

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 2 892 6669 / +63 2 892 4177

(Telephone Numbers)

December 31

(Fiscal Year Ending)

(month & day)

SEC FORM 17-Q Quarterly Report

Form Type

Amendment Delegation (If applicable)

For the Quarter Ended

March 31, 2016

Period Ended Date

(Secondary License Type and File Number)



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

- 1. For the quarterly period ended: MARCH 31, 2016
- 2. SEC Identification Number: CS200811530
- 3. BIR Tax Identification No.: 007-085-191-000
- 4. Exact name of issuer as specified in its charter: NICKEL ASIA CORPORATION
- 5. Province, Country or other jurisdiction of incorporation or organization: PHILIPPINES
- 6. Industry Classification Code: (SEC Use Only)
- 7. Address of principal office Postal Code
28th Floor NAC Tower, 32nd Street, 1634
Bonifacio Global City, Taguig City
- 8. Issuer's telephone number, including area code: +63 2 892 6669 / +63 2 892 4177
- 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	7,596,939,456 shares
Long-term Debt	Php4,032.5 million

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

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

PHILIPPINE STOCK EXCHANGE Common Stock

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

Yes No

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

Yes No



May 11, 2016

Ms. Janet A. Encarnacion

Disclosure Department
The Philippine Stock Exchange Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Atty. Justina F. Callangan

Corporation Finance Department
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills
Mandaluyong City


Re : SEC Form 17-Q 2016 1st Quarter Report
X =====X

Dear Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended March 31, 2016.

We trust everything is in order.

Very truly yours,


Emmanuel L. Samson
SVP - Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
MARCH 31, 2016

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2016 (with Comparative Audited Statement of Financial Position as at December 31, 2015) and for the three-month period ended March 31, 2016 and 2015 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2016 and 2015 and as at March 31, 2016 and December 31, 2015:

Summary Consolidated Statements of Income

	For the Quarter Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2016	2015		
	<i>(In thousand pesos)</i>			
Revenues	1,701,392	3,120,728	(1,419,336)	-45%
Cost and expenses	(1,581,517)	(1,950,407)	(368,890)	-19%
Finance income	54,406	56,877	(2,471)	-4%
Finance expenses	(82,286)	(32,965)	49,321	150%
Equity in net income (losses) of associates	(225,856)	212,791	(438,647)	206%
Other income (charges) - net	(30,730)	15,834	(46,564)	-294%
Provision for income tax - net	(65,650)	(385,400)	(319,750)	-83%
Net income (loss)	<u>(230,241)</u>	<u>1,037,458</u>	<u>(1,267,699)</u>	<u>-122%</u>
Net income (loss) attributable to:				
Equity holders of the parent	(300,777)	675,767	(976,544)	-145%
Non-controlling interests	70,536	361,691	(291,155)	-80%
	<u>(230,241)</u>	<u>1,037,458</u>	<u>(1,267,699)</u>	<u>-122%</u>

Summary Consolidated Statements of Financial Position

	March 31,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2016	2015		
	<i>(Unaudited)</i>	<i>(Audited)</i>		
	<i>(In Thousand Pesos)</i>			
Current assets	15,961,789	16,677,942	(716,153)	-4%
Noncurrent assets	25,311,154	24,968,266	342,888	1%
Total assets	<u>41,272,943</u>	<u>41,646,208</u>	<u>(373,265)</u>	<u>-1%</u>
Current liabilities	7,069,561	7,713,231	(643,670)	-8%
Noncurrent liabilities	5,083,735	4,519,789	563,946	12%
Equity attributable to				
equity holders of the Parent	25,147,796	25,511,873	(364,077)	-1%
Non-controlling interests	3,971,851	3,901,315	70,536	2%
Total liabilities and equity	<u>41,272,943</u>	<u>41,646,208</u>	<u>(373,265)</u>	<u>-1%</u>

Summary Consolidated Statements of Cash Flows

	For the Quarter Ended March 31		Increase (Decrease)	Percent Inc (Dec)
	2016	2015		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	(244,565)	286,091	(530,656)	-185%
Investing activities	(942,904)	(3,746,719)	(2,803,815)	-75%
Financing activities	5,778	(23,258)	(29,036)	-125%
Net decrease in cash and cash equivalents	(1,181,691)	(3,483,886)	2,302,195	-66%
Cash and cash equivalents, beginning	7,073,171	13,561,803	(6,488,632)	-48%
Cash and cash equivalents, end	5,891,480	10,077,917	(4,186,437)	-42%

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

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the three months ended March 31, 2016 and 2015, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Three months ended March 31, 2016 compared with three months ended March 31, 2015

Revenues

Our total revenues were ₱1,701.4 million for the three months ended March 31, 2016 compared to ₱3,120.7 million for the three months ended March 31, 2015, a decrease of ₱1,419.3 million or 45%.

Sale of ore

The volume shipped in the first quarter of 2016 is almost similar with the volume achieved in the same period last year. In the first quarter of 2016, we sold an aggregate 3,489.2 thousand wet metric tons (WMT) of nickel ore compared to 3,490.9 thousand WMT of nickel ore for the first quarter of 2015. Our sales for this period included 745.5 thousand WMT of saprolite ore sold to our customers in Japan, China and Australia, 703.1 thousand WMT of limonite ore to our customers in China and Australia and 2,040.7 thousand WMT of limonite ore to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC) compared to sales of 1,341.1 thousand WMT, 160.5 thousand WMT and 1,989.3 thousand WMT, respectively, in the same period last year.

However, due to lower ore prices, the estimated value of shipments dropped from ₱2,838.9 million in the first quarter of 2015 to ₱1,443.5 million in the first quarter of 2016.

The estimated realized nickel price on 1,448.6 thousand WMT of ore sales to customers in Japan, China and Australia in the first quarter of this year averaged \$15.16 per WMT compared to an average of \$32.35 per WMT realized on 1,501.5 thousand WMT during the same period last year. It will be recalled that during the first quarter of last year nickel prices were still at fairly high levels and thereafter proceeded to drop in line with other commodities.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito processing plants, which are linked to London Metal Exchange (LME) prices, the Group realized an average of \$3.85 per pound of payable nickel on 2,040.7 thousand WMT sold during the first three months of the year. This compares to an average price of \$6.50 per pound of payable nickel on 1,989.3 thousand WMT sold during the comparable period last year.

Typically, the Company experiences seasonally low shipment volumes during the first quarter of the year since operations at the Taganaan and Cagdianao mines, both located in northeastern Mindanao, do not commence until the second quarter, the onset of the dry season in that part of the country.

Shipments during the first quarter were from our Rio Tuba and Taganito mines. The Rio Tuba mine shipped 594.3 thousand WMT of saprolite ore and 1,368.0 thousand WMT of limonite ore, of which 933.2 thousand WMT was delivered to the Coral Bay processing plant while the balance was exported. This compares to 1,086.8 thousand WMT of saprolite ore shipments, and 840.9 thousand WMT of limonite ore that were all delivered to the Coral Bay plant, during the same period last year.

The Taganito mine shipped 151.2 thousand WMT of saprolite ore and 1,375.7 thousand WMT of limonite ore, of which 1,107.4 thousand WMT was delivered to the Taganito processing plant, with the balance exported. This compares to 200.8 thousand WMT of saprolite ore and 1,148.5 thousand WMT of limonite ore that were all delivered to the Taganito plant, for the comparable period last year.

RTN's revenue from sale of limestone ore was ₱102.3 million for the first three months of 2016 compared to ₱114.9 million for the first three months of 2015, a decrease of ₱12.6 million or 11%. The decrease was attributable to the 20.6 thousand WMT or 13% decline in limestone sales during the first quarter of 2016 compared to the same period last year.

Services and Others

Our revenue from services and others was ₱155.7 million for the first three months of 2016 compared to ₱166.9 million for the same period in 2015, a decrease of ₱11.2 million, or 7%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN and TMC provides to CBNC and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The decline in service revenue was significantly attributable to the 17% decrease in materials handled by TMC.

Costs and Expenses

Our costs and expenses amounted to ₱1,581.5 million for the first quarter of 2016 compared to ₱1,950.4 million for the first quarter of 2015, a decrease of ₱368.9 million, or 19%.

Cost of Sales

For the first quarter of 2016, our cost of sales was ₱965.1 million compared to ₱1,260.6 million in the same period last year, a decrease of ₱295.5 million, or 23%. As compared to first quarter of 2015 wherein Hinatuan Mining Corporation and Cagdianao Mining Corporation (CMC) were able to shipped 160.5 thousand WMT and 53.4 thousand WMT of nickel ore, respectively, in the first quarter of 2016, HMC and CMC have no ore shipments. In addition, there was a reduction in cost of fuel, equipment rental, materials and supplies, taxes and licenses and contractor's fee during the period.

Cost of Services

Cost of services were ₱86.8 million for the first three months of 2016 compared to ₱94.0 million for the first three months of 2015, a decrease of ₱7.2 million, or 8%. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. In 2016, the materials handled by TMC decreased by 17%, thus the related cost also decreased.

Shipping and Loading

Shipping and loading costs were ₱268.5 million for the three months ended March 31, 2016 compared to ₱283.0 million in the same comparable period last year. The 5% decrease in shipping and loading was attributable to decrease in contract fees by ₱10.6 million and lower cost of fuel which declined by ₱10.4 million.

Excise Taxes and Royalties

Our excise taxes and royalties were ₱81.9 million for the first three months of 2016 compared to ₱141.1 million for the first three months of 2015, a decrease of ₱59.2 million, or 42%. The decrease in excise taxes and royalties was attributable to the 48% decline in our sales revenue from sale of nickel and limestone ore during the period.

Marketing

Marketing costs were nil and ₱6.2 million in the first quarter of 2016 and 2015, respectively. Basically, this pertains to the marketing fee charged by Mitsubishi Corporation to the Group and the commission paid by CMC to its claim owner which was based on a certain percentage of the latter's sales revenue. In 2016, there were no marketing fee charges from Mitsubishi Corporation.

General and Administrative

General and administrative expenses were ₱179.2 million for the first three months of 2016 compared to ₱165.5 million for the first three months of 2015, an increase of ₱13.7 million, or 8%. The difference in general and administrative expenses as compared to the same period last year pertains mainly to the first quarter expenses of the subsidiaries acquired in third quarter of 2015, Geogen Corporation and Emerging Power Inc. (EPI) group, amounting to a total of ₱49.1 million. However, the said increase in general and administrative expenses was partially offset by the decrease in depreciation of around ₱13.4 million due to full depreciation of Learjet in third quarter of 2015. Deficiency taxes were also recognized by CMC in 2015 and fees were paid by HMC for the stevedoring in Manicani, and none of these happened in 2016. In addition, local business taxes paid in 2015 were higher since the basis used was revenue of 2014.

Finance Income

Our finance income were ₱54.4 million for the first quarter of 2016 compared to ₱56.9 million for the first quarter of 2015, a decrease of ₱2.5 million, or 4%. Higher finance income in 2015 was attributable to the Day 1 gain and accretion income recognized from the collectible and convertible loan issued by the parent company to EPI.

Finance Expenses

Our finance expenses were ₱82.3 million in the first three months of 2016 compared to ₱33.0 million in the first three months of 2015, an increase of ₱49.3 million, or 149%. The increase in our finance expenses arises from the management fee/trust fee incurred for our managed funds which amounted to ₱5.9 million, loss on sale of AFS financial assets amounting to ₱23.0 million, interest

accrual of ₱15.4 million from loans obtained by EPI and additional guarantee fee of ₱4.3 million due to additional loans drawn by THNC.

Equity in Net Income (Losses) of Associates

Our equity in net income or loss of THNC and CBNC was ₱225.9 million loss and ₱212.8 million income for the first quarter of 2016 and 2015, respectively. The result of THNC and CBNC's operations in 2016 was a net loss of US\$17.4 million and US\$8.6 million, respectively. During the same period last year, THNC and CBNC's operations resulted to a net income of US\$14.0 million and US\$16.3 million, respectively. The net loss of THNC and CBNC in 2016 was caused by the significant decline in nickel price.

Other Income (Charges) - Net

Our other income (charges) - net for the three months ended March 31, 2016 were ₱30.7 million charges compared to ₱15.8 million income in the same period last year, a decrease of ₱46.5 million, or 294%. The decrease was due to unfavorable impact of changes in foreign exchange rate amounting to ₱47.7 million loss and decrease in income recognized from issuance of fuel, oil and lubricants by ₱2.4 million. The decrease was partially offset by dividend income from AFS financial assets amounting to ₱4.4 million.

Provision for Income Tax

The provision for income tax was ₱65.6 million for the first quarter of 2016 compared to ₱385.4 million for the first quarter of 2015, a decrease of ₱319.8 million, or 83%.

Our current provision for income tax for the first quarter of 2016 was ₱132.8 million compared to ₱442.5 million in the same period last year, a decrease of ₱309.7 million, or 70% primarily due to the decrease in our taxable income brought by lower sales revenue in 2016, which is only around half of the first quarter of 2015 sales revenue.

Net Income

As a result of the foregoing, our consolidated net loss was ₱230.2 million for the first quarter of 2016 compared to net income of ₱1,037.5 million for the first quarter of 2015. Net of non-controlling interests, our net loss was ₱300.8 million for the first quarter of 2016 compared to net income of ₱675.8 million for the first quarter of 2015, a decrease of ₱976.6 million, or 145%.

Statement of Financial Position

As at March 31, 2016, total assets decreased to ₱41,272.9 million from ₱41,646.2 million as of the end of 2015. Current assets decreased to ₱15,961.8 million from ₱16,677.9 million mainly because of the cash dividends paid amounting to ₱550.0 million, additional investment in geothermal exploration and evaluation assets of Montelago project of around ₱146.7 million and project development costs of Jobin-SQM, Inc. (Jobin) of around ₱542.2 million. However, this was partially offset by the proceeds from additional loans availed by EPI amounting to ₱600.0 million.

The increase in noncurrent assets from ₱24,968.3 million to ₱25,311.2 million arise from the additional investment in geothermal exploration and evaluation assets of ₱164.5 million and other project development costs of Jobin and EPI amounting to ₱548.7 million. However, this was partially offset by the decrease in our investment in associates, as a result of the equity take up of the latter's results of operations, which were both in net loss position, and our share in cumulative translation loss and the total impact was ₱356.6 million.

Total current liabilities increased to ₱7,069.6 million as at March 31, 2016 from ₱7,713.2 million as at December 31, 2015 due to payment of cash dividends. Total noncurrent liabilities increased to ₱5,083.7 million as at March 31, 2016 from ₱4,519.8 million as at December 31, 2015 due to additional ₱600.0 million loans availed by EPI from Security Bank Corporation (SBC).

Our equity net of non-controlling interests as at March 31, 2016 decreased to ₱25,147.8 million from ₱25,511.9 million as of year-end 2015, due to the Group's net loss position in the first quarter of 2016.

Statement of Cash Flows

The net cash used in operating activities in 2016 amounted to ₱244.6 million compared to net cash from operating activities in 2015 of ₱286.1 million. Basically, the decrease in cash from operations was due to lower sales revenue in the current period as a result of low nickel prices.

Net cash used in investing activities for the first quarter of 2016 and 2015 amounted to ₱942.9 million and ₱3,746.7 million, respectively. In 2015, the net cash outflows arise mainly from the net acquisitions of AFS financial assets amounting to ₱3,310.1 million and acquisitions of property and equipment amounting to ₱423.7 million. As compared in 2016, the net cash outflows arise mainly from acquisitions of property and equipment amounting to ₱356.5 million, additional investment in geothermal exploration and evaluation assets of Montelago project of around ₱146.7 million and project development costs of Jobin of around ₱542.2 million, less the net proceeds from sale of AFS financial assets of ₱69.3 million.

In 2016 and 2015, the net cash flow used in financing activities arises mainly from payments of cash dividends, long-term debt and interest. However, in first quarter of 2016, the cash outflow was partially offset by the proceeds from additional loans availed by EPI.

As at March 31, 2016 and 2015, cash and cash equivalents amounted to ₱5,891.5 million and ₱10,077.9 million, respectively.

TOP FIVE KEY PERFORMANCE INDICATORS

1) SALES VOLUME

The volume of saprolite ore that we sell largely depends on the grade of saprolite ore that we mine. The volume of limonite ore that we sell to our customers in China largely depends on the demand for nickel pig iron and lately, carbon steel, in China. Our sales of high-grade saprolite ore are mainly to Pacific Metals Co. Ltd. (PAMCO), who purchases our high-grade saprolite ore that we are able to extract and ship at any given time. With respect to our low-grade saprolite and limonite ore, in periods when we are able to extract more ore than we are able to ship, we generally continue our mining operations and stockpile such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of our low-grade saprolite ore and limonite ore sales to our Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO, Sumitomo Metal Mining Co., Ltd. and our customers in China, we sell limonite ore from our Rio Tuba mine to the Coral Bay HPAL facility, in which we have a 10% interest, and from our Taganito mine to the Taganito HPAL facility, in which we have a 22.5% equity interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was

expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 23,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 30,000 tonnes of contained nickel over an estimated 30-year Project life.

Type and Grade of Ore that we Mine

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

For the first quarter of 2016 and 2015, we sold an aggregate of 3,489.2 thousand WMT and 3,490.9 thousand WMT, respectively.

2) CASH OPERATING COST PER VOLUME SOLD

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

The cash operating cost includes production, shipping and loading costs, excise taxes and royalties, marketing and general and administrative expenses incurred by the Group.

The average cash operating cost per volume sold for the first quarter of 2016 was ₱383.38 per WMT on the basis of aggregate cash costs of ₱1,337.7 million and a total sales volume of 3,489.2 thousand WMT of ore. This compares to ₱460.43 per WMT during the same period in 2015 on the basis of aggregate cash costs of ₱1,607.3 million and a total sales volume of 3,490.9 thousand WMT of ore.

3) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income (loss) attributable to equity holders of the Parent Company for the first quarter of 2016 was ₱300.8 million net loss compared to ₱675.8 million net income in the same period last year.

4) NUMBER OF HECTARES REHABILITATED/REFORESTED

We adhere to the principles and practices of sustainable development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (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. A major component under our EPEP is

the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program where we plant trees and/or donate seedlings outside of our mining properties. For first quarter of 2016 and 2015, the Group has rehabilitated and reforested a total of 20.3 hectares and 58.18 hectares, respectively, with corresponding number of trees planted of about 47,829 and 114,180, respectively.

5) FREQUENCY RATE

Health and safety are integral parts of our personnel policies. Our 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 our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the period. For the first quarter of 2016 and 2015, our frequency rate was nil and 0.23, respectively.

Liquidity and Capital Resources

As of March 31, 2016 and December 31, 2015, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba and Taganito pier facilities. We receive income from CBNC and THNC under throughput agreements whereby amounts are payable by CBNC and THNC to RTN and TMC, respectively, for the use of the pier facilities. The revenues that we receive from CBNC and THNC under the throughput agreements have typically been sufficient to service our long-term debt. In addition, we also incurred long-term debt to finance the project development costs of Jobin and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC) and Biliran Geothermal Inc. (BGI). And any revenue that will be earned by Jobin, MGPC and BGI upon start of their commercial operations will be used to pay-off the debt.

As of March 31, 2016 and December 31, 2015, our working capital, defined as the difference between our current assets and current liabilities, was ₱8.9 billion and ₱9.0 billion, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and as well as debt that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties and to finance EPI's project development costs. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations due to factors such as government policies, changes in global demand and global production of similar and competitive mineral products. This therefore required us to change the pricing mechanism on our sales of saprolite ore to our Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The amounts payable under the contracts that govern our limonite ore sales to CBNC and THNC are based upon payable nickel delivered with the nickel ore. This payable nickel is priced using an average of LME spot prices over the period at which the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

Foreign Currency Risk

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

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

Equity Price Risk

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

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

Nickel Ore Trade and Currency Exchange Rates

Nickel ore in the country is mainly exported to China and Japan. The Philippines accounted for almost 100% of nickel ore imports to China.

Nickel ore trade turned into a very difficult time in 2015 due to the continuous decline of LME nickel price driven by continuous increase of LME nickel inventory. This is mainly due to the weak nickel consumption in China as well as outside China.

Moreover, we earn substantially all of our revenues in U.S. dollars while most of our expenses are paid in peso. The appreciation of the peso against the U.S. dollar reduces our revenue in peso terms without a corresponding reduction in our expenses and can result in a reduction in our net income.

Aside from the volatility of the nickel price and changes in currency exchange rates, there were no other known trends, events or uncertainties which may have a material impact on our revenue.

Seasonality of Operations

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

Material Commitment for Capital Expenditures

The Parent Company contracted Bussbarr Corporation for the construction of its 10 MW bunker-fired diesel power station including the civil and electro-mechanical works, construction of the substation, transmission line and SCADA and supply of the engine generator sets. The project will be financed using the Parent Company's short-term cash investments.

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.

Other than the Suretyship Agreement mentioned above, we have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

Known Trends, Events, or Uncertainties

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

Other than as discussed above, there are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in a material way.

There were no other significant elements of income or loss that did not arise from the Company's continuing operations.

PART II – FINANCIAL SOUNDNESS INDICATORS

Please refer to the attached schedule.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	2016	2015
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	2.26	9.15
Quick ratio	1.69	7.56
Solvency ratio	3.40	8.07
<i>B. Financial leverage ratios</i>		
Debt ratio	0.29	0.12
Debt-to-equity ratio	0.42	0.14
Asset-to-equity ratio	1.42	1.14
Interest coverage ratio	(5.41)	161.14
<i>C. Profitability ratios</i>		
Net profit margin	(0.14)	0.33
Return on assets	(0.01)	0.03
Return on equity	(0.01)	0.03
Gross profit margin	0.38	0.57
Price/earnings ratio	(131.50)	69.44

SIGNATURES

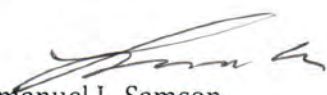
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **NICKEL ASIA CORPORATION**

By:


Gerard H. Brimo
President and Chief Executive Officer

May 11, 2016


Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

May 11, 2016

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at March 31, 2016 and
December 31, 2015

Interim Consolidated Statements of Income for the three-month period ended
March 31, 2016 and 2015

Interim Consolidated Statements of Comprehensive Income for the three-month period ended
March 31, 2016 and 2015

Interim Consolidated Statements of Changes in Equity for the three-month period ended
March 31, 2016 and 2015

Interim Consolidated Statements of Cash Flows for the three-month period ended
March 31, 2016 and 2015

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016
(With Comparative Audited Figures as at December 31, 2015)
(Amounts in Thousands)

	March 31, 2016	December 31, 2015
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P5,891,480	P7,073,171
Trade and other receivables (Note 5)	1,044,717	962,151
Inventories (Note 6)	3,488,638	3,211,269
Available-for-sale (AFS) financial assets (Note 7)	4,992,340	5,013,919
Prepayments and other current assets	544,614	417,432
Total Current Assets	15,961,789	16,677,942
Noncurrent Assets		
Property and equipment (Note 8)	9,051,313	9,074,089
Geothermal exploration and evaluation assets (Note 9)	6,296,039	6,114,914
Investments in associates (Note 10)	4,407,468	4,764,087
AFS financial assets - net of current portion (Note 7)	802,978	817,118
Long-term stockpile inventory - net of current portion (Note 11)	550,096	584,740
Deferred income tax assets - net	194,544	153,260
Investment properties	29,000	29,000
Other noncurrent assets	3,979,716	3,431,058
Total Noncurrent Assets	25,311,154	24,968,266
TOTAL ASSETS	P41,272,943	P41,646,208
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	P6,374,382	P7,125,713
Short-term debt (Note 13)	180,000	180,000
Income tax payable	244,859	113,939
Current portion of long-term debt (Note 13)	101,262	124,521
Other current liability	169,058	169,058
Total Current Liabilities	7,069,561	7,713,231
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	3,931,282	3,357,733
Provision for mine rehabilitation and decommissioning (Note 14)	170,748	169,926
Deferred income - net of current portion	69,374	67,039
Long-term payable	29,068	27,641
Deferred income tax liabilities - net	623,075	647,371
Pension liability	260,188	250,079
Total Noncurrent Liabilities	5,083,735	4,519,789
Total Liabilities	12,153,296	12,233,020
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	3,805,670	3,805,670
Additional paid-in capital	8,284,767	8,284,767
Other components of equity:		
Share in cumulative translation adjustment (Note 10)	288,922	406,609
Cost of share-based payment plan (Note 16)	112,440	104,824
Net valuation losses on AFS financial assets (Note 7)	(87,696)	(134,467)
Asset revaluation surplus	32,768	32,863
Retained earnings		
Unappropriated	11,710,925	12,011,607
Appropriated (Note 15)	1,000,000	1,000,000
	25,147,796	25,511,873
Non-controlling Interests (NCI)	3,971,851	3,901,315
Total Equity	29,119,647	29,413,188
TOTAL LIABILITIES AND EQUITY	P41,272,943	P41,646,208

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Amounts in Thousands, Except Earnings per Share)

	2016	2015
	(Unaudited)	
REVENUES (Note 28)		
Sale of ore	₱1,545,740	₱2,953,834
Services and others	155,652	166,894
	1,701,392	3,120,728
COSTS AND EXPENSES		
Cost of sales (Note 18)	965,131	1,260,638
Cost of services (Note 19)	86,766	93,951
Shipping and loading costs (Note 20)	268,507	283,009
General and administrative (Note 21)	179,166	165,489
Excise taxes and royalties (Note 22)	81,947	141,118
Marketing	-	6,202
	1,581,517	1,950,407
FINANCE INCOME (Note 25)	54,406	56,877
FINANCE EXPENSES (Note 26)	(82,286)	(32,965)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 10)	(225,856)	212,791
OTHER INCOME (CHARGES) - Net (Note 27)	(30,730)	15,834
INCOME (LOSS) BEFORE INCOME TAX	(164,591)	1,422,858
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	132,804	442,531
Deferred	(67,154)	(57,131)
	65,650	385,400
NET INCOME (LOSS)	(₱230,241)	₱1,037,458
Net income (loss) attributable to:		
Equity holders of the parent	(₱300,777)	₱675,767
NCI	70,536	361,691
	(₱230,241)	₱1,037,458
Earnings (loss) per share (EPS; Note 17)		
Basic	(₱0.04)	₱0.09
Diluted	(₱0.04)	₱0.09

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Amounts in Thousands)

	2016	2015
	(Unaudited)	
NET INCOME (LOSS)	(P230,241)	P1,037,458
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	(117,687)	(1,688)
Net valuation gains (losses) on AFS financial assets	46,771	(17,327)
Net other comprehensive loss to be reclassified to consolidated statements of income in subsequent periods	(70,916)	(19,015)
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(95)	(95)
TOTAL OTHER COMPREHENSIVE LOSS		
- NET OF TAX	(71,011)	(19,110)
TOTAL COMPREHENSIVE INCOME (LOSS)		
- NET OF TAX	(P301,252)	P1,018,348
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	(P371,788)	P656,657
NCI	70,536	361,691
	(P301,252)	P1,018,348

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment (Note 10)	Asset Revaluation Surplus	Retained Earnings		Total	NCI	Total
						Unappropriated	Appropriated (Note 15)				
Balances at December 31, 2015	₱3,805,670	₱8,284,767	₱104,824	(₱134,467)	₱406,609	₱32,863	₱12,011,607	₱1,000,000	₱25,511,873	₱3,901,315	₱29,413,188
Net income (loss)	-	-	-	-	-	-	(300,777)	-	(300,777)	70,536	(230,241)
Other comprehensive income (loss)	-	-	-	46,771	(117,687)	(95)	-	-	(71,011)	-	(71,011)
Total comprehensive income (loss)	-	-	-	46,771	(117,687)	(95)	(300,777)	-	(371,788)	70,536	(301,252)
Cost of share-based payment plan (Note 16)	-	-	7,616	-	-	-	-	-	7,616	-	7,616
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	95	-	95	-	95
Balances at March 31, 2016 (Unaudited)	₱3,805,670	₱8,284,767	₱112,440	(₱87,696)	₱288,922	₱32,768	₱11,710,925	₱1,000,000	₱25,147,796	₱3,971,851	₱29,119,647

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION
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	Equity Attributable to Equity Holders of the Parent											
	Capital Stock	Stock Dividends Distributable	Additional Paid-in Capital	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on AFS Financial Assets	Share in Cumulative Translation Adjustment	Asset Revaluation Surplus	Retained Earnings		Total	NCI	Total
								Unappropriated	Appropriated (Note 15)			
Balances at December 31, 2014	₱1,272,495	₱632,648	₱8,273,655	₱47,060	₱171,322	₱82,154	₱33,246	₱15,673,051	₱1,000,000	₱27,185,631	₱3,716,715	₱30,902,346
Net income	-	-	-	-	-	-	-	675,767	-	675,767	361,691	1,037,458
Other comprehensive loss	-	-	-	-	(17,327)	(1,688)	(95)	-	-	(19,110)	-	(19,110)
Total comprehensive income (loss)	-	-	-	-	(17,327)	(1,688)	(95)	675,767	-	656,657	361,691	1,018,348
Cost of share-based payment plan	-	-	-	12,418	-	-	-	-	-	12,418	-	12,418
Stock dividends	632,648	(632,648)	-	-	-	-	-	-	-	-	-	-
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	-	95	-	95	-	95
Balances at March 31, 2015 (Unaudited)	₱1,905,143	₱-	₱8,273,655	₱59,478	₱153,995	₱80,466	₱33,151	₱16,348,913	₱1,000,000	₱27,854,801	₱4,078,406	₱31,933,207

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(Amounts in Thousands)

	2016	2015
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(P164,591)	P1,422,858
Adjustments for:		
Depreciation, amortization and depletion (Note 24)	362,629	351,856
Equity in net losses (income) of associates (Note 10)	225,856	(212,791)
Interest income (Note 25)	(54,406)	(42,986)
Unrealized foreign exchange losses - net	10,203	1,261
Interest expense (Notes 13, 19 and 26)	23,933	8,885
Loss (gain) on sale of:		
AFS financial assets (Notes 25 and 26)	23,008	(11,144)
Property and equipment (Note 27)	-	(2)
Movements in pension liability	9,078	11,840
Cost of share-based payment plan (Notes 16 and 23)	7,616	12,418
Dividend income (Note 27)	(4,429)	-
Accretion interest on provision for mine rehabilitation and decommissioning (Notes 14 and 26)	822	772
Accretion income (Note 25)	-	(1,947)
Day 1 gain (Note 25)	-	(800)
Operating income before working capital changes	439,719	1,540,220
Increase in:		
Trade and other receivables	(87,372)	(724,862)
Inventories	(242,725)	(149,199)
Prepayments and other current assets	(127,182)	(194,064)
Decrease in trade and other payables	(225,121)	(184,272)
Net cash generated from (used in) operations	(242,681)	287,823
Income taxes paid	(1,884)	(1,732)
Net cash flows from (used in) operating activities	(244,565)	286,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
AFS financial assets (Note 7)	(2,571,810)	(4,612,390)
Property and equipment (Note 8)	(356,488)	(423,688)
Proceeds from sale of:		
AFS financial assets	2,641,102	1,302,297
Property and equipment	-	846
Increase in:		
Geothermal exploration and evaluation assets	(164,472)	-
Other noncurrent assets	(548,676)	(69,604)
Interest received	53,439	55,820
Dividends received	4,001	-
Net cash flows used in investing activities	(942,904)	(3,746,719)

(Forward)

NICKEL ASIA CORPORATION

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March 31, 2016

	2016	2015
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of long-term debt	₱600,000	₱-
Payments of:		
Cash dividends	(550,000)	(2,520)
Long-term debt	(19,640)	(19,640)
Rehabilitation cost	-	(588)
Interest paid	(28,043)	(2,845)
Increase in:		
Deferred income	2,335	2,335
Long-term payable	1,126	-
Net cash flows from (used in) financing activities	5,778	(23,258)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,181,691)	(3,483,886)
CASH AND CASH EQUIVALENTS AT JANUARY 1	7,073,171	13,561,803
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	₱5,891,480	₱10,077,917

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)****1. Corporate Information**

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

On November 22, 2010, the Parent Company was listed on the Philippine Stock Exchange (PSE) with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱2.67 per share after the stock dividends.

The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

The Subsidiaries***Hinatuan Mining Corporation (HMC)***

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

Cagdianao Mining Corporation (CMC)

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

Samar Nickel Mining Resources Corporation (SNMRC)

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

La Costa Shipping and Lighterage Corporation (LCSLC)

LCSLC was registered with the SEC on October 23, 1992, is a one hundred percent (100%) owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. On May 6, 2014, the Board of Directors (BOD) of LCSLC authorized the disposal of all of its LCT and on the same date, LCSLC entered into a Deed of Absolute Sale with HMC to sell all of its LCT.

Geogen Corporation (Geogen)

Geogen was registered with the SEC on October 9, 1998, is a one hundred percent (100%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits.

Falck Exp Inc. (FEI)

FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the Parent Company through HMC, CMC and TMC, and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. Final dissolution will take place after the approval of FEI's application with the SEC.

Cordillera Exploration Co., Inc. (CExCI)

CExCI was registered with the SEC on October 19, 1994, is a seventy-one and 25/100 percent (71.25%) owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)

Newminco was registered with the SEC on October 9, 2006, is a seventy-one and 25/100 percent (71.25%) owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources.

Taganito Mining Corporation (TMC)

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

Rio Tuba Nickel Mining Corporation (RTN)

RTN was registered with the SEC on July 15, 1969, is a sixty percent (60%) owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan and providing non-mining services required in the processing operations of Coral Bay Nickel Corporation (CBNC).

Emerging Power Inc. (EPI)

EPI was registered with the SEC on October 16, 2007, is a sixty-six percent (66%) owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

Mindoro Geothermal Power Corporation (MGPC)

MGPC was registered with the SEC on May 7, 2014, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business.

Manta Energy Inc. (MEI)

MEI was registered with the SEC on May 21, 2007, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users.

Biliran Holdings Inc. (BHI)

BHI was registered with the SEC on July 31, 2015, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

Jobin-SQM, Inc. (Jobin)

Jobin was registered with the SEC on January 6, 2010, is a sixty-six percent (66%) owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. Jobin was acquired by EPI on September 11, 2015.

Biliran Geothermal Inc. (BGI)

BGI was registered with the SEC on October 31, 2007, is a thirty-nine and 60/100 percent (39.60%) owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. BGI's project, the Biliran Geothermal 25-year concession was estimated to supply 100 megawatts (MW) of power to the grid but according to research conducted by BGI, it can further produce up to 170 MW. BGI was acquired by BHI on December 17, 2015.

Mantex Services Inc. (Mantex)

Mantex was registered with the SEC on March 26, 2012, is a thirty-three percent (33%) owned subsidiary of the Parent Company through EPI. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects.

The interim consolidated financial statements as at March 31, 2016 and December 31, 2015 and for the three-month period ended March 31, 2016 and 2015, were authorized for issuance by the Parent Company's BOD on May 11, 2016.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at March 31, 2016 and for the three-month period ended March 31, 2016 and 2015 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2015.

Basis of Consolidation

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

	Principal Place of Business	Principal Activities	Effective Ownership	
			March 31, 2016	March 31, 2015
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
LCSLC ^(a)	Philippines	Services	100.00%	100.00%
Geogen	Philippines	Mining	100.00%	-
FEI ^(b)	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco ^(c)	Philippines	Mining	71.25%	-
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
EPI	Philippines	Renewable Energy Developer	66.00%	-
MGPC ^(d)	Philippines	Renewable Energy Developer	66.00%	-
MEI ^(d)	Philippines	Power Generation, Trading and Services	66.00%	-
BHI ^(d)	Philippines	Services	66.00%	-
Jobin ^(d)	Philippines	Power Generation	66.00%	-
BGI ^(d)	Philippines	Power Generation	39.60%	-
Mantex ^(d)	Philippines	Management and Advisory Services	33.00%	-
<i>Associates</i>				
THNC	Philippines	Manufacturing	22.50%	22.50%
CBNC	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

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

Subsidiaries

Subsidiaries are entities over which the Parent Company has control.

The Parent Company controls an investee if and only if the Parent Company has:

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent 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 Parent Company's voting rights and potential voting rights.

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

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

NCI

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income

or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2015, except for the adoption of the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2016.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. These amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investment Entities: Applying the Consolidation Exception* (Amendments)
These amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also clarifies that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entities is consolidated. All other subsidiaries of an investment entity are measured at fair value. These amendments also allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entities of an associate or joint venture to its interests in subsidiaries.
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added

to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

- PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.
- PAS 1, *Disclosure Initiative* (Amendment)
The amendments clarify the following:
 - The materiality requirements in PAS 1;
 - That specific line items in the statements of comprehensive income and the statement of financial position may be disaggregated;
 - That entities have flexibility as to the order in which they present the notes to financial statements; and
 - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.

- *PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a significant effect to the Group. They include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *PFRS 7, Applicability of the Offsetting Disclosures to Condensed Interim Financial Statements*

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- *PAS 19, Employee Benefits - Regional Market Issue regarding Discount Rate*

The amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective Date to be Determined:

- Philippine Interpretation on International Financial Reporting Interpretations Committee 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed.

Effective January 1, 2018:

- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and methodology for financial assets, but will have no effect on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the effect of adopting this standard.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Effective January 1, 2019:

- IFRS 16, *Leases*

On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces PAS 17, the current leases standard, and the related interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of twelve (12) months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

After consideration of the result of the impact evaluation using the outstanding balances of financial statements as at December 31, 2015, the Group did not early adopt any standard, interpretation or amendment that has been issued but is not yet effective. The Group will, however, continue to evaluate the impact of the standards, interpretations and amendments in our financial statements for the year 2016.

3. Seasonality of Operations

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

4. Cash and Cash Equivalents

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash on hand and with banks	₱1,468,195	₱1,535,372
Cash under managed funds	238,075	199,300
Short-term cash investments	4,185,210	5,338,499
	₱5,891,480	₱7,073,171

5. Trade and Other Receivables

Trade and other receivables amounting to ₱19.4 million and ₱19.5 million as at March 31, 2016 and December 31, 2015, respectively, were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at March 31, 2016 and December 31, 2015 are summarized below:

March 31, 2016 (Unaudited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 28)	₱538,401	₱120,427	₱17,208	₱676,036
Loan and notes receivable	157,896	-	-	157,896
Interest receivable	41,414	-	-	41,414
Receivable from CBNC (see Note 28)	7,880	11,739	-	19,619
Amounts owed by related parties (see Note 28)	17,972	-	-	17,972
Others	148,988	-	2,188	151,176
Total	₱912,551	₱132,166	₱19,396	₱1,064,113

December 31, 2015 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 28)	₱463,904	₱94,258	₱17,323	₱575,485
Loan and notes receivable	157,896	-	-	157,896
Interest receivable	40,448	-	-	40,448
Receivable from CBNC (see Note 28)	18,138	30,035	-	48,173
Amounts owed by related parties (see Note 28)	15,964	-	-	15,964
Advances to Ludgoron	23,394	-	-	23,394
Others	118,108	6	2,188	120,302
Total	₱837,852	₱124,299	₱19,511	₱981,662

6. Inventories

As at March 31, 2016 and December 31, 2015, inventories amounting to ₱104.5 million were assessed to be impaired and were provided for with allowance. For the three-month period ended March 31, 2016 and 2015, there were no provision and reversal of allowance for impairment losses on beneficiated nickel ore inventory.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱597.1 million and ₱423.5 million as at March 31, 2016 and December 31, 2015, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱253.3 million and ₱272.1 million as at March 31, 2016 and December 31, 2015, respectively.

7. AFS Financial Assets

The movements in AFS financial assets as at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balances at January 1	₱5,831,037	₱2,804,429
Additions	2,601,063	13,393,767
Disposals	(2,657,910)	(10,086,770)
Effect of changes in foreign exchange rate	(40,272)	89,372
Valuation gains (losses) on AFS financial assets	61,400	(369,761)
	5,795,318	5,831,037
Less noncurrent portion	802,978	817,118
Balances at end of period	₱4,992,340	₱5,013,919

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, golf club shares and debt securities which are either unquoted or with quoted market prices.

During the three-month period ended March 31, 2016 and 2015, the Group acquired various AFS financial assets amounting to ₱2,601.1 million and ₱4,612.4 million, respectively, and disposed AFS financial assets amounting to ₱2,657.9 million and ₱1,291.2 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱4.4 million and nil for the three-month period ended March 31, 2016 and 2015, respectively (see Note 27).

Interest income earned from AFS financial assets amounted to ₱30.7 million and ₱3.7 million for the three-month period ended March 31, 2016 and 2015, respectively (see Note 25).

8. Property and Equipment

During the three-month period ended March 31, 2016 and 2015, the Group acquired assets with a cost of ₱356.5 million and ₱423.7 million, respectively, including construction in-progress.

Pier facilities (included under “Buildings and Improvements”) with a carrying value of ₱65.7 million and ₱75.1 million as at March 31, 2016 and December 31, 2015, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 13.

Depreciation, amortization and depletion expense for the three-month period ended March 31, 2016 and 2015 amounted to ₱362.6 million and ₱351.9 million, respectively (see Note 24).

9. Geothermal Exploration and Evaluation Assets

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

As at March 31, 2016 and December 31, 2015, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

10. Investments in Associates

The investments in associates pertain to the Parent Company's twenty-two and a half percent (22.5%) interest in THNC and ten percent (10%) interest in CBNC, with acquisition cost of ₱4,443.1 million and ₱724.4 million, respectively.

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
THNC	₱3,779,598	₱4,042,891
CBNC	627,870	721,196
	₱4,407,468	₱4,764,087

Movements in the investments in associates as at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016 (Unaudited)			December 31, 2015 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Acquisition cost	₱4,443,075	₱724,410	₱5,167,485	₱4,443,075	₱724,410	₱5,167,485
Accumulated equity in net earnings (losses):						
Balances at January 1	(827,611)	(52,408)	(880,019)	(177,440)	197,880	20,440
Equity in net losses	(185,107)	(40,749)	(225,856)	(650,171)	(161,198)	(811,369)
Dividends declared	-	-	-	-	(89,090)	(89,090)
	(1,012,718)	(93,157)	(1,105,875)	(827,611)	(52,408)	(880,019)
Share in cumulative translation adjustment:						
Balances at January 1	427,427	49,194	476,621	202,701	(86,586)	116,115
Movement	(78,186)	(52,577)	(130,763)	224,726	135,780	360,506
	349,241	(3,383)	345,858	427,427	49,194	476,621
Balances at end of period	₱3,779,598	₱627,870	₱4,407,468	₱4,042,891	₱721,196	₱4,764,087

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱56.9 million and ₱70.0 million as at March 31, 2016 and December 31, 2015, respectively.

THNC

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

CBNC

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (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. RTN also supply limestone and provide ancillary services to Coral Bay High Pressure Acid Leach facility.

The net assets of THNC and CBNC amounted to ₱16,329.9 million and ₱24,545.7 million, respectively, as at March 31, 2016 and ₱17,500.1 million and ₱25,479.0 million, respectively, as at December 31, 2015. The results of THNC and CBNC's operations were net loss of ₱822.7 million and ₱407.5 million, respectively, for the three months ended March 31, 2016 and net income of ₱623.6 million and ₱724.8 million, respectively, for the three months ended March 31, 2015. The Parent Company's share in cumulative translation adjustment amounted to ₱288.9 million and ₱406.6 million as at March 31, 2016 and December 31, 2015, respectively, and its equity in net income or losses of associates amounted to ₱225.9 million loss and ₱212.8 million income for the three months ended March 31, 2016 and 2015, respectively.

11. Long-term Stock Pile Inventory

The long-term stockpile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN. The low grade ore inventory was initially recognized at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stockpile inventory. The fair value of the inventory in August 2006 amounted to ₱2,036.7 million.

A portion amounting to ₱159.9 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next accounting period, were shown as part of "Inventories" as at March 31, 2016 and December 31, 2015, and the cost of the inventory delivered to CBNC for the three months ended March 31, 2016 and 2015 of ₱34.6 million and ₱51.1 million, respectively, was included as part of "Cost of sales" (see Note 18).

The carrying value of long-term stockpile - net of current portion amounted to ₱550.1 million and ₱584.7 million as at March 31, 2016 and December 31, 2015, respectively.

12. Trade and Other Payables

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

13. Short-term and Long-term Debts

Short-term debt with Manta Equities Inc. (Manta)

On June 8, 2015, EPI entered into a one year loan agreement with Manta amounting to ₱180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of five percent (5%). The principal and interest is payable at the end of the loan agreement.

Long-term debt consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
EPI	₱2,700,338	₱2,100,336
TMC	1,249,649	1,276,503
RTN	82,557	105,415
	4,032,544	3,482,254
Less noncurrent portion:		
EPI	2,700,338	2,100,336
TMC	1,169,026	1,194,148
RTN	61,918	63,249
	3,931,282	3,357,733
Current portion	₱101,262	₱124,521

EPI Loan

On July 15, 2015, Security Bank Corporation (SBC) approved the loan facility of EPI amounting to ₱3,000.0 million to be used in funding its investments and working capital requirements. Staggered releases of loans are allowed up to August 31, 2016 with terms of up to three (3) years from date of every drawdown and payable upon maturity.

The loans are secured by a continuing suretyship of the Parent Company. 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.

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure

in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at March 31, 2016 and December 31, 2015, EPI is in compliance with the restrictions.

TMC Loan

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

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

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all governmental approvals necessary to perform the obligations. As at March 31, 2016 and December 31, 2015, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2016 and 2015 which amounted to ₱8.2 million and ₱7.5 million, respectively, were included in equipment operating cost under "Cost of services" (see Note 19).

RTN Loan

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

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

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its

future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking mortgage on the pier facilities (see Note 8).

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of RTN's corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any governmental authority affecting RTN. As at March 31, 2016 and December 31, 2015, RTN is in compliance with the restrictions.

RTN settled ₱19.6 million (or US\$0.4 million) of long-term debt which became due in February 2016 and 2015.

Interest expense which formed part of "Finance expense" amounted to ₱0.7 million and ₱0.8 million for the three months ended March 31, 2016 and 2015, respectively (see Note 26).

14. Provision for Mine Rehabilitation and Decommissioning

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

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

For the three months ended March 31, 2016 and 2015, accretion interest on provision for mine rehabilitation and decommissioning amounted to ₱0.8 million (see Note 26).

15. EquityCapital Stock

The capital structure of the Parent Company as at March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 7,596,939,456 shares	₱3,798,470	₱3,798,470
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱3,805,670	₱3,805,670

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

Issued Capital Stock

Beginning November 22, 2010, the common stock of the Parent Company were listed and traded on the PSE at an offer price of ₱15.00 per share, which is equivalent to ₱2.67 per share after the stock dividends.

As at March 31, 2016 and December 31, 2015, the Parent Company has sixty-seven (67) and sixty-six (66) stockholders, respectively.

As at March 31, 2016 and December 31, 2015, a total of 2,259,647,725, or 30%, and 2,258,870,964 or 30%, respectively, of the outstanding common shares of the Parent Company are registered in the name of sixty-five (65) and sixty-four (64) shareholders, respectively, while the balance of 5,337,291,731 common shares, or 70%, and 5,338,068,492 common shares, or 70%, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends

Dividends declared and/or paid by the Parent Company follows:

Type of Dividend	Date of declaration	Date of record	Amount declared	Dividend per share	Date of payment/issuance
<i>Cash Dividends</i>					
Regular	March 15, 2016	March 31, 2016	₱607,755	₱0.08	April 12, 2016
Regular	March 27, 2015	April 15, 2015	2,657,120	0.70	April 27, 2015
Special	March 27, 2015	April 15, 2015	1,138,766	0.30	April 27, 2015
<i>Stock Dividends</i>					
	June 5, 2015	July 16, 2015	1,899,235	100%	August 11, 2015

Appropriated Retained Earnings

On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station. The project is expected to be completed within the year.

16. Executive Stock Option Plan (ESOP)

2014 ESOP

On March 24, 2014, the New Plan was approved by the Parent Company's BOD and was ratified by the stockholders on June 6, 2014. On November 21, 2014, the New Plan was approved by the SEC. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 32.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the effect of stock dividends.
4. The New Plan was partially granted on June 6, 2014 and January 13, 2015.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant at the rate of twenty-five percent (25%) per year after the first year of the New Plan or July 18, 2015.
6. The participant can exercise the vested options by giving notice within the term of the New Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair value of the stock option is ₱7.53 and ₱8.42 which was estimated as at grant date, June 6, 2014 and January 13, 2015, respectively, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

2010 ESOP

On June 16, 2010, the Parent Company's BOD and stockholders approved the 2010 ESOP. On December 20, 2010, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The Plan covers up to 12.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50, which is equivalent to ₱2.40 after the effect of stock dividends.
4. The grant date of the Plan is January 3, 2011 as determined by the Compensation Committee.
5. The term of the Plan shall be six (6) years and the shares will vest to the participant at the rate of twenty five-percent (25%) per year after the first year of the Plan or December 21, 2011.

6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The stock option agreement was made and executed on January 3, 2011 between the Parent Company and the option grantees. The fair value of the stock options is ₱6.44, which was estimated as at grant date, January 3, 2011, using the Black Scholes-Merton model, taking into account the terms and conditions upon which the options were granted.

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

	2014 ESOP		2010 ESOP
	January 13, 2015	June 6, 2014	January 3, 2011
Grant date	January 13, 2015	June 6, 2014	January 3, 2011
Spot price per share	₱15.63	₱28.55	₱15.00
Exercise price	₱8.51	₱25.52	₱13.50
Expected volatility	33.52%	33.28%	53.42%
Option life	4.40 years	5.00 years	3.97 years
Dividend yield	0.58%	3.88%	2.06%
Risk-free rate	3.23%	3.30%	4.50%

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

Except for the effect of stock dividends, there have been no modifications or cancellations in 2016 and 2015.

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

	Number of Options	
	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<i>2014 ESOP</i>		
Balances at January 1	57,442,278	17,764,849
Granted	–	2,100,595
Forfeited	–	(718,012)
Stock dividends	–	38,294,846
Balances at end of period	57,442,278	57,442,278
<i>2010 ESOP</i>		
Balances at January 1	5,989,498	3,719,308
Exercised	–	(2,584,213)
Stock dividends	–	4,854,403
Balances at end of period	5,989,498	5,989,498

On June 2, 2015, the SEC approved the exemption from registration of 11,625,987 common shares which shall form part of the ESOP. As at March 31, 2016, the Parent Company is in the process of securing the approval of the SEC of the exemption from registration of 31,523,262 common shares which shall also form part of the ESOP.

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

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balances at January 1	₱104,824	₱47,060
Stock option expense (see Note 23)	7,616	57,764
Balances at end of period	₱112,440	₱104,824

17. Earnings (Loss) Per Share

Basic EPS were computed as follows:

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
a. Net income (loss) attributable to equity holders of the Parent	(₱300,777)	₱675,767
b. Weighted average number of common shares for basic EPS (in thousands)	7,596,939	7,591,771
Basic EPS (a/b)	(₱0.04)	₱0.09

Diluted EPS were computed as follows:

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
c. Net income (loss) attributable to equity holders of the Parent	(₱300,777)	₱675,767
d. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	7,611,037	7,606,406
Diluted EPS (a/b)	(₱0.04)	₱0.09

18. Cost of Sales

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Production overhead	₱525,750	₱618,955
Depreciation and depletion (see Note 24)	283,258	259,350
Outside services	237,922	345,905
Personnel costs (see Note 23)	168,756	183,255
Long-term stockpile inventory sold (see Note 11)	34,644	51,128
	1,250,330	1,458,593
Net changes in beneficiated nickel ore and limestone ore	(285,199)	(197,955)
	₱965,131	₱1,260,638

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

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

19. Cost of Services

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Depreciation and depletion (see Note 24)	₱31,566	₱33,515
Personnel costs (see Note 23)	19,566	19,924
Overhead	18,656	24,330
Equipment operating costs (see Note 13)	13,262	12,793
Outside services	3,716	3,389
	₱86,766	₱93,951

20. Shipping and Loading Costs

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Contract fees	₱178,991	₱189,549
Depreciation and depletion (see Note 24)	27,007	24,183
Fuel, oil and lubricants	17,564	28,008
Materials and supplies	15,299	18,759
Personnel costs (see Note 23)	9,252	9,526
Other services and fees	20,394	12,984
	₱268,507	₱283,009

21. General and Administrative Expenses

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Personnel costs (see Note 23)	₱66,437	₱62,478
Taxes and licenses	16,185	22,909
Professional fees	12,798	6,903
Depreciation and depletion (see Note 24)	10,631	22,606
Outside services	9,360	3,346
Transportation and travel	7,459	5,113
Donations	6,730	3,500
Repairs and maintenance	5,461	6,036
Entertainment, amusement and recreation	3,433	2,642
Communications, light and water	2,529	1,899
Others	38,143	28,057
	₱179,166	₱165,489

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

22. Excise Taxes and Royalties

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Royalties	₱51,032	₱82,041
Excise taxes	30,915	59,077
	₱81,947	₱141,118

23. Personnel Costs

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Salaries, wages and employee benefits	₱256,395	₱262,765
Cost of share-based payment plan (see Note 16)	7,616	12,418
	₱264,011	₱275,183

The amounts of personnel costs are distributed as follows:

For the three-month period ended March 31		
	2016	2015
	(Unaudited)	
Cost of sales (see Note 18)	₱168,756	₱183,255
General and administrative (see Note 21)	66,437	62,478
Cost of services (see Note 19)	19,566	19,924
Shipping and loading costs (see Note 20)	9,252	9,526
	₱264,011	₱275,183

24. Depreciation and Depletion

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

For the three-month period ended March 31		
	2016	2015
	(Unaudited)	
Cost of sales (see Note 18)	₱283,258	₱259,350
Cost of services (see Note 19)	31,566	33,515
Shipping and loading costs (see Note 20)	27,007	24,183
General and administrative (see Note 21)	10,631	22,606
Others	10,167	12,202
	₱362,629	₱351,856

25. Finance Income

For the three-month period ended March 31		
	2016	2015
	(Unaudited)	
Interest income	₱54,406	₱42,986
Gain on sale of AFS financial assets	–	11,144
Accretion income	–	1,947
Day 1 gain	–	800
	₱54,406	₱56,877

26. Finance Expenses

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Guarantee service fee	₱35,082	₱30,762
Loss on sale of AFS financial assets	23,008	-
Interest expense (see Note 13)	17,477	1,431
Management fee	5,897	-
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 14)	822	772
	₱82,286	₱32,965

27. Other Income (Charges) - Net

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Foreign exchange losses - net	(₱56,200)	(₱8,524)
Issuance of fuel, oil and lubricants	4,453	6,815
Dividend income (see Note 7)	4,429	-
Rentals and accommodations	2,864	2,789
Other services	650	782
Despatch	75	1,357
Gain on sale of property and equipment	-	2
Others	12,999	12,613
	(₱30,730)	₱15,834

28. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2016 and 2015, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2016 (Unaudited) and December 31, 2015 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)		Terms	Conditions
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		
<i>Stockholders</i>														
Pacific Metals Co., Ltd.														
Sale of ore	₱259,571	₱592,657	₱89,350	₱136,048	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Ninety percent (90%) upon receipt of documents and ten percent (10%) after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Draft survey fee	-	-	-	-	-	86	-	-	-	-	-	-	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Despatch	75	-	75	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
SMM														
Sale of ore	-	190,210	-	241	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)		Terms	Conditions
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		
SMM														
Guarantee service fee	₱35,082	₱30,762	₱-	₱-	₱14,410	₱43,731	₱-	₱-	₱-	₱-	₱-	₱-	Every twenty first (21st) of February, March, August and September	Unsecured
Loan facility	-	-	-	-	-	-	-	-	-	-	82,558	105,415	Principal is payable in semi-annual installments, interest is based on 180-day British Banker Association LIBOR plus 2% spread	Secured; with guarantee
Short-term advances	1,750	1,250	-	-	-	-	1,750	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>With Common Stockholders</i>														
Manta Equities, Inc.														
Rentals, dues and utilities	6,856	6,521	-	-	34	417	-	-	-	-	-	-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rentals deposits	-	9,350	-	-	-	-	-	-	-	-	-	-	Collectible upon end of the lease; noninterest bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	-	2,166	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)		Terms	Conditions	
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015			
Manta Equities, Inc.															
Loan facility	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱180,000	₱180,000	Principal is payable at the end of loan agreement; interest is at five percent (5%)	Unsecured; no guarantee
Interest income on loan	-	-	-	-	-	5,066	-	-	-	-	-	-	-	Interest is payable at the end of loan agreement	Unsecured; no guarantee
<i>Associates</i>															
CBNC															
Sale of ore and services	315,117	440,686	164,528	157,165	-	-	-	-	-	-	-	-	-	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	12,412	11,831	3,306	30,180	-	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	11,240	12,806	16,313	17,993	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	-	-	-	-	544	-	-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)		Terms	Conditions
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		
THNC														
Sale of ore	₱204,809	₱346,983	₱44,122	₱77,348	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	31,826	31,161	62,033	31,683	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Materials handling	68,331	84,557	43,608	69,168	-	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental income	2,213	3,233	-	-	-	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental deposit	3,352	3,352	-	-	-	-	-	-	-	-	-	-	Collectible upon end of the lease term; noninterest bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	-	-	1,249,650	1,276,503	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus two percent (2%) spread	Secured; with guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Short-term and Long-term Debts (see Note 13)		Terms	Conditions
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		
THNC														
Rendering of other service	₱2,208	₱2,159	₱307	₱125	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	7,654	8,362	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>Affiliates</i>														
Orka Geothermal Investments Pte. Ltd.														
Short-term advances	-	-	-	-	-	-	-	-	1,263,693	1,254,270	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Biliran Geothermal Holdings Inc.														
Short-term advances	-	-	-	-	-	-	-	-	3,887,252	3,887,252	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Others														
Short-term advances	-	-	-	-	-	-	8,568	5,436	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱423,642	₱519,951	₱14,444	₱49,300	₱17,972	₱15,964	₱5,150,945	₱5,142,066	₱1,512,208	₱1,561,918		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2016 and December 31, 2015 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash. Except for the guarantee on the CBNC and THNC Loan Obligations, there have been no guarantees received or provided for any related party receivables or payables, respectively.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the president. The short-term benefits of key management personnel of the Group for the three months ended March 31, 2016 and 2015 amounted to about ₱40.1 million and ₱35.8 million, respectively.

Intercompany Guarantees

As discussed in Note 13, the Parent Company has entered into a Continuing Suretyship Agreement with SBC covering the loan obtained by EPI.

On October 15, 2015, EPI has issued a continuing guarantee to a vendor until the guaranteed amounts as defined in the vendor contract has been paid in full.

29. Income Taxes

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

	For the three-month period ended March 31	
	2016	2015
	(Unaudited)	
Current	₱132,804	₱442,531
Deferred	(67,154)	(57,131)
	₱65,650	₱385,400

30. Financial Instruments

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

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates its fair value due to the short-term nature and maturity of this financial instrument.

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

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

Mine Rehabilitation Fund (MRF), Social Development Management Program (SDMP) Funds, Long-term Negotiable Instrument and Restricted Cash

The carrying amount of MRF, SDMP funds and restricted cash approximate their fair values since they are restricted cash with banks, which earns interest based on prevailing market rates repriced monthly. The long-term negotiable instrument also approximates its fair value since it earns interest based on long-term cash investment rate.

Loan Receivable

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

AFS Financial Assets

The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. For unquoted equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less any impairment losses.

Long-term Debt and Long-term Payable

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

Fair Value Hierarchy of Financial Instruments

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

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

As at March 31, 2016 and December 31, 2015, the Group's AFS financial assets are classified under Level 1 and 3.

As at March 31, 2016 and December 31, 2015, 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.

31. Business Segment Information

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

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

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

The power segment is engaged in power generation.

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

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

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	March 31, 2016 (Unaudited)											Total
	Mining				Geogen	Power		Services			Eliminations	
	HMC	CMC	TMC	RTN		EPI	NAC	RTN/TMC	HMC	Others		
External customers	-	-	561,493	984,247	-	-	-	155,652	-	-	-	1,701,392
Inter-segment revenues	-	-	-	-	-	-	-	-	1,212	62,710	(63,922)	-
Total revenues	-	-	561,493	984,247	-	-	-	155,652	1,212	62,710	(63,922)	1,701,392
Cost of sales	52	(577)	379,321	586,335	-	-	-	-	-	-	-	965,131
Cost of services	-	-	-	-	-	-	-	86,766	-	-	-	86,766
Shipping and loading costs	55,860	26,975	73,881	115,380	-	-	-	-	(3,589)	-	-	268,507
Excise taxes and royalties	-	7,500	44,919	29,528	-	-	-	-	-	-	-	81,947
Marketing	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating earnings	(55,912)	(33,898)	63,372	253,004	-	-	-	68,886	4,801	62,710	(63,922)	299,041
General and administrative	22,068	6,919	23,933	16,212	12,622	34,764	-	-	-	62,648	-	179,166
Finance income	987	6,839	5,162	2,546	4	99	-	-	-	38,769	-	54,406
Finance expenses	-	536	418	1,098	-	15,439	-	-	-	64,795	-	82,286
Provision for (benefit from) income tax	(354)	(1,340)	16,369	74,750	-	-	-	-	(713)	(23,062)	-	65,650
Net income (loss) attributable to equity holders of the parent	(73,662)	(33,058)	72,489	122,458	(72,539)	(25,723)	-	-	-	(290,742)	-	(300,777)
Segment assets	1,790,754	2,136,487	8,499,696	4,419,961	983,736	9,253,641	696,167	-	84,696	13,213,261	-	41,078,399
Deferred income tax assets - net	44,285	20,204	68,965	5,312	8,549	-	-	-	-	47,229	-	194,544
Total assets	1,835,039	2,156,691	8,568,661	4,425,273	992,285	9,253,641	696,167	-	84,696	13,260,490	-	41,272,943
Segment liabilities	279,172	250,936	1,840,117	688,015	43,747	8,125,630	-	-	-	302,604	-	11,530,221
Deferred income tax liabilities - net	-	-	-	284,440	164,283	92,009	-	-	25,409	56,934	-	623,075
Total liabilities	279,172	250,936	1,840,117	972,455	208,030	8,217,639	-	-	25,409	359,538	-	12,153,296
Capital expenditures	25,972	10,785	252,721	28,154	1,841	400	25,113	-	-	11,502	-	356,488
Depreciation, depletion and amortization	70,246	32,558	151,578	103,912	532	2,032	-	-	(2,921)	4,692	-	362,629

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	December 31, 2015 (Audited)											Total
	Mining					Power		Services			Eliminations	
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others		
External customers	2,314,823	2,350,200	5,069,801	5,060,825	-	-	-	635,997	-	-	-	15,431,646
Inter-segment revenues	-	-	-	-	-	-	-	-	2,070	521,882	(523,952)	-
Total revenues	2,314,823	2,350,200	5,069,801	5,060,825	-	-	-	635,997	2,070	521,882	(523,952)	15,431,646
Cost of sales	896,657	720,815	2,063,434	2,598,342	-	-	-	-	-	-	-	6,279,248
Cost of services	-	-	-	-	-	-	-	357,934	(17)	-	-	357,917
Shipping and loading costs	460,172	421,561	519,322	370,101	-	-	-	-	(13,213)	-	-	1,757,943
Excise taxes and royalties	162,037	370,157	405,584	151,825	-	-	-	-	-	-	-	1,089,603
Marketing	16,925	98,579	10,529	4,133	-	-	-	-	-	-	-	130,166
Segment operating earnings	779,032	739,088	2,070,932	1,936,424	-	-	-	278,063	15,300	521,882	(523,952)	5,816,769
General and administrative	144,602	54,081	146,846	89,035	18,786	45,476	-	-	904	413,124	-	912,854
Finance income	5,222	9,261	29,469	15,942	43	425	-	-	-	244,750	-	305,112
Finance expenses	3,553	5,893	8,691	5,080	-	42,400	-	-	-	127,130	-	192,747
Provision for (benefit from) income tax	179,561	205,122	613,832	577,027	(8,529)	7,618	-	-	(2,854)	95,509	-	1,667,286
Net income (loss) attributable to equity holders of the parent	544,067	530,239	1,088,960	975,978	(12,152)	(48,981)	-	-	-	(1,042,968)	-	2,035,143
Segment assets	1,912,697	2,151,931	9,429,793	4,703,869	979,448	8,781,557	671,055	-	87,074	12,775,524	-	41,492,948
Deferred income tax assets - net	43,811	18,595	40,046	5,311	8,549	-	-	-	-	36,948	-	153,260
Total assets	1,956,508	2,170,526	9,469,839	4,709,180	987,997	8,781,557	671,055	-	87,074	12,812,472	-	41,646,208
Segment liabilities	303,119	327,646	2,170,079	829,079.00	43,071	7,590,638	-	-	-	322,017	-	11,585,649
Deferred income tax liabilities - net	-	-	-	294,966	164,262	92,009	-	-	26,122	70,012	-	647,371
Total liabilities	303,119	327,646	2,170,079	1,124,045	207,333	7,682,647	-	-	26,122	392,029	-	12,233,020
Capital expenditures	370,940	155,302	1,013,364	202,918	12,378	1,692,791	450,191	-	-	10,768	-	3,908,652
Depreciation, depletion and amortization	224,263	112,660	565,772	466,697	638	1,716	-	-	9,513	58,728	-	1,439,987

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	March 31, 2015 (Unaudited)									
	Mining				Power	Services and Others			Eliminations	Total
	HMC	CMC	TMC	RTN	NAC	RTN/TMC	LCSLC/HMC	Others		
External customers	109,002	85,954	743,669	2,015,210	-	166,893	-	-	-	3,120,728
Inter-segment revenues	-	-	-	-	-	-	2,070	80,657	(82,727)	-
Total revenues	109,002	85,954	743,669	2,015,210	-	166,893	2,070	80,657	(82,727)	3,120,728
Cost of sales	51,319	49,469	413,625	746,225	-	-	-	-	-	1,260,638
Cost of services	-	-	-	-	-	93,951	-	-	-	93,951
Shipping and loading costs	94,027	32,617	43,050	110,938	-	-	2,377	-	-	283,009
Excise taxes and royalties	7,630	13,538	59,493	60,457	-	-	-	-	-	141,118
Marketing	-	3,183	45	2,974	-	-	-	-	-	6,202
Segment operating earnings	(43,974)	(12,853)	227,456	1,094,616	-	72,942	(307)	80,657	(82,727)	1,335,810
General and administrative	20,189	10,857	30,032	17,896	-	-	96	86,419	-	165,489
Finance income	1,510	3,049	5,413	2,914	-	-	51	43,940	-	56,877
Finance expenses	-	370	402	1,237	-	-	-	30,956	-	32,965
Provision for (benefit from) income tax	10,536	(1,780)	67,958	321,760	-	-	(713)	(12,361)	-	385,400
Net income (loss) attributable to equity holders of the parent	(73,990)	(21,132)	138,538	495,674	-	-	(1,710)	138,387	-	675,767
Segment assets	1,873,818	1,745,149	8,641,887	5,715,061	240,365	-	169,202	17,814,313	-	36,199,795
Deferred income tax assets - net	52,272	30,629	95,600	2,672	-	-	-	71,251	-	252,424
Total assets	1,926,090	1,775,778	8,737,487	5,717,733	240,365	-	169,202	17,885,564	-	36,452,219
Segment liabilities	450,460	372,497	2,050,938	1,144,436	-	-	3,402	92,520	-	4,114,253
Deferred income tax liabilities - net	-	-	-	342,642	-	-	28,263	33,854	-	404,759
Total liabilities	450,460	372,497	2,050,938	1,487,078	-	-	31,665	126,374	-	4,519,012
Capital expenditures	125,374	43,151	199,686	32,480	19,501	-	-	3,496	-	423,688
Depreciation, amortization and depletion	47,293	25,914	143,565	114,774	-	-	2,393	17,917	-	351,856

The Group has revenues from external customers as follows:

For the three-month period ended March 31		
	2016	2015
Country of Domicile	(Unaudited)	
China	₱720,911	₱1,275,071
Japan	259,571	782,866
Australia	54,623	109,094
Local	666,287	953,697
	₱1,701,392	₱3,120,728

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

Revenue arising from sale of ores from two key customers amounted to ₱724.5 million and ₱1,682.9 million for the three months ended March 31, 2016 and 2015, respectively.

The Group has noncurrent assets consisting of property and equipment and investment properties located in the Parent Company's country of domicile amounting to ₱9,080.3 million and ₱9,103.1 million as at March 31, 2016 and December 31, 2015, respectively.

32. Business Combination

Loan Conversion and Additional Subscription to EPI

On April 15, 2015, the Parent Company expressed its intention to exercise its conversion right and to convert the entire second tranche loan of ₱446.0 million to 55% equity interest in EPI, which is equivalent to 312,888,889 common shares, subject to the SEC's approval of the increase in authorized capital stock of EPI.

On July 16, 2015, the Parent Company subscribed to an additional 11% equity interest in EPI, which is equivalent to 184,052,288 common shares, for a total consideration of ₱474.0 million, subject also to the approval of EPI's increase in authorized capital stock.

The increase in EPI's authorized capital stock was approved by the SEC on July 28, 2015 and the corresponding shares were subsequently issued to the Parent Company. The transaction was accounted for as an asset acquisition. At the time of acquisition, EPI has investments in the following subsidiaries.

	% of Ownership
MEI	100%
MGPC	100%
BHI	100%
MSI ^(a)	50%

(a) Indirect ownership through MEI

The Parent Company's cost of investment in EPI consists of:

Convertible loan including derivative asset	₱450,506
Additional capital infusion	474,000
	₱924,506

The consolidated amounts recognized as at July 28, 2015 for each major class of EPI and its subsidiaries' identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱653,836
Trade and other receivables	30,593
Prepayments and other current assets	54,697
Property and equipment	5,389
Geothermal exploration and evaluation assets	819,883
Other noncurrent assets	105,414
Total assets	1,669,812
Liabilities	
Trade and other payables	91,116
Short-term debts	285,000
Total liabilities	376,116
Net assets, including share of NCI	1,293,696
Share of NCI	369,190
Net assets acquired	₱924,506

The fair value of trade and other receivables approximates its carrying amount since these are short-term in nature. None of the trade and other receivables has been impaired and it is expected that the full contractual amounts can be collected/recovered.

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in EPI over its proportionate share in the underlying net assets at the date of acquisition amounting to ₱207.8 million was allocated to the "Geothermal exploration and evaluation assets" account in the consolidated statements of financial position.

Cash flow on acquisition follows:

Cash acquired from EPI and its subsidiaries	₱179,836
Cash paid for drawdowns of second tranche convertible loan	267,600
Net cash outflow	₱87,764

Acquisition of Geogen

On August 4, 2015, the Parent Company acquired 240,000,000 shares, or 100% equity interest, of Geogen for a total consideration of ₱484.8 million. On the same date, a Deed of Assignment of Receivables was also executed between the Parent Company and the previous shareholders of Geogen wherein the Parent Company paid the amount of ₱209.2 million representing the advances from stockholders of Geogen prior to acquisition. Geogen is the claimowner of the Isabela Nickel Project with an aggregate area of 2,392 hectares located in Dinapigue, Isabela covered by MPSA No. 258-2007-II.

The amounts recognized as at August 4, 2015 for each major class of Geogen's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱509
Trade and other receivables	402
Prepayments and other current assets	32,800
Property and equipment	1,144
Deferred mine exploration costs	880,688
Other noncurrent assets	35,533
Total assets	951,076
Liabilities	
Trade and other payables	209,339
Provision for mine rehabilitation and decommissioning	31,989
Deferred income tax liabilities	164,262
Total liabilities	405,590
Net assets acquired	₱545,486

Income from acquisition is computed as follows:

Acquisition cost	₱485,565
Less: Fair value of net identifiable assets and liabilities acquired	545,486
Gain on bargain purchase	₱59,921

Cash flow on acquisition follows:

Cash acquired from Geogen		₱509
Cash paid for:		
Acquisition of shares	484,768	
Assignment of advances from previous shareholders	209,232	
Others	797	694,797
Net cash outflow		₱694,288

Acquisition of Jobin

On July 16, 2015, EPI entered into a Deed of Assignment with the previous shareholders of Jobin and acquired 200,000 shares, or 100% equity interest, of Jobin for a total consideration of ₱0.2 million. Jobin is the holder of Solar Energy Service Contract (SESC) No. 2013-10-039 and Wind Energy Service Contract (WESC) No. 2013-10-062 which both covers an area in the municipalities of Morong and Hermosa, Bataan. The transaction was accounted for as an asset acquisition. The amounts recognized as at July 16, 2015 for each major class of Jobin’s identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱200
Property and equipment	455
Total assets	655
 Liabilities	
Trade and other payables	455
Net assets acquired	₱200

The excess of the Group’s cost of investment in Jobin over the underlying net assets at the date of acquisition amounting to ₱0.5 million was allocated to the “Property and equipment” account in the consolidated statements of financial position.

Cash flow on acquisition follows:

Cash acquired from Jobin	₱200
Cash paid for acquisition	200
Net cash outflow	₱-

Acquisition of Newminco

On December 14, 2015, CExCI entered into a Share Purchase Agreement (SPA) to acquire 100% equity interest of Newminco for a total consideration of ₱64.8 million.

CExCI acquired the shares of Newminco on a deferred payment basis and with the following terms: a downpayment of ₱30.8 million upon execution of the SPA while the remaining balance of ₱34.0 million, which is non-interest bearing, is payable over a seven (7) year period.

The amounts recognized as at December 14, 2015 for each major class of Newminco's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	P68
Deferred mine exploration cost	61,680
Total assets	61,748
 Liabilities	
Trade and other payables	4,273
Net assets acquired	P57,475

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in Newminco over the underlying net assets at the date of acquisition amounting to P60.5 million was allocated to the "Deferred mine exploration costs" account in the consolidated statements of financial position.

Cash flow on acquisition follows:

Cash acquired from Newminco	P68
Cash paid for acquisition	30,750
Net cash outflow	P30,682

Acquisition of BGI

On August 24, 2015, EPI and BHI entered into an Investment Agreement with OGI and BGHI to acquire 60% equity interest of BGI for a consideration of P1.8 million, subject to the SEC's approval of the increase in authorized capital stock of BGI. The increase in authorized capital stock of BGI was approved by the SEC on December 17, 2015 and the corresponding shares were subsequently issued to BHI. BGI is the holder of Geothermal Renewable Energy Service Contract (GRESK) No. 2010-02-010 which covers the geothermal field in Biliran, Leyte.

The transaction was accounted as an acquisition of a business.

The provisional fair values recognized as at December 17, 2015 for each major class of BGI's identifiable assets and liabilities follow:

	Fair Value
Assets	
Cash	₱13,787
Trade and other receivables	72,668
Prepayments and other current assets	3,210
Property and equipment	3,925
Geothermal exploration and evaluation assets	4,794,096
Other noncurrent assets	254,327
Total assets	5,142,013
Liabilities	
Trade and other payables	5,187,541
Deferred income tax liabilities	87,485
Total liabilities	5,275,026
Net liabilities, including share of NCI	(133,013)
Share of NCI	134,858
Net assets acquired	₱1,845

The fair value of trade and other receivables approximates its carrying amounts since these are short-term in nature. None of the trade and other receivables has been impaired and it is expected that the full contractual amounts can be collected/recovered.

NCI have been measured at its proportionate share of the value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in BGI over its proportionate share in the underlying net assets at the date of acquisition amounting to ₱291.6 million was allocated to the "Geothermal exploration and evaluation assets" account in the consolidated statement of financial position.

Cash flow on acquisition follows:

Cash acquired from BGI	₱13,787
Cash paid	1,845
Net cash inflow	₱11,942

33. Service Contracts

Solar Energy Service Contract No. 2015-01-099

On January 20, 2015, EPI entered into a SESC No. 2015-01-099 with the Department of Energy (DOE) which grant EPI the right to explore, develop and utilize the solar energy resources within the contract area of 324 hectares in the province of Pili, Camarines Sur.

Under the SESC, EPI assumes all the technical and financial risks without any guarantee from the Philippine Government and shall not be entitled to reimbursement for any expense incurred in connection with the SESC. The SESC carries a non-extendible two-year (2) period of pre-development stage, which involves the preliminary assessment and feasibility study. The SESC shall remain in force for the remainder of twenty-five (25) years from date of effectivity if the solar energy resources are discovered to be in commercial quantities. If EPI has not been in default of any material obligations under the SESC, the DOE may grant EPI an extension of the SESC for another twenty-five (25) years. The full recovery of the project development costs incurred in connection with the SESC is dependent upon the discovery of solar energy resources in commercial quantities from the contract area and the success of future development thereof.

Solar Energy Service Contract No. 2013-10-039

On October 31, 2013, Jobin 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. The SESC is for a period of twenty-five (25) years, inclusive of a two (2) year pre-development stage, and renewable for another twenty-five (25) years. The government share under the SESC shall be 1% of the gross income from the sale of electricity in the solar project.

On August 28, 2015, Jobin was granted a Certificate of Confirmation of Commerciality by the DOE for its 100.44 MW Sta. Rita solar power project located in Mt. Sta Rita, Subic Bay Freeport Zone. The certificate converts the project's SESC from exploration/pre-development stage to the development/commercial stage. Jobin will commence operations in 2016.

Wind Energy Service Contract No. 2013-10-062

On October 31, 2013, Jobin entered into a WESC with the DOE. The WESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The WESC is for a period of twenty-five (25) years, inclusive of a three (3) year pre-development stage, and renewable for another twenty-five (25) years. The government share under the WESC shall be 1% of the gross income from the sale of electricity in the wind project.

Geothermal Renewable Energy Service Agreement No. 2014-02-054

GRES No. 2010-02-013, which covers an approximate area of 3,914 hectares in the three 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 40MW. 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 March 31, 2016.

As Renewable Energy (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.

GRESC 2014-02-054 shall remain in force for the remainder of twenty-five (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 twenty-five (25) years, provided that the total term is not to exceed fifty (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 GRESC No. 2016-02-060.