining Philippine Holdings Corporation	Registered and Beneficial Owner: Sumitomo Metal Mining Philippine Holdings Corporation *See Note 1*	Filipino	2,600,384,267 (direct)	26.52%
		Registered Owner: PCD Nominee Corporation Beneficial Owner: Sumitomo Metal Mining Philippine Holdings Corporation *See Note 1*		1,014,013,620 (indirect)	
	Mantra Resources Corporation	Registered Owner: PCD Nominee Corporation Beneficial Owner: Mantra	Filipino	1,000,000,000 (direct)	26.01%
				2,545,743,602 (indirect)	

		Resources Corporation *See Note 1*			
	Ni Capital Corporation	Registered Owner: PCD Nominee Corporation Beneficial Owner: Ni Capital Corporation *See Note 1*	Filipino	1,833,078,231 (indirect)	13.45%
Preferred	Nickel Asia Holdings, Inc.	Beneficial Owner: Nickel Asia Holdings, Inc. *See Note 2*	Filipino	720,000,000 (direct)	100%

(1) PCD Nominee Corporation ("PCD"), the nominee of the Philippine Depository & Trust Corporation, is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD's participants who hold the shares on their own behalf, or in behalf of their clients.

PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines

The 2,545,743,602 shares of Mantra Resources Corporation, 1,833,078,231 shares of Ni Capital Corporation, and 1,014,013,620 shares of Sumitomo Metal Mining Phil. Holdings Corp. (SMM Phil) are lodged under PCD Nominee Corporation ("PCD") Filipino Account.

(2) The stockholders of Nickel Asia Holdings, Inc. include Mr. Manuel B. Zamora, Jr., Mr. Philip T. Ang and Mr. Luis J.L. Virata.

(3) Except as stated above, the Company has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than 5% of the Company's outstanding shares or who has a voting power, voting trust or any similar agreement with respect to shares comprising more than 5% of the Company's outstanding common stock.

Proxies of the foregoing record owners for the Annual General Stockholders' Meeting on June 2, 2023 have not yet been submitted. The deadline set by the Board of Directors for submission of proxies is on May 23, 2023**.**

(a) Security Ownership of the Directors and Management as of March 31, 2023:

Name of Beneficial Owner	Citizenship	Title of Class	Amount and Nature of Beneficial Ownership		Total direct & indirect shares	% to Total Outstanding Shares
			Direct	Indirect		
Harvey T. Ang	Filipino	Common	2,000,000	10,625,640	12,625,640	0.09
Gerard H. Brimo	Filipino	Common	23,047,282	3,672,727	26,720,009	0.2
Leonides Juan Mariano C. Virata	Filipino	Common	100	-	100	0
Martin Antonio G. Zamora	Filipino	Common	540	5,515,671	5,516,211	0.04
Shiro Imai	Japanese	Common	2,023	-	2,023	0
Yusuke Niwa	Japanese	Common	2,023	-	2,023	0
Angelo Raymundo Q. Valencia	Filipino	Common	10,000	5,000	15,000	0
Florencia G. Tarriela	Filipino	Common	1	16,799	16,800	0
Maria Patricia Z. Riingen	Filipino	Common	1,000	910,800	911,800	0.01
Jose Bayani D. Baylon	Filipino	Common	-	200	200	0
Rommel L. Cruz	Filipino	Common	-	-	-	0
Rolando R. Cruz	Filipino	Common	614,952	1,085,962	1,700,914	0.01
Koichi Ishihara	Japanese	Common	-	-	-	0
Georgina Carolina Y. Martinez	Filipino	Common	-	9,000	9,000	0
Gerardo Ignacio B. Ongkingco	Filipino	Common	-	-	-	0
Barbara Anne C. Migallos	Filipino	Common	-	-	-	0
Ma. Angela G. Villamor	Filipino	Common	-	972,554	972,554	0.01
Romeo T. Tanalgo	Filipino	Common	-	-	-	0
Jeffrey B. Escoto	Filipino	Common	-	-	-	0
Marnelle A. Jalandoon	Filipino	Common	-	-	-	0
Ryan Rene C. Jornada	Filipino	Common	-	259,600	259,600	0
Iryan Jean U. Padillo	Filipino	Common	-	4,500	4,500	0
Patrick S. Garcia	Filipino	Common	-	34,333	34,333	0

Christopher C. Fernandez	Filipino	Common	-	-	-	0
Rodrigo V. Gazmin, Jr.	Filipino	Common	-	-	-	0
Bimbo T. Almonte	Filipino	Common	-	-	-	0
Salvador C. Cabauatan	Filipino	Common	-	1,000	1,000	0
Remedios C. Camo	Filipino	Common	-	16,000	16,000	0
Ma. Fatima C. Mijares	Filipino	Common	-	-	-	0
Arnilo C. Milaor	Filipino	Common	-	-	-	0
Christine Joanne C. Navarro	Filipino	Common	-	-	-	0
Teody A. Pascual	Filipino	Common	-	-	-	0
Jessie A. Payuyo	Filipino	Common	-	121,600	121,600	0
Kristine Grace C. Victoria	Filipino	Common	-	-	-	0
Charito R. Villena-Co	Filipino	Common	-	-	-	0
Jessie N. Pagaran	Filipino	Common	-	-	-	0
Andre Mikael L. Dy	Filipino	Common	-	-	-	0
Edwin P. Nerva	Filipino	Common	-	50,000	50,000	0
Reynaldo D. G. Mata II	Filipino	Common	-	-	-	0
Fernando P. Cruz	Filipino	Common	-	4,000	4,000	0
Christian Jae R. Gascon	Filipino	Common	-	-	-	0
Walter B. Panganiban	Filipino	Common	-	-	-	0
Total			**25,677,921**	**23,305,386**	**48,983,307**	**0.30%**

(b) The Corporation has no stockholder of record holding more than 5% of the Corporation's common stock under a voting trust agreement.

(c) There are no arrangements which may result in a change in control of the Corporation

Item 5. Directors and Executive Officers

(a) List of Directors and Executive Officers of Issuer

The names of the incumbent directors of the Company as of March 31, 2023, their respective ages, citizenship, and period of service are as follows:

Name	Age	Citizenship	Position	Date First Elected	Date Last Elected	No. of Years served as

						Director
Gerard H. Brimo	71	Philippine National	Executive Director, Chairman of the Board of Directors	August 1, 2009	June 3, 2022	13 years and 8 months
Martin Antonio G. Zamora	50	Philippine National	Executive Director, President and Chief Executive Officer (CEO)	June 16, 2010	June 3, 2022	12 years and 9 months
Harvey T. Ang	50	Philippine National	Non-Executive Director	June 3, 2022	June 3, 2022	10 months
Florencia G. Tarriela	75	Philippine National	Independent Director	August 4, 2022	August 4, 2022	8 months
Angelo Raymundo Q. Valencia	55	Philippine National	Independent Director	May 8, 2020	June 3, 2022	2 years and 10 months
Leonidas Juan Mariano C. Virata	42	Philippine National	Non-Executive Director	June 28, 2022	June 28, 2022	9 months
Shiro Imai	50	Japanese National	Non-Executive Director	June 28, 2022	June 28, 2022	9 months
Yusuke Niwa	55	Japanese National	Non-Executive Director	August 5, 2021	June 3, 2022	1 year and 7 months
Maria Patricia Z. Riingen	57	Philippine National	Non-Executive Director	May 20, 2019	June 3, 2022	3 years and 10 months

1) GERARD H. BRIMO is the Chairman of the BOD of the Company since August 7, 2018. He is a member of the Corporate Governance Committee of the Company. He is also the Chairman of all Cagdianao Mining Corporation ("CMC"), Dinapigue Mining Corporation ("DMC"), Hinatuan Mining Corporation ("HMC"), Cordillera Exploration Co., Inc. ("CEXCI"), Newminco Pacific Mining Corporation ("Newminco") and CDTN Services Company Inc. ("CDTN"), a Director of Emerging Power, Inc. ("EPI") and its subsidiaries, and an Independent Director of Security Bank Corporation and Commonwealth Foods, Inc. Prior to his career in mining, he worked for Citibank for eight (8) years, and was a Vice President in the bank's Capital Markets Group in Hong Kong prior to joining Philex Mining Corporation as Vice President - Finance. Mr. Brimo served as Chairman and CEO of Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, as Chairman from 1995 to 2003 and from 2017 to 2021. He received his Bachelor of Science degree in Business Administration from Manhattan College, USA and his Master of Business Management degree from the Asian Institute of Management.

Listed companies of which Mr. Brimo is presently a director

Philippines

1. Nickel Asia Corporation
2. Security Bank Corporation (Independent)

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

<u>*Listed companies of which Mr. Zamora is presently a director*</u>

Philippines:
1. Nickel Asia Corporation

3) MARIA PATRICIA Z. RIINGEN was first elected as a Director of the Company on May 20, 2019. She is a member of the Sustainability Committee of the Board of Directors of the Company, the Vice Chair of Rio Tuba Nickel Mining Corporation and Taganito Mining Corporation, and a Director of DMC, CDTN, CEXCI and EPI. She is the President of Manta Equities, Inc. ("Manta") and Manta Foundation, Inc. and a Director of Mantra Resources, Inc. She is also a Director of EPI. Prior thereto, she held various positions with the Western Union Company, and was the Senior Vice President and Regional Head for Asia Pacific. Her other previous roles were as Executive Director and a member of the Board of Directors at the Asian Development Bank, Vice President at Citibank N.A., and Brand Manager of Procter & Gamble. She is a member of the Young President's Organization (YPO). She was among Asia's Top 20 People in Cash Management selected by Finance Asia in 2011 for being one of the region's most influential power players and up-and-coming executives in the cash management industry. In 2013, Ms. Riingen was recognized as one of the 100 Most Influential Filipinas in the World for her accomplishments as a Filipina senior executive working in a global company. In the same year, she received the Pinnacle Group's CSR Award for spearheading a range of initiatives for better access to financial services in the Philippines. Ms. Riingen obtained her Bachelor of Science degree in Business Administration, major in Marketing, Magna Cum Laude, from the University of the Philippines.

<u>*Listed companies of which Ms. Riingen is presently a director:*</u>

Philippines:
1. Nickel Asia Corporation

4) ANGELO RAYMUNDO Q. VALENCIA was first elected as an Independent Director of the Company on May 8, 2020. He is the Chairman of the Board Risk Oversight Committee and a member of the Audit, Related Party Transactions, Sustainability, and Nominations Committees of the Board. Mr. Valencia is a Senior Fellow at the Development Academy of the Philippines, and a Lecturer at the Armed Forces of the Philippines (AFP) Command Staff Graduate Course. He also serves as Member of the Board of Advisors of the NOLCOM Heroes Foundation, AFP Leadership Development Center, and Philippine Air Force Aviation Leadership and Excellence Nexus, and as a Presidential Adviser on Food Security, Education, Environmental Stewardship, and Indigenous People's Rights of the Integrated Bar of the Philippines. Mr. Valencia is also an Independent Director and Chairman of the Corporate Governance Committees of Country Bankers Life and Non-Life Insurance Corporation and Guagua Rural Bank. He is also the Managing Director of Community Sustainability Ventures, Inc., President and Chairman of YD Trucking Services Corp. Director of Just Projects Philippines Foundation, Inc. and Mashiglia Inc., He was also a Senior Corporate and Tax Counsel of the Lucio Tan Group and Chief Operating Officer of Mindanao Grains Processing

Co., Inc. Mr. Valencia has received numerous awards and citations for his public service endeavors. He founded the project Klasrum ng Pag-asa, a private sector initiative that builds, augments and reconstructs public school structures nationwide. He obtained his Juris Doctor from the Ateneo School of Law in 1998. He is a member of the Philippine Bar.

Listed Companies of which Mr. Valencia is a Director:

Philippines:
1. Nickel Asia Corporation (Independent)

5) HARVEY T. ANG was first elected as a Director of the Company on June 3, 2022. He is also a Director of CMC and HMC. He is the President of Yeeloofa Development Corporation. Prior thereto, he was Business Development Manager of Exchange Properties Resources Corporation from July 2004 to July 2007. He was also the Export Director of Solid Mills, Inc. from July 1999 to October 2003. Aside from his experience in the real estate and textile industries, he has had significant experience in the logistics, retail and marketing industries. Mr. Ang obtained his Bachelor of Science in Management, minor in Legal Management, from the Ateneo De Manila University.

Listed Companies of which Mr. Ang is a Director:

Philippines:
1. Nickel Asia Corporation

6) YUSUKE NIWA is the General Manager of the Nickel Sales and Raw Materials Department, Non-Ferrous Metals Division of SMM. He has more than thirty (30) years of experience in SMM's non-ferrous metals and materials businesses, specializing in the fields of accounting, project management and administration. He likewise held significant posts relative to the Sierra Gorda copper mine of SMM in Chile. Mr. Niwa is also an incumbent director of the Company's affiliates, THNC, CBNC and Nickel Asia Holdings, Inc. He obtained his Bachelor of Science degree in Political Science and Economics from Waseda University in Tokyo, Japan..

Listed companies of which Mr. Niwa is presently a director

Philippines:
1. Nickel Asia Corporation

7) SHIRO IMAI was first elected as a Director effective June 30, 2022. He is the Chairman of the Related Party Transactions Committee, and a member of the Audit Committee and Nominations Committee of the Board. Mr. Imai is the Executive Vice President of SMMPHC, CBNC, and THNC. He has been working for SMM since 1995. He was with the Sales and Marketing Section of the Electronics Division from April 1995 to January 2001 and the Sales and Marketing Section of the Advanced Materials Division from February 2001 until October 2009. In November 2009, Mr. Imai became a member of the Nickel Sales and Raw Materials Department of the Non-Ferrous Metals Division until June 2014, when he was assigned as SMM's Chief Representative of its London Office. He was the Manager of the Copper and Precious Raw Materials Department from June 2016 until September 2019. He obtained his Bachelor's degree in Economics from Tohoku University in Miyagi, Japan.

Listed companies of which Mr. Imai is presently a director

Philippines:
1. Nickel Asia Corporation

8) LEONIDES JUAN MARIANO C. VIRATA was first elected as Director effective June 30, 2022. He is a member of the Corporate Governance Committee of the Board. Mr. Virata is the CEO of Cavitex Holdings Inc. and the Managing Director of MTC Investment Properties. Prior thereto, he was with the Broking Research team of Platinum Securities from 2006 to 2010. He is a member of Makati Business Club. He received his Bachelor of Arts, Major in Philosophy of Religions from University of Pennsylvania.

<u>*Listed companies of which Mr. Virata is presently a director*</u>

Philippines:
1. Nickel Asia Corporation

9) FLORENCIA G. TARRIELA was first elected as Independent Director on August 4, 2022. She is the Lead Independent Director, Chairman of the Audit Committee, and a member of the Board Risk Oversight, Related Party Transactions, and Corporate Governance Committees of the Board. Ms. Tarriela is a Board Advisor of the Philippine National Bank (PNB), an Independent Director of the LT Group Inc., a Director of PNB International Investment Corporation, Gozon Development Corporation and Tarriela Management Co., Inc. and a Trustee of the Financial Executives Institute of the Philippines ("FINEX") and Tulay sa Pag-unlad, Inc., a microfinance NGO. She is also a fellow of the Institute of Corporate Directors, a GoNegosyo mentor and a member of the Filipina CEO Circle and Women Business Council Philippines. She previously served as Board Chair and Independent Director of PNB for 15 years and Undersecretary for the Department of Finance. She was the first Filipina Vice President in Citibank N.A., President of the Bankers Institute of the Philippines, Director of the Bankers Association of the Philippines, and of the Philippine Bible Society. She has co-authored and compiled several books on ethics, mentorship, and gardening, among others, and continues to be a regular columnist for Manila Bulletin and Business World.

Ms. Tarriela obtained her Bachelor of Science in Business Administration, major in Economics, from the University of the Philippines and Master's degree in Economics from the University of California, Los Angeles.

None of the foregoing directors has resigned or declined to stand for re-election to the board of directors since the 2022 Annual General Meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. No director has furnished the Company with a letter describing such disagreement and requesting that the matter be disclosed.

<u>***Process and Criteria for Selection of Nominees for Directors***</u>

The Board of Directors set on April 13, 2023 as the deadline for the submission of nominations for election to the Board of Directors.

The Nominations Committee composed of Messrs. Angelo Raymundo Q. Valencia, Martin Antonio G. Zamora, and Shiro Imai, screened the nominees for election to the Board of Directors in accordance with the Company's Revised Manual on Corporate Governance. The Committee will assess the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee will review their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Revised Manual of Corporate Governance, the Securities Regulation Code ("SRC"), and the SRC Implementing Rules and Regulations.

Nominees for Election at Annual Stockholders' Meeting on June 2, 2023.

The Nominations Committee met on April 25, 2023 and screened the nominees to determine whether they have all of the qualifications and none of the disqualifications for election to the Company's Board of Directors. The Final List of Candidates for election to the Board of Directors are as follows:

1. Gerard H. Brimo
2. Martin Antonio G. Zamora
3. Maria Patricia Z. Riingen
4. Shiro Imai
5. Yusuke Niwa
6. Leonides Juan Mariano C. Virata
7. Florencia G. Tarriela (Independent Director)
8. Angelo Raymundo Q. Valencia (Independent Director)
9. Harvey T. Ang

The Company complied with the guidelines on the nomination and election of independent directors prescribed in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. Mr. Valencia was nominated by Mr. Ryan Rene C. Jornada. Ms. Florencia G. Tarriela was nominated by Ms. Maria Patricia Z. Riingen. Both nominees have accepted their nominations in writing. There are no relationships between the foregoing nominees for independent director and the persons who nominated them.

The following table sets forth information regarding the Company's Executive Officers:

Name	Age	Citizenship	Position as of March 31, 2023
Jose Bayani D. Baylon	60	Philippine National	Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer
Georgina Carolina Y. Martinez	56	Philippine National	Senior Vice President - Corporate Support and Compliance Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary
Maria Angela G. Villamor	57	Philippine National	Senior Vice President - Finance and Revenue Management Group; Chief Financial Officer
Rolando R. Cruz	62	Philippine National	Vice President - Nickel Mining Business
Rommel L. Cruz	59	Philippine National	Vice President – Special Projects

Andre Mikael L. Dy	40	Philippine National	Vice President - Treasury, Investor Relations and Sales
Jeffrey B. Escoto	47	Philippine National	Vice President - Supply Chain Management and Technical Services
Christopher C. Fernandez	59	Philippine National	Vice President - Process and Technology Innovation
Patrick S. Garcia	48	Philippine National	Vice President - Internal Audit; Chief Audit Executive
Koichi Ishihara	49	Japanese National	Vice President, Officer-in- Charge, Chief Commercial Officer – Mining Business
Ryan Rene C. Jornada	44	Philippine National	Vice President - Corporate and Regulatory Affairs and Community Relations
Maria Fatima C. Mijares	55	Philippine National	Vice President - Human Resources
Arnilo C. Milaor	63	Philippine National	Vice President - Nickel Mining Business
Gerardo Ignacio B. Ongkingco	64	Philippine National	Vice President - NAC Development Sector
Romeo T. Tanalgo	61	Philippine National	Chief Security Adviser and Vice President - Internal Security
Bimbo T. Almonte	41	Philippine National	Assistant Vice President - Occupational Health
Salvador C. Cabauatan	58	Philippine National	Assistant Vice President - Facility Management and Aviation
Remedios C. Camo	37	Philippine National	Assistant Vice President - Safety, Health, and Environment
Edwin R. Casiano	50	Philippine National	Assistant Vice President-Mining Business
Fernando P. Cruz	56	Philippine National	Assistant Vice President – Mining Comptroller
Christian Jae R. Gascon	35	Philippine National	Assistant Vice President – Mining Business
Rodrigo G. Gazmin, Jr.	62	Philippine National	Assistant Vice President - Material Management
Philipp D. Ines*	56	Philippine National	Assistant Vice President – Nickel Mining Business

**Effective May 2, 2023.*

Marnelle A. Jalandoon	52	Philippine National	Assistant Vice President - Business Applications
Reynold D. G. Mata II	44	Philippine National	Assistant Vice President - Business Development and Strategic
Christine Joanne C. Navarro	42	Philippine National	Assistant Vice President - Legal and Data Protection Officer
Edwin P. Nerva	47	Philippine National	Assistant Vice President - Sustainability
Iryan Jean U. Padillo	41	Philippine National	Assistant Vice President - Business Comptroller
Jessie N. Pagaran	60	Philippine National	Assistant Vice President – Employee, Labor and Industrial Relations Division
Walter B. Panganiban	46	Philippine National	Assistant Vice President – Risk Management Sector
Teody A. Pascual	58	Philippine National	Assistant Vice President - Service Management Sector
Jessie A. Payuyo	47	Philippine National	Assistant Vice President – Mining Comptroller
Kristine Grace C. Victoria	35	Philippine National	Assistant Vice President – Geology and Quality Assurance
Charito R. Villena-Co	45	Philippine National	Assistant Vice President - Tax Compliance and Advisory Services Sector
Barbara Anne C. Migallos	67	Philippine National	Corporate Secretary

Information on the business and working experience of the foregoing Executive Officers is set out below:

JOSE BAYANI D. BAYLON is the Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer of the Company. He is the President of RTN Foundation, Inc. (RTNFI) and NAC Foundation, Inc. He is also a Director of EPI, JSI, MGPC, BHI and NPPGC. Mr. Baylon has over three decades of experience in the field of corporate communications and public affairs. Before joining NAC, he was Vice President and Director for Public Affairs and Communications of The Coca-Cola Export Corporation for 14 years, and prior to that, was executive assistant and speechwriter to Mr. Enrique Zobel at E. Zobel Inc. for 9 years. He was a public affairs commentator at Radio Station DWWW 774 KhZ from 2001 to 2011 and has been contributing opinion pieces to the newspaper Malaya Business Insight since 2001. Mr. Baylon obtained his Bachelor of Arts in Political Science from the University of the Philippines.

GEORGINA CAROLINA Y. MARTINEZ is the Senior Vice President - Corporate Support and Compliance Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary of the Company. She is primarily responsible for the Company's legal and compliance, human resources, information and communications technology, and administration and facilities management concerns. She is likewise the Corporate Secretary of CMC, DMC, HMC, RTN, TMC, EPI and its subsidiaries JSI, MGPC, BHI, GRHI, and the Assistant Corporate Secretary of CEXCI and Newminco. Prior to joining the Company, Ms. Martinez was the Senior Vice President for Legal, Human Resources, and Administration of EPI. She obtained her Juris Doctor from Ateneo de Manila University and is a member of the Philippine Bar. Ms. Martinez has over 25 years' experience in the field of commercial and corporate law.

MARIA ANGELA G. VILLAMOR is the Senior Vice President, Treasurer, Chief Financial Officer and Head of the Finance and Revenue Management Group of the Company. She oversees the preparation and management of the Group's operating budgets and is responsible for financial reporting activities. She was the Vice President for Group Controllership from May 1 to December 31, 2020 and the Vice President for Internal Audit and the Chief Audit Executive from 2011 to April 30, 2020. She is also a Director of CMC, DMC, HMC, CDTN, EPI, JSI, MGPC, and BHI. Prior to joining NAC in 2011, she was a Senior Director in the Assurance Division of SGV & Co. She also worked as Senior Manager in KPMG UAE. Ms. Villamor obtained her Bachelor of Science in Commerce from the University of San Carlos. She completed the Management Development Program of the Asian Institute of Management.

ROLANDO R. CRUZ is the Vice President - Nickel Mining Business of the Company effective January 1, 2023. He was the Vice President - Corporate Planning and Revenue Assurance from March 10, 2022 until December 31, 2022. He was also the Vice President, Officer-in-Charge of the Strategic Development and Growth Group, and Head of the Research and Technology, Innovations, and Corporate Special Projects Sectors of the Company from January 1, 2021 until March 9, 2022. Mr. Cruz is also the Senior Vice President - Chief Operating Officer of CMC and TMC. Mr. Cruz is a licensed mining engineer in the Philippines with over 25 years of professional experience in both mining operations and project development in gold, copper, chromite, concrete aggregates, nickel, and oil sands deposits using the open pit and underground bulk mining methods. He has held various positions with firms such as Albian Sands Energy, Inc. (Canada), Berong Nickel Corporation, Concrete Aggregates Corporation, Philex Mining Corporation, and Benguet Corporation. Mr. Cruz obtained his Bachelor of Science in Mining Engineering and Masters of Science in Geotechnical Engineering from the Mapua Institute of Technology. He also earned a Post-Graduate Certificate in Strategic Business Economics from the University of Asia and the Pacific. Mr. Cruz placed second in the 1982 Licensure Examinations for Mining Engineers.

ROMMEL L. CRUZ is the Vice President – Special Projects of the Company effective March 16, 2023. He was the Vice President – Mining Center of Excellence and Strategic Projects from January 1 to March 15, 2023, and Vice President - Mine Strategic Planning Center and Officer-in-Charge, Vice President - Revenue Generation Group from March 10, 2022 until December 31, 2022. He is a Director of CMC, DMC, HMC, CEXCI, and CDTN. He was also the Vice President and Head of Operations for DMC, HMC-Manicani Project and CDTN from April 1, 2021 to March 9, 2022. Before joining the Company in October 2018, Mr. Cruz was a key member of the core team of mining professionals of PT Adaro Indonesia, who grew the company to become Indonesia's largest single pit coal mine from 1991 to 2013. Thereafter, he was assigned to other companies within Adaro Energy, first, as Director of Operations of PT Rahman Abdjaya from 2014 to 2016, then as Senior Technical Advisor to the Director of Operations of PT Septaindra Sejati from 2016 to 2017. Prior to his stint in PT Adaro Indonesia and Adaro Energy, he served as Senior Geodetic Engineer of Semirara Coal Corporation from 1989 to 1991. Engr. Cruz obtained his Bachelor of Science in Geodetic Engineering from the University of the Philippines.

ANDRE MIKAEL L. DY is the Vice President – Treasury, Investor Relations and Sales of the Company effective January 1, 2023. He was appointed as Assistant Vice President – Treasury and Investor Relations when he joined the Company on September 5, 2022. He has over 12 years of experience in the finance and banking industry, having held various roles in equity sales, consumer banking, venture capital fund management and financial advisory. He was Associate Director Salesperson of CLSA Philippines since 2017 and was recognized as Philippines' Best Salesperson for Asiamoney/Euromoney for 2019 to 2021 and for Institutional Investor magazine's 2021 broker polls. He was instrumental in the distribution of up to US$1.4 billion for various Initial Public Offerings while he was with CLSA. He helped distribute the pioneering energy transition financing products to help accelerate the retirement of coal plants in the Philippines. Prior to joining CLSA, he worked for Citibank N.A. as a product manager for various bank products.

JEFFREY B. ESCOTO is the Vice President – Supply Chain Management and Technical Services of the Company effective March 16, 2023. He is also the Chief Operating Officer of CDTN. Prior to his appointment as Head of the Technical Services Sector of the Company in 2019, he was the Technical Services Group Manager of HMC from December 2013 until August 5, 2019 and the Technical Services Head of CMC from 2009 to 2013. He also served as Site Manager of Maxima Machineries, Inc. on various project sites, managing an on-site support team in Masbate Gold Project from 2008 to 2009, in Oceana Gold's Didipio Gold Copper Mining Project in 2008 and in Rapu Polymetallic Mine Project of Lafayette Mining in Albay from 2005 to 2008. Mr. Escoto obtained his Bachelor in Mechanical Engineering from the University of Nueva Caceres in Naga City.

CHRISTOPHER C. FERNANDEZ is the Vice President - Process and Technology Innovation. He is a seasoned technology professional with more than 20 years of accumulated executive, managerial and hands-on experience in delivering strategic thought leadership, technology-enabled solutions and transformation to businesses, including Information Technology governance and security, infrastructure, systems, and service management. Before joining the Company, Mr. Fernandez served as Information Technology Head for Makati Medical Center, Armed Forces Police Mutual Benefit Association Inc., G4S Holdings, Inc. Headstrong Philippines, Inc., United Coconut Planters Bank, and Puyat Steel/Sports and Recreation. He obtained his Bachelor of Science in Electronics and Communications Engineering from the University of the East.

PATRICK S. GARCIA is the Vice President - Internal Audit and Chief Audit Executive of the Company effective January 1, 2023. He ws the Assistant Vice-president - Internal Audit and the Chief Audit Executive of the Company from May 1, 2020 until December 31, 2022. He is responsible for reviewing the Company's organizational and operational controls, risk management policies, and governance. He was previously the Assistant Vice President - Finance of CMC, DMC, and SNMRC. He is a Certified Public Accountant. Mr. Garcia joined the Company in March 2007 as Finance Manager and was promoted to Assistant Vice President - Finance in March 2009. He handled finance matters for various companies within the Group, including HMC, CExCI, and LCSLC until 2012. Before joining the Company, Mr. Garcia served as Finance and Accounting Head of BMW Philippines from 2004 to 2006; of Blue Cross, Inc. in 2003, and of KKC Corporation from 1998 to 2002. He was also an auditor in SGV & Co. from 1995 to 1997, where he handled various clients from the manufacturing and trading industry. Mr. Garcia obtained his Bachelor of Science in Accountancy from the University of Santo Tomas.

KOICHI ISHIHARA is the Vice President, Officer-in-Charge (OIC), and Chief Commercial Officer - Mining Business of the Company effective January 1, 2023. He was the Vice President - Mine Services Center from March 10, 2022 until December 31, 2022. He was also the Vice President, Head of the Sales Sector and the Supply Chain and Management Sector from January 1, 2021 until March 9, 2022. Prior to joining NAC in 2011, he was a Manager and Philippine Representative of PAMCO, handling nickel and stainless market analysis and update in Asian countries. He has also supported establishing a Hydro Metallurgical Processing Plant. Mr. Ishihara received his Bachelor in English Language from Kanda University of International Studies, Japan.

RYAN RENE C. JORNADA is the Vice President - Corporate and Regulatory Affairs and Community Relations of the Company effective January 1, 2023. He was the Assistant Vice President - Public and Social Affairs Sector until December 31, 2022. His previous roles in the Company include Head of Public Affairs, Head of Government Relations and Head of Regulatory and Claims Management. Prior to joining the Company in 2011, he was an associate at a law firm, Belo Gozon Elma Parel Asuncion and Lucila, and was an Election Assistant for the Commission on Elections and Political Affairs Officer of the Congressional Representative of the Second District of Iloilo. A member of the Philippine Bar, Mr. Jornada obtained his Bachelor of Law from the University of Santo Tomas.

MA. FATIMA C. MIJARES, Vice President - Human Resources Sector, is a seasoned HR professional with over 25 years of experience in HR management, including organizational development, learning and development, leadership development and succession planning, performance and rewards management, and talent acquisition. She was the Senior Director and Chief Human Resource Officer of Ayala Foundation from 2016 until she joined the Company in 2021. She held various positions in the HR departments of SM Retail, Inc., SM Mart, Inc. Genpact Development, Bank of the Philippine Islands, Ayala Land, Inc., Colgate-Palmolive Philippines, Avon Cosmetics, and Mercury Group of Companies. She obtained her Bachelor’s degree in Psychology from the University of Santo Tomas and completed the Leadership Excellence Acceleration Program of Harvard University.

ARNILO C. MILAOR, Vice President - Nickel Mining Business effective January 1, 2023, was previously the Officer-in-Charge - Mine Production Center of the Company. Prior to joining the Company in March 2022, he was Assistant Vice President and Resident Mine Manager of CMC for almost 6 years, and Resident Mine Manager of HMC for 1 year before being assigned to CMC. He worked at the MGB for almost 28 years and was Division Chief of MGB’s Mining Environment and Safety Division before becoming Resident Mine Manager of HMC. He was also appointed by the DENR Secretary during his MGB years as Chairman of the Provincial Mining Regulatory Board of Romblon Province. Engr. Milaor obtained his Bachelor of Science in Mining Engineering from Mapua Institute of Technology.

GERARDO IGNACIO B. ONGKINGCO, Vice President - NAC Development Sector, was the Vice President, Head of the Human Resources Sector and the Data Protection Officer of the Company and its mining subsidiaries until March 9, 2022. His career in Human Resources started in the early 1980s and has been enriched with exposure to various industries, including government, manufacturing, agriculture and hospitality. He was previously President of the Philippine Quality and Productivity Movement, Davao

Chapter. He earned his Bachelor in Community Development and Master in Industrial Relations from the University of the Philippines.

ROMEO T. TANALGO is the Chief Security Adviser and Vice President - Internal of the Company effective January 1, 2023. He was the Vice President – Security and Administrative Services, Chief Risk Officer and Officer-in-Charge of the Risk and Assurance Group of the Company until December 31, 2022. He was the consultant of the Company for security matters from May 1, 2019 until his appointment as Vice President on August 6, 2019. He was the Chief of the Armed Forces of the Philippines, North Luzon Command from March 10, 2016 until his retirement on September 4, 2017. Prior thereto, he was appointed as Vice Chief of Staff at Armed Forces of the Philippines on October 20, 2015. He also served as Commandant, Philippine Marine Corps from April 2013 to December 2015. Gen. Tanalgo is a member of the Philippine Military Academy "Matikas" Class of 1983 and obtained his Master in Development Management from the Asian Institute of Management and his Master in Maritime Studies from the University of Wollonong in Australia.

BIMBO T. ALMONTE, Assistant Vice President - Occupational Health Sector, served as the Occupational Health Physician, Internal Medicine Specialist and Medical Director of RTNFI Hospital and Occupational Health Physician of RTN, CBNC and affiliated contractors before assuming his current position. He began his career in RTNFI in 2002 as a Medical Technologist Reliever. He is a licensed Medical Technologist and Physician. He obtained his Bachelor of Medical Technology from Far Eastern University - Dr. Nicanor Reyes Memorial Foundation and Doctor of Medicine from Our Lady of Fatima University. He received his specialization in Internal Medicine from St. Luke's Medical Center Global City and Master in Management in Hospital Administration from Philippine Christian University.

SALVADOR C. CABAUATAN, Assistant Vice President - Facility Management and Aviation, was the General Administrative Manager of TMC from October 2019 until March 9, 2022, and of CMC from July 2012 until September 2019. Before joining the Group, he worked for Philip Morris Philippines Manufacturing Inc. as Supervisor in its Export Operations Services Department. He obtained his Bachelor of Science in Commerce, major in Accounting, from Laguna College of Business and Arts; Master in Business Administration from St. Paul University - Surigao; and Doctor of Philosophy, major in Business and Management from St. Paul University - Surigao.

REMEDIOS C. CAMO, Assistant Vice President - Safety, Health, and Environment, previously served the Company as OIC - Industrial Safety Sector Head prior to her promotion on March 10, 2022. She served RTN in various capacities, including MESH Division Manager, Safety Manager, and IMS Project-in-Charge. Prior thereto, she was employed as a Safety and Health Department Head of Carrascal Nickel Mining Corporation. She is a licensed Mining Engineer. She earned her Bachelor of Science in Mining Engineering from University of the Philippines - Diliman.

EDWIN R. CASIANO is the Assistant Vice President - Nickel Mining Business assigned as Resident Mine Manager of DMC effective March 16, 2023. He was the Officer-in-Charge, Resident Mine Manager of DMC since August 3, 2022. Prior thereto, he served as Mine Operations Manager of HMC for four (4) years, and Mine Production Manager for two (2) years. He started his career with Taganito Mining Corporation (TMC) as a Junior Mining Engineer in 1998. Mr. Casiano obtained his Bachelor of Science in Mining Engineering from Adamson University.

FERNANDO P. CRUZ is the Assistant Vice President - Mining Comptroller of HMC, CMC, and DMC effective January 1, 2023. He has over 30 years of professional experience in accounting and finance. He began his career as an Accounting Clerk in RTN and eventually became an Accounting Manager. A Certified Public Accountant, Mr. Cruz obtained his Bachelor of Science in Accountancy from St. Joseph College, Maasin, Southern Leyte.

CHRISTIAN JAE R. GASCON is the Assistant Vice President – Nickel Mining Business assigned as Resident Mine Manager of CMC effective March 6, 2023. Prior to his appointment as such, he served as Officer-in-Charge, Resident Mine Manager of CMC since March 10, 2022. and as CMC's Mine Operations Manager. He started his career as Cadet Engineer of HMC in 2010. Mr. Gascon obtained his Bachelor of Science in Mining Engineering degree from the University of the Philippines Diliman. He is also a licensed Environmental Planner.

RODRIGO G. GAZMIN, JR., is the Assistant Vice President - Material Management Sector since March 10, 2022. He was the Assistant Vice President, the Head of the Purchasing and Supply Chain Management Sector of the Company from January 1, 2021 to March 9, 2022. He was a Purchasing Supervisor of RTN from 1989 until 2008, the year he joined the Company. Mr. Gazmin obtained his Bachelor of Science, major in Mechanical Engineering, from Lyceum of the Philippines - Manila and has attended the Basic Management Course in Asian Institute of Management in 2015.

PHILIPP D. INES was appointed as Assistant Vice President – Nickel Mining Business effective May 2, 2023. He is assigned as Resident Mine Manager of the Manicani mine of HMC. Mr. Ines has over 31 years of experience in the mining industry. He was a Consultant of Pacific Metals Co. Ltd. since 2019. Prior to that, he was with RTN for 27 years where he started as a Junior Mining Engineer and eventually became its Resident Mine Manager. During his term as Resident Mine Manager, RTN won two (2) Presidential Awards at the PMIEA-ANSEC (2015 and 2018) and also won the ASEAN Mineral Awards in 2017. RTN was also able to obtain ISO 14001, ISO, 45001, and ISO 19001 certifications under his leadership. Mr. Ines obtained his Bachelor of Science in Mining Engineering degree from Mapua Institute of Technology.

MARNELLE A. JALANDOON, Assistant Vice President, heads the Business Applications Division of the Company. Prior to joining the Company in 2008, Mr. Jalandoon was the Technical Operations Director of Concentrix Technologies, Inc, driving both the Technical Department and the Application Development Teams. He has held various IT positions with Grand International Airways, First Internet Alliance, WebScape, I-Next Internet and PSINET Philippines, garnering more than 20 years' experience in IT Infrastructure and Communications. Mr. Jalandoon obtained his Bachelor of Science in Computer Science degree from the Philippine Christian University.

REYNOLD DG. MATA II is the Assistant Vice President - Business Development and Strategic of the Company effective January 1, 2023. He was the Assistant Vice President-Legal and Business Development, and Chief Compliance Officer of EPI from March 10, 2022 to December 31, 2022. He is a lawyer and a Certified Public Accountant with over 20 years of professional experience in the fields of taxation, litigation, corporate, financial audit, budgeting, and in the power, logistics, and mining industries. He is also a Reservist in the Armed Forces of the Philippines, Reserve Command, Judge Advocate General Services, with the rank of Captain. A member of the Philippine Bar, Mr. Mata obtained his Bachelor of Laws degree from San Beda University and his Bachelor of Science in Accountancy from the same university.

CHRISTINE JOANNE C. NAVARRO, Assistant Vice President - Legal Sector and Data Protection Officer, was the Group Manager for General Legal Services of the Company from 2018 to March 10, 2022. Prior to joining the Company, she worked as legal counsel of MediaQuest Holdings, Inc. and TV5 Network Inc. She obtained her Bachelor of Arts in European Studies from the Ateneo De Manila University and Bachelor of Laws from University of the Philippines - College of Law. She is also a member of the Integrated Bar of the Philippines.

EDWIN P. NERVA is the Assistant Vice President - Sustainability of the Company effective January 1, 2023. He was the Senior Manager of the Sustainability Sector of the Sustainability, Public Affairs and Communications Group from August 1, 2016 to December 31, 2022. He is an experienced management and community development practitioner, and currently handles ESG planning and execution. He was previously the Executive Director of RTNFI. As Executive Director, he ensured that the various departments of the Foundation and its key programs function effectively and efficiently. He also acted as Community Relations Coordinator between the Community Relations Departments of RTN and CBNC. He has more than 20 years' experience working in international and local networks of civil society organizations and coalitions. Mr. Nerva obtained his Bachelor of Science in Agriculture, Major in Horticulture degree from the University of the Philippines, Los Baños. He completed his Diploma in Community Development from St. Francis Xavier University, Nova Scotia, Canada and Diploma in Urban and Regional Planning from University of the Philippines Diliman. He is currently completing his requirements for the degree of Master of Science in Environmental Science from University of the Philippines Los Baños.

JESSIE N. PAGARAN is the Assistant Vice President - Employee, Labor and Industrial Relations Division of the Company. He was the Employee Relations Group Manager of the Company from July 1, 2019 until his promotion. He was also Human Resource Manager of CMC from October 2017 to June 2019 and served as Consultant on Permitting and Government Relations, Community Relations, and Labor Relations for several corporations from 2009 to 2017; and served in various capacities in Associated Labor Unions -Trade Union Congress of the Philippines from 1991 to 2015. Mr. Pagaran obtained his Bachelor of Science in Commerce, Major in Accounting from San Beda College and his Bachelor of Laws from Manuel L. Quezon University.

WALTER B. PANGANIBAN is the Assistant Vice President - Risk Management Sector of the Company. He is a communications and public relations professional with over 20 years of experience in strategic internal and external communications. Prior to joining NAC, he was the Securities Operations Manager of Amazon (through Pinkerton). He was also the co-founder and Chief Communications Officer of start-up social enterprise, Resilient.PH. Mr. Panganiban also taught subjects on communication at the collegiate level. He graduated Magna Cum Laude from St. Paul Seminary in 1998 with a double degree in AB Mass Communication and Philosophy. He also completed his Executive Master in Disaster Risk and Crisis Management from the Asian Institute of Management.

IRYAN JEAN U. PADILLO is the Assistant Vice President - Business Comptroller of the Company. She is responsible for the Company's financial reporting and direct supervision of accounting and financial functions. Ms. Padillo is a Certified Public Accountant. Prior to joining the Group in May 2012 as Senior Finance Manager, she was an Associate Director in the Assurance Group and worked as part of the Finance Group of SGV & Co. She obtained her Bachelor of Science in Accountancy from the University of the East.

TEODY A. PASCUAL, Assistant Vice President - Service Management Sector, was the Purchasing Manager of the Company prior to his promotion. He has over 11 years of experience in the field of purchasing as a manager overseeing the purchasing of materials and services to support various operating companies of the Group. Before joining the Company, he was employed as a Production Development Head of Batong Angono Aggregates Corporation. He is a licensed Electronics and Communications Engineer. He obtained his Bachelor of Science in Electronics and Communications Engineering from University of Santo Tomas.

JESSIE A. PAYUYO, Assistant Vice President - Mining Comptroller, was a Senior Finance Manager of the Company until his promotion. Prior to joining the Group in 2021, he was the Finance Controller of Yara Fertilizer Inc. He has over 20 years' experience in the fields of audit, corporate accounting and controllership. He is a licensed Certified Public Accountant. Mr. Payuyo earned his Bachelor of Science in Accountancy from Central Luzon State University.

KRISTINE GRACE C. VICTORIA, Assistant Vice President - Geology and Quality Assurance, was the Resource Geology Manager of the Company prior ot her promotion. She also served as a Resource Geologist in HMC. Prior thereto, she was employed as the Exploration Geologist of FSMRC/Consolidated Mines Inc. She is a licensed Geologist and placed eighth in Geology Licensure Examination. She is the youngest Competent Person in the Philippines to be accredited by PMRC Committee and Geological Society of the Philippines for Exploration and Mineral Reporting of Nickel Laterites. She obtained her Bachelor of Science in Geology, Cum Laude, from University of the Philippines and Management Development Program from Asian Institute of Management.

CHARITO R. VILLENA-CO is Assistant Vice President - Tax Compliance and Advisory Services Sector and has been a tax management professional for over a decade. Prior to joining the Company, she was Assistant Vice President and Group Tax Head for SM Markets from November 2017 to May 2022. She was also former Country Tax and PEZA Head of Accenture Inc. (Philippines), Head of Tax of Philex Mining Corporation and a Tax Management Executive of PLDT, Inc. She obtained her Bachelor of Science in Business Administration and Accountancy, Cum Laude, and Juris Doctor from the University of the Philippines.

BARBARA ANNE C. MIGALLOS is the Corporate Secretary of the Company and its subsidiary CEXCI. She is the Managing Partner of Migallos and Luna Law Offices and she was a Senior Partner of Roco Kapunan Migallos and Luna from 1986 to 2006. A practicing lawyer since 1980, Ms. Migallos focuses principally on corporate law, mergers and acquisitions, and securities law. She is a Director and Corporate Secretary of Philex Mining and a Director of Mabuhay Vinyl Corporation, both publicly listed companies. She is also Corporate Secretary of PXP Energy Corporation and of Alliance Select Foods International, Inc. both listed companies. She is a Director of Philippine Resins Industries, Inc. and other corporations, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. Ms. Migallos is a professorial lecturer at the DLSU College of Law and chairs at Mercantile Law and Taxation Department.

No director or senior officer of the Company is or has been in the past two years, a former employee or partner of the current external auditor.

Also, the Company discloses the transactions of its directors and officers as required by applicable laws and regulations.

(b) Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

(c) Family Relationships

Aside from Mr. Martin Antonio G. Zamora being the son and Ms. Patricia Z. Riingen being the daughter of the Company's Board Advisor and founder, Mr. Manuel B. Zamora, Jr.; Mr. Ryan Rene C. Jornada being a third civil degree relative by affinity of Mr. Manuel B. Zamora, Jr. and a fourth civil degree relative by affinity of Mr. Martin Antonio G. Zamora and Ms. Patricia Z. Riingen; and Mr. Martin Antonio G. Zamora being a third civil degree relative of Mr. Harvey T. Ang, none of the Company's Executive Officers are related to each other or to its Directors and substantial Shareholders.

(d) Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding during the past five (5) years, including without limitation being the subject of any:

a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
b. conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation,

(e) *Certain Relationships and Related Transactions*

The Company's significant related party transactions, which are under terms that are no less favorable than those arranged with third parties, and account balances are listed below:

Nickel Ore Sale Agreements with PAMCO
The Group supplies saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company, RTN and TMC. All sales made to PAMCO are transacted at prevailing market prices which are benchmarked to China prices on the basis of a negotiated price per WMT of ore. PAMCO shall pay the Group 80% to 90% of the provisional invoice amount upon

receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation (Sojitz)
RTN supplies saprolite ore to PAMCO, wherein PAMCO appointed Sojitz as agent under a sale agreement, which shall be valid and in effect until December 2020. By the end of the 3rd year, RTN and PAMCO shall jointly assess whether the commercial production of ore at the mine is still possible. Unless the commercial production becomes impossible due to the exhaustion of ore reserves in the mine, RTN, PAMCO and Sojitz shall renew the agreement with 5 years term. Currently, the agreement is valid until December 31, 2026. PAMCO owns 36% and Sojitz owns 4% of the outstanding shares in the capital stock of RTN.

Nickel Ore Supply Agreement with Big Wave
In September 2021, TMC entered into an agreement with Big Wave covering the sale of its ore products. Under the agreement, the end user of the material is PAMCO.

Nickel Ore Supply Agreement with Mitsubishi Corporation RTM International Pte., Ltd. and Mitsubishi Corporation RTM Japan Ltd. (Mitsubishi)
RTN entered into an agreement with Mitsubishi, a Singapore and Japan-based corporations, covering the sale of its ore products. Under the terms of the agreement, the ore sales are benchmarked to China prices on the basis of a negotiated price per WMT of ore. Mitsubishi shall pay 85% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined. Under the agreement, the end user of the material is PAMCO.

Nickel Ore Sale Agreement with SMM
On January 11, 2021, RTN and SMM entered into an agreement to supply nickel ore to the latter for a fixed tonnage at specific nickel grades and iron content.

Nickel Ore Supply Agreement with CBNC
RTN entered into an agreement with CBNC to supply all of the limonite ore requirements for the Coral Bay HPAL facility 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. RTN has also entered into an agreement with CBNC to supply limestone and provide ancillary services to the Coral Bay HPAL facility. CBNC is the owner of the Coral Bay HPAL facility.

CMC, HMC and DMC also entered into an agreement with CBNC covering the sale of its ore products with a fixed tonnage at specific nickel grade and iron content.

Nickel Ore Supply Agreement with THNC
TMC entered into an agreement with THNC covering the sale of its ore products. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME.

Service Agreements with CBNC
RTN and CDTN entered into various service agreements with CBNC pertaining to materials handling and others.

Materials Handling Agreement with THNC
On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for THNC. THNC shall compensate TMC based on the prices stipulated in the agreement which are agreed annually

and determined on the basis of the weight of the cargo. Payment is collected within 15 days from receipt of TMC's billing.

Materials Supply Agreement with THNC
On October 1, 2019, TMC and THNC entered into a materials supply agreement wherein THNC agrees to purchase and take delivery from TMC an aggregate of 1,000,000 compacted cubic meters of suitable and unsuitable construction materials for THNC's expansion of its tailing storage facility. The contract period is from September 1, 2019 to December 31, 2020. On March 25, 2021, TMC and THNC amended the agreement which is valid up to December 31, 2027.

Funding Commitment with THNC
TMC as owner/developer of Taganito Special Economic Zone (TSEZ) incurred a long-term debt to finance the construction of the pier facilities that will be utilized to support the operations of the Taganito HPAL facility. These projects included the jetty, dolphins, rubber fender, jetty bollard and other pier facilities in the Taganito foreshore and offshore areas.

THNC Stockholder's Agreement
On September 15, 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, THNC, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used in the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement dated December 9, 2011, SMM agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of 1%, which was reduced to 0.6%, of THNC's outstanding loan obligations.

Throughput Agreement with THNC
On October 4, 2010, TMC and THNC executed a Throughput Agreement wherein TMC will construct the pier facilities within the TSEZ pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore Area" dated September 20, 2010 to TMC for the use of such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April

2011 until 2031, unless terminated earlier. The usage fee amounted to $1.3 million is payable in semi-annual period on or before October 10 and April 10.

THNC also agrees to pay service fee that will be agreed upon by both parties which shall be billed on a monthly basis.

Prior to the commencement date, THNC may also request TMC to use any part of the constructed pier facilities, which is ready for use, upon payment of reasonable compensation which shall be mutually agreed by TMC and THNC.

Memorandum of Understanding
On September 14, 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is US$1,420.0 million, which further increased to US$1,590.0 million, over a 3-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel-cobalt sulfide over an estimated 30 year project life. The MOU provides that the equity share of the Parent Company and SMM shall be between 20%-25% and 75%-80%, respectively.

Subsequently, the Parent Company, SMM and Mitsui entered into the THNC Stockholders' Agreement on September 15, 2010, which contract provides that the Project will be undertaken by THNC, a company that will be jointly owned by the Parent Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the THNC Stockholders' Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and agreed to provide technical assistance to THNC. The Company undertook to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products. Mitsui for its part agreed assist THNC in procuring materials and equipment necessary for the plant's operations.

Pursuant to the sale of 12.5% equity interest of the Parent Company in THNC to SMM in October 2016, the shareholding ratio of the Parent Company and SMM is at 10% and 75%, respectively.

The THNC Stockholders' Agreement also sets forth the respective rights and obligations of the Parent Company, SMM and Mitsui, including their responsibilities in respect of financing the project investment undertaken by THNC.

Also, under the THNC Stockholders' Agreement, the Parent Company, SMM and Mitsui agreed to grant loans to THNC or guarantee the repayment of THNC's obligations in accordance with the financial requirements of THNC and in proportion to their shareholding ratio in THNC.

The THNC Agreement shall terminate upon the dissolution of THNC.

Loan Guarantee/Substitution Agreement
Under a loan guarantee/substitution agreement between the Parent Company and SMM, the latter agreed to substitute for the Parent Company in extending loans or guaranteeing the repayment of THNC's obligation pursuant to the THNC Stockholders' Agreement.

In consideration of the loans and guarantee made by SMM, the Parent Company shall pay to SMM an annual fee equal to 1% of the relevant outstanding amount, which is payable every February 21, March 21, August 21, and September 21 of each year

On October 8, 2020, the Parent Company and SMM agreed to amend the loan guarantee/substitution agreement to reduce the annual fee to 0.6% of the average unpaid balance for payment's due every 21st of February, March, August, and September of each year. However, in consideration of the MUFG Bank Ltd. (formerly known as The Bank of Tokyo - Mitsubishi UFJ, Ltd.) substitution, the annual fee is 1.0% for any payments due before September 21, 2020, which is the effective date of the amendment, and 0.6% for any payments due thereafter.

In case of default by the Parent Company, such loan guarantee/substitution agreements will be terminated, and the Parent Company shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the THNC Stockholders' Agreement.

Loan Agreements

THNC
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 180-day British Banker Association LIBOR plus 2% spread, to exclusively finance the construction of the pier facilities within the TSEZ.

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.

TBEA
In accordance with the Agreement on Shareholders 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. The interest on the loan is 5.0% per annum (p.a.) and the principal loan is payable on June 17, 2025, the maturity date of the loan.

On September 23, 2021, NAC, 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 subject to 5% interest p.a. The loan principal and interest are payable within 5 years from the date of remittance to JSI.

Lease Agreements

THNC
On October 31, 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to the lessee. The TSEZ leased area of approximately 675 hectares is located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be for a period of 20 years starting January 1, 2013; however, the rental rate shall be annually agreed upon by both parties.

Manta
On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of 5 years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. The lease agreement expired in May 2018 and was renewed for another period of 5 years or until May 2023. During the term of the original lease, additional parking and office spaces were leased from Manta which were covered by separate lease agreements.

Notes 14, 32 and 38 of the Notes to Consolidated Financial Statements of the Exhibits in Part IV is incorporated hereto by reference.

Item 6. Compensation of Directors and Executive Officers

Directors' net compensation is on a per diem basis as follows:

Type	Board Meeting	Audit Committee Meeting	Board Risk Oversight	Related Party	Corporate Governance	Stock Option
Executive Director	₱10,000	-	₱10,000	-	₱10,000	Yes
Non-executive Director	10,000	10,000	-	10,000	-	Yes, Except for the Non-Filipino Directors
Independent Director	135,000	45,000/ 22,500	45,000/ 22,500	22,500	22,500	Yes

The total compensation of each of the Directors on a per diem basis for 2022, is as follows:

Name	Total Compensation (per diem) for 2022 (P)
Gerard H. Brimo	155,555.54
Martin Antonio G. Zamora	177,777.76
Harvey T. Ang	33,333.33
Maria Patricia Z. Riingen	99,999.99
Florencia G. Tarriela	300,000.00
Angelo Raymundo Q. Valencia	1,825,000.00
Leonides Juan Mariano C. Virata	55,555.55
Yusuke Niwa	-
Shiro Imai	66,666.66
Philip T. Ang (Director until 3 June 2022)	288,888.88
Jaime J. Bautista (Independent Director until 29 June 2022)	1,300,000.00
Masahiro Kamiya (Director until 29 June 2022)	155,555.54
Luis Juan L. Virata (Director until 29 June 2022)	66,666.66
TOTAL	**4,524,999.91**

Currently, there are no arrangements for additional compensation of directors. Officers of the Company receive such remuneration as the Board may determine upon recommendation of the Corporate Governance Committee. The following table shows the compensation of the directors and officers for the past two completed fiscal years and estimated to be paid for the ensuing fiscal year:

SUMMARY OF COMPENSATION TABLE
(In Thousands)

DIRECTORS

Year	Directors' Fee
2023 (estimated)	₱ 2,843
2022	4,439
2021	2,733

The following table identifies the Chief Executive Officer ("CEO") and four most highly compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2021 and 2022 and estimated 2023:

NAMED EXECUTIVE OFFICERS

Year	Total Officers' Salary	Bonus	Total
2023[1] (estimated)	₱50,518	₱34,096	₱84,614
2022[2]	48,121	50,643	98,764
2021[3]	42,383	53,915	96,298

ALL OTHER DIRECTORS & OFFICERS AS A GROUP

Year	Salary	Bonus	Total
2023 (estimated)	₱87,457	₱36,546	₱124,093
2022	70,564	50,516	121,080
2021	58,158	40,472	98,630

Compensation of Directors

There are no other arrangements under which the Company's directors and officers were compensated, or are to be compensated, directly or indirectly, except as described above. All directors are eligible to participate in the 2018 Stock Option Plan approved by the shareholders at the Stockholders' Meeting held on 28 May 2018. Please see discussion under Warrants and Options Outstanding.

[1] *The named executive officers for the year 2022 are: Gerard H. Brimo, Martin Antonio G. Zamora, Georgina Carolina Y. Martinez, Maria Angela G. Villamor, and Rolando R. Cruz*

[2] *The named executive officers for the year 2021 are: Gerard H. Brimo, Martin Antonio G. Zamora, Jose B. Anievas, Georgina Carolina Y. Martinez, and Rolando R. Cruz*

[3] *The named executive officers for the year 2020 are: Gerard H. Brimo, Martin Antonio G. Zamora, Emmanuel L. Samson, Jose B. Anievas, and Georgina Carolina Y. Martinez*

Employment Contracts

There are no special employment contracts between the Company and its named executive officers.

Warrants and Options Outstanding

2018 STOCK OPTION PLAN

On 05 April 2018, the Board of Directors approved the adoption of a new Stock Option Plan (the "2018 SOP") for Directors and Officers of the Company and its operating mining subsidiaries. Participants shall include (i) Non-Executive Directors, including Independent Directors; (ii) any new Non-Executive Director appointed during the life of the 2018 SOP to the extent of the remaining vesting periods; (iii) Officers of the Company and its operating mining subsidiaries; and (iv) new Officers appointed during the life of the 2018 SOP following six months of service as Officers, to the extent of the remaining vesting period. The 2018 SOP was approved by the shareholders at the Annual Meeting of Shareholders on 28 May 2018.

The 2018 SOP and the 155,000,000 common shares reserved for the 2018 SOP was approved by the SEC on March 2020.

In addition to the 155,000,000 shares, due to the effects of an 80% stock dividend declared by the Company's Board of Directors at a meeting held on 28 August 2018, the shares reserved for the 2018 SOP was adjusted by an additional One Hundred Twenty Three Million Nine Hundred Seventy Six Thousand Seven Hundred Ninety Two (123,976,792) common shares (the "Additional Shares"). The Additional Shares reserved for the 2018 SOP was approved by the shareholders of the Company on 09 October 2019.

At the meeting of the Board of Directors on 13 March 2020, an additional Ninety Six Million Twenty Three Thousand Two Hundred Eight (96,023,208) common shares (the "Further Additional Shares") to be reserved under the 2018 SOP, including any amendment to the 2018 SOP, as may be necessary to effect the increase in number of shares reserved, were approved. The Further Additional Shares will be allocated for new Directors and Officers of the Company. The Further Additional Shares were approved by shareholders of the Company on 17 July 2020.

On September 19, 2022, the SEC approved the exemption from registration of the additional 220,000,000 common shares which shall form part of the 2018 SOP.

On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 SOP, subject to certain post-approval requirements, which were completed by the Company on April 4, 2023.

Item 7. Independent Public Accountants

The appointment, approval or ratification of the Company's independent public accountant will be submitted to the shareholders for approval at the Annual Stockholders' Meeting on June 2, 2023.

The Audit and Risk Committee has recommended, and the Board of Directors has approved, the reappointment of the accounting firm of SGV & Co. SGV & Co. has been the Company's independent auditor since its incorporation in July 2008.

The Company's certifying partner, Eleanore A. Layug, signed the Company's Audited Financial Statements for 2022, a copy of which is attached to this Information Statement. The Certifying partner of the Company's independent external auditor is rotated at least once every five (5) years, with a two (2) year cooling off period as applicable, in accordance with SEC Rule 68, Part 3(b)(iv)(ix).

The Corporation has been advised that the SGV auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Representatives of SGV & Co. will be present at the scheduled stockholders meeting. They will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

External Audit Fees and Services

Audit and Audit-Related Fees

For 2022, 2021, and 2020, independent accountants were engaged to express an opinion on the financial statements of the Company and its subsidiaries.

A regular audit was carried out in accordance with Philippine Financial Reporting Standards. The audit fees for these services were P18.413 for 2022, P16.702 million for 2021, and P15.817 million for 2020.

The non-audit fees were P5.580 million for 2022, P2.226 million for 2021, and P2.685 million for 2020. Fees for audit and non-audit work are subject to approval of the Audit Committee before the start of the engagement.

Tax Fees

There were no tax-related services rendered by the independent auditors other than the review of the income tax returns which formed part of the regular audit engagement.

All Other Fees

Aside from the limited review, transfer pricing study, and tax seminar fees, there were no other professional services rendered by the independent auditors.

Audit Committees' Approval Policies and Procedures

Prior to the commencement of audit work, the independent auditors make a presentation of their audit program and schedule to the Company's Audit Committee, which includes a discussion of anticipated issues. The Group's audited consolidated financial statements for the year are presented by the external auditors to the Audit Committee for their endorsement to the Board and the Board's final approval. Prior to endorsement by the Audit Committee, the independent auditors present a comprehensive report discussing the work carried out, areas of interest and their key findings and observations.

The independent auditors also provide limited review to the Group's quarterly financial reports. This, together with the financial reports, is then presented to the Audit Committee for their endorsement to the Board of Directors for final approval and subsequent filing with the

Securities and Exchange Commission.

All of the above were done and complied with in respect of the Company's consolidated audited financial statements for the year ended December 31, 2022.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Ms. Eleanore A. Layug is the current audit partner. There have been no disagreements with the said independent accountants.

Item 8. Compensation Plans

No action shall be taken at this year's Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no authorization or issuance of securities other than for exchange for outstanding securities for the registrant.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Finance and Other information

Copies of the Management Report, the Audited Financial Statements for the year ended December 31, 2022 are attached hereto.

The Management's Discussion and Analysis of Financial Condition and Results of Operations can also be found in the attached Management Report. The notes to the Consolidated Financial Statements are incorporated hereto by reference.

The Company has not made any changes in and has not had any disagreements with its external auditor on accounting and financial disclosures.

Representatives of the Company's external auditor, SGV, are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No transaction is to be taken by the Company with respect to any transaction involving mergers consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

No transaction is to be taken by the Company with respect to the acquisition or disposition of any Property.

Item 14. Reclassification of Accounts

No actions are to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

1. Minutes of the 3 June 2022 Annual General Meeting of Stockholders

The Minutes of the Annual General Stockholder Meeting held on 3 June 2022 will be submitted for shareholder approval at the 2023 AGM.

The Minutes of the Annual Stockholders' Meeting held on 3 June 2022 is available for inspection by stockholders at the principal offices of the Company. Copies of said Minutes are also posted on the Company's website. Copies of said minutes will also be made available upon request at the venue of the next annual stockholders' meeting.

Matters taken up during the 2022 Stockholders' Meeting were the: (i) Reading and approval of the Minutes of the 4 June 2021 annual stockholders' meeting and action thereon; (ii) Presentation of Annual Report and Audited Financial Statements for the year ended December 31, 2021 and action thereon; (iii) Ratification and approval of the acts of the Board of Directors and Executive Officers during the year 2021-2022; (iv) Appointment of independent auditors; and (v) Election of directors, including independent directors.

2. Management Reports

The Company's Management Report which includes the Audited Financial Statements for the year ended December 31, 2022, and the Annual Report, will be submitted to shareholders of the Company for approval, ratification and confirmation, at the 2023 AGM.

A copy of the Management Report is attached to this Information Statement. Upon written request, shareholders shall be provided with a copy of the Company's Annual Report on SEC Form 17-A free of charge (please see page 36).

Item 17. Amendment of Charter

There are no proposed amendment to the Articles of Incorporation or By-Laws of the Corporation that will be submitted to the stockholders for approval.

Item 18. Other Proposed Action

Action is to be taken on the ratification and approval of the acts of the Board of Directors and executive officers for the corporate year 2022. The resolution to be adopted will be the ratification and approval of the acts of the Board of Directors and executive officers for the year 2021.

Meetings of the Board of Directors were held on the following dates:

March 10, 2022	Regular Board Meeting
May 5, 2022	Regular Board Meeting
June 1, 2022	Special Board Meeting
June 3, 2022	Organizational Board Meeting
June 28, 2022	Special Board Meeting
August 4, 2022	Regular Board Meeting
November 10, 2022	Regular Board Meeting

At these meetings, principal matters discussed included the presentation of detailed operations and financial reports. Operations reports included market information and metal prices, volume of production and sales, and business development updates. Financial reports included consolidated and per segment figures on revenue, costs and expenses, other income and charges, income or loss before tax, net income or loss, balance sheet and statements of cash flows. In addition to these regular reports, the Board approved the matters set forth below.

March 10, 2022 Regular Board Meeting

The audited financial and operating results for the year ended December 31, 2021, were presented and approved by the Board for issuance. Attributable net income (net of minority interests) at P7.81 billion compared to P4.07 billion reported in 2020. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P14.40 billion compared to P9.47 billion in the prior year.

Discussions on the NAC renewable energy business under EPI, Jobin-SQM Inc. (JSI), an EPI subsidiary include the expected completion of its 38 MW project expansion by second quarter this year. Aside from expanding JSI's projects, EPI is in the process of developing land in high irradiance areas in the country to grow its investments in solar power generation. It is in the final stages of acquiring a solar power project in Visayas. EPI is looking to reach 1,000 MW by 2028, adding about 500MW by 2025. It is likewise in search of appropriate sites for wind power projects.

The Board of Directors also approved the exercise by the Company of its option to purchase an additional 33,046,875 common shares in Coral Bay Nickel Corporation (CBNC) for US$25,937,500 under an Option Agreement with Sumitomo Metal Mining Co. Ltd. The Company intends to exercise its option in October 2022 or earlier, to increase the Company's equity share in CBNC from 10% to 15.625%.

Finally, the NAC Board of Directors approved the declaration of a regular cash dividend of P0.17 and a special cash dividend of P0.05 per common share payable on April 7, 2022 to shareholders of record on March 29, 2022.

May 5, 2022 Regular Board Meeting

The Board approved the unaudited financial and operating results for the three-month period ended March 31, 2022 with an attributable net income (net of minority interest) of P1.05 billion, an 80% increase from P584 million net income reported during the same period last year. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P2.20 billion, a 30% increase compared to P1.69 billion in the prior year.

The Board was also updated on the Company's foray into the renewable energy business through Emerging Power, Inc. (EPI). The renewable energy business is on track to complete Phase 3B of the Subic Solar Project, which would bring its total capacity to 100MW by May of this year, and expect to begin work on Phase 4 towards the latter part of the year, leading to a total capacity of 200MW by 2024.

June 1, 2022 Special Board Meeting

The Board approved the Letter of Undertaking to indemnify Security Bank, ICBC, and SBC Trust (the “Finance Parties”) against possible damages and expenses incurred arising from SBMA claims relating to Clause 5 of the SBMA consent. By way of background, JSI entered into the Omnibus Loan and Security Agreement (OLSA) for P1.6 billion to finance the 68MW Phase 3 expansion. NAC signed the OLSA as Share Collateral Security Grantor and as Sponsor. As required under the lease agreements between JSI and SBMA, the consent of SBMA was sought, and SBMA gave its consent for the creation of a security interest over JSI’s leasehold rights, project assets and shares of stock by way of signing the SBMA Consent Agreement. As a requirement for drawdown under the OLSA, the Finance Parties are requiring JSI and its shareholders, including NAC, to execute a Letter of Undertaking to indemnify Security Bank, ICBC, and SBC Trust (the Finance Parties”) against possible damages and expenses incurred arising from SBMA claims. The indemnity thereunder covers all damages, judgments, costs or expenses incurred by the Finance Parties (including attorney’s fees and costs of suit) arising from, in connection with or as a result of any claim, suit, cause of action that may be filed by the SBMA under the Omnibus Agreement on the basis of its claimed status as a third party beneficiary thereunder by virtue of or pursuant to the direct or indirect application of Clause 5 of the SBMA Consent.

The Board was also briefed on the proposed EPI-Shell Joint Venture (“JV”), the status of negotiations, the details of the investment, and the key terms of the agreement.

The Board approved and authorized EPI to negotiate with with Shell Overseas B.V. (“Shell”) regarding the potential joint venture to jointly undertake renewable energy projects in the Philippines with an aggregate capacity of 1 GW. EPI was further authorized to execute a Shareholders’ Agreement with Shell (the “Shareholders’ Agreement”), and other documents and agreements in relation thereto and to the JV, in accordance with the terms presented to the Board of Directors, and subject to the final approval of the Shareholders’ Agreement and the Joint Venture by the Board of Directors of EPI. Lastly, subject to the execution of the Shareholders’ Agreement and the JV, NAC likewise approved the additional funding request of EPI in the amount of Four Hundred Forty Million Pesos (P440,000,000.00) for purposes of funding EPI’s commitments for the first capital call of the JV.”

June 3, 2022 Organizational Board Meeting

The Board appointed the officers of the Company, as well as the members of the different Board Committees.

June 28, 2022 Special Board Meeting

The Board elected Messrs. Shiro Imai and Leonidas Juan Mariano C. Virata to replace Messrs. Masahiro Kamiya and Luis Virata, who tendered their resignation.

Mr. Walter Panganiban was also appointed as the Assistant Vice President – Risk Management Sector.

August 4, 2022 Regular Board Meeting

The Board approved the unaudited financial and operating results for the six-month period ended June 30, 2022, attributable net income increased to P3.83 billion from P2.73 billion while earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 19 percent to P6.33 billion from P5.32 billion the year prior.

The Board was also briefed on the Company's renewable energy business. EPI energized in June 2022 another 38-megawatt (MW) solar farm in Subic, Zambales, bringing total capacity on this site to 100MW. For 2022, the Subic plant has been operating at an 18-19% plant efficiency factor with 90% of generation contracted under power sales agreements. EPI has realized an average tariff of P4.65 per kilowatt hour. EPI has another 100MW service contract for the Subic site and will commence construction of a 68-MW farm in August. Completion is expected by the third quarter of next year.

November 10, 2022 Regular Board Meeting

The Board approved its unaudited financial and operating results for the nine-month period ended September 30, 2022, with an attributable net income (net of minority interest) of P6.90 billion, up 12 percent from the P6.17 billion reported during the same period last year. Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to P11.10 billion against P11.01 billion in the prior year.

The Board was also briefed on the Company's renewable energy business. NAC's renewable energy arm, Emerging Power Inc. (EPI), on a consolidated basis, registered a 60-percent increase in revenues to P393.67 million and a 51-percent increase in EBITDA of P239.50 million.

The Company's Board of Directors approved the declaration of a special cash dividend of P0.23 per share of common stock, payable on Dec. 9, 2022, to shareholders of record on Nov. 24, 2022.

Item 19. Voting Procedures

Under the Company's policy for the effective participation by shareholders in shareholders' meetings of the Company and the exercise of shareholders' right to vote:

1. To vote, a stockholder must first register online. Certificated stockholders should send a scanned copy of one (1) valid government identification card (ID) to NIKL-ASM2023@nickelasia.com. Indirect shareholders should send scanned copies of their broker's certification and one (1) valid ID to NIKL-ASM2023@nickelasia.com. Deadline for registration is on May 23, 2023, at 12NN. Once the Company successfully verifies the stockholder's status, the Company will reply to each stockholder with an online ballot for voting purposes.

2. Only items reflected on the Agenda and the Information Statement will be voted upon. No resolution that is not in the Agenda will be voted on.

3. Votes may be casted online by sending the filled up online ballot form to NIKL-ASM2023@nickelasia.com.

4. If a shareholder is unable to attend the meeting, he/she may still be represented at the meeting by submitting proxies either online, or by sending a physical copy to the Office of the Corporate Secretary at the Company's principal address at 28th Floor, NAC

Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila. The deadline for submission of proxies is on May 23, 2023.

5. Cumulative voting may be adopted in the election of directors as allowed by the Revised Corporation Code of the Philippines. On this basis, each registered stockholder as of March 29, 2023, vote the number of shares registered in his name for each of the nine (9) directors to be elected; or he may multiply the number of shares registered in his name by nine (9), the number of the Company's directors as provided in its Articles of Incorporation, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the nine (9) directors to be elected.

6. Validation of online ballots and proxies shall be undertaken by a special committee designated by the Board for the validation of proxies. For the 2023 AGM, SGV, the Company's independent external auditor shall work with the special committee, to in reviewing the tabulation proxies.

7. Voting results for each item on the agenda shall be announced during the meeting and shall be made publicly available immediately.

8. Inquiries and/or comments limited to the items in the Agenda of the Meeting may be sent to NIKL-ASM2023@nickelasia.com on or before May 29, 2023. Inquiries and/or comments received after the deadline, or those unrelated to the items in the Agenda of the Meeting shall be referred to the Corporation's proper officer for the appropriate response.

Stockholders as of March 29, 2023, vote at the Annual General Stockholders' Meeting on June 2, 2023. Stockholders have the right to vote in person or by proxy.

In the election of directors, cumulative voting may be adopted. On this basis, each stockholder as of March 29, 2023, vote the number of shares registered in his name for each of the nine (9) directors to be elected, or he may multiply the number of shares registered in his name by nine (9) and cast the total of such votes for one (1) director, or he may distribute his votes among some or all of the nine (9) directors to be elected. The nine (9) nominees with the greatest number of votes will be elected directors.

PART II.

(PLEASE SEE SEPARATE PROXY FORM)

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on April 28, 2023.

By:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AS FILED WITH THE SEC FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. BARBARA ANNE C. MIGALLOS
Corporate Secretary

NICKEL ASIA CORPORATION
28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila

NIKL 2023 AGM Preliminary Information Statement REV (28APR23) /dfp98

PROXY

The undersigned stockholder of **NICKEL ASIA CORPORATION** (the "Company") hereby appoints ________________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **Annual General Meeting of Stockholders** of the Company to be held on **Friday, 2 June 2023, at 10:00 A.M**. and presided at the Company's principal office address and at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, and any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of the annual stockholders' meeting held on 3 June 2022

☐ Yes ☐ No ☐ Abstain

2. Approval of annual reports and Audited Financial Statements for the year ending 31 December 2022

☐ Yes ☐ No ☐ Abstain

3. Ratification and approval of the acts of the Board of Directors and Executive Officers

☐ Yes ☐ No ☐ Abstain

4. Appointment of Sycip, Gorres, Velayo & Co. as independent auditors

☐ Yes ☐ No ☐ Abstain

5. Election of Directors

☐ Vote for all nominees listed below:

Gerard H. Brimo	Yusuke Niwa
Martin Antonio G. Zamora	Harvey T. Ang
Maria Patricia Z. Riingen	Florencia G. Tarriela (Independent)
Leonides Juan Mariano C. Virata	Angelo Raymundo Q. Valencia (Independent)
Shiro Imai	

☐ Withhold authority for all nominees listed above

☐ Withhold authority to vote for the nominees listed below:

________________________________ ________________________________

________________________________ ________________________________

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

________________________________ ____

Date Printed Name of Stockholder

____

Signature of Stockholder/ Authorized Signatory

This proxy should be received by the Corporate Secretary on or before **23 May 2023**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for five (5) years from the date hereof unless otherwise indicated in the box herein provided.

No director or executive officer, nominee for election as director, or associate of such director, executive officer of nominee of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NICKEL ASIA CORPORATION

Held on 03 June 2022, at 10:00 a.m.
via remote communication
presided from 28F NAC Tower 32nd Street,
Bonifacio Global City, Taguig, 1634 Metro Manila

Shareholder Attendance:
78.89% of the Company's outstanding capital stock

Director present at the Company's principal office:
Gerard H. Brimo, Director, *Chairman*
Martin Antonio G. Zamora, *Director, President and CEO*

Directors present via remote communication:
Mr. Philip T. Ang, *Director and Vice Chairman*
Mr. Masahiro Kamiya, *Director; Chairman of the Related Party Transactions Committee*
Mr. Yusuke Niwa, *Director*
Ms. Maria Patricia Z. Riingen, *Director*
Mr. Luis J. L. Virata, *Director*
Mr. Jaime J. Bautista, *Lead Independent Director*, *Chairman of the Audit Committee*
Atty. Angelo Raymundo Q. Valencia, *Independent Director; Chairman of the Board Risk Oversight Committee*

Officers present at the Company's principal office:
Maria Angela G. Villamor, *Senior Vice President - Finance and Revenue Management Group; Chief Financial Officer; Treasurer*
Atty. Barbara Anne C. Migallos, *Corporate Secretary*
Atty. Georgina Carolina Y. Martinez, *Senior Vice President – Compliance and Corporate Support Services Group; Chief Compliance Officer; Chief Governance Officer; Assistant Corporate Secretary*

Others present via remote communication:

External Auditor:
Sycip Gorres Velayo & Company, External Auditors (represented by Jaime F. del Rosario and members of the external audit team)

I. CALL TO ORDER

The Chairman, Mr. Gerard H. Brimo, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Barbara Anne C. Migallos, recorded the minutes of the proceedings.

The Chairman welcomed the stockholders to the 2022 Annual Stockholders' Meeting (the "Meeting") of Nickel Asia Corporation (the "Company"). He then proceeded to introduce the incumbent Directors of the Company who were present via remote communication: Philip T. Ang, Vice Chairman, Masahiro Kamiya, Chairman of the Related Party Transactions Committee, Mr. Yusuke Niwa, Ms. Maria Patricia Z. Riingen, Mr. Luis J. L. Virata, Mr. Jaime J. Bautista, Lead Independent Director and Chairman of the Audit

Committee, and Atty. Angelo Raymundo Q. Valencia, Independent Director; Chairman of the Board Risk Oversight Committee.

The Chairman introduced Mr. Martin Antonio G. Zamora, Director, President and CEO, Ms. Maria Angela G. Villamor, Senior Vice President - Finance and Revenue Management Group, Chief Financial Officer, and Treasurer, and Atty. Barbara Anne C. Migallos, Corporate Secretary, who were present at the Company's principal office where the meeting was presided from.

The Chairman also acknowledged the representatives of the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV & Co.) who attended the meeting remotely.

II. PROOF OF REQUIRED NOTICE OF THE MEETING

The Chairman then inquired whether the Notices of the Meeting were properly sent to stockholders. The Corporate Secretary certified that in accordance with SEC rules, the Notice with the Agenda, together with the Definitive Information Statement approved by the SEC was posted on the website of the Corporation on 13 May 2022. The Notice and Agenda was also published in print and online in Business Mirror and Manila Standard for two (2) consecutive days, on 13 May 2022 and 14 May 2022.

III. CERTIFICATION OF QUORUM AND EXPLANATION OF VOTING PROCEDURE

The Corporate Secretary certified that there are present via remote communication, or represented by proxy, 78.89% of the outstanding capital stock of the Company. Accordingly, there was a quorum for purposes of the meeting.

The Corporate Secretary explained that as indicated in the Notice of the Meeting, stockholders may participate and attend the meeting only by remote communication. A dedicated email address was disclosed consistent with SEC rules so that stockholders would be able to register or to submit proxies on or before 23 May 2022. Shareholders who did so were considered present at the Meeting.

Voting Procedure and General Protocol

At the request of the Chairman, the Corporate Secretary explained the protocol and voting procedure for the meeting.

1. The required quorum for an annual stockholders' meeting is the presence in person or by proxy of stockholders holding a majority of the outstanding capital stock. As earlier stated, there is a quorum for today's meeting.

2. Only the items on the Agenda and in the Definitive Information Statement will be voted upon. Items that are not on the Agenda cannot be submitted to a vote by the shareholders.

3. As stated in both the Notice and in the Definitive Information Statement, stockholders may cast their votes through an online ballot which must be submitted on or before 12:00 noon of 23 May 2022 to the dedicated email address. Voting instructions were provided in the Definitive Information Statement.

   Proxy forms, which contain each item on the Agenda that requires shareholders' vote, were also made available in the Company website, for use by the shareholders for today's meeting.

4. In the election of directors, cumulative voting may be adopted. The nine (9) nominees with the greatest number of votes will be elected directors.

   The names of each of the nominees are stated in the online voting form, and in the proxy. The shareholder may vote for all of the nominees; OR withhold a vote for all or for certain nominees. Votes are cast and counted in accordance with the shareholders' instructions, as reflected in the proxies.

5. The Company's stock transfer agent, Stock Transfer Service, Inc. tabulated the votes. As necessary, such tabulation is subject to the review by SGV & Co., the Company's independent external auditor.

6. The results of the voting on each item will be announced when the particular item is taken up. A tabulation of results will be posted on the Company's website after the Meeting.

7. Stockholders were requested to submit their questions on or before 2 June 2022 at 12 noon, through the dedicated email address that was provided to shareholders. Management will endeavor to answer all the questions. If, due to time constraints, we are not able to answer all the questions, responses to remaining questions will be sent via email.

IV. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

The Chairman announced that the first item on the Agenda was the reading and approval of the Minutes of the Annual General Stockholders' Meeting held on 4 June 2021 (the "2021 AGM"). The Minutes of the 2021 AGM were posted on the Company's website five business days after that meeting. At the request of the Chairman, the Corporate Secretary presented the resolution for approval:

> *"**RESOLVED**, that the reading of the Minutes of the Annual Meeting of Stockholders held on 4 June 2021 be as it is hereby dispensed with, and that said Minutes are hereby approved."*

According to the Corporate Secretary, based on the tabulation of votes, stockholders representing a total of 10,752,973,596 shares or 78.89% of the Company's outstanding capital stock voted in favor of the proposed resolution.

The Chairman declared the motion carried and announced that the Minutes of the Stockholders' Meeting held on 4 June 2021 were hereby approved.

V. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2021

The next item on the Agenda was the approval of the Annual Report and of the Company's Audited Financial Statements and the Notes thereto for the year ended 31 December 2021. Copies of the report and the audited financial statements were previously distributed to the shareholders in accordance with pertinent SEC rules.

The President and Chief Executive Officer, Mr. Martin Antonio G. Zamora, presented the highlights of the Annual Report followed by the Senior Vice President - Finance and Revenue Management Group, Chief Financial Officer, and Treasurer, Ms. Maria Angela G. Villamor, who presented the financial and operating highlights.

The President's Report

The President welcomed the shareholders to the Company's Annual Shareholders' Meeting, and presented the joint report of the Chairman and the President for the year 2021.

In November 2021, the Board of Directors of the Company approved a new vision statement for the Company:

> *"We strive to contribute to sustainable national development by adopting our ESG roadmap in order to achieve the highest standards in the responsible utilization of our country's natural resources."*

More than just a simple revision of the old statement, the new vision statement heralds the changes that the Company is today undergoing as the Environmental, Social, and Governance (ESG) process is being finalized - changes that will enable the Company to be at the forefront of truly sustainable development of the country's natural resources and result in an even more stable and successful company.

It was in 2020 when the Company pledged this commitment. Part of it was recognizing that the values driving ESG have in fact been at the core of NAC's own values. A self-assessment against the Global Reporting Initiative standards in 2014 was conducted, by incorporating a Sustainability Report in the Company's Annual Reports - one of the first in the local mining industry to do so.

When the Board approved incorporating reference to ESG into the Company's Vision statement, there was no reason to be reticent – the Company is what it is today because the communities, the people, and its partners have no doubt, that wherever the Company operates, lives change for the better.

The town of Bataraza in Palawan which hosts the Rio Tuba operation used to be a fourth-class municipality, but is now first-class and the richest municipality in the entire

MIMAROPA region, while the town of Claver in Surigao del Norte, where the Taganito operation is located, is on the cusp of becoming a city. This has been the Company's track record for over half a century.

To put substance behind the new vision statement, key commitments under the three ESG pillars were identified.

Under the first pillar, Environment, the Company committed to being part of the global effort to achieve sustainability through achieving Carbon Sink, a Net Positive Biodiversity Impact, and a Net Positive Water Impact.

Under the Social pillar, the Company committed to ensuring Good Health and Well-being for the Company's employees, providing Equal Opportunity at all levels and across all backgrounds, and establishing Sustainable Communities after mine conversion.

Finally, under the Governance pillar, The Company has chosen to commit to an Inclusive Leadership and Management, establish a Strong Organizational Culture, and institute a Robust and Comprehensive Risk Management System.

The Company is just in the beginning of its ESG journey.

As part of the process of crafting a new vision statement for the Company, OneNAC Vision was put together that set out two clear targets for 2025: to be the premier ESG investment in the Philippines and to be among the Top 25 PSE-listed companies in terms of market capitalization. To achieve these, the OneNAC Vision is anchored on three focus areas: (1) Results – to deliver promises to shareholders through efficiency and effectiveness; (2) Resources – to optimize the utilization of resources while exploring business expansion through people who strive to be "best in class"; and (3) Relationships – to seamlessly work as a Company and maintain collaborative partnerships with stakeholders to protect the Company's social license to operate.

Last November 26, the Presidential Mineral Industry Environment Awards were handed out, bestowed to deserving mining organizations and permit holders for their outstanding levels of initiatives and innovations in the pursuit of environmental protection, safety and health management, and social and community development. This is the highest award conferred by the President of the Philippines on the Philippine mining industry's best. Management is pleased to announce, and is proud of the multiple awards the Company's operating companies received:

Rio Tuba Nickel Corporation:
Platinum Achievement Awards, Surface Mining Operations
PMIEA Titanium Achievement Award,
Quarry Operations Category

Hinatuan Mining Corporation:
PMIEA Award, Surface Mining Operations
Best Mining Forest, Metallic Mining Category

Safest Surface Mining Operation, Safest Mining Operation
Best Surface Safety Inspector
Best Surface Miner

Taganito Mining Corporation:
PMIEA Award,
Surface Mining Operations

Moreover, the five awards received by Hinatuan represent a sweep of all awards that a surface mining operation can win. More importantly, with Hinatuan winning the Presidential award in 2021 means that all four of the operating companies have now won this highest honor at least once.

How the Company impacts the lives of the communities and people is best exemplified by its actions as a responsible corporate citizen. In the area of tax payments, the group paid PhP7.3 billion into the national and local government coffers for 2021 alone. The Rio Tuba operations in Palawan are consistently one of the highest taxpayers in the province, and Taganito operations in Surigao del Norte, the largest mine, are regularly listed among the largest taxpayers in the country by the Bureau of Internal Revenue.

For social support, SDMP projects and CSR programs amounted to an expenditure of PhP309 million, including PhP36 million in CSR projects devoted to Indigenous Peoples' communities and royalties totaling PhP185 million.

NAC and its subsidiaries directly employed 1,887 people. Labor relations have been excellent – there are existing CBA agreements with the unions at the four major operations that were cited for the following achievements:

Rio Tuba Nickel Corporation:
DOLE Safety Seal

Hinatuan Mining Corporation:
DOLE Safety Seal Certification
Regional Winner, Search for Outstanding LMC in the Organized Category

Taganito Mining Corporation:
DOLE Safety Seal certificate
National Winner, Search for Outstanding Labor-Management Cooperation (LMC) in the Organized Category
TESDA accredited Competency Assessment Center

Cagdianao Mining Corporation:
DOLE Safety Seal Certification
DOLE Certification as a child-labor-free establishment for not engaging in child labor and not using products or materials produced from child labor
TESDA-accredited as a Competency Assessment Center for heavy equipment operation

In terms of operations, the four operating subsidiaries achieved total sales of 17.9 million wet metric tons of nickel ore.

Exports of saprolite ore to Chinese and Japanese customers increased to 9.6 million wet metric tons. Similarly, limonite ore exports also increased to 1.2 million wet metric tons.

As for operations in Rio Tuba and Taganito, 7.1 million wet metric tons of low-grade limonite ore were sold to associate companies, Coral Bay and Taganito HPAL.

With respect to prices, average price for saprolite ore exports was $42.1 per wet metric ton while the average price of limonite exports, principally of the high iron variety, also increased to $27.1 per wet metric ton.

The Company realized an average of $8.4 per pound of payable nickel on limonite sales to two HPAL plants. These prices translate to $12.1 per wet metric ton.

On a combined basis, the Company averaged $29.1 per wet metric ton in 2021, up 30% from the previous year.

Due to higher ore sales volume and prices, consolidated revenues grew to PhP27.4 billion. This includes the services and other activities performed by Rio Tuba and Taganito operations to the HPAL plants and the sales of electricity from Emerging Power Inc. and the diesel power plant in Surigao.

Attributable net income also rose by 92% to PhP7.8 billion, which includes the share in the earnings of Coral Bay and Taganito HPAL.

On March 10, 2022, the Board of Directors approved a regular cash dividend of 17 cents and a special cash dividend of 5 cents per common share

On nickel outlook, LME nickel price ended the year strongly at almost $29,000 per ton. The rise in LME nickel price was driven by the decrease in inventory in exchange warehouses, which reached critically low levels at the end of the year.

Driving this on the demand side, nickel consumption by both the stainless steel and EV sectors was strong, on the back of stainless-steel production growth of over 10 percent and EV sales increase of more than 100 percent over the previous year. On the supply side, COVID-related cuts impacted global nickel production.

These factors led to a deficit of about 160,000 tons for 2021 vis-à-vis market expectations of a surplus.

Going forward, there is little debate among industry players and analysts that the main driver of nickel demand will remain the electric vehicle (EV) sector.

In 2021, EV batteries consumed around 194,000 tons of nickel on the back of EV sales of about 6 million vehicles, more than double the number sold in the previous year. By 2025, consumption of nickel is expected to further triple to 566,000 tons.

Further bolstering nickel price prospects are the low cost of nickel relative to an EV unit, the likelihood that nickel-rich batteries will continue to be the dominant EV battery type, and ESG considerations, which are expected to increase nickel production costs.

In line with the OneNAC Vision, the Company has increased its commitment to develop a significant renewable energy generation business through Emerging Power, Inc., an 86.29-percent owned subsidiary. This is in line with the country's transition toward sustainable clean energy and in competitive track record of developing, operating and maintaining renewable energy projects.

Our Subic assets currently consist of a 68-megawatt peak solar farm, of which 30 megawatts were operationalized in April 2021. Construction of another 32-megawatt peak solar plant was just commenced, which would bring total capacity to 100 megawatts by the second quarter of this year.

In 2021, Subic generated and sold 73,596 megawatt-hours of power at an average tariff of PhP4.65 per kilowatt-hour. It posted a net income of PhP17.06 million from a loss the year prior.

On 3 February 2021, EPI successfully secured another 100-megawatt service contract from the Department of Energy for Subic, which will be developed beginning next year. In November 2021, the board approved in principle a 1-gigawatt plus development pipeline, anchored by EPI's Subic operations.

EPI is also developing pilot geothermal projects in Mindoro and Biliran through a finance, build, operate, and transfer arrangement with Symba Renewable Energy, a developer from Iceland. These are currently being executed and if successful, may be expanded to realize 20 megawatts in Mindoro and 50 megawatts in Biliran.

For NAC, 2021 is the year when taking this new normal into account, the Company chose to embark on a transformation: from being mainly focused on the mining of nickel in the most responsible way possible, to becoming a natural resources company with a new - and fast-growing - footprint in the renewable energy sector.

Central to the green economy required by an environmentally-friendly world is these two areas of operation – mining and renewable energy. In both areas, management is confident that the Company has what it takes to succeed.

Report of the Chief Finance Officer

Ms. Villamor first reported on key business drivers of the Company's financial performance. Total Shipments Volume, Realized Prices, and Forex Rate are the main drivers of revenue. Cost per WMT sold is a measure of cost efficiency, and Share in net earnings of CBNC and THPAL show how the Company's investments in downstream processing performed during the year.

In 2021, the Company sold 17.94 million Wet Metric Tonne, almost the same level of sales in 2020. The strong Ni LME favored the Company with higher prices for both the Ore Export and Hpal Deliveries which increased by 19% and 45%, respectively, compared to the realized prices of the prior year. The Weighted Average Realized Price for all sales reached $29.13/Wet Metric Tonne, which is 30% higher compared to the realized price in 2020. The weaker Peso benefitted the Company with higher Peso equivalent for all its $ denominated Sales.

Moving on, Total Costs/WMT sold of PhP758, a 9% increase as royalties and excise tax payments were based on higher revenue amounts. The strong Ni LME also benefitted both CBNC and THPAL with higher earnings. The Company's 10% share in the income of these associates amounted to PhP558 million, equivalent to 7% of the attributable income for the year.

The performance of these key business drivers explains the Company's high profitability in 2021. Total Revenues, shown in the first chart, reached PhP27.4 billion, a 26% increase compared to 2020 Total Revenue. Net income, the top chart on the right, reached PhP10.6 billion, a 94% increase, and represents a 39% net income margin. Income to the equity holders of the parent amounted to PhP7.8 billion, resulting in an Earnings Per Share of PhP0.57, up 90% from the 2020 Earnings per share of PhP0.30.

The high profitability also ensured the maintenance of a strong and robust financial position of the Company. Combined Cash, cash equivalents and AFS Investments reached PhP17.2 billion, or 1/3 of total assets, while Current Assets stood at PhP24 billion or 46% of total assets. This enabled the Company to enjoy high liquidity as Current Assets are twice the amount needed for Working Capital. Also during the year, the Company's Renewable Energy subsidiary, Jobin Sqm Inc., completed the 30 MW expansion of its solar farm, bringing the total operating capacity to over 60 MW. Post dividend payments, the Company's Equity remains strong at PhP36.3 billion at end of 2021.

The Company's cash position remained robust with operations generating cash of PhP12 billion, of which PhP675 million was spent on the capital expenditures requirements of the mining business, about PhP1 billion to complete the 30 MW expansion of the JSI solar farm, and PhP3.2 billion were invested in financial assets. Dividends to shareholders of the parent company amounted to PhP3 billion, or 38.4% of attributable income for the year. Including the dividends paid by the mining subsidiaries, Rio Tuba Nickel Mining Corporation and Taganito Mining Corporation, to the minority shareholders, total dividends paid in 2021 reached PhP7.8 billion. Thus, at the close of 2021, the Company has cash and cash equivalents of PhP10.8 billion.

Open Forum

The Chairman then asked the Corporate Secretary to inform the stockholders of any questions received. The Corporate Secretary confirmed that there were no questions received from the stockholders.

At the request of the Chairman, the Corporate Secretary presented the resolution for approval:

> *"**RESOLVED**, that the Annual Report, together with the Audited Financial Statements and the notes thereto of the Corporation for the year ended 31 December 2021, be as they are hereby approved."*

The Corporate Secretary stated that based on the tabulation of votes, stockholders owning a total of 10,747,050,656 shares or 78.84% of the Company's outstanding capital stock voted in favor of the approval of the Annual Report, together with the Audited Financial Statements and the notes thereto of the Corporation for the year ended 31 December 2021.

The Chairman the declared that the motion was carried. The Company's Annual Report and the Audited Financial Statements and the notes thereto for the year ended 31 December 2021 were approved, ratified and confirmed.

VI. RATIFICATION AND APPROVAL OF ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The Chairman said that the next item on the Agenda is the ratification and approval of the acts of the Board of Directors and executive officers during the year 2021. The Corporate Secretary presented the resolution for approval:

> "***RESOLVED,*** *that all acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors, and Executive Officers and management of the Corporation during the past year and up to today's meeting, as set forth in the Minutes of the Meetings of the Board of Directors, and/or all acts and proceedings performed or taken pursuant thereto, be as they are hereby, approved, ratified and confirmed*."

At the Chairman's request, the Corporate Secretary informed the stockholders that based on the tabulation of votes, shareholders holding 10,750,325,256 shares, representing 78.87% of the Company's outstanding capital stock, have voted in favor of the approval and ratification of the acts of the Board of Directors and Officers of the Company during the past year.

The Chairman declared the motion carried. The resolution to ratify and approve all of the acts of the Board of Directors and/or Officers of the Corporation during the past year was approved.

VII. APPOINTMENT OF INDEPENDENT AUDITORS

The Chairman said that the next item on the Agenda is the appointment of the Company's independent auditors. He said that the Audit Committee recommended the appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2022, and the Board of Directors approved and accepted the recommendation. The Corporate Secretary presented the resolution for approval:

> *"**RESOLVED**, that accounting firm of Sycip, Gorres Velayo & Company, as recommended by the Audit Committee and the Board of Directors, be appointed as the external auditor of the Corporation for the year 2022 and until its successor is duly appointed."*

At the Chairman's request, the Corporate Secretary informed the stockholders that based on the tabulation of votes, shareholders holding 10,749,698,996 shares, representing 78.86% of the outstanding capital stock, voted in favor of the appointment of Sycip Gorres Velayo & Company as the independent external auditors of the Company for 2022.

The Chairman declared the motion carried. The appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2022 was approved.

VIII. ELECTION OF DIRECTORS

The Chairman said that the next item on the Agenda is the election of directors for the ensuing year, at least two of whom must be independent directors.

The Corporate Secretary reported that there were nine (9) nominees for the nine (9) seats on the Company's Board of Directors for election at this Meeting. The Nominations Committee screened the nine (9) nominees including the nominees for independent directors and thereafter prepared a Final List of qualified candidates, which was incorporated in the Information Statement for today's meeting. The following are the nominees:

1. Gerard H. Brimo
2. Martin Antonio G. Zamora
3. Harvey T. Ang
4. Jaime J. Bautista (Independent Director)
5. Masahiro Kamiya
6. Yusuke Niwa
7. Maria Patricia Z. Riingen
8. Angelo Raymundo Q. Valencia (Independent Director)
9. Luis Juan L. Virata

The Chairman asked the Corporate Secretary to inform the body of the votes cast for each of the nine (9) nominees to the nine (9) seats on the Company's Board of Directors.

The Corporate Secretary reported that all nine (9) nominees for the nine (9) seats on the Board received sufficient votes to elect them as Director of the Company. Indeed, the vote of the shareholders was overwhelmingly in favor of the nine (9) nominees.

The Chairman then declared that the following have been elected as Directors of the Company:

1. Gerard H. Brimo
2. Martin Antonio G. Zamora
3. Harvey T. Ang
4. Jaime J. Bautista (Independent Director)
5. Masahiro Kamiya
6. Yusuke Niwa
7. Maria Patricia Z. Riingen
8. Angelo Raymundo Q. Valencia (Independent Director)
9. Luis Juan L. Virata

The Chairman thanked Mr. Philip T. Ang, the Company's outgoing Director and Vice Chairman, for his invaluable contributions to the Company for the past 13 years.

IX. OTHER MATTERS

The Chairman asked if there were any other matters or business that the shareholders wished to raise. None of the shareholders came forward with questions or concerns.

X. ADJOURNMENT

There being no other matters to discuss, on motion made and duly seconded, the meeting was thereupon adjourned.

Prepared by:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

Attest:

GERARD H. BRIMO
Chairman

Nickel Asia Corporation
Minutes of the Annual Stockholders' Meeting
Held on 03 June 2022

NICKEL ASIA CORPORATION ANNUAL STOCKHOLDERS' MEETING 2022

OUTSTANDING COMMON SHARES – 13,630,850,117
PREFERRED SHARES – 720,000,000
SHARES IN ATTENDANCE - 10,752,973,596 (78.89%)

AGENDA ITEM	IN FAVOR		AGAINST		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of minutes of annual stockholders' meetings held on 4 June 2021	10,752,973,596	78.89%	0	0.00%	0	0.00%
Approval of Annual Report and Audited Financial Statements for the year ended 31 December 2021	10,747,050,656	78.84%	0	0.00%	5,922,940	0.06%
Ratification and approval of the acts of the Board Directors and Executive Officers for the Year 2021	10,750,325,256	78.87%	0	0.00%	2,648,340	0.03%
Appointment of SyCip, Gorres, Velayo & Co. as independent auditors	10,749,698,996	78.86%	0	0.00%	3,274,600	0.04%

Election of Directors	IN FAVOR	
	No. of Shares	%
1) Gerard H. Brimo	10,477,829,445	76.87%
2) Martin Antonio G. Zamora	10,477,005,805	76.86%
3) Harvey T. Ang	10,507,296,744	77.08%
4) Jaime J. Bautista	10,748,480,996	78.85%
5) Masahiro Kamiya	10,475,034,153	76.85%
6) Yusuke Niwa	10,507,296,744	77.08%
7) Maria Patricia Z. Riingen	10,507,296,744	77.08%
8) Angelo Raymundo Q. Valencia	10,752,973,596	78.89%
9) Luis Juan L. Virata	10,507,296,744	77.08%

REPUBLIC OF THE PHILIPPINES)
) S.S.
TAGUIG CITY

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **FLORENCIA G. TARRIELA**, Filipino, of legal age, with address at 32 Jasmin St., Valle Verde 2, Barangay Ugong, Pasig City, Metro Manila, hereby declare that:

1. I am nominated for election as Independent Director of **NICKEL ASIA CORPORATION** (the "**Company**"), a corporation duly organized and existing under Philippine law, with principal office at 28/F NAC Tower 32nd Street, Bonifacio Global City, Taguig, 1634 Metro Manila, at the Company's 2023 Annual Stockholders' Meeting to be held on 02 June 2023. I have been an Independent Director of the Company since 04 August 2022.

2. I am affiliated with the following companies or organizations:

Name of Corporation/ Organization	Position/s Held	Period of Service
Philippine National Bank	Board Advisor/Former Chair	2021 to present
LT Group Inc.	Independent Director	2012 to present
PNB International Investment Corporation	Director	2014 to present
Financial Executive Institute of the Philippines (FINEX)	Trustee	2021 to present
Gozon Development Corporation	Director	1982 to present
Tarriela Management Co. Inc.	Director/Vice President	1993 to present

Tulay sa Pag-unlad Inc. (TSPI)	Trustee	2003 to present
TSPI MBA	Trustee	2006 to present

3. I possess all of the qualifications and none of the disqualifications to serve as Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), the 2015 Implementing Rules and Regulations of the SRC (the "**SRC Rules**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the SRC Rules, or otherwise.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC, SRC Rules, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 28 day of April 2023 at Pasig M M.

FLORENCIA G. TARRIELA
Independent Director

APR 28 2023

SUBSCRIBED AND SWORN to before me this _____ day of ______ 2023, affiant exhibiting to me her Competent Evidence of Identity consisting of her Philippine Passport issued by the Department of Foreign Affairs NCR East on 30 July 2022, bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 452;
Page No.: 92;
Book No.: 1;
Series of 2023.

Cnew NIKL 2023 AGM Certificate ID FGTarriela /dfp98

CHARLENE MAE C. DACARA
Appointment No. 24 (2022-2023)
Notary Public for and in the City of Taguig
Until December 31, 2023
Roll No. 74631
PTR No. A-5815413 / 20 January 2023 / Taguig City
IBP No. 307531; 01/31/2023; RSM; For year 2023
MCLE Compliance No. VII-0010815, until 14 April 2025
28th Floor, NAC Tower, 32nd Street, BGC, Taguig City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **ANGELO RAYMUNDO Q. VALENCIA**, Filipino, of legal age, with address at 159 HV Dela Costa St., Salcedo Village, Bel Air II, Makati City, NCR hereby declare that:

1. I am nominated for re-election as Independent Director of **NICKEL ASIA CORPORATION** (the "**Company**"), a corporation duly organized and existing under Philippine law, with principal office at 28/F NAC Tower 32nd Street, Bonifacio Global City, Taguig, 1634 Metro Manila, at the Company's 2023 Annual Stockholders' Meeting to be held on 04 June 2023. I have been Independent Director of the Company since 08 May 2020.

2. I am affiliated with the following companies or organizations:

Name of Corporation/ Organization	Position/s Held	Period of Service
Guagua Rural Bank	Independent Director	February 4, 2021 to present
	Chairman, Corporate Governance Committee	February 4, 2022 to present
Country Bankers Life and Non-Life Corporation	Independent Director	April 23, 2019 to present
	Member, Audit and Governance Committee	April 1, 2019 to present
Integrated Bar of the Philippines	Presidential Adviser, Food Security, Education, Environmental Stewardship, Indigenous People's Rights	August 4, 2021 to present
Development Academy of the Philippines	Senior Fellow	June 22, 2017 to present

Community Sustainability Ventures, Inc.	Managing Director	December 15, 2019 to present
AFP Leadership Development Center	Member, Advisory Council	November 28, 2018 to present
UP Alumni Association, Pampanga Chapter	Member, Board of Directors Corporate Secretary	April 2019 to present
PAF Aviation Leadership and Excellence NEXUS	Member, Advisory Council	September 10, 2021 to present
NOLCOM Heroes Foundation	Member, Board of Advisors	May 21, 2019 to present
Just Projects Philippines Foundation, Inc.	Director	June 4, 2014 to present

3. I possess all of the qualifications and none of the disqualifications to serve as Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), the 2015 Implementing Rules and Regulations of the SRC (the "**SRC Rules**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the SRC Rules, or otherwise.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC, SRC Rules, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

MAY 0 2 2023

Done this ___ day of ______ 2023 at Makati City, Metro Manila.

ANGELO RAYMUNDO Q. VALENCIA
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 0 2 2023 day of ______ 2023, affiant exhibiting to me his Competent Evidence of Identity consisting of his Tax Identification No. (TIN) Card 132-684-840-000, bearing his photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 155;
Page No.: 92;
Book No.: I;
Series of 2022.

Cnew NIKL 2023 AGM - Certificate ID ARQValencia / dfp98

CHARLENE MAE C. DACARA
Appointment No. 24 (2022-2023)
Notary Public for and in the City of Taguig
Until December 31, 2023
Roll No. 74631
PTR No. A-5815413 / 20 January 2023 / Taguig City
IBP No. 307531; 01/31/2023; RSM; For year 2023
MCLE Compliance No. VII-0010815, until 14 April 2025
28th Floor, NAC Tower, 32nd Street, BGC, Taguig City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

CERTIFICATION

I, **BARBARA ANNE C . MIGALLOS,** of legal age, Filipino, with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, being the duly elected and incumbent Corporate Secretary **of NICKEL ASIA CORPORATION**, a corporation duly organized and existing under Philippine law, nominees for election as Directors of the Company are not connected with any government agency or instrumentality:

1. Gerard H. Brimo
2. Martin Antonio G. Zamora
3. Harvey T. Ang
4. Leonides Juan Mariano C. Virata
5. Maria Patricia Z. Riingen
6. Shiro Imai
7. Yusuke Niwa
8. Angelo Raymundo Q. Valencia (Independent)
9. Florencia G. Tarriela (Independent)

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 28th day of April 2023, affiant exhibiting to me her Passport No. P7148981A issued on 1 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule I, Section 12 and Rule VI Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No. 453
Page No. 92
Book No. 1
Series of 2023.

BRYAN GEORGE M. MANZANO
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-291 (2022-2023)
COMMISSION EXPIRES ON DECEMBER 31, 2023
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 9566814; Makati City; 1/4/2023
IBP O.R. No. 260893; Zambales; 1/5/2023
TIN 607-109-916
Attorney's Roll No.79205
Admitted to the Philippine Bar: 16 May 2022

C2502 NIKL AGM 2023 – Certification on Non-Gov/kjs11

COVER SHEET

C	S	2	0	0	8	1	1	5	3	0

SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

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

Iryan Jean U. Padillo

(Contact Person)

(632) 7798-7622

(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

1	7	-	A	

(Form Type)

0	6	1st Friday
Month		*Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRM

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

97

Total No. of Stockholders

Total Amount of Borrowings

₱3,539.3 million	**175.8 million**
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number **CS200811530**
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

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-A Annual Report
Form Type

____
Amendment Delegation (If applicable)

December 31, 2022
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **DECEMBER 31, 2022**
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, BONIFACIO GLOBAL CITY, TAGUIG CITY — **1634**
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	**13,630,850,117 SHARES**
SHORT-TERM AND LONG-TERM DEBTS	**₱3,715.1 MILLION**

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

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    PHILIPPINE STOCK EXCHANGE   **COMMON STOCK**

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

    Yes [**X**]   No [ ]

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

    Yes [**X**]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

    As at December 31, 2022, 3,452,647,090 shares with a market price of ₱5.84 or an aggregate amount of ₱20,163,459,006 were held by non-affiliates.

NICKEL ASIA CORP.

April 12, 2023

Ms. Janet A. Encarnacion
Head - 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 : 2022 SEC Form 17-A Annual Report
x == x

Gentlemen:

In accordance with the Securities Regulation Code, we are submitting herewith a copy of our Company's SEC Form 17-A Annual Report as at and for the year ended December 31, 2022.

We trust everything is in order.

Very truly yours,

Maria Angela G. Villamor
SVP – Chief Financial Officer

NICKEL ASIA CORPORATION
17-A ANNUAL REPORT 2022

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. OVERVIEW

Nickel Asia Corporation (the Company, Parent Company, or NAC) was incorporated on July 24, 2008 with the Philippine Securities and Exchange Commission (SEC) and was listed with the Philippine Stock Exchange on November 22, 2010.

NAC and its subsidiaries (the Group) has 5 operating mines: the Rio Tuba mine in Bataraza, Palawan operated by Rio Tuba Nickel Mining Corporation (RTN); the Taganito mine in Claver, Surigao del Norte operated by Taganito Mining Corporation (TMC); the Tagana-an mine in Tagana-an, Surigao del Norte operated by Hinatuan Mining Corporation (HMC); the Cagdianao mine in Cagdianao, Dinagat Islands operated by Cagdianao Mining Corporation (CMC); and the Dinapigue mine in Dinapigue, Isabela operated by Dinapigue Mining Corporation (DMC). At each of its operating mines, the Group is able to employ a low-cost surface mining method without the need for explosives, chemicals or complex waste handling, to extract two types of nickel ore: limonite and saprolite ore. Apart from 5 operating mines, the Group also has other properties in various stages of exploration for nickel ore while continuing to seek opportunities in copper and gold through its subsidiary, Cordillera Exploration Co., Inc. (CExCI).

The Group produces 2 types of saprolite ore (i.e., high-grade, and mid-grade) and 2 types of limonite ore, which it supplies to various customers. The Group's high-iron limonite ore is sold to Chinese customers and mid-grade saprolite ore is sold to Chinese and Japanese customers, some which use the material as feed for blast furnaces for production of low-grade nickel pig-iron (NPI). Most of the Group's high-grade saprolite ore is sold to Pacific Metals Co., Ltd. (PAMCO) which uses the material as feed for its ferronickel smelters. The Group's low-grade limonite ore is utilized as feed for the Coral Bay high-pressure acid leach (HPAL) hydrometallurgical nickel processing plant and the Taganito HPAL hydrometallurgical nickel processing plant. Coral Bay plant is owned by Coral Bay Nickel Corporation (CBNC), where NAC has a 15.62% equity interest. CBNC became operational in 2005 and currently operates at a capacity of 24,000 tonnes of contained nickel and 2,000 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 HPAL process.

NAC also has a 10% equity interest in Taganito HPAL Nickel Corporation (THNC) which operates the country's second hydrometallurgical nickel processing plant. THNC's HPAL plant currently operates at a capacity of 30,000 tonnes of contained nickel and 2,500 tonnes of contained cobalt per year in the form of a mixed nickel-cobalt sulfide. The Taganito mine of the Company's subsidiary, TMC, supplies all of the limonite ore for the plant.

In November 2010, the Group concluded the purchase of CExCI from Anglo American Exploration (Philippines), Inc. (Anglo American), with 4 properties in the Central Cordillera of northern Luzon that are prospective for gold and copper. The purchase marks the Company's first step in its vision to become a diversified mineral resource company. In November 2011, Sumitomo Metal Mining Co., Ltd. (SMM) acquired 25% equity in CExCI with an option to purchase additional shares to increase its total equity to 40%.

In 2015, CExCI identified a new property in the province of Zambales for exploration and development under Newminco Pacific Mining Corporation (Newminco), which is also prospective for gold and copper. In relation to this, SMM put in an additional investment of US$2.8 million to increase its ownership in CExCI from 25% to 40%. Newminco is the holder of an Exploration Permit (EP) application for areas located in Zambales. In 2019, CExCI acquired from Marian Mineral Exploration Co., Inc. (Marian) and Olympus Mineral Exploration Co., Inc. (Olympus) the right to apply for the conversion of the Application for Mineral Production Sharing Agreement (APSA) No. 000021-II issued in favor of Marian and Olympus into an EP Application, EP and/or Mineral Agreement, and any mode of mineral agreement that may be applied for in the 6,325 hectare area located in Cordon, Isabela and Diadi, Nueva Vizcaya subject of the APSA. CExCI applied for the conversion of APSA No. 000021-II into an EP. In January 2020, the Mines and Geosciences Bureau (MGB) Region 2 office approved the conversion of APSA No. 000021-II into an EP in favor of CExCI.

In August 2015, the Group also concluded the purchase from Nihao Mineral Resources International (Nihao) of 100% equity interest in DMC (formerly, Geogen Corporation), which is the successor-in-interest of Platinum Group Metals Corporation (PGMC), the claim owner of the Isabela Nickel Project in Dinapigue, Isabela. In consideration of the termination of the Operating Agreement between Nihao and DMC dated July 13, 2012 over the Isabela Nickel Project, DMC agreed in August 2015 to issue 10,000,000 non-voting, non-redeemable, non-participating shares at a par value of ₱0.01 which have preference in the declaration and payment of dividends (Preferred Shares). Dividends on the Preferred Shares are computed on an annual basis and is equivalent to 20% of mine operating income less income tax and only accumulate if (i) the Isabela Nickel Project is operated and generates income; and (ii) if DMC has sufficient level of unrestricted retained earnings. DMC started its commercial operation in 2022.

In 2018, the Group expanded into power generation with the completion and commencement of operations of a 10-megawatt (MW) diesel power plant which sells power to the Surigao del Norte Electric Cooperative, Inc. (SURNECO) under a Power Supply Agreement (PSA). In 2015, the Group expanded into the renewable power business through equity investments in Emerging Power, Inc. (EPI), whose mission is to engage in power generation exclusively from renewable sources. As of December 31, 2022, EPI has 5 renewable energy service contracts signed with the Department of Energy (DOE): 2 100MW solar service contracts under Jobin-SQM Inc. (JSI), located at the Subic Bay Freeport Zone (SBFZ), 2 geothermal service contracts under Biliran Geothermal Incorporated (BGI), and a geothermal service contract under Mindoro Geothermal Power Corporation (MGPC) in Naujan, Oriental Mindoro. Biliran Holdings Inc. (BHI), who owns 60% of BGI, and MGPC are wholly owned subsidiaries of EPI, while the Company holds an 86.29% equity interest in EPI as of December 31, 2022. On December 20, 2022, BHI sold its 15% interest in BGI.

On March 29, 2021, NAC made a direct investment in JSI through a debt-to-equity swap with EPI, pursuant to which NAC acquired 647,386,140 of EPI's shares in JSI as partial repayment by EPI of its indebtedness to NAC. NAC's direct investment in 38% of JSI enabled JSI to comply with the requirement of the Energy Regulatory Commission (ERC) that at least 15% of its total issued and outstanding common shares must be publicly owned. Under existing regulations, the ownership of a publicly listed company such as NAC of at least 25% of a power generation company's common share shall be deemed as compliance with the public ownership requirement of the ERC for such companies.

On July 1, 2022, EPI entered a joint venture with Shell Overseas Investments B.V. (Shell) to jointly develop, own, operate, and maintain onshore renewable energy projects in the Philippines. EPI and Shell established an investment company, Greenlight Renewables Holdings, Inc. (GRHI), which was incorporated on August 18, 2022. EPI and Shell shall have equity ownership of 60% and 40%, respectively, in GRHI.

In January 2019, JSI received the Certificate of Compliance (COC) from the ERC for Phases 1 and 2 - 32MW of the Solar Project, valid for a period of five years from November 2016 to November 2021 until revoked or suspended. The COC was issued after the authorization 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) for a period of 1 year or until November 2023 for Phases 1 and 2, and until June 2023 for Phase 3A.

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 1 year or until November 2023.

On May 13, 2022, the Department of Environment and Natural Resources (DENR) 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, SBFZ.

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 December 31, 2022, Phases 1, 2 and 3 of the Solar Project with total capacity of 100MW are in commercial operations.

With respect to Biliran geothermal project, where 8 wells have been drilled by EPI's 40% partner, Biliran Geothermal Holdings, Inc., fluid management studies have been completed on 1 particular well, with positive results with respect to acid control. In July 2021, BGI and Symba Renewable Energy EHF (SRE) signed a Project Funding, Build and Transfer Agreement for SRE to (i) finance, design, construct, install and transfer to BGI a geothermal powerplant in phases, using the existing geothermal wells and (ii) finance, design, construct, rehabilitate and upgrade the existing 13.2kV distribution lines of Biliran Electric Cooperative, Inc. for the purpose of evacuating power from the geothermal facility to the grid. BGI has continued to conduct activities for maintenance of the existing wells and secure the necessary permits and licenses related to the project.

In 2017, BGI successfully split its existing Geothermal Renewable Energy Service Contract (GRESC) into 2. The previous GRESC almost covered the entire island province of Biliran, but in the new setup it delineates the southern portion as Biliran 1 and the northern portion as Biliran 2. Biliran 1 covers the existing developed infrastructure (i.e., 4 well pads, 8 standard deep wells, roads, etc.) and has a Probability-90 Assessment that confirms a 100MW capacity. Biliran 2 is the yet-to-be-developed area save for surface studies and a Probability-50 Assessment of some 170MW capacity. This delineation allows BGI to focus on the more immediately executable Biliran 1 and gives BGI more time to develop Biliran 2. Biliran 1 continued its facility maintenance while making plans for a phased power generation development.

In the Mindoro project, 2 geothermal wells drilled in 2016 were found to have temperatures in the range of 140-165°C. MGPC considered various options on how to proceed with the development of the project including drilling the northern portion of the geothermal field. The northern portion of MGPC's exclusive service contract area has undergone a more detailed assessment by GeothermEx - a leading American geothermal advisory firm in 2017. They have also confirmed that the existing wells in the southern portion can net out at least 3.5MW of power. EPI has been in discussions with groups familiar with geothermal investments to strategize how to further minimize drilling risk. With a strategic partner, MGPC is preparing a development plan guided in general by the GeothermEx report and other technical analyses.

In 2020, MGPC decided to conduct an assessment of the best technique to flow the 2 geothermal wells. As part of the well testing program submitted by MGPC to DOE, downhole measurements will be conducted to confirm the temperature and the suitability of the wells for flow testing. Thereafter, MGPC will implement the flow test to update the resource assessment and plan the development drilling. In 2021, MGPC entered into a Memorandum of Agreement (MOA) with SRE on the conduct of flow test and resource assessment to demonstrate the commercial viability of the drilled production wells in the Montelago Geothermal Field. Should the flow test be successful based on MGPC engineer's assessment and overall viability of the project, SRE intends to participate as financial and technical partner of MGPC for the development of the modular geothermal power plant system. The flow testing is expected to commence in the second 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.

With its foray into the area of renewable energy, the Group is slowly becoming a group more focused on harnessing the potential of its natural resources to benefit the communities where the Group operates and the country in general.

Fundamental to the way the Group does business as a responsible corporate citizen is its commitment to operate in a sustainable manner, protecting the environment, nurturing active communities and ensuring the safety and well-being of everyone involved in its operations. For this, the Group has been consistently recognized by the Government, the industry and by other award-giving bodies.

As an evolving natural resources company, the Group is committed to responsible mining and to the highest standards in everything that it does.

B. CORPORATE OBJECTIVE

The Group strives to contribute to sustainable national development by adopting its Environmental, Social, and Governance (ESG) Roadmap in order to achieve the highest standards in the responsible utilization of the country's natural resources. At the same time, the Group takes its responsibilities toward safety, environmental protection, community relations and development seriously. The Group believes that sustainable development is the only way forward for any mining operation and it exerts great effort to live by its principles. The Group is committed to responsible mining and to running every facet of its operations in a world-class manner.

The Group is also committed to provide the present and future generations a better life with clean and renewable energy which is cost effective, reliable, sustainable, and environmentally friendly.

C. PRODUCT MIX

The Group produces 2 types of nickel ore, namely saprolite and limonite. Saprolite ore is nickel ore with iron content of less than 20% and limonite ore is nickel ore with iron content of 20% or higher.

The Group ships out saprolite ore with a nickel content of between 1.3% to 1.5%. Most of the Group's saprolite ore are sold to Chinese clients that use the material as feed for electric furnaces to produce high and medium-grade NPI. A portion of the saprolite ore is also sold to PAMCO in Japan, which uses the material as feed for its ferronickel smelters.

The Group sells 2 types of limonite ore: high-iron and low-grade. High iron limonite ore has a nickel content of less than 1% and an iron content of 48% to 50%. Low-grade limonite ore has a nickel content of 1% to 1.2% and an iron content of at least 30%.

The Group's high-iron limonite ore are sold to Chinese customers who use the material as feed for blast furnaces to produce low-grade NPI. Finally, low-grade limonite ore is utilized as feed for the Taganito and Coral Bay HPAL facilities. The Group expects the continuous demand for electric vehicles (EV) to result in an increase in dtemand for the Group's products since the ores produced by the Group are processed into nickel sulfide, which is an important component for EV batteries.

D. SUBSIDIARIES

The Parent Company and its subsidiaries were separately incorporated and registered with the SEC. Below are the Parent Company's ownership interests in its subsidiaries:

	Effective Ownership	
	2022	2021
Subsidiaries		
Hinatuan Mining Corporation	**100.00%**	100.00%
Cagdianao Mining Corporation	**100.00%**	100.00%
Dinapigue Mining Corporation	**100.00%**	100.00%
Samar Nickel Mining Resources Corporation (SNMRC)	**100.00%**	100.00%
CDTN Services Company Inc. (CDTN)	**100.00%**	100.00%
Coral Pearl Developments Limited (CPDL)	**100.00%**	100.00%
La Costa Shipping and Lighterage Corporation (LCSLC) [(a)]	**100.00%**	100.00%
Falck Exp Inc. (FEI) [(b)]	**88.00%**	88.00%
Emerging Power, Inc.	**86.29%**	86.29%
Mindoro Geothermal Power Corporation [(c)]	**86.29%**	86.29%
Biliran Holdings Inc. [(c)]	**86.29%**	86.29%
Northern Palawan Power Generation Corporation (NPPGC) [(c)]	**86.29%**	86.29%
Jobin-SQM Inc. [(c, d)]	**82.87%**	82.87%
Cordillera Exploration Co., Inc.	**71.25%**	71.25%
Newminco Pacific Mining Corporation [(e)]	**71.25%**	71.25%
Taganito Mining Corporation	**65.00%**	65.00%
Rio Tuba Nickel Mining Corporation	**60.00%**	60.00%
Greenlight Renewables Holdings, Inc. [(c,f)]	**51.77%**	–
Biliran Geothermal Incorporated [(c,g)]	**–**	51.77%

(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*

Hinatuan Mining Corporation

HMC was incorporated on October 9, 1979. NAC owns 100% of HMC, which owns and operates the Tagana-an mine. HMC's authority to mine the Tagana-an mine derives from an Mineral Production Sharing Agreement (MPSA) No. 246-2007-XII-SMR approved in 2007, which replaced 3 mining lease contracts that ran for 25 years from 1980. The MPSA area covers 774 hectares and will expire in 2032. HMC has been mining in Tagana-an since 1980. HMC is also the claim owner of the Manicani property in Manicani Island, Eastern Samar.

Cagdianao Mining Corporation

CMC was incorporated on July 25, 1997. NAC owns 100% of CMC, which operates the Cagdianao mine. The authority to mine the area of the Cagdianao mine derives from an MPSA issued to East Coast Mineral Resources Co., Inc. (East Coast) in 1997. The MPSA No. 078-97-XIII-SMR covers an area of 697 hectares in Valencia, Cagdianao, Province of Dinagat Islands and expires on November 19, 2022. In 1998, CMC signed a Mine Operating Agreement with East Coast which was renewed in 2007 and expires in 2022. The Operating Agreement entitles CMC to mine the MPSA area in return for the payment of royalties to East Coast. The Operating Agreement was amended by the parties and provided for an automatic renewal of such agreement until 2047.

The MPSA of East Coast was renewed on March 2, 2022 for another 25 years from expiration of the first 25-year term on November 19, 2022. CMC was also granted 8 foreshore lease agreements covering the area where the port facility is located, 7 of which will expire in 2037 and 1 will expire in 2036.

CMC started development works at the Cagdianao mine site in 1997 and commenced mining operations in 2001.

Dinapigue Mining Corporation
DMC was incorporated on October 9, 1998, 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, which mines the mineral property within the area subject of MPSA No. 258-2007-II, was acquired by the Parent Company in August 2015. DMC started its commercial operation in 2022.

Samar Nickel Mining Resources Corporation
SNMRC was incorporated on March 11, 2010, 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 was incorporated on December 21, 2020 to engage in general engineering construction. 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 was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, and is primarily engaged in the leasing of aircraft.

La Costa Shipping and Lighterage Corporation
LCSLC was incorporated on October 23, 1992, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. LCSLC was acquired by HMC in April 2010. In May 2014, LCSLC sold all of its LCTs to HMC.

Falck Exp Inc.
FEI was incorporated on November 22, 2005, and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. FEI is currently undergoing dissolution and waiting for SEC approval.

Emerging Power Inc.
EPI was incorporated on October 16, 2007, and is primarily engaged in the renewable energy business. EPI was acquired by the Parent Company by way of loan conversion into equity in July 2015. EPI is the holder of GRESC No. 2010-02-013. On February 16, 2016, the DOE approved EPI’s application to assign its rights and obligations under the GRESC to MGPC under Certificate of Registration No. 2016-02-060.

Mindoro Geothermal Power Corporation
MGPC was incorporated on May 7, 2014, and is primarily engaged in the renewable energy business. MGPC project is estimated to supply 40MW of power over 25 years. MGPC is now the holder of GRESC No. 2010-02-013 upon the approval of application made by EPI to assign its rights and obligation under the GRESC to MGPC, as discussed in the previous paragraph.

Biliran Holdings Inc.
BHI was incorporated on July 31, 2015, 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 was registered with the SEC on July 5, 2017 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 was incorporated on January 6, 2010, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI is the holder of Solar Energy Service Contract (SESC) No. 2013-10-039 and Solar Energy Operating Contract (SEOC) No. 2021-01-577 which covers an area in the municipalities of Morong and Hermosa, Bataan. JSI was acquired by EPI in September 2015 and commenced operations in May 2016.

Cordillera Exploration Co., Inc.
CExCI was incorporated on October 19, 1994 primarily to engage in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation
Newminco was incorporated on October 9, 2006 and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. Newminco was acquired by CExCI in December 2015. It is currently not engaged in any development or commercial production activities.

Taganito Mining Corporation
TMC was incorporated on March 4, 1987, and is primarily engaged in the mining and exporting of nickel saprolite and limonite ore, and exploration activities. The first commercial shipment from the Taganito mine was made in 1989. TMC also provides services to THNC which involves the handling, hauling and transportation of materials required in the processing operations of THNC. TMC's mining authority derives from an MPSA No. 266-2008-XIII-SMR (Amended) executed in 2009, which replaced an Operating Contract entered into with the Government in 1989. The MPSA covers an area of 4,863 hectares located in the Municipality of Claver, Province of Surigao del Norte. The MPSA is valid for 25 years from the date of approval thereof or until 2034.

Rio Tuba Nickel Mining Corporation
RTN was incorporated on July 15, 1969 to develop the nickel ore deposits discovered at the Rio Tuba mine site in 1967. It was granted rights over the Rio Tuba property in 1970 and commenced mining in 1975. RTN made its first commercial shipment in 1977. RTN's mining authority at Rio Tuba derives from an MPSA No. 114-98-IV Amended initially covering an area of 990 hectares for the first 25-year term. The MPSA was then amended on October 28, 2019, to include an area covered by a separate MPSA application, thereby increasing the area to an aggregate of 4,538 hectares. On December 2, 2021, the MPSA renewal application of Rio Tuba was approved by the MGB and a fresh 25-year MPSA term, commencing on October 8, 2021, was granted subject to the issuance by the National Commission for Indigenous Peoples (NCIP) of a Certification Precondition.

Greenlight Renewables Holdings, Inc.
GRHI was incorporated on August 18, 2022, and 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.

Biliran Geothermal Incorporated
BGI was incorporated 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. BGI was acquired by BHI in December 2015. In 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the DOE.

BGI is a holder of GRESC No. 2010-02-010, covering the geothermal field in Biliran Province, and GRESC No. 2017-03-056 which covers an area in the municipalities of Kawayan, Almeria, Culaba and Naval in Biliran.

On December 20, 2022, BHI sold its 15% interest in BGI.

E. RECENT DEVELOPMENTS

- The EP of the property acquired by CExCI through Deed of Assignment from Marian and Olympus in April 2019 was approved in December 2022.

- On October 3, 2022, the Company purchased additional common shares of CBNC from 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 second renewal of the Newminco property in San Narciso, Zambales denominated as EP-001-2015-III was approved in September 2022.

- On July 1, 2022, EPI and Shell, a corporation registered in the Netherlands, entered into a joint venture agreement to develop, own, operate, and maintain onshore renewables projects in the Philippines. In August 2022, GRHI, the joint venture of EPI and Shell, was incorporated.

- 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 1 year or until November 2023.

- On May 13, 2022, the DENR 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, SBFZ. 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.

- DMC started its commercial operation with its first ore delivery to CBNC in May 2022.

- In March 2022, the DENR extended the MPSA between the Government and CMC for another 25 years.

- In March 2022, the DENR extended the MPSA between the Government and HMC for 15 years and lifted the suspension of HMC's operations in Manicani Island, Guiuan, Eastern Samar.

F. OUR STRATEGY

NAC's ESG Roadmap embraces the 3 pillars of the global effort to achieve sustainability, and impacts everything that NAC does. Under the Environment pillar, NAC is committed to achieve carbon sink status, contribute positively to biodiversity and attain net positive water impact in its operations. For the Social pillar, NAC puts a premium on the good health and well-being of its employees, equal opportunity at all levels and across all backgrounds, and fostering sustainable communities. For the Governance pillar, it practices inclusive leadership and management, a strong organizational culture, and a robust and comprehensive risk management system.

Inspired by its ESG Roadmap, NAC's Vision is anchored on 3 focus areas: Results, Resources and Relationships. For Result (Profit), NAC aims to deliver on its promises to its shareholders through efficiency and effectiveness. For Resources (People and Product), NAC will manage its resource utilization while exploring to expand its business, relying on its people who always strive to be the best in their respective fields. For Relationships (Process and Planet), it will work seamlessly as a company as it maintains a healthy collaborative partnership with its stakeholders to protect its social license to operate.

G. KEY STRENGTH

The Group believes in its key strength, which is*:*

Established leading producer of lateritic nickel ore in the Philippines and worldwide
The Group is the largest nickel mining company in the Philippines. The Group's saprolite ore is sold to Chinese and Japanese customers, which use the material as feed for electric furnaces to produce high and middle grade NPI. The Group's limonite ore is sold mainly for use as feed for the Coral Bay HPAL hydrometallurgical nickel processing plant and the Taganito HPAL hydrometallurgical nickel processing plant. The Group has substantial nickel reserves and resources which are complemented by its long history of mining lateritic nickel ore and of acquiring, developing and operating multi-mine facilities. The Group commenced its first mine, Rio Tuba, in 1977 and it has since expanded to 5 operating mines and several nickel development and exploration properties in the pipeline.

The Philippines is a resilient economy and supportive of mining and clean energy policies
The Philippine economy is one of the most dynamic economies in Southeast Asia. The country achieved an average gross domestic product (GDP) growth of 6.6% from 2012 to 2019, but saw disruption brought about by the unprecedented the Corona Virus Disease (COVID-19) pandemic in 2020, resulting in a 9.5% GDP contraction that year. However, because of the country's strong economic fundamentals, the Philippine economy recovered to a 5.7% GDP growth rate for 2021 and registered a GDP growth rate of 7.6% for 2022, primarily due to the reopening of offices and establishments despite the Omicron variant-induced COVID-19 cases surge in January 2022. The Government recently announced a specific target of sustaining an annual GDP growth rate of between 6.5% and 8.0% by 2028. According to the World Bank, key economic drivers of the Philippine economy include solid fundamentals, a competitive workforce, a stable job market, steady remittances and investment in construction and infrastructure. The Bangko Sentral ng Pilipinas has also recognized the risks posed by a weakening Philippine Peso on the country's inflation rate, both directly via imported inflation and via inflation expectation, especially in the food and energy sectors.

The Philippines has been recovering from its initial impact. In 2021, the country's economic recovery was boosted by the Government's policy reforms led by the Bayanihan to Heal as One Act (Republic Act (RA) No. 11469), Bayanihan to Recover as One Act (RA No. 11494), and other expansionary fiscal programs.

Particularly with respect to mining, the Government has also signaled its interest in laying down supportive policies that would enable the private sector to maintain long-term stable investment.

In addition, the Government issued its Philippine Energy Plan (2020-2040) which reaffirms the country's commitment to renewable energy and illustrates the growth potential within the sector. Under the Government's "Clean Energy Scenario", the country's total renewable energy installed capacity is expected to increase to 81.5 gigawatts (GW) by 2040, of which solar energy is expected to contribute 46.1GW, while wind energy is forecasted to contribute up to 11.8GW.

While the Renewable Energy Act of 2008 served as an anchor as the Philippines' transition to clean energy, in 2020 the Government issued and communicated several policies that accelerated the Philippines' pivot to clean energy such as a coal moratorium, a green energy tariff and auction program, the green energy option and the start of compliance with renewable portfolio standards, which targets to increase the contribution of renewable energy generation to total energy generation in the Philippines to 35% by the end of 2030 from 2.01% as of year-end 2020. These policies aid renewable energy developers and generators in mitigating market exposure and risks related to renewable projects.

Profitable and stable mining business, underpinned by strategic project selection, operational efficiency and competitive cost structure
The Group has maintained a stable nickel ore output of 16 to 18 million wet metric tonnes (WMT) per annum over the last 3 years. To continuously augment its reserves in the medium term, the Group's Dinapigue mine entered the production stage in 2022, while its Manicani mines resumed its operations after the MGB issued a Notice of Issuance of an Order entitled "In re: Extension of the term and lifting of the suspension of the mining operations under MPSA No. 012-92-VIII granted to HMC" and development

of Bulanjao mines is expected to commence in 2023. The foregoing, combined with low-cost surface mining methods, operational efficiencies and substantial resources and reserves, has led to stable revenue generation and a deep economic moat for the Group's mining business.

Well-positioned to capitalize on structurally favorable supply/demand dynamics underpinning the nickel market

The Group's mining operations produce lateritic nickel ore (further categorized into saprolite and limonite ore) which are mainly exported to Japan and China for processing into ferronickel and NPI, respectively. As of December 31, 2022, the Group is the largest producer of lateritic nickel ore in the Philippines and one of the largest in the world.

In addition to exporting lateritic nickel ore, the Group participates in the global supply chain for EV battery components. RTN and TMC supply low grade limonite ore to the Philippines' only nickel processing plants, Coral Bay HPAL facility and the Taganito HPAL facility which are owned by CBNC and THPAL, respectively, and whose customers include electronics conglomerate Panasonic, a main supplier of EV batteries to Tesla. Both the Coral Bay HPAL facility and the Taganito HPAL facility are hydrometallurgical processing plants with capacity to produce nickel and cobalt, materials used in solar cells, super capacitors, and electrode materials.

ESG is in the Group's DNA

ESG has been embedded in the Group's corporate culture since its founding 50 years ago. The Group takes pride that long before the term ESG was coined, the Group was already practicing many of the values that are now fundamental in the global march towards ESG - from environmental stewardship to professional labor relations and corporate governance practices that meet and exceed the requirements of applicable law. The Group operates according to its Sustainability Framework to drive significant and meaningful impact for its stakeholders. Its Sustainability Framework is focused on the 5 pillars of Good Governance, Employee Welfare, Safe Workplace, Environmental Protection, and Community Empowerment, which is aligned with the United Nations Sustainable Development Goals (UN SDG).

After the adoption in November 2021 of its new corporate Vision, which is to contribute to sustainable national development by adopting an ESG Roadmap to achieve the highest standards in the responsible utilization of the Philippines' natural resources, the Group's senior management jointly mapped out commitments for the year 2025 under each of the 3 pillars of ESG. It began to establish baselines for these commitments, with the aim of presenting to the Board of Directors (BOD or Board) a clear picture of where the whole organization is and what investments need to be made to achieve the Vision. The Group also intends to pursue a renewable energy portfolio in line with its goals of becoming the premier ESG investment in the Philippines and to be among the Top 25 Philippine Stock Exchange (PSE)-listed companies in terms of market capitalization.

The Group's operating mines have consistently merited the necessary International Organization for Standardization (ISO) certifications as required under Philippine law. It also complies with the Towards Sustainable Mining standards of the Chamber of Mines of the Philippines, adapted from the standards of the Canadian mining association. Its 4 older operating mines (Rio Tuba, Taganito, Cagdianao and Hinatuan) have won multiple times at the Presidential Mineral Industry Environment Awards, the highest award given by the Philippine Government annually in recognition of best practices in the mining industry. These awards were established under a Presidential Executive Order (EO) issued in 1997, pursuant to which all mines and exploration companies must undergo an evaluation process by a selection committee headed by the Secretary of the DENR.

The Group's labor relations are not only compliant with Philippine labor laws but have received official recognition from the Department of Labor and Employment (DOLE) many times as examples of best practices.

The Group's approach to ESG. Under the first pillar, Environment, the Group is committed to be part of the global effort to achieve sustainability through achieving net zero carbon, a net positive biodiversity impact and a net positive water impact.

Under the Social pillar, the Group is committed to ensuring the good health and well-being of its employees, to providing equal opportunity at all levels and across all backgrounds, and to establishing sustainable communities after mine conversion. Mine conversion itself is an NAC-inspired progression from the mine closure concept of post-mining rehabilitation and the turn-over of a mined-out area back to the Government. Under mine conversion, the Group explores new options of land use, thereby helping mining area communities transition to new sources of sustainable livelihood.

Finally, under the Governance pillar, the Group has chosen to commit to inclusive leadership and management, to establish a strong organizational culture and to institute a robust and comprehensive risk management system.

Aligned with the UN SDGs. The Group's environment, social, and governance initiatives work in consonance with its overall objective to support the UN SDGs. Focused on 5 key pillars to drive significant and meaningful impact for its stakeholders, NAC's Sustainability Framework effectively aligns its various efforts towards the world's shared goal of enabling long-term positive change.

- *Good Governance (UNSDG 8, 17)*
  The Group strives to act as a responsible corporate citizen and lend its expertise to help engage the public in constructive dialogue and informed debate on issues of importance to it as a company, the mining industry, and the communities it operates.

- *Welfare of Its Employees (UNSDG 4, 5, 8, 10)*
  Each of the Group's employees is respected and valued and the Group fully observes human rights, occupational safety and non-discrimination in the workplace. The Group does its utmost to develop employee potential, compensate fairly and commensurately to performance and provide growth opportunities.

- *Safe Workplace (UNSDG 3, 8)*
  The Group promotes a strong culture of safety embedded in operational excellence and robust risk management. The Group approaches safety with a multi-level focus to empower its personnel to embrace the value of accident prevention and control loss by constantly engaging them in a series of safety-related training and simulations, among others.

- *Protecting the Environment (UNSDG 6, 7, 12, 13, 14, 15)*
  The Group acknowledges its responsibility to protect, reclaim and enhance the environment in which it operates through able management and steadfast environmental stewardship. It addresses environmental impacts through their respective Environmental Protection and Enhancement Program (EPEP).

- *Empowering Communities (UNSDG 1, 2, 3, 4, 8, 9, 10, 11)*

Through the Group's Social Development and Management Program (SDMP), which are mandated social expenditures, and Corporate Social Responsibility (CSR) programs, which are voluntary and go beyond SDMP requirements, it aims to empower its shared communities. These projects are done at all its mine sites and in collaboration and with the support of Local Government Units (LGUs) and organizations. Each SDMP is made in consultation with stakeholders in consideration of the important social, cultural, environmental, and economic factors affecting them.

Relations with communities and regulators are top of mind

The Group works with the mining industry, its host and nearby communities, and government agencies and regulators, toward building resilient and sustainable communities. Over the years, the Group spent on SDMP and CSR programs spanning across indigenous people's rights, education, livelihood, and health, among others.

The Group keeps open the lines of communication with the regulators as this is critical in maintaining a business-friendly environment. The Group has a dedicated team formed by its officers responsible for liaising with key regulatory agencies on a regular basis. One benefit of this regular engagement is that any potential issues are flagged and addressed early, which is important in risk management for any operation, especially in the natural resource development sphere.

As a point of principle, the Group respects and follows all pertinent rules and requirements for responsible mining operations, making sure it is resolutely environmentally compliant. The Group regularly reports its activities through disclosures to the PSE and the Philippine SEC through its Annual and Sustainability Reports, and it adheres to the policies and laws prescribed by the DENR and the attached agencies. The Group has a dedicated team that constantly monitors compliance with environmental laws and regulations, and over the years, it has gained the reputation of being the beacon for responsible and sustainable mining in the Philippines.

Growing renewable energy business provides opportunity to diversify revenue streams and capture substantive investment opportunity in Philippines renewable energy market
The Group, through its subsidiary EPI, is an early mover in utility-scale solar in the Philippines. Leveraging on EPI's solid track record in project development, investment, execution, and management in heavily regulated and socially impactful industries in the Philippines, the Group believes it is well-positioned to tackle a large and profitable renewable energy market.

The dual growth strategy in mining and clean energy supports the Group's twin goals to grow its income and diversify the Group's operations. Further, the pivot to renewable energy is an essential element of the Group's ESG strategy and is complementary to the government's goals of achieving energy self-sufficiency and reducing greenhouse gases (GHG) emissions.

Long-standing strategic relationships with key industry players, underpinned by time-tested supply agreements and customer contracts
The Group has cultivated long-term strategic relationships with key industry players in Japan and China, with a large proportion of its sales volumes covered by sales agreements and/or long-term contracts. In 2022, its total ore exports to China and Japan are approximately 49% and 2%, respectively, with the remaining 49% being domestic sales to HPAL facilities. Two of its key shareholders, SMM and PAMCO, are also its major customers.

The Group began selling nickel ore to the China market in 2005 through several trading companies. It has subsequently rationalized its selling efforts, concentrating on developing strong and mutually beneficial relationships with 2 key Chinese sales agents, namely Big Wave Resources Co., Limited (Big Wave) and Ningbo Lygend Wisdom Co. Ltd. With a wide network of customers, these sales agents distribute the Group's nickel ore to the largest NPI companies in China. The Group believes that its Chinese customers particularly value it as a credible supplier because of its reliability and expertise, backed by considerable years of continuous operations that enables it to continuously meet their ore grade requirements in a timely manner. Over the years, the Group has been able to maintain a good reputation with its customers regardless of the sales agents it uses.

TBEA International Engineering Co., Ltd. (TBEA), an international service provider of system solutions for the global energy industry, is a 10%- shareholder in EPI's solar energy subsidiary, JSI. TBEA is part of one of the largest and most successful fully integrated power conglomerates in China that manufacture and install power and transmission assets and invest in and operate power plants. TBEA is also one of the top 3 suppliers of silica to tier 1 solar panel manufacturers in China. Under turnkey Engineering, Procurement and Construction (EPC) contracts, TBEA managed 2 recent builds for JSI in the SBFZ.

Strong balance sheet and prudent financial management support future growth expansion
The Group has built up a strong balance sheet and a disciplined capital expenditure program with access to various funding sources. Its current primary sources of funding include retained earnings and bank loans. Its total debt, including short-term debt, long-term debt, fixed payment obligations such as lease liabilities and pension payments to total assets has remained low from 2019 to 2022.

The Group implements prudent financial policies and a sound internal control system covering capital management, investment management, risk management and debt management systems, each of which can be further illustrated from the following aspects:

- For capital management, it has sufficient cash flow and liquidity and adopted a centralized capital management system to coordinate its overall financing needs and to prudently optimize financing costs. It also boosted capital utilization efficiency;
- For investment management, it has established a set of internal standards in terms of investment review and management procedures. In deciding on an investment project, it considers its investment return, resource acquisition, consolidation and coordination with current businesses, ESG considerations and risk control;
- For risk management, it puts in place a sound risk management and internal control system and a prudent decision-making mechanism for matters with significant risks; and
- For debt management, it has a healthy level of indebtedness alongside business expansion.

Reputable and experienced board and management team

Given the Group's long operating history, it has developed a board and management team with many years of experience in every aspect of its operations, including experienced mining engineers, geologists and key mechanics who have been exposed to other types of mining operations, such as complex gold and copper operations.

H. PERCENTAGES OF REVENUES FOR 3 YEARS

The following table summarizes percentages of the Group's revenues by year and region for the past three fiscal years:

	Japan			China			Philippines (CBNC and THNC)			Total		
Year	**A**	**B**	**Total**	**A**	**B**	**Total**	**A**	**B**	**Total**	**A**	**B**	**Total**
2022	3%	-	3%	63%	3%	66%	-	31%	31%	66%	34%	100%
2021	8%	-	8%	69%	6%	75%	-	17%	17%	77%	23%	100%
2020	4%	-	4%	75%	4%	79%	-	17%	17%	79%	21%	100%

A - Saprolite
B - Limonite

I. SOURCES OF RAW MATERIALS AND SUPPLIES

The main supplies that the Group requires to operate its business include diesel fuel, tires and spare parts for its mining equipment. The Group buys diesel and aviation fuel and lubricants from Petron Corporation (Petron) and/or Phoenix Petroleum Philippines, Inc. (Phoenix) and heavy mining equipment, such as trucks and excavators, from 4 manufacturers, namely, Volvo, Isuzu, Caterpillar and Komatsu, through their Philippine distributors. In addition, the Group leases LCTs for use at its mine sites during the shipping season. The Group believes that there are a number of alternative suppliers for all of its requirements.

The Group's existing supply contract with Petron and/or Phoenix provides that they will supply the entire actual requirement of the operating companies of the group for diesel and lubricants of highest quality and based on the typical properties agreed in the contract.

NAC's subsidiary, JSI, harnesses the sun for its solar energy power generation. For its operations and maintenance, JSI buys spare parts from local and imported manufacturers and buys fuel from a gas station inside SBFZ for its vehicles and standby genset.

J. GOVERNMENT REGULATIONS AND APPROVALS

In the Group's mining operations, it is guided by clear and stringent parameters set forth by the country's national and local laws accordingly implemented by national, regional and local agencies, namely: the DENR, the MGB, the Environment Management Bureau (EMB), the Protected Areas and Wildlife Bureau, and the LGUs.

The more significant regulations affecting our operations include the following:

RA No. 7942 (Philippine Mining Act of 1995)

- Section 57 - requires the mining contractor to assist in the development of its mining community, promote the general welfare of the community's inhabitants, and the development of science and mining technology; Section 136 of the Implementing Rules and Regulations of RA No. 7942 requires mining contractors to prepare and implement a 5-year SDMP in consultation and in partnership with the mining contractor's host and neighboring communities
- Section 63 - requires strict compliance with all mines safety rules and regulations that may be promulgated by the DENR Secretary concerning the safe and sanitary upkeep of mining operations and achievement of waste-free and efficient mine development
- Section 69 - requires an annual EPEP for the rehabilitation, regeneration, revegetation, and reforestation of mineralized areas, slope stabilization of mined-out areas, aquaculture, watershed development and water conservation, and socioeconomic development
- Section 71 - requires mine rehabilitation for mined-out areas to the condition of environmental safety, and the creation of a Mine Rehabilitation Fund

Consolidated DENR Administrative Order (CDAO) 2010-21 (CDAO for Implementing Rules and Regulation of RA No. 7942)

- Section 171 - requires an Annual EPEP (based on the approved EPEP)
- Section 173 - requires the organization of a Mine Environmental Protection and Enhancement Officer to be incorporated into the organization structure
- Section 185 - deputizes the Multipartite Monitoring Team to serve as monitoring arm, with the team composed of representatives from DENR Regional Office, Department Regional Office, EMB Regional Office, Contractor/Permit Holder, affected community/ies, affected Indigenous Cultural Community/ies and environmental non-governmental organization (NGO)
- Section 187 - requires a Final Mine Rehabilitation/Decommissioning Plan, including financial requirements up to post-decommissioning

EO No. 26 (National Greening Program) - mandatory reforestation activities outside of mining contract/permit/lease/tenement areas

RA 9003 (Ecological Solid Waste Management Program) - requires waste segregation, promotes recycling, and sets guidelines for Materials Recovery Facility

RA 6969 and DAO 2013-22 - guidelines on proper handling and monitoring of toxic and hazardous waste material

RA 8749 (Philippine Clean Air Act of 1999) - framework for air quality management program

RA 9275 (Philippine Clean Water Act of 2004) - framework for comprehensive water quality management

RA 9371 (Indigenous Peoples' Rights Act) - recognition, protection and promotion of the rights of the Indigenous Cultural Communities (ICC)/Indigenous Peoples (IP)

RA 9729 (Climate Change Act of 2009) - comprehensive framework for systematically integrating the concept of climate change, in synergy with disaster risk reduction, in various phases of policy formulation, development plans, poverty reduction strategies and other development tools and techniques

DAO 2004-52 - Tree cutting permit

DAO 2015-07 - mandating Mining Contractors to Secure ISO 14001 Certification
Pursuant to the Administrative Order, NAC's operating subsidiaries, TMC, RTN, CMC, and HMC, underwent a yearlong process to identify all environmental impacts, address such impacts, document an Environmental Management Systems (EMS) that complies with the standards, and cascade down the EMS to all employees for their full appreciation and compliance. Following 2 audits conducted by the certifying body, TÜV Rheinland, the operating subsidiaries all received their ISO 14001 Certification in 2016.

DAO 2016-1 - prescribing for an audit of metallic mining companies by the DENR
All of the Group's mining companies also abide by commitments stipulated in their Environmental Compliance Certificate (ECC) and specified in their approved Contractor's Plan of Mining Operation.

DAO 2018-20 - prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines, provides for the limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. For mines which produce 9 million WMT per year, the maximum disturbed area shall be 100 hectares. For nickel mining projects with a processing plant or with long-term supply agreements for a processing plant, the maximum disturbed area for extraction shall be 162 hectares or 2 meridional blocks. This DAO requires that temporary revegetation be immediately implemented on the disturbed areas. The Group is compliant with the maximum limits prescribed in this DAO.

Presidential Decree (PD) 1586 - establishing an Environmental Impact Statement (EIS) System including other environmental management related measures and for other purposes

DAO 2003-30 - prescribes guidelines for Implementing Rules and Regulations for the Philippine EIS System consistent with the principles of sustainable development, it is the policy of the DENR to implement a systems-oriented and integrated approach to the EIS system to ensure rational balance between socio-economic development and environmental protection for the benefit of present and future generations.

Electric Power Industry Reform Act (EPIRA)
This EPIRA of 2001 brought about the "Unbundling of the System". Whereas previously, all aspects of the power industry were owned by the Philippine government under the National Power Corporation (NPC), the EPIRA brought about privatization of the generation, transmission, and distribution of electricity. NPC's mandate was significantly reduced to providing electricity to more difficult to reach and off-grid areas of the country.

- The EPIRA sought to bring about:
  - Competitive Generation
  - Regulated Transmission and Distribution
  - Competitive Retail Electricity Providers
- The EPIRA established the Wholesale Electricity Spot Market (WESM), unbundled the electricity tariff for greater transparency, and seeks to provide open access to transmission and distribution lines for all industry players.
- The EPIRA created the ERC as a purely independent regulatory body performing the combined quasi-judicial, quasi-legislative and administrative functions in the power industry. ERC is tasked to promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the power industry. In addition to its traditional rate and service regulation functions, ERC focuses on consumer education and protection, and promotion of the competitive operations in the power market.

Renewable Energy Law
The Renewable Energy Act of 2008 encompass policies that relate to renewable energy and legislative instruments that further encourage its growth - i.e. economic incentives.

- Section 13 states the government share in all renewable energy revenues: 1.5% for geothermal energy and 1% for the rest.

- Section 15 outlines the general incentives: Income Tax Holiday (7 years), Duty-free importation, Special Realty Tax Rates (1.5%), Corporate Tax Rate (10%), Accelerated Depreciation, 0% Value Added Tax Rate, Additional Cash Incentive for Off-grid Generation Facilities, etc.

Pending Approval
TMC has executed a supplemental MOA with Mamanwa IPs/ICCs in connection with MPSA No. 284-2009-XIII where it serves as exclusive mining operator and services contractor of Kepha Mining Exploration Limited Company (Kepha). The MOA will be submitted to NCIP En Banc for review and issuance of the relevant certification.

HMC submitted its Declaration of Mine Project Feasibility (DMPF) in connection with its Manicani project denominated as MPSA No. 012-92-VIII. The DMPF is currently under review by the MGB Central Office. In addition, HMC is seeking the amendment of its ECC to increase its output to 3.0 million WMT from the current 0.25 million WMT. HMC is likewise awaiting the approval of its Special Use Agreement in Protected Areas application in connection with 2 causeways inside the Guiuan Marine Reserve.

DMC is currently undergoing Free and Prior Informed Consent (FPIC) process in connection with the proposed amendment of its MOA with Agta IPs/ICCs of Dinapigue, Isabela.

RTN is in the process of securing a certificate of precondition from the NCIP in connection with the renewal of its MPSA No. 114-98-IV Amended I. The project is located within 2 separate Ancestral Domains of the Palawan IPs/ICCs referred to as Bataraza and Rizal for brevity. RTN has executed an FPIC-MOA with the IPs/ICCs of Bataraza, while RTN is currently in the negotiation stage of the FPIC with Rizal IPs/ICCs.

CExCI's application for Exploration Permit (EXPA) of the Mankayan area denominated as EXPA-116-CAR, which lies within the Municipalities of Mankayan and Bakun, was converted from the AFTA-008 property. The Mankayan Ancestral Domain (AD) is scheduled to undergo its AD-wide Decision-making meeting next year. In the Bakun AD, continuous engagements are being done in relation to the MOA negotiation.

The Cervantes property known as EXPA-116-I is also undergoing the FPIC process. Pre-MOA activities have been conducted and steps are being taken to start the MOA negotiations.

Report on the community ground scoping work on the 3 EXPAs namely EXPA-119, EXPA-120 and EXPA-121 was not favorable with the main factor being the difficulty to get a social license to operate in the area. This was further validated by a team from CExCI. The 3 EXPAs will be withdrawn by next year.

The Aluling EXPA was officially converted from AFTA-008 in April 2022 and denominated as EXPA-123-I. It is currently put on hold until after the resumption of the MOA negotiations in Cervantes. The remaining areas of AFTA-008 was also withdrawn after the conversion.

EPI is currently undergoing an FPIC process in connection with the expansion of its JSI project located in the Subic Special Economic Zone in Zambales.

K. COMPETITION

The Group's mining business competes with both domestic Philippine nickel ore suppliers and foreign nickel ore suppliers (primarily from Indonesia) in world nickel ore markets. Domestic competitors include CTP Construction & Mining, PGMC, and Global Ferronickel Holdings, Inc. while foreign competitors mainly include PT Aneka Tambang.

On the power business, the implementation of the EPIRA has paved the way for a more independent and market-driven Philippine power industry. This has allowed for competition, not limited by location, and driven by market forces. The sale of power and the dispatch of power plants depend on the ability to offer competitively priced power supply to the market. However, as a registered renewable energy generating unit with intermittent renewable energy resources, JSI's solar power plant is considered "must dispatch" based on available energy and enjoys the benefit of priority dispatch to the grid and the WESM. The

Group's power projects which are still either in the exploration or development stage will face competition in the development of new power generation facilities as well as in the financing for these activities.

L. NICKEL ORE TRADE AND OUTLOOK

Nickel Ore Trade

Nickel ore in the country is mainly exported to China and Japan. Primary nickel consumption in China was estimated at 1.8 million tonnes in 2022, which accounted for 58% of global nickel consumption, while 6% of the global nickel consumption can be attributed to Japan.

Nickel production in China in 2022 was estimated at 0.9 million tonnes, of which 0.4 million tonnes came from NPI. Based on the Company's research, nickel ore exported to China from Philippines is estimated at 43.0 million WMT in 2022 as compared to 48.0 million WMT in 2021.

China's demand for nickel ore from the Philippines remained strong while nickel prices have remained elevated from a combination of factors. The Indonesia ore export ban remains in place since its effectivity in 2020 and furthermore the Chinese stainless steel sector experienced a slight contraction but the Philippines nickel ore production contracted even more.

Outlook for Nickel

Global nickel supply in 2022 was estimated at 3.1 million tonnes, while consumption was at 3.0 million tonnes, resulting to 0.1 million tonnes of surplus. The surplus was mainly driven by weak consumption in the global stainless steel sector despite the strong consumption in global Electric Vehicle (EV) sector.

Around 69% of nickel supply is used for stainless steel production. Therefore, the growth in stainless steel production is a key factor in the outlook for nickel. Global stainless steel production in 2022 was estimated at 56.5 million tonnes, decreased by 4% from the previous year, of which, Chinese stainless steel production accounted for 32.8 million tonnes, decreased by 2.2% from the previous year.

Nickel demand for EV is expected to increase by 4.5 times until 2030, which fundamentally sustains stable London Metal Exchange (LME) nickel price at a high level.

M. EXPLORATION AND DEVELOPMENT

Nickel Resources

The Group covers a wide area of exploration properties and an exploration program encompassing:

1. Brownfield exploration - consisting of work at its existing operations to extend resources and to upgrade resources to reserves; and
2. Greenfield exploration - which involves exploring and delineating nickel lateritic deposits in its existing properties.

The Group owns more than 100 drilling units that have been designed specifically for drilling near surface lateritic deposits in a quick and economical manner. It also has a pool of experienced geologists and laboratories at each mine site to assess samples as required.

Below is a summary of the Group's exploration and development properties:

Bulanjao: • Total area of 3,604 hectares • Conducted step-out drilling throughout the length of the Central Bulanjao deposit	Location: **Palawan Island** Ownership: **RTN**

Manicani: • MPSA covers 1,165 hectares and expires in 2037	Location: **Island of Manicani** Ownership: **HMC**
Kepha: • Rights to the property are governed by an Operating Agreement entered into with Kepha in February 2007 • Operating Agreement covers 6,981 hectares and expires in 2032 • Follow-up exploration work and drilling was conducted in early 2013 • On March 19, 2021, the MGB approved the renewal of Kepha's 2-year exploration period • On November 29, 2021, the amended MOA between ICCs of Certificate of Ancestral Domain Title (CADT) 048 and Kepha was signed and is currently being evaluated and review at the NCIP Regional Office 13	Location: **Surigao del Norte** Operating Rights: **TMC**

Description of Exploration and Development Projects

Bulanjao - RTN recently acquired a separate ECC, an amended ECC and amended MPSA to include AMA-IVB-144A, otherwise known as the Bulanjao claim, for a total accumulated area of 4,538 hectares. RTN's new MPSA is now denominated MPSA-114-98-IV-Amended I. Based on latest data, drilling has resulted in measured and indicated mineral resources of 27.0 million WMT of limonite ore and 27.0 million WMT of saprolite ore with average nickel grades of 1.21% and 1.66%, respectively. Development is expected to commence in 2023.

Manicani - The Manicani property is held by HMC. It has a total area of 1,165 hectares and is situated in Guiuan, Eastern Samar. HMC's rights to the property are governed by a MPSA that was entered into by HMC in 1992 and which was subsequently assigned to SNMRC. The application for the Deed of Assignment from HMC to SNMRC was endorsed to the MGB Central Office for further evaluation and final approval. However, on June 1, 2014, a mutual rescission of the said Deed of Assignment was executed by and between HMC and SNMRC and a copy of the said rescission was received by the MGB on July 14, 2014.

HMC conducted mining at the Manicani site between 1992 and 1994 and extracted and sold a total of 63,176 WMT of saprolite ore with an average grade of 2.45% nickel from the site. Mining at the site was suspended in December 1994 because low prevailing nickel prices made mining the site uneconomical. HMC made shipments from stockpiles in 2001 and 2004. In 2004, a regional Panel of Arbitrators rendered a decision recommending the cancellation of the MPSA on the grounds that HMC had violated certain applicable environmental regulations. HMC disputed such allegations and its MPSA was upheld by the Mines Adjudication Board of the DENR in September 2009.

A Letter of Authority to Dispose Nickel Stockpile was issued by MGB on July 1, 2014. From May to August of 2016, 5 shipments were realized for the disposal of said stockpiles, after which, shipments were suspended by MGB. This left behind almost 900,000 WMT of stockpiles which were already approved for disposal.

HMC has applied for the renewal of the MPSA on May 26, 2016, more than a year prior to its expiration on October 28, 2017. In support of its application, it has received the necessary endorsements from the host communities in the form of resolutions issued by the 4 barangays comprising Manicani Island, the Municipality of Guiuan, and the Province of Eastern Samar. These endorsements, along with various presentations made to the MGB Region VIII and to the community, forms part of HMC's compliance with the government regulations pertinent to the MPSA renewal.

In a letter dated March 4, 2022, the MGB issued a Notice of Issuance of an Order entitled "In re: Extension of the term and lifting of the suspension of the mining operations under MPSA No. 012-92-VIII granted to HMC". Anent this letter, the first 25-year term of MPSA No. 012-92-VIII was extended for a period of 15 years starting from the issuance of the Order and the suspension of the mining operations was lifted.

HMC has filed with the DENR the application for Special Use Agreement in Protected Areas for the use of the causeways and awaiting approval of the same.

Kepha - The property has a total area of 6,981 hectares and is situated in the province of Surigao del Norte, immediately southwest of our Taganito mine's northern boundary. TMC's rights to the property are governed by an Operating Agreement that it entered into in February 2007 with Kepha. Kepha entered into a MPSA in June 2009, giving it the right to explore, develop and mine the property for an initial period of 25 years.

Under the terms of the Operating Agreement between Kepha and TMC, TMC has the right to explore, develop and operate the property during the period of the MPSA in return for the payment to Kepha of a royalty of 5% of gross revenues from all metallic minerals sold from the property.

From 2013 to 2020, exploration activities at the Kepha exploration project are still under negotiations with the Mamanwa indigenous people group. The claim owner of the Kepha mining claim is also helping in the negotiations with the Mamanwa indigenous people group of CADT 048. Exploration activities in the said area can only resume after the favorable outcome of the said negotiations.

Despite the problem with the IP's community of barangay Camam-onan, TMC continued to bring development projects to the barangay, including the renovation of the barangay Camam-onan gymnasium to a suitable evacuation center. This move by TMC was warmly welcomed by the LGU and constituents of Camam-onan.

On February 13, 2017, the DENR issued a show cause order directing Kepha to explain why its MPSA should not be cancelled for being allegedly within a watershed, which is protected under the Philippine Mining Act of 1995 and other existing applicable laws, rules and regulations. On February 24, 2017, Kepha replied to the letter stating that based on the MGB Region XIII's downloadable tenement map, the MPSA area is outside of any existing legally proclaimed watershed.

On March 19, 2021, the MGB approved the renewal of Kepha's EP for another 2 years, corresponding to the 7th and 8th year of its exploration period. It is also in this year, that negotiations to amend the MOA between the Mamanwa IP group of CADT 048 and the management of Kepha have come to an agreement and the MOA was signed on November 29, 2021.

The NCIP CARAGA Region 13 has completed its review of the MOA and is expected to endorse the same to NCIP Central Office for deliberation with the NCIP en banc.

Gold and Copper Resources

Cordillera Exploration Company, Inc.

On November 15, 2010, the Parent Company entered into an agreement to purchase CExCI from Anglo American, a subsidiary of Anglo American Plc. In May 2011, the Parent Company entered into a Participation and Shareholders' Agreement with SMM. Based on the terms of the said Agreement, in 2011, SMM invested $1.5 million in CExCI for a 25% equity interest. The additional investment by SMM of $2.8 million in 2015 brought its total equity in CExCI to 40%.

CExCI has an application for Financial or Technical Assistance Agreement (AFTA) denominated as AFTA-008 within the adjoining provinces of Benguet, Ilocos Sur and Mountain Province. The original area applied for was 77,549 hectares, which was subsequently reduced to 54,940 hectares following the excising of national parks, built-up and agricultural areas. Parts of the AFTA have been converted to applications for EPs and the remaining areas have been withdrawn.

In December 2015, CExCI acquired 100% equity interest in Newminco, which holds an EP designated as EP-001-2015-III for copper, gold, and related base and precious metals over an area in the province of Zambales. The decision to acquire Newminco was made following the discovery of outcropping gold veins, the sampling of which in part returned good assays for gold.

On April 15, 2019, CExCI acquired a tenement from Marian and Olympus via a Deed of Assignment with Royalty Agreement. The property predominantly in the province of Isabela has a pending application for a MPSA denominated as APSA-000021-II. In July 2019, CExCI filed for the conversion of the APSA into an EXPA as extensive exploration work is required. The tenement is now denominated as EXPA-000166-II. The application was approved last December 2022 and submitted to MGB Region 2 for registration and assignment of EP number.

The description of CExCI's various properties is described below.

Zambales

In 2016, Newminco proceeded to implement its exploration program in the tenement located in the Municipalities of Cabangan, San Felipe and San Marcelino in the Province of Zambales. Exploration activities being conducted in the area include geologic mapping and surface sampling which identified prospects and possible drilling areas. Roughly 25 kilometers of old farm to market and logging roads were rehabilitated and maintained to gain access to the property. Six hundred and sixty meters of exploratory trenches were dug, logged, sampled and rehabilitated. Diamond core drilling was conducted with a total meterage of 3,799.5 meters. A total of 401 samples were sent to the laboratory for multi-element geochemical analysis.

Results of the 2016 exploration campaign verified gold mineralization in a portion of the area drilled. However, the work conducted so far precludes Newminco from defining any commercial viability to the project. Rehabilitation works on disturbed areas were completed in early 2017.

In 2017, a tenement-wide ridge and spur soil sampling program was implemented in order to define targets for more detailed work. The EP expired in July 2017 and was given its first renewal in September 2020. The ridge and spur soil sampling survey were completed in mid-2021 while focused grid sampling was completed by 4th quarter of 2021. The second year was mainly focused on geologic mapping and review of data for the different prospects within the tenement.

The EP expired in September 2022 but was readily renewed the same month. A drone magnetic survey was completed by AUSTHAI Geophysics in December 2022 over the Takipan-Malabeg-Mabibituin Corridor. Results are expected in January 2023.

Isabela and Nueva Vizcaya

The Marian Property was designated as APSA-000021-II and covers a total area of 6,325 hectares mainly located in the Province of Isabela with some portions in Nueva Vizcaya. Porphyry copper outcrops have been identified within the tenement while a gold deposit located within the property was previously mined in the 1970s-1980s.

On January 29, 2020, an Order was issued by MGB approving the Deed of Assignment with Royalty Agreement and the conversion of the APSA to an EXPA. Since its conversion, the documentary requirements and evaluation work for the issuance of the EP have been completed. The EP of Marian Parcel 1 was approved in December 2022 and submitted to MGB Region 2 for registration. Once the EP has been registered, an extensive exploration program on the tenement will be undertaken.

EXPA 116 - Mankayan

Part of AFTA-008 within the municipalities of Mankayan and Bakun in the province of Benguet consisting of 5,157 hectares was converted into an EXPA. Following the conversion, a Field-Based Investigation (FBI) by the NCIP was conducted as a prelude to the FPIC with the ICC. Two distinct ADs were identified - Bakun and Mankayan proper. Considerable delays were experienced in the FPIC process due to the local elections in 2016. Subsequently a decision was made to suspend the process to give way to the FPIC for the municipality of Cervantes.

The resumption of the FPIC process in Mankayan was requested in January 2020. However, further delays were experienced due to the COVID-19 pandemic. Thus, discussions on the resumption of the process only commenced on the last quarter of 2020. A substantial amount of community engagement work throughout 2021 followed, including Community Consultative Assemblies for each of the 2 ADs.

The effort resulted in the consent to our proposed exploration project given by the Bakun AD in March 2022. Two MOA negotiation meetings have already been conducted when it was temporarily stopped due to FPIC- and MOA-related issues belatedly raised by some members of the host communities. CExCI continues to engage with NCIP and the concerned communities so that the MOA negotiations could resume as soon as possible.

On the other hand, a resolution of non-consent was issued by the Mankayan AD. CExCI filed a Motion for Reconsideration in January 2022. The NCIP arranged for CExCI's presentation of its Motion for Reconsideration to the barangays of Mankayan AD. The Consensus Building and Decision Meeting has been postponed to 2023 upon CExCI's request to allow for continuous engagement with the leaders in the communities to ensure that they would reconsider and give their consent to the proposed exploration project.

EXPA 116 - Cervantes

Part of AFTA-008 within the municipality of Cervantes, province of Ilocos Sur, consisting of 6,012 hectares was converted into an EXPA. Similar to activities in the Mankayan EXPA area, after the conduct by the NCIP of the FBI, extensive community engagement work with the ICCs was done to explain the exploration work program of CExCI. As part of the FPIC process, 3 General Assemblies were conducted with Consensus Building in between the 2nd and 3rd General Assembly.

To announce the results, the 3rd and final General Assembly was conducted on March 13, 2017. Six out of the 9 barangays voted for the approval of the exploration program within their areas. Following this development, however, protests and petitions to discredit the results of the general assembly were filed by some groups. A validation exercise to investigate the protests was made by the NCIP in November 2017, which upheld the results of the voting. However, in order to diffuse the situation, no further action was taken by the NCIP Regional Office.

During this interregnum, community engagement work continued and the exploration work program was presented to the local government officials. CExCI also secured the consent of the Agricultural Reform Community beneficiaries within their tenement. Finally, in January 2020, it was agreed upon by the NCIP commissioners that the FPIC process should proceed, the decision was communicated to the NCIP Regional Office. However, before the process could be resumed the COVID-19 pandemic occurred. Due to enhanced community quarantines, locally imposed lockdowns by the LGUs and restrictions on group assemblies, the FPIC process was put on hold.

While the lockdowns and restriction on assemblies have now been lifted, a decision was made to push for the continuation of the FPIC process after the May 2022 elections. Although a majority approval for the exploration project was obtained, some Indigenous Peoples Mandatory Representatives (IPMRs) rescinded their support to the project. However, initial validation by the NCIP showed that the concerned barangays expressed their continuous support for the project. The barangays reiterated that the decision of their IPMRs does not reflect their decision. The supportive barangays urged for the start of the MOA negotiation while the barangays whose IPMRs withdrew their support will issue a manifesto of support to the exploration project. In the meantime, CExCI's community relations team continues to engage the communities and other stakeholders for the start of the MOA negotiations.

Mountain Province and Benguet

On December 13, 2020, 3 portions of AFTA-008 within the provinces of Benguet and Mt. Province were converted to EXPAs, denominated as EXPA 119 covering an area of 3,645 hectares within Mt Province; EXPA 120 covering an area of 2,835 hectares in Mt Province and Benguet province; and EXPA 121 covering an area of 5,751 hectares in Mt Province. The remaining areas of AFTA-008 in the Cordillera Administrative Region (CAR) were withdrawn.

Groundwork for the EXPAs commenced with the engagement of a consultant to get a consensus on the stand of the communities with regards to mineral exploration and mining. The results showed that it would be difficult to obtain a social license to operate. This was further validated by a team composed of CExCI's personnel. The areas will be withdrawn in 2024.

AFTA-008 Aluling
The withdrawal of the remaining portions of AFTA-008, covering 3,869 hectares in the municipality of Cervantes, province of Ilocos Sur, was officially relinquished in April 2022, while about 2,835 hectares in Brgy. Aluling was converted to an EXPA denominated as EXPA-123-I. Planned pre-FBI/FPIC activities in Aluling will be deferred until after the resumption of the MOA negotiations in Cervantes.

N. ENVIRONMENT AND REHABILITATION

Environmental Responsibility
The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. Mining is a temporary land use and once mining operations in its sites have ended, the Group plans to restore these properties to at least as close as possible to their pre-mining condition or to develop alternative productive land uses for the benefit of the surrounding communities. It is also committed to investing in programs and technologies to mitigate the anticipated impacts of mining activities.

To manage environmental impacts, Group's subsidiaries have an EPEP. This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment.

It is the operational link between the environmental protection and enhancement commitments under CDAO 2010-21, consolidated implementing rules and regulations of RA No. 7942, as well as those stipulated in the ECC under PD 1586 and the Contractor's plan of mining operation.

Activities undertaken through the Annual EPEP include, among others:
- Rehabilitation of mine disturbed areas
- Reforestation
- Construction and/or maintenance of environmental facilities
- Solid waste management
- Hazardous waste management
- Air quality monitoring and water quality monitoring
- Preservation of downstream water quality

The Group also complies with the ECC conditions and the performance of commitments through the Annual EPEP. This program is monitored and evaluated by the Multipartite Monitoring Team - a multi-sector group headed by a representative from the Regional MGB and representatives of LGUs, other government agencies, NGOs, people's organizations, the church sector and the Group. In 2022, the Group spent approximately ₱415.8 million on its EPEP.

Rehabilitation
In line with its commitment to maintain a sustainable environment in its areas of operation and to abide by the Philippine Mining Act of 1995, the Group regularly conducts onsite environmental assessments to ensure that all its subsidiaries are strictly implementing progressive rehabilitation within standards set by regulatory agencies.

The process begins with re-contouring, backfilling and leveling the land. After this, the area is covered with top soil and other soil amelioration strategies to provide fertile ground for planting.

The Group follows the “Sequential Planting Method”, wherein fast growing species are first planted, then provided with a vegetative cover within 12 to 18 months to enable the planting of other species. Another successful method used is by utilizing large planting materials which resulted to more than 90% survival and high growth rate.

Creating a biodiversity area with varied species of vegetation including native fruit bearings trees will eventually be a source of food for a variety of wildlife species that will aid in rehabilitating mine affected areas by way of succession and regeneration. The rehabilitation effort is managed by the Group’s expert foresters with the help from IPs from the locality, and the Group has successfully demonstrated that a totally mined out area can be significantly re-vegetated in just 12 to 18 months.

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

As a means of restoring the disturbed areas from mining operations, the Group requires each mine site to create a decommissioning/closure plan. The closure plan includes the process in which mined-out areas will be rehabilitated and monitored, until the rehabilitation criteria set by MGB are successfully satisfied. The program for final rehabilitation and decommissioning includes social package which include livelihood components for the host communities and the affected employees of our companies. The 5 operating subsidiaries have already developed their respective plans for review and approval of the MGB.

Mine Rehabilitation, a requirement under the Philippine Mining Act of 1995, is part of sustainable development. It forms part of the best practices of the Company’s subsidiaries. Following the “Sequential Planting Method” used by the Group, fast growing species or Pioneer Species such as Batino, Acacia mangium, Acacia auriculiformis and others - all grown and nurtured in the Group’s nurseries - are planted first. 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, the Company’s subsidiaries manage the rehabilitation program through their forestry teams. Composed mostly of indigenous people from the surrounding areas, each forestry team conducts a maintenance program that includes watering the trees during summer, ringweeding cultivation around seedlings, application of compost and other related activities. The work of the forestry teams has resulted in a survival rate of 85%-95% for the trees.

As of December 31, 2022, the Group recognized a provision for mine rehabilitation and decommissioning of ₱791.1 million. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act. The Group has ₱766.4 million maintained in such trust funds as of December 31, 2022. This amount complies with the minimum requirement under the law.

In 2022 and 2021, the Group planted trees of about 1,061,942 and 689,174, respectively.

O. SOCIAL RESPONSIBILITY

Mining

The Group endeavors to be a valuable partner for economic and social progress. As a corporate citizen, it recognizes the great privilege of sharing the opportunities and the responsibilities afforded by doing business in the country. The principles of sustainable development clearly identify for the Group its obligation to make every effort and ensure that the benefits of development reach every stakeholder.

Social development programs are created and implemented in all the mines. The focus areas of these programs are designed to address needs of communities around the mine sites. These programs are carried out through the SDMPs and CSR activities of the Group. The main difference between the 2 programs is that the SDMP is required by the government, while CSR is voluntary on the part of the Group.

The Group engages with residents, LGUs, government agencies, local NGOs, international agencies and other interested groups to understand concerns, identify needs and design projects that will facilitate long-term and beneficial resource development. Each of its operating mines manages their social expenditures through its respective SDMPs. These are 5 year programs that contain a list of priority projects identified and approved for implementation, in consultation with the host communities. Each mine site has a community relations team that is in charge of identifying and implementing SDMPs, and maintaining strong relationships with communities. Annually, the Group sets aside a budget for SDMP projects that focus on health, education, livelihood, public utilities, and socio-cultural preservation. The implementation of the programs is monitored, audited, and evaluated by the MGB.

The Group also recognizes the rights of the IPs and ICC and in compliance with the Indigenous Peoples Rights Act, its subsidiaries entered into agreements for royalty payments and other assistance for their socio-economic well-being.

The Group respects and values each of our employees and observes the fundamental tenets of human rights, occupational safety and non-discrimination in the workplace. The Group implements a Safety and Health Program in all of its operating mines and provides the equipment, training and resources necessary to enable its employees to perform their work safely and without risk to their health. The Group has committees and labor management groups that monitor its health and safety programs. The Group believes that security goes hand in hand with safety in the workplace and has adopted security policies and systems founded on the protection of basic human rights and respect for people.

Beyond the mandatory SDMP programs, the Group carries out its own CSR programs. The details of the Group's Social Responsibility initiatives are set forth in the Sustainability Report attached to and made an integral part of this Annual Report.

P. EMPLOYEES

As at December 31, 2022, we had a total of 2,223 regular employees. Of these, 1,920 are employed in mining operations and projects and 60 are employed in power plant operations.

The tables below show the distribution of our workforce (full time regular employees only):

Head Office

	NAC	CMC	HMC	TMC	RTN	CEXCI	DMC	CDTN	EPI	JSI	BGI	MGPC	Total
Senior Management	31	1	1	-	1	1	-	-	5	-	-	-	**40**
Managers	25	2	1	3	1	2	-	-	6	-	-	-	**40**
Supervisors	22	2	1	1	6	1	1	-	10	2	-	-	**46**
Rank & File	75	6	6	6	7	9	2	-	3	3	-	-	**117**
Total	**153**	**11**	**9**	**10**	**15**	**13**	**3**	**-**	**24**	**5**	**-**	**-**	**243**

Minesite/Project Field Office

	NAC	CMC	HMC	TMC	RTN	CEXCI	DMC	CDTN	EPI	JSI	BGI	MGPC	Total
Senior Management	1	1	1	1	1	-	1	-	-	-	-	-	**6**
Managers	-	12	14	61	26	-	11	4	-	4	1	1	**134**
Supervisors	6	14	13	144	77	-	37	10	-	7	-	-	**308**
Rank & File	8	214	160	470	441	-	16	191	-	23	4	5	**1,532**
Total	**15**	**241**	**188**	**676**	**545**	**-**	**65**	**205**	**-**	**34**	**5**	**6**	**1,980**

Each mine site and project field office also provide work opportunities for the communities. The tables below show a breakdown of the workforce (full time, contractual, probationary, and casual) hired from the local communities in each area of operation:

Minesite	Manpower from local community	Indigenous People
Regular	1,408	76
Probationary	18	-
Project-based/Seasonal	428	43
Total	**1,854**	**119**

Plantsite	Manpower from local community	Indigenous People
Regular	39	2
Probationary	2	1
Project-based	-	-
Total	**41**	**3**

The Group complies with all government standards on the wages and labor regulations in the Philippine mining and renewable energy industries. We also ensure that we are aligned with the specific regulations from the respective DOLE regional offices. In the case of unions, employment conditions for rank and file employees are provided by Collective Bargaining Agreements (CBA) which are negotiated at the mine level. Generally, these CBAs have terms of 5 years (with a provision for wage renegotiation after 3 years).

RTN is the only operating company with 2 unions: supervisors and rank and file. RTN and its supervisors union successfully renegotiated their CBA supplemental agreement covering the last 2 years, from June 5, 2021 to June 4, 2023, of their 5-year term. The two-tiered salary increase scheme wherein the daily wage increase was divided into an across the board and performance-based increase based on the performance-driven rating of an employee, was negotiated and mutually agreed for implementation. The full 5-year term CBA will expire on June 5, 2023 and due for renewal before its expiration. We are currently implementing the early negotiation schedule, starting with RTN supervisors union. Proposals were submitted as early as October 2022. For the RTN workers union (rank and file), the first 3 years of their 5-year term CBA will expire on December 31, 2023. Target date of re-negotiation for the last 2 years will be in the 4th quarter of 2023.

The 5-year CBA of Hinatuan Mining Labor Union (rank and file) and HMC expired last December 31, 2022. The union submitted their economic and non-economic proposals last October 2022 with a labor relations record of only 8 proposals. The first negotiation started last January 14, 2023 and is due for signing in April-May 2023.

The last 2 years of the 5-year term between Taganito Labor Union (rank and file) and TMC expired last January 31, 2023. The re-negotiation was completed after 3 sessions which started last December 5-7, 2022, and concluded in March 10-11, 2023. The CBA Supplemental Agreement was signed last March 24, 2023.

For Cagdianao Mining Workers Union (rank and file), the first 3 years of their 5-year term CBA will expire on December 31, 2023. Target date of re-negotiation for the last 2 years will be in the 4th quarter of 2023.

The CBA negotiations of CDTN Company Workers Union (rank and file) is still on-going due to numerous proposals from the union. The union was certified by DOLE as sole and exclusive bargaining agent of the company last May 23, 2022 after a certification election among the rank and file employees.

The compensation of the Group is among the best in the Philippine mining industry and its relations with employees and unions are very productive. We have received awards for Union and Management partnering programs. The Group continues to forge and sustain productive partnerships with our unions and their federations.

Pension Costs

The Group provides its regular employees with a retirement benefit as part of its employment benefits. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries. The assumptions include among others, discount rates and future salary increase rates.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

These amounts are calculated periodically by independent qualified actuaries.

Q. RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Risks Related to the Group's Mining Business and Industry

The Group's business is sensitive to the volatility of LME nickel prices

The Group's revenue is largely dependent on the world market price of nickel as the sales price of nickel ore is correlated with the world market price of nickel.

Nickel prices are subject to volatile price movements over time and are affected by numerous factors that are beyond the Group's control. These factors include global supply and demand; expectations for the future rate of inflation; the level of interest rates; the strength of, and confidence in, the U.S. dollar; market speculative activities; and global or regional political and economic events, including changes in the global economy. A growing world nickel market and increased demand for nickel worldwide have attracted new entrants to the nickel industry, spurred the development of new mines and expansion of existing mines in various regions, including Australia, Indonesia, and New Caledonia, and resulted in added production capacity throughout the industry worldwide. An increasing trend in nickel prices since early 2003 has encouraged new or existing international nickel producers to expand their production capacity. An increased rate of expansion and an oversupply of nickel in world nickel markets in the future could reduce future nickel prices and the prices the Group receives under the Group's nickel ore supply agreements. For example, due to the implementation of Indonesia's ore export ban effective January 2020 and strong growth of the Chinese stainless steel sector in 2021, China's demand for nickel ore from the Philippines and the price at which such nickel ore was sold increased in 2021, and such a trend continued in 2022. The Group also believes that the continued growth of stainless steel production (and in particular by China) and the increase in demand for EV worldwide will sustain higher LME nickel prices. Just recently, the US Government signed into law the Inflation Reduction Act which includes, among other climate change programs, tax credits on EV purchases which is expected to drive greater access to and demand for EV.

If the sales price of the Group's nickel ore falls below the Group's production costs, the Group will sustain losses and, if those losses continue, the Group may curtail or suspend some or all of the Group's mining and exploration activities. The Group would also have to assess the economic impact of any sustained lower nickel prices on recoverability and, therefore, the cut-off grade and level of the Group's nickel reserves and resources. These factors could have an adverse impact on the Group's business, results of operations and financial condition.

There is currently no spot market for nickel ore and as a result, the Group's failure to source purchasers of the Group's nickel ore would materially and adversely affect the Group's business, results of operations and financial condition

The Group's mining operations business primarily involves the production and sale of nickel ore. Nickel ore is not a finished metal product and there is no established spot market where the Group's product can be sold. The Group must sell the Group's nickel ore through negotiated contractual arrangements with third parties. Accordingly, the Group's failure to source purchasers for the Group's nickel ore would have a material adverse effect on the Group's business, results of operations and financial condition.

Changes in Chinese demand may negatively impact world nickel demand and prices and could have an adverse effect on the Group's business, results of operations and financial condition.

Approximately 66% of the Group's revenue in 2022 was derived from sale of nickel ore into China. While this increase represents a significant business opportunity, the Group's exposure to China's economy and economic policies has increased. The Group's exposure to the Chinese market and its short-term supply agreements with Chinese customers have resulted in increased volatility in its business. In addition, increased Chinese demand for commodities has led to high volatility in the freight rates for shipping the Group's nickel ore. High freight rates can discourage customers outside the Philippines from entering into long-term supply agreements with the Group due to the unpredictability of future shipping costs and can also affect the price Chinese customers are willing to pay for its nickel ore.

China, in response to its increased demand for commodities, is increasingly seeking self-sufficiency in key commodities, including nickel, through investments in nickel mining operations in other countries. In addition, nickel ore is used in the production of stainless steel and a slowdown in the stainless steel industry in China, or China's economic growth in general, could result in lower Chinese demand for the Group's products and therefore reduce its revenue. In the event that the demand for the Group's nickel ore from the Group's Chinese customers materially decreases and the Group is unable to find new customers to replace these customers, the Group's business, results of operations and financial condition could be materially and adversely affected.

More than a quarter of China's GDP comes from its real estate industry. If the current issues affecting China's real estate industry persists, experts believe that other industries may get affected. These include the engineering and construction industry and other small scale steel producers. Consequently, the country's demand for nickel ore may slow down.

Further, the slowdown in China's economy as a result of stricter COVID-19 containment policies, including periodic lockdowns, may have an adverse effect on demand for nickel and on the Group's mining revenues.

The Group's reserves may not be replaced, and failure to identify, acquire and develop additional reserves could have an adverse impact on its business, results of operations and financial condition

The Group's sources of nickel ore are currently limited to the Rio Tuba, Taganito, Cagdianao, Tagana-an and Dinapigue mines. The Group's profitability depends substantially on its ability to mine, in a cost-effective manner, nickel ore that possesses the quality characteristics desired by its customers. Because the Group's reserves decline as it mines its nickel ore, its future success and growth depend upon its ability to identify and acquire additional nickel ore resources that are economically recoverable. Currently, the Group has 3 nickel mining exploration properties in the Philippines and if it fails to define additional reserves on any of its existing or future properties, its existing reserves will eventually be depleted.

A failure to discover new nickel resources and define reserves on such resources, enhance the Group's existing reserves or develop new operations to maintain or grow the Group's reserves would materially and adversely affect the Group's business, results of operations and financial condition.

If the Group is unable to supply customers with nickel ore in the agreed volume or with the agreed characteristics, the Group's business, results of operations and financial condition would be adversely affected

Sales of the Group's nickel ore are made through contractual arrangements with third parties. These ore supply agreements typically contain provisions requiring the Group to deliver nickel ore with certain specified characteristics, such as nickel content, iron content and moisture content. Failure to meet any of these specifications or other quality thresholds could result in economic penalties, including price adjustments, rejection of deliveries or termination of such agreements. In addition, the Group may not be able to deliver the agreed quantities of nickel ore to the Group's customers under the Group's agreements with them because of adverse weather, which could affect the Group's ability to mine the nickel ore or to load the Group's nickel ore onto barges and LCTs, equipment and machinery failures and operational difficulties, difficulties in acquiring essential machinery, equipment and spare parts or disputes with the Group's employees or contractors. If the Group is unable to supply the Group's customers with nickel ore in the agreed volume or with the agreed characteristics in the future, the Group's business, results of operations and financial condition would be adversely affected.

The Group's reserve and resource estimates may not accurately reflect the Group's nickel deposits, and inaccuracies or future reductions in the Group's reserve or resource estimates could have an adverse impact on the Group's business, results of operations and financial condition

Reserve and resource figures are estimates and no assurances can be given that the indicated levels of nickel ore will be produced or that the Group will receive the price assumed in determining the Group's reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Group believes that the reserve and resource estimates are well established, by their nature reserve and resource estimates depend, to a certain extent, upon statistical inferences which may ultimately prove inaccurate and require adjustment.

Furthermore, fluctuations in the market price of nickel, increased capital or production costs or reduced recovery rates, change to life of mine plans and changes in applicable laws and regulations, including environmental laws and regulations, may render ore reserves uneconomic and may ultimately result in a reduction of reserves. The extent to which resources may ultimately be reclassified as proved or probable reserves is dependent upon the determination of their profitable recovery, which determination may change over time based on economic and technological factors. Accordingly, no assurances can be given that any reserve estimates will not be reduced in the future or that any resource estimates will ultimately be reclassified as proved or probable reserves.

If the Group's reserve or resource figures are reduced in the future, this could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's actual production may not meet the Group's estimates, which could have an adverse impact on the Group's business, results of operations and financial condition

The Group prepares estimates of future production and future production costs for particular operations. No assurance can be given that production estimates will be achieved. The accuracy of these production estimates is based on, among other things, the following factors: reserve estimates; assumptions regarding ground conditions and physical characteristics of ore materials, such as the presence or absence of particular metallurgical characteristics; estimated rates and costs of mining; and weather condition assumptions.

Actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the nickel ore reserves, such as the need for sequential development of nickel ore bodies and the processing of new or different nickel ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, earthquakes, landslides and erosion; and unexpected inability to obtain spare parts, labor shortages or strikes.

Failure to achieve production estimates could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's future exploration and development activities may not be successful, and, even if the Group makes economic discoveries of nickel ore deposits, unexpected problems during the start-up phase of any new operations could have an adverse impact on the Group's business, results of operations and financial condition

Exploration for and development of nickel properties involve financial risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into productive mines. The Group can provide no assurance that the Group's current exploration and development programs will result in profitable commercial mining operations or will replace production at the Group's existing mining operations. Also, the Group may incur expenses on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically. In addition, the Group may compete with other mining companies to acquire rights to exploit attractive mining properties.

The economic feasibility of development projects is based upon many factors, including the accuracy of reserve estimates; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental protection; and nickel prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proved and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. The Group also conducts feasibility studies which derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of nickel ore to be mined, the configuration of the mine, ground and mining conditions and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from the Group's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on the Group's business, results of operations and financial condition. If the Group's exploration program is not successful, the Group's business, financial condition, results of operations and prospects would be adversely affected.

The Group plan to undertake the exploration of gold and copper and the resources applied to any such undertakings may not necessarily generate revenues in the future

The Group's growth strategy involves the exploration for gold and copper through CExCI. The Group's gold and copper exploration strategy will depend on, among other things, the Group's ability to assess these and other potential mining properties, the Group's ability to secure the rights to mine such properties upon discovery of commercially viable deposits, and the Group's ability to successfully finance the development of such properties. Although a number of the Group's managers and technical staff have experience in gold and copper mining, the Group's expertise is open pit mining of nickel ore and the Group may not be successful in the Group's gold and copper exploration strategy.

Whether any mineral deposits to which the Group acquires mining rights will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may result in the Group not receiving an adequate return on invested capital.

If the Group discovers a viable gold or copper deposit, it usually takes several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. Moreover, the Group will use the evaluation work of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. There is no certainty that any expenditures made by the Group towards the search and evaluation of gold or copper deposits will result in discoveries of commercial quantities of ore. To the extent that the Group identifies gold or copper resources on the Group's exploration properties, the Group intends to estimate any gold or copper resources and reserves in accordance with the Philippine Mineral Reporting Code 2020 (PMRC).

The Group faces competition in selling nickel ore

The Group competes with both domestic Philippine nickel ore suppliers and foreign nickel ore suppliers in world nickel ore markets. Notable domestic competitors include CTP Construction & Mining, Toledo Mining, PGMC and Global Ferronickel Holdings, Inc., while foreign competitors mainly include PT Aneka Tambang. The Group competes with other nickel ore suppliers primarily on the basis of ore quality, price, transportation cost and reliability of supply. The Group's inability to maintain the Group's competitive position based on these or other factors could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Fluctuations in transportation costs and disruptions in transportation could result in significant changes in nickel ore prices

Transportation costs, which can represent a significant portion of the total cost of nickel ore purchased by the Group's customers, are an important factor in their purchasing decisions. Transportation costs can vary for a number of reasons, including changes in global demand for commodities, the size of the global shipping fleet and fuel costs. Under the terms of the Group's ore supply agreements, the customer is responsible for paying transportation costs. Any future increases in freight costs could make it uneconomical for the Group's customers to purchase and ship the Group's nickel ore and could result in a significant decrease in the volume of nickel ore that the Group sells to customers outside the Philippines.

The Group depends upon ships to deliver nickel ore to the Group's international customers. While these customers typically arrange and pay for transportation of nickel ore from transshipment areas to the point of use, disruptions to these transportation services because of weather-related problems, distribution problems, labor disputes or other events could temporarily restrict the ability to supply nickel ore to customers or could result in demurrage claims by ship-owners for loading delays. Any of the foregoing events could materially and adversely affect the Group's business, results of operations and financial condition.

Failure to obtain, sustain or renew the Group's mineral agreements, operating agreements and other permits and licenses necessary for the Group's business could have an adverse effect on the Group's business, results of operations and financial condition

The Group relies on permits, licenses (including MPSAs), operating agreements with third-party claim owners and land access agreements to conduct the Group's mining operations. Specifically, the issuance of EO No. 79 led to a moratorium on the issuance of new permits pending legislation rationalizing the existing revenue sharing schemes and mechanism. However, this moratorium on new permits was lifted by EO No. 130 issued on April 14, 2021. Moreover, the MPSAs and operating agreement with respect to its operating mines expire at different times between 2017 and 2047 and require renewal upon expiration. The Group believes that its subsidiaries and affiliates currently hold or have applied for all necessary licenses, permits, operating agreements and land access agreements to carry on the activities that it is currently conducting under applicable laws and regulations, licenses, permits, operating agreements and land access agreements. The Group may be required to prepare and present to government authorities data pertaining to the impact that any proposed exploration or production of ore may have on the environment, as well as efficient resource utilization and other factors that its operations may influence. The process of obtaining environmental approvals, including the completion of any necessary environmental impact assessments, can be lengthy, subject to public input and expensive. Regulatory authorities can exercise considerable discretion in the terms and the timing of permit issuance or whether a permit may be issued at all. Accordingly, the approvals needed for the Group's mining operations may not be issued or renewed or, if issued or renewed, may not be issued in a timely fashion, or may involve requirements that may be changed or interpreted in a manner which restricts its ability to conduct its mining operations profitably.

Furthermore, new laws or regulations, or changes in the enforcement or interpretation of existing laws or regulations, may require substantial increases in the Group's equipment and operating costs in order to obtain approvals required by, or to otherwise comply with the conditions imposed by, such new or revised laws and regulations. The need to obtain such new or revised approvals or to comply with additional conditions may also cause material delays or interruptions of one or more of the Group's current or planned operations or developments or, to the extent such approvals or conditions cannot be obtained or met on an economical basis, the curtailment or termination of such operations or developments.

In addition, the local governments where the Group's mines or exploration properties are located may impose additional restrictions on its operations. For example, on March 30, 2020, as a preemptive measure against the spread of the COVID-19 virus, the Provincial Government of Surigao del Norte issued an EO temporary suspension of mining operations in the province and prohibiting foreign vessels other than those carrying basic goods and necessities from entering the province. The delays that would have affected the mine production schedules of TMC and HMC as a result of the said EO was mitigated by the adjustments made by TMC and HMC on their production schedules and the subsequent lifting of the suspension by the Provincial Government on April 30, 2020. The Group expends significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines, and laws drawn from a number of different jurisdictions. The Group's facilities operate under various operating and environmental permits, licenses, and approvals to satisfy these conditions. Failure to meet these conditions could result in interruption or closure of exploration, development or mining operations or material fines or penalties.

Changes in, or more aggressive enforcement of, laws and regulations could adversely impact the Group's mining business

Mining operations and exploration activities are subject to extensive laws and regulations. These relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection, and remediation of the environment, mine decommissioning and rehabilitation, mine safety, toxic substances, transportation safety and emergency response and other matters.

Compliance with these laws and regulations involve substantial costs. It is possible that the costs, delays, and other effects associated with these laws and regulations may impact the Group's decision as to whether to continue to operate existing mines, refining and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change from time to time, are subject to interpretation and may be enforced to varying degrees in practice, the Group is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in governments, regulations and policies and practices could have an adverse impact on the Group's business, results of operations and financial condition.

Nickel mining is subject to a number of inherent risks that are beyond the Group's control. The occurrence of any of these risks could have an adverse impact on the Group's business, results of operations and financial condition

The Group's mining operations are influenced by changing conditions that can affect production levels and costs for varying periods and as a result can diminish the Group's revenues and profitability. Inclement or hazardous weather conditions, the inability to obtain equipment necessary to conduct the Group's operations, increases in replacement or repair costs, prices for fuel and other supplies and unexpected geological conditions could have a significant impact on the productivity of the Group's mines and its operating results. Prolonged disruption of production at the Group's mines, transportation of its nickel ore to customers would result in an increase in the Group's costs and a decrease in the Group's revenues and profitability, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Social acceptance of mining activities is necessary to enable the Group to conduct mining activities in the areas where it operates

The acceptance by host communities and neighboring communities of the conduct of the Group's mining activities is considered by regulatory agencies such as DENR and MGB in evaluating whether permits applied for by an operating company should be granted, deferred, or denied. Further, the area where mining and mining-related activities are to be conducted is located within the ancestral domain of a group or group of IPs, the relevant operating company of the Group needs to obtain the IPs' FPIC, and contracts among the operating company, the IPs and the NCIP are executed regarding their agreements on, among others, the operating company's access to the ancestral lands of the IPs, royalties and other benefits to be given to the IPs by the operating company, and the aspects of collaboration between the operating company and the IPs. Opposition by such host communities, neighboring communities, and IPs to proposed or ongoing mining activities could result in suspensions or delays in mining operations.

The Group's operations are prone to local insurgents' attacks from time to time, as well as other incidents and risks due to the location of its mine sites

While TMC experienced an attack in 2011, it has since enhanced its security measures in close coordination with the Philippine National Police and the Armed Forces of the Philippines. However, there are still some minor risks to local insurgent's attacks from time to time given the location of the mine sites and the prevailing socio-economic conditions in these areas.

Other factors affecting the production and sale of the Group's nickel ore that could result in increases in the Group's costs and decreases in the Group's revenues and profitability include:

- equipment failures and unexpected maintenance problems;
- interruption of critical supplies, including spare parts and fuel;
- inclement weather conditions;
- earthquakes or landslides;
- environmental hazards;
- industrial accidents;
- increased or unexpected rehabilitation costs;
- work stoppages or other labor difficulties; and
- changes in laws or regulations, including permitting requirements, the imposition of additional taxes and fees and changes in the manner of enforcement of existing laws and regulations.

The realization of any of these risks could result in damages to the Group's mining properties, nickel ore production, nickel ore transportation facilities, personal injury or death, environmental damage to the Group's properties, the properties of others or the land or marine environments, delays in mining ore, in the transportation of ore, monetary losses and potential legal liability. Particularly, surface mining and related activities present risks of injury to personnel and damage to equipment. The occurrence of any of these risks, conditions or events could have a significant impact on the Group's business, results of operations and financial condition.

Failure to accurately estimate the decommissioning and rehabilitation costs the Group faces could have an adverse effect on the Group's business, results of operations and financial condition

Under the terms of the Group's MPSAs with the Government, as well as the Group's operating agreements with the various holders of MPSAs which cover some of the Group's mines, the Group is required to establish a decommissioning and rehabilitation plan at each of the Group's mine sites. The costs of performing the decommissioning and rehabilitation can be significant and are subject to change. These costs increase as the Group's mining sites expand. The Group cannot predict what level of decommissioning and rehabilitation may be required in the future by regulators. If the Group is required to comply with significant additional regulations or if the actual cost of future decommissioning and rehabilitation is significantly higher than current estimates, this could have an adverse impact on the Group's business, results of operations and financial condition.

The Group is exposed to exchange rate fluctuations. In particular, fluctuations in the exchange rate between the peso and the U.S. dollar could have an adverse effect on the Group's results of operations and financial condition

The Group's nickel ore sales are denominated in U.S. dollar while most of the Group's costs are incurred in Philippine peso. The appreciation of the Philippine peso against the U.S. dollar reduces the Group's revenue in peso terms. Accordingly, fluctuation in exchange rates can have an impact on the Group's financial results. Additionally, in the past the Group have invested in derivative instruments that increased in value as the Philippine peso appreciated relative to the U.S. dollar, and vice versa. While the Group's current policy is not to hedge the Group's exposure to foreign currency exchange risk or invest in this type of derivative instrument, the Group do, and may continue to, invest in U.S. dollar-denominated portfolio investments. Appreciation of the Philippine peso relative to the U.S. dollar could result in a translation loss on the Group's U.S. dollar-denominated assets.

The Group relies to some degree on third-party contractors and failure of any such contractor to comply with its contractual obligations or the unplanned loss of any such contractor's services could increase the Group's costs or disrupt the Group's operations

Contractual disputes with the Group's contractors, the inability of any of the Group's contractors to comply with their contractual obligations or their failure to renew their contracts with the Group on acceptable terms or at all could increase the Group's costs and disrupt the Group's operations and the Group's ability to service the Group's customers in a timely manner. In addition, failure by the Group's contractors to comply with applicable laws could adversely affect the Group's reputation.

Climate change, could significantly increase the Group's operating costs and adversely affect its operations

The Group operates 5 lateritic nickel mines through its subsidiaries: the Rio Tuba mine in Bataraza, Palawan operated by RTN; the Taganito mine in Claver, Surigao del Norte operated by TMC; the Tagana-an mine in Tagana-an, Surigao del Norte operated by HMC, the Cagdianao mine in Cagdianao, Dinagat Islands operated by CMC, and the Dinapigue mine in Isabela operated by DMC. The Group is therefore subject to the local climate patterns of these regions. Exploration, mining production and transportation activities may be susceptible to risks and hazards resulting from sustained precipitation or other weather conditions. An intensification of extreme weather events and longer-term changes in weather patterns may impact operations, resulting in more frequent production delays, increased costs, and increased liabilities.

Regulatory and industry response to climate change could significantly increase the Group's operating costs and adversely affect its operations

Regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on emissions of GHG, including on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain substances or materials, could significantly increase the Group's operating costs. A number of governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. For example, the Philippines and many other nations are signatories to international agreements related to climate change including the 1992 United Nations Framework Convention on Climate Change, which is intended to limit or capture emissions of greenhouse gas, such as carbon dioxide, the 1997 Kyoto Protocol, which established a potentially binding set of emissions targets for developed nations and, most recently, the 2016 Paris Agreement, which extended the potentially binding set of emissions targets to all nations. The Climate Change Act (RA No. 9729) and its Implementing Rules and Regulations (Administrative Order No. 2010-01) provide for a framework for integrating the concept of climate change, in synergy with disaster risk reduction, with policy formulation, development plans, poverty reduction strategies and other development tools and techniques. RA No. 10174 amended the Climate Change Act and established the People's Survival Fund to provide long term finance streams to enable the Government to combat the effects of climate change. The enactment of comprehensive legislation focusing on GHG emissions could adversely affect the Group due to the energy usage involved in the mining process, which can make it uncompetitive in regions with high energy prices.

Although this has not yet presented a significant challenge for the Group's operations, any changes in laws and policies, including in relation to carbon pricing, GHG emissions, energy efficiency or restricting the Group's access to or use of diesel as an energy source, could adversely affect the Group. Further, its compliance with any new environmental laws or regulations, particularly relating to GHG emissions, may require significant capital expenditure or result in the incurrence of fees and other penalties in the event of noncompliance. Shifts in commodity demand may also arise in response to climate risks and opportunities, including a potential decrease in demand for NPI and nickel. It should be noted however that with the Board approval of the Company's ESG Roadmap in November 2021 and subsequently the creation of Sustainability Committee of the BOD and appointment of a Chief Sustainability Officer in August 2022, it has taken steps to account for its GHG emissions and to set science-based reduction targets.

There can be no assurance that future legislative, regulatory, international law, industry, trade, or other developments will not negatively impact its operations and the demand for the NPI that the Group sells. In addition, the Group may be subject to activism from environmental groups and organizations campaigning against its mining and NPI processing activities, which could affect its reputation and disrupt the Group's operations. If any of the foregoing were to occur, the Group's business, financial condition and results of operations may be adversely affected.

Risks Related to the Group's Power Business and Industry

The Group's power generation businesses are exposed to the risks inherent in the Philippines energy market

The Group's prospects and results of operations are highly dependent on the success of the Philippine energy market. Many factors contribute to the fluctuations in demand and prices of energy in the Philippines, including the general demand and supply of energy, season and weather conditions, transmission capacities and upgrades, generation mix, increase and decrease in the economic activity, inflationary pressures, government policies with respect to the procurement of renewable energy and tax incentives.

There can be no assurance that the Philippine energy market will stabilize or continue to expand. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activities may adversely affect the demand for, and price of, energy generated by the Group's power plants. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect the Group's results of operations. Moreover, the Group cannot foresee when the disruptions to industrial or business activities caused by the outbreak of COVID-19 will cease.

The operations of the Group's power projects are subject to significant government regulations, and the Group's margins and results of operations could be adversely affected by changes in the law or regulatory schemes

Power operations and activities are subject to extensive laws and regulations. These relate to development, labor standards, occupational health, protection and remediation of the environment, power safety and other matters. Power companies are required to comply with regulations relevant to the power industry as implemented by agencies like the DOE, ERC, Board of Investments, DOLE, DENR, Department of Agrarian Reform, NCIP, Bureau of Internal Revenue, NGCP, Independent Electricity Market Operator of the Philippines, Philippine Electricity Market Corporation, distribution utilities/electric cooperatives, SEC and LGUs. The Group has been able to satisfactorily comply on time with regulatory requirements and considers these activities and the commensurate risks for non-compliance as manageable and will not result in a material adverse impact on the Group's business, results of operations and financial condition. The Group's inability to predict, influence or respond appropriately to changes in law or regulatory schemes, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact its results of operations and cash flow. Furthermore, changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, could adversely affect the Group's business, including, but not limited to:

- adverse changes in tax law;
- change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or
- other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with its existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect the Group's results of operations.

The Group's uncontracted energy output is currently subject to electricity spot market prices as a price taker in the solar energy business, which can result in fluctuations in the Group's net income

The implementation of the EPIRA has paved the way for a more independent and market-driven Philippine power industry. This has allowed for competition, not limited by location, and driven by market forces. The sale of power and the dispatch of power plants depend on the ability to offer competitively priced power supply to the market. However, as a registered renewable energy generating unit with intermittent renewable energy resources, JSI's solar power plant is classified as "must dispatch" based on available energy and enjoys the benefit of priority dispatch to the grid and WESM. Thus, in the sale of uncontracted solar energy in the spot market, JSI is a price taker and must accept the prevailing price in the market in exchange for electricity. JSI's WESM sales are based on the spot market's 5-minute trading intervals and subject to varying prices. However, the majority of the solar energy output of JSI is contracted via multiple Retail Electricity Suppliers (RES) and is not subject to such changes and provide for a steady and predictable net income. The contracted capacities sold to the RES are negotiated with fixed tariffs. Only a portion of energy output is sold via WESM.

The Group may not be able to complete the construction or expansion of power projects as planned and the operations of its existing and planned power plant facilities could be adversely impacted

EPC arrangements with third-party contractors, which require substantial capital expenditures prior to and during the construction period, and the Group may take many months or several years before it generates positive cash flow through power generation for these projects. As a result, cash outflows due to land acquisition, construction costs and capital expenditure may not be recuperated for a long period of time. Meanwhile, the construction and development of such projects, as well as the time and costs required to do so, may be adversely affected by various factors, including, but not limited to:

- short term or extended delays in obtaining necessary zoning, land use, building, development and other required governmental and regulatory licences, permits and approvals;
- short term or extended delays due to relevant transmission line upgrade delays by the NGCP;
- construction risks, which may include delays in construction and cost overruns, whether from variation to original design plans or any other reason, infrastructure failures or latent design flaws;
- quality control issues;
- shortages or increase in the cost of construction and building materials, equipment as a result of rising commodity prices or inflation or otherwise;
- shortages of contractors and skilled labor;
- disputes with consultants or contractors over the quality of work and general performance and the need to take any remedial action so as to ensure the Group's projects are delivered to specification and consultants or contractors experiencing financial or other difficulties causing delay in performance of their work in relation to the Group's projects;
- disputes between general contractors and subcontractors, leading to a delay in their work performance on the Group's project;
- natural catastrophes;
- inclement weather conditions;
- unforeseen engineering, environmental or geological problems;
- defective materials or building methods; and
- financial difficulties by counterparties to a construction or construction-related contract.

The Group's strategy in developing, executing, and operating solar plants contains the following to mitigate potential risks:

- Development of projects to go through gated decisions wherein each step meets minimum technical and commercial requirements to ensure limited and manageable risks going forward especially those concerning land possessory rights, power interconnections, project technical and commercial feasibility, and permits/licenses.
- Work with best-in-class contractors in a manner that is practicable and responsive to market challenges, for development, EPC, and Operations and Maintenance (O&M) needs.
- Enter into turnkey EPCs with contractors that have dependable track records, have designed using best applicable technologies, have sourced Tier 1 components at competitive prices, have the industry presence and balance sheet to protect the Group's interests against supply chain constraints and disruptions.
- Each project shall have full-time personnel to oversee the construction works from beginning to end and ensure safety, schedule, cost, and risk mitigation targets are met.
- Each power facility shall have full-time personnel to handle the day-to-day operations, maintenance and administration including regulatory compliance and stakeholder relations. O&M activities to include preventive, predictive and corrective actions to ensure continuous safe operations of the facilities.

The Government may amend, revoke, reduce or eliminate subsidies and economic incentives for renewable energy projects, which could impact the profitability of the Group's solar plants and geothermal power plants

Because the power generation business of the Group includes solar energy generating projects, the Group's future profitability is affected by the support of the Government for the renewable energy sector. Under RA No. 9513 or the Renewable Energy Act of 2008, the National Renewable Energy Board is mandated to formulate and promulgate feed-in tariff system rules, which cover, among others, the following:

- priority connections to the grid for electricity generated from emerging renewable energy resources within the Philippines; and
- priority purchase and transmission of, and payment for, such electricity by the grid system operators.

The revocation, reduction, modification or elimination of government mandates and economic incentives could materially and adversely affect the growth of the renewable energy industry or result in increased price competition, either of which could cause the Group's revenues to decline and materially and adversely affect the Group's results of operations.

While the Group believes that solar power projects may continue to offer attractive internal rates of return, any changes that increase effective income tax rates may cause considerable downward pressure on the value of the Group's solar power plants. The Group believes that it is able to manage the foregoing risks as the development of new solar energy technologies for instance has resulted and will continue to result in higher capacity factor and lower capital expenditure for the development of solar power projects and will reduce the importance of government incentives and subsidies in making solar power projects attractive and viable investments in the future. However, there is no assurance that such technologies will continue to be developed, or that the Group will be able to take advantage of such technologies in the future without having to incur significant capital expenditure or at all. The Group also believes that any action by the Government to revoke any incentives will require a significant shift in policy, involving both executive and legislative branches of the Government, and extensive discussions with stakeholders in the renewable energy industry and the financial sector.

A decrease in the cost-competitiveness of solar energy, the development of new technologies to generate solar power and changes to Government laws and applicable rules and regulations may expose the Group to stranded-asset risk

As the Group's power generation business includes the operation of solar power plants, the Group is subject to risks inherent in the solar power generation industry. These risks include the reduction or removal of subsidies and economic incentives for solar energy, the loss of tax exemptions and incentives, new technological innovations, and changes to societal attitudes about existing solar energy generation technologies. There can be no assurance that reduced Government support of the solar energy industry, the adoption of new technologies, changes to environmental laws and regulations or other developments in the future will not result in the Group having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate their solar energy generation projects. In particular, developments in the downstream energy sector, such as in residential solar photo-voltaic technologies and electricity storage, could materially and adversely affect the growth of those renewable energy companies and consequently materially and adversely affect the Group's results of operations. Thus, a significant portion of the captive market may shift away from solar power plants utilizing existing solar power generation technologies towards those relying on other types of renewable energy technologies or even non-renewable energy sources, which may expose the Group's solar power generating assets to stranded-asset risk (i.e., the hazard of an asset suffering from an unanticipated write-down, devaluation, or conversion to liability).

The Group's power plants are exposed to unscheduled, unplanned and prolonged internal and external outages resulting in potential loss in revenues

Unscheduled or unplanned internal plant outages refers to unexpected breakdown of major equipment resulting in substantial or total power plant shutdown until such equipment is replaced or restored. On the other hand, unscheduled external outages refer to electricity grid outages at the regional or national level that disrupt the transmission of electricity and could result in curtailment of energy offtake below expected levels. For example, there could be failures in the transmission towers, power conductors or insulators of distribution utilities. The occurrence of any prolonged unscheduled internal or external outages would reduce the revenue of the Group's power plants, which could result in a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows.

Each power plant has and shall have full-time personnel to handle the day-to-day operations and maintenance activities, including preventive, predictive and corrective actions to ensure continuous safe operations of the facilities. Furthermore, spare parts for critical equipment are on-hand at the site and agreements with Original Equipment Manufacturers to keep the same parts in stock are in place to ensure quick return to service from unplanned internal outages.

The Group's power generation business may be unable to maintain sufficient operating cash for maintenance and other similar costs of power plants, and such businesses' operating cash may be insufficient to cover necessary costs of the Group's power plants

The Group expects to keep its power plants in good working order. Accordingly, the Group may from time to time expend funds to complete routine maintenance, as well as extraordinary maintenance, in the event of damage from weather disturbances such as typhoons, earthquakes, floods or from other unforeseen events.

However, there can be no guarantee that the Group will be able to maintain operating cash at the desired level or that the Group's operating cash will be sufficient to cover maintenance and other similar costs in the event of an extraordinary occurrence. Insufficient operating cash may have an adverse effect on the Group's business, prospects, financial condition, and results of operations.

The loss of the Group's key customers could have an adverse effect on the Group's financial condition and results of operations

The Group's diesel power plant's only customer is SURNECO. Although the revenues of the Group would be reduced should SURNECO become bankrupt or insolvent or should there be any other material disruption to SURNECO's business, such reduction in revenue is not expected to have any material effect on the Group's revenues. In addition, if a key customer decides not to renew its PSA or to terminate its PSA before it expires, the financial condition and results of operations of the Group may be adversely affected.

JSI's operations are affected by seasonal weather changes

JSI's revenues are directly correlated to the amount of electricity generated and sold by its solar power plant, which in turn is dependent upon irradiance and weather conditions generally. Irradiance and weather conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors.

Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Group's operations and financial performance

The development of greenfield power projects involves substantial risks that could give rise to delays, cost overruns, unsatisfactory construction or development in the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems, among others. Any such delays, cost overruns, unsatisfactory construction or development could have a material adverse effect on the business, financial condition, results of operation and future growth prospects of the Group.

For the Group's power projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns. For example, due to the impact of COVID-19 and related travel and movement restrictions in the Philippines, construction of certain renewable energy projects in the country, including the Group's projects, were interrupted, resulting in a delay in commercial operations date.

The Group is expanding its power generation operations and there are projects in its energy portfolio under construction. These projects involve environmental, engineering, construction, and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defect in design or construction, and supply and cost of equipment and materials. Further, project delays or cancelations or adjustments to the scope of work may occur from time to time due to incidents of force majeure or legal impediments.

Depending on the severity and duration of the relevant events or circumstances, these risks may significantly delay the commencement of new projects, reduce the economic benefit from such projects, including higher capital expenditure requirements and loss of revenues, which in turn could have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows.

Grid curtailments may limit the generation capacity of power projects

From time-to-time, national grid operators curtail the energy generation for a number of reasons, including to match demand with supply and for technical maintenance reasons, including as a result of grid infrastructure that is not up to international standards. In such circumstances, a power project's access to the grid and thus its generation capacity can be reduced. Such reductions result in a corresponding decrease in revenue, which if prolonged or occur frequently could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is reliant on existing power transmission infrastructure operated by NGCP

The Group is reliant on existing power transmission infrastructure operated by NGCP. Generally, in respect of the distribution of electricity from a power plant to the customer in the Philippines, the governing law is EPIRA which segregates and privatized generation, transmission, and distribution. The generator declares its available capacity and bids "blocks" of energy generation to the grid which is operated by NGCP as transmission system operator. The WESM, through a price stacking mechanism, determines the required energy volume (by stacking demand from distribution utilities and directly connected loads) gives a dispatch signal to all plants. The energy is transmitted via high voltage lines to distribution utilities and electric cooperatives which through lower voltage lines and transformers, transmit electricity to consumers.

<u>*Risks Related to the Group*</u>

The interests of joint venture partners for the Group's various projects may differ from the Group's

A joint venture involves special risks where the joint venture partner may have economic or business interests or goals inconsistent with or different from the Group's. The joint venture partner may also take actions contrary to the Group's instructions or requests, or in direct opposition to the Group's policies or objectives with respect to the Group's investments, or the joint venture partner may not meet its obligations under the joint venture arrangements. Disputes between the Group and its joint venture partners could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Group's investment in the project. The Group's reliance on joint venture arrangements could therefore have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may experience reduced liquidity and difficulty in obtaining future financing

The further development and exploration of mineral properties in which the Group holds interests or which the Group acquires may depend upon the Group's ability to obtain financing through joint ventures, debt financing, equity financing or other means. For instance, the Group may seek a joint venture partner in connection with the exploration of the Group's gold and copper exploration properties. There is no assurance that the Group will be successful in obtaining required financing as and when needed. Volatile nickel markets may make it difficult or impossible for the Group to obtain debt financing or equity financing on favorable terms or at all. The Group's principal operations are located in, and its strategic focus is on, the Philippines, a country that has experienced past economic and political difficulties and may be perceived as unstable. This may make it more difficult for the Group to obtain debt or equity financing. Failure to obtain additional financing on a timely basis may cause the Group to postpone development plans, forfeit rights in the Group's properties or joint ventures or reduce or terminate the Group's operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's strategic acquisitions may be unable to realize the anticipated benefits of such acquisitions, and the Group's growth strategy may not be achieved

Historically, the Group has expanded the Group's business through selective, complementary acquisitions, and the Group intends to continue to evaluate acquisition opportunities with complementary mining operations or exploration and development prospects as they arise. Acquisitions involve a number of risks, including misevaluation of acquired assets, especially with respect to the quantity and quality of ore reserves and resources, diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, legal liabilities and amortization of acquired intangible assets, some or all of which could harm the Group's results of operations and financial condition.

Continued compliance with safety, health and environmental laws and regulations may adversely affect the Group's business, results of operations and financial condition

The Group expends significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements drawn from a number of different jurisdictions. The Group anticipate that it will be required to continue to do so in the future as the recent trend towards stricter environmental laws is likely to continue. The possibility of more stringent laws or more rigorous enforcement or new judicial interpretation of existing laws exists in the areas of worker health and safety, the disposition of waste, the decommissioning and rehabilitation of mining sites and other environmental matters, each of which could have a material adverse effect on the Group's exploration, operations or the cost or the viability of a particular project.

The Group's facilities operate under various operating and environmental permits, licenses and approvals that contain conditions that must be met and the Group's right to continue operating the Group's facilities is, in a number of instances, dependent upon compliance with these conditions. Failure to meet certain of these conditions could result in interruption or closure of exploration, development or mining operations or material fines or penalties, all of which could have an adverse impact on the Group's business, results of operations and financial condition.

Cost pressure and inaccessibility of raw materials and supplies, including natural gas, diesel fuel, electric power, water, tires or other key inputs, could negatively impact the Group's operating margins

The Group's operations are resource intensive and, as a result, its costs and operating margins could be materially and adversely affected by the lack of availability or increased cost of energy (including electric power), water, fuel (including natural gas and diesel fuel), or other key inputs. The Group buys diesel fuel from Petron Corporation and Phoenix Petroleum Philippines, Inc., and heavy mining equipment such as trucks and excavators from four manufacturers, Volvo, Isuzu, Caterpillar and Komatsu, through their Philippine distributors. In addition, the Company leases LCTs for use at its mine sites during the shipping season. The Company believes that there are a number of alternative suppliers for all of its requirements. For its operations and maintenance, JSI buys spare parts from local and imported manufacturers and buys fuel from a gas station inside SBFZ for its vehicles and standby generator.

The Group may experience interruptions to the supply or increases in prices of electric power, water, diesel fuel or natural or compressed natural gas due to a variety of factors beyond the Group's control, including fluctuations in climate, inadequate infrastructure capacity, interruptions in supply due to effects of the COVID-19 pandemic, equipment failure or other causes and the inability to extend contracts with the Group's suppliers on acceptable terms or at all. As the prices for global seaborne iron ore are determined by the global commodity markets in which the Group operates, it does not generally have the ability to offset any increase in cost pressure through corresponding price increases on the iron ore sold by the Group. The inability to reduce costs sufficiently or expeditiously, or to obtain alternative inputs, could have a material adverse impact on the Group's operating margins for an extended period.

The Group's insurance coverage may not be sufficient to fully cover the risks related to the Group's operations and losses

The Group is not fully insured against all potential hazards incident to the Group's business and if any or all of the Group's mining facilities are damaged and the Group's operations are interrupted for a sustained period, there can be no assurance that the Group's insurance policies would be adequate to cover any or all of the losses that may be incurred as a result of such interruptions or the costs of repairing or replacing the damaged facilities.

The Group's property insurance does not cover acts of terrorism and, in the event of a terrorist attack, the Group's facilities could be damaged or destroyed and the Group's operations curtailed. In recent years, most insurers have created exclusions for losses from terrorism from "all risk" property insurance policies. In the event of a terrorist attack, explosion or other accident impacting one or more of the Group's facilities, the Group could lose sales from the facilities and the facilities themselves. The Group does not carry business interruption insurance. Losses incurred or associated liabilities not covered by the Group's insurance policies could have a material and adverse effect on the Group's business, results of operations and financial condition.

The Group's success depends on the Group's ability to attract and retain qualified personnel and to maintain satisfactory labor relations

Recruiting and retaining qualified personnel is critical to the Group's success. Nickel mining is a labor-intensive industry, and the number of persons skilled in the acquisition, exploration and development of mining properties in the Philippines is limited and competition for such personnel is intense both from within and outside the Philippines. Moreover, efficient management and operations are vital to ensuring that the renewable energy production potential of the Group's power plant is effectively harnessed, optimized, efficiently and fully delivered. To achieve this, the Group has and will continue to require the services of seasoned power plant operations and maintenance managers and their respective teams of qualified personnel. The majority of the members of the Group's senior management team have been involved in the Group's business operations for many years and the loss of key executives could adversely impact the Group's business. As the Group's business grows, it will require additional key financial, administrative, and mining personnel as well as additional operations staff.

Employees from CMC, HMC, RTN, TMC have labor unions. Employees from the Group's renewable energy companies do not have labor unions. While the Group believe that the Group has, in general, good relations with the Group's employees and unions, the Group is subject to union demands for pay rises and increased benefits from time to time. There can be no assurance that work stoppages or other labor-related disputes, demands for increased wages or other terms or other developments will not occur in the future. Any significant labor dispute or labor action that the Group experiences could have a material adverse effect on the Group's business, results of operations and financial condition.

Item 2. PROPERTIES

A. MINING PROPERTIES AND PERMITS

Below is a summary of the Group's mineral agreements and permits, mineral resources and reserves and processing facilities with respect to its mining operations.

RIO TUBA NICKEL MINING CORPORATION

<u>Rio Tuba Mine</u>

MPSA No. 114-98-IV- Amended I - RTN's nickel laterite deposit covering 4,538 hectares, was renewed for another 25 years on December 2, 2021, subject to the conditionality on the issuance of the Certification Precondition from the NCIP. The consent process culminated to MOAs on August 29, 2021 and March 19, 2023 between RTN, the NCIP, and the ICCs/IPs of the Municipality of Bataraza and Rizal, respectively. Furthermore, planned activities within the areas covered by the MOAs were allowed to commence.

MPSA No. 213-2005-IVB for RTN's Limestone Quarry - The MPSA was issued on April 28, 2005 with a validity of 25 years covering 85 hectares. This MPSA covers the Sitio Gotok limestone quarry, whereby limestones are being sold to CBNC and other customers. It has an ongoing application to expand its 13-hectare ECC by another 47 hectares, all within the approved MPSA.

HINATUAN MINING CORPORATION

A. Taganaan Mine

MPSA 246-2007-XIII - On July 25, 2007, HMC was granted a MPSA covering 774 hectares of mineral land in Hinatuan Island, Barangay Talavera, Taganaan, Surigao del Norte within Parcel II of the Surigao Mineral Reservation for a period of 25 years renewable for another 25 years subject to mutually agreed upon terms and conditions.

Based on the revised life-of-mine plan, the mine life of the Taganaan mine is expected to last until 2026. Recent market price improvements allowed HMC to dispose of lower-grade materials that were previously considered non-marketable at a profit, effectively extending the mine's life. Moreover, review of HMC's mineral reserves modifying factors allowed for adjustments to the site's mine production plans which yielded increases in the total mineable reserves. Additional studies regarding the feasibility of shipping out lower-grade ores, as initiated by the Group, are also underway and could potentially further lengthen the mine's life if proven to be feasible.

B. Manicani Mine

MPSA No. 012-92-VIII - The Manicani mine is subject to MPSA No. 012-92-VIII granted on August 13, 1992 for 1,165 hectares. It has a term of 25 years and is renewable for another term not exceeding 25 years subject to mutually agreed upon terms and conditions.

On May 1, 2002, the DENR ordered the suspension of mining operations in Manicani pending a conduct of investigation in view of the complaints of the Roman Catholic Bishop. In a decision dated August 2, 2004, an arbitral panel of the Mines Adjudication Board, MGB Region 8, the MPSA was ordered cancelled. The basis for the decision of the Board was the alleged violation of the ECC. As a result, mining operations in Manicani remain suspended. The mining operations were found by the Board to be causing pollution of the seawater of Manicani Island. A Memorandum of Appeal dated December 23, 2004 was filed by HMC and its MPSA was upheld by the Mines Adjudication Board on September 4, 2009. Incidentally, a Letter of Authority to Dispose Nickel Stockpile was issued by MGB on July 1, 2014. From May to August of 2016, 5 shipments were realized for the disposal of said stockpiles, after which, shipments were suspended by MGB. This left behind almost 900,000 WMT of stockpiles which were already approved for disposal.

On May 23, 2016, HMC applied for the renewal of its MPSA in Manicani which expired on October 28, 2017. On March 2, 2022, the DENR approved the renewal of the MPSA extending the first 25-year term for another 15 years from the date of approval.

TAGANITO MINING CORPORATION

A. Taganito Mine

MPSA No. 266-2008-XIII SMR Amended - TMC was granted a MPSA on June 18, 2009 for a period of 25 years subject to renewal as may be mutually agreed upon. The MPSA covers an area of 4,863 hectares located at the Barangays of Hayanggabon, Urbiztondo, Taganito and Cagdianao, Municipality of Claver, Province of Surigao del Norte.

B. Kepha Exploration

MPSA No. 284-2009-XIII - On June 19, 2009, Kepha was issued a MPSA covering 6,981 hectares of mineral land situated in the Municipality of Claver, Province of Surigao del Norte within Parcel I of the Surigao Mineral Reservation. The MPSA is for a period of 25 years and renewable for another 25 years as may be mutually agreed upon by the parties.

The terms and conditions of this MPSA mirror the terms of MPSA No. 266-2008-XIII SMR Amended granted to TMC.

An Operating Agreement dated February 14, 2007 was executed by and between TMC and Kepha for a term of 25 years from February 14, 2007, whereby TMC shall maintain the mining rights covering the mineral property in good standing for and on behalf of Kepha.

During the validity of the MPSA, the ICCs of CADT 048 sent a resolution to NCIP to revise the MOA of Kepha to include ICC groups in CADT 048 that were not previously included and to renegotiate some provisions in the MOA. The revised MOA was agreed upon and signed on November 29, 2021 and is at the level of the NCIP Regional Office 13 for review and will be subsequently endorsed to the NCIP Central Office for deliberation and approval.

CAGDIANAO MINING CORPORATION

Cagdianao Mine

MPSA No. 078- 97- XIII - On November 19, 1997, East Coast was granted a MPSA for a period of 25 years and renewable upon such terms and conditions as may be mutually agreed upon. The MPSA covers an area of 697 hectares situated at Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Islands, Surigao del Norte.

On the same date, a MOA was executed between CMC, as Operator, and East Coast for a period of 10 years from the effectivity of the MOA whereby East Coast grants CMC the exclusive right to explore, develop and utilize the mineral property covered by the MPSA. On November 19, 2007, the MOA was renewed for a period of 15 years, covering the remaining term of the MPSA. On December 18, 2015, a Supplemental Agreement was executed by CMC and East Coast, providing for, among others, an automatic renewal of the MOA for another 25 years, or from 2022 to 2047.

On March 2, 2022, the DENR approved the renewal of the MPSA No. 078-97-XIII (SMR) for another 25-year term commencing from November 19, 2022 subject to the same terms and conditions provided in the initial 25-year term of the MPSA.

DINAPIGUE MINING CORPORATION

On July 30, 2007, PGMC and the Government entered into a MPSA, which allows PGMC to explore, develop and mine nickel ore within the contract area covering 2,392 hectares in the Municipality of Dinapigue, Province of Isabela.

On January 6, 2009, PGMC and DMC executed a Deed of Assignment transferring to DMC all the rights, title and interest in and into the MPSA over the contract area.

Under the MPSA, DMC shall pay the Government a 4% excise tax. The MPSA is valid for 25 years from issuance and renewable at the option of DMC, with approval from the Government.

CORDILLERA EXPLORATION CO., INC.

A. Marian

The area covers 6,325 hectares in Cordon, Isabela and Diadi, Nueva Vizcaya. It was converted from APSA-000021-II upon execution of a Deed of Assignment with Royalty Agreement by and between Marian and Olympus and CExCI. The application was denominated as EXPA-000166-II and approved last December 2022. It was submitted to MGB Region 2 for registration and assignment of EP number. Exploration activities will commence once EP has been issued.

B. Mankayan

Denominated as EXPA-116-CAR, it is in the Municipalities of Mankayan and Bakun in the Province of Benguet, covering an area of 5,157 hectares. The 2 areas were separated due to the difference in the progress of the FPIC process. CExCI is currently working under a Motion for Reconsideration in the Mankayan AD after the Mankayan AD-Wide Decision-Making in December 2021 resulted into a Resolution of Non-Consent. The next Consensus Building and Decision Meeting of Mankayan AD is set next. In the interim, CExCI is continuously engaging the communities of Mankayan.

The Bakun AD gave their consent on the Consensus Building and Decision Meeting to the proposed exploration project last March 2022. Negotiations for the MOA commenced immediately but was stopped after 2 meetings due to FPIC-related issues raised by some members of the community. CExCI together with the NCIP is continuously engaging the impact communities to facilitate the resumption of the MOA negotiations.

C. Cervantes

The area covering 6,012 hectares and located in Cervantes, Ilocos Sur is denominated as EXPA-116-I. The MOA negotiations and Strategic Agricultural and Fisheries Development Zones survey were postponed as advised by the LGU of Cervantes to give way to the May 2022 elections. CExCI continues to engage with the NCIP in Region I and various stakeholders for the start of the MOA negotiations.

D. Mountain Province and Benguet

This covers 3 areas within CAR which were officially converted from AFTA-008 on December 17, 2020 and were denominated as follows: EXPA No. 119 (Besao) with an area of 3,645 hectares in Besao and Tadian, Mountain Province; EXPA No. 120 (Bedbed) covering an area of 2,835 hectares in Mankayan, Benguet and Tadian, Mountain Province; and EXPA No. 121 (Sadanga) covering an area of 5,751 hectares in Bontoc and Sadanga, Mountain Province. The applications will be withdrawn in 2023 based upon the recommendation of an external consultant who showed that it is difficult to acquire a social license to operate in the areas.

E. Aluling

Situated in Cervantes, Ilocos Sur, it covers an area of 2,835 hectares. Its conversion to EXPA has been approved by MGB Region 1 and denominated as EXPA-123-I. Activities for Aluling, if warranted, will be deferred until after the conclusion of the MOA negotiations in Cervantes.

NEWMINCO PACIFIC MINING CORPORATION

Newminco, which was acquired by CExCI in December 2015, holds an EP for copper, gold, and related base and precious metals denominated as EP 001-2015-III. It covers an area located in Cabangan, San Felipe, and San Marcelino in the province of Zambales. The decision to acquire Newminco was made following the discovery of outcropping quartz veins, the sampling of which in part returned good assays for gold.

The second year of EP-001-2015-III from first renewal until its expiry was spent on the review of data for the different prospects within the tenement. The second renewal of EP 001-2015-III was approved last September 2022. A drone magnetic survey was conducted and completed in December 2022.

B. MINERAL RESOURCES AND RESERVES

As of December 31, 2022, the Group's Total Mineral Resources and Ore Reserves in accordance with PMRC are as follows:

Ore	Class	Tonnes (kWMT)	Tonnes (kDMT)	% Ni	% Fe	Contained Ni (kt)
*Ore Reserves**						
CMC						
Saprolite	Proved and Probable	4,779	3,107	1.44	17.25	45
Limonite		6,871	4,466	1.09	37.50	48
TMC						
Saprolite	Proved and Probable	40,160	27,762	1.39	11.52	386
Limonite		80,089	53,659	0.99	45.79	533
RTN						
Saprolite	Proved and Probable	37,232	25,190	1.46	14.10	368
Limonite		37,093	26,138	1.14	35.83	298
HMC						
Saprolite	Proved and Probable	4,455	3,029	1.37	18.41	41
Limonite		2,090	1,421	0.93	49.01	13
DMC						
Saprolite	Proved and Probable	33,540	21,801	1.41	15.19	306
Limonite		27,020	17,563	1.02	46.41	179
*Mineral Resources***						
Saprolite	Measured and Indicated	159,795	103,449	1.45	14.86	1,504
Limonite		235,778	151,325	1.03	43.29	1,561
Saprolite	Inferred	32,583	20,710	1.38	15.45	285
Limonite		7,581	4,846	1.03	39.35	50

** The ore reserves estimates were prepared by Engr. Francisco J. Arañes Jr., Resident Mine Manager - CMC; Engr. Artemio E. Valeroso, Resident Mine Manager - TMC; Engr. Ronelbert A. Suguitan, Resident Mine Manager - RTN; and Engr. Rolando R. Cruz, Vice President - Nickel Mining Business. They are Competent Persons under the definition of the PMRC and have sufficient experience as to the type of deposit and mineralization. They are licensed mining engineers with Professional Regulation Commission registration numbers 2305 (Engr. Arañes), 2641 (Engr. Valeroso), 2534 (Engr. Suguitan) and 1803 (Engr. Cruz). They have given their consent to the attachment of this statement to the 17-A 2022 Annual Report concerning Ore Reserve Estimation.*

*** The mineral resources estimate was prepared by Ms. Kristine Grace C. Victoria, Assistant Vice President - Geologic Management. Ms. Victoria is a Competent Person under the definition of the PMRC and has sufficient experience as to the type of deposit and mineralization. She is a licensed geologist with License number 1721. She has given her consent to the attachment of this statement to the 17-A 2022 Annual Report concerning Mineral Resources Estimation.*

C. PROCESSING FACILITIES

CBNC

Facility	Coral Bay HPAL nickel processing plant
Location	In a Special Economic Zone adjacent to Rio Tuba mine
Ownership	NAC (15.62%) SMM (84.38%)
Operations	Commissioned in 2005 with design capacity of 10,000 tonnes per year of contained nickel. Capacity doubled to 20,000 tonnes per year of contained nickel in June 2009 and attained annual capacity of 24,000 tonnes in 2010 due to facility expansion.
Technology	HPAL process
Source of ore	Rio Tuba mine, Cagdianao mine and Dinapigue mine
Product	Nickel-cobalt sulfide sold exclusively to SMM

The Company acquired its 10% equity interest in CBNC, the Philippine's first HPAL nickel processing plant, by way of property dividend distributed by RTN in March 2014. In 2022, the Company purchased additional common shares of CBNC from SMM thereby increasing its equity ownership to 15.62%. SMM holds the remaining 84.38% equity interest. The plant was constructed adjacent to the Rio Tuba mine in an area designated as a Special Economic Zone by the Philippine Export Zone Authority (PEZA). As such, CBNC enjoys tax incentives, including a tax holiday. Most of the limonite ore required by the plant is supplied by RTN from its extensive stockpile and from newly mined ore. RTN also supplies limestone. The plant produces a nickel sulfide precipitate containing approximately 57% nickel and 4% cobalt, which is sold exclusively to SMM for refining at its Nihama refinery. The facility uses proprietary SMM technology under a non-exclusive license.

THNC

Facility	Taganito HPAL nickel processing plant
Location	In a Special Economic Zone adjacent to the Taganito mine
Ownership	NAC (10%) SMM (75%) Mitsui and Co., Ltd. (Mitsui; 15%)
Operations	Commenced commercial operations at full capacity in October 2013; with annual capacity of approximately 30,000 tonnes of mixed nickel-cobalt sulfide over an estimated thirty (30) year project life
Technology	HPAL process
Source of ore	Taganito mine
Product	Nickel-cobalt sulfide sold exclusively to SMM

Following the success of the Coral Bay HPAL facility and taking into account the stockpile and reserves of limonite ore owned by TMC, SMM conducted a feasibility study in September 2009 on a 30,000 tonnes-per-year HPAL plant to be located adjacent to the TMC mine site. The completion of the study led to the signing of a Memorandum of Understanding (MOU) in September 2009 between NAC, TMC, and SMM to proceed with the project. The Company expects that the plant will use technology similar to that used at the Coral Bay HPAL facility but will be triple the original size of the Coral Bay plant. TMC is expected to supply all the limonite ore required for the plant and the nickel-cobalt sulfide product will be sold exclusively to SMM for refining in Japan.

Pursuant to the Taganito HPAL Stockholders Agreement that NAC entered into on September 15, 2010, the project will be undertaken by THNC, a company that will be jointly owned by NAC (as to 22.5%), SMM (as to 62.5%) and Mitsui (as to 15%). The agreement contains a term sheet with principal terms of an offtake agreement to be entered into between THNC and TMC for the supply of limonite ore. Similar to the Coral Bay HPAL facility, the plant is located in a Special Economic Zone approved by the PEZA and enjoy tax incentives. The operation of the facility provides an additional dedicated customer for limonite ore from our Taganito mine which allows us to benefit from the higher percentage of payable nickel available further downstream in the nickel value chain.

The estimated total cost is US$1.7 billion, which includes capital expenditures of US$1.6 billion for the plant, working capital and US$100.0 million of interest accrued during the construction phase. Under the terms of the Stockholders Agreement, we will be required to guarantee a portion of such debt financing equal to our 22.5% equity interest in THNC. On September 15, 2010, we entered into an agreement with SMM whereby SMM will guarantee our pro-rata portion of THNC's loan obligation in exchange for the payment of an annual guarantee service fee to SMM of 1% of our pro-rata share of the outstanding loan obligation.

In 2016, we made a strategic decision to reduce our ownership in the Taganito HPAL plant from 22.5% to 10%, the same equity level that we have then in the Coral Bay plant. The reduction in our equity was achieved by a sale of shares to the majority owner of the plant and one of the major shareholders, SMM. In line with NAC's equity reduction in THNC, NAC and SMM also agreed to reduce the guarantee service fee rate from 1% to 0.60%.

D. REAL PROPERTIES

TMC owns the following parcels of land located in Surigao City:

1) a parcel of land with a total area of 43,237 square meters in Barangay Rizal and with Transfer Certificate of Title (TCT) No. 162-2011000392; and
2) a parcel of land with a total area of 88,640 square meters in Barangay Ipil and with TCT No. 162-2012000481, which is intended for leasing to THNC in the future

Likewise, HMC owns a parcel of land with a total area of 3,500 square meters located in Barangay Luna, Surigao del Norte under TCT No. 162-2013000096. HMC constructed a building on the said land which is currently being used as a liaison office of the Group's mining companies in Surigao.

NAC owns a parcel of land with a total area of more or less 20,000 square meters which is located in Barangay Quezon, Surigao del Norte. NAC constructed its diesel power plant on the said land.

MGPC has purchased some 48 hectares of its geothermal project site in Naujan, Oriental Mindoro.

E. SERVICE CONTRACTS

The Group's power companies hold the following service contracts:

Solar Energy Service Contract No. 2013-10-039

On October 31, 2013, JSI entered into a SESC with the DOE. The SESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan, which is part of the SBFZ. The SESC is for a period of 25 years, inclusive of a 2 year pre-development stage, and renewable for another 25 years. The government share under the SESC shall be 1% of the gross income from the sale of electricity generated from the solar energy operations.

On August 28, 2015, JSI was granted a Certificate of Confirmation of Commerciality by the DOE for its 100MW Solar Project located in Mt. Sta Rita, SBFZ. The certificate converts the project's SESC from exploration/pre-development stage to the development/commercial stage.

On March 11, 2016, JSI's Certificate of Confirmation of Commerciality originally rated for the 100MW was amended by DOE to 7MW and 93MW Solar Project Phase 1 and 2, respectively.

JSI commenced operation in May 2016.
On April 11, 2017, JSI applied to the DOE for the amendment of the Amended Confirmation of Commerciality rated 7MW and 93MW to 32MW (consolidating Phase 1 at 7MW and Phase 2 at 25MW) and 68MW as Phase 3 based on JSI's progress on the EPC revised timetable.

On January 20, 2021, the DOE issued the Amended Confirmation of Commerciality No. SCC-2015-09-021-B to develop, operate and maintain the 100MW Bataan Solar Project (Phase 1 - 7MW; Phase 2 - 25MW; Phase 3A - 30MW and Phase 3B - 38MW).

Solar Energy Operating Contract No. 2021-01-577
In February 2020, JSI applied for a second 100MW solar service contract also located at the SBFZ.

On February 3, 2021, JSI entered into a SEOC with the DOE covering an area of 351 hectares, a portion of the area in SESC No. 2013-10-039, also located in Morong and Hermosa, Bataan. JSI secured from DOE a Certificate of Registration as RE Developer of 100MW / 86MW Subic New PV Power Plant Project.

On May 13, 2022, the DENR granted the request of JSI for the increase in capacity, from 150MW to 200MW solar capacity, and area, from 800 hectares to 815 hectares, located at Mt. Sta. Rita, SBFZ, with ECC Reference No. R03-1501-0043 amended on October 1, 2015.

In relation to this, JSI started the construction of Phase 4A - 72MW on November 25, 2022, with target start date of test and commissioning activity on November 1, 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 of December 31, 2022, this project is still in the pre-development stage.

Geothermal Renewable Energy Service Contract No. 2016-02-060
GRESC No. 2010-02-013, which covers an approximate area of 3,914 hectares in the 3 barangays of Montelago, Montemayor and Melgar-B in Oriental Mindoro, involves the development of geothermal well clusters and a power plant. The steam extracted from the geothermal wells will power a geothermal power station with an output capacity of at least 20MW. Once completed, the addition of geothermal power into the present mix of Mindoro's electricity sources will have a stabilizing effect on the grid where the entire island is located.

The Project is in the exploration stage as at December 31, 2022.

As RE Developer, EPI undertakes to provide financial, technical, or other forms of assistance with the DOE, and agrees to furnish the necessary services, technology, and financing for the geothermal operations. EPI shall assume all financial risks such that if no geothermal resources in commercial quantity is discovered and produced, EPI shall not be entitled to reimbursement for any expenses incurred in connection with the GRESC.

Certificate of Registration No. 2014-02-054 shall remain in force for the remainder of 25 years from date of effectivity if geothermal resources in commercial quantity are discovered during the pre-development stage, or any extension thereof. Moreover, if EPI has not been in default in its obligations under the GRESC, the DOE may grant an additional extension of 25 years, provided that the total term is not to exceed 50 years from the date of effectivity.

On November 24, 2014, EPI and MGPC entered into a Deed of Assignment for the assignment of EPI's rights and obligations under the GRESC to MGPC. On December 5, 2014, EPI applied with the DOE to transfer the GRESC to MGPC. The DOE approved EPI's application on February 16, 2016 under Certificate of Registration No. 2016-02-060.
The Project is currently at the exploration phase and is expected to have an operating capacity of 40MW. The geothermal plant will supply electricity to Oriental Mindoro and Occidental Mindoro at 20MW capacity each.

On February 26, 2019, MGPC received the Confirmation of Commerciality for the 10MW Project from the Philippine Government, through the DOE.

On September 6, 2021, MGPC entered into a MOA with SRE on the conduct of flow test and resource assessment to demonstrate the commercial viability of the drilled production wells in the Montelago geothermal field. Should the flow test be successful based on MGPC engineer's assessment and overall viability of the project, SRE intends to participate as financial and technical partner of MGPC for the development of the modular geothermal power plant system.

As at December 31, 2022, the flow testing is expected to commence in the second 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.

Geothermal Renewable Energy Service Contract No. 2010-02-010
By virtue of RA 9513 known as the Renewable Energy Act of 2008, on February 1, 2010, the DOE issued to BGI GRESC No. 2010-02-010, converting its Geothermal Services Contract (GSC-09) issued on July 10, 2008 for the exploration, development and exploitation of geothermal resources covering the geothermal field in Biliran Province (previously a municipality of Leyte). By virtue of such agreement, BGI is entitled to enjoy an income tax holiday for a period of 7 years from the start of its commercial operation, duty free importation of machinery for 10 years, and 0% VAT, among others.

On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the DOE. There are a total of 8 wells drilled, with vertical, deviated or directional well tracks. BGI has continued to conduct activities for maintenance of the existing wells and secure the necessary permits and licenses related to the Project.

On July 24, 2021, BGI entered into a Project Funding, Build and Transfer Agreement with SRE for SRE to (i) finance, design, construct, install and transfer to BGI a geothermal powerplant in phases, using the existing geothermal wells and (ii) finance, design, construct, rehabilitate and upgrade the existing 13.2kV distribution lines of Biliran Electric Cooperative, Inc. for the purpose of evacuating power from the geothermal facility to the grid. The agreement is effective upon its signing and, unless earlier terminated or extended, shall be for a period of 25 years from the project's commercial operation date.

Geothermal Renewable Energy Service Contract No. 2017-03-056
On March 30, 2017, BGI entered into a GSC No. 2017-03-056 with the DOE. The GSC, dubbed as Biliran 2 Geothermal Power Project, covers an area of approximately 12,792 hectares in the municipalities of Kawayan, Almeria, Culaba and Naval in the province of Biliran. The GSC is for a period of 25 years, inclusive of a 5-year pre-development stage period and is renewable for another 25 years.

On April 3, 2020, BGI opted to convert its GSC in accordance with DOE's DC2019-10-001 which took effect on November 22, 2019. Pre-development stage shall now be for 7 years.

F. LIENS AND ENCUMBRANCES

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 December 31, 2022.

Item 3. LEGAL PROCEEDINGS

In the ordinary course of the Group's business, its subsidiaries and affiliates are a party to various legal actions that are mainly labor cases that it believes are routine and incidental to the operation of its business. The Group does not believe that it is subject to any ongoing, pending or threatened legal proceeding that is likely to have a material effect on our business, financial condition or results of operations. However, there are a few cases that are now pending with the Courts.

Asiacrest Marketing Corporation (Asiacrest) - First Integrated Bonding and Insurance Co. (FIBIC) Case
On May 30, 2016, JSI filed a complaint against Asiacrest and FIBIC before the Construction Industry Arbitration Commission (CIAC), docketed as CIAC Case No. 23-2016, for Asiacrest's breach of its EPC Contract for the 100MW solar power plant in Subic. JSI sought to hold Asiacrest liable for amounts not to exceed ₱1,458.0 million. JSI sought to hold FIBIC, being the surety, which secured Asiacrest's performance of its obligation, jointly and severally liable to the extent of the value of the performance bond of ₱727.5 million. On March 10, 2017, the Arbitral Tribunal rendered a final award in JSI's favor. On March 29, 2017, JSI moved for the issuance of a writ of execution with the CIAC.

On March 23, 2017, FIBIC filed a Petition for Review with application for the issuance of a Temporary Restraining Order (TRO) with the Court of Appeals (CA) which was granted on April 10, 2017, conditioned upon FIBIC posting a bond equivalent to the award adjudged against it in the Final Award of CIAC. On April 18, 2017, FIBIC moved to reduce the injunction bond to 1% of the amounts adjudged against it under the Final Award, which was opposed by JSI on May 2, 2017.

In the meantime, the CIAC ordered the issuance of a writ of execution against Asiacrest on May 8, 2017, and against FIBIC on June 13, 2017. On July 10, 2017, the CA granted the Motion of FIBIC to reduce the bond and thereafter, August 10, 2017, issued a TRO to enjoin the execution of the Final Award. The TRO expired on October 9, 2017. On November 29, 2017, the CA denied FIBIC's application for a writ of preliminary injunction.

On December 29, 2017, JSI received FIBIC's Petition for Certiorari with the Supreme Court (SC). FIBIC contests the resolution of the CA denying its application for a writ of preliminary injunction. This Petition for Certiorari was denied by the SC for failure of FIBIC to show any reversible error in the CA Resolution. On June 6, 2018, the SC's resolution became final and executory and recorded in the Book of Entries of Judgments. The CA subsequently issued a Joint Decision on the merits of the Petition for Review of Asiacrest and FIBIC. The Joint Decision dismissing the said Petition for Review and affirmed the Final Award with some modifications (CA Decision). FIBIC filed a Petition for Certiorari in the SC assailing the CA Decision.

As of February 8, 2019, there is no court-issued TRO or writ of preliminary injunction which would serve to enjoin the execution of the Final Award, whether against Asiacrest or FIBIC. However, the Insurance Commission (IC) has placed FIBIC under conservatorship and on July 24, 2018, issued a Notice of Stay Order suspending all payment of claims against FIBIC effective August 3, 2018, except on prior approval by the IC or until further notice. Also, on January 21, 2019, CIAC issued an Order staying the execution of the CIAC Final Award against FIBIC during the effectivity of the Stay Order issued by the IC.

On June 26, 2019, EPI and JSI signed a deed of assignment, wherein JSI assigns, transfers, and conveys to EPI, on a non-recourse basis, all its rights, title and interest in and to Asiacrest and FIBIC in partial payment of EPI's advances to JSI, to the extent of ₱514.7 million. As a result of the increased credit risk associated to Asiacrest, EPI provided an allowance for impairment losses on advances to a contractor amounting to ₱514.7 million as at December 31, 2022.

MGPC's Petition for Interim Measure of Protection

On March 13, 2019, MGPC was involved in a legal case after receiving a "Notice of Seller Default" from Occidental Mindoro Electric Cooperative, Inc. (OMECO) and, alleging therein that MGPC has failed to comply with its main obligation under the PSA for the supply of 20MW electricity.

As a result of OMECO's threatened termination of the PSA, on June 10, 2019, MGPC filed a Petition for Interim Measure of Protection (Petition) with the Branch 67 of Regional Trial Court (RTC) of Pasig City in order to forestall the termination of the PSA. After trial, sans presentation by OMECO of its testimonial evidence because it was not ready to present the same, the trial court denied the Petition on the ground that case is arbitrable and should observe the dispute resolution mechanism under the PSA between the parties, thus, MGPC filed a Motion for Reconsideration on the ground that pending any arbitration proceedings the trial court can exercise jurisdiction to grant interim measure of protection to prevent OMECO from terminating the PSA, but the motion for reconsideration was denied per Order dated December 18, 2020. Unsatisfied, on January 28, 2021, MGPC filed a Petition for Review under Rule 19 of A.M. No. 07-11-08-SC, otherwise known as the Special Rules of Court on Alternative Dispute Resolution with the CA, praying for the reversal of the Decision dated November 3, 2020. The petition was raffled to the CA Seventeenth Division. On July 31, 2021, OMECO belatedly filed a Motion to Admit Comment. In response, MGPC filed a Reply on October 11, 2021. The Court has yet to render a decision on the Petition.

<u>MGPC's Petition for Indirect Contempt for Disobeying the Temporary Order of Protection (TOP) and Status Quo Order (SQO)</u>

On December 4, 2019, MGPC filed a Petition for Indirect Contempt (Petition) against OMECO for the latter's Competitive Selection Process (CSP) activities for its full load power requirement, which violates the TOP and SQO issued by Branch 67 of the Pasig City RTC.

After trial, the trial court denied the Petition on the ground that the conduct of the CSP by OMECO is not included in the TOP and SQO, thus, MGPC filed a Motion for Reconsideration on February 5, 2021 but was denied per Order of the trial court dated March 4, 2021. On May 24, 2021, MGPC filed its Petition for Certiorari with the CA, challenging the Decision and Order of the Lower Court dated December 16, 2020 and March 4, 2021, respectively. On October 18, 2021, MGPC filed a Manifestation on why the instant petition should not be consolidated with those docketed a CA-G.R. No. 166764 and CA-G.R. SP No. 162890. The Court has yet to render a decision or any other order in relation to the Petition.

<u>OMECO's Petition for Certiorari and Prohibition</u>

In October 2019, OMECO filed with the CA a Petition for Certiorari and Prohibition (Petition) praying for the following: i) nullifying and setting aside the Orders by the Pasig RTC Branch 67 for having been issued without jurisdiction and in blatant contravention to the provisions of Section 43 (u) and Section 78 of the EPIRA; and ii) prohibiting the Pasig RTC Branch 67 from conducting further proceeding in the Petition for Interim Measure of Protection filed by MGPC and/or from enforcing in whatever manner the assailed Orders. On September 25, 2020, MGPC submitted its comment on the Petition. On November 17, 2021, the Court promulgated its Decision, granting OMECO's Petition for Certiorari and Prohibition and setting aside the Orders of the Lower Court that granted MGPC's Application for the issuance of a TOP. On December 13, 2021, MGPC filed a Motion for Reconsideration. On December 22, 2021, the Court issued a Resolution, referring said Motion for Reconsideration to OMECO for comment. MGPC has not yet received a copy of the comment from OMECO.

<u>Petition for Declaration of Nullity of Provincial Ordinance No. 01-2017 Imposing Real Property Tax on Mining Area Covered by MPSA</u>

TMC filed the instant Petition to declare as null the Provincial Ordinance No. 01-2017 imposing Real Property Tax on mining area covered by MPSA of TMC for being beyond the taxing authority of the local government. Virtual trial was set April 29, 2021, since physical appearance in court is prohibited in view of the COVID-19 pandemic. During the hearing, respondent failed to appear and submit the Pre-Trial Brief, hence, TMC moved for the termination of pre-trial and presentation of TMC's evidence ex-parte which was granted by the court, thus, respondent filed Motion for Reconsideration on April 30, 2021, TMC to file its Comment/Opposition thereto. A Joint Motion that parties agree to forego presentation of evidence and just submit respective memoranda since the issues are purely legal was filed with the court.

Awaiting order from the court allowing parties to submit simultaneous Memoranda on undisputed facts and legal issues.

<u>Petition for Declaration of Nullity of Municipal Ordinance No. 2017-27 Increasing the Business Tax Imposed on Mining Companies from 1% of Gross Receipts to 2% of Gross Receipts</u>

This is TMC's Petition to declare the nullity of the Claver Municipal Ordinance No. 2017-27 which increased the local business tax imposed on mining companies from 1% to 2% of the gross receipts for being violative of Sections 130 and 191 of the Local Government Code. Section 191 expressly limits any increase in business tax rate to a maximum of 10% of the current tax rate every 5 years. The total business taxes paid under protest by TMC is at ₱303.2 million collectively paid from 2018 to 2022. Memorandum was filed via registered mail on May 24, 2022.

Motion to Admit Memorandum w/ the Memorandum attached thereto was filed by the Respondent. Copy of the same was received by TMC on October 20, 2022.
Hearing on the Motion to Admit Memorandum was set on October 24, 2022, however, the Court did not include the same in the calendar of cases. As such, an Opposition to the Motion to Admit Memorandum was filed on October 27, 2022.

The Court has yet to rule on the Motion to Admit. During the Pre-Trial set by the Court on December 1, 2022, external counsel manifested that there was an Order issued to allow the parties to submit their respective Memoranda and that we filed an Opposition to the Motion to Admit. Respondent Municipality of Claver filed an Urgent Motion to Admit Memorandum without further arguments dated January 27, 2023.

On the February 2, 2023, hearing, external counsel manifested that an Opposition was filed. The court has yet to resolve the matter.

Petition to Recall Strategic Environmental Plan (SEP) Clearance
On December 14, 2014, the PCSD issued the SEP Clearance to RTN. However, in July 2019 the Environmental Legal Assistance Center, Inc filed a petition with PCSD to cancel the SEP Clearance, alleging that PCSD's issuance of the SEP Clearance violated the SEP Law , EO 23 and EO 79 and the RTN Project in Mt. Bulanjao has an adverse impact on the environment. After the parties submit their respective Memoranda, the case is now submitted for resolution by the PCSD.

Action for Declaration of Nullity of Dinagat Island Provincial Ordinance No. 08-058 Imposing Soil Depletion Tax
CMC filed the instant case with Surigao City RTC Branch 32, seeking the nullification of Provincial Ordinance No. 08-058 imposing soil depletion tax for being invalid as it is beyond the authority of the provincial government or any LGU to impose soil depletion tax since it is in the nature of an excise tax. This is a limitation on the taxing powers of LGUs expressly provided under Section 133 (h) of the Local Government Code. The case is now archived per Order from the court dated May 16, 2019, as of this date, parties have yet to receive any Order from the court to reactivate the case.

Collection for Sum of Money for Payment of Soil Depletion Tax under Dinagat Island Provincial Ordinance No. 08-058
This is a collection for sum of money case filed by the Province of Dinagat Islands against CMC for payment of the soil depletion tax under Ordinance No. 08-58 for the period June 15, 2009 to October 8, 2014 in the aggregate amount of ₱174.8 million. The case is now archived per Order from the court dated September 18, 2019, as of this date, parties have yet to receive any Order from the court to reactivate the case.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters covered under this item submitted in 2022 to the security holders for a vote.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. MARKET INFORMATION

The stock prices for the Parent Company's common equity for the last three (3) years, after the effect of stock dividends, are as follows:

	High	Low
2020		
1st Quarter	₱3.21	₱1.36
2nd Quarter	₱1.95	₱1.36
3rd Quarter	₱3.36	₱1.70
4th Quarter	₱5.60	₱2.98
2021		
1st Quarter	₱6.32	₱4.70
2nd Quarter	₱5.70	₱5.01
3rd Quarter	₱6.21	₱5.27
4th Quarter	₱5.70	₱4.90
2022		
1st Quarter	₱9.52	₱5.07
2nd Quarter	₱8.42	₱6.10
3rd Quarter	₱6.33	₱5.01
4th Quarter	₱5.84	₱4.76

The share price of the Parent Company's stocks was at ₱6.97 per share as of March 14, 2023.

B. HOLDERS

The Company has 97 shareholders as of December 31, 2022, with outstanding common shares of 13,630,850,117. The top 20 stockholders of the Company as at December 31, 2022 are as follows:

Name	Citizenship	Shares	% of Ownership
PCD Nominee Corporation (Filipino)	Filipino	7,271,522,191	53.13%
Sumitomo Metal Mining Philippine Holdings Corporation (SMMPHC)	Filipino	2,600,384,267	19.00%
PCD Nominee Corporation (Non-Filipino)	Foreign	2,560,813,713	18.71%
Nonillion Holding Corp.	Filipino	1,136,000,000	8.30%
Gerard H. Brimo	Filipino	23,047,282	00.17%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Filipino	12,880,000	00.09%
Ricardo Sy Po or Angelita Tan Po or Leonardo Arthur Tan Po	Filipino	8,508,377	00.06%
William T. Enrile or Nelly R. Enrile or Edwin R. Enrile or William R. Enrile II	Filipino	3,000,000	00.02%
Ronaldo B. Zamora	Filipino	2,340,403	00.02%
Megastar Real Estate Corporation	Filipino	2,340,000	00.02%
Harvey T. Ang	Filipino	2,000,000	00.01%
Koh Teng Ong Chong	Filipino	1,967,040	00.01%
CHS Capital Holdings, Inc.	Filipino	750,000	00.01%
Eva Policar-Bautista	Filipino	658,123	00.00%
Rolando R. Cruz	Filipino	614,952	00.00%
Yee Men Siao or Charlene Sarte Yee or Dixie Jill Sarte Yee	Filipino	600,000	00.00%

Name	Citizenship	Shares	% of Ownership
Jose B. Anievas	Filipino	573,750	00.00%
Josephine Chua Lim	Filipino	457,200	00.00%
RMJ Development Corporation	Filipino	405,000	00.00%
Ludwig Heinrich Alfred Maulbecker	German	350,000	00.00%

C. DIVIDENDS

The following table shows the dividends declared and paid to common shareholders for the years ended December 31, 2022, 2021 and 2020:

Cash Dividends

Year	Date			Dividend Per Share	Amount Declared (in millions)
	Declaration	Record	Payment		
Regular					
2022	March 10, 2022	March 24, 2022	April 7, 2022	₱0.17	₱2,317.2
2021	March 11, 2021	March 25, 2021	April 8, 2021	0.09	1,226.8
2020	March 13, 2020	March 27, 2020	April 8, 2020	0.08	1,090.6
Special					
2022	November 10, 2022	November 24, 2022	December 9, 2022	₱0.23	₱3,135.1
2022	March 10, 2022	March 24, 2022	April 7, 2022	0.05	681.5
2021	November 4, 2021	November 18, 2021	December 2, 2021	0.22	2,998.8
2021	March 11, 2021	March 25, 2021	April 8, 2021	0.14	1,908.3
2020	August 7, 2020	August 24, 2020	September 4, 2020	0.22	2,998.8

NAC declares dividends to shareholders of record, which are paid from its unrestricted retained earnings. The Company's dividend policy entitles holders of shares to receive annual cash dividends of up to 30% of the prior year's recurring attributable net income based on the recommendation of its BOD. Such recommendation will take into consideration factors such as dividend income from subsidiaries, debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments and acquisitions, appropriate reserves and working capital, among others. Although the cash dividend policy may be changed by the BOD at any time, the Company's current intention is to pay holders of its shares annual cash dividends at this ratio. Additionally, in the event that new investments, acquisitions or other capital expenditure plans do not materialize, the BOD plans to review the dividend policy and consider increasing the dividend ratio above 30% of the prior year's recurring net income.

NAC's subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the declaration and payment of such dividends depends upon the respective subsidiary's results of operations and future projects, earnings, cash flow and financial condition, capital investment requirements and other factors.

Cash dividends are paid to all shareholders at the same time and within 30 calendar days from declaration date. Stock dividends are also issued to all shareholders at the same time but subject to shareholder's approval.

D. RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

No unregistered securities were sold in 2022.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussions and analysis are based on the audited consolidated financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, prepared in conformity with Philippine Financial Reporting Standards and accompanying Notes to the Consolidated Financial Statements and should be read in conjunction with the audited consolidated financial statements.

The Group has not, in the past five (5) years and since its incorporation, revised its financial statements for reasons other than changes in accounting policies.

Summary Financial Information

The Consolidated Financial Statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 are hereto attached.

The following tables set forth the summary financial information for the three (3) years ended December 31, 2022, 2021 and 2020 and as at December 31, 2022, 2021 and 2020:

Summary of Consolidated Statements of Income

	For the Years Ended December 31			Horizontal Analysis			
	2022	2021	2020	Increase (Decrease)		Increase (Decrease)	
	(In Thousand Pesos)			2022 vs 2021	%	2021 vs 2020	%
Revenues	₱28,003,150	₱27,404,115	₱21,771,581	₱599,035	2.19%	₱5,632,534	25.87%
Costs	(9,237,117)	(8,294,584)	(8,161,793)	942,533	11.36%	132,791	1.63%
Operating expenses	(6,126,572)	(6,316,527)	(5,692,925)	(189,955)	-3.01%	623,602	10.95%
Finance income	188,622	162,075	238,293	26,547	16.38%	(76,218)	-31.98%
Finance expense	(306,783)	(244,081)	(274,502)	62,702	25.69%	(30,421)	-11.08%
Equity in net income of associates	942,143	557,863	190,447	384,280	68.88%	367,416	192.92%
Other income (charges) - net	841,806	701,593	(263,209)	140,213	19.98%	964,802	-366.55%
Provision for income tax - net	(3,429,136)	(3,332,280)	(2,318,850)	96,856	2.91%	1,013,430	43.70%
Net income	₱10,876,113	₱10,638,174	₱5,489,042	₱237,939	2.24%	₱5,149,132	93.81%
Net income attributable to:							
Equity holders of the Parent	₱7,931,150	₱7,812,575	₱4,068,732	₱118,575	1.52%	₱3,743,843	92.01%
Non-controlling interests	2,944,963	2,825,599	1,420,310	119,364	4.22%	1,405,289	98.94%
	₱10,876,113	₱10,638,174	₱5,489,042	₱237,939	2.24%	₱5,149,132	93.81%

Summary of Consolidated Statements of Financial Position

				Horizontal Analysis			
	2022	2021	2020	Increase (Decrease)		Increase (Decrease)	
	(In Thousand Pesos)			2022 vs 2021	%	2021 vs 2020	%
Current assets	₱20,955,174	₱24,011,065	₱22,011,970	(₱3,055,891)	-12.73%	₱1,999,095	9.08%
Noncurrent assets	28,803,868	27,689,817	26,901,320	1,114,051	4.02%	788,497	2.93%
Total assets	₱49,759,042	₱51,700,882	₱48,913,290	(₱1,941,840)	-3.76%	₱2,787,592	5.70%
Current liabilities	₱4,772,920	₱11,924,982	₱10,944,323	(₱7,152,062)	-59.98%	₱980,659	8.96%
Noncurrent liabilities	4,455,303	3,446,700	3,372,178	1,008,603	29.26%	74,522	2.21%
Non-controlling interests	4,842,184	3,389,433	3,554,393	1,452,751	42.86%	(164,960)	-4.64%
Equity attributable to equity holders of the Parent	35,688,635	32,939,767	31,042,396	2,748,868	8.35%	1,897,371	6.11%
Total liabilities and equity	₱49,759,042	₱51,700,882	₱48,913,290	(₱1,941,840)	-3.76%	₱2,787,592	5.70%

	For the Years Ended December 31		
	2022	2021	2020
	(In Thousand Pesos)		
Net cash flows from (used in):			
Operating activities	₱12,876,402	₱9,676,373	₱8,777,806
Investing activities	(3,898,505)	(2,819,360)	(2,858,174)
Financing activities	(8,824,192)	(8,048,264)	(5,841,773)
Net increase (decrease) in cash and cash equivalents	153,705	(1,191,251)	77,859
Cash and cash equivalents, beginning	10,826,806	11,835,201	11,943,128
Effect of exchange rate changes in cash and cash equivalents	(171,485)	182,856	(185,786)
Cash and cash equivalents, end	₱10,809,026	₱10,826,806	₱11,835,201

RESULTS OF OPERATIONS

Calendar year ended December 31, 2022 compared with calendar year ended December 31, 2021

Revenues
The Group's total revenues in 2022 was ₱28,003.1 million, higher by ₱599.0 million or 2% compared to ₱27,404.1 million in 2021 because of higher nickel ore prices buoyed by high demand, favorable exchange rates and higher revenue from services.

Sale of Ore
The Group sold a total of 15.9 million WMT of nickel ore at the weighted average realized price of $29.17 per WMT in 2022, compared to 17.9 million WMT at $29.13 per WMT in 2021. The drop in sales volume was almost in direct proportion to unrealized workable days caused by unfavorable weather that adversely affected the Group's mining operations during the year.

Breaking down the ore sales, the Group exported 8.1 million WMT of saprolite and limonite ore to customers at the average price of $39.39 per WMT in 2022 from 10.8 million WMT at $40.40 per WMT in 2021. Likewise, The Group delivered 7.8 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of $11.64 per pound of payable nickel in 2022. This compares to 7.1 million WMT at $8.35 per pound of payable nickel in 2021. Expressed in US$ per WMT, the average price for the deliveries to the 2 HPAL plants were $18.72 and $12.03 in 2022 and 2021, respectively.

On a per mine basis, the Group's Taganito mine accounted for 50% of the total WMT of ore sold in 2022. The mine shipped 3.2 million WMT of saprolite ore and delivered 4.7 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 7.9 million WMT. The comparable figures for 2021 were 4.3 million WMT of saprolite ore and 4.0 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 8.3 million WMT.

The Rio Tuba mine accounted for 26% of the total ore sold in 2022, consist of 1.5 million WMT of saprolite ore and 2.7 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 4.2 million WMT. The comparable figures for 2021 were 1.9 million WMT and 2.9 million WMT or a total of 4.8 million WMT.

Shipments from the Group's Hinatuan mine was 1.4 million WMT in 2022 compared to 1.8 million WMT in 2021. On the other hand, the Cagdianao mine shipped 2.1 million WMT in 2022 as against 3.0 million WMT in 2021.

The realized Peso/US$ exchange rate for ore sales was ₱54.90 in 2022, an 11% increase from ₱49.48 in 2021.

Sale of Limestone
Rio Tuba's revenue from sale of limestone went down to ₱215.6 million in 2022 from ₱244.9 million in 2021 because of the 15% decrease in volume delivered to customers.

Sale of Quarry Materials
Starting the last quarter of 2021, TMC discontinued the deliveries of quarry materials to THNC due to MGB's advisory that it will discontinue the issuance of permit to quarry. The last delivery of TMC of quarry materials was in October 2021 wherein it delivered 387,677 bank cubic meter (bcm) and earned ₱151.1 million in revenue.

Services and Others (excluding sale of quarry materials)
The Group's revenue from services and others improved by 131% to ₱1,490.7 million from ₱646.1 million mainly because of the services provided to CBNC's TSF-3 project, which resulted to an increase in the volume of materials handled. Services revenue largely consists of payments made in consideration for hauling, manpower and other ancillary services that RTN and CDTN provide to CBNC and TMC to THNC, and usage fee charged by TMC to THNC for the use of its pier facility.

Sale of Power
Revenue from the sale of power amounted to ₱773.4 million in 2022, higher by 52% from ₱507.9 million in 2021. Energy generated by JSI in 2022 increased by 56%, attributable mainly to the energization and subsequent commercialization of the additional 38MW capacity installed. The average WESM price for 2022 was 36% higher at ₱8.60/kilowatt-hour (kWh) compared to 2021 of ₱6.32/kWh. The spikes in global fuel prices in 2022 increased the offer prices of coal and other thermal plants. This factor, coupled with thin supply margin, led to higher WESM prices for the year. On the other hand, PSA average price in 2022 was 10% higher at ₱4.31/kWh compared to 2021 at ₱3.92/kWh. On a combined basis, the average selling price for 2022 is ₱5.31/kWh for both WESM and PSA, or 14% above of last year's ₱4.64/kWh.

<u>Costs</u>
The Group's costs went up by 11% or ₱942.5 million, from ₱8,294.6 million to ₱9,237.1 million.

Cost of Sales
Despite the 11% drop in sales volume caused by the late start of shipment, particularly in the Surigao mines due to unfavorable weather that adversely affected the Group's mining operations, the Group's cost of sales slightly increased by 4% to ₱7,931.0 million in 2022 from ₱7,611.8 million in 2021. The movement in the cost of sales was significantly driven by the spikes in global fuel prices, which led an increase in fuel costs by 80% based on the average cost per liter.

Cost of Services
Cost of services rose by 181% to ₱902.2 million from ₱321.6 million following the increase in outside services due to payments made to subcontractors for the TSF-3 project of CBNC.

Cost of Power Generation
Cost of power generation went up by 12% to ₱403.9 million in 2022 from ₱361.1 million in 2021 following the completion of Phase 3A of the solar project in June 2021 and Phase 3B in June 2022, which increased depreciation by 18%, and on account of higher energy generated and delivered/sold in 2022.

<u>Operating Expenses</u>
The Group's operating expenses amounted to ₱6,126.6 million in 2022 compared to ₱6,316.5 million in 2021, a decrease of ₱190.0 million, or 3%.

Excise Taxes and Royalties
The Group's excise taxes and royalties slid by 8% to ₱2,486.3 million from ₱2,705.9 million because of the decrease in royalties paid to a claim owner of CMC. CMC's revenue, which was the basis for the royalty payments, was lower by 25% in 2022 compared to last year.

Shipping and Loading Costs
Shipping and loading costs went down by 4% because of the 25% decline in the volume of ore export sales. Compared to last year, shipments for this year started late due to inclement weather conditions, particularly in the Surigao mines. Relative to this, LCT rental, stevedoring, wharfage, and ship loading personnel costs were lower in the current year.

General and Administrative
General and administrative expenses increased by 14% from ₱1,145.9 million to ₱1,306.3 million on account of the initial contribution made to NAC Foundation Inc. and higher taxes due to several inward remittances received and documentary stamp tax, registration, and filings fees for the incorporation of GRHI. Legal fees and other service fees were also incurred in 2022 in relation to the project green metal. Moreover, due to the ease of pandemic restrictions, business costs are starting to normalize.

Marketing
The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 18% in 2022. The commission is based on CMC's revenue only, which was 25% lower compared to last year.

Finance Income
The Group's finance income climbed by 16%, to ₱188.6 million from ₱162.1 million, following the increase in the net yield of time deposit placements from an average of 0.55% in 2021 to an average of 2.21% in 2022 for peso placements and 0.15% in 2021 to 2.14% in 2022 for US$ placements. Aside from this, the average principal placements were higher in 2022.

Finance Expenses
The Group's finance expenses rose by 26%, to ₱306.8 million from ₱244.1 million, driven by the increase in the London Inter-Bank Offered Rate (LIBOR) from an average of 0.21% to 1.75% and because of the significant jump in the average foreign exchange rate from ₱50.28/US$1 to ₱54.50/US$1. Likewise, the domestic borrowing rate rose from an average of 5.23% to an average of 5.44% and loan principal grew due to additional loans obtained from ICBC, SBC and TBEA.

Equity in Net Income of Associates,
Owing to the higher LME nickel prices, the Group recognized gains from its equity share in investments in the 2 HPAL plants in the combined amount of ₱942.1 million in 2022 compared to ₱557.9 million in 2021.

Other Income - Net
The Group's other income - net went up by 20% in 2022 to ₱841.6 million from ₱701.6 million in 2021 due to the stronger US$ against the peso, from an average of ₱50.28/US$ in 2021 to ₱54.50/US$ in 2022. The Group recognized net foreign exchange gains from its US$ denominated net financial assets in the amount of ₱1,215.2 million in 2022 compared to ₱558.9 million in 2021. However, the increase was partially offset by the losses on mark-to-market valuation of financial assets amounting to ₱493.3 million in 2022, a major turnaround from gains of ₱69.4 million in 2021. Moreover, a gain amounting to ₱46.4 million was also recognized from the partial disposal of interest in a subsidiary leading to a loss of control.

Provision for Income Tax - Net
The Group's net provision for income tax was 3% higher due to higher taxable income base on account of higher revenue in 2022.

Net Income
As a result of the foregoing, the Group's consolidated net income was ₱10,876.1 million in 2022 compared to ₱10,638.2 million in 2021. Net of non-controlling interests, our net income was ₱7,931.1 million in 2022, slightly higher by 2% compared to ₱7,812.6 million in 2021.

Calendar year ended December 31, 2021 compared with calendar year ended December 31, 2020

Revenues
The Group's total revenues in 2021 was ₱27,404.1 million, higher by ₱5,632.5 million or 26% compared to ₱21,771.6 million in 2020 as a result of higher ore sales prices. At the same time, the surging demand for nickel fueled by doubling in sales of electric vehicles and strong growth in stainless steel production coupled with lower than expected nickel production, particularly out of Indonesia, resulted in nickel deficit of about 150,000 tonnes rather than a projected surplus and this has been a significant tailwind for the global nickel industry and for the Group.

Sale of Ore

The Group sold a total of 17.9 million WMT of nickel ore at the weighted average realized price of $29.13 per WMT in 2021, compared to 18.2 million WMT at $22.46 per WMT in 2020.

Breaking down the ore sales, the Group exported 10.8 million WMT of saprolite and limonite ore to customers in Japan and China at the average price of $40.40 per WMT in 2021. This compares to 10.0 million WMT at $33.99 per WMT in 2020. Likewise, The Group delivered 7.1 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of $8.35 per pound of payable nickel. This compares to 8.2 million WMT at $6.22 per pound of payable nickel in 2020. Expressed in US$ per WMT, deliveries to the 2 HPAL plants generated $12.11 and $8.33 per WMT in 2021 and 2020, respectively.

On a per mine basis, the Group's Taganito mine accounted for 46% of total shipments in 2021. The mine shipped 4.3 million WMT of saprolite ore and delivered 4.0 million WMT of limonite ore to the Taganito HPAL plant, or a total combined shipment of 8.3 million WMT. The comparable figures for 2020 were 3.6 million WMT of saprolite ore and 4.9 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment of 8.5 million WMT.

The Rio Tuba mine accounted for 27% of total shipments, consist of 1.9 million WMT of saprolite ore and 2.9 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 4.8 million WMT. The comparable figures for 2020 were 2.0 million WMT and 3.0 million WMT or a total of 5.0 million WMT.

Shipments from the Group's Hinatuan mine was 1.8 million WMT in 2021 compared to 1.7 million WMT in 2020. On the other hand, the Cagdianao mine shipped 3.0 million WMT in 2021 and 2020.

The realized Peso/US$ exchange rate for ore sales was ₱49.48 in 2021 compared to ₱49.15 in 2020.

Sale of Limestone

Rio Tuba's revenue from sale of limestone went down to ₱244.9 million in 2021 from ₱360.3 million in 2020 because of the 32% decrease in volume delivered to customers.

Sale of Quarry Materials

Revenue from sale of quarry material was 62% lower than last year due to lower deliveries of quarry materials to THNC. In 2021, TMC delivered 387,677 bcm only of quarry materials compared to 1,019,473 bcm in 2020.

Services and Others (excluding sale of quarry materials)

The Group's revenue from services and others improved by 3% to ₱646.1 million from ₱629.5 million following the 17% increase in the materials handled by RTN and CDTN for CBNC and TMC for THNC.

Sale of Power

Revenue from the sale of power amounted to ₱507.9 million in 2021, higher by 76% from ₱288.2 million in 2020. Energy generated by JSI in 2021 increased by 96%, attributable mainly to the energization and subsequent commercialization of the additional 30MW capacity installed. The average WESM price for 2021 was 137% higher at ₱6.41/kWh compared to 2020 of ₱2.70/kWh. WESM retained the low spot prices at the onset of 2021. As the dry season approached, there was a higher demand and persistently thin supply margin which drove WESM prices higher. The WESM also shifted from one (1) hour to a five (5) minute market. With this, prices are more reflective of real-time market and system conditions, including sudden dips and spikes in market prices. On the other hand, PSA average price in 2021 remained similar to 2020 at ₱3.90/kWh. On a combined basis, the average selling price for 2021 is ₱4.64/kWh for both WESM and PSAs, or 41% above of last year's ₱3.30/kWh.

Meanwhile, the energy delivered by the Group's diesel power plant in 2021 was considerably higher by 74% compared to 2020 due to higher load nomination from SURNECO, the sole customer of the diesel power plant. This increase in energy output translates to 8% increase in revenue from the diesel power plant.

<u>Costs</u>
The Group's costs went up by 2% or ₱132.8 million, from ₱8,161.8 million to ₱8,294.6 million.

Cost of Sales
The Group's cost of sales increased by 1% to ₱7,611.8 million in 2021 compared to ₱7,520.0 million in 2020. The production volume of our mines increased, particularly the Surigao mines, due to shorter days of rainfall. But this also led to higher fuel consumption coupled with higher average fuel price per liter and higher contract mining cost. Backfilling cost associated with the uneven or slope terrain and distance of the mined-out-areas also contributed to the increase in our cost of sales. However, this was partially offset by lower quarry materials delivered to THNC in 2021, which was 62% lower compared to 2020.

Cost of Services
Cost of services decreased by 2% to ₱321.6 million from ₱328.6 million despite of the 17% increase in the volume of materials handled due to lower overhead cost.

Cost of Power Generation
Cost of power generation went up by 15% to ₱361.1 million in 2021 from ₱313.2 million in 2020 following the completion of Phase 3A of the solar project in June 2021, which resulted to a 16% increase in depreciation, and on account of higher energy generated and delivered/sold in 2021.

<u>Operating Expenses</u>
The Group's operating expenses amounted to ₱6,316.5 million in 2021 compared to ₱5,692.9 million in 2020, an increase of ₱623.6 million, or 11%.

Excise Taxes and Royalties
The Group's excise taxes and royalties rose by 21% to ₱2,705.9 million from ₱2,244.4 million because of higher revenues resulting from higher ore sales prices.

Shipping and Loading Costs
Shipping and loading costs went up by 6% because of the 8% increase in volume of ore export sales. Advance ship loading activities were conducted by the mines which increased the contracted services for the LCTs. Moreover, the Group incurred higher equipment rental due to late arrival of in-house equipment as a result of the COVID-19 restrictions and increase in fuel consumption in some of the mines due to the long distance from stockpile area to barge/loading area.

General and Administrative
General and administrative expenses increased by 3% from ₱1,117.7 million to ₱1,145.9 million mainly due to the costs incurred in relation to the SAP migration project of 5 companies, such as but not limited to service fees of contractors for system support and maintenance, upgrade of internet connectivity and data storage, and amortization of the software cost.

Marketing
Marketing costs went up by 1% from ₱208.1 million in 2020 to ₱209.1 million in 2021, driven mainly by the slight increase in the commission paid by CMC to its claim owner.

<u>Finance Income</u>
The Group's finance income declined by 32%, to ₱162.1 million from ₱238.3 million, following the significant drop in the net yield of time deposit placements. Also, the average principal placements were slightly lower in 2021.

<u>Finance Expenses</u>
The drop in the Group's finance expenses by 11%, to P244.1 million from ₱274.5 million, was driven by the continuous decline in the LIBOR from an average of 1.23% to 0.21% as a result of the COVID-19 global pandemic. Likewise, domestic borrowing rate fell from an average of 6.19% to an average of 5.23% and guarantee fee rate from 1% to 0.6% starting September 2020.

Equity in Net Income of Associates,
Following higher nickel LME prices, the Group recognized a gain from its equity share in investments in the 2 HPAL plants in the combined amount of ₱557.9 million in 2021 compared to ₱190.4 million in 2020.

Other Income (Charges) - Net
The Group's other income - net went up by 367% in 2021 to ₱701.6 million from other charges - net of ₱263.2 million in 2020 due to the stronger US$ against the peso, from around ₱48/US$ in 2020 to ₱51/US$ in 2021. The Group recognized net foreign exchange gains from its US$ denominated net financial assets in the amount of ₱558.9 million in 2021, a major turnaround from net foreign exchange losses of ₱450.8 million in 2020.

Provision for Income Tax - Net
Despite of the reduced income tax rate from 30% to 25%, the Group's net provision for income tax was higher by 44% due to higher taxable income base on account of higher revenue in 2021.

Net Income
As a result of the foregoing, the Group's consolidated net income was ₱10,638.2 million in 2021 compared to ₱5,489.0 million in 2020. Net of non-controlling interests, our net income was ₱7,812.6 million in 2021, remarkably higher by 92% compared to ₱4,068.7 million in 2020.

Calendar year ended December 31, 2020 compared with calendar year ended December 31, 2019

Revenues
The Group's total revenues in 2020 was ₱21,771.6 million, higher by ₱3,848.3 million or 21% compared to ₱17,923.3 million in 2019. The demand for nickel ore did not slow down despite the pandemic and as Indonesia resumed its ban on direct export of nickel ore at the start of 2020, the Group realized higher prices for its ore exports.

Sale of Ore
The Group exported a total of 10.0 million WMT of nickel ore in 2020, down 4% from 10.4 million WMT in 2019. However, ore export prices increased 45% from $23.52 per WMT of ore sold in 2019 to $33.99 per WMT in 2020.

With respect to ore deliveries to THNC and CBNC plants, the pricing of which is linked to the LME, the Group delivered 8.2 million WMT in 2020 at an average price of $6.22 per pound of payable nickel. This compares to 8.4 million WMT in 2019 at an average price of $6.23 per pound of payable nickel.

On a combined basis, the Group sold a total of 18.2 million WMT at $22.46 per WMT and 18.8 million WMT at $16.69 per WMT in 2020 and 2019, respectively. The significant improvement in the realized nickel price of the combined ore exports and ore deliveries to the 2 plants in 2020 more than offset the slight decline in sales volume and the less favorable Peso to US$ exchange, resulting to total revenues increasing by 21%.

On a per mine basis, the Group's Taganito mine accounted for 47% of total shipments in 2020. The mine shipped 3.6 million WMT of saprolite ore and delivered 4.9 million WMT of limonite ore to the Taganito HPAL plant, or a total combined shipment of 8.5 million WMT. The comparable figures for 2019 were 4.2 million WMT of saprolite ore and 5.0 million WMT of limonite ore, of which 4.9 million WMT were delivered to the Taganito HPAL plant, or a combined shipment of 9.2 million WMT.

The Rio Tuba mine accounted for 28% of total shipments, consist of 2.0 million WMT of saprolite ore and 3.0 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 5.0 million WMT. The comparable figures for 2019 were 1.5 million WMT and 3.4 million WMT or a total of 4.9 million WMT.

Shipments from the Group's Hinatuan mine amounted to 1.7 million WMT in 2020 compared to 2.0 million WMT in 2019. On the other hand, the Cagdianao mine shipped 3.0 million WMT in 2020 as against 2.8 million WMT in 2019.

The realized Peso/US$ exchange rate for ore sales was ₱49.15 in 2020 compared to ₱51.72 in 2019.

Sale of Limestone
Rio Tuba's revenue from sale of limestone went down to ₱360.3 million in 2020 from ₱414.2 million in 2019 because of the 6% decrease in volume delivered to customers particularly to CBNC.

Sale of Quarry Materials
Pursuant to the Materials Supply Agreement entered by TMC and THNC, which commenced during the last quarter of 2019, for the supply of construction materials for the expansion of THNC's tailing storage facility, TMC earned ₱397.3 million and ₱179.6 million for the sale of quarry materials in 2020 and 2019, respectively.

Services and Others (excluding sale of quarry materials)
The Group's revenue from services and others declined by 8% to ₱629.5 million from ₱681.7 million following the 4% decrease in the materials handled by RTN for CBNC.

Sale of Power
Revenue from the sale of power amounted to ₱288.2 million, lower by 27% from ₱392.3 million in 2019. Although energy volume of JSI increased by 17% compared to 2019, the average selling prices for both WESM and PSAs dropped. The average WESM price for 2020 was 55% lower, at ₱2.70/kWh compared to 2019 price of ₱5.99/kWh. The decrease in market prices was driven by lower demand for electricity starting mid-March, brought by the community-wide lockdowns due to the COVID-19 pandemic. The impact of this decline in WESM prices was cushioned by the new and existing PSAs with Retail Electricity Suppliers. The average PSA tariff of ₱3.91/kWh pulled the JSI effective tariff to ₱3.30/kWhr, a 22% premium over WESM.

On the other hand, the energy delivered by the Group's diesel power plant in 2020 was around 5% only of the energy delivered in 2019 due to very low load nomination from SURNECO. Sale of power also includes capital recovery fee (CRF) billed to SURNECO which amounted to ₱134.3 million in 2020 as against ₱111.9 million in 2019. CRF is a fixed fee which pertains to the amount billed for the recovery of capital investments for the project and this is computed based on the contracted capacity. In 2019, the plant is operating at 2/3 of its contracted capacity compared to 2020 wherein the plant is operating at full contracted capacity of 10MW.

Costs
The Group's costs went up by 4% or ₱346.6 million, from ₱7,815.2 million in 2019 to ₱8,161.8 million in 2020.

Cost of Sales
The Group's cost of sales increased by 6% to ₱7,520.0 million in 2020 compared to ₱7,105.9 million in 2019 mainly on account of the cost of quarry materials which commenced operations during the last quarter of 2019.

Cost of Power Generation
Cost of power generation dropped by 17% to ₱313.2 million from ₱377.5 million mainly on account of both the average selling price and the volume sold were below the 2019 numbers. Also, a portion of the plant's capacity was on extended outage due to equipment upgrading starting last quarter of 2019 up to May 2020.

Cost of Services
Cost of services fell by 1% to ₱328.6 million from ₱331.8 million.

Operating Expenses
The Group's operating expenses amounted to ₱5,692.9 million in 2020 compared to ₱4,867.4 million in 2019, an increase of ₱825.5 million, or 17%.

Excise Taxes and Royalties
The Group's excise taxes and royalties were up by 26% to ₱2,244.4 million from ₱1,787.3 million triggered by higher revenues as a result of improved ore export prices.

Shipping and Loading Costs
Shipping and loading costs went up by 20% due to net demurrage incurred amounting to ₱70.0 million in 2020 compared to ₱23.1 million in 2019. Aside from this, LCT with bigger capacities were chartered in 2020. The Group also shared in the charter fee during the quarantine period of the affected LCT's. However, the increase was partially offset by the decline in fuel consumption due to COVID-19 pandemic, coupled with the decrease

in fuel price by around 25%.

General and Administrative

General and administrative expenses slid by 3% from ₱1,156.0 million to ₱1,117.7 million because of lower taxes paid in 2020. Moreover, domestic and foreign travels were also lessened due to travel restrictions in response to the COVID-19 outbreak. Generally, costs went down because of the pandemic due to the limited movements during 2020.

Marketing

Marketing costs went up by 33%, from ₱157.0 million to ₱208.1 million in 2020, driven mainly by the 38% increase in the commission paid by CMC to its claim owner.

Finance Income

The Group's finance income fell by 41% to ₱238.3 million from ₱405.6 million due to lower interest rates, and short-term cash placements in 2020.

Finance Expenses

The Group's finance expenses dropped by 20% to ₱274.5 million from ₱343.7 million because of lower interest from domestic borrowings as a result of full settlement of loans with Landbank of the Philippines in 2019 and decline in the average domestic borrowing rate from 7.00% to 6.17%. The LIBOR also declined from 4.48% to 3.21% due to the economic shock of the COVID-19 pandemic. Aside from that, the guarantee fee rate charged by SMM to NAC decreased from 1% to 0.60% per annum of the average outstanding balance of THNC's loans. The reduced rate became effective in September 2020.

Equity in Net Income of Associates

The Company's equity share in net income of the 2 HPAL plants climbed from ₱10.4 million to ₱190.4 million since THNC posted a net income in both years as a result of cheaper sub-materials in 2020 and lower LIBOR rates on loans, however, this was partially offset by the net loss position of CBNC in both years.

Other Income (Charges) - Net

The Group's other charges - net went up by 256% to ₱263.2 million charges from ₱168.8 million income due to the ₱53.5 million mark to market loss from the Group's portfolio investments in 2020, a significant turnaround from a gain of ₱347.7 million in 2019. The said loss arose from the investment portfolio's performance in 2020, as the spread of COVID-19 profoundly affected markets globally. Aside from this, the loss was also attributable to the continuous appreciation of the peso vis-à-vis the US$ which resulted to an increase in net foreign exchange losses by ₱187.1 million.

Provision for Income Tax - Net

The Group's net provision for income tax was higher by 40% due to higher taxable income base on account of higher revenue in 2020.

Net Income

As a result of the foregoing, the Group's consolidated net income was ₱5,489.0 million in 2020 compared to ₱3,826.4 million in 2019. Net of non-controlling interests, our net income was ₱4,068.7 million in 2020, considerably higher by 52% compared to ₱2,685.0 million in 2019.

FINANCIAL POSITION

Calendar year as at December 31, 2022 and 2021

As at December 31, 2022, the Group's total assets reduced by 4% to ₱49,759.0 million from ₱51,700.9 million as of the end of 2021.

Current assets as of the end of 2022 was lower by 13% at ₱20,955.2 million compared to ₱24,011.1 million as of the end of 2021 due to acquisitions of additional shares of CBNC from SMM amounting to ₱1,530.3 million and advances or downpayments made for the acquisitions of property and equipment for the Manicani and Dinapigue mining operations and for JSI's Phase 4A of the solar project and other projects of the renewable energy business units.

Noncurrent assets improved by 4% from ₱27,689.8 million to ₱28,803.9 million which was attributable mainly from the favorable results of operations of the Parent Company's associates in 2022, additional shares or investment in CBNC and the impact of foreign exchange in the balances of associates since the associate's reporting currency is in US$.

Current liabilities significantly declined by 60% to ₱4,772.9 million from ₱11,925.0 million following the loss of control of EPI in BGI resulting to the derecognition of the liabilities of BGI in the group consolidation.

Noncurrent liabilities rose by 29% to ₱4,455.3 million from ₱3,446.7 million due to the additional loans obtained by JSI from ICBC, SBC and TBEA for the Phase 3 expansions of the solar project.

The Group's equity net of non-controlling interests as at December 31, 2022 improved by 8% to ₱35,688.6 million due to the Group's continued profitable operations net of cash dividends paid and the impact of the translation adjustments on the balances of the associates.

Calendar year as at December 31, 2021 and 2020

As at December 31, 2021, the Group's total assets climbed by 6% to ₱51,700.9 million from ₱48,913.3 million as of the end of 2020.

Current assets in 2021 was higher by 9% at ₱24,011.1 million as of the end of 2021 compared to ₱22,012.0 million as of the end of 2020 due to the cash dividends received from the subsidiaries wherein the excess cash were placed either in short-term cash investments or investments under managed funds.

Noncurrent assets improved by 3% from ₱26,901.3 million to ₱27,689.8 million which was attributable mainly from the favorable results of operations of the Parent Company's associates in 2021.

Current liabilities rose by 9% to ₱11,925.0 million from ₱10,944.3 million due to higher cash dividends payable to non-controlling interests of TMC and RTN in December 2021 compared to the same period in 2020.

Noncurrent liabilities slightly rose by 2% to ₱3,446.7 million from ₱3,372.2 million following the adjustments made in the capitalized cost of mine rehabilitation and decommissioning.

The Group's equity net of non-controlling interests as at December 31, 2021 improved by 6% to ₱32,939.8 million due to the Group's continued profitable operations net of cash dividends paid.

Calendar year as at December 31, 2020 and 2019

As at December 31, 2020, the Group's total assets slightly climbed to ₱48,913.3 million from ₱48,262.0 million as of the end of 2019.

Current assets were almost the same at ₱22,012.0 million as of the end of 2020 compared to ₱22,023.3 million as of the end of 2019.

Noncurrent assets improved by 3% from ₱26,238.7 million to ₱26,901.3 million due to the adjustments in the capitalized cost of mine rehabilitation and decommissioning amounting to ₱155.9 million and net asset acquisitions of ₱2,130.6 million in 2020.

Current liabilities rose by 10% to ₱10,944.3 million from ₱9,920.5 million since the income tax payable at the end of 2020 was higher by ₱476.9 million compared to the tax payable at the end of 2019. Moreover, trade payables by end of 2020 were higher by ₱502.8 million.

Noncurrent liabilities increased by 5% to ₱3,372.2 million from ₱3,210.2 million due to the adjustments in the capitalized cost of mine rehabilitation and decommissioning.

The Group's equity net of non-controlling interests as at December 31, 2020 slid by 1% to ₱31,042.4 million because the cash dividends declared/paid in 2020 was higher than the profit from operations.

CASH FLOWS

Calendar years ended December 31, 2022, 2021 and 2020

Net cash flows from operating activities in 2022 amounted to ₱12,876.4 million compared to ₱9,676.4 million in 2021 and ₱8,777.8 million in 2020. Proceeds from sale of ore in 2022 and 2021 were higher than 2020 because of higher revenues in the 2 most recent years.

Net cash used in investment activities arose mainly from net acquisitions and/or disposals of property and equipment and financial assets pertaining to debt and equity securities. In 2022, the Parent Company's net proceeds from disposals of debt and equity securities amounted to ₱2,113.7 million, whereas in 2021 and 2020 the net acquisitions of debt and equity securities amounted to ₱986.7 million and ₱813.2 million, respectively. On the other hand, the net acquisitions of property and equipment were ₱2,475.3 million ₱1,758.3 million and ₱2,130.6 million, in 2022, 2021 and 2020, respectively. In 2022, the Parent Company also acquired additional shares of CBNC from SMM for a total consideration of ₱1,530.3 million and advances and downpayments were made for the acquisitions of property and equipment for the mining business and for the expansion of the solar project. Due to these, cash flows used in investing activities amounted to ₱3,898.5 million in 2022, ₱2,819.4 million in 2021 and ₱2,858.2 million in 2020.

Cash used in financing activities were spent mainly for payments of cash dividends, short-term and long-term debts plus the related interest which amounted to a total of ₱12,015.2 million, ₱9,526.1 million, and ₱7,431.3 million in 2022, 2021 and 2020, respectively. In 2022 and 2021, higher cash dividends were paid because of the two special cash dividends, whereas in 2020, there was only one. However, this was partially offset by JSI's loan proceeds from TBEA, ICBC, and SBC, amounting to ₱1,367.7 million, for the expansion of Phase 3's 68MW solar project.

As at December 31, 2022, 2021 and 2020, cash and cash equivalents amounted to ₱10,809.0 million, ₱10,826.8 million, and ₱11,835.2 million, respectively.

TOP FIVE KEY PERFORMANCE INDICATORS

1) SALES VOLUME

The volume of saprolite ore that the Group sells largely depends on the grade of saprolite ore that it mines. The volume of limonite ore that it sells to customers in China largely depends on the demand for NPI and carbon steel in China. PAMCO purchases high-grade saprolite ore that the Group can extract and ship at any given time. With respect to low-grade saprolite and limonite ore, in periods when the Group can extract more ore than it is able to ship, it generally continues its mining operations and stockpiles such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of the Group's low-grade saprolite and limonite ore sales to Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO and customers in China, the Group sells limonite ore from its Rio Tuba, Cagdianao and Dinapigue mines to the Coral Bay HPAL facility, in which NAC has a 15.62% equity interest, and from Taganito mine to the Taganito HPAL facility, in which the Parent Company holds a 10% equity interest. CBNC purchases an amount of limonite ore from the Group sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 24,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 30,000 tonnes of mixed nickel-cobalt sulfide over an estimated 30 year project life.

Type and Grade of Ore that the Group Mines

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

In 2022 and 2021, the Group sold an aggregate of 15.9 million WMT and 17.9 million WMT, respectively.

2) *TOTAL COST PER VOLUME SOLD*

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

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

The average total cost per volume sold in 2022 is ₱853.24 per WMT based on aggregate costs of ₱13,599.2 million and a total sales volume of 15.9 million WMT of ore. This compares to ₱749.37 per WMT in 2021 based on aggregate costs of ₱13,440.2 million and a total sales volume of 17.9 million WMT of ore.

3) *ATTRIBUTABLE NET INCOME*

Attributable net income represents the portion of consolidated profit for the year, 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 net income attributable to equity holders of the Parent Company is ₱7,931.1 million in 2022 compared to ₱7,812.6 million in 2021.

4) *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 and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the DENR, through the issuance of DAO 2018-19, 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. All NAC operating companies are well within the norm of the DENR which is 26 hectares per million WMT sold. In 2022 and 2021, the open hectares per million WMT sold was 16.61 and 14.01, respectively.

5) *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 its safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the year. In 2022 and 2021, the Group's frequency rate is nil in both years.

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 (see Note 14 to the Consolidated Financial Statements).

On August 2, 2021, JSI entered into an Omnibus Loan and Security Agreement to document the syndicated loan with 2 banks as lenders, i.e., ICBC and SBC, with the Parent Company forming part of the Share Collateral Security Grantors and Sponsors together with EPI and TBEA (see Note 14 to the Consolidated Financial Statements).

Item 7. FINANCIAL STATEMENTS

The audited financial statements are presented in Part V, Exhibits and Schedules.

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

The Group's consolidated financial statements have been audited by SyCip Gorres Velayo & Co. (SGV & Co.), a member practice of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

Ms. Eleanore A. Layug is the Company's current audit partner. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

Audit and Audit-Related Fees
For the years 2022, 2021 and 2020, SGV & Co. was engaged primarily to express an opinion on the financial statements of the Parent Company and its subsidiaries.

Non-Audit Services Fees
Non-audit services fees pertain to fees paid to SGV & Co. for the limited review, transfer pricing study and tax seminar fees.

The following table sets out the aggregate fees incurred in 2022 and 2021 for professional services rendered by SGV & Co.:

	2022	2021
	(In Thousands)	
Audit and Audit-Related Services	₱18,413	₱16,702
Non-Audit Services	5,580	2,226
Total	₱23,993	₱18,928

Audit Committee's Approval of Policies and Procedures
Prior to the commencement of the year-end audit work, SGV & Co. present their program and schedule to the Company's Audit Committee, which include discussion of issues and concerns regarding the audit work to be done. At the completion of the audit works, the Group's audited financial statements for the year are likewise presented by SGV & Co. to the Audit Committee for committee approval and endorsement to the BOD for final approval. The Audit Committee pre-approve the terms of the annual audit services engagement. They also approve, if necessary, any changes in terms resulting from changes in audit scope.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A. LIST OF DIRECTORS, EXECUTIVE OFFICERS AND COMMITTEES OF THE ISSUER

The BOD is principally responsible for the Company's overall direction and governance. The Company's Articles of Incorporation provide for 9 members of the BOD, who shall be elected by the stockholders. At present, 2 of the Company's 9 directors are independent directors. The BOD holds office for 1 year until their successors are elected and qualified in accordance with the by-laws.

DIRECTORS

The following are the present directors of the Company:

Name	Age	Citizenship	Position	Date First Elected	Date Last Elected	No. of Years served as Director
Gerard H. Brimo	71	Philippine National	Executive Director, Chairman of the Board	August 1, 2009	June 3, 2022	13 years and 5 months
Maria Patricia Z. Riingen	56	Philippine National	Vice Chairman	May 20, 2019	June 3, 2022	3 years and 8 months
Martin Antonio G. Zamora	50	Philippine National	Executive Director, President, and Chief Executive Officer (CEO)	June 16, 2010	June 3, 2022	12 years and 7 months
Harvey T. Ang	49	Philippine National	Director	June 3, 2022	June 3, 2022	7 months
Yusuke Niwa	55	Japanese National	Non-Executive Director	August 5, 2021	June 3, 2022	1 year and 5 months
Shiro Imai	49	Japanese National	Non-Executive Director	June 30, 2022	June 30, 2022	5 months
Leonides Juan Mariano C. Virata	41	Philippine National	Non-Executive Director	June 30, 2022	June 30, 2022	6 months
Florencia G. Tarriela	75	Philippine National	Lead Independent Director	August 4, 2022	August 4, 2022	5 months
Angelo Raymundo Q. Valencia	54	Philippine National	Independent Director	May 8, 2020	June 3, 2022	2 years and 8 months

Certain information on the business and working experience of the Company's Directors and Executive Officers is set out below:

GERARD H. BRIMO is the Chairman of the BOD of the Company since August 7, 2018. He is the Chairman of the Corporate Governance Committee of the Company. He is also the Chairman of CMC, DMC, HMC, CExCI, Newminco, CDTN, and an Independent Director of SBC and Commonwealth Foods, Inc. Prior to his career in mining, he worked for Citibank for 8 years and was a Vice President in the bank's Capital Markets Group in Hong Kong, prior to joining Philex Mining Corporation as Vice President - Finance. Mr. Brimo served as Chairman and CEO of Philex Mining Corporation from 1994 to his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, as Chairman from 1995 to 2003 and from 2017 to 2021. He received his Bachelor of Science degree in Business Administration from Manhattan College, U.S. and his Master of Business Management degree from the Asian Institute of Management.

MARIA PATRICIA Z. RIINGEN, Vice Chair of the Company, was first elected as a Director of the Company on May 20, 2019. She is a member of the Sustainability Committee of the Board. She is also the Vice Chair of RTN and TMC and a Director of DMC, CDTN and CExCI. She is the President of Manta Equities, Inc. (Manta) and Manta Foundation, Inc. and a Director of Mantra Resources, Inc. She is also a Director of EPI and GRHI. Prior thereto, she held various positions with the Western Union Company, and was the Senior Vice President and Regional Head for Asia Pacific. Her other previous roles were as Executive Director and a member of the BOD at the Asian Development Bank, Vice President at Citibank N.A., and Brand Manager of Procter & Gamble. She is a member of the Young President's Organization. She was among Asia's Top 20 People in Cash Management selected by Finance Asia in 2011 for being one of the region's most influential power players and up-and-coming executives in the cash management industry. In 2013, Ms. Riingen was recognized as one of the 100 Most Influential Filipinas in the World for her accomplishments as a Filipina senior executive working in a global company. In the same year, she received the Pinnacle Group's CSR Award for spearheading a range of initiatives for better access to financial services in the Philippines. Ms. Riingen obtained her Bachelor of Science in Business Administration, major in Marketing, Magna Cum Laude, from the University of the Philippines.

MARTIN ANTONIO G. ZAMORA is the President and CEO of the Company. He is the President of all the mining subsidiaries of the Company and the Chairman of EPI and its subsidiaries. He is the Chairman of the Sustainability Committee and Nominations Committee, and a member of the Board Risk Oversight Committee of the Board. Before joining NAC in 2007, Mr. Zamora was the Philippine Country Manager and a Director of UPC Renewables, a global developer, owner and operator of wind farms and solar facilities. Prior to that, he worked for 10 years for finance and investment banking firms such as CLSA, Robert Fleming & Co. (UK), Jardine Fleming, and SGV & Co. He received his Bachelor of Science in Management from Ateneo de Manila University, his Master of Business Administration from London Business School, and his Master in Organizational Psychology from INSEAD.

HARVEY T. ANG was first elected as a Director of the Company on June 3, 2022. He is also a Director of CMC and HMC. He is the President of Yeeloofa Development Corporation. Prior thereto, he was Business Development Manager of Exchange Properties Resources Corporation from July 2004 to July 2007. He was also the Export Director of Solid Mills, Inc. from July 1999 to October 2003. Aside from his experience in the real estate and textile industries, he has had significant experience in the logistics, retail and marketing industries. Mr. Ang obtained his Bachelor of Science in Management, minor in Legal Management, from the Ateneo De Manila University.

YUSUKE NIWA is the General Manager of the Nickel Sales and Raw Materials Department, Non-Ferrous Metals Division of SMM. He has more than 30 years of experience in SMM's non-ferrous metals and materials businesses, specializing in the fields of accounting, project management and administration. He likewise held significant posts relative to the Sierra Gorda copper mine of SMM in Chile.

Mr. Niwa is also an incumbent director of the Company's affiliates, THNC, CBNC and NAHI. He obtained his Bachelor of Science degree in Political Science and Economics from Waseda University in Tokyo, Japan.

SHIRO IMAI was first elected as a Director effective June 30, 2022. He is the Chairman of the Related Party Transactions Committee, and a member of the Audit Committee and Nominations Committee of the Board. Mr. Imai is the Executive Vice President of SMMPHC, CBNC, and THNC. He has been working for SMM since 1995. He was with the Sales and Marketing Section of the Electronics Division from April 1995 to January 2001 and the Sales and Marketing Section of the Advanced Materials Division from February 2001 until October 2009. In November 2009, Mr. Imai became a member of the Nickel Sales and Raw Materials Department of the Non-Ferrous Metals Division until June 2014, when he was assigned as SMM's Chief Representative of its London Office. He was the Manager of the Copper and Precious Raw Materials Department from June 2016 until September 2019. He obtained his Bachelor's degree in Economics from Tohoku University in Miyagi, Japan.

LEONIDES JUAN MARIANO C. VIRATA was first elected as Director effective June 30, 2022. He is a member of the Corporate Governance Committee of the Board. Mr. Virata is the CEO of Cavitex Holdings Inc. and the Managing Director of MTC Investment Properties. Prior thereto, he was with the Broking Research team of Platinum Securities from 2006 to 2010. He is a member of Makati Business Club. He received his Bachelor of Arts, Major in Philosophy of Religions from University of Pennsylvania.

FLORENCIA G. TARRIELA was first elected as Independent Director on August 4, 2022. She is the Lead Independent Director, Chairman of the Audit Committee, and a member of the Board Risk Oversight, Related Party Transactions, and Corporate Governance Committees of the Board. Ms. Tarriela is a Board Advisor of the Philippine National Bank (PNB), an Independent Director of the LT Group Inc., and a Director of PNB Capital & Investment Corporation, PNB International Investment Corporation, Gozon Development Corporation and Tulay sa Pag-unlad Inc., a microfinance NGO. She is also a liaison director to the Financial Executives Institute's Ethics and Financial Inclusion committees, a fellow of the Institute of Corporate Directors, a GoNegosyo mentor and a member of the Filipina CEO Circle and Women Business Council Philippines. She previously served as Board Chair and Independent Director of PNB for 15 years and Undersecretary for the Department of Finance. She was the first Filipina Vice President in Citibank N.A., President of the Bankers Institute of the Philippines, Director of the Bankers Association of the Philippines, and of the Philippine Bible Society. She has co-authored and compiled several books on ethics, mentorship, and gardening, among others, and continues to be a regular columnist for Manila Bulletin and Business World.

Ms. Tarriela obtained her Bachelor of Science in Business Administration, major in Economics, from the University of the Philippines and Master's degree in Economics from the University of California, Los Angeles.

ANGELO RAYMUNDO Q. VALENCIA was first elected as an Independent Director of the Company on May 8, 2020. He is the Chairman of the Board Risk Oversight Committee and a member of the Related Party Transactions, Sustainability, and Nominations Committees of the Board. Mr. Valencia is a Senior Fellow at the Development Academy of the Philippines, and a Lecturer at the Armed Forces of the Philippines Command Staff Graduate Course. He also serves as Senior Advisor to the NOLCOM Heroes Foundation, Philippine Marine Corps and Armed Forces of the Philippines Leadership Development Center. Mr. Valencia is also an Independent Director at Country Bankers Life and Non-Life Insurance Corporation. He is also the Managing Director of Community Sustainability Ventures, Inc., President and Chairman of YD Trucking Services Corp. and Shitamachi Ramen Philippines, Inc., Director of Just Projects Philippines, Inc. and Mashiglia Inc., and Compliance Officer of A Plus Credit and Lending Group of Companies. He was also a Senior Corporate and Tax Counsel of LTG and Chief Operating Officer of Mindanao Grains Processing Co., Inc. Mr. Valencia has received numerous awards and citations for his public service endeavors. He founded the project *Klasrum ng Pag-asa*, a private sector initiative that builds, augments and reconstructs public school structures nationwide. He obtained his Juris Doctor from the Ateneo School of Law in 1998. He is a member of the Philippine Bar.

EXECUTIVE OFFICERS

The Company's Executive Officers, together with its Executive Directors, are responsible for its day-to-day management and operations. The following table sets forth information regarding the Company's Executive Officers.

Name	Age	Citizenship	Position as of December 31, 2022	Position as of March 14, 2023
Jose Bayani D. Baylon	60	Philippine National	Senior Vice President – Sustainability, Public Affairs, and Communications Group; Chief Sustainability Officer	Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer
Georgina Carolina Y. Martinez	56	Philippine National	Senior Vice President - Compliance and Corporate Support Services; Chief Compliance Officer; Chief Governance Officer; Assistant Corporate Secretary	Senior Vice President - Corporate Support and Compliance Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary
Maria Angela G. Villamor	57	Philippine National	Senior Vice President - Finance and Revenue Management Group; Chief Financial Officer	Senior Vice President - Finance and Revenue Management Group; Chief Financial Officer
Rolando R. Cruz	62	Philippine National	Vice President - Corporate Planning and Revenue Assurance	Vice President - Nickel Mining Business
Rommel L. Cruz	59	Philippine National	Vice President - Mine Strategic Planning and Officer-in-Charge, Vice President - Revenue Generation	Vice President - Mine Center of Excellence and Strategic Projects
Andre Mikael L. Dy	40	Philippine National	Assistant Vice President - Treasury and Investor Relations Sector	Vice President - Treasury, Investor Relations and Sales
Christopher C. Fernandez	59	Philippine National	Vice President - Information and Communications Technology	Vice President - Process and Technology Innovation
Patrick S. Garcia	48	Philippine National	Assistant Vice President – Internal Audit; Chief Audit Executive	Vice President - Internal Audit; Chief Audit Executive
Koichi Ishihara	49	Japanese National	Vice President - Mine Services Group	Vice President, Officer-in-Charge, Chief Commercial Officer – Mining Business
Ryan Rene C. Jornada	44	Philippine National	Assistant Vice President - Public and Social Affairs Sector	Vice President - Corporate and Regulatory Affairs and Community Relations
Maria Fatima C. Mijares	55	Philippine National	Vice President - Human Resources	Vice President - Human Resources
Arnilo C. Milaor	63	Philippine National	Officer-in-Charge - Mine Production Center	Vice President - Nickel Mining Business
Gerardo Ignacio B. Ongkingco	64	Philippine National	Vice President - NAC Development Sector	Vice President - NAC Development Sector
Romeo T. Tanalgo	61	Philippine National	Vice President - Security and Administrative Services; Chief Risk Officer; Officer-in-Charge of Risk and Assurance Group	Chief Security Adviser and Vice President - Internal Security

Name	Age	Citizenship	Position as of December 31, 2022	Position as of March 14, 2023
Bimbo T. Almonte	41	Philippine National	Assistant Vice President - Occupational Health	Assistant Vice President - Occupational Health
Salvador C. Cabauatan	58	Philippine National	Assistant Vice President - General Administrative Services	Assistant Vice President - Facility Management and Aviation
Remedios C. Camo	37	Philippine National	Assistant Vice President - Industrial Safety and Officer-in-Charge, Assistant Vice President - Environment	Assistant Vice President - Safety, Health, and Environment
Jeffrey B. Escoto	47	Philippine National	Assistant Vice President – Technical Services	Assistant Vice President - Technical Services
Fernando P. Cruz	56	Philippine National	N/A	Assistant Vice President - Mining Comptroller
Rodrigo G. Gazmin, Jr.	62	Philippine National	Assistant Vice President - Material Management	Assistant Vice President - Material Management
Marnelle A. Jalandoon	52	Philippine National	Assistant Vice President - Business Applications	Assistant Vice President - Business Applications
Reynold DG. Mata II	44	Philippine National	N/A	Assistant Vice President - Business Development and Strategic
Christine Joanne C. Navarro	42	Philippine National	Assistant Vice President - Legal and Data Protection Officer	Assistant Vice President - Legal and Data Protection Officer
Edwin P. Nerva	47	Philippine National	N/A	Assistant Vice President - Sustainability
Iryan Jean U. Padillo	41	Philippine National	Officer-in-Charge, Assistant Vice President - Accounting and Financial Reporting Center	Assistant Vice President - Business Comptroller
Jessie N. Pagaran	60	Philippine National	Assistant Vice President - Employee, Labor, and Industrial Relations Division	Assistant Vice President - Employee, Labor, and Industrial Relations Division
Walter B. Panganiban	46	Philippine National	Assistant Vice President - Risk Management Sector	Assistant Vice President - Risk Management Sector
Teody A. Pascual	58	Philippine National	Assistant Vice President - Service Management Sector	Assistant Vice President - Service Management Sector
Jessie A. Payuyo	47	Philippine National	Assistant Vice President - Accounting and Financial Reporting	Assistant Vice President - Mining Comptroller
Kristine Grace C. Victoria	35	Philippine National	Assistant Vice President - Geologic Management	Assistant Vice President - Geology and Quality Assurance
Charito R. Villena-Co	45	Philippine National	Assistant Vice President - Tax Compliance and Advisory Services Sector	Assistant Vice President - Tax Compliance and Advisory Services Sector
Barbara Anne C. Migallos	67	Philippine National	Corporate Secretary	Corporate Secretary

Information on the business and working experience of our Executive Officers is set out below:

JOSE BAYANI D. BAYLON is the Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer of the Company. He is the President of RTN Foundation, Inc. (RTNFI) and NAC Foundation, Inc. He is also a Director of EPI, JSI, MGPC, BHI and NPPGC. Mr. Baylon has over 3 decades of experience in the field of corporate communications and public affairs. Before joining NAC, he was Vice President and Director for Public Affairs and Communications of The Coca-Cola Export Corporation for 14 years, and prior to that, was executive assistant and speechwriter to Mr. Enrique Zobel at E. Zobel Inc. for 9 years. He was a public affairs commentator at Radio Station DWWW 774 KhZ from 2001 to 2011 and has been contributing opinion pieces to the newspaper Malaya Business Insight since 2001. Mr. Baylon obtained his Bachelor of Arts in Political Science from the University of the Philippines.

GEORGINA CAROLINA Y. MARTINEZ, is the Senior Vice President - Corporate Support and Compliance Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary of the Company. She is primarily responsible for the Company's legal and compliance, human resources, information and communications technology, and administration and facilities management concerns. She is likewise the Corporate Secretary of CMC, DMC, HMC, RTN, TMC, EPI and its subsidiaries JSI, MGPC, BHI, GRHI, and the Assistant Corporate Secretary of CExCI and Newminco. Prior to joining the Company, Ms. Martinez was the Senior Vice President for Legal, Human Resources, and Administration of EPI. She obtained her Juris Doctor from Ateneo de Manila University and is a member of the Philippine Bar. Ms. Martinez has over 25 years' experience in the field of commercial and corporate law.

MARIA ANGELA G. VILLAMOR, is the Senior Vice President, Treasurer, Chief Financial Officer and Head of the Finance and Revenue Management Group of the Company. She oversees the preparation and management of the Group's operating budgets and is responsible for financial reporting activities. She was the Vice President for Group Controllership from May 1 to December 31, 2020 and the Vice President for Internal Audit and the Chief Audit Executive from 2011 to April 30, 2020. She is also a Director of CMC, DMC, HMC, CDTN, EPI, JSI, MGPC, and BHI. Prior to joining NAC in 2011, she was a Senior Director in the Assurance Division of SGV & Co. She also worked as Senior Manager in KPMG UAE. Ms. Villamor obtained her Bachelor of Science in Commerce from the University of San Carlos. She completed the Management Development Program of the Asian Institute of Management.

ROLANDO R. CRUZ is the Vice President - Nickel Mining Business of the Company effective January 1, 2023. He was the Vice President - Corporate Planning and Revenue Assurance from March 10, 2022 until December 31, 2022. He was also the Vice President, Officer-in-Charge of the Strategic Development and Growth Group, and Head of the Research and Technology, Innovations, and Corporate Special Projects Sectors of the Company from January 1, 2021 until March 9, 2022. Mr. Cruz is also the Senior Vice President - Chief Operating Officer of CMC and TMC. Mr. Cruz is a licensed mining engineer in the Philippines with over 25 years of professional experience in both mining operations and project development in gold, copper, chromite, concrete aggregates, nickel, and oil sands deposits using the open pit and underground bulk mining methods. He has held various positions with firms such as Albian Sands Energy, Inc. (Canada), Berong Nickel Corporation, Concrete Aggregates Corporation, Philex Mining Corporation, and Benguet Corporation. Mr. Cruz obtained his Bachelor of Science in Mining Engineering and Masters of Science in Geotechnical Engineering from the Mapua Institute of Technology. He also earned a Post-Graduate Certificate in Strategic Business Economics from the University of Asia and the Pacific. Mr. Cruz placed second in the 1982 Licensure Examinations for Mining Engineers.

ROMMEL L. CRUZ is the Vice President - Mine Center of Excellence and Strategic Projects of the Company effective January 1, 2023. He was the Vice President - Mine Strategic Planning Center and Officer-in-Charge, Vice President - Revenue Generation Group from March 10, 2022 until December 31, 2022. He is a Director of CMC, DMC, HMC, CExCI, and CDTN. He was also the Vice President and Head of Operations for DMC, HMC-Manicani Project and CDTN from April 1, 2021 to March 9, 2022. Before joining the Company in October 2018, Mr. Cruz was a key member of the core team of mining professionals of PT Adaro Indonesia, who grew the company to become Indonesia's largest single pit coal mine from 1991 to 2013. Thereafter, he was assigned to other companies within Adaro Energy, first, as Director of Operations of PT Rahman Abdjaya from 2014 to 2016, then as Senior Technical Advisor to the Director of Operations of PT Septaindra Sejati from 2016 to 2017. Prior to his stint in PT Adaro Indonesia and Adaro Energy, he served as Senior Geodetic Engineer of Semirara Coal Corporation from 1989 to 1991. Engr. Cruz obtained his Bachelor of Science in Geodetic Engineering from the University of the Philippines.

ANDRE MIKAEL L. DY is the Vice President – Treasury, Investor Relations and Sales of the Company effective January 1, 2023. He has over 12 years of experience in the finance and banking industry, having held various roles in equity sales, consumer banking, venture capital fund management and financial advisory. He was Associate Director Salesperson of CLSA Philippines since 2017 and was recognized as Philippines' Best Salesperson for Asiamoney/Euromoney for 2019 to 2021 and for Institutional Investor magazine's 2021 broker polls. He was instrumental in the distribution of up to US$1.4 billion for various Initial Public Offerings while he was with CLSA. He helped distribute the pioneering energy transition financing products to help accelerate the retirement of coal plants in the Philippines. Prior to joining CLSA, he worked for Citibank N.A. as a product manager for various bank products.

CHRISTOPHER C. FERNANDEZ, is the Vice President - Process and Technology Innovation. He is a seasoned technology professional with more than 20 years of accumulated executive, managerial and hands-on experience in delivering strategic thought leadership, technology-enabled solutions and transformation to businesses, including Information Technology governance and security, infrastructure, systems, and service management. Before joining the Company, Mr. Fernandez served as Information Technology Head for Makati Medical Center, Armed Forces Police Mutual Benefit Association Inc., G4S Holdings, Inc. Headstrong Philippines, Inc., United Coconut Planters Bank, and Puyat Steel/Sports and Recreation. He obtained his Bachelor of Science in Electronics and Communications Engineering from the University of the East.

PATRICK S. GARCIA is the Vice President - Internal Audit and Chief Audit Executive of the Company effective January 1, 2023. He was the Assistant Vice President - Internal Audit and the Chief Audit Executive of the Company from May 1, 2020 until December 31, 2022. He is responsible for reviewing the Company's organizational and operational controls, risk management policies, and governance. He was previously the Assistant Vice President - Finance of CMC, DMC, and SNMRC. He is a Certified Public Accountant. Mr. Garcia joined the Company in March 2007 as Finance Manager and was promoted to Assistant Vice President - Finance in March 2009. He handled finance matters for various companies within the Group, including HMC, CExCI, and LCSLC until 2012. Before joining the Company, Mr. Garcia served as Finance and Accounting Head of BMW Philippines from 2004 to 2006; of Blue Cross, Inc. in 2003, and of KKC Corporation from 1998 to 2002. He was also an auditor in SGV & Co. from 1995 to 1997, where he handled various clients from the manufacturing and trading industry. Mr. Garcia obtained his Bachelor of Science in Accountancy from the University of Santo Tomas.

KOICHI ISHIHARA, is Vice President, Officer-in-Charge (OIC), Chief Commercial Officer - Mining Business of the Company effective January 1, 2023. He was the Vice President - Mine Services Center from March 10, 2022 until December 31, 2022. He was also the Vice President, Head of the Sales Sector and the Supply Chain and Management Sector from January 1, 2021 until March 9, 2022. Prior to joining NAC in 2011, he was a Manager and Philippine Representative of PAMCO, handling nickel and stainless market analysis and update in Asian countries. He has also supported establishing a Hydro Metallurgical Processing Plant. Mr. Ishihara received his Bachelor in English Language from Kanda University of International Studies, Japan.

RYAN RENE C. JORNADA is the Vice President - Corporate and Regulatory Affairs and Community Relations of the Company effective January 1, 2023. He was the Assistant Vice President - Public and Social Affairs Sector until December 31, 2022. His previous roles in the Company include Head of Public Affairs, Head of Government Relations and Head of Regulatory and Claims Management. Prior to joining the Company in 2011, he was an associate at a law firm, Belo Gozon Elma Parel Asuncion and Lucila, and was an Election Assistant for the Commission on Elections and Political Affairs Officer of the Congressional Representative of the Second District of Iloilo. A member of the Philippine Bar, Mr. Jornada obtained his Bachelor of Law from the University of Santo Tomas.

MARIA FATIMA C. MIJARES, Vice President - Human Resources Sector, is a seasoned HR professional with over 25 years of experience in HR management, including organizational development, learning and development, leadership development and succession planning, performance and rewards management, and talent acquisition. She was the Senior Director and Chief Human Resource Officer of Ayala Foundation from 2016 until she joined the Company in 2021. She held various positions in the HR departments of SM Retail, Inc., SM Mart, Inc. Genpact Development, Bank of the Philippine Islands, Ayala Land, Inc., Colgate-Palmolive Philippines, Avon Cosmetics, and Mercury Group of Companies. She obtained her Bachelor's degree in Psychology from the University of Santo Tomas and completed the Leadership Excellence Acceleration Program of Harvard University.

ARNILO C. MILAOR, Vice President - Nickel Mining Business effective January 1, 2023, was previously the Officer-in-Charge - Mine Production Center of the Company. Prior to joining the Company in March 2022, he was Assistant Vice President and Resident Mine Manager of CMC for almost 6 years, and Resident Mine Manager of HMC for 1 year before being assigned to CMC. He worked at the MGB for almost 28 years and was Division Chief of MGB's Mining Environment and Safety Division before becoming Resident Mine Manager of HMC. He was also appointed by the DENR Secretary during his MGB years as Chairman of the Provincial Mining Regulatory Board of Romblon Province. Engr. Milaor obtained his Bachelor of Science in Mining Engineering from Mapua Institute of Technology.

GERARDO IGNACIO B. ONGKINGCO, Vice President - NAC Development Sector, was the Vice President, Head of the Human Resources Sector and the Data Protection Officer of the Company and its mining subsidiaries until March 9, 2022. His career in Human Resources started in the early 1980s and has been enriched with exposure to various industries, including government, manufacturing, agriculture and hospitality. He was previously President of the Philippine Quality and Productivity Movement, Davao Chapter. He earned his Bachelor in Community Development and Master in Industrial Relations from the University of the Philippines.

ROMEO T. TANALGO, is the Chief Security Adviser and Vice President - Internal of the Company. He was the consultant of the Company for security matters from May 1, 2019 until his appointment as Vice President on August 6, 2019. He was the Chief of the Armed Forces of the Philippines, North Luzon Command from March 10, 2016 until his retirement on September 4, 2017. Prior thereto, he was appointed as Vice Chief of Staff at Armed Forces of the Philippines on October 20, 2015. He also served as Commandant, Philippine Marine Corps from April 2013 to December 2015. Gen. Tanalgo is a member of the Philippine Military Academy "Matikas" Class of 1983 and obtained his Master in Development Management from the Asian Institute of Management and his Master in Maritime Studies from the University of Wollonong in Australia.

BIMBO T. ALMONTE, Assistant Vice President - Occupational Health Sector, served as the Occupational Health Physician, Internal Medicine Specialist and Medical Director of RTNFI Hospital and Occupational Health Physician of RTN, CBNC and affiliated contractors before assuming his current position. He began his career in RTNFI in 2002 as a Medical Technologist Reliever. He is a licensed Medical Technologist and Physician. He obtained his Bachelor of Medical Technology from Far Eastern University - Dr. Nicanor Reyes Memorial Foundation and Doctor of Medicine from Our Lady of Fatima University. He received his specialization in Internal Medicine from St. Luke's Medical Center Global City and Master in Management in Hospital Administration from Philippine Christian University.

SALVADOR C. CABAUATAN, Assistant Vice President - Facility Management and Aviation, was the General Administrative Manager of TMC from October 2019 until his appointment in the Company, and of CMC from July 2012 until September 2019. Before joining the Group, he worked for Philip Morris Philippines Manufacturing Inc. as Supervisor in its Export Operations Services Department. He obtained his Bachelor of Science in Commerce, major in Accounting, from Laguna College of Business and Arts; Master in Business Administration from St. Paul University - Surigao; and Doctor of Philosophy, major in Business and Management from St. Paul University - Surigao.

REMEDIOS C. CAMO, Assistant Vice President - Safety, Health, and Environment, previously served the Company as OIC - Industrial Safety Sector Head prior to her promotion. She served RTN in various capacities, including MESH Division Manager, Safety Manager, and IMS Project-in-Charge. Prior thereto, she was employed as a Safety and Health Department Head of Carrascal Nickel Mining Corporation. She is a licensed Mining Engineer. She earned her Bachelor of Science in Mining Engineering from University of the Philippines - Diliman.

FERNANDO P. CRUZ is the Assistant Vice President - Mining Comptroller of HMC, CMC, and DMC effective January 1, 2023. He has over 30 years of professional experience in accounting and finance. He began his career as an Accounting Clerk in RTN and eventually became an Accounting Manager. A Certified Public Accountant, Mr. Cruz obtained his Bachelor of Science in Accountancy from St. Joseph College, Maasin, Southern Leyte.

JEFFREY B. ESCOTO, is the Vice President - Technical Services of the Company and the Chief Operating Officer of CDTN. Prior to his appointment as Head of the Technical Services Sector of the Company in 2019, he was the Technical Services Group Manager of HMC from December 2013 until August 5, 2019 and the Technical Services Head of CMC from 2009 to 2013. He also served as Site Manager of Maxima Machineries, Inc. on various project sites, managing an on-site support team in Masbate Gold Project from 2008 to 2009, in Oceana Gold's Didipio Gold Copper Mining Project in 2008 and in Rapu Polymetallic Mine Project of Lafayette Mining in Albay from 2005 to 2008. Mr. Escoto obtained his Bachelor in Mechanical Engineering from the University of Nueva Caceres in Naga City.

RODRIGO G. GAZMIN, JR., is the Assistant Vice President - Material Management Sector since March 10, 2022. He was the Assistant Vice President, the Head of the Purchasing and Supply Chain Management Sector of the Company from January 1, 2021 to March 9, 2022. He was a Purchasing Supervisor of RTN from 1989 until 2008, the year he joined the Company. Mr. Gazmin obtained his Bachelor of Science, major in Mechanical Engineering, from Lyceum of the Philippines - Manila and has attended the Basic Management Course in Asian Institute of Management in 2015.

MARNELLE A. JALANDOON, Assistant Vice President, heads the Business Applications Division of the Company. Prior to joining NAC in 2008, Mr. Jalandoon was the Technical Operations Director of Concentrix Technologies, Inc, driving both the Technical Department and the Application Development Teams. He has held various IT positions with Grand International Airways, First Internet Alliance, WebScape, I-Next Internet and PSINET Philippines, garnering more than 20 years' experience in IT Infrastructure and Communications. Mr. Jalandoon obtained his Bachelor of Science in Computer Science degree from the Philippine Christian University.

REYNOLD DG. MATA II, is the Assistant Vice President - Business Development and Strategic of the Company effective January 1, 2023. He was the Assistant Vice President-Legal and Business Development, and Chief Compliance Officer of EPI from March 10, 2022 to December 31, 2022. He is a lawyer and a Certified Public Accountant with over 20 years of professional experience in the fields of taxation, litigation, corporate, financial audit, budgeting, and in the power, logistics, and mining industries. He is also a Reservist in the Armed Forces of the Philippines, Reserve Command, Judge Advocate General Services, with the rank of Captain. A member of the Philippine Bar, Mr. Mata obtained his Bachelor of Laws degree from San Beda University and his Bachelor of Science in Accountancy from the same university.

CHRISTINE JOANNE C. NAVARRO, Assistant Vice President - Legal Sector and Data Protection Officer, was the Group Manager for General Legal Services of the Company from 2018 to March 10, 2022. Prior to joining the Company, she worked as legal counsel of MediaQuest Holdings, Inc. and TV5 Network Inc. She obtained her Bachelor of Arts in European Studies from the Ateneo De Manila University and Bachelor of Laws from University of the Philippines - College of Law. She is also a member of the Integrated Bar of the Philippines.

EDWIN P. NERVA is the Assistant Vice President - Sustainability of the Company effective January 1, 2023. He was the Senior Manager of the Sustainability Sector of the Sustainability, Public Affairs and Communications Group from August 1, 2016 to December 31, 2022. He is an experienced management and community development practitioner, and currently handles ESG planning and execution. He was previously the Executive Director of RTNFI. As Executive Director, he ensured that the various departments of the Foundation and its key programs function effectively and efficiently. He also acted as Community Relations Coordinator between the Community Relations Departments of RTN and CBNC. He has more than 20 years' experience working in international and local networks of civil society organizations and coalitions. Mr. Nerva obtained his Bachelor of Science in Agriculture, Major in Horticulture degree from the University of the Philippines, Los Baños. He completed his Diploma in Community Development from St. Francis Xavier University, Nova Scotia, Canada and Diploma in Urban and Regional Planning from University of the Philippines Diliman. He is currently completing his requirements for the degree of Master of Science in Environmental Science from University of the Philippines Los Baños.

JESSIE N. PAGARAN is the Assistant Vice President - Employee, Labor and Industrial Relations Division of the Company. He was the Employee Relations Group Manager of the Company from July 1, 2019 until his promotion. He was also Human Resource Manager of CMC from October 2017 to June 2019 and served as Consultant on Permitting and Government Relations, Community Relations, and Labor Relations for several corporations from 2009 to 2017; and served in various capacities in Associated Labor Unions - Trade Union Congress of the Philippines from 1991 to 2015. Mr. Pagaran obtained his Bachelor of Science in Commerce, Major in Accounting from San Beda College and his Bachelor of Laws from Manuel L. Quezon University.

WALTER B. PANGANIBAN is the Assistant Vice President - Risk Management Sector of the Company. He is a communications and public relations professional with over 20 years of experience in strategic internal and external communications. Prior to joining NAC, he was the Securities Operations Manager of Amazon (through Pinkerton). He was also the co-founder and Chief Communications Officer of start-up social enterprise, Resilient.PH. Mr. Panganiban also taught subjects on communication at the collegiate level. He graduated Magna Cum Laude from St. Paul Seminary in 1998 with a double degree in AB Mass Communication and Philosophy. He also completed his Executive Master in Disaster Risk and Crisis Management from the Asian Institute of Management.

IRYAN JEAN U. PADILLO, is the Assistant Vice President - Business Comptroller of the Company. She is responsible for the Company's financial reporting and direct supervision of accounting and financial functions. Ms. Padillo is a Certified Public Accountant. Prior to joining the Group in May 2012 as Senior Finance Manager, she was an Associate Director in the Assurance Group and worked as part of the Finance Group of SGV & Co. She obtained her Bachelor of Science in Accountancy from the University of the East.

TEODY A. PASCUAL, Assistant Vice President - Service Management Sector, was the Purchasing Manager of the Company prior to his promotion. He has over 11 years of experience in the field of purchasing as a manager overseeing the purchasing of materials and services to support various operating companies of the Group. Before joining the Company, he was employed as a Production Development Head of Batong Angono Aggregates Corporation. He is a licensed Electronics and Communications Engineer. He obtained his Bachelor of Science in Electronics and Communications Engineering from University of Santo Tomas.

JESSIE A. PAYUYO, Assistant Vice President - Mining Comptroller, was a Senior Finance Manager of the Company until his promotion. Prior to joining the Group in 2021, he was the Finance Controller of Yara Fertilizer Inc. He has over 20 years' experience in the fields of audit, corporate accounting and controllership. He is a licensed Certified Public Accountant. Mr. Payuyo earned his Bachelor of Science in Accountancy from Central Luzon State University.

KRISTINE GRACE C. VICTORIA, Assistant Vice President - Geology and Quality Assurance, was the Resource Geology Manager of the Company prior to her promotion. She also served as a Resource Geologist in HMC. Prior thereto, she was employed as the Exploration Geologist of FSMRC/Consolidated Mines Inc. She is a licensed Geologist and placed eighth in Geology Licensure Examination. She is the youngest Competent Person in the Philippines to be accredited by PMRC Committee and Geological Society of the Philippines for Exploration and Mineral Reporting of Nickel Laterites. She obtained her Bachelor of Science in Geology, Cum Laude, from University of the Philippines and Management Development Program from Asian Institute of Management.

CHARITO R. VILLENA-CO is Assistant Vice President - Tax Compliance and Advisory Services Sector and has been a tax management professional for over a decade. Prior to joining the Company, she was Assistant Vice President and Group Tax Head for SM Markets from November 2017 to May 2022. She was also former Country Tax and PEZA Head of Accenture Inc. (Philippines), Head of Tax of Philex Mining Corporation and a Tax Management Executive of PLDT, Inc. She obtained her Bachelor of Science in Business Administration and Accountancy, Cum Laude, and Juris Doctor from the University of the Philippines.

BARBARA ANNE C. MIGALLOS is the Corporate Secretary of the Company and its subsidiary CExCI. She is the Managing Partner of Migallos and Luna Law Offices and she was a Senior Partner of Roco Kapunan Migallos and Luna from 1986 to 2006. A practicing lawyer since 1980, Ms. Migallos focuses principally on corporate law, mergers and acquisitions, and securities law. She is a Director and Corporate Secretary of Philex Mining and a Director of Mabuhay Vinyl Corporation, both publicly listed companies. She is also Corporate Secretary of PXP Energy Corporation and of Alliance Select Foods International, Inc. both listed companies. She is a Director of Philippine Resins Industries, Inc. and other corporations, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. Ms. Migallos is a professorial lecturer at the DLSU College of Law and chairs at Mercantile Law and Taxation Department.

No director or senior officer of the Company is or has been in the past 2 years, a former employee or partner of the current external auditor.
Also, the Company discloses the transactions of its directors and officers as required by applicable laws and regulations.

B. SIGNIFICANT EMPLOYEES/EXECUTIVE OFFICERS

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

C. FAMILY RELATIONSHIP

Aside from Mr. Martin Antonio G. Zamora being the son and Ms. Patricia Z. Riingen being the daughter of Mr. Manuel B. Zamora, Jr., and Mr. Ryan Rene C. Jornada being a third civil degree relative by affinity of Mr. Manuel B. Zamora, Jr. and a fourth civil degree relative by affinity of Mr. Martin Antonio G. Zamora and Ms. Patricia Z. Riingen, none of the Company's Executive Officers are related to each other or to its Directors and substantial Shareholders.

D. INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the members of the Company's Board, nor any of its executive officers, has been or is involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past 5 years and up to the date of this report. None of the members of the Board, nor any executive officer, have been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country. None of the members of the Board nor any executive officers have been or are subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities. None of the members of the Board nor any executive officer have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. EXECUTIVE COMPENSATION AND STOCK OPTION PLAN

The table set out below identifies the Corporation's CEO and 4 most highly compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2021 and 2022 and their estimated compensation for 2023. The amounts set forth in the table have been prepared based on what the Company paid for the compensation of its executive officers for the years indicated and what we expect to pay on the ensuing year.

	December 31, 2021[1]			December 31, 2022[2]			December 31, 2023[2] (Estimated)		
	Salary	Bonus	Total	Salary	Bonus	Total	Salary	Bonus	Total
	(In Php Thousands)								
Named executive officers	₱42,383	₱53,915	₱96,298	₱48,121	₱50,643	₱98,764	₱50,518	₱34,096	₱84,614
All other officers and directors as a group unnamed	58,158	40,472	98,630	70,564	50,516	121,080	87,547	36,546	124,093

[1] The named executive officers for the year 2021 are: Gerard H. Brimo (Chairman), Martin Antonio G. Zamora (President and CEO), Jose B. Anievas (Chief Operating Officer), Georgina Carolina Y. Martinez (Senior Vice President - Compliance and Corporate Support Services) and Rolando R. Cruz (Vice President for Research and Technology, Innovations and Corporate Special Projects).
[2] The named executive officers for the years 2022 and 2023 are: Gerard H. Brimo (Chairman), Martin Antonio G. Zamora (President and CEO), Georgina Carolina Y. Martinez (Senior Vice President - Compliance and Corporate Support Services), Maria Angela G. Villamor (Chief Financial Officer), and Rolando R. Cruz (Vice President - Corporate Planning and Revenue Assurance).

COMPENSATION OF DIRECTORS

Each of the directors of the Parent Company is entitled to a director's fee for each meeting attended. In addition, the directors who serve in the committees of the BOD are each entitled to a fee for each committee meeting attended.

The table below shows the net compensation of the Company's Directors for each meeting:

Type	Board/ Stockholder's Meeting	Audit Committee Meeting	Board Risk Oversight	Related Party	Corporate Governance/ Nominations	Stock Option
Executive Director	₱10,000	₱-	₱10,000	₱-	₱10,000	Yes
Non-executive Director	10,000	10,000	-	10,000	10,000	Yes, Except for the Non-Filipino Directors
Independent Director	135,000	45,000/ 22,500	45,000/ 22,500	22,500	22,500	Yes

Currently, there are no arrangements for additional compensation of directors.

STOCK OPTION PLANS

On April 5, 2018 and May 28, 2018, the Company's BOD and stockholders, respectively, approved the 2018 Executive Stock Option Plan (the 2018 ESOP or the Plan) covering up to 155,000,000 shares, which was further increased to 375,000,000 shares, allocated to the Company's directors, officers, corporate secretary and the officers of its operating mining subsidiaries, specifically those with positions of Assistant Vice President and higher, including all Resident Mine Managers of the operating mining subsidiaries, including CExCI. The optionees of the 2018 ESOP may avail of the ESOP shares at 90% of the Offer Price for a number of ESOP Shares equivalent to up to four (4) times the annual salary of the optionees. In case of non-executive directors and the corporate secretary, their grants shall be the average of the highest and lowest grants within the ESOP. The 2018 ESOP shall be valid for 5 years commencing from the date of the approval of the Plan. Options shall vest yearly at a rate of 25% of the entitlement, with the first vesting occurring 1 year after the grant. The optionee can exercise the vested option by giving notice to the Parent Company within the term of the Plan, and can opt to either purchase the shares directly 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 cost of share-based payment plan in 2022 and 2021 amounted to ₱49.4 million and ₱31.9 million, respectively.

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 2018 ESOP. On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 ESOP.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

A. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

The following table sets forth the record owners and, to the best knowledge of the BOD and Management of the Company, the beneficial owners of more than 5% or more of the Company's outstanding common share as at December 31, 2022:

Title of class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Stock	PCD Nominee Corporation (Filipino)		Filipino	7,271,522,191	53.13%
Common Stock	Mantra Resources Corporation 30th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig		Filipino	0 - Direct 3,545,743,602 - Indirect	26.01%
Common Stock	Sumitomo Metal Mining Philippine Holdings Corporation 24F Pacific Star Building Makati Avenue, Makati City	Sumitomo Metal Mining Co., Ltd.	Foreign	2,600,384,267 - Direct 1,014,013,620 - Indirect	26.52%
Common Stock	PCD Nominee Corporation (Non-Filipino)		Foreign	2,560,813,713	18.71%
Common Stock	Ni Capital Corporation 28th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig		Filipino	0 - Direct 1,833,078,231 - Indirect	13.45%
Common Stock	Nonillion Holding Corporation 3/F Corporate Business Centre, 151 Paseo de Roxas Makati City		Filipino	1,136,000,000 - Direct	8.33%

B. SECURITY OWNERSHIP OF MANAGEMENT

The beneficial ownership of the Company's directors and executive officers as of December 31, 2022 follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent
Common Stock	Gerard H. Brimo	23,047,282 - Direct 3,672,727 - Indirect	Filipino	0.21%
Common Stock	Harvey T. Ang	2,000,000 - Direct 10,625,640 - Indirect	Filipino	0.09%
Common Stock	Martin Antonio G. Zamora	540 - Direct 5,515,671 - Indirect	Filipino	0.04%
Common Stock	Maria Patricia Z. Riingen	1,000 - Direct 910,800 - Indirect	Filipino	0.01%
Common Stock	Shiro Imai	2,023 - Direct	Japanese	0.00%
Common Stock	Yusuke Niwa	2,023 - Direct	Japanese	0.00%
Common Stock	Florencia G. Tarriela	1 – Direct 16,799 - Indirect	Filipino	0.00%
Common Stock	Angelo Raymundo Q. Valencia	10,000 -Direct 5,000 - Indirect	Filipino	0.00%
Common Stock	Leonides Juan Mariano C. Virata	100 - Direct -	Filipino	0.00%
Common Stock	Jose Bayani D. Baylon	200 - Indirect	Filipino	0.00%
Common Stock	Georgina Carolina Y. Martinez	9,000 - Indirect	Filipino	0.00%
Common Stock	Maria Angela G. Villamor	972,554 - Indirect	Filipino	0.01%
Common Stock	Rolando R. Cruz	614,952 - Direct 1,085,962 - Indirect	Filipino	0.01%
Common Stock	Rommel L. Cruz	-	Filipino	0.00%
Common Stock	Andre Mikael L. Dy	-	Filipino	0.00%
Common Stock	Jeffrey B. Escoto	-	Filipino	0.00%
Common Stock	Christopher C. Fernandez	-	Filipino	0.00%
Common Stock	Patrick S. Garcia	34,333 - Indirect	Filipino	0.00%
Common Stock	Koichi Ishihara	-	Japanese	0.00%
Common Stock	Ryan Rene C. Jornada	259,600 - Indirect	Filipino	0.00%
Common Stock	Ma. Fatima C. Mijares	-	Filipino	0.00%
Common Stock	Arnilo C. Milaor	-	Filipino	0.00%
Common Stock	Gerardo Ignacio B. Ongkingco	-	Filipino	0.00%
Common Stock	Romeo T. Tanalgo	-	Filipino	0.00%
Common Stock	Bimbo T. Almonte	-	Filipino	0.00%
Common Stock	Salvador C. Cabauatan	1,000-Indirect	Filipino	0.00%
Common Stock	Remedios C. Camo	16,000 - Indirect	Filipino	0.00%
Common Stock	Fernando P. Cruz	4,000 - Indirect	Filipino	0.00%
Common Stock	Rodrigo G. Gazmin, Jr.	-	Filipino	0.00%
Common Stock	Marnelle A. Jalandoon	-	Filipino	0.00%
Common Stock	Reynold DG Mata II	-	Filipino	0.00%
Common Stock	Christine Joanne C. Navarro	-	Filipino	0.00%
Common Stock	Edwin P. Nerva	-	Filipino	0.00%
Common Stock	Iryan Jean U. Padillo	4,500 - Indirect	Filipino	0.00%
Common Stock	Jessie N. Pagaran	-	Filipino	0.00%
Common Stock	Walter B. Panganiban	-	Filipino	0.00%
Common Stock	Teody A. Pascual	-	Filipino	0.00%
Common Stock	Jessie A. Payuyo	121,600- Indirect	Filipino	0.00%
Common Stock	Kristine Grace C. Victoria	-	Filipino	0.00%
Common Stock	Charito R. Villena-Co	-	Filipino	0.00%
Common Stock	Barbara Anne C. Migallos	-	Filipino	0.00%

C. VOTING TRUST HOLDERS OF 5% OR MORE

There is no voting trust holder of 5% or more of the Company's stock.

D. CHANGES IN CONTROL

There are no arrangements which may result in a change in control of the Company.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

All sales and purchases from related parties are made at prevailing market prices.

Nickel Ore Sale Agreements with PAMCO
The Group supplies saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company, RTN and TMC. All sales made to PAMCO are transacted at prevailing market prices which are benchmarked to China prices on the basis of a negotiated price per WMT of ore. PAMCO shall pay the Group 80% to 90% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation (Sojitz)
RTN supplies saprolite ore to PAMCO, wherein PAMCO appointed Sojitz as agent under a sale agreement, which shall be valid and in effect until December 2020. By the end of the 3rd year, RTN and PAMCO shall jointly assess whether the commercial production of ore at the mine is still possible. Unless the commercial production becomes impossible due to the exhaustion of ore reserves in the mine, RTN, PAMCO and Sojitz shall renew the agreement with 5 years term. Currently, the agreement is valid until December 31, 2026. PAMCO owns 36% and Sojitz owns 4% of the outstanding shares in the capital stock of RTN.

Nickel Ore Supply Agreement with Big Wave
In September 2021, TMC entered into an agreement with Big Wave covering the sale of its ore products. Under the agreement, the end user of the material is PAMCO.

Nickel Ore Supply Agreement with Mitsubishi Corporation RTM International Pte., Ltd. and Mitsubishi Corporation RTM Japan Ltd. (Mitsubishi)
RTN entered into an agreement with Mitsubishi, a Singapore and Japan-based corporations, covering the sale of its ore products. Under the terms of the agreement, the ore sales are benchmarked to China prices on the basis of a negotiated price per WMT of ore. Mitsubishi shall pay 85% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined. Under the agreement, the end user of the material is PAMCO.

Nickel Ore Sale Agreement with SMM
On January 11, 2021, RTN and SMM entered into an agreement to supply nickel ore to the latter for a fixed tonnage at specific nickel grades and iron content.

Nickel Ore Supply Agreement with CBNC
RTN entered into an agreement with CBNC to supply all of the limonite ore requirements for the Coral Bay HPAL facility 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. RTN has also entered into an agreement with CBNC to supply limestone and provide ancillary services to the Coral Bay HPAL facility. CBNC is the owner of the Coral Bay HPAL facility.

CMC, HMC and DMC also entered into an agreement with CBNC covering the sale of its ore products with a fixed tonnage at specific nickel grade and iron content.

Nickel Ore Supply Agreement with THNC
TMC entered into an agreement with THNC covering the sale of its ore products. Under the terms of the agreement, the base price of the ore products for a specific shipment shall be based on LME.

Service Agreements with CBNC
RTN and CDTN entered into various service agreements with CBNC pertaining to materials handling and others.

Materials Handling Agreement with THNC
On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for THNC. THNC shall compensate TMC based on the prices stipulated in the agreement which are agreed annually and determined on the basis of the weight of the cargo. Payment is collected within 15 days from receipt of TMC's billing.

Materials Supply Agreement with THNC
On October 1, 2019, TMC and THNC entered into a materials supply agreement wherein THNC agrees to purchase and take delivery from TMC an aggregate of 1,000,000 compacted cubic meters of suitable and unsuitable construction materials for THNC's expansion of its tailing storage facility. The contract period is from September 1, 2019 to December 31, 2020. On March 25, 2021, TMC and THNC amended the agreement which is valid up to December 31, 2027.

Funding Commitment with THNC
TMC as owner/developer of Taganito Special Economic Zone (TSEZ) incurred a long-term debt to finance the construction of the pier facilities that will be utilized to support the operations of the Taganito HPAL facility. These projects included the jetty, dolphins, rubber fender, jetty bollard and other pier facilities in the Taganito foreshore and offshore areas.

THNC Stockholder's Agreement
On September 15, 2010, NAC, SMM and Mitsui executed a Stockholders Agreement, pursuant to which the parties formed a joint venture company, THNC, to build and operate a plant in Barangay Taganito, Claver, Surigao del Norte for the purpose of producing and selling nickel-cobalt mixed sulfide to be used in the production of electrolytic nickel and electrolytic cobalt.

Pursuant to the Stockholders Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Parent Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations. The Stockholders Agreement shall terminate upon the dissolution of THNC.

The Parent Company, along with the other stockholders of THNC, also agreed to make loans to THNC or guarantee the repayment of THNC's loan obligations in accordance with the financial requirements of THNC, in proportion to their shareholding ratio in THNC.

In a separate agreement dated December 9, 2011, SMM agreed to assume Parent Company's obligation to make loans to, or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration for this agreement, pays SMM an annual guarantee fee of 1%, which was reduced to 0.6%, of THNC's outstanding loan obligations.

Throughput Agreement with THNC
On October 4, 2010, TMC and THNC executed a Throughput Agreement wherein TMC will construct the pier facilities within the TSEZ pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore Area" dated September 20, 2010 to TMC for the use of such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee amounted to $1.3 million is payable in semi-annual period on or before October 10 and April 10.

THNC also agrees to pay service fee that will be agreed upon by both parties which shall be billed on a monthly basis.

Prior to the commencement date, THNC may also request TMC to use any part of the constructed pier facilities, which is ready for use, upon payment of reasonable compensation which shall be mutually agreed by TMC and THNC.

Memorandum of Understanding

On September 14, 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is US$1,420.0 million, which further increased to US$1,590.0 million, over a 3-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel-cobalt sulfide over an estimated 30 year project life. The MOU provides that the equity share of the Parent Company and SMM shall be between 20%-25% and 75%-80%, respectively.

Subsequently, the Parent Company, SMM and Mitsui entered into the THNC Stockholders' Agreement on September 15, 2010, which contract provides that the Project will be undertaken by THNC, a company that will be jointly owned by the Parent Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the THNC Stockholders' Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and agreed to provide technical assistance to THNC. The Company undertook to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products. Mitsui for its part agreed assist THNC in procuring materials and equipment necessary for the plant's operations.

Pursuant to the sale of 12.5% equity interest of the Parent Company in THNC to SMM in October 2016, the shareholding ratio of the Parent Company and SMM is at 10% and 75%, respectively.

The THNC Stockholders' Agreement also sets forth the respective rights and obligations of the Parent Company, SMM and Mitsui, including their responsibilities in respect of financing the project investment undertaken by THNC.

Also, under the THNC Stockholders' Agreement, the Parent Company, SMM and Mitsui agreed to grant loans to THNC or guarantee the repayment of THNC's obligations in accordance with the financial requirements of THNC and in proportion to their shareholding ratio in THNC.

The THNC Agreement shall terminate upon the dissolution of THNC.

Loan Guarantee/Substitution Agreement

Under a loan guarantee/substitution agreement between the Parent Company and SMM, the latter agreed to substitute for the Parent Company in extending loans or guaranteeing the repayment of THNC's obligation pursuant to the THNC Stockholders' Agreement.

In consideration of the loans and guarantee made by SMM, the Parent Company shall pay to SMM an annual fee equal to 1% of the relevant outstanding amount, which is payable every February 21, March 21, August 21, and September 21 of each year

On October 8, 2020, the Parent Company and SMM agreed to amend the loan guarantee/substitution agreement to reduce the annual fee to 0.6% of the average unpaid balance for payment's due every 21st of February, March, August, and September of each year. However, in consideration of the MUFG Bank Ltd. (formerly known as The Bank of Tokyo - Mitsubishi UFJ, Ltd.) substitution, the annual fee is 1.0% for any payments due before September 21, 2020, which is the effective date of the amendment, and 0.6% for any payments due thereafter.

In case of default by the Parent Company, such loan guarantee/substitution agreements will be terminated, and the Parent Company shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the THNC Stockholders' Agreement.

Loan Agreements

THNC

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 180-day British Banker Association LIBOR plus 2% spread, to exclusively finance the construction of the pier facilities within the TSEZ.

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.

TBEA

In accordance with the Agreement on Shareholders 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. The interest on the loan is 5.0% per annum (p.a.) and the principal loan is payable on June 17, 2025, the maturity date of the loan.

On September 23, 2021, NAC, 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 subject to 5% interest p.a. The loan principal and interest are payable within 5 years from the date of remittance to JSI.

Lease Agreements

THNC

On October 31, 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to the lessee. The TSEZ leased area of approximately 675 hectares is located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be for a period of 20 years starting January 1, 2013; however, the rental rate shall be annually agreed upon by both parties.

Manta

On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of 5 years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. The lease agreement expired in May 2018 and was renewed for another period of 5 years or until May 2023. During the term of the original lease, additional parking and office spaces were leased from Manta which were covered by separate lease agreements.

Notes 14, 32 and 38 of the Notes to Consolidated Financial Statements of the Exhibits in Part IV is incorporated hereto by reference.

PART IV – EXHIBITS AND SCHEDULES

Item 13. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits

See accompanying Index to Exhibits as well as the Company's Audited Financial Statements for the recently completed fiscal year. These financial statements are reports from the Corporation's Independent Public Accountant, SGV & Co.

Reports on SEC Form 17-C

The Parent Company filed the following reports on SEC Form 17-C during the year 2022.

Items Reported	Date Reported
Notice of Annual Stockholders' Meeting	March 10, 2022
Organizational changes effective on March 10, 2022	March 10, 2022
Declaration of regular cash dividends at Php0.17 per common share to stockholders of record as of March 24, 2022; payable on April 7, 2022	March 10, 2022
Declaration of special cash dividends at Php0.05 per common share to stockholders of record as of March 24, 2022; payable on April 7, 2022	March 10, 2022
Acquisition of additional shares in Coral Bay Nickel Corporation and additional shareholder advances to renewable energy subsidiaries	March 10, 2022
Nickel Asia Corporation announces 2021 Financial and Operating Results	March 10, 2022
Extension of term of MPSA No. 012-92-VIII and renewal of MPSA No. 078-97-XIII	March 14, 2022
Amend: Notice of Annual Stockholders' Meeting	May 4, 2022
Amend: Notice of Annual Stockholders' Meeting	May 5, 2022
Nickel Asia Corporation announces Financial and Operating Results for the Three-Month Period Ended March 31, 2022	May 5, 2022
Results of the 2022 Annual Stockholders' Meeting	June 3, 2022
Results of Organizational Meeting of the Board of Directors held on June 3, 2022, immediately after the Annual Stockholders' Meeting	June 3, 2022
Resignation of Directors, Appointment of New Directors, Appointment of Assistant Vice President-Risk Management	June 28, 2022
Joint Venture between Emerging Power, Inc. and Shell Overseas Investments B.V.	July 1, 2022
Joint Venture between Nickel Asia Corporation's subsidiary, Emerging Power, Inc., and Shell Overseas Investments B.V.	July 6, 2022
Nickel Asia Corporation announces Financial and Operating Results for the Six-Month Period Ended June 30, 2022	August 4, 2022
Matters approved by the Board of Directors of Nickel Asia Corporation on August 4, 2022 a. The issuance by the Company of up to US$300 Million Corporate Bonds b. The conversion of Php1.054 billion advances to equity in EPI c. The creation of the Sustainability Committee and Chief Sustainability Officer Position, and Adoption of the Charter of the Sustainability Committee Bonds d. The approval of the NAC Anti-Bribery Policy	August 4, 2022
Organizational Changes - election of Independent Director; promotion and appointment of Officers	August 4, 2022
Approval of grant of short-term bridge loan to Jobin-SQM Inc.	August 17, 2022
Approval of exemption for registration of common shares for 2018 Stock Option Plan	September 20, 2022
Acquisition of additional 33,046,875 shares of stock in Coral Bay Nickel Corporation	October 3, 2022
Nickel Asia Corporation analysts'/investors' briefing for Financial and	October 28, 2022

Items Reported	Date Reported
Operating Results during the Nine-Month Period Ended September 30, 2022	
Matters approved by the Board of Directors of Nickel Asia Corporation on November 10, 2022 a. Declaration of regular cash dividends at Php0.23 per common share to stockholders of record as of November 24, 2022; payable on December 9, 2022 b. Guarantee of Php2.0 billion loan facility of EPI c. Renewal of Promissory Notes of JSI in favor of the Company	November 10, 2022
Declaration of special cash dividends at Php0.23 per common share to stockholders of record as of November 24, 2022; payable on December 9, 2022	November 10, 2022
Organizational Changes - reassignment of Officers; expansion of the roles of Officers; and appointment of new Officers	November 10, 2022
Nickel Asia Corporation announces Financial and Operating Results for the Nine-Month Period Ended September 30, 2022	November 10, 2022
Amend: Organizational Changes - reassignment of Officers; expansion of the roles of Officers; and appointment of new Officers	November 10, 2022
Amend: Organizational Changes - reassignment of Officers; expansion of the roles of Officers; and appointment of new Officers	November 15, 2022
Extension of option exercise period under the 2018 Stock Option Plan until December 13, 2023	December 21, 2022

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS200811530

COMPANY NAME

NICKEL ASIA CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRM	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec@nickelasia.com	(632) 7798-7622	09178459361

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
97	First Friday of June	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Iryan Jean U. Padillo	iryanjean.padillo@ nickelasia.com	(632) 7798-7622	–

CONTACT PERSON's ADDRESS

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

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

NAC
NICKEL ASIA CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Nickel Asia Corporation** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SGV & Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARD H. BRIMO
Chairman of the Board

MARTIN ANTONIO G. ZAMORA
President and Chief Executive Officer

MARIA ANGELA G. VILLAMOR
Chief Financial Officer

Signed this 14th day of March 2023.

SUBSCRIBED AND SWORN to before me this March 27, 2023, at, Taguig City, Philippines, affiants who exhibited to me their competent evidence of identity specified below:

Name	**Competent Evidence of Identity**	**Date and Place Issued**
Nickel Asia Corporation By:	TIN No. 007-085-191	
Gerard H. Brimo	Passport No. P7274048B	27 July 2021; DFA NCR East
Martin Antonio G. Zamora	Passport No. P5236537B	18 June 2020; DFA NCR East
Maria Angela G. Villamor	Passport No. P9494419B	4 Apr. 2022; DFA Manila

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Book No. 1 ;
Series of 2023.

CHARLENE MAE C. DACARA
Appointment No. 24 (2022-2023)
Notary Public for and in the City of Taguig
Until December 31, 2023
Roll No. 74631
PTR No. A-5815413 / 20 January 2023 / Taguig City
IBP No. 307531; 01/31/2023; RSM; For year 2023
MCLE Compliance No. VII-0010815, until 14 April 2025
28th Floor, NAC Tower, 32nd Street, BGC, Taguig City

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Nickel Asia Corporation
28th Floor NAC Tower, 32nd Street
Bonifacio Global City, Taguig City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Nickel Asia Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 32 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Nickel Asia Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Eleanore A. Layug.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
Tax Identification No. 163-069-453
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 100794-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-097-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564637, January 3, 2023, Makati City

March 14, 2023

NICKEL ASIA CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱3,762,758,196**	₱1,809,595,261
Trade and other receivables (Note 5)	**2,767,979,795**	6,707,329,622
Inventories (Note 6)	**17,248,414**	19,263,604
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	**3,360,657,383**	5,266,080,054
Fair value through other comprehensive income (FVOCI)	**447,974,932**	1,122,283,516
Amortized cost	**50,000,000**	–
Prepayments and other current assets (Note 8)	**57,806,521**	80,019,421
Total Current Assets	**10,464,425,241**	15,004,571,478
Noncurrent Assets		
Investments and advances (Note 10)	**16,810,848,511**	14,213,750,944
Loan and notes receivable - net of current portion (Note 29)	**1,205,515,200**	1,100,011,980
Property and equipment (Note 9)	**599,441,001**	666,958,989
Financial assets at - net of current portion (Note 7):		
FVTPL	**79,790,000**	104,030,000
Amortized cost	**60,000,000**	110,000,000
Deferred income tax assets - net (Note 26)	**96,566,219**	23,522,976
Other noncurrent assets (Note 11)	**2,910,955,314**	1,851,785,437
Total Noncurrent Assets	**21,763,116,245**	18,070,060,326
TOTAL ASSETS	**₱32,227,541,486**	₱33,074,631,804
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱200,626,744**	₱67,378,703
Income tax payable	**95,272,957**	23,332,285
Current portion of lease liability (Note 24)	**2,290,947**	17,219,178
Total Current Liabilities	**298,190,648**	107,930,166
Noncurrent Liabilities		
Pension liability (Note 25)	**6,225,349**	27,529,090
Lease liability - net of current portion (Note 24)	–	2,296,311
Total Noncurrent Liabilities	**6,225,349**	29,825,401
Total Liabilities	**304,415,997**	137,755,567
Equity		
Capital stock (Note 13)	**6,849,836,057**	6,849,836,057
Additional paid-in capital	**8,300,001,691**	8,300,001,691
Cost of share-based payment plan (Note 14)	**522,837,200**	473,442,566
Net valuation gains (losses) on financial assets at FVOCI (Note 7)	**(5,934,864)**	3,362,309
Retained earnings:		
Unappropriated	**16,255,399,963**	17,309,248,172
Appropriated (Note 13)	**135,000,000**	135,000,000
Treasury stock (Note 13)	**(134,014,558)**	(134,014,558)
Total Equity	**31,923,125,489**	32,936,876,237
TOTAL LIABILITIES AND EQUITY	**₱32,227,541,486**	₱33,074,631,804

See accompanying Notes to Parent Company Financial Statements.

NICKEL ASIA CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2022	2021
REVENUES		
Dividends (Notes 7 and 10)	**₱4,541,787,510**	₱8,271,512,167
Revenue from contracts with customers (Notes 23 and 29):		
Marketing services	**829,069,929**	802,448,582
Management services	**165,900,795**	150,000,000
Sale of power	**29,591,143**	32,155,207
Capital recovery fee (Note 29)	**134,338,800**	134,338,800
	5,700,688,177	9,390,454,756
COSTS (Note 16)		
Services	**279,036,728**	222,838,539
Power generation	**98,039,678**	103,814,387
	377,076,406	326,652,926
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	**400,204,258**	291,651,690
FINANCE INCOME (Note 20)	**(245,263,169)**	(250,956,335)
FINANCE EXPENSE (Note 21)	**38,031,407**	39,715,767
OTHER INCOME - net (Note 22)	**(206,895,959)**	(293,735,755)
INCOME BEFORE INCOME TAX	**5,337,535,234**	9,277,126,463
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)		
Current	**337,884,088**	162,182,514
Deferred	**(75,004,232)**	138,496,532
	262,879,856	300,679,046
NET INCOME	**₱5,074,655,378**	₱8,976,447,417
Basic/Diluted Earnings Per Share (EPS; Note 15)	**₱0.37**	₱0.66

See accompanying Notes to Parent Company Financial Statements.

NICKEL ASIA CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
NET INCOME	**₱5,074,655,378**	₱8,976,447,417
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive loss to be reclassified in the parent company statements of income:		
Net valuation losses on financial assets at FVOCI (Note 7)	**(9,297,173)**	(54,165,436)
Income tax effect (Note 7)	–	(243,021)
	(9,297,173)	(54,408,457)
Other comprehensive income not to be reclassified to parent company statements of income in subsequent periods:		
Remeasurement gain on pension liability (Note 25)	**7,843,955**	3,319,362
Income tax effect (Note 26)	**(1,960,989)**	(3,101,444)
	5,882,966	217,918
OTHER COMPREHENSIVE LOSS - NET OF TAX	**(3,414,207)**	(54,190,539)
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱5,071,241,171**	₱8,922,256,878

See accompanying Notes to Parent Company Financial Statements.

NICKEL ASIA CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Capital Stock (Note 13)		Additional	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings (Note 13)		Treasury Stock	
	Common Shares	Preferred Shares	Paid-in Capital	(Note 14)	(Note 7)	Unappropriated	Appropriated	(Note 13)	Total
Balances at December 31, 2021	**₱6,842,636,057**	**₱7,200,000**	**₱8,300,001,691**	**₱473,442,566**	**₱3,362,309**	**₱17,309,248,172**	**₱135,000,000**	**(₱134,014,558)**	**₱32,936,876,237**
Net income	–	–	–	–	–	**5,074,655,378**	–	–	**5,074,655,378**
Other comprehensive income (loss) - net of tax (Note 7)	–	–	–	–	**(9,297,173)**	**5,882,966**	–	–	**(3,414,207)**
Total comprehensive income (loss) - net of tax	–	–	–	–	**(9,297,173)**	**5,080,538,344**	–	–	**5,071,241,171**
Cost of share-based payment plan (Notes 14 and 18)	–	–	–	**36,759,851**	–	–	–	–	**36,759,851**
Additional investment in subsidiaries (Notes 10 and 14)	–	–	–	**12,634,783**	–	–	–	–	**12,634,783**
Cash dividends (Note 13)	–	–	–	–	–	**(6,133,882,553)**	–	–	**(6,133,882,553)**
7% Cash dividends - Preferred shares	–	–	–	–	–	**(504,000)**	–	–	**(504,000)**
Balances at December 31, 2022	**₱6,842,636,057**	**₱7,200,000**	**₱8,300,001,691**	**₱522,837,200**	**(₱5,934,864)**	**₱16,255,399,963**	**₱135,000,000**	**(₱134,014,558)**	**₱31,923,125,489**

See accompanying Notes to Parent Company Financial Statements.

	Capital Stock (Note 13)		Additional	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Retained Earnings (Note 13)		Treasury Stock	
	Common Shares	Preferred Shares	Paid-in Capital	(Note 14)	(Note 7)	Unappropriated	Appropriated	(Note 13)	Total
Balances at December 31, 2020	₱6,842,636,057	₱7,200,000	₱8,300,001,691	₱441,589,208	₱57,770,766	₱14,466,969,390	₱135,000,000	(₱134,014,558)	₱30,117,152,554
Net income	–	–	–	–	–	8,976,447,417	–	–	8,976,447,417
Other comprehensive income (loss) - net of tax (Note 7)	–	–	–	–	(54,408,457)	217,918	–	–	(54,190,539)
Total comprehensive income (loss) - net of tax	–	–	–	–	(54,408,457)	8,976,665,335	–	–	8,922,256,878
Cost of share-based payment plan (Notes 14 and 18)	–	–	–	29,169,131	–	–	–	–	29,169,131
Additional investment in subsidiaries (Notes 10 and 14)	–	–	–	2,684,227	–	–	–	–	2,684,227
Cash dividends (Note 13)	–	–	–	–	–	(6,133,882,553)	–	–	(6,133,882,553)
7% Cash dividends - Preferred shares	–	–	–	–	–	(504,000)	–	–	(504,000)
Balances at December 31, 2021	₱6,842,636,057	₱7,200,000	₱8,300,001,691	₱473,442,566	₱3,362,309	₱17,309,248,172	₱135,000,000	(₱134,014,558)	₱32,936,876,237

See accompanying Notes to Parent Company Financial Statements.

NICKEL ASIA CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,337,535,234**	₱9,277,126,463
Adjustments for:		
Dividend income (Notes 7 and 10)	**(4,541,787,510)**	(8,271,512,167)
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Note 22)	**544,492,588**	(43,227,425)
Sale of financial assets at FVOCI (Note 22)	**1,608,766**	28,262,293
Interest income (Note 20)	**(237,659,002)**	(243,352,168)
Depreciation and amortization (Notes 9, 11 and 19)	**90,040,906**	87,182,666
Unrealized foreign exchange losses - net (Note 22)	**(72,341,687)**	(140,571,753)
Cost of share-based payment plan (Notes 14 and 18)	**36,759,851**	29,169,131
Movements in pension liability (Note 25)	**(14,167,598)**	(14,571,763)
Accretion of interest on lease liability (Notes 21 and 24)	**827,362**	2,109,221
Interest expense on pension - net (Notes 21 and 25)	**707,812**	1,213,966
Provision for impairment losses on prepayments and other current assets (Note 22)	**95,584**	–
Operating income before working capital changes	**1,146,112,306**	711,828,464
Decrease (increase) in:		
Trade and other receivables	**8,919,706**	(10,203,751)
Prepayments and other current assets	**62,117,315**	(5,270,268)
Inventories	**2,015,190**	978,959
Increase in trade and other payables	**133,248,041**	3,851,110
Net cash from operations	**1,352,412,558**	701,184,514
Income taxes paid	**(265,943,415)**	(225,599,292)
Net cash flows from operating activities	**1,086,469,143**	475,585,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at (Note 7):		
FVTPL	**(3,642,945,715)**	(5,721,441,495)
FVOCI	**(550,112,917)**	(5,467,058,732)
Property and equipment (Note 9)	**(9,967,013)**	(3,870,635)
Proceeds from sale or redemption of:		
Financial assets at:		
FVTPL	**5,093,617,271**	3,640,682,612
FVOCI	**1,213,515,562**	6,811,107,313
Amortized cost	**–**	100,000,000
Property and equipment	**9,196**	442,027
Dividends received	**7,921,750,893**	5,546,607,285
Investments in and advances to subsidiaries and associate	**(2,584,462,784)**	(218,477,051)
Issuance of loan and notes receivable (Notes 23 and 29)	**(1,725,829,891)**	(1,183,500,000)
Collection of loan and notes receivable (Note 29)	**1,154,682,476**	111,227,360
Interest received	**234,990,100**	257,467,785
Deposits for future stock subscription (Notes 11 and 29)	**(54,000,000)**	(58,560,000)
Increase in other noncurrent assets	**(3,565,984)**	(13,290,596)
Net cash flows from investing activities	**7,047,681,194**	3,801,335,873

(Forward)

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends (Note 13)	**(₱6,134,386,553)**	(₱6,134,386,553)
Principal portion of lease liability (Note 24)	**(18,051,904)**	(17,030,100)
Cash flows used in financing activities	**(6,152,438,457)**	(6,151,416,653)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,981,711,880**	(1,874,495,558)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (Note 22)	**(28,548,945)**	16,056,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,809,595,261**	3,668,034,086
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱3,762,758,196**	₱1,809,595,261

See accompanying Notes to Parent Company Financial Statements.

NICKEL ASIA CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Nickel Asia Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The 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 Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010.

The registered office address of the Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

The parent Company's financial statements as at December 31, 2022 and 2021 and for the years then ended were authorized for issuance by the Board of Directors (BOD) on March 14, 2023.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The parent company 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 parent company financial statements are presented in Philippine peso which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying separate parent company financial statements are prepared for submission to the SEC, Philippine Stock Exchange and the Bureau of Internal Revenue (BIR). The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements and are presented in accordance with Philippine Financial Reporting Standards (PFRSs). These may be obtained at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRSs.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to Philippine Accounting Standards (PAS) 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of PFRS, Subsidiary as a First-Time Adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Standards and Interpretations Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- 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*

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 revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the parent company financial statements in the year of adoption, if applicable.

Summary of Significant Accounting and Financial Reporting Policies

Presentation of Parent Company Financial Statements
The Company has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (parent company statement of income) and a second statement beginning with profit or loss and displaying components of other comprehensive income (parent company statement of comprehensive income).

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the financial reporting period. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All differences are taken to "Other income - net" in the parent company statement of income.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve (12) months after the end of the financial reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the end of the financial reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve (12) months after the end of the financial reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the end of the financial reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and deferred income tax liabilities are presented as net in the parent company statement of financial position under noncurrent assets.

Fair Value Measurement
The Company measures financial instruments at fair value at each end of the financial reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the financial reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business at the end of the financial reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the Level in the fair value hierarchy as explained above.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand, with banks and under managed funds. Cash with banks and under managed funds earn interest at the prevailing bank deposit rates. Cash equivalents pertain to short-term cash investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term cash investment rates.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Date of Recognition</u>
The Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Company commits to purchase or sell the asset).

<u>Financial Assets</u>
Initial Recognition, Classification and Measurement of Financial Instruments
Financial assets are classified, at initial recognition, as subsequently measured at FVTPL, at FVOCI and at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one (1) year or less, are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at FVOCI or at amortized cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Subsequent Measurement
For purposes of subsequent measurement, the Company's financial assets are classified in the following categories:
- Financial assets at FVTPL
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at amortized cost (debt instruments)

<u>Financial Assets at FVTPL</u>
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of income.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

This category includes debt and equity investments which the Company had not irrevocably elected to classify at FVOCI (see Note 7). Dividends on equity investments are recognized when the right of payment has been established (see Notes 7 and 10).

Financial Assets at FVOCI (Debt Instruments)
The Company measures debt instruments at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the parent company statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the parent company statement of income.

The Company's debt instruments at FVOCI include investments in quoted debt instruments such as government and corporate bonds and other similar investments (see Note 7). The Company does not hold equity instruments measured at FVOCI.

Financial Assets at Amortized Cost
The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the parent company statement of income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, investment in government and corporate bonds, negotiable instruments, loan and notes receivable, and restricted cash (see Notes 4, 5, 7, 8 and 11).

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial assets migrate through the following three (3) stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the twelve (12)-months after the financial reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Determining the Stage for Impairment

At each financial reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the financial reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a twelve (12)-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to twelve (12)-month ECL.

For cash and cash equivalents, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either a twelve (12)-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

The Company computes ECLs using the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) for trade receivables. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each end of the financial reporting period.

The Company's debt instruments at FVOCI and at amortized cost comprise of quoted bonds and government securities that are graded in the investment category by either Standard & Poor's, Moody's, Bloomberg or Fitch (collectively referred to as the Credit Rating Agencies), whichever is applicable, and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a twelve (12)-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are thirty (30) days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company writes-off a financial asset measured at amortized cost, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

The Company writes-off an account when all of the following conditions are met:

- the asset is past due for over thirty (30) days, or is already an item-in-litigation with any of the following:
    a. no properties of the counterparty could be attached
    b. the whereabouts of the counterparty cannot be located
    c. it would be more expensive for the Company to follow-up and collect the amount, hence the Company have ceased enforcement activity, and
    d. collections can no longer be made due to insolvency or bankruptcy of the counterparty
- expanded credit arrangement is no longer possible;
- filing of legal case is not possible; and
- the account has been classified as ‘Loss’.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “passthrough” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities

Initial Recognition, Classification and Measurement of Financial Instruments
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities are in the nature of other financial liabilities. The Company has no financial liabilities classified as at FVTPL and derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading, not derivatives, or not designated as at FVTPL upon the inception of the liability. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the parent company statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any issue cost, and any discount or premium on settlement. The EIR amortization is included under "Finance expense" in the parent company statement of income.

Other financial liabilities are included under current liabilities if settlement is within twelve (12) months from the end of the financial reporting period, otherwise, these are classified as noncurrent liabilities.

This accounting policy applies primarily to the Company's trade and other payables that meet the above definition (excluding government payables and other liabilities that are covered by other accounting standards, such as income tax payable and pension) and lease liability (see Notes 12 and 24).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, is recognized in the parent company statement of income.

Reclassifications of Financial Instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset and the right is not contingent on a future event, event of default and event of insolvency or bankruptcy of the Company and all of the counterparties, and is legally enforceable in the normal course of business.

Inventories
Inventories are valued at the lower of cost or net realizable value (NRV). Cost of inventories is determined using the moving average method and composed of purchase price, transport, handling and other costs directly attributable to its acquisition. The NRV of inventories is the current replacement cost. Any provision for inventory losses is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence. The Company expects to realize or consume the inventories within twelve (12) months after the end of the financial reporting period.

Prepayments and Other Current and Noncurrent Assets
Prepayments and other current assets include negotiable instruments, advances and deposits to suppliers, input value-added tax (VAT), and other prepayments. Other noncurrent assets include deposits for future stock subscription, computer software, advances and deposits to suppliers - net of current portion, deferred input VAT, restricted cash and long-term negotiable instruments. The assets are classified as current when it is probable to be realized within one (1) year from the end of the financial reporting period. Otherwise, these are classified as noncurrent assets.

VAT
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position. Deferred input VAT represents input VAT on capital assets subject to amortization. Input VAT is stated at cost less any impairment in value.

Investments in Subsidiaries
Investments in subsidiaries are accounted for at cost, less any impairment in value, as provided under PAS 27, *Separate Financial Statements.* Subsidiaries are entities over which the Company has control.

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

When the Company has less than a majority of the voting or similar rights of an investee, the Company 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 Company's voting rights and potential voting rights.

Investments in Associates

An associate is an entity over which the Company is able to exert significant influence. Significant influence is the power to participate in the financial and reporting policy decisions of the investee, but has no control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control activities. The Company's investments in associates are accounted for using the cost method, less any impairment in value, in the parent company statement of financial position.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the parent company statement of income.

The Company's subsidiaries and associates include the following:

	Principal Place of Business	Principal Activities	Effective Ownership	
			2022	2021
Subsidiaries				
Hinatuan Mining Corporation (HMC)	Philippines	Mining and Services	**100.00%**	100.00%
Cagdianao Mining Corporation (CMC)	Philippines	Mining	**100.00%**	100.00%
Dinapigue Mining Corporation (DMC)	Philippines	Mining	**100.00%**	100.00%
Samar Nickel Mining Resources Corporation (SNMRC)	Philippines	Mining	**100.00%**	100.00%
CDTN Services Company Inc. (CDTN)	Philippines	Services	**100.00%**	100.00%
Coral Pearl Developments Limited (CPDL)	British Virgin Islands	Services	**100.00%**	100.00%
La Costa Shipping and Lighterage Corporation [a]	Philippines	Services	**100.00%**	100.00%
Falck Exp Inc. [b]	Philippines	Mining	**88.00%**	88.00%
Emerging Power Inc. (EPI)	Philippines	Renewable Energy Developer	**86.29%**	86.29%
Mindoro Geothermal Power Corporation (MGPC) [d]	Philippines	Renewable Energy Developer	**86.29%**	86.29%
Biliran Holdings Inc. [d]	Philippines	Services	**86.29%**	86.29%
Northern Palawan Power Generation Corporation [d]	Philippines	Power Generation	**86.29%**	86.29%
Jobin-SQM, Inc. (JSI) [d,e]	Philippines	Power Generation	**82.87%**	82.87%
Cordillera Exploration Co., Inc (CExCI)	Philippines	Mining	**71.25%**	71.25%
Newminco Pacific Mining Corporation (Newminco) [c]	Philippines	Mining	**71.25%**	71.25%

(Forward)

	Principal Place of Business	Principal Activities	Effective Ownership 2022	2021
Taganito Mining Corporation (TMC)	Philippines	Mining and Services	**65.00%**	65.00%
Rio Tuba Nickel Mining Corporation (RTN)	Philippines	Mining and Services	**60.00%**	60.00%
Greenlight Renewables Holdings Inc. (GRHI) [d,g]	Philippines	Services	**51.77%**	–
Biliran Geothermal Inc. (BGI) [d,f]	Philippines	Power Generation	**–**	51.77%
Associates				
BGI [d,f)]	Philippines	Power Generation	**38.83%**	–
Coral Bay Nickel Corporation (CBNC)	Philippines	Manufacturing	**15.62%**	10.00%
Taganito HPAL Nickel Corporation (THNC)	Philippines	Manufacturing	**10.00%**	10.00%

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

Property and Equipment

The Company's property and equipment is consist of land, generator sets, plant and facilities, transmission lines and substation, buildings and improvements, right-of-use (ROU) asset, equipment, and construction in-progress that do not qualify as investment property.

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any accumulated impairment loss. The initial cost of property and equipment consists of its purchase price including import duties and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met. When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Land is carried at cost less any accumulated impairment loss.

The Company recognizes ROU asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU asset is initially measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liability. The initial cost of ROU asset includes the amount of lease liability recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Construction in-progress, represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use.

Depreciation and/or amortization is computed on the straight-line basis over the following estimated useful lives of the assets:

Category	Number of Years
Buildings and improvements (including plant and facilities)	5-15
Generator sets	15
Transmission lines and substation	15
Transportation equipment	2-5
Tools and other equipment	2-10

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU asset is amortized on a straight-line basis over the shorter of the lease term and estimated useful life of the asset. ROU asset is subject to impairment.

Depreciation and amortization of property and equipment, except land, begins when it becomes available for use, (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The estimated residual values, if any, useful lives and depreciation and amortization methods are reviewed periodically to ensure that the estimated residual values, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. If there is an indication that there has been a significant change in the estimated residual values, useful lives, and periods and methods of depreciation and amortization, these are revised prospectively to reflect the new expectations.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the parent company statement of income in the year the asset is derecognized.
Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Impairment of Nonfinancial Assets

Inventories

The Company determines the NRV of inventories at each end of the financial reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the parent company statement of income in the year the impairment is incurred. In the case when NRV of the inventories increased subsequently, the NRV will increase the carrying amount of inventories but only to the extent of their original acquisition costs.

Investments in and Advances to Subsidiaries

The Company determines at each end of the financial reporting period whether there is any objective evidence that the investments in and advances to subsidiaries are impaired. If this is the case, the Company calculates the amount of impairment being the difference between the fair value of the investments and advances and the acquisition cost and recognizes the amount in the parent company statement of income.

Investments in Associates
The Company determines whether it is necessary to recognize an impairment loss on its investments in associates. The Company determines at each end of the financial reporting period whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the parent company statement of income.

Property and Equipment
The Company assesses, at each end of the financial reporting period, whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use. The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

Recovery of impairment loss recognized in prior years is recorded when there is an indication that the impairment loss recognized for the asset no longer exists or has decreased. The recovery is recorded in the parent company statement of income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

Other Nonfinancial Assets
The Company provides allowance for impairment losses on other nonfinancial assets when they can no longer be realized. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other nonfinancial assets.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the financial reporting period and adjusted to reflect the current best estimate. The expense relating to any provision is presented in the parent company statement of income, net of any reimbursement.

Leases
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liability to make lease payments and ROU asset representing the right to use the underlying asset.

Lease Liability
At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if any. The lease payments also include, if any, the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets
The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Capital Stock
Common shares are classified as equity and are measured at par value for all shares issued and outstanding.

Preferred shares are classified as equity if these are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's BOD. Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the parent company statement of income as accrued.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. The excess of proceeds from issuance of shares over the par value of shares are credited to additional paid-in capital.

Share-based Payment Transactions
The executives of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transaction is determined by the fair value at the date when the grant is made using the Black Scholes-Merton model. The cost of equity-settled transaction is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each end of the financial reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The charge or credit in the parent company statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and are recognized in "Personnel costs".

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted EPS.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises items of income and expense (including items previously presented under the parent company statement of changes in equity) that are not recognized in the parent company statement of income for the year in accordance with PFRSs.

<u>Retained Earnings</u>
Retained earnings represent the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments, net of any dividend declaration.

Dividends are recognized as a liability and deducted from equity when they are approved by the BOD and/or stockholders of the Company. Dividends for the period that are approved after the end of the financial reporting period are dealt with as an event after the end of the financial reporting period.

<u>Treasury Stock</u>
Own equity instruments that are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the "Additional paid-in capital".

<u>Basic/Diluted EPS</u>
Basic EPS
Basic EPS is calculated by dividing the net income by the weighted average number of ordinary shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS
Diluted EPS is calculated by dividing the net income by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury stock.

Revenue from Contracts with Customers
The Company is engaged in rendering of services and generating revenue from sale of power. Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company has generally concluded that it is the principal in its revenue contracts because it typically controls the services before transferring them to the customer.

Sale of Power
For the sale of power to Surigao Del Norte Electric Cooperative, Inc. (SURNECO), the enforceable contract is the Power Supply Agreement (PSA) dated October 31, 2013.

The performance obligation is the sale of power since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

The Company concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the Company supplies power.

Contract Balances
Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Company does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

Trade Receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "*Financial Assets - Initial Recognition, Classification and Measurement*".

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The following specific recognition criteria must also be met before revenue is recognized:

Dividends
Revenue is recognized when the Company's right to receive payment is established.

Marketing Services, Management Services, and Guarantee Fee Income
Revenue is recognized as the services are rendered.

Capital Recovery Fee
Revenue is recognized on a straight-line basis over the term of the PSA.

Interest Income
Income is recognized as interest accrues using the EIR method that uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Other Income
Revenue is recognized as they are earned.

Costs and Expenses Recognition
Costs and expenses are decreases in economic benefits during the financial reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the service is used or the expense arises, while interest expense is accrued in the appropriate period.

Cost of Services
Cost of services is incurred in the normal course of business and is provided in the period when the related service has been rendered.

Cost of Power Generation
Cost of power generation includes expenses incurred for the generation of revenues from electricity at plant site. These are expensed when incurred.

General and Administrative Expenses
General and administrative expenses constitute the expenses incurred in the direction and general administration of day-to-day operation of the Company. These are generally recognized when the expense arises.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the pension liability at the end of the financial reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as pension costs under "Personnel costs" in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized and included under "Finance expense" or "Finance income" in the parent company statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to the parent company statement of income in subsequent periods. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19 are closed to retained earnings.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the financial reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the end of the financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the financial reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the end of the financial reporting period.

Deferred income tax relating to items recognized outside the parent company statement of income is recognized outside the parent company statement income. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Uncertainty Over Income Tax Treatments

The Company assesses at the end of each financial reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Company then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Company concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Company measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Company presents uncertain tax liabilities as part of current income tax liabilities or deferred income tax liabilities.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the notes to parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the parent company financial statements but is disclosed in the notes to parent company financial statements when an inflow of economic benefits is probable.

Events After the End of the Financial Reporting Period
Post year-end events that provide additional information about the Company's position at the end of the financial reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The parent company financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. The judgments, estimates and assumptions are based upon management's evaluation of relevant facts and circumstances as at the end of the financial reporting period. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the parent company financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the parent company financial statements:

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenues and expenses of the Company.

Classifying Financial Instruments
The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the parent company statement of financial position.

Determining Whether Significant Influence Exists
The Company recognized its ownership interest in CBNC and THNC as investments in associates. In accordance with the provisions of PAS 28 (2011), *Investments in Associates and Joint Ventures,* the existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- Participation in policy-making processes through its representation on the BOD; or
- Material transactions between the entity and its investee such as the supply of all the nickel ore and/or limestone requirement of the investee and/or the use of the subsidiaries' land and infrastructure necessary for the production of the products of the investee.

Due to the nature of the Company's involvement in CBNC and THNC and other various factors, the Company assessed that significant influence exists. The Company's interest in CBNC and THNC were recognized at cost amounting to a total of ₱4,923.7 million and ₱3,393.4 million, as at December 31, 2022 and 2021, respectively (see Note 10).

The Company also owns 25% ownership interest in Eurasian Consolidated Minerals Pty Ltd (ECM) which was recognized as financial assets at FVTPL. The Company assessed that no significant influence exists due to:

- Absence of material transactions between ECM and the Company;
- No interchange of managerial personnel; and
- Non-participation of the Company in the policy-making process, as the group of shareholders that holds the majority ownership of the investee operates without regard to the views of the Company.

Determining Indicators of Impairment on Investments in Associate
Impairment review on investments in associates is performed when events or changes in circumstances indicate that the carrying value exceeds its fair value. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the investment is written down to its recoverable amount. Management has determined that there are no events or changes in circumstances in 2022 and 2021 that may indicate that the carrying value of investments in associates may not be recoverable. No impairment indicators have been identified and no impairment loss was recognized on investments in associates in 2022 and 2021. The carrying values of the Company's investments in associates amounted to ₱4,923.7 million and ₱3,393.4 million as at December 31, 2022 and 2021, respectively (see Note 10).

Determining Applicability of International Financial Reporting Interpretations Committee (IFRIC) 12, Service Concession Arrangements on the PSA with SURNECO
An arrangement would fall under IFRIC 12 if the two conditions below are met:

a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price, and
b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

The infrastructure used for its entire useful life ('whole of life assets') is within the scope of IFRIC 12 if the arrangement meets the conditions in (a).

Based on management's judgment, the PSA with SURNECO is outside the scope of IFRIC 12 since SURNECO does not control or regulates the services of the operator, which is the Company, in using the power plant including its pricing.

Operating Lease - Company as the Lessor
In accounting for its PSA with SURNECO, the Company's management has made a judgment that the PSA is an arrangement that contains a lease. The Company has not transferred substantially all the risks and rewards incidental to the ownership of the power plant principally by virtue of its right to control the capacity of power plant and its right to transfer the power plant at the end of the PSA for no consideration. Accordingly, the Company accounted for the agreement as an operating lease. The capital recovery fee billed to SURNECO is recorded as revenue based on the terms of the PSA.

Determining the Lease Term of Contracts with Renewal and Termination Options - Company as Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

The renewal period for the lease of the office space is not included as part of the lease term as this is not reasonably certain to be exercised. Furthermore, the periods covered by termination options, if any, are included as part of the lease term only when they are reasonably certain not to be exercised.

Identifying the Enforceable Contract - Rendering of Services

The Company entered into various service agreements with its subsidiaries, such as marketing and management services, and agreement to supply power to SURNECO, that sets out the general terms and conditions governing each service that occur. The Company has the experience, expertise, equipment, facilities and personnel required for the services needed and the customers recognize the capability of the Company and hire its services under the terms and conditions specified and agreed upon in the contract. Therefore, the enforceable contracts are the service agreements and/or PSAs entered into with different customers.

Identifying Performance Obligations

The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if: i) each distinct good or services in the series are transferred over time, and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

With regard to the sale of power, it is considered as a performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract.

The performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Determining the Timing of Satisfaction
The Company recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Company determines, at contract inception,

whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company concluded that revenue from rendering of services and from sale of power are to be recognized over time since the customer simultaneously receives and consumes the benefits as the Company performs the services or supplies power.

Identifying Methods for Measuring Progress of Revenue Recognized over Time
The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For sale of power, the Company determined that the output method is the best method in measuring progress since actual electricity is supplied to customers. The Company recognizes revenue based on the actual energy dispatched and billed based on the rates approved by the Energy Regulatory Commission (ERC).

Determining the Company's Business Model
The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument.

The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Defining Default and Credit-Impaired Financial Assets
The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than thirty (30) days past due on its contractual payments, which is consistent with the Company's definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  a. The borrower is experiencing financial difficulty or is insolvent;
  b. The borrower is in breach of financial covenant(s);
  c. An active market for that financial assets has disappeared because of financial difficulties;
  d. Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty;
  e. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

f. Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Company's ECL calculation.

An instrument is no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

Identifying Forward Looking Information
In its ECL models, the Company relies on forward looking information as economic inputs, such as:
- Dollar index rate
- Gross domestic product (GDP) growth
- Inflation rates

Predicted relationship between the key indicators and default and loss rates on portfolios of financial assets have been developed based on analyzing historical data over the past five (5) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the end of the financial reporting period. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Determining Significant Increase in Credit Risk
The criteria for determining whether credit risk has increased significantly vary and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than thirty (30) days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the related party/customer.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria can identify significant increase in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes thirty (30) days past due; and
- there is no unwarranted volatility in loss allowance from transfers between twelve (12)-month PD (stage 1) and lifetime PD (stage 2).

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria, or which are less than thirty (30) days past due, are considered to have a low credit risk. The provision for ECL for these financial assets is based on a twelve (12)-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Company from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to twelve (12)-month ECL.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial reporting period that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are discussed below:

Estimating Allowance for ECL on Trade and Other Receivables and Loan and Notes Receivable

The Company uses a provision matrix to calculate ECLs for trade and other receivables and loan and notes receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every end of the financial reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables and loan and notes receivable is disclosed in Note 5 to the parent company financial statements.

Calculating ECL

The Company calculates ECLs based on unbiased and a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the financial reporting period, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to

receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, a best case, and a worst case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

Estimating Allowance for Impairment Losses on Investments in and Advances to Subsidiaries
Impairment review of investments in and advances to subsidiaries is performed when events or changes in circumstances indicate that the carrying value exceeds its fair value. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the investment is written down to its recoverable amount. Management has determined that there are no events or changes in circumstances in 2022 and 2021 that may indicate that the carrying value of investments in and advances to subsidiaries may not be recoverable.

No allowance for impairment losses on investments in and advances to subsidiaries have been recognized as at December 31, 2022 and 2021. Investments in and advances to subsidiaries amounted to ₱11,887.1 million and ₱10,820.3 million as at December 31, 2022 and 2021, respectively

Estimating Allowance for Impairment Losses on Property and Equipment
The Company assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the parent company financial statements.

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized

whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to profit or loss if the expected discounted future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. No impairment loss was recognized in 2022 and 2021.

The carrying values of property and equipment amounted to ₱599.4 million and ₱667.0 million as at December 31, 2022 and 2021, respectively (see Note 9).

Estimating Useful Lives of Property and Equipment (except Land)
The Company estimates the useful lives of property and equipment, except land, based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. There is no change in the estimated useful lives of property and equipment in 2022 and 2021.

The carrying values of property and equipment, except land and construction in-progress, as at December 31, 2022 and 2021 amounted to ₱585.1 million and ₱652.2 million, respectively (net of accumulated depreciation and amortization of ₱378.1 million and ₱306.9 million, respectively; see Note 9).

Estimating the Incremental Borrowing Rate of the Lease
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

The Company's lease liability amounted to ₱2.3 million and ₱19.5 million as at December 31, 2022 and 2021, respectively (see Note 24). The incremental borrowing rate used in 2022 and 2021 is 8.02%.

Determining Pension Costs
The cost of defined benefit retirement as well as the present value of the pension liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions, as described in Note 25. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit pension liability are highly sensitive to changes in these assumptions. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit pension liability. All assumptions are reviewed at each end of the financial reporting period. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's pension liability. Net pension liability amounted to ₱6.2 million and ₱27.5 million as at December 31, 2022 and 2021, respectively (see Note 25).

Estimating Fair Value of Share-based Payment Transactions
The Company's Executive Stock Option Plan (ESOP) grants qualified participants the right to purchase common shares of the Company at a grant price. The ESOP recognizes the services received from eligible employees and an equivalent adjustment to the equity account over the

vesting period. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 14 to the parent company financial statements. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may no longer affect the stock compensation costs charged to operations.

The cost of share-based payment plan recognized in "Cost of services" and "General and administrative expenses", with a corresponding charge to the equity account, amounted to ₱11.1 million and ₱25.7 million, respectively, in 2022, and ₱9.5 million and ₱19.7 million, respectively, in 2021 (see Notes 14 and 18).

Estimating Recoverability of Deferred Income Tax Assets
The Company reviews the carrying amounts of deferred income tax assets at each end of the financial reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Company recognized deferred income tax assets amounting to ₱149.0 million and ₱111.2 million as at December 31, 2022 and 2021, respectively, as management believes that the Company will generate sufficient future taxable profits from which these deferred income tax assets can be utilized (see Note 26).

As at December 31, 2022 and 2021, the Company has temporary difference on allowance for impairment losses on trade and other receivables amounting to ₱3.5 million, for which no deferred income tax asset was recognized because it is more likely than not that the carry-forward benefits will not be realized in the future.

Determining Fair Values of Financial Instruments
Where the fair values of financial assets and liabilities recorded in the parent company statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at its fair value (see Note 28).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand and with banks	**₱11,139,253**	₱67,755,080
Cash equivalents	**3,662,927,181**	1,012,268,534
Cash under managed funds	**88,691,762**	729,571,647
	₱3,762,758,196	₱1,809,595,261

Cash with banks and under managed funds earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term cash investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term cash investment rates. The carrying value of cash and cash equivalents approximates their fair value as at the end of the financial reporting period.

Short-term cash investments include local currency and United States Dollar (US$) denominated cash investments. Short-term cash investments denominated in US$ earn interest ranging from 0.01% to 3.25% per annum (p.a.) and 0.01% to 0.50% p.a. in 2022 and 2021, respectively. Short-term cash investments denominated in local currency earn interest ranging from 0.01% to 5.00% p.a. and 0.001% to 1.25% p.a. in 2022 and 2021, respectively.

The Company has US$ denominated cash and cash equivalents amounting to US$35.1 million, equivalent to ₱1,957.6 million, and US$26.7 million, equivalent to ₱1,363.0 million, as at December 31, 2022 and 2021, respectively (see Note 27).

Interest income from cash and cash equivalents amounted to ₱43.9 million and ₱7.5 million in 2022 and 2021, respectively (see Note 20).

5. Trade and Other Receivables

	2022	2021
Trade (see Note 23)	**₱182,984,361**	₱191,356,272
Current portion of loan and notes receivables (see Notes 23 and 29)	**1,615,910,941**	2,169,051,100
Dividend receivables (see Note 10)	**900,287,174**	4,280,250,557
Amounts owed by related parties (see Note 23)	**30,001,697**	28,987,615
Interest receivable (see Note 23)	**24,583,785**	21,910,364
Advances to officers and employees	**5,629,059**	6,903,418
Guarantee fee receivable (see Notes 23 and 29)	**3,042,083**	3,104,167
Other receivables	**9,008,197**	9,233,631
	2,771,447,297	6,710,797,124
Less allowance for ECLs	**3,467,502**	3,467,502
	₱2,767,979,795	₱6,707,329,622

Trade receivables are noninterest-bearing and are generally on thirty (30) to sixty (60) days' term..

Loan and notes receivables pertain to the loans issued to JSI and current portion of long-term loans to EPI and CPDL. The principal amount of these loans is collectible within one (1) year based on the agreed principal repayment dates (see Note 29).

Dividend receivables pertain to the cash dividends declared by TMC, RTN, HMC, CMC, CBNC and or other domestic corporations which are collectible in January of the following year

Amounts owed by related parties are noninterest-bearing with no fixed maturities and are generally collectible on demand. Amounts owed by related parties pertain to payments made by the Company on behalf of/to its related parties.

Interest receivable is derived from short-term cash investments placed in various local/foreign banks, which are collectible upon maturity, from debt securities and negotiable instruments, which are collectible either monthly, quarterly or semi-annually, and from loans issued to EPI, JSI and CPDL which are collectible on agreed payment dates.

Advances to officers and employees, which are noninterest-bearing, are subject for liquidation or collectible through salary deduction.

Guarantee fee receivable refers to the loan guarantee made by the Company in favor of EPI, which is collectible every February 5 and August 5 of each year until the loan is fully paid by EPI (see Note 29).

Other receivables are noninterest-bearing with no fixed maturities and are generally collectible on demand.

The Company has US$ denominated trade and other receivables amounting to US$0.9 million, equivalent to ₱47.4 million, and US$5.9 million, equivalent to ₱299.9 million, as at December 31, 2022 and 2021, respectively (see Note 27).

6. **Inventories** - at cost

	2022	2021
Materials and supplies	**₱10,223,573**	₱9,947,193
Fuel, oil and lubricants	**7,024,841**	9,316,411
	₱17,248,414	₱19,263,604

The aggregate cost of inventories charged to expense amounted to ₱8.4 million and ₱6.5 million in 2022 and 2021, respectively.

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

	Financial Assets at		
2022	**FVTPL**	**FVOCI**	**Amortized Cost**
Debt securities	**₱2,713,295,149**	**₱447,974,932**	**₱110,000,000**
Equity securities	**727,152,234**	**–**	**–**
	₱3,440,447,383	**₱447,974,932**	**₱110,000,000**

2021	Financial Assets at		
	FVTPL	FVOCI	Amortized Cost
Debt securities	₱3,459,090,519	₱1,122,283,516	₱110,000,000
Equity securities	1,911,019,535	–	–
	₱5,370,110,054	₱1,122,283,516	₱110,000,000

The Company's financial assets pertain to investments in common and or preferred shares of various local and foreign public and private companies, mutual funds and debt securities such as corporate bonds and government securities which are either unquoted or with quoted market prices.

Debt and equity securities 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:

	Financial Assets at		
2022	**FVTPL**	**FVOCI**	**Amortized Cost**
Balances at January 1	**₱5,370,110,054**	**₱1,122,283,516**	**₱110,000,000**
Additions	**3,642,945,715**	**550,112,917**	**–**
Disposals/Redemption	**(5,093,617,271)**	**(1,215,124,328)**	**–**
Effect of changes in foreign exchange rate (see Note 22)	**65,501,473**	**–**	**–**
Net valuation losses on financial assets	**(544,492,588)**	**(9,297,173)**	**–**
Balances at December 31	**3,440,447,383**	**447,974,932**	**110,000,000**
Less noncurrent portion	**79,790,000**	**–**	**60,000,000**
Current portion	**₱3,360,657,383**	**₱447,974,932**	**₱50,000,000**

	Financial Assets at		
2021	FVTPL	FVOCI	Amortized Cost
Balances at January 1	₱3,151,841,646	₱2,548,759,826	₱210,000,000
Additions	5,721,441,495	5,467,058,732	–
Disposals/Redemption	(3,640,682,612)	(6,839,369,606)	(100,000,000)
Effect of changes in foreign exchange rate (see Note 22)	94,282,100	–	–
Net valuation gains (losses) on financial assets	43,227,425	(54,165,436)	–
Balances at December 31	5,370,110,054	1,122,283,516	110,000,000
Less noncurrent portion	104,030,000	–	110,000,000
Current portion	₱5,266,080,054	₱1,122,283,516	₱–

The movements in "Net valuation gains (losses) on financial assets at FVOCI" presented as a separate component of equity follows:

	2022	2021
Balances at January 1	**₱3,362,309**	₱57,770,766
Movements recognized in equity:		
Losses recognized in equity	**(10,905,939)**	(82,427,729)
Reclassification adjustments for income included in the parent company statements of income (see Note 22)	**1,608,766**	28,262,293
Income tax effect	**–**	(243,021)
Valuation losses taken into the parent company statements of comprehensive income - net of tax	**(9,297,173)**	(54,408,457)
Balances at December 31	**(₱5,934,864)**	₱3,362,309

The Company sold some of its debt securities at a loss of ₱1.61 million and ₱28.3 million in 2022 and 2021, respectively (see Note 22).

Interest income from debt securities in 2022 and 2021 amounted to ₱25.7 million and ₱115.3 million, respectively (see Note 20).

Dividend income from equity securities in 2022 and 2021 amounted to ₱21.8 million and ₱16.7 million, respectively.

In 2022 and 2021, the Company did not recognize any provision for ECL on its financial assets at FVOCI and at amortized cost.

The Company has US$ denominated financial assets amounting to US$50.6 million, equivalent to ₱2,818.6 million, and US$92.3 million, equivalent to ₱4,705.6 million, as at December 31, 2022 and 2021, respectively (see Note 27).

8. Prepayments and Other Current Assets

	2022	2021
Negotiable instruments	**₱40,000,000**	₱–
Advances and deposits to suppliers	**4,230,483**	26,632,632
Prepaid insurance	**649,235**	736,181
Input VAT	**–**	43,796,771
Other prepayments	**13,022,387**	8,853,837
	57,902,105	80,019,421
Less allowance for impairment losses	**95,584**	–
	₱57,806,521	₱80,019,421

The negotiable instruments that will mature in 2023 earn interest at 3.87% p.a. and 4.50% p.a. Interest income from negotiable instruments amounted to ₱1.4 million in 2022 and 2021 (see Note 20).

Advances and deposits to suppliers pertain to security deposits and payments made in advance to suppliers which will be offset against future billings upon the delivery of goods and/or completion of services.

Input VAT represents the VAT passed on from purchases of applicable goods and services which can be recovered as tax credit against future output VAT from sale of services and/or goods of the Company.

Other prepayments include prepaid insurance and other prepaid expenses which are amortized within the next twelve (12) months from the end of the financial reporting period.

9. Property and Equipment

	2022									
	Land	Generator Sets	Plant and Facilities	Transmission Lines and Substation	Buildings and Improvements	Tools and Other Equipment	ROU Asset - Leasehold Improvements	Transportation Equipment	Construction In-progress	Total
Cost:										
Balances at January 1	₱14,087,563	₱431,057,468	₱242,007,344	₱85,030,640	₱68,141,499	₱34,547,977	₱62,797,084	₱35,567,776	₱671,325	₱973,908,676
Additions	–	–	–	2,737,500	192,782	6,037,773	–	–	998,958	9,967,013
Disposals	–	–	–	–	–	(1,555,563)	–	(4,730,732)	–	(6,286,295)
Reclassification/Transfer	–	–	–	–	1,449,492	-	–	–	(1,449,492)	–
Balances at December 31	14,087,563	431,057,468	242,007,344	87,768,140	69,783,773	39,030,187	62,797,084	30,837,044	220,791	977,589,394
Accumulated depreciation and amortization:										
Balances at January 1	-	100,909,136	56,468,380	20,291,491	31,758,160	28,470,984	43,011,210	26,040,326	–	306,949,687
Depreciation and amortization (see Note 19)	-	28,708,015	16,133,823	6,047,853	4,370,514	3,587,604	14,385,932	4,242,064	–	77,475,805
Disposals	-	-	-	-	-	(1,546,367)	–	(4,730,732)	–	(6,277,099)
Balances at December 31	-	129,617,151	72,602,203	26,339,344	36,128,674	30,512,221	57,397,142	25,551,658	–	378,148,393
Net book values	₱14,087,563	₱301,440,317	₱169,405,141	₱61,428,796	₱33,655,099	₱8,517,966	₱5,399,942	₱5,285,386	₱220,791	₱599,441,001

	2021									
	Land	Generator Sets	Plant and Facilities	Transmission Lines and Substation	Buildings and Improvements	Tools and Other Equipment	ROU Asset - Leasehold Improvements	Transportation Equipment	Construction In-progress	Total
Cost:										
Balances at January 1	₱14,087,563	₱431,057,468	₱242,007,344	₱85,030,640	₱68,638,549	₱33,886,206	₱62,797,084	₱34,443,312	₱–	₱971,948,166
Additions	–	–	–	–	57,950	1,161,360	-	1,980,000	671,325	3,870,635
Disposals	–	–	–	–	(555,000)	(499,589)	-	(855,536)	–	(1,910,125)
Balances at December 31	14,087,563	431,057,468	242,007,344	85,030,640	68,141,499	34,547,977	62,797,084	35,567,776	671,325	973,908,676
Accumulated depreciation and amortization:										
Balances at January 1	–	72,090,273	40,334,557	14,456,306	27,553,116	25,703,778	28,625,278	19,886,536	–	228,649,844
Depreciation and amortization (see Note 19)	–	28,818,863	16,133,823	5,835,185	4,760,044	3,266,795	14,385,932	6,567,299	–	79,767,941
Disposals	–	–	–	–	(555,000)	(499,589)	–	(413,509)	–	(1,468,098)
Balances at December 31	–	100,909,136	56,468,380	20,291,491	31,758,160	28,470,984	43,011,210	26,040,326	–	306,949,687
Net book values	₱14,087,563	₱330,148,332	₱185,538,964	₱64,739,149	₱36,383,339	₱6,076,993	₱19,785,874	₱9,527,450	₱671,325	₱666,958,989

10. **Investments and Advances**

	2022	2021
Investments in subsidiaries:		
EPI	**₱3,084,506,412**	₱3,084,506,412
TMC	**1,709,652,163**	1,709,652,163
HMC	**1,620,346,292**	1,620,346,292
CMC	**1,481,965,328**	1,481,965,328
DMC	**694,797,513**	694,797,513
JSI	**500,000,000**	500,000,000
RTN	**393,190,491**	393,190,491
CDTN	**100,000,000**	25,000,000
SNMRC	**75,000,000**	75,000,000
CExCI	**63,305,500**	63,305,500
CPDL	**52**	52
	9,722,763,751	9,647,763,751
Additional investment in subsidiaries arising from ESOP (see Note 14)	**96,949,531**	84,314,748
	9,819,713,282	9,732,078,499
Advances to subsidiaries:		
DMC	**2,059,841,507**	1,081,004,267
CExCI	**7,559,142**	7,246,098
	2,067,400,649	1,088,250,365
Investments in associates:		
CBNC	**2,949,034,580**	1,418,722,080
THNC	**1,974,700,000**	1,974,700,000
	4,923,734,580	3,393,422,080
	₱16,810,848,511	₱14,213,750,944

Investments in Subsidiaries

JSI

On March 29, 2021, EPI partially paid its outstanding loan to the Company amounting to ₱500.0 million by way of dation in payment of EPI's right and interest equivalent to 38% of JSI's shares of stock.

CDTN

CDTN was registered with the SEC on December 21, 2020, and is a 100% owned subsidiary of the Company. On the same date, the Company subscribed to 24,999,995 common shares of CDTN at ₱1 par value per share for ₱25.0 million.

On July 27, 2022, the Company subscribed to an additional 75,000,000 common shares of CDTN for ₱75.0 million.

Investments in Associates

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 HPP facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. Aside from supplying ore and limestone, RTN also provided ancillary services to Coral Bay High Pressure Acid Leach (HPAL) facility until May 2021.

Then starting June 2021, CDTN took over and provides ancillary services to Coral Bay HPAL facility.

On October 3, 2022, the 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 purchase was made by the Company pursuant to the exercise of its option to purchase additional shares of CBNC. The acquisition by the Company of the additional CBNC shares increased its equity ownership in CBNC from 10% to 15.62%.

CBNC's financial statements are stated in US$ and translated at the closing rate of US$1 = ₱55.75 and US$1 = ₱51.00 as at December 31, 2022 and 2021, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of US$1 = ₱54.50 and US$1 = ₱49.29, respectively, for the statement of income accounts for the years then ended.

The following are the summarized financial information of CBNC as at and for the years ended December 31, 2022 and 2021:

	2022	2021
Current assets	**₱16,042,953,100**	₱14,557,692,091
Noncurrent assets	**19,226,727,105**	17,290,586,669
Current liabilities	**(2,778,452,156)**	(4,109,797,412)
Noncurrent liabilities	**(384,463,990)**	(386,941,924)
Net assets	**₱32,106,764,059**	₱27,351,539,424

	2022	2021
Revenue	**₱21,829,405,976**	₱14,695,111,310
Expenses	**(19,674,439,132)**	(13,240,904,841)
Net income	**₱2,154,966,844**	₱1,454,206,469

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 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.

THNC's financial statements are stated in US$ and translated at the closing rate of US$1 = ₱55.75 and US$1 = ₱51.00 as at December 31, 2022 and 2021, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of US$1 = ₱54.50 and US$1 = ₱49.29, respectively, for the statement of income accounts for the years then ended.

The following are the summarized financial information of THNC as at and for the years ended December 31, 2022 and 2021:

	2022	2021
Current assets	**₱13,498,660,876**	₱11,078,828,425
Noncurrent assets	**84,424,353,332**	77,864,778,899
Current liabilities	**(60,647,249,996)**	(56,400,879,068)
Noncurrent liabilities	**(432,955,285)**	(5,882,726,280)
Net assets	**₱36,842,808,927**	₱26,660,001,976

	2022	2021
Revenue	**₱36,536,713,264**	₱21,318,374,605
Expenses	**(29,013,098,695)**	(17,193,955,137)
Net income	**₱7,523,614,569**	₱4,124,419,468

Dividends

Dividends received by the Company from its subsidiaries and associate follows:

2022

	Date of declaration	**Date of record**	**Amount declared**	**Dividend per share**	**Outstanding balance** (see Note 5)	**Date of payment**
Subsidiaries						
TMC						
Cash dividend	**November 16, 2022**	**November 16, 2022**	**₱1,625,000,000**	**₱0.63**	**₱–**	**December 28, 2022**
Cash dividend	**June 29, 2022**	**June 29, 2022**	**975,000,000**	**0.38**	**–**	**August 12, 2022**
RTN						
Cash dividend	**November 16, 2022**	**November 16, 2022**	**420,000,000**	**0.27**	**–**	**December 28, 2022**
Cash dividend	**June 29, 2022**	**June 29, 2022**	**600,000,000**	**0.39**	**–**	**August 12, 2022**
CMC						
Cash Dividend	**November 22, 2022**	**November 22, 2022**	**800,000,000**	**0.91**	**800,000,000**	**January 31, 2023**
HMC						
Cash dividend	**November 22, 2022**	**November 22, 2022**	**100,000,000**	**0.19**	**100,000,000**	**January 31, 2023**
			₱4,520,000,000		**₱900,000,000**	

2021

	Date of declaration	Date of record	Amount declared	Dividend per share	Outstanding balance (see Note 5)	Date of payment
Subsidiaries						
TMC						
Cash dividend	December 17, 2021	December 17, 2021	₱2,925,000,000	₱1.13	₱2,925,000,000	January 28, 2022
Cash dividend	June 30, 2021	June 30, 2021	1,300,000,000	0.50	–	August 13, 2021
RTN						
Cash dividend	December 17, 2021	December 17, 2021	600,000,000	0.39	600,000,000	January 28, 2022
Cash dividend	June 30, 2021	June 30, 2021	480,000,000	0.31	–	August 13, 2021
CMC						
Cash Dividend	November 10, 2021	November 10, 2021	900,000,000	1.03	200,000,000	₱500.0 million on November 29, 2021; ₱200.0 million on December 17, 2021; ₱200.0 million on January 28, 2022
Cash Dividend	July 6, 2021	July 6, 2021	1,000,000,000	1.14	–	₱600.0 million on July 28, 2021; ₱400.0 million on August 27, 2021
HMC						
Cash dividend	November 10, 2021	November 10, 2021	800,000,000	1.55	300,000,000	₱300.0 million on November 29, 2021; ₱200.0 million on December 17, 2021; ₱300.0 million on January 28, 2022
Associate						
CBNC						
Cash dividend	December 17, 2021	December 17, 2021	249,820,000	4.25	249,820,000	January 6, 2022
			₱8,254,820,000		₱4,274,820,000	

11. Other Noncurrent Assets

	2022	2021
Deposits for future stock subscription (see Note 29)	**₱2,897,775,006**	₱1,789,606,012
Computer software - net	**7,901,949**	14,438,297
Advances and deposits to suppliers - net of current portion	**4,878,258**	5,846,498
Deferred input VAT	**307,101**	1,801,630
Restricted cash	**93,000**	93,000
Long-term negotiable instruments	**–**	40,000,000
	₱2,910,955,314	₱1,851,785,437

Deposits for future stock subscription pertain to the additional investments made by the Company to EPI and CExCI, subject to SEC's approval of EPI's application to increase its authorized capital stock and CExCI's application to convert the advances into equity. As at December 31, 2022, all applications to SEC are still in process.

The movements in the Company's computer software follows:

	2022	2021
Cost:		
Beginning balance	**₱24,079,199**	₱12,947,920
Additions	**6,028,753**	11,131,279
Ending balance	**30,107,952**	24,079,199
Accumulated amortization:		
Beginning balance	**9,640,902**	2,226,177
Amortization (see Note 19)	**12,565,101**	7,414,725
Ending balance	**22,206,003**	9,640,902
Net book values	**₱7,901,949**	₱14,438,297

Advances and deposits to suppliers include security deposits to Manta Equities Inc. (Manta; the lessor), which shall be applied to any unpaid rent, dues, utilities or damages to the lessor or shall be refunded by the lessor to the Company at the end of the lease term.

The Company's restricted cash pertains to its trust accounts with Land Bank of the Philippines for the Electrification Fund (EF), Development and Livelihood Fund (DLF) and Reforestation, Watershed Management, Health and/or Environment Enhancement Fund (RWMHEEF), which are to be administered by the Department of Energy (DOE; see Note 29).

12. Trade and Other Payables

	2022	2021
Trade (see Note 23)	**₱7,936,586**	₱10,096,090
Government payables:		
Withholding taxes payable	**118,731,177**	31,118,449
Output VAT	**43,294,457**	7,113,558
Fringe benefit taxes (FBT) payable	**1,582,709**	825,730

(Forward)

	2022	2021
Accrued expenses:		
Related party (see Note 23)	**₱9,587,518**	₱10,547,366
Third parties	**2,993,986**	2,579,501
Others	**16,500,311**	5,098,009
	₱200,626,744	₱67,378,703

Trade payables are noninterest-bearing and are generally settled within thirty (30) to sixty (60) days' term.

Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each reporting month or thirty (30) days after the end of each reporting quarter, and FBT which are normally settled within thirty (30) days after the end of the reporting quarter on which the fringe benefits are granted to the recipients.

Accrued expenses are noninterest-bearing and pertain to accruals made for guarantee service fee related to the loan availed by THNC and accruals made for expenses incurred but billings are not yet received. Accrued expenses are normally settled within twelve (12) months from the end of the financial reporting period.

Other payables are normally settled in the following month or within twelve (12) months from the end of the financial reporting period.

The Company has US$ denominated trade and other payables amounting to US$0.2 million, equivalent to ₱9.6 million and ₱10.5 million, as at December 31, 2022 and 2021, respectively (see Note 27).

13. **Equity**

Capital Stock

The capital structure of the Company follows:

	2022	2021
Common stock - ₱0.50 par value per share		
Authorized - 19,265,000,000 shares		
Issued - 13,685,272,117 shares		
Outstanding - 13,630,850,117 shares	**₱6,842,636,057**	₱6,842,636,057
Preferred stock - ₱0.01 par value per share		
Authorized and Issued - 720,000,000 shares	**7,200,000**	7,200,000
	₱6,849,836,057	₱6,849,836,057

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7.00% p.a.

Issued Capital Stock

As at December 31, 2022 and 2021, a total of 28% and 29% or 3,852,936,213 common shares and 3,910,132,966 common shares, respectively, of the outstanding common shares of the Company are registered in the name of ninety-five (95) and eighty-four (84) shareholders, respectively, while the balance of 72% and 71% or 9,777,913,904 common shares and 9,720,717,151 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

The movement in outstanding common stock follows:

	Number of Shares		
	Issued	Treasury	Outstanding
Balances at December 31, 2022 and 2021	13,685,272,117	(54,422,000)	13,630,850,117

Cost of Share-based Payment Plan
On April 5, 2018, the BOD approved the adoption of ESOP (2018 ESOP; the Plan) which was ratified by the Company's stockholders on May 28, 2018. A total of 375.0 million shares of stock was reserved for issue under the Plan. The basic terms and conditions of the stock option plan are disclosed in Note 14.

Dividends
Dividends declared and paid by the Company follows:

Year	Type of Dividend	Date of declaration	Date of record	Amount declared	Dividend per share	Date of payment
2022	***Cash Dividends***					
	Regular	**March 10, 2022**	**March 24, 2022**	**₱2,317,244,520**	**₱0.17**	**April 7, 2022**
	Special	**March 10, 2022**	**March 24, 2022**	**681,542,506**	**0.05**	**April 7, 2022**
	Special	**November 10, 2022**	**November 24, 2022**	**3,135,095,527**	**0.23**	**December 9, 2022**
2021	*Cash Dividends*					
	Regular	March 11, 2021	March 25, 2021	₱1,226,776,511	₱0.09	April 8, 2021
	Special	March 11, 2021	March 25, 2021	1,908,319,016	0.14	April 8, 2021
	Special	November 4, 2021	November 18, 2021	2,998,787,026	0.22	December 2, 2021

Appropriation of Retained Earnings
On November 27, 2018, the 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 Company. On November 6, 2020, the 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 Company's share buy-back program.

Treasury Stock
On November 27, 2018, the BOD approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Company's common shares up to an aggregate value of ₱1,500.0 million. As at December 31, 2022 and 2021, the 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.

14. Executive Stock Option Plan

2018 ESOP
On April 5, 2018, the Plan was approved by the 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 Company's eligible participants.

2. The eligible participants are the directors and officers of the 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 at the 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 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 assumptions were used to determine the fair value of the 2018 ESOP at effective grant date:

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

There have been no modifications or cancellations of stock options in 2022 and 2021.

The following table illustrates the number of stock options and its movements during the year:

	Number of Options		Weighted Average Exercise Price	
	2022	2021	**2022**	2021
2018 ESOP				
Balances at January 1	**278,947,780**	278,947,780	**₱2.43**	₱2.43
Granted	**52,868,604**	–	**2.46**	–
Forfeited	**(27,471,370)**	–	**(2.43)**	–
Balances at December 31	**304,345,014**	278,947,780	**₱2.44**	₱2.43

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 2018 ESOP. On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 ESOP.

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

	2022	2021
Balances at January 1	**₱473,442,566**	₱441,589,208
Stock option expense (see Notes 18 and 23)	**36,759,851**	29,169,131
Additional investment in subsidiaries (see Note 10)	**12,634,783**	2,684,227
Movements during the year	**49,394,634**	31,853,358
Balances at December 31	**₱522,837,200**	₱473,442,566

The weighted average remaining contractual life of options outstanding under the Plan was half (0.5) year and one and a half (1.5) years as at December 31, 2022 and 2021, respectively. On December 21, 2022, the Parent Company's BOD approved to extend the exercise period of the options under the Plan until December 13, 2023.

In 2022 and 2021, the cost of share-based payment plan amounting to ₱36.8 million and ₱29.2 million, respectively, are included in "Personnel costs" (see Note 18).

15. **Earnings Per Share**

The basic and diluted EPS were computed as follows:

	2022	2021
Net income	**₱5,074,655,378**	₱8,976,447,417
Preferred stock dividends	**504,000**	504,000
Net income available to ordinary shareholders	**5,074,151,378**	8,975,943,417
Dividends on dilutive potential ordinary shares	**–**	–
Net income adjusted for the effect of dilution	**₱5,074,151,378**	₱8,975,943,417
Weighted average number of common shares for basic EPS	**13,630,850,117**	13,630,850,117
Effect of dilution from share options	**–**	–
Weighted average number of common shares adjusted for the effect of dilution	**13,630,850,117**	13,630,850,117
Basic/Diluted EPS	**₱0.37**	₱0.66

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the financial reporting period and the date of authorization of the parent company financial statements.

16. **Costs**

Cost of services is distributed as follows:

	2022	2021
Personnel costs (see Note 18)	**₱268,260,423**	₱221,668,010
FBT	**10,776,305**	578,760
Others	**–**	591,769
	₱279,036,728	₱222,838,539

Cost of power generation is distributed as follows:

	2022	2021
Depreciation and amortization (see Note 19)	**₱55,443,238**	₱55,875,559
Overhead	**13,996,260**	14,362,204
Personnel costs (see Note 18)	**11,086,876**	11,775,496
Fuel, oil and lubricants	**8,183,706**	5,199,910
Outside services	**7,515,251**	7,312,428
Material and supplies	**1,814,347**	9,288,790
	₱98,039,678	₱103,814,387

17. **General and Administrative**

	2022	2021
Personnel costs (see Note 18)	**₱121,818,343**	₱115,714,836
Professional and consultancy fees	**60,322,170**	25,521,352
Outside services	**43,894,085**	22,177,633
Depreciation and amortization (see Note 19)	**34,597,668**	31,307,107
Publicity and promotions	**29,671,925**	18,679,476
Transportation and travel	**21,169,630**	14,278,333
Donations	**20,000,000**	–
Dues and subscriptions	**14,477,151**	11,006,319
Taxes and licenses	**12,831,025**	15,951,367
Supplies	**10,699,028**	6,194,963
Insurance	**7,334,013**	7,561,700
Communication, light and water	**4,370,171**	5,655,967
Entertainment, amusement and recreation	**4,010,868**	3,242,686
Trainings and seminars	**3,244,673**	1,208,292
Repairs and maintenance	**2,316,101**	1,665,322
Rent expense	**922,026**	5,734,256
Others	**8,525,381**	5,752,081
	₱400,204,258	₱291,651,690

18. Personnel Costs

	2022	2021
Salaries, wages and employee benefits	**₱351,658,805**	₱307,646,390
Cost of share-based payment plan (see Notes 14 and 23)	**36,759,851**	29,169,131
Pension costs (see Note 25)	**12,746,986**	12,342,821
	₱401,165,642	₱349,158,342

The above is distributed as follows:

	2022	2021
Cost of (see Note 16):		
Services	**₱268,260,423**	₱221,668,010
Power generation	**11,086,876**	11,775,496
General and administrative (see Note 17)	**121,818,343**	115,714,836
	₱401,165,642	₱349,158,342

19. Depreciation and Amortization

	2022	2021
Property and equipment (see Note 9)	**₱77,475,805**	₱79,767,941
Computer software under "Other noncurrent assets" (see Note 11)	**12,565,101**	7,414,725
	₱90,040,906	₱87,182,666

Depreciation and amortization are distributed as follows:

	2022	2021
Cost of power generation (see Note 16)	**₱55,443,238**	₱55,875,559
General and administrative (see Note 17)	**34,597,668**	31,307,107
	₱90,040,906	₱87,182,666

20. Finance Income

	2022	2021
Interest income from:		
Loan and notes receivables (see Notes 23 and 29)	**₱166,349,976**	₱119,228,793
Cash and cash equivalents (see Note 4)	**43,888,885**	7,457,903
Financial assets at (see Note 7):		
FVOCI	**19,628,390**	93,056,078
Amortized cost	**3,873,756**	5,649,050
FVTPL	**2,158,551**	16,570,344
Negotiable instruments (see Note 8)	**1,390,000**	1,390,000
Short-term cash investments	**369,444**	–
Guarantee fee income (see Notes 23 and 29)	**7,604,167**	7,604,167
	₱245,263,169	₱250,956,335

21. **Finance Expense**

	2022	2021
Guarantee service fee (see Notes 23 and 29)	**₱36,496,233**	₱36,392,580
Accretion of interest on lease liability (see Note 24)	**827,362**	2,109,221
Interest expense on pension - net (see Note 25)	**707,812**	1,213,966
	₱38,031,407	₱39,715,767

22. **Other Income (Charges)** - net

	2022	2021
Foreign exchange gains (losses) - net:		
Realized foreign exchange gains - net of ₱49.6 million loss in 2022 and ₱20.3 million loss in 2021	**₱700,297,728**	₱173,234,389
Unrealized foreign exchange gains (losses) on:		
Financial assets at FVTPL (see Note 7):	**65,501,473**	94,282,100
Loan and notes receivable	**33,710,666**	23,867,520
Cash and cash equivalents	**(28,548,945)**	16,056,733
Trade and other receivables	**3,422,110**	7,298,890
Trade and other payables	**288,050**	(114,945)
	74,373,354	141,390,298
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	**(544,492,588)**	43,227,425
Sale of financial assets at FVOCI (see Note 7)	**(1,608,766)**	(28,262,293)
Scrap	**37,160**	66,457
Trust fee	**(21,615,345)**	(27,150,660)
Provision for impairment losses on prepayments and other current assets	**(95,584)**	–
Others	–	(8,769,861)
	₱206,895,959	₱293,735,755

In 2022 and 2021, the changes in fair value of financial assets amounted to a loss of ₱544.5 million and a gain of ₱43.2 million, of which losses of ₱281.1 million and ₱178.5 million, respectively, pertain to unrealized fair value changes of shares of stock, mutual funds and debt securities. As at December 31, 2022 and 2021, the unrealized fair value changes on debt and equity instruments for which the Company recognized a net deferred income tax asset of ₱25.5 million and a net deferred income tax liability of ₱38.4 million, respectively, amounted to ₱102.1 million loss and ₱153.5 million gain, respectively (see Note 26).

23. **Related Party Transactions**

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

Set out on the next page are the Company's transactions with related parties in 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at December 31, 2022 and 2021.

Category	Amount 2022	Amount 2021	Trade and other receivables/Loan and notes receivable (see Note 5) 2022	2021	Trade and other payables (see Note 12) 2022	2021	Amounts owed by related parties (see Note 5) 2022	2021	Advances and deposits (see Notes 8 and 11) 2022	2021	Terms	Conditions
Subsidiaries												
TMC												
Marketing services (see Note 29)	**₱377,285,163**	₱342,446,056	**₱43,793,775**	₱47,582,033	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Management services (see Note 29)	**67,500,000**	67,500,000	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**11,516,826**	6,096,327	**–**	–	**–**	–	**755,143**	361,946	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
CMC												
Marketing services (see Note 29)	**133,827,863**	174,709,618	**1,328,697**	32,951,744	**–**	–	–	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Management services (see Note 29)	**22,500,000**	22,500,000	**–**	–	**–**	–	–	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**8,978,885**	7,437,383	**–**	–	**–**	–	**396,008**	816,454	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
HMC												
Marketing services (see Note 29)	**75,871,890**	93,765,993	**–**	13,622,062	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Management services (see Note 29)	**15,000,000**	15,000,000	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured, no guarantee

(Forward)

Category	Amount 2022	Amount 2021	Trade and other receivables/Loan and notes receivable (see Note 5) 2022	2021	Trade and other payables (see Note 12) 2022	2021	Amounts owed by related parties (see Note 5) 2022	2021	Advances and deposits (see Notes 8 and 11) 2022	2021	Terms	Conditions
Subsidiaries												
HMC												
Short-term advances	**₱13,252,464**	₱4,284,785	**₱–**	₱–	**₱–**	₱–	**₱4,139,772**	₱1,105,989	**₱–**	₱–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
RTN												
Marketing services (see Note 29)	**223,534,086**	191,526,915	**44,545,334**	50,748,314	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Management services (see Note 29)	**45,000,000**	45,000,000	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured, no guarantee
Short-term advances	**10,243,424**	6,679,379	**–**	–	**–**	–	**584,773**	1,023,477	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
DMC												
Marketing services (see Note 29)	**18,550,927**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Management services (see Note 29)	**15,900,795**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured, no guarantee
CPDL												
Loans facility (see Note 29)	**–**	–	**414,817,200**	429,411,580	**–**	–	**–**	–	**–**	–	Collectible within twelve (12) years; interest-bearing at 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 1% spread	Unsecured; no guarantee

(Forward)

Category	Amount 2022	Amount 2021	Trade and other receivables/Loan and notes receivable (see Note 5) 2022	Trade and other receivables/Loan and notes receivable (see Note 5) 2021	Trade and other payables (see Note 12) 2022	Trade and other payables (see Note 12) 2021	Amounts owed by related parties (see Note 5) 2022	Amounts owed by related parties (see Note 5) 2021	Advances and deposits (see Notes 8 and 11) 2022	Advances and deposits (see Notes 8 and 11) 2021	Terms	Conditions
Subsidiaries												
CPDL												
Interest income on loans (see Notes 20 and 29)	**₱18,449,285**	₱5,328,620	**₱2,249,522**	₱493,037	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible on or before the fifteenth (15th) of June and December each year	Unsecured; no guarantee
Short-term advances	**378,111**	374,677	**–**	–	**–**	–	**23,479,946**	25,640,782	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
MGPC												
Short-term advances	**–**	8,595	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
CDTN												
Short-term advances	**1,358,604**	526,046	**–**	–	**–**	–	**604,086**	27,227	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
JSI												
Loans facility (see Note 29)	**588,204,691**	974,500,000	**1,593,608,941**	1,868,500,000	**–**	–	**–**	–	**–**	–	Collectible on or before the end of the year after drawdown; interest-bearing at 5.00% p.a.	Unsecured; no guarantee
Interest income on loans (see Notes 20 and 29)	**93,402,511**	60,617,639	**5,926,978**	5,335,833	**–**	–	**–**	–	**–**	–	Collectible quarterly following the loan drawdown	Unsecured; no guarantee
Short-term advances	**187,673**	135,359	**–**	–	**–**	–	**23,672**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

(Forward)

Category	Amount 2022	Amount 2021	Trade and other receivables/Loan and notes receivable (see Note 5) 2022	2021	Trade and other payables (see Note 12) 2022	2021	Amounts owed by related parties (see Note 5) 2022	2021	Advances and deposits (see Notes 8 and 11) 2022	2021	Terms	Conditions
Subsidiaries												
EPI												
Loans facility (see Note 29)	**₱1,137,625,200**	₱209,000,000	**₱813,000,000**	₱971,151,500	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Collectible on or before the end of third (3rd) and fifth (5th) year after drawdown; interest-bearing at 5.00% and 6.00% p.a.	Unsecured; no guarantee
Interest income on loans (see Notes 20 and 29)	**54,498,180**	53,282,534	**8,504,108**	10,260,589	**–**	–	**–**	–	**–**	–	Collectible every sixth (6th) and twelfth (12th) month of each year following the loan drawdown	Unsecured; no guarantee
Guarantee fee income (see Notes 20 and 29)	**7,604,167**	7,604,167	**3,042,083**	3,104,167	**–**	–	**–**	–	**–**	–	Collectible every fifth (5th) of February and August; noninterest-bearing	Unsecured
Short-term advances	**207,578**	70,380	**–**	–	**1,311,222**	–	**18,297**	10,084	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Stockholder												
SMM												
Guarantee service fee (see Notes 21 and 29)	**36,496,233**	36,392,580	**–**	–	**9,587,518**	10,547,366	**–**	–	**–**	–	Payable every twenty first (21st) of February, March, August and September; non-interest billing	Unsecured

(Forward)

Category	Amount 2022	Amount 2021	Trade and other receivables/Loan and notes receivable (see Note 5) 2022	Trade and other receivables/Loan and notes receivable (see Note 5) 2021	Trade and other payables (see Note 12) 2022	Trade and other payables (see Note 12) 2021	Amounts owed by related parties (see Note 5) 2022	Amounts owed by related parties (see Note 5) 2021	Advances and deposits (see Notes 8 and 11) 2022	Advances and deposits (see Notes 8 and 11) 2021	Terms	Conditions
With Common Stockholders												
Manta												
Rent, dues and utilities	**₱22,106,100**	₱21,281,569	**₱–**	₱–	**₱102,517**	₱540,718	**₱–**	₱–	**₱–**	₱–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Rent deposits	**–**	16,823	**–**	–	**–**	–	**–**	–	**4,610,561**	₱4,678,336	To be applied to unpaid rent, dues, utilities or damages to the lessor or to be refunded at the end of the lease term; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**72,951**	11,591	**–**	–	**–**	–	**–**	1,656	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Totals			**₱2,930,816,638**	₱3,433,160,859	**₱11,001,257**	₱11,088,084	**₱30,001,697**	₱28,987,615	**₱4,610,561**	₱4,678,336		

Compensation of Key Management Personnel
The Company considered as key management personnel all employees holding managerial positions up to the chairman. The compensation of key management personnel are as follows:

	2022	2021
Short-term benefits	**₱269,989,342**	₱241,985,934
Cost of share-based payment (see Notes 14 and 18)	**36,759,851**	29,169,131
Post-employment benefits	**11,056,806**	10,520,935
	₱317,805,999	₱281,676,000

24. **Leases**

On March 18, 2013, the Company entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of five (5) years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. The lease agreement expired in May 2018 and was renewed for another period of five (5) years.

The Company also has certain leases of properties with lease terms of twelve (12) months or less and leases of equipment with low value. The Company applies the short-term lease and lease of low value assets recognition exemptions for these leases.

The lease liability, discounted using incremental borrowing rate, follows:

	2022	2021
Lease liability	**₱2,290,947**	₱19,515,489
Less noncurrent portion	**–**	2,296,311
Current portion	**₱2,290,947**	₱17,219,178

The following are the amounts recognized in the parent company statements of income:

	2022	2021
Amortization of ROU asset included in property and equipment (see Note 9)	**₱14,385,932**	₱14,385,932
Accretion of interest on lease liability (see Note 21)	**827,362**	2,109,221
Expenses relating to short-term leases	**684,030**	5,758,439
Expenses relating to leases of low-value assets	**535,627**	289,348
	₱16,432,951	₱22,542,940

The rollforward analysis of lease liability are as follows:

	2022	2021
Balances at January 1	**₱19,515,489**	₱34,436,368
Accretion of interest (see Note 21)	**827,362**	2,109,221
Payments	**(18,051,904)**	(17,030,100)
Balances as at December 31	**₱2,290,947**	₱19,515,489

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
One (1) year	**₱2,306,232**	₱18,050,443
More than one (1) year to two (2) years	**–**	2,307,692
Total	**₱2,306,232**	₱20,358,135

25. **Pension Liability**

The Company has a funded noncontributory defined benefit pension plan covering all of its regular employees.

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of net pension cost recognized in the parent company statements of income and the liabilities recognized in the parent company statements of financial position based on the 2022 Actuarial Valuation Report.

Changes in net defined benefit liability and fair value of plan assets in 2022 and 2021 are as follows:

	2022		
	Defined Benefit Liability	**Fair Value of Plan Asset**	**Net Defined Benefit Liability**
Balances at January 1	**₱99,347,211**	**(₱71,818,121)**	**₱27,529,090**
Current service cost (see Note 18)	**12,746,986**	**–**	**12,746,986**
Interest expense (income) on pension (see Note 21)	**4,997,165**	**(4,289,353)**	**707,812**
Pension cost charged to profit or loss	**17,744,151**	**(4,289,353)**	**13,454,798**
Benefits paid	**–**	**–**	**–**
Actuarial changes arising from:			
Changes in financial assumptions	**(17,170,422)**	**–**	**(17,170,422)**
Experience adjustments	**4,096,147**	**–**	**4,096,147**
Return on plan assets	**–**	**5,230,320**	**5,230,320**
Remeasurement loss (gain) charged to other comprehensive income	**(13,074,275)**	**5,230,320**	**(7,843,955)**
Contributions	**–**	**(26,914,584)**	**(26,914,584)**
Balances at December 31	**₱104,017,087**	**(₱97,791,738)**	**₱6,225,349**

	2021		
	Defined Benefit Liability	Fair Value of Plan Asset	Net Defined Benefit Liability
Balances at January 1	₱90,467,679	(₱46,261,430)	₱44,206,249
Current service cost (see Note 18)	12,342,821	–	12,342,821
Interest expense (income) on pension (see Note 21)	3,419,678	(2,205,712)	1,213,966
Pension cost charged to profit or loss	15,762,499	(2,205,712)	13,556,787
Benefits paid	(2,733,115)	2,733,115	–
Actuarial changes arising from:			
Changes in financial assumptions	(11,357,726)	–	(11,357,726)
Experience adjustments	6,913,596	–	6,913,596
Changes in demographic assumptions	294,278	–	294,278
Return on plan assets	–	830,490	830,490
Remeasurement loss (gain) charged to other comprehensive income	(4,149,852)	830,490	(3,319,362)
Contributions	–	(26,914,584)	(26,914,584)
Balances at December 31	₱99,347,211	(₱71,818,121)	₱27,529,090

Current service costs recognized in the parent company statements of income were presented as part of “Personnel costs” under “Cost of services” and “General and administrative expenses” (see Note 18).

The main categories of plan assets as a percentage of the fair value of total plan assets follow:

	2022	2021
Fixed income securities	**46.09%**	59.51%
Investments in shares of stocks	**25.05%**	30.47%
Others	**28.86%**	10.02%
	100.00%	100.00%

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining pension liability for the defined benefits pension plan are shown below:

	2022	2021
Discount rate	**7.21%**	5.03%
Expected salary increase rate	**5.00%**	5.00%

Assumptions regarding future mortality rate are based on the 2001 CSO Table-Generational developed by the Society of Actuaries, which provides separate rates for male and females.

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the net defined pension liability as at the end of the financial reporting period, assuming all other assumptions were held constant:

		Increase (decrease)	
		2022	2021
Discount rates	-100 basis points	**₱7,259,262**	₱8,912,452
	+100 basis points	**(6,388,877)**	(7,703,985)
Salary increase rates	-100 basis points	**(6,573,719)**	(7,774,950)
	+100 basis points	**7,347,771**	8,824,699

The Company expects to contribute at least ₱16.2 million to the defined benefit pension plan in 2023.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2022	2021
Within the next twelve (12) months	**₱35,698,159**	₱26,422,966
Between two (2) and five (5) years	**39,948,249**	35,401,305
Between six (6) and ten (10) years	**82,571,783**	29,139,426
Total expected payments	**₱158,218,191**	₱90,963,697

The weighted average duration of the pension liability as at December 31, 2022 and 2021 is 6.6 years and 8.4 years, respectively.

26. **Income Taxes**

In 2022 and 2021, the Company's provision for current income tax represents regular corporate income tax.

The reconciliation between the provision for (benefit from) income tax computed at the statutory income tax rate and the provision for (benefit from) income tax computed at the effective income tax rate as shown in the parent company statements of income follows:

	2022	2021
Income tax at statutory rate	**₱1,334,383,808**	₱2,319,281,616
Add (deduct) tax effects of:		
Dividend income exempt from income tax	**(1,132,349,818)**	(2,064,989,006)
Nondeductible expenses	**70,079,300**	10,909,119
Interest income subjected to final tax	**(16,777,110)**	(17,533,976)
Loss subjected to other taxes	**7,543,676**	42,094,254
Effect of change in tax rate	**–**	10,917,039
	₱262,879,856	₱300,679,046

The components of the Company's net deferred income tax as at December 31, 2022 and 2021, respectively follows:

	2022	2021
Deferred income tax assets:		
Recognized directly in parent company statements of income:		
Cost of share-based payment plan	**₱82,063,696**	₱72,873,733
Net loss on changes in fair value of financial assets at FVTPL	**25,527,554**	–
Amortization of ROU asset	**14,349,286**	10,752,803
Unamortized past service cost	**12,246,396**	11,175,484
Interest expense on pension - net	**3,701,022**	3,524,069
Accretion of interest on lease liability	**2,566,748**	2,359,908
Provision for impairment losses	**23,896**	–
Recognized in other comprehensive income:		
Remeasurement loss on pension liability	**8,567,186**	10,528,175
	149,045,784	111,214,172
Deferred income tax liabilities:		
Recognized directly in parent company statements of income:		
Unrealized foreign exchange gains - net	**25,198,722**	30,086,720
Actual lease payment	**16,568,972**	12,055,996
Pension cost	**10,711,871**	7,169,971
Net gain on changes in fair value of financial assets at FVTPL	**–**	38,378,509
	52,479,565	87,691,196
Deferred income tax assets - net	**₱96,566,219**	₱23,522,976

The Company did not avail of the optional standard deduction in 2022 and 2021.

27. Financial Risk Management Objectives and Policies and Capital Management

The Company's main financial instruments are cash and cash equivalents, and financial assets at FVTPL, at FVOCI, and at amortized cost. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Company. The Company has various other financial assets and liabilities, such as trade and other receivables, negotiable instruments, restricted cash, trade and other payables, loans and notes receivable and lease liability which arise directly from its operations, investing and financing activities.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from its investing and operating activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The table below summarizes the Company's gross maximum exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2022	2021
Cash and cash equivalents (except cash on hand)	**₱3,762,513,196**	₱1,809,360,261
Trade and other receivables		
Trade	**182,984,361**	191,356,272
Current portion of loan and notes receivable	**1,615,910,941**	2,169,051,100
Dividend receivables	**900,287,174**	4,280,250,557
Amounts owed by related parties	**30,001,697**	28,987,615
Interest receivable	**24,583,785**	21,910,364
Guarantee fee receivable	**3,042,083**	3,104,167
Other receivables	**5,733,919**	5,959,353
Financial assets at:		
FVOCI	**447,974,932**	1,122,283,516
Amortized cost	**110,000,000**	110,000,000
Loan and notes receivable - net of current portion	**1,205,515,200**	1,100,011,980
Negotiable instruments	**40,000,000**	40,000,000
Restricted cash	**93,000**	93,000
Total credit risk exposure	**₱8,328,640,288**	₱10,882,368,185

Cash and Cash Equivalents (except Cash on Hand), Financial Assets at FVOCI and at Amortized Cost, Negotiable Instruments and Restricted Cash

In determining the credit risk exposure, the Company has established PD rates based on available credit ratings published by Credit Rating Agencies. The credit ratings already consider forward-looking information. When a counterparty does not have published credit ratings, the Company benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics. While cash with banks and short-term cash investments are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

Trade and Other Receivables and Loan and Notes Receivable

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a twelve (12)-month expected loss allowance for all trade and other receivables, and loan and notes receivable. The ECL on trade and other receivables, and loan and notes receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the inflation rate of the countries in which it sells its goods and services to be the most relevant factors for its trade receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Below is the information about the credit risk exposure on the Company's trade and other receivables using a provision matrix:

	Current	Days past due < 30 days	31-60 days	61-90 days	> 191 days	Total
2022						
ECL rate	**0%**	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**₱2,667,743,872**	**₱–**	**₱45,751,861**	**₱49,048,227**	**₱3,274,278**	**₱2,765,818,238**
ECL	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,274,278**	**₱3,274,278**
2021						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱6,474,316,188	₱–	₱191,356,272	₱34,946,968	₱3,274,278	₱6,703,893,706
ECL	₱–	₱–	₱–	₱–	₱3,274,278	₱3,274,278

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

Aside from yielding good returns, the Company ensures that investments have ample liquidity to finance operations and capital requirements. The Company considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Company's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debts/obligations.

The tables below summarize the maturity profile of the Company's financial assets used to manage its liquidity risk as at December 31, 2022 and 2021.

2022	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More than Twelve (12) Months	Total
Cash and cash equivalents	**₱3,762,758,196**	**₱–**	**₱–**	**₱3,762,758,196**
Cash on hand and with banks	11,139,253	–	–	11,139,253
Cash equivalents	3,662,927,181	–	–	3,662,927,181
Cash under managed funds	88,691,762	–	–	88,691,762
Trade and other receivables	**2,431,422,695**	**331,121,265**	**–**	**2,762,543,960**
Trade	136,187,816	46,796,545	–	182,984,361
Current portion of loan and notes receivable	1,359,204,691	256,706,250	–	1,615,910,941
Dividend receivables	900,287,174	–	–	900,287,174
Amounts owed by related parties	6,521,751	23,479,946	–	30,001,697
Interest receivable	20,445,261	4,138,524	–	24,583,785
Guarantee fee receivable	3,042,083	–	–	3,042,083
Other receivables	5,733,919	–	–	5,733,919
Financial assets at:	**3,772,322,547**	**86,309,768**	**139,790,000**	**3,998,422,315**
FVTPL	3,324,347,615	36,309,768	79,790,000	3,440,447,383
FVOCI	447,974,932	–	–	447,974,932
Amortized cost	–	50,000,000	60,000,000	110,000,000
Prepayments and other current assets	**–**	**40,000,000**	**–**	**40,000,000**
Negotiable instruments	–	40,000,000	–	40,000,000
Loan and notes receivable - net of current portion	**–**	**–**	**1,205,515,200**	**1,205,515,200**
Other noncurrent assets	**93,000**	**–**	**–**	**93,000**
Restricted cash	93,000	–	–	93,000
	₱9,966,596,438	**₱457,431,033**	**₱1,345,305,200**	**₱11,769,332,671**

2021	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More than Twelve (12) Months	Total
Cash and cash equivalents	₱1,809,595,261	₱–	₱–	₱1,809,595,261
Cash on hand and with banks	67,755,080	–	–	67,755,080
Cash equivalents	1,012,268,534	–	–	1,012,268,534
Cash under managed funds	729,571,647	–	–	729,571,647
Trade and other receivables	4,949,508,222	1,751,111,206	–	6,700,619,428
Trade	191,356,272	–	–	191,356,272
Current portion of loan and notes receivable	450,000,000	1,719,051,100		2,169,051,100
Dividend receivables	4,280,250,557	–	–	4,280,250,557
Amounts owed by related parties	3,346,833	25,640,782	–	28,987,615
Interest receivable	15,491,040	6,419,324	–	21,910,364
Guarantee fee receivable	3,104,167	–	–	3,104,167
Other receivables	5,959,353	–	–	5,959,353
Financial assets at:	6,388,363,570	–	214,030,000	6,602,393,570
FVTPL	5,266,080,054	–	104,030,000	5,370,110,054
FVOCI	1,122,283,516	–	–	1,122,283,516
Amortized cost	–	–	110,000,000	110,000,000
Loan and notes receivable - net of current portion	–	–	1,100,011,980	1,100,011,980
Other noncurrent assets	93,000	–	40,000,000	40,093,000
Long-term negotiable instruments	–	–	40,000,000	40,000,000
Restricted cash	93,000	–	–	93,000
	₱13,147,560,053	₱1,751,111,206	₱1,354,041,980	₱16,252,713,239

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted payments.

2022	**Less Than Three (3) Months**	**Three (3) to Twelve (12) Months**	**More Than Twelve (12) Months**	**Total**
Trade and other payables				
Trade	**₱7,936,586**	**₱–**	**₱–**	**₱7,936,586**
Accrued expenses	**11,833,017**	**748,487**	**–**	**12,581,504**
Others	**13,460,153**	**2,100,995**	**–**	**15,561,148**
Lease liability				
Carrying amount	**2,290,947**	**–**	**–**	**2,290,947**
Unamortized discount	**15,284**	**–**	**–**	**15,284**
	₱35,535,987	**₱2,849,482**	**₱–**	**₱38,385,469**

2021	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More Than Twelve (12) Months	Total
Trade and other payables				
Trade	₱10,096,090	₱–	₱–	₱10,096,090
Accrued expenses	12,631,900	494,967	–	13,126,867
Others	4,365,695	–	–	4,365,695
Lease liability				
Carrying amount	4,011,228	13,207,950	2,296,311	19,515,489
Unamortized discount	334,467	492,895	15,284	842,646
	₱31,439,380	₱14,195,812	₱2,311,595	₱47,946,787

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates, commodity prices, interest prices, equity prices and other market changes.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The Company has transactional currency exposure. Such exposure arises from cash and cash equivalents, trade and other receivables, financial assets at FVTPL, loan and notes receivable and trade and other payables in US$. The exposure in US$ is managed by monitoring the foreign exchange movement on a daily basis.

The Company did not seek to hedge the exposure on the change in foreign exchange rates between the US$ and Philippine peso. The Company does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Company's foreign currency-denominated financial instruments as at December 31, 2022 and 2021 are as follows:

	2022		2021	
	US$ Amount	**Peso Equivalent**	US$ Amount	Peso Equivalent
Financial assets:				
Cash and cash equivalents				
Cash with banks	**$30,785**	**₱1,716,445**	$80,948	₱4,128,282
Cash equivalents	**34,585,588**	**1,928,319,454**	12,786,768	652,112,388
Cash under managed funds	**494,556**	**27,573,942**	13,858,039	706,746,128
Trade and other receivables				
Current portion of loan and notes receivable	**400,000**	**22,302,000**	400,000	20,399,600
Amounts owed by related parties	**281,856**	**15,714,857**	354,207	18,064,215
Interest receivable	**83,371**	**4,648,347**	13,479	687,424
Dividend receivable	**–**	**–**	5,002,386	255,116,661
Other receivables	**85,000**	**4,739,175**	110,000	5,609,890
Financial assets at:				
FVTPL	**50,553,193**	**2,818,593,260**	92,268,885	4,705,620,871
Loan and notes receivable - net of current portion	**7,040,000**	**392,515,200**	8,020,000	409,011,980
	93,554,349	**5,216,122,680**	132,894,712	6,777,497,439
Financial liabilities:				
Trade and other payables	**$171,958**	**₱9,587,518**	$206,815	₱10,547,366
Net financial assets	**$93,382,391**	**₱5,206,535,162**	$132,687,897	₱6,766,950,073

The exchange rate used for conversion of US$1.00 to peso equivalent was ₱55.75 and ₱51.00 as at December 31, 2022 and 2021, respectively.

The sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, in the Company's income before income tax (due to changes in fair value of monetary assets and liabilities) as at December 31, 2022 and 2021 are as follows:

	Peso Strengthens (Weakens)	Sensitivity to pretax income
2022	**₱0.75**	**(₱70,036,793)**
	(1.40)	**130,735,347**
2021	₱0.30	(₱39,806,369)
	(0.65)	86,247,133

There is no other impact on the Company's equity other than those already affecting the parent company statements of income.

Interest Rate Risk
The Company's exposure to the risk of changes in market interest rate relates to quoted fixed and floating debt instruments.

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value risk. The Company regularly monitors the market interest rate movements and manages its interest rate risks by using a mix of fixed and variable rates.

The sensitivity to a reasonably possible change in the interest rate (in basis points), with all other variables held constant, in the Company's equity as at December 31, 2022 and 2021 are as follows:

		Change in interest rates (in basis points)	Sensitivity to equity
2022	**Financial assets**	**+100**	**₱32,712,701**
		-100	**(32,712,701)**
2021	Financial assets	+100	₱46,913,740
		-100	(46,913,740)

The above analysis does not include the sensitivity of the interest-linked notes to movements in interest rate.

The impact on the Company's equity is caused by the changes in the market value of quoted debt due to interest rate movements. The impact of the movement of interest rate on the Company's floating rate debt is not significant.

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

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

The table below shows the sensitivity to a reasonably possible change in equity prices of quoted equity instruments as at December 31, 2022 and 2021, except equity-linked investments. The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Company holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

	Average change in market indices (in percentage)	Sensitivity to equity
2022	**+21.01%**	**₱13,326,619**
	-21.01%	**(13,326,619)**
2021	+18.54%	₱28,445,449
	-18.54%	(28,445,449)

Capital Management

The Company considers equity as its capital. Its primary objective in capital management is to maintain a strong credit rating in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or declare/adjust dividend payments to shareholders. No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

The Company monitors capital using the debt-to-equity ratio, which is total liabilities divided by equity. The Company's policy is to keep the debt-to-equity ratio to not more than 1:1. Total liabilities include trade and other payables, income tax payable, lease liability and pension liability.

The Company considers the following as capital:

	2022	2021
Capital stock	**₱6,849,836,057**	₱6,849,836,057
Additional paid-in capital	**8,300,001,691**	8,300,001,691
Cost of share-based payment plan	**522,837,200**	473,442,566
Net valuation gains (losses) on financial assets at FVOCI	**(5,934,864)**	3,362,309
Retained earnings:		
Unappropriated	**16,255,399,963**	17,309,248,172
Appropriated	**135,000,000**	135,000,000
Treasury stock	**(134,014,558)**	(134,014,558)
	₱31,923,125,489	₱32,936,876,237

The table below shows the Company's debt-to-equity ratio as at December 31, 2022 and 2021.

	2022	2021
Total liabilities (a)	**₱304,415,997**	₱137,755,567
Equity (b)	**31,923,125,489**	32,936,876,237
Debt-to-equity ratio (a/b)	**0.010:1**	0.004:1

The Company is not exposed to externally imposed capital requirements.

28. **Financial Instruments**

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

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

Trade and Other Receivables and Trade and Other Payables
Similarly, the carrying amounts of trade and other receivables and trade and other payables 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.

Financial Assets at Amortized Cost
The carrying amount of financial assets at amortized cost, which is measured using the 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.

Negotiable Instruments
The carrying amount of negotiable instruments approximate their fair values since interest are earned based on long-term cash investment rates.

Loan and Notes Receivable
The carrying amount of loan and notes receivable, which is the transaction price, approximates its fair value.

Fair Value Hierarchy of Financial Instruments
As at December 31, 2022 and 2021, the fair value of the quoted debt and equity securities is the quoted market price at the close of the business and all are categorized under Level 1.

As at December 31, 2022 and 2021, 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.

29. **Significant Agreements**

Loan Agreements

JSI
On January 28, 2020, the Company granted a one (1) year loan facility to JSI amounting to ₱1,044.0 million to be used for the 30 megawatts (MW) Phase 3A expansion of JSI's solar power plant. The loan bears an interest of 5.00% p.a. which is payable quarterly following the date of the corresponding drawdown until the full payment of the loan principal.

In succeeding years, the Company and JSI amended the maturity dates of the promissory notes which are part of the loan facility granted by the Company in 2020.

All other terms and conditions of the original loan agreement remain unchanged. JSI's total drawdown related to the ₱1,044.0 million loan facility amounted to nil and ₱150.0 million in 2022 and 2021, respectively (see Note 23).

On May 21, 2021, JSI entered into another loan agreement with the Company for a principal amount not exceeding ₱53.5 million to be used for JSI's expenses relating to loans from various banks and for the development costs of the additional 100MW of its solar power plant. The loan bears an interest of 5.00% interest p.a. which is payable quarterly following the date of the corresponding drawdown until full payment of the loan principal. The full amount was drawn by JSI in 2021. The loan principal and interest were fully paid in 2022.

On September 23, 2021, the Company, EPI, JSI and TBEA International Engineering Co., Ltd. (TBEA) signed a Supplemental Agreement on Shareholder Advances. Under the terms of the Agreement, the Company, on behalf of EPI, grants JSI a loan facility amounting to US$26.3 million to finance JSI's development of Phase 3B - 38MW Solar Project subject to 5.00% interest p.a. The loan principal and interest are payable within one (1) year from the date of remittance to JSI. JSI's total drawdown amounted to ₱588.2 million and ₱771.0 million in 2022 and 2021, respectively (see Note 23).

The carrying amounts of loan and notes receivable from JSI, which are all current, follows:

	2022	2021
Balances at January	**₱1,868,500,000**	₱894,000,000
Drawdowns	**588,204,691**	974,500,000
Payments	**(863,095,750)**	–
Balances at December 31	**₱1,593,608,941**	₱1,868,500,000

Interest income from loan and notes receivable from JSI amounted to ₱93.4 million and ₱60.6 million in 2022 and 2021, respectively (see Notes 20 and 23).

<u>EPI</u>

On March 4, 2019, the Company agreed to provide EPI a loan facility not exceeding ₱1,000.0 million, in addition to the loan facility provided in September 2017 amounting to ₱450.0 million. Out of the ₱1,000.0 million loan facility, a total of ₱884.0 million was drawn. Both loans bear an interest of 5.00% p.a. which is payable semi-annually following the date of the corresponding drawdown. The loan principals are payable on or before the end of third (3rd) year after drawdown.

On November 6, 2020, the BOD approved the renewal of the ₱450.0 million loans under the same terms and conditions set forth in the September 2017 agreement. The proceeds of the loan will be used exclusively for the repayment of the original loan.

In 2022 and 2021, the Company granted new loan facilities to EPI. Details of the loan drawdowns are as follows:

Drawdown Date	**Maturity Date**	**Interest Rate**	**Amount**
January 28, 2022 to September 12, 2022	**January 27, 2025 to September 11, 2025**	**5.00%**	**₱240,000,000**
May 26, 2022 to August 15, 2022	**May 25, 2027 to August 14, 2027**	**6.00%**	**760,500,000**
September 12, 2022	**September 12, 2022**	**-**	**137,125,200**
			₱1,137,625,200

Drawdown Date	Maturity Date	Interest Rate	Amount
April 5, 2021 to December 7, 2021	April 4, 2024 to December 6, 2024	5.00%	₱209,000,000

On March 29, 2021, EPI partially paid its outstanding loan to the Company amounting to ₱500.0 million by way of dation in payment of EPI's right and interest equivalent to 38% of JSI's shares of stock.

On August 4, 2022, the BOD of the Company approved to convert into equity of EPI a portion of EPI's outstanding loan to the Company amounting to ₱1,054.2 million upon approval of EPI's application for increase in authorized capital stock.

The carrying amounts of loan and notes receivable from EPI follows:

	2022	2021
Balances at January	**₱971,151,500**	₱1,334,000,000
Drawdowns	**1,137,625,200**	209,000,000
Conversions into equity	**(1,054,168,994)**	(500,000,000)
Payments	**(241,607,706)**	(71,848,500)
Balances at December 31	**813,000,000**	971,151,500
Less noncurrent portion	**813,000,000**	691,000,000
Current portion	**₱–**	₱280,151,500

Interest income from loan and notes receivable from EPI amounted to ₱54.5 million and ₱53.3 million in 2022 and 2021, respectively (see Notes 20 and 23).

CPDL

In December 2019, the Company granted a loan facility to CPDL amounting to US$9.3 million, equivalent to ₱479.2 million, at a prevailing one hundred eighty (180)-day LIBOR plus 1.00% spread, to be used for the acquisition of an aircraft and expenses relating thereto. The loan shall be drawn in several installments on or before December 31, 2019. The interest on the loans is payable semi-annually, on or before June 15 and December 15 of each year. The loan is payable within twelve (12) years, with required minimum annual principal repayment of US$0.4 million on or before each anniversary date.

The carrying amounts of loan and notes receivable from CPDL follows:

	2022		2021	
	US$ Amount	Peso Equivalent	US$ Amount	Peso Equivalent
Balances at January 1	**$8,420,000**	**₱429,411,580**	$9,240,000	₱443,732,520
Payments	**(980,000)**	**(49,979,020)**	(820,000)	(39,378,860)
Foreign exchange adjustments	**–**	**35,384,640**	–	25,057,920
Balances at December 31	**7,440,000**	**414,817,200**	8,420,000	429,411,580
Less noncurrent portion	**7,040,000**	**392,515,200**	8,020,000	409,011,980
Current portion	**$400,000**	**₱22,302,000**	$400,000	₱20,399,600

Interest income from loan and notes receivable from CPDL amounted to US$0.3 million, equivalent to ₱18.4 million, in 2022 and ₱US$0.1 million, equivalent to ₱5.3 million, in 2021 (see Notes 20 and 23).

Deed of Assignment of Advances
In July 2016, the Company agreed to provide a loan facility amounting to ₱1,500.0 million for EPI's overhead costs and development of its solar and various projects.

On December 22, 2017, the Company and EPI entered into a Deed of Assignment of Advances wherein the Company offered to subscribe to additional shares of EPI equivalent to 1,190,476,190 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI, and in consideration, the Company shall assign to EPI its outstanding loan receivable of ₱1,500.0 million (see Note 11).

Block Charter Agreement with World Aviation Corporation (WAC)
On September 19, 2019, the Company and WAC entered into an agreement wherein WAC will provide the Company air services on a block charter basis for a guaranteed time equivalent to a minimum of thirty-three (33) hours and twenty (20) minutes (guaranteed flying hours). In consideration of the services to be provided by WAC, the Company shall pay US$4,500 per flight hour, subject to adjustment based on the movement in the average fuel price at the end of each calendar quarter. The agreement is effective until the full utilization of the guaranteed flying hours or December 31, 2019, whichever comes later.

Upon signing of the agreement, the Company made an advance payment of US$150,000, equivalent to ₱7.8 million, to WAC. And as agreed, if the Company is unable to or will not avail of the services covered within the guaranteed time, WAC may, with prior written consent of the Company, provide the service to a third party for a specified period and at a price at least equivalent to the charter price and with WAC or third party bearing the costs. In such case, WAC shall deduct from the advance payment the total consideration of the third-party charter and remit the refund to the Company. As at December 31, 2022 and 2021, WAC remitted a total of US$65,000, equivalent to ₱3.4 million and US$40,000, equivalent to ₱2.1 million, respectively to the Company. The remaining balance of the advance payment amounting to US$85,000, equivalent to ₱4.7 million, and US$110,000, equivalent to ₱5.6 million, as at December 31, 2022 and 2021, respectively, is recognized under "Trade and other receivables" (see Note 5).

PSA with SURNECO
On October 31, 2013, the Company and SURNECO signed a fifteen (15) year PSA. Under the terms of the PSA, the Company has agreed to construct, operate, and maintain a 10MW bunker-fired diesel power station under build-operate-transfer scheme and to supply electricity to SURNECO. As defined in the PSA, SURNECO will pay to the Company a monthly fee equal to the capital recovery

fee of the power station plus fixed and variable operations and maintenance fee, fuel cost and any other applicable taxes.

The total construction cost of the 10MW bunker-fired diesel power station is about ₱1,000.0 million.

The ERC issued the Certificate of Compliance to the Company on June 26, 2019. The Company and SURNECO agreed to commence the commercial operations of the three (3) generating units starting on June 26, 2018 for the first generator set, December 26, 2018 for the second generator set and June 26, 2019 for the third generator set. Each generating unit has a contracted capacity of 3.33MW. The plant operates based on the agreed schedule and in consonance with the load nominations from SURNECO.

Currently, the power plant is ready to dispatch power at 10MW in accordance with the signed and approved PSA.

Revenue from sale of power and capital recovery fee amounted to ₱29.6 million and ₱134.3 million, respectively, in 2022 and ₱32.2 million and ₱134.3 million, respectively, in 2021.

Management Agreement
On December 21, 2021, the Company entered into a management contract with its subsidiaries (TMC, RTN, CMC and HMC) covering a period of one (1) year, from January 1 to December 31, 2021, to manage the business affairs of the latter. The agreement supersedes any other agreements previously executed by the parties. The new contract provides that the monthly management fee shall be ₱5.6 million for TMC, ₱3.8 million for RTN, ₱1.9 million for CMC and ₱1.3 million for HMC.

On December 2, 2022, the management contract executed by the Company with its subsidiaries (TMC, RTN, CMC and HMC) was renewed for another year from January 1 to December 31, 2022. The renewal contract provides that the monthly management fee shall be ₱5.6 million for TMC, ₱3.8 million for RTN, ₱1.9 million for CMC and ₱1.3 million for HMC.

In December 2022, the Company entered into a management contract with DMC covering a period of one (1) year, from January 1 to December 31, 2022, to manage the business affairs of the latter. The contract provides that management fee of 3.0% shall be charged to DMC based on the total amount in US$ of the free-on-board price stated in the invoices issued by DMC to its customers.

In 2022 and 2021, the Company charged its subsidiaries (TMC, RTN, CMC, HMC and DMC) a management fee amounting to ₱67.5 million for TMC, ₱45.0 million for RTN, ₱22.5 million for CMC, ₱15.0 million for HMC and ₱15.9 million and nil for DMC, respectively.

Management income amounted to ₱165.9 million in 2022 and ₱150.0 million in 2021, respectively (see Note 23).

Marketing Agreement
On February 5, 2013, the Company entered into a marketing agreement with its subsidiaries (TMC, RTN, CMC and HMC) wherein the Company shall provide the services set forth below:

a) To use its reasonable endeavors in collecting, studying and analyzing the market information related to nickel ore, iron ore, nickel pig iron, and stainless steel;
b) To periodically report market information defined in (a);
c) To make efforts to introduce customers to subsidiaries and provide support to subsidiaries in negotiating the price and terms and conditions of sales contracts of the products by and between subsidiaries and customers; and

d) To monitor and assess trends of customers and support subsidiaries to create an effective pricing strategy and marketing plan.

The agreement shall retroact on January 1, 2013 and shall continue in effect for a period of one (1) year and may be extended for additional period of one (1) year each upon mutual agreement of the parties.

Marketing fee of 3.5% shall be charged to subsidiaries based on the total amount in US$ of the free-on-board price stated in the invoices issued by the subsidiaries to their customers.

In December 2022, the Company entered into a marketing agreement with DMC starting January 1, 2022 and shall continue in effect for a period of one (1) year and may be extended for additional period of one (1) year each upon mutual agreement of the parties. The terms of the agreement are similar with the existing marketing agreements of the Company with its other subsidiaries.

In 2022 and 2021, the Company charged its subsidiaries (TMC, RTN, CMC, HMC and DMC) a marketing fee amounting to ₱377.3 million and ₱342.4 million for TMC, ₱223.5 million and ₱191.5 million for RTN, ₱133.8 million and ₱174.7 million for CMC, ₱75.9 million and ₱93.8 million for HMC, and ₱18.6 million and nil for DMC, respectively.

In 2022 and 2021, marketing income amounted to ₱829.1 million and ₱802.4 million, respectively (see Note 23).

Suretyship Agreement with Security Bank Corporation (SBC)
On August 4, 2015, the Company entered into a Suretyship Agreement with SBC to guarantee and warrant the prompt and full payment and performance of the guaranteed obligations, including increases, renewals, roll-overs, extensions, restructuring, conversions, amendments or novations, of EPI to SBC amounting to ₱3,000.0 million. The agreement shall remain in full force and effect until full payment of the guaranteed obligations is made.

In September 2017, EPI partially repaid its loan to SBC reducing the principal from ₱3,000.0 million to ₱1,500.0 million.

As at December 31, 2022 and 2021, the outstanding loans of EPI from SBC amounted to ₱1,500.0 million.

Memorandum of Agreement (MOA) with EPI
As consideration for the guarantee made by the Company under the Suretyship Agreement with SBC, a MOA was executed on January 21, 2016 between the Company and EPI wherein the latter agreed to pay the Company an annual fee equal to 2.00% of the relevant outstanding amount, which is payable every February 5 and August 5 of each year until the loan is fully paid by EPI.
Effective October 1, 2017, the annual fee was reduced from 2.00% to 0.50% p.a.

The guarantee fee income amounted to ₱7.6 million in 2022 and 2021(see Notes 20 and 23).

Memorandum of Understanding (MOU)
On September 14, 2009, the Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project. The estimated cost of the Project is $1,420.0 million, which further increased to

US$1,590.0 million, over a three (3)-year construction period, which started in the last quarter of 2010. The plant will have an annual capacity of 51,000 dry metric tons of mixed nickel-cobalt sulfide over an estimated thirty (30)-year project life. The MOU provides that the equity share of the Company and SMM shall be 20%-25% and 75%-80%, respectively.

Following the MOU is the Taganito HPAL Stockholders Agreement (the Agreement) entered into by the Company, SMM and Mitsui and Co., Ltd. (Mitsui), on September 15, 2010 stating that the Project will be undertaken by THNC, a company that will be jointly owned by the Company, SMM and Mitsui with equity interest of 22.5%, 62.5% and 15.0%, respectively. Pursuant to the Agreement, SMM granted THNC a non-exclusive license of technology owned by SMM to produce the products and has undertaken to provide technical assistance to THNC. The Company has undertaken to cause TMC to supply THNC with nickel ore and limestone and to further cause TMC to make available to THNC the use of the land and infrastructure necessary for the production of the products while Mitsui shall assist THNC in procuring materials and equipment necessary for the mine's operations.

The Agreement also sets forth the respective rights and obligations of the Company, SMM and Mitsui, including their responsibilities in respect of financing the US$1,420.0 million, which further increased to US$1,590.0 million, project investment undertaken by THNC. Also, under the Agreement, the Company, SMM and Mitsui agreed to make loans to THNC or guarantee the repayment of THNC's obligations in accordance with the financial requirements of THNC and in proportion to their shareholding ratio in THNC.

The Agreement shall terminate upon the dissolution of THNC.

Share Purchase Agreement (SPA)

On September 15, 2016, the Company and SMM executed a SPA wherein the latter agreed to purchase the Company's 511,875,000 shares in THNC, representing 12.5% of the outstanding capital stock of THNC, at a purchase price of US$42.0 million, equivalent to ₱2,037.2 million. The sale and purchase of the shares was consummated upon the written consent of Japan Bank for International Cooperation.

The SPA also provides that for a period of eighteen (18) years but no earlier than three (3) years from the execution of the SPA, the Company shall have the right to repurchase from SMM such number of shares of THNC equivalent to 12.5% equity ownership therein at the time when the right is exercised. The repurchase right can only be exercised once.

Pursuant to the SPA, the Company and SMM also agreed that effective July 1, 2016 their responsibility to provide loans and guarantee obligation of THNC shall be 10% and 75%, respectively.

Loan Guarantee/Substitution Agreement

Under a loan guarantee/substitution agreement dated December 9, 2011 between the Company and SMM, the latter agreed to substitute for the Company to make loans or guarantee the repayment of THNC pursuant to the Stockholders Agreement dated September 15, 2010.

In consideration of the loans and guarantee made by SMM, the Company shall pay to SMM an annual fee equal to 1.00% of the relevant outstanding amount, which is payable every February 21 and August 21 of each year.

On January 26, 2015, December 18 and December 3, 2013, the Company and SMM entered into another loan guarantee/substitution agreement with respect to the new loan agreements made and entered by THNC and SMM on August 4, 2014, December 3 and January 31, 2013, respectively.

The annual fee is also equal to 1.00% of the relevant outstanding amount, which is payable every March 21 and September 21 of each year.

On October 8, 2020, the Company and SMM agreed to amend the loan guarantee/substitution agreement to reduce the annual fee to 0.60% of the average unpaid balance for payment's due every 21st of February, March, August and September of each year. However, in consideration of the MUFG Bank Ltd. (formerly known as The Bank of Tokyo - Mitsubishi UFJ, Ltd.) substitution, the annual fee is 1.00% for any payments due before September 21, 2020, which is the effective date of the amendment, and 0.60% for any payments due thereafter.

In case of default, such loan guarantee/substitution agreements will be terminated and the Company shall provide loans to THNC or guarantee the repayment of THNC's loans payable. Failure to provide such loans or guarantee shall be considered a default under the Stockholders' Agreement.

The loan guarantee service fee amounted to ₱36.5 million and ₱36.4 million in 2022 and 2021, respectively (see Notes 21 and 23).

Participation and Shareholders' Agreement
In May 2011, the Company and SMM signed a Participation and Shareholders' Agreement containing the terms of SMM's expected equity participation in CExCI. Under the terms of the Agreement, SMM will invest US$1.5 million in CExCI for 25% equity. Once such funds have been 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%. SMM did not exercise its option to make the additional investment and the said agreement was terminated.

CExCI has identified a new property for exploration and development in the province of Zambales under Newminco, which is prospective for gold and copper. In relation to this, SMM put up an additional US$2.8 million to increase its ownership from 25% to 40%. On November 24, 2015, the shareholders of CExCI agreed to enter into a new Participation and Shareholders' Agreement to set out the rights and obligations of the shareholders in relation to the conduct of the business of CExCI. The new agreement also causes CExCI to convert the existing advances from shareholders into equity, based on the initial equity proportion of shareholders, by issuing shares out of the unissued authorized capital stock of CExCI at a premium. Total advances of the Company for conversion to equity of CExCI amounted to ₱92.0 million as at December 31, 2022 and 2021 (see Note 11). CExCI has filed the application for the conversion of advances into equity with the SEC. As at December 31, 2022, CExCI is still waiting for the SEC's approval of the conversion of advances into equity.

On December 18, 2015, the BOD of CExCI approved to increase its authorized capital stock. Upon approval of the SEC of the application for increase in authorized capital stock of CExCI, the additional investment of SMM amounting to US$2.8 million, which is equivalent to ₱131.9 million, will be converted into equity. After the conversion, the Company and SMM's equity in CExCI shall be 57% and 40%, respectively.

As at December 31, 2022 and 2021, the total additional advances made by the Company to CExCI amounted to ₱251.6 million and ₱197.6 million, respectively, following the equity cash call made by CExCI (see Note 11).

MOA with DOE
On December 3, 2014, the Company and the DOE agreed in accordance with RA 9136 or the "Electric Power Industry Reform Act of 2001" which requires all energy generation companies and/or energy resource developers to provide financial benefits equivalent to ₱0.01/ kilowatt-hour (kWh) of the total electricity sales of the generation facility to its customer/off-taker to the region, province, city or municipality and barangay that host the generation facility, and to establish the corresponding trust accounts which should be administered by the DOE. The ₱0.01 financial benefits shall be allocated as follows: ₱0.005/kWh for EF, ₱0.0025/kWh for DLF and ₱0.0025/kWh for RWMHEEF.

Omnibus Loan and Security Agreement (OLSA)
On August 2, 2021, JSI, Industrial and Commercial Bank of China (ICBC) and SBC, entered into an OLSA with the Company, EPI and TBEA as Share Collateral Security Grantors and Sponsors. Pursuant to the OLSA, ICBC and SBC granted term loan facilities to JSI amounting to ₱1,600.00 million that will be used by JSI to partially refinance the shareholder's loans used for its Phase 3A and 3B solar project expansions.

30. Events after the End of the Financial Reporting Period

Dividend Declaration
On March 14, 2023, the Company's BOD declared regular cash dividends of ₱0.17 per common share to stockholders of record as at March 29, 2023 which will be paid on April 12, 2023.

Additional Investment in EPI
On January 16, 2023, the Company's BOD approved to invest an additional ₱2,920.0 million to EPI by subscribing to additional common shares of EPI. The additional investment will be utilized by EPI for its operations, for the operating expenses of BGI and MGPC, and for investments in GRHI and other projects of its subsidiaries. With this additional investment, the Company's equity ownership in EPI will increase from 86.29% to 95.80%.

Surety Agreement with SBC
The Company's BOD approved the execution of a new Suretyship Agreement with SBC to secure an additional ₱2,000.0 million loan facility for EPI. The proceeds of the loan will be used to finance the Phase 4A (68MW) Subic solar power plant expansion of JSI.

31. Supplemental Disclosure to Parent Company Statements of Cash Flows

	2022	2021
Noncash investing activities:		
Conversion of loans into equity of EPI	**₱1,054,168,994**	₱–
Additional investment in subsidiaries arising from ESOP (see Notes 10 and 14)	**12,634,783**	2,684,227
Debt-to-equity swap of EPI's loan and shares of stock in JSI	–	500,000,000
Conversion of deposits into equity of CDTN	–	25,000,000

32. **Supplementary Tax Information under Revenue Regulations 15-2010**

The Company reported and/or paid the following types of taxes in 2022:

VAT

The Company's revenues and other income are VAT exempt, subject to 0% VAT, and/or 12% output VAT while its purchases from VAT-registered individuals or corporations are subject to 12% input VAT.

a) Net sales/receipts and output VAT declared in the Company's VAT returns for 2022:

VAT zero-rated sales/receipts	
Marketing service income	₱144,904,153

The Company's sales of services to its subsidiaries namely TMC, RTN, CMC and HMC were subjected to VAT zero-rating pursuant to the Board of Investments certifications received by the subsidiaries as manufacturers/exporters with 100% export of beneficiated nickel ore to companies in China and Japan.

VAT exempt sales/receipts	
Interest income from loan and notes receivable	₱108,455,759

A portion of the Company's interest income from loan and notes receivable were exempted from VAT pursuant to the Certificate of Registration and Tax Exemption held by JSI which allows the latter to enjoy waived VAT, ad valorem and excise tax on internal revenue taxes, customs and import duties, and national revenue taxes, among others.

VAT sales/receipts

The Company's taxable sales/receipts which were subjected to 12% output VAT follows:

	Sales/Receipts	Output VAT
Marketing service income	₱742,595,077	₱89,111,409
Management service income	165,900,795	19,908,095
Capital recovery fee	100,754,100	12,090,492
Interest income from loan and notes receivable	54,753,936	6,570,473
Sale of :		
Power	21,332,596	2,559,912
Scrap	36,229	4,347
Guarantee fee income	7,604,167	912,500
	₱1,092,976,900	₱131,157,228

b) Input VAT

The Company's input VAT came from prior years and current year purchases as follows:

Balance at January 1, 2022	₱45,598,401
Current year's domestic purchases/payments for:	
Services received	22,826,625
Goods other than capital goods	1,844,918
Capital goods subject to amortization	438,662
Capital goods not subject to amortization	293,071
	71,001,677
Deductions from input VAT	
Applied against output VAT	
December 2021	2,136,545
1st Quarter 2022	2,944,470
2nd Quarter 2022	5,000,445
3rd Quarter 2022	49,746,983
4th Quarter 2022	10,866,133
	70,694,576
Balance at December 31, 2022	₱307,101

Withholding Taxes

	Total Remittance	Remaining Balance
Withholding taxes on compensation and benefits	₱167,619,902	₱83,435,204
Final withholding taxes	81,250,966	34,180,015
Expanded withholding taxes	7,424,377	1,115,958
	₱256,295,245	₱118,731,177

The remaining balances of withholding taxes are included in "Trade and other payables" in the parent company statements of financial position.

Other Taxes and Licenses
Taxes and licenses, local and national, include FBT, registration and filing fees, documentary stamp tax (DST), real property tax (RPT) and licenses and permit fees for 2022.

Under Cost of Services	
FBT	₱10,776,305

Under Cost of Power Generation	
RPT	₱6,788,990
Licenses and permit fees	886,255
DST	202,614
FBT	64,696
Others	41,820
	₱7,984,375

Under General and Administrative Expenses	
Licenses and permit fees	₱8,518,706
FBT	3,721,151
DST	314,778
RPT	202,100
Others	74,290
	₱12,831,025

Others
The Company has no locally produced or imported excisable item, landed cost of imports, custom duties and tariff fees paid or accrued as at December 31, 2022.

There were no deficiency tax assessments, tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR for the year ended December 31, 2022.

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Board of Directors and Stockholders
Nickel Asia Corporation
28th Floor NAC Tower, 32nd Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Nickel Asia Corporation as at December 31, 2022 and 2021, and have issued our report thereon dated March 14, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
Tax Identification No. 163-069-453
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 100794-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-097-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9564637, January 3, 2023, Makati City

March 14, 2023

NICKEL ASIA CORPORATION

INDEX TO THE PARENT COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE I

NICKEL ASIA CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Unappropriated retained earnings as at December 31, 2021, *as adjusted to available for dividend distribution*	₱16,690,667,244
Add: Net income actually earned/realized during the period	
Net income during the period closed to retained earnings	5,074,655,378
Less: Non-actual/unrealized income net of tax	
Unrealized foreign exchange gains - net (except those attributable to cash and cash equivalents)	(102,922,299)
Fair value adjustments	281,059,028
Net income actually earned during the period	5,252,792,107
Less: Dividend declarations during the year	(6,134,386,553)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION AS AT DECEMBER 31, 2022	**₱15,809,072,798**