COVER SHEET

C S 2 0 0 8 1 1 5 3 0

SEC Registration Number

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

(Company's Full Name)

2 8 t h F l o o r N A C T o w e r , 3 2 n d S t r e e t B o n i f a c i o G l o b a l C i t y , T a g u i g C i t y

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

Iryan Jean U. Padillo

(Contact Person)

(632) 7798-7622

(Company Telephone Number)

1 2 *Month* **3 1** *Day*

(Fiscal Year)

1 7 - A

(Form Type)

0 6 *Month* **1st Friday** *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRM

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

90

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
₱8,535.7 million	**₱–**

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)

28th Floor NAC Tower, 32nd Street,
Bonifacio Global City, Taguig City
(Company's Address)

+63 2 8892 6669 / +63 2 7798 7622
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month & day)

SEC FORM 17-A Annual Report
Form Type

____
Amendment Delegation (If applicable)

December 31, 2023
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: **DECEMBER 31, 2023**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of principal office — Postal Code
   28TH FLOOR NAC TOWER, 32ND STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY — **1634**
8. Issuer's telephone number, including area code: **+63 2 8892 6669 / +63 2 7798 7622**
9. Former name, former address, and former fiscal year, if changed since last report.
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK	**13,931,125,094 SHARES**
SHORT-TERM AND LONG-TERM DEBTS	**₱8,535.7 MILLION**

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

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

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

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

    As at December 31, 2023, 3,712,884,814 shares with a market price of ₱5.48 or an aggregate amount of ₱20,346,608,781 were held by non-affiliates.

March 13, 2024

Ms. Janet A. Encarnacion
Head - Disclosure Department
Philippine Stock Exchange Tower,
5th Avenue corner 28th Street, BGC Taguig City

Mr. Vicente Graciano P. Felizmenio, Jr.
Director - Markets and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

RE : 2023 SEC Form 17-A Annual Report
x == x

Gentlemen:

In accordance with the Securities Regulation Code, we are submitting herewith a copy of our Company's SEC Form 17-A Annual Report as at and for the year ended December 31, 2023.

We trust everything is in order.

Very truly yours,

Maria Angela G. Villamor
SVP – Chief Financial Officer

NICKEL ASIA CORPORATION
17-A ANNUAL REPORT 2023

TABLE OF CONTENTS **Page No.**

TABLE OF CONTENTS **Page No.**

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. OVERVIEW

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

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

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

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

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

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

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

In 2018, the Group expanded into power generation with the completion and commencement of operations of a 10-megawatt (MW) diesel power plant which sells power to the Surigao del Norte Electric Cooperative, Inc. (SURNECO) under a Power Supply Agreement (PSA). In 2015, the Group expanded into the renewable power business through equity investments in Emerging Power, Inc. (EPI), whose mission is to engage in power generation exclusively from renewable sources. As of December 31, 2023, EPI has 8 renewable energy service contracts signed with the Department of Energy (DOE): 2 100MW solar service contracts under Jobin-SQM Inc. (JSI), located in the Subic Bay Freeport Zone (SBFZ); 1 geothermal service contract under Mindoro Geothermal Power Corporation (MGPC) in Naujan, Oriental Mindoro; 1 solar service contract under San Isidro Solar Power Corp. (SISPC) located in San Isidro, Leyte; 1 solar service contract under Northern Palawan Power Generation Corporation (NPPGC) located in Subic, Zambales; and 3 solar service contracts under Casilagan Solar Power Corporation (CSPC) with 1 located in Nasugbu, Batangas and 2 located in San Antonio and Botolan, Zambales. MGPC and NPPGC are wholly owned subsidiaries of EPI. SISPC and CSPC are wholly owned subsidiaries of Greenlight Renewables Holdings, Inc. (GRHI). GRHI is 60%-owned by EPI wherein the Company holds an 86.29% equity interest.

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

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

In January 2019, JSI received the Certificate of Compliance (COC) from the ERC for Phases 1 and 2 - 32MW of the Solar Project. The COC was issued after the authorization granted by the ERC to JSI to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Project to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation in December 2018.

In June 2021, the ERC granted a Provisional Authority to Operate (PAO) for JSI's Phase 3A - 30MW.
In June 2022, JSI completed the Phase 3B - 38MW of the Solar Project and it applied for a provisional certificate of approval to connect. The PAO for JSI's Phase 3B - 38MW was granted in November 2022.

On May 13, 2022, the Department of Environment and Natural Resources (DENR) granted the request of JSI to increase its capacity, from 150MW to 200MW, and area, from 800 hectares to 815 hectares, located at Mt. Sta. Rita, SBFZ.

In relation to this, the construction of Phase 4A - 72MW of the Solar Project started in November 2022, with target testing and commissioning in February 2024. Phase 4B - 28MW will be decided subject to availability of sufficient land area to support the development.

As at December 31, 2023, JSI's Solar Project with total capacity of 100MW are in commercial operations.

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

In 2020, MGPC decided to conduct an assessment of the best technique to flow the 2 geothermal wells. As part of the well testing program submitted by MGPC to DOE, downhole measurements will be conducted to confirm the temperature and the suitability of the wells for flow testing. Thereafter, MGPC will implement the flow test to update the resource assessment and plan the development drilling. In 2021, MGPC entered into a Memorandum of Agreement (MOA) with Symba Renewable Energy EHF (SRE) on the conduct of flow test and resource assessment to demonstrate the commercial viability of the drilled production wells in the Montelago Geothermal Field. Should the flow test be successful based on MGPC engineer's assessment and overall viability of the project, SRE intends to participate as financial and technical partner of MGPC for the development of the modular geothermal power plant system. The flow testing is expected to commence in the third quarter of 2024, and if successful, the first modular plant will be installed with a target power generation and operation of 2MW in the second quarter of 2025.

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

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

As of December 31, 2023, the initial 2MW turbines have been installed and energization activities are ongoing. This paves the way for the next phase of the 10MW capacity expansion, with the goal of attaining full capacity of 50MW in the medium term.

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

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

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

B. CORPORATE OBJECTIVE

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

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

C. PRODUCT MIX

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

The Group ships out saprolite ore with a nickel content of between 1.3% to 1.5%. Most of the Group's saprolite ore are sold to Chinese clients that use the material as feed for electric furnaces to produce high and medium-grade NPI. A portion of the saprolite ore is also sold to PAMCO in Japan, which uses the material as feed for its ferronickel smelters.
The Group sells 2 types of limonite ore: high-iron and low-grade. High iron limonite ore has a nickel content of less than 1% and an iron content of 48% to 50%. Low-grade limonite ore has a nickel content of 1% to 1.2% and an iron content of at least 30%.

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

D. SUBSIDIARIES

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

	Effective Ownership	
	2023	2022
Subsidiaries		
Hinatuan Mining Corporation	**100.00%**	100.00%
Cagdianao Mining Corporation	**100.00%**	100.00%
Dinapigue Mining Corporation	**100.00%**	100.00%
Samar Nickel Mining Resources Corporation (SNMRC)	**100.00%**	100.00%
CDTN Services Company Inc. (CDTN)	**100.00%**	100.00%
Coral Pearl Developments Limited (CPDL)	**100.00%**	100.00%
La Costa Shipping and Lighterage Corporation (LCSLC) [a]	**100.00%**	100.00%
Falck Exp Inc. (FEI) [b]	**88.00%**	88.00%
Emerging Power, Inc.	**86.29%**	86.29%
Mindoro Geothermal Power Corporation [c]	**86.29%**	86.29%
Biliran Holdings Inc. (BHI) [c]	**86.29%**	86.29%
Northern Palawan Power Generation Corporation [c]	**86.29%**	86.29%
Jobin-SQM Inc. [c, d]	**82.87%**	82.87%
Cordillera Exploration Co., Inc.	**71.25%**	71.25%

(Forward)

	Effective Ownership	
	2023	2022
Newminco Pacific Mining Corporation [e]	**71.25%**	71.25%
Taganito Mining Corporation	**65.00%**	65.00%
Rio Tuba Nickel Mining Corporation	**60.00%**	60.00%
Greenlight Renewables Holdings, Inc. [c, f]	**51.77%**	51.77%
San Isidro Solar Power Corp. [c, g]	**51.77%**	–
Casilagan Solar Power Corporation [c]	**51.77%**	–
SanJuan Solar Power Corporation (SSPC) [c]	**51.77%**	–
Sta. Maria Solar Power Corporation (SMSPC) [c]	**51.77%**	–
Tuy Solar and Wind Power Corp. (TSWPC) [c]	**51.77%**	–
San Antonio Solar Power Corp. (SASPC) [c]	**51.77%**	–

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through EPI
(d) Direct ownership of 38% and indirect ownership through EPI of 44.87%
(e) Indirect ownership through CEXCI
(f) Incorporated on August 18, 2022; a joint venture of EPI and Shell
(g) Acquired by GRHI on June 30, 2023

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

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

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

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

Dinapigue Mining Corporation
DMC was incorporated on October 9, 1998, and is primarily engaged in the exploration, exploitation, and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite, and other associated mineral deposits in Dinapigue, Isabela. DMC, which mines the mineral property within the area subject of MPSA No. 258-2007-II, was acquired by the Parent Company in August 2015. DMC started its commercial operation in 2022.

Samar Nickel Mining Resources Corporation
SNMRC was incorporated on March 11, 2010, and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

CDTN Services Company Inc.
CDTN was incorporated on December 21, 2020 to engage in general engineering construction. It is also engaged in the handling of materials in connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

Coral Pearl Developments Limited
CPDL was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, and is primarily engaged in the leasing of aircraft.

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

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

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

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

Biliran Holdings Inc.
BHI was incorporated on July 31, 2015, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidence of indebtedness or securities of this or any other corporation.

Northern Palawan Power Generation Corporation
NPPGC was registered with the SEC on July 5, 2017 and is primarily engaged in the renewable energy business and in producing and generating electricity and processing fuels alternative for power generation. NPPGC is the developer and owner of the Cawag Solar Power Project, a ground-mounted solar photovoltaic (PV) farm located in Subic, Zambales. NPPGC is in the pre-operating stage.

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

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

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

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

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

Greenlight Renewables Holdings, Inc.
GRHI was incorporated on August 18, 2022, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. GRHI is the joint venture of EPI and Shell.

San Isidro Solar Power Corp.
SISPC was incorporated on February 28, 2022, and is primarily engaged in harnessing solar energy and producing and generating electricity from solar energy and other renewable energy sources. SISPC is the developer and owner of the San Isidro Solar Power Project, a ground-mounted solar PV farm located in San Isidro, Leyte. SISPC is currently in the development and construction stage. SISPC was acquired by GRHI on June 30, 2023.

Casilagan Solar Power Corporation
CSPC was incorporated on May 9, 2023, and is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid connected. CSPC is the developer and owner of the following ground-mounted solar PV farm projects: 1) San Antonio Solar Power Project located in San Antonio, Zambales; 2) San Juan Solar Power Project located in Botolan, Zambales; and 3) Tuy Solar Power Project located in Tuy and Nasugbu, Batangas.

SanJuan Solar Power Corporation
SSPC was incorporated on July 26, 2023, and is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid connected.

Sta. Maria Solar Power Corporation
SMSPC was incorporated on July 26, 2023, and is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid connected.

Tuy Solar and Wind Power Corp.
TSWPC was incorporated on September 13, 2023, and is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid connected.

San Antonio Solar Power Corp.
SASPC was incorporated on September 14, 2023, and is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid connected.

E. RECENT DEVELOPMENTS

- In May 2023, the Philippine Competition Commission cleared the acquisition by GRHI of shares in SISPC. On June 30, 2023, GRHI acquired SISPC.

- The construction of the Dinapigue causeway project, which was awarded to D.M. Consunji, Inc., started in the second quarter of 2023 and expected to be completed during the second quarter of 2024.

- CSPC, SSPC, SMSPC, TSWPC and SASPC, subsidiaries of GRHI, were incorporated from May to September 2023.

- On February 17, 2023, Hallmark Mining Corporation (Hallmark) and Austral-Asia Link Mining Corporation (Austral-Asia) accepted NAC's Letter of Intent (LOI), for NAC or its wholly owned subsidiary, to be the sole and exclusive mining service contractor for Hallmark's MPSA in Mati and San Isidro, Davao Oriental, and Austral-Asia's MPSA in Mati and Gov. Generoso, Davao Oriental. On February 23, 2024, NAC, Hallmark and Austral-Asia agreed to terminate the LOI after the parties failed to agree on the commercial terms of the agreement.

- On February 28, 2024, JSI received the Provisional Certificate of Approval to Connect - Subic PV Phase 4A - 72MW from NGCP subject to the completion of certain conditions. Thus, in the same month, JSI successfully activated the additional 72MW solar capacity at its facility located at Sta. Rita, SBFZ, Zambales.

- Pre-development activities on NPPGC's solar project in Subic-Cawag are almost complete with construction of the proposed 145MW plant expected to begin by the second quarter of 2024.

F. OUR STRATEGY

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

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

G. KEY STRENGTHS

The Group believes in its key strengths, which are:

Established leading producer of lateritic nickel ore in the Philippines and worldwide

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

The Philippines is a resilient economy and supportive of mining and clean energy policies

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

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

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

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

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

Profitable and stable mining business, underpinned by strategic project selection, operational efficiency and competitive cost structure

The Group has maintained a stable nickel ore output of 16 to 18 million wet metric tonnes (WMT) per annum over the last 3 years. To continuously augment its reserves in the medium term, the Group's Dinapigue mine entered the production stage in 2022, while its Manicani mines resumed its operations after the MGB issued a Notice of Issuance of an Order entitled "In re: Extension of the term and lifting of the suspension of the mining operations under MPSA No. 012-92-VIII granted to HMC" and development of Bulanjao mines is expected to commence in 2024. The foregoing, combined with low-cost surface mining methods, operational efficiencies and substantial resources and reserves, has led to stable revenue generation and a deep economic moat for the Group's mining business.

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

The Group's mining operations produce lateritic nickel ore (further categorized into saprolite and limonite ore) which are mainly exported to Japan and China for processing into ferronickel and NPI, respectively. As of December 31, 2023, the Group is the largest producer of lateritic nickel ore in the Philippines and one of the largest in the world.

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

ESG is in the Group's DNA

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Growing renewable energy business provides opportunity to diversify revenue streams and capture substantive investment opportunity in Philippines renewable energy market

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

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

Long-standing strategic relationships with key industry players, underpinned by time-tested supply agreements and customer contracts

The Group has cultivated long-term strategic relationships with key industry players in Japan and China, with a large proportion of its sales volumes covered by sales agreements and/or long-term contracts. In 2023, its total ore exports to China and Japan are approximately 53% and 2%, respectively, with the remaining 46% being domestic sales to HPAL facilities. Two of its key shareholders, SMM and PAMCO, are also its major customers.

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

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

Strong balance sheet and prudent financial management support future growth expansion

The Group has built up a strong balance sheet and a disciplined capital expenditure program with access to various funding sources. Its current primary sources of funding include retained earnings and bank loans. Its total debt, including short-term debt, long-term debt, fixed payment obligations such as lease liabilities and pension payments, to total assets has remained low over the last 3 years.

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

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

Reputable and experienced board and management team

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

H. PERCENTAGES OF REVENUES FOR 3 YEARS

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

	Japan			China			Philippines (CBNC and THNC)			Total		
Year	**A**	**B**	**Total**	**A**	**B**	**Total**	**A**	**B**	**Total**	**A**	**B**	**Total**
2023	2%	-	2%	63%	6%	69%	-	29%	29%	65%	35%	100%
2022	3%	-	3%	63%	3%	66%	-	31%	31%	66%	34%	100%
2021	8%	-	8%	69%	6%	75%	-	17%	17%	77%	23%	100%

A - Saprolite
B - Limonite

I. SOURCES OF RAW MATERIALS AND SUPPLIES

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

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

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

J. GOVERNMENT REGULATIONS AND APPROVALS

In the Group's mining operations, it is guided by clear and stringent parameters set forth by the country's national and local laws accordingly implemented by national, regional, and local agencies, namely: the

DENR, the MGB, the Environment Management Bureau (EMB), the Protected Areas and Wildlife Bureau, and the LGUs.

The more significant regulations affecting our operations include the following:

RA No. 7942 (Philippine Mining Act of 1995)

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

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

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

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

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

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

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

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

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

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

DAO 2004-52 - Tree cutting permit

DAO 2015-07 - mandating Mining Contractors to Secure ISO 14001 Certification

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

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

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

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

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

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

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

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

- Section 13 states the government share in all renewable energy revenues: 1.5% for geothermal energy and 1% for the rest.
- Section 15 outlines the general incentives: Income Tax Holiday (7 years), Duty-free importation, Special Realty Tax Rates (1.5%), Corporate Tax Rate (10%), Accelerated Depreciation, 0% Value Added Tax Rate, Additional Cash Incentive for Off-grid Generation Facilities, etc.

Pending Approval

CEXCI's application for Exploration Permit (EXPA) of the Mankayan area denominated as EXPA-116-CAR, which lies within the Municipalities of Mankayan and Bakun, was converted from the application for Financial or Technical Assistance Agreement (AFTA)-008 property. The Consensus Building and Decision Meeting has been postponed and CEXCI has deferred the FPIC process and will resume after the completion of the Free, Prior, and Informed Consent (FPIC) of the other applicants. In the Bakun Ancestral Domain (AD), continuous engagements are being made in relation to the MOA negotiation.

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

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

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

K. COMPETITION

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

On the power business, the implementation of the EPIRA has paved the way for a more independent and market-driven Philippine power industry. This has allowed for competition, not limited by location, and driven by market forces. The sale of power and the dispatch of power plants depend on the ability to offer competitively priced power supply to the market. However, as a registered renewable energy generating unit with intermittent renewable energy resources, JSI's solar power plant is considered "must dispatch" based on available energy and enjoys the benefit of priority dispatch to the grid and the WESM. The Group's power projects which are still either in the exploration or development stage will face competition in the development of new power generation facilities as well as in the financing for these activities.

L. NICKEL ORE TRADE AND OUTLOOK

Nickel Ore Trade

Nickel ore in the country is mainly exported to China and Japan. Primary nickel consumption in China was estimated at 1.3 million tonnes in 2023, which accounted for 62% of global nickel consumption, while 3% of the global nickel consumption can be attributed to Japan.

Nickel production in China in 2023 was estimated at 0.8 million tonnes, of which 0.4 million tonnes came from NPI. Based on the Company's research, nickel ore exported to China from Philippines is estimated at 41.5 million WMT in 2023 as compared to 43.0 million WMT in 2022.

China's demand for nickel ore from the Philippines remains stable but nickel prices are on a downtrend because of the acceleration in Indonesia's NPI production.

Outlook for Nickel

Global nickel supply in 2023 was estimated at 3.5 million tonnes, while consumption was at 3.3 million tonnes, resulting to 0.2 million tonnes of surplus. The surplus was mainly driven by the oversupply in the stainless-steel sector driven by Indonesia.

Around 57% of nickel supply is used for stainless steel production. The growth in stainless steel production and the growing use for EV batteries is a key factor for the outlook of nickel. Global stainless-steel production in 2023 was estimated at 59.2 million tonnes, which increased by 6% from the previous year, of which, Chinese stainless-steel production accounted for 34.3 million tonnes, an increase by 4.7% from the previous year.

Nickel demand for EV is expected to double by 2027.

M. EXPLORATION AND DEVELOPMENT

Nickel Resources

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

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

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

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

Bulanjao: • Total area of 3,604 hectares • Conducted step-out drilling throughout the length of the Central Bulanjao deposit	Location: **Palawan Island** Ownership: **RTN**
Manicani: • MPSA covers 1,165 hectares and expires in 2037	Location: **Island of Manicani** Ownership: **HMC**

Description of Exploration and Development Projects

Bulanjao - RTN recently acquired a separate ECC, an amended ECC and amended MPSA to include AMA-IVB-144A, otherwise known as the Bulanjao claim, for a total accumulated area of 4,538 hectares. RTN's new MPSA is now denominated MPSA-114-98-IV-Amended I. Based on latest data, drilling has resulted in measured and indicated mineral resources of 27.0 million WMT of limonite ore and 27.0 million WMT of saprolite ore with average nickel grades of 1.21% and 1.66%, respectively. Development is expected to commence in 2024.

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

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

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

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

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

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

<u>Gold and Copper Resources</u>

<u>Cordillera Exploration Company, Inc.</u>

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

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

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

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

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

Zambales

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

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

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

The EP expired in September 2022 but was readily renewed the same month and registered in February 2023. A drone magnetic survey was completed by AUSTHAI Geophysics in December 2022 over the Takipan-Malabeg-Mabibituin Corridor. Results were discussed in a technical meeting held last March 2023. A hydrogeological study was conducted as part of MGB Region III requirement for the renewal of the Environmental Work Program. Detailed mapping was conducted in the Takipan magnetic low anomalies, and the results were discussed in the July 2023 technical meeting. The current working model for Zambales is a concealed intrusion-related porphyry with epithermal mineralization which was discussed in the September 2023 technical meeting. Verification mapping and stream sediment sampling was the focus of the last quarter in Mabibituin, Angeles, Loong, South Takipan, and Malabeg. These areas were identified for follow-up surveys from the magnetic survey results. An initial reprocessing of the soil geochemical data was also started in the latter part of 2023.

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

On January 29, 2020, an Order was issued by MGB approving the Deed of Assignment with Royalty Agreement and the conversion of the APSA to an EXPA. Since its conversion, the documentary requirements and evaluation work for the issuance of the EP have been completed. The EP of Marian Parcel 1 was approved in December 2022 and registered through MGB Region II in January 2023. It was designated as EP-000026-II. The presentation of the project was conducted for the Provincial Board of Nueva Vizcaya. The DENR also signed the MOA with regards to the experimental forest within the tenement.

An environmental baseline survey was conducted followed by field mapping on a 1:10000 scale. Two advanced argillic zones were identified together with epithermal style veining. Porphyry style mineralization was identified within some of the prospects. Both epithermal and porphyry-style of mineralization were identified in one prospect by the presence of banded epithermal quartz veins and Cu-oxides.

Detailed mapping was conducted. A total of 10,365m of traverse was mapped during the activity with a total of 376 samples sent for assay. The drone magnetic and radiometric survey was initiated mid-December which is expected to be completed by the first quarter of 2024.

EXPA 116 - Mankayan
Part of AFTA-008 within the municipalities of Mankayan and Bakun in the province of Benguet consisting of 5,157 hectares was converted into an EXPA. Following the conversion, a Field-Based Investigation (FBI) by the NCIP was conducted as a prelude to the FPIC with the ICC. Two distinct ADs were identified - Bakun and Mankayan proper. Considerable delays were experienced in the FPIC process due to the local elections in 2016. Subsequently a decision was made to suspend the process to give way to the FPIC for the municipality of Cervantes.

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

A Resolution of Non-Consent was issued by the Mankayan AD. CEXCI filed a Motion for Reconsideration in January 2022. The NCIP arranged for CEXCI's presentation of its Motion for Reconsideration to the barangays of the Mankayan AD. The Consensus Building and Decision Meeting has been postponed. Eventually, CEXCI has deferred the FPIC process to give way to the FPIC of the other applicants in the Mankayan Domain. CEXCI will resume its FPIC process after the completion of the FPIC of the other applicants. CEXCI continues to engage with its stakeholders in the communities to gather their support to the proposed exploration project.

EXPA 116 - Bakun

The Community Consultative Assemblies in Bakun resulted in the consent to the proposed exploration project given by the Bakun AD in March 2022. Two MOA negotiation meetings have already been conducted when it was temporarily stopped due to FPIC and MOA-related issues belatedly raised by some members of the host communities. CEXCI continues to engage with the concerned communities. It also constantly updates the MGB - Cordillera Administrative Region (CAR) on the status of its FPIC. CEXCI also meets with the NCIP to push for the resumption of the MOA negotiations and resolve whatever issues stall its resumption.

EXPA 116 - Cervantes

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

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

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

While the lockdowns and restriction on assemblies have now been lifted, a decision was made to push for the continuation of the FPIC process after the May 2022 elections. Although a majority approval for the exploration project was obtained, some Indigenous Peoples Mandatory Representatives (IPMRs) rescinded their support to the project. However, initial validation by the NCIP showed that the concerned barangays expressed their continuous support for the project. The barangays reiterated that the decision of their IPMRs does not reflect their decision. The supportive barangays urged for the start of the MOA negotiation while the barangays whose IPMRs withdrew their support will issue a manifesto of support to the exploration project. In the meantime, CEXCI continues to engage the communities and other stakeholders to update them on the status of the application for exploration. The NCIP conducted validation activities in the first half of 2023 and CEXCI is awaiting the results of the validation and its recommendations moving forward.

Mountain Province and Benguet

On December 13, 2020, 3 portions of AFTA-008 within the provinces of Benguet and Mt. Province were converted to EXPAs, denominated as EXPA 119 covering an area of 3,645 hectares within Mt. Province;

EXPA 120 covering an area of 2,835 hectares in Mt. Province and Benguet province; and EXPA 121 covering an area of 5,751 hectares in Mt. Province. The remaining areas of AFTA-008 in the CAR were withdrawn.

Groundwork for the EXPAs commenced with the engagement of a consultant to get a consensus on the stand of the communities with regards to mineral exploration and mining. The results showed that it would be difficult to obtain a social license to operate. This was further validated by a team composed of CEXCI's personnel. The withdrawal of the 3 applications was submitted and approved last February 2023.

AFTA-008 Aluling

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

N. ENVIRONMENT AND REHABILITATION

Environmental Responsibility

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

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

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

Activities undertaken through the Annual EPEP include, among others:

- Rehabilitation of mine disturbed areas
- Reforestation
- Construction and/or maintenance of environmental facilities
- Solid waste management
- Hazardous waste management
- Air quality monitoring and water quality monitoring
- Preservation of downstream water quality

The Group also complies with the ECC conditions and the performance of commitments through the Annual EPEP. This program is monitored and evaluated by the Multipartite Monitoring Team - a multi-sector group headed by a representative from the Regional MGB and representatives of LGUs, other government agencies, NGOs, people's organizations, the church sector and the Group. In 2023, the Group spent approximately ₱477.9 million on its EPEP.

Rehabilitation

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

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

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

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

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

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

Mine Rehabilitation, a requirement under the Philippine Mining Act of 1995, is part of sustainable development. It forms part of the best practices of the Company’s subsidiaries. Following the “Sequential Planting Method” used by the Group, fast growing species or Pioneer Species such as Batino, Acacia mangium, Acacia auriculiformis and others - all grown and nurtured in the Group’s nurseries - are planted first. These species provide vegetative cover within 3 years to enable the planting of “Climax Species” like Apitong, Ipil, Narra, Almaciga, Agoho, Kamagong and others which need tree shade to grow. They form the core of the new forest stands. Native fruit-bearing trees are also planted to provide a source of food for wild animals that will eventually populate the forest. To ensure the survival of all these trees, the Company’s subsidiaries manage the rehabilitation program through their forestry teams. Composed mostly of indigenous people from the surrounding areas, each forestry team conducts a maintenance program that includes watering the trees during summer, ringweeding cultivation around seedlings, application of compost and other related activities. The work of the forestry teams has resulted in a survival rate of 85%-95% for the trees.

As of December 31, 2023, the Group recognized a provision for mine rehabilitation and decommissioning of ₱909.6 million. Funds for mine rehabilitation and other environmental guarantee funds are established and deposited in trust funds, as required by the Philippine Mining Act. The Group has ₱834.5 million maintained in such trust funds as of December 31, 2023. This amount complies with the minimum requirement under the law.

In 2023 and 2022, the Group planted trees of about 305,361 and 1,061,942, respectively.

O. SOCIAL RESPONSIBILITY

<u>Mining</u>

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

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

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

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

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

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

P. EMPLOYEES

As of December 31, 2023, we had a total of 2,294 regular employees. Of these, 1,987 are employed in mining operations and projects and 58 are employed in power plant operations.

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

Head Office

	NAC	CMC	HMC	TMC	RTN	CEXCI	DMC	CDTN	EPI	JSI	MGPC	GRHI	SISPC	Total
Senior Management	37	1	-	-	1	1	-	-	5	-	-	-	-	**45**
Managers	28	1	1	2	2	2	-	-	11	1	-	7	-	**55**
Supervisors	36	1	1	1	4	8	-	-	5	3	-	6	-	**65**
Rank & File	47	5	5	6	6	3	2	-	7	1	-	2	-	**84**
Total	**148**	**8**	**7**	**9**	**13**	**14**	**2**	**-**	**28**	**5**	**-**	**15**	**-**	**249**

Minesite/Project Field Office

	NAC	CMC	HMC	TMC	RTN	CEXCI	DMC	CDTN	EPI	JSI	MGPC	GRHI	SISPC	Total
Senior Management	-	1	1	1	1	-	1	-	-	-	-	-	-	**5**
Managers	1	15	14	55	32	-	11	4	-	6	1	-	2	**141**
Supervisors	6	102	87	233	74	-	50	11	-	2	1	-	2	**568**
Rank & File	8	118	98	412	426	-	52	188	-	23	4	-	2	**1,331**
Total	**15**	**236**	**200**	**701**	**533**	**-**	**114**	**203**	**-**	**31**	**6**	**-**	**6**	**2,045**

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

Minesite	Manpower from local community	Indigenous People
Regular	1,528	80
Probationary	56	2
Project-based/Seasonal	1,167	184
Total	**2,751**	**266**

Plant site	Manpower from local community	Indigenous People
Regular	40	3
Probationary	-	-
Project-based	-	-
Total	**40**	**3**

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

RTN is the only operating company with 2 unions: supervisors and rank-and-file. RTN and its supervisor's union successfully concluded and renewed their CBA covering the first 3 years of their wages and benefits, from June 5, 2023 to June 4, 2026, of their 5-year term and due for signing in April 2024. The two-tiered salary increase scheme wherein the daily wage increase was divided into an across the board and performance-based increase based on the performance-driven rating of an employee, continued to be part of their wage increases. For the RTN workers union (rank-and-file), their CBA expired last December 31, 2023. CBA negotiations for the renewal started last March 5, 2024.

A renewed CBA between HMC and Hinatuan Mining Labor Union (rank-and-file) was signed on October 26, 2023. The new CBA adopted the NAC-wide two-tiered wage increase with 60% (₱42.00 per day) as performance-based and 40% (₱28.00 per day) as fixed or guaranteed increase for the next 3 years.

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

For Cagdianao Mining Workers Union (rank-and-file), the first 3 years of their 5-year term CBA expired on December 31, 2023. The renegotiation for the last 2 years of the CBA is on-going.

The latest addition to the unionized rank-and-file employees, CDTN Company Workers Union, and CDTN also agreed to adopt the two-tiered wage increases in their first CBA. The first 3 years of the CBA took effect on May 21, 2022 until May 23, 2024.

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

Pension Costs
The Group provides its regular employees with a retirement benefit as part of its employment benefits. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and

incorporates assumptions concerning the employees' projected salaries. The assumptions include among others, discount rates and future salary increase rates.

Defined benefit costs comprise the following:

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

These amounts are calculated periodically by independent qualified actuaries.

Q. RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Risks Related to the Group's Mining Business and Industry

The Group's business is sensitive to the volatility of London Metal Exchange (LME) nickel prices

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

Nickel prices are subject to volatile price movements over time and are affected by numerous factors that are beyond the Group's control. These factors include global supply and demand; expectations for the future rate of inflation; the level of interest rates; the strength of, and confidence in, the U.S. dollar; market speculative activities; and global or regional political and economic events, including changes in the global economy. A growing world nickel market and increased demand for nickel worldwide have attracted new entrants to the nickel industry, spurred the development of new mines and expansion of existing mines in various regions, including Australia, Indonesia, and New Caledonia, and resulted in added production capacity throughout the industry worldwide. An increasing trend in nickel prices since early 2003 has encouraged new or existing international nickel producers to expand their production capacity. An increased rate of expansion and an oversupply of nickel in world nickel markets in the future could reduce future nickel prices and the prices the Group receives under the Group's nickel ore supply agreements. For example, due to the implementation of Indonesia's ore export ban effective January 2020 and strong growth of the Chinese stainless-steel sector in 2021, China's demand for nickel ore from the Philippines and the price at which such nickel ore was sold increased in 2021, and such a trend continued in 2022. In 2023, Indonesia produced an estimated 40.2% of the world's nickel in 2023, according to S&P Global Market Intelligence Data. With a lot of supply coming from Indonesia at lower operating cost, it allows the Indonesian nickel producers to weather lower nickel prices as other nickel producers struggle and cut down production and the surplus in the market pushed the nickel prices to go down. Analysts projected a nickel surplus through 2028 and forecast a 26.1% drop in the three (3)-month nickel price in 2024, following a 44.7% decline in 2023. The Group also believes that the continued growth of stainless-steel production (and in particular by China) and the increase in demand for EV worldwide will sustain higher LME nickel prices. Just recently, the US Government signed into law the Inflation Reduction Act which includes, among other climate change programs, tax credits on EV purchases which is expected to drive greater access to and demand for EV.

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

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

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

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

Approximately 69% of the Group's revenue in 2023 was derived from sale of nickel ore into China. While this increase represents a significant business opportunity, the Group's exposure to China's economy and economic policies has increased. The Group's exposure to the Chinese market and its short-term supply agreements with Chinese customers have resulted in increased volatility in its business. In addition, increased Chinese demand for commodities has led to high volatility in the freight rates for shipping the Group's nickel ore. High freight rates can discourage customers outside the Philippines from entering into long-term supply agreements with the Group due to the unpredictability of future shipping costs and can also affect the price Chinese customers are willing to pay for its nickel ore.

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

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

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

The Group's sources of nickel ore are currently limited to the Rio Tuba, Taganito, Cagdianao, Tagana-an and Dinapigue mines. The Group's profitability depends substantially on its ability to mine, in a cost-effective manner, nickel ore that possesses the quality characteristics desired by its customers. Because the Group's reserves decline as it mines its nickel ore, its future success and growth depend upon its ability to identify and acquire additional nickel ore resources that are economically recoverable. Currently, the Group has 2 nickel mining exploration properties in the Philippines and if it fails to define additional reserves on any of its existing or future properties, its existing reserves will eventually be depleted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group faces competition in selling nickel ore

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Group's Power Business and Industry

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

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

There can be no assurance that the Philippine energy market will stabilize or continue to expand. Reduced levels of economic growth, adverse changes in the country's political or security conditions, or weaker performance of or slowdown in industrial activities may adversely affect the demand for, and price of, energy generated by the Group's power plants. In particular, the global economic downturn resulting from the COVID-19 pandemic has resulted in an economic slowdown and negative business sentiment, which may continue to affect the outlook on the Philippine energy market, which could materially and adversely affect the Group's results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

JSI's operations are affected by seasonal weather changes

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

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

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

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

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

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

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

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

Risks Related to the Group

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

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

operations. Reduced liquidity or difficulty in obtaining future financing could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 2. PROPERTIES

A. MINING PROPERTIES AND PERMITS

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

RIO TUBA NICKEL MINING CORPORATION

Rio Tuba Mine

MPSA No. 114-98-IV- Amended I - RTN's nickel laterite deposit covering 4,538 hectares, was renewed for another 25 years on December 2, 2021, subject to the conditionality on the issuance of the Certification Precondition from the NCIP. The consent process culminated to MOAs on August 29, 2021 and March 19, 2023 between RTN, the NCIP, and the ICCs/IPs of the Municipality of Bataraza and Rizal, respectively. Furthermore, planned activities within the areas covered by the MOAs were allowed to commence.

MPSA No. 213-2005-IVB for RTN's Limestone Quarry - The MPSA was issued on April 28, 2005 with a validity of 25 years covering 85 hectares. This MPSA covers the Sitio Gotok limestone quarry, whereby limestones are being sold to CBNC and other customers. It has an ongoing application to expand its 13-hectare ECC by another 47 hectares, all within the approved MPSA.

HINATUAN MINING CORPORATION

A. Taganaan Mine

MPSA 246-2007-XIII - On July 25, 2007, HMC was granted a MPSA covering 774 hectares of mineral land in Hinatuan Island, Barangay Talavera, Taganaan, Surigao del Norte within Parcel II of the Surigao Mineral Reservation for a period of 25 years renewable for another 25 years subject to mutually agreed upon terms and conditions.

Based on the revised life-of-mine plan, the mine life of the Taganaan mine is expected to last until 2026. Recent market price improvements allowed HMC to dispose of lower-grade materials that were previously considered non-marketable at a profit, effectively extending the mine's life. Moreover, review of HMC's mineral reserves modifying factors allowed for adjustments to the site's mine production plans which yielded increases in the total mineable reserves. Additional studies regarding the feasibility of shipping out lower-grade ores, as initiated by the Group, are also underway and could potentially further lengthen the mine's life if proven to be feasible.

B. Manicani Mine

MPSA No. 012-92-VIII - The Manicani mine is subject to MPSA No. 012-92-VIII granted on August 13, 1992 for 1,165 hectares. It has a term of 25 years and is renewable for another term not exceeding 25 years subject to mutually agreed upon terms and conditions.

On May 1, 2002, the DENR ordered the suspension of mining operations in Manicani pending a conduct of investigation in view of the complaints of the Roman Catholic Bishop. In a decision dated August 2, 2004, an arbitral panel of the Mines Adjudication Board, MGB Region 8, the MPSA was ordered cancelled. The basis for the decision of the Board was the alleged violation of the ECC. As a result, mining operations in Manicani remain suspended. The mining operations were found by the Board to be causing pollution of the seawater of Manicani Island. A Memorandum of Appeal dated December 23, 2004 was filed by HMC and its MPSA was upheld by the Mines Adjudication Board on September 4, 2009. Incidentally, a Letter of Authority to Dispose Nickel Stockpile was issued by MGB on July 1, 2014. From May to August of 2016, 5 shipments were realized for the disposal of said stockpiles, after which, shipments were suspended by MGB. This left behind almost 900,000 WMT of stockpiles which were already approved for disposal.

On May 23, 2016, HMC applied for the renewal of its MPSA in Manicani which expired on October 28, 2017. On March 2, 2022, the DENR approved the renewal of the MPSA extending the first 25-year term for another 15 years from the date of approval.

TAGANITO MINING CORPORATION

Taganito Mine

MPSA No. 266-2008-XIII SMR Amended - TMC was granted a MPSA on June 18, 2009 for a period of 25 years subject to renewal as may be mutually agreed upon. The MPSA covers an area of 4,863 hectares located at the Barangays of Hayanggabon, Urbiztondo, Taganito and Cagdianao, Municipality of Claver, Province of Surigao del Norte.

CAGDIANAO MINING CORPORATION

Cagdianao Mine

MPSA No. 078- 97- XIII - On November 19, 1997, East Coast was granted an MPSA for a period of 25 years and renewable upon such terms and conditions as may be mutually agreed upon. The MPSA covers an area of 697 hectares situated at Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Islands, Surigao del Norte.

On the same date, a MOA was executed between CMC, as Operator, and East Coast for a period of 10 years from the effectivity of the MOA whereby East Coast grants CMC the exclusive right to explore, develop and utilize the mineral property covered by the MPSA. On November 19, 2007, the MOA was renewed for a period of 15 years, covering the remaining term of the MPSA. On December 18, 2015, a Supplemental Agreement was executed by CMC and East Coast, providing for, among others, an automatic renewal of the MOA for another 25 years, or from 2022 to 2047.

On March 2, 2022, the DENR approved the renewal of the MPSA No. 078-97-XIII (SMR) for another 25-year term commencing from November 19, 2022 subject to the same terms and conditions provided in the initial 25-year term of the MPSA.

DINAPIGUE MINING CORPORATION

On July 30, 2007, PGMC and the Government entered into an MPSA, which allows PGMC to explore, develop and mine nickel ore within the contract area covering 2,392 hectares in the Municipality of Dinapigue, Province of Isabela.

On January 6, 2009, PGMC and DMC executed a Deed of Assignment transferring to DMC all the rights, title and interest in and into the MPSA over the contract area.

Under the MPSA, DMC shall pay the Government a 4% excise tax. The MPSA is valid for 25 years from issuance and renewable at the option of DMC, with approval from the Government.

CORDILLERA EXPLORATION CO., INC.

A. <u>Marian</u>

The area covers 6,325 hectares in Cordon, Isabela and Diadi, Nueva Vizcaya. It was converted from APSA-000021-II upon execution of a Deed of Assignment with Royalty Agreement by and between Marian and Olympus and CEXCI. The application was denominated as EXPA-000166-II and approved last December 2022 with an area of 5,544 hectares. It was registered in January 2023 and designated as EP000026II. Exploration activities commenced in March 2023 after the presentation to the Provincial Board of Nueva Vizcaya and the signing of the MOA with the DENR regarding the portions of the experimental forest within the tenement. Environmental baseline survey was initially conducted followed by field mapping. Detailed mapping was conducted and continues as of end of December 2023.

B. <u>Mankayan</u>

Denominated as EXPA-116-CAR, it is in the Municipalities of Mankayan and Bakun in the Province of Benguet, covering an area of 5,157 hectares. The 2 areas were separated due to the difference in the progress of the FPIC process. CEXCI was previously working on a Motion for Reconsideration in the Mankayan AD after the AD-Wide Decision-Making in December 2021 resulted into a Resolution of Non-Consent. Eventually, CEXCI deferred the FPIC process to give way to the FPIC of the other applicants in Mankayan. FPIC process will resume after the completion of the aforesaid FPICs. The company continues to engage with its stakeholders in Mankayan to gather more support for the project.

The Bakun AD gave their consent during the Consensus Building and Decision Meeting to the proposed exploration project last March 2022. Negotiations for the MOA commenced immediately but was stopped after 2 meetings due to FPIC-related issues raised by some members of the community. CEXCI is continuously engaging the impact communities and the NCIP to allow the resumption of the stalled MOA negotiations. Our engagements through our community facilitators on the ground also ensure that they are aware that our application for exploration is still being pursued.

C. Cervantes
The area covering 6,012 hectares and located in Cervantes, Ilocos Sur is denominated as EXPA-116-I. The MOA negotiations and Strategic Agricultural and Fisheries Development Zones survey were postponed as advised by the LGU of Cervantes. CEXCI continues to engage with the various stakeholders to apprise them of the status of the application. CEXCI is anticipating receiving the report of the validation activities the NCIP has conducted in the first half of the 2023.

D. Mountain Province and Benguet
This covers 3 areas within CAR which were officially converted from AFTA-008 on December 17, 2020 and were denominated as follows: EXPA No. 119 (Besao) with an area of 3,645 hectares in Besao and Tadian, Mountain Province; EXPA No. 120 (Bedbed) covering an area of 2,835 hectares in Mankayan, Benguet and Tadian, Mountain Province; and EXPA No. 121 (Sadanga) covering an area of 5,751 hectares in Bontoc and Sadanga, Mountain Province. The applications have been withdrawn and approved last February 2023.

E. Aluling
Situated in Cervantes, Ilocos Sur, it covers an area of 2,835 hectares. Its conversion to EXPA has been approved by MGB Region 1 and denominated as EXPA-123-I. The Company has deferred its request for the endorsement of the EXPA to the NCIP for CP application until the MOA negotiations related to EXPA-116-I are concluded also in Cervantes.

NEWMINCO PACIFIC MINING CORPORATION

Newminco, which was acquired by CEXCI in December 2015, holds an EP for copper, gold, and related base and precious metals denominated as EP 001-2015-III. It covers an area located in Cabangan, San Felipe, and San Marcelino in the province of Zambales. The decision to acquire Newminco was made following the discovery of outcropping quartz veins, the sampling of which in part returned good assays for gold.

The second year of EP-001-2015-III from first renewal until its expiry was spent on the review of data for the different prospects within the tenement. The second renewal of EP 001-2015-III was registered last February 2023. Advanced processing and interpretation of drone magnetic and gravity data was conducted followed by a hydrogeological study. Detailed mapping, verification mapping and stream sediment sampling was conducted until the last quarter of 2023.

B. MINERAL RESOURCES AND RESERVES

As of December 31, 2023, the Group's Total Ore Reserves and Mineral Resources are as follows:

Ore Reserves*						
Ore	**Class**	**Tonnes (Mwmt)**	**Tonnes (Mdmt)**	**% Ni**	**% Fe**	**Contained Ni (kt)**
TMC						
Saprolite	Proved and Probable	84.34	57.35	1.44	12.05	828
Limonite		59.30	37.95	1.00	46.99	381
CMC						
Saprolite	Proved and Probable	5.35	3.48	1.36	23.66	47
Limonite		1.30	0.85	1.03	40.84	9
DMC						
Saprolite	Proved and Probable	29.40	19.11	1.36	18.39	260
Limonite		59.60	38.74	0.99	42.98	384
HMC						
Saprolite	Proved and Probable	3.78	2.57	1.37	18.18	3,519
Limonite		1.38	0.94	0.95	48.97	889
RTN						
Saprolite	Proved and Probable	27.60	19.10	1.42	15.30	271
Limonite		44.50	30.80	1.24	33.17	382

Mineral Resources**						
Ore	Class	Tonnes (Mwmt)	Tonnes (Mdmt)	% Ni	% Fe	Contained Ni (kt)
TMC						
Saprolite	Measured and Indicated	84.8	58.5	1.35	13.11	790
Limonite		94.8	63.3	0.97	48.04	612
CMC						
Saprolite	Measured and Indicated	16.2	10.5	1.19	25.89	126
Limonite		5.7	3.7	0.93	43.68	35
DMC						
Saprolite	Measured and Indicated	41.8	24.9	1.35	16.80	335
Limonite		86.6	51.2	1.02	43.70	520
HMC						
Saprolite	Measured and Indicated	10.6	6.9	1.29	22.02	89
Limonite		3.9	2.5	0.95	47.38	24
RTN						
Saprolite	Measured and Indicated	31.4	19.5	1.48	14.89	290
Limonite		45.2	31.0	1.26	33.10	390

** The ore reserves estimates were prepared by Engr. Artemio E. Valeroso, Vice President (VP) and Resident Mine Manager - TMC; Engr. Christian Jae R. Gascon, Assistant Vice President (AVP) and Resident Mine Manager - CMC; Engr. Edwin R. Casiano, AVP and Resident Mine Manager - DMC; Engr. Franciso J. Arañes Jr., VP and Resident Mine Manager - HMC Tagana-an; and Engr. Ronelbert A. Suguitan, AVP and Resident Mine Manager - RTN. They are licensed mining engineers with Professional Regulation Commission (PRC) numbers 2641 (Engr. Valeroso), 2873 (Engr. Gascon), 2640 (Engr. Casiano), 2305 (Engr. Arañes) and 2534 (Engr. Suguitan). They have sufficient experience as to the type of deposit and mineralization. They have given their consent to the attachment of this statement to the 17-A 2023 Annual Report concerning Ore Reserve Estimation.*

*** The mineral resources estimates were prepared by Kristine Grace C. Victoria, Assistant Vice President - Geology for TMC, CMC, DMC and HMC; and by Michael Angelo C. Tan, Geologist for RTN. They are an Accredited Competent Person and a member of the Geological Society of the Philippines. They have sufficient experience as to the type of deposit and mineralization. They are licensed geologists with PRC number 1721 (Ms. Victoria) and 1958 (Mr. Tan). They have given their consent to the attachment of this statement to the 17-A 2023 Annual Report concerning Mineral Resources Estimation.*

C. PROCESSING FACILITIES

<u>CBNC</u>

Facility .... Coral Bay HPAL nickel processing plant
Location .... In a Special Economic Zone adjacent to Rio Tuba mine
Ownership .... NAC (15.62%)
SMM (84.38%)
Operations .... Commissioned in 2005 with design capacity of 10,000 tonnes per year of contained nickel. Capacity doubled to 20,000 tonnes per year of contained nickel in June 2009 and attained annual capacity of 24,000 tonnes in 2010 due to facility expansion.
Technology .... HPAL process
Source of ore .... Rio Tuba mine, Cagdianao mine and Dinapigue mine
Product .... Nickel-cobalt sulfide sold exclusively to SMM

The Company acquired its 10% equity interest in CBNC, the Philippine’s first HPAL nickel processing plant, by way of property dividend distributed by RTN in March 2014. In 2022, the Company purchased additional common shares of CBNC from SMM thereby increasing its equity ownership to 15.62%. SMM holds the remaining 84.38% equity interest. The plant was constructed adjacent to the Rio Tuba mine in an area designated as a Special Economic Zone by the Philippine Export Zone Authority (PEZA). As such, CBNC enjoys tax incentives, including a tax holiday. Most of the limonite ore required by the plant is supplied by RTN from its extensive stockpile and from newly mined ore. RTN also supplies limestone. The plant produces a nickel sulfide precipitate containing approximately 57% nickel and 4% cobalt, which is sold exclusively to SMM for refining at its Nihama refinery. The facility uses proprietary SMM technology under a non-exclusive license.

THNC

Facility	Taganito HPAL nickel processing plant
Location	In a Special Economic Zone adjacent to the Taganito mine
Ownership.	NAC (10%) SMM (75%) Mitsui and Co., Ltd. (Mitsui; 15%)
Operations.	Commenced commercial operations at full capacity in October 2013; with annual capacity of approximately 30,000 tonnes of mixed nickel-cobalt sulfide over an estimated thirty (30) year project life
Technology	HPAL process
Source of ore	Taganito mine
Product	Nickel-cobalt sulfide sold exclusively to SMM

Following the success of the Coral Bay HPAL facility and taking into account the stockpile and reserves of limonite ore owned by TMC, SMM conducted a feasibility study in September 2009 on a 30,000 tonnes-per-year HPAL plant to be located adjacent to the TMC mine site. The completion of the study led to the signing of a Memorandum of Understanding (MOU) in September 2009 between NAC, TMC, and SMM to proceed with the project. The Company expects that the plant will use technology similar to that used at the Coral Bay HPAL facility but will be triple the original size of the Coral Bay plant. TMC is expected to supply all the limonite ore required for the plant and the nickel-cobalt sulfide product will be sold exclusively to SMM for refining in Japan.

Pursuant to the Taganito HPAL Stockholders Agreement that NAC entered into on September 15, 2010, the project will be undertaken by THNC, a company that will be jointly owned by NAC (as to 22.5%), SMM (as to 62.5%) and Mitsui (as to 15%). The agreement contains a term sheet with principal terms of an offtake agreement to be entered into between THNC and TMC for the supply of limonite ore. Similar to the Coral Bay HPAL facility, the plant is located in a Special Economic Zone approved by the PEZA and enjoy tax incentives. The operation of the facility provides an additional dedicated customer for limonite ore from our Taganito mine which allows us to benefit from the higher percentage of payable nickel available further downstream in the nickel value chain.

The estimated total cost is US$1.7 billion, which includes capital expenditures of US$1.6 billion for the plant, working capital and US$100.0 million of interest accrued during the construction phase. Under the terms of the Stockholders Agreement, we will be required to guarantee a portion of such debt financing equal to our 22.5% equity interest in THNC. On September 15, 2010, we entered into an agreement with SMM whereby SMM will guarantee our pro-rata portion of THNC's loan obligation in exchange for the payment of an annual guarantee service fee to SMM of 1% of our pro-rata share of the outstanding loan obligation.

In 2016, we made a strategic decision to reduce our ownership in the Taganito HPAL plant from 22.5% to 10%, the same equity level that we have then in the Coral Bay plant. The reduction in our equity was achieved by a sale of shares to the majority owner of the plant and one of the major shareholders, SMM. In line with NAC's equity reduction in THNC, NAC and SMM also agreed to reduce the guarantee service fee rate from 1% to 0.60%.

D. REAL PROPERTIES

TMC owns the following parcels of land located in Surigao City:

1) a parcel of land with a total area of 43,237 square meters in Barangay Rizal and with Transfer Certificate of Title (TCT) No. 162-2011000392; and
2) a parcel of land with a total area of 88,640 square meters in Barangay Ipil and with TCT No. 162-2012000481, which is intended for leasing to THNC in the future

Likewise, HMC owns a parcel of land with a total area of 3,500 square meters located in Barangay Luna, Surigao del Norte under TCT No. 162-2013000096. HMC constructed a building on the said land which is currently being used as a liaison office of the Group's mining companies in Surigao.

NAC owns a parcel of land with a total area of more or less 20,000 square meters which is located in Barangay Quezon, Surigao del Norte. NAC constructed its diesel power plant on the said land.

MGPC has purchased some 48 hectares of its geothermal project site in Naujan, Oriental Mindoro.

E. SERVICE CONTRACTS

The Group's renewable energy (RE) companies hold the following service contracts:

Solar Energy Service Contract No. 2013-10-039
On October 31, 2013, JSI entered into a SESC with the DOE. The SESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan, which is part of the SBFZ. The SESC is for a period of 25 years, inclusive of a 2-year pre-development stage, and renewable for another 25 years. The government share under the SESC shall be 1% of the gross income from the sale of electricity generated from the solar energy operations.

On January 20, 2021, the DOE issued the Amended Confirmation of Commerciality No. SCC-2015-09-021-B to develop, operate and maintain the 100MW Bataan Solar Power Project (Phase 1 - 7MW; Phase 2 - 25MW; Phase 3A - 30MW and Phase 3B - 38MW).

Solar Energy Operating Contract No. 2021-01-577
On February 3, 2021, JSI entered into a SEOC with the DOE covering an area of 351 hectares, a portion of the area in SESC No. 2013-10-039, also located in Morong and Hermosa, Bataan. JSI secured from DOE a Certificate of Registration as RE Developer of 100MW / 86MW Subic New PV Power Plant Project.

On May 13, 2022, the DENR granted the request of JSI to increase its capacity, from 150MW to 200MW, and area, from 800 hectares to 815 hectares, located at Mt. Sta. Rita, SBFZ.

In relation to this, JSI started the construction of Phase 4A - 72MW on November 25, 2022, with testing and commissioning in February 2024. Phase 4B - 28MW will be decided subject to availability of sufficient land area to support the development.

As of December 31, 2023, this project is still in the pre-development stage.

Geothermal Renewable Energy Service Contract No. 2016-02-060
GRESC No. 2010-02-013, which covers an approximate area of 3,914 hectares in the 3 barangays of Montelago, Montemayor and Melgar-B in Oriental Mindoro, involves the development of geothermal well clusters and a power plant. The steam extracted from the geothermal wells will power a geothermal power station with an output capacity of at least 20MW. Once completed, the addition of geothermal power into the present mix of Mindoro's electricity sources will have a stabilizing effect on the grid where the entire island is located.

On November 24, 2014, EPI and MGPC entered into a Deed of Assignment for the assignment of EPI's rights and obligations under the GRESC to MGPC. On December 5, 2014, EPI applied with the DOE to transfer the GRESC to MGPC. The DOE approved EPI's application on February 16, 2016 under Certificate of Registration No. 2016-02-060.

The Project is currently at the exploration phase and is expected to have an operating capacity of 40MW. The geothermal plant will supply electricity to Oriental Mindoro and Occidental Mindoro at 20MW capacity each.

On February 26, 2019, MGPC received the Confirmation of Commerciality for the 10MW Project from the Philippine Government, through the DOE.

MGPC is in the exploration phase and is expected to have an operating capacity of 40MW. The geothermal power plant is intended to supply electricity to the Mindoro Island grid.

As at December 31, 2023, the flow testing is expected to commence in the third quarter of 2024, and if successful, the first modular plant will be installed with a target power generation and operation of 2MW in the second quarter of 2025.

Solar Energy Service Contract No. 2018-11-491
On November 6, 2019, Total Power Inc. (TPI) and DOE signed SESC No. 2018-11-491 whereby DOE granted TPI the exclusive right to explore, develop and utilize solar energy resources within 810 hectares of land located in the municipalities of San Isidro and Calubian in the province of Leyte.

The SESC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to TPI as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513 otherwise known as the Renewable Energy Act of 2008.

On December 7, 2022, the DOE approved the transition of the SESC from pre-development to development stage with a capacity of 280MW / 227 MW and issued the Certificate of Confirmation of Commerciality No. SCC-2022-22-117 for the Project located in San Isidro, Leyte.

On May 10, 2023, the DOE approved the assignment/transfer of all rights and obligations under the SESC from TPI to SISPC and issued a new Certificate of Registration under the name of SISPC.

Solar Energy Operating Contract No. 2023-10-715
On November 10, 2023, NPPGC and DOE signed SEOC No. 2023-10-715 whereby DOE granted NPPGC the exclusive right to explore, develop and utilize solar energy resources within 280 hectares of land located in the municipality of Subic in the province of Zambales.

The SESC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to NPPGC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

Solar Energy Operating Contract No. 2023-12-789
On December 19, 2023, CSPC and DOE signed SEOC No. 2023-12-789 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 102 hectares of land located in the municipality of San Antonio in the province of Zambales.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

Solar Energy Operating Contract No. 2023-12-790
On December 19, 2023, CSPC and DOE signed SEOC No. 2023-12-790 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 30 hectares of land located in the municipality of Botolan in the province of Zambales.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

Solar Energy Operating Contract No. 2023-12-795
On January 22, 2024, CSPC and DOE signed SEOC No. 2023-12-795 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 494 hectares of land located in the municipalities of Tuy and Nasugbu in the province of Batangas.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

F. LIENS AND ENCUMBRANCES

Except for the property and equipment pledged as collateral for the loans of JSI with Industrial and Commercial Bank of China (ICBC) and Security Bank Corporation (SBC), there were no other property and equipment pledged as collateral for the Group's borrowings as at December 31, 2023.

Item 3. LEGAL PROCEEDINGS

In the ordinary course of the Group's business, its subsidiaries and affiliates are a party to various legal actions that are mainly labor cases that it believes are routine and incidental to the operation of its business. The Group does not believe that it is subject to any ongoing, pending or threatened legal proceeding that is likely to have a material effect on our business, financial condition, or results of operations. However, there are a few cases that are now pending with the Courts.

Asiacrest Marketing Corporation (Asiacrest) - First Integrated Bonding and Insurance Co. (FIBIC) Case
On May 30, 2016, JSI filed a complaint against Asiacrest and FIBIC before the Construction Industry Arbitration Commission (CIAC), docketed as CIAC Case No. 23-2016, for Asiacrest's breach of its EPC Contract for the 100MW solar power plant in Subic. JSI sought to hold Asiacrest liable for amounts not to exceed ₱1,458.0 million. JSI sought to hold FIBIC, being the surety, which secured Asiacrest's performance of its obligation, jointly and severally liable to the extent of the value of the performance bond of ₱727.5 million. On March 10, 2017, the Arbitral Tribunal rendered a final award in JSI's favor. On March 29, 2017, JSI moved for the issuance of a writ of execution with the CIAC.

On March 23, 2017, FIBIC filed a Petition for Review with application for the issuance of a Temporary Restraining Order (TRO) with the Court of Appeals (CA) which was granted on April 10, 2017, conditioned upon FIBIC posting a bond equivalent to the award adjudged against it in the Final Award of CIAC. On April 18, 2017, FIBIC moved to reduce the injunction bond to 1% of the amounts adjudged against it under the Final Award, which was opposed by JSI on May 2, 2017.

In the meantime, the CIAC ordered the issuance of a writ of execution against Asiacrest on May 8, 2017, and against FIBIC on June 13, 2017. On July 10, 2017, the CA granted the Motion of FIBIC to reduce the bond and thereafter, August 10, 2017, issued a TRO to enjoin the execution of the Final Award. The TRO expired on October 9, 2017. On November 29, 2017, the CA denied FIBIC's application for a writ of preliminary injunction.

On December 29, 2017, JSI received FIBIC's Petition for Certiorari with the Supreme Court (SC). FIBIC contests the resolution of the CA denying its application for a writ of preliminary injunction. This Petition for Certiorari was denied by the SC for failure of FIBIC to show any reversible error in the CA Resolution. On June 6, 2018, the SC's resolution became final and executory and recorded in the Book of Entries of Judgments. The CA subsequently issued a Joint Decision on the merits of the Petition for Review of Asiacrest and FIBIC. The Joint Decision dismissing the said Petition for Review and affirmed the Final Award with some modifications (CA Decision). FIBIC filed a Petition for Certiorari in the SC assailing the CA Decision.

As of February 8, 2019, there is no court-issued TRO or writ of preliminary injunction which would serve to enjoin the execution of the Final Award, whether against Asiacrest or FIBIC. However, the Insurance Commission (IC) has placed FIBIC under conservatorship and on July 24, 2018, issued a Notice of Stay Order suspending all payment of claims against FIBIC effective August 3, 2018, except on prior approval by the IC or until further notice. Also, on January 21, 2019, CIAC issued an Order staying the execution of the CIAC Final Award against FIBIC during the effectivity of the Stay Order issued by the IC.

On June 26, 2019, EPI and JSI signed a Deed of Assignment, wherein JSI assigns, transfers, and conveys to EPI, on a non-recourse basis, all its rights, title and interest in and to Asiacrest and FIBIC in partial payment of EPI's advances to JSI, to the extent of ₱514.7 million. As a result of the increased credit risk associated to Asiacrest, EPI provided an allowance for impairment losses on advances to a contractor amounting to ₱514.7 million as at December 31, 2023.

On September 19, 2019, JSI received a copy of the Entry of Judgment issued by the SC. While there is no court-issued TRO or writ of preliminary injunction to stop the execution of a Final Award against either Asiacrest or FIBIC, the IC issued a Notice of Stay Order on July 24, 2018, suspending all payment of claims against FIBIC from August 3, 2018, except on prior approval by the Insurance Commissioner or until further notice. Eventually, the IC placed FIBIC under liquidation and appointed Atty. Lozada-Marquez as FIBIC's appointed liquidator.

On November 27, 2020, EPI submitted its formal claim against FIBIC to the appointed liquidator in the amount of ₱736.2 million. EPI also appealed to the liquidator and the IC to run after the reinsurance companies for the amounts they respectively insured in favor of FIBIC.

On January 17, 2024, Atty. Jose Barcelon replaced the previous appointed liquidator, Atty. Lozada-Marquez, and all the case files relating to JSI's action against FIBIC have been turned over to him for proper action. To this date, JSI's formal claim remains pending.

MGPC's Petition for Interim Measure of Protection

On March 13, 2019, MGPC was involved in a legal case after receiving a Notice of Seller Default from Occidental Mindoro Electric Cooperative, Inc. (OMECO) and, alleging therein that MGPC has failed to comply with its main obligation under the PSA for the supply of 20MW electricity.

As a result of OMECO's threatened termination of the PSA, on June 10, 2019, MGPC filed a Petition for Interim Measure of Protection (Petition) with the Branch 67 of Regional Trial Court (RTC) of Pasig City to forestall the termination of the PSA. After trial, sans presentation by OMECO of its testimonial evidence because it was not ready to present the same, the trial court denied the Petition on the ground that case is arbitrable and should observe the dispute resolution mechanism under the PSA between the parties, thus, MGPC filed a Motion for Reconsideration on the ground that pending any arbitration proceedings the trial court can exercise jurisdiction to grant interim measure of protection to prevent OMECO from terminating the PSA, but the motion for reconsideration was denied per Order dated December 18, 2020. Unsatisfied, on January 28, 2021, MGPC filed a Petition for Review under Rule 19 of A.M. No. 07-11-08-SC, otherwise known as the Special Rules of Court on Alternative Dispute Resolution with the CA, praying for the reversal of the Decision dated November 3, 2020. The petition was raffled to the CA Seventeenth Division. On July 31, 2021, OMECO belatedly filed a Motion to Admit Comment. In response, MGPC filed a Reply on October 11, 2021.

In a Resolution dated April 21, 2022, of the CA directed MGPC to file a Reply to OMECO's Motion to Admit Comment. On May 23, 2022, MGPC filed a Manifestation, noting the previous filing of a Reply on October 11, 2021, and reiterating the arguments made in said Reply.

On December 23, 2022, the CA issued a Resolution stating that the case is now deemed submitted for decision.

In a Decision dated April 20, 2023, the CA denied MGPC's Petition for Review. MGPC opted not to challenge the Decision anymore and the same became final on May 24, 2023.

MGPC's Petition for Indirect Contempt for Disobeying the Temporary Order of Protection (TOP) and Status Quo Order (SQO)

On December 4, 2019, MGPC filed a Petition for Indirect Contempt (Petition) against OMECO for the latter's Competitive Selection Process (CSP) activities for its full load power requirement, which violates the TOP and SQO issued by Branch 67 of the Pasig City RTC.

After trial, the trial court denied the Petition on the ground that the conduct of the CSP by OMECO is not included in the TOP and SQO, thus, MGPC filed a Motion for Reconsideration on February 5, 2021 but was denied per Order of the trial court dated March 4, 2021. On May 24, 2021, MGPC filed its Petition for Certiorari with the CA, challenging the Decision and Order of the Lower Court dated December 16, 2020 and March 4, 2021, respectively. On October 18, 2021, MGPC filed a Manifestation on why the instant petition should not be consolidated with those docketed a CA-G.R. No. 166764 and CA-G.R. SP No. 162890.

On November 3, 2022, MGPC filed its Memorandum praying that its Petition be given due course.

On October 20, 2023, MGPC's Petition for Certiorari dated May 24, 2021, was dismissed by the CA.

OMECO's Petition for Certiorari and Prohibition
In October 2019, OMECO filed with the CA a Petition for Certiorari and Prohibition (Petition) praying for the following: i) nullifying and setting aside the Orders by the Pasig RTC Branch 67 for having been issued without jurisdiction and in blatant contravention to the provisions of Section 43 (u) and Section 78 of the EPIRA; and ii) prohibiting the Pasig RTC Branch 67 from conducting further proceeding in the Petition for Interim Measure of Protection filed by MGPC and/or from enforcing in whatever manner the assailed Orders. On September 25, 2020, MGPC submitted its comment on the Petition. On November 17, 2021, the Court promulgated its Decision, granting OMECO's Petition for Certiorari and Prohibition and setting aside the Orders of the Lower Court that granted MGPC's Application for the issuance of a TOP. On December 13, 2021, MGPC filed a Motion for Reconsideration. On December 22, 2021, the Court issued a Resolution, referring said Motion for Reconsideration to OMECO for comment.

On February 23, 2022, MGPC received OMECO's Comment praying that the Motion for Reconsideration filed by MGPC be denied. On October 11, 2022, the Court issued a Resolution stating that MGPC's Motion for Reconsideration is submitted for resolution.

On April 3, 2023, the CA issued a Resolution denying MGPC's Motion for Reconsideration filed on December 13, 2021. MGPC decided not to contest the Resolution dated April 3, 2023 and pursue the case anymore. As a result, on November 17, 2023, the SC issued an Entry of Judgment.

Petition for Declaration of Nullity of Provincial Ordinance No. 01-2017 Imposing Real Property Tax on Mining Area Covered by MPSA No. 266-2008-XIII-SMR
TTMC filed the instant Petition to declare as null and void Provincial Ordinance No. 01-2017 imposing Real Property Tax on mining area covered by MPSA No. 266-2008-XIII-SMR of TMC for being beyond the taxing authority of the local government. Virtual trial was set April 29, 2021, since physical appearance in court is prohibited in view of the COVID-19 pandemic. During the hearing, respondent failed to appear and submit the Pre-Trial Brief, hence, TMC moved for the termination of pre-trial and presentation of TMC's evidence ex-parte which was granted by the court, thus, respondent filed Motion for Reconsideration on April 30, 2021, TMC to file its Comment/Opposition thereto. A Joint Motion that parties agree to forego presentation of evidence and just submit respective memoranda since the issues are purely legal was filed with the court.

The Joint Motion was granted by the court hence, the parties filed their respective Memoranda. Presently, the parties are still awaiting the ruling of the court thereon.

Petition for Declaration of Nullity of Municipal Ordinance No. 2017-27 Increasing the Business Tax Imposed on Mining Companies from 1% of Gross Receipts to 2% of Gross Receipts
The instant Petition was filed by TMC to declare the nullity of Claver Municipal Ordinance No. 2017-27 which increased the local business tax imposed on mining companies from 1% to 2% of the gross receipts for being violative of Sections 130 and 191 of the Local Government Code. Section 191 expressly limits any increase in business tax rate to a maximum of 10% of the current tax rate every 5 years. The total business taxes paid under protest by TMC is at ₱391.5 million collectively paid from 2018 to 2023. Memorandum was filed via registered mail on May 24, 2022.

At the Pre-Trial Conference held on April 21, 2022, considering the issues are purely legal in nature, the parties moved jointly to file simultaneous Memoranda instead of going through a full-blown trial. The court granted the same and the parties were given thirty (30) days or until May 21, 2022 to file their respective Memorandum, after which the case will be submitted for resolution. May 21, 2022 fell on a Saturday, so the parties had until May 23, 2022 to file their Memorandum.

TMC timely filed its Memorandum via registered mail on May 23, 2022. On the other hand, the Respondent Municipality of Claver filed a Motion to Admit Memorandum w/ the Memorandum attached thereto five (5) months after the deadline set by the court, TMC received a copy of the same on October 19, 2022 via electronic mail. As such, TMC filed an Opposition to the Motion to Admit Memorandum on October 27, 2022.

The Respondent Municipality of Claver filed an Urgent Motion to Admit Memorandum without further arguments dated January 27, 2023. On February 2, 2023 hearing, external counsel manifested that an Opposition was filed.

Prior to the filing of the instant Petition to declare Municipal Ordinance No. 2017-27 null and void, TMC filed an appeal of the legality of the said ordinance with the Secretary of Justice of the Department of Justice. The Secretary of Justice did not rule on the appeal within the period required by the rules; hence, the instant Petition was filed with the court. Notwithstanding the foregoing, the Secretary of Justice eventually issued a Resolution on the appeal of TMC on March 13, 2022 declaring that Municipal Ordinance No. 2017-27 was null and void. As such, TMC filed a Manifestation with the court on April 20, 2023 stating that a Resolution had been issued by the Secretary of Justice declaring the ordinance as null and void. The court has yet to resolve the same.

Petition to Recall Strategic Environmental Plan (SEP) Clearance
On December 14, 2014, the Palawan Council for Sustainable Development (PCSD) issued a SEP Clearance in favor of RTN. However, sometime in July 2019, the Environmental Legal Assistance Center, Inc. filed the instant Petition to cancel the SEP Clearance with the PCSD, alleging, among others, that issuance of the SEP Clearance violated the SEP Law, EO 23 and EO 79, and that the Mt. Bulanjao Project of RTN has adverse impacts on the environment. RTN maintains that the SEP Clearance was issued in accordance with the SEP Law and the application for the same went through the stringent evaluation and validation processes of the PCSD. The PCSD has yet to rule upon the same.

Action for Declaration of Nullity of Dinagat Island Provincial Ordinance No. 08-058 Imposing Soil Depletion Tax
This is an action for declaration of nullity of Dinagat Islands Provincial Ordinance No. 08-058 imposing a Soil Depletion Tax on mining companies operating in Dinagat Islands equivalent to 1% of the gross receipts filed by CMC. CMC's position is that the soil depletion tax is invalid as it is beyond the authority of the provincial government or any LGU to impose being in the nature of an excise tax. This is a limitation on the taxing powers of LGUs expressly provided under Section 133 (h) of the Local Government Code.

The case is presently archived pursuant to the Order from the court dated May 16, 2019. The parties have yet to move on whether the case will be reactivated.

Collection for Sum of Money for Payment of Soil Depletion Tax under Dinagat Island Provincial Ordinance No. 08-058
This is a collection for sum of money case filed by the Province of Dinagat Islands against CMC for payment of the Soil Depletion Tax under Provincial Ordinance No. 08-58 for the period June 15, 2009 to October 8, 2014 in the aggregate amount of ₱174 million. CMC is contesting the above assessment on the ground that Ordinance No. 08-58 is null and void for being an ultra vires act of the Province of Dinagat Islands as it does not have the authority to impose the same in breach of the limitation of its revenue raising power under Section 133(h) of the Local Government Code.

The case is presently archived, and the parties have yet to move on whether it will be reactivated.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters covered under this item submitted in 2023 to the security holders for a vote.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. MARKET INFORMATION

The stock prices for the Parent Company's common equity for the last three (3) years, after the effect of stock dividends, are as follows:

	High	Low
2021		
1st Quarter	₱6.32	₱4.70
2nd Quarter	₱5.70	₱5.01
3rd Quarter	₱6.21	₱5.27
4th Quarter	₱5.70	₱4.90
2022		
1st Quarter	₱9.52	₱5.07
2nd Quarter	₱8.42	₱6.10
3rd Quarter	₱6.33	₱5.01
4th Quarter	₱5.84	₱4.76
2023		
1st Quarter	₱7.70	₱6.19
2nd Quarter	₱7.07	₱5.72
3rd Quarter	₱6.35	₱5.01
4th Quarter	₱6.48	₱5.00

The share price of the Parent Company's stocks was at ₱4.32 per share as of March 13, 2024.

B. HOLDERS

The Company has 90 shareholders as of December 31, 2023, with outstanding common shares of 13,903,900,808. The top 20 stockholders of the Company as at December 31, 2023 are as follows:

Name	Citizenship	Shares	% of Ownership
PCD Nominee Corporation (Filipino)	Filipino	4,825,906,661	34.71%
Sumitomo Metal Mining Philippine Holdings Corporation (SMMPHC)	Filipino	3,614,397,887	26.00%
Asiasec Equities, Inc.	Filipino	1,830,296,491	13.16%
PCD Nominee Corporation (Non-Filipino)	Foreign	1,441,282,821	10.37%
Nonillion Holding Corp.	Filipino	1,136,000,000	8.17%
Mantra Resources Corp.	Filipino	1,000,000,000	7.19%
Gerard H. Brimo	Filipino	17,057,784	0.12%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Filipino	12,880,000	0.09%
Century Pacific Group Inc.	Filipino	4,726,876	0.03%
Ricardo Sy Po or Angelita Tan Po or Leonardo Arthur Tan Po	Filipino	3,781,501	0.03%
William T. Enrile or Nelly R. Enrile or Edwin R. Enrile or William R. Enrile II	Filipino	3,000,000	0.02%
Ronaldo B. Zamora	Filipino	2,340,403	0.02%
Megastar Agri-Farming Corporation	Filipino	2,340,000	0.02%
Harvey T. Ang	Filipino	2,000,000	0.01%
Koh Teng Ong Chong	Filipino	1,967,040	0.01%
CHS Capital Holdings Corp.	Filipino	750,000	0.01%
Eva Policar-Bautista	Filipino	658,123	0.00%

Name	Citizenship	Shares	% of Ownership
Rolando R. Cruz	Filipino	614,952	0.00%
Yee Men Siao or Charlene Sarte Yee or Dixie Jill Sarte Yee	Filipino	600,000	0.00%
Jose B. Anievas	Filipino	573,750	0.00%

C. DIVIDENDS

The following table shows the dividends declared and paid to common shareholders for the years ended December 31, 2023, 2022 and 2021:

Cash Dividends

Year	Date			Dividend Per Share	Amount Declared (in millions)
	Declaration	Record	Payment		
Regular					
2023	March 14, 2023	March 29, 2023	April 12, 2023	₱0.17	₱2,317.2
2022	March 10, 2022	March 24, 2022	April 7, 2022	0.17	2,317.2
2021	March 11, 2021	March 25, 2021	April 8, 2021	0.09	1,226.8
Special					
2023	November 9, 2023	November 24, 2023	December 7, 2023	₱0.07	₱973.3
2022	November 10, 2022	November 24, 2022	December 9, 2022	0.23	3,135.1
2022	March 10, 2022	March 24, 2022	April 7, 2022	0.05	681.5
2021	November 4, 2021	November 18, 2021	December 2, 2021	0.22	2,998.8
2021	March 11, 2021	March 25, 2021	April 8, 2021	0.14	1,908.3

NAC declares dividends to shareholders of record, which are paid from its unrestricted retained earnings. The Company’s dividend policy entitles holders of shares to receive annual cash dividends of up to 30% of the prior year's recurring attributable net income based on the recommendation of its BOD. Such recommendation will take into consideration factors such as dividend income from subsidiaries, debt service requirements, the implementation of business plans, operating expenses, budgets, funding for new investments and acquisitions, appropriate reserves and working capital, among others. Although the cash dividend policy may be changed by the BOD at any time, the Company’s current intention is to pay holders of its shares annual cash dividends at this ratio. Additionally, in the event that new investments, acquisitions or other capital expenditure plans do not materialize, the BOD plans to review the dividend policy and consider increasing the dividend ratio above 30% of the prior year's recurring net income.

NAC’s subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the declaration and payment of such dividends depends upon the respective subsidiary’s results of operations and future projects, earnings, cash flow and financial condition, capital investment requirements and other factors.

Cash dividends are paid to all shareholders at the same time and within 30 calendar days from declaration date. Stock dividends are also issued to all shareholders at the same time but subject to shareholder’s approval.

D. RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

No unregistered securities were sold in 2023.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussions and analysis are based on the audited consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, prepared in conformity with Philippine Financial Reporting Standards and accompanying Notes to the Consolidated Financial Statements and should be read in conjunction with the audited consolidated financial statements.

The Group has not, in the past five (5) years and since its incorporation, revised its financial statements for reasons other than changes in accounting policies.

Summary Financial Information

The Consolidated Financial Statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 are hereto attached.

The following tables set forth the summary financial information for the three (3) years ended December 31, 2023, 2022 and 2021 and as at December 31, 2023, 2022 and 2021:

Summary of Consolidated Statements of Income

	For the Years Ended December 31			Horizontal Analysis			
	2023	2022	2021	Increase (Decrease)		Increase (Decrease)	
		(In Thousand Pesos)		2023 vs 2022	%	2022 vs 2021	%
Revenues	₱24,700,467	₱28,003,150	₱27,404,115	(₱3,302,683)	-11.79%	₱599,035	2.19%
Costs	(10,030,801)	(9,237,117)	(8,294,584)	793,684	8.59%	942,533	11.36%
Operating expenses	(5,708,770)	(6,126,572)	(6,316,527)	(417,802)	-6.82%	(189,955)	-3.01%
Finance income	524,065	188,622	162,075	335,443	177.84%	26,547	16.38%
Finance expense	(446,701)	(306,783)	(244,081)	139,918	45.61%	62,702	25.69%
Equity in net income (loss) of associates	(1,037,821)	942,143	557,863	(1,979,964)	-210.16%	384,280	68.88%
Other income - net	21,492	841,806	701,593	(820,314)	-97.45%	140,213	19.98%
Provision for income tax - net	(2,227,996)	(3,429,136)	(3,332,280)	(1,201,140)	-35.03%	96,856	2.91%
Net income	₱5,793,935	₱10,876,113	₱10,638,174	(₱5,082,178)	-46.73%	₱237,939	2.24%
Net income attributable to:							
Equity holders of the Parent	₱3,749,656	₱7,931,150	₱7,812,575	(₱4,181,494)	-52.72%	₱118,575	1.52%
Non-controlling interests	2,044,279	2,944,963	2,825,599	(900,684)	-30.58%	119,364	4.22%
	₱5,793,935	₱10,876,113	₱10,638,174	(₱5,082,178)	-46.73%	₱237,939	2.24%

Summary of Consolidated Statements of Financial Position

				Horizontal Analysis			
	2023	2022	2021	Increase (Decrease)		Increase (Decrease)	
		(In Thousand Pesos)		2023 vs 2022	%	2022 vs 2021	%
Current assets	₱23,488,558	₱20,955,174	₱24,011,065	₱2,533,384	12.09%	(₱3,055,891)	-12.73%
Noncurrent assets	34,438,251	28,803,868	27,689,817	5,634,383	19.56%	1,114,051	4.02%
Total assets	₱57,926,809	₱49,759,042	₱51,700,882	₱8,167,767	16.41%	(₱1,941,840)	-3.76%
Current liabilities	₱9,990,199	₱4,772,920	₱11,924,982	₱5,217,279	109.31%	(₱7,152,062)	-59.98%
Noncurrent liabilities	4,831,624	4,455,303	3,446,700	376,321	8.45%	1,008,603	29.26%
Non-controlling interests	6,846,207	4,842,184	3,389,433	2,004,023	41.39%	1,452,751	42.86%
Equity attributable to equity holders of the Parent	36,258,779	35,688,635	32,939,767	570,144	1.60%	2,748,868	8.35%
Total liabilities and equity	₱57,926,809	₱49,759,042	₱51,700,882	₱8,167,767	16.41%	(₱1,941,840)	-3.76%

	For the Years Ended December 31		
	2023	2022	2021
	(In Thousand Pesos)		
Net cash flows from (used in):			
Operating activities	₱8,967,349	₱12,876,402	₱9,676,373
Investing activities	(6,168,808)	(3,898,505)	(2,819,360)
Financing activities	1,867,561	(8,824,192)	(8,048,264)
Net increase (decrease) in cash and cash equivalents	4,666,102	153,705	(1,191,251)
Cash and cash equivalents, beginning	10,809,026	10,826,806	11,835,201
Effect of exchange rate changes in cash and cash equivalents	7,337	(171,485)	182,856
Cash and cash equivalents, end	₱15,482,465	₱10,809,026	₱10,826,806

RESULTS OF OPERATIONS

Calendar year ended December 31, 2023 compared with calendar year ended December 31, 2022

Revenues
The Group's total revenues in 2023 was ₱24,700.5 million, lower by ₱3,302.7 million or 12% compared to ₱28,003.1 million in 2022 because of lower nickel ore prices caused by the growth in Indonesian nickel production.

Sale of Ore
The Group's operating mines sold a combined 16.5 million WMT of nickel ore in 2023, or 3% higher than last year's 15.9 million WMT.

Breaking down the ore sales, the Group exported 8.9 million WMT of saprolite and limonite ore to customers at the average price of $30.59 per WMT in 2023 from 8.1 million WMT at $39.39 per WMT in 2022. Likewise, the Group delivered 7.6 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of $9.89 per pound of payable nickel in 2023. This compares to 7.8 million WMT at $11.64 per pound of payable nickel in 2022. Expressed in US$ per WMT, the average price for the deliveries to the 2 HPAL plants were $14.66 and $18.72 in 2023 and 2022, respectively.

On a per mine basis, the Group's Taganito mine accounted for 50% of the total WMT of ore sold in 2023. The mine shipped 3.7 million WMT of saprolite ore and delivered 4.5 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 8.2 million WMT. The comparable figures for 2022 were 3.2 million WMT of saprolite ore and 4.7 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 7.9 million WMT.

The Rio Tuba mine accounted for 25% of the total ore sold in 2023, consist of 1.7 million WMT of saprolite ore and 2.5 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 4.2 million WMT. The comparable figures for 2022 were 1.5 million WMT and 2.7 million WMT or a total of 4.2 million WMT.

The Group's Hinatuan, Cagdianao, and Dinapigue mines exported saprolite and limonite ore of 1.6 million WMT, 1.7 million WMT, and 0.3 million WMT, respectively, in 2023, and 1.4 million WMT, 1.8 million WMT, and 0.2 million WMT, respectively, in 2022. Aside from the limonite ore deliveries from the Rio Tuba mine, the Group's Cagdianao and Dinapigue mines also delivered limonite ore to the Coral Bay processing plant for a total of 0.5 million WMT and 0.4 million WMT in 2023 and 2022, respectively.

The realized Peso/US$ exchange rate for ore sales was ₱55.78 in 2023, a 2% increase from ₱54.90 in 2022.

Sale of Limestone
Rio Tuba's revenue from sale of limestone went down to ₱175.0 million in 2023 from ₱215.6 million in 2022 because of the 17% decrease in volume delivered to customers.

Services and Others
Services revenue largely consists of payments made in consideration for hauling, manpower and other ancillary services that CDTN provides to CBNC and other third parties and TMC to THNC, and usage fee charged by TMC to THNC for the use of its pier facility. The Group's revenue from services and others improved by 52% to ₱2,265.1 million from ₱1,490.7 million mainly because of the increase in the volume of materials handled, particularly for CBNC's TSF-3 Project.

Sale of Power
Revenue from the sale of power in 2023 amounted to ₱881.5 million, or 14% higher than last year's ₱773.4 million. Despite the 8% decrease in the year-on-year average effective price, from Php5.55/kilowatt hour (kWh) to Php5.09/kWh, the generation volume of the Group's solar and diesel power plant was higher by 27%, or by 32MW, owing to higher demand, compared to the year prior. A portion of the energy generated was attributable to the completion and energization of Phase 3B, which contributed 38MW starting in the third quarter of 2022.

<u>Costs</u>
The Group's costs went up by 9% or ₱793.7 million, from ₱9,237.1 million to ₱10,030.8 million.

Cost of Sales
The 3% increase in sales volume led to the slight increase in cost of sales from ₱7,931.0 million in 2022 to ₱7,964.5 million in 2023. The movements in the cost of sales were driven by 1) higher fuel consumption by 11%, however, this was partially offset by an average 10% decline in fuel prices; 2) compared to last year, when the mines were still recovering from the impact of typhoon Odette, wherein the Surigao mines experienced almost a month without power due to damaged powerlines caused by typhoon Odette, the Group is operating normally during 2023; and 3) aside from the slight increase in the contractor's rate, the contracted tonnage was also higher in 2023.

Cost of Services
Cost of services rose by 72% to ₱1,550.8 million from ₱902.2 million following the increase in payments made to subcontractors for CBNC's TSF-3 project. Aside from this, the volume of materials handled in 2023 was higher by 26% than last year.

Cost of Power Generation
Cost of power generation went up by 28% to ₱515.5 million in 2023 from ₱403.9 million in 2022 because of higher generation volume, which increased by 27% compared in the year prior, following the completion and energization of Phase 3B in June 2022, which also led to increase in depreciation by 16%.

<u>Operating Expenses</u>
The Group's operating expenses amounted to ₱5,708.8 million in 2023 compared to ₱6,126.6 million in 2022, a decrease of ₱417.8 million, or 7%.

Shipping and Loading Costs
Shipping and loading costs were up by 1% since loading started early for some of the mines in 2023 compared to last year, when shipment started late due to inclement weather conditions. Aside from this, the volume of ore export sales increased by 9%.

Excise Taxes and Royalties
Excise taxes and royalties slid by 25% to ₱1,873.8 million from ₱2,486.3 million, mainly on account of the 16% decline in revenue from the sale of nickel ore and limestone as a result of lower nickel ore prices in 2023, and due to the reduction in the royalty rate of CMC to its claim owner, from 8.75% to 2.50%.

General and Administrative
General and administrative expenses increased by 18% from ₱1,306.3 million to ₱1,542.8 million on account of higher taxes due to the settlement of the prior year's deficiency taxes, increase in travel related expenses particularly to/from sites, additional office space rented in line with ongoing renovations and boost in publicity promotions and advertisements. Aside from this, additional expenses were incurred for the risk conference

held in Cebu and Manila, for NAC's first sustainability-run event and various employee engagement activities to promote health and wellness.

Marketing

The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 31% in 2023. The commission is based on CMC's revenue only, and CMC's revenue from the sale of ore was 27% lower in 2023 compared to last year. Further, shipments subjected to a marketing fee in 2023 were lower by 45% compared to last year.

Finance Income

Finance income significantly improved by 178% to P524.1 million from ₱188.6 million because of the improvements in the net yield of time deposit placements, which averages to 4.10% in 2023, compared to an average of 1.45% in 2022.

Finance Expenses

The Group's finance expenses rose by 46%, to ₱446.7 million from ₱306.8 million, following the increase in the domestic borrowing rate, from a range of 5.25% to 7.50% to a range of 6.59% to 8.19% and additional loans obtained from ICBC, SBC and Rizal Commercial Banking Corporation (RCBC). Aside from this, a jump in the foreign exchange rate from an average of P54.50/US$1 to P55.63/US$1 also contributed to the increase.

Equity in Net Loss (Income) of Associates,

The Parent Company registered a loss from its equity interests in the two HPAL plants in the combined amount of ₱1,037.8 million in 2023 against a profit of ₱942.1 million the year prior, or a 210% decrease. The net loss incurred by the HPAL plants was due to lower metal prices for nickel and cobalt year-on-year.

Other Income - Net

The Group's other income - net was at ₱21.5 million in 2023, compared to ₱841.6 million in 2022. The Group recognized net foreign exchange losses from its US$ denominated net financial assets in the amount of ₱79.4 million in 2023, a significant turnaround from foreign exchange gains of ₱1,215.2 million in 2022. However, the decrease in foreign exchange gains was partially offset by the increase in the valuation gains of investments in 2023 by ₱720.2 million. Impairment losses were also recognized in 2023 due to rescissions of operating contracts.

Provision for Income Tax - Net

The Group's net provision for income tax was 35% lower due to lower taxable income base on account of higher deductible expenses from actual exercise of employee stock option shares in 2023.

Net Income

As a result of the foregoing, the Group's consolidated net income was ₱5,793.9 million in 2023 compared to ₱10,876.1 million in 2022. Net of non-controlling interests, our net income was ₱3,749.7 million in 2023, or 53% lower compared to ₱7,931.1 million in 2022.

Calendar year ended December 31, 2022 compared with calendar year ended December 31, 2021

Revenues

The Group's total revenues in 2022 was ₱28,003.1 million, higher by ₱599.0 million or 2% compared to ₱27,404.1 million in 2021 because of higher nickel ore prices buoyed by high demand, favorable exchange rates and higher revenue from services.

Sale of Ore

The Group sold a total of 15.9 million WMT of nickel ore at the weighted average realized price of $29.17 per WMT in 2022, compared to 17.9 million WMT at $29.13 per WMT in 2021. The drop in sales volume was almost in direct proportion to unrealized workable days caused by unfavorable weather that adversely affected the Group's mining operations during the year.

Breaking down the ore sales, the Group exported 8.1 million WMT of saprolite and limonite ore to customers at the average price of $39.39 per WMT in 2022 from 10.8 million WMT at $40.40 per WMT in 2021. Likewise, The Group delivered 7.8 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of $11.64 per pound of payable nickel in 2022. This compares to 7.1 million WMT at $8.35 per pound of payable nickel in 2021. Expressed in US$ per WMT, the average price for the deliveries to the 2 HPAL plants were $18.72 and $12.03 in 2022 and 2021, respectively.

On a per mine basis, the Group's Taganito mine accounted for 50% of the total WMT of ore sold in 2022. The mine shipped 3.2 million WMT of saprolite ore and delivered 4.7 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 7.9 million WMT. The comparable figures for 2021 were 4.3 million WMT of saprolite ore and 4.0 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment and delivery of 8.3 million WMT.

The Rio Tuba mine accounted for 26% of the total ore sold in 2022, consist of 1.5 million WMT of saprolite ore and 2.7 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 4.2 million WMT. The comparable figures for 2021 were 1.9 million WMT and 2.9 million WMT or a total of 4.8 million WMT.

Shipments from the Group's Hinatuan mine was 1.4 million WMT in 2022 compared to 1.8 million WMT in 2021. On the other hand, the Cagdianao mine shipped 2.1 million WMT in 2022 as against 3.0 million WMT in 2021.

The realized Peso/US$ exchange rate for ore sales was ₱54.90 in 2022, an 11% increase from ₱49.48 in 2021.

Sale of Limestone
Rio Tuba's revenue from sale of limestone went down to ₱215.6 million in 2022 from ₱244.9 million in 2021 because of the 15% decrease in volume delivered to customers.

Sale of Quarry Materials
Starting the last quarter of 2021, TMC discontinued the deliveries of quarry materials to THNC due to MGB's advisory that it will discontinue the issuance of permit to quarry. TMC's last delivery of quarry materials was in October 2021 wherein it delivered 387,677 bank cubic meter (bcm) and earned ₱151.1 million in revenue.

Services and Others (excluding sale of quarry materials)
The Group's revenue from services and others improved by 131% to ₱1,490.7 million from ₱646.1 million mainly because of the services provided to CBNC's TSF-3 project, which resulted to an increase in the volume of materials handled. Services revenue largely consists of payments made in consideration for hauling, manpower and other ancillary services that RTN and CDTN provide to CBNC and TMC to THNC, and usage fee charged by TMC to THNC for the use of its pier facility.

Sale of Power
Revenue from the sale of power amounted to ₱773.4 million in 2022, higher by 52% from ₱507.9 million in 2021. Energy generated by JSI in 2022 increased by 56%, attributable mainly to the energization and subsequent commercialization of the additional 38MW capacity installed. The average WESM price for 2022 was 36% higher at ₱8.60/kWh compared to 2021 of ₱6.32/kWh. The spikes in global fuel prices in 2022 increased the offer prices of coal and other thermal plants. This factor, coupled with thin supply margin, led to higher WESM prices for the year. On the other hand, PSA average price in 2022 was 10% higher at ₱4.31/kWh compared to 2021 at ₱3.92/kWh. On a combined basis, the average selling price for 2022 is ₱5.31/kWh for both WESM and PSA, or 14% above of last year's ₱4.64/kWh.

<u>Costs</u>
The Group's costs went up by 11% or ₱942.5 million, from ₱8,294.6 million to ₱9,237.1 million.

Cost of Sales
Despite the 11% drop in sales volume caused by the late start of shipment, particularly in the Surigao mines due to unfavorable weather that adversely affected the Group's mining operations, the Group's cost of sales slightly increased by 4% to ₱7,931.0 million in 2022 from ₱7,611.8 million in 2021. The movement in the cost of sales was significantly driven by the spikes in global fuel prices, which led to an increase in fuel costs by 80% based on the average cost per liter.

Cost of Services
Cost of services rose by 181% to ₱902.2 million from ₱321.6 million following the increase in outside services due to payments made to subcontractors for the TSF-3 project of CBNC.

Cost of Power Generation
Cost of power generation went up by 12% to ₱403.9 million in 2022 from ₱361.1 million in 2021 following the completion of Phase 3A of the solar project in June 2021 and Phase 3B in June 2022, which increased depreciation by 18%, and on account of higher energy generated and delivered/sold in 2022.

<u>Operating Expenses</u>
The Group's operating expenses amounted to ₱6,126.6 million in 2022 compared to ₱6,316.5 million in 2021, a decrease of ₱190.0 million, or 3%.

Shipping and Loading Costs
Shipping and loading costs went down by 4% because of the 25% decline in the volume of ore export sales. Compared to last year, shipments for this year started late due to inclement weather conditions, particularly in the Surigao mines. Relative to this, LCT rental, stevedoring, wharfage, and ship loading personnel costs were lower in 2022.

Excise Taxes and Royalties
The Group's excise taxes and royalties slid by 8% to ₱2,486.3 million from ₱2,705.9 million because of the decrease in royalties paid to a claim owner of CMC. CMC's revenue, which was the basis for the royalty payments, was lower by 25% in 2022 compared to last year.

General and Administrative
General and administrative expenses increased by 14% from ₱1,145.9 million to ₱1,306.3 million on account of the initial contribution made to NAC Foundation Inc. and higher taxes due to several inward remittances received and documentary stamp tax, registration, and filings fees for the incorporation of GRHI. Legal fees and other service fees were also incurred in 2022 in relation to the project green metal. Moreover, due to the ease of pandemic restrictions, business costs are starting to normalize.

Marketing
The marketing cost, which includes commission and is based on a certain percentage of revenue, was lower by 18% in 2022. The commission is based on CMC's revenue only, which was 25% lower compared to last year.

<u>Finance Income</u>
The Group's finance income climbed by 16%, to ₱188.6 million from ₱162.1 million, following the increase in the net yield of time deposit placements from an average of 0.55% in 2021 to an average of 2.21% in 2022 for peso placements and 0.15% in 2021 to 2.14% in 2022 for US$ placements. Aside from this, the average principal placements were higher in 2022.

<u>Finance Expenses</u>
The Group's finance expenses rose by 26%, to ₱306.8 million from ₱244.1 million, driven by the increase in the London Inter-Bank Offered Rate (LIBOR) from an average of 0.21% to 1.75% and because of the significant jump in the average foreign exchange rate from ₱50.28/US$1 to ₱54.50/US$1. Likewise, the domestic borrowing rate rose from an average of 5.23% to an average of 5.44% and loan principal grew due to additional loans obtained from ICBC, SBC and TBEA.

<u>Equity in Net Income of Associates,</u>
Owing to the higher LME nickel prices, the Group recognized gains from its equity share in investments in the 2 HPAL plants in the combined amount of ₱942.1 million in 2022 compared to ₱557.9 million in 2021.

<u>Other Income - Net</u>
The Group's other income - net went up by 20% in 2022 to ₱841.6 million from ₱701.6 million in 2021 due to the stronger US$ against the peso, from an average of ₱50.28/US$ in 2021 to ₱54.50/US$ in 2022. The Group recognized net foreign exchange gains from its US$ denominated net financial assets in the amount of ₱1,215.2 million in 2022 compared to ₱558.9 million in 2021. However, the increase was partially offset by the

losses on mark-to-market valuation of financial assets amounting to ₱493.3 million in 2022, a major turnaround from gains of ₱69.4 million in 2021. Moreover, a gain amounting to ₱46.4 million was also recognized from the partial disposal of interest in a subsidiary leading to a loss of control.

Provision for Income Tax - Net
The Group's net provision for income tax was 3% higher due to higher taxable income base on account of higher revenue in 2022.

Net Income
As a result of the foregoing, the Group's consolidated net income was ₱10,876.1 million in 2022 compared to ₱10,638.2 million in 2021. Net of non-controlling interests, our net income was ₱7,931.1 million in 2022, slightly higher by 2% compared to ₱7,812.6 million in 2021.

Calendar year ended December 31, 2021 compared with calendar year ended December 31, 2020

Revenues
The Group's total revenues in 2021 was ₱27,404.1 million, higher by ₱5,632.5 million or 26% compared to ₱21,771.6 million in 2020 as a result of higher ore sales prices. At the same time, the surging demand for nickel fueled by doubling in sales of electric vehicles and strong growth in stainless steel production coupled with lower-than-expected nickel production, particularly out of Indonesia, resulted in nickel deficit of about 150,000 tonnes rather than a projected surplus and this has been a significant tailwind for the global nickel industry and for the Group.

Sale of Ore
The Group sold a total of 17.9 million WMT of nickel ore at the weighted average realized price of $29.13 per WMT in 2021, compared to 18.2 million WMT at $22.46 per WMT in 2020.

Breaking down the ore sales, the Group exported 10.8 million WMT of saprolite and limonite ore to customers in Japan and China at the average price of $40.40 per WMT in 2021. This compares to 10.0 million WMT at $33.99 per WMT in 2020. Likewise, The Group delivered 7.1 million WMT of limonite ore to the Coral Bay and Taganito HPAL plants, the prices of which are linked to the LME, and realized an average price of $8.35 per pound of payable nickel. This compares to 8.2 million WMT at $6.22 per pound of payable nickel in 2020. Expressed in US$ per WMT, deliveries to the 2 HPAL plants generated $12.11 and $8.33 per WMT in 2021 and 2020, respectively.

On a per mine basis, the Group's Taganito mine accounted for 46% of total shipments in 2021. The mine shipped 4.3 million WMT of saprolite ore and delivered 4.0 million WMT of limonite ore to the Taganito HPAL plant, or a total combined shipment of 8.3 million WMT. The comparable figures for 2020 were 3.6 million WMT of saprolite ore and 4.9 million WMT of limonite ore to the Taganito HPAL plant, or a combined shipment of 8.5 million WMT.

The Rio Tuba mine accounted for 27% of total shipments, consist of 1.9 million WMT of saprolite ore and 2.9 million WMT of limonite ore delivered to the Coral Bay HPAL plant or a total of 4.8 million WMT. The comparable figures for 2020 were 2.0 million WMT and 3.0 million WMT or a total of 5.0 million WMT.

Shipments from the Group's Hinatuan mine was 1.8 million WMT in 2021 compared to 1.7 million WMT in 2020. On the other hand, the Cagdianao mine shipped 3.0 million WMT in 2021 and 2020.

The realized Peso/US$ exchange rate for ore sales was ₱49.48 in 2021 compared to ₱49.15 in 2020.

Sale of Limestone
Rio Tuba's revenue from sale of limestone went down to ₱244.9 million in 2021 from ₱360.3 million in 2020 because of the 32% decrease in volume delivered to customers.

Sale of Quarry Materials
Revenue from sale of quarry material was 62% lower than last year due to lower deliveries of quarry materials to THNC. In 2021, TMC delivered 387,677 bcm only of quarry materials compared to 1,019,473 bcm in 2020.

Services and Others (excluding sale of quarry materials)
The Group's revenue from services and others improved by 3% to ₱646.1 million from ₱629.5 million following the 17% increase in the materials handled by RTN and CDTN for CBNC and TMC for THNC.

Sale of Power
Revenue from the sale of power amounted to ₱507.9 million in 2021, higher by 76% from ₱288.2 million in 2020. Energy generated by JSI in 2021 increased by 96%, attributable mainly to the energization and subsequent commercialization of the additional 30MW capacity installed. The average WESM price for 2021 was 137% higher at ₱6.41/kWh compared to 2020 of ₱2.70/kWh. WESM retained the low spot prices at the onset of 2021. As the dry season approached, there was a higher demand and persistently thin supply margin which drove WESM prices higher. The WESM also shifted from one (1) hour to a five (5) minute market. With this, prices are more reflective of real-time market and system conditions, including sudden dips and spikes in market prices. On the other hand, PSA average price in 2021 remained similar to 2020 at ₱3.90/kWh. On a combined basis, the average selling price for 2021 is ₱4.64/kWh for both WESM and PSAs, or 41% above of last year's ₱3.30/kWh.

Meanwhile, the energy delivered by the Group's diesel power plant in 2021 was considerably higher by 74% compared to 2020 due to higher load nomination from SURNECO, the sole customer of the diesel power plant. This increase in energy output translates to 8% increase in revenue from the diesel power plant.

<u>Costs</u>
The Group's costs went up by 2% or ₱132.8 million, from ₱8,161.8 million to ₱8,294.6 million.

Cost of Sales
The Group's cost of sales increased by 1% to ₱7,611.8 million in 2021 compared to ₱7,520.0 million in 2020. The production volume of our mines increased, particularly the Surigao mines, due to shorter days of rainfall. But this also led to higher fuel consumption coupled with higher average fuel price per liter and higher contract mining cost. Backfilling cost associated with the uneven or slope terrain and distance of the mined-out-areas also contributed to the increase in our cost of sales. However, this was partially offset by lower quarry materials delivered to THNC in 2021, which was 62% lower compared to 2020.

Cost of Services
Cost of services decreased by 2% to ₱321.6 million from ₱328.6 million despite of the 17% increase in the volume of materials handled due to lower overhead cost.

Cost of Power Generation
Cost of power generation went up by 15% to ₱361.1 million in 2021 from ₱313.2 million in 2020 following the completion of Phase 3A of the solar project in June 2021, which resulted to a 16% increase in depreciation, and on account of higher energy generated and delivered/sold in 2021.

<u>Operating Expenses</u>
The Group's operating expenses amounted to ₱6,316.5 million in 2021 compared to ₱5,692.9 million in 2020, an increase of ₱623.6 million, or 11%.

Shipping and Loading Costs
Shipping and loading costs went up by 6% because of the 8% increase in volume of ore export sales. Advance ship loading activities were conducted by the mines which increased the contracted services for the LCTs. Moreover, the Group incurred higher equipment rental due to late arrival of in-house equipment as a result of the COVID-19 restrictions and increase in fuel consumption in some of the mines due to the long distance from stockpile area to barge/loading area.

Excise Taxes and Royalties
The Group's excise taxes and royalties rose by 21% to ₱2,705.9 million from ₱2,244.4 million because of higher revenues resulting from higher ore sales prices.

General and Administrative
General and administrative expenses increased by 3% from ₱1,117.7 million to ₱1,145.9 million mainly due to the costs incurred in relation to the SAP migration project of 5 companies, such as but not limited to service fees of contractors for system support and maintenance, upgrade of internet connectivity and data storage, and amortization of the software cost.

Marketing
Marketing costs went up by 1% from ₱208.1 million in 2020 to ₱209.1 million in 2021, driven mainly by the slight increase in the commission paid by CMC to its claim owner.

Finance Income
The Group's finance income declined by 32%, to ₱162.1 million from ₱238.3 million, following the significant drop in the net yield of time deposit placements. Also, the average principal placements were slightly lower in 2021.

Finance Expenses
The drop in the Group's finance expenses by 11%, to P244.1 million from ₱274.5 million, was driven by the continuous decline in the LIBOR from an average of 1.23% to 0.21% as a result of the COVID-19 global pandemic. Likewise, domestic borrowing rate fell from an average of 6.19% to an average of 5.23% and guarantee fee rate from 1% to 0.6% starting September 2020.

Equity in Net Income of Associates,
Following higher nickel LME prices, the Group recognized a gain from its equity share in investments in the 2 HPAL plants in the combined amount of ₱557.9 million in 2021 compared to ₱190.4 million in 2020.

Other Income (Charges) - Net
The Group's other income - net went up by 367% in 2021 to ₱701.6 million from other charges - net of ₱263.2 million in 2020 due to the stronger US$ against the peso, from around ₱48/US$ in 2020 to ₱51/US$ in 2021. The Group recognized net foreign exchange gains from its US$ denominated net financial assets in the amount of ₱558.9 million in 2021, a major turnaround from net foreign exchange losses of ₱450.8 million in 2020.

Provision for Income Tax - Net
Despite of the reduced income tax rate from 30% to 25%, the Group's net provision for income tax was higher by 44% due to higher taxable income base on account of higher revenue in 2021.

Net Income
As a result of the foregoing, the Group's consolidated net income was ₱10,638.2 million in 2021 compared to ₱5,489.0 million in 2020. Net of non-controlling interests, our net income was ₱7,812.6 million in 2021, remarkably higher by 92% compared to ₱4,068.7 million in 2020.

FINANCIAL POSITION

Calendar year as at December 31, 2023 and 2022

As at December 31, 2023, the Group's total assets increased by 16% to ₱57,926.8 million from ₱49,759.0 million as of the end of 2022.

Current assets as of the end of 2023 was higher by 12% at ₱23,488.6 million compared to ₱20,955.2 million as of the end of 2022 mainly due to collections of receivables, and disposal of offshore investments.

Noncurrent assets improved by 20% from ₱28,803.9 million to ₱34,438.3 million which was attributable mainly to the acquisitions of property and equipment, including the advances and downpayments made to suppliers, intended for the renewable energy projects and in preparation for the mine operations, particularly of the new mines.

Current liabilities were higher by 109%, from ₱4,772.9 million to ₱9,990.2 million, due to additional short-term loans obtained by EPI from SBC and RCBC to finance the construction of JSI's Phase 4A - 72MW solar project and the Cawag project.

Noncurrent liabilities rose by 8% to ₱4,831.6 million from ₱4,455.3 million due to the additional bank loans obtained by JSI, to finance its Phase 3 solar project and to refinance the shareholder's loan used for Phase 3 expansions, and by DMC, to finance the construction of its permanent causeway. Further, the long-term lease agreement for the use of office space and parking in the head office was renewed and new long-term lease agreements were signed, which led to the recognition of ₱236.3 million lease liability for the right-of-use. There was also adjustment in the provision for mine rehabilitation and decommissioning which further increased the liability by ₱86.8 million as of end of 2023.

The Group's equity net of non-controlling interests as at December 31, 2023 improved by 2% to ₱36,258.8 million due to the Group's continued profitable operations and the issuance of shares upon exercise of stock options, less the impact of the translation adjustments on the balances of the associates and cash dividends paid.

Calendar year as at December 31, 2022 and 2021

As at December 31, 2022, the Group's total assets reduced by 4% to ₱49,759.0 million from ₱51,700.9 million as of the end of 2021.

Current assets as of the end of 2022 was lower by 13% at ₱20,955.2 million compared to ₱24,011.1 million as of the end of 2021 due to acquisitions of additional shares of CBNC from SMM amounting to ₱1,530.3 million and advances or downpayments made for the acquisitions of property and equipment for the Manicani and Dinapigue mining operations and for JSI's Phase 4A of the solar project and other projects of the renewable energy business units.

Noncurrent assets improved by 4% from ₱27,689.8 million to ₱28,803.9 million which was attributable mainly from the favorable results of operations of the Parent Company's associates in 2022, additional shares or investment in CBNC and the impact of foreign exchange in the balances of associates since the associate's reporting currency is in US$.

Current liabilities significantly declined by 60% to ₱4,772.9 million from ₱11,925.0 million following the loss of control of EPI in BGI resulting to the derecognition of the liabilities of BGI in the group consolidation.

Noncurrent liabilities rose by 29% to ₱4,455.3 million from ₱3,446.7 million due to the additional loans obtained by JSI from ICBC, SBC and TBEA for the Phase 3 expansions of the solar project.

The Group's equity net of non-controlling interests as at December 31, 2022 improved by 8% to ₱35,688.6 million due to the Group's continued profitable operations net of cash dividends paid and the impact of the translation adjustments on the balances of the associates.

Calendar year as at December 31, 2021 and 2020

As at December 31, 2021, the Group's total assets climbed by 6% to ₱51,700.9 million from ₱48,913.3 million as of the end of 2020.

Current assets in 2021 was higher by 9% at ₱24,011.1 million as of the end of 2021 compared to ₱22,012.0 million as of the end of 2020 due to the cash dividends received from the subsidiaries wherein the excess cash were placed either in short-term cash investments or investments under managed funds.

Noncurrent assets improved by 3% from ₱26,901.3 million to ₱27,689.8 million which was attributable mainly from the favorable results of operations of the Parent Company's associates in 2021.

Current liabilities rose by 9% to ₱11,925.0 million from ₱10,944.3 million due to higher cash dividends payable to non-controlling interests of TMC and RTN in December 2021 compared to the same period in 2020.

Noncurrent liabilities slightly rose by 2% to ₱3,446.7 million from ₱3,372.2 million following the adjustments made in the capitalized cost of mine rehabilitation and decommissioning.

The Group's equity net of non-controlling interests as at December 31, 2021 improved by 6% to ₱32,939.8 million due to the Group's continued profitable operations net of cash dividends paid.

CASH FLOWS

Calendar years ended December 31, 2023, 2022 and 2021

Net cash flows from operating activities in 2023, amounting to ₱8,967.3 million, was lower compared to ₱12,876.4 million in 2022 and ₱9,676.4 million in 2021 due to lower collections from the sale of ore on account of lower revenue in 2023 compared to previous years, as a result of lower nickel ore prices.

For its investment activities, the Group spent a significant amount on its capital expenditures in 2023, primarily for the construction of JSI's 72MW solar project, DMC's permanent causeway, and the re-fleeting of mining equipment, which amounted to ₱6,353.4 million compared to ₱2,485.0 million in 2022 and ₱1,774.4 million in 2021. Due to these, cash flows used in investing activities amounted to ₱6,168.8 million in 2023, ₱3,898.5 million in 2022, and ₱2,819.4 million in 2021.

In 2023, the Group is in a positive cash position for its financing activities due to the following: 1) additional bank loans obtained by EPI and JSI amounting to a total of ₱4,681.7 million, net of debt issue costs, which was used for the construction of JSI's 72MW solar project, for the Cawag project and to refinance the shareholder's loans used for Phase 3 expansions; 2) new loans obtained by DMC amounting to ₱537.2 million for the construction of its permanent causeway; 3) additional equity call of GRHI and 4) proceeds from exercise of employee stock options. Aside from this, cash dividends paid in 2023 were lower since there was only one special cash dividend declared in 2023 compared to two in 2022 and 2021.

As at December 31, 2023, 2022 and 2021, cash and cash equivalents amounted to ₱15,482.5 million, ₱10,809.0 million, and ₱10,826.8 million, respectively.

TOP FIVE KEY PERFORMANCE INDICATORS

1) SALES VOLUME

The volume of saprolite ore that the Group sells largely depends on the grade of saprolite ore that it mines. The volume of limonite ore that it sells to customers in China largely depends on the demand for NPI and carbon steel in China. PAMCO purchases high-grade saprolite ore that the Group can extract and ship at any given time. With respect to low-grade saprolite and limonite ore, in periods when the Group can extract more ore than it is able to ship, it generally continues its mining operations and stockpiles such ore for sale when demand improves or when prices rise to more attractive levels. As stated above, the volume of the Group's low-grade saprolite and limonite ore sales to Chinese customers is roughly correlated with the LME nickel price, with volume increasing as nickel prices rise. In addition to sales of nickel ore to PAMCO and customers in China, the Group sells limonite ore from its Rio Tuba, Cagdianao and Dinapigue mines to the Coral Bay HPAL facility, in which NAC has a 15.62% equity interest, and from Taganito mine to the Taganito HPAL facility, in which the Parent Company holds a 10% equity interest. CBNC purchases an amount of limonite ore from the Group sufficient to meet its ore requirements. The annual capacity of its Coral Bay HPAL facility was originally 10,000 tonnes of contained nickel and was expanded to 20,000 tonnes of contained nickel in the second half of 2009, resulting in a higher volume of limonite ore sales from RTN. In 2010, the Coral Bay HPAL facility was able to attain an annual capacity of 24,000 tonnes as a result of the facility's expansion in 2009 which became fully operational in 2010. The Taganito HPAL facility has an annual capacity of 30,000 tonnes of mixed nickel-cobalt sulfide over an estimated 30-year project life.

Type and Grade of Ore that the Group Mines
The Group realizes higher sales prices for saprolite ore than for limonite ore. Accordingly, the type and grade (which is a factor of nickel content) of the ore that the Group mines affects its revenues from year to year. The quantity of saprolite ore that it mines annually depends on the customer demand and the availability of such ore at its mine sites. The mix between high-and low-grade saprolite ore at the Group's mine sites coupled with its long-term mining plan determines the quantities of each that it extracts on an annual basis. The quantity of limonite ore that it mines on an annual basis depends on the amount of such ore that needs to be removed to extract the saprolite ore, as well as market demand.

In 2023 and 2022, the Group sold an aggregate of 16.5 million WMT and 15.9 million WMT, respectively.

2) TOTAL COST PER VOLUME SOLD

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

The total cost includes cost of sale of ore, shipping and loading costs, excise taxes and royalties, general and administrative expenses and marketing incurred by the Group.

The average total cost per volume sold in 2023 is ₱802.80 per WMT based on aggregate costs of ₱13,207.9 million and a total sales volume of 16.5 million WMT of ore. This compares to ₱853.24 per WMT in 2022 based on aggregate costs of ₱13,599.2 million and a total sales volume of 15.9 million WMT of ore.

3) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit for the year, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income attributable to equity holders of the Parent Company is ₱3,749.7 million in 2023 compared to ₱7,931.1 million in 2022.

4) NUMBER OF HECTARES OF OPEN AREA PER MILLION WMT SOLD

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the DENR, through the issuance of DAO 2018-19, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. All NAC operating companies are well within the norm of the DENR which is 26 hectares per million WMT sold. In 2023 and 2022, the open hectares per million WMT sold was 17.81 and 16.61, respectively.

5) FREQUENCY RATE

Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations. The Group measures its safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the year. In 2023 and 2022, the Group's frequency rate is nil in both years.

OFF-BALANCE SHEET ARRANGEMENTS

Under the Suretyship Agreement executed by and between the Parent Company and SBC on August 4, 2015, the Parent Company, solidarily with EPI, guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC (see Note 14 to the Consolidated Financial Statements).

On August 2, 2021, JSI entered into an Omnibus Loan and Security Agreement to document the syndicated loan with 2 banks as lenders, i.e., ICBC and SBC, with the Parent Company forming part of the Share Collateral Security Grantors and Sponsors together with EPI and TBEA (see Note 14 to the Consolidated Financial Statements).

Item 7. FINANCIAL STATEMENTS

The audited financial statements are presented in Part V, Exhibits and Schedules.

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

The Group's consolidated financial statements have been audited by SyCip Gorres Velayo & Co. (SGV & Co.), a member practice of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein.

Ms. Eleanore A. Layug is the Company's current audit partner. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

Audit and Audit-Related Fees
For the years 2023, 2022 and 2021, SGV & Co. was engaged primarily to express an opinion on the financial statements of the Parent Company and its subsidiaries.

Non-Audit Services Fees
Non-audit services fees pertain to fees paid to SGV & Co. for the limited review, transfer pricing study and tax seminar fees.

The following table sets out the aggregate fees incurred in 2023 and 2022 for professional services rendered by SGV & Co.:

	2023	2022
	(In Thousands)	
Audit and Audit-Related Services	₱20,674	₱18,413
Non-Audit Services	1,890	5,580
Total	₱22,564	₱23,993

Audit Committee's Approval of Policies and Procedures
Prior to the commencement of the year-end audit work, SGV & Co. present their program and schedule to the Company's Audit Committee, which include discussion of issues and concerns regarding the audit work to be done. At the completion of the audit works, the Group's audited financial statements for the year are likewise presented by SGV & Co. to the Audit Committee for committee approval and endorsement to the BOD for final approval. The Audit Committee pre-approve the terms of the annual audit services engagement. They also approve, if necessary, any changes in terms resulting from changes in audit scope.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

A. LIST OF DIRECTORS, EXECUTIVE OFFICERS AND COMMITTEES OF THE ISSUER

The BOD is principally responsible for the Company's overall direction and governance. The Company's Articles of Incorporation provide for 9 members of the BOD, who shall be elected by the stockholders. At present, 2 of the Company's 9 directors are independent directors. The BOD holds office for 1 year until their successors are elected and qualified in accordance with the by-laws.

DIRECTORS

The following are the present directors of the Company:

Name	Age	Citizenship	Position	Date First Elected	Date Last Elected	No. of Years served as Director
Gerard H. Brimo	72	Philippine National	Executive Director, Chairman of the Board	August 1, 2009	June 2, 2023	14 years and 5 months
Maria Patricia Z. Riingen	57	Philippine National	Vice Chairman	May 20, 2019	June 2, 2023	4 years and 8 months
Martin Antonio G. Zamora	51	Philippine National	Executive Director, President, and Chief Executive Officer (CEO)	June 16, 2010	June 2, 2023	13 years and 7 months
Harvey T. Ang	50	Philippine National	Director	June 3, 2022	June 2, 2023	1 year and 7 months
Yusuke Niwa	56	Japanese National	Non-Executive Director	August 5, 2021	June 2, 2023	2 years and 5 months
Shiro Imai	50	Japanese National	Non-Executive Director	June 30, 2022	June 2, 2023	1 year and 6 months
Leonides Juan Mariano C. Virata	42	Philippine National	Non-Executive Director	June 30, 2022	June 2, 2023	1 year and 6 months
Florencia G. Tarriela	76	Philippine National	Lead Independent Director	August 4, 2022	June 2, 2023	1 year and 5 months
Angelo Raymundo Q. Valencia	55	Philippine National	Independent Director	May 8, 2020	June 2, 2023	3 years and 7 months

Certain information on the business and working experience of the Company's Directors and Executive Officers is set out below:

GERARD H. BRIMO is the Chairman of the BOD of the Company since August 7, 2018. He is the Chairman of the Corporate Governance Committee of the Company. He is also the Chairman of CMC, DMC, HMC, CEXCI, Newminco, CDTN, and an Independent Director of SBC and Commonwealth Foods, Inc. Prior to his career in mining, he worked for Citibank for 8 years and was a Vice President in the bank's Capital Markets Group in Hong Kong, prior to joining Philex Mining Corporation as Vice President - Finance. Mr. Brimo served as Chairman and CEO of Philex Mining Corporation from 1994 to his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, as Chairman from 1995 to 2003 and from 2017 to 2021. He received his Bachelor of Science degree in Business Administration from Manhattan College, U.S. and his Master of Business Management degree from the Asian Institute of Management.

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

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

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

YUSUKE NIWA is the General Manager of the Nickel Sales and Raw Materials Department, Non-Ferrous Metals Division of SMM. He has more than 30 years of experience in SMM's non-ferrous metals and materials businesses, specializing in the fields of accounting, project management and administration. He likewise held significant posts relative to the Sierra Gorda copper mine of SMM in Chile.

Mr. Niwa is also an incumbent director of the Company's affiliates, THNC, CBNC and Nickel Asia Holdings Inc. He obtained his Bachelor of Science degree in Political Science and Economics from Waseda University in Tokyo, Japan.

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

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

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

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

ANGELO RAYMUNDO Q. VALENCIA was first elected as an Independent Director of the Company on May 8, 2020. He is the Chairman of the Board Risk Oversight Committee and a member of the Related Party Transactions, Sustainability, and Nominations Committees of the Board. Mr. Valencia is a Senior Fellow at the Development Academy of the Philippines, and a Lecturer at the Armed Forces of the Philippines Command Staff Graduate Course. He also serves as Senior Advisor to the NOLCOM Heroes Foundation, Philippine Marine Corps and Armed Forces of the Philippines Leadership Development Center. Mr. Valencia is also an Independent Director at Country Bankers Life and Non-Life Insurance Corporation. He is also the Managing Director of Community Sustainability Ventures, Inc., President and Chairman of YD Trucking Services Corp. and Shitamachi Ramen Philippines, Inc., Director of Just Projects Philippines, Inc. and Mashiglia Inc., and Compliance Officer of A Plus Credit and Lending Group of Companies. He was also a Senior Corporate and Tax Counsel of LTG and Chief Operating Officer of Mindanao Grains Processing Co., Inc. Mr. Valencia has received numerous awards and citations for his public service endeavors. He founded the project *Klasrum ng Pag-asa*, a private sector initiative that builds, augments and reconstructs public school structures nationwide. He obtained his Juris Doctor from the Ateneo School of Law in 1998. He is a member of the Philippine Bar.

EXECUTIVE OFFICERS

The Company's Executive Officers, together with its Executive Directors, are responsible for its day-to-day management and operations. The following table sets forth information regarding the Company's Executive Officers.

Name	Age	Citizenship	Position as of December 31, 2023	Position as of March 13, 2024
Jose Bayani D. Baylon	61	Philippine National	Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer	Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer
Koichi Ishihara	50	Japanese National	Vice President, Officer-in-Charge, Chief Commercial Officer - Mining Business	Senior Vice President - Chief Commercial Officer
Georgina Carolina Y. Martinez	57	Philippine National	Senior Vice President - Compliance and Corporate Support Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary	Senior Vice President - Corporate Support and Compliance Services, Chief Compliance Officer, Chief Governance Officer, and Assistant Corporate Secretary
Romeo T. Tanalgo	62	Philippine National	Vice President - Internal Security, and Chief Security Adviser	Senior Vice President - Chief Security and Aviation Officer
Maria Angela G. Villamor	58	Philippine National	Senior Vice President - Finance and Revenue Management Group; Chief Financial Officer	Senior Vice President - Finance; Chief Financial Officer
Rolando R. Cruz	63	Philippine National	Vice President - Nickel Mining Business	Vice President - Nickel Mining Business
Andre Mikael L. Dy	41	Philippine National	Vice President - Treasury, Investor Relations and Sales	Vice President - Treasury, Investor Relations and Sales
Jeffrey B. Escoto	48	Philippine National	Vice President - Supply Chain Management and Technical Services	Vice President - Supply Chain Management and Technical Services
Christopher C. Fernandez	60	Philippine National	Vice President - Process and Technology Innovation	Vice President - Technology and Transformation
Patrick S. Garcia	49	Philippine National	Vice President - Internal Audit; Chief Audit Executive	Vice President - Internal Audit; Chief Audit Executive
Ryan Rene C. Jornada	45	Philippine National	Vice President - Corporate and Regulatory Affairs and Community Relations	Vice President - Corporate and Regulatory Affairs and Community Relations
Maria Fatima C. Mijares	56	Philippine National	Vice President - Human Resources	Vice President - Human Resources
Arnilo C. Milaor	64	Philippine National	Vice President - Nickel Mining Business	Vice President - Nickel Mining Business
Cynthia E. Rosero	55	Philippine National	Vice President - Mining Center of Excellence and Strategic Projects	Vice President - Mining Center of Excellence and Strategic Projects
Bimbo T. Almonte	42	Philippine National	Assistant Vice President - Occupational Health	Assistant Vice President - Health
Salvador C. Cabauatan	59	Philippine National	Assistant Vice President - Facility Management and Aviation	Assistant Vice President - Facility Management
Remedios C. Camo	38	Philippine National	Assistant Vice President - Safety, Health, and Environment	Assistant Vice President - Safety and Environment

Name	Age	Citizenship	Position as of December 31, 2023	Position as of March 13, 2024
Edwin R. Casiano	51	Philippine National	Assistant Vice President - Mining Business	Assistant Vice President - Mining Business
Fernando P. Cruz	57	Philippine National	Assistant Vice President - Mining Comptroller	Assistant Vice President - Mining Comptroller
Reynaldo M. Dela Rosa	50	Philippine National	Assistant Vice President - Community Relations	Assistant Vice President - Community Relations
Christian Jae R. Gascon	36	Philippine National	Assistant Vice President - Mining Business	Assistant Vice President - Mining Business
Rodrigo G. Gazmin, Jr.	63	Philippine National	Assistant Vice President - Material Management	Assistant Vice President - Material Management
Philipp D. Ines	58	Philippine National	Assistant Vice President - Mining Business	Assistant Vice President - Mining Business
Marnelle A. Jalandoon	53	Philippine National	Assistant Vice President - Business Applications	Assistant Vice President - Development Operations
Melchor C. Mananes	38	Philippine National	N/A	Assistant Vice President - Financial Planning and Analysis
Reynold DG. Mata II	45	Philippine National	Assistant Vice President - Business Development and Strategic Projects	Assistant Vice President - Business Development and Strategic Projects
Christine Joanne C. Navarro	43	Philippine National	Assistant Vice President - Legal and Data Protection Officer	Assistant Vice President - Legal and Data Protection Officer
Edwin P. Nerva	48	Philippine National	Assistant Vice President - Sustainability	Assistant Vice President - Sustainability
Iryan Jean U. Padillo	42	Philippine National	Assistant Vice President - Business Comptroller	Assistant Vice President - Business Comptroller
Jessie N. Pagaran	61	Philippine National	Assistant Vice President - Employee, Labor, and Industrial Relations Division	Assistant Vice President - Employee, Labor, and Industrial Relations Division
Walter B. Panganiban	47	Philippine National	Assistant Vice President - Risk Management Sector *	N/A
Teody A. Pascual	59	Philippine National	Assistant Vice President - Service Management Sector	Assistant Vice President - Service Management Sector
Jessie A. Payuyo	48	Philippine National	Assistant Vice President - Mining Comptroller	Assistant Vice President - Mining Comptroller
Kristine Grace C. Victoria	36	Philippine National	Assistant Vice President - Geology and Quality Assurance	Assistant Vice President - Geology
Charito R. Villena-Co	46	Philippine National	Assistant Vice President - Tax Compliance and Advisory Services Sector	Assistant Vice President - Tax Compliance and Advisory Services Sector
Barbara Anne C. Migallos	68	Philippine National	Corporate Secretary	Corporate Secretary

* *resigned effective December 31, 2023*

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

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

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

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

ROMEO T. TANALGO is the Senior Vice President - Chief Security and Aviation Officer effective March 13, 2024. He was the Vice President - Internal Security, and Chief Security Adviser until December 31, 2023. He was the consultant of the Company for security matters from May 1, 2019 until his appointment as Vice President on August 6, 2019. He was the Chief of the Armed Forces of the Philippines, North Luzon Command from March 10, 2016 until his retirement on September 4, 2017. Prior thereto, he was appointed as Vice Chief of Staff at Armed Forces of the Philippines on October 20, 2015. He also served as Commandant, Philippine Marine Corps from April 2013 to December 2015. Gen. Tanalgo is a member of the Philippine Military Academy "Matikas" Class of 1983 and obtained his Master in Development Management from the Asian Institute of Management and his Master in Maritime Studies from the University of Wollonong in Australia.

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

ROLANDO R. CRUZ is the Vice President - Nickel Mining Business of the Company effective January 1, 2023. He was the Vice President - Corporate Planning and Revenue Assurance from March 10, 2022 until December 31, 2022. He was also the Vice President, Officer-in-Charge of the Strategic Development and Growth Group, and Head of the Research and Technology, Innovations, and Corporate Special Projects

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

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

JEFFREY B. ESCOTO is the Vice President - Supply Chain Management and Technical Services of the Company. He was the Assistant Vice President - Technical Services of the Company from January 1, 2023 until March 15, 2023. Prior to his appointment as Head of the Technical Services Sector of the Company in 2019, he was the Technical Services Group Manager of HMC from December 2013 until August 5, 2019 and the Technical Services Head of CMC from 2009 to 2013. He also served as Site Manager of Maxima Machineries, Inc. on various project sites, managing an on-site support team in Masbate Gold Project from 2008 to 2009, in Oceana Gold's Didipio Gold Copper Mining Project in 2008 and in Rapu Polymetallic Mine Project of Lafayette Mining in Albay from 2005 to 2008. Mr. Escoto obtained his Bachelor's degree in Mechanical Engineering from the University of Nueva Caceres in Naga City.

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

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

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

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

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

CYNTHIA E. ROSERO, Vice President - Mining Center of Excellence and Strategic Projects of the Company. She has over 30 years of experience in the mining industry. She was with RTN for almost 30 years where she started as a Junior Mining Engineer and rose from the ranks until she was appointed as Resident Mine Manager in 2019. She is the Philippines' First Woman Resident Mine Manager in the mining industry and was hailed as the "Most Empowered Woman in Mining" by the MGB-MIMAROPA Region in 2019. She obtained her Bachelor of Science in Mining Engineering from the Cebu Institute of Technology. She also has a Diploma in Metallurgical Engineering Technology (Major in Quality Control) from Mindanao State University - lligan Institute of Technology.

BIMBO T. ALMONTE is the Assistant Vice President - Health effective January 1, 2024. He was the Assistant Vice President - Occupational Health Sector until December 31, 2023. He served as the Occupational Health Physician, Internal Medicine Specialist and Medical Director of RTNFI Hospital and Occupational Health Physician of RTN, CBNC and affiliated contractors before assuming his current position. He began his career in RTNFI in 2002 as a Medical Technologist Reliever. He is a licensed Medical Technologist and Physician. He obtained his Bachelor of Medical Technology from Far Eastern University - Dr. Nicanor Reyes Memorial Foundation and Doctor of Medicine from Our Lady of Fatima University. He received his specialization in Internal Medicine from St. Luke's Medical Center Global City and Master in Management in Hospital Administration from Philippine Christian University.

SALVADOR C. CABAUATAN is the Assistant Vice President - Facility Management effective January 1, 2024. He was the Assistant Vice President - Facility Management and Aviation of the Company until December 31, 2023. He was also the General Administrative Manager of TMC from October 2019 until his appointment in the Company, and of CMC from July 2012 until September 2019. Before joining the Group, he worked for Philip Morris Philippines Manufacturing Inc. as Supervisor in its Export Operations Services Department. He obtained his Bachelor of Science in Commerce, major in Accounting, from Laguna College of Business and Arts; Master in Business Administration from St. Paul University - Surigao; and Doctor of Philosophy, major in Business and Management from St. Paul University - Surigao.

REMEDIOS C. CAMO is the Assistant Vice President - Safety and Environment effective January 1, 2024. She was the Assistant Vice President - Safety, Health, and Environment until December 31, 2023. She previously served the Company as OIC - Industrial Safety Sector Head prior to her promotion. She served RTN in various capacities, including MESH Division Manager, Safety Manager, and IMS Project-in-Charge. Prior thereto, she was employed as a Safety and Health Department Head of Carrascal Nickel Mining Corporation. She is a licensed Mining Engineer. She earned her Bachelor of Science in Mining Engineering from University of the Philippines - Diliman.

EDWIN R. CASIANO is an Assistant Vice President - Mining Business of the Company. He is also the Resident Mine Manager of DMC. Prior thereto, he served as Mine Operations Manager of HMC for 4 years, and Mine Production Manager for 2 years. He started his career with TMC as a Junior Mining Engineer in 1998. Mr. Casiano obtained his Bachelor of Science in Mining Engineering from Adamson University.

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

REYNALDO M. DELA ROSA is the Assistant Vice President - Community Relations of the Company since August 3, 2023. He has been involved in external affairs, community development and public relations work, information and education campaigns and CSR projects for almost 27 years. Prior to his appointment, Mr. Dela Rosa was the Community Relations and External Affairs Manager of RTN and Officer-in-Charge of the Company's Community Relations department. As Community Relations and External Affairs Manager of RTN for 10 years, he spearheaded RTN's Community Relations and Assistance Program and CSR programs, projects and activities. He was also in charge of RTN's SDMP. He also served as Senior Development Communication Specialist/Information, Education and Communication Officer for TMC for two years. Mr. Dela Rosa obtained his Bachelor of Arts Major in Philosophy and Minor in Social Science from Saint Vincent Ferrer Seminary. He obtained his Master in Arts in Public Administration, specializing in Regional and Local Government Administration from Palawan State University.

CHRISTIAN JAE R. GASCON is an Assistant Vice President - Mining Business of the Company and the Resident Mine Manager of CMC. He was the Officer-in-Charge, Resident Mine Manager of CMC since March 10, 2022 and was CMC's Mine Operations Manager before that. He started his career as Cadet Engineer of HMC in 2010. Mr. Gascon obtained his Bachelor of Science in Mining Engineering degree from the University of the Philippines Diliman. He is also a licensed Environmental Planner.

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

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

MARNELLE A. JALANDOON is the Assistant Vice President - Development Operations effective January 1, 2024. He was the Assistant Vice President - Business Applications Division of the Company until December 31, 2023. Prior to joining NAC in 2008, Mr. Jalandoon was the Technical Operations Director of Concentrix Technologies, Inc, driving both the Technical Department and the Application Development Teams. He has held various IT positions with Grand International Airways, First Internet Alliance, WebScape, I-Next Internet and PSINET Philippines, garnering more than 20 years' experience in IT Infrastructure and Communications. Mr. Jalandoon obtained his Bachelor of Science in Computer Science degree from the Philippine Christian University.

MELCHOR C. MANANES is the Assistant Vice President - Financial Planning and Analysis effective January 1, 2024. He was the Senior Manager for Financial Planning and Analysis of the Company until December 31, 2023. Prior thereto, he was a Finance Manager of the Company's subsidiary, CMC, since October 2012. He was also an accounting officer in various SM companies and was an audit associate of SGV & Co. Mr. Mananes is a Certificate Public Accountant. He obtained his Master of Business Administration from the Ateneo Graduate School of Business.

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

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

EDWIN P. NERVA is the Assistant Vice President - Sustainability of the Company. He was the Senior Manager - Community Relations from August 1, 2018 to December 31, 2022. He is an experienced management and community development practitioner, and currently handles ESG planning and execution. He was previously the Executive Director of RTNFI. As Executive Director, he ensured that the various departments of the Foundation and its key programs function effectively and efficiently. He also acted as Community Relations Coordinator between the Community Relations Departments of RTN and CBNC. He has more than 20 years' experience working in international and local networks of civil society organizations and coalitions. Mr. Nerva obtained his Bachelor of Science in Agriculture, Major in Horticulture degree from the University of the Philippines, Los Baños. He completed his Diploma in Community Development from St. Francis Xavier University, Nova Scotia, Canada and Diploma in Urban and Regional Planning from University of the Philippines Diliman. He is currently completing his requirements for the degree of Master of Science in Environmental Science from University of the Philippines Los Baños.

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

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

WALTER B. PANGANIBAN was the Assistant Vice President - Risk Management Sector of the Company until December 31, 2023. He is a communications and public relations professional with over 20 years of experience in strategic internal and external communications. Prior to joining NAC, he was the Securities Operations Manager of Amazon (through Pinkerton). He was also the co-founder and Chief Communications Officer of start-up social enterprise, Resilient.PH. Mr. Panganiban also taught subjects on communication at the collegiate level. He graduated Magna Cum Laude from St. Paul Seminary in 1998 with a double degree in AB Mass Communication and Philosophy. He also completed his Executive Master in Disaster Risk and Crisis Management from the Asian Institute of Management.

TEODY A. PASCUAL, Assistant Vice President - Service Management Sector, was the Purchasing Manager of the Company prior to his promotion. He has over 12 years of experience in the field of purchasing as a manager overseeing the purchasing of materials and services to support various operating companies of the Group. Before joining the Company, he was employed as a Production Development Head of Batong Angono Aggregates Corporation. He is a licensed Electronics and Communications Engineer. He obtained his Bachelor of Science in Electronics and Communications Engineering from University of Santo Tomas.

JESSIE A. PAYUYO is an Assistant Vice President - Mining Comptroller of the Company. He is the Mining Comptroller of CMC effective January 1, 2024. Prior thereto, he was the Mining Comptroller of TMC. Prior to joining the Group in 2021, he was the Finance Controller of Yara Fertilizer Inc. He has over 20 years' experience in the fields of audit, corporate accounting, and controllership. He is a licensed Certified Public Accountant. Mr. Payuyo earned his Bachelor of Science in Accountancy from Central Luzon State University.

KRISTINE GRACE C. VICTORIA is the Assistant Vice President - Geology effective January 1, 2024. She was the Assistant Vice President - Geology and Quality Assurance of the Company until December 31, 2023. She also served as a Resource Geologist in HMC. Prior thereto, she was employed as the Exploration Geologist of FSMRC/Consolidated Mines Inc. She is a licensed Geologist and placed eighth in Geology Licensure Examination. She is the youngest Competent Person in the Philippines to be accredited by PMRC Committee and Geological Society of the Philippines for Exploration and Mineral Reporting of Nickel Laterites. She obtained her Bachelor of Science in Geology, Cum Laude, from University of the Philippines and Management Development Program from Asian Institute of Management.

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

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

No director or senior officer of the Company is or has been in the past 2 years, a former employee or partner of the current external auditor.

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

B. SIGNIFICANT EMPLOYEES/EXECUTIVE OFFICERS

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

C. FAMILY RELATIONSHIP

Aside from Mr. Martin Antonio G. Zamora and Ms. Maria Patricia Z. Riingen being siblings, Mr. Harvey T. Ang being the third civil degree relative by affinity of Mr. Martin Antonio G. Zamora, and Mr. Ryan Rene C. Jornada being a fourth civil degree relative by affinity of Mr. Martin Antonio G. Zamora and Ms. Patricia Z. Riingen, none of the Company's Executive Officers are related to each other or to its directors and substantial shareholders.

D. INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the members of the Company's Board, nor any of its executive officers, has been or is involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past 5 years and up to the date of this report. None of the members of the Board, nor any executive officer, have been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country. None of the members of the Board nor any executive officers have been or are subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities. None of the members of the Board nor any executive officer have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. EXECUTIVE COMPENSATION AND STOCK OPTION PLAN

The table set out below identifies the Corporation's CEO and 4 most highly compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2022 and 2023 and their estimated compensation for 2024. The amounts set forth in the table have been prepared based on what the Company paid for the compensation of its executive officers for the years indicated and what we expect to pay on the ensuing year.

	December 31, 2022[1]			December 31, 2023[2]			December 31, 2024[2] (Estimated)		
	Salary	Bonus	Total	Salary	Bonus	Total	Salary	Bonus	Total
	(In Php Thousands)								
Named executive officers	₱48,121	₱50,643	₱98,764	₱305,095	₱49,260	₱354,355	₱51,046	₱33,447	₱84,493
All other officers and directors as a group unnamed	70,564	50,516	121,080	237,893	96,870	334,763	103,282	42,845	146,127

[1] The named executive officers for the year 2022 are: Gerard H. Brimo (Chairman), Martin Antonio G. Zamora (President and CEO), Georgina Carolina Y. Martinez (Senior Vice President - Compliance and Corporate Support Services), Maria Angela G. Villamor (Chief Financial Officer), and Rolando R. Cruz (Vice President - Corporate Planning and Revenue Assurance).
[2] The named executive officers for the year 2023 are: Gerard H. Brimo (Chairman), Martin Antonio G. Zamora (President and CEO), Georgina Carolina Y. Martinez (Senior Vice President - Corporate Support and Compliance Services), Rolando R. Cruz (Vice President - Nickel Mining Business) and Rommel L. Cruz (Vice President - Special Projects)
[3] The named executive officers for the year 2024 are: Gerard H. Brimo (Chairman), Martin Antonio G. Zamora (President and CEO), Georgina Carolina Y. Martinez (Senior Vice President - Corporate Support and Compliance Services), Rolando R. Cruz (Vice President - Nickel Mining Business) and Jose Bayani D. Baylon (Senior Vice President - Sustainability, Risk Management and Corporate Affairs).

COMPENSATION OF DIRECTORS

Each of the directors of the Parent Company is entitled to a director's fee for each meeting attended. In addition, the directors who serve in the committees of the BOD are each entitled to a fee for each committee meeting attended.

The table below shows the net compensation of the Company's Directors for each meeting:

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

Currently, there are no arrangements for additional compensation of directors.

STOCK OPTION PLANS

On April 5, 2018 and May 28, 2018, the Company's BOD and stockholders, respectively, approved the 2018 Executive Stock Option Plan (the 2018 ESOP or the Plan) covering up to 155,000,000 shares, which was further increased to 375,000,000 shares, allocated to the Company's directors, officers, corporate secretary and the officers of its operating mining subsidiaries, specifically those with positions of Assistant Vice President and higher, including all Resident Mine Managers of the operating mining subsidiaries, including CEXCI. The optionees of the 2018 ESOP may avail of the ESOP shares at 90% of the Offer Price for a number of ESOP shares equivalent to up to four (4) times the annual salary of the optionees. In case of non-executive directors and the corporate secretary, their grants shall be the average of the highest and lowest grants within the ESOP. The 2018 ESOP shall be valid for 5 years commencing from the date of the approval of the Plan. Options shall vest yearly at a rate of 25% of the entitlement, with the first vesting occurring 1 year after the grant. The optionee can exercise the vested option by giving notice to the Parent Company within the term of the Plan and can opt to either purchase the shares directly at the exercise price or request the Parent Company to advance the purchase price and to sell the shares, in which case the participant will receive the sales proceeds less the exercise price.

On September 15, 2022, the SEC approved the exemption from registration of the additional 220,000,000 common shares which shall form part of the 2018 ESOP. On December 21, 2022, the Parent Company's BOD approved to extend the exercise period of the options under the Plan until December 13, 2023. On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 ESOP.

The cost of share-based payment plan in 2023 and 2022 amounted to nil and ₱49.4 million, respectively.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

A. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

The following table sets forth the record owners and, to the best knowledge of the BOD and Management of the Company, the beneficial owners of more than 5% or more of the Company's outstanding common share as at December 31, 2023:

Title of class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Stock	PCD Nominee Corporation (Filipino)		Filipino	4,825,906,661	34.71%
Common Stock	SMMPHC 24F Pacific Star Building Makati Avenue, Makati City	SMM	Foreign	3,614,397,887 - Direct	26.00%
Common Stock	Mantra Resources Corporation 30th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig		Filipino	1,000,000,000 - Direct 2,545,743,602 - Indirect	25.50%
Common Stock	Ni Capital Corporation 28th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig		Filipino	0 - Direct 1,833,078,231 - Indirect	13.18%
Common Stock	Asiasec Equities Inc. 8/F Chatham House, 116 Valero cor. V.A. Rufino Sts. Saledo Village, Makati City		Filipino	1,830,296,491- Direct	13.16%
Common Stock	PCD Nominee Corporation (Non-Filipino)		Foreign	1,441,282,821 - Direct	10.37%
Common Stock	Nonillion Holding Corporation 3/F Corporate Business Centre, 151 Paseo de Roxas Makati City		Filipino	1,136,000,000 - Direct	8.17%

B. SECURITY OWNERSHIP OF MANAGEMENT

The beneficial ownership of the Company's directors and executive officers as of December 31, 2023 follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent
Common Stock	Gerard H. Brimo	17,057,784 - Direct 9,662,225 - Indirect	Filipino	0.19%
Common Stock	Harvey T. Ang	2,000,000 - Direct 10,625,640 - Indirect	Filipino	0.09%
Common Stock	Martin Antonio G. Zamora	540 - Direct 5,515,671 - Indirect	Filipino	0.04%
Common Stock	Maria Patricia Z. Riingen	1,000 - Direct 910,800 - Indirect	Filipino	0.01%
Common Stock	Shiro Imai	2,023 - Direct	Japanese	0.00%
Common Stock	Yusuke Niwa	2,023 - Direct	Japanese	0.00%
Common Stock	Florencia G. Tarriela	1 - Direct 16,799 - Indirect	Filipino	0.00%
Common Stock	Angelo Raymundo Q. Valencia	10,000 -Direct 10,101,987 - Indirect	Filipino	0.07%
Common Stock	Leonides Juan Mariano C. Virata	100 - Direct	Filipino	0.00%
Common Stock	Jose Bayani D. Baylon	20,200 - Indirect	Filipino	0.00%
Common Stock	Georgina Carolina Y. Martinez	84,000 - Indirect	Filipino	0.00%
Common Stock	Maria Angela G. Villamor	1,047,554 - Indirect	Filipino	0.01%
Common Stock	Rolando R. Cruz	614,952 - Direct 1,085,962 - Indirect	Filipino	0.01%
Common Stock	Andre Mikael L. Dy	-	Filipino	0.00%
Common Stock	Jeffrey B. Escoto	499,999 - Indirect	Filipino	0.00%
Common Stock	Christopher C. Fernandez	-	Filipino	0.00%
Common Stock	Patrick S. Garcia	612,419 - Indirect	Filipino	0.00%
Common Stock	Koichi Ishihara	-	Japanese	0.00%
Common Stock	Ryan Rene C. Jornada	101,500 - Indirect	Filipino	0.00%
Common Stock	Ma. Fatima C. Mijares	-	Filipino	0.00%
Common Stock	Arnilo C. Milaor	-	Filipino	0.00%
Common Stock	Romeo T. Tanalgo	730,435 - Indirect	Filipino	0.01%
Common Stock	Bimbo T. Almonte	-	Filipino	0.00%
Common Stock	Salvador C. Cabauatan	1,000 - Indirect	Filipino	0.00%
Common Stock	Remedios C. Camo	16,000 - Indirect	Filipino	0.00%
Common Stock	Edwin R. Casiano	-	Filipino	0.00%
Common Stock	Fernando P. Cruz	4,000 - Indirect	Filipino	0.00%
Common Stock	Reynaldo M. Dela Rosa	-	Filipino	0.00%
Common Stock	Christian Jae R. Gascon	-	Filipino	0.00%
Common Stock	Rodrigo V. Gazmin, Jr.	-	Filipino	0.00%
Common Stock	Philipp D. Ines	3,573,150 - Indirect	Filipino	0.04%
Common Stock	Marnelle A. Jalandoon	-	Filipino	0.00%
Common Stock	Reynold DG Mata II	-	Filipino	0.00%
Common Stock	Melchor C. Mananes	-	Filipino	0.00%
Common Stock	Christine Joanne C. Navarro	-	Filipino	0.00%
Common Stock	Edwin P. Nerva	50,000 - Indirect	Filipino	0.00%
Common Stock	Iryan Jean U. Padillo	4,500 - Indirect	Filipino	0.00%
Common Stock	Jessie N. Pagaran	-	Filipino	0.00%
Common Stock	Walter B. Panganiban	-	Filipino	0.00%
Common Stock	Teody A. Pascual	-	Filipino	0.00%
Common Stock	Jessie A. Payuyo	121,600 - Indirect	Filipino	0.00%
Common Stock	Cynthia E. Rosero	2,642,972 - Indirect	Filipino	0.01%
Common Stock	Kristine Grace C. Victoria	-	Filipino	0.00%
Common Stock	Charito R. Villena-Co	-	Filipino	0.00%
Common Stock	Barbara Anne C. Migallos	188,582 - Indirect	Filipino	0.00%

C. VOTING TRUST HOLDERS OF 5% OR MORE

There is no voting trust holder of 5% or more of the Company's stock.

D. CHANGES IN CONTROL

There are no arrangements which may result in a change in control of the Company.

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its stockholders.

All sales and purchases from related parties are made at prevailing market prices.

<u>Nickel Ore Sale Agreements with PAMCO</u>
The Group supplies saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company, RTN and TMC. All sales made to PAMCO are transacted at prevailing market prices which are benchmarked to China prices on the basis of a negotiated price per WMT of ore. PAMCO shall pay the Group 80% to 90% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined.

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

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

<u>Nickel Ore Supply Agreement with CBNC</u>
RTN entered into an agreement with CBNC to supply all the limonite ore requirements for the Coral Bay HPAL facility until the earlier of the cessation of operations at the Coral Bay HPAL facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN has also entered into an agreement with CBNC to supply limestone. CBNC is the owner of the Coral Bay HPAL facility.

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

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

<u>Service Agreements with CBNC</u>
RTN and CDTN entered into various service agreements with CBNC to provide ancillary services, such as materials handling, to the Coral Bay HPAL facility.

<u>Materials Handling Agreement with THNC</u>
On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for THNC. THNC shall compensate TMC based on the prices stipulated in the agreement which are agreed annually and determined on the basis of the weight of the cargo. Payment is collected within 15 days from receipt of TMC's billing.

Power Supply Agreement with Shell Energy Philippines Inc. (SEPI)

JSI

On June 24, 2021, JSI entered into a PSA with SEPI. Under the terms of the agreement, JSI is committed to sell and deliver pro-rata share of 16MW from the total energy deliveries of the plant on a take and pay basis, for a period of 3 years starting June 26, 2021. The PSA was amended twice, on August 12, 2021 and on October 20, 2021, to reflect additional short-term contracted capacity.

In October 2022, JSI entered into another PSA with SEPI. Under the terms of the agreement, JSI is committed to sell and deliver pro-rata share of 25MW, starting December 26, 2023 from Sta. Rita Solar Power Project. An additional pro-rata share of 40MW is to be sold and delivered starting on the issuance of ERC's COC for the 100MW Subic New PV Power Project. This agreement is valid for a period of 2.5 years.

SISPC

SISPC entered a PSA with SEPI. Under the terms of the agreement, SISPC is committed to sell and deliver 100% of SISPC's capacity for Phase 1 of the SISPP which is nominally 120MW direct current subject for update by SISPC in accordance with the capacity certification of NGCP and /or ERC. The agreement is for 15 years, and the delivery start date is February 28, 2025.

Materials Supply Agreement with THNC

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

Nickel Ore Supply Agreement with Big Wave

TMC and RTN entered into an agreement with Big Wave covering the sale of its ore products. Under the agreement, the end user of the material is PAMCO.

THNC Stockholder's Agreement

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

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

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

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

Throughput Agreement with THNC

On October 4, 2010, TMC and THNC executed a Throughput Agreement wherein TMC will construct the pier facilities within the Taganito Special Economic Zone (TSEZ) pursuant to its role as Developer. The TSEZ is located within the Surigao Mineral Reservation, an area declared for mineral development pursuant to Proclamation 391, under the supervision of the DENR that issued an "Order to Use Offshore

Area" dated September 20, 2010 to TMC for the use of such portion of the Surigao Mineral Reservation for the construction of the pier facilities. In relation to this, THNC entered into a Registration Agreement with the PEZA to construct and operate a mineral processing plant within the TSEZ as an Ecozone Export Enterprise.

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee amounted to $1.3 million is payable in semi-annual period on or before October 10 and April 10.

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

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

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

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

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

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

The THNC Agreement shall terminate upon the dissolution of THNC.

<u>Loan Guarantee/Substitution Agreement</u>
Under a loan guarantee/substitution agreement between the Parent Company and SMM, the latter agreed to substitute for the Parent Company to make loans or guarantee the repayment of THNC's obligation pursuant to the Stockholders Agreement dated September 15, 2010.

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

On October 8, 2020, the Parent Company and SMM agreed to amend the loan guarantee/substitution agreement to reduce the annual fee to 0.6% of the average unpaid balance for payment's due every 21st of February, March, August, and September of each year.

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

Loan Agreements

THNC

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former an unsecured loan facility amounting to a total of US$35.0 million at a prevailing 180-day British Banker Association LIBOR plus 2% spread, to exclusively finance the construction of the pier facilities within the TSEZ. In October 2023, TMC and THNC agreed to amend the basis for computing interest from LIBOR to Term Secured Overnight Financing Rate plus an adjustment of 0.43%.

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

TBEA

In accordance with the Agreement on Shareholders Advances on June 17, 2020, TBEA granted JSI an unsecured term loan facility of a total cumulative principal amount of US$2.2 million to be used for the Phase 3A - 30MW solar project.

On September 23, 2021, NAC, JSI, EPI and TBEA executed the Supplemental Agreement on Shareholder Advances to agree on the shareholder advances for JSI's development of Phase 3B - 38MW. Under the terms of the Supplemental Agreement, TBEA grants JSI a loan facility amounting to US$2.9 million.

The interest on the loan is 5.0% per annum and the principal loan is payable on June 17, 2025, the maturity date of the loan.

On October 27, 2023, the BOD of JSI approved the conversion of the outstanding loans into equity of JSI.

Lease Agreements

THNC

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

Manta

On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of 5 years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. The lease agreement is valid until May 14, 2028 and June 30, 2028.

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

PART IV – EXHIBITS AND SCHEDULES

Item 13. EXHIBITS AND REPORTS ON SEC FORM 17-C

Exhibits
See accompanying Index to Exhibits as well as the Company's Audited Financial Statements for the recently completed fiscal year. These financial statements are reports from the Corporation's Independent Public Accountant, SGV & Co.

Reports on SEC Form 17-C
The Parent Company filed the following reports on SEC Form 17-C during the year 2023.

Items Reported	Date Reported
Board of Directors' approval of additional investment of Php2.92 billion in Emerging Power, Inc.	January 16, 2023
Additional investment by Nickel Asia Corporation in common shares of its subsidiary, EPI	January 16, 2023
Disclosure due to penalties paid by NAC's subsidiary Rio Tuba Nickel Mining Corporation to Bureau of Customs	February 7, 2023
Acceptance by Hallmark Mining Corporation and Austral-Asia Link Mining Corporation of Letter of Intent of NAC to be an exclusive mining service contractor	February 17, 2023
Approval of the Consolidated Financial Statements of the Company for the year ended December 31, 2022	March 14, 2023
Declaration of regular cash dividends at Php0.17 per common share to stockholders of record as of March 29, 2023; payable on April 12, 2023	March 14, 2023
Matters approved by the Board of Directors of NAC on March 14, 2023 a. Approval for NAC to enter into a Suretyship Agreement with Security Bank Corporation to secure EPI's Php2.0 billion loan; and b. Compliance with Compulsory Notification Requirements under Philippine Competition Act	March 14, 2023
Change in Directors and/or Officers - promotion of Officers; reassignment of Officers; and appointment of new Officers	March 14, 2023
Notice of Annual Stockholders' Meeting	March 14, 2023
NAC announces Php7.93 billion net income for 2022	March 14, 2023
NAC analysts'/investors' briefing for Financial and Operating Results during the twelve-month period ended December 31, 2022	March 16, 2023
Amend - NAC analysts'/investors' briefing for Financial and Operating Results during the twelve-month period ended December 31, 2022	March 20, 2023
Clarification of news reports regarding the Philippine Star online article entitled "Nickel Asia sets Php4.50 billion CapEx"	March 30, 2023
Certifications of the mineral ore reserves and mineral ore resources of NAC's subsidiaries	March 31, 2023
Government Service Insurance System invests Php1.46 billion in NAC	April 12, 2023
Clarification of news report regarding BusinessWorld online article entitled "Nickel Asia to open two more Philippine mines, eyes power unit IPO"	April 26, 2023
Amend - Notice of Annual Stockholders' Meeting	May 11, 2023
Appointment of Engr. Cynthia E. Rosero as Vice President - Mining Center of Excellence and Strategic Planning	May 12, 2023
NAC announces Php970.0 million net income for first quarter of 2023; named best basic materials company by Finance Asia	May 12, 2023
Results of the 2023 Annual Stockholders' Meeting	June 2, 2023
Results of Organizational Meeting of the Board of Directors	June 2, 2023
Amend - Results of the 2023 Annual Stockholders' Meeting	June 7, 2023
Amend - Results of Organizational Meeting of the Board of Directors	June 7, 2023

Items Reported	Date Reported
Certification regarding the capital structure and lodged shares of NAC as of June 30, 2023	July 13, 2023
NAC analysts'/investors' briefing for Financial and Operating Results during the six-month period ended June 30, 2023	July 26, 2023
Approval of the unaudited Financial and Operating Results for the six-month period ended June 30, 2023	August 3, 2023
NAC announces Financial and Operating Results for the six-month period ended June 30, 2023	August 3, 2023
Change in Directors and/or Officers - appointment of Officers; retirement of Officer	August 3, 2023
Conversion of up to Php813.0 million cumulative advances into equity in EPI	October 26, 2023
Approval of the unaudited Financial and Operating Results for the six-month period ended September 30, 2023	November 9, 2023
Change in Directors and/or Officers - promotion of Officer; change in designation of Officers; and appointment of new Officer	November 9, 2023
Declaration of special cash dividends at Php0.07 per common share to stockholders of record as of November 24, 2023; payable on December 7, 2023	November 9, 2023
NAC announces Php3.60 billion net income for the nine-month period ended September 30, 2023	November 9, 2023
NAC analysts'/investors' briefing for Financial and Operating Results during the nine-month period ended September 30, 2023	November 13, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Taguig on ________________, 2024.

By:

MARTIN ANTONIO G. ZAMORA
President and Chief Executive Officer

KOICHI ISHIHARA
Senior Vice President - Chief Commercial Officer

MARIA ANGELA G. VILLAMOR
Senior Vice President and
Chief Financial Officer

JOSE BAYANI D. BAYLON
Senior Vice President - Sustainability, Risk Management and Corporate Affairs, Chief Sustainability Officer, and Chief Risk Officer

BARBARA ANNE C. MIGALLOS
Corporate Secretary

Iryan Jean U. Padillo
IRYAN JEAN U. PADILLO
Assistant Vice President - Business Comptroller

MAR 13 2024
Subscribed and sworn to before me this ________ day of _________, 2024 affiant (s) exhibiting to me his/their Passport Number/License Number, as follows:

Names	Passport/License No.	Date of Issue	Place of Issue
Martin Antonio G. Zamora	P5236537B	06/18/2020	DFA NCR East
Maria Angela G. Villamor	P9494419B	04/04/2022	DFA Manila
Jose Bayani D. Baylon	P5877285B	11/27//2020	DFA NCR East
Rolando R. Cruz	P4963906B	02/28/2020	DFA NCR East
Arnilo C. Milaor	P6869245B	05/25/2021	DFA Butuan
Barbara Anne C. Migallos	P7148981A	05/11/2018	NCR South
Iryan Jean U. Padillo	P2919448B	08/31/2019	NCR Central

Carlo Guevara
CARLO C. GUEVARA
Appointment No. 143
Notary Public for and in the City of Taguig
Until December 31, 2024
Roll No. 75204
PTR No. 0205747/ 16 January 2023 / Pasig City
MCLE Compliance No. VII-0007592, until 14 April 2025
28th Floor, NAC Tower, 32nd Street, BGC, Taguig City

DOC. NO. 347
PAGE NO. 71
BOOK NO. I
SERIES OF 2024

NICKEL ASIA CORPORATION

SEC FORM 17-A

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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eafs@bir.gov.ph <eafs@bir.gov.ph>

Wed 3/27/2024 7:37 PM

To:corpsec@nickelasia.com <corpsec@nickelasia.com>
Cc:Iryan Jean Padillo <iryanjean.padillo@nickelasia.com>

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Company TIN: **007-085-191**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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NICKEL ASIA CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Nickel Asia Corporation and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SGV & Co., the independent auditors, appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARD H. BRIMO
Chairman of the Board

MARTIN ANTONIO G. ZAMORA
President and Chief Executive Officer

MARIA ANGELA G. VILLAMOR
Chief Financial Officer

Signed this 13th day of March 2024.

SUBSCRIBED AND SWORN to before me this MAR 1 3 2024 at Taguig City, Philippines, affiants who exhibited to me their competent evidence of identity specified below:

Name	Competent Evidence of Identity	Date and Place Issued
Gerard H. Brimo	Passport No. P7274048B	27 July 2021; DFA NCR East
Martin Antonio G. Zamora	Passport No. P5236537B	18 June 2020; DFA NCR East
Maria Angela G. Villamor	Passport No. P9494419B	4 Apr. 2022; DFA Manila

Doc. No. 248;
Page No. 71;
Book No. I;
Series of 2024.

Carlo Guevara

CARLO C. GUEVARA
Appointment No. 143
Notary Public for and in the City of Taguig
Until December 31, 2024
Roll No. 75204
PTR No. 0205747/ 16 January 2023 / Pasig City
MCLE Compliance No. VII-0007592, until 14 April 2025
28th Floor, NAC Tower, 32nd Street, BGC, Taguig City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Nickel Asia Corporation
28th Floor NAC Tower, 32nd Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Nickel Asia Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of geothermal exploration and evaluation assets

As at December 31, 2023, the carrying value of the Group's geothermal exploration and evaluation assets amounted to ₱1.9 billion. These geothermal exploration and evaluation assets pertain to costs incurred for the Montelago Geothermal Project. Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, these geothermal exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount exceed the recoverable amount. Considering the significant delay in the commencement of the project, the Group determined the recoverable amount of the related assets. The ability of the Group to recover its geothermal exploration and evaluation assets depends upon the determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities. We considered this as a key audit matter because of the materiality of the amount involved, and the significant management judgment required in assessing whether there is any indication of impairment and significant judgment and estimation required in determining the value in use of these exploration and evaluation assets.

The Group's disclosures about geothermal exploration and evaluation assets are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We obtained management's assessment on whether there is any indication that geothermal exploration and evaluation assets may be impaired. We inspected the summary of the status of the exploration project as of December 31, 2023, as certified by the Group's technical group head, the type of expenses incurred, and assessed whether ongoing exploration activities exist to support the continued capitalization of these assets under the Group's accounting policies and compared it with the disclosures submitted to regulatory agencies. We inspected the licenses and permits of the exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas. We also inquired into the status of these projects and their plans on operations. We tested the key assumptions used and involved our internal specialist in evaluating the methodology used. We assessed the resource assumptions used in the cash flow projection to the resource estimate determined by the Group's experts as of December 31, 2023. We also reviewed the adequacy of the Group's disclosure, including those that have the most significant effect on the determination of the recoverable amount of geothermal exploration and evaluation assets.

Impairment testing of solar farm and construction in-progress

As of December 31, 2023, the Group's solar farm and the related construction in-progress amounted to ₱9.1 billion. The Group may adversely be affected by the volatility in wholesale electricity prices. In the event that an impairment indicator is identified, the assessment of the recoverable amounts of the solar farm and construction in-progress requires significant judgment and involves estimation and assumptions about future production levels and costs, as well as external inputs such as commodity prices and discount rate. Hence, such assessment is a key audit matter in our audit.

The disclosures in relation to the Group's solar farm and construction in-progress are included in Notes 3 and 9 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include future production levels and costs, as well as external inputs such as commodity prices and discount rate. We compared the key assumptions against the industry benchmark plant life, production reports from operations department, average market price of electricity on Wholesale Electric Spot Market (WESM), current tax laws and Department of Energy regulations, Bangko Sentral ng Pilipinas (BSP) forecasted inflation rate, industry debt ratio and discount rate based on industry weighted average capital cost. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amounts of the solar farm and construction in-progress.

Other Information

Other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Eleanore A. Layug.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Eleanore A. Layug
Partner
CPA Certificate No. 0100794
Tax Identification No. 163-069-453
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-097-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079951, January 6, 2024, Makati City

March 13, 2024

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱15,482,465**	₱10,809,026
Trade and other receivables (Note 5)	**1,571,932**	2,687,062
Inventories (Note 6)	**3,037,699**	2,432,224
Financial assets at (Note 7):		
Fair value through profit or loss (FVTPL)	**1,291,477**	3,361,015
Fair value through other comprehensive income (FVOCI)	**469,914**	447,975
Amortized cost	**35,000**	50,000
Prepayments and other current assets (Note 8)	**1,600,071**	1,167,872
Total Current Assets	**23,488,558**	20,955,174
Noncurrent Assets		
Property and equipment (Note 9)	**18,692,297**	13,815,041
Investments in associates (Note 10)	**5,484,980**	7,147,565
Geothermal exploration and evaluation assets (Note 11)	**1,896,637**	1,882,318
Financial assets at - net of current portion (Note 7):		
FVTPL	**968,493**	758,760
Amortized cost	**375,000**	410,000
Deferred income tax assets - net (Note 35)	**439,600**	400,605
Other noncurrent assets (Note 12)	**6,581,244**	4,389,579
Total Noncurrent Assets	**34,438,251**	28,803,868
TOTAL ASSETS	**₱57,926,809**	₱49,759,042
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱2,940,279**	₱2,207,412
Short-term debts (Note 14)	**5,848,095**	1,498,266
Current portion of:		
Long-term debts (Note 14)	**345,764**	97,571
Lease liabilities (Note 33)	**54,346**	7,621
Income tax payable	**321,993**	625,319
Other current liability (Notes 38k and 39)	**479,722**	336,731
Total Current Liabilities	**9,990,199**	4,772,920
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debts (Note 14)	**2,341,836**	2,119,280
Lease liabilities (Note 33)	**779,075**	603,548
Deferred income (Note 38m)	**33,519**	37,709
Provision for mine rehabilitation and decommissioning (Note 15)	**909,551**	791,060
Pension liability (Note 34)	**388,720**	435,443
Deferred income tax liabilities - net (Note 35)	**378,923**	468,263
Total Noncurrent Liabilities	**4,831,624**	4,455,303
Total Liabilities	**14,821,823**	9,228,223

(Forward)

	December 31	
	2023	2022
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 16)	**₱6,999,974**	₱6,849,836
Additional paid-in capital (Note 16)	**9,205,802**	8,271,900
Other components of equity:		
Share in cumulative translation adjustment (Note 10)	**869,185**	1,400,235
Cost of share-based payment plan (Note 17)	**154,296**	522,837
Asset revaluation surplus	**29,799**	30,182
Net valuation losses on financial assets at FVOCI (Note 7)	**(1,315)**	(5,934)
Retained earnings:		
Unappropriated	**19,000,052**	18,618,593
Appropriated (Note 16)	**135,000**	135,000
Treasury stock (Note 16)	**(134,014)**	(134,014)
	36,258,779	35,688,635
Non-controlling Interests (NCI)	**6,846,207**	4,842,184
Total Equity	**43,104,986**	40,530,819
TOTAL LIABILITIES AND EQUITY	**₱57,926,809**	₱49,759,042

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Sale of ore and limestone (Notes 30 and 32)	**₱21,553,863**	₱25,739,009	₱26,099,020
Services and others (Notes 30 and 32)	**2,265,057**	1,490,693	797,163
Sale of power (Notes 30 and 38g)	**881,547**	773,448	507,932
	24,700,467	28,003,150	27,404,115
COSTS			
Cost of sales (Note 19)	**7,964,494**	7,930,989	7,611,841
Services (Note 20)	**1,550,783**	902,235	321,622
Power generation (Note 21)	**515,524**	403,893	361,121
	10,030,801	9,237,117	8,294,584
OPERATING EXPENSES			
Shipping and loading costs (Note 22)	**2,173,860**	2,161,858	2,255,570
Excise taxes and royalties (Note 23)	**1,873,845**	2,486,312	2,705,929
General and administrative (Note 24)	**1,542,808**	1,306,278	1,145,907
Marketing (Notes 38e and 38l)	**118,257**	172,124	209,121
	5,708,770	6,126,572	6,316,527
FINANCE INCOME (Note 27)	**524,065**	188,622	162,075
FINANCE EXPENSES (Note 28)	**(446,701)**	(306,783)	(244,081)
EQUITY IN NET INCOME (LOSS) OF ASSOCIATES (Note 10)	**(1,037,821)**	942,143	557,863
OTHER INCOME - net (Note 29)	**21,492**	841,806	701,593
INCOME BEFORE INCOME TAX	**8,021,931**	14,305,249	13,970,454
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 35)			
Current	**2,224,281**	3,604,509	3,162,852
Deferred	**3,715**	(175,373)	169,428
	2,227,996	3,429,136	3,332,280
NET INCOME	**₱5,793,935**	₱10,876,113	₱10,638,174
Net income attributable to:			
Equity holders of the parent	**₱3,749,656**	₱7,931,150	₱7,812,575
NCI	**2,044,279**	2,944,963	2,825,599
	₱5,793,935	₱10,876,113	₱10,638,174
Basic/Diluted Earnings Per Share (EPS; Note 18)	**₱0.27**	₱0.58	₱0.57

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱5,793,935**	₱10,876,113	₱10,638,174
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:			
Share in translation adjustment of associates (Note 10)	**(624,764)**	861,172	310,600
Income tax effect	**93,714**	(60,152)	(93,376)
	(531,050)	801,020	217,224
Net valuation gains (losses) on financial assets at FVOCI (Note 7)	**4,619**	(9,297)	(54,165)
Income tax effect	**–**	–	(243)
	4,619	(9,297)	(54,408)
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	**(526,431)**	791,723	162,816
Other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods:			
Remeasurement gains (loss) on pension liability (Note 34)	**(153,343)**	217,147	73,655
Income tax effect	**38,336**	(54,287)	(44,700)
	(115,007)	162,860	28,955
Asset revaluation surplus	**(511)**	(511)	(511)
Income tax effect	**128**	128	128
	(383)	(383)	(383)
Net other comprehensive income (loss) not to be reclassified to consolidated statements of income in subsequent periods	**(115,390)**	162,477	28,572
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**(641,821)**	954,200	191,388
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱5,152,114**	₱11,830,313	₱10,829,562
Total comprehensive income attributable to:			
Equity holders of the parent	**₱3,145,284**	₱8,833,477	₱7,999,522
NCI	**2,006,830**	2,996,836	2,830,040
	₱5,152,114	₱11,830,313	₱10,829,562

See accompanying Notes to Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Share in Cumulative Translation Adjustment (Note 10)	Cost of Share-based Payment Plan (Note 17)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Retained Earnings: Unappropriated	Retained Earnings: Appropriated (Note 16)	Treasury Stock (Note 16)	Total	NCI	Total
Balances at December 31, 2022	**₱6,849,836**	**₱8,271,900**	**₱1,400,235**	**₱522,837**	**₱30,182**	**(₱5,934)**	**₱18,618,593**	**₱135,000**	**(₱134,014)**	**₱35,688,635**	**₱4,842,184**	**₱40,530,819**
Net income	–	–	–	–	–	–	**3,749,656**	–	–	**3,749,656**	**2,044,279**	**5,793,935**
Other comprehensive income (loss) - net of tax	–	–	**(531,050)**	–	**(383)**	**4,619**	**(77,558)**	–	–	**(604,372)**	**(37,449)**	**(641,821)**
Total comprehensive income (loss)	–	–	**(531,050)**	–	**(383)**	**4,619**	**3,672,098**	–	–	**3,145,284**	**2,006,830**	**5,152,114**
Exercise of stock options (Note 17)	**150,138**	**933,902**	–	**(368,541)**	–	–	–	–	–	**715,499**	–	**715,499**
Cash dividends (Note 16)	–	–	–	–	–	–	**(3,290,518)**	–	–	**(3,290,518)**	–	**(3,290,518)**
7% Cash dividends - Preferred share (Note 16)	–	–	–	–	–	–	**(504)**	–	–	**(504)**	–	**(504)**
Cash dividends to NCI (Note 31)	–	–	–	–	–	–	–	–	–	–	**(1,600,000)**	**(1,600,000)**
Investment of NCI in a subsidiary	–	–	–	–	–	–	–	–	–	–	**1,597,193**	**1,597,193**
Asset revaluation surplus transferred to retained earnings (Note 9)	–	–	–	–	–	–	**383**	–	–	**383**	–	**383**
Balances at December 31, 2023	**₱6,999,974**	**₱9,205,802**	**₱869,185**	**₱154,296**	**₱29,799**	**(₱1,315)**	**₱19,000,052**	**₱135,000**	**(₱134,014)**	**₱36,258,779**	**₱6,846,207**	**₱43,104,986**

See accompanying Notes to Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Share in Cumulative Translation Adjustment (Note 10)	Cost of Share-based Payment Plan (Note 17)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI (Note 7)	Unappropriated	Appropriated (Note 16)	Treasury Stock (Note 16)	Total	NCI	Total
Balances at December 31, 2021	₱6,849,836	₱8,271,900	₱599,215	₱473,442	₱30,565	₱3,363	₱16,710,460	₱135,000	(₱134,014)	₱32,939,767	₱3,389,433	₱36,329,200
Net income	–	–	–	–	–	–	7,931,150	–	–	7,931,150	2,944,963	10,876,113
Other comprehensive income (loss) - net of tax	–	–	801,020	–	(383)	(9,297)	110,987	–	–	902,327	51,873	954,200
Total comprehensive income (loss)	–	–	801,020	–	(383)	(9,297)	8,042,137	–	–	8,833,477	2,996,836	11,830,313
Cost of share-based payment plan (Notes 17 and 25)	–	–	–	49,395	–	–	–	–	–	49,395	–	49,395
Cash dividends (Note 16)	–	–	–	–	–	–	(6,133,883)	–	–	(6,133,883)	–	(6,133,883)
7% Cash dividends - Preferred share (Note 16)	–	–	–	–	–	–	(504)	–	–	(504)	–	(504)
Cash dividends to NCI (Note 31)	–	–	–	–	–	–	–	–	–	–	(2,080,000)	(2,080,000)
Investment of NCI in a subsidiary	–	–	–	–	–	–	–	–	–	–	360,000	360,000
Change due to loss of control over a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	–	175,915	175,915
Asset revaluation surplus transferred to retained earnings (Note 9)	–	–	–	–	–	–	383	–	–	383	–	383
Balances at December 31, 2022	₱6,849,836	₱8,271,900	₱1,400,235	₱522,837	₱30,182	(₱5,934)	₱18,618,593	₱135,000	(₱134,014)	₱35,688,635	₱4,842,184	₱40,530,819

See accompanying Notes to Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	Capital Stock (Note 16)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan (Note 17)	Asset Revaluation Surplus	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Unappropriated	Appropriated (Note 16)	Treasury Stock (Note 16)	Total	NCI	Total
Balances at December 31, 2020	₱6,849,836	₱8,271,900	₱381,991	₱441,589	₱30,948	₱57,771	₱14,952,425	₱189,950	(₱134,014)	₱31,042,396	₱3,554,393	₱34,596,789
Net income	–	–	–	–	–	–	7,812,575	–	–	7,812,575	2,825,599	10,638,174
Other comprehensive income (loss) - net of tax	–	–	217,224	–	(383)	(54,408)	24,514	–	–	186,947	4,441	191,388
Total comprehensive income (loss)	–	–	217,224	–	(383)	(54,408)	7,837,089	–	–	7,999,522	2,830,040	10,829,562
Cost of share-based payment plan (Note 25)	–	–	–	31,853	–	–	–	–	–	31,853	–	31,853
Cash dividends (Note 16)	–	–	–	–	–	–	(6,133,883)	–	–	(6,133,883)	–	(6,133,883)
7% Cash dividends - Preferred share (Note 16)	–	–	–	–	–	–	(504)	–	–	(504)	–	(504)
Cash dividends to NCI	–	–	–	–	–	–	–	–	–	–	(2,995,000)	(2,995,000)
Reversal of appropriations (Note 16)	–	–	–	–	–	–	54,950	(54,950)	–	–	–	–
Asset revaluation surplus transferred to retained earnings (Note 9)	–	–	–	–	–	–	383	–	–	383	–	383
Balances at December 31, 2021	₱6,849,836	₱8,271,900	₱599,215	₱473,442	₱30,565	₱3,363	₱16,710,460	₱135,000	(₱134,014)	₱32,939,767	₱3,389,433	₱36,329,200

NICKEL ASIA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱8,021,931**	₱14,305,249	₱13,970,454
Adjustments for:			
Depreciation, amortization and depletion (Notes 9 and 26)	**2,005,655**	1,663,009	1,620,139
Equity in net loss (income) of associates (Note 10)	**1,037,821**	(942,143)	(557,863)
Interest income (Note 27)	**(524,065)**	(188,622)	(162,075)
Interest expense (Note 28)	**318,762**	194,042	137,460
Loss (gain) on (Note 29):			
Changes in fair value of financial assets at FVTPL	**(226,857)**	493,303	(69,404)
Sale of property and equipment	**(20,493)**	(9,682)	(8,360)
Retirement of property and equipment	**15,243**	–	–
Write-off of prepayments and other current and noncurrent assets	**6,645**	–	–
Write-off of inventories	**2,532**	–	–
Write-off of input value added tax (VAT)	**723**	46,078	19,321
Sale of investment in a subsidiary	**–**	(46,447)	–
Sale of financial assets at FVOCI	**–**	1,609	28,262
Casualty	**–**	–	63,384
Provisions for (reversals of allowance for) impairment losses on (Note 29):			
Advances and deposits to suppliers and contractors	**113,541**	18,268	8,072
Input VAT	**69,382**	46,040	17,206
Deferred mine exploration costs	**64,663**	630	–
Inventories	**10,154**	(27,621)	(25,962)
Movements in:			
Pension liability (Note 34)	**(221,158)**	(12,271)	(6,087)
Deferred income	**(4,190)**	(4,190)	(4,190)
Accretion of interest on:			
Lease liabilities (Notes 28 and 33)	**63,704**	54,742	54,554
Provision for mine rehabilitation and decommissioning (Notes 15 and 28)	**31,655**	21,196	15,074
Long-term payable (Note 28)	**–**	307	600
Dividend income (Notes 7 and 29)	**(29,634)**	(37,168)	(32,073)
Unrealized foreign exchange losses (gains) - net (Note 29)	**(2,735)**	163,026	(241,331)
Effect of change in estimate on provision for mine rehabilitation and decommissioning (Note 29)	**(7,601)**	–	–
Cost of share-based payment plan (Notes 17 and 25)	**–**	49,395	31,853
Operating income before working capital changes	**10,725,678**	15,788,750	14,859,034
Decrease (increase) in:			
Trade and other receivables	**1,131,742**	(1,161,398)	(333,077)
Inventories	**(618,161)**	(151,361)	645,316
Prepayments and other current assets	**(438,531)**	1,424,130	(2,289,269)
Increase in trade and other payables	**694,228**	728,921	218,052
Net cash generated from operations	**11,494,956**	16,629,042	13,100,056
Income taxes paid	**(2,527,607)**	(3,752,640)	(3,423,683)
Net cash flows from operating activities	**8,967,349**	12,876,402	9,676,373

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES (Note 39)			
Acquisitions of:			
Property and equipment (Note 9)	**(₱6,353,447)**	(₱2,485,040)	(₱1,774,433)
Financial assets at (Note 7):			
FVTPL	**(2,098,148)**	(3,643,300)	(5,721,442)
FVOCI	**(160,969)**	(550,113)	(5,467,059)
Amortized cost	**–**	–	(350,000)
Additional investment in an associate (Note 10)	**–**	(1,530,313)	–
Proceeds from sale or redemption of:			
Financial assets at:			
FVTPL	**4,153,130**	5,093,617	3,640,683
FVOCI	**143,649**	1,213,516	6,811,108
Amortized cost	**50,000**	–	100,000
Property and equipment	**25,792**	9,692	16,108
Increase in:			
Other noncurrent assets	**(2,469,663)**	(2,447,058)	(241,653)
Geothermal exploration and evaluation assets (Note 11)	**(14,319)**	(32,382)	(30,077)
Interest received	**525,246**	180,744	170,592
Dividends received (Note 7)	**29,921**	292,132	26,813
Net cash flows used in investing activities	**(6,168,808)**	(3,898,505)	(2,819,360)
CASH FLOWS FROM FINANCING ACTIVITIES (Note 39)			
Payments of:			
Cash dividends (Notes 16 and 31)	**(4,891,022)**	(10,189,387)	(7,854,387)
Interest	**(432,666)**	(157,689)	(96,168)
Long-term debts	**(253,431)**	(168,117)	(75,546)
Principal portion of lease liabilities (Note 33)	**(75,761)**	(59,739)	(56,514)
Debt issue cost, short-term debts	**(11,171)**	(5,993)	(11,010)
Long-term payable	**–**	(7,000)	(7,000)
Proceeds from availment of:			
Short-term debts, net of debt issue costs (Note 14)	**4,331,718**	–	–
Long-term debts, net of debt issue costs (Note 14)	**887,202**	1,367,733	13,321
Investment of NCI in a subsidiary	**1,597,193**	360,000	–
Proceeds from exercise of stock options	**715,499**	–	–
Increase in other current liability	**–**	36,000	39,040
Net cash flows from (used in) financing activities	**1,867,561**	(8,824,192)	(8,048,264)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,666,102**	153,705	(1,191,251)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,809,026**	10,826,806	11,835,201
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS (Note 29)	**7,337**	(171,485)	182,856
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱15,482,465**	₱10,809,026	₱10,826,806

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

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

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010.

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

The Subsidiaries

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

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

Dinapigue Mining Corporation (DMC)
DMC was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation, and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite, and other associated mineral deposits in Dinapigue, Isabela. In 2021, DMC conducted two (2) test shipments to Coral Bay Nickel Corporation (CBNC), and it started its commercial operation in 2022.

Samar Nickel Mining Resources Corporation (SNMRC)
SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. As at March 13, 2024, SNMRC has not yet started commercial operations.

CDTN Services Company Inc. (CDTN)
CDTN was registered with the SEC on December 21, 2020, is a 100% owned subsidiary of the Parent Company and is primarily engaged in general engineering construction, contracting and machinery, and supply sales business in all its phases, extend and receive any contracts or assignments or contracts related thereto or connected therewith, and manufacture and furnish building materials and supplies. It is also engaged in the handling of materials in connection with construction or manufacturing, warehousing, distribution or disposal activities, or other similar activities.

Coral Pearl Developments Limited (CPDL)
CPDL was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the leasing of aircraft.

La Costa Shipping and Lighterage Corporation (LCSLC)
LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC and is primarily engaged in the chartering out of LCT and providing complete marine services. In May 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all its LCTs to HMC.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue (BIR) was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at March 13, 2024, FEI is still waiting for the approval of the SEC.

Cordillera Exploration Co., Inc. (CEXCI)
CEXCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development, and utilization of mineral resources. CEXCI has several mining properties at various stages of exploration. As at March 13, 2024, CEXCI is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)
Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CEXCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. As at March 13, 2024, Newminco is currently not engaged in any development or commercial production activities.

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

Rio Tuba Nickel Mining Corporation (RTN)
RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. RTN also provides services which involve the handling, hauling and transportation of materials required in the processing operations of CBNC up to May 2021.

Emerging Power Inc. (EPI)
EPI was registered with the SEC on October 16, 2007, is an 86.29% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

Mindoro Geothermal Power Corporation (MGPC)
MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI and is primarily engaged in the renewable energy business. On November 24, 2014, by virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract (GRESC) No. 2010-02-013, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro. The transfer of GRESC No. 2010-02-013 to MGPC was approved by the Department of Energy (DOE) on February 16, 2016.

On February 26, 2019, MGPC received from the Philippine Government, through the DOE, the Confirmation of Commerciality for the 10-megawatt (MW) project.

MGPC is in the exploration phase and is expected to have an operating capacity of 40MW. The geothermal power plant is intended to supply electricity to the Mindoro Island grid.

As at December 31, 2023, the flow testing is expected to commence in the third quarter of 2024, and if successful, the first modular plant will be installed with a target power generation and operation of 2MW in the second quarter of 2025.

Biliran Holdings Inc. (BHI)
BHI was registered with the SEC on July 31, 2015, is an 86.29% owned subsidiary of the Parent Company through EPI and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading, and agribusiness and to pay other evidence of indebtedness or securities of this or any other corporation.

Northern Palawan Power Generation Corporation (NPPGC)
NPPGC was registered with the SEC on July 5, 2017, is an 86.29% owned subsidiary of the Parent Company through EPI and is primarily engaged in the renewable energy business and in producing and generating electricity and processing fuels alternative for power generation.

NPPGC is the developer and owner of the Cawag Solar Power Project, a ground-mounted solar photovoltaic (PV) farm located in Subic, Zambales, and covered by the Solar Energy Operating Contract (SEOC) No. 2023-10-715 with the DOE. As at December 31, 2023, NPPGC is in the pre-operating stage.

Jobin-SQM, Inc. (JSI)
JSI was registered with the SEC on January 6, 2010, wherein the Parent Company has 38% direct ownership and 44.87% indirect ownership through EPI. JSI is primarily engaged in the power business, including but not limited to power generation, power trading and supply to retail customers and end users. JSI was acquired by EPI on September 11, 2015, and commenced operation in May 2016.

On May 13, 2022, the Department of Environment and Natural Resources (DENR) granted the request of JSI to increase its capacity, from 150MW to 200MW, and area, from 800 hectares to 815 hectares, located at Mt. Sta. Rita, Subic Bay Freeport Zone (SBFZ).

In relation to this, the construction of Phase 4A - 72MW of the Solar Project started in November 2022, with testing and commissioning in February 2024. Phase 4B - 28MW will be decided subject to availability of sufficient land area to support the development.

As at December 31, 2023, JSI's Solar Project with total capacity of 100MW are in commercial operations.

Greenlight Renewables Holdings, Inc. (GRHI)
GRHI was registered with the SEC on August 18, 2022, is a 51.77% owned subsidiary of the Parent Company through EPI. GRHI is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. GRHI is the joint venture of EPI and Shell Overseas Investments B.V. (Shell).

San Isidro Solar Power Corp. (SISPC)
SISPC was registered with the SEC on February 28, 2022, is a 51.77% owned subsidiary of the Parent Company through EPI. SISPC is primarily engaged in harnessing solar energy and producing and generating electricity from solar energy and other renewable energy sources, including expanded operation of solar energy and other renewable energy supply base and the generation and co-generation of electric power, as well as the supply and consolidation of the electric power demand of end-users, and to carry on all services incident and/or ancillary to the business.

SISPC is the developer and owner of the San Isidro Solar Power Project (SISPP), a ground-mounted solar PV farm located in San Isidro, Leyte and covered under a Solar Energy Service Contract (SESC) with the DOE. SISPC is currently in the development and construction stage. SISPC was acquired by GRHI on June 30, 2023.

Casilagan Solar Power Corporation (CSPC)
CSPC was registered with the SEC on May 9, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. CSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

CSPC is the developer and owner of the following ground-mounted solar PV farm projects: 1) San Antonio Solar Power Project located in San Antonio, Zambales and covered by SEOC No. 2023-12-789; 2) San Juan Solar Power Project located in Botolan, Zambales and covered by SEOC No. 2023-12-790; and 3) Tuy Solar Power Project located in Tuy and Nasugbu, Batangas and covered by SEOC No. 2023-12-795.

SanJuan Solar Power Corporation (SSPC)
SSPC was registered with the SEC on July 26, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

Sta. Maria Solar Power Corporation (SMSPC)
SMSPC was registered with the SEC on July 26, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SMSPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

Tuy Solar and Wind Power Corp. (TSWPC)
TSWPC was registered with the SEC on September 13, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. TSWPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

San Antonio Solar Power Corp. (SASPC)
SASPC was registered with the SEC on September 14, 2023, is a 51.77% owned subsidiary of the Parent Company through EPI. SASPC is primarily engaged in onshore renewable energy and carry on the business of producing and generating electricity from onshore solar and wind, battery energy storage, and other renewable energy sources that are utility scale and grid-connected, and to invest in, operate, maintain, manage business activities related to power generation, power trading, and power supply to distribution utilities, retail electricity suppliers, customers directly connected to the voltage transmission network, retail customers, end-users, and to carry on all services incident and/or ancillary to the business.

Biliran Geothermal Incorporated (BGI)
BGI was registered with the SEC on October 31, 2007, is a 51.77% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 28, 2014, BGI received from the Philippine Government through the DOE the Confirmation of Commerciality for the Biliran Geothermal Project. BGI was acquired by BHI on December 17, 2015.

On December 20, 2022, BHI sold its 15% interest in BGI for ₱0.5 million.

The consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issuance by the Parent Company's BOD on March 13, 2024.

2. Basis of Preparation and Consolidation, Statement of Compliance and Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVTPL and at FVOCI, which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company and its subsidiaries' (collectively referred to as the Group) functional and presentation (or reporting) currency, except CPDL whose functional and reporting currency is in United States dollar (US$). All amounts are rounded to the nearest thousand (₱000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the balances of the subsidiaries and equity share in the net income or losses of associates:

	Principal Place of Business	Principal Activities	Effective Ownership 2023	Effective Ownership 2022
Subsidiaries				
HMC	Philippines	Mining and Services	**100.00%**	100.00%
CMC	Philippines	Mining	**100.00%**	100.00%
DMC	Philippines	Mining	**100.00%**	100.00%
SNMRC	Philippines	Mining	**100.00%**	100.00%
CDTN	Philippines	Services	**100.00%**	100.00%
CPDL	BVI	Services	**100.00%**	100.00%
LCSLC (a)	Philippines	Services	**100.00%**	100.00%
FEI (b)	Philippines	Mining	**88.00%**	88.00%
EPI	Philippines	Renewable Energy (RE) Developer	**86.29%**	86.29%
MGPC (c)	Philippines	RE Developer	**86.29%**	86.29%
BHI (c)	Philippines	Services	**86.29%**	86.29%
NPPGC (c)	Philippines	Power Generation	**86.29%**	86.29%
JSI (d)	Philippines	Power Generation	**82.87%**	82.87%
CEXCI	Philippines	Mining	**71.25%**	71.25%
Newminco (e)	Philippines	Mining	**71.25%**	71.25%
TMC	Philippines	Mining and Services	**65.00%**	65.00%
RTN	Philippines	Mining	**60.00%**	60.00%
GRHI (c,f)	Philippines	Services	**51.77%**	51.77%
SISPC (c,h)	Philippines	Power Generation	**51.77%**	–
CSPC (c)	Philippines	Power Generation	**51.77%**	–
SSPC (c)	Philippines	Power Generation	**51.77%**	–
SMSPC (c)	Philippines	Power Generation	**51.77%**	–
TSWPC (c)	Philippines	Power Generation	**51.77%**	–
SASPC (c)	Philippines	Power Generation	**51.77%**	–
Associates				
BGI (c,g)	Philippines	Power Generation	**38.83%**	38.83%
CBNC (see Note 10)	Philippines	Manufacturing	**15.62%**	15.62%
THNC	Philippines	Manufacturing	**10.00%**	10.00%

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through EPI
(d) Direct ownership of 38% and indirect ownership through EPI of 44.87%
(e) Indirect ownership through CEXCI
(f) Incorporated on August 18, 2022; a joint venture of EPI and Shell
(g) Partially disposed on December 20, 2022
(h) Acquired by GRHI on June 30, 2023

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. The Group disclosed the material accounting policy information in Note 2 to the consolidated financial statements.

- Amendments to PAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendment was applied on the recognition of deferred income tax asset on lease liability and deferred income tax liability on right-of-use (ROU) assets in 2023 (see Note 35). Other than this, the Group's current practice is already in line with the amendment.

Standards and Interpretations Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before the financial reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of Exchangeability*

Deferred Effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

Material Accounting Policy Information

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the financial reporting period. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All differences are taken to "Other income - net" in the consolidated statement of income.

As at the end of the financial reporting period, the statement of financial position of associates and a subsidiary (whose functional currency is other than the Philippine peso) is translated into the presentation currency of the Group (the Philippine peso) using the rate of exchange prevailing at the end of the financial reporting period and the consolidated statement of income is translated using the weighted average exchange rate for the year. The exchange differences arising on the translation is recognized in other comprehensive income. Upon disposal of such associate or subsidiary, the component of other comprehensive income relating to that associate or subsidiary will be recognized in the consolidated statement of income.

Fair Value Measurement
The Group measures financial instruments at fair value at each end of the financial reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the financial reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business at the end of the financial reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the Level in the fair value hierarchy as explained above.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Financial Assets
Initial Recognition, Classification and Measurement of Financial Instruments
Financial assets are classified, at initial recognition, as subsequently measured at FVTPL, at FVOCI and at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one (1) year or less, are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at FVOCI or at amortized cost, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Subsequent Measurement
For purposes of subsequent measurement, the Group's financial assets are classified in the following categories:

- Financial assets at FVTPL
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at amortized cost (debt instruments)

Financial Assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of income. A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

This category includes debt and equity investments which the Group had not irrevocably elected to classify at FVOCI (see Note 7). Dividends on equity investments are recognized under "Other income - net" in the consolidated statement of income when the right of payment has been established (see Notes 7 and 29).

Financial Assets at FVOCI (Debt Instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the consolidated statement of income.

The Group's debt instruments at FVOCI include investments in quoted debt instruments such as government and corporate bonds and other similar investments (see Note 7). The Group does not hold equity instruments measured at FVOCI.

Financial Assets at Amortized Cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of income when the asset is derecognized, modified, or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, investment in certain debt instruments, short-term cash investments and negotiable instruments under "Prepayments and other current assets", mine rehabilitation fund (MRF), restricted cash, and Social Development Management Program (SDMP) funds (see Notes 4, 5, 7, 8 and 12).

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial assets migrate through the following three (3) stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the twelve (12)-months after the financial reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized, and interest revenue is calculated by applying the credit-adjusted EIR to the amortized cost of the financial asset.

Determining the Stage for Impairment
At each financial reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the financial reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a twelve (12)-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to twelve (12)-month ECL.

For cash and cash equivalents, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either a twelve (12)-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

The Group computes ECLs using the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) for trade receivables. The Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each end of the financial reporting period.

The Group's debt instruments at FVOCI and at amortized cost comprise of quoted bonds and government securities that are graded in the investment category by either Standard and Poor's, Moody's, Bloomberg or Fitch (collectively referred to as the Credit Rating Agencies), whichever is applicable, and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a twelve (12)-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are ninety (90) days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group writes-off a financial asset measured at amortized cost, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

The Group writes-off an account when all the following conditions are met:

- the asset is past due for over ninety (90) days, or is already an item-in-litigation with any of the following:
    a. no properties of the counterparty could be attached
    b. the whereabouts of the counterparty cannot be located
    c. it would be more expensive for the Group to follow-up and collect the amount, hence the Group have ceased enforcement activity, and
    d. collections can no longer be made due to insolvency or bankruptcy of the counterparty.
- expanded credit arrangement is no longer possible;
- filing of legal case is not possible; and
- the account has been classified as 'Loss'.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "passthrough" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities
Initial Recognition, Classification and Measurement of Financial Instruments
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities are in the nature of other financial liabilities. The Group has no financial liabilities classified as at FVTPL and derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
The measurement of other financial liabilities is as described below:

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading, not derivatives, or not designated at FVTPL upon the inception of the liability. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any issue cost, and any discount or premium on settlement. The EIR amortization is included under "Finance expense" in the consolidated statement of income.

Other financial liabilities are included in current liabilities if settlement is within twelve (12) months from the end of the financial reporting period, otherwise, these are classified as noncurrent liabilities.

This accounting policy applies primarily to the Group's trade and other payables, short-term and long-term debts, lease liabilities, and other obligations that meet the above definition (excluding government payables and other liabilities that are covered by other accounting standards, such as income tax payable and pension; see Notes 13, 14 and 33).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income.

Inventories
Inventories, including the long-term stockpile inventory, are valued at the lower of cost or net realizable value (NRV). Cost is determined by the moving average production cost during the year for beneficiated nickel ore (saprolite and limonite) and limestone exceeding a determined cut-off grade. The NRV of beneficiated nickel ore and limestone inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Periodic ore inventory survey is performed to determine the volume of ore inventory.

For materials and supplies, cost is determined using the moving average method and composed of purchase price, transport, handling, and other costs directly attributable to its acquisition. The NRV of materials and supplies is the current replacement cost. Any provision for inventory losses is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence.

Prepayments and Other Current Assets
Prepayments and other current assets include input VAT, advances and deposits, prepaid taxes, tax credit certificates, short-term cash investments, negotiable instruments, and various prepayments which the Group expects to realize or consume the assets within twelve (12) months after the end of the financial reporting period.

VAT
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset and presented as part of "Prepayments and other current assets" in the consolidated statement of financial position. Deferred input VAT, which represents input VAT on capital assets subject to amortization, and any excess input VAT which: (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the financial reporting period; or (2) are being claimed for refund or as tax credits with the BIR, Bureau of Customs and/or Court of Tax Appeals are presented as part of "Other noncurrent assets" in the consolidated statement of financial position. Input VAT is stated at cost less any impairment in value.

Property and Equipment

The Group's property and equipment consists of land and land improvements, mining properties and development costs, machinery and equipment, solar farm, buildings and improvements, ROU assets, transmission lines and substations, and construction in-progress that do not qualify as investment properties.

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and depletion and accumulated impairment loss, if any. The initial cost of property and equipment consists of its purchase price including import duties and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met. When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Land is carried at cost less any accumulated impairment loss.

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Construction in-progress represents work under construction and is stated at cost. Construction in-progress is not depreciated until such time that the relevant assets are completed and available for use. This also includes interest incurred on borrowed funds during the construction period.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Category	Number of Years
Land improvements	5
Machinery and equipment	2-15
Solar farm	5-40
Buildings and improvements	2-25
Transmission lines and substations	10-40

Mining properties and development costs include the capitalized cost of mine rehabilitation and decommissioning and other development costs necessary to prepare the area for operations. Depletion of mining properties is calculated using the unit-of-production method based on the estimated economically recoverable reserves to which they relate to or are written-off if the property is abandoned. Development costs are depreciated using the straight-line method over the estimated useful life of the asset of twenty (20) to thirty (30) years.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are amortized on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term of two (2) to fifty (50) years. ROU assets are subject to impairment.

Depreciation, amortization and depletion of property and equipment, except land, begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, or in case of mining properties, from start of commercial operations upon extraction of ore reserves. Depreciation, amortization, and depletion ceases when the assets are fully depreciated, amortized or depleted, or at the earlier of the date that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The assets' estimated recoverable reserves, residual values, if any, useful lives and depreciation, amortization and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation, amortization and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. If there is an indication that there has been a significant change in depreciation, amortization and depletion rate, useful life, or residual value of an asset, these are revised prospectively to reflect the new expectations.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

The asset revaluation surplus which arose from the acquisition of the controlling interest in RTN in August 2006, relates to the land and building and improvements. The said assets, which are part of the Group's property and equipment, were revalued in connection with the acquisition, and the revalued amounts were subsequently treated as the deemed cost. The related and applicable depreciation on these assets is transferred periodically to retained earnings.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Borrowing Cost
Borrowing costs directly attributable to the development of the Group's projects that necessarily take a substantial period of time to get ready for its intended use are capitalized. Borrowing costs consist of interest on borrowed funds used to finance the construction of the asset and other financing costs that the Group incurs in connection with the borrowing of funds. The capitalization of the borrowing cost as part of the cost of the asset: (a) commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress; and (b) ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. Capitalized borrowing costs are based on the applicable borrowing rate agreed in the agreement.

<u>Investments in Associates</u>
The aggregate of the Group's share of profit or loss of an associate is shown in the statement of income outside operating profit and represents profit or loss after tax. In case of losses, the Group's share of profit or loss are only recognized to the extent of the cost of investment.

If the ownership interest in an associate is reduced, but the investment continuous to be an associate, the Group shall reclassify to the consolidated statement of income the proportionate gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be required to be reclassified to consolidated statement of income on the disposal of the related asset.

Geothermal Exploration and Evaluation Assets
The Group follows the full cost method of accounting for its geothermal exploration and evaluation assets determined on the basis of each service contract. Under this method, all exploration costs relating to each service contract are accumulated and deferred under "Geothermal exploration and evaluation assets" account in the consolidated statement of financial position pending the determination of whether the wells have proved reserves. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and related administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of income when incurred.

If tests conducted on the drilled exploratory wells reveal that these wells cannot produce proved reserves, the capitalized costs are charged to expense except when the management decides to use the unproductive wells, for recycling or waste disposal.

Once the technical feasibility and commercial viability of the project to produce proved reserves have been established and appropriate regulatory approvals have been obtained, the geothermal exploration and evaluation assets are reclassified to property and equipment.

Geothermal exploration and evaluation assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of income in the year the item is derecognized.

Geothermal exploration and evaluation assets also include interest on borrowed funds that are directly attributable to the construction and development of the Group's projects.

Deferred Mine Exploration Costs
Expenditures for the acquisition of property rights are capitalized. Expenditures for mine exploration work prior to drilling are charged to operations. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), costs or expenditures subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Upon the start of commercial operations, such costs are transferred to property and equipment. Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value. Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred. Major development expenditures incurred to expose the ore, increase production, or extend the life of an existing mine are capitalized.

Project Development Costs
Project development costs are expensed as incurred until management determines that the project is technically, commercially, and financially viable, at which time project development costs are capitalized. Project's viability generally occurs in tandem with management's determination that a

project should be classified as an advanced project as evidenced by a favorable system impact study, interconnection agreements, or when project financing is in place.

Following initial recognition of the project development cost as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when the development of the energy projects is complete, and the asset is available for use. It is amortized using the straight-line method over the period of expected future benefit. During the period in which the asset is not yet available for use, the project development costs are tested for impairment annually, irrespective of whether there is indication of impairment.

Impairment of Nonfinancial Assets

Inventories

The Group determines the NRV of inventories at each end of the financial reporting period. If the cost of the inventories exceeds its NRV, the asset is written down to its NRV and impairment loss is recognized in the consolidated statement of income in the year the impairment is incurred. In the case when NRV of the inventories increased subsequently, the NRV will increase the carrying amounts of inventories but only to the extent of their original acquisition costs.

Property and Equipment and Nonfinancial Prepayments and Other Current and Noncurrent Assets

The Group assesses at each end of the financial reporting period whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash generating unit (CGU) is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less the costs of disposal, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of income. Recovery of impairment loss recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation, amortization, and depletion) had no impairment loss been recognized for that asset in prior years.

Geothermal Exploration and Evaluation Assets and Deferred Mine Exploration Costs

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial reporting period in which this is determined.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed;
- Substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- When a service contract where the Group has participating interest in is permanently abandoned; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Geothermal exploration and evaluation assets and deferred mine exploration costs are reassessed for impairment on a regular basis.

Other Current Liability
Other current liability pertains to deposits for future stock subscription which represents advance payments from stockholders for the subscription of future issuance of shares.

The Group classifies its deposits for future stock subscription as a separate account under equity if and only if, all the following elements are present as at the end of the financial reporting period:
- There is a lack of or insufficiency in unissued authorized capital stock;
- The BOD and stockholders have approved the proposed increase in authorized capital stock; and
- An application for the approval of the proposed increase in authorized capital stock has been presented for filing or has been filed with the SEC.

If any or all the foregoing elements are not present, the deposits for future stock subscription shall be recognized and included as a separate line item under liabilities in the consolidated statement of financial position.

Leases
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if any. The lease payments also include, if any, the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a Lessor
Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the financial reporting period and adjusted to reflect the current best estimate. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of “Finance expense” in the consolidated statement of income.

Provision for Mine Rehabilitation and Decommissioning
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized as part of “Finance expense” in the consolidated statement of income. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and provision for mine rehabilitation and decommissioning when they occur. When rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each end of the financial reporting period and the cost is charged to the consolidated statement of income.

The ultimate cost of mine rehabilitation and decommissioning is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result, there could be significant adjustments to the provision for mine rehabilitation and decommissioning, which would affect future financial results. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.

MRF committed for use in satisfying environmental obligations are included within "Other noncurrent assets" in the consolidated statement of financial position.

Share-based Payment Transactions
The executives of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transaction is determined by the fair value at the date when the grant is made using the Black Scholes-Merton model. The cost of equity-settled transaction is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at the end of each financial reporting period until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest.

The charge or credit in the consolidated statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and are recognized in "Personnel costs".

No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted EPS.

Treasury Stock
Own equity instruments that are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the "Additional paid-in capital".

Basic/Diluted EPS
Basic EPS
Basic EPS is calculated by dividing the net income attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS
Diluted EPS is calculated by dividing the net income attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, adjusted for any

stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Revenue from Contracts with Customers
The Group is principally engaged in the business of producing beneficiated nickel ore, limestone, and quarry materials, rendering of services, and generating revenue from sale of power. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Contract Balances
Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

From time to time, the Group recognizes contract liabilities in relation to its sale of ore which are sold under free-on-board (FOB) Incoterms, whereby a portion of the cash may be received from the customer before the loading of ore is completed.

The following specific recognition criteria must also be met before revenue or income is recognized:

- *Sale of Beneficiated Nickel Ore, Limestone and Quarry Materials*
  For the sale of beneficiated nickel ore, limestone and quarry materials, the enforceable contract is each purchase order, which is an individual, short-term contract. Purchase orders are executed through an Addendum to the master supply agreements with customers. While there are master supply agreements with customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes.

  The Group's sale of ore allows price adjustment provision where final ore price shall be based on the results of the final assay exchange with customer. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

  Revenue is recognized when control passes to the customer, which occurs at a point in time when the ore is physically transferred onto a vessel except in the case of deliveries to CBNC and THNC, which occurs at the time the ore passes into the ore preparation hopper of the respective plants. In the case of quarry materials, control passes at the time the material has been delivered to each delivery points. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received.

- *Sale of Power*
  Revenue from sale of power primarily pertains to sale of electricity to Independent Electricity Market Operator of the Philippines, Inc. (IEMOP), which are traded through Philippine Wholesale Electricity Spot Market (WESM) and to Surigao Del Norte Electric Cooperative, Inc. (SURNECO).

  For the sale of power to IEMOP, the enforceable contract is the Market Participation Agreement together with the WESM Rules that implement the provisions of the Electric Power Industry Reform Act of 2001, its Implementing Rules and Regulations and other related laws. For the sale of power to SURNECO, the enforceable contract is the Power Supply Agreement (PSA).

  The performance obligation is the sale of power since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

  The Group concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the Group supplies power.

  The sale of power to IEMOP provides an unspecified quantity of energy. The unit price for the sale of power is determined at each trading interval of each day while the unit price for its bilateral agreements is at a fixed rate based on the PSAs with customers. Such provisions under PFRS 15 give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of constraint on variable consideration resulted in the same revenue recognition under PAS 18.

Interest
Income is recognized as interest accrues using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend
Dividend income is recognized when the Group’s right to receive payment is established.

Rental
Revenue is recognized based on a straight-line basis over the term of the lease agreement.

Other Income
Revenue is recognized as they are earned.

<u>Cost and Expense Recognition</u>
Costs and expenses, finance expenses and other charges are generally recognized when the expense arises, incurred, or accrued in the appropriate period.

Costs
Costs are incurred in the normal course of business and are recognized when incurred. They comprise mainly of the cost of goods sold, which is provided in the period when goods are delivered, and cost of services, which is provided in the period when the related service has been rendered.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the pension liability at the end of the financial reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as pension costs under "Personnel costs" in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized and included under "Finance expense" or "Finance income" in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19 were closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates, and income tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the financial reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the end of the financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred income tax assets is reviewed at each end of the financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the financial reporting period and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted as at the end of the financial reporting period.

Deferred income tax relating to items recognized outside the consolidated statement of income is recognized outside the consolidated statement of income. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Business Segments
For management purposes, the Group is organized into operating segments (mining, power, and services) according to the nature of the products and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The segment locations are the basis upon which the Group reports its primary segment information for the mining segment. Financial information on business segments is presented in Note 40.

Events after the End of the Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of the financial reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRS require management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The judgments, estimates and assumptions are based upon management's evaluation of relevant facts and circumstances as at the end of the financial reporting period. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company and its subsidiaries, except CPDL, has been determined to be the Philippine peso. The functional currency is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences labor, material, and other costs of providing goods and services.

Assessing Production Start Date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:
- The level of capital expenditure compared to construction cost estimates;
- Completion of a reasonable period of testing of the property and equipment;
- Ability to produce ore in saleable form; and

- Ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences. In 2022, DMC started its commercial operation and moved into the production stage (see Notes 9 and 12).

Assessing Units-of-Production Depletion
Estimated recoverable reserves are used in determining the depletion of mine assets. This results in a depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates of future capital expenditure. The Group uses the tons of ore produced as the basis for depletion. Any change in estimates is accounted for prospectively.

Determining Whether Significant Influence Exists
The Parent Company recognized its ownership interest in THNC, CBNC and BGI as investments in associates. In accordance with the provisions of PAS 28 (2011), *Investments in Associates and Joint Ventures*, the existence of significant influence by an entity is usually evidenced in one or more of the following ways:
- Participation in policy-making processes through its representation on the BOD; or
- Material transactions between the entity and its investee such as the supply of all the nickel ore and/or limestone requirement of the investee and/or the use of the subsidiaries' land and infrastructure necessary for the production of the products of the investee.

Due to the nature of the Parent Company's involvement in THNC, CBNC and BGI and other various factors, the Parent Company assessed that significant influence exists (see Note 10).

The Parent Company also owns 25% ownership interest in Eurasian Consolidated Minerals Pty Ltd (ECM) which was recognized as financial assets at FVTPL. The Parent Company assessed that no significant influence exists due to:
- Absence of material transactions between ECM and the Parent Company;
- No interchange of managerial personnel; and
- Non-participation of the Parent Company in the policy-making process, as the group of shareholders that holds the majority ownership of the investee operates without regard to the views of the Parent Company.

Determining Indicators of Impairment on Investments in Associate
Impairment review on investments in associates is performed when events or changes in circumstances indicate that the carrying value exceeds its fair value. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the investment is written down to its recoverable amount. Management has determined that there are no events or changes in circumstances in 2023 and 2022 that may indicate that the carrying value of investments in associates may not be recoverable. Accordingly, no impairment loss was recognized on investments in associates in 2023, 2022 and 2021. The carrying values of the Group's investments in associates amounted to ₱5,485.0 million and ₱7,147.6 million as at December 31, 2023 and 2022, respectively (see Note 10).

Determining Capitalizability of Geothermal Exploration and Evaluation Assets and Deferred Mine Exploration Costs

Careful judgment by management is applied when deciding whether the recognition requirements for geothermal exploration and evaluation assets and deferred mine exploration costs relating to the Group's geothermal and mining projects have been met. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific geothermal and ore reserves. This is necessary as the economic success of the exploration is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the information available at the end of each financial reporting period.

Determining Applicability of International Financial Reporting Interpretations Committee (IFRIC) 12, Service Concession Arrangements on the SESC and PSA with SURNECO

An arrangement would fall under IFRIC 12 if the two conditions below are met:

a) the grantor controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price, and
b) the grantor controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

The infrastructure used for its entire useful life ('whole of life assets') is within the scope of IFRIC 12 if the arrangement meets the conditions in (a).

However, based on management's assessment, the SESC entered by JSI is outside the scope of IFRIC 12 since JSI controls the significant residual interest in the properties at the end of the concession term through ownership (see Note 38h). For the PSA with SURNECO, management assessed that it is also outside the scope of IFRIC 12 since SURNECO does not control or regulate the services of the operator, which is the Parent Company, in using the power plant including its pricing (see Note 38g).

Operating Lease - Parent Company as the Lessor

In accounting for its PSA with SURNECO, the Group's management has made a judgment that the PSA is an arrangement that contains a lease (see Note 38g). The Parent Company has not transferred substantially all the risks and rewards incidental to the ownership of the power plant principally by virtue of its right to control the capacity of power plant and its right to transfer the power plant at the end of the PSA for no consideration. Accordingly, the Group accounted for the agreement as an operating lease. The capital recovery fee billed to SURNECO, based on the terms of the PSA, is recorded as operating revenue under "Sale of power" in the consolidated statements of income.

Determining the Lease Term of Contracts with Renewal and Termination Options - Group as Lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options (see Note 33). The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

The renewal periods for the lease of the land and buildings and improvements are not included as part of the lease term as this is not reasonably certain to be exercised. Furthermore, the periods covered by termination options, if any, are included as part of the lease term only when they are reasonably certain not to be exercised.

Identifying the Enforceable Contract
<u>*Sale of Beneficiated Nickel Ore*</u>
The Group made an irrevocable and firm commitment to sell nickel ore on FOB of mother vessel terms, while the buyer made an irrevocable and firm commitment to purchase the quantity of the nickel ore under the terms and conditions specified and agreed upon in the contract. Throughout the year, the parties executed addendums to the contract to deliver nickel ore with quantity and specifications indicated therein.

The Group executed a sales contract with Pacific Metals Co., Ltd. (PAMCO), where the former expressed its wish to sell to the latter all beneficiated nickel saprolite ore which meets the specifications as stated in the contract. The Group also executed sales contracts with its major customers to sell beneficiated nickel limonite ore with specifications stated explicitly in the contracts.

While there are master supply agreements with customers that set out the general terms and conditions governing any sales that occur, they do not contain any minimum volumes. Therefore, for the above arrangements, the enforceable contracts have been determined to be the annual and long-term contracts and the addendum thereon.

<u>*Sale of Limestone*</u>
RTN executed a long-term contract with its customers that sets out the general terms and conditions governing each sale of limestone that occur. The enforceable contracts have been determined to be the long-term contracts.

<u>*Sale of Quarry Materials*</u>
TMC entered into a Materials Supply Agreement (MSA) with THNC to sell and deliver construction materials and THNC to purchase and take delivery of rock, sand, gravel, and available laterite near the area to be used for the expansion of their tailing storage facility which is part of the auxiliary facility of their High Pressure Acid Leach (HPAL) project. The enforceable contracts have been determined to be each purchase order and the MSA.

Identifying Performance Obligations
The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group’s promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if: i) each distinct good or services in the series are transferred over time, and ii) the same method of progress will be used (i.e., units of delivery) to measure the entity’s progress towards complete satisfaction of the performance obligation.

With regard to the sale of beneficiated nickel ore and limestone, the Group and its buyers agree to respectively sell and purchase a specific quantity of nickel ore and limestone during the term of the sales contracts. This performance obligation is a promise to transfer to the buyer distinct goods (i.e., nickel ore and limestone) that shall be satisfied at a point in time. It is capable of being distinct since the customers can benefit from it in conjunction with other readily available resources. It is distinct within the context of the sales contracts because it is not integrated, not highly interdependent on or highly interrelated with other promised services in the contract. The obligation is to transfer nickel ore and limestone which shall be satisfied once the control to the goods has been transferred to the buyer at a point in time.

For the sale of quarry materials, TMC and THNC agree to sell and purchase a specific quantity of quarry materials during the term of each purchase order and the MSA. The performance obligation is a promise to transfer to THNC distinct goods (i.e., rock, sand, gravel, and available laterite) that shall be satisfied at a point in time. It is capable of being distinct since the customers can benefit from it in conjunction with other readily available resources. It is distinct within the context of each purchase order and MSA because it is not integrated, not highly interdependent on or highly interrelated with other promised services in the contract. The obligation is to transfer quarry materials which shall be satisfied once the control to the goods has been transferred to the buyer at a point in time.

With regard to the sale of power, it is considered a performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract.

The performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Determining Method to Estimate Variable Consideration and Assessing the Constraint
The Group assessed that it has variable consideration pertaining to quantity of ore shipped to customer. The variability arises from the uncertainty of final quantity and is assessed based on preliminary assay which is the Group's estimate of the most likely amount that is not highly probable to result in a significant reversal in cumulative revenue recognized when final assay is completed.

The Group's sale of power to IEMOP provides unspecified quantity of energy and unspecified unit price that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration given the large range of possible outcomes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are to be fully constrained based on its historical experience (i.e., volume and unit price), the range of possible outcomes (i.e., unspecified quantity of energy and unspecified unit price), and the unpredictability of other factors outside the Group's influence.

Determining the Timing of Satisfaction
The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The sale of ore, limestone and quarry materials are satisfied at a point in time. All risk of loss, damage, or destruction respective of the ore delivered shall progressively pass to the buyer at the time the ore passes over the rail and into the vessel while risk of loss and damage for the limestone delivered passed to the buyer at the time the good is delivered to the buyer's plant. In the case of deliveries to CBNC and THNC, title, risk of loss and damage passed to the buyer at the time the ore passes into the ore preparation hopper of the respective plants. Moreover, the risk of loss and damage is also passed to the buyer at the time the quarry materials have been delivered to each delivery point.

For rendering of services, it is satisfied over time since the customer obtains the benefit simultaneously with the Group's performance of services. The fact that another entity would not need to re-perform the handling services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group concluded that revenues from sale of power are to be recognized over time since customers simultaneously receive and consume the benefits as the Group supplies power.

Determining the Group's Business Model in Accounting for Financial Assets
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective (see Note 2). The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flow. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Defining Default and Credit-Impaired Financial Assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than ninety (90) days past due on its contractual payments, which is consistent with the Group's definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  a. The borrower is experiencing financial difficulty or is insolvent;
  b. The borrower is in breach of financial covenant(s);
  c. An active market for that financial asset has disappeared because of financial difficulties;
  d. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty;
  e. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
  f. Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's ECL calculation.

An instrument is no longer in default (i.e., to have cured) when it no longer meets any of the default criteria.

Determining Significant Increase in Credit Risk
The criteria for determining whether credit risk has increased significantly vary and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than ninety (90) days past due. Days past due are determined by counting the number of days from the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the related party/customer.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria can identify significant increase in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes ninety (90) days past due; and
- there is no unwarranted volatility in loss allowance from transfers between twelve (12)-month PD (stage 1) and lifetime PD (stage 2).

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria, or which are less than ninety (90) days past due, are considered to have a low credit risk. The provision for ECL for these financial assets is based on a twelve (12)-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.
An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to twelve (12)-month ECL.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial reporting period, that have the most significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

Estimating Ore Reserves
Ore reserves are estimates of the volume of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth, and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying values of property and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred income tax assets and depreciation and depletion charges.

The Group also makes estimates and assumptions regarding a number of economic and technical factors, such as production rates, grades, production and transport costs and prices. These economic and technical estimates and assumptions may change in the future in ways that affect the quality and quantity of the reserves. The Group reviews and updates estimates as required, but at least annually, to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or limestone prices or production costs and other factors.

Estimating Recoverability of Geothermal Exploration and Evaluation Assets, Deferred Mine Exploration Costs and Project Development Costs
The Group assesses the recoverability of geothermal exploration and evaluation assets, deferred mine exploration costs and project development costs by determining the technical feasibility, success of exploration activities and discovery of resource that can be produced in commercial quantities.

PFRSs requires that an impairment review be performed when certain impairment indicators are present. The Group determines the fair value of geothermal exploration and evaluation assets, deferred mine exploration costs and project development costs, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such asset. The Group makes estimates and assumptions in determining the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. The recoverable amount is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. No impairment loss was recognized in 2023 and 2022 on geothermal exploration and evaluation assets, deferred mine exploration costs and project development costs.

The carrying values of geothermal exploration and evaluation assets amounted to ₱1,896.6 million and ₱1,882.3 million as at December 31, 2023 and 2022, respectively (see Note 11).

Deferred mine exploration costs, included in “Other noncurrent assets” in the consolidated statements of financial position, amounted to ₱675.4 million and ₱466.8 million as at December 31, 2023 and 2022, respectively (net of allowance for impairment losses of ₱208.9 million and ₱144.2 million, respectively; see Note 12).

Project development costs, included in “Other noncurrent assets” in the consolidated statements of financial position, amounted to ₱268.4 million and ₱21.7 million as at December 31, 2023 and 2022, respectively (see Note 12).

Estimating Allowance for Impairment Losses on Mining Properties and Development Costs, Solar Farm and Construction In-Progress
The Group is adversely affected if there’s a continuous decline in wholesale electricity prices and metal prices. If an impairment indicator is identified, the assessment of the recoverable amount of the mining properties and development costs, solar farm and construction in-progress related to solar farms, requires significant judgment and is based on assumptions. The carrying values of the Group’s mining properties and development costs, solar farm and construction in-progress recorded under

property and equipment as at December 31, 2023 and 2022 are disclosed in Note 9 to the consolidated financial statements.

The factors that the Group considers important which could trigger an impairment review include the following:
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements. These assumptions include future production levels and costs, as well as external inputs such as commodity prices and discount rate. The recoverable amount is sensitive to the discount rate used as well as the expected future cash inflows.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to the consolidated statement of income if the expected discounted future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. As at December 31, 2023 and 2022, the Group has not provided any allowance for impairment losses on its mining properties and development costs, solar farm and construction in-progress as the recoverable amount of these assets is greater than their carrying amount.

Estimating Allowance for ECL on Trade and Other Receivables
The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every end of the financial reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 5 to the consolidated financial statements.

Estimating Allowance for Impairment Losses on Inventories
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess cost of inventories over their NRV. NRV tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the end of the financial reporting period, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile and the number of contained nickel ore ounces based on assay data. Stockpile tonnages are verified

by periodic surveys. The NRV test for materials and supplies is also performed annually and it represents the current replacement cost. Increase in the NRV of inventories will increase the cost of inventories but only to the extent of their original production or acquisition costs.

As at December 31, 2023 and 2022, inventories, including long-term stockpile inventory, carried at lower of cost or NRV amounted to ₱3,069.9 million and ₱2,464.4 million, respectively (net of allowance for impairment losses of ₱68.3 million and ₱58.1 million, respectively; see Notes 6 and 12).

Estimating Useful Lives of Property and Equipment (except Land and Construction In-Progress)
The Group estimates the useful lives of property and equipment, except land and construction in-progress, based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. There are no changes in the estimated useful lives of property and equipment in 2023 and 2022.

The carrying values of property and equipment except land and construction in-progress amounted to ₱14,377.9 million and ₱11,129.9 million as at December 31, 2023 and 2022, respectively (net of accumulated depreciation, amortization and depletion of ₱14,064.7 million and ₱14,393.2 million, respectively; see Note 9).

Estimating Allowance for Impairment Losses on Nonfinancial Other Assets
The Group provides allowance for impairment losses on nonfinancial other assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses would increase recorded expenses and decrease the carrying value of these assets.

The carrying values of nonfinancial prepayments and other current assets amounted to ₱1,600.1 million and ₱862.7 million as at December 31, 2023 and 2022, respectively, while nonfinancial other noncurrent assets amounted to ₱5,540.0 million and ₱3,370.1 million as at December 31, 2023 and 2022, respectively (see Notes 8 and 12).

The allowance for impairment losses on the Group's nonfinancial prepayments and other current assets amounted to ₱82.6 million and ₱56.6 million as at December 31, 2023 and 2022, respectively (see Note 8). The allowance for impairment losses on the Group's nonfinancial other noncurrent assets as at December 31, 2023 and 2022 amounted to ₱994.1 million and ₱779.1 million, respectively (see Note 12).

Estimating the Incremental Borrowing Rate of the Leases
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay',

which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

The Group's lease liabilities amounted to ₱833.4 million and ₱611.2 million as at December 31, 2023 and 2022, respectively (see Note 33). The incremental borrowing rate used in 2023 ranges from 5.25% to 9.03% and in 2022 from 4.92% to 9.03%.

Estimating Provision for Mine Rehabilitation and Decommissioning
The Group assesses its provision for mine rehabilitation and decommissioning annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the provision. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision at the end of the financial reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the consolidated statement of financial position by adjusting the rehabilitation assets and liability. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.

Provision for mine rehabilitation and decommissioning amounted to ₱909.6 million and ₱791.1 million as at December 31, 2023 and 2022, respectively (see Note 15).

Determining Pension Benefits
The cost of defined benefit retirement as well as the present value of the pension liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions, as described in Note 34. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, defined benefit pension liability are highly sensitive to changes in these assumptions. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit pension liability. All assumptions are reviewed at each end of the financial reporting period. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension liability.

As at December 31, 2023 and 2022, pension asset included under "Other noncurrent assets" in the consolidated statements of financial position amounted to ₱18.0 million and ₱15.1 million, respectively, and pension liability amounted to ₱388.7 million and ₱435.4 million, respectively (see Notes 12 and 34).

Estimating Fair Value of Share-based Payment Transactions
The Parent Company's Executive Stock Option Plan (ESOP) grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOP recognizes the services received from eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and dividend yield. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 17 to the consolidated financial statements. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may no longer affect the stock compensation costs charged to operations.

The cost of share-based payment plan recognized as expense in 2023, 2022 and 2021, with a corresponding charge to the equity account, amounted to nil, ₱49.4 million and ₱31.9 million, respectively (see Notes 17 and 25). As at December 31, 2023 and 2022, the cost of share-based payment plan in the equity section of the consolidated statements of financial position amounted to ₱154.3 million and ₱522.8 million, respectively (see Note 17).

Estimating Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income tax assets at each end of the financial reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group has net deferred income tax assets amounting to ₱439.6 million and ₱400.6 million as at December 31, 2023 and 2022, respectively (see Note 35).

As at December 31, 2023 and 2022, the Group has temporary difference amounting to ₱2,735.5 million and ₱1,461.7 million, respectively, for which no deferred income tax assets were recognized because it is more likely than not that the carryforward benefits will not be realized in the future (see Note 35).

Determining Fair Values of Financial Instruments
Where the fair values of financial assets and liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities are carried at its fair value (see Note 37).

4. **Cash and Cash Equivalents**

	2023	2022
Cash on hand and with banks	**₱4,380,179**	₱2,056,702
Cash equivalents	**11,100,453**	8,663,632
Cash under managed funds	**1,833**	88,692
	₱15,482,465	₱10,809,026

The carrying value of cash and cash equivalents approximates their fair value as at the end of the financial reporting period.

Interest income from cash and cash equivalents amounted to ₱467.9 million, ₱128.5 million and ₱17.2 million in 2023, 2022 and 2021, respectively (see Note 27).

5. **Trade and Other Receivables**

	2023	2022
Trade		
Related parties (see Note 32)	**₱923,562**	₱1,529,346
Third parties	**213,315**	755,503
Amounts owed by related parties (see Note 32)	**228,838**	179,467
Advances to officers and employees	**44,098**	47,889
Interest receivable	**22,330**	23,511
Loan receivable	**–**	5,425
Others		
Related parties (see Note 32)	**98,275**	91,497
Third parties	**90,257**	88,231
	1,620,675	2,720,869
Less allowance for ECL	**48,743**	33,807
	₱1,571,932	₱2,687,062

The movements of allowance for ECL follows:

2023	**Trade**	**Others**	**Total**
Balances at January 1	**₱21,195**	**₱12,612**	**₱33,807**
Provision (see Note 29)	**14,999**	**–**	**14,999**
Foreign exchange adjustments	**(63)**	**–**	**(63)**
Balances at December 31	**₱36,131**	**₱12,612**	**₱48,743**

2022	Trade	Others	Total
Balances at January 1	₱20,405	₱12,707	₱33,112
Foreign exchange adjustments	790	–	790
Reversals	–	(95)	(95)
Balances at December 31	₱21,195	₱12,612	₱33,807

Trade receivables are noninterest-bearing and are generally on seven (7) to sixty (60)-days' terms, except for the usage fee billed to THNC which is collected on a semi-annual basis.

Amounts owed by related parties are noninterest-bearing with no fixed maturities and are generally collectible on demand.

Advances to officers and employees are noninterest-bearing and are generally subject to liquidation or collectible through salary deduction.

Interest receivable is derived from short-term cash investments placed in various local/foreign banks, which are collectible upon maturity, from debt securities and negotiable instruments which are collectible either monthly, quarterly, or semi-annually, and from loan issued to East Coast Mineral Resources Co., Inc. (East Coast) which is collectible based on the agreed repayment terms.

Loan receivable pertains to the loan issued by CMC to East Coast, which will be settled based on the agreed repayment terms.

Other receivables are noninterest-bearing with no fixed maturities and are generally collectible on demand. These also include despatch receivables, which are generally on seven (7) to thirty (30)-days' terms.

6. **Inventories**

	2023	2022
Beneficiated nickel ore and limestone, at cost	**₱2,261,124**	₱1,793,572
Materials and supplies		
At NRV	**423,422**	434,185
At cost	**353,153**	204,467
	₱3,037,699	₱2,432,224

The movements of allowance for impairment losses on inventories follows:

2023	**Beneficiated nickel ore**	**Materials and supplies**	**Total**
Balances at January 1	**₱–**	**₱58,132**	**₱58,132**
Provisions (see Note 29)	–	**10,154**	**10,154**
Balances at December 31	**₱–**	**₱68,286**	**₱68,286**

2022	Beneficiated nickel ore	Materials and supplies	Total
Balances at January 1	₱27,621	₱58,132	₱85,753
Reversals (see Note 29)	(27,621)	–	(27,621)
Balances at December 31	₱–	₱58,132	₱58,132

As at December 31, 2023 and 2022, there was no allowance for impairment losses provided for the cost of beneficiated nickel ore and limestone, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱491.7 million and ₱492.3 million, respectively.

Costs of inventories charged as expense amounted to ₱8,777.9 million, ₱8,637.8 million and ₱8,089.7 million in 2023, 2022 and 2021, respectively (see Notes 19, 20, 21, 22 and 24).

7. **Financial Assets at FVTPL, at FVOCI and at Amortized Cost**

	2023			2022		
	Financial Assets at			Financial Assets at		
	FVTPL	**FVOCI**	**Amortized Cost**	FVTPL	FVOCI	Amortized Cost
Quoted instruments						
Debt securities	**₱1,256,855**	**₱469,914**	**₱410,000**	₱2,713,653	₱447,975	₱460,000
Equity securities	**301,674**	–	–	891,816	–	–
Unquoted equity instruments	**701,441**	–	–	514,306	–	–
	₱2,259,970	**₱469,914**	**₱410,000**	₱4,119,775	₱447,975	₱460,000

The Group's financial assets pertain to investments in shares of stocks of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or at quoted market prices. Quoted and unquoted instruments are carried either at fair market value or at amortized cost (for debt instruments) as at the end of the financial reporting period.

The movements in financial assets follow:

	2023			2022		
	Financial Assets at			Financial Assets at		
	FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Balances at January 1	**₱4,119,775**	**₱447,975**	**₱460,000**	₱5,997,893	₱1,122,284	₱460,000
Additions	**2,098,148**	**160,969**	**–**	3,643,300	550,113	–
Disposals	**(4,153,130)**	**(143,649)**	**–**	(5,093,617)	(1,215,125)	–
Redemption	**–**	**–**	**(50,000)**	–	–	–
Effect of changes in foreign exchange rate (see Note 29)	**(31,680)**	**–**	**–**	65,502	–	–
Net valuation gains (losses) on financial assets	**226,857**	**4,619**	**–**	(493,303)	(9,297)	–
Balances at December 31	**2,259,970**	**469,914**	**410,000**	4,119,775	447,975	460,000
Less noncurrent portion	**968,493**	**–**	**375,000**	758,760	–	410,000
Current portion	**₱1,291,477**	**₱469,914**	**₱35,000**	₱3,361,015	₱447,975	₱50,000

The movements in "Net valuation losses on financial assets at FVOCI" presented as a separate component of equity follows:

	2023	2022
Balances at January 1	**(₱5,934)**	₱3,363
Movements recognized in equity:		
Gains (losses) recognized in equity	**4,619**	(10,906)
Reclassification adjustments for loss included in the consolidated statements of income (see Note 29)	**–**	1,609
Valuation gains (losses) taken into the consolidated statements of comprehensive income - net of tax	**4,619**	(9,297)
Balances at December 31	**(₱1,315)**	(₱5,934)

Dividend income from equity securities amounted to ₱29.6 million, ₱37.2 million and ₱32.1 million in 2023, 2022 and 2021, respectively, of which ₱15.3 million in 2023, 2022 and 2021 relates to dividends coming from investments in unquoted equity securities (see Note 29), while interest income from debt securities amounted to ₱30.6 million, ₱35.6 million and ₱119.0 million in 2023, 2022 and 2021, respectively (see Note 27).

The Group sold some of its debt securities at a loss of ₱28.3 million in 2021 and ₱1.6 million in 2022 and nil in 2023 (see Note 29).

The Group did not recognize any provision for ECL on its financial assets at FVOCI and at amortized cost in 2023, 2022, and 2021.

8. **Prepayments and Other Current Assets**

	2023	2022
Input VAT (net of allowance for impairment losses of ₱80.9 million and ₱54.8 million as at December 31, 2023 and 2022, respectively)	**₱1,012,977**	₱458,557
Prepaid insurance and others	**245,089**	199,440
Advances and deposits to suppliers and contractors (net of allowance for impairment losses of ₱1.8 million as at December 31, 2023 and 2022)	**179,168**	190,481
Prepaid taxes	**160,600**	10,667
Tax credit certificates	**2,237**	3,541
Short-term cash investments	**–**	265,186
Negotiable instruments	**–**	40,000
	₱1,600,071	₱1,167,872

Input VAT represents the VAT passed on from purchases of applicable goods and services which can be recovered as tax credit against future output VAT from the sale of goods and/or services of the Group.

Prepayments are amortized within three (3) to twelve (12) months from the end of the financial reporting period.

Advances and deposits to suppliers and contractors include security deposits and payments made in advance to suppliers and contractors which will be offset against future billings upon the delivery of goods and/or completion of services.

Prepaid taxes include certificates of creditable withholding taxes for services rendered to other parties which can be recovered as tax credits against certain future tax liabilities of the Group.

Tax credit certificates are tax refunds that can be used by the Group.

Short-term cash investments include local cash placements that will mature between four (4) to twelve (12) months from the end of the financial reporting period. Interest income from short-term cash investments amounted to ₱6.2 million in 2023, ₱11.4 million in 2022 and ₱8.3 million in 2021 (see Note 27).

The negotiable instruments that matured in 2023 earn interest at 3.87% per annum (p.a.) and 4.50% p.a. Interest income from negotiable instruments amounted to ₱1.0 million in 2023, and ₱1.4 million in 2022 and 2021 (see Note 27).

9. Property and Equipment

	2023								
	Land and Land Improvements	Mining Properties and Development Costs	Machinery and Equipment	Solar Farm	Buildings and Improvements	ROU Assets - Land, Building and Improvements	Transmission Lines and Substations	Construction In-progress	Total
Cost:									
Balances at January 1	**₱292,893**	**₱1,933,254**	**₱13,839,356**	**₱3,434,430**	**₱4,649,220**	**₱701,999**	**₱940,843**	**₱2,416,212**	**₱28,208,207**
Additions	–	–	3,145,240	–	67,388	236,295	–	3,140,819	6,589,742
Capitalized borrowing cost (see Note 14)	–	–	–	–	–	–	–	212,736	212,736
Adjustment for capitalized cost of mine rehabilitation and decommissioning (see Notes 15 and 29)	–	94,437	–	–	–	–	–	–	94,437
Disposals	–	–	(2,008,235)	–	(144,102)	(133,081)	–	–	(2,285,418)
Transfers/reclassification	(686)	–	(959,044)	2,611,312	9,973	–	–	(1,724,265)	(62,710)
Balances at December 31	292,207	2,027,691	14,017,317	6,045,742	4,582,479	805,213	940,843	4,045,502	32,756,994
Accumulated depreciation, amortization and depletion:									
Balances at January 1	23,280	456,630	9,578,725	816,232	3,141,740	166,112	210,447	–	14,393,166
Depreciation, amortization and depletion (see Note 26)	–	44,454	1,316,981	228,122	291,533	56,475	39,997	–	1,977,562
Disposals	–	–	(1,999,161)	–	(133,103)	(130,626)	–	–	(2,262,890)
Transfers/reclassification	686	–	(2,894)	(25,149)	(15,784)	–	–	–	(43,141)
Balances at December 31	23,966	501,084	8,893,651	1,019,205	3,284,386	91,961	250,444	–	14,064,697
Net book values	**₱268,241**	**₱1,526,607**	**₱5,123,666**	**₱5,026,537**	**₱1,298,093**	**₱713,252**	**₱690,399**	**₱4,045,502**	**₱18,692,297**

	2022								
	Land and Land Improvements	Mining Properties and Development Costs	Machinery and Equipment	Solar Farm	Buildings and Improvements	ROU Assets - Land, Building and Improvements	Transmission Lines and Substations	Construction In-progress	Total
Cost:									
Balances at January 1	₱292,893	₱1,081,682	₱13,080,683	₱3,391,074	₱4,567,055	₱699,777	₱938,106	₱6,054,020	₱30,105,290
Additions	–	39,346	818,817	22,637	8,826	2,222	2,737	1,592,677	2,487,262
Capitalized borrowing cost (see Note 14)	–	–	–	–	–	–	–	15,078	15,078
Adjustment for capitalized cost of mine rehabilitation and decommissioning (see Note 15)	–	(54,098)	–	–	–	–	–	–	(54,098)
Disposals	–	–	(97,238)	–	(5,570)	–	–	(5,095,406)	(5,198,214)
Transfers/reclassification (see Notes 12 and 39)	–	866,324	37,094	20,719	78,909	–	–	(150,157)	852,889
Balances at December 31	292,893	1,933,254	13,839,356	3,434,430	4,649,220	701,999	940,843	2,416,212	28,208,207
Accumulated depreciation, amortization and depletion:									
Balances at January 1	19,316	394,469	8,660,712	626,607	2,649,415	123,449	392,965	–	12,866,933
Depreciation, amortization and depletion (see Note 26)	4,650	48,677	1,007,432	189,625	276,205	42,663	33,779	–	1,603,031
Disposals	–	–	(97,136)	–	(5,570)	–	–	–	(102,706)
Transfers/reclassification (see Note 12)	(686)	13,484	7,717	–	221,690	–	(216,297)	–	25,908
Balances at December 31	23,280	456,630	9,578,725	816,232	3,141,740	166,112	210,447	–	14,393,166
Net book values	₱269,613	₱1,476,624	₱4,260,631	₱2,618,198	₱1,507,480	₱535,887	₱730,396	₱2,416,212	₱13,815,041

Construction in-progress includes borrowing cost of ₱212.7 million in 2023, ₱15.1 million in 2022, and ₱5.6 million in 2021 (see Note 14).

Except for the property and equipment pledged as collateral for the loans of JSI with Industrial and Commercial Bank of China (ICBC) and Security Bank Corporation (SBC), with net book value of ₱9,006.9 million and ₱6,601.9 million as at December 31, 2023 and 2022, respectively, there were no other property and equipment pledged as collateral for the Group's borrowings (see Note 14).

Depreciation on the excess of the fair value of the assets acquired from RTN over their corresponding book values transferred to retained earnings amounted to ₱0.4 million in 2023, 2022 and 2021.

10. **Investments in Associates**

	2023	2022
THNC	**₱3,185,309**	₱3,922,385
CBNC	**2,299,671**	3,223,757
BGI	**–**	1,423
	₱5,484,980	₱7,147,565

The movements in investments in associates follows:

	2023				2022			
	THNC	**CBNC**	**BGI**	**Total**	THNC	CBNC	BGI	Total
Balances at January 1	**₱1,974,700**	**₱2,254,722**	**₱1,384**	**₱4,230,806**	₱1,974,700	₱724,410	₱–	₱2,699,110
Acquisitions	**–**	**–**	**–**	**–**	–	1,530,312	–	1,530,312
Reclassification	**–**	**–**	**–**	**–**	–	–	1,384	1,384
	1,974,700	**2,254,722**	**1,384**	**4,230,806**	1,974,700	2,254,722	1,384	4,230,806
Accumulated equity in net earnings (losses):								
Balances at January 1	**1,144,949**	**124,436**	**39**	**1,269,424**	392,588	(65,307)	–	327,281
Equity in net income (loss)	**(214,620)**	**(821,778)**	**(1,423)**	**(1,037,821)**	752,361	189,743	39	942,143
	930,329	**(697,342)**	**(1,384)**	**231,603**	1,144,949	124,436	39	1,269,424
Share in cumulative translation adjustment:								
Balances at January 1	**802,736**	**844,599**	**–**	**1,647,335**	536,817	249,346	–	786,163
Movements	**(522,456)**	**(102,308)**	**–**	**(624,764)**	265,919	595,253	–	861,172
	280,280	**742,291**	**–**	**1,022,571**	802,736	844,599	–	1,647,335
Balances at December 31	**₱3,185,309**	**₱2,299,671**	**₱–**	**₱5,484,980**	₱3,922,385	₱3,223,757	₱1,423	₱7,147,565

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱153.4 million and ₱247.1 million as at December 31, 2023 and 2022, respectively (see Note 35).

THNC
THNC, a private entity that is not listed on any public exchange, was incorporated, and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any or all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all the limonite ore requirements of the Taganito HPAL facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

THNC's financial statements are stated in US$ and translated at the closing rate of ₱55.37 and ₱55.75 per US$1 as at December 31, 2023 and 2022, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of ₱55.63 and ₱54.50 per US$1, respectively, for the statement of income accounts for the years then ended.

The following are the summarized financial information of THNC as at and for the years ended December 31, 2023 and 2022:

	2023	2022
Current assets	**₱10,130,400**	₱13,498,661
Noncurrent assets	**82,950,911**	84,424,353
Current liabilities	**(58,191,619)**	(60,647,250)
Noncurrent liabilities	**(437,384)**	(432,955)
Net assets	**₱34,452,308**	₱36,842,809

	2023	2022
Revenue	**₱29,198,030**	₱36,536,713
Expenses	**(31,344,231)**	(29,013,099)
Net income (loss)	**(2,146,201)**	7,523,614
Other comprehensive income - net	**–**	–
Total comprehensive income (loss) - net	**(₱2,146,201)**	₱7,523,614

CBNC

CBNC, a private entity that is not listed on any public exchange, was incorporated, and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/ cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPAL facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. Aside from supplying ore and limestone, RTN also provided ancillary services to Coral Bay HPAL facility until May 2021. Starting June 2021, CDTN took over and provides ancillary services to Coral Bay HPAL facility.

On October 3, 2022, the Parent Company purchased an additional 33,046,875 common shares of CBNC from Sumitomo Metal Mining Co., Ltd. (SMM) for a total consideration of US$25.9 million, equivalent to ₱1,530.3 million. The acquisition by the Parent Company of additional CBNC shares increased its equity ownership from 10% to 15.62%.

CBNC's financial statements are stated in US$ and translated at the closing rate of ₱55.37 and ₱55.75 per US$1 as at December 31, 2023 and 2022, respectively, for assets and liabilities accounts, historical rates for equity accounts and average rate of ₱55.63 and ₱54.50 per US$1, respectively, for the statement of income accounts for the years then ended.

The following are the summarized financial information of CBNC as at and for the years ended December 31, 2023 and 2022:

	2023	2022
Current assets	**₱9,575,998**	₱16,042,953
Noncurrent assets	**19,537,498**	19,226,727
Current liabilities	**(2,161,625)**	(2,778,452)
Noncurrent liabilities	**(301,421)**	(384,464)
Net assets	**₱26,650,450**	₱32,106,764

	2023	2022
Revenue	**₱16,141,873**	₱21,829,406
Expenses	**(21,401,252)**	(19,674,439)
Net income (loss)	**(5,259,379)**	2,154,967
Other comprehensive income - net	**–**	–
Total comprehensive income (loss) - net	**(₱5,259,379)**	₱2,154,967

BGI

BGI, a private entity that is not listed on any public exchange, was incorporated, and registered with the Philippine SEC on October 31, 2007. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 20, 2022, BHI sold a portion of its shareholdings in BGI, equivalent to 461,250 common shares or 15% interest in BGI, for ₱0.5 million. After the sale, BHI's equity ownership in BGI decreased from 60% to 45%, resulting in a loss of control in BGI in 2022. The Group reported the investment in BGI under investment in associates in the consolidated financial statements as at December 31, 2023 and 2022.

The following are the summarized financial information of BGI as at and for the period ended December 31, 2023 and 2022:

	2023	2022
Current assets	**₱13,107**	₱8,456
Noncurrent assets	**5,123,728**	5,076,942
Current liabilities	**(18,365)**	(13,657)
Noncurrent liabilities	**(5,561,571)**	(5,511,442)
Net liabilities	**(₱443,101)**	(₱439,701)

	2023	2022
Income	**₱76**	₱126
Expenses	**(3,476)**	(40)
Net income (loss)	**(3,400)**	86
Other comprehensive income - net	**–**	–
Total comprehensive income (loss) - net	**(₱3,400)**	₱86

In 2023 and 2022, the unrecognized equity in net losses of BGI amounted to ₱0.1 million and nil, respectively.

11. Geothermal Exploration and Evaluation Assets

	2023	2022
Balances at January 1	**₱1,882,318**	₱1,849,936
Additions	**14,319**	32,382
Balances at December 31	**₱1,896,637**	₱1,882,318

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

As at December 31, 2023 and 2022, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets since its value in use is higher than its carrying amount (see Note 3).

12. **Other Noncurrent Assets**

	2023	2022
Advances and deposits to suppliers and contractors - net of current portion (see Note 38p)	**₱3,808,627**	₱2,742,199
Input VAT - net of current portion	**1,308,797**	561,673
Deferred mine exploration costs (see Note 3)	**884,297**	611,072
MRF	**834,470**	766,351
Project development costs (see Note 3)	**268,375**	21,706
Restricted cash	**110,330**	164,193
SDMP funds	**96,477**	88,937
Computer software	**79,987**	13,773
Advance royalties (see Note 38e)	**55,904**	55,904
Advances to claimowners (see Note 38e)	**47,710**	47,710
Long-term stockpile inventory	**32,224**	32,224
Pension asset (see Note 34)	**18,016**	15,145
Others	**30,138**	47,759
	7,575,352	5,168,646
Less allowance for impairment losses	**994,108**	779,067
	₱6,581,244	₱4,389,579

The movements of allowance for impairment losses follows:

2023	**Advances and deposits to suppliers and contractors**	**Deferred mine exploration costs**	**Input VAT - net of current portion**	**Total**
Balances at January 1	**₱554,601**	**₱144,223**	**₱80,243**	**₱779,067**
Provisions (see Note 29)	**113,541**	**64,663**	**69,382**	**247,586**
Write-off	**–**	**–**	**(6,449)**	**(6,449)**
Reclass	**–**	**–**	**(26,096)**	**(26,096)**
Balances at December 31	**₱668,142**	**₱208,886**	**₱117,080**	**₱994,108**

2022	Advances and deposits to suppliers and contractors	Deferred mine exploration costs	Input VAT - net of current portion	Total
Balances at January 1	₱536,429	₱143,593	₱123,705	₱803,727
Provisions (see Note 29)	18,172	630	46,040	64,842
Reversals	–	–	(89,502)	(89,502)
Balances at December 31	₱554,601	₱144,223	₱80,243	₱779,067

Advances and deposits to suppliers and contractors represent payments made in advance to suppliers and contractors which will be offset against future billings upon the delivery of goods and/or completion of services. This includes the advances made to Asiacrest Marketing Corporation (Asiacrest) which is related to the Engineering Procurement Construction (EPC) Contract for the 100MW solar power plant in Subic. As at December 31, 2023, there was a pending case against Asiacrest and First Integrated Bonding and Insurance Co. (FIBIC). On June 26, 2019, JSI assigned all its rights, title and interest on the advances made to Asiacrest in partial payment of the advances made by EPI to JSI. JSI and EPI have assessed the current financial position of Asiacrest and FIBIC and the increase in the credit risk associated to advance payment it has made to Asiacrest. As a result, an allowance for impairment losses amounting to ₱514.7 million was recognized as at December 31, 2023 and 2022.

Input VAT - net of current portion includes the unamortized portion of input VAT on purchase of capital goods spread evenly over the life of the capital goods or five (5) years, whichever is shorter. The balance is recoverable in future periods or by way of application for VAT refund.

Deferred mine exploration costs include mining rights of ₱92.8 million as at December 31, 2023 and 2022. In 2022, upon start of commercial operation of DMC, mining rights amounting to ₱852.8 million was reclassified to mining properties and development costs under "Property and equipment" (see Note 9).

MRF, which includes the Final Mine Rehabilitation and Decommissioning Fund, is the amount deposited in local bank accounts established by the Group in compliance with the requirements of the Philippine Mining Act of 1995 as amended by DENR Administrative Order No. 2005-07. The MRF is earmarked for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical, and preventive aspects of rehabilitation. Any disbursement in the MRF should be authorized by the MRF Committee, the external overseeing body charged with the duties of managing, operating, monitoring, and looking after the safety of the MRF. The MRF earns interest at the respective bank deposit rates. Interest income from MRF amounted to ₱17.0 million, ₱6.0 million and ₱2.5 million in 2023, 2022 and 2021, respectively (see Note 27).

Project development cost pertains to the development cost incurred for various projects of EPI and its subsidiaries.

Restricted cash pertains to funds restricted to withdrawal for specified purposes. It includes the debt service reserve account of JSI to cover its long-term debts with ICBC and SBC.

The SDMP funds shall be used for the sustainable development of the host and neighboring communities of the mine site. The programs are intended for health, education, livelihood, public utilities and socio-cultural preservation. Its implementation is under the audit, monitoring and evaluation of the Mines and Geosciences Bureau (MGB). Interest income from SDMP funds amounted to ₱0.1 million in 2023, 2022 and 2021 (see Note 27).

Computer software pertains to computer licenses which are subject to amortization over a certain period. In 2023, 2022 and 2021, the amortization of computer software amounted to ₱28.1 million, ₱60.0 million and ₱39.6 million, respectively (see Note 26).

Advance royalties pertain to royalty payments to claimowners.

Advances to claimowners represent advance royalty payments to La Salle Mining Exploration Company (La Salle) and Kepha Mining Exploration Limited Company (Kepha).

13. Trade and Other Payables

	2023	2022
Trade		
Third parties	**₱1,325,144**	₱1,035,127
Related party (see Note 32)	**977**	453
Accrued expenses		
Third parties	**678,453**	516,081
Related party (see Note 32)	**8,963**	9,588
Government payables:		
Withholding taxes payable	**185,837**	232,314
Excise taxes and royalties payable	**125,635**	226,486
Output VAT	**88,134**	45,535
Fringe benefit taxes (FBT) and other taxes payable	**3,208**	1,632
Retention fees payable	**47,919**	1,897
Interest payable (see Note 32)	**45,890**	15,510
Deferred income	**5,215**	4,190
Other payables	**424,904**	118,599
	₱2,940,279	₱2,207,412

Trade, accrued expenses and other payables are noninterest-bearing and are generally settled within one (1) year. Trade payables relate to payables to suppliers in the ordinary course of business. Accrued expenses substantially consist of contractor's fees, trucking and stevedoring services, hauling and rental expenses, guarantee service fees and others which are usual in the business operations of the Group.

Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, output VAT payable which are normally settled within twenty (25) days after the end of the reporting quarter, and FBT which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped. Royalties are paid on or before the deadline agreed with the MGB or other parties.

Retention fees payable pertain to the amount retained by the Group from its suppliers/contractors and will be paid after the completion of project constructions.

Interest payable on loans is settled based on the agreed payment terms.

14. Short-term and Long-term Debts

Short-term debts

Short-term debts of EPI are as follows:

	2023	2022
SBC	**₱3,495,641**	₱1,498,266
Rizal Commercial Banking Corporation (RCBC)	**2,352,454**	–
	₱5,848,095	₱1,498,266

SBC
SBC granted a ₱3,500.0 million loan facility to EPI which is secured by a continuing suretyship of the Parent Company (see Note 38a). The proceeds of the loans were used by EPI to settle at maturity dates the promissory notes under the original SBC loan facility and to finance the construction of JSI's Phase 4A - 72MW Solar Project.

Details of the drawdowns are as follows:

2023				
Drawdown Date	**Maturity Date**	**Interest Rate***	**Amount**	**Debt Issue Costs**
July 3, 2023	**June 27, 2024**	**5.75% to 7.75%**	**₱300,000**	**₱2,220**
January 26, 2023	**January 24, 2024**	**5.50% to 7.50%**	**1,200,000**	**8,951**
February 10, 2023	**February 5, 2024**	**7.75%**	**1,500,000**	**11,096**
March 31, 2023	**March 25, 2024**	**7.75%**	**500,000**	**3,699**
			₱3,500,000	**₱25,966**

2022				
Drawdown Date	Maturity Date	Interest Rate*	Amount	Debt Issue Costs
July 8, 2022	July 3, 2023	5.00% to 5.75%	₱300,000	₱2,220
August 26, 2022	January 26, 2023	5.50% to 7.00%	1,200,000	3,773
			₱1,500,000	₱5,993

** Interest rates are subject to monthly repricing*

The carrying amount of short-term debts of EPI with SBC, net of unamortized debt issue cost, follows:

	2023	2022
Balances at January 1	**₱1,500,000**	₱1,500,000
Drawdowns (see Note 39)	**3,500,000**	1,500,000
Payments (see Note 39)	**(1,500,000)**	(1,500,000)
	3,500,000	1,500,000
Less unamortized debt issue cost	**(4,359)**	(1,734)
Balances at December 31	**₱3,495,641**	₱1,498,266

Debt issue costs pertain to documentary stamp tax and other transaction costs incurred in connection with the availment of the loans. These were deducted from the proceeds of the loans and were amortized using the EIR method.

The movements of the unamortized debt issue costs as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at January 1	**₱1,734**	₱7,084
Additions	**25,966**	5,993
Amortization	**(23,341)**	(11,343)
Balances at December 31	**₱4,359**	₱1,734

Interest expense on SBC loans in 2023, 2022 and 2021 are summarized below:

	2023	2022	2021
Interest on loans	**₱247,720**	₱77,400	₱79,771
Amortization of debt issue costs	**23,341**	11,343	11,272
	₱271,061	₱88,743	₱91,043

The capitalized borrowing costs pertaining to short-term debts with SBC amounted to ₱145.5 million in 2023, and nil in 2022 and 2021.

The Term Loan Agreement of EPI with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment, and other governmental charges due. As at December 31, 2023 and 2022, EPI has been compliant with the covenants contained in the loan facility and agreements.

RCBC
RCBC granted a ₱3,500.0 million loan facility to EPI to fund the following projects: 1) JSI's Phase 4A Solar Project; 2) Cawag project; and 3) the balance for EPI's working capital requirements. On August 29, 2023, EPI drawn an amount of ₱2,364.0 million from the said facility. Interest is at 6.65% p.a. The principal and interest are payable one (1) year after drawdown or by August 28, 2024.

The carrying amount of short-term debt of EPI with RCBC, net of unamortized debt issue cost, follows:

	2023	2022
Drawdown	**₱2,364,000**	₱–
Less unamortized debt issue cost	**(11,546)**	–
Balance at December 31	**₱2,352,454**	₱–

The movements of the unamortized debt issue costs as at December 31, 2023 and 2022 are as follows:

	2023	2022
Addition	**₱17,487**	₱–
Amortization	**(5,941)**	–
Balances at December 31	**₱11,546**	₱–

Interest expense on RCBC loan amounted to ₱60.1 million, which were all capitalized as borrowing cost and of which ₱5.9 million pertains to amortization of debt issue cost, in 2023 and nil in 2022 and 2021.

Long-term debts
Long-term debts of the following subsidiaries are as follows:

	2023	2022
JSI	**₱1,434,712**	₱1,387,496
TMC	**726,731**	829,355
DMC	**526,157**	–
	2,687,600	2,216,851
Less noncurrent portion:		
JSI	**1,265,362**	1,387,496
TMC	**629,833**	731,784
DMC	**446,641**	–
	2,341,836	2,119,280
Current portion	**₱345,764**	₱97,571

JSI Loans
ICBC and SBC
On August 2, 2021, JSI, ICBC and SBC entered into an Omnibus Loan and Security Agreement (OLSA), with NAC, EPI and TBEA International Engineering Co., Ltd. (TBEA) as Share Collateral Security Grantors and Sponsors. Pursuant to the OLSA, ICBC and SBC granted term loan facilities to JSI amounting to ₱1,600.0 million, payable in two Tranches (Tranche A for ₱1,250.0 million and Tranche B for ₱350.0 million), that will be used by JSI to partially refinance the shareholder's loans used for Phase 3A and 3B expansions.

Interest is fixed, which shall be the higher of the sum of the applicable benchmark rate (or the average of the applicable seven (7)-year Bloomberg Evaluated Pricing Service of Bloomberg LP (or BVAL) benchmark tenor) plus the credit spread, divided by the interest premium factor; and the minimum interest rate divided by the interest premium factor. Principal and interest are payable quarterly for a period of seven (7) years commencing on September 28, 2022 until June 28, 2029.

Details of the drawdown follows:

Tranche	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
A	June 28, 2022	June 28, 2029	6.59%[1]	₱1,250,000	₱31,899
B	April 28, 2023	June 28, 2029	8.20%[2]	350,000	–
				₱1,600,000	₱31,899

[1] *Fixed interest rate from June 28, 2022 to June 28, 2024*
[2] *Fixed interest rate from April 28, 2023 to June 28, 2024*

At any time after the fifth (5th) year of the loan, JSI may prepay all or any portion of the outstanding loan subject to certain conditions and by paying the prepayment penalty.

The loan is secured by a chattel mortgage on all project assets, mortgage over the leasehold rights with Subic Bay Metropolitan Authority, and the pledge of shares of stocks of JSI.

The OLSA provides certain debt covenants, but are not limited to the following:

1) Debt service coverage ratio (DSCR) is at least equal to the maintenance DSCR, subject to testing at each DSCR testing date;
2) Debt-to-equity (DE) ratio does not exceed the maintenance DE, subject to testing at each DE testing date;
3) To create, permit or enter into any loan facility agreement secured or to be secured by a lien of the whole or any portion of its present and future assets other than any permitted lien;
4) To incur any indebtedness for the purpose of paying dividends on its preferred shares;
5) To enter into any investment, joint venture, partnership or similar business combination or arrangement in relation to the project or otherwise;
6) To pay dividends to its shareholders, repay any shareholder loans and make any other payment to shareholders or its affiliates under any project document;
7) To sell or dispose any assets;
8) To withdraw from the debt service reserve account, except in accordance with the financing documents.

As at December 31, 2023 and 2022, JSI has been compliant with the covenants contained in the OLSA.

The carrying amounts of long-term debts of JSI with ICBC and SBC, net of unamortized debt issue cost, follows:

	2023	2022
Balances at January 1	**₱1,240,500**	₱–
Drawdowns	**350,000**	1,250,000
Payments	**(132,915)**	(9,500)
	1,457,585	1,240,500
Less unamortized debt issue cost	**(22,873)**	(28,844)
Balances at December 31	**1,434,712**	1,211,656
Less noncurrent portion	**1,265,362**	1,211,656
Current portion	**₱169,350**	₱–

The movements of the unamortized debt issue costs as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at January 1	**₱28,844**	₱–
Amortization	**(5,971)**	(3,055)
Addition	**–**	31,899
Balances at December 31	**₱22,873**	₱28,844

Interest expense on ICBC and SBC loans of JSI in 2023, 2022 and 2021 are summarized below:

	2023	2022	2021
Interest on loans	**₱99,348**	₱42,529	₱–
Amortization of debt issue costs	**5,971**	3,055	–
	₱105,319	₱45,584	₱–

The capitalized borrowing costs pertaining to this loan amounted to ₱8.1 million in 2022 and nil in 2023 and 2021 (see Note 9.

TBEA

In accordance with the Agreement on Shareholders Advances on June 17, 2020, TBEA granted JSI an unsecured term loan facility of a total cumulative principal amount of US$2.2 million to be used for the Phase 3A - 30MW Solar Project.

On September 23, 2021, NAC, JSI, EPI and TBEA executed the Supplemental Agreement on Shareholder Advances to agree on the shareholder advances for JSI's development of Phase 3B - 38MW. Under the terms of the Supplemental Agreement, TBEA grants JSI a loan facility amounting to US$2.9 million.

On October 27, 2023, the BOD of JSI approved the conversion of the outstanding loans into equity of JSI.

Details of the drawdowns are as follows:

Phase	Drawdowns	Drawdown Date	Maturity Date	Interest Rate	Amount	Debt Issue Costs
3A	First	July 23, 2020	June 17, 2025	5.00%	₱60,806	₱456
	Second	August 27, 2020	June 17, 2025	5.00%	24,127	181
	Third	November 23, 2020	June 17, 2025	5.00%	10,761	81
	Fourth	February 26, 2021	June 17, 2025	5.00%	13,422	101
3B	First	January 17, 2022	June 17, 2025	5.00%	124,861	937
	Second	June 20, 2022	June 17, 2025	5.00%	25,902	194
					₱259,879	₱1,950

The carrying amount of long-term debts of JSI with TBEA, net of unamortized debt issue cost, follows:

	2023	2022
Balances at January 1	**₱176,808**	₱109,116
Drawdowns	**–**	150,763
Payments	**(33,817)**	(83,071)
Loan conversion (see Note 39)	**(142,991)**	–
	–	176,808
Less unamortized debt issue cost	**–**	(968)
Balances at December 31	**₱–**	₱175,840

The movements of the unamortized debt issue costs as at December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at January 1	**₱968**	₱615
Additions	**–**	1,131
Amortization	**(968)**	(778)
Balances at December 31	**₱–**	₱968

Interest expense on TBEA loans of JSI in 2023, 2022 and 2021 are summarized below:

	2023	2022	2021
Interest on loans	**₱6,803**	₱10,118	₱5,426
Amortization of debt issue costs	**968**	778	154
	₱7,771	₱10,896	₱5,580

The capitalized borrowing costs pertaining to this loan amounted to nil, ₱7.0 million and ₱5.6 million, in 2023, 2022 and 2021, respectively (see Note 9).

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former an unsecured loan facility amounting to a total of US$35.0 million at a prevailing one hundred eighty (180)-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2.00% spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone (TSEZ). In October 2023, TMC and THNC agreed to amend the basis for computing interest from LIBOR to Term Secured Overnight Financing Rate (TSOFR) plus an adjustment of 0.43%.

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

The carrying amounts of long-term debt of TMC with THNC follows:

	2023	2022
Balances at January 1	**₱829,355**	₱847,858
Payments	**(75,546)**	(75,546)
Effect of changes in foreign exchange rate	**(27,078)**	57,043
Balances at December 31	**726,731**	829,355
Less noncurrent portion	**629,833**	731,784
Current portion	**₱96,898**	₱97,571

Interest expense pertaining to this loan in 2023, 2022 and 2021 amounted to ₱56.2 million, ₱32.9 million and ₱19.4 million, respectively (see Notes 28 and 32).

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence, and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at December 31, 2023 and 2022, TMC is in compliance with the restrictions.

DMC Loan

SBC granted an ₱843.0 million loan facility to DMC to finance the construction of its permanent causeway. Interest is based on quarterly floater for seven (7) years using Bangko Sentral ng Pilipinas overnight lending facility rate plus the credit spread. Interest is payable monthly for a period of seven (7) years commencing on the initial drawdown date until maturity.

Details of the drawdowns are as follows:

Drawdown Date	Maturity Date	Interest Rate**	Amount	Debt Issue Costs
August 16, 2023	August 16, 2030	6.82% to 7.18%	₱9,465	₱71
August 16, 2023	August 16, 2030	6.82% to 7.18%	81,743	613
September 1, 2023	August 16, 2030	6.75% to 7.18%	156,823	1,176
October 27, 2023	August 16, 2030	7.07%	32,458	243
November 22, 2023	August 16, 2030	7.02%	59,977	450
December 27, 2023	August 16, 2030	7.00%	200,795	1,506
			₱541,261	₱4,059

*** Interest rates are subject to quarterly repricing*

The carrying amounts of long-term debts of DMC with SBC, net of unamortized debt issue cost, follows:

	2023	2022
Drawdowns	**₱541,261**	₱–
Payment	**(11,153)**	–
	530,108	–
Less unamortized debt issue cost	**(3,951)**	–
Balances at December 31	**526,157**	–
Less noncurrent portion	**446,641**	–
Current portion	**₱79,516**	₱–

The interest expense pertaining to this loan, which were all capitalized as borrowing cost, amounted to ₱7.1 million in 2023 and nil in 2022 and 2021 (see Note 9).

The Term Loan Agreement of DMC with SBC provides for certain conditions and/or restrictions, but are not limited to the following:

1) DE ratio of at most 1.50x defined as total liabilities less advances from stockholders divided by total equity plus advances from stockholders.
2) DSCR of at least 1.15x defined as earnings before interest, taxes, depreciation, and amortization divided by interest expense plus prior year's current portion of long-term debt.
3) The borrower shall only pay interest on any subordinated loans, pay dividends, and repay any portion of its subordinated loans and/or advances from stockholders provided that the distribution DSCR is at least 1.25x and DMC's DE ratio should not be more than 1.50x.
4) As long as any of the credit obligations remain unpaid, DMC will not, without prior written consent of SBC, create or permit to exist any mortgage or pledge lien or any encumbrance on all free assets now owned or hereafter acquired by DMC.

As at December 31, 2023, DMC has been compliant with the covenants contained in the loan facility and agreements.

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

	2023	2022
Balances at January 1	**₱791,060**	₱823,962
Effect of change in estimate (see Notes 9 and 29)	**86,836**	(54,098)
Accretion of interest on provision for mine rehabilitation and decommissioning (see Note 28)	**31,655**	21,196
Balances at December 31	**₱909,551**	₱791,060

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 the 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 consider 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.

16. **Equity**

Capital Stock
The capital structure of the Parent Company follows:

	2023	2022
Common stock - ₱0.50 par value per share		
Authorized - 19,265,000,000 shares		
Issued - 13,985,547,094 shares in 2023 and 13,685,272,117 shares in 2022		
Outstanding - 13,931,125,094 shares* in 2023 and 13,630,850,117 shares in 2022	**₱6,992,774**	₱6,842,636
Preferred stock - ₱0.01 par value per share		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
	₱6,999,974	₱6,849,836

* *Includes common shares lodged to Philippine Depository and Trust Corporation (PDTC; 27,224,286 shares) which were approved for listing by PSE on January 15, 2024.*

Capital Stock
Issued Common Stock
As at December 31, 2023 and 2022, a total of 7,718,357,612 common shares and 3,852,936,213 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-eight (88) and ninety-five (95) shareholders, respectively, while the balance of 6,212,767,482 common shares and 9,777,913,904 common shares, respectively, are lodged with the PDTC.

Outstanding Common Stock
The movement in outstanding common stock follows:

	Number of Shares		
	Issued	Treasury	Outstanding
Balances at December 31, 2022 and 2021	13,685,272,117	(54,422,000)	13,630,850,117
Exercise of stock options	300,274,977	–	300,274,977
Balances at December 31, 2023	13,985,547,094	(54,422,000)	13,931,125,094

Preferred Stock
Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% p.a.

Additional Paid-in Capital
The movements in additional paid-in capital follows:

	2023	2022
Balances at January 1	**₱8,271,900**	₱8,271,900
Exercise of stock options	**565,361**	–
Reclassification adjustment from cost of share-based payment plan upon exercise of stock options (see Note 17)	**368,541**	–
Balances at December 31	**₱9,205,802**	₱8,271,900

Cost of Share-based Payment Plan
On April 5, 2018, the BOD of the Parent Company approved the adoption of ESOP (2018 ESOP; the Plan) which was ratified by the Parent Company's stockholders on May 28, 2018. A total of 375 million shares of stock were reserved for issue under the Plan.

The basic terms and conditions of the stock option plans are disclosed in Note 17.

Dividends
Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2023	***Cash Dividends***					
	Regular	March 14, 2023	March 29, 2023	₱2,317,245	₱0.17	April 12, 2023
	Special	November 9, 2023	November 24, 2023	973,273	0.07	December 7, 2023
2022	*Cash Dividends*					
	Regular	March 10, 2022	March 24, 2022	₱2,317,245	₱0.17	April 7, 2022
	Special	March 10, 2022	March 24, 2022	681,542	0.05	April 7, 2022
	Special	November 10, 2022	November 24, 2022	3,135,096	0.23	December 9, 2022
2021	*Cash Dividends*					
	Regular	March 11, 2021	March 25, 2021	₱1,226,777	₱0.09	April 8, 2021
	Special	March 11, 2021	March 25, 2021	1,908,319	0.14	April 8, 2021
	Special	November 4, 2021	November 18, 2021	2,998,787	0.22	December 2, 2021

Appropriation of Retained Earnings

Parent Company

On November 27, 2018, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,500.0 million in relation to the share buy-back program of the Parent Company. On November 6, 2020, the Parent Company's BOD approved the reversal of the appropriation of up to ₱1,365.0 million which took effect on December 2, 2020, the end of the Parent Company's share buy-back program.

HMC

On December 15, 2021, the BOD of HMC approved the reversal of the ₱54.9 million appropriations following the completion of the purchase of mining equipment.

Treasury Stock

On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at December 31, 2023 and 2022, the Parent Company purchased from the market a total of 54,422,000 of its own common shares at an average price of ₱2.4625 per share or a total of ₱134.0 million.

17. Executive Stock Option Plan

2018 ESOP

On April 5, 2018, the Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. On February 18, 2020, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The Plan covers up to 155 million shares, which was further increased to 375 million shares, allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its operating subsidiaries, including CEXCI, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The grant dates and exercise prices are as follows:

Grant date	Exercise prices, before stock dividends	Equivalent exercise prices, after the effect of stock dividends
June 15, 2018	₱4.38	₱2.43
April 4, 2019	2.18	2.18
May 20, 2019	2.08	2.08
March 1, 2020	2.30	2.30
March 16, 2020	3.95	3.95
May 8, 2020	1.47	1.47
February 17, 2021	2.60	2.60
July 1, 2021	4.71	4.71
September 11, 2021	4.95	4.95
June 3, 2022	6.31	6.31

4. The term of the Plan shall be five (5) years and the shares will vest to the participant at the rate of 25% after the first year of the Plan.

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

The fair value of the stock option ranges from ₱0.11 to ₱2.90, which was estimated as at grant date using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the 2018 ESOP at effective grant date:

Grant date	Spot price per share	Exercise price	Expected volatility	Option life (in years)	Dividend yield	Risk-free rate
June 15, 2018	₱5.01	₱4.38	45.34%	5.00	2.16%	5.93%
April 4, 2019	2.55	2.18	46.40%	4.20	5.88%	5.72%
May 20, 2019	2.18	2.08	45.51%	4.07	6.88%	5.76%
March 1, 2020	2.18	2.30	44.62%	3.29	6.88%	3.98%
March 16, 2020	1.80	3.95	44.95%	3.25	8.33%	4.36%
May 8, 2020	1.54	1.47	45.14%	3.10	9.74%	2.99%
February 17, 2021	5.53	2.60	46.42%	2.32	2.71%	2.06%
July 1, 2021	5.62	4.71	47.33%	1.95	2.67%	1.94%
September 11, 2021	6.13	4.95	46.73%	1.76	2.45%	1.88%
June 3, 2022	7.22	6.31	48.18%	1.03	2.08%	2.28%

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

The following table illustrates the number of stock options and its movements during the year:

	Number of Options		Weighted Average Exercise Price	
	2023	2022	**2023**	2022
2018 ESOP				
Balances at January 1	**304,345,014**	278,947,780	**₱2.44**	₱2.43
Granted	**–**	52,868,604	**–**	2.46
Forfeited	**(4,070,037)**	(27,471,370)	**(6.31)**	(2.43)
Balances at December 31	**300,274,977**	304,345,014	**₱2.56**	₱2.44

On September 15, 2022, the SEC approved the exemption from registration of the additional 220,000,000 common shares which shall form part of the 2018 ESOP. On December 21, 2022, the Parent Company's BOD approved to extend the exercise period of the options under the Plan until December 13, 2023. On February 3, 2023, the PSE approved the listing of up to 304,345,014 unissued common shares to cover the 2018 ESOP.

The weighted average remaining contractual life of options outstanding under the Plan was nil and half (0.5) year as at December 31, 2023 and 2022, respectively.

As at December 31, 2023, the 2018 ESOP were completely exercised and the weighted average stock price at exercise dates was ₱6.28.

There have been no modifications or cancellations of stock options in 2023 and 2022.

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

	2023	2022
Balances at January 1	**₱522,837**	₱473,442
Cost of share-based payment recognized as capital upon exercise (see Note 16)	**(368,541)**	–
Stock option expense (see Note 25)	–	49,395
Movements during the year	**(368,541)**	49,395
Balances at December 31	**₱154,296**	₱522,837

In 2023, 2022 and 2021, the cost of share-based payment plan amounting to nil, ₱49.4 million and ₱31.9 million, respectively, are included in "Personnel costs" (see Note 25).

18. **Earnings Per Share**

The following reflects the income and share data used in the basic and diluted EPS computations:

	2023	2022	2021
Net income attributable to equity holders of the parent	**₱3,749,656**	₱7,931,150	₱7,812,575
Preferred stock dividends	**504**	504	504
Net income attributable to equity holders of the parent for basic earnings	**3,749,152**	7,930,646	7,812,071
Dividends on dilutive potential ordinary shares	–	–	–
Net income attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**₱3,749,152**	₱7,930,646	₱7,812,071
Weighted average number of common shares for basic EPS	**13,835,385,905**	13,630,850,117	13,630,850,117
Effect of dilution from stock options	–	–	–
Weighted average number of common shares adjusted for the effect of dilution	**13,835,385,905**	13,630,850,117	13,630,850,117
Basic/Diluted EPS	**₱0.27**	₱0.58	₱0.57

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

19. **Cost of Sales**

	2023	2022	2021
Cost of sale of:			
Ore	**₱7,819,986**	₱7,755,214	₱7,301,777
Limestone	**144,508**	175,775	220,822
Quarry materials	–	–	89,242
	₱7,964,494	₱7,930,989	₱7,611,841

Details of cost of sales follow:

	2023	2022	2021
Production overhead	**₱3,852,466**	₱3,655,317	₱2,676,016
Outside services	**1,861,001**	1,737,242	1,866,873
Personnel costs (see Note 25)	**1,587,207**	1,471,037	1,424,974
Depreciation, amortization and depletion (see Note 26)	**1,149,768**	951,578	925,525
Long-term stockpile inventory sold	–	10,311	6,887
	8,450,442	7,825,485	6,900,275
Net changes in beneficiated nickel ore and limestone	**(485,948)**	105,504	711,566
	₱7,964,494	₱7,930,989	₱7,611,841

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

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

20. **Cost of Services**

	2023	2022	2021
Outside services	**₱1,048,056**	₱519,060	₱7,120
Overhead	**203,223**	154,478	77,182
Personnel costs (see Note 25)	**160,293**	120,116	129,603
Depreciation (see Note 26)	**139,211**	108,581	107,717
	₱1,550,783	₱902,235	₱321,622

21. Cost of Power Generation

	2023	2022	2021
Depreciation and amortization (see Note 26)	**₱338,090**	₱292,578	₱248,350
Overhead	**53,273**	49,458	50,788
Outside services	**51,070**	25,827	22,339
Materials and supplies	**44,327**	10,317	14,705
Personnel costs (see Note 25)	**28,764**	25,333	24,939
Purchased power	**–**	380	–
	₱515,524	₱403,893	₱361,121

Overhead in cost of power generation consists of insurance, taxes and licenses, utilities and other miscellaneous charges.

22. Shipping and Loading Costs

	2023	2022	2021
Outside services	**₱1,296,065**	₱1,304,291	₱1,461,231
Supplies and fuel, oil and lubricants	**532,942**	552,912	456,420
Depreciation and amortization (see Note 26)	**152,248**	142,720	160,382
Personnel costs (see Note 25)	**118,569**	119,162	123,957
Other services and fees	**74,036**	42,773	53,580
	₱2,173,860	₱2,161,858	₱2,255,570

23. Excise Taxes and Royalties

	2023	2022	2021
Royalties (see Notes 38e and 38p)	**₱1,011,690**	₱1,456,752	₱1,655,924
Excise taxes (see Note 38e)	**862,155**	1,029,560	1,050,005
	₱1,873,845	₱2,486,312	₱2,705,929

24. General and Administrative

	2023	2022	2021
Personnel costs (see Note 25)	**₱587,925**	₱584,297	₱509,555
Taxes and licenses	**240,480**	169,620	121,158
Outside services	**207,059**	167,710	130,874
Depreciation and amortization (see Note 26)	**156,476**	156,210	162,389
Publicity and promotion	**70,376**	40,129	27,331
Transportation and travel	**61,763**	32,816	24,190
Dues and subscription	**48,908**	38,559	25,366
Supplies	**38,302**	22,752	46,057

(Forward)

	2023	2022	2021
Rentals	**₱26,250**	₱3,226	₱9,319
Communications, light and water	**15,822**	15,697	22,688
Entertainment, amusement and recreation	**12,373**	10,036	8,926
Repairs and maintenance	**4,142**	836	9,612
Donations	–	20,000	83
Others	**72,932**	44,390	48,359
	₱1,542,808	₱1,306,278	₱1,145,907

Other general and administrative expenses are composed of other service fees and other numerous transactions with minimal amounts.

25. Personnel Costs

	2023	2022	2021
Salaries, wages and employee benefits	**₱2,382,816**	₱2,149,814	₱2,050,632
Pension cost (see Note 34)	**99,942**	120,736	130,543
Cost of share-based payment plan (see Note 17)	–	49,395	31,853
	₱2,482,758	₱2,319,945	₱2,213,028

The amounts of personnel costs are distributed as follows:

	2023	2022	2021
Cost of:			
Sales (see Note 19)	**₱1,587,207**	₱1,471,037	₱1,424,974
Services (see Note 20)	**160,293**	120,116	129,603
Power generation (see Note 21)	**28,764**	25,333	24,939
General and administrative (see Note 24)	**587,925**	584,297	509,555
Shipping and loading costs (see Note 22)	**118,569**	119,162	123,957
	₱2,482,758	₱2,319,945	₱2,213,028

26. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including amortization of ROU assets and computer software, are distributed as follows:

	2023	2022	2021
Cost of:			
Sales (see Note 19)	**₱1,149,768**	₱951,578	₱925,525
Power generation (see Note 21)	**338,090**	292,578	248,350
Services (see Note 20)	**139,211**	108,581	107,717
General and administrative (see Note 24)	**156,476**	156,210	162,389
Shipping and loading costs (see Note 22)	**152,248**	142,720	160,382
Others	**69,862**	11,342	15,776
	₱2,005,655	₱1,663,009	₱1,620,139

The above is distributed as follows:

	2023	2022	2021
Property and equipment (see Note 9)	**₱1,977,562**	₱1,603,031	₱1,580,578
Computer software under "Other noncurrent assets" (see Note 12)	**28,093**	59,978	39,561
	₱2,005,655	₱1,663,009	₱1,620,139

27. **Finance Income**

	2023	2022	2021
Interest income from:			
Cash and cash equivalents (see Note 4)	**₱467,877**	₱128,499	₱17,246
Financial assets at (see Note 7):			
FVOCI	**17,359**	19,628	93,056
Amortized cost	**13,288**	13,775	9,418
FVTPL	**–**	2,159	16,570
MRF (see Note 12)	**17,001**	5,990	2,499
Short-term cash investments (see Note 8)	**6,158**	11,448	8,264
Pension (see Note 34)	**1,221**	324	–
Negotiable instruments (see Note 8)	**1,016**	1,390	1,390
SDMP funds (see Note 12)	**70**	79	63
Loans	**40**	5,322	13,548
Others	**35**	8	21
	₱524,065	₱188,622	₱162,075

28. **Finance Expenses**

	2023	2022	2021
Interest expense on:			
Long-term debts (see Notes 14 and 32)	**₱169,338**	₱74,296	₱19,363
Short-term debts (see Note 14)	**125,562**	88,743	91,043
Pension (see Note 34)	**23,862**	31,003	27,054
Accretion of interest on:			
Lease liabilities (see Note 33)	**63,704**	54,742	54,554
Provision for mine rehabilitation and decommissioning (see Note 15)	**31,655**	21,196	15,074
Long-term payable	**–**	307	600
Guarantee service fee (see Notes 32 and 38f)	**32,580**	36,496	36,393
	₱446,701	₱306,783	₱244,081

29. **Other Income -** net

	2023	2022	2021
Gain (loss) on:			
Changes in fair value of financial assets at FVTPL (see Note 7)	**₱226,857**	(₱493,303)	₱69,404
Sale of property and equipment	**20,493**	9,682	8,360
Retirement of property and equipment	**(15,243)**	–	–
Write-off of prepayments and other current and noncurrent assets	**(6,645)**	–	–
Write-off of inventories	**(2,532)**	–	–
Write-off of input VAT	**(723)**	(46,078)	(19,321)
Sale of investment in a subsidiary (see Note 1)	**–**	46,447	–
Sale of financial assets at FVOCI (see Note 7)	**–**	(1,609)	(28,262)
Casualty	**–**	–	(63,384)
Reversals of allowance (provisions) for impairment losses on:			
Advances and deposits to suppliers and contractors (see Notes 8 and 12)	**(113,541)**	(18,268)	(8,072)
Input VAT (see Note 12)	**(69,382)**	(46,040)	(17,206)
Deferred mine exploration costs (see Note 12)	**(64,663)**	(630)	–
Materials and supplies (see Note 6)	**(10,154)**	–	11,059
Beneficiated nickel ore inventory (see Note 6)	**–**	27,621	14,903
Foreign exchange gains (losses) - net	**(79,438)**	1,215,172	558,851
Rent income	**63,388**	91,380	83,898
Dividend income (see Note 7)	**29,634**	37,168	32,073
Provision for ECL on trade and other receivables (see Note 5)	**(14,999)**	–	–
Trust fee	**(10,033)**	(22,138)	(27,151)
Effect of change in estimate on provision for mine rehabilitation and decommissioning (see Notes 9 and 15)	**7,601**	–	–
Others - net	**60,872**	42,402	86,441
	₱21,492	₱841,806	₱701,593

Breakdown of foreign exchange gains (losses) - net follows:

	2023	2022	2021
Realized foreign exchange gains (losses) - net	**(₱69,824)**	₱1,242,919	₱352,332
Unrealized foreign exchange gains (losses) - net on:			
Financial assets at FVTPL (see Note 7)	**(31,680)**	65,502	94,282
Long-term debts	**27,078**	(57,043)	(40,982)
Trade and other receivables	**(15,438)**	9,820	13,670
Cash and cash equivalents	**7,337**	(171,485)	182,856
Trade and other payables	**3,089**	136,319	(138,007)
Prepayments and other current assets	**–**	(10,860)	94,700
	(₱79,438)	₱1,215,172	₱558,851

30. Revenue from Contracts with Customers

Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by location of the customers for sale of ore, limestone and quarry materials, type of services rendered for sale of services and others and source of electricity for sale of power for the years ended December 31, 2023, 2022 and 2021:

2023	**China**	**Local**	**Japan**	**Total**
Sale of (see Note 32)**:**				
Ore	**₱14,764,681**	**₱6,127,050**	**₱487,160**	**₱21,378,891**
Limestone	**–**	**174,972**	**–**	**174,972**
	₱14,764,681	**₱6,302,022**	**₱487,160**	**₱21,553,863**

2022	China	Local	Japan	Total
Sale of (see Note 32):				
Ore	₱16,971,601	₱7,810,296	₱741,539	₱25,523,436
Limestone	–	215,573	–	215,573
	₱16,971,601	₱8,025,869	₱741,539	₱25,739,009

2021	China	Local	Japan	Total
Sale of (see Note 32):				
Ore	₱19,445,867	₱4,277,981	₱2,130,243	₱25,854,091
Limestone	–	244,929	–	244,929
Quarry materials	–	151,093	–	151,093
	₱19,445,867	₱4,674,003	₱2,130,243	₱26,250,113

	2023	2022	2021
Services and others (see Note 32)			
Materials handling and others	**₱2,265,057**	₱1,490,693	₱646,070
Sale of power (see Note 38g)			
Solar	**₱687,522**	₱609,518	₱341,438
Diesel	**59,686**	29,591	32,155
	₱747,208	₱639,109	₱373,593

Timing of recognition:

	2023	2022	2021
At a point in time	**₱21,553,863**	₱25,739,009	₱26,250,113
Over time	**3,012,265**	2,129,802	1,019,663
	₱24,566,128	₱27,868,811	₱27,269,776

All revenue from sale of ore, limestone and quarry materials are recognized at a point in time when control transfers to the customer, which occurs at a point in time when the ore is physically transferred into a vessel or when the ore passes into the ore preparation hopper of the HPAL plants and when the limestone and/or quarry materials were delivered to the buyer.

Revenue from sale of services and others is recognized over time or as the services are rendered while revenue from sale of power is recognized over time based on the actual energy dispatched.

31. Material Partly Owned Subsidiaries

Financial information of subsidiaries that have material NCI are provided below:

Proportion of equity interest held by NCI:

	Principal Place of Business	2023	2022
RTN	Philippines	**40.00%**	40.00%
TMC	Philippines	**35.00%**	35.00%

Equity attributable to material NCI:

	2023	2022
RTN	**₱1,960,376**	₱1,976,744
TMC	**2,708,394**	2,191,209

Net income attributable to material NCI:

	2023	2022
RTN	**₱909,198**	₱1,147,439
TMC	**1,229,069**	1,766,361

Other comprehensive income (loss) attributable to material NCI:

	2023	2022
RTN	**(₱25,566)**	₱26,695
TMC	**(11,883)**	25,179

The summarized financial information of these subsidiaries is based on amounts before inter-company eliminations.

The summarized statements of comprehensive income for the years ended December 31, 2023 and 2022 follows:

	2023		2022	
	RTN	**TMC**	RTN	TMC
Revenues	**₱6,171,167**	**₱10,480,113**	₱6,756,923	₱12,923,717
Cost of sales and services	**(2,448,749)**	**(3,446,603)**	(2,295,681)	(3,485,020)
Operating expenses	**(954,590)**	**(2,472,454)**	(952,977)	(2,800,771)
Finance income (expense) - net	**146,497**	**2,807**	31,185	(14,105)
Other income - net	**56,385**	**42,003**	272,342	112,248
Income before income tax	**2,970,710**	**4,605,866**	3,811,792	6,736,069
Provision for income tax - net	**(697,716)**	**(1,094,240)**	(943,194)	(1,689,323)
Net income	**2,272,994**	**3,511,626**	2,868,598	5,046,746
Other comprehensive income (loss) - net	**(63,914)**	**(33,953)**	66,736	71,938
Total comprehensive income - net	**₱2,209,080**	**₱3,477,673**	₱2,935,334	₱5,118,684
Attributable to NCI	**₱883,632**	**₱1,217,186**	₱1,174,134	₱1,791,540
Dividends to NCI	**900,000**	**700,000**	680,000	1,400,000

The summarized statements of financial position as at December 31, 2023 and 2022 follows:

	RTN		**TMC**	
	2023	2022	**2023**	2022
Current assets	**₱2,431,306**	₱3,045,020	**₱4,781,163**	₱3,920,447
Noncurrent assets	**4,127,457**	3,326,395	**4,819,519**	4,341,483
Current liabilities	**(1,121,648)**	(942,294)	**(799,255)**	(850,292)
Noncurrent liabilities	**(536,176)**	(487,262)	**(1,063,159)**	(1,151,042)
Total equity	**₱4,900,939**	₱4,941,859	**₱7,738,268**	₱6,260,596
Attributable to equity holders of the parent	**₱2,940,563**	₱2,965,115	**₱5,029,874**	₱4,069,387
NCI	**1,960,376**	1,976,744	**2,708,394**	2,191,209

The summarized cash flow information for the years ended December 31, 2023 and 2022 follows:

	RTN		**TMC**	
	2023	2022	**2023**	2022
Operating	**₱3,690,895**	₱3,512,755	**₱3,758,538**	₱5,908,825
Investing	**(926,722)**	(1,810,056)	**(1,126,761)**	(837,177)
Financing	**(2,254,925)**	(2,704,655)	**(2,157,018)**	(8,626,468)
Net increase (decrease) in cash and cash equivalents	**₱509,248**	(₱1,001,956)	**₱474,759**	(₱3,554,820)

32. **Related Party Transactions**

Set out on next page are the Group's transactions with related parties in 2023, 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at December 31, 2023 and 2022.

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 13)		Amounts Owed by Related Parties (see Note 5)		Prepayments and Other Current and Noncurrent Assets (see Notes 8 and 12)		Short-term and Long-term Debts (see Note 14)			
	2023	2022	2021	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	Terms	Conditions
Stockholders															
PAMCO															
Sale of ore	**₱487,160**	₱741,539	₱2,038,708	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	80% to 90% upon receipt of documents and 20% to 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch	**3,941**	4,027	5,766	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**3,744**	94	191	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Payable on demand; noninterest-bearing	Unsecured; no guarantee
Other service fee	**–**	–	1,321	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
SMM															
Sale of ore	**–**	–	91,535	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Guarantee service fee (see Notes 28 and 38f)	**32,580**	36,496	36,393	**–**	–	**8,963**	9,588	**–**	–	**–**	–	**–**	–	Payable every twenty first (21st) of February, March, August and September; noninterest-bearing	Unsecured
With Common Stockholders															
Manta Equities Inc. (Manta)															
Rentals, dues and utilities	**69,613**	46,055	43,392	**–**	–	**977**	453	**–**	–	**–**	–	**–**	–	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	**10,103**	–	36	**–**	–	**–**	–	**–**	–	**19,232**	9,129	**–**	–	Collectible at the end of the lease; noninterest-bearing	Unsecured; no guarantee
Short-term advances	**–**	73	12	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Associates															
CBNC															
Sale of ore and limestone	**2,668,742**	3,466,438	1,959,126	**175,861**	751,724	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term; noninterest-bearing	Unsecured; no guarantee
Materials handling	**1,739,739**	1,026,563	233,504	**357,759**	238,708	**–**	–	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	**8,669**	5,832	4,879	**36,279**	19,328	**–**	–	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income - net	**72,414**	67,214	200,501	**61,996**	72,169	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

THNC

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 13)		Amounts Owed by Related Parties (see Note 5)		Prepayments and Other Current and Noncurrent Assets (see Notes 8 and 12)		Short-term and Long-term Debts (see Note 14)			
	2023	2022	2021	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	Terms	Conditions
Sale of ore	**₱3,629,308**	₱4,548,032	₱2,513,542	**₱257,626**	₱442,021	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Sale of quarry materials	**–**	–	151,093	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service (see Note 38b)	**149,251**	123,027	115,286	**41,695**	31,221	**–**	–	**–**	–	**–**	–	**–**	–	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Materials handling	**329,542**	302,328	131,832	**48,361**	28,693	**–**	–	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Rental income (see Note 38m)	**7,680**	7,062	7,062	**7,680**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Loan facility (see Note 14)	**–**	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**726,731**	829,355	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread or TSOFR plus 0.43%	Unsecured; no guarantee
Interest expense on long-term debt (see Notes 14 and 28)	**56,248**	32,894	19,363	**–**	–	**11,226**	10,252	**–**	–	**–**	–	**–**	–	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
Short-term advances	**758**	14,240	20,499	**–**	–	**–**	–	**801**	1,559	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at December 31, 2023 and 2022	Unsecured; no guarantee
BGI															
Short-term advances	**–**	–	–	**–**	–	**–**	–	**223,809**	173,680	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Affiliates															
Orka Geothermal Investments Pte. Ltd. (OGIPL)															
Short-term advances	**–**	–	143,747	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount			Trade and Other Receivables (see Note 5)		Trade and Other Payables (see Note 13)		Amounts Owed by Related Parties (see Note 5)		Prepayments and Other Current and Noncurrent Assets (see Notes 8 and 12)		Short-term and Long-term Debts (see Note 14)			
	2023	2022	2021	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	Terms	Conditions
TBEA															
Loan facility	**₱–**	₱150,763	₱13,422	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱175,840	Principal is payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025; interest-bearing at 5% p.a.	Unsecured; no guarantee
Interest expense on long-term debts (see Notes 9, 14 and 28)	**7,771**	10,896	5,580	**–**	–	**803**	2,259	**–**	–	**–**	–	**–**	–	Payable on or before the end of the fifth (5th) year after drawdown or on June 17, 2025	Unsecured; no guarantee
Shell Energy Philippines, Inc (SEPI)															
Sale of power (see Note 38g)	**463,268**	301,531	–	**34,580**	36,979	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
				₱1,021,837	₱1,620,843	**₱21,969**	₱22,552	**₱224,610**	₱175,239	**₱19,232**	₱9,129	**₱726,731**	₱1,005,195		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at December 31, 2023 and 2022 pertain mainly to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash. Except for the guarantee on THNC's, EPI's and JSI's Loan Obligations (see Notes 38a and 38f), there have been no guarantees received or provided for any related party receivables or payables, respectively. This assessment is undertaken at each end of the financial reporting period through the examination of the financial position of the related party and the market in which the related party operates.

a. Sales and Service Agreements

Nickel Ore Sale Agreements with PAMCO

The Group supplies saprolite ore to PAMCO. PAMCO is a stockholder of the Parent Company, RTN and TMC. All sales made to PAMCO are transacted at prevailing market prices which are benchmarked to China prices on the basis of a negotiated price per wet metric ton of ore. PAMCO shall pay the Group 80% to 90% of the provisional invoice amount upon receipt of the required documents and pay the final payment of each shipment after the final dry weight and applicable assay have been determined. Outstanding balances as at December 31, 2023 and 2022 are unsecured, interest-free and settlement occurs in cash. Receivable from PAMCO is included as part of "Trade and other receivables" and is expected to be collected subsequently.

Nickel Ore Sale Agreement with PAMCO and Sojitz Corporation (Sojitz)

RTN supplies saprolite ore to PAMCO, wherein PAMCO appointed Sojitz as agent, under a sale agreement. RTN and PAMCO shall jointly assess whether the commercial production of ore at the mine is still possible. Unless commercial production becomes impossible due to the exhaustion of ore reserves in the mine, RTN, PAMCO and Sojitz shall renew the agreement with five (5) years term. Currently, the agreement is valid until December 31, 2026. PAMCO owns 36% and Sojitz owns 4% of the outstanding capital stock of RTN.

The Group's revenue from sale of ore to PAMCO and/or Sojitz amounted to ₱487.2 million, ₱741.5 million and ₱2,038.7 million in 2023, 2022 and 2021, respectively.

Nickel Ore Sale Agreement with SMM

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

Revenue from sale of ore to SMM amounted to nil in 2023 and 2022 and ₱91.5 million in 2021.

Nickel Ore Supply Agreement with CBNC

RTN entered into an agreement with CBNC to supply all the limonite ore requirements for the Coral Bay HPAL facility until the earlier of the cessation of operations at the Coral Bay HPAL facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN has also entered into an agreement with CBNC to supply limestone. CBNC is the owner of the Coral Bay HPAL facility. Receivable from CBNC is included as part of "Trade and other receivables" and is expected to be collected subsequently.

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

Sale of ore and limestone to CBNC amounted to ₱2,668.7 million, ₱3,466.4 million and ₱1,959.1 million in 2023, 2022 and 2021, respectively.

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

Sale of ore to THNC amounted to ₱3,629.3 million, ₱4,548.0 million and ₱2,513.5 million in 2023, 2022 and 2021, respectively.

Service Agreements with CBNC
RTN and CDTN entered into various service agreements with CBNC to provide ancillary services, such as materials handling, to the Coral Bay HPAL facility. The revenue of the Group related to materials handling and other services for CBNC amounted to ₱1,739.7 million, ₱1,026.6 million and ₱233.5 million in 2023, 2022 and 2021, respectively.

Materials Handling Agreement with THNC
On October 7, 2013, TMC and THNC executed an agreement wherein TMC will render services related to the handling, hauling and transport of cargo for THNC. THNC shall compensate TMC based on the prices stipulated in the agreement which are determined on the basis of the weight of the cargo. Payment is collected within fifteen (15) days from receipt of TMC's billing. The revenue of the Group related to materials handling for THNC amounted to ₱329.5 million, ₱302.3 million and ₱131.8 million in 2023, 2022 and 2021, respectively.

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

TMC's revenue from the sale of quarry materials amounted to nil in 2023 and 2022 and ₱151.1 million in 2021.

b. Stockholder Agreements

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

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

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

In a separate agreement, SMM agreed to assume the Parent Company's obligation to make loans to or guarantee the repayment of THNC's loan obligations. The Parent Company, in consideration of this agreement, pays SMM an annual guarantee fee of 1%, which was reduced to 0.6%, of THNC's outstanding loan obligations (see Note 38f).

c. Compensation of Key Management Personnel

The Group considers as key management personnel the employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group in 2023, 2022 and 2021 amounted to about ₱462.6 million, ₱501.1 million and ₱435.1 million, respectively, inclusive of cost of share-based payment of nil, ₱49.4 million and ₱31.9 million, respectively. The net post-employment benefits of key management personnel of the Group amounted to ₱24.8 million, ₱13.0 million and ₱14.5 million in 2023, 2022 and 2021, respectively.

The Group's related party transactions which are 10% and above of the consolidated total assets are reviewed and approved by the Related Party Transactions Committee.

33. **Leases**

Lease Agreement with Manta
On March 18, 2013, the Group entered into a lease agreement with Manta for its office and parking space. The lease agreement is effective for a period of five (5) years starting May 15, 2013 and is renewable subject to negotiation of the terms and conditions and mutual agreement of both parties. The lease agreement is valid until May 14, 2028 and June 30, 2028.

Lease Agreement with Monte de Tesoro Corp.
Effective July 1, 2023, the lease agreement between EPI and Monte de Tesoro Corp. for office and parking space was assigned and transferred to GRHI through a Deed of Assignment. The lease agreement is subject to 5% annual escalation beginning on the second year of the lease and valid until August 19, 2025.

Lease of Project Area from Subic Bay Metropolitan Authority (SBMA)
On April 29, 2015, JSI entered a fifty (50) year lease agreement with SBMA for the use of the 800 hectares project area located at Mt. Sta. Rita, SBFZ for its solar and wind energy projects for a monthly lease payment amounting to ₱34,000 per MW installed on the leased area. The lease agreement was subsequently amended to include some terms and conditions as follows:

- Amended rent - From execution of the fourth amendment, the monthly rent shall be ₱1.1 million, and from December 31, 2030, the monthly rent shall be ₱5.1 million. JSI also committed, upon execution of the fourth amendment, to remit as advance rental payment an amount of ₱40.0 million, to be applied against future rental obligations starting December 31, 2030.
- Investment commitment - JSI undertakes to infuse investment worth US$200.0 million on the leased areas on or before December 30, 2030.
- Power generation facility - JSI shall construct a 200MW capacity generation facility and/or power plant that uses renewable energy source until December 31, 2030. As at December 31, 2023, JSI's Solar Project with total capacity of 100MW are in commercial operations. The Phase 4A - 72MW started in November 2022, with testing and commissioning in February 2024. Phase 4B - 28MW will be decided subject to availability of sufficient land area to support the development.

- Term - the term of the Lease Agreement shall be for a period of fifty (50) years from August 9, 2015 and continuing until August 8, 2065.
- Renewal - subject to the extension or renewal by the SEC of JSI's corporate life as well as the consent of the Indigenous Cultural Communities of Aeta through its Free and Prior Informed Consent, the Lease Agreement may be renewed for another twenty-five (25) years under the same terms and conditions upon mutual consent of the parties.

Lease of National Grid Corporation of the Philippines (NGCP) Facility
On September 18, 2015, JSI entered a fifty (50) year lease agreement with SBMA for the use of a 280 square meter (sq. m.) building and 2,300 sq. m. lot located near the NGCP Facility, Subic Gateway Park, SBFZ on a monthly rental of ₱0.04 million and ₱0.3 million, respectively.

The lease agreement is subject to a 6% annual escalation beginning on the second year of the lease and imposable annually thereafter.

The Group also has certain leases of properties with lease terms of twelve (12) months or less and leases of properties with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

The rollforward analysis of lease liabilities, discounted using incremental borrowing rate, follows:

	2023	2022
Balances at January 1	**₱611,169**	₱613,944
Additions (see Note 9)	**236,295**	2,222
Reversal	**(1,986)**	–
Accretion of interest (see Note 28)	**63,704**	54,742
Payments	**(75,761)**	(59,739)
Balances at December 31	**833,421**	611,169
Less noncurrent portion	**779,075**	603,548
Current portion	**₱54,346**	₱7,621

The following are the amounts recognized in the consolidated statements of income:

	2023	2022
Expenses relating to short-term leases	**₱1,330,364**	₱835,190
Accretion of interest on lease liabilities (see Note 28)	**63,704**	54,742
Amortization of ROU asset included in property and equipment (see Note 9)	**56,475**	42,663
Expenses relating to leases of low-value assets	**9,850**	3,460
	₱1,460,393	₱936,055

In 2023, 2022 and 2021, expenses under shipping and loading costs amounting to ₱603.3 million, ₱620.0 million and ₱734.8 million, respectively, which are covered by service agreements are included above in compliance with PFRS 16.

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
One (1) year	**₱54,345**	₱29,407
more than one (1) year to two (2) years	**99,835**	23,701
more than two (2) years to three (3) years	**76,839**	22,650
more than three (3) years to four (4) years	**79,484**	22,987
more than four (4) years	**3,535,082**	3,549,756
	₱3,845,585	₱3,648,501

34. **Pension Liability**

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law,* requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the pension liability and pension asset recognized in the consolidated statements of financial position:

	2023	2022
Funded pension liabilities		
RTN	**₱222,044**	₱235,984
TMC	**91,589**	138,219
CMC	**62,519**	55,015
NAC	**12,568**	6,225
	₱388,720	₱435,443
Funded pension assets (see Note 12)		
HMC	**₱15,923**	₱15,145
DMC	**2,093**	–
	₱18,016	₱15,145

The following tables summarize the components of net pension costs recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the respective plans based on the 2023, 2022 and 2021 Actuarial Valuation Report:

Changes in net defined benefit liability and fair value of pension assets in 2023, 2022 and 2021 are as follows:

	2023												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income							
	January 1, 2023	Current service cost (see Note 25)	Net interest (see Notes 27 and 28)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions	December 31, 2023
RTN	₱528,402	₱37,354	₱38,521	₱75,875	(₱49,213)	₱–	₱–	₱5,576	₱69,499	₱–	₱75,075	₱–	₱630,139
TMC	380,989	34,763	27,889	62,652	(29,660)	–	–	(4,744)	58,309	–	53,565	–	467,546
CMC	83,276	7,054	6,046	13,100	(10,918)	–	–	1,663	9,262	–	10,925	–	96,383
NAC	104,017	13,401	7,499	20,900	(7,436)	–	(4,851)	4,631	8,375	–	8,155	–	125,636
HMC	54,060	6,058	3,941	9,999	(5,177)	–	–	(2,501)	7,114	–	4,613	–	63,495
DMC	–	1,312	–	1,312	–	–	–	–	–	–	–	–	1,312
Defined benefit liability	1,150,744	99,942	83,896	183,838	(102,404)	–	(4,851)	4,625	152,559	–	152,333	–	1,384,511
RTN	(292,418)	–	(24,992)	(24,992)	49,213	10,143	–	–	–	–	10,143	(150,041)	(408,095)
TMC	(242,770)	–	(21,553)	(21,553)	29,660	(8,294)	–	–	–	–	(8,294)	(133,000)	(375,957)
CMC	(28,261)	–	(2,180)	(2,180)	8,711	103	–	–	–	–	103	(12,237)	(33,864)
NAC	(97,792)	–	(7,368)	(7,368)	7,436	901	–	–	–	–	901	(16,245)	(113,068)
HMC	(69,205)	–	(5,162)	(5,162)	5,177	(1,843)	–	–	–	–	(1,843)	(8,385)	(79,418)
DMC	–	–	–	–	–	–	–	–	–	–	–	(3,405)	(3,405)
Fair value of plan assets	(730,446)	–	(61,255)	(61,255)	100,197	1,010	–	–	–	–	1,010	(323,313)	(1,013,807)
RTN	235,984	37,354	13,529	50,883	–	10,143	–	5,576	69,499	–	85,218	(150,041)	222,044
TMC	138,219	34,763	6,336	41,099	–	(8,294)	–	(4,744)	58,309	–	45,271	(133,000)	91,589
CMC	55,015	7,054	3,866	10,920	(2,207)	103	–	1,663	9,262	–	11,028	(12,237)	62,519
NAC	6,225	13,401	131	13,532	–	901	(4,851)	4,631	8,375	–	9,056	(16,245)	12,568
HMC	(15,145)	6,058	(1,221)	4,837	–	(1,843)	–	(2,501)	7,114	–	2,770	(8,385)	(15,923)
DMC	–	1,312	–	1,312	–	–	–	–	–	–	–	(3,405)	(2,093)
Pension liability	₱435,443	₱92,572	₱23,862	₱116,434	(₱2,207)	₱2,853	(₱4,851)	₱7,126	₱145,445	₱–	₱150,573	(₱311,523)	₱388,720
Pension asset	(₱15,145)	₱7,370	(₱1,221)	₱6,149	₱–	(₱1,843)	₱–	(₱2,501)	₱7,114	₱–	₱2,770	(₱11,790)	(₱18,016)

	2022												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income							
	January 1, 2022	Current service cost (see Note 25)	Net interest (see Note 28)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions	December 31, 2022
RTN	₱626,593	₱46,899	₱32,144	₱79,043	(₱65,511)	₱–	₱–	₱20,823	(₱132,546)	₱–	(₱111,723)	₱–	₱528,402
TMC	445,335	43,844	22,979	66,823	(11,575)	–	–	(10,396)	(109,198)	–	(119,594)	–	380,989
CMC	93,058	8,607	4,755	13,362	(6,367)	–	–	2,048	(18,825)	–	(16,777)	–	83,276
NAC	99,347	12,747	4,997	17,744	–	–	–	4,096	(17,170)	–	(13,074)	–	104,017
HMC	60,092	8,639	3,101	11,740	(1,937)	–	–	(2,717)	(13,118)	–	(15,835)	–	54,060
Defined benefit liability	1,324,425	120,736	67,976	188,712	(85,390)	–	–	13,854	(290,857)	–	(277,003)	–	1,150,744
RTN	(307,643)	–	(15,575)	(15,575)	65,511	22,741	–	–	–	–	22,741	(57,452)	(292,418)
TMC	(225,644)	–	(12,377)	(12,377)	11,575	23,676	–	–	–	–	23,676	(40,000)	(242,770)
CMC	(35,118)	–	(1,632)	(1,632)	6,367	2,122	–	–	–	–	2,122	–	(28,261)
NAC	(71,818)	–	(4,288)	(4,288)	–	5,230	–	–	–	–	5,230	(26,916)	(97,792)
HMC	(60,803)	–	(3,425)	(3,425)	1,937	3,944	–	–	–	2,143	6,087	(13,001)	(69,205)
Fair value of plan assets	(701,026)	–	(37,297)	(37,297)	85,390	57,713	–	–	–	2,143	59,856	(137,369)	(730,446)
RTN	318,950	46,899	16,569	63,468	–	22,741	–	20,823	(132,546)	–	(88,982)	(57,452)	235,984
TMC	219,691	43,844	10,602	54,446	–	23,676	–	(10,396)	(109,198)	–	(95,918)	(40,000)	138,219
CMC	57,940	8,607	3,123	11,730	–	2,122	–	2,048	(18,825)	–	(14,655)	–	55,015
NAC	27,529	12,747	709	13,456	–	5,230	–	4,096	(17,170)	–	(7,844)	(26,916)	6,225
HMC	(711)	8,639	(324)	8,315	–	3,944	–	(2,717)	(13,118)	2,143	(9,748)	(13,001)	(15,145)
Pension liability	₱624,110	₱112,097	₱31,003	₱143,100	₱–	₱53,769	₱–	₱16,571	(₱277,739)	₱–	(₱207,399)	(₱124,368)	₱435,443
Pension asset	(₱711)	₱8,639	(₱324)	₱8,315	₱–	₱3,944	₱–	(₱2,717)	(₱13,118)	₱2,143	(₱9,748)	(₱13,001)	(₱15,145)

	2021												
		Net benefit cost in consolidated statements of income				Remeasurements in other comprehensive income							
	January 1, 2021	Current service cost (see Note 25)	Net interest (see Notes 27 and 28)	Subtotal	Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic adjustments	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Effect of asset ceiling	Subtotal	Contributions/ Transfer from the plan	December 31, 2021
RTN	₱650,012	₱50,358	₱25,741	₱76,099	(₱110,887)	₱–	(₱8)	₱23,383	(₱12,006)	₱–	₱11,369	₱–	₱626,593
TMC	484,287	50,658	19,517	70,175	(26,760)	–	(1,125)	(9,975)	(71,267)	–	(82,367)	–	445,335
CMC	98,294	9,534	3,873	13,407	(3,099)	–	441	(3,408)	(12,577)	–	(15,544)	–	93,058
NAC	90,468	12,343	3,420	15,763	(2,733)	–	294	6,913	(11,358)	–	(4,151)	–	99,347
HMC	58,724	7,650	2,348	9,998	(1,715)	–	(25)	2,723	(9,613)	–	(6,915)	–	60,092
Defined benefit liability	1,381,785	130,543	54,899	185,442	(145,194)	–	(423)	19,636	(116,821)	–	(97,608)	–	1,324,425
RTN	(359,987)	–	(13,192)	(13,192)	110,887	11,818	–	–	–	–	11,818	(57,169)	(307,643)
TMC	(222,201)	–	(9,020)	(9,020)	26,760	8,817	–	–	–	–	8,817	(30,000)	(225,644)
CMC	(22,408)	–	(1,121)	(1,121)	3,099	502	–	–	–	–	502	(15,190)	(35,118)
NAC	(46,261)	–	(2,206)	(2,206)	2,733	831	–	–	–	–	831	(26,915)	(71,818)
HMC	(54,841)	–	(2,306)	(2,306)	1,715	1,948	–	–	–	37	1,985	(7,356)	(60,803)
Fair value of plan assets	(705,698)	–	(27,845)	(27,845)	145,194	23,916	–	–	–	37	23,953	(136,630)	(701,026)
RTN	290,025	50,358	12,549	62,907	–	11,818	(8)	23,383	(12,006)	–	23,187	(57,169)	318,950
TMC	262,086	50,658	10,497	61,155	–	8,817	(1,125)	(9,975)	(71,267)	–	(73,550)	(30,000)	219,691
CMC	75,886	9,534	2,752	12,286	–	502	441	(3,408)	(12,577)	–	(15,042)	(15,190)	57,940
NAC	44,207	12,343	1,214	13,557	–	831	294	6,913	(11,358)	–	(3,320)	(26,915)	27,529
HMC	3,883	7,650	42	7,692	–	1,948	(25)	2,723	(9,613)	37	(4,930)	(7,356)	(711)
Pension liability	₱672,204	₱122,893	₱27,012	₱149,905	₱–	₱21,968	(₱398)	₱16,913	(₱107,208)	₱37	(₱68,725)	(₱129,274)	₱624,110
Pension liability (asset)	₱3,883	₱7,650	₱42	₱7,692	₱–	₱1,948	(₱25)	₱2,723	(₱9,613)	₱37	(₱4,930)	(₱7,356)	(₱711)

The main categories of plan assets as a percentage of the fair value of total plan assets follow:

2023	**NAC**	**RTN**	**TMC**	**HMC**	**CMC**
Debt instruments	**61.04%**	**72.54%**	**80.36%**	**83.66%**	**66.15%**
Equity instruments	**16.36%**	**5.47%**	**18.47%**	**9.95%**	**27.76%**
Others	**22.60%**	**21.99%**	**1.17%**	**6.39%**	**6.09%**
	100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**

2022	NAC	RTN	TMC	HMC	CMC
Debt instruments	46.09%	47.63%	74.13%	61.20%	69.36%
Equity instruments	25.05%	14.81%	24.10%	26.72%	26.49%
Others	28.86%	37.56%	1.77%	12.08%	4.15%
	100.00%	100.00%	100.00%	100.00%	100.00%

2021	NAC	RTN	TMC	HMC	CMC
Debt instruments	59.51%	43.35%	66.53%	76.93%	65.72%
Equity instruments	30.47%	19.53%	25.31%	11.80%	21.41%
Others	10.02%	37.12%	8.16%	11.27%	12.87%
	100.00%	100.00%	100.00%	100.00%	100.00%

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining the pension asset (liability) for the Group's plans are shown below:

2023	**NAC**	**RTN**	**TMC**	**HMC**	**CMC**
Discount rate	**6.09%**	**6.12%**	**6.14%**	**6.13%**	**6.12%**
Expected salary increase rate	**5.00%**	**5.00%**	**8.00%**	**5.00%**	**5.00%**

2022	NAC	RTN	TMC	HMC	CMC
Discount rate	7.21%	7.29%	7.32%	7.29%	7.26%
Expected salary increase rate	5.00%	5.00%	8.00%	5.00%	5.00%

2021	NAC	RTN	TMC	HMC	CMC
Discount rate	5.03%	5.13%	5.16%	5.16%	5.11%
Expected salary increase rate	5.00%	5.00%	8.00%	5.00%	5.00%

Assumptions regarding future mortality rate are based on the 2001 CSO Table - Generational developed by the Society of Actuaries, which provides separate rates for males and females.

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the net defined pension liability as at the end of the financial reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2023**	2022
Discount rates	+100 basis points	**(₱132,322)**	(₱103,280)
	-100 basis points	**156,588**	121,546

	Increase (decrease)	**2023**	2022
Salary increase rate	+100 basis points	**₱154,992**	₱121,782
	-100 basis points	**(133,494)**	(105,275)

The Group's retirement fund is being held in trust by a trustee bank and the Group expects to contribute at least ₱270.0 million to the defined benefit pension plan in 2024.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Within the next twelve (12) months	**₱158,241**	₱123,016
Between two (2) and five (5) years	**408,058**	417,890
Between six (6) and ten (10) years	**731,803**	657,082
Total expected payments	**₱1,298,102**	₱1,197,988

The weighted average duration of the pension liability as at December 31, 2023 and 2022 is 9.7 years and 9.2 years, respectively.

35. **Income Taxes**

The provision for current income tax shown in the consolidated statements of income includes the Regular Corporate Income Tax (RCIT) of TMC, RTN, CMC, HMC and CDTN, Gross Income Tax (GIT) of TMC, RTN and JSI and Minimum Corporate Income Tax (MCIT), using the effective rate of 1.5% in accordance with Revenue Memorandum Circular 69-2023, of NAC, EPI and CEXCI in 2023; RCIT of TMC, RTN, CMC, HMC, CDTN and NAC, GIT of TMC, RTN and JSI and MCIT of EPI, CEXCI and DMC in 2022, RCIT of TMC, RTN, CMC, HMC, CDTN and NAC, GIT of TMC, RTN and JSI and MCIT of EPI, DMC and BGI in 2021, as follows:

	2023	2022	2021
TMC	**₱1,088,667**	₱1,760,806	₱1,559,991
RTN	**692,447**	970,320	863,914
CMC	**168,243**	266,845	367,742
HMC	**164,418**	184,879	180,270
CDTN	**91,411**	75,995	25,522
NAC	**13,178**	337,884	162,182
EPI	**3,487**	53	13
JSI	**2,426**	4,856	3,156
CEXCI	**4**	70	–
DMC	**–**	2,801	62
	₱2,224,281	₱3,604,509	₱3,162,852

All other companies under the Group were in a gross and/or net taxable loss position in 2023, 2022 and 2021.

The reconciliation between the provision for (benefit from) income tax computed at the statutory income tax rate and the provision for (benefit from) income tax computed at the effective income tax rate as shown in the consolidated statements of income follows:

	2023	2022	2021
Income tax at statutory rate from non-registered activities	**₱3,098,304**	₱4,429,324	₱5,419,222
Add (deduct) tax effects of:			
Dividend income exempt from income tax	**(892,161)**	(1,136,195)	(2,068,834)
Changes in unrecognized deferred income tax assets	**311,445**	3,403	34,503
Actual exercise of ESOP shares	**(180,006)**	–	–
Interest income subjected to final tax	**(139,396)**	(47,185)	(23,583)
Loss (income) subjected to other taxes	**(46,912)**	(5,253)	35,413
Nondeductible expenses	**46,013**	123,369	50,811
Effect of change in tax rate	**35,231**	(6,624)	(176,815)
Nontaxable income	**(12,436)**	(18,865)	(17,907)
Derecognized deferred income tax assets	**4,672**	–	286
Movements in deductible temporary differences for which deferred income taxes were recognized	**(3,643)**	(4,226)	(6,044)
Expired net operating loss carry over (NOLCO) and excess of MCIT over RCIT	**8**	78,899	81,398
	2,221,119	3,416,647	3,328,450
Income tax at statutory rate from Philippine Economic Zone Authority (PEZA)/SBMA registered activities	**5,632**	4,711	(283)
Add (deduct) tax effects of:			
Nondeductible expenses	**3,549**	5,751	4,566
Nontaxable income	**(1,889)**	(36)	(449)
Interest income subjected to final tax	**(415)**	(62)	(4)
Movement in unrecognized deferred income tax	**–**	2,125	–
	6,877	12,489	3,830
Income tax at effective rates	**₱2,227,996**	₱3,429,136	₱3,332,280

The components of the Group's net deferred income tax assets and liabilities follow:

	2023	2022
Deferred income tax assets:		
At 25%		
Provision for mine rehabilitation and decommissioning	**₱227,388**	₱197,765
NOLCO	**137,960**	63,916
Undepleted asset retirement obligation	**(133,745)**	(116,527)
Allowance for impairment losses on:		
Input VAT	**38,006**	18,205
Advances to suppliers and contractors	**35,965**	7,604
Deferred mine exploration costs	**16,166**	–
Inventories	**16,047**	13,509
Others	**9,531**	9,531
Pension costs	**93,182**	104,755
Unamortized past service cost	**63,178**	29,545
Unamortized ROU asset	**(38,187)**	25,749
Lease liabilities	**36,960**	(25,257)
Unrealized valuation loss on financial assets at FVTPL	**24,258**	25,527
Excess of MCIT over RCIT	**15,979**	2,863
Accrual for quarry materials	**10,358**	10,358
Allowance for ECL on trade and other receivables	**7,079**	7,095
Unrealized foreign exchange losses (gains) - net	**(6,965)**	11,430
Cost of share-based payment plan	**–**	92,606
At 15%		
Unrealized valuation gains on financial assets at FVTPL	**(115,420)**	(80,189)
At 5%		
Deferred income	**1,886**	2,095
Unrealized foreign exchange gains	**(57)**	–
Pension costs	**31**	25
	₱439,600	₱400,605
Deferred income tax liabilities:		
At 25%		
Fair value adjustment arising from business combination	**₱134,663**	₱135,819
Asset revaluation surplus	**61,536**	62,527
Unamortized ROU asset	**13,480**	(3,864)
Lease liabilities	**(10,446)**	3,916
Long-term stockpile inventory	**8,056**	8,056
Unamortized debt issue costs	**5,613**	3,320
Capitalized borrowing cost	**5,266**	7,393
Unrealized foreign exchange gains - net	**744**	809
At 15%		
Share in cumulative translation adjustment (see Note 10)	**153,386**	247,100
At 5%		
Capitalized borrowing cost	**14,996**	9,247
Lease liabilities	**(5,379)**	(3,677)
Unamortized ROU asset	**(2,992)**	(2,383)
	₱378,923	₱468,263

The Group did not recognize net deferred income tax asset on the following temporary differences since the management believes that it is not probable that sufficient taxable income will be available against which the benefits of the net deferred income tax assets can be utilized in the future.

	2023	2022
NOLCO	**₱2,009,650**	₱768,994
Allowance for impairment losses	**658,930**	658,930
Allowance for ECL	**30,401**	15,402
Unrealized foreign exchange losses (gains) - net	**23,893**	(152)
Lease liabilities	**8,994**	–
Excess of MCIT over RCIT	**3,628**	145
Cost of share-based payment plan	**–**	11,962
Accretion of interest on long-term payable	**–**	6,418
	₱2,735,496	₱1,461,699

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover as One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

As at December 31, 2023 and 2022, the Group has NOLCO that can be claimed as deduction from future taxable income as follows:

		Year of	NOLCO	
Year Incurred	Company	Expiration	**2023**	2022
2023	NAC	2026	**₱569,649**	₱–
	EPI		**401,752**	–
	DMC		**296,177**	–
	GRHI		**163,744**	–
	CEXCI		**59,368**	–
	MGPC		**2,770**	–
	NPPGC		**1,687**	–
	BHI		**1,503**	–
	LCSLC		**720**	–
	Newminco		**538**	–
	SISPC		**347**	–
	SNMRC		**173**	–
	CSPC		**106**	–
	SSPC		**106**	–
	SMSPC		**106**	–
	TSWPC		**103**	–
	SASPC		**103**	–
2022	EPI	2025	**188,838**	188,838
	GRHI		**37,879**	37,879
	CEXCI		**25,376**	25,376
	MGPC		**1,432**	1,432
	Newminco		**407**	407
	LCSLC		**234**	234
	SNMRC		**173**	173
	NPPGC		**126**	126
	BHI		**96**	96

(Forward)

Year Incurred	Company	Year of Expiration	NOLCO 2023	NOLCO 2022
2021	EPI	2026	**₱297,851**	₱297,851
	DMC		**127,305**	127,305
	CEXCI		**34,295**	34,295
	MGPC		**1,621**	1,621
	Newminco		**280**	280
	LCSLC		**230**	230
	SNMRC		**175**	175
	BHI		**161**	161
	NPPGC		**72**	72
2020	EPI	2025	**188,981**	188,981
	DMC		**128,360**	128,360
	CEXCI		**26,425**	26,425
	MGPC		**1,268**	1,268
	Newminco		**257**	257
	LCSLC		**253**	253
	SNMRC		**246**	246
	BHI		**164**	164
	NPPGC		**33**	33
			₱2,561,490	₱1,062,538

The movements in NOLCO are as follows:

	2023	2022
Balances at January 1	**₱1,062,538**	₱1,176,974
Additions	**1,498,952**	254,561
Expirations	**–**	(315,633)
Applications	**–**	(51,606)
Derecognition	**–**	(1,758)
Balances at December 31	**₱2,561,490**	₱1,062,538

As at December 31, 2023 and 2022, the Group has excess of MCIT over RCIT that can be claimed as deduction from future income tax liabilities as follows:

Year Incurred	Company	Year of Expiration	Excess of MCIT over RCIT 2023	Excess of MCIT over RCIT 2022
2023	NAC	2026	**₱13,178**	₱–
	EPI		**3,487**	–
	CEXCI		**4**	–
2022	DMC	2025	**2,801**	2,801
	CEXCI		**70**	70
	EPI		**53**	53
2021	EPI	2024	**14**	14
	DMC		**–**	63
2020	EPI	2023	**–**	7
			₱19,607	₱3,008

The movements in excess of MCIT over RCIT are as follows:

	2023	2022
Balances at January 1	**₱3,008**	₱99
Additions	**16,669**	2,924
Derecognition	**(63)**	–
Expirations	**(7)**	(15)
Balances at December 31	**₱19,607**	₱3,008

36. **Financial Risk Management Objectives and Policies and Capital Management**

The Group's main financial instruments are cash and cash equivalents, financial assets at FVTPL, at FVOCI and at amortized cost, short-term cash investments and short-term and long-term debts. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has various other financial assets and liabilities such as trade and other receivables, negotiable instruments, MRF, restricted cash, SDMP funds, trade and other payables and lease liabilities which arise directly from its operations, investing and financing activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily from its operating (primarily for trade receivables) and investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The table below summarizes the Group's gross maximum exposure from its financial instruments. These amounts are gross of collateral and credit enhancements, but net of any amounts offset and allowance for impairment losses:

	2023	2022
Cash and cash equivalents (except cash on hand)	**₱15,473,211**	₱10,799,151
Trade and other receivables		
Trade	**1,101,583**	2,263,654
Amounts owed by related parties	**224,610**	175,239
Interest receivable	**22,330**	23,511
Current portion of loan receivable	–	5,425
Others	**179,504**	171,537
Financial assets at:		
FVOCI	**469,914**	447,975
Amortized cost	**410,000**	460,000
Prepayments and other current assets		
Short-term cash investments	–	265,186
Negotiable instruments	–	40,000
Other noncurrent assets		
MRF	**834,470**	766,351
Restricted cash	**110,330**	164,193
SDMP funds	**96,477**	88,937
Total credit risk exposure	**₱18,922,429**	₱15,671,159

Cash and Cash Equivalents (except Cash on Hand), Financial Assets at FVOCI and at Amortized Cost, Short-term Cash Investments, Negotiable Instruments, MRF, Restricted Cash and SDMP Funds

In determining the credit risk exposure, the Group has established PD rates based on available credit ratings published by Credit Rating Agencies. The credit ratings already consider forward-looking information. When a counterparty does not have published credit ratings, the Group benchmarks the credit ratings of comparable companies, adjusted to account for the difference in size and other relevant metrics. While cash with banks and short-term cash investments are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

Trade and Other Receivables

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a twelve (12)-month expected loss allowance for all trade and other receivables. The ECL on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the inflation rate of the countries in which it sells its goods and services to be the most relevant factors for its trade receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Below is the information about the credit risk exposure on the Group's trade and other receivables using a provision matrix:

		Days past due				
	Current	**< 30 days**	**31-60 days**	**61-90 days**	**>191 days**	**Total**
2023						
ECL rate	**0%**	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**₱918,277**	**₱187,494**	**₱61,560**	**₱360,696**	**₱48,550**	**₱1,576,577**
ECL	**₱–**	**₱–**	**₱–**	**₱–**	**₱48,550**	**₱48,550**
2022						
ECL rate	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	₱1,611,603	₱614,575	₱79,054	₱334,134	₱33,614	₱2,672,980
ECL	₱–	₱–	₱–	₱–	₱33,614	₱33,614

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments.

The Group's objective is to maintain sufficient funding to finance its exploration, mining and power generation activities through internally generated funds, advances from related parties and borrowings from banks. Aside from yielding good returns, the Group ensures that investments have ample liquidity to finance operations and capital requirements. The Group considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debts and obligations.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

2023	**On Demand**	**Less Than Three (3) Months**	**Three (3) To Twelve (12) Months**	**More Than One (1) Year**	**Total**
Trade and other payables					
Trade	₱165,581	₱921,001	₱239,539	₱–	₱1,326,121
Accrued expenses	571,515	89,356	26,545	–	687,416
Retention fees payable	2,065	22,062	23,792	–	47,919
Interest payable	–	33,945	11,945	–	45,890
Others	87,885	18,000	296,752	–	402,637
Short-term debts					
Carrying amount	–	–	5,848,095	–	5,848,095
Unamortized debt issue cost	–	–	15,905	–	15,905
Long-term debts					
Carrying amount	–	69,539	276,225	2,341,836	2,687,600
Unamortized debt issue cost	–	1,514	4,646	20,664	26,824
Lease liabilities					
Undiscounted liabilities	–	12,910	41,436	3,791,239	3,845,585
	₱827,046	**₱1,168,327**	**₱6,784,880**	**₱6,153,739**	**₱14,933,992**

2022	On Demand	Less Than Three (3) Months	Three (3) To Twelve (12) Months	More Than One (1) Year	Total
Trade and other payables					
Trade	₱–	₱1,013,292	₱22,288	₱–	₱1,035,580
Accrued expenses	57,236	467,684	749	–	525,669
Retention fees payable	–	–	1,897	–	1,897
Interest payable	–	–	15,510	–	15,510
Others	80,142	14,619	2,101	–	96,862
Short-term debts					
Carrying amount	–	–	1,498,266	–	1,498,266
Unamortized debt issue cost	–	–	1,734	–	1,734
Long-term debts					
Carrying amount	–	–	97,571	2,119,280	2,216,851
Unamortized debt issue cost	–	–	–	29,812	29,812
Lease liabilities					
Undiscounted liabilities	–	17,239	60,547	3,570,715	3,648,501
	₱137,378	₱1,512,834	₱1,700,663	₱5,719,807	₱9,070,682

The tables below summarize the maturity profile of the Group's financial assets used to manage the liquidity risk of the Group as at December 31, 2023 and 2022.

2023	**On Demand**	**Less Than Three (3) Months**	**Three (3) to Twelve (12) Months**	**More Than One (1) Year**	**Total**
Cash and cash equivalents					
Cash on hand and with banks	₱4,380,179	₱–	₱–	₱–	₱4,380,179
Cash equivalents	11,100,453	–	–	–	11,100,453
Cash under managed funds	1,833	–	–	–	1,833
Trade and other receivables					
Trade	–	1,048,646	52,937	–	1,101,583
Amounts owed by related parties	801	–	223,809	–	224,610
Interest receivable	–	17,795	4,535	–	22,330
Others	163,054	14,235	2,215	–	179,504
Financial assets at:					
FVTPL	1,291,477	–	–	968,493	2,259,970
FVOCI	469,914	–	–	–	469,914
Amortized cost	–	–	35,000	375,000	410,000
Other noncurrent assets					
MRF	834,470	–	–	–	834,470
Restricted cash	110,330	–	–	–	110,330
SDMP funds	96,477	–	–	–	96,477
	₱18,448,988	**₱1,080,676**	**₱318,496**	**₱1,343,493**	**₱21,191,653**

2022	On Demand	Less Than Three (3) Months	Three (3) to Twelve (12) Months	More Than One (1) Year	Total
Cash and cash equivalents					
Cash on hand and with banks	₱2,056,702	₱–	₱–	₱–	₱2,056,702
Cash equivalents	8,663,632	–	–	–	8,663,632
Cash under managed funds	88,692	–	–	–	88,692
Trade and other receivables					
Trade	–	2,216,857	46,797	–	2,263,654
Amounts owed by related parties	1,559	–	173,680	–	175,239
Interest receivable	–	23,209	302	–	23,511
Current portion of loan receivable	–	–	5,425	–	5,425
Others	150,865	20,672	–	–	171,537
Financial assets at:					
FVTPL	3,361,015	–	–	758,760	4,119,775
FVOCI	447,975	–	–	–	447,975
Amortized cost	–	–	50,000	410,000	460,000
Prepayments and other current assets					
Short-term cash investments	–	261,818	3,368	–	265,186
Negotiable instruments	–	–	40,000	–	40,000
Other noncurrent assets					
MRF	766,351	–	–	–	766,351
Restricted cash	164,193	–	–	–	164,193
SDMP funds	88,937	–	–	–	88,937
	₱15,789,921	₱2,522,556	₱319,572	₱1,168,760	₱19,800,809

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in foreign currency exchanges rates, commodity prices, interest rates, equity prices and other market changes.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

Transactions with companies outside the Philippines and with CBNC and THNC for the sale of saprolite and limonite ore and with World Aviation International Services Corporation (WAISC) for the lease of aircraft are carried out with currencies that management believes to be stable such as the US$.

The Group has transactional currency exposures. Such exposure arises from cash and cash equivalents, trade and other receivables, financial assets at FVTPL, short-term cash investments under “Prepayments and other current assets”, trade and other payables and long-term debts in US$. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US$ and the Philippine peso. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

To mitigate the effects of foreign currency risk, the Group ensures timely follow-up and accelerates the collection of foreign currency-denominated receivables and the settlement of foreign currency-denominated payables and loans, whenever practicable. Also, foreign exchange movements are monitored daily.

The Group's foreign currency-denominated financial assets and liabilities and their Philippine peso equivalents as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	US$ Amount	**Peso Equivalent**	US$ Amount	Peso Equivalent
Financial assets:				
Cash and cash equivalents	**$166,151**	**₱9,199,543**	$85,872	₱4,787,531
Trade and other receivables	**9,785**	**541,450**	33,117	1,846,459
Financial assets at FVTPL	**22,207**	**1,229,582**	50,553	2,818,593
Prepayments and other current assets	**–**	**–**	2,006	111,818
	$198,143	**₱10,970,575**	$171,548	₱9,564,401
Financial liabilities:				
Trade and other payables	**$579**	**₱32,046**	$1,991	₱111,024
Long-term debts	**13,125**	**726,731**	14,875	829,355
	$13,704	**₱758,777**	$16,866	₱940,379
Net financial assets	**$184,439**	**₱10,211,798**	$154,682	₱8,624,022

The exchange rate used for conversion of US$1.00 to peso equivalent was ₱55.37 and ₱55.75 as at December 31, 2023 and 2022, respectively.

The sensitivity of all the Group's financial instruments to a reasonably possible change in the exchange rate, with all other variables held constant, in the Group's income before income tax (due to changes in fair value of monetary assets and liabilities) as at December 31, 2023 and 2022 follows:

	Peso Strengthens (Weakens)	Sensitivity to pretax income
2023	**₱0.65**	**(₱119,885)**
	(0.95)	**175,217**
2022	₱0.75	(₱116,012)
	(1.40)	216,555

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relate to quoted fixed and floating debt instruments and the floating rate of long-term debts.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value risk. The Group regularly monitors the market interest rate movements and manages its interest rate risks by using a mix of fixed and variable rates.

The following table set out the carrying amount, by maturity, of the Group's financial instrument that is exposed to cash flow interest rate risk:

Long-term debts	<1 year	1-5 years	>5 years	Total
2023	**₱345,764**	**₱1,968,060**	**₱373,776**	**₱2,687,600**
2022	₱97,571	₱1,341,065	₱778,215	₱2,216,851

Management believes that cash generated from operations is sufficient to pay for its obligations under the loan agreements as they fall due.

The sensitivity to a reasonably possible change in the interest rate (in basis points), with all other variables held constant, in the Group's income before income tax and equity as at December 31, 2023 and 2022 are as follows:

		Change in interest rate (in basis points)	Sensitivity to income before income tax	Sensitivity to equity
2023	**Financial assets**	**+100**		**₱21,368**
		-100		**(21,368)**
	Long-term debts	**+100**	**(₱26,876)**	
		-100	**26,876**	
2022	Financial assets	+100		₱36,216
		-100		(36,216)
	Long-term debts	+100	(₱22,169)	
		-100	22,169	

The impact on the Group's income before income tax is caused by changes in the interest of the floating-rate long-term debts, while the impact on the Group's equity is caused by the changes in the market value of quoted debt instruments due to interest rate movements. The impact on the Group's equity excludes the impact on transactions affecting the consolidated statements of income.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets on various stocks of listed companies.

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

The table below shows the sensitivity to a reasonably possible change in equity prices of quoted equity instruments as at December 31, 2023 and 2022, except equity-linked investments.

	Average change in market indices (in percentage)	Sensitivity to equity
2023	**14.04%**	**₱4,051**
	-14.04%	**(4,051)**
2022	21.01%	₱13,883
	-21.01%	(13,883)

The equity impact is arrived using the reasonably possible change of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

Capital Management

The Group considers its equity as capital. Its primary objective in capital management is to maintain a strong credit rating to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or declare dividend payments to shareholders. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

The Group monitors capital using the debt-to-equity ratio, which is total liabilities divided by equity. The Group's policy is to keep the debt-to-equity ratio to not more than 1:1. Total liabilities include trade and other payables, short-term and long-term debts, income tax payable, other current liability, lease liabilities, deferred income, provision for mine rehabilitation and decommissioning, pension liability and deferred income tax liabilities.

The Group considers the following as capital:

	2023	2022
Capital stock	**₱6,999,974**	₱6,849,836
Additional paid-in capital	**9,205,802**	8,271,900
Share in cumulative translation adjustment	**869,185**	1,400,235
Cost of share-based payment plan	**154,296**	522,837
Asset revaluation surplus	**29,799**	30,182
Net valuation losses on financial assets at FVOCI	**(1,315)**	(5,934)
Retained earnings:		
Unappropriated	**19,000,052**	18,618,593
Appropriated	**135,000**	135,000
Treasury stock	**(134,014)**	(134,014)
NCI	**6,846,207**	4,842,184
	₱43,104,986	₱40,530,819

The table below shows the Group's debt-to-equity ratio as at December 31, 2023 and 2022.

	2023	2022
Total liabilities (a)	**₱14,821,823**	₱9,228,223
Equity (b)	**43,104,986**	40,530,819
Debt-to-equity ratio (a/b)	**0.34:1**	0.23:1

The Group is not exposed to externally imposed capital requirements.

37. Financial Instruments

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

Cash and Cash Equivalents and Short-term Cash Investments

The carrying amounts of cash and cash equivalents and short-term cash investments approximate their fair value due to the short-term nature and maturity of these financial instruments.

Trade and Other Receivables, Trade and Other Payables and Short-term Debts
Similarly, the carrying amounts of trade and other receivables, trade and other payables and short-term debts approximate their fair values due to the short-term nature of these accounts.

Financial Assets at FVTPL and at FVOCI
The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. Upon adoption of PFRS 9, the Group used the net asset approach with consideration of lack of marketability discount and lack of control discount in determining the fair value of unquoted equity securities since the fair value measurement is unobservable (Level 3).

Financial Assets at Amortized Cost
The carrying amount of financial assets at amortized cost, which is measured using the EIR, is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Negotiable Instruments, MRF, Restricted Cash and SDMP Funds
The negotiable instruments approximate its fair value since it earns interest based on published cash investment rates. The carrying amounts of MRF, restricted cash and SDMP funds also approximate their fair values since they are restricted cash with banks, which earns interest based on prevailing market rates repriced monthly.

Long-term Debts
The fair value of long-term debts is based on the present value of future cash flows discounted using applicable risk-free rates for similar types of loans adjusted for credit risk.

Fair Value Hierarchy of Financial Instruments
As at December 31, 2023 and 2022, the fair value of the quoted debt and equity securities at the close of the business is the quoted market price (Level 1) and the fair value of unquoted equity securities is determined using the net asset approach since the fair value measurement is unobservable (Level 3).

As at December 31, 2023 and 2022, 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.

	2023			2022		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets measured at fair value:						
Financial assets at:						
FVTPL	**₱1,561,177**	**₱–**	**₱698,793**	₱3,608,854	₱–	₱510,921
FVOCI	**469,914**	**–**	**–**	447,975	–	–
	₱2,031,091	**₱–**	**₱698,793**	₱4,056,829	₱–	₱510,921

38. Significant Agreements and Other Matters

Significant Agreements

a. Suretyship Agreement with SBC

On August 4, 2015, the Parent Company entered into a Suretyship Agreement with SBC to guarantee and warrant the prompt and full payment and performance of the guaranteed obligations, including increases, renewals, roll-overs, extensions, restructuring, conversions, amendments or novations, of EPI to SBC amounting to ₱3,000.0 million. The agreement shall

remain in full force and effect until full payment of the guaranteed obligations is made.
In March 2023, the Parent Company entered into another Suretyship Agreement with SBC for an additional credit accommodation amounting to ₱500.0 million.

As at December 31, 2023 and 2022, the outstanding principal loans of EPI from SBC amounted to ₱3,500.0 million and ₱1,500.0 million, respectively (see Note 14).

b. Throughput Agreement with THNC

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

Under the agreement, TMC will make available the pier facilities and provide certain services to THNC in consideration for usage fees and service fees to be paid by the latter starting April 2011 until 2031, unless terminated earlier. The usage fee of US$1.3 million is payable in semi-annual period on or before October 10 and April 10.

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

In 2023, 2022 and 2021, service revenues from usage of pier facilities of TMC amounted to ₱145.5 million, ₱119.0 million and ₱111.1 million, respectively (see Note 32).

c. Memorandum of Understanding (MOU)

SMM
On September 14, 2009, the Parent Company and TMC entered into a MOU with SMM. Pursuant to the terms thereof, the Parent Company and SMM will move ahead on a joint venture basis to build a nickel-cobalt processing plant (the Project) using the HPAL technology to be located within the TMC's mine in Surigao del Norte, while TMC will supply low-grade nickel ore to the plant over the life of the Project.

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

Also, under the Agreement, the Parent Company, SMM and Mitsui agreed to make loans to THNC or guarantee the repayment of THNC's obligations in accordance with the financial requirements of THNC and in proportion to their shareholding ratio in THNC of 10%, 75% and 15%, respectively.

The Agreement shall terminate upon the dissolution of THNC.

Shell Energy Philippines, Inc
On February 23, 2022, EPI and SEPI signed a MOU to create a strategic partnership for the purpose of developing a flatform for onshore power projects and the resulting power supply business in the Philippines and to set forth certain basic terms of the understanding reached to date and to serve as a basis for further discussions and negotiations with respect to the project.

Through the above MOU, GRHI was incorporated and registered with the SEC on August 18, 2022. GRHI is 60% owned by EPI and 40% owned by Shell.

d. Sales Agreements

Nickel Ore Sale Agreement with PAMCO and Sojitz (see Note 32a)

Nickel Ore Supply and Service Agreement with CBNC (see Note 32a)

Nickel Ore Supply Agreement with THNC (see Note 32a)

Materials Handling Agreement with THNC (see Note 32a)

Nickel Ore Supply Agreements with Chinese Customers
TMC, CMC, RTN, HMC, and DMC have ore supply agreements with a number of Chinese customers, each for a fixed tonnage at specific nickel grades and iron content. The fixed tonnage of ore is generally the volume of expected delivery within a few months.

Sale of ore to Chinese customers amounted to ₱14,764.7 million, ₱16,971.6 million and ₱19,445.9 million in 2023, 2022 and 2021, respectively (see Notes 30 and 40).

Nickel Ore Supply Agreement with Big Wave Resources Co., Limited (Big Wave)
TMC and RTN entered into an agreement with Big Wave covering the sale of its ore products. Under the agreement, the end user of the material is PAMCO. Sale of ore to Big Wave amounted to nil in 2023, ₱154.3 million in 2022 and ₱129.5 million in 2021 (see Note 32).

e. Mining Agreements

i. *Mineral Production Sharing Agreement (MPSA)*

RTN
On June 4, 1998, the Government approved the conversion of RTN's Mining Lease Contracts under the old mining regime into a MPSA with the Government pursuant to the Philippine Mining Act of 1995. The MPSA allows RTN to explore, develop and continue mining operations for nickel ore within the contract area covering 990 hectares in the Municipality of Bataraza, Southern Palawan Island.

On April 28, 2005, RTN and the Government entered into a second MPSA covering 85 hectares in the Municipality of Bataraza, which allows RTN to mine limestone in Sitio Gotok. Limestone being mined by RTN pursuant to this second MPSA is being sold to CBNC, for the latter's HPAL plant, and to a third party.

Under both MPSAs, RTN pays a 4% excise tax on gross revenues as provided in the Philippine National International Revenue Code as the Government's share in its output. Both MPSAs are valid for twenty-five (25) years from issuance and renewable for another term of not more than twenty-five (25) years at the option of RTN, with approval from the Government.

As at March 13, 2024, the MPSA of RTN is valid and in effect.

<u>HMC</u>

Taganaan Nickel Project

On July 25, 2008, the Government approved the conversion of HMC's Mining Lease Contract into a MPSA, which allows HMC to explore, develop and continue mining operations for nickel ore within the contract area covering 774 hectares in the Municipality of Taganaan, Surigao del Norte. Under the MPSA, HMC pays the Government a 4% excise tax and a 5% royalty on gross revenues, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of HMC, with approval from the Government.

As at March 13, 2024, the MPSA of HMC in Taganaan is valid and in effect.

Manicani Nickel Project

On August 13, 1992, HMC and the Government entered into an MPSA, which allows HMC to explore, develop and mine nickel ore within the contract area covering 1,165 hectares in Manicani Island, Municipality of Guiuan, Eastern Samar. Under the MPSA, HMC shall pay the Government a 4% excise tax, 1% royalty and 10% of its net revenues, defined as gross revenues less all cost items that are deductible for income tax purposes. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of HMC, with approval from the Government.

On May 23, 2016, HMC applied for the renewal of its MPSA in Manicani which expired on August 13, 2017. On March 2, 2022, the DENR extended the MPSA between the Government and HMC for fifteen (15) years and lifted the suspension of HMC's operations in Manicani Island, Guiuan, Eastern Samar.

As at March 13, 2024, the MPSA of HMC in Manicani is valid and in effect.

<u>TMC</u>

On July 28, 2008, the Government approved the conversion of TMC's Operating Contract into an MPSA, which allows TMC to explore, develop and continue mining operations for nickel ore within the contract area covering 4,585 hectares in the Municipality of Claver, Surigao del Norte. On June 18, 2009, the MPSA was amended, increasing the contract area to 4,863 hectares. The MPSA is valid until July 28, 2033.

Under the MPSA, TMC pays the Government a 4% excise tax and a 5% royalty, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of TMC, with approval from the Government.

As at March 13, 2024, the MPSA of TMC is valid and in effect.

<u>DMC</u>

On July 30, 2007, the Platinum Group Metals Corporation (PGMC) and the Government entered into an MPSA, which allows PGMC to explore, develop and mine nickel ore within the contract area covering 2,392 hectares in the Municipality of Dinapigue, Province of Isabela.

On January 6, 2009, PGMC and DMC executed a Deed of Assignment transferring to DMC all the rights, title, and interest in and into the MPSA over the contract area.

Under the MPSA, DMC shall pay the Government a 4% excise tax. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of DMC, with approval from the Government.

As at March 13, 2024, the MPSA of DMC is valid and in effect.

ii. Operating Agreements

TMC

La Salle

On December 18, 2006, TMC entered into an Operating Agreement with La Salle, the holder of an Application for MPSA covering 6,824 hectares in the Municipality of Gigaquit, Surigao del Norte. The Operating Agreement allows TMC to explore, develop and mine nickel ore and limestone once the MPSA is approved, and obliges it to assist La Salle in obtaining the MPSA and to comply with the terms thereof once issued. Subsequent to the Operating Agreement, La Salle filed an amended MPSA plan and reduced the area to 972 hectares.

The Operating Agreement specifies a royalty to La Salle of 5% for nickel ore and ₱10.00 per metric ton for limestone. Upon signing of the Operating Agreement, TMC made an advance royalty payment of ₱1.0 million repayable by deductions from future royalties at a rate of 25% per year over a period of four (4) years.

On January 11, 2016, TMC issued a Notice of Exclusion of the limestone deposit from the Operating Agreement to La Salle.

Advance royalties and advances to claimowners, under “Other noncurrent assets”, amounted to ₱0.8 million and ₱1.8 million, respectively, as at December 31, 2023 and 2022.

On January 30, 2024, TMC rescinded and terminated the Operating Agreement with La Salle, subject to the approval of MGB, and recognized a provision for impairment losses of ₱2.6 million in 2023.

Kepha

On February 14, 2007, TMC entered into an Operating Agreement with Kepha. The Operating Agreement allows TMC to explore, develop and mine nickel ore and limestone and obliges it to comply with the terms of the MPSA.

The Operating Agreement specifies a royalty to Kepha of 5% for nickel ore and ₱10.00 per metric ton for limestone. Upon signing of the Operating Agreement, TMC made an advance royalty payment of US$1.0 million and ₱6.3 million, repayable by deductions from future royalties at a rate of 10% per year over a period of ten (10) years.

On June 19, 2009, the MPSA was issued to Kepha. Under the terms thereof, upon the start of mining operations, TMC shall pay the Government a 4% excise tax and a 5% royalty, as the contract area is within the Surigao Mineral Reservation. The MPSA is valid for twenty-five (25) years from issuance and renewable at the option of Kepha, with approval from the Government.

On September 10, 2018 and March 19, 2021, the MGB approved the second and third renewal, respectively, of Kepha’s two (2) year exploration period.

Advance royalties and advances to claimowners, under “Other noncurrent assets”, amounted to ₱55.1 million and ₱45.9 million, respectively, as at December 31, 2023 and 2022.

There were no drilling activities related to the Kepha project in 2023 and 2022. As at December 31, 2023 and 2022, exploration cost charged to “Deferred mine exploration cost” amounted to ₱64.7 million and ₱51.2 million, respectively.

On January 30, 2024, TMC rescinded and terminated the Operating Agreement with Kepha, effective upon the approval of MGB, and recognized a provision for impairment losses on advances of ₱101.0 million and deferred mine exploration cost of ₱64.7 million in 2023.

CMC

East Coast

On November 19, 1997, CMC entered into a Memorandum of Agreement (MOA) with East Coast, the holder of a MPSA with the Government issued on the same date, covering a contract area of 697 hectares in the Municipality of Cagdianao, Dinagat Islands. The MOA allows CMC to explore, develop and mine nickel ore and obliges it to comply with the terms of the MPSA.

Under the MPSA, CMC pays the Government an excise tax of 4%, and a 5% royalty, as the contract area is within the Surigao Mineral Reservation.

On December 18, 2015, CMC and East Coast executed a Supplemental Agreement to provide for the automatic renewal of the term of the MOA for another twenty-five (25) years, or from 2022 to 2047. In consideration of the new term as well as the other conditions contained in the Supplemental Agreement, CMC granted a loan of ₱1,000.0 million to East Coast and paid royalties amounting to ₱150.0 million. Thereafter, CMC shall pay East Coast commission and royalties as follows:

- Commission equivalent to 3.5% on the gross sales amount of all nickel ore;
- Royalties equivalent to either 7% or 8.75% on the gross sales amount of all nickel ore depending on the monthly average LME nickel settlement price; and
- Additional royalty ranging from ₱10.0 million to ₱50.0 million depending on CMC’s audited net income after tax less the additional royalty amount.

On March 2, 2022, the DENR approved the renewal of the MPSA for another twenty-five (25)-years commencing from November 19, 2022 subject to the same terms and conditions provided in the initial MPSA.

As at March 13, 2024, the MOA has not been terminated and continues to be in full force and effect subject to the supplemental terms agreed by CMC and East Coast.

The commission expense related to East Coast that is reported under “Marketing” amounted to ₱97.3 million, ₱133.8 million and ₱178.5 million in 2023, 2022 and 2021, respectively.

DMC

DMC and NiHAO Mineral Resources International Inc. (NiHAO) entered into an Operating Agreement on June 13, 2012, under which NiHAO shall have the exclusive right to explore, operate, mine, develop and process minerals found within DMC’s mineral property.

Pursuant to the agreement, DMC shall pay NiHAO an amount equivalent to 90% of the invoice value of the nickel ore sold by DMC to third parties in consideration of the services to be performed by NiHAO. This agreement superseded the General Contractor Agreement entered into by NiHAO with DMC on March 5, 2012. The General Contractor Agreement was executed to appoint NiHAO as DMC’s general contractor for the Isabela Nickel Project.

In connection with the acquisition of DMC by NAC, NiHAO's operating rights over the Isabela Nickel Project will be converted into preferred shares of DMC, which shares shall be entitled to dividends corresponding to 20% of operating income, net of income tax, subject to Shareholder's Agreement to be executed between NiHAO and DMC. As at March 13, 2024, the Shareholder's Agreement is not yet executed.

f. Loan Guarantee/Substitution Agreement

Under a loan guarantee/substitution agreement between the Parent Company and SMM, the latter agreed to substitute for the Parent Company to make loans or guarantee the repayment of THNC's obligation pursuant to the Stockholders Agreement dated September 15, 2010.

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

On October 8, 2020, the Parent Company and SMM agreed to amend the loan guarantee/ substitution agreement to reduce the annual fee to 0.60% of the average unpaid balance for payments due every 21st of February, March, August and September of each year.

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

The loan guarantee service fee amounted to ₱32.6 million, ₱36.5 million and ₱36.4 million in 2023, 2022 and 2021, respectively (see Note 28).

g. Power Supply Agreements

SURNECO
On October 31, 2013, the Parent Company and SURNECO signed a fifteen (15) year PSA. Under the terms of the PSA, the Parent Company has agreed to construct, operate, and maintain a 10MW bunker-fired diesel power station under a build-operate-transfer scheme and to supply electricity to SURNECO. As defined in the PSA, SURNECO will pay to the Parent Company a monthly fee equal to the capital recovery fee of the power station plus fixed and variable operations and maintenance fee, fuel cost and any other applicable taxes.

The total construction cost of the 10MW bunker-fired diesel power station is about ₱1,000.0 million.

The Energy Regulatory Commission (ERC) issued the Certificate of Compliance (COC) to the Parent Company on June 26, 2019. The Parent Company and SURNECO agreed to commence the commercial operations of the three (3) generating units starting on June 26, 2018 for the first generator set, December 26, 2018 for the second generator set and June 26, 2019 for the third generator set. Each generating unit has a contracted capacity of 3.33MW. The plant operates based on the agreed schedule and in consonance with the load nominations from SURNECO.

Currently, the power plant is ready to dispatch power at 10MW in accordance with the signed and approved PSA.

In 2023, 2022 and 2021, the revenue from sale of power to SURNECO amounted to ₱59.7 million, ₱29.6 million and ₱32.2 million, respectively, while the capital recovery fee, amounted to ₱134.3 million in 2023, 2022 and 2021.

Shell Energy Philippines Inc.
JSI
On June 24, 2021, JSI entered into a PSA with SEPI. Under the terms of the agreement, JSI is committed to sell and deliver pro-rata share of 16MW from the total energy deliveries of the plant on a take and pay basis, for a period of three (3) years starting June 26, 2021. The PSA was amended twice, on August 12, 2021 and on October 20, 2021, to reflect additional short-term contracted capacity.

In October 2022, JSI entered into another PSA with SEPI. Under the terms of the agreement, JSI is committed to sell and deliver pro-rata share of 25MW, starting December 26, 2023 from Sta. Rita Solar Power Project. An additional pro-rata share of 40MW is to be sold and delivered starting on the issuance of ERC's COC for the 100MW Subic New PV Power Project. This agreement is valid for a period of two and a half (2.5) years.

Revenue from sale of power to SEPI amounted to ₱463.3 million in 2023, ₱301.5 million in 2022 and ₱124.9 million in 2021.

SISPC
SISPC entered a PSA with SEPI. Under the terms of the agreement, SISPC is committed to sell and deliver 100% of SISPC's capacity for Phase 1 of the SISPP which is nominally 120MW direct current subject for update by SISPC in accordance with the capacity certification of NGCP and /or ERC. The agreement is for fifteen (15) years, and the delivery start date is February 28, 2025.

Palawan Electric Cooperative (PALECO)
Solar Supply
In 2015, EPI entered into a PSA with PALECO for the construction and development of a 10MW AC Solar PV Power Station. Under the PSA, EPI shall design, engineer, develop, construct, complete, test, commission, finance, operate and maintain the Solar PV Power Station and all activities related or incidental thereto of PALECO. All costs in connection with the building of the Solar PV Power Station shall be borne by EPI, and EPI shall be responsible for arranging all necessary funding including any available preferential credit. During the commissioning date, PALECO shall put up, a commissioning output at a rate equivalent to the adjusted operation and maintenance component plus any VAT and any other applicable taxes, fees, and charges. Following the commercial operation date and continuing up to the 20th year from effective date, as defined in the PSA, PALECO shall pay EPI monthly fees equal to the capital recovery fee of the Solar PV Power Station plus fixed operations and maintenance fee, VAT and any other applicable taxes. As at December 31, 2023, construction of the sub-transmission facility has yet to be approved by the ERC.

Bunker Supply
In July 2015, EPI and PALECO entered into a PSA for the supply of electricity, which will be generated from modular and land-based bunker-fired power stations with a contracted capacity of 15MW up to 25MW.

Under the PSA, EPI shall design, develop, construct, complete, test and commission, operate, and maintain the bunker power stations, as well as all activities related or incidental thereto. Commencing on the completion date and continuing up to the 20th year from effective date, as defined in the PSA, PALECO shall pay EPI an amount equal to the summation of the bunker power costs of the generating units plus reserve power costs, plus any VAT and any other applicable taxes, fees and charges. PALECO shall also put up payment security, as defined in the PSA. As at December 31, 2023, the construction of the sub-transmission facility has yet to be approved by the ERC.

Oriental Mindoro Electric Cooperative (ORMECO) and Occidental Mindoro Electric Cooperative, Inc. (OMECO)
In February 2014, EPI entered into separate PSAs with ORMECO and OMECO. Under the terms of the PSAs, EPI is committed to sell and deliver approximately 20MW each of geothermal power from the Montelago Geothermal Power Project to ORMECO and OMECO for a period of approximately twenty-five (25) years. The PSAs are renewable upon the agreement of the parties and approval of the ERC.

On November 3, 2014 and December 1, 2014, EPI was granted by the ERC of the Final Authorities on the PSAs with OMECO and ORMECO, respectively. On November 24, 2014, EPI and MGPC entered into a Deed of Assignment for the transfer of EPI's rights and obligations under GRESC No. 2010-02-013 to MGPC or the Montelago Geothermal Energy Project, including the said PSAs. On February 16, 2016, the DOE approved the said transfer.

In connection with the assignment of the service contract to MGPC, the refundable deposits pertaining to compliance with the PSAs with OMECO and ORMECO were transferred by EPI to MGPC being the Project Entity.

On March 13, 2019, MGPC has been involved in a legal case after receiving a "Notice of Seller Default" from OMECO, alleging therein that MGPC has failed to comply with its main obligation under the PSA for the supply of 20MW electricity.

On December 4, 2019, MGPC filed a Petition for Indirect Contempt against OMECO for the latter's competitive selection process activities for its full load power requirement, which violates the Temporary Order of Protection and Status Quo Order issued by the Regional Trial Court.

In a decision dated December 16, 2020, the Court denied MGPC's Petition for Indirect Contempt. MGPC filed a Motion of Reconsideration on February 5, 2021. As at March 13, 2024, the court has not yet render a decision on the Petitions.

h. <u>Service Contracts</u>

Solar Energy Service Contract No. 2013-10-039
On October 31, 2013, JSI entered into a SESC with the DOE. The SESC covers an area of approximately 2,997 hectares in the municipalities of Morong and Hermosa, in the province of Bataan. The SESC is for a period of twenty-five (25) years, inclusive of a two (2) year pre-development stage, and renewable for another twenty-five (25) years. The government share under the SESC shall be 1% of the gross income from the sale of electricity generated from the solar energy operations.

On January 20, 2021, the DOE issued the Amended Confirmation of Commerciality No. SCC-2015-09-021-B to develop, operate and maintain the 100MW Bataan Solar Power Project (Phase 1 - 7MW; Phase 2 - 25MW; Phase 3A - 30MW and Phase 3B - 38MW).

Solar Energy Operating Contract No. 2021-01-577
On February 3, 2021, JSI entered into a SEOC with the DOE covering an area of 351 hectares, a portion of the area in SESC No. 2013-10-039, also located in Morong and Hermosa, Bataan. JSI secured from DOE a Certificate of Registration as RE Developer of 100MW / 86MW Subic New PV Power Plant Project. As at December 31, 2023, the project is still in the pre-development stage.

Geothermal Renewable Energy Service Contract No. 2016-02-060
GRESC No. 2010-02-013, which covers an approximate area of 3,914 hectares in the three (3) barangays of Montelago, Montemayor and Melgar-B in Oriental Mindoro, involves the development of geothermal well clusters and a power plant. The steam extracted from the geothermal wells will power a geothermal power station with an output capacity of at least 20MW. Once completed, the addition of geothermal power into the present mix of Mindoro's electricity sources will have a stabilizing effect on the grid where the entire island is located.

On November 24, 2014, EPI and MGPC entered into a Deed of Assignment for the assignment of EPI's rights and obligations under the GRESC to MGPC. On December 5, 2014, EPI applied with the DOE to transfer the GRESC to MGPC. The DOE approved EPI's application on February 16, 2016 under Certificate of Registration No. 2016-02-060.

The Project is currently at the exploration phase and is expected to have an operating capacity of 40MW. The geothermal plant will supply electricity to Oriental Mindoro and Occidental Mindoro at 20MW capacity each.

Solar Energy Service Contract No. 2018-11-491
On November 6, 2019, Total Power Inc. (TPI) and DOE signed SESC No. 2018-11-491 whereby DOE granted TPI the exclusive right to explore, develop and utilize solar energy resources within 810 hectares of land located in the municipalities of San Isidro and Calubian in the province of Leyte.

The SESC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to TPI as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513 otherwise known as the Renewable Energy Act of 2008.

On December 7, 2022, the DOE approved the transition of the SESC from pre-development to development stage with a capacity of 280MW / 227 MW and issued the Certificate of Confirmation of Commerciality No. SCC-2022-22-117 for the Project located in San Isidro, Leyte.

On May 10, 2023, the DOE approved the assignment/transfer of all rights and obligations under the SESC from TPI to SISPC and issued a new Certificate of Registration under the name of SISPC.

Solar Energy Operating Contract No. 2023-10-715
On November 10, 2023, NPPGC and DOE signed SEOC No. 2023-10-715 whereby DOE granted NPPGC the exclusive right to explore, develop and utilize solar energy resources within 280 hectares of land located in the municipality of Subic in the province of Zambales.

The SESC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to

NPPGC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513. On December 7, 2022, the DOE approved the transition of the SESC from pre-development to development stage with a capacity of 280MW / 227 MW and issued the Certificate of Confirmation of Commerciality No. SCC-2022-22-117 for the Project located in San Isidro, Leyte.

Solar Energy Operating Contract No. 2023-12-789
On December 19, 2023, CSPC and DOE signed SEOC No. 2023-12-789 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 102 hectares of land located in the municipality of San Antonio in the province of Zambales.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

Solar Energy Operating Contract (SEOC) 2023-12-790
On December 19, 2023, CSPC and DOE signed SEOC No. 2023-12-790 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 30 hectares of land located in the municipality of Botolan in the province of Zambales.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

Solar Energy Operating Contract 2023-12-795
On January 22, 2024, CSPC and DOE signed SEOC No. 2023-12-795 whereby DOE granted CSPC the exclusive right to explore, develop and utilize solar energy resources within 494 hectares of land located in the municipalities of Tuy and Nasugbu in the province of Batangas.

The SEOC has a term of 25 years which may be extended to another 25 years subject to mutual agreement by the parties. On the same date, the DOE issued Certificate of Registration to CSPC as RE Developer to serve as the basis of entitlement to incentives under RA No. 9513.

i. <u>Sub-transmission Service Agreement (SSA) with PALECO</u>

In 2015, EPI entered into a SSA with PALECO for the installation of 69kV sub-transmission facilities and associated components (substations), and the connection of said facilities to PALECO's distribution system for the delivery of reliable power supply to the municipalities of El Nido, Taytay, San Vicente and Roxas (the "Municipalities") in the province of Palawan. Under the SSA, EPI shall develop, design, construct, install, test and commission, and finance the sub-transmission lines and substations in the Municipalities. Commencing on the completion date and continuing up to the 20th year from effective date, as defined in the SSA, PALECO shall pay monthly fees as defined in the SSA, plus VAT and any other applicable taxes, fees, and charges. PALECO shall also pay EPI a payment security equivalent to one month fee, which shall be in the form of a thirty (30)-day revolving letter of credit from a financial institution and with a maturity of three hundred sixty-five (365) days. As at December 31, 2023, ERC's approval of the sub-transmission facility has not yet been acquired.

j. Investment Agreement

On August 24, 2015, an Investment Agreement was executed by and among BGI, OGIPL, Biliran Geothermal Holdings Incorporated (BGHI), EPI, and BHI. The said agreement sets out the principal terms and fundamental transactions pursuant to which BHI shall invest in BGI and the Biliran Geothermal Project, the respective rights and obligations of parties to the project, and the strategic arrangements for the management and operation of BGI and the project.

The Investment Agreement also states that BGHI and BHI shall each maintain their respective shareholding percentage in BGI's equity capital at 40% and 60%, respectively, unless otherwise agreed in writing. Either BGHI or BHI may freely transfer its shares, except that no transfer shall be made by a party to any person if such transfer would reduce the stock ownership of Filipino citizens in BGI to less than the required percentage of the capital stock as provided by existing applicable law.

On December 20, 2022, BHI sold its 15% investment in BGI for ₱0.5 million.

k. Participation and Shareholder's Agreement

In May 2011, the Parent Company and SMM signed a Participation and Shareholder's Agreement containing terms of SMM's expected equity participation in CEXCI. Under the terms of the Agreement, SMM will invest US$1.5 million in CEXCI for 25% equity. Once such funds have been exhausted, SMM has the option to invest US$2.8 million for an additional 15% equity which would bring its total equity in CEXCI to 40%. SMM did not exercise its option to make the additional investment and the said agreement was terminated.

CEXCI has identified a new property for exploration and development in the province of Zambales under Newminco, which is prospective for gold and copper. In relation to this, SMM put up an additional US$2.8 million to increase its ownership from 25% to 40%. On November 24, 2015, the shareholders of CEXCI agreed to enter into a new Participation and Shareholder's Agreement to set out the rights and obligations of the shareholders in relation to the conduct of the business of CEXCI. The new agreement also causes CEXCI to convert the existing advances from shareholders amounting to ₱37.2 million into equity, based on the initial equity proportion of shareholders, by issuing shares out of the unissued authorized capital stock of CEXCI at a premium. CEXCI has filed the application for the conversion of advances into equity with the SEC. As at December 31, 2023, CEXCI is still waiting for the SEC's approval of the conversion of advances into equity.

On December 18, 2015, the BOD of CEXCI approved the increase in authorized capital stock of the latter. Upon approval of the SEC of the application for increase in authorized capital stock of CEXCI, the additional investment of SMM amounting to US$2.8 million, which is equivalent to ₱131.9 million, will be converted into equity. After the conversion, the Parent Company and SMM's equity in CEXCI shall be 57% and 40%, respectively. As at December 31, 2023 and 2022, the additional advances made by SMM to CEXCI amounted to a total of ₱167.7 million following the equity cash call made by the latter.

l. Marketing Agreement with Mitsubishi Corporation RTM China Limited (MCRCL)

TMC and HMC entered into a Marketing Agreement with MCRCL, wherein the latter will provide the services set forth below:

a) To use its reasonable endeavors in collecting, studying and analyzing the market information related to nickel ore, iron ore, nickel pig iron, and stainless steel;
b) To periodically report market information defined in the marketing agreement;
c) To make efforts to introduce customers to TMC and HMC and provide support to the Group in negotiating the price and terms and conditions of sales contracts of the products by and between the Group and customers; and
d) To monitor and assess trends of customers and support TMC and HMC to create an effective pricing strategy and marketing plan.

Marketing fees of 3.5% shall be charged based on the total amount of revenue on FOB price stated in the invoices issued by TMC and HMC for each covered sale of ore transactions.

Marketing fees charged by MCRCL amounting to ₱21.0 million, ₱38.3 million and ₱30.7 million in 2023, 2022 and 2021, respectively, were reported under "Marketing" in the consolidated statements of income.

m. Lease Agreements

Lease Agreement with THNC
On October 31, 2013, TMC and THNC executed a lease agreement wherein TMC will lease the land within the TSEZ to THNC. The TSEZ leased area of approximately 675 hectares is located at Barangays Taganito and Hayanggabon, Claver, Surigao del Norte. The duration of the lease agreement shall be for a period of twenty (20) years starting January 1, 2013, however, rental rate shall be annually agreed by both parties. TMC's rental income from the said lease amounted to ₱7.7 million in 2023 and ₱7.1 million in 2022 and 2021 and part of rent income under "Other income - net" (see Notes 29 and 32). In the above lease agreement, it was agreed by TMC and THNC that the option fee of ₱83.8 million received in 2010 shall be treated as advance rental and shall be deducted from the annual rental fee. The same shall be equally applied to each year of the lease term or ₱4.2 million each year of the twenty (20) year lease term.

As at December 31, 2023 and 2022, the carrying value of deferred income - net of current portion amounted to ₱33.5 million and ₱37.7 million, respectively.

n. PEZA and Board of Investments (BOI) Registration

Registration with PEZA - TMC
On December 21, 2009, Presidential Proclamation No. 1966 was issued creating and establishing the 680-hectare area situated in Taganito, Municipality of Claver, Province of Surigao Del Norte and known as TSEZ. TMC is a PEZA-registered operator/developer of the economic zone as per Certificate of Registration No. EZ 10-01. The certificate of registration was signed on January 7, 2010.

Pursuant to TMC's registration with PEZA as an economic zone developer/operator, TMC is entitled to certain incentives in accordance with the provisions of RA No. 7916, otherwise known as "the Special Economic Zone Act of 1995", as amended.

PEZA issued a certification entitling TMC qualification for the purpose of VAT zero-rating of its transactions with local suppliers of goods, properties and services and exemption from all national and local taxes and licenses except real property taxes on land owned by TMC and those required to be paid under the MPSA dated July 28, 2008. In lieu thereof, TMC shall pay 5% final tax on gross income. TMC's certification from PEZA is valid from January 1 to December 31, 2023 and renewable annually, unless otherwise revoked or suspended by PEZA prior to expiration of said period.

Registration with PEZA - RTN
On December 27, 2002, RTN registered with the PEZA as the developer/operator of Rio Tuba Processing Zone, located in Barangay Rio Tuba, Municipality of Bataraza, Palawan. The PEZA-registered activities are entitled to certain tax and non-tax incentives. Starting 2003, such activities are already subject to 5% final tax on gross income in lieu of national and local taxes and licenses except those required to be paid under the MPSA dated June 4, 1998 executed by and between the DENR and RTN. RTN's certification from PEZA is valid from January 1 to December 31, 2023 and renewable annually, unless otherwise revoked or suspended by PEZA prior to expiration of said period.

Registration with SBMA - JSI
On January 20, 2011, JSI was registered with the SBMA as a Subic Bay Freeport Enterprise, primarily to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and system at Mt. Sta. Rita, SBFZ. The SBMA-registered activities are entitled to certain tax and non-tax incentives. In lieu of paying the regular taxes, JSI pays 5% final tax on gross income, subject to the condition that JSI's income from sources within the Custom Territory should not exceed 30% of its total income from all sources. Otherwise, JSI shall be subject to the income tax laws of the Custom Territory. JSI's Certificate of Registration and Tax Exemption is valid until July 2025.

BOI Certifications
CMC, HMC, RTN and TMC received BOI certifications pursuant to Revenue Memorandum Order No. 9-2000 entitled "Tax Treatment of Sales of Goods, Properties and Services made by VAT-registered Suppliers to BOI registered Manufacturers-Exporters with 100% Export Sales".

In 2023, CMC, HMC, RTN and TMC have not renewed their BOI certification since they are no longer entitled to tax incentives.

On August 27, 2014, MGPC was registered with the BOI as a RE developer of geothermal energy resources. BOI has issued the certificate of registration of MGPC on October 7, 2016.

On September 5, 2023, NPPGC was registered with the BOI as a RE developer.

o. Share Purchase Agreements (SPA)

SMM
On September 15, 2016, the Parent Company and SMM executed a SPA wherein the latter agreed to purchase the Parent Company's 511,875,000 shares in THNC, representing 12.5% of the outstanding capital stock of THNC, at a purchase price of US$42.0 million, equivalent to ₱2,037.2 million. The sale and purchase of the shares was consummated upon the written consent of Japan Bank for International Cooperation.

The SPA also provides that for a period of eighteen (18) years but no earlier than three (3) years from the execution of the SPA, the Parent Company shall have the right to repurchase from SMM such number of shares of THNC equivalent to 12.5% equity ownership therein at the time when the right is exercised. The repurchase right can only be exercised once.

MOA with SMM
Pursuant to the SPA with SMM, the Parent Company and SMM also agreed that effective July 1, 2016 their responsibility to provide loans and guarantee obligations of THNC shall be 10% and 75%, respectively.

p. Other Agreements

Joint Undertaking with National Commission for Indigenous Peoples (NCIP)
On December 8, 2009, TMC and NCIP entered into a Joint Undertaking, which confirmed that 1% royalty on annual gross revenues of TMC is payable to the Mamanwa Tribe pursuant to a MOA dated July 18, 2006 between TMC, the NCIP and the Tribe and a Certificate of Ancestral Domain Title issued to the Tribe, within which area TMC's mining operation is located.

Engineering, Design and Supply Contract
On July 10, 2023, SISPC entered a contract with Xinte Energy Co., Ltd. to carry out the design, execution, completion and remedying of defects of the SISPP Power Project. The contract price shall be paid based on a certain milestone. As at December 31, 2023, SISPC advanced an amount of ₱1,126.6 million (see Note 12).

Installation and Commissioning Contract
On July 10, 2023, SISPC entered a contract with TBEA Subic Inc. to carry out the installation, completion, commissioning, and remedying of defects of the SISPP. The contract price shall be paid based on a certain milestone. As at December 31, 2023, SISPC advanced an amount of ₱406.1 million (see Note 12).

Other Matters

- Updates in the Philippine Mining Industry

  On February 14, 2017, the Secretary of the DENR announced the cancellation of a total of seventy-five (75) MPSAs considered to be situated in watersheds. Show cause orders were issued to the concerned mining companies, which were given seven (7) days to respond.

  On February 13, 2017, HMC received a letter from DENR stating that MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of RA No. 7942 or the "Philippine Mining Act of 1995" as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA.

  The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA.

  RTN, TMC and CMC were not included in the list of mining operations recommended for suspension or closure by the DENR.

39. Supplemental Disclosure to Consolidated Statements of Cash Flows

	2023	2022
Noncash financing activities (see Note 14)		
Availment of short-term debts	**₱1,500,000**	₱1,500,000
Payment of short-term debts	**(1,500,000)**	(1,500,000)
Conversion of loans into equity	**142,991**	–
Noncash investing activities		
Recognition of ROU asset (see Note 9)	**236,295**	2,222
Adjustment for capitalized cost of mine rehabilitation and decommissioning (see Notes 9 and 15)	**94,437**	54,098
Mining properties and development cost of DMC (see Note 9)	**–**	852,840
Application of commission and royalties payable, net of withholding taxes and interest, against loan receivable from East Coast	**–**	260,476

Changes in Liabilities Arising from Financing Activities

	2023					
	January 1	**Cash flows**	**Foreign exchange movement**	**Reclassification**	**Others**	**December 31**
Current						
Interest payable (see Note 13)	**₱15,510**	**(₱432,666)**	**₱175**	**₱–**	**₱462,871**	**₱45,890**
Dividends payable, gross of final withholding tax	**–**	**(4,891,022)**	**–**	**–**	**4,891,022**	**–**
Short-term debts (see Note 14)	**1,498,266**	**4,320,547**	**–**	**–**	**29,282**	**5,848,095**
Current portion of:						
Long-term debts (see Note 14)	**97,571**	**(75,546)**	**(3,610)**	**327,349**	**–**	**345,764**
Lease liabilities (see Note 33)	**7,621**	**(75,761)**	**–**	**58,782**	**63,704**	**54,346**
Other current liability	**336,731**	**–**	**–**	**142,991**	**–**	**479,722**
Noncurrent						
Long-term debts (see Note 14)	**2,119,280**	**709,317**	**(23,468)**	**(470,340)**	**7,047**	**2,341,836**
Lease liabilities (see Note 33)	**603,548**	**–**	**–**	**(58,782)**	**234,309**	**779,075**
Total liabilities used in financing activities	**₱4,678,527**	**(₱445,131)**	**(₱26,903)**	**₱–**	**₱5,688,235**	**₱9,894,728**

	2022					
	January 1	Cash flows	Foreign exchange movement	Reclassification	Others	December 31
Current						
Interest payable (see Note 13)	₱15,477	(₱157,689)	(₱284)	₱–	₱158,006	₱15,510
Dividends payable, gross of final withholding tax	1,975,000	(10,189,387)	–	–	8,214,387	–
Short-term debts (see Note 14)	1,492,916	(5,993)	–	–	11,343	1,498,266
Current portion of:						
Long-term debts (see Note 14)	89,248	(168,117)	6,711	169,729	–	97,571
Lease liabilities (see Note 33)	35,754	(59,739)	–	(25,358)	56,964	7,621
Long-term payable	6,693	(7,000)	–	–	307	–
Other current liability	300,731	36,000	–	–	–	336,731
Noncurrent						
Long-term debts (see Note 14)	867,111	1,367,733	50,332	(169,729)	3,833	2,119,280
Lease liabilities (see Note 33)	578,190	–	–	25,358	–	603,548
Total liabilities used in financing activities	₱5,361,120	(₱9,184,192)	₱56,759	₱–	₱8,444,840	₱4,678,527

Others include the effect of accrual of dividends, including those that were not yet paid at year-end, effect of interest accrued but not yet paid on interest-bearing loans, accretion of interest on long-term payable and lease liabilities and amortization of debt issue cost.

40. Business Segment Information

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

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

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC, THNC and other parties and leasing of aircraft to WAISC.

The power segment is engaged in power generation and exploration for geothermal resources.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group is also using net income (loss) in evaluating total performance. Net income is the performance of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company.

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, inventories, financial assets at FVTPL, at FVOCI and at amortized cost, property and equipment, investments in associates and other noncurrent assets. Segment liabilities include all operating liabilities and consist principally of trade and other payables, short-term and long-term debts, and other liabilities. Segment assets and liabilities do not include deferred income taxes.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRSs.

There were no changes from prior periods in the measurement methods used to determine the reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

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

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

	2023											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC/ CDTN	HMC	Others	Eliminations	Total
External customers	₱2,238,818	₱2,779,035	₱9,956,210	₱6,165,673	₱414,127	₱687,522	₱194,025	₱2,264,128	₱929	₱–	₱–	₱24,700,467
Inter-segment revenues	–	–	–	–	–	–	–	28,786	–	844,090	(872,876)	–
Total revenues (see Notes 30 and 32)	2,238,818	2,779,035	9,956,210	6,165,673	414,127	687,522	194,025	2,292,914	929	844,090	(872,876)	24,700,467
Cost of sales	842,097	1,027,263	3,204,627	2,419,490	471,017	–	–	–	–	–	–	7,964,494
Cost of services	–	–	–	–	–	–	–	1,550,783	–	–	–	1,550,783
Cost of power generation	–	–	–	–	–	376,784	138,740	–	–	–	–	515,524
Shipping and loading costs	305,343	381,900	1,027,686	282,256	173,710	–	–	–	2,965	–	–	2,173,860
Excise taxes and royalties	201,494	347,740	995,621	308,284	20,706	–	–	–	–	–	–	1,873,845
Marketing	18,469	97,266	2,522	–	–	–	–	–	–	–	–	118,257
Segment operating earnings (loss)	₱871,415	₱924,866	₱4,725,754	₱3,155,643	(₱251,306)	₱310,738	₱55,285	₱742,131	(₱2,036)	₱844,090	(₱872,876)	₱10,503,704
General and administrative	₱43,067	₱42,346	₱96,321	₱104,511	₱34,293	₱293,759	₱–	₱62,635	₱–	₱865,876	₱–	₱1,542,808
Finance income	6,554	29,797	81,800	94,724	575	115,983	1,449	4,409	–	188,774	–	524,065
Finance expenses	3,262	7,243	22,722	21,227	3,347	295,375	–	56,270	–	37,255	–	446,701
Provision for (benefit from) income tax	177,571	186,585	1,094,239	697,466	(95,072)	12,384	(3,195)	–	(741)	158,759	–	2,227,996
Net income (loss) attributable to equity holders of the parent	655,524	693,974	2,488,481	1,557,479	(262,433)	(84,738)	52,930	434,734	–	(1,786,295)	–	3,749,656
Segment assets	₱2,023,189	₱1,864,394	₱9,571,367	₱5,157,023	₱2,985,134	₱20,842,773	₱680,501	₱1,013,398	₱16,003	₱13,333,427	₱–	₱57,487,209
Deferred income tax assets - net	22,568	23,659	39,604	129,802	176,058	–	–	–	–	47,909	–	439,600
Total assets	₱2,045,757	₱1,888,053	₱9,610,971	₱5,286,825	₱3,161,192	₱20,842,773	₱680,501	₱1,013,398	₱16,003	₱13,381,336	₱–	₱57,926,809
Segment liabilities	₱283,778	₱340,847	₱1,783,149	₱1,599,355	₱817,640	₱8,671,847	₱19,393	₱314,648	₱–	₱612,243	₱–	₱14,442,900
Deferred income tax liabilities - net	–	–	–	65,591	134,663	20,435	–	–	4,000	154,234	–	378,923
Total liabilities	₱283,778	₱340,847	₱1,783,149	₱1,664,946	₱952,303	₱8,692,282	₱19,393	₱314,648	₱4,000	₱766,477	₱–	₱14,821,823
Other segment information:												
Capital expenditures	₱742,818	₱185,562	₱1,153,315	₱696,009	₱685,084	₱2,951,375	₱2,486	₱19,163	₱–	₱153,930	₱–	₱6,589,742
Depreciation, amortization and depletion	₱187,274	₱130,841	₱813,544	₱259,918	₱132,364	₱305,572	₱55,525	₱37,859	₱2,965	₱79,793	₱–	₱2,005,655

	2022											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱2,167,768	₱3,823,653	₱12,461,000	₱6,756,563	₱530,027	₱609,518	₱163,930	₱1,490,691	₱–	₱–	₱–	₱28,003,150
Inter-segment revenues	–	–	–	–	–	–	–	6,212	–	994,971	(1,001,183)	–
Total revenues (see Notes 30 and 32)	2,167,768	3,823,653	12,461,000	6,756,563	530,027	609,518	163,930	1,496,903	–	994,971	(1,001,183)	28,003,150
Cost of sales	830,506	1,285,246	3,248,695	2,299,509	267,033	–	–	–	–	–	–	7,930,989
Cost of services	–	–	–	–	–	–	–	902,235	–	–	–	902,235
Cost of power generation	–	–	–	–	–	305,853	98,040	–	–	–	–	403,893
Shipping and loading costs	284,128	514,338	963,448	249,917	147,062	–	–	–	2,965	–	–	2,161,858
Excise taxes and royalties	195,099	678,698	1,246,100	337,828	26,501	2,086	–	–	–	–	–	2,486,312
Marketing	–	133,828	38,296	–	–	–	–	–	–	–	–	172,124
Segment operating earnings (loss)	₱858,035	₱1,211,543	₱6,964,461	₱3,869,309	₱89,431	₱301,579	₱65,890	₱594,668	(₱2,965)	₱994,971	(₱1,001,183)	₱13,945,739
General and administrative	₱64,490	₱61,985	₱108,141	₱101,327	₱21,248	₱154,615	₱–	₱23,949	₱–	₱770,523	₱–	₱1,306,278
Finance income	7,265	22,081	42,841	38,174	102	5,098	1,231	747	–	71,083	–	188,622
Finance expenses	1,125	4,162	24,052	21,509	1,458	183,106	–	32,894	–	38,477	–	306,783
Provision for (benefit from) income tax	186,319	255,487	1,689,323	940,366	25,560	(5,419)	–	–	(741)	338,241	–	3,429,136
Net income attributable to equity holders of the parent	647,356	941,050	3,576,990	1,956,327	13,356	98,381	67,025	413,564	–	217,101	–	7,931,150
Segment assets	₱1,641,073	₱2,840,958	₱8,231,516	₱5,008,736	₱2,480,858	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,841,576	₱–	₱49,358,437
Deferred income tax assets - net	35,028	39,244	33,859	113,766	82,142	–	–	–	–	96,566	–	400,605
Total assets	₱1,676,101	₱2,880,202	₱8,265,375	₱5,122,502	₱2,563,000	₱11,970,379	₱732,992	₱591,381	₱18,968	₱15,938,142	₱–	₱49,759,042
Segment liabilities	₱324,966	₱360,275	₱1,961,537	₱1,384,340	₱225,781	₱3,636,442	₱13,618	₱220,907	₱–	₱632,094	₱–	₱8,759,960
Deferred income tax liabilities - net	–	–	–	65,841	135,819	13,964	–	–	4,742	247,897	–	468,263
Total liabilities	₱324,966	₱360,275	₱1,961,537	₱1,450,181	₱361,600	₱3,650,406	₱13,618	₱220,907	₱4,742	₱879,991	₱–	₱9,228,223
Other segment information:												
Capital expenditures	₱105,495	₱80,508	₱499,748	₱119,922	₱119,188	₱1,380,226	₱4,699	₱167,273	₱–	₱10,203	₱–	₱2,487,262
Depreciation, amortization and depletion	₱119,312	₱174,328	₱677,675	₱253,359	₱52,891	₱241,309	₱55,443	₱5,601	₱2,965	₱80,126	₱–	₱1,663,009

	2021											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱2,679,029	₱5,099,158	₱12,122,366	₱6,337,013	₱12,548	₱341,437	₱166,494	₱646,070	₱–	₱–	₱–	₱27,404,115
Inter-segment revenues	–	–	–	–	–	–	–	45,298	–	952,449	(997,747)	–
Total revenues (see Notes 30 and 32)	2,679,029	5,099,158	12,122,366	6,337,013	12,548	341,437	166,494	691,368	–	952,449	(997,747)	27,404,115
Cost of sales	1,256,158	1,542,726	2,871,798	1,924,959	16,200	–	–	–	–	–	–	7,611,841
Cost of services	–	–	–	–	–	–	–	321,622	–	–	–	321,622
Cost of power generation	–	–	–	–	–	257,306	103,815	–	–	–	–	361,121
Shipping and loading costs	251,402	556,109	1,082,783	353,539	2,224	–	–	–	9,513	–	–	2,255,570
Excise taxes and royalties	241,113	935,101	1,212,237	316,851	627	–	–	–	–	–	–	2,705,929
Marketing	–	178,470	30,651	–	–	–	–	–	–	–	–	209,121
Segment operating earnings (loss)	₱930,356	₱1,886,752	₱6,924,897	₱3,741,664	(₱6,503)	(₱84,131)	₱62,679	₱369,746	(₱9,513)	₱952,449	₱(997,747)	₱13,938,911
General and administrative	₱75,799	₱68,021	₱109,775	₱96,044	₱130,630	₱65,452	₱–	₱9,052	₱–	₱591,134	₱–	₱1,145,907
Finance income	2,450	19,312	7,341	8,470	24	141	308	74	–	123,955	–	162,075
Finance expenses	1,495	4,727	20,133	14,813	1,461	141,416	–	19,363	–	40,673	–	244,081
Provision for (benefit from) income tax	190,880	377,871	1,613,485	871,191	(44,869)	2,184	–	–	(6,370)	327,908	–	3,332,280
Net income (loss) attributable to equity holders of the parent	672,978	1,469,124	3,565,558	1,910,206	(93,571)	(148,086)	62,994	303,522	–	69,850	–	7,812,575
Segment assets	₱1,355,658	₱2,446,854	₱11,955,993	₱6,291,416	₱1,406,533	₱13,560,773	₱742,447	₱122,634	₱21,380	₱13,487,448	₱–	₱51,391,136
Deferred income tax assets - net	38,905	31,550	–	108,884	105,836	1,047	–	–	–	23,524	–	309,746
Total assets	₱1,394,563	₱2,478,404	₱11,955,993	₱6,400,300	₱1,512,369	₱13,561,820	₱742,447	122,634	₱21,380	₱13,510,972	₱–	₱51,700,882
Segment liabilities	₱301,164	₱521,322	₱3,829,473	₱1,807,701	₱150,480	₱7,776,165	₱8,556	₱27,130	₱–	₱438,263	₱–	₱14,860,254
Deferred income tax liabilities	–	–	13,645	68,669	136,754	98,429	–	–	5,483	188,448	–	511,428
Total liabilities	₱301,164	₱521,322	₱3,843,118	₱1,876,370	₱287,234	₱7,874,594	₱8,556	27,130	₱5,483	₱626,711	₱–	₱15,371,682
Other segment information:												
Capital expenditures	₱38,172	₱111,766	₱338,863	₱159,962	₱26,670	₱1,088,859	₱–	₱2,191	₱–	₱7,950	₱–	₱1,774,433
Depreciation, amortization and depletion	₱127,661	₱189,356	₱651,852	₱268,065	₱45,597	₱196,062	₱55,876	₱220	₱9,513	₱75,937	₱–	₱1,620,139

Inter-segment revenues are eliminated upon consolidation.

The Group has revenues from external customers as follows:

Country of Domicile	**2023**	2022	2021
China	**₱14,764,681**	₱16,971,601	₱19,445,867
Local	**9,448,626**	10,290,009	5,828,005
Japan	**487,160**	741,540	2,130,243
	₱24,700,467	₱28,003,150	₱27,404,115

The revenue information above is based on the location of the customer. The local customers include CBNC and THNC, which are PEZA-registered entities.

The revenue from key customers are as follows:

Key Customers	**2023**	2022	2021
Ningbo Lygend Wisdom Co. Ltd.	**₱4,433,877**	₱5,859,266	₱8,269,823
CBNC	**4,408,481**	4,493,091	–
Union Wave Holding Pte. Ltd.	**4,333,154**	5,082,846	–
THNC	**4,108,102**	4,973,387	3,035,123
Big Wave	**3,165,294**	3,576,952	7,783,488
	₱20,448,908	₱23,985,542	₱19,088,434

41. Events after the End of the Financial Reporting Period

Dividend Declaration
On March 13, 2024, the Parent Company's BOD declared regular cash dividends of ₱0.08 per common share and special cash dividends of ₱0.05 per common share payable on April 12, 2024, to stockholders of record as at March 27, 2024.

Letter of Intent (LOI) to Hallmark Mining Corporation (Hallmark) and Austral-Asia Link Mining Corporation (Austral-Asia)
On February 17, 2023, Hallmark and Austral-Asia accepted NAC's LOI, for NAC or its wholly owned subsidiary, to be the sole and exclusive mining service contractor for Hallmark's MPSA No. 196-2004-XI covering 4,999.71 hectares located in Mati and San Isidro, Davao Oriental, and Austral-Asia's MPSA No. 197-2004-XI covering 5,000 hectares located in Mati and Gov. Generoso, Davao Oriental. NAC's commitments under the LOI were subjected to NAC's conduct of due diligence and exploration activities as well as the execution of definitive agreements among the parties. The LOI also permitted the conduct of a feasibility study to determine the economic and technical viability for NAC to establish an HPAL or equivalent mineral processing plant within the MPSA area. On February 23, 2024, NAC, Hallmark, and Austral-Asia agreed to terminate the LOI after the parties failed to agree on the commercial terms.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Nickel Asia Corporation and Subsidiaries
28th Floor NAC Tower, 32nd Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Nickel Asia Corporation and its subsidiaries as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated March 13, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules[i] are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Eleanore A. Layug
Partner
CPA Certificate No. 0100794
Tax Identification No. 163-069-453
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-097-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079951, January 6, 2024, Makati City

March 13, 2024

[i] This includes:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Map showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, associates, wherever located or registered
- Supplementary schedules required by Annex 68-J:
  - Financial assets
  - Amounts receivable from directors, officers, employees, related parties, and principal stockholder (other than related parties)
  - Amounts of receivable from related parties which are eliminated during the consolidation of financial statements
  - Long-term debt
  - Indebtedness to related parties
  - Guarantees of securities of other issuers
  - Capital stock

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE I

NICKEL ASIA CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2023

Unappropriated retained earnings as at December 31, 2022		₱15,809,073
Less: Item that is directly debited to unappropriated retained earnings		
Dividend declarations during the year		(3,291,022)
Unappropriated retained earnings, as adjusted		12,518,051
Add: Net income for the year		3,815,073
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(122)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	(5,060)	(5,182)
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents		76,987
Adjusted net income		16,404,929
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred income tax assets not considered in the reconciling items under the previous categories	49,886	
Net movement in deferred income tax assets and liabilities related to same transaction	1,011	50,897
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION AS AT DECEMBER 31, 2023		**₱16,455,826**

SCHEDULE II

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule A. Financial Assets
December 31, 2023

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotations at End of Reporting Date	Income Received and Accrued
		In Thousands		
Cash on hand and with banks	N/A	₱4,380,179	₱4,380,179	
Cash equivalents	N/A	11,100,453	11,100,453	₱467,877
Cash under managed funds	N/A	1,833	1,833	
Cash and cash equivalents		₱15,482,465	₱15,482,465	₱467,877
Trade	N/A	₱1,101,583	₱1,101,583	₱–
Amounts owed by related parties	N/A	224,610	224,610	–
Interest receivable	N/A	22,330	22,330	–
Current portion of loan receivable	N/A	–	–	40
Others	N/A	179,504	179,504	–
Trade and other receivables		₱1,528,027	₱1,528,027	₱40
Short-term cash investments	N/A	₱–	₱–	₱6,158
Negotiable instruments	N/A	–	–	1,016
Prepayments and other current assets		₱–	₱–	₱7,174
JP Morgan Chase & Co. - debt and equity securities	various	₱1,226,374	₱1,226,374	₱10,990
Keyland Ayala Properties Inc.	3,056,198 shares	698,794	698,794	15,281
Manila Golf and Country Club	1 share	135,000	135,000	–
Wack-Wack Golf and Country Club	1 share	75,000	75,000	–
NiHao Mineral Resources International, Inc.	101,000,000 shares	55,550	55,550	–
PLDT Inc.	25,000 shares	31,975	31,975	2,700
BPI Asset Management - debt securities	various	24,347	24,347	–
BDO Unibank, Inc. - debt and equity securities	various	5,200	5,200	94
Security Bank Corporation	58,027 shares	4,149	4,149	199

(Forward)

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2023

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value Based on Market Quotations at End of Reporting Date	Income Received and Accrued
		In Thousands		
Eurasian Consolidated Minerals Pty. Ltd.	15,949,298 shares	₱2,648	₱2,648	₱–
UBS Group AG - debt securities	various	560	560	–
Security Bank Corporation - debt securities	various	373	373	–
Maybank ATR Kim Eng Capital Partners, Inc. - equity securities	various	–	–	370
Financial assets at FVTPL		₱2,259,970	₱2,259,970	₱29,634
BPI Asset Management - debt securities	various	₱341,724	₱341,724	₱12,171
Security Bank Corporation - debt securities	various	68,199	68,199	3,091
BDO Unibank, Inc. - debt securities	various	59,991	59,991	2,097
Financial assets at FVOCI		₱469,914	₱469,914	₱17,359
San Miguel Corporation	₱200,000	₱200,000	₱200,000	₱5,413
Aboitiz Equity Ventures, Inc.	₱100,000	100,000	100,000	2,638
Retail Treasury Bond	₱50,000	50,000	50,000	2,663
Ayala Land, Inc.	₱25,000	25,000	25,000	1,052
SM Prime Holdings, Inc.	₱25,000	25,000	25,000	1,034
DoubleDragon Properties Corporation	₱10,000	10,000	10,000	488
Financial assets at amortized cost		₱410,000	₱410,000	₱13,288
MRF	N/A	₱834,470	₱834,470	₱17,001
Restricted cash	N/A	110,330	110,330	–
SDMP funds	N/A	96,477	96,477	70
Other noncurrent assets		₱1,041,277	₱1,041,277	₱17,071
Total		₱21,191,653	₱21,191,653	₱552,443

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2023

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Noncurrent	Ending Balance
There are no receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders other than subject to usual terms, for ordinary travel and expense advances, and for other such items arising in the ordinary course of business and eliminated in consolidation.							

NICKEL ASIA CORPORATION

Schedule C. Amounts Receivable from Related Parties which are Eliminated in the Consolidated Financial Statements
December 31, 2023

Name of Subsidiary	Balances At January 1, 2023	Additions	Amounts collected	Reclassification	Amounts Written Off	Current	Noncurrent	Amount Eliminated
				In Thousands				
Dinapigue Mining Corporation	₱2,059,842	₱296,890	(₱3,036)	₱3	₱–	₱–	₱2,353,699	₱2,353,699
La Costa Shipping and Lighterage Corporation	–	60,000	–	–	–	60,000	–	60,000
Cagdianao Mining Corporation	396	(45,617)	(4,815)	3	–	(50,033)	–	(50,033)
Coral Pearl Developments Limited	23,480	382	(1,058)	(192)	–	22,612	–	22,612
Cordillera Exploration Co., Inc.	7,559	82	(9)	9	–	–	7,641	7,641
Emerging Power Inc.	18	2,169	(285)	5	–	1,907	–	1,907
Rio Tuba Nickel Mining Corporation	585	3,636	(4,404)	10	–	(173)	–	(173)
Hinatuan Mining Corporation	4,140	1,861	(6,002)	1	–	–	–	–
Taganito Mining Corporation	755	4,407	(5,165)	3	–	–	–	–
CDTN Services Company Inc.	604	342	(946)	–	–	–	–	–
Jobin-SQM, Inc.	24	57	(85)	4	–	–	–	–
	₱2,097,403	₱324,209	(₱25,805)	(₱154)	₱–	₱34,313	₱2,361,340	₱2,395,653

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2023

Description	January 1, 2023	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes - Additions (Deductions)	December 31, 2023
	In Thousands					
Geothermal exploration and evaluation assets [(a)]	₱1,882,318	₱14,319	₱–	₱–	₱–	₱1,896,637
Other Noncurrent Assets [(b)]						
Deferred mine exploration costs	611,072	273,225	–	–	–	884,297
Project development costs	21,706	246,669	–	–	–	268,375
Computer software	13,773	94,092	(28,093)	217	(2)	79,987
	₱2,528,869	₱628,305	(₱28,093)	₱217	(₱2)	₱3,129,296

(a) Disclosed in Note 11 to the Consolidated Financial Statements
(b) Disclosed in Note 12 to the Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule E. Long-term Debts
December 31, 2023

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
	In Thousands			
Long-term Debts				
Taganito HPAL Nickel Corporation	₱–	₱96,898	₱629,833	A
Deferred Income				
Taganito HPAL Nickel Corporation	–	4,190	33,519	B
Total	₱–	₱101,088	₱663,352	

Remarks:

A. Interest rate is based on prevailing 180-day LIBOR plus 2% spread; principal is payable in semi-annual installments of US$875,000, payable in April and October until April 10, 2031. In October 2023, TMC and THNC agreed to amend the basis for computing interest from LIBOR to TSOFR plus an adjustment of 0.43%.

B. The obligation is covered by a Lease Agreement with THNC.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Short-term and Long-term Debts with Related Companies)
December 31, 2023

Name of Affiliate	January 1, 2023	December 31, 2023
	In Thousands	
Long-term Debts		
Taganito HPAL Nickel Corporation	₱829,355	₱726,731
TBEA International Engineering Co., Ltd.	175,840	–
Deferred Income		
Taganito HPAL Nickel Corporation	41,899	37,709
	₱1,047,094	₱764,440

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee

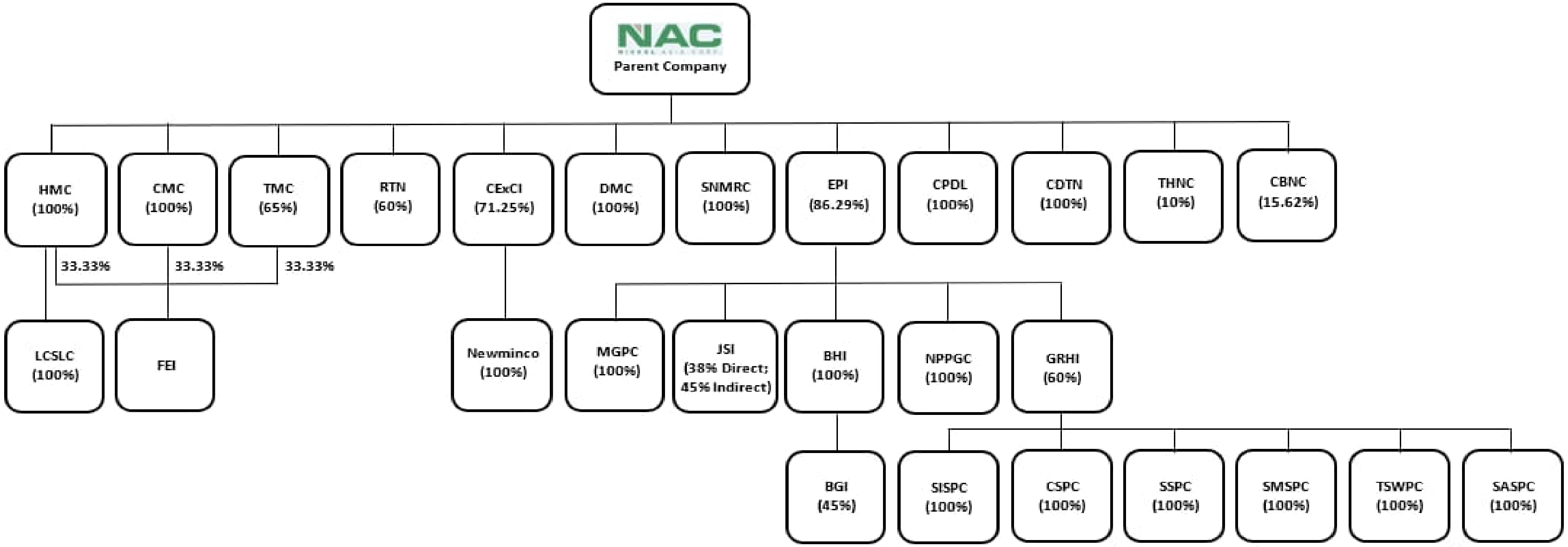
- Not applicable-

NICKEL ASIA CORPORATION AND SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock	19,265,000,000	13,931,125,094	–	10,146,408,302	71,831,978	3,712,884,814
Preferred Stock	720,000,000	720,000,000	–	720,000,000	–	–

SCHEDULE III

NICKEL ASIA CORPORATION AND SUBSIDIARIES
A MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES, CO-SUBSIDIARIES AND ASSOCIATES
DECEMBER 31, 2023



Subsidiaries:
HMC - Hinatuan Mining Corporation
CMC - Cagdianao Mining Corporation
TMC - Taganito Mining Corporation
LCSLC - La Costa Shipping and Lighterage Corp.
FEI - Falck Exp Inc.
RTN - Rio Tuba Nickel Mining Corporation
CExCI - Cordillera Exploration Co., Inc.
Newminco – Newminco Pacific Mining Corporation
DMC - Dinapigue Mining Corporation
SNMRC - Samar Nickel Mining Resources Corp.
EPI - Emerging Power Inc.
MGPC - Mindoro Geothermal Power Corporation
JSI - Jobin SQM, Inc.
BHI - Biliran Holdings Inc.
NPPGC - Northern Palawan Power Generation Corporation
GRHI - Greenlight Renewables Holdings Inc.
CPDL - Coral Pearl Developments Limited
CDTN - CDTN Services Company Inc.
SISPC - San Isidro Solar Power Corp.
CSPC - Casilagan Solar Power Corporation
SSPC - SanJuan Solar Power Corporation
SMSPC - Sta. Maria Solar Power Corporation
TSWPC - Tuy Solar and Wind Power Corp.
SASPC - San Antonio Solar Power Corp.

Associates:
THNC - Taganito HPAL Nickel Corporation
CBNC - Coral Bay Nickel Corporation
BGI - Biliran Geothermal, Inc.

Note: There is no pyramid ownership structure and/or cross holding structure.

SGV
Building a better
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Nickel Asia Corporation and Subsidiaries
28th Floor NAC Tower, 32nd Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Nickel Asia Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 13, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug
Partner
CPA Certificate No. 0100794
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BIR Accreditation No. 08-001998-097-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10079951, January 6, 2024, Makati City

March 13, 2024

SCHEDULE IV

NICKEL ASIA CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023

Ratios	Formula	**2023**	2022
A. *Liquidity ratios*			
Current ratio	Current assets / Current liabilities	**2.35**	4.39
Quick ratio	Current assets - Inventories - Prepayments and other current assets / Current liabilities	**1.89**	3.64
Solvency ratio	Total assets / Total liabilities	**3.91**	5.39
B. *Financial leverage ratios*			
Debt ratio	Total liabilities / Total assets	**0.26**	0.19
Debt-to-equity ratio	Total liabilities / Total equity	**0.34**	0.23
Interest coverage	Earnings before interest and taxes / Interest expense	**17.74**	53.93
Asset-to-equity ratios	Total assets / Total equity	**1.34**	1.23
C. *Profitability ratios*			
Gross profit margin	Sales - Costs / Revenue	**0.59**	0.67
Net profit margin	Net income / Revenue	**0.23**	0.39
Return on assets	Net income / Total assets	**0.10**	0.22
Return on equity	Net income / Total equity	**0.13**	0.27
Price/earnings ratio	Price per share / EPS	**20.30**	10.07

Contextual Information

Company Details	
Name of Organization	Nickel Asia Corporation and Subsidiaries
Location of Headquarters	28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City
Location of Operations	Bataraza, Palawan Claver, Surigao del Norte Tagana-an, Surigao del Norte Cagdianao, Dinagat Islands Dinapigue, Isabela Bonifacio Global City, Taguig Mt. Sta. Rita, Subic Bay Free Port Zone
Report Boundary: Legal Entities Included in this Report	Cagdianao Mining Corporation (CMC) Dinapigue Mining Corporation (DMC) Hinatuan Mining Corporation (HMC) Rio Tuba Nickel Mining Corporation (RTN) Taganito Mining Corporation (TMC) CDTN Services Company Inc. (CDTN) Emerging Power Inc. (EPI) Jobin-SQM Inc. (JSI)
Business Model, including Primary Activities, Brands, Products, and Services	Production of lateritic nickel ore Renewable energy
Reporting Period	January 1, 2023, to December 31, 2023
Highest Ranking Person Responsible for this Report	Mr. Martin Antonio G. Zamora President and Chief Executive Officer, Nickel Asia Corporation

Report Boundaries

Nickel Asia Corporation (NAC) reports on the current situation of its operating mines' sustainability programs, namely Cagdianao Mining Corporation (CMC), Dinapigue Mining Corporation (DMC), Hinatuan Mining Corporation (HMC), Rio Tuba Nickel Mining Corporation (RTN), Taganito Mining Corporation (TMC), along with CDTN Services Company Inc. (CDTN), Emerging Power Inc. (EPI) and Jobin-SQM Inc. (JSI).

This report covers activities for the calendar year 2023. It was prepared in accordance with Global Reporting Initiative (GRI) Standards and is aligned with the International Financial Reporting Standards (IFRS), Global Sustainability Reporting Standards, and International <IR> Framework. NAC uses a comprehensive framework of indicators as a consistent and transparent tracker of performance. This gives our stakeholders a clear picture of the Company's economic, environmental, and social developmental accomplishments.

Performance Highlights

ECONOMIC	RTN	TMC	HMC	CMC	DMC	CDTN	JSI
1. Shareholding Percentage (%)	60.00%	65.00%	100.00%	100.00%	100.00%	100.00%	52.0%
2. Direct economic value generated (Million ₱)	6,174.49	10,480.22	2,242.37	2,779.04	414.13	1,763.52	687.52
a. Net Sales	6,171.17	10,480.11	2,238.82	2,779.04	414.13	1,763.52	687.52
b. Revenues from Financial investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Revenues from sale of assets	3.32	0.11	3.55	0.00	0.00	0.00	0.00
3. Direct economic value distributed (Million ₱)	6,863.42	9,164.03	1,784.60	3,133.21	762.24	1,544.71	686.60
a. Operating Costs	1,948.42	3,073.81	723.25	1,452.18	397.30	1,260.43	337.80
b. Employee wages & benefits	642.38	708.75	181.47	201.01	81.69	129.80	20.92
c. Payments to capital providers	2,250.00	2,000.00	100.00	750.00	0.00	0.00	288.99
d. Payments to government	1,605.18	2,941.69	635.45	580.17	232.00	146.78	34.10
d.1 National	1,471.31	2,788.58	613.87	529.77	219.54	139.40	34.10
d.1.1 Corporate Income Tax	692.45	1,094.24	164.42	168.24	0.00	91.41	7.42
d.1.2 Excise Tax	246.63	398.25	89.55	111.16	16.57	0.00	0.00
d.1.3 Government Royalty Tax	0.00	497.81	111.94	138.95	0.00	0.00	0.00
d.1.4 Others (National)	532.24	798.28	247.96	111.41	202.97	47.99	26.68
d.2 Local	133.87	153.11	21.57	50.40	12.46	7.38	0.00
d.2.1 Business Tax	102.79	95.86	16.69	35.18	8.99	6.69	0.00
d.2.2 Real Property Tax	14.47	21.86	0.11	1.77	1.44	0.00	0.00
d.2.3 Others (Local)	16.61	35.38	4.77	13.46	2.03	0.69	0.00
e. Community Investment	298.20	228.04	34.02	45.78	15.67	0.00	4.05
e.1 Total amount of SDMP	53.43	93.39	20.70	35.63	7.74	0.00	0.00
e.2 Total amount of CSR spending	183.12	35.09	13.32	10.15	3.78	0.00	2.01
e.3 Total IP Royalty Payments	61.66	99.56	0.00	0.00	4.14	0.00	2.04
f. Total amount of other mandatory expenditures	119.24	211.74	110.40	104.08	35.58	7.69	0.74
F.1 ASHP	34.15	24.89	10.05	26.83	7.27	7.69	0.74
F.2 AEPEP	85.09	186.85	100.35	77.25	28.31	0.00	0.00
F.3 Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retained Economic Value (Million ₱)	(688.94)	1,316.19	457.77	(354.17)	(348.11)	218.81	0.92
Ratios							
Operating Costs	31.56%	29.33%	32.25%	52.25%	95.94%	71.47%	49.13%
Wages and Benefits	10.40%	6.76%	8.09%	7.23%	19.73%	7.36%	3.04%
Capital Providers	36.44%	19.08%	4.46%	26.99%	0.00%	0.00%	42.03%
Payment to Government	26.00%	28.07%	28.34%	20.88%	56.02%	8.32%	4.96%
Community Investments	4.83%	2.18%	1.52%	1.65%	3.78%	0.00%	0.59%
Other mandatory expenditures	1.93%	2.02%	4.92%	3.75%	8.59%	0.00%	0.11%
Amount of ore sold (Thousand WMT)	4,164.56	8,230.38	1,638.31	2,096.61	70.84	0.00	0.00

ENVIRONMENT	RTN	TMC	HMC	CMC	DMC	CDTN	JSI
1. Total spending on environmental protection and enhancement program (EPEP) (Million ₱)	85.09	186.85	100.35	77.25	28.31	N/A	0.50
2. Rehabilitation efforts (has.)							
Number of hectares rehabilitated	2.00	35.00	20.60	10.17	0.00	N/A	N/A
3. Reforestation efforts							
Number of hectares reforested within Mineral Production Sharing Agreement (MPSA) area (has.)	18.00	10.00	6.00	6.00	5.69	N/A	N/A
Number of hectares reforested outside MPSA area (has.)	10.00	32.00	2.00	250.00	0.00	N/A	N/A
4. Pollution control							
Total renewable energy generated (kWh)	N/A	N/A	N/A	N/A	N/A	N/A	143,771,527.26
Avoided emission (tCO_2e)	N/A	N/A	N/A	N/A	N/A	N/A	59,255.47
Consumption of energy (MWh)	1,560.71	3,018.83	0.00	1,184.40	364.05	8.80	1,104.09
Total fuel consumption – generator sets (L)	135,822.00	52,113.38	302,881.00	582,331.00	344,484.00	65,861.00	834.00
Total fuel consumption – vehicles (L)	8,306,600.90	10,715,992.55	2,277,854.0	4,928,597.00	2,644,957.00	5,147,799.00	16,415.00
Total Greenhouse Gas (GHG) emissions (tCO_2e)	24,002.91	64,048.68	298,843.89	13,699.10	123,619.74	13,991.45	719.31
5. Waste management							
Amount of hazardous waste (kg)	68,000.00	187,550.00	40,540.00	98,727.70	11,524.00	(no data)	349.70
6. Watershed management							
Volume of silt collected (WMT)	92,085.00	292,648.00	102,419.40	67,825.00	17,319.67	N/A	N/A
Volume of water consumption (cubic meters)	218,737.59	317,068.00	56,627.48	70,915.90	16,293.49	80.56	977.00
Volume of water discharge cubic meters)	8,805,778.68	315,545.00	56,565.55	0.00	0.00	N/A	975.00
7. Land use							
Disturbed (has.)	1,213.77	1,005.63	488.69	294.19	92.01	N/A	196.60
Rehabilitated (has.)	208.54	332.89	374.89	10.17	0.00	N/A	N/A
Other use (has.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SOCIAL	RTN	TMC	HMC	CMC	DMC	CDTN	JSI
1. Employees							
Percentage of employees under collective bargaining agreement (CBA)	79.00%	56.00%	39.00%	39.00%	0.00%	69.00%	0.00%
Average training hours/employee	19.40	49.60	67.00	33.40	53.40	18.50	14.90
2. Health and Safety							

Total spending for health and safety programs (Million ₱)	34.15	24.89	10.05	26.83	7.27	7.69	0.74
Number of employees in health and safety committee	24	40	29	50	25	20	6
Total safe manhours	26,590,229.00	29,728,749.00	39,776,191.00	10,619,604.00	3,729,659.00	3,271,392.00	5,917,350.00
Incidence rate	0.017	0.012	0.033	0.138	0.970	0.056	0.000
Total lost days	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Communities							
Total spend on Social Development and Management Program (SDMP) (Million ₱)	53.43	93.39	20.70	35.63	7.74	N/A	N/A
Population of host and neighboring communities	85,439	36,033[1]	3,385	5,611	6,513	N/A	11,191
Number of Indigenous People communities residing near the mine site	22,126	952	N/A	N/A	1,636	N/A	1,920
4. Social Development Focus Area (SDMP + Corporate Social Responsibility)							
I. Education							
Total Investment (Million ₱)	10.23	31.85	8.40	11.30	0.91	N/A	0.12
Scholars supported	581	894	1,217	44	45	N/A	N/A
II. Health							
Total Investment (Million ₱)	9.55	8.75	3.02	4.40	1.16	N/A	0.15
Number of patients/cases treated in hospital	10,812	509	0	2,028	0	N/A	0
Families assisted during and after calamities	1,281	0	0	0	0	N/A	0
Admitted/confined patients	1,272	244	0	99	0	N/A	0
Number of patients that benefited from medical missions	355	2,312	1,217	428	399	N/A	300
III. Infrastructure							
Total Investment (Million ₱)	2.72	18.77	0.00	5.13	2.15	N/A	0.29
Length of roads constructed/improved (km)	1.20	0.20	0.00	1.30	0.12	N/A	0.06
Amount spent on road construction (Million ₱)	0.50	0.20	0.00	0.33	0.46	N/A	0.29
Amount spent on other infrastructure projects (Million ₱)	2.22	18.57	0	4.80	1.69	N/A	0.00
Number of barangays supported by infrastructure projects	9	12	0	4	6	N/A	1
IV. Livelihood							
Total Investment (Million ₱)	7.35	7.50	0.98	7.27	1.04	N/A	0.00
Peoples' Organizations that were provided financial assistance[1]	13	10	4	12	14	N/A	0
Members	355	224	150	600	743	N/A	0

Our Journey to Sustainability

As the first company in the Philippines with mining assets to be admitted as a member of the United Nations Global Compact (UNGC), Nickel Asia Corporation (NAC), a listed natural resources development company, is well on its way towards realizing its ambitious Sustainability Journey. The direction is to concentrate on the three-pillar ESG framework of environment, social, and governance to institutionalize the Company's sustainability agenda as a business strategy.

As part of its strategic vision, NAC, in alignment with the United Nations call on Climate Action, made business choices that supported its ambitious Sustainability Roadmap in 2023, achieving the buy-in of all its stakeholders through transparency, collaborations, and strong, well-meaning decisions.

The goals and objectives under the NAC Sustainability Roadmap were crafted by everyone in the organization and its external stakeholders. This propelled the creation of Technical Working Groups (TWGs) in all its operations to identify strategic processes that impact the Company's critical sustainability indicators.

Since day one of NAC's Sustainability Journey, it has taken the path of strengthening community resiliency by supporting livelihood and education and pushing for biodiversity enhancement. This is in full support of the nation's drive towards inclusive progress and the global community's Sustainable Development Goals.

Working hand in hand with its stakeholders, NAC continued to discover ways to stay in the frontline of progress and to elevate its processes in accordance with global standards.

Figure 1: NAC Mining Companies' Business Activities

Exploration

Identify potential mineral-rich areas using geological, geophysical, and geochemical techniques.

Conduct detailed surveys and collect samples for analysis.

Assess the size, grade, and accessibility of the mineral deposit.

1

Assessment, Evaluation and Planning

Evaluate the economic viability of extracting mineral deposits.

Conduct environmental and social impact assessments with stakeholder engagement.

Prepare a feasibility study outlining the mining plan and financial projections.

Develop a comprehensive mine plan in accordance with Philippine Mineral Reporting Code of 2020 guidelines.

Obtain necessary permits and approvals from government agencies and stakeholders.

Secure funding for the mining project.

2

Extraction

Employ surface mining techniques to extract minerals from the ground.

Utilize specialized equipment to excavate, transport, and store the mineral.

Adhere to safety and environmental regulations throughout the extraction process.

3

Transportation

Transport the extracted minerals to a processing facility or market.

Ensure proper handling to prevent contamination.

4

Rehabilitation and Reforestation

Implement progressive rehabilitation of the mined-out area especially with endemic plant species to restore the natural ecosystem.

Implement the Final Mine Rehabilitation and Decommissioning Plan

Monitor the site to ensure the success of rehabilitation efforts.

Business Strategies and Opportunities

Nickel Asia has started to aggressively drive its business strategies with sustainability goals aligned with the United Nations Sustainable Development Goals (UN SDGs).

Cutting down on GHG

Beginning with the baselines of the materiality of sustainability issues, NAC highlighted the most pressing concerns starting with the challenge of cutting down greenhouse gas emissions across the organization.

Scientists attest that global warming is the one big challenge deterring us from achieving our SDG ambitions and that the only way to combat global warming is to prevent the further release of greenhouse gases into the atmosphere mainly driven by human activities.

The commitment to cutback 35,000 tCO_2e by 2025 is an internal target meant to jumpstart the NAC Group's processes and systems. NAC believes that its ambitious Sustainability Journey can only be successful if achieved through transparency and with a strong decisive goal – therefore, after achieving the buy-in of all its stakeholders, it has declared a collective target of reducing GHG emissions by 42% by 2030 across the organization.

To fuel this strategy, it is critical to increase investments in renewable energy and in low carbon technologies. At NAC, strategic ways to cut CO_2 emissions are being employed through investing heavily in technologies that reduce CO_2 emissions caused by its mining operations. The Company is also investing in nature-based solutions including the planting of mangroves and trees by the millions.

Restoring Biodiversity

The Company embarked on land restoration and biodiversity conservation initiatives aiming to restore 807 hectares of land within its Mineral Production Sharing Agreements (MPSAs), consisting of but not limited to the development areas and buffer zones. NAC also declared to establish and maintain at least five biodiversity offset sites.

Green energy and technologies

NAC likewise invested heavily in renewable energy projects such as solar, geothermal, and energy storage systems through its subsidiary Emerging Power Inc. to achieve 650 megawatts of renewable energy power production.

As a natural resource development company, NAC has always been an integral part of development, of building societies and nations, and in achieving a green future. After all, the materials needed for developing the 'green technologies' such as solar panels, wind turbines, electric vehicles, and even disaster-detection equipment must first be mined.

Water management

Sustainable water management is also part of the NAC sustainability goals. The Company took the opportunity to enhance its investment in wastewater treatment technologies to improve the quality of effluent throughout its operations.

Community resiliency and focus on people

Strengthening community resiliency by supporting livelihood and education and pushing for biodiversity enhancement and protection has also been a focus at NAC from day one of its operations, and now, in alignment with the UN's "no one left behind" mantra.

NAC ensured that its strategy was laid out clearly – to achieve its goal in diversity and inclusion by providing decent work at all levels across the organization, and to institutionalize diversity and inclusion policies, programs, and initiatives aimed at achieving a level of sustainability in communities where it operates. This can be done through engaging with all its stakeholders to identify and address their needs.

Integral to this is acquiring the support of an empowered and participative indigenous cultural community by conducting trainings and development opportunities for the indigenous people.

A robust risk management system and target

NAC has also outlined a strategy to establish a robust risk management system to achieve a third-party ESG risk rating of "medium" or lower by 2025. NAC has set its commitment to robust reporting and disclosure practices, consistent transparency in tax payments, social contributions, and environmental funds and disbursements.

The NAC Sustainability Roadmap

Part of the NAC Sustainability Roadmap announced in 2021 was the announcement of its objective to be the premier ESG investment in the country and to be counted among the top 25 Philippine Stock Exchange-listed companies in terms of market capitalization by 2025. The Company has taken key steps to move closer towards this twin goal.

In 2022, NAC became the first Company in the country with mining assets to create a Board-level Sustainability Committee and designate a Chief Sustainability Officer (CSO). The Sustainability Committee is in charge of overseeing, identifying, and assessing the economic, environmental, ethical, and social impacts of NAC's operations, and has the immense responsibility of steering the Company into becoming a better business operator and contributor to national development. The committee actively works to develop a sustainability culture within the entire NAC Group and ensure that everyone continues to operate with the utmost respect for the people and the environment.

In the rollout of the NAC Sustainability Roadmap, the Company divided the goals and organizational scope into phases. For Phase 1, the roadmap covers three goals each for Environment, Social, and Governance. Phase 2 adds another three goals for both Environment and Social. In terms of organizational scope, Phase

1 covers 10 Business Units including the NAC Head Office. Phase 2 adds four more Business Units and Projects.

In 2023, the Company completed Phase 2 goals for the first batch of its Business Units and Phase 1 goals for the second batch. The roadmap not only covers nickel mining and exploration but also energy, particularly clean and renewable energy.

Goals

Phase 1	Phase 2
Environment ● Net Zero Carbon by 2050 ● No Net Loss Impact by 2025; Net Positive by 2030 ● Net Positive Water Impact by 2030	Environment ● Circular Economy in all Camp/Townsites by 2030 ● 100% Clean Energy by 2050 ● Climate Resilient Operations by 2030
Social ● Good Health and Well-being of all Employees ● Equal Opportunities at all Levels at all Backgrounds ● Sustainable Communities	Social ● Decent Work at all Levels ● Empowered and Self-reliant Indigenous Cultural Communities ● Catalyst for Economic Growth
Governance ● Inclusive Leadership and Management ● Strong Organizational Culture ● Robust and Comprehensive Risk Management Systems	Governance ● Inclusive Leadership and Management ● Strong Organizational Culture ● Robust and Comprehensive Risk Management Systems

Business Units

	Batch 1	Batch 2
Holding Company	● Nickel Asia Corporation	
Nickel Mining	● Cagdianao Mining Corporation (CMC) ● Dinapigue Mining Corporation (DMC) ● Hinatuan Mining Corporation (HMC) ● Rio Tuba Mining Corporation (RTN) ● Taganito Mining Corporation (TMC)	● HMC – Manicani Nickel Project (HMC-MNP)
Gold and Copper Exploration	● Cordillera Exploration Co., Inc. (CEXCI) ● Newminco Pacific Mining Corporation (NEWMINCO)	
Renewable Energy	● Emerging Power Inc. (EPI) ● Jobin-SQM Inc. (JSI)	● Biliran Geothermal Incorporated (BGI) ● Mindoro Geothermal Power Corporation (MGPC)
Services		● CDTN Services Company, Inc.

Highlights

While working on the Sustainability Roadmap, the Company is moving towards its targets.
In 2023, NAC focused on sustainable investments, allocating funds to various initiatives:

- **Environmental Protection: ₱477.85 million invested in EPEP, expected to cover programs for environmental monitoring, research, and conservation values assessments.**
- **Water Protection: ₱173.36 million allocated for water management.**
- **Greener Operations: ₱24.68 million invested in hybrid excavators, expected to reduce fuel consumption and reduce emissions.**
- **Sustainable Communities Initiatives: A total of ₱458.36 million spent on SDMP and CSR for community development including improved healthcare access and 581 scholarships awarded.**
- **Health and Safety: A total of ₱111.60 million spent on health and safety, reaching 119 million Safe Manhours.**

Net Zero Carbon Target

NAC publicly announced its commitment to reduce greenhouse gas emissions by 42% by 2030 and eventually achieve a Net Zero Carbon Target by 2050. This is to be achieved by heavily investing in new technologies and prioritizing the use of market-available low-emission equipment in its mining operations. To further solidify these commitments, the Company submitted these targets to the Science Based Targets initiative (SBTi), making NAC the first Philippine company with mining assets to do so.

SBTi is a global body that promotes best practices in emissions reduction grounded on accepted climate science. It enables listed companies to set ambitious emissions reduction targets and keeps track of these targets to ensure companies deliver on their commitments based on the pledged timelines.

NAC began the transition to low-carbon operation in 2016, setting up a conveyor belt system in the Taganito mine site in Claver, Surigao del Norte, and significantly reducing its fossil fuel usage per wet metric ton of nickel ore produced.

In 2023, the Company piloted in TMC the use of hybrid excavators which enable energy efficiency by capturing and recycling energy exerted during operations. An additional nine units are set to be deployed in 2024. Technologies such as this are among the solutions in the Company's arsenal that enable it to achieve its commitments.

Occupational Health and Safety

In 2023, all Opcos maintained a commendable safety record with zero Frequency Rate (FR) and zero Severity Rate (SR), signifying zero Lost Time Accidents (LTA). An LTA is an incident in the workplace resulting in an injury that causes an employee to miss work beyond the date of injury.

By the end of 2023, the accumulated Safe Manhours reached over 119 million, with HMC leading at 39.70 million safe manhours. The safety statistics of all service contractors were included in the computations.

In the implementation of Total Loss Control Management (TLCM) System Audit, RTNMC and TMC achieved success by passing the Level 5 TLCM system program and physical audit, earning them the Award of Excellence. Other Opcos also achieved various levels of progression and showed their unwavering commitment to safety.

TLCM audits are programmed to be done annually and are part of the key performance targets of the Opcos.

Diversity Equality and Inclusion (DEI)

Demonstrating an unwavering dedication to creating a workplace that respects, values, and celebrates the uniqueness of every individual, NAC promulgated an official Policy on Diversity, Inclusivity, and Equality that is aligned with the United Nations' Sustainable Development Goals on Gender Equality.

The policy encompasses a range of explicit commitments that include ensuring diversity within the Company's leadership and a commitment to hire and promote employees based on merit and performance. Rooted in the Company's values, the policy is designed to guarantee a safe and respectful work environment, free from harassment or discrimination.

The implementation rollout includes comprehensive training to equip and ensure that employees have the necessary tools and understanding of diversity, inclusivity, and equality. At the same time, NAC advocates and encourages its stakeholders, partners in joint ventures, subsidiaries, affiliates, partnerships, and supply chain members to adopt similar diversity, equality, and inclusion policies.

Risk Management

With the establishment of the NAC Risk Management Roadmap in the previous year, the Company rolled out several key initiatives in 2023 designed to secure the buy-in of every internal stakeholder to the NAC's Integrated Enterprise Risk Management System.

To lay the foundation of an efficient risk management system, each subsidiary has deployed its own Risk Officer, and as a follow-up to the risk management conference held in Cebu in 2022, another risk management conference was held in Metro Manila, completing the sector's Management Committee (ManCom) risk assessment.

In May, the Resident Mine Managers, Risk Officers, and Operations leaders gathered in Angeles, Pampanga, for a three-day alignment workshop on risk mitigation initiatives. The workshop took off from the completed 2023 NAC Risk Registry where risk assessment results from the site, the sectors, and the Management Committee were consolidated, and the top risks for the Group were identified. The workshop resulted in proposed mitigation activities that can be implemented within the year.

By June, the Company started the cascade of the two critical programs of the risk management sector across all the subsidiaries. All operating mines' respective Risk Management Committees conducted workshops, such as Incident Management Crisis Resolution (IMCR) training which focused on the rollout of the incident notification, reporting, and escalation protocols as outlined in the NAC Integrated

Enterprise Risk Management Manual; Business Continuity Plan (BCP) Cascade which included an overview of BCP; and the completion of the Business Impact Assessments of the process owners per site.

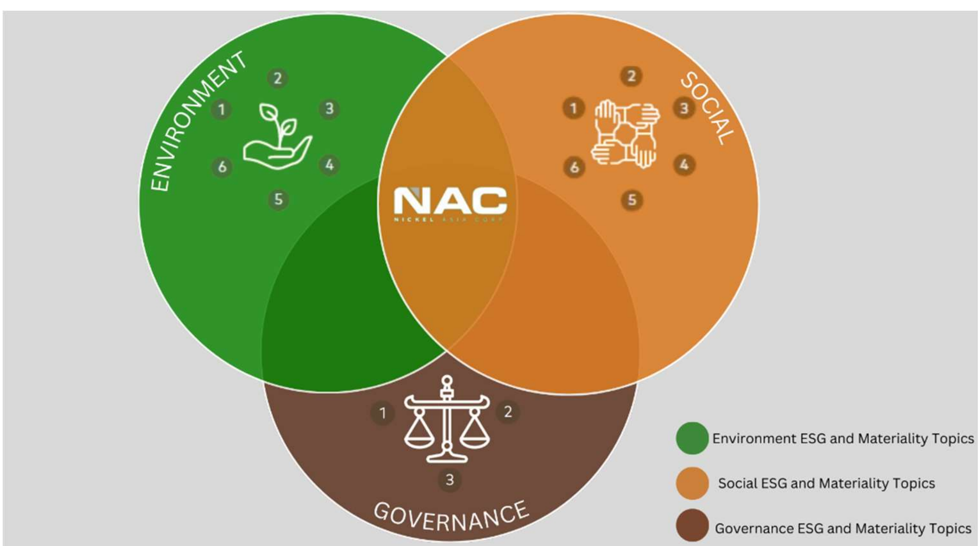
External Assessment

Based on the latest assessment by Sustainalytics, a leading independent ESG and corporate governance analytics firm, results have been positive and with visible progress. The 2023 assessment covered over 70 management ESG performance indicators and showed that our ESG risk score improved from 43.7 to 34.8. This moved NAC from “Severe Risk” to the “High Risk” category and ranks the Company as 66th out of 228 firms assessed under the Diversified Metals category and 45th out of 186 firms under the Diversified Metals Mining sub-industry.

Emissions, Effluents and Waste, Community Relations, and Occupational Health and Safety are the notable material ESG issues identified during the assessment. On the other hand, Sustainalytics recognized the strong risk management performance of NAC in Carbon – Own Operations, Occupational Health and Safety, Land Use and Biodiversity, Bribery and Corruption, and Business Ethics. NAC earned an ESG risk management score of 49.2 – higher than the Diversified Metals industry average management score of 41.1.

Sustainability Framework

NAC pursues sustainable growth through a framework of policies and processes anchored on the Company’s OneNAC Vision.



This means that the Group’s strategies and decisions place utmost consideration to its lasting impact in the communities where it operates, fostering the balance in resource utilization and ecological stability, and ensuring accountable risk management in governance. All throughout, NAC monitors and measures assessments using benchmarks and metrics.

NAC is confident that the trove of best practices it developed from its continued vigilance in its sustainability performance has had a positive impact on its Sustainability Journey, which is aligned with the country's commitments to the UN Sustainable Development Goals (UN SDGs).

As NAC engages its stakeholders and seeks to create value for all, the framework helps identify issues that are most relevant and most likely to affect the economic, social, and environmental impacts of its operations and supply chain.

The Company's relationship with its stakeholders is built on trust and corporate ethics, and this framework serves to continuously strengthen such bonds for sustained growth momentum in the short, medium, and long term.

ESG and Materiality Topics

Environment			
Themes and Goals	1. Greenhouse Gases 2. Biodiversity Protection	3. Water Management 4. Waste Management	5. Energy Efficiency 6. Climate Resilience
Phase 1	E1. GREENHOUSE GASES 10% Emission reduction by 2025 and 42% by 2030; Net zero carbon target by 2050	E2. BIODIVERSITY PROTECTION No net loss impact by 2025; Net positive by 2030	E3. WATER MANAGEMENT Net positive water impact by 2030
Phase 2	E4. WASTE MANAGEMENT Circular economy in all camp/townsite by 2030	E5. ENERGY EFFICIENCY 100% Clean energy by 2050	E6. CLIMATE RESILIENCE Client resilient operations by 2030

Social			
Themes and Goals	1. Health & safety 2. Sustainable Communities	3. Nation Building through Economic Growth 4. Indigenous Peoples Partnership	5. Work Conditions (Decent Work) 6. Diversity and Inclusion
Phase 1	S1. HEALTH & SAFETY Good health and well-being	S2. DIVERSITY & INCLUSION Equal opportunity at all levels and across all backgrounds	S3. SUSTAINABLE COMMUNITIES Sustainable communities after conversion
Phase 2	S4. WORK CONDITIONS Decent work at all levels	S5. INDIGENOUS PEOPLES PARTNERSHIP Empowered and self-reliant Indigenous Cultural Communities	S6. NATIONBULDING THRU ECONOMIC GROWTH Catalyst for economic growth

Governance			
Themes and Goals	Incident/Risk Management Systems	Corporate Governance	Corporate Behavior
	G1. CORPORATE GOVERNANCE Inclusive leadership and management	G2. CORPORATE BEHAVIOR Strong organizational culture	G3. INCIDENT/RISK MANAGEMENT SYSTEMS Robust and comprehensive risk management systems

NAC's Contribution to Sustainable Development Goals (SDGs)

Through the Sustainability Framework, NAC integrates its ESG initiatives with its commitment to the UN SDGs and ensures that programs and policies have meaningful and beneficial impacts that benefit all its stakeholders.

Pillar	Rank	Material Topics	UNGC Principle	Performance
Environment	1	Water Management	**Environment** ***Principles 7*** Businesses should support a precautionary approach to environmental challenges;	**SDG 6** Water extracted (cu.m) – **672,775.91** Silt Collected (WMT) – **572,297.07** Water discharged (cu.m) – **9,177,899.23**
	2	Waste Management	***Principles 8*** Undertake initiatives to promote greater environmental responsibility; and	**SDG 12** Non-hazardous waste diverted from disposal (kg) – **250,419.52** Percentage of total waste diverted from disposal (kg) – **35.27%**
	3	Biodiversity Protection	***Principle 9*** Encourage the development and diffusion of environmentally friendly technologies.	**SDG14** Budget for water protection programs (Million ₱) – **173.36** **SDG 15** Number of seedlings planted – **305,361** Land area rehabilitated (has.) – **67.77** Land area reforested (has.) – **65.69**
	4	Energy Efficiency		**SDG 7** Total renewable energy generated (kWh) – **143.77M**

				SDG 12 Fuel consumed (L) – **30,112,150.83** Electricity consumed (MWh) – **8,185.06**
	5	Climate Resilience		Investment in EPEP (Million ₱) – **477.85**
	6	Greenhouse Gas		**SDG 13** Total emissions avoided (tCO_2e) – **59,255.47**
Social	1	Health and Safety	**Human Rights** ***Principle 1*** Businesses should support and respect the protection of internationally proclaimed human rights; and ***Principle 2*** Make sure that they are not complicit in human rights abuses.	**SDG 3** Expenditure on health and safety programs (Million ₱) – **111.60** Expenditure on relief goods (Million ₱) – **0.18** Household assisted – **1,281**
	2	Sustainable Communities		**SDG 11** Total amount spent on road construction/improvement (Million ₱) - **1.78** **SDG 9** Expenditure on infrastructure projects (Million ₱) - **29.06**
	3	Nation Building through Economic Growth	**Labor** ***Principle 3*** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. ***Principle 4*** The elimination of all forms of forced and compulsory labor; ***Principles 5*** The effective abolition of child labor; and ***Principles 6*** The elimination of discrimination in	**SDG 8** WMT ores sold (thousand WMT) - **16,200.70** Percentage of spending on local suppliers – **99.43%** Expenditure on livelihood programs (Million ₱) - **24.14**
	4	Indigenous Peoples Partnership		**SDG 10** Indigenous population supported by SDMP – **24,714** Indigenous Peoples hired in the workforce **– 261** Number of People's Organizations benefited – **53**
	5	Work Conditions (Decent Work)		**SDG 3** Total safe man hours – **119M** **SDG 4** Total training hours for employees - **64,312** **SDG 8** Total number of employees **– 3,692** Employees under CBA **– 1,176** Employees hired from local communities – **2,995**

	6	Diversity and Inclusion	respect of employment and occupation.	**SDG 5** Percentage of women in the workforce – **19.20%** Percentage of women returned to work after parental leave – **96.00%** Percentage of women in supervisory, managerial positions – **30.00%**
Governance	1	Corporate Governance	**Anti-Corruption** *Principle 10* Businesses should work against corruption in all its forms, including extortion and bribery.	**SDG 5** Number of women on the board – **2** **SDG 10** Entry-level wage exceeds the local minimum wage requirement by [1]
	2	Corporate Behavior		**SDG 16** Incidents of corruption - **0**
	3	Incident/Risk Management Systems		**SDG 9** Number of data breaches - **0**

[1] Average of local minimum wage across all sites vs. average of standard entry level wage across all sites

Engaging with our Stakeholders

Stakeholder engagement and communication play a vital role in the businesses of NAC. It is embedded in the Company's operational DNA to be sensitive and responsive to the respective concerns of all stakeholders. All possible channels of communications are also made accessible to ensure that there is a platform not only to share perspectives and concerns but also to provide project updates.

Unique concerns of stakeholders are diligently acted upon, and key issues are addressed as they emerge to maintain transparency, accountability, and integrity. NAC maximizes the use of official report documents and the corporate website to enable timely communication. It also conducts events to promote stakeholder interaction and discussion.

Stakeholders/Stakeholder Group	Key Issues/Concerns Identified	Engagement Channels	Engagement Activities Highlights
Employees	Equal opportunities at all levels and all backgrounds	Survey, Trainings, Information dissemination, E-learning platforms, Health and safety seminars	◎ NAC Policy on Diversity, Inclusivity and Equality approval and implementation
	Work life balance		◎ Implementation of NAC LiveWell programs and activities such as: Mental Health Awareness, Disease awareness and prevention, Medical Advisories and Outpatient procedures
	Occupational Health and Safety - Mental health - Healthcare access		◎ Implementation of Occupational Health and Safety programs and activities
	Protection of Human Rights		◎ Implementation of Business Units' Human Rights policy and ongoing formulation of the NAC Human Rights Policy
	Freedom of Association and Collective Bargaining		◎ Labor management consultations and presence of grievance mechanism venues
	Human Capital Development		◎ Continuing learning and development programs
	Climate Change issues		◎Conduct of Climate Risk Assessment
	Data protection and Cybersecurity		◎ NAC Personal Data Privacy Governance and Management Manual approval and implementation
Contractors, Business Partners, Suppliers	Occupational Health and Safety - Mental health - Healthcare access	Survey, Trainings, Information dissemination, Health and safety seminars	◎ Contractual obligation of Service Contractors to comply with Occupational Safety and Health Standards ◎ Annual monitoring and evaluation of safety performance ◎ Awareness and Trainings on Safety and Health
	Freedom of Association and Collective Bargaining		◎ Acknowledgement and adherence to the existing NAC's Code Business Conduct and Ethics, Anti-Bribery Policy, and other applicable policies by the Supply Chain
	Protection of Human Rights		◎ Inclusion of the Supply Chain in the Human rights policy, human rights risk assessment and due diligence
Government and Regulatory Agencies	Transparency, anti-corruption, tax strategy	Public consultations, meetings, conferences	◎ Strong supporter of Philippine Extractive Industry Transparency Initiative (Ph-EITI)
	Zero bribery		
	Data protection and Cybersecurity		
	Environmental impacts management		◎ Implementation and monitoring of environment programs; regular monitoring of abidance to related environment parameter standards and regulations
	Climate Change issues		
	Energy Management and security		
	Community Climate Resilience and Disaster Risk Reduction and Management		◎ Capacity building and training for Local DRRM units, support in rescue and relief efforts

	Opportunity for Local and Marginalized Populations		◎ Partnership with TESDA for training and accreditation of facilities and personnel as training centers
	Access to basic services		◎ Support in the LGU's master development plan
	Sustainable Livelihoods		◎ Collaboration with DTI and other responsible agencies for livelihood creation and technology support for community groups.
	Natural Habitats Protection		◎ Biodiversity management plans and implementation
	Preservation of Biodiversity		◎ Conduct of biodiversity assessment and formulation of biodiversity management programs
	People's Organizations and Good Governance		◎ Capacity building and support for transparency and values formations of local and partner People's Organizations
	Access to clean water		◎ Water management programs and regular monitoring of water quality parameters to ensure abidance to water quality standards and regulations
	Proper waste management		◎ Development and implementation of waste management programs
	Protection of Human Rights		◎ Collaboration with DOLE in ensuring labor and human rights standards are being followed
Community and Indigenous Peoples	Opportunity for Local and Marginalized Populations	Public consultations, meetings, conferences, site visits, community programs, projects, and activities	◎ Provision of training and skills development for the local and vulnerable groups
	Access to basic services		◎ Support for the construction for the access to clean and safe water; construction of roads, pathways, and bridges; and provision of electricity systems to the community and households
	Sustainable Livelihoods		◎ Support for feasible and sustainable livelihoods, provision of capacity building trainings, value adding facilities and marketing
	Community Climate Resilience and Disaster Risk Reduction and Management		◎ Conduct of rescue and relief efforts, provision of relief packages
	Natural Habitats Protection		
	Preservation of Biodiversity		◎ Biodiversity management plans and implementation
	Climate Change issues		◎ Active membership in the SDGs Chamber of the National Economic and Development Authority (NEDA)
	People's Organizations and Good Governance		◎ Capacity building and support for transparency and values formations of local and partner People's Organizations
	Access to clean water		◎ Implement water risk mitigation and enhancement of water management programs
	Proper waste management		◎ Implementation of waste management programs and provision of support to community
	Indigenous Peoples Partnership		
	Protection of Human Rights		◎ Community involvement and human rights due diligence, open and transparent grievance mechanism avenues
Academe and Research Institutions	Climate Change Issues	Conferences, consultations, meetings, research implementation	◎ Conduct of research with state university on environment and mining related topics including but not limited to Land Use Change Greenhouse Gas emission, water, biodiversity
			◎ Conduct of Sustainability Contest with students and faculty as contestants to boost research and development and help country achieve sustainable development
	Environmental impacts management		◎ Tap academic experts on conducting capacity building on Biodiversity Protection for Environment staff of NAC Group; Attended conferences related to Environmental Protection and Management organized by Academic and Research Institutions
Civil Society Organizations and Industry Associations	Climate change issues	Public consultations, meetings, conferences, information dissemination	◎ Active membership in the SDGs Chamber of the National Economic and Development Authority (NEDA)
			◎ Active participant of United Nations Global Compact (UNGC) and local chapter of the network, Global Compact Network Philippines (GCNP)
			◎ Membership in the major industry associations in the Philippines - Chamber of Mines of the Philippines (COMP) and Philippine Nickel Industry Association (PNIA)

	Nation building through economic growth		◎ Active membership in the SDGs Chamber of the National Economic and Development Authority (NEDA)
	Sustainable Communities		◎ Strong supporter of Philippine Extractive Industry Transparency Initiative (Ph-EITI)
	Community Climate Resilience and Disaster Risk Reduction and Management Environmental impacts management Protection of Human Rights Transparency, anti-corruption and anti-bribery, tax payments		◎ Conduct of Sustainability Run with proceeds to be used in mangrove rehabilitation in partnership with non-government organization and community organization
Investors and Shareholders	Sustainability reporting and disclosures	Consultations, meetings, information dissemination, and reporting	◎ Quarterly results briefing ◎ Investor conferences ◎ Sustainability Reporting

On July 23, 2023, NAC staged the first-ever NAC Sustainability Run which drew more than 2,000 participants. This was held simultaneously in Pasay City in Manila, Puerto Princesa City in Palawan, and Surigao City in Surigao del Norte. For every participant, NAC committed to plant mangroves in coastal barangays in Hagonoy and Malolos in Bulacan. In January 2024, NAC employees together with members of partner-organizations facilitated and supported the planting of 32,175 mangrove seedlings.

NAC also held its first NAC Sustainability Contest in August 2023. Fifteen teams from different universities nationwide participated wherein each was given a P100,000 research grant in support of their proposals. The teams were selected by a panel of expert judges from entries received by the Company between February to June 2023. The results of the research will be presented in the Sustainability Innovators Award to be held in August 2024. This provides a platform for the students to exchange knowledge and showcase their respective sustainable solutions to the public.

The NAC Sustainability Contest is part of the Company's Sustainability stakeholder engagement plan. The contest is designed to encourage students to engage in research projects that utilize science-based techniques that can enhance environmental practices and promote responsible utilization of natural resources.

Material Aspects of Sustainability

A Materiality Assessment was conducted in 2022 to identify and validate the issues and opportunities most relevant to the Group and the communities where it operate. To create a shared vision with its stakeholders, it was imperative to identify the issues material to the Company's continued ability to grow. The assessment results were crucial to NAC's value creation and Sustainability Journey.

The Materiality Assessment was designed to surface and align key issues with the Group's sustainability strategies, strengthen the approach to stakeholder engagement, refine the implementation of commitments and policies toward a sustainable business and community, and set a standard for sustainability reporting. The Group will use insights from the Materiality Assessment to steer strategies and operations toward its commitment to contribute to a sustainable world for everyone, for generations to come.

Methodology

NAC's Board of Directors and Management Committee identified the following material topics on Environment, Social, and Governance:

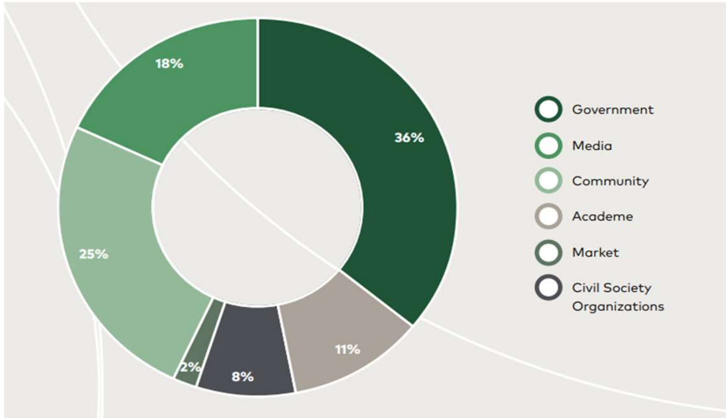
- Climate Resilience
- Corporate Behavior
- Corporate Governance
- Diversity and Inclusion
- Energy Efficiency
- Greenhouse Gas
- Health and Safety
- Incident/Risk Management Systems
- Indigenous Peoples Partnership
- Nation-building through Economic Growth
- Sustainable Communities
- Waste Management
- Water Management
- Work Conditions

The identified topics were validated through a survey that covered both internal stakeholders (regular and probationary employees), and external stakeholders (government agencies, media, academe, downstream market, community, and civil society organizations). Random sampling was done for the total population of internal and external stakeholders with a 9% to 10% margin of error.

OPCO	Internal Stakeholders		External Stakeholders	
	Population	Sample Size (10% MoE)	Population	Sample Size (9% MoE)
NAC	121	6	17	7
RTN	568	28	234	28
TMC	677	36	80	14
CMC	253	13	22	7
HMC	296	3	62	12
DMC	42	2	116	16
JSI	45	2	41	10
CEXCI/NEWMIN CO	12	1	152	3
TOTAL	**1,914**	**91**	**724**	**97**

Population and Sample size of Internal and External Stakeholders

A total of 1,914 internal stakeholders participated in the survey. RTN and TMC have the greatest employee population and, thus, the largest sample size. For external stakeholders, the NAC Group identified 724 stakeholders, of which RTN and DMC have the largest sample size. Among external stakeholders, the Government, both National Regulatory Agencies and Local Government Units, composed 36% of the respondents. Community members accounted for 25% of external stakeholders, with Civil Society Organizations following at 18%.



Composition of External Respondents

The survey was designed to assess the significance, impact, and relevance of ESG issues to stakeholders and businesses. Respondents were either sent a survey via email or were interviewed in person. The interviews were conducted by the Community Development and Relations Office and Human Resources of each subsidiary.

The evaluation used the following rating system:

Impact on Stakeholder	**Impact on Business**
1 - Least important to stakeholders	1 - Least relevant to business
2 - Somewhat important	2 - Somewhat relevant
3 - Important	3 - Relevant
4 - Very important	4 - Very relevant

The materiality matrix on the right summarizes the assessment results. The horizontal axis shows the importance of ESG Material Topics to stakeholders while the vertical axis shows the importance of ESG Material Topics to business. According to the matrix, the most important and relevant topics to both NAC and its stakeholders are Health and Safety, Water Management, and Waste Management.

Risk and Opportunities

Recognizing the dynamic landscape of the nickel mining sector, NAC proactively identified key risks and opportunities aligned with industry trends in both global and Philippine scenarios. The following summarizes these critical risks and opportunities and outlines NAC's strategies to mitigate risks and creating opportunities:

Market Price Volatility
NAC proactively addresses the risk of declining nickel prices by capitalizing on the growing demand for nickel through the diversification of its product portfolio, ensuring its resilience and adaptability in a dynamic market.

Rising Costs
NAC acknowledges the rising costs of production as a key risk, yet sees an opportunity in the emergence of new, potentially cost-efficient production technologies. By actively investing in research and development and adapting to potential changes in transport costs, NAC aims to mitigate production cost increases and even leverage the opportunity to gain a competitive edge.

Business Interruption
NAC acknowledges the threat of rising production costs and operational risks. However, the Company actively seeks to turn these challenges into opportunities. Government support for the nickel industry provides a buffer against rising costs, while community development programs cultivate trust and reduce operational risks. Additionally, implementing strict environmental and social standards not only fulfills regulatory requirements but also potentially attracts further government support and mitigates operational risks.

Procurement
While supply chain disruptions pose a potential threat, NAC mitigates this risk by establishing a diverse network of suppliers and partners. This strategy strengthens resilience and adaptability across the supply chain. Additionally, NAC invests in digital technologies to improve supply chain visibility and efficiency, enabling it to anticipate and respond to disruptions more effectively, turning potential challenges into opportunities for cost optimization.

Regulatory Uncertainty
Navigating the dynamic landscape of government support and regulations requires a strategic approach. NAC monitors and complies with state policies in the Philippines which minimizes risks and ensures smooth operations. The Company even goes beyond compliance through engaging with policymakers and industry associations to advocate for value-adding regulations. This collaboration ensures the industry's voice is heard and contributes to shaping regulations that benefit both NAC and the broader sector.

Technological Implementation

The dynamic landscape of technology presents both risks and opportunities for NAC. Recognizing this, the Company embraces new technologies to optimize mining processes and minimize environmental footprint. By investing in research and development of innovative solutions, NAC mitigates the risks of technological disruption and seizes the opportunity to establish itself as a leader in sustainable and efficient mining practices.

Switch to Growth

Economic downturns pose a significant risk, but NAC sees an opportunity to strengthen its position. By diversifying its product portfolio and venturing into new markets especially in the energy sector, NAC reduces its vulnerability to fluctuations in any single sector. Additionally, NAC implements cost-saving measures and optimize operations, ensuring financial efficiency even in challenging economic conditions. This forward-thinking approach transforms potential threats into opportunities for diversification, adaptability, and long-term sustainability.

Climate Change

While climate change presents a growing challenge, NAC sees an opportunity to be a leader in responsible mining practices. By empowering operations to adapt and mitigate climate change impacts, NAC does not only reduce risks but also seize the opportunity to position itself favorably in an increasingly environmentally conscious market. The Company's approach focuses on investing in renewable energy sources and reducing carbon emissions, demonstrating its commitment to both environmental responsibility and long-term sustainability.

Water and Wastewater Management

Facing the growing risk of water scarcity, NAC proactively mitigates this challenge by implementing water conservation measures and developing sustainable water management practices. The Company sees this not just as risk mitigation but also an opportunity to create a positive impact. By collaborating with local communities to address water scarcity issues, NAC strengthens community relations, fosters responsible resource management, and creates shared value that further strengthen sustainable water management.

Ecological Impact

Recognizing the critical threat of biodiversity loss, NAC goes beyond simply mitigating this risk. The Company sees this as an opportunity to be a leader in environmental stewardship by actively protecting biodiversity and restoring ecosystems. Through implementing robust conservation measures, supporting community-based initiatives, and undertaking ambitious reforestation and restoration programs, NAC creates shared value. This approach minimizes impact on the environment, fosters positive relationships with local communities, and makes for a responsible and sustainable business.

Our Sustainability Performance

Stewards of the Planet

Sustainable Stewardship of our Planet

The idea of an ecosystem that emphasizes the interconnection of everything motivates NAC and all its subsidiaries to approach environmental stewardship in a balanced and holistic way. Guided by the principles of sustainability and responsible mining, NAC affirms its commitment to the Global Sustainability Development Goals by aligning its business operations in pursuing scientifically based programs for land restoration and enhancement.

NAC's environmental management approach – a standard in all its operating mines – is guided by its Environmental Protection and Enhancement Programs (EPEPs). These are comprehensive and strategic blueprints that map detailed sustainable resource management plans covering water protection, air protection, and land protection. These are supported with annual funds mandated by law that may also be used to provide investment for environmental monitoring, research, and conservation values assessments.

As a result, NAC subsidiaries were awarded the prestigious Presidential Mineral Industry Environmental Award (PMIEA) for Best Forest and Environmental Protection Best Practices. The PMIEA is given to companies that have exhibited exemplar initiatives in reforestation, rehabilitation of disturbed areas, construction and maintenance of environmental facilities, solid waste management, hazardous waste management, air quality monitoring, and downstream water quality preservation. These are reported publicly through the Annual EPEP scorecard that is overseen by the Mines and Geosciences Bureau under the DAO 2018-02.

EPEP Spending (₱)	RTN	TMC	HMC	CMC	DMC	TOTAL
Land Protection	37,016,034.00	59,022,006.00	39,967,093.00	31,289,836.00	18,666,542.00	185,961,511.00
Air Protection	10,910,847.00	18,892,313.00	7,169,962.00	8,922,629.00	1,395,946.00	47,291,697.00
Water Protection	21,219,093.00	86,512,510.00	40,445,230.00	20,934,965.00	4,262,748.00	173,374,546.00
Environmental Monitoring	1,327,033.00	6,628,466.00	6,391,095.00	9,585,909.00	820,132.00	24,752,635.00
Other Initiatives	14,618,286.00	15,797,966.00	6,378,874.00	6,516,796.00	3,159,809.00	46,471,731.00
TOTAL EPEP	**85,091,293.00**	**186,853,261.00**	**100,352,254.00**	**77,250,135.00**	**28,305,177.00**	**477,852,120.00**
TOTAL APPROVED EPEP BUDGET FOR 2023	**101,869,618.00**	**208,699,296.00**	**96,385,262.00**	**94,945,201.00**	**35,114,841.00**	**537,014,218.00**
PERCENTAGE ACCOMPLISHMENT	**83.52%**	**89.53%**	**104.12%**	**81.36%**	**80.61%**	**88.98%**

Greenhouse Gas and Non-Greenhouse Gas

The NAC ESG Technical Working Group (TWG) and Sustainability Team previously conducted a GHG inventory to gather the five-year historical baseline data of the GHG emissions from all its subsidiaries. Emissions classified under Scopes 1 and 2 were covered by the said inventory. The inventory will be used as the main reference material for the ongoing assessments and analysis and is expected to aid in the identification of the most feasible emission reduction strategies.

The Company, in partnership with the University of the Philippines Los Baños (UPLB), is conducting a study on Land Use Change and Degradation Emission. The research is expected to be completed in 2024 and results will be integrated into NAC Group' s GHG inventory to have a better accounting of emissions coming from land use change especially in mining operations. The NAC Sustainability Roadmap GHG goal has started accounting for land use change using data from existing studies. Land use change is a major source of GHG emission of mining operations as well as the land development for renewable energy especially solar.

For non-GHG, NAC's operating companies conduct regular emission testing and measurement of dust emissions to ensure compliance with all air quality regulations. In addition, NAC also acquired necessary permits for pollutant-emitting devices and provided monitoring reports to bureaus under the Department of Environment and Natural Resources that ensure emissions are well within the regulatory limits.

Ozone-depleting substances (ODS), including but not limited to refrigerants, were also monitored by regularly checking all equipment and conducting vehicle maintenance activities. Per DENR Administrative Order 2004-26, or the Amending Rule XIX of DENR Administrative Order No. 2000-81 (Implementing Rules and Regulations of RA 8749), companies are mandated to test for ODS in accordance with the source-specific monitoring and reporting requirements indicated by the permit issued by the DENR through its Environment Management Bureau (EMB). All operating mining companies tested ODS in 2022. NAC seeks to strengthen the materials inventory system to screen and determine ODS used in operations. Any other significant air emissions are monitored through monthly TSP and PM_{10} emission tests.

RTN consistently conducted stack emission sampling of new air pollutant sources. As a result, RTN identified fugitive dusts as the primary emission from its operations. It used additional water trucks for road watering and acquired a road vacuum sweeper. Meanwhile, TMC deployed water lorries to designated strategic areas to address dust excesses and integrated a new contract requirement for its contractor specifying the provision of water lorries to help address dust issues.

The regularly conducted tests throughout the year yielded clear results, with no recorded instances of air pollution levels above regulatory limits. Still, the NAC Group remains vigilant in monitoring and has committed itself to reducing GHG and non-GHG emissions in the next years. For instance, it monitors the refrigerants used in air conditioning units (ACUs) and identifies other possible sources of ODS in operations. It also complies with the phase-out schedule, ban, and control of importation of ODS based on the mandates issued by the DENR.

Air Quality	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Avoided emission	N/A	N/A	N/A	N/A	N/A	59,255.47	59,255.47
GHG (Scope 1) TCO_2	22,771.71	62,203.68	298, 819.89	13,699.10	123,619	43.63	521,157.01
GHG (Scope 2) TCO_2	1,231.20	1,845.00	24.00	0.00	0.00	675.68	3,775.88
Ozone-depleting substances (ODS) (kg)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	
Nitrous Oxides (NOx) (mg/Ncm)	Not tested	17.00	Not tested	36.00	Not tested	N/A	
Sulfur Oxides (SOx) (mg/Ncm)	Not tested	5.00	Not tested	2.00	Not tested	N/A	
Persistent organic pollutants (POP)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	
Volatile organic compounds (VOC)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	
Hazardous air pollutants (HAP)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	
Particulate matter (PM) (ug/Ncm)	47.00	36.29	Not tested	76.00	17.06	N/A	
Mercury (Hg)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	
Lead (Pb)	Not tested	Not tested	Not tested	Not tested	Not tested	N/A	

**Parameters not tested for 2023 are subject for emission testing depending on issued emission certification*

In 2023, NAC initiated the Scope 3 Emissions Inventory in alignment with its 2025 target of 100% completion of GHG accounting. For the quantification of all Scope 3 emissions, it was essential to involve and get the support of the members of NAC's supply chain. A NAC Group-wide survey was also conducted to determine and quantify the contributions from the commute of all employees to the Company's GHG emissions. Through the cooperation of the management and all business units, the survey was able to garner a hundred percent response rate throughout NAC.

JSI is already in the process of updating its internal energy conservation policy and program while also piloting a mechanical battery system to decrease dependence on purchased electricity and move forward with the Company's objective to shift to 100% clean energy use in its operations and work activities.

Biodiversity Protection

At the start of 2023, the environmental teams across the NAC Group outlined the corporate direction for the year, beginning with dissecting a new environmental law issued by the Department of Environment and Natural Resources – the DAO 2022-04.

The new DAO directs that all appropriate measures for responsible mining – geared towards the preservation and protection of biodiversity – should be brought immediately to the forefront as early as the planning stage of mining operations going into progressive rehabilitation and onto the end of mine life.

The DAO also mandates the establishment of a 'reference forest,' or a portion of the mining property that shall remain in its original state from its pre-mining status to serve as the guiding image or model for ecosystem restoration or responsible rehabilitation after mining.

As a proud champion of sustainable minerals processing systems, NAC has placed emphasis on the protection and conservation of native and endemic species to efficiently bring back the natural functions of the forests after mining.

As responsible stewards of the environment and a strong advocate of biodiversity protection, NAC has consistently moved to safeguard the ecosystems within its areas of operations, implementing mitigating measures and initiatives, and funding programs toward environment protection and enhancement.

To extensively assess the existing biodiversity ecosystems within the NAC Group's MPSAs, it continues to collaborate with experts from the University of the Philippines Los Baños (UPLB). Through this, NAC discovered that some flora and fauna within the areas of its operations are included in the 'Red List of Threatened Species' under the conservation list of the International Union for Conservation of Nature (IUCN). NAC continues to protect these identified species.

To guarantee that operations will have the least possible impact on the environment, NAC follows science-based guidelines in crafting its Environmental Work Program (EWP) in each mine site from exploration to mining operation and rehabilitation. The Group relies on efficient mine planning to determine optimal areas for development while staying mindful of the critical areas where surrounding biodiversity and ecological systems must be protected at all costs.

Biodiversity Management is a major component of NAC operating companies' AEPEPs and includes programs such as Buffer Zone establishment, reforestation inside its MPSA, accreditation of deputized environment and natural resources officers (DENROs), conduct of flora and fauna assessment, and the establishment of mangrove plantations, coral nurseries, and artificial coral reefs, among other initiatives.

The NAC Group strongly supports the government's National Greening Program (NGP), donating large numbers of various seedlings, most particularly fruit-bearing trees. The Company's Information Education and Communications (IECs) campaigns emphasize the objectives and overarching message of its NGP initiatives on climate change and environmental awareness and promote biodiversity protection and conservation.

In 2023, NAC donated 237,308 seedlings and planted 305,361 trees within mining camps and in other areas identified by the NGP campaigns. NAC is fully committed to the directives of the Philippine Mining Act of 1995, requiring mining companies to restore and rehabilitate mined out areas.

Land Protection[2]	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Total Area Disturbed (ha)	1,213.77	1,005.63	488.69	294.19	92.01	416.69	3,510.98
Total Area Used for Other Purposes (ha)	0.00	0.00	0.00	0.00	0.00	N/A	2.92
Total Area Rehabilitated (ha)	2.00	35.00	20.60	10.17	0.00	N/A	67.77
Total Area Reforested (ha)	18	10	6	26	5.69	N/A	65.69
Area of land used for extractive use (ha)	53	143.10	13.53	44.92	5.44	N/A	259.99
Area of land used for construction and development	51.01	160.36	35.9	28.52	41.07	0.00	316.86
Percentage of land requiring biodiversity management plans	100%	100%	100%	100%	100%	N/A	
Operational sites owned, leased, managed in, or adjacent to, protected area and areas of high biodiversity value outside protected areas (ha)	N/A	N/A	773.70	80.00	106.27	554.59	1,514.56
Habitats protected or restored (ha)	650.00	N/A	N/A	80.00	68.81	N/A	798.81

[2] Data in Total Area Disturbed, Areas of land used for extractive use and Area of land used for construction and development are cumulative data based on the Annual Land Use Report

IUCN Red List species and national conservation list species with habitats in areas affected by operations

Biodiversity Programs			
RTN		**CMC**	
Least Concern	Great Egret, Eurasian Coot, Wandering Whistling Duck, Olive backed Sunbird, Osprey, Common Iora, Common Emerald Dove, Whitevented Shama, Monitor Lizard, Palawan Flowerpecker, Brahminy Kite, White-bellied Sea Eagle, Blue Paradise Flycatcher, Blue Rock Thrush, Crested Serpent Eagle, Yellow-throated Leafbird, Yellow vented Bulbul, Scaly-breasted Munia, Pygmy Flowerpecker, Paddy field Pipit, Grey Wagtail, Palawan Bulbul, Hooded Pitta, Tufted Duck, Garganey, Crested Goshawk, Changeable Hawk-Eagle, Oriental Dwarf Kingfisher, Pink-necked Green Pigeon, Gunther's Whip Snake, Green-crested Lizard, Palawan Flying Lizard	Critically Endangered	Buhon-buhon, Yakal, Mayapis
		Endangered	Philippine Forest Turtle, Pitcher Plant (*Nepenthes bellii* and *Nepenthes surigaoensis*), Teakwood, Tugas, Magkono, Tree Fern
		Vulnerable	Philippine Sailfin Lizard, Lapnisan, Antipolo, Kamagong Dagat, Kamagong, Ituman, Red Nato, Wakatan, Narra, White Lauan, Red Lauan, Tanguile, Tiga Pula, Tiga Puti, Dao
		Near Threatened	Mindanao Fanged Frog, Philippine Tarsier, Island Flying Fox, Katmon, Kalingag, Anislag, Duguan, Balakat, Lokinay
HMC		**DMC**	
Critically Endangered	*Paphiopedilum ciliolare, Xanthostemon bracteatus*	Critically Endangered	Philippine Eagle
Endangered	*Nepenthes surigaoensis, Xanthostemon verdugonianus*	Endangered	Dalingdingan, Yakal, Igem-dagat, Narra, Kamagong
Vulnerable	*Alocasia zebrina, Artocarpus blancoi, Intsia bijuga, Pterocarpus indicus f. echinatus, Shorea polyspermaz*	Vulnerable	Philippine (Dwarf) Kingfisher, Philippines Duck, Philippine Eagle-Owl, Ashy Thrush, Southeast Asian Box Turtle, *Manggachapui, Palosapis,* Guijo/Red Balau, Red Nato, Malaikmo
Near Threatened	*Limnonectes magnus, Pteropus hypomelanus, Flueggea flexuosa, Parashorea malaanonan*	Near Threatened	Almon, Batikuling, Manaring, Ipil/Merbau
Least Concern	*indus, Haliaeetus leucogaster, Todiramphus chloris, Collocalia troglodytes, Collocalia esculenta, Corvus macrorhynchos, Chalcophaps indica, Dicaeum trigonostigma, Dicaeum australe, Cinnyris jugularis, Pycnonotus goiavier, Rhipidura javanica, Aplonis panayensis, Passer montanus, Cyrtodactylus agusanensis, Cynopterus brachyotis, Ptenochirus minor, Rousettus amplexicaudatus*	Least Concern	*Varanus salvator, Red Lauan, Tanguile, Mayapis, Agoho, Duguan, Gatasan, Malabayabas, Malakmalak, Palomaria/ Tamanu, Kulipapa, Maladuhat/Bikuas, Malasantol/Sentul*

TMC		JSI	
Critically Endangered	Yakal, *Pandanus patelliformis*	Vulnerable	Alalangad, Kupang, Lauan, Akle
Endangered	Saguisi-mina, Pasnit-kitid, *Pandanus ramosii,* Lady's Slipper Orchid, Dayopod, Dalinsoi	Near threatened	Puso-Puso, lanete
Vulnerable	Palosapis, Dalindingan, Kalingag, Mancono, Pitcher Plant, Philippine Duck, Philippine Warty Pig, Philippine Sailfin Lizard	Least concern	Balete, Bilua, Gmelina, Lamio, Antipolo, Putat
Near Threatened	Malapandan		

Biodiversity Programs			
RTN		**HMC**	
Mangrove rehabilitation projects	47.00 ha	Mining Forest Program	24.00 ha
Protection of Ursula Island game refuge and bird sanctuary	17.00 ha		
Rehabilitation of mined-out areas	208.54 ha		
National Greening Program	543.97 ha		
Bamboo Plantation Project	58.30 ha		
Community Partnership Program	57.00 ha		
CMC		**TMC**	
Conservation Values	80.00 ha	Flora and fauna monitoring	4,862.71 ha
		Restoration Development Program	4.00 ha

Water Management

Water resources are essential for mining processes as these are indispensable for domestic and operational use. Water is used to maintain domestic facilities. In operations, it is particularly used for drilling activities, in maintenance and cleaning of equipment, in road watering as a dust suppression measure, in the maintenance of nurseries and rehabilitation areas, and in fire/emergency response.

In 2023, NAC has recorded 672, 775.91 m^3 as the total volume of water withdrawn, mostly from surface and groundwater resources. Each NAC operating company implements a water management plan under the EMS Framework retrofitted for their specific needs while ensuring the proper utilization of the resources. Water usage and discharge are regularly monitored, and proper mitigation measures are implemented for any known risks. The plan is supplemented by several policies and practices on water conservation, water use efficiency, and water quality enhancement.

Water Use and Protection	Extraction Water Body	Extraction Volume (cu.m)	Discharge Water Body	Discharge Volume (cu.m)	Silt Collected (WMT)
RTN	Ground Water Rainwater Recycled Wastewater	218,737.59	Surface Water	8,805,788.68	92,085.00
TMC	Surface Water Groundwater	317,068.00	Surface Water Groundwater	315,545.00	292,648.00
HMC	Surface Water	49,760.93	Surface Water	56,565.55	102,419.40
CMC	Surface Water Groundwater Recycled Wastewater	70,915.90	Surface Water	(no data)	67,825.00
DMC	Surface Water	16,293.49	Surface Water	0.00	17,319.67
Total		**672,775.91**		**9,177,899.23**	**572,297.07**

To lessen water extraction, NAC also practices and promotes water recycling through the reuse of the water captured by settling ponds for dust control and plant watering activities. Establishment of siltation ponds is a proven effective mitigation measure against water wastage as it serves as water impoundment for effluents used in vehicle washing and road spraying activities. It also prevents contamination by trapping in silts from the runoff. These structures are regularly desilted to remain functional and to prevent spillage of silted wastewater.

Other mitigation measures include the installation of water reservoirs and establishment of activated carbon gabions. Exposed slopes were also prioritized in the rehabilitation and planting to reduce exposed areas that are prone to erosion. Eroded surfaces when exposed to water and precipitation generate silted effluents which could contaminate the receiving water bodies. Other exposed areas such as ore stockpiles – wherein previously mentioned mitigation activities are not applicable – were covered to ward off external erosion factors.

In addition to the NAC-wide initiatives, RTN spearheaded the installation of rainwater harvesting facilities. The water collected from the precipitation is used as a water source for toilets in select buildings. Other initiatives include the installation of desilting pads on three siltation ponds which increased water attenuation and water recycling.

Phytoremediation, another decontamination technique, is also among the best practices implemented by NAC to improve the quality of the mines' effluents and discharges. Vetiver grasses were planted in ponds to extract contaminants that may have potentially penetrated the soil.

NAC strongly believes in working together towards the common goal of water management; hence, its strengthened engagement with the DENR particularly in watershed management programs. The Company invested in partnerships for the preservation, protection, and conservation of identified water-rich areas in and outside its areas of responsibility. Further, as part of the requirements set by government agencies, NAC hosts and participates in Multipartite Monitoring and any initial findings are immediately addressed. NAC adheres to the government-prescribed guidelines and continuously reviews and improves its water management practices.

Aside from the proper utilization of water resources through responsible extraction, NAC also takes pride in its proper handling of effluents as guided by the standards set forth by the Republic Act 9275 or the Clean Water Act of 2004, DENR Administrative Order (DAO) No. 2016-08 or the Water Quality Guidelines and General Effluent Standards, and DAO 2021-19 or the Updated Water Quality Guidelines (WQG) and the General Effluent Standards (GES) for Selected Parameters.

Thoughtful handling of wastewater is an integral part of the water management plan to arrest downstream pollution. Preliminary initiatives such as effluent filtration are supported by continuous improvement of drainage systems and maintenance of the wastewater treatment facilities and oil water separators, proper waste management, and the construction of new pollution mitigation facilities like sewage treatment facilities for oil-contaminated soil and sludge.

Monthly and quarterly monitoring of water quality as well as the Total Suspended Solids (TSS) from designated sampling points were conducted through physical and chemical procedures. External service providers conduct the sampling required by the government agencies to ensure transparency and accuracy whereas in-house sampling activities were also conducted for self-monitoring purposes.

Just as important were initiatives to prevent soil and underground contamination. Towards this goal, NAC ensured that potential contaminants were not allowed to be in contact with the ground, and hazardous wastes were properly contained in facilities with impermeable flooring and bund walls. For example, HMC installed surfactant traps at its laundry facility and grease traps at its kitchen areas to intercept most grease and solids before entering a wastewater disposal system. Regular monitoring and maintenance of water pipes were also conducted to help prevent any leakages.

The Company also made use of internal communication channels to drive campaigns on water conservation. All subsidiaries continue to encourage employees and guests to conserve water and be conscious of water consumption. Signage and posters in strategic areas remind people to turn off the faucet when not in use. NAC also strengthened the knowledge and preparedness of its constituents by perfecting and cascading the Emergency Response Procedures for accidental release of contaminated water. Measuring devices were installed to strategically monitor the actual water extractions of its operations and campsites. Knowing the exact values of extractions will help identify where reduction measures may be implemented in the succeeding years. NAC recognizes the importance of analyzing water risks across its operations and identifying activities in stressed regions. It is also exploring ways to integrate water risk assessments into its operations management strategies and continues to be guided by the insights offered by the World Resources Institute's (WRI) Aqueduct tool for assessing water stress levels. Implementing a comprehensive analysis of all operations based on this specific methodology requires dedicated resources and infrastructure, which are still under development within the Group.

Waste Management

As part of its roadmap, NAC aims to institute circular economy in all its operations' campsites and townsites by 2030. To achieve this, it is integral to implement holistic programs and policies to manage waste efficiently.

NAC complies with DENR Memorandum Order No. 99-32 Series of 1999 that provides Policy Guidelines and Standards for Mine Wastes and Mill Tailings Management. Mine wastes, particularly silts from the siltation ponds, are typically used as back filling materials for surface mining openings, road construction, and rehabilitation of mined-out areas.

The total quantity of non-hazardous waste generated by the NAC Group amounted to 314,750.40 kilograms, representing 43.63% of the total waste generated. Through collective efforts, NAC diverted

250,419.52 kilograms of non-hazardous wastes from going to the landfill. NAC is committed to increasing the amount of waste recycled or reused through initiatives such as upcycling and waste utilization.

Waste Management in kg	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Non-Hazardous	207,510.00	28,862.26	40,559.90	24,906.24	8,812.00	4,100.00	**314,750.40**
Hazardous	67,904.10	187,550.00	40,540.00	98,727.70	11,524.00	349.70	**406,595.50**
Total Waste Generated	**275,414.10**	**216,412.26**	**81,099.90**	**123,633.94**	**20,336.00**	**4,449.70**	**721,345.90**
Non-Hazardous	181,110.00	20,074.62	20,802.00	20,049.70	6,083.20	2,300.00	**250,419.52**
Hazardous	11.00	0.00	0.00	0.00	3,955.80	0.00	**3,966.80**
Total Waste Diverted from Disposal	**181,121.00**	**20,074.62**	**20,802.00**	**20,049.70**	**10,039.00**	**2,300.00**	**254,386.32**
Non-Hazardous	59,120.00	7,980.53	20,084.40	4,327.88	2,728.69	1,800.00	**96,041.50**
Hazardous Waste	56,313.60	251,650.80	40,540.00	98,727.70	0.00	349.70	**447,581.80**
Total Waste Directed to Disposal	**115,433.60**	**259,631.33**	**60,624.40**	**103,055.58**	**2,728.69**	**2,149.70**	**543,623.30**

All NAC operating companies diligently implemented an effective solid waste management plan monitored by the Pollution Control Office (PCO) team, with the goal to protect the health and welfare of employees and communities by maintaining a clean and healthy workplace for all. Initiatives to reduce or control solid wastes included the use of plastic melter and densifier machines for plastic waste reduction. Properly labeled waste bins were also deployed throughout the sites to promote and encourage the practice of waste segregation at the source.

Additionally, NAC continued the practice of upcycling and placed high value on technologies that help the Company manage wastes effectively, such as the Department of Science and Technology's bioreactor, vermicomposting, and mulching for biodegradable wastes; the use of Materials Recovery Facilities (MRF) for recyclable and reusable wastes; and using sanitary landfill for residual wastes.

This year, DMC introduced a waste utilization campaign through its "*Basura mo, Ireresiklo ko*" project. Glasses and plastic sheets are mixed to make eco-bricks while solid wastes are used for bund walls and berm.

CMC conducted solid and ecological waste management IECs for all mine personnel as well as for the members of host and neighboring communities. Waste segregation bins were installed with monitoring forms for collection and waste management policies were strictly implemented. CMC also held daily coordination with process owners regarding the status of their commitment to waste management.

Meanwhile, HMC continues to produce bio-organic fertilizers from biodegradable kitchen wastes and vermicomposting. Biogas technology was also utilized to accommodate all kitchen waste, especially food waste. HMC also uses jobo pots or pots made of pandan in nursery operations.

In all subsidiaries, hazardous waste management is implemented with the assistance of an external treater. Hazardous waste transport is done by a DENR-accredited third-party service provider, with corresponding permits acquired from the Environmental Management Bureau (EBM). Once the waste is disposed and treated properly, the external party will then process its Certificate of Treatment (COT) from EMB and forward the document to the Company's Pollution Control Officer (PCO). The PCO will then report the details of the hazardous waste being treated including its COT to EMB.

On the other hand, contractors reported their solid and hazardous waste generation on a bi-monthly basis. The generated wastes were reflected in the Self-Monitoring Reports (SMR) and Compliance Monitoring Reports (CMR) that were submitted on a quarterly and semi-annually basis, respectively. These were monitored by the Multi-Partite Monitoring (MMT), the Mine Rehabilitation Fund Committee (MRFC), and the EMB for Environmentally Critical Projects (ECP).

The total quantity of hazardous waste generated by the NAC Group was 406.59 tons. This represents 56.37% of the total waste generated. All hazardous waste is handled and disposed of in accordance with DAO 2013-22 (Revised Procedures and Standards for the Management of Hazardous Wastes). For some Opcos, the volume of hazardous wastes transported exceeded the volume generated for 2023 since some of the hazardous wastes from 2022 were carried over. This is due to the semi-annual hazardous waste collection schedule set by the third-party collector and treater company hence, the wastes generated post collection dates were stored temporarily and transported alongside the 2023 actual generated volume.

Integrated Management Systems

NAC's operating companies are ISO 14001:2015 (Environmental Management System), ISO 9001:2015 (Quality Management System), and ISO 45001:2018 (Occupational Health and Safety Management System) certified.

TMC and HMC-Manicani's nickel mines were endorsed by the international certifying body TÜV Rheinland for these ISO categories. RTN's ISO certifications for these categories were approved by TÜV Nord; while the ISO certifications of CMC, HMC (for its Tagana-an nickel mine), and DMC for the said categories were validated by the NQA Global Accredited Certification body.

ISO 14001:2015 (Environmental Management System)	Provides details on the specifications for an environmental management system that a company can use to improve its environmental performance
ISO 9001:2015 (Quality Management System)	Specifies requirements for a quality management system to demonstrate a company's ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements
ISO 45001:2018 (Occupational Health and Safety Management System)	Gives guidance on providing a safe and healthy workplace and implementing the OH&S management system

The scope of these ISO certifications covers the following: Mining Operations and Post Mining Activities, Minesite, Campsite, and Pier Site/Wharf Facilities including landing craft transports.

The EMS defined the different roles and responsibilities within the organization, such as the Environmental Management Representative, Environmental Coordinator, Environment and Pollution Control personnel (experts for planning, implementation, monitoring, and control), supervisors for implementation and monitoring, and internal and external auditors.

The EMS also made clear how the Board and Executive Management team can provide the requisite leadership and commitment as well as provide the necessary financial and manpower support to underline the importance of handling environmental issues and assign these issues an appropriate level of priority.

For the effective implementation of the EMS, employee awareness regardless of function or department is critical. To ensure compliance, trainings and workshops were conducted on environmental awareness and management to ensure everyone had the relevant skills and knowledge. Annual orientation is held for employees prior to the resumption of mining season, the agenda of which includes the mandatory EMS orientation.

This is supported by information and educational campaigns through internal communication channels providing timely reminders, bulletin announcements, as well as primers and memos on policies on environmental initiatives and activities. NAC also encourages employees to participate in publicly available seminars and courses that will add to their knowledge and skills.

Energy Efficiency

In 2023, NAC sought to reduce overall energy consumption across the organization with new market-available technologies, the efficient use of resources, practical resource management plans, and investment in renewable energy sources.

The Company is already investing in renewable energy sources through its subsidiary, Emerging Power, Inc. (EPI), and its Joint Venture Agreement (JVA) with Shell Overseas Investments B.V. that focuses on utility-scale solar photovoltaics. The JVA will also evaluate opportunities for onshore wind and energy storage.

Activities/equipment that consume the most energy in the operations	
TMC	Hauling equipment (e.g. trucks) and excavating equipment (e.g.Backhoes)
CMC	Daily mine operations Daily office and camp utilization
DMC	Mining equipment, heating and ventilating equipment, and industrial ovens.
RTN	Mining equipment Assay Laboratory and Sample Preparations
HMC	Mining equipment (dump trucks, backhoes, etc.)
JSI	Nighttime operations
EPI	Air conditioners, Refrigerators, Microwaves, and Computers/Laptops
Head Office	Office work (computer workstations, lights, aircon)

NAC prioritizes improving operational efficiency and productivity through strategic investments in manufactured capital. In 2023, NAC invested P24.68 million in hybrid excavators deployed at TMC. TMC piloted the use of hybrid excavators which enable energy efficiency by capturing and recycling the exerted energy from these vehicles during operations. Combined with the efficiency of fuel-efficient Articulated Dump Trucks (ADT) and the use of TMC’s conveyor belt system that reduced trucking needs, the innovation is seen to have contributed to the climate action goals of the Company.

All the operating mines aim to reduce energy usage by installing LED-type lighting and using inverter appliances which are believed to impact long-term costs and maintenance.

Furthermore, HMC has been using solar technology as an alternative source of power for streetlights. HMC's power consumption reduction program included the scheduled use of generator sets by identifying peak and off-peak hours to optimize usage.

DMC also used the same strategy of optimizing generator set use based on the load requirement. It monitored power generation parameters every hour and maintained a 0.46 to 0.62 liters of fuel per kilowatt hour. In addition, DMC has gradually incorporated greener technology by utilizing solar power to operate the lights illuminating the causeway area.

Of course, standard protocols are maintained and monitored. Preventive maintenance on all fuel-burning equipment were scheduled regularly to maintain efficiency and ensure the absence of fuel leakages. Fuel purchased and consumed were monitored internally, and trips were combined and maximized for efficient vehicle use. Data and insights from energy and fuel consumption monitoring are available as resource materials for new developments that aim to further align with NAC's environmental goals.

Moreover, all operating mines also conduct information dissemination and awareness training for employees and contractors to emphasize the need for energy conservation during work activities. Signages on energy conservation are also posted in strategic locations within buildings.

In 2023, the NAC Group consumed a total of 144,869,096.05 MWh. NAC is committed to reducing its reliance on fossil fuel-powered generator sets and increasing its use of renewable energy.

Energy Consumption	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Genset (L)	197,200.00	52,113.38.00	302,881.00	582,331.00	344,080	834.00	**1,479,439.38**
Energy Generated by Genset (MwH)	135.82	168.18	329.03	1,184.40	364.05	0.00	**2,181.48**
Vehicles - Diesel (L)	9,061,888.00	10,696,510.00	2,277,854.00	4,918,308.50	2,387,252	16,415.00	**29,358,227.50**
Vehicles - Gasoline (L)	51,659.00	19,482.56	0.00	10,288.50	0.00	0.00	**81,430.06**
Total fuel consumption (vehicles)	8,306,600.90	10,715,992.55	2,277,854.00	4,928,597.00	2,387,252	16,415.00	**28,632,711.45**
Total number of vehicle/s used	528.00	518.00	172.00	454.00	85.00	6.00	**1,763.00**
Energy Intensity	15,732.20	20,687.24	13,243.34	10,855.94	28,085.32	2,735.83	**91,339.87**
Electricity from Local Supply (MwH)	1,879.07	3,018.83	0.00	0.00	1.59	1,104.09	**6,003.58**
LPG (KG)	649.00	2,740.00	869.00	3,650.00	2,442.00	276.00	**10,626.00**
Total fuel consumption	8,503,800.90	10,768,105.93	2,580,735.00	5,510,928.00	2,731,332.00	17,249.00	**30,112,150.83**
Total electricity consumption	2,014.89	3,187.01	329.03	1,184.40	365.64	1,104.09	**8,185.06**
Total area in sqm	441,595.00	413,079.00	136,700.00	82,700.00	18,700.00	1,220,000.00	**2,312,774.00**
Energy Intensity	0.0046	0.0077	0.0024	0.0143	0.0196	0.0009	**0.0035**

Creating Shared Value

Maintaining a Safe and Healthy Workplace

Safety is a critical aspect in maintaining responsible and sustainable mining operations. In addition to implementing stringent safety and health programs and strategies, employees need to be properly equipped to be able to protect themselves through skills and knowledge on standard processes, procedures, and policies that place health and safety as key priorities. They must also be provided with safety equipment and reliable work machineries.

NAC implements a comprehensive occupational health and safety management system for all its operating companies. It goes beyond compliance with regulations, which helps the Group care for the well-being and safety of its employees, service contractors, suppliers, visitors, host communities, and other stakeholders, along with the security of its assets and information.

The Company's Central Safety and Health Committee (CSHC) – a joint management-worker health group consisting of workers and union representatives – is responsible for planning, implementing, and evaluating NAC's safety and health programs. The CSHC holds monthly meetings and tackles concerns, suggestions, and action plans related to safety and health that were gathered during departmental meetings.

Injuries and Accidents[3]	RTN	TMC	HMC	CMC	DMC	JSI	CDTN	TOTAL
No. of employees in health & safety committee	24	40	29	50	25	6	20	**194**
Total hours of health & safety and emergency response training	791	1,620	284	304	339	452	1,336	**5,126**
Total man hours	5,867,191	8,211,615	2,943,405	3,621,833	1,648,488	2,507,217	1,778,784	**26,578,533**
Safe man hours	26,590,229	29,728,749	39,776,191	10,619,604	3,729,659	5,917,350	3,271,392	**119,633,174**
Lost time accidents	0	0	0	0	0	0	0	**0**
Number of occupational injuries/illnesses	1	1	1	5	16	0	1	**25**
Incidence rate[4]	0.017	0.012	0.033	0.138	0.97	0	0.056	**0.094**
Severity Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Lost days	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Fatalities	0	0	0	0	0	0	0	**0**
Work-related fatalities	0	0	0	0	0	0	0	**0**
No. of safety drills	20	15	17	7	12	2	7	**80**

NAC follows a hazard identification risk assessment and risk control (HIRARC) process to ensure that occupational health and safety hazards, the risks posed by their presence, and the controls in place to avoid or mitigate these risks are systematically identified, documented, analyzed, prioritized, and monitored. The Company ensures that risk assessment is conducted regularly with the participation of

[3] Not applicable for EPI
[4] IR = (No. of NLTA X 1,000,000)/Manhours NLTA - No Lost Time Accidents

supervisors and workers to account for all possible hazards/risks present in the activities. All reported hazards and risks as well as the corrective actions done were recorded in the hazard registry database.

The procedure for formulating the HIRARC is as follows:

- Review processes and operations and identify hazards
- Rate significance of hazards identified
- Review the ratings
- Develop operational control/s
- Review and approve ratings
- Maintain and update register
- Maintain a central file under the custody of the lead document controller

Personnel involved:

- Risk Assessment Team
- Supervisors
- Worker / Worker Representative
- Section / Department / Division Heads

Each employee, regardless of role or rank, is an agent of health and safety and is encouraged to proactively report any health and safety issues and concerns. Employee engagement is encouraged through the use of hazard identification cards for ease of reporting. The Toolbox Meetings are also an avenue for raising safety issues and concerns in the workplace.

All work-related incidents are investigated through well-established accident and incident investigation and reporting procedures. Operations leaders work with the safety department to conduct joint investigations and reports. All reports are then reviewed by the investigation committee which tackles root causes and proper corrective actions to prevent recurrences of incidents. Insights and learnings are shared and communicated with everyone through the available channels to ensure that the incident does not happen again.

Review and audit of HIRARC controls are done annually or as needed, depending on the severity of hazards and risks being managed. The audit helps us assess the effectiveness of controls and identify the areas for improvement. A third-party auditor is also engaged to ensure transparency of the processes being undertaken.

Essential to the effectiveness of these OSH management systems is the level of awareness and understanding of stakeholders using them. Therefore, safety orientation and mandatory OSH refresher courses are provided to all employees year-round. These training sessions are free and are conducted during work hours for which they are compensated.

Training Programs on Health and Safety	RTN	TMC	HMC	CMC	DMC	JSI	CDTN
Number of Employees Attended	2,324	938	130	212	145	47	39
Medical Trainings	1	5	1	6	1	1	0
Road Safety Trainings	48	12	1	1	1	0	3
Fire Safety Trainings	1	1	0	1	2	2	1
Occupational Health and Safety Trainings	20	61	7	14	19	1	4

The Company also provides non-occupational medical and healthcare services that aim to look after people's physical and mental wellness.

Workers covered by an occupational health and safety management system		RTN	TMC	HMC	CMC	DMC	JSI	CDTN	TOTAL
legal requirements and/or recognized standards/guidelines?	Regular/Probationary	533	701	200	236	114	36	203	**2,023**
	Seasonal	201	473	163	89	129	0	0	**1,055**
	Project-based	173	36	0	0	1	0	47	**257**
	Fixed Term	163	0	0	0	0	0	0	**163**
	Consultant	3	2	0	3	4	0	0	**12**
	Service Contractors	913	1381	944	1014	573	67	381	**5,436**
legal requirements and/or recognized standards/guidelines that has been internally audited?	Regular/Probationary	533	701	200	236	114	36	203	**2,023**
	Seasonal	201	473	163	89	129	0	0	**1,055**
	Project-based	173	36	0	0	1	0	47	**257**
	Fixed Term	163	0	0	0	0	0	0	**163**
	Consultant	3	2	0	3	4	0	0	**12**
	Service Contractors	913	1381	944	1014	573	50	381	**5,419**
legal requirements and/or recognized standards/guidelines that have been audited or certified by an external party?	Regular/Probationary	533	701	200	236	0	0	0	**1,670**
	Seasonal	201	473	163	89	0	0	0	**926**
	Project-based	173	36	0	0	0	0	0	**209**
	Fixed Term	163	0	0	0	0	0	0	**163**
	Consultant	3	2	0	3	0	0	0	**8**
	Service Contractors	913	1381	944	1014	0	0	0	**4,988**

In 2023, all Opcos maintained a commendable safety record with zero Frequency Rate (FR) and zero Severity Rate (SR), signifying zero Lost Time Accidents (LTA). An LTA is an incident in the workplace resulting in an injury that causes an employee to miss work or lose time at work due to the injury acquired.

The Opcos' Incidence Rate (IR) showed continued improvement, decreasing from 1.99 in 2019 to an IR of 0.63 in 2023. The IR is calculated by multiplying the number of all accidents (injuries and property damage) during the period by 200,000 and then dividing it by the man-hours worked during the same period.

By the end of 2023, the NAC Group accumulated Safe Manhours of over 110 million, with HMC leading at 39.7 million safe manhours. The safety statistics of all service contractors were included in the computations.

In the implementation of Total Loss Control Management (TLCM) System Audit, RTNMC and TMC achieved success by passing the Level 5 TLCM system program and physical audit, earning them the Award of Excellence. Other operating companies also achieved various levels of progression.

Diversity and Inclusion

Demonstrating an unwavering dedication to creating a workplace that respects, values, and celebrates the uniqueness of every individual, NAC promulgated its official Policy on Diversity, Inclusivity, and Equality that is aligned with the United Nations' Sustainable Development Goals on Gender Equality.

The policy encompasses a range of explicit commitments that include ensuring diversity within NAC's leadership and in the entire organization, and a commitment to hire and promote employees based on merit and performance. Rooted in the Company's values, the policy is designed to guarantee a safe and respectful work environment, free from harassment or discrimination.

Implementation rollout includes comprehensive training to equip employees with the necessary tools and understanding of diversity, inclusivity, and equality. The policy also advocates and encourages stakeholders, joint venture partners, subsidiaries, affiliates, partnerships, and supply chain members to adopt similar diversity, equality, and inclusion policies.

NAC is proud to be an Equal Opportunity Employer – hiring and promoting individuals based on merit and qualifications, without discrimination or bias based on race, gender, age, religion, or political affiliation. Job advertisements emphasize the Company's commitment to these principles, and both job advertisements and job descriptions are crafted with gender-neutral language.

As part of NAC's commitment to closing the gender gap, it encourages and are open to accepting qualified female applicants for technical roles that have traditionally been dominated by male personnel. Information on opportunities is available and open to everyone through onsite bulletin boards, online platforms, and social media portals, as well as through government agency programs and job fairs (PESO, DOLE, LGUs, BLGUs, TESDA).

Employee Breakdown

Employment by Contract Type and Gender		RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Male	Regular/Probationary	467	584	145	183	85	89	13	29	194	**1,789**
	Seasonal	201	411	149	80	124	0	0	0	0	**965**
	Project-based	312	7	0	0	1	3	0	0	46	**369**
	Total	**980**	**1,002**	**294**	**263**	**210**	**92**	**13**	**29**	**240**	**3,123**
Female	Regular/Probationary	66	117	55	53	29	74	15	7	9	**425**
	Seasonal	0	62	14	9	5	0	0	0	0	**90**
	Project-based	24	29	0	0	0	0	0	0	1	**54**
	Total	**90**	**208**	**69**	**62**	**34**	**74**	**15**	**7**	**10**	**569**
	Total Regular/Probationary	**533**	**701**	**200**	**236**	**114**	**163**	**28**	**36**	**203**	**2,214**

Employment by Position and Gender (Regular/Probation)		RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Male	Managers	24	42	11	9	7	14	3	5	4	**119**
	Supervisors	61	117	13	61	33	20	2	2	10	**319**
	Non-supervisory/ technical	30	45	33	0	0	0	2	4	6	**120**
	Rank and File	351	379	87	112	44	27	3	18	174	**1,195**
	Officers	1	1	1	1	1	28	3	0	0	**36**
Female	Managers	8	13	3	6	4	15	8	2	0	**59**
	Supervisors	13	29	2	41	17	22	3	3	1	**131**
	Non-supervisory/ technical	34	42	39	0	0	5	0	1	7	**128**
	Rank and File	11	33	11	6	8	23	2	1	1	**96**
	Officers	0	0	0	0	0	9	2	0	0	**11**
	Total	**533**	**701**	**200**	**236**	**114**	**163**	**28**	**36**	**203**	**2,214**

Employment by Position and Age Group (Regular/Probation)	RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Below 30 yrs old										
Managers	0	8	0	1	1	3	2	0	0	15
Supervisors	8	51	2	45	27	16	1	1	1	152
Non-supervisory/ technical	13	19	29	0	0	2	0	2	7	72
Rank and File	4	17	6	8	13	16	2	5	15	86
Officers	0	0	0	0	0	0	0	0	0	0
TOTAL	**25**	**95**	**37**	**54**	**41**	**37**	**5**	**8**	**23**	**325**
30 to 50 yrs old										
Managers	26	22	13	13	10	22	8	7	4	125
Supervisors	51	70	11	50	22	20	4	4	9	241
Non-supervisory/ technical	46	59	34	0	0	2	2	3	6	152
Rank and File	273	277	70	77	34	30	2	11	136	910
Officers	0	0	0	1	0	17	3	0	0	21
TOTAL	**396**	**428**	**128**	**141**	**66**	**91**	**19**	**25**	**155**	**1,449**
Over 50 yrs old										
Managers	6	25	1	1	0	3	1	0	0	37
Supervisors	15	25	2	7	1	6	0	0	1	57
Non-supervisory/ technical	5	9	9	0	0	0	0	0	0	23
Rank and File	85	118	22	33	5	6	1	3	24	297
Officers	1	1	1	0	1	20	2	0	0	26
TOTAL	**112**	**178**	**35**	**41**	**7**	**35**	**4**	**3**	**25**	**440**
OVERALL TOTAL	**533**	**701**	**200**	**236**	**114**	**163**	**28**	**36**	**203**	**2,214**

Employment from Local Communities and IPs		RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Male	Regular/Probationary	462	581	42	77	39	6	0	23	194	**1,424**
	Seasonal	201	411	103	61	52	0	0	0	0	**828**
	Project-based	312	7	0	0	0	1	0	0	46	**366**
	Employees from the Local Community (%)	**99.50%**	**99.70%**	**49.30%**	**52.50%**	**43.30%**	**4.00%**	**0.00%**	**79.30%**	**100.00%**	**83.86%**
	Local Communities (Total)	975	999	145	138	91	7	0	23	240	**2,618**
	Indigenous People	158	80	0	0	0	0	0	2	1	**241**
	Regular/Probationary	63	113	12	15	13	5	0	4	9	**234**
	Seasonal	0	62	13	9	5	0	0	0	0	**89**
	Project-based	24	29	0	0	0	0	0	0	1	**54**

Female	Employees from the Local Community (%)	**96.70%**	**98.10%**	**36.20%**	**38.70%**	**52.90%**	**3.00%**	**0.00%**	**57.10%**	**100.00%**	**64.39%**
	Local Communities (Total)	87	204	25	24	18	5	0	4	10	**367**
	Indigenous People	12	4	0	0	1	0	0	3	0	**20**
	TOTAL Local Communities	**1,062**	**1,203**	**170**	**162**	**109**	**12**	**0**	27	**250**	2,985

Building Sustainable Communities

Sharing a common goal for inclusive progress, NAC continues to strengthen its relationship with its host and neighboring communities. Through the implementation of Social Development Management Programs (SDMP) and Corporate Social Responsibility (CSR) initiatives, it aims to address the most pressing needs of the communities.

SDMP and CSR

SDMP & CSR Spending (Million ₱)								
ELEMENT		**RTN**	**TMC**	**HMC**	**CMC**	**DMC**	**JSI**	**TOTAL**
SDMP	Required Spending	53.56	93.39	20.91	44.9	7.74	N/A	**220.50**
	Actual Spending	53.43	93.39	20.70	35.63	7.74	N/A	**210.89**
CSR	Non-IP Communities	169.24	32.81	13.32	10.15	3.38	N/A	**228.90**
	IP Communities	13.88	2.29	N/A	N/A	0.40	2.00	**18.57**

To ensure that the needs of the Host and Neighboring Communities are met, the Community Relations (ComRel) team of each Opco hold engagements through household surveys and barangay consultations. They also facilitate Barangay Development Council Focus Group Discussions and Planning to come up with projects to present.

This approach follows the MGB Circular 2021-06 guiding the formulation of the SDMP. Once plans are approved, ComRel discusses with the proponents how the projects will be implemented. Implementation is then monitored through regular consultations and meetings that update stakeholders on project development. Once completed, reports and post-monitoring activities are done to reinforce learnings and insights that may be applied to other projects.

In 2023, DMC worked closely with the National Commission on Indigenous Peoples (NCIP) to get approval for an Indigenous Peoples Memorandum of Agreement (IP MOA) with the Agta Indigenous Peoples (IPs).

As part of a special project, DMC assisted Barangay Bucal Norte in their road maintenance and water tank backfilling projects. DMC also extended to the community the use of its heavy equipment for road grading.

Meanwhile, JSI partnered with the Tribong Ayta Ambala ng Pastolan Inc. (TAAPI) for a special indigenous cultural activity to promote cultural preservation and appreciation. The 1st TAAPI "Patuduyan" (Cultural Olympics) highlighted the heritage of the Pastolan Aetas through several competitions on the Aeta Ambala language, their traditional songs, dances, and their way of life. Contests included the 5th Ayta Masterchef, an Ayta Ambala Singing Contest, and an Amazing Race Challenge (TAAPI Cultural Edition).

Project/Program Name	Description	Expenditure	Number of Beneficiaries	Impact/Expected Impact
RIO TUBA				
Local Festivities	RTN supported the IP communities in the celebration of their Tribal Festival. RTN provided food assistance and logistical support. During the celebration, all tribes presented their cultural dances, songs, and games.	₱ 2,424,306.47	5,520 tribal members	Indigenous People empowerment, education, to continually practice and preserve their traditions and culture.
TAGANITO				
Support to Socio-cultural and Religious Activities	TMC provided support to Fiesta and Araw Celebration among other community activities. TMC also procured musical instruments for the local Catholic Church and provided additional support to 19 Non-Catholic organizations.	₱ 6,382,793.84	3 Mining Brgys with Fiesta and Araw Celebrations. 4 Mining Brgys with Year-end Activities. 10 Non-Mining Brgys with Cultural Activities	The preservation and promotion of the communities' socio-cultural traditions, promotion of social cohesion, and raising cultural awareness while conducting IEC activities.
HINATUAN				
Holistic Community Support Initiative: Enhancing Religious, Festive, and Developmental Endeavors	Our initiative provides churches with construction materials and equipment while supporting fiesta activities in Barangay Talavera, Sitio Bagong Silang, and Sitio Campandan. We're facilitating community consultations and Focus Group Discussions (FGDs) to plan the 2024 ASDMP and RHNC initiatives. Additionally, we allocate annual funds to neighboring and non-mining communities to bolster their development projects. Together, we're building a more vibrant and inclusive community.	₱ 2,569,541.00	10 churches, 12 festival activities, 1 Christmas event, 17 barangays and Workshop for 2024 ASDMP	Our impact resonates deeply by supporting churches across the host communities and enhancing their facilities. Vibrant fiesta activities in Barangay Talavera and two Sitios brought together 3,500 residents that fostered community spirit. The 2024 ASDMP, approved by MGB, serves as a roadmap for development initiatives. Additionally, our financial allocations—empowering 17 neighboring and non-mining barangays—fuel grassroots projects, driving inclusive growth and progress.
CAGDIANAO				
Assistance to Infrastructure Development and Support Services	The townsite development project in Valencia aims to enhance infrastructure and urban amenities, while assistance for the farm to market road in Bayanihan focuses on improving transportation and connectivity for agricultural produce.	₱ 3,490,136.15	3392	The expected impact includes improved quality of life, economic growth, and urban development in Valencia through enhanced infrastructure and amenities, while in Bayanihan, the Farm to Market Road assistance is anticipated to facilitate easier transportation of agricultural goods, fostering economic opportunities and development in the region.
DINAPIGUE				
Engagement and Communication Strategies for Community Development	MGB RO 2 organized a program attended by DMC and the community at Casa Jardin from June 26 to 28, 2023. The budget supported IEC studio materials for Robinsons Tuguegarao's mining exhibit, project signages for SDMP projects since 2015, and monthly bulletin boards in barangays. Community members visited the mine site and its eco-tourism spots, while Comrel facilitated talks, training, and health programs with the Municipal Health Office. ComRel also ensured its presence at barangay sessions twice a month to update BLGUs on SDMP PPAs, with snacks provided using the budget. Quarterly amendment meetings and planning sessions occurred in the third quarter, followed by technical conferences,	₱ 1,180,666.84	111 individuals, company, 8 groups of tourists, 6 barangays and 6 BLGUs, 1 municipality	Enhanced IEC material production, raise awareness of responsible mining, inform about SDMP and CSR-funded projects, showcase environmental practices, foster transparency, address community concerns, collaborate on comprehensive plans, conduct social impact assessments, enable informed decision-making, and promote sustainable development for the community's welfare.

	guided by social impact assessment for informed decision-making.			

Community Health and Wellness

In partnership with the Provincial Government of Surigao del Norte, NAC and THPAL successfully conducted its Medical-Surgical Mission on Feb. 13-17, 2023, at the Surigao del Norte Provincial Hospital. As in the conduct of the highly anticipated Medical-Surgical Mission, NAC was able to serve the communities by addressing some of their most pressing medical needs. Part of the program was the pre-screening of patients and other medical activities such as bloodletting drives, and lectures on oral hygiene and health management. The five-day activity conducted both major and minor operations on cases such as myomectomy, cholecystectomy, parotidectomy, thyroidectomy, etc. with a total of 180 patients served for major cases and 169 patients served for minor cases. Medical consultations were also conducted at Brgy. Taganito, Claver on Feb. 16, 2023.

Simultaneous medical consultations and minor surgeries on Lipoma, Sebaceous Cyst were also conducted on Dinagat Islands, at Albor District Hospital with a total of 106 patients served for minor cases.

RTN, for its part, also continued its regular Medical/Surgical Missions that began in 1990 in collaboration with Hope for the World Foundation, Inc., Manila Adventist Hospital, Palawan Adventist Hospital, and RTNFI Hospital. The mission is normally hosted in RTNFI Hospital and runs for about four days, provides significant impact: It provided community members with services from medical specialists who otherwise are not available in the area; Identification of early symptoms and risk factors during a mission can avert the development of more serious medical conditions later; and the enhancement of the knowledge and skills of local medical practitioners. In 2023, RTN spent ₱3,466,358.55 which benefited 526 individuals (delivering 106 major surgeries, 176 minor surgeries, 19 ophthalmology surgeries, and 225 ophthalmology out-patient consultations).

Through a partnership with the Rural Health Unit (RHU) of Dinapigue, DMC held a Medical Mission in the community and provided medical consultations with free medicines and vitamins to members of the Agta tribes. The program was subsequently extended to non-Agta beneficiaries to optimize resources. Financial donations were also provided to cover other medical and hospital needs for the families in the communities.

HMC also provided the RHU of Tagana-an a new Analytical Chemistry Analyzer in support of their care and health screening programs and allowing them to offer additional health services to the residents of the municipality which may help minimize the need to go to other areas to get medical attention and care.

Additionally, JSI's Medical Mission focused on providing essential healthcare services to the community, particularly children. The project offered much-needed medical consultations and medicines free of charge. The activity also raised awareness on local health issues and sought to empower individuals by providing information on available medical resources and encouraging community members to seek healthcare services when needed.

Meanwhile, RTN and Coral Bay Nickel Corp. (CBNC) bolstered its joint campaign for the improvement of community health services with a ₱3.6 million donation for the Bataraza District Hospital (BDH). This was in keeping with the momentum of last year’s launch of the collaboration with the Provincial and Local Government of Bataraza and BDH. The multi-million RTN and CBNC donation allowed BDH to acquire state-of-the-art medical equipment, hire skilled healthcare professionals, and improve the overall quality of their basic health services.

Other projects implemented include:

Project/Program Name	Description	Expenditure	Number of Beneficiaries	Impact/Expected Impact
RIO TUBA				
Access to healthcare services	RTNFI Hospital catered to IPs and indigent patients and additionally subsidized healthcare costs through its partner hospital, LGU-Bataraza District Hospital. The program has been providing free hospitalization for Bartaraza IPs and indigent residents. Ten percent of RTN's SDMP budget was also donated to support the program. For medical referrals outside of Bataraza, RTN also provided medical assistance.	₱ 5,179,183.50	3,337 Indigents and 7,475 IPs	Convenient and wider access to healthcare services.
TAGANITO				
Access to Health Services, Health Facilities and Professionals	Support initiatives include subsidies for 26 Community Health Center manpower, backing Community Health Center BHWs' activities, conducting Clean and Green Programs, aiding garbage truck and ambulance mobilization in mining barangays, assisting Community Health Workers' capacity trainings, and procuring a brand new X-ray machine for Claver RHU.	₱ 8,752,824.00	26 community Health Centers 4 mining brgys. and 2 non-mining brgy.	Improved health services and zero-waste management.
HINATUAN				
Comprehensive Community Health and Welfare Program	Quarterly medical-dental missions provide free check-ups, dental care, and medicines. Senior Citizens & PWDs receive quarterly health food supplies. Barangay Health Workers were supported with service fees. Additionally, indigent families receive financial aid for health emergencies and bereavement.	₱ 2,625,858.08	1,878	The Community Health and Welfare Initiative aims to support three host communities comprehensively. It has provided free medicines to 450 patients per semester, aided 220 Senior Citizens, and 75 Persons with Disabilities through the provision of health and food supplies. It also supported 21 Barangay Health Workers and 70 indigent families through the provision of financial aid during health emergencies and bereavement.
CAGDIANAO				
Access to Health and Services, Health Facilities and Professionals	The program provides essential medicines and supports blood donation activities in various communities, while also offering assistance for health emergencies, including mortuary services. Additionally, it supplies health food to senior citizens, supports dental and medical check-ups, and enhances sanitary facilities and capacity training for health workers in host and neighboring communities.	₱ 4,398,221.07	5450	The program aims to improve community health by providing essential medicines, supporting blood donation activities, and offering assistance during health emergencies. Additionally, it enhances senior citizen support, dental and medical check-ups, sanitary facilities, and capacity training for health workers in local communities.
DINAPIGUE				

Integrated Health Initiative: Strengthening Healthcare Infrastructure and Programs	Installation of door grills and windows, pipe, and fittings; Free medical consultations, medicines; IEC on diseases for 6 barangays in Dinapigue; Supporting healthcare programs in barangays.	₱ 722,384.16	5078[5]	To upgrade community health facilities, provide essential medical equipment; Make water springs accessible for domestic, agricultural needs; Support healthcare programs, enhance healthcare services in barangays.

Educational Support

In 2023, NAC sought to continue contributing to the development of education for all.

A good case in point is how RTN's Indigenous Learning System (ILS) program that implement quality and free non-formal education for the Indigenous People (IP) in the impact communities of RTNMC and CBNC. It is a project of the RTN Foundation Inc. that was established in 2006. As an active partner of the Department of Education (DepEd)-Palawan Division, ILS continued to run two major programs of the Alternative Learning System (ALS) in the 38 Community Learning Centers in Bataraza, for a total spend of ₱10,815,075 in 2023. Free school supplies and monthly feeding activities were also provided. Notable in this program is that high school graduates who proceeded to take up further college education were also given scholarships. Currently, one of the scholars is currently taking up a course in medicine.

In addition, RTN Foundation also supports the Leonides S. Virata Memorial School (LSVMS) is a private school which offers grade school and high school classes to deserving children/dependents of employees and qualified outsiders. It had a total spend of ₱10,538,905 in 2023.

For its part, HMC supported the repair of the Alternative Learning System (ALS) Building that was damaged in 2021 by the Super Typhoon Odette. The facility was important to the community because it provided a conductive venue for learning of the ALS students, and for other activities of the community members.

Meanwhile, JSI supported the DepEd's *Brigada Eskwela*, an annual nationwide community engagement to help prepare public schools for the upcoming academic year. JSI also installed solar flood lights in schools and donated developmentally appropriate materials needed for early childhood environments to the daycare centers.

Other projects are shown below:

Project/Program Name	Description	Expenditure	Number of Beneficiaries	Impact/Expected Impact
RIO TUBA				
Scholarship Program	This RTN's SDMP flagship program. The scholarship program caters to elementary, high school, senior high school and college students. RTNMC ComRel staff conducts a qualifying examination followed by an orientation to the students and parents. A Memorandum of Agreement is entered between students, parents and ComRel as company representative witnessed by the Barangay Captain/Tribal Chieftain. Allowances are released	₱ 7,662,464.85	581 students	Increased literacy and participatory rate, and increased social mobility and job opportunities.

[5] Beneficiaries are residents, households of 4 barangays, constituents, and medical personnel.

	every month by the Community Development Coordinator (CDC). Fifteen (15) college students graduated this year.			
TAGANITO				
Access to Education and Educational Support Program	The program, which focuses on Education Support to Claver District Schools, includes providing grants and subsidies to college and senior high school students, school manpower, and assisting with activities, training, procurement of supplies and equipment, school vehicles' mobilization, and professional skills development through heavy equipment operations.	₱ 31,849,007.00	894 students, 43 school manpower	To improve education quality, various measures such as curriculum enhancements, teacher training, and infrastructure development are being implemented.
HINATUAN				
Education Empowerment Initiative: Bridging Access and Opportunities	HMC provide comprehensive support to students and educators. This includes supplying school materials, covering basic fees and uniforms, offering monthly subsidies to workers and volunteer teachers, supporting the Alternative Learning System, aiding college and TechVoc students, and providing financial assistance for various training programs and extracurricular activities.	₱ 8,357,162.49	1172 individuals and 7 schools	In the heart of three vibrant communities, our initiative promises profound impact. We're dedicated to nurturing 1,500 learners, spanning Daycare, Elementary, and High School students. Through monthly stipends and bonuses, we uplift caregivers, teachers, and facilitators, enriching the lives of 75 learners. Our support extends to college, TechVoc, and Senior High students, alongside 300 learners and 50 teachers from seven adopted schools, igniting educational growth and opportunities across the region.
CAGDIANAO				
Access to Education and Educational Support	The program encompasses diverse community support endeavors, such as constructing outdoor playgrounds, comfort rooms, and school facilities, while also providing educational resources and aid to scholars, teachers, and learners. It further extends assistance for transportation, apprenticeship programs, and mandatory contributions, fostering holistic educational development and community empowerment.	₱ 11,320,029.15	5450	Various measures are being implemented to enhance the quality of education, including curriculum improvements, teacher training, and infrastructure development, aimed at raising educational standards.
DINAPIGUE				
Supporting Child Development Workers and Community College Scholars	Provision of monthly subsidy, tuition fee, and allowance to college students, full scholar grant along with various renovations and improvements including door, window, roof, and playground enhancements, painting, and fence upgrades.	₱ 1,572,769.25	171[6]	To enhance the quality of life for beneficiaries (CDWs and students) and families through educational support. Improve educational literacy in Dinapigue and enhance conditions at the Child Development Center for optimal learning.

[6] Beneficiaries are college students, child development workers, and children.

Strengthening Livelihood Programs

In 2023, we had various opportunities to help enable and empower the members of our host and neighboring communities through supporting their livelihood cooperatives and associations with raw materials, equipment, training, and networking to help them sustain growth and profitability.

Some examples are shown below:

Project/Program Name	Description	Expenditure	Number of Beneficiaries	Impact/Expected Impact
RIO TUBA				
Handicraft Making and Microenterprise: Empowering Communities	RTN supported the IP Association in Barangay Ocayan which produces handicrafts such as bags and mats made from indigenous materials and the microenterprise of farmers from Barangay Sandoval by providing logistical and technical assistance.	₱ 573,993.35	213	Improved household income
TAGANITO				
Enterprise Development and Networking	TMC provided financial and technical support to the Taganito Fisher Folks Association, Urbiztondo Crops Producers Cooperative, Cagdianao Forest Seedlings and Pineapple Producers Association, Claver Red Mountain Agriculture Cooperative, and Panatao Aquaculture.	₱ 1,427,755.54	133	Create an avenue for the communities to enhance and develop their skills and livelihood opportunities that will continue when the mines cease to operate.
HINATUAN				
Strengthening Partner POs: POMA Results Implementation and Financial Management Training	HMC conducted the People's Maturity Assessment (POMA) and 3rd Party Financial Audits for selected Livelihood Projects from different Peoples' Organizations.	₱ 999,388.00	4 POs (TUWA/UFAOBS /CAMFISA)	HMC expects the financial growth of its four partner POs namely TUWA, TMPC, UFAOBS, and CAMFISA. Additionally, HMC will conduct an audit of at least four livelihood projects to ensure transparency and accountability.
CAGDIANAO				
Enterprise Development and Networking	CMC provided assistance to Farmers' Associations by shouldering the repair and upgrading of free-range chicken facilities and the improvement of the association's food processing toward FDA accreditation. CMC also implemented the carryover budget from the Livelihood Programs from the 2022 ASDMP toward the enhancement of its host and neighboring communities' livelihood projects by providing equipment and training to promote sustainable income.	₱ 7,268,960.65	23	CMC's financial and technical assistance is aimed toward the increased income and productivity of its beneficiaries.

DINAPIGUE				
Empowering Community Associations: Capital Outlay Allocations	DMC promotes the livelihood programs for various Peoples' Organizations by providing capital outlay assistance to promote sustainable livelihoods and promote membership in community-based cooperatives.	₱ 1,044,250.00	611	DMC aims to lay the foundation toward establishing sustainable livelihoods and provide additional sources of income for the various Peoples' Associations of Dinapigue.

Community Disaster Resilience

Among the programs launched in 2023 was CMC's Quick Response Fund which was designed to provide immediate assistance to families that may be affected by calamities. The Fund builds the capability to immediately provide necessities like water, food, and others in times of crisis and ensure sustenance for at least 2-3 days for families severely affected.

Below are the other projects for Community Disaster Resilience in 2023:

Project/Program Name	Description	Expenditure	Number of Beneficiaries	Impact/Expected Impact
RIO TUBA				
SDMP Research Center: Soil Fertilizer production using the Bioreactor	The research that is being done to continuously support seedling production towards the goal of 5 million trees to be planted. The company has partnered with 2 schools for the school-based tree planting programs.	₱ 899,637.00	2 schools	Spending time around trees enhances the students' appreciation for nature and the environment. Furthermore, planting of trees prevents erosion that causes landslides and flooding.
TAGANITO				
Community Infrastructure and Other Public Utilities	Construction of Community Solar Street Lights Coastal Protection Thru Site Embankment Improvement of Community Centers Improvement of Brgy. Hall Area Improvement of Community Evacuation Center Concreting of Purok 3 Access Road Construction of Community Perimeter Fence	₱ 18,773,828.00	12 barangays	These initiatives are geared toward improving school facilities; boosting communities' defenses against storm surges and flooding; enhancing public facilities and services.
HINATUAN				
Support for DRRM related PPA's	Participation in the 1st CARAGA RESILIENT MINING WEEK held in Surigao del Norte	₱ 4,765,942.00	25 participated the CARAGA RESILIENT MINING WEEK	Participate related DRRM PPAs for the 3 host communities supported
CAGDIANAO				
Support to DRRM-related activities	Participated in the 1st Caraga Resilient Mining Week	₱ 540,780.00	8	Provide additional knowledge for BLGUs on the host and neighboring communities in response to Disaster Risk Reduction and Management
DINAPIGUE				

Infrastructure and Facilities Upgrade Project	Enhancing road monitoring and infrastructure with slope protection, upgrading security with steel gates and fresh paint, advancing sustainability with Solar Panels Phase 2, fostering community spaces with fences, pathways, and greenery, and improving public amenities with modern facilities and infrastructure.	₱ 2,360,756.91	11,060[7] and 1 municipality	This project aims to assist the barangay in various ways: improving access roads and flood control, enhancing communal facilities, restoring electricity access to two isolated barangays affected by adverse weather conditions, upgrading tourist spots to comply with DAO 2022 standards, constructing drainage canals for rainwater overflow, ensuring the security of children and school property, supporting communal facility improvements, and providing a post-harvest facility for barangay farmers.

Work Conditions

Ensuring Fair Labor Practices

NAC diligently follows and promotes the Philippine Labor Code including other regulations governing child labor, forced labor, and human rights. Furthermore, as an Equal Opportunity Employer, the Company enforces a non-discrimination policy from application until employment.

Accusations of discrimination are processed in a private setting. The Chief Compliance Officer and HR Head guarantee that only those participating in the inquiry have access to the specifics of the complaint. Everyone involved must uphold secrecy regarding the complaint's subject and the parties involved.

NAC ensures that all employees have open lines of communication and promotes ongoing interaction between subordinates and employees. Following the Whistle Blowing Policy, whistleblowers are protected from reprisals. An assigned email address, phone, and fax number are available for use by staff members. The option to identify oneself or remain anonymous is available for the complainants depending on their preference.

NAC endeavors to provide a healthy, safe, and productive working environment for all employees.

The relevant provisions of the Labor Code are followed during regular working hours, with the mandated lunch and breaks. Exigencies that require adjustments are also addressed according to regulations. Eligible employees rendering work beyond the prescribed regular hours of work per day receive compensation based on existing National and Local orders and Collective Bargaining Agreements, if any. At the same time, eligible employees who are rendering work hours that are subject to “night differential” receive compensation based on agreed guidelines being used on night differential pay.

[7] Beneficiaries include constituents, BLGU members, residents, households, and students.

Standard entry level wage by gender compared to local minimum wage	Gender	RTN	TMC	HMC	CMC	DMC	Head Office	EPI	JSI	CDTN
Standard entry level wage	Male	355.00	350.00	384.60	420.00	450.00	630.00	610.00	502.00	355.00
	Female	355.00	350.00	384.60	420.00	450.00	630.00	610.00	502.00	355.00
Average hourly wage	Male	44.38	43.75	48.10	52.50	56.25	78.75	76.25	62.70	44.38
	Female	44.38	43.75	48.10	52.50	56.25	78.75	76.25	62.70	44.38
	Ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Comparison of standard entry level wage with	Local Minimum Wage	0.00%	0.00%	10.00%	20.00%	3.00%	3.30%	0.00%	0.00%	0.00%

NAC is committed to providing a safe, healthy, and rewarding workplace for its employees, where each individual has the opportunity to learn, grow, and develop their career and profession. It has the facilities, resources, policies, and standard processes in place that equip its employees to perform duties and roles safely and professionally.

To ensure good work conditions for all, the following Best Practices are applied:

- Promotion of a healthy work-life balance
- Creation of a positive Company Culture – NAC fosters a supportive, inclusive, and collaborative environment where employees feel comfortable expressing their ideas and concerns. It also holds team-building activities and social events to strengthen relationships among employees.
- Provision of competitive Compensation and Benefits (e.g., HMO, Accident and Life Insurance, retirement plans, training, additional leaves, bonuses, and various allowances)
- Recognition and reward of Employee Achievements to boost morale and motivate employees to continue performing at their best.
- Investments in Employee Development and Continuous Learning – NAC offers ongoing training, education, and professional development opportunities as part of its commitment to people's growth and success.

The Employee Engagement Framework **L.I.V.E.Well** aims to increase employees' level of engagement and empowerment. This is seen to have a direct impact on the organization's productivity, customer satisfaction, and business transformation.

It comprises of eight key pillars, each representing a distinct aspect of employee experience, development, and involvement:

- Life Skills
- Interest
- Volunteerism
- Engagement on Strategy
- Wellness Spiritual
- Wellness Social
- Wellness Physical
- Wellness Mental Health

By implementing the L.I.V.E.Well framework, NAC is able to prioritize the holistic development and engagement of employees, resulting in a healthier, more motivated, and committed team that contributes positively to achieving both personal and organizational goals. This framework has also been adopted by the Opcos, ensuring that that employees from across the Group are able to grow and thrive, in all aspects of their lives.

Employee Training and Benefit

NAC always aims to provide all employees with the opportunity to undergo trainings that support their career development plans. This is a valuable benefit that NAC employees enjoy and can take full advantage of. Training objectives focus on up-skilling and re-skilling employees and addressing both soft and technical skills. High-performing employees can focus on improving their leadership skills, while those in operations can prioritize developing more technical skills.

The goals of NAC employee training and development programs include:

- Skill Enhancement - improve skills and knowledge through targeted programs.
- Performance Improvement - address and improve specific performance gaps.
- Employee Engagement – engage employees and increase job satisfaction, motivation, and commitment.
- Knowledge Transfer - transfer of knowledge from experienced employees to newer hires, preserve institutional knowledge, and ensure the continuity of expertise within the organization.

In 2023, the NAC Group was able to provide a total of 64,312 training hours, helping boost employee productivity, confidence, motivation, and morale. Nonetheless, it continues to look for ways to innovate. NAC invests in its workforce through training and development. This investment is expected to boost productivity and enhance employee performance, which is tracked using an established Performance Evaluation and Development Sheet with key performance indicators. Employees who deliver excellent service throughout the year are recognized through the Service Awards program and are given promotions, bonuses and incentives, and salary increases.

For instance, EPI recently introduced the "EPICenter" framework for Learning and Development (L&D) after a successful Training Needs Analysis and skills inventory. EPI created a fresh and responsive L&D plan which is currently in use.

In TMC, seminars were offered by the Women in TMC Service (WITS). The Financial Literacy Seminar shared strategies for budgeting, saving, and investing to financially empower women. WITS also held a session on RA 11313 or the Safe Spaces Act (known as the *Bawal Bastos* Law). The seminar educated employees on the importance of creating safe spaces for women and the proper conduct to prevent sexual harassment, showing TMC's dedication to gender equality that goes beyond lip service.

Employee development does not stop at the provision of training as performance evaluations are an essential factor in employee retention strategies. Through effective and timely assessments, leaders can provide commendations as well as coaching and interventions for those who need help.

Training Hours	RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Total Training Hours	21,529	7,392	12,661	6,216	11,952	2,294	231	373	1,664	64,312
Average Training Hours	19.40	49.60	66.99	33.42	53.36	18.65	11.55	14.90	18.49	
Average training hours by gender										
Male	17.66	39.63	78.53	37.09	47.63	18.54	5.38	15.82	17.33	
Female	41.07	9.97	83.48	38.65	61.72	18.73	15.67	8.17	34.67	
Average training hours by position										
Manager	82.37	33.69	109.27	42.87	29.20	23.85	16.25	21.00	54.00	
Supervisors	61.42	7.40	72.64	46.94	54.01	21.77	8.42	3.25	20.80	
Non-supervisory/ technical	44.75	26.58	96.61	N/A	N/A	10.25	2.00	N/A	30.13	
Rank and File	13.25	3.35	36.76	7.84	62.10	11.69	6.00	18.00	14.40	
C-suite	N/A	N/A	N/A	N/A	N/A	26.00	0.00	N/A	N/A	
Officers	126.50	96	96	69	16	23.14	8.00	N/A	N/A	
Locals who attended the trainings	129	658	56	66	106	6	0	18	90	**1,129**
IPs employees who undertook trainings	5	46	N/A	N/A	0	N/A	N/A	2	1	**54**

Programs for upgrading employee skills	RTN	TMC	HMC	CMC	DMC	Head Office	EPI	JSI	CDTN	TOTAL
Internal trainings	46	58	13	8	0	5	4	2	3	**139**
External trainings	86	105	82	46	23	18	6	4	12	**382**

Programs for upgrading employee skills	RTN	TMC	HMC	CMC	DMC	Head Office	EPI	JSI	CDTN	TOTAL
Technical Trainings	79	131	47	43	13	17	8	5	12	**355**
Leadership Skills Training	16	12	4	0	2	3	0	1	0	**38**
Soft Skills Training	37	20	44	11	8	3	2	0	3	**128**

Percentage of employees receiving regular performance and career development reviews		RTN	TMC	HMC	CMC	DMC	Head Office	EPI	JSI	CDTN
Male	Officers	100%	100%	100%	100%	100%	-	100%	-	-
	Managers	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Supervisors	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Non-supervisory/Technical	100%	100%	100%	-	-	-	100%	100%	100%
	Rank and File	100%	100%	100%	100%	100%	100%	100%	100%	100%
Female	Officers	-	-	-	-	-	-	100%	-	-
	Managers	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Supervisors	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Non-supervisory/Technical	100%	100%	100%	-	-	100%	100%	100%	100%
	Rank and File	100%	100%	100%	100%	100%	100%	100%	100%	100%

Parental Leaves		RTN	TMC	HMC	CMC	DMC	Head Office	EPI	JSI	CDTN
Paternal Leave	Total employees who took paternal leave	12	35	5	7	0	1	0	2	0
	Number of employees who returned to work after paternal leave	12	35	5	7	0	1	0	2	0
	Return to work rate	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**0%**	**100%**	**0%**
	Number of employees who are still employed one year after their return from paternal leave	27	13	1	8	0	2	0	0	3
	Retention rate[8]	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**0%**	**0%**	**75%**
Maternal Leave	Total employees who took maternity leave	4	8	1	6	0	5	1	0	0
	Number of employees who returned to work after maternity leave	3	8	1	6	0	5	1	0	0
	Return to work rate	**75%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**0%**	**0%**
	Number of employees who are still employed one year after their return from maternity leave	6	10	2	5	0	4	0	0	0
	Retention rate	**67%**	**100%**	**100%**	**100%**	**0%**	**100%**	**0%**	**0%**	**0%**

New Hires and Employee Turnover		RTN	TMC	HMC	CMC	DMC	HEAD OFFICE	EPI	JSI	CDTN	TOTAL
Male	New Hires	104	65	11	13	69	11	6	1	28	**308**
	Turnover (Voluntary)	28	15	12	26	2	7	6	2	6	**110**
	Turnover (Involuntary)	30	0	0	0	0	2	0	0	1	**33**
	Turnover	**58**	**15**	**12**	**26**	**2**	**9**	**6**	**2**	**7**	**143**
Female	New Hires	13	16	11	3	19	15	4	0	3	**84**
	Turnover (Voluntary)	4	2	5	5	2	14	0	0	0	**34**
	Turnover (Involuntary)	4	0	0	0	0	0	0	0	0	**4**
	Turnover	8	2	5	5	2	14	0	0	0	**38**
	TOTAL TURNOVER	**66**	**17**	**17**	**31**	**4**	**23**	**6**	**2**	**7**	**181**

[8] Retention Rate = (Total number of employees retained 12 months after returning to work following a period of parental leave / Total number of employees returning from parental leave in the prior reporting period (s)) X 100

Benefits	% of Male Employees who Availed									% of Female Employees who Availed								
	HEAD OFFICE	RTN	TMC	HMC	CMC	DMC	EPI	JSI	CDTN	HEAD OFFICE	RTN	TMC	HMC	CMC	DMC	EPI	JSI	CDTN
SSS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PhilHealth	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Pag-Ibig	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vacation Leaves	81%	100%	100%	100%	100%	100%	100%	100%	80%	93%	100%	100%	100%	100%	100%	100%	100%	70%
Sick Leaves	54%	47%	100%	100%	100%	100%	100%	100%	79%	62%	45%	100%	100%	100%	100%	100%	100%	60%
Medical benefits	100%	65%	100%	100%	100%	100%	100%	100%	100%	100%	64%	100%	100%	100%	100%	100%	100%	100%
Housing assistance	-	65%	-	-	-	-	-	-	80%	-	61%	-	-	-	-	-	-	70%
Retirement benefit	5.6%	2%	2%	3%	0%	1%	-	0%	0%	0%	3%	0%	0%	0%	0%	-	0%	0%
Further education support	-	0%	1%	-	-	-	-	-	1%	-	0.21%	1%	-	-	-	-	-	0%
Company stock options		-	-	-	-		-	-	-		-	-	-	-		-	-	-
Telecommuting	100%	-	-	-	-		100%	3%	-	100%	-	-	-	-		100%	50%	-
Flexible-working hours	100%	-	-	-	100%		80%	3%	100%	100%	-	-	-	100%		100%	50%	100%
Free accommodation	-	3%	10%	31%	100%	48%	-	23%	8%	-	12%	27%	57%	100%	57%	-	17%	80%
Birthday Leave (BL)	-	88%	100%	100%	100%		-	-	-	-	11%	100%	100%	100%		-	-	-
Medicine Allowance	100%	-	100%	100%	100%	100%	-	-	80%	100%	-	100%	100%	100%	100%	-	-	70%
Annual Physical Exam	100%	99.8%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rice Subsidy	100%	100%	100%	100%	100%	100%	100%	100%	-	100%	100%	100%	100%	100%	100%	100%	100%	-
Toiletries	-	-	10%	17%	40%	48%	-	-	-	-	-	27%	57%	40%	57%	-	-	-
Free Laundry	-	-	10%	17%	40%	48%	-	-	-	-	-	27%	57%	40%	57%	-	-	-
Others	-	100%	100%	100%	100%	100%	100%	100%	100%	-	100%	100%	100%	100%	100%	100%	100%	100%

Freedom of Association and Collective Bargaining

NAC employees are afforded Freedom of Association and Collective Bargaining rights. As important partners in business, Unions deserve an environment of mutual trust and respect, teamwork, proactive policies, and openness in terms of information sharing, discussions, consultations, and negotiations. As standard practice, Unions are included in working committees for programs and employee activities and are involved in formulating strategies to handle Company labor issues.

Support for maintaining good relations is institutionalized through both process and structure. For instance, TMC's Labor Management Committee (LMC) supports the relationship-building between labor and management, just like DMC's recently created Labor Management Cooperation Committee. Meanwhile, HMC management and Hinatuan Mining Labor Union representatives hold a monthly Labor Management Committee conference every third Friday of the month.

Similarly, CMC has an existing Collective Bargaining Agreement that provides a monthly Labor Management Committee meeting every third Friday of the month. In addition, the Union has been regularly participating in livelihood seminars conducted by different government agencies also taking part in various community and social activities.

The Company also maintains programs that enhance workers' participation in work-related decision-making such as:

- Open-Door Policy. The Company adopts an open-door policy, where employees are encouraged to approach their managers or supervisors with ideas, suggestions, or concerns. This fosters a culture of open communication and empowers people to actively participate in decision-making.
- Employee Surveys and Feedback. The Company conducts regular employee surveys to gather feedback and input on various work-related matters.
- Employee Representation. The NAC Group has established a mechanism for employee representation, such as the Labor Management Committee (LMC).
- NAC Group Townhall Meetings and, for NAC's subsidiaries, regular toolbox meetings.

NAC promulgates a grievance policy that enables employees to voice their concerns through appropriate channels and to expect prompt and fair resolution while ensuring a non-retaliatory environment for those who bring forth grievances. The Company has a Whistle Blowing Policy in place which protects against retaliation, ensuring that employees can come forward without fear of adverse consequences.

NAC's subsidiaries and their respective employee unions operate on the principle that all disputes between labor and management shall be resolved through amicable and constructive negotiations, seeking continuity of work until all issues in the dispute are settled. Together, they make every effort to ensure that any conflict that may disadvantage either party shall be avoided.

Collective Bargaining Agreement	RTN	TMC	HMC	CMC	DMC	JSI	CDTN
Total employees that are members of union	421	394	77	92	N/A	N/A	173
Percentage of employees that are members of union	79%	56%	39%	39%	N/A	N/A	69%
Number of unions and collective bargaining agreements in effect							
a. Total number of union organizations	2	1	1	1	N/A	N/A	1
b. Total number of CBAs in effect	2	1	1	1	N/A	N/A	1
c. Total of employees under CBA	421	394	96	92	N/A	N/A	173
d. % of employees under CBA	79%	56%	49%	39%	N/A	N/A	69%
No. of consultations conducted with employees concerning employee-related policies	4	15	12	8	0	0	12
Number of labor related cases	8	0	0	1	1	0	1
Cost of labor related cases	297,574	0	0	549,747	0	0	5,000
Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	1	4	1	1	4	4	4

	RTN	TMC	HMC	CMC	DMC	JSI	CDTN
Number of strikes and lockouts	0	0	0	0	0	0	0
Duration of strikes and lockouts	0	0	0	0	0	0	0

Indigenous Peoples Partnership

Strengthened indigenous cultures	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Total IP Population	22,216	952	N/A	N/A	1,636	1,920	**26,724**
Percentage of IP to total population	26%	3%	N/A	N/A	25%	17%	**19.1%**
Number of traditional areas protected							
a. Inside the operations area	0	34	N/A	N/A	4	1	**39**
b. Outside the operations area	0	20	N/A	N/A	5	0	**25**
Company with IP Education program	Yes	Yes[9]	N/A	N/A	No	No	
Number of learners/students of the IP education	1,204	179[10]	N/A	N/A	-	-	**1,383**
Number of projects promoting cultural heritage and traditions	2	3[11]	N/A	N/A	1	1	**7**

Secured tenurial security of IPs	RTN	TMC	HMC	CMC	DMC	JSI	TOTAL
Number of Indigenous Cultural Communities (ICCs) with CADT/CADC	0	21	N/A	N/A	1	1	23
Number of ICCs with Ancestral Domains Sustainable Development and Protection Plan (ADSDPP)	0	21	N/A	N/A	0	1	22
Percentage of development area on IP lands	27%	37%	N/A	N/A	4%	10%	
Number of displaced IPs due to operations	0	0	N/A	N/A	0	0	**0**
Number of IP consultations done per year	34	12	N/A	N/A	13	6	**65**

[9] Through PNES and scholarships
[10] Students in PNES
[11] Aldaw Ka Mamanwa, Punta Naga Fiesta, and IP month

Nation Building through Economic Growth

In 2023, NAC's operations continued to benefit the local economies of each province and municipality where its operating mines are located, employing as people, stimulating economic activities through local procurement of goods and services, and paying appropriate taxes and royalties for its operations.

Furthermore, NAC works under the mandated SDMP, and operating companies make additional efforts for host and neighboring communities through their Corporate Social Responsibility (CSR) programs.

NAC also reported an attributable net income of ₱3,750 million and at the same time, the Company recorded a total sales volume of 16.45 million wet metric tons of nickel ore, up 3% from last year.

Regular Cash Dividend of ₱0.17 per share and Special Cash Dividend of ₱0.07 per share were paid to stockholders of record in April and December, respectively.

NAC remains well-positioned to achieve its twin goals of being included in the PSE Index's Top 25 companies in terms of market capitalization and becoming a Premier ESG investment by 2025:

- Its leading, growing, profitable, and rewarding mining business is underpinned by structurally supportive industry outlook and green mega-trends such as electric vehicles and renewable energy.
- Growing renewable energy business diversifies NAC's revenue stream and accelerates its next leg of growth.
- ESG is ingrained in NAC's DNA, affirmed by the lasting impact it leaves in the communities it touch and the recognition it receives from sustainable business operations.

Supply Chain Management

The Supply Chain Management (SCM) at NAC is centralized and serves all its operating companies. Its functions include procurement, logistics, and inventory management. This ensures that all domestic or international suppliers are subject to rigorous quality and service monitoring.

SCM maintains an accreditation method which includes environmental performance in its criteria. A major initiative this year was the Supply Chain Engagement and updating its purchasing procedures to include Green Procurement and Social Suppliers Standards while strengthening the Contractors Safety Program. An Accreditation Committee reviews and analyzes vendor applications based on their track record, quality, price, delivery lead times, and safety, environmental, and regulatory compliance.

Local suppliers are still preferred wherever possible, not only due to the advantages of paying in Philippine Peso and customary payment terms but also because the Company recognizes the value of stimulating the local economies.

With Supply Chain disruption as one of the risks identified for the business, SCM strategies became key to operational stability, and having a dependable and diverse roster of suppliers is the strength of our SCM. The Company normally keeps a roster of different suppliers for products that are critical to operations such as fuel, and in case of inclement weather that can cause delays in delivery, operating companies source fuel from other accredited suppliers that may be in proximity to the operations of the site and provide relief while waiting for delayed deliveries.

All these processes are carried out through the ERP system, starting from the creation of purchase requisitions, if applicable, to the issuance of goods and/or rendering of services.

Spending on Local and Overseas Suppliers (Million ₱)	RTN	TMC	HMC	CMC	DMC	EPI	JSI	TOTAL
Total spending	2,401.00	5,223.00	1,730.00	1,513.00	949.00	2,929.00	1,196.00	**15,941.00**
Spending on local suppliers	2,330.00	4,865.00	1,700.00	1,490.00	930.00	2,914.00	246.00	**14,476.00**
Spending on overseas suppliers	71.00	358.00	30.00	23.00	19.00	15.00	950.00	**1,466.00**
Percentage of spending on local suppliers	**97.00%**	**93.00%**	**98.00%**	**98.00%**	**98.00%**	**99.00%**	**21.00%**	**91.00%**

Local Value Chains and Procurement	HEAD OFFICE
Total number of contracts awarded to local suppliers and contractors	15,358[12]
Total amount of contracts awarded to local suppliers and contractors	9,282,000,000
Percentage of procurement budget awarded to local suppliers and contractors	99.43%
Total employees of awarded local suppliers	33,214[13]
Total trainings provided to local suppliers and contractors for capacity building	**0**
Number of suppliers following responsible sourcing	**159**
Local Suppliers and Contractors' policies	
Percentage of suppliers and contractors providing at least minimum wage to its lowest income level employees	**90.00%**
Percentage of suppliers and contractors with Human Rights Policy	**89.00%**
Percentage of suppliers and contractors with Safety and Health Policy	**93.00%**
Percentage of suppliers and contractors with Anti-Bribery and Anti-Corruption Policy	**88.00%**
Percentage of suppliers and contractors with Environmental Policy	**83.00%**
Percentage of suppliers and contractors with Decarbonization Plan	**51.00%**
Percentage of suppliers and contractors with Green Procurement Policy	**59.00%**

[12] SAP Number Range only, Approved POs only, Services >2.5M are not PO'd
[13] 64% of vendors responded.

Transformational Governance

In 2023, the NAC Group received awards and recognition from both national and international institutions that highlighted the value of purposeful governance in paving the path to success.

Among these were the Presidential Mineral Industry Environmental Award (PMIEA) from the 69th Annual National Mines Safety and Environment Conference (ANMSEC) Awards; Two Golden Arrows for its ASEAN Corporate Governance Scorecard from the Institute of Corporate Directors (ICD) in 2022; the Gold Citation as the Philippines' Best Basic Materials Company during the 27th FinanceAsia Awards; and the Most Outstanding Company in the Philippines under the Materials Sector in Asia Money's Asia's Outstanding Companies Poll 2023. We also received four prestigious awards at the World Business Outlook Awards held in Bangkok, Thailand, on November 25, 2023: Best CSR Program, Best Sustainable Practices, and Best Mining Company to Work For in the Philippines category.

These awards celebrated the NAC Group's dedication to upholding the standards of responsible mining that exemplified environmentally and socially responsible operations.

As a member of the Chamber of Mines of the Philippines (COMP) and the Philippine Nickel Industry Association (PNIA), NAC has made public its stand on good governance and has continued to set high standards as a responsible corporate citizen.

NAC's corporate governance principles and processes were established and articulated in two fundamental policies: The Manual on Corporate Governance ("CG Manual") and the Code of Business Conduct and Ethics ("Code"). These policies prescribe standards of corporate and individual acts that are relevant and responsive to the Company's operations as well as the business environment that we are in. They mandate ethical business practices and behavior consistent with the laws, rules, and regulations that apply to our business.

The CG Manual institutionalizes the principles of good corporate governance and embodies the framework that governs the members of its Board and Management Team in the performance of their responsibilities to the shareholders and other stakeholders.

The Code articulates the commitment of every NAC employee to good and effective corporate governance through high ethical standards of conduct within and outside the Company premises, particularly in interactions with various stakeholders.

The Company, through its Board of Directors, assisted by its officers and, as needed, by consultants, reviews the Company's mission, vision, core values and commitments, and corporate governance policies and their effectiveness periodically to ensure that they continue to be compliant, relevant, and effective in relation to the Company's business activities and objectives as well as corporate governance best practices.

Overseeing climate matters is another key responsibility of NAC's Board of Directors through the Sustainability Committee and Board Risk Oversight Committee. This ensures that NAC's climate strategy, along with its associated risks and opportunities, are fully integrated into the overall risk management framework. This integration allows for continuous monitoring during the Committee's quarterly meetings.

Inclusive Leadership and Management

To promote responsive, inclusive, and representative decision-making, NAC values diversity and inclusion among leadership positions. NAC sets a target of 30% average female representation in top-level management positions by 2025. In 2023, NAC has two female members of the Board, representing 28% of the board. NAC also aims to achieve 100% Economic, 50% Environmental, and 50% Social competencies of the board. The strategies to achieve these goals include providing a level recruitment field, conducting training to increase Environmental and Social competencies, and offering promotion opportunities regardless of gender.

Enabling Policies

The principles embodied in the CG Manual and the Code are further underscored by the Company's well-established policies that serve as clear guidance to all Directors, officers, and employees in their day-to-day work.

Anti-Bribery and Anti-Corruption Policy

The policy confirms the commitment of the Company to (1) adhere to the highest norms of ethical conduct, not only in words, but more importantly, in its actions; (2) conduct its business honestly, equitably, and fairly; (3) strive for consistency in the Company's actions; and (4) comply with all laws and regulations applicable to its business activities in all communities it operates in. This policy expressly prohibits the direct or indirect commission of all forms of bribery and corruption, including government bribery, commercial bribery, and facilitation payments.

Insider Trading Policy

This policy provides for certain restrictions on corporate insiders' dealings involving the Company's shares or securities. The policy considers all Directors, officers, employees, and consultants of the Company who have access to material non-public information about the Company, and their relatives within the second degree of consanguinity or affinity are considered Corporate Insiders. When in possession of material non-public information concerning NAC or its securities, Corporate Insiders shall not trade in, or buy and/or sell, shares of stock and other securities of the Company. Further, such information is to be kept strictly confidential.

Corporate Insiders who do not possess material non-public information are allowed to deal with shares and securities of the Company subject to the disclosure policies of the Company, the provisions of the Securities Regulation Code (SRC) on insider trading, and all rules and regulations pertaining thereto.

Conflict of Interest Policy

All Directors, Officers, and Employees are charged with the duty of loyalty to the corporate interest and their personal interests should not prevail against the interests of the Company. Even the appearance of a conflict of interest must be avoided and any activity that may compromise or seem to compromise the integrity of the Company or of any Director, Officer, or Employee must be avoided.

Procurement Governance Policy

This policy affirms NAC's commitment to maintain the highest standard of transparency, probity, ethics, and integrity as it seeks to maximize value for money and ensure quality goods and services while ensuring accountability, consistency, and alignment in procurement practices across its various entities and business units. The Company shall commit to fair and effective competition, innovation, and continuous improvement; identify sustainable and socially responsible procurement solutions; and provide efficient processes, flexibility and support to the Company and its suppliers.

Gifts, Hospitality and Sponsored Travel Policy

Directors, Officers, or Employees, as well as Consultants, shall not accept gifts, hospitality, or sponsored travel from suppliers and other parties with whom the Company has business dealings, except if the value of such gifts or hospitality is a token amount or such sponsored travel is of a technical or business nature and is relevant to the Company's business. Likewise, gifts, hospitality, or sponsored travel shall not be offered to any person to improperly influence and benefit the Company and its representatives.

Whistleblowing Policy

The policy provides for a system intended to assist those who believe they have discovered impropriety, fraud, or offenses covered by the existing Code or other corporate governance rules of the Company to report such matters to the Company without fear of retaliation or harassment.

Policy on Related Party Transactions

The policy ensures that material transactions between the Company and any Related Party shall be subject to prior review and approval by the Board to ensure that such transactions are at arms' length, and that the terms and conditions of such transactions are fair and will redound to the best interest of the Company, its subsidiaries, and shareholders. This policy also requires the Company to disclose the details of its material related party transactions to the Securities and Exchange Commission and the Philippine Stock Exchange.

Policy on Diversity, Inclusivity and Equality

The Company's core value of Respect includes respect for diversity and inclusivity across the Company and all its subsidiaries. NAC supports the fundamental human rights principle that all human beings are born free and equal in dignity and rights. This Policy on Diversity, Inclusivity, and Equality affirms the Company's commitment to the achievement of gender equality (SDG 5), decent work and economic growth (SDG 8), and reduction of inequality (SDG 10). This policy affirms the Company's commitment to respect diversity and uphold the fundamental rights and dignity of each person in the NAC Group, in the communities where the NAC Group operates, and in its relationship with other stakeholders; create a work environment where every employee is treated with fairness and in a non-discriminatory manner, and valued and given an opportunity to improve and grow; and comply with all laws and policies upholding diversity and equal opportunity applicable to its business activities. The policy was approved by the Board of Directors of NAC in June 2023.

Compliance

The Compliance Sector has been diligent and effective in informing relevant groups within the NAC Group on relevant laws and policies relating to their work by sending summaries of new government issuances. For example, if the Department of Environment and Natural Resources issues new guidelines regarding processes that are relevant to the operations of NAC's mining subsidiaries, the Compliance team alerts relevant employees and sends a summary of the new issuance and a link to the full text of the issuance.

In addition, the Compliance and Legal Sectors conduct training sessions on relevant laws, such as labor laws, obligations and contracts, and/or Company policies relating to corporate governance. For example, in 2023, the Sustainability and Compliance Sectors collaborated on a training session on Anti-Bribery and Anti-Corruption where the Company's Anti-Bribery and Anti-Corruption Policy and relevant anti-bribery and anti-corruption laws were discussed in relation to relevant business transactions.

If there are new rules for NAC's compliance, Management oversees the coordination among the Company's relevant groups to ensure compliance.

For instance, anticipating the enforcement of the Philippine Mineral Reporting Code of 2020 (PMRC 2020) in 2024 upon completion of the Implementing Rules and Regulations, the Operations teams collaborated with other teams such as Finance and Legal to ensure that the reports shall be compliant with PMRC 2020 requirements. Also, in anticipation of the new guidelines for Sustainability Reporting, Management guided the Sustainability, Finance, Legal, Compliance, and other Sectors of the Company to begin preparation of their reports in compliance with the new reporting guidelines.

Except for the ₱137,000.00 penalty imposed by the Philippine Stock Exchange on NAC on 6 March 2024 for late submission of monthly reports on the availments under NAC's 2018 Stock Option Plan for February and March 2023, NAC has not received any notice of penalties or other sanctions from its regulators or the regulators of its subsidiaries for material violations of laws and regulations relevant to their businesses in 2023.

Strong Organizational Culture

Transparency

NAC is a strong supporter of the Philippine Extractive Industry Transparency Initiative (Ph-EITI) – a government-led, multi-stakeholder initiative implementing EITI. It is also the global standard that promotes the open, accountable management, and good governance of oil, gas, and mineral resources. Ph-EITI, through an Independent Administrator, monitors material tax payments, social contributions, and environmental funds and disbursements.

NAC makes every effort to ensure regulatory compliance and is ready to address any specific compliance areas identified during internal and external audits, regular review of regulatory requirements, and the latest regulations applicable to the Company.

The Company's tax strategy is linked to business and sustainable development strategies. Under the ERM, NAC can identify, manage, and monitor tax risks to maintain consistent tax performance and transparency on its tax contributions. This is the way that the Company maintains and builds trust with its stakeholders.

Anti-bribery and Anti-Corruption

Integrity and Honesty are among NAC's core values. All employees are expected to act with integrity and honesty in their day-to-day work and when dealing with stakeholders.

The Company's Anti-Bribery and Anti-Corruption Policy articulates the commitment of the Company, and Directors, officers, and employees to (1) adhere to the highest norms of ethical conduct, not only in words, but more importantly, in actions; (2) conduct business honestly, equitably, and fairly; (3) strive for consistency; and (4) comply with all laws and regulations applicable to NAC's business activities in all communities it operates in. This Policy amplifies the Company's commitment's stance against bribery and corruption expressed in its Code of Business Conduct and Ethics, Conflict of Interest Policy, Procurement Governance Policy, Policy on Gifts, Hospitality and Sponsored Travel, and Whistleblowing Policy. Further, the Anti-Bribery and Anti-Corruption Policy expressly imposes the prohibition against all acts of bribery and corruption upon its Directors, officers, and employees. The policy also requires the Company to ensure that its third-party contractors shall not engage in acts of bribery and corruption.

All NAC employees are required to know, understand, and comply with the Company's corporate governance policies that promote integrity and honesty. All employees are asked to submit an Annual Certificate of Integrity and Compliance to confirm that they have read or refreshed their knowledge of the rules in the CG Manual, the Code, and all the related policies during the year. The Compliance Sector targets 100% for this requirement. In support of this drive, aside from the regular Corporate Governance seminars being offered, there will be online courses on Anti-Bribery and other Corporate Governance policies expected to be launched in 2024. In September 2023, NAC launched its first Sustainability Learning Session, focusing on Anti-Bribery and Anti-Corruption. The session covered key terminologies, relevant laws, and regulations, the Company's Anti-Bribery and Anti-Corruption, and the Whistleblowing Policy. The goal of the session was to empower employees on how to conduct business ethically and responsibly while having a thorough understanding of the subject matter.

There were no reports or findings of corruption for 2023.

Robust and Comprehensive Risk Management System

Enterprise Risk Management

NAC adopts a risk philosophy aimed at enhancing shareholder value by sustaining competitive advantage, managing risks, and enabling the pursuit of strategic growth opportunities with greater speed, skills, and confidence over its competitors.

To put this philosophy into action, the Board, through its Board Risk Oversight Committee, implemented an Enterprise Risk Management (ERM) system that ensures all business risks are identified, measured, and managed effectively and continuously within a structured and proactive framework.

After establishing our Risk Management Road Map in 2022, the Company then rolled out in 2023 several key initiatives designed to secure the buy-in of every internal stakeholder to the Company's Integrated Enterprise Risk Management System.

Each subsidiary now has an assigned Risk Officer who then collaborates on a campaign focused on "Laying the Foundation." From the first Risk Management Conference held in Cebu City, there were follow-up conferences in Metro Manila to complete the sector risk assessment and the ManCom risk assessment.

In May, the Resident Mine Managers, Risk Officers, and Operations leaders gathered in Angeles, Pampanga, for a three-day alignment workshop on risk mitigation initiatives. The workshop took off from the completed 2023 NAC Risk Registry where risk assessment results from the site, the sectors, and the ManCom were consolidated, and the top risks for the Group were identified. The workshop resulted in proposed mitigation activities for implementation within the year.

By June, NAC started the cascade of the two critical programs of the risk management sector across all the subsidiaries. All operating mine sites' Risk Management Committees conducted workshops, such as:

- IMCR training which focused on the rollout of the incident notification, reporting, and escalation protocols as outlined in the NAC Integrated Enterprise Risk Management Manual.
- BCP Cascade which included an overview of Business Continuity Planning and the completion of the Business Impact Assessments of the process owners per site.

As part of the efforts of the Risk Management Sector to involve community stakeholders in managing shared disaster risk mitigation strategies, the sector led the first-ever Caraga Resilient Mining Week (CRMW) in Surigao City from July 24 – 29. The event featured several activities including the Professional Development Sessions for Mining Engineers, Industry Stakeholder Forums, a five-day youth camp on responsible mining, a Water Search and Rescue (WASAR) Training and Exhibition, and the launch of a tree planting initiative of the Caraga Mining Community which committed to planting one million trees for each of the five provinces of the region.

Data Security

NAC recognizes that the industry faces data security risks, as all SAP and Microsoft 365 computing platforms are prone to cyberattacks. Departments such as Finance, Purchasing, Logistics, Budgeting, and HR are potential targets for threat actors.

Despite the absence of data breaches for the year 2023, NAC increased cybersecurity measures by proactively educating end-users on ways to detect and avoid phishing emails. NAC also issued its Personal Data Privacy Governance and Management Manual which sets forth the Company's policy and framework to ensure the protection of personal data that is processed.

To address data security risks, the Company closely monitors its ICT Infrastructure using integrated next generation firewalls and communication Gateways for inbound and outbound network threats. At the same time, end-points were bolstered with anti-virus, anti-ransomware managed software for workstation protection, Microsoft Active Directory for identity management, and user role access for controls were carefully assigned.

To further add another layer of security for users outside of the Company network, it also implemented VPN (virtual private network) access for users on a work-from-home set-up, utilized DocuSign the application for a secure electronic signature process, and maximized Office 365 for encrypted communications and collaboration.

Meanwhile, to protect the Company's systems and its people from predatory behavioral advertising and to secure customer privacy, the Company strictly disallowed the use of corporate email to be used for social media, online shopping accounts, and non-business-related use. Information campaigns on cybersecurity were conducted and timely advisories on data protection were released whenever needed.

Cybersecurity risks are also reviewed by the Board Risk Oversight Committee.

Climate-related Risks and Opportunities

Climate-related risks and opportunities significantly impact NAC's businesses, strategy, and financial planning. The Company faces policy, market, and physical risk exposures, potentially impacting demand, input costs, and operations.

With the governance and leadership of the Board of Directors and the Management Team, NAC's Enterprise Risk Management (ERM) system helps establish a risk management strategy that addresses climate-related risks and identifies action plans, persons responsible, and expected timelines to maintain operations or reduce the duration of operation disruptions. NAC's Board of Directors tackles climate challenges through dedicated oversight structures. The Board-level Sustainability Committee and Board Risk Oversight Committee spearhead the Company's climate strategy, monitor progress, and advise the Board on crucial climate matters. Quarterly reports from Management keep the Board informed of climate risks and opportunities. Climate risks are firmly embedded in the overall risk management framework, and it is part of the Company's implementation of the Environmental Management System (EMS).

NAC follows Taskforce for Climate-Related Financial Disclosure (TCFD) guidelines for climate risk. The Risk Management Sector of NAC categorizes, assesses, and prioritizes risks based on impact and develops mitigation/adaptation strategies for the most crucial ones. The Company continuously monitor risks and integrate identified risks and opportunities into plans and processes, influencing procedures, budgets, and long- and short-term planning.

NAC faces both physical and transition risks from climate change. Floods and extreme weather pose short-term threats to infrastructure and production, while carbon pricing and shifting market demands present longer-term challenges. However, NAC also sees these as opportunities in developing low-carbon technologies and tapping new markets.

Over the short, medium, and long term, NAC identified a range of climate-related risks and opportunities. The Company entrusted Sustainable1 to assess its exposure to climate risks. This comprehensive analysis encompasses physical risks, and two key aspects of transition risk: potential impacts from evolving policies and market dynamics.

Risk Categories

1. Transition Risk: Policy Risk Exposure - Risk of policy action to encourage low-carbon transition in direct operations or upstream supply chain (e.g. through carbon taxes).
2. Transition Risk: Market Risk Exposure - Increased costs for key suppliers.
3. Physical Risk Exposure - Increasing frequency and severity of climate hazards generating financial impacts on company assets.

Transition Risk: Policy Risk Exposure

The emergence of increasing taxes on fuel or GHG emissions may leave the Company with increased expenses which it may choose to either pass on to customers, absorb, or invest in lowering its emissions. NAC's carbon pricing risk assessment projects indicate a potential increase in annual expenditure under the high-cost scenario by 2030. This increase translates to a 3.0% rise in costs. In contrast, the low-cost scenario projects significantly lower potential exposure for the same year.

Transition Risk: Market Risk Exposure

Climate change shifts markets through the evolving supply and demand of carbon-sensitive goods. Sustainable1 assessed NAC's market risk by analyzing supplier and customer carbon pricing exposure under different scenarios. For suppliers, Sustainable1 calculated "EBITDA at Risk," estimating the potential financial impact of future carbon pricing on their earnings. This allows NAC to identify upstream value chain segments exposed to carbon pricing risks under a 2°C scenario and influence suppliers to reduce emissions, mitigating risk. Similarly, for customers, the assessment identifies downstream segments vulnerable to carbon pricing under a 2°C scenario. All these are crucial to help NAC gauge its level of resilience and adapt its strategies accordingly.

Physical Risk Exposure

Indicators:

Atmospheric data related to temperature, precipitation, drought, and wildfire, as well as other data related to coastal flooding, tropical cyclones, water stress, and fluvial flooding in order to provide a rigorous estimate of risk under various conditions were processed and analyzed.

The top 3 climate hazards were identified and quantified based on absolute risk. Coastal flooding poses the highest risk to NAC's asset value in 2030, followed by temperature extremes and fluvial flooding.

Top 3 Physical Risks

1. Coastal flooding - Changes in frequency of coastal flooding of various magnitudes. Extreme coastal high water depends on average sea level, tides, and regional weather systems. Extreme coastal high-water events are usually defined in terms of the higher percentiles (e.g. 90th to 99.9th) of a distribution of hourly values of observed sea level at a station for a given reference period.
2. Temperature Extremes - Changes in frequency of occurrence of temperature extremes. A temperature extreme event is generally defined as the occurrence of the temperature variable above (or below) a threshold value near the upper (or lower) ends ('tails') of the range of observed values of the variable.
3. Fluvial flooding - The annual probability of a 100-year riverine flood, relative to the historical baseline of 1950-1999. This metric uses three climate variables and four topographic variables.

Physical Risk Scenarios Assessed

Sustainable 1 looks at climate scenarios RCP 4.5 and RCP 8.5 over decadal intervals from the 2020s to the 2090s.

RCP 4.5 Moderate Emissions – Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.
RCP 8.5 High Emissions – Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.

NAC faces a low physical risk in the 2030s under both RCP 4.5 and 8.5 scenarios. Coastal flooding and temperature extremes dominate the risk landscape, contributing over 83% of the potential financial impact. The vast majority of NAC's assets are classified as low risk for the assessed hazards.

Analyzing the RCP 4.5 scenario, NAC gained insights into the timing of significant increases in specific climate hazards. Notably, water stress emerges as the fastest-growing risk in the 2020s, with an average annual absolute risk increase of 14%. Closely following, coastal flooding exhibits a steady growth rate of 8%, while fluvial flooding and temperature extremes experience the lowest average increases. Interestingly, tropical cyclones, though present, show a projected decrease in financial impact compared to the historical baseline. This decadal risk analysis empowers NAC to prioritize mitigation strategies effectively.

NAC tracks its climate impact and progress through a comprehensive set of metrics and targets. These include carbon emissions, sequestration efforts, adoption of green technologies, tree planting initiatives, rehabilitated land areas, and ongoing environmental research. To further solidify its commitment, NAC has set ambitious emission reduction targets: 10% by 2025, 42% by 2030, and ultimately achieving net-zero carbon emissions by 2050.

Board Committees

Audit Committee

The Audit Committee is composed of Ms. Florencia G. Tarriela (Independent Director) as Chairperson, and Atty. Angelo Raymundo Q. Valencia (Independent Director) and Mr. Shiro Imai as members. The Audit Committee reports to the Board and is required to meet at least once every three months. Aside from overseeing the internal and external auditors of the Company, the Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing independent and objective assurance to the Management and shareholders of the continuous improvement of the risk management system, business operations, and the proper safeguarding and use of Company resources and assets. The Audit Committee provides a general evaluation and assistance in the overall improvement of the risk management, control, and governance processes. Mr. Patrick S. Garcia is the Company's Chief Audit Executive and Vice President for Internal Audit.

The table below shows the attendance of the members of the Audit Committee at Committee meetings held in 2023:

Position	Name	No. of Meetings Held in 2023	No. of Meetings Attended	Percentage of Attendance
Chairperson	Florencia G. Tarriela	4	4	100%
Member	Angelo Raymundo Q. Valencia	4	4	100%
Member	Shiro Imai	4	4	100%

Corporate Governance Committee

The Corporate Governance Committee is composed of Mr. Gerard H. Brimo as Chairperson, and Mr. Leonides Juan Mariano C. Virata, and Ms. Florencia G. Tarriela (Independent Director) as members. The Committee is responsible for ensuring compliance with and proper observance of corporate governance principles and practices. It also oversees the implementation and periodic review of the Company's corporate governance framework to ensure that it remains responsive to the Company's size, complexity, and business strategy. Further, the Committee conducts an annual evaluation of the Board, its Committees, and the Management of the Company; and develops and implements action plans and programs to improve the performance of the Board, Committees, Directors, and the Management of the Company. The Committee also functions as the Compensation and Remuneration Committee. The Committee is tasked to establish and maintain a formal and transparent procedure for developing policy on the remuneration of the Directors and officers to ensure that their compensation is consistent with the Company's culture, strategy, and the business environment in which it operates. The Committee is also responsible for administering the Company's stock option policies and plans and for approving bonuses to all employees of the Company and its subsidiaries.

The table below shows the attendance of the members at the Committee meetings held in 2023:

Position	Name	Number of Meetings Held in 2023	No. of Meetings Attended	Percentage of Attendance
Chairperson	Gerard H. Brimo	2	2	100%
Member	Leonides Juan Mariano C. Virata	2	2	100%
Member	Florencia G. Tarriela	2	2	100%

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of Mr. Angelo Raymundo Q. Valencia (Independent Director) as Chairperson, and Mr. Martin Antonio G. Zamora and Ms. Florencia G. Tarriela (Independent Director) as members. The Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk Management and shall review the effectiveness of the risk management system. The Committee reports to the Board and is required to meet at least once every three months.

The table below shows the attendance of the members of the Board Risk Oversight Committee during its meetings held in 2023:

Position	Name	No. of Meetings Held in 2023	No. of Meetings Attended	Percentage of Attendance
Chairperson	Angelo Raymundo Q. Valencia	4	4	100%
Member	Martin Antonio G. Zamora	4	4	100%
Member	Florencia G. Tarriela	4	4	100%

Related Party Transactions Committee

The Related Party Transactions Committee is composed of Mr. Shiro Imai as Chairperson and Ms. Florencia G. Tarriela (Independent Director) and Mr. Angelo Raymundo Q. Valencia (Independent Director) as members. The Committee is tasked with reviewing all material and related party transactions of the

Company to ensure that such transactions are conducted on terms which are no more favorable than the terms of similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied. The Committee is also responsible for identifying potential or actual conflicts of interest and reputational risk issues that may arise from such related party transactions. The Committee further ensures that transactions between and among related parties are properly identified, monitored, and reflected in reports to the Board and relevant regulatory authorities. The Committee is required to meet at least once a year.

The table below shows the attendance of the members at the Committee meetings held in 2023:

Position	Name	Number of Meetings Held in 2023	No. of Meetings Attended	Percentage of Attendance
Chairperson	Shiro Imai	6	6	100%
Member	Angelo Raymundo Q. Valencia	6	6	100%
Member	Florencia G. Tarriela	6	6	100%

Nominations Committee

The Nominations Committee is composed of Mr. Martin Antonio G. Zamora as Chairperson, and Messrs. Shiro Imai and Angelo Raymundo Q. Valencia (Independent Director) as members. The Nominations Committee is responsible for setting qualification standards to facilitate the selection of potential nominees to Board seats and of all nominees to other positions in the Company requiring appointments by the Board, to provide shareholders with an independent and objective evaluation of, and assurance that, the members of its Board and the officers appointed by the Board are competent and will foster the Company's long-term success and secure its competitiveness. The Nominations Committee held one meeting in 2023, wherein all members were present.

Sustainability Committee

The Sustainability Committee is composed of Mr. Martin Antonio G. Zamora as Chairperson, Ms. Maria Patricia Z. Riingen, and Mr. Angelo Raymundo Q. Valencia (Independent Director) as members. The Sustainability Committee advises the Board regarding the establishment and review of the sustainability goals, Sustainability Roadmap, and initiatives of the NAC Group, the identification of material ESG issues of the Group's operations and their impact on relevant stakeholders, and the review and monitoring of the continuous professional development of directors and senior management.

The table below shows the attendance of the members at the Committee meetings held in 2023:

Position	Name	Number of Meetings Held in 2023	No. of Meetings Attended	Percentage of Attendance
Chairperson	Martin Antonio G. Zamora	4	4	100%
Member	Maria Patricia Z. Riingen	4	4	100%
Member	Angelo Raymundo Q. Valencia	4	4	100%

Board Advisors

The Company's Board has three (3) Advisors: Mr. Manuel B. Zamora, Jr., Mr. Frederick Y. Dy, and Mr. Philip T. Ang. The Board Advisors (1) attend Board of Directors' meetings and meetings of Board Committees as necessary; (2) provide guidance and suggestions, as may be necessary, on matters deliberated upon during Board and Committee meetings; and (3) provide recommendations and/or key information and materials regarding specific matters being considered by the Board and referred to the Board Advisors

CAGDIANAO MINING

CERTIFICATION

2023 Year-end Mineral Reserve of Cagdianao Mining Corporation

As of 31 December 2023, the total Mineral Reserve of Cagdianao Mining Corporation (CMC) is 5.35M WMT for saprolite and 1.29M WMT for limonite. The details of the 2023YE Mineral Reserves of CMC are found in Table 1.

Table 1. Mineral Reserve of Cagdianao Mine (as of 31 December 2023)

Ore	Class	Tonnes (kWMT)	Tonnes (kDMT)	% Ni	% Fe	Contained Ni (kt)
*Mineral Reserves**						
CMC						
Saprolite	Proved and Probable	5,354	3,480	1.36	23.66	47
Limonite		1,299	845	1.03	40.84	9

The undersigned is issuing this certification in his capacity as an Accredited Competent Person and active member of the Philippine Society of Mining Engineers. The undersigned is fully aware that, being under the employment of NAC, the certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

CMC is currently working on its full compliance with the PMRC 2020 edition.

Prepared by:

Glase F. Rabi
Mine Operations Manager
Licensed Mining Engineer
PRC No. 0003363

Approved by:

Christian Jae R. Gascon
Resident Mine Manager
Licensed Mining Engineer
PRC No. 00002873
Accredited Competent Person (Mining Engineering)
EM-ACP-206-0002873

CERTIFICATION

Nickel Asia Corporation (NAC) fully owns Dinapigue Mining Corporation (DMC). It is located at Brgy. Dimalaude, Dinapigue, Isabela.

As December 31, 2023, the Total Mineral Reserves of DMC are as follows:

Ore	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Proved and probable	29.4	19.11	1.36	18.39	260
Limonite		59.6	38.74	0.99	42.98	384

The undersigned is issuing this certification in his capacity as a licensed mining engineer and active member of the Philippine Society of Mining Engineers. The undersigned is fully aware that, being under the employment of NAC, the certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

DMC is currently working on its full compliance with the PMRC 2020 edition.

Engr. Edwin R. Casiano
AVP Mining Business-Resident Mine Manager
Licensed Mining Engineer
PRC No. 00002640

CERTIFICATION

Nickel Asia Corporation (NAC) fully owns Hinatuan Mining Corporation (HMC). It is located at Hinatuan Island, Brgy. Talavera, Tagana-an, Surigao Del Norte.

As of December 31, 2023, the Total Mineral Reserves of HMC are as follows:

Ore	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Proved and Probable	3.78	2.57	1.37	18.18	3,519
Limonite	Proved and Probable	1.38	0.94	0.95	48.97	889

The undersigned is issuing this certification in his capacity as a licensed mining engineer and active member of the Philippine Society of Mining Engineers. The undersigned is fully aware that, being under the employment of NAC, the certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

HMC is currently working on its full compliance with the PMRC 2020 edition.

FRANCISCO J. ARAÑES, JR.
Mining Engineer, License No. 2305
PMRC Competent Person
CP Registration No.: EM-ACP-030-0002305
PTR No. 7223703-Z
Issued: February 1, 2024, Surigao Del Norte

CERTIFICATION

Nickel Asia Corporation (NAC) owns 60% of Rio Tuba Nickel Mining Corporation (RTNMC). It is located at Brgy. Rio Tuba, Bataraza, Palawan.

As of December 31,2023, the Mineral Reserve of RTNMC are as follows:

Mineral Resources	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Proved and Probable	27.6	19.1	1.42	15.30	271
Limonite	Proved and Probable	44.5	30.8	1.24	33.17	382

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.

2. The Ni% and Fe% cut-off grades used in this estimation are as follows:

Limonite: ≥0.5 %Ni, ≥20 %Fe

Saprolite: ≥1.0 %Ni, <20 %Fe

The undersigned is issuing this certification in his capacity as an Accredited Competent Person and as an active member of the Philippine Society of Mining Engineers (PSEM). He is fully aware that, being under the employment of Rio Tuba Nickel Mining Corp., his certification may be subjected to review or scrutiny by other independent Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

RTNMC is currently working on its full compliance with the PMRC 2020 Edition.

Ronelbert A. Suguitan
Mining Engineer, PRC No. 2534
Accredited Competent Person for Nickel, ACP Reg. No. 052-0002534
PTR No. 7910886
Issued: January 16, 2024
Municipality of Bataraza, Palawan

TMC

CERTIFICATION

Nickel Asia Corporation (NAC) owns 65% of the Taganito Mining Corporation (TMC). The Project is located within the Municipality of Claver in the province of Surigao del Norte on the island of Mindanao.

As of December 31, 2023, the Total Mineral Reserves of TMC are as follows:

Ore	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Proved & Probable	84.34	57.35	1.44	12.05	828.38
Limonite	Proved & Probable	59.30	37.95	1.00	46.99	381.03

The undersigned is issuing this Certification in his capacity as a Licensed Mining Engineer and active member of the Philippine Society of Mining Engineers. The undersigned is fully aware that, being under the employment of NAC, the Certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned Government Institution(s) of Financing bodies might choose to employ.

TMC is currently working on its full compliance with the PMRC 2020 edition.

Artemio E. Valeroso
Registered Mining Engineer
PRC No. 2641
PTR No. 7223601

Taganito Mining Corporation

Main Office:
29th Floor NAC Tower,
32nd Street, Bonifacio
Global City, Taguig City,
Philippines 1634

Phone: (02) 7798 7624

Liaison Office:
2nd Floor NAC Building,
Km. 3, Brgy. Luna,
Surigao City,
Philippines 8400

Phone: (086) 826 3005
(0998) 597 8520

Site Address:
Brgy. Taganito, Claver,
Surigao del Norte,
Philippines 8410

Web: nickelasia.com

CERTIFICATION

Nickel Asia Corporation (NAC) fully owns Cagdianao Mining Corporation (CMC). It is located at Brgy. Valencia, Cagdianao, Dinagat Islands.

As of December 31,2023, the Mineral Resources of CMC are as follows:

Mineral Resources	**Classification**	**Tonnes (Mwmt)**	**Tonnes (Mdmt)**	**%Ni**	**%Fe**	**Contained Ni (Kt)**
Saprolite	Measured and Indicated	16.2	10.5	1.19	25.89	126
Limonite	Measured and Indicated	5.7	3.7	0.93	43.68	35

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.
2. The Ni% and Fe% cut-off grades used in this estimation are as follows:

Limonite: 40 %Fe (<0.75 %Ni)

Saprolite: 0.75 %Ni

The undersigned is issuing this certification in her capacity as an Accredited Competent Person and as an active member of the Geological Society of the Philippines. She is fully aware that, being under the employment of Nickel Asia Corporation, her certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

CMC is currently working on its full compliance with the PMRC 2020 Edition.

KRISTINE GRACE CAPUZ VICTORIA
Geologist, PRC No. 1721
Accredited Competent Person for Nickel, ACP Reg. No. 19-08-02
Professional Tax Receipt No. 3259638
Issued: January 30,2024
Plaridel, Bulacan

CERTIFICATION

Nickel Asia Corporation (NAC) fully owns Dinapigue Mining Corporation (DMC). It is located at Brgy. Dimaluade, Dinapigue, Isabela.

As of December 31,2023, the Mineral Resources of DMC are as follows:

Mineral Resources	**Classification**	**Tonnes (Mwmt)**	**Tonnes (Mdmt)**	**%Ni**	**%Fe**	**Contained Ni (Kt)**
Saprolite	Measured and Indicated	41.8	24.9	1.35	16.80	335
Limonite	Measured and Indicated	86.6	51.2	1.02	43.70	520

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.
2. The Ni% and Fe% cut-off grades used in this estimation are as follows:

Limonite: 25 %Fe, 0.8 %Ni

Saprolite: 1.1 %Ni

The undersigned is issuing this certification in her capacity as an Accredited Competent Person and as an active member of the Geological Society of the Philippines. She is fully aware that, being under the employment of Nickel Asia Corporation, her certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

DMC is currently working on its full compliance with the PMRC 2020 Edition.

KGCapuzVictoria

KRISTINE GRACE CAPUZ VICTORIA
Geologist, PRC No. 1721
Accredited Competent Person for Nickel, ACP Reg. No. 19-08-02
Professional Tax Receipt No. 3259638
Issued: January 30,2024
Plaridel, Bulacan

CERTIFICATION

Nickel Asia Corporation (NAC) fully owns Hinatuan Mining Corporation (HMC). It is located at Hinatuan Island, Taganaan, Surigao del Norte.

As of December 31,2023, the Mineral Resources of HMC are as follows:

Mineral Resources	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Measured and Indicated	10.6	6.9	1.29	22.02	89
Limonite	Measured and Indicated	3.9	2.5	0.95	47.38	24

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.
2. The Ni% and Fe% cut-off grades used in this estimation are as follows:

Limonite: 46 %Fe (<1.3 %Ni)

Saprolite: 1.0 %Ni

The undersigned is issuing this certification in her capacity as an Accredited Competent Person and as an active member of the Geological Society of the Philippines. She is fully aware that, being under the employment of Nickel Asia Corporation, her certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

HMC is currently working on its full compliance with the PMRC 2020 Edition.

Kgmvictoria

KRISTINE GRACE CAPUZ VICTORIA
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Issued: January 30,2024
Plaridel, Bulacan

CERTIFICATION

Nickel Asia Corporation (NAC) owns 60% of Rio Tuba Nickel Mining Corporation (RTNMC). It is located at Brgy. Rio Tuba, Bataraza, Palawan.

As of December 31,2023, the Mineral Resources of RTNMC are as follows:

Mineral Resources	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Measured and Indicated	31.4	19.5	1.48	14.89	290
Limonite	Measured and Indicated	45.2	31.0	1.26	33.10	390

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.
2. The Ni% and Fe% cut-off grades used in this estimation are as follows:
Limonite: ≥0.5 %Ni, ≥20 %Fe
Saprolite: ≥1.0 %Ni, <20 %Fe

The undersigned is issuing this certification in his capacity as an Accredited Competent Person and as an active member of the Geological Society of the Philippines. He is fully aware that, being under the employment of Rio Tuba Nickel Mining Corp., his certification may be subjected to review or scrutiny by other independent Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

RTNMC is currently working on its full compliance with the PMRC 2020 Edition.

Michael Angelo C. Tan
Geologist, PRC No. 1958
Accredited Competent Person for Nickel, ACP Reg. No. 23-07-02
PTR No. 79108920
Issued: January 16, 2024
Municipality of Bataraza, Palawan

CERTIFICATION

Nickel Asia Corporation (NAC) owns 65% of Taganito Mining Corporation (TMC). It is located at Brgy. Taganito, Claver, Surigao del Norte.

As of December 31,2023, the Mineral Resources of TMC are as follows:

Mineral Resources	Classification	Tonnes (Mwmt)	Tonnes (Mdmt)	%Ni	%Fe	Contained Ni (Kt)
Saprolite	Measured and Indicated	84.8	58.5	1.35	13.11	790
Limonite	Measured and Indicated	94.8	63.3	0.97	48.04	612

Note:

1. The 'Contained Ni (kT)' is derived from the multiplication of the average Ni% and estimated tonnage (DMT) of the resource. It does not consider mining losses and dilution. Discrepancies may appear due to rounding off of figures in the table.
2. The Ni% and Fe% cut-off grades used in this estimation are as follows:

Limonite: 40 %Fe

Saprolite: 0.95 %Ni

The undersigned is issuing this certification in her capacity as an Accredited Competent Person and as an active member of the Geological Society of the Philippines. She is fully aware that, being under the employment of Nickel Asia Corporation, her certification may be subjected to review or scrutiny by other independent Accredited Competent Persons whom the concerned government institution(s) of financing bodies might choose to employ.

TMC is currently working on its full compliance with the PMRC 2020 Edition.

KRISTINE GRACE CAPUZ VICTORIA
Geologist, PRC No. 1721
Accredited Competent Person for Nickel, ACP Reg. No. 19-08-02
Professional Tax Receipt No. 3259638
Issued: January 30,2024
Plaridel, Bulacan