

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

*Held on 28 May 2018, at 2:30 p.m.  
at the Ascott Ballroom, 5<sup>th</sup> Floor, Ascott Bonifacio Global City  
5<sup>th</sup> Ave. cor. 28<sup>th</sup> Street, Bonifacio Global City, Taguig City*

**Directors present:**

Manuel B. Zamora, Jr., Director and Chairman  
Philip T. Ang, Director and Vice Chairman  
Gerard H. Brimo, Director, President & CEO  
Luis J.L. Virata, Director  
Takanori Fujimura, Director  
Takeshi Kubota, Director  
Martin Antonio G. Zamora, Director  
Frederick Y. Dy, Independent Director; Audit  
Committee Chairman

**Also Present:**

Atty. Barbara Anne C. Migallos,  
Corporate Secretary  
Jose B. Anievas, Chief Operating Officer  
Emmanuel L. Samson, Chief Financial  
Officer  
Atty. Gina Carolina Y. Martinez, Assistant  
Corporate Secretary, Vice President for  
Legal, and Chief Compliance Officer

**External Auditor:**

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

**Stock Transfer Agent:**

Stock Transfer Services, Inc. (represented  
by Antonio M. Laviña)

**I. CALL TO ORDER**

The Chairman, Mr. Manuel B. Zamora, Jr. called the meeting to order and presided over the same. The Corporate Secretary, Atty. Barbara Anne C. Migallos, recorded the minutes of the proceedings.

The Chairman introduced the Directors present at the meeting: Mr. Frederick Y. Dy, Independent Director and Chairman of the Audit Committee; Mr. Philip T. Ang, Vice Chairman; Mr. Gerard H. Brimo, Chief Executive Officer; Mr. Martin Antonio G. Zamora, Director and Executive Vice President; and Messrs. Luis J. Virata, Takanori Fujimura, and Takeshi Kubota.

The shareholders were informed of the presence of representatives of the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV & Co.), and the Company's stock transfer agent, Stock Transfer Services, Inc. (STSI).

## II. PROOF OF REQUIRED NOTICE OF THE MEETING

The Corporate Secretary, Atty. Barbara Anne C. Migallos, certified that notices of the meeting, together with the Agenda of the Annual General Stockholders' Meeting and the Information Statement duly approved by the Securities and Exchange Commission (SEC), were released for distribution to the shareholders on 27 April 2017, within the periods prescribed under applicable rules and consistent with corporate governance best practices. The Notice with Agenda was also published twice in two (2) newspapers of general circulation on 14 and 21 May 2017. The Corporate Secretary presented a notarized certification that she executed to attest to these facts under oath.

## III. CERTIFICATION OF QUORUM AND EXPLANATION OF VOTING PROCEDURE

The Corporate Secretary certified that there are present, in person or represented by proxy, 6,882,499,029 shares representing 81.41% of the outstanding capital stock of the Company. Accordingly, there was a quorum for purposes of the meeting.

### Voting procedure

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

1. The required quorum for meetings of shareholders is the presence in person or by proxy of stockholders holding a majority of the outstanding capital stock. Item No. 6 of the Agenda, requires the approval of shareholders representing 2/3 of the outstanding capital stock.
2. To approve an agenda item, the YES vote of at least a majority of those present is required. Item No. 6, on the approval of the Stock Option Plan, requires the affirmative vote of at least 2/3 of the outstanding capital stock.

3. Only items reflected on the agenda and the Information Statement will be voted upon. No resolution that is not in the Agenda will be voted on.
4. Voting is by balloting.

Shareholders present were given ballots upon registration.

In the case of proxies submitted prior to the meeting, the designated proxy was provided with ballots for casting in accordance with the instructions contained in the proxies.

The Company earlier distributed proxy forms together with the Information Statement. The proxy form contains every item on the Agenda requiring a vote, with spaces provided for YES, NO or ABSTAIN. The shareholder issuing the proxy indicates his vote on this form, and the votes are cast in accordance with such instructions.

For the election of directors, the names of each of the nominees are stated in the proxy with three options: (1) VOTE FOR ALL; (2) WITHHOLD VOTE FOR ALL; and (3) WITHHOLD VOTE FOR CERTAIN NOMINEES, with space provided for the names of the nominees not being voted for.

Votes are cast and counted in accordance with the shareholders' instructions, as reflected in the proxies

5. SGV, the Company's independent external auditor, and the Company's stock transfer agent, STSI, are designated to undertake the tabulation of the votes.
6. The results of the voting on each item will be announced when the particular item is taken up by the body and will be posted on the Company's website.

#### **IV. APPROVAL OF MINUTES OF PREVIOUS MEETING**

The Chairman said that the first item on the Agenda is the reading and approval of the Minutes of the Annual Stockholders' Meeting held on 29 May 2017. The Chairman said that the Minutes of the 2017 Annual Stockholders' Meeting were posted on the Company's website five (5) business days after the meeting and are available on the website.

A stockholder moved that the reading of the Minutes of the Annual Meeting of Stockholders held on 29 May 2017 be dispensed with and that said Minutes be approved. The motion was seconded.

The Chairman requested the Corporate Secretary to inform the body of the votes of the shareholders on the approval of the Minutes of the Annual Stockholders Meeting held on 29 May 2017. The Corporate Secretary reported that shareholders holding 6,819,530,339 shares representing 80.59% of the outstanding capital stock of the Company, voted YES to the approval of the Minutes of the 29 May 2017 Annual General Stockholders' Meeting. There were no negative votes. Abstentions totaled 62,968,690 shares representing only 0.81% of the outstanding capital stock.

The Chairman then declared that the Minutes of the 29 May 2017 Annual General Stockholders' Meeting were approved.

#### **V. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2017**

The President and Chief Executive Officer, Mr. Gerard H. Brimo (the "President") presented highlights of the Annual Report, followed by the Chief Financial Officer, Mr. Emmanuel L. Samson (the "CFO"), who presented the financial highlights, as well as a brief overview of the 2018 first quarter results.

##### **The President's Report**

The President welcomed the shareholders to the Company's Annual Shareholders' Meeting.

The President reported that during the year-end review, the Company experienced a drop in sales volume to 17.7 Million Wet Metric Tons (WMT) of ore, compared to 19.3 Million WMT in the prior year. The Company was again affected by a long rainy season in the south of the country where three (3) of its mines are located, resulting to the delayed start of mining and shipping season. Because of low prices of some of the Company's ore products, particularly limonite ore, the

Company reportedly lowered its exports of said type of ore. Despite lower sales volume for 2017, revenues increased by over eleven percent (11%), from P14.1 Billion in 2016 to P15.7 Billion in 2017. The improvement was said to have resulted primarily from two things: (1) a weaker peso-dollar exchange rate (which averaged P50.42/\$1, as against P48/\$1 in 2016); and (2) overall better prices for ore exports which improved by fifteen percent (15%), and even better realized prices for limonite sales of the two processing plant associates, otherwise known as "domestic sales", which improved by twenty three percent (23%).

The President explained that with respect to domestic sales, pricing is determined based on the prevailing prices in the London Metal Exchange (LME) which improved in the latter half of 2017, along with a pronounced and continuing decrease in inventory levels of metal in LME warehouses, which translated to a strong demand for the metal and a supply deficit.

In contrast, with respect to the pricing of the Company's ore exports, the reverse occurred in 2017. Prices weakened because of Indonesia's relaxation of its ore export ban. An unusual situation then arose where prices of ore exports are weaker, while prices of domestic sales of ore to the two processing plant associates were much higher, when there was usually a correlation between the two. The President said that the strength in the pricing of the Company's domestic sales and the equity income that will be derived from investment in the said processing plants will more than compensate for the weak export prices.

The Company's attributable income for 2017 was P2.77 Billion, twenty nine percent (29%) higher than the previous year. Contributing to the income was the substantial turnaround in the performance of the two processing plant associates where the Company has a ten percent (10%) equity. Said turnaround reportedly resulted to equity income of almost P200 Million in 2017 as against a loss of P414 Million in 2016. The turnaround was said to be caused by the improvement in LME nickel prices as previously noted, and a surge in the price of cobalt, a by-product of the processing plants' operations. Cobalt, explained the President, is a strategic material for batteries for the electric vehicle market, as is nickel. Most commodity analysts are of the opinion that the growing electric vehicle market will be a game changer for nickel and cobalt in the years to come, reported the President. The President assured the shareholders of the Company that they can most certainly expect continuing good results from the processing plant associates this year.

Because of better bottom line results in 2017, the Company declared and paid cash dividends amounting to P912 Million, 50% higher than dividends declared in 2016. Said cash dividend payment for 2017 was the 11<sup>th</sup> time that the Company has paid cash dividends, including three special cash dividends when

income was exceedingly high, since it became a publicly listed company towards the end of 2010.

As previously reported, mine audits by the Department of Energy and Natural Resources (DENR) Secretary resulted in a closure order of a number of mines. Out of the company's four (4) mines, three (3) passed the audit, including Company's two (2) largest operations, Taganito and Rio Tuba. The Taganaan mining under Hinatuan mining, unfortunately, did not pass said audit. The Company already filed an appeal with the Office of the President. Said appeal, which remains pending, stayed the closure order, hence, Taganaan mine still operates normally. According to the President, the Mineral Industry Coordinating Council, early this year, started a review of all mines served with closure orders including the Company's Taganaan operation. When the results will come out is still unknown, but the President assured the shareholders that the Company is confident that the situation will be resolved favorably.

The President also announced that an award was received by the Company's oldest mining operation, Rio Tuba, for best practices in sustainable development in the mineral mining category, given during the first ever ASEAN mineral awards in Myanmar. As a background, The President explained that a few years ago, the ASEAN Mining Ministers launched the ASEAN Mineral Awards to recognize best practices in the region. Each member country was asked to nominate their best metallic mine plant and the DENR nominated the Company's Rio Tuba operations. Subsequently, after being told that the Company was one of three (3) finalists, it was asked to make a final presentation in Myanmar. A few days after the presentation, the Company was declared the winner, besting Siam Cement of Thailand, and PT Halmahera Minerals of Indonesia, majority owned by Newcrest of Australia. It is one thing to be recognized as the best mine of the country, but quite another to be recognized as the best mine in ASEAN, said the President. Said award indeed demonstrates that the Company has world class mines. The President ended his report by saying that the Company is committed to its new mission statement, as can be seen in the annual report, which is to achieve the highest standards for responsible and sustainable development of our country's natural resources.

### **Financial and Operating Results**

The CFO then presented the financial and operating results for 2017, as well as a brief overview of first quarter results for 2018.

Despite the relaxation of Indonesia's ore export ban, 2017 was reportedly a better year for the Company in terms of prices. Realized ore prices for 2017 was \$24.42/WMT, higher than realized ore prices of the previous years. Price of HPAL

deliveries, which are linked to LME prices, were also higher in 2017 compared to 2015 and 2016.

The CFO reported that sales volume decreased in 2017 from 19.254 Million tons in 2016 to 17.703 Million tons in 2017, a ten percent (10%) drop due to the shift of focus to shipment of higher value saprolite ore and lowered sales of lower value limonite ore. The weather also affected nickel sales volume as there was a longer wet season in 2017, said the CFO.

Despite lower volumes, revenues were still higher in 2017 amounting to P14.434 Billion, compared to P13.324 Billion in 2016. Taganito operation was the main driver both in revenue and volume, said the CFO.

On operating margins, revenue was \$16.17/WMT sold while cash cost was at \$9.21/WMT, giving the Company an operating margin of \$6.96/WMT, higher than the operating margins of 2016 and 2015, with \$6.16 and \$6.60, respectively.

According to the CFO, Revenues for 2017 amounted to P15.739 Billion, higher than the P15.432B revenue in 2015 and P14.148 Billion in 2016. EBITDA was at P7 Billion in 2017, higher than previous years, which translated to a forty-five percent (45%) EBITDA margin in 2017. Net income for 2017 was forty percent (40%) higher, which amounted to P2.771 Billion, compared to P1.9 Billion in 2016 and P2 Billion in 2015, which translated to a net income margin of eighteen percent (18%) in 2017.

#### *Outlook for 2018*

The CFO explained that export ore prices represents about fifty-five percent (55%) of total shipments while LME prices applies to about the remaining forty-five percent (45%) of total shipments. Since the Philippines started exporting ore to china sometime in 2005, there has always been a strong correlation between ore export prices and LME prices, until September of last year when ore export prices started to decrease while LME prices continued to trend up, as affected by Indonesia's relaxation of the ore export ban. According to the CFO, despite low export prices, there are still factors that will drive earnings for 2018 such as:

1. Higher LME prices. The CFO said that in the first quarter alone, deliveries to the two (2) processing plants were sixty-five percent (65%) higher than last year's first quarter. He also said that the Company expects an increase in the share of earnings from its equity in the processing plants, assuming current LME nickel and cobalt prices.
2. Increase in shipment volume from 17.7 Million /WMT to over 20 Million /WMT.

3. Foreign Exchange gains which amounted to P344 Million in the first quarter alone.

First quarter nickel ore sales volume for 2018 was slightly higher than 1<sup>st</sup> quarter of the previous year, reported the CFO. Realized price for ore exports decreased from \$31.67/WMT to \$17.07/WMT. On the other hand, realized prices for HPAL deliveries increased from \$5.20/WMT in the first quarter of 2016 to \$8.60/WMT in the first quarter of 2018.

Due to lower prices, revenues for the first quarter of 2018 were slightly lower than same time last year by thirteen percent (13%). This, however, was offset by the Company's earnings from the two (2) processing plants. In 2017, the Company's share of earnings from the processing plants for the full year was P200 Million. Said amount was exceeded in the first quarter of 2018 alone. Said equity earnings and foreign exchange gains were more than enough to offset lower revenues thereby showing a fifty-three percent (53%) increase in the net income for the first quarter to P576 Million, from P378 Million during the same period of the previous year.

## OPEN FORUM

The Chairman then invited questions from the stockholders. For the sake of good order, he requested stockholders who wished to ask a question to state their name and also to state for the record that he or she is a stockholder. However, while shareholders were given time to come forward to ask questions, no shareholder raised any question regarding the Company and the reports presented.

Thereafter, a stockholder moved that Company's Annual Report together with the Audited Financial Statements and the notes thereto for the year ended 31 December 2017 be approved, ratified and confirmed. The motion was seconded. The Chairman requested the Corporate Secretary to inform the body of the votes cast for the approval of the Company's Annual Report together with the Audited Financial Statements and the notes thereto for the year ended 31 December 2017.

The Corporate Secretary stated that 6,812,519,239 shares, representing 80.50% of the Company's outstanding capital stock were voted in favor of the approval of the Company's Annual Report together with the Audited Financial Statements and the notes thereto for the year ended 31 December 2017. There were no negative votes. Abstentions totaled 69,979,190, representing only 0.9% of the outstanding capital.



The Chairman the declared that the motion was carried. The Company's Annual Report and the Audited Financial Statements and the notes thereto for the year ended 31 December 2017 were approved, ratified and confirmed.

#### **VI. PRESENTATION AND APPROVAL OF THE STOCK OPTION PLAN**

The Chairman said that the next item on the Agenda is the presentation and approval of the Stock Option Plan.

At the request of the Chairman, the Corporate Secretary presented the Board approval of the Stock Option Plan.

According to the Corporate Secretary, in 2014, the Company, with the approval of the shareholders, adopted a Stock Option Plan. The last vesting under the current Plan takes place this year. There was therefore a need to put a new plan in place. Thus, on 5 April 2018, the Board adopted resolutions approving a new stock option plan with the following features:

- 1) Participants will be Directors and Officers of the Company and/or its Operating Subsidiaries, including new officers appointed during the life of the plan.
- 2) The number of shares reserved or allocated for the plan will be One Hundred Fifty Five Million (155,000,000) shares of stock of the Company corresponding to two percent (2%) of the Company's outstanding shares on a fully diluted basis.
- 3) The Exercise Price shall be the average closing share price over ten (10) trading days following approval by the Shareholders at the Annual General Meeting of the Shareholders on 28 May 2018, less a discount of ten percent (10%). For new participants, the pricing shall be the average of the closing price over ten (10) trading days prior to their appointment, less a discount of 10%.
- 4) The term of the Plan shall be five (5) years from the date of approval thereof by the shareholders, or from 2018 to 2023. Vesting shall take place yearly at a rate of twenty five (25%) of the share entitlement with the first vesting one year after execution of an Option Agreement. Participants shall have until the expiry date of the Plan to exercise all vested shares.
- 5) The Plan will be administered by the Corporate Governance Committee.

- 6) The Plan shall be presented for approval by the shareholders at the annual shareholders' meeting with the concomitant waiver of pre-emptive rights with respect to the issuance of 155 Million shares for the Plan.

The Corporate Secretary explained that the last vesting under the current plan takes place this year and that to date, there have been no exercises of stock options under the current plan.

A stockholder moved for the adoption and approval of the following resolution:

**"RESOLVED**, that the shareholders of Nickel Asia Corporation (the "Company"), approve as they hereby approve, the Stock Option Plan, as presented at today's meeting, and that the shareholders approve as they hereby approve the concomitant waiver of their preemptive rights with respect to the issuance of 155 Million shares of stock of the Company reserved and allocated for the Stock Option Plan."

At the Chairman's request, the Corporate Secretary informed the body of the votes of the stockholders on the matter. The Corporate Secretary reported that shareholders holding 6,702,422,558 shares representing 79.08% of the outstanding capital stock of the Company voted in favor of Stock Option Plan. There were negative votes totaling 117,107,781 shares representing 1.51%, and abstentions totaling 62,968,690 shares representing 0.81%.

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

#### **VII. RATIFICATION AND APPROVAL OF ACTS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

The Chairman said that the next item on the Agenda is the ratification and approval of the acts of the Board of Directors and executive officers during the year 2017. A stockholder moved for the adoption and approval of the following resolution:

**"RESOLVED**, that the shareholders of Nickel Asia Corporation (the 'Company') ratify and approve, as they hereby ratify and approve, all of the acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors and executive officers of the Company during the past year."

At the Chairman's request, the Corporate Secretary informed the body of the votes of the stockholders on the matter. The Corporate Secretary reported that shareholders holding 6,875,487,929 shares representing 81.32% of the outstanding capital stock of the Company voted in favor of the approval and ratification of the acts of the Board of Directors and/or Officers of the Corporation during the past year. There were no negative votes. Abstentions totaled 7,011,100, representing 0.09% of the outstanding capital.

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

#### **VIII. APPOINTMENT OF INDEPENDENT AUDITORS**

The Chairman said that the next item on the Agenda is the appointment of the Company's independent auditors. He said that the Audit Committee recommended the appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2018, and the Board of Directors approved and accepted the recommendation.

A stockholder moved for the appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2018. The motion was seconded.

At the Chairman's request, the Corporate Secretary informed the body that shareholders holding 6,882,499,029 shares representing 81.41% of the outstanding capital stock of the Company voted in favor of the appointment of Sycip Gorres Velayo & Company as the independent external auditor of the Company for 2018.

The Chairman declared that the motion for the appointment of Sycip Gorres Velayo & Company as independent auditors of the Company for 2018 was approved. Sycip Gorres Velayo & Company are the independent auditors of the Company for 2018.

#### **IX. ELECTION OF DIRECTORS**

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

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

1. Manuel B. Zamora, Jr.
2. Gerard H. Brimo
3. Martin Antonio G. Zamora
4. Philip T. Ang
5. Luis J. L. Virata
6. Takanori Fujimura
7. Toru Higo
8. Frederick Y. Dy (Independent Director)
9. Fulgencio S. Factoran, Jr. (Independent Director)

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

The Corporate Secretary reported that all nine (9) nominees for the nine (9) seats on the Board received sufficient votes to elect them as Director of the Company. Indeed, the vote of the shareholders was overwhelmingly in favor of the nine (9) nominees. The table below provides the detailed distribution of the votes cast for each of the Directors:

	Nominee	Votes	%
1)	Manuel B. Zamora, Jr.	6,863,530,243	81.16%
2)	Gerard H. Brimo	6,797,180,913	80.31%
3)	Martin Antonio G. Zamora	6,774,300,438	80.01%
4)	Philip T. Ang	6,698,023,601	79.03%
5)	Luis J. L. Virata	6,697,262,301	79.02%
6)	Takanori Fujimura	6,696,815,223	79.01%
7)	Toru Higo	6,692,219,823	78.95%
8)	Frederick Y. Dy- Independent	6,879,663,678	81.37%
9)	Fulgencio S. Factoran, Jr. - Independent	6,878,893,178	81.36%

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

1. Manuel B. Zamora, Jr.
2. Gerard H. Brimo
3. Martin Antonio G. Zamora
4. Philip T. Ang
5. Luis J. L. Virata
6. Takanori Fujimura
7. Toru Higo
8. Frederick Y. Dy (Independent Director)
9. Fulgencio S. Factoran, Jr. (Independent Director)

**X. OTHER MATTERS**

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

**XI. ADJOURNMENT**

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

Prepared by:

  
**BARBARA ANNE C. MIGALLOS**  
*Corporate Secretary*

Attest:

  
**MANUEL B. ZAMORA, JR.**  
*Chairman*