NICKEL ASIA CORP.

December 15, 2011

THE PHILIPPINE STOCK EXCHANGE INC.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Re : SEC Form 17-Q Quarterly Report
x ===================================x

Dear Madam:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report – Amended for the period ended September 30, 2011, which we filed today with the Securities and Exchange Commission (SEC).

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
Senior Vice President and Chief Finance Officer

COVER SHEET

C S 2 0 0 8 1 1 5 3 0

SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

6th Floor NAC Centre 143 Dela Rosa Street, Legaspi Village Makati City

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

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

AMENDED

0 6 **4th Friday**

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

26

Total No. of Stockholders

Domestic	Foreign
	Php1.8 billion

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

6th Floor, NAC Centre, 143 Dela Rosa Street,
Legaspi Village, Makati 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
AMENDED
Form Type

____
Amendment Delegation (If applicable)

For the quarter ended
September 30, 2011
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: **September 30, 2011**
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
   6th Floor, NAC Centre, 143 Dela Rosa Street, **1229**
   Legaspi Village, Makati 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.
   Not Applicable
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	**1,339,831,828 Shares**
Long-term Debt	**Php1,801,867,336**

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

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

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

NICKEL ASIA CORPORATION

17-Q QUARTERLY REPORT

SEPTEMBER 30, 2011

TABLE OF CONTENTS

Page No.

FINANCIAL INFORMATION

The Unaudited Interim Consolidated Financial Statements as at September 30, 2011 and for the three-month and nine-month period ended September 30, 2011 and 2010 (with Comparative Audited Financial Statement of Financial Position as at December 31, 2010) are hereto attached.

The following table sets forth the summary financial information for the three-month period and nine-month period ended September 30, 2011 and 2010 and as at September 30, 2011 and December 31, 2010 (in thousand pesos):

Summary Consolidated Statements of Income

	For the Three Months Ended Sept 30		For the Nine Months Ended Sept 30	
	2011	**2010**	**2011**	**2010**
	(In thousand pesos)		*(In thousand pesos)*	
Revenues	4,862,470	2,689,986	10,191,479	5,869,947
Cost and expenses	(2,128,581)	(1,387,139)	(4,578,325)	(3,469,638)
Finance income	49,111	27,349	136,283	101,424
Finance expenses	(38,532)	(6,892)	(55,050)	(72,526)
Other income (charges) - net	63,947	(31,603)	512,391	324,498
Provision for income tax - net	(680,039)	(366,251)	(1,295,097)	(761,372)
Net income	2,128,376	925,450	4,911,681	1,992,333
Net income attributable to:				
Equity holders of the parent	1,532,381	711,528	3,261,369	1,406,096
Non-controlling interests	595,995	213,922	1,650,312	586,237
	2,128,376	925,450	4,911,681	1,992,333

Summary Consolidated Statements of Financial Position

	Sept 30, 2011	December 31, 2010	Increase (Decrease)	Percent Inc (Dec)
	(Unaudited)	(Restated)		
	(In Thousand Pesos)			
Current assets	14,171,790	9,858,623	4,313,167	43.8%
Noncurrent assets	11,908,051	11,744,332	163,719	1.4%
Total assets	26,079,841	21,602,955	4,476,886	20.7%
Current liabilities	2,030,802	1,335,731	695,071	52.0%
Noncurrent liabilities	2,304,165	2,123,849	180,316	8.5%
Non-controlling interests	4,035,579	3,141,889	893,690	28.4%
Equity attributable to equity holders of the Parent	17,709,295	15,001,486	2,707,809	18.1%
Total liabilities and equity	26,079,841	21,602,955	4,476,886	20.7%

Summary Consolidated Statements of Cash Flows

	For the Three Months Ended Sept 30		For the Nine Months Ended Sept 30	
	2011	**2010**	**2011**	**2010**
	(In Thousand Pesos)		*(In Thousand Pesos)*	
Net cash flows from (used in):				
Operating activities	2,684,809	790,061	5,249,037	2,165,865
Investing activities	(322,581)	(599,930)	(1,177,887)	375,976
Financing activities	(23,249)	(28,262)	(965,212)	(740,628)
Net increase in cash and cash equivalents	2,338,979	161,869	3,105,938	1,801,213
Cash and cash equivalents, beginning	7,572,927	8,418,559	6,805,968	6,779,215
Cash and cash equivalents, end	9,911,906	8,580,428	9,911,906	8,580,428

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

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the nine-month ended September 30, 2010 and September 30, 2011, prepared in conformity with PAS 34, Interim Financial Reporting and included herein, and should be read in Conjunction with those unaudited interim consolidated financial statements.

Results of operations

Nine months ended September 30, 2011 compared with nine months ended September 30, 2010

Revenues
Our total revenues were ₱10,191.5 million for the nine months ended September 30, 2011 as compared to ₱5,869.9 million for the nine months ended September 30, 2010, an increase of ₱4,321.6 million, or 74%.

Sale of ore
We sold an aggregate 8.25 million WMT of nickel ore for the nine months ended September 30, 2011 as compared to 5.78 million WMT of nickel ore for the nine months ended September 30, 2010. Our sales for the first nine months of this year included 606 thousand WMT of saprolite ore to Japan, 5.50 million WMT of low-grade saprolite and limonite ore to our Chinese customers and 2.15 million WMT of limonite ore to CBNC, compared to sales of 867 thousand WMT, 3.06 million WMT and 1.85 million WMT, respectively, for the same period last year.

Our revenue from sale of nickel ore was ₱9,829.6 million in the nine months ended September 30, 2011 as compared to ₱5,573.4 million in the nine months ended September 30, 2010, an increase of ₱4,256.2 million, or 76%. The increase in revenue was due both to a higher volume of nickel ore sold and higher ore prices, mainly to Chinese customers. The realized nickel price applicable to 3.27 million WMT of ore shipped in the first nine months was at an average of \$10.88 per pound of payable nickel as against \$9.57 per pound of payable nickel realized during the same period last year. The balance of the shipments for the first half was sold on the basis of negotiated prices per WMT of ore, which averaged \$23.79 per WMT of ore compared to \$17.86 per WMT for the same period last year. The increased demand for nickel ore as well as higher prices for our various types of ore was largely due to the surge in imports into China, owing to the strong position of nickel pig iron as the primary choice for nickel and iron among stainless steel producers.

We own 60% of RTN, which owns and operates the Rio Tuba mining operations. RTN's revenue from sale of nickel ore was ₱4,856.9 million in the nine months ended September 30, 2011 as compared to ₱2,174.9 million in the nine months ended September 30, 2010, an increase of ₱2,682.0 million, or 123%. RTN sold an aggregate 3.96 million WMT of nickel ore in the first nine months of this year as compared to an aggregate 2.70 million WMT of nickel ore sold in the same period last year. The volume of saprolite ore sold to Japan increased by 92 thousand WMT or 47% and the volume of low-grade saprolite and limonite ore sold to Chinese customers increased by 803 thousand WMT or 111%. On the other hand, the volume of limonite ore sold to CBNC increased by 377 thousand WMT or 21%.

RTN's revenue from sale of limestone ore was P80.3 million in the nine months ended September 30, 2011, as compared to P101.8 million in the same period last year, a decrease of P21.5 million or 21%. The decrease in revenue was due to a 34% drop in limestone ore deliveries to CBNC, or from 173.1 thousand WMT during the first nine months of 2010 to 114.7 thousand WMT for the same period this year. Excessive rainfall at the mine site in the first half of the year has made it difficult for CBNC to process the limestone from our quarry.

We own 65% of TMC, which owns and operates the Taganito mining operations. TMC's revenue from sale of ore was ₱2,375.0 million in the nine months ended September 30, 2011 as compared to ₱1,701.6 million in the nine months ended September 30, 2010, an increase of ₱673.4 million, or 40%. TMC sold an aggregate 1.48 million WMT of nickel ore in the first nine months of this year as compared to an aggregate 995.2 thousand WMT of nickel ore in the same period last year. The volume of saprolite ore sold to Japan decreased by 289.1 thousand WMT or 55%. Lower sales to Japan was due to the inability of our long-standing buyer, Pacific Metals Co., Ltd. (Pamco), to take delivery of saprolite ore as a result of the damage to its plant facilities brought about by the March 2011 earthquake and tsunami. On the otherhand, the volume of saprolite and limonite ore sold to Chinese customers more than offset the decline in ore sales to Japan, as shipments to China surged by 837.9 thousand WMT or 210%.

We own 100% of CMC, which owns and operates the Cagdianao mining operations. CMC's revenue from sale of ore was ₱1,365.8 million in the nine months ended September 30, 2011 as compared to ₱797.9 million in the nine months ended September 30, 2010, an increase of ₱567.9 million, or 72%. CMC sold an aggregate 816.8 thousand WMT of nickel ore in the first nine months of this year as compared to an aggregate 591.2 thousand WMT of nickel ore in the same period last year.

We own 100% of HMC, which owns and operates the Taganaan mining operations. HMC's revenue from sale of ore was ₱1,231.8 million in the nine months ended September 30, 2011 as compared to ₱898.9 million in the nine months ended September 30, 2010, an increase of ₱332.9 million, or 37%. HMC sold an aggregate 2.0 million WMT of low-grade limonite ore to Chinese customers in the first nine months of this year as compared to 1.49 million WMT of both saprolite and limonite ore to Chinese customers in the same period last year.

Services and Others

Our revenue from services and others was ₱281.6 million in the nine months ended September 30, 2011 as compared to ₱194.7 million in the nine months ended September 30, 2010, an increase of ₱86.9 million, or 45%. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that RTN provide**s** to CBNC.

Costs and expenses

Our costs and expenses amounted to ₱4,578.3 million in the nine months ended September 30, 2011 as compared to ₱3,469.6 million in the nine months ended September 30, 2010 an increase of ₱1,108.7 million, or 32%.

Cost of Sales
Our cost of sales was ₱2,532.4 million in the nine months ended September 30, 2011 as compared to ₱2,145.4 million in the nine months ended September 30, 2010, an increase of ₱387.0 million, or 18%. The increase in cost of sales was due to more shipments made to our Chinese customers this year. Specifically we shipped an aggregate 5.39 million WMT of nickel ore to China compared to 3.06 million WMT of nickel ore last year. While our total shipments increased by 43%, our cost of sales did not increase proportionately, mainly because we relied less on third-party contractors fee which increased by only ₱68.0 million or 11%.

Cost of Services
Cost of services was ₱127.3 million in the nine months ended September 30, 2011 as compared to ₱138.0 million in the nine months ended September 30, 2010, a decrease of ₱10.7 million, or 8%. Costs of services largely consist of the cost of providing hauling, manpower and other ancillary services by RTN to CBNC.

Shipping and Loading Costs
Shipping and Loading Costs were ₱905.6 million in the nine months ended September 30, 2011 as compared to ₱543.3 million in the nine months ended September 30, 2010, an increase of ₱362.3 million, or 67%. The increase was due to higher contract fees from ₱320.4 million to ₱542.1 million in the nine months ended September 30, 2011 and an increase in fuel, oil and lubricant costs from ₱72.8 million to ₱124.3 million. The surge in shipping and loading costs is related to the substantial increase in our overall shipment volumes for the first nine months of this year.

General and Administrative.
General and administrative expenses were ₱423.0 million in the nine months ended September 30, 2011 as compared to ₱272.6 million in the nine months ended September 30, 2010, an increase of ₱150.4 million, or 55%. The increase can be attributable to a number of factors, primarily the rise in personnel cost from ₱93.5 million to ₱150.5 million, due to new and additional personnel hires for our new subsidiaries namely; La Costa Shipping and Lighterage Corporation (LCSLC), Samar Nickel Mining Resources Corp. and Cordillera Exploration Co., Inc. and compensation expense related to the Company's Executive Stock Option Plan amounting to ₱44.3 million, the increase in depreciation expense from ₱30.8 million to ₱99.8 million, largely due to the acquisition of a second-hand aircraft and commission fee from ₱19.0 to ₱44.0 million.

Excise Taxes and Royalties.
Our excise taxes and royalties were ₱590.0 million in the nine months ended September 30, 2011 as compared to ₱370.3 million in the nine months ended September 30, 2010, an increase of ₱219.7 million, or 59%. The increase in excise taxes and royalties was a result of our increased sales revenue in the nine months ended September 30, 2011.

Finance Income.
Our finance income was ₱136.3 million in the nine months ended September 30, 2011 as compared to ₱101.4 million in the nine months ended September 30, 2010, an increase of ₱34.9 million, or 34%. Our finance income primarily consists of interest income on our cash balances and other investments.

Finance Expenses.
Our finance expense was ₱55.1 million in the nine months ended September 30, 2011 as compared to ₱72.5 million in the nine months ended September 30, 2010, a decrease of ₱17.4 million, or 24%. Our finance expenses primarily consist of interest expense on our long-term debt which amounted to ₱23.5 million, provision for impairment losses on trade and other receivables of ₱15.6 million and the recognition of ₱11.0 million loss on AFS financial assets. In 2010, our finance expenses consist mainly of a ₱34.2 million loss on our commodity derivative transaction and a ₱20.6 million loss on AFS financial assets.

Other Income (Charges).
Our other income for the nine months ended September 30, 2011 was ₱512.4 million as compared to ₱324.5 million for the nine months ended September 30, 2010. Our other income for the first nine months of the current year primarily consists of a ₱434.2 million dividend income from CBNC, usage fee of ₱75.5 million which TMC collected from THPAL for the use of its pier facilities, a net foreign exchange gain of ₱21.0 million and ₱20.5 million of other services which RTN provides to CBNC. Our other income in 2011 was partially offset by a ₱56.8 million loss related to our share in the pre-operating loss of Taganito HPAL Nickel Corp. and ₱29.8 million in demurrage charges. Our other income for the nine months ended September 30, 2010 consists mainly of a ₱114.8 million dividend income from CBNC, an ₱80.7 million gain on bargain purchase of LCSLC, a ₱74.1 million gain on the reversal of long outstanding payables, a ₱56.2 million gain on the recovery of allowance for inventory losses and a ₱26.0 million of other services which RTN provided CBNC. Our other income in 2010 was partially offset by a ₱110.9 million net foreign exchange loss.

Provision for (Benefit from) Income Tax.
Provision for income tax was ₱1,295.1 million in the nine months ended September 30, 2011 as compared to ₱761.4 million in the nine months ended September 30, 2010, an increase of ₱533.7 million, or 70%.

Current.
Our current provision for income tax for the nine months ended September 30, 2011 was ₱1,339.2 million as compared to ₱819.4 million for the nine months ended September 30, 2010, an increase of ₱519.8 million, or 63%. The increase was primarily due to the increase in our net income in the nine months ended September 30, 2011.

Deferred.
Our deferred benefit from income tax for the nine months ended September 30, 2011 was ₱44.1 million as compared to ₱58.1 million for the nine months ended September 30, 2010, a decrease of ₱14.0 million, or 24%. The decrease was primarily due to a foreign exchange gain in the nine months ended September 30, 2011 compared to a loss in the same period of the previous year.

Net Income.
As a result of the foregoing, our net income was ₱4,911.7 million in the nine months ended September 30, 2011 as compared to ₱1,992.3 million in the nine months ended September 30, 2010. Net of minority interests, our net income was ₱3,261.4 million in the nine months ended September 30, 2011 compared to a net income of ₱1,406.1 million during the same period last year.

Three months ended September 30, 2011 compared with three months ended September 30, 2010

In the third quarter of 2011, our total revenues were ₱4,862.5 million as compared to ₱2,690.0 million in the same quarter of the previous year, an increase of ₱2,172.5 million, or 81%. Our revenue from the sale of nickel ore was ₱,747.3 million in the three months ended September 30, 2011, 81% higher than ₱2,629.7 million reported in the three months ended September 30, 2010. The stronger revenue was the result of an increase in volume of shipments from all our four operating mines, as well as higher price, mainly on our medium and low-grade ore sold to Chinese customers. We sold an aggregate 4.04 million WMT of nickel ore as compared to 2.39 million WMT of nickel ore during the same covered period. The realized nickel price in the third quarter was $10.00 per pound of payable nickel as against $9.91 per pound of payable nickel in the same period of the previous year. For shipments sold on the basis of negotiated price per WMT of ore, the average was $25.79 in the three months ended September 30, 2011 compared to $18.78 for the same period last year.

Our total operating cost and expenses in the third quarter of 2011 amounted to ₱2,128.6 million compared to ₱1,387.1 million in the third quarter of 2010, an increase of ₱741.5 million, or 53%. The higher cost was the result of more nickel ore shipped and delivered in 2011.

Total finance income, which consist mainly of interest income on bank deposits, amounted to ₱49.1 million in the three months ended September 30, 2011 compared to ₱27.3 million during the same period in 2010. Finance expenses rose to ₱38.5 million in the third quarter this year compared to ₱6.9 million during the same quarter last year due to provision for impairment losses of ₱15.0 million, interest expense of ₱11.0 million and loss on sale of AFS investments of ₱11.0 million. Other income for the quarter ended September 30, 2011 amounted to ₱63.9 million, mainly as a result of unrealized foreign exchange gain of P49.8 million, usage fee of ₱31.2 million and despatch income of ₱26.9 million. Other income was partially offset by equity in net losses of an associate amounting to ₱37.3 million. For the quarter ended September 30, 2010, we realized other charges of ₱31.6 million, mainly due to unrealized foreign exchange losses of ₱148.1 million. This was partially offset by a gain on bargain purchase of ₱70.0 million and other income of ₱61.2 million which consists mostly of materials handling work for CBNC.

As a result of the foregoing, our net income was ₱2,128.4 million in the three months ended September 30, 2011 as compared to ₱925.5 million in the three months ended September 30, 2010. Net of noncontrolling interest, our net income was ₱1,532.4 million in the three months ended September 30, 2011 compared to a net income of ₱711.5 million during the same period last year.

Statement of Financial Position

In the nine months ended September 30, 2011, our total assets were ₱26,079.8 million as compared to ₱21,603.0 million as at end 2010, an increase of ₱4,476.8 million, or 21%. Current assets increased to ₱14,171.8 million from ₱9,858.6 million in the same covered period due to the increases mainly in cash and cash equivalent from ₱6,806.0 million to ₱9,911.9 million, or 46% and trade and other receivables from ₱1,113.3 million to ₱1,945.9 million, or 75%, both resulting from the increase in revenues in 2011 compared to 2010. Inventories likewise increased to ₱1,578.5 million from ₱1,416.4 million, or 11% in preparation for the shipments of our beneficiated nickel ore in the fourth quarter of 2011. Our total non-current assets were ₱11,908.1 million compared to ₱11,744.3 million, an increase of ₱163.7 million, or 1% resulting from the increase in property and equipment to ₱4,366.0 million from ₱3,859.5 million, or 13% due to the acquisition of mining equipment to support our current operations and in preparation for the THPAL project in our Taganito mine. This was offset by the decrease in other non-current assets from ₱977.4 million to ₱857.6 million, largely due to a reduction in the level of cash from our IPO proceeds, which is held under escrow.

Our total current liabilities were ₱2,030.8 million in the nine months ended September 30, 2011 compared to ₱1,335.7 million as at end 2010, an increase of ₱695.1 million or 52% mainly due to the increase in trade and other payables from ₱935.2 million to ₱1,224.5 million for our current year purchases and income tax payable from ₱322.1 million to ₱682.1 million as a result of a higher taxable net income in 2011 compared to 2010. Total noncurrent liabilities likewise increased from ₱2,123.8 million to ₱2,304.2 million in the same nine month period mainly due to the increase in long-term debt net of current portion from ₱1,465.8 million to ₱1,677.7 million as a result of TMC's loan drawdowns on its Omnibus Agreement entered into with THNC in 2010 as discussed in Note 12 to the financial statements.

Total equity, net of controlling interests, increased to ₱21,744.9 million during the nine months ended September 30, 2011 from ₱18,143.4 million as at year ended 2010 due to net earnings in the first nine months of 2011. In addition, cost of share-based payment plan increased from ₱1.1 million to ₱45.4 million in 2011 due to the recognition of compensation expense for our Executive Stock Option Plan while our share cumulative translation adjustment decreased from ₱120.4 million in 2010 to ₱22.6 million in 2011 due to the fluctuation of the dollar-peso exchange rate on the share in the cumulative losses and net assets of our investment in associate.

Statement of Cash Flows

The net cash flows from operating activities amounted to ₱5,249.0 million in the nine months ended September 30, 2011 compared to ₱2,165.9 million during the same period in 2010, as proceeds from the sale of ore substantially increased in 2011 as against 2010, coupled with dividends received of ₱439.7 million. Net cash used in investments amounted to ₱1,177.9 million due to capital expenditures of ₱1,052.5 million and net acquisition of AFS investments of ₱245.1 million. In the first nine months of 2010, the net cash flow from investing activities amounted to ₱376.0 million, which was largely the result of net sale of AFS investments of ₱658.0 million and sale of financial assets at FVPL of ₱408.0 million. Net cash used in financing activities in the nine months ended September 30, 2011 amounted to ₱965.2 million, mostly for the payment of cash dividends in the amount of ₱1,226.9 million. As at September 30, 2011 and 2010, cash and cash equivalents amounted to ₱9,911.9 million and ₱8,580.4 million, respectively.

Top Five (5) Key Performance Indicators

LME Price
We typically sell high- and low-grade saprolite ore to PAMCO under long-term agreements and we are the exclusive supplier of limonite ore, also under a long-term agreement, to the Coral Bay HPAL facility. The price of nickel ore sold to Pacific Metals Co. Ltd. (PAMCO) and the Coral Bay HPAL facility is determined based on a payable percentage of the nickel contained in the ore, multiplied by average LME nickel prices over specified quotational periods. The payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices resulting in a higher payable percentage of nickel and vice versa. Accordingly, higher LME nickel prices results both in a higher percentage of payable nickel in our ore to these customers as well as in higher prices, and can therefore have a substantial effect on our overall revenue. Nickel prices and demand for nickel typically increase during periods of high global demand for stainless steel.

Nickel prices have historically exhibited considerable volatility. Nickel prices climbed from as low as US$4.25 per pound in March 2009 to a high of US$13.17 per pound in February 2011. The nickel price was US$8.30 per pound at the end of September 2011. The average LME nickel prices (per pound) in 2007, 2008, 2009 and 2010 were US$16.82, US$9.55, US$6.67 and US$9.89, respectively. The average LME nickel prices (per pound) for the nine months ended September 30, 2011 is US$11.04 per pound compared to US$9.62 per pound in the same period last year.

The sensitivity of our revenues to LME nickel prices is not completely linear, because, in our experience, when nickel prices reach certain levels, the demand for our limonite ore increases. As a result of this effect, very high nickel prices have, in the past, resulted in increased volumes of nickel ore sold, as well as increased prices for our recurring sales of saprolite ore to PAMCO and limonite ore to the Coral Bay HPAL facility under long-term contracts. Increases and decreases in the LME nickel price will have a broadly proportional effect on our revenues from these 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 (NPI) in China. Our sales of high-grade saprolite ore are typically made to PAMCO, who purchases all of the 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 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 minority interest. CBNC purchases an amount of limonite ore from us sufficient to meet its ore requirements. As an immediate solution, Coral Bay HPAL started construction of a new water reservoir to increase the capacity of existing water reservoirs. In December 2010, Coral Bay HPAL was able to produce 2,311 tonnes of contained nickel proving that the plant is capable of achieving its target production capacity of 24,000 nickel tonnes if circumstances allow.

The Type qnd 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.

Mine Site Cash Cost per Volume Sold
The mine site cash cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from year to year.

The mine site cash cost includes production and marketing expenses incurred by the Company in mining, handling and barging ore to customer's vessels, and excludes excise taxes and royalties.

The average mine site cash operating cost and expenses per volume sold in 2011 is $11.37 per WMT on the basis of aggregate cash costs of ₱4,061.1 million and a total sales volume of 8.25 million WMT of ore. This compares to $11.39 per WMT during the same period in 2010 on the basis of aggregate cash costs of ₱3,001.4 million and a total sales volume of 5.78 million WMT of ore.

To augment our operations in 2010 in order to meet the surge in demand for our ore, the Company engaged third party contractors to assist in the hauling and loading of ore Typically, the unit cost associated with the use of outside services is higher compared to costs incurred when volume handling is done by the Company.

Currency Exchange Rates
We earn substantially all of our revenues in U.S. dollars while most of our expenses are paid in pesos. The appreciation of the peso against the United States dollar reduces our revenue in peso terms. Accordingly, appreciation of the peso against the U.S. dollar 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 and other portfolio investments are denominated in U.S. dollars, the appreciation of the peso against the U.S. dollar reduces the value of these assets in peso terms in our financial statements. Our current policy is not to hedge our exposure to foreign currency exchange risk. The Company's average realized peso-to-dollar rates for the nine-month period ended September 30, 2011 is ₱43.10

Liquidity and Capital Resources
As at September 30, 2011 and December 31, 2010, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of the pier facilities in our RTN and TMC mine sites and we receive income from CBNC and THNC, respectively, under a throughput agreement whereby RTN and TMC receive certain fee for the use of the pier facilities.

As of September 30, 2011 and December 31, 2010, our working capital, defined as the difference between our current assets and current liabilities, was ₱12.1 billion and ₱8.5 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 Taganito property. 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. We are exposed to commodity price risk based on fluctuations in the price of nickel on the LME. The amounts payable under the contracts that govern our saprolite ore sales to PAMCO and limonite ore sales to CBNC are based upon payable nickel delivered with the nickel ore. The percentage varies depending on the customer, the ore type and nickel grade. This payable nickel is priced using an average of LME spot prices over a period preceding delivery. In addition, the payable percentage of the nickel contained in the ore is correlated, in a non-linear manner, with LME nickel prices, with higher LME prices tending to result in a higher payable percentage of nickel and vice versa. Accordingly, increases or decreases in the price of nickel on the LME can have a significant effect on our revenues. In addition, although the payments that we receive from sales of saprolite ore and limonite ore to our Chinese customers is not directly correlated with the market price of nickel, high or low nickel prices can increase or decrease their demand for our limonite ore and thus also have an effect on our revenues. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

We are also subject to risk with respect to the market price of coking coal and prevailing shipping rates. The production of NPI using limonite ore requires the use of blast furnaces which use large amounts of coking coal. Accordingly, high world-wide demand for coal can result in an increase in the market price of coking coal which can decrease the demand for limonite ore from our Chinese customers. Similarly, during periods when dry bulk shipping rates are relatively high, the increased cost of shipping our saprolite ore or limonite ore to China can make the use of our nickel ore by Chinese customers uneconomical for them which may also result in a reduction of nickel ore sales to our Chinese customers.

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 in pesos. Such exposure arises from cash and cash equivalents, AFS investments and sales of beneficiated nickel ore denominated in U.S. dollars. Because almost all of our revenues are earned in U.S. dollars while most of our expenses are paid in pesos, appreciation of the peso against the U.S. dollar 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 and AFS investments are denominated in U.S. dollars, the appreciation of the peso against the U.S. dollar reduces the value of our total assets in peso terms in our consolidated financial statements. We are not currently 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 investments in various stocks of listed companies.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

Off-balance sheet arrangements
We have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

PART III – OTHER INFORMATION

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

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

Issuer: **NICKEL ASIA CORPORATION**

By:

GERARD H. BRIMO
President and Chief Executive Officer

EMMANUEL L. SAMSON
Senior Vice President and Chief Financial Officer

Date: December 15, 2011

NICKEL ASIA CORPORATION
INDEX TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2011
(With Comparative Audited Figures as at December 31, 2010)
(Amounts in Thousands)

	September 30 2011 (Unaudited)	December 31 2010 (As restated, see Note 29)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱9,911,906	₱6,805,968
Trade and other receivables (Note 5)	1,945,933	1,113,255
Available-for-sale (AFS) financial assets (Note 7)	674,858	469,976
Inventories (Notes 6 and 10)	1,578,513	1,416,431
Other current assets	60,580	52,993
Total Current Assets	14,171,790	9,858,623
Noncurrent Assets		
AFS financial assets (Note 7)	905,835	907,161
Property and equipment (Note 8)	4,366,040	3,859,501
Investment property	61,138	50,845
Investment in an associate (Note 9)	4,404,962	4,570,453
Long-term stock pile inventory - net of current portion (Note 10)	870,708	964,994
Deferred income tax assets - net	441,732	414,014
Other noncurrent assets (Note 4)	857,636	977,364
Total Noncurrent Assets	11,908,051	11,744,332
TOTAL ASSETS	₱26,079,841	₱21,602,955
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱1,224,468	₱935,179
Income tax payable	682,130	322,127
Current portion of long-term debt (Note 12)	124,204	78,425
Total Current Liabilities	2,030,802	1,335,731
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 12)	1,677,663	1,465,826
Deferred income tax liabilities – net	414,299	469,838
Deferred rent income	94,609	83,799
Provision for mine rehabilitation and decommissioning (Note 13)	60,265	55,419
Pension liability	57,329	48,967
Total Noncurrent Liabilities	2,304,165	2,123,849
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	677,116	677,116
Additional paid-in capital	8,075,641	8,075,641
Other components of equity:		
Cost of share-based payment plan (Note 15)	45,377	1,101
Net valuation gains on AFS financial assets (Note 7)	6,994	37,589
Share in cumulative translation adjustment (Note 9)	22,615	120,411
Asset revaluation surplus	34,491	34,778
Retained earnings	8,847,061	6,054,850
	17,709,295	15,001,486
Non-controlling interests	4,035,579	3,141,889
Total Equity	21,744,874	18,143,375
TOTAL LIABILITIES AND EQUITY	₱26,079,841	₱21,602,955

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTHS ENDED SEPTEMBER 30, 2011 and 2010
(Amounts in Thousands)

	2011	2010, (As restated, see Note 29)
	(Unaudited)	
REVENUES		
Sale of ore	**₱4,747,336**	₱2,629,673
Services and others	**115,134**	60,313
	4,862,470	2,689,986
COSTS AND EXPENSES		
Cost of sales	**1,095,326**	790,827
Cost of services	**47,525**	70,831
Shipping and loading costs	**457,836**	248,079
Excise taxes and royalties	**361,192**	192,053
General and administrative	**166,702**	85,349
	2,128,581	1,387,139
FINANCE INCOME	**49,111**	27,349
FINANCE EXPENSES	**(38,532)**	(6,892)
OTHER INCOME (CHARGES) - net	**63,947**	(31,603)
INCOME BEFORE INCOME TAX	**2,808,415**	1,291,701
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**690,941**	409,941
Deferred	**(10,902)**	(43,690)
	680,039	366,251
NET INCOME	**₱2,128,376**	₱925,450
Net income attributable to:		
Equity holders of the parent	**₱1,532,381**	₱711,528
Non-controlling interests	**595,995**	213,922
	₱2,128,376	₱925,450

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 and 2010
(Amounts in Thousands, Except Earnings per Share)

	2011	2010, (As restated, see Note 29)
	(Unaudited)	
REVENUES (Note 31)		
Sale of ore	**₱9,909,890**	₱5,675,288
Services and others	**281,589**	194,659
	10,191,479	5,869,947
COSTS AND EXPENSES		
Cost of sales (Note 17)	**2,532,381**	2,145,447
Cost of services (Note 18)	**127,316**	137,985
Shipping and loading costs (Note 19)	**905,604**	543,307
Excise taxes and royalties (Note 20)	**590,017**	370,267
General and administrative (Note 21)	**423,007**	272,632
	4,578,325	3,469,638
FINANCE INCOME (Note 24)	**136,283**	101,424
FINANCE EXPENSES (Note 25)	**(55,050)**	(72,526)
OTHER INCOME (CHARGES) - net (Note 26)	**512,391**	324,498
INCOME BEFORE INCOME TAX	**6,206,778**	2,753,705
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)		
Current	**1,339,211**	819,442
Deferred	**(44,114)**	(58,070)
	1,295,097	761,372
NET INCOME	**₱4,911,681**	₱1,992,333
Net income attributable to:		
Equity holders of the parent	**₱3,261,369**	₱1,406,096
Non-controlling interests	**1,650,312**	586,237
	₱4,911,681	₱1,992,333
Basic earnings per share (Note 16)	**₱2.43**	₱1.44

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 and 2010
(Amounts in Thousands)

	2011	2010 (As restated, see Note 29)
	(Unaudited)	
NET INCOME	**₱4,911,681**	₱1,992,333
OTHER COMPREHENSIVE INCOME (LOSS)		
Share in translation adjustment of an associate	**(97,796)**	–
Net valuation loss on AFS financial assets	**(30,390)**	(4,259)
Asset revaluation surplus	**(287)**	(287)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**(128,473)**	(4,546)
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱4,783,208**	₱1,987,787
Total comprehensive income attributable to:		
Equity holders of the parent	**₱3,132,691**	₱1,399,848
Non-controlling interests	**1,650,517**	587,939
	₱4,783,208	₱1,987,787

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 and 2010
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent									
	Capital Stock (Note 14)	Additional Paid-in Capital	Cost of Share based Payment Plan (Note 15)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Share in Cumulative Translation Adjustment of an Associate (Note 9)	Asset Revaluation Surplus	Retained Earnings	Total	Non-controlling Interests	Total
Balances at December 31, 2010, as previously stated	₱677,116	₱8,075,641	₱1,101	₱37,589	₱120,411	₱34,778	₱5,987,024	₱14,933,660	₱3,141,889	₱18,075,549
Restatement (Note 29)	–	–	–	–	–	–	67,826	67,826	–	67,826
Balances at December 31, 2010, as restated	677,116	8,075,641	1,101	37,589	120,411	34,778	6,054,850	15,001,486	3,141,889	18,143,375
Net income	–	–	–	–	–	–	3,261,369	3,261,369	1,650,312	4,911,681
Other comprehensive income (loss)	–	–	–	(30,595)	(97,796)	(287)	–	(128,678)	205	(128,473)
Total comprehensive income (loss)	–	–	–	(30,595)	(97,796)	(287)	3,261,369	3,132,691	1,650,517	4,783,208
Cost of share-based payment (Note 15)	–	–	44,276	–	–	–	–	44,276	–	44,276
Cash dividends - ₱0.35 per share (Note 14)	–	–	–	–	–	–	(468,941)	(468,941)	–	(468,941)
Preferred shares dividends – 7% cum.							(504)	(504)		(504)
Share of non-controlling interests in cash dividends of a subsidiary	–	–	–	–	–	–	–	–	(757,500)	(757,500)
Subscription of non-controlling interests on capital stock of a subsidiary	–	–	–	–	–	–	–	–	673	673
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	287	287	–	287
Balances at September 30, 2011 (Unaudited)	₱677,116	₱8,075,641	₱45,377	₱6,994	₱22,615	₱34,491	₱8,847,061	₱17,709,295	₱4,035,579	₱21,744,874

- 2 –

	Equity Attributable to Equity Holders of the Parent								
	Capital Stock	Additional Paid-in Capital	Net Valuation Gains (Losses) on AFS Investments	Asset Revaluation Surplus	Retained Earnings	Treasury Shares	Total	Non-controlling Interests	Total
Balances at January 1, 2010	₱478,812	₱4,894,613	₱28,261	₱35,161	₱7,659,271	(₱1,821,994)	₱11,274,124	₱3,002,731	₱14,276,855
Net income, as previously stated	–	–	–	–	1,337,532	–	1,337,532	586,237	1,923,769
Restatements (Note 29)	–	–	–	–	68,564	–	68,564	–	68,564
Net income, as restated	–	–	–	–	1,406,096	–	1,406,096	586,237	1,992,333
Other comprehensive income (loss)	–	–	(5,961)	(287)	–	–	(6,248)	1,702	(4,546)
Total comprehensive income (loss)	–	–	(5,961)	(287)	1,406,096	–	1,399,848	587,939	1,987,787
Stock dividends (Note 14)	75,000	–	–	–	(75,000)	–	–	–	–
Asset revaluation surplus transferred to retained earnings	–	–	–	–	287	–	287	–	287
Share of minority in cash dividends of a subsidiary	–	–	–	–	–	–	–	(688,500)	(688,500)
Balances at September 30, 2010 (Unaudited)	₱553,812	₱4,894,613	₱22,300	₱34,874	₱8,990,654	(₱1,821,994)	₱12,674,259	₱2,902,170	₱15,574,429

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 and 2010
(Amounts in Thousands)

	2011	2010 (As restated, see Note 29)
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,206,778**	₱2,753,705
Adjustments for:		
Depreciation and depletion (Note 23)	**538,812**	425,091
Dividend income (Notes 7 and 26)	**(437,214)**	(116,688)
Interest income (Note 24)	**(136,283)**	(99,770)
Loss (gain) on :		
Sale of AFS investments transferred from equity to profit or loss - net (Notes 7 and 25)	**10,980**	20,557
Bargain purchase (Note 29)	–	(80,716)
Derivative transactions - net (Note 25)	–	34,184
Fair value changes of financial assets at FVPL	–	(1,654)
Equity in net losses of an associate (Note 9)	**56,829**	–
Cost of share-based payment plan (Note 15)	**44,276**	–
Interest expense (Notes 12 and 25)	**23,499**	7,150
Movements in pension liability	**8,362**	83
Accretion on provision for mine rehabilitation and decommissioning (Notes 13 and 25)	**4,846**	5,984
Unrealized foreign exchange gains – net	**(3,444)**	(73,431)
Operating income before working capital changes	**6,317,441**	2,874,495
Decrease (increase) in:		
Trade and other receivables	**(827,094)**	(549,885)
Inventories	**(67,796)**	(3,235)
Other current assets	**(7,587)**	167,322
Increase in trade and other payables	**258,387**	139,929
Net cash generated from operations	**5,673,351**	2,628,626
Interest received	**130,699**	92,441
Dividends received (Note 7)	**437,214**	116,688
Income taxes paid	**(979,207)**	(664,740)
Interest paid	**(13,020)**	(7,150)
Net cash flows from operating activities	**5,249,037**	2,165,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 8)	**(1,052,483)**	(552,539)
AFS investments	**(755,885)**	(1,632,381)
Financial assets at FVPL	–	(93,000)
Proceeds from (payments for):		
Sale of AFS investments	**510,754**	2,290,373
Sale of financial assets at FVPL	–	408,010
Settlement of derivative transactions	–	(24,782)
Decrease (increase) in other noncurrent assets	**119,727**	(19,705)
Net cash flows from (used in) investing activities	**(1,177,887)**	375,976
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of long-term debt (Note 12)	**306,839**	–
Subscription of non-controlling interest on capital stock of a subsidiary	**673**	–
Payment of:		
Cash dividends (Note 14)	**(1,226,945)**	(688,500)
Long-term debt (Note 12)	**(45,779)**	(52,128)
Net cash flows used in financing activities	**(965,212)**	(740,628)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,105,938**	1,801,213
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**6,805,968**	6,779,215
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 4)	**₱9,911,906**	₱8,580,428

See accompanying Notes to 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 (the Company, the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals.

The Company's common shares were listed with the Philippine Stock Exchange (PSE) on November 22, 2010.

<u>The Subsidiaries</u>
HMC
HMC was registered with the SEC on October 9, 1979, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan and Manicani Islands, Surigao del Norte. The registered office address of HMC is 4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

CMC
CMC was registered with the SEC on July 25, 1997, is a one hundred percent (100%) owned subsidiary of the 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. The registered office address of CMC is 4th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

TMC
TMC was registered with the SEC on March 4, 1987, is a sixty-five percent (65%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. The registered office address of TMC is 4th Floor, NAC Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

RTN
RTN was registered with the SEC on July 15, 1965, is a sixty percent (60%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting nickel ore and providing non-mining services located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. The registered office address of RTN is 2nd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an eighty-eight percent (88%) owned subsidiary of the 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. FEI has not yet started commercial operations. The

registered office address of FEI is 3rd Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

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 Company through HMC, and is primarily engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services. The registered office address of LCSLC is 7th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines. LCSLC was acquired by HMC in April 2010.

Samar Nickel Mining Resources Corporation. (SNMRC)
SNMRC was registered with the SEC on May 11, 2010, is a one hundred percent (100%) owned subsidiary of the Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations. The registered office address of SNRMC is 6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

Cordillera Exploration Co., Inc. (CEXCI)
CEXCI was registered with the SEC on October 19, 1994, is a ninety five percent (95%) owned subsidiary of the 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. The registered office address of CEXCI is 7th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City, Philippines.

The interim consolidated financial statements as at September 30, 2011 and for the nine-month period ended September 30, 2011 and 2010, were authorized for issuance by the Parent Company's BOD on October 25, 2011.

The Parent Company's registered office address is 6th Floor, NAC Centre, 143 Dela Rosa Street, Legaspi Village, Makati City.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation
The accompanying interim consolidated financial statements of the Group as at September 30, 2011 and for the nine-month period ended September 30, 2011 and 2010 have been prepared in accordance with 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, 2010.

Basis of Consolidation

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

	Country of Domicile	Nature of Business	Effective Ownership September 30, 2011	Effective Ownership December 31, 2010
HMC	Philippines	Mining	100%	100%
CMC	Philippines	Mining	100%	100%
SNMRC	Philippines	Mining	100%	100%
CEXCI	Philippines	Mining	95%	100%
LCSLC*	Philippines	Services	100%	100%
FEI*	Philippines	Mining	88%	88%
TMC	Philippines	Mining	65%	65%
RTN	Philippines	Mining and Services	60%	60%

*Direct and indirect ownership

Subsidiaries

Subsidiaries are entities over which the Parent Company has the power to govern the financial and operating policies of the entities, or generally has an interest of more than one half of the voting rights of the entities.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the Subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

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

Non-controlling Interest

Non-controlling interest represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interest. Total comprehensive income is attributed to the equity holders of the Parent Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- 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 profit or loss; and
- Reclassifies the parent company's share of components previously recognized in other comprehensive income to profit or loss.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2010, except for the adoption of new standards and interpretations as at January 1, 2011, noted below:

- Revised PAS 24, Related Party Disclosures, clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the interim financial position or performance of the Group.

- Amendment to PAS 32, Classification of Rights Issues, alters the definition of a financial liability in PAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's equity instruments for a fixed amount in any currency. The amendment has no impact on the interim financial position or performance of the Group.

- Amendment to Philippine Interpretation IFRIC 14, Prepayments of a Minimum Funding Requirement, removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The amendment has no impact on the interim financial position or performance of the Group.

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the interim financial position or performance of the Group.

- PFRS 3, Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

- PFRS 7, Financial Instruments - Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- PAS 1, Presentation of Financial Statements: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

- PAS 34, Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The Group has illustrated those amendments in Note 30.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 3, Business Combinations - Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005)
- PFRS 3, Business Combinations - Unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination
- PAS 27, Consolidated and Separate Financial Statements - applying the PAS 27 (as revised in 2008) transition requirements to consequentially amended standards
- Philippine Interpretation IFRIC 13 Customer Loyalty Programmes - in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 calendar quarters than in the first and fourth calendar quarters.

4. **Cash and Cash Equivalents**

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Cash on hand and with banks	**₱1,710,971**	₱1,847,488
Short-term cash investments	**8,200,935**	4,958,480
	₱9,911,906	₱6,805,968

Cash with banks amounting to ₱124.3 million and ₱297.0 million as at September 30, 2011 and December 31, 2010, respectively, representing proceeds from the Company's Initial Public Offering, were deposited in escrow and are restricted as to withdrawal for specified purpose and thus, classified as other noncurrent assets.

5. **Trade and Other Receivables**

Receivables amounting to ₱230.0 million and ₱214.3 million as at September 30, 2011 and December 31, 2010, respectively, were impaired and fully provided for with allowance for impairment losses. Provision for impairment losses on receivables, pertaining mostly to impact of foreign exchange translation, recognized for the nine-month period ended September 30, 2011 and 2010 amounted to ₱15.6 million and ₱26.8 million, respectively (see note 25).

The aging analysis of the Group's trade and other receivables as at September 30, 2011 and December 31, 2010 are summarized in the following tables:

September 30, 2011 (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	**₱1,122,893**	**₱240,526**	**₱221,294**	**₱1,584,713**
Receivable from CBNC	**200,199**	**68,154**	**–**	**268,353**
Amounts owed by related parties	**2,962**	**21,280**	**–**	**24,242**
Others	**99,739**	**190,180**	**8,661**	**298,580**
Total	**₱1,425,793**	**₱520,140**	**₱229,955**	**₱2,175,888**

December 31, 2010 (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	₱182,363	₱39,200	₱212,247	₱433,810
Receivable from CBNC	277,235	385,326	–	662,561
Amounts owed by related parties	2,871	–	–	2,871
Others	220,844	5,416	2,066	228,326
Total	₱683,313	₱429,942	₱214,313	₱1,327,568

6. Inventories

As at September 30, 2011 and December 31, 2010, inventories amounting to ₱384.3 million were assessed to be impaired and were provided for with allowance. No provision for inventory losses were recognized for the nine-month period ended September 30, 2011 and 2010 while recovery of allowance for inventory losses amounted to nil and ₱56.2 million for the nine-month period ended September 30, 2011 and 2010.

The cost of beneficiated nickel ore provided with allowance for inventory losses amounted to ₱701.3 million and ₱637.0 million as at September 30, 2011 and December 31, 2010, respectively, while the cost of materials and supplies provided with allowance for inventory losses amounted to ₱400.9 million and ₱237.3 million as at September 30, 2011 and December 31, 2010, respectively.

7. AFS Financial Assets

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.

During the nine-month period ended September 30, 2011 and 2010, the Group acquired various AFS investments amounting to ₱755.9 million and ₱1,632.4 million, respectively and disposed AFS investments amounting to ₱510.8 million and ₱2,290.4 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱437.2 million and ₱116.7 million for the nine-month period ended September 30, 2011 and 2010, respectively, of which ₱434.2 million and ₱114.0 million in 2011 and 2010, respectively, relates to dividends coming from investments in unquoted securities (see Note 26).

8. Property and Equipment

During the nine-month period ended September 30, 2011 and 2010, the Group acquired assets with a cost of ₱1,052.5 million and ₱552.5 million, respectively, including construction in-progress.

Borrowing costs amounting to ₱12.9 million and nil for the nine-month period ended September 30, 2011 and 2010, respectively, were capitalized as part of construction in-progress.

Pier facilities (included under "Buildings and Improvements") with a carrying value of ₱255.1 million and ₱290.7 million as at September 30, 2011 and December 31, 2010, respectively, were mortgaged as collateral for the long-term debt of RTN mentioned in Note 12.

Depreciation expense for the nine-month period ended September 30, 2011 and 2010 amounted to ₱532.0 million and ₱418.2 million, respectively (see Note 23).

9. Investment in an Associate

The investment in an associate pertains to the Parent Company's 22.5% interest in Taganito HPAL Nickel Corporation (THNC) with an acquisition cost of ₱4,443.08 million.

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, once operational, consist of the manufacture and export of nickel/cobalt mixed sulfide. THNC is currently undertaking construction and has not yet started commercial operations as at September 30, 2011.

As at September 30, 2011, net assets of THNC amounted to ₱19.0 billion and net loss of ₱252.3 million. The Parent Company's share in cumulative translation adjustment and equity in net losses for the period amounted to ₱97.8 million and ₱56.8 million, respectively.

10. Long-term Stock Pile Inventory

The long-term stock pile 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 and valued at fair value. Subsequently, this fair value represented the cost of the long-term stock pile inventory.

A portion amounting to ₱130.1 million and ₱143.2 million representing the estimated future cash flows from the low grade ore inventory that will be delivered to CBNC in the next accounting period, was shown as part of "Inventories" as at September 30, 2011 and December 31, 2010, respectively.

The carrying value of long-term stock pile - net of current portion amounted to ₱870.7 million and ₱965.0 million as at September 30, 2011 and December 31, 2010, respectively.

11. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, excise, withholding and other taxes payable and other payables. Trade, accrued expenses and other payables are noninterest-bearing and are generally settled in less than thirty (30) days' term. 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. Withholding taxes are payable ten (10) days after the end of each month. Output tax is derived from other revenues which can be offset against input tax.

12. **Long-term Debt**

	September 30, 2011	December 31, 2010
	(Unaudited)	(Audited)
TMC	**₱1,530,200**	₱1,224,013
RTN	**271,667**	320,238
	1,801,867	1,544,251
Less current portion:		
TMC	**76,510**	30,600
RTN	**47,694**	47,825
	124,204	78,425
	₱1,677,663	₱1,465,826

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. The loan shall be drawn down in one or multiple times by July 31, 2011. For the nine-month period ended September 30, 2011, TMC has drawn down $7.1 million, with peso equivalent of ₱308.1 million.

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 $875,000, starting on October 10, 2011 up to April 10, 2031.

Interest expense for the nine-month period ended September 30, 2011 and 2010 amounted to ₱17.9 million and nil while interest capitalized as part of the cost of construction in-progress amounted to ₱12.9 million and ₱5.1 million as at September 30, 2011 and December 31, 2010, respectively (see Notes 8 and 25).

RTN Loan

RTN settled ₱47.0 million (US$1.1 million) of long-term debt which became due in February and August 2011.

Interest expense amounted to ₱5.6 million and ₱7.2 million for the nine-month period ended September 30, 2011 and 2010, respectively (see Note 25).

13. **Provision for Mine Rehabilitation and Decommissioning**

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

The Group makes a full provision for the future cost of rehabilitating 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 nine-month period September 30, 2011 and 2010, accretion expense amounted to ₱4.8 million and ₱6.0 million, respectively (see Note 25).

14. **Equity**

<u>Capital Stock</u>
The capital structure of the Parent Company as at September 30, 2011 and December 31, 2010 follows:

Common Stock - ₱0.5 par value	
Authorized - 1,585,600,000 shares	
Subscribed and issued - 1,339,831,828 shares	**₱669,916**
Preferred Stock - ₱0.01 par value	
Authorized - 720,000,000 shares	
Subscribed and issued - 720,000,000 shares	**7,200**
Total	**₱677,116**

On March 25, 2011, the Parent Company's BOD declared cash dividends amounting to ₱468.9 million or ₱0.35 per share to stockholders of record as at April 11, 2011. Said dividends were paid on May 9, 2011.

As at September 30, 2011, a total of 977,946,570 or 73% of the outstanding common shares of the Company are registered in the name of twenty (24) shareholders, while the balance of 361,885,258 common shares or 27% are lodged with the Philippine Central Depository, Inc. (PCD).

15. **Executive Stock Option Plan (ESOP)**

On September 16, 2010, the BOD and stockholders of the Parent Company approved the ESOP (the Plan). On December 20, 2010, the Plan was approved by the SEC.

The basic terms and conditions of the ESOP are:

1. The ESOP covers up to 12.0 million shares allocated to 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 a position of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱13.50.
4. The grant date of the Plan is January 3, 2011 as determined by the Stock Option 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 31, 2011 between the Parent Company and the option grantees.

The fair value of the stock options 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:

Grant Date	January 3, 2011
Spot price per share	₱15.0
Exercise price	₱13.5
Expected volatility	60.34%
Option life	3.967 years
Dividend yield	2.06%
Risk-free rate	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.

Cost of share-based payments for the nine-month period ended September 30, 2011 amounted to ₱44.3 million (see Note 22).

16. **Basic Earnings Per Share**

Basic earnings per common share were computed as follows:

	September 30, 2011	September 30, 2010 (As restated, see Note 29)
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	**₱3,261,369**	₱1,406,096
b. Weighted average number of common shares issued and outstanding (in thousands)	**1,339,832**	974,632
Earnings per common share (a/b)	**₱2.43**	₱1.44

The option to purchase the Parent Company's 12.0 million common shares was excluded from the computation of diluted earnings per share because the effect was antidilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting period and the date of completion of these interim consolidated financial statements.

17. **Cost of Sales**

	For the nine-month period ended September 30	
	2011	2010
	(Unaudited)	
Production overhead	**₱1,118,338**	₱796,984
Outside services	**668,050**	600,093
Personnel costs (see Note 22)	**417,960**	359,254
Depreciation and depletion (see Note 23)	**309,326**	300,764
Long-term stockpile inventory sold (see Notes 10)	**107,388**	121,651
	₱2,621,062	2,178,746
Net changes in beneficiated nickel ore and limestone ore	**(88,681)**	(33,299)
	₱2,532,381	₱2,145,447

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

18. **Cost of Services**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010 (As restated, see Note 29)
Personnel costs (see Note 22)	**₱34,295**	₱24,239
Equipment operating costs	**25,966**	38,365
Depreciation and depletion (see Note 23)	**36,445**	11,157
Outside services	**20,163**	26,857
Overhead	**10,447**	37,367
	₱127,316	₱137,985

19. **Shipping and Loading Costs**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010
Contract fees	**₱542,058**	₱320,400
Fuel, oil and lubricants	**124,274**	72,797
Depreciation and depletion (see Note 23)	**52,932**	37,116
Materials and supplies	**59,057**	21,367
Personnel costs (see Note 22)	**67,068**	41,108
Other services and fees	**60,215**	50,519
	₱905,604	₱543,307

20. **Excise Taxes and Royalties**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010
Royalties	**₱391,820**	₱256,761
Excise taxes	**198,197**	113,506
	₱590,017	₱370,267

21. General and Administrative Expenses

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010
Personnel costs (see Note 22)	**₱150,466**	₱93,495
Depreciation and depletion (see Note 23)	**99,838**	30,846
Commission fee	**44,000**	19,020
Outside services	**31,083**	46,391
Taxes and licenses	**23,719**	11,127
Transportation and travel	**10,755**	9,332
Repairs and maintenance	**10,623**	1,989
Entertainment, amusement and recreation	**8,746**	13,185
Communications, light and water	**7,452**	7,787
Community relations	**5,697**	14,367
Guarantee fee	**1,322**	1,820
Management fee	**–**	8,381
Others	**29,306**	14,892
	₱423,007	₱272,632

22. Personnel Costs

	For the nine-month period ended September 30	
	2011 (Unaudited)	**2010**
Salaries, wages and employee benefits	**₱625,513**	₱518,096
Cost of share-based payment plan (Note 15)	**44,276**	–
	₱669,789	₱518,096

The amounts of personnel costs are distributed as follows:

	For the nine months ended September 30	
	2011 (Unaudited)	2010
Cost of sales (see Note 17)	**₱417,960**	₱359,254
General and administrative (see Note 21)	**150,466**	93,495
Shipping and loading costs (see Note 19)	**67,068**	41,108
Cost of services (see Note 18)	**34,295**	24,239
	₱669,789	₱518,096

23. **Depreciation and Depletion**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010 (As restated, see Note 29)
Property and equipment (see Note 8)	**₱531,951**	₱418,185
Investment property	**6,861**	6,906
	₱538,812	₱425,091

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

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010 (As restated, see Note 29)
Cost of sales (see Note 17)	**₱309,326**	₱300,764
Cost of services (see Note 18)	**36,445**	11,157
Shipping and loading costs (see Note 19)	**52,932**	37,116
General and administrative (see Note 21)	**99,838**	30,846
Others	**40,271**	45,208
	₱538,812	₱425,091

24. **Finance Income**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010
Interest income	**₱136,283**	₱99,770
Changes in fair value of financial assets at FVPL	**–**	1,654
	₱136,283	₱101,424

25. **Finance Expenses**

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010
Interest expense (see Note 12)	**₱23,499**	₱7,150
Provision for impairment losses on trade and other receivables - net (see Note 5)	**15,642**	4,651
Accretion interest on provision for mine rehabilitation and decommissioning (see Note 13)	**4,846**	5,984
Loss on:		
Transfer from equity to profit or loss of AFS financial assets (see Note 7)	**10,980**	20,557
Derivative transactions - net	**–**	34,184
Others	**83**	–
	₱55,050	₱72,526

26. **Other Income (Charges)**

	For the nine-month period ended September 30	
	2011	2010 (As restated, see Note 29)
	(Unaudited)	
Dividend income (Note 7)	**₱437,214**	₱116,688
Usage fee (Note 27)	**75,479**	–
Equity in net losses of an associate (Note 9)	**(56,829)**	–
Despatch (demurrage) - net	**(29,847)**	11,340
Foreign exchange gain (losses) - net	**20,955**	(110,869)
Other services	**20,454**	26,017
Issuance of fuel, oil and lubricants	**8,885**	6,510
Rentals and accommodations	**6,488**	6,921
Special projects	**5,449**	7,007
Gain on:		
Bargain purchase (Note 29)	**–**	80,716
Reversal of long-outstanding payable	**–**	74,071
Recovery of allowance for inventory losses (see Note 6)	**–**	56,220
Materials handling and issuance	**–**	33,580
Others	**24,143**	16,297
	₱512,391	₱324,498

27. **Related Party Transactions**

Set out below are the Group's transactions with related parties, including the corresponding assets and liabilities arising from the said transactions:

Balances for the nine month period ended September 30, 2011 and 2010 (Unaudited):

Related Party	Relationship with Related Parties		Sale of Ore	Sale of Services and Others
Pacific Metals Co., Ltd. (PAMCO)	Stockholder	**2011**	**₱1,578,401**	**₱63,202**
		2010	₱2,150,784	₱–
Sumitomo Metal Mining Co. Inc.	Stockholder	**2011**	**376,616**	**–**
		2010	–	–
Coral Bay Nickel Corporation (CBNC)	Affiliate	**2011**	**1,635,862**	**237,605**
		2010	1,148,857	143,185
THNC	Associate	**2011**	–	**75,479**
		2010	–	–
Totals		**2011**	**₱3,590,878**	**₱376,297**
Totals		2010	₱3,299,641	₱143,185

Balances as at September 30, 2011 (Unaudited) and December 31, 2010 (Audited):

Related Party	Relationship with Related Parties		Trade and Other Receivables	Amounts Owed by Related Parties	Deferred Rent
CBNC	Affiliate	**2011**	**₱268,353**	**₱–**	**₱–**
		2010	₱662,561	₱–	₱–
THNC	Associate	**2011**	**61,656**	**3,220**	**94,609**
		2010	3,104	2,871	83,799
PAMCO	Stockholder	**2011**	**13,369**	**–**	**–**
		2010	–	–	–
Totals		**2011**	**₱343,378**	**₱3,220**	**₱94,609**
Totals		2010	₱665,665	₱2,871	₱83,799

Terms and Conditions of Transactions with Related Parties
All sales and purchases from related parties are made at prevailing market prices. Outstanding balances as at September 30, 2011 and December 31, 2010 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.

Service Agreement with PAMCO
The Parent Company entered into a one-time Service Agreement with PAMCO where the Parent Company provided marketing support services relating to seeking and negotiating the sale of nickel ore whereby the PAMCO paid the Parent Company US$9.90 for every WMT (or US$1.5 million) sold by PAMCO to its customers through the efforts of the Parent Company.

Participation and Shareholders Agreement
The Parent Company entered into a Participation and Shareholders' Agreement with SMM containing terms of SMM's expected equity participation in the Parent Company's subsidiary, CEXCI. Under the terms of the Agreement, SMM will invest $1.5 million in CEXCI for a 25% equity with an option to invest $2.8 million for an additional 15% equity. The funds will be used for the exploration activities of CEXCI's mining properties.

As at September 30, 2011, CEXCI received pre-clearance from the SEC of the application for increase in its authorized capital stock and is waiting for final approval.

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 nine-month period ended September 30, 2011 and 2010 amounted to about ₱70.4 million and ₱62.4 million.

28. **Income Taxes**

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

	For the nine-month period ended September 30	
	2011 (Unaudited)	2010 (As restated, see Note 29)
Current	**₱1,339,211**	₱819,442
Deferred	**(44,114)**	(58,070)
	₱1,295,097	₱761,372

29. **Business Combination**

Acquisition of La Costa Shipping and Lighterage Corporation (LCSLC)
On April 2010, the Group acquired 100% of the voting shares of LCSLC, a Company registered in the Philippines, primarily engaged in the chartering out of Landing Craft Transport and providing complete marine services. The Group has acquired LCSLC to provide charter services for the Group's nickel operations.

	Fair Values	Carrying Values
Assets		
Cash on hand and with banks	₱50	₱50
Trade and other receivables - net	3,088	3,088
Inventories	629	629
Other current assets	15,516	15,516
Property and equipment - net	180,000	38,229
Deferred tax assets	4,938	4,938
Total Assets	204,221	62,450
Liabilities		
Trade and other payables	45,974	45,974
Deferred income tax liability	42,531	–
Total Liabilities	88,505	45,974
Net Assets	115,716	₱16,476
% acquired	100%	
Share on fair value of LCSLC net assets	115,716	
Acquisition cost	35,000	
Gain on bargain purchase (Note 26)	₱80,716	
Cash flow on acquisition:		
Net cash acquired with the subsidiary	₱50	
Cash paid	(35,000)	
Net cash outflow	(₱34,950)	

From acquisition date to December 31, 2010, LCSLC has contributed revenues and net income amounting to ₱38.7 million and ₱6.0 million, respectively, to the consolidated statement of comprehensive income. If the combination had taken place at the beginning of 2010, total revenue would have been ₱8.392.0 million and net income for the Group would have been ₱2,310.3 million.

The net assets initially recognized in 2010 were based on a provisional assessment of fair value as the Group had sought an independent valuation for the property and equipment owned LCSLC. The complete results of this valuation were received in 2011 resulting to a gain on bargain purchase of ₱80.7 million, or an increase of ₱70.0 million. This resulted to net restatement of the Group's retained earnings in the amount of ₱67.8 million, taking into account the impact of depreciation expense and deferred tax liabilities had the gain on bargain purchase been recognized as at acquisition date.

30. **Fair Value Hierarchy of Financial Instruments**

All financial instruments carried at fair value are categorized in three categories, defined as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

As at September 30, 2011 and December 31, 2010, the Group's quoted and unquoted AFS financial assets are classified under Level 1 and Level 3, respectively.

As at September 30, 2011 and December 31, 2010, 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, limonite ore and limestone ore.

The services segment is engaged in the chartering out of Landing Craft Transportation, construction and rendering of services to CBNC.

There are no inter-segment revenues and expenses for the nine-month period ended September 30, 2011 and 2010.

Financial information on the operation of the various business segments are as follows:

							September 30, 2011 (Unaudited)
	Mining				Services		
	HMC	CMC	TMC	RTN	RTN/LCSLC	Others	Total
Revenues	₱1,231,804	₱1,365,830	₱2,375,021	₱4,937,235	₱271,286	₱10,303	₱10,191,479
Cost of sales	407,151	311,767	534,100	1,279,363	–	–	2,532,381
Cost of services	–	–	–	–	127,316	–	127,316
Shipping and loading costs	330,825	175,205	182,803	260,725	(43,954)	–	905,604
Excise taxes and royalties	86,153	215,118	190,002	98,744	–	–	590,017
Segment operating earnings	₱407,675	₱663,740	₱1,468,116	₱3,298,403	₱187,924	₱10,753	₱6,036,161
General and administrative	₱38,997	₱78,272	₱124,071	₱54,535	₱8,084	₱119,048	₱423,007
Provision for (benefit from) income tax	₱104,826	₱181,833	₱356,413	₱707,649	₱189	(₱55,813)	₱1,295,097
Net income (loss) attributable to equity holders of the parent	₱233,579	₱422,008	₱695,688	₱1,978,026	₱4,032	(₱71,962)	₱3,261,371
Segment assets	₱1,555,311	₱1,863,225	₱5,282,406	₱6,539,234	₱128,170	₱10,297,595	₱25,665,941
Deferred income tax assets - net	152,451	47,168	23,138	-	4,445	214,530	441,732
Total assets	₱1,707,762	₱1,910,393	₱5,305,544	₱6,539,234	₱132,615	₱10,512,125	₱26,107,673
Segment liabilities	₱368,180	₱581,650	₱2,138,968	₱896,524	₱105,125	(₱141,947)	₱3,948,500
Deferred income tax liabilities - net		–		365,490	–	48,809	414,299
Total liabilities	₱368,180	₱581,650	₱2,138,968	₱1,262,014	₱105,125	(₱93,138)	₱4,362,799
Capital expenditures	₱39,005	₱119,230	₱741,537	₱106,187	₱67,352	₱7,004	₱1,080,315
Depreciation and depletion	₱24,021	₱64,725	₱171,436	₱205,018	₱19,577	₱54,035	₱538,812

December 31, 2010
(As restated, see Note 29)

	Mining				Services		
	HMC	CMC	TMC	RTN	RTN/LCSLC	Others	Total
Segment assets	₱249,426	₱1,112,504	₱4,088,682	₱5,816,936	₱–	₱9,921,393	₱21,188,941
Deferred income tax assets - net	145,804	51,118	28,363	–	–	188,729	414,014
Total assets	₱395,230	₱1,163,622	₱4,117,045	₱5,816,936	₱–	₱10,110,122	₱21,602,955
Segment liabilities	₱153,266	₱256,887	₱1,575,291	₱438,674	₱–	₱565,624	₱2,989,742
Deferred income tax liabilities - net	–	–	–	427,391	–	42,447	469,838
Total liabilities	₱153,266	₱256,887	₱1,575,291	₱866,065	₱–	₱579,003	₱3,459,580

September 30, 2010 (Unaudited;
As restated, see Note 29)

	Mining				Services		
	HMC	CMC	TMC	RTN	RTN/LCSLC	Others	Total
Revenues	₱898,936	₱797,940	₱1,701,632	₱2,276,781	₱187,269	₱7,389	₱5,869,947
Cost of sales	292,662	289,035	544,304	1,019,446	–	–	2,145,447
Cost of services	–	–	–	–	137,985	–	137,985
Shipping and loading costs	288,417	51,492	111,199	92,199	–	–	543,307
Excise taxes and royalties	62,925	125,675	136,131	45,536	–	–	370,267
Segment operating earnings	₱254,932	₱331,738	₱909,998	₱1,119,600	₱49,284	₱7,389	₱2,672,941
General and administrative	₱11,644	₱35,824	₱63,005	₱61,616	₱8,753	₱91,790	₱272,632
Provision for (benefit from) income tax	₱81,155	₱106,014	₱235,474	₱363,996	₱794	(₱26,061)	₱761,372
Net income (loss) attributable to equity holders of the parent	₱295,611	₱230,789	₱564,727	₱471,868	₱1,429	(₱158,328)	₱1,406,096
Capital expenditures	₱67,726	₱24,859	₱71,556	₱56,615	₱–	₱412,499	₱633,255
Depreciation and depletion	₱17,794	₱83,482	₱100,608	₱171,006	₱3,330	₱48,871	₱425,091

The Group has revenues from external customers as follows:

	For the nine months ended September 30	
Country of Domicile	**2011**	2010
	(Unaudited)	
China	**₱6,374,718**	₱2,375,647
Japan	**1,962,513**	2,150,784
Local	**1,854,248**	1,343,516
	₱10,191,479	₱5,869,947

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

Revenue from two customers amounted to ₱4.7 billion and ₱4.8 billion for the nine-months ended September 30, 2011 and 2010, respectively, arising from sale of ores.

The Group has non-current assets consisting of property and equipment and investment property located in the Parent Company's country of domicile amounting to ₱4,427.2 million and ₱3,910.3 million as at September 30, 2011 and December 31, 2010, respectively.

32. **Events after the Reporting Period**

a. On October 25, 2011, the Parent Company's BOD declared cash dividends amounting to ₱201 million or ₱0.15 per share to stockholders of record as at November 11, 2011 and payable on December 8, 2011.

b. In October 3, 2011, an insurgency attack occurred in the Group's Taganito minesite, under TMC, a subsidiary and THNC, an associate, where certain equipment, materials and supplies inventories and building structures were damaged. TMC's damaged properties have net book values and replacement cost of approximately ₱250.0 million and ₱500.0 million, respectively, while THNC is yet to determine the extent of the damages incurred. TMC is currently embarking on a procurement program to replace the damaged properties.

33. **Reclassification**

Certain 2010 expense items were reclassified to conform to the presentation of the 2011 financial statements.