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SECURITIES AND EXCHANGE COMMISSION

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)⁷

EMMANUEL L. SAMSON

(Contact Person)

892-6669 / 892-4177

(Company Telephone Number)

1 2	3 1
<i>Month</i>	<i>Day</i>
(Calendar Year)	

1 7 - Q
(Form Type)

0 6	1st Friday
<i>Month</i>	<i>Day</i>
(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

85
Total No. of Stockholders

Total Amount of Borrowings	
₱2,982.5 million	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number									

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_____ Cashier

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S.E.C. Number CS200811530

File Number _____

NICKEL ASIA CORPORATION

(Company's Full Name)

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

(Company's Address)

+63 2 892 6669 / +63 2 892 4177

(Telephone Numbers)

December 31

(Fiscal Year Ending)

(month & day)

SEC FORM 17-Q Quarterly Report

Form Type

Amendment Delegation (If applicable)

For the Quarter Ended

September 30, 2018

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: SEPTEMBER 30, 2018
2. SEC Identification Number: CS200811530
3. BIR Tax Identification No.: 007-085-191-000
4. Exact name of issuer as specified in its charter: NICKEL ASIA CORPORATION
5. Province, Country or other jurisdiction of incorporation or organization: PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office Postal Code
28th Floor NAC Tower, 32nd Street, 1634
Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: +63 2 892 6669 / +63 2 892 4177
9. Former name, former address, and former fiscal year, if changed since last report.
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	7,602,928,954 shares
Long-term Debt	Php2,982.5 million

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

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

PHILIPPINE STOCK EXCHANGE

Common Stock

12. Check whether the issuer:

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

Yes [] No []

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

Yes [] No []



November 12, 2018

Mr. Jose Valeriano B. Zuño III

OIC - Head, Disclosure Department
The Philippine Stock Exchange, Inc.
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati 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 : SEC Form 17-Q 2018 3rd Quarter Report

X =====X

Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended September 30, 2018.

We trust everything is in order.

Very truly yours,


Emmanuel L. Samson
SVP - Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
SEPTEMBER 30, 2018

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at September 30, 2018 (with Comparative Audited Statement of Financial Position as at December 31, 2017) and for the nine-month period ended September 30, 2018 and 2017 are hereto attached.

The following tables set forth the summary financial information for the nine-month period ended September 30, 2018 and 2017 and as at September 30, 2018 and December 31, 2017:

Summary Consolidated Statements of Income

	For the Quarter Ended September 30		Increase (Decrease)	Percent Inc (Dec)
	2018	2017		
	<i>(In Thousand Pesos)</i>			
Revenues	14,580,346	12,643,260	1,937,086	15%
Costs	(5,820,342)	(5,068,704)	751,638	15%
Operating expenses	(3,908,882)	(2,789,755)	1,119,127	40%
Finance income	280,009	226,273	53,736	24%
Finance expenses	(133,692)	(184,395)	(50,703)	-27%
Equity in net income of associates	616,728	20,735	595,993	2874%
Other income - net	712,809	307,634	405,175	132%
Provision for income tax - net	(1,793,438)	(1,561,866)	231,572	15%
Net income	<u>4,533,538</u>	<u>3,593,182</u>	<u>940,356</u>	<u>26%</u>
Net income attributable to:				
Equity holders of the parent	3,535,065	2,620,306	914,759	35%
Non-controlling interests	<u>998,473</u>	<u>972,876</u>	<u>25,597</u>	<u>3%</u>
	<u>4,533,538</u>	<u>3,593,182</u>	<u>940,356</u>	<u>26%</u>

Summary Consolidated Statements of Financial Position

	September 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2018	2017		
	<i>(Unaudited)</i>	<i>(Audited)</i>		
	<i>(In Thousand Pesos)</i>			
Current assets	21,792,159	20,898,438	893,721	4%
Noncurrent assets	25,546,939	24,838,661	708,278	3%
Total assets	<u>47,339,098</u>	<u>45,737,099</u>	<u>1,601,999</u>	<u>4%</u>
Current liabilities	10,282,627	9,614,431	668,196	7%
Noncurrent liabilities	2,866,905	2,904,480	(37,575)	-1%
Equity attributable to				
equity holders of the Parent	29,944,886	29,456,981	487,905	2%
Non-controlling interests	<u>4,244,680</u>	<u>3,761,207</u>	<u>483,473</u>	<u>13%</u>
Total liabilities and equity	<u>47,339,098</u>	<u>45,737,099</u>	<u>1,601,999</u>	<u>4%</u>

Summary Consolidated Statements of Cash Flows

	<u>For the Quarter Ended September 30</u>		<u>Increase (Decrease)</u>	<u>Percent Inc (Dec)</u>
	<u>2018</u>	<u>2017</u>		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	5,199,240	4,845,883	353,357	7%
Investing activities	830,053	(1,469,861)	2,299,914	156%
Financing activities	(4,590,103)	(3,692,035)	898,068	24%
Net increase (decrease) in cash and cash equivalents	<u>1,439,190</u>	<u>(316,013)</u>	<u>1,755,203</u>	<u>555%</u>
Cash and cash equivalents, beginning	9,645,932	9,647,943	(2,011)	0%
Cash and cash equivalents, end	<u>11,085,122</u>	<u>9,331,930</u>	<u>1,753,192</u>	<u>19%</u>

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

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the nine months ended September 30, 2018 and 2017, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Nine months ended September 30, 2018 compared with nine months ended September 30, 2017

Revenues

Our total revenues in the first three quarters of 2018 was ₱14,580.3 million, higher by ₱1,937.0 million or 15%, compared to ₱12,643.3 million in the same period last year.

Sale of ore

The growth in the Group's value of shipments by 16% to ₱13,540.3 million from ₱11,646.2 million was significantly driven by the value of our ore deliveries to Taganito and Coral Bay processing plants which increased by 64% or ₱1,210.8 million. The ore deliveries to the two plants, the pricing of which are linked to London Metal Exchange (LME) prices, saw better prices for the nine month period ended September 30, 2018, as nickel and cobalt LME prices increased from \$4.54/lb. to \$6.20/lb. and \$24.83/lb. to \$39.05/lb., respectively. For direct ore shipment, the increase in shipment volume by 23% was more than enough to cover the 17% drop in the average realized price, thus revenue from direct ore shipment increased by 7% or ₱683.3 million.

Overall, the Group's volume of shipment rose by 9% to 15,550.7 thousand wet metric tons (WMT) during the first three quarters of 2018 from 14,235.1 thousand WMT during the same period last year.

The Group's Rio Tuba mine exported 1,607.5 thousand WMT of saprolite ore and delivered 2,694.1 thousand WMT of limonite ore to the Coral Bay processing plant in the first three quarters of 2018. This compares to sales of 1,582.0 thousand WMT of saprolite ore and 2,819.3 thousand WMT of limonite ore, of which 2,648.3 thousand WMT were delivered to the Coral Bay processing plant, during the same period last year.

The Group's Taganito mine shipped 3,313.5 thousand WMT of saprolite ore and sold 3,634.6 thousand WMT of limonite ore, of which 3,088.0 thousand WMT were delivered to the Taganito processing plant in the first three quarters of 2018. This compares to sales of 2,663.1 thousand WMT of saprolite ore and 3,620.3 thousand WMT of limonite ore delivered to the Taganito processing plant for the comparable period last year.

Shipments from the Hinatuan mine amounted to 1,881.0 thousand WMT in 2018 compared to 2,028.4 thousand WMT in 2017. On the other hand, the Cagdianao mine shipped 2,420.0 thousand WMT in 2018 versus 1,521.9 thousand WMT in 2017.

The estimated realized nickel price on 9,768.5 thousand WMT of ore exports in the first three quarters of this year, which is historically priced on a negotiated dollar per WMT basis, averaged \$20.17 per WMT compared to \$24.28 per WMT on 7,966.6 thousand WMT sold during the same period last year.

On the other hand, prices for our limonite ore deliveries to the Taganito and Coral Bay processing plants, which are linked to LME prices, have done much better. The Group realized an average of \$6.21 per pound of payable nickel on 5,782.1 thousand WMT sold over the nine months ended September 30, 2018. This compares to an average price of \$4.49 per pound of payable nickel on 6,268.5 thousand WMT sold during the same period last year.

Rio Tuba's revenue from sale of limestone were almost the same for both periods at ₱360.7 million in 2018 and ₱356.8 million in 2017.

Services and Others

Our revenue from services and others slightly improved to ₱479.7 million from ₱478.5 million. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation (RTN) and Taganito Mining Corporation (TMC) provides to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC), respectively, and usage fee charged by TMC to THNC for the use of its pier facility.

Sale of Power

Sale of power jumped by 23% to ₱199.6 million from ₱161.8 million since Jobin SQM, Inc. (Jobin), a subsidiary of the Company, generated 30.44 megawatts (MW) of energy in the first three quarters of 2018 compared to 29.08 MW in the same period last year. The increase in its production was mainly due to the completion of the 32.34 MW capacity in March 2017. Moreover, the diesel power plant of NAC in Surigao started its commercial operation in June 2018, thus additional revenue from power generation activities were recognized.

Costs

Our costs went up by 15% or ₱751.6 million, from ₱5,068.7 million to ₱5,820.3 million.

Cost of Sale of Ore

Our cost from sale of ore increased by 13% to ₱5,285.9 million compared to ₱4,660.3 million in the same period last year due to additional employees hired during the period coupled with increase in the employee's daily rate and benefits, regularization of seasonal employees in compliance with the Department of Labor and Employment Order, hike in diesel prices which rose by an average of ₱10.00/liter plus higher consumption during the period, higher operating and maintenance cost of

the conveyors, and more equipment rental and increase in materials moved in Cagdianao Mining Corporation.

Cost of Services

Cost of services grew by 6% to ₱277.1 million from ₱261.1 million. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. The increase in cost of services was attributable mainly to absorption of manpower from the contractors; increase in share in fixed cost, from 3% to 5%; and hike in fuel prices, which rose by an average of ₱10.00/liter.

Cost of Power Generation

Cost of power generation climbed by 75% to ₱257.4 million from ₱147.3 million in the first three quarters of 2018 because Jobin operated at 30.44 MW during the period compared to last year wherein it operated at 29.08 MW only. In addition, the diesel power plant in Surigao started its commercial operation in June 2018.

Operating Expenses

Shipping and Loading Costs

Shipping and loading costs grew by 26% due to the combined effects of more Landing Craft Transports chartered earlier during the year, the increase in the number of shipments from 117 vessels in 2017 to 149 vessels during the first nine months of the year and higher stevedoring and wharfage charges as a result of increase shipment volume.

Excise Taxes and Royalties

Our excise taxes and royalties jumped 62% to ₱1,444.4 million from ₱890.5 million. Aside from the impact of the Tax Reform for Acceleration and Inclusion (TRAIN) Law which increased the excise tax rate from 2% to 4% effective January 1, 2018, the higher volume and value of shipments triggered the significant jump in the account.

General and Administrative

General and administrative expenses rose by 34% from ₱553.5 million to ₱741.2 million in the first three quarters of 2018 driven by higher business taxes paid as a result of a higher income base in 2017 than 2016, the payment of ₱8.0 million real property tax for the diesel power plant, higher documentary stamp tax on remittances caused by the implementation of the TRAIN law and payment of SEC filing fees for the extension of RTN's corporate life. Personnel cost also rose by 17% due to the hiring of new employees (particularly officers/managers), and the annual increase in employee rates and/or benefits.

Finance Income

Our finance income went up by 24% to ₱280.0 million from ₱226.3 million which arose mainly from the gains we realized from the disposal of one of our offshore investments plus higher interest income from short-term placements.

Finance Expenses

Our finance expenses dropped by 27% to ₱133.7 million from ₱184.4 million due to the 50% partial payment of Emerging Power Inc.'s (EPI) bank loans in September 2017.

Equity in Net Income of Associates

Our equity in net income of THNC and CBNC rose from ₱20.7 million to ₱616.7 million. Profitable operations of our associates were achieved due mainly to higher nickel and cobalt LME prices. Cobalt is a by-product of the processing plants of THNC and CBNC. The depreciation of peso as against US dollar also contributed to the significant increase in our equity from associates.

Other Income - Net

Our other income - net went up by 132% to ₱712.8 million from ₱307.6 million mainly due to depreciation of peso against US dollar and gains recognized from the sale of the Company aircraft. In the first three quarters of 2018, the average foreign exchange rate was ₱52.50/US\$1 compared to ₱50.20/US\$1 in 2017. However, the favorable impact of changes in foreign exchange rate was partially offset by the ₱30.4 million increase in demurrage caused by the rainy weather condition in the site.

Provision for Income Tax - Net

Our net provision for income tax was higher by 15% due to higher taxable income base.

Net Income

As a result of the foregoing, our consolidated net income was ₱4,533.5 million in the first three quarters of 2018 compared to ₱3,593.2 million in the first three quarters of 2017. Net of non-controlling interests, our net income was ₱3,535.1 million in the first three quarters of 2018, which was higher by 35% compared to ₱2,620.3 million in the same period last year.

Statement of Financial Position

As at September 30, 2018, total assets climbed to ₱47,339.1 million from ₱45,737.1 million as of the end of 2017. Current assets slightly went up to ₱21,792.2 million from ₱20,898.4 million following the net increase in our cash, particularly from operations, by ₱1,439.2 million; receivables from customers by ₱799.2 million; inventories by ₱207.6 million; and prepayments and other current assets by ₱110.7 million. However, the increase was partially offset by the decline in our AFS financial assets due to disposal of one of our offshore investments.

Noncurrent assets improved by 3% from ₱24,838.7 million to ₱25,546.9 million which was propelled by the 34% growth in our investments in associates. The favorable results of operations of THNC and CBNC coupled with the impact of changes in foreign exchange rate resulted to a total net impact of ₱1,006.4 million.

Current liabilities rose by 7% to ₱10,282.6 million from ₱9,614.4 million due to the ₱786.9 million increase in our income tax payable owing to the first three quarters income tax expense.

Noncurrent liabilities slid by 1% to ₱2,866.9 million from ₱2,904.5 million due to decrease in deferred income tax liabilities by ₱108.3 million. But the additional accrual of pension cost and revaluation of foreign currency denominated loans partially offset the said decline.

Our equity net of non-controlling interests slightly improved by 2% to ₱29,944.9 million from continued profitable operations during the first three quarters of the year.

Statement of Cash Flows

Net cash from operating activities in the first three quarters of 2018 amounted to ₱5,199.2 million compared to ₱4,845.9 million in the same period last year. It went up in 2018 due to higher revenue particularly from ore deliveries to the Taganito and Coral Bay processing plants which rose by ₱1,210.8 million as a result of better prices.

Cash from or used in investment activities arose from net acquisitions and/or disposals of property and equipment and AFS financial assets, additions to project development costs and geothermal exploration and evaluation assets, and receipt of interest. In the first three quarters of 2018, acquisitions of AFS financial assets and property and equipment were notably lower by ₱2,693.6 million and ₱402.5 million, respectively, compared to the same period last year which led to the significant decline in cash used for investment purposes.

Cash used in financing activities arose mainly from payments of cash dividends, long-term and short-term debts and interest which amounted to a total of ₱6,075.9 million and ₱3,716.9 million in the first three quarters of 2018 and 2017, respectively. However, the cash used in financing activities in 2018 was slightly offset by the proceeds from bank loans amounting to ₱1,488.9 million. As at September 30, 2018 and 2017, cash and cash equivalents amounted to ₱11,085.1 million and ₱9,331.9 million, respectively.

KEY PERFORMANCE INDICATORS

1) TOTAL COST PER VOLUME SOLD

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

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

The average cost per volume of ore sold for the first three quarters of 2018 was ₱573.54 per WMT on the basis of aggregate costs of ₱8,919.0 million and a total sales volume of 15,550.7 thousand WMT of ore. This compares to ₱504.91 per WMT during the same period in 2017 on the basis of aggregate costs of ₱7,187.4 million and a total sales volume of 14,235.1 thousand WMT of ore.

2) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income attributable to equity holders of the Parent Company for the first three quarters of 2018 was ₱3,535.1 million compared to ₱2,620.3 million in the same period last year.

3) NUMBER OF HECTARES REHABILITATED/REFORESTED

We adhere to the principles and practices of sustainable development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (EPEP). This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including

protection and rehabilitation of the affected environment. A major component under our EPEP is the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program where we plant trees and/or donate seedlings outside of our mining properties. For the first three quarters of 2018 and 2017, the Group has rehabilitated and reforested a total of 163 hectares and 134 hectares, respectively, with corresponding number of trees planted of about 367,840 and 254,001, respectively.

4) FREQUENCY RATE

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the period. Our frequency rate was 0.11 and 0.06 for the first three quarters of 2018 and 2017, respectively.

Liquidity and Capital Resources

As of September 30, 2018 and December 31, 2017, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba and Taganito pier facilities. We receive income from CBNC and THNC under throughput agreements whereby amounts are payable by CBNC and THNC to RTN and TMC, respectively, for the use of the pier facilities. The revenues that we receive from CBNC and THNC under the throughput agreements have typically been sufficient to service our long-term debt. In addition, we also incurred long-term debt to finance the solar project of Jobin and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC) and Biliran Geothermal Inc. (BGI). Any revenue that will be earned by Jobin, MGPC and BGI upon start of their commercial operations will be used to pay-off the debt.

As of September 30, 2018 and December 31, 2017, our working capital, defined as the difference between our current assets and current liabilities, was ₱11,509.5 million and ₱11,284.0 million, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and pay-off the debts that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties and EPI's project development costs. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations driven primarily by changes in global demand and global production of similar and competitive mineral products. This therefore required us to change the pricing mechanism on our sales of saprolite ore to our Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

Foreign Currency Risk

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

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

Equity Price Risk

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

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

Seasonality of Operations

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

Material Commitment for Capital Expenditures

Jobin entered into Engineering, Procurement, and Construction Management contract with a third party for the implementation of the entire 92.86 MW phase of the Sta. Rita Solar Power Project. The scope of the service agreement between Jobin and the third party covers the designing, engineering, procurement (manufacturing/supply of equipment and materials), management and project management of the 92.86 MW project. Funding to finance this project will come from internally generated funds, advances from related parties, borrowings from banks and/or ultimate parent company, or thru additional capital infusion.

Off-balance Sheet Arrangements

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

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

Known Trends, Events, or Uncertainties

On February 13, 2017, Hinatuan Mining Corporation (HMC) a wholly owned subsidiary of the Parent Company and whose tonnage consists of 14% of the Group's total production in 2017, received a letter from Department of Environment and Natural Resources stating that Mineral Production Sharing Agreement (MPSA) in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act 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.

As at September 30, 2018, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended September 30, 2018 and December 31, 2017, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	2.12	2.67
Quick ratio	1.66	2.12
Solvency ratio	3.60	3.72
<i>B. Financial leverage ratios</i>		
Debt ratio	0.28	0.27
Debt-to-equity ratio	0.38	0.37
Asset-to-equity ratio	1.38	1.37
Interest coverage ratio	55.73	33.43
<i>C. Profitability ratios</i>		
Net profit margin	0.31	0.28
Return on assets	0.10	0.08
Return on equity	0.13	0.11
Gross profit margin	0.60	0.60
Price/earnings ratio	9.52	19.41

SIGNATURES

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

Issuer: **NICKEL ASIA CORPORATION**

By:



Martin Antonio G. Zamora
President

November 12, 2018



Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

November 12, 2018

NICKEL ASIA CORPORATION
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SEPTEMBER 30, 2018

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at September 30, 2018 and
December 31, 2017

Interim Consolidated Statements of Income for the nine-month period ended
September 30, 2018 and 2017

Interim Consolidated Statements of Comprehensive Income for the nine-month period ended
September 30, 2018 and 2017

Interim Consolidated Statements of Changes in Equity for the nine-month period ended
September 30, 2018 and 2017

Interim Consolidated Statements of Cash Flows for the nine-month period ended
September 30, 2018 and 2017

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018
(With Comparative Audited Figures as at December 31, 2017)
(Amounts in Thousands)

	September 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P11,085,122	P9,645,932
Trade and other receivables (Notes 5 and 29)	1,704,345	905,125
Inventories (Note 6)	3,710,013	3,502,414
Available-for-sale (AFS) financial assets (Note 7)	4,262,687	5,925,682
Prepayments and other current assets	1,029,992	919,285
Total Current Assets	21,792,159	20,898,438
Noncurrent Assets		
Property and equipment (Note 8)	15,284,673	15,388,259
Investments in associates (Note 9)	3,958,557	2,952,132
Geothermal exploration and evaluation assets (Note 10)	1,791,273	1,784,183
AFS financial assets - net of current portion (Note 7)	725,607	732,738
Deferred income tax assets - net	159,820	333,094
Long-term stockpile inventory - net of current portion (Note 11)	-	167,559
Other noncurrent assets	3,627,009	3,480,696
Total Noncurrent Assets	25,546,939	24,838,661
TOTAL ASSETS	P47,339,098	P45,737,099
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 29)	P7,495,584	P7,569,941
Current portion of:		
Long-term debts (Note 13)	1,590,843	1,635,178
Long-term payable	5,000	5,000
Income tax payable	1,022,121	235,233
Other current liability	169,079	169,079
Total Current Liabilities	10,282,627	9,614,431
Noncurrent Liabilities		
Long-term debts - net of current portion (Note 13)	1,391,679	1,349,211
Deferred income tax liabilities - net	658,610	766,874
Provision for mine rehabilitation and decommissioning (Note 14)	395,595	388,787
Pension liability	344,471	320,781
Deferred income - net of current portion	55,517	58,659
Long-term payable - net of current portion	21,033	20,168
Total Noncurrent Liabilities	2,866,905	2,904,480
Total Liabilities	13,149,532	12,518,911
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	3,808,665	3,808,665
Stock dividends distributable	3,041,172	-
Additional paid-in capital	8,262,455	8,262,455
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	914,879	564,152
Cost of share-based payment plan (Note 16)	141,403	137,635
Net valuation gains (losses) on AFS financial assets	(44,490)	163,935
Asset revaluation surplus	31,810	32,097
Retained earnings		
Unappropriated	13,693,409	15,392,459
Appropriated (Note 15)	95,583	1,095,583
	29,944,886	29,456,981
Non-controlling Interests (NCI)	4,244,680	3,761,207
Total Equity	34,189,566	33,218,188
TOTAL LIABILITIES AND EQUITY	P47,339,098	P45,737,099

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Thousands, Except Earnings per Share)

	2018	2017
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	P6,963,435	P4,603,274
Services and others	171,214	158,096
Sale of power	70,120	60,408
	7,204,769	4,821,778
COSTS		
Sale of ore (Note 18)	2,025,731	1,612,390
Services (Note 19)	91,409	84,230
Power generation (Note 20)	108,320	52,536
	2,225,460	1,749,156
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	753,771	517,598
Excise taxes and royalties (Note 22)	799,930	388,734
General and administrative (Note 23)	247,186	178,315
Marketing	82,959	41,396
	1,883,846	1,126,043
FINANCE INCOME (Note 26)	73,502	75,105
FINANCE EXPENSES (Note 27)	(49,508)	(57,391)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 9)	90,779	(34,685)
OTHER INCOME - Net (Note 28)	213,700	93,658
INCOME BEFORE INCOME TAX	3,423,936	2,023,266
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	991,844	640,315
Deferred	(17,664)	(12,698)
	974,180	627,617
NET INCOME	P2,449,756	P1,395,649
Net income attributable to:		
Equity holders of the parent	P1,966,386	P1,085,157
NCI	483,370	310,492
	P2,449,756	P1,395,649
Basic/Diluted Earnings Per Share (EPS)	P0.25	P0.14

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Thousands, Except Earnings per Share)

	2018	2017
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	P13,901,073	P12,002,998
Services and others	479,666	478,507
Sale of power	199,607	161,755
	14,580,346	12,643,260
COSTS		
Sale of ore (Note 18)	5,285,885	4,660,329
Services (Note 19)	277,074	261,060
Power generation (Note 20)	257,383	147,315
	5,820,342	5,068,704
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	1,602,364	1,267,399
Excise taxes and royalties (Note 22)	1,444,382	890,548
General and administrative (Note 23)	741,151	553,475
Marketing	120,985	78,333
	3,908,882	2,789,755
FINANCE INCOME (Note 26)	280,009	226,273
FINANCE EXPENSES (Note 27)	(133,692)	(184,395)
EQUITY IN NET INCOME OF ASSOCIATES (Note 9)	616,728	20,735
OTHER INCOME - Net (Note 28)	712,809	307,634
INCOME BEFORE INCOME TAX	6,326,976	5,155,048
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	1,743,857	1,634,588
Deferred	49,581	(72,722)
	1,793,438	1,561,866
NET INCOME	P4,533,538	P3,593,182
Net income attributable to:		
Equity holders of the parent	P3,535,065	P2,620,306
NCI	998,473	972,876
	P4,533,538	P3,593,182
Basic/Diluted EPS (Note 17)	P0.46	P0.34

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Thousands)

	2018	2017
	(Unaudited)	
NET INCOME	₱4,533,538	₱3,593,182
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	350,727	226,058
Net valuation gains (losses) on AFS financial assets	(208,425)	41,601
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	142,302	267,659
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(287)	(287)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	142,015	267,372
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱4,675,553	₱3,860,554
Total comprehensive income attributable to:		
Equity holders of the parent	₱3,677,080	₱2,887,678
NCI	998,473	972,876
	₱4,675,553	₱3,860,554

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 15)	Stock Dividends Distributable (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains (Losses) on AFS Financial Assets	Share in Cumulative Translation Adjustment (Note 9)	Asset Revaluation Surplus	Retained Earnings		Total			
								Unappropriated	Appropriated (Note 15)				
Balances at December 31, 2017	₱3,808,665	₱-	₱8,262,455	₱137,635	₱163,935	₱564,152	₱32,097	₱15,392,459	₱1,095,583	₱29,456,981	₱3,761,207	₱33,218,188	
Net income	-	-	-	-	-	-	-	3,535,065	-	3,535,065	998,473	4,533,538	
Other comprehensive income (loss)	-	-	-	-	(208,425)	350,727	(287)	-	-	142,015	-	142,015	
Total comprehensive income (loss)	-	-	-	-	(208,425)	350,727	(287)	3,535,065	-	3,677,080	998,473	4,675,553	
Cost of share-based payment plan (Note 16)	-	-	-	3,768	-	-	-	-	-	3,768	-	3,768	
Stock dividends (Note 15)	-	3,041,172	-	-	-	-	-	(3,041,172)	-	-	-	-	
Cash dividends (Note 15)	-	-	-	-	-	-	-	(3,193,230)	-	(3,193,230)	-	(3,193,230)	
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(515,000)	(515,000)	
Reversal of appropriation (Note 15)	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-	
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	-	287	-	287	-	287	
Balances at September 30, 2018 (Unaudited)	₱3,808,665	₱3,041,172	₱8,262,455	₱141,403	(₱44,490)	₱914,879	₱31,810	₱13,693,409	₱95,583	₱29,944,886	₱4,244,680	₱34,189,566	

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION
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September 30, 2018

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan	Net Valuation Gains on AFS Financial Assets	Share in Cumulative Translation Adjustment	Asset Revaluation Surplus	Retained Earnings		Total	NCI	Total
							Unappropriated	Appropriated (Note 15)			
Balances at December 31, 2016	₱3,808,665	₱8,300,002	₱126,622	₱12,954	₱409,286	₱32,480	₱13,221,526	₱1,108,956	₱27,020,491	₱4,179,162	₱31,199,653
Net income	-	-	-	-	-	-	2,620,306	-	2,620,306	972,876	3,593,182
Other comprehensive income (loss)	-	-	-	41,601	226,058	(287)	-	-	267,372	-	267,372
Total comprehensive income (loss)	-	-	-	41,601	226,058	(287)	2,620,306	-	2,887,678	972,876	3,860,554
Cost of share-based payment plan	-	-	7,603	-	-	-	-	-	7,603	-	7,603
Cash dividends - ₱0.08 per common share (Note 15)	-	-	-	-	-	-	(608,234)	-	(608,234)	-	(608,234)
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	(830,000)	(830,000)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	287	-	287	-	287
Balances at September 30, 2017 (Unaudited)	₱3,808,665	₱8,300,002	₱134,225	₱54,555	₱635,344	₱32,193	₱15,233,885	₱1,108,956	₱29,307,825	₱4,322,038	₱33,629,863

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Thousands)

	2018	2017
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱6,326,976	₱5,155,048
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 25)	999,155	1,115,123
Equity in net income of associates (Note 9)	(616,728)	(20,735)
Interest income (Note 26)	(254,639)	(221,431)
Interest expense (Notes 13, 19 and 27)	115,597	158,981
Loss (gain) on sale of:		
Property and equipment (Note 28)	(37,802)	5,168
AFS financial assets (Note 26)	(25,370)	(4,842)
Reversal of allowance for impairment losses on property and equipment (Note 28)	–	(12,825)
Dividend income (Note 28)	(33,898)	(32,835)
Movements in pension liability	12,472	6,639
Accretion of interest on provision for mine rehabilitation and decommissioning (Notes 14 and 27)	6,808	7,168
Unrealized foreign exchange gains - net	(5,547)	(25,546)
Cost of share-based payment plan (Notes 16 and 24)	3,768	7,603
Operating income before working capital changes	6,490,792	6,137,516
Decrease (increase) in:		
Trade and other receivables	(797,796)	(97,763)
Inventories	(40,040)	56,200
Prepayments and other current assets	(110,169)	(73,123)
Increase in trade and other payables	613,422	257,068
Net cash generated from operations	6,156,209	6,279,898
Income taxes paid	(956,969)	(1,434,015)
Net cash flows from operating activities	5,199,240	4,845,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
AFS financial assets	3,312,606	4,163,982
Property and equipment	61,012	14,280
Acquisitions of:		
AFS financial assets (Note 7)	(1,758,648)	(4,452,286)
Property and equipment (Note 8)	(919,389)	(1,321,889)
Interest received	253,968	216,927
Increase in:		
Other noncurrent assets	(146,313)	(60,763)
Geothermal exploration and evaluation assets	(7,090)	(62,995)
Dividends received	33,907	32,883
Net cash flows from (used in) investing activities	830,053	(1,469,861)

(Forward)

NICKEL ASIA CORPORATION

17-Q Quarterly Report

September 30, 2018

	2018	2017
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(P4,418,230)	(P1,800,734)
Long-term debts	(1,577,868)	(1,583,872)
Short-term debt	-	(180,000)
Proceeds from availment of long-term debts	1,488,923	-
Interest paid	(79,785)	(152,286)
Increase (decrease) in:		
Deferred income	(3,143)	(3,143)
Other current liability	-	28,000
Net cash flows used in financing activities	(4,590,103)	(3,692,035)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,439,190	(316,013)
CASH AND CASH EQUIVALENTS AT JANUARY 1	9,645,932	9,647,943
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Note 4)	P11,085,122	P9,331,930

See accompanying Notes to Unaudited Consolidated Financial Statements.

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

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

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, 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 Island.

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. SNMRC has not yet started commercial operations.

La Costa Shipping and Lighterage Corporation (LCSLC)

LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. In a resolution dated May 6, 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCT to HMC for a consideration.

Dinapigue Mining Corporation (DMC)

DMC, formerly Geogen Corporation (Geogen), 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. Currently, DMC is under development stage.

On January 16, 2018, the BOD of Geogen approved to change its corporate name to Dinapigue Mining Corporation. The application for the change in the corporate name was approved by the SEC on March 5, 2018.

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 was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at September 30, 2018, FEI is still waiting for the approval of 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 a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)

Newminco was registered with the SEC on October 9, 2006, is a 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. It 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 involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

Rio Tuba Nickel Mining Corporation (RTN)

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

Emerging Power Inc. (EPI)

EPI was registered with the SEC on October 16, 2007, is 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.

By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro.

Manta Energy Inc. (MEI)

MEI was registered with the SEC on May 21, 2007, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. On July 5, 2016, the Energy Regulatory Commission (ERC) approved MEI's registration as Registered Electric Supplier for a period of five (5) years, and renewable thereafter.

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 evidences of indebtedness or securities of this or any other corporation.

Jobin-SQM, Inc. (Jobin)

Jobin was registered with the SEC on January 6, 2010, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. Jobin was acquired by EPI on September 11, 2015. On May 23, 2016, Jobin entered into the testing and commissioning phase for the 7.14 megawatt (MW) Sta. Rita Solar Power Project. On November 7, 2016, Jobin was granted by ERC a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7.14 MW Sta. Rita Solar Power Project pending approval of Jobin's dedicated point to point limited facilities to connect to the transmission system. On March 18, 2017, Jobin commenced testing and commissioning phase for the 25.19 MW Sta. Rita Solar Power Project and was granted by ERC a PAO to transition from testing and commissioning phase to actual production on September 27, 2017.

Biliran Geothermal Inc. (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 the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the Department of Energy. BGI was acquired by BHI on December 17, 2015.

Mantex Services Inc. (Mantex)

Mantex was registered with the SEC on March 26, 2012, is a 43.15% owned subsidiary of the Parent Company through EPI. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects.

The interim consolidated financial statements as at September 30, 2018 and December 31, 2017 and for the nine-month period ended September 30, 2018 and 2017, were authorized for issuance by the Parent Company's BOD on November 9, 2018.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at September 30, 2018 and for the nine-month period ended September 30, 2018 and 2017 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2017.

Basis of Consolidation

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

	Principal Place of Business	Principal Activities	Effective Ownership	
			September 30, 2018	September 30, 2017
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
LCSLC ^(a)	Philippines	Services	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
FEI ^(b)	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco ^(c)	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
EPI	Philippines	Renewable Energy Developer	86.29%	86.29%
MGPC ^(d)	Philippines	Renewable Energy Developer	86.29%	86.29%
MEI ^(d)	Philippines	Power Generation, Trading and Services	86.29%	86.29%
BHI ^(d)	Philippines	Services	86.29%	86.29%
Jobin ^(d)	Philippines	Power Generation	86.29%	86.29%
BGI ^(d)	Philippines	Power Generation	51.77%	51.77%
Mantex ^(d)	Philippines	Management and Advisory Services	43.15%	43.15%

	Principal Place of Business	Principal Activities	Effective Ownership	
			September 30, 2018	September 30, 2017
<i>Associates</i>				
THNC	Philippines	Manufacturing	10.00%	10.00%
CBNC	Philippines	Manufacturing	10.00%	10.00%

(a) Indirect ownership through HMC

(b) Indirect ownership through HMC, CMC and TMC

(c) Indirect ownership through CExCI

(d) Indirect ownership through EPI

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

Subsidiaries

Subsidiaries are entities over which the Parent Company has control.

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

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

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

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

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

NCI

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017, except for the adoption of the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9, *Financial Instruments*, with PFRS 4
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*

The adoption of PFRS 9, *Financial Instruments* will have an effect on the classification and measurement of financial assets and liabilities.

The Group will quantify the effect of changes or amendments in standards in conjunction with the other phases when issued, to present a comprehensive picture. As at September 30, 2018, the Group continues to assess the impact of adopting PFRS 9 and PFRS 15 on its consolidated financial statements. Additional disclosures required by the amendments will be included in the consolidated financial statements when these amendments are adopted.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019:

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

Deferred effectivity:

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2018. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

3. Seasonality of Operations

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

4. Cash and Cash Equivalents

	September 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
Cash on hand and with banks	₱1,710,732	₱955,114
Cash under managed funds	106,612	177,014
Short-term cash investments	9,267,778	8,513,804
	₱11,085,122	₱9,645,932

5. Trade and Other Receivables

Trade and other receivables amounting to ₱46.3 million and ₱45.9 million as at September 30, 2018 and December 31, 2017, respectively, were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at September 30, 2018 and December 31, 2017 are summarized below:

September 30, 2018 (Unaudited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 29)	₱1,454,189	₱24,892	₱41,621	₱1,520,702
Interest receivable	54,290	-	-	54,290
Advances to officers and employees	34,640	14,652	123	49,415
Receivable from CBNC (see Note 29)	23,638	17,993	-	41,631
Amounts owed by related parties (see Note 29)	10,275	-	-	10,275
Current portion of loan receivable	2,039	-	-	2,039
Others	53,897	13,840	4,597	72,334
Total	₱1,632,968	₱71,377	₱46,341	₱1,750,686

December 31, 2017 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 29)	₱602,348	₱17,383	₱41,152	₱660,883
Interest receivable	53,619	-	-	53,619
Advances to officers and employees	34,562	14,160	123	48,845
Receivable from CBNC (see Note 29)	18,830	21,849	-	40,679
Amounts owed by related parties (see Note 29)	7,351	-	-	7,351
Current portion of loan receivable	94,203	-	-	94,203
Others	40,820	-	4,597	45,417
Total	₱851,733	₱53,392	₱45,872	₱950,997

6. Inventories

As at September 30, 2018 and December 31, 2017, inventories amounting to ₱83.9 million and ₱85.6 million, respectively, were assessed to be impaired and were provided for with allowance for impairment losses. There was no provision for impairment losses on inventories for the nine months ended September 30, 2018 and 2017. Reversal of allowance for impairment losses on inventories amounted to ₱1.7 million and ₱10.9 million for the nine months ended September 30, 2018 and 2017, respectively.

The cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱3,335.3 million and ₱3,147.1 million as at September 30, 2018 and December 31, 2017, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱458.6 million and ₱441.0 million as at September 30, 2018 and December 31, 2017, respectively.

7. AFS Financial Assets

The movements in AFS financial assets as at September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balances at January 1	₱6,658,420	₱6,319,078
Additions	1,763,537	5,234,667
Disposals	(3,287,998)	(4,957,281)
Reclassification	(3,652)	-
Effect of changes in foreign exchange rate	89,953	1,033
Valuation gains (losses) on AFS financial assets	(231,966)	194,243
	4,988,294	6,791,740
Less provision for impairment losses	-	133,320
Balances at end of period	₱4,988,294	₱6,658,420

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

Dividend income earned from AFS financial assets amounted to ₱33.9 million and ₱32.8 million for the nine months ended September 30, 2018 and 2017, respectively (see Note 28).

Interest income earned from AFS financial assets amounted to ₱108.1 million and ₱100.6 million for the nine months ended September 30, 2018 and 2017, respectively (see Note 26).

8. Property and Equipment

During the nine-month period ended September 30, 2018 and 2017, the Group acquired assets with a cost of ₱919.4 million and ₱1,321.9 million, respectively, including construction in-progress.

Fully depreciated pier facilities (included under “Buildings and Improvements”) were mortgaged as collateral for the long-term debt of RTN (see Note 13).

Depreciation, amortization and depletion expense for the nine-month period ended September 30, 2018 and 2017 amounted to ₱999.2 million and ₱1,115.1 million, respectively (see Note 25).

9. Investments in Associates

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
THNC	₱2,452,770	₱2,083,079
CBNC	1,505,787	869,053
	₱3,958,557	₱2,952,132

The movements in investments in associates follow:

	September 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Balances at January 1	₱1,974,700	₱724,410	₱2,699,110	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	(371,303)	(53,639)	(424,942)	(467,168)	(155,746)	(622,914)
Equity in net income	212,448	404,280	616,728	95,865	102,107	197,972
	(158,855)	350,641	191,786	(371,303)	(53,639)	(424,942)
Share in cumulative translation adjustment:						
Balances at January 1	479,682	198,282	677,964	317,564	188,327	505,891
Movements	157,243	232,454	389,697	162,118	9,955	172,073
	636,925	430,736	1,067,661	479,682	198,282	677,964
Balances at end of period	₱2,452,770	₱1,505,787	₱3,958,557	₱2,083,079	₱869,053	₱2,952,132

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱95.0 million and ₱113.8 million as at September 30, 2018 and December 31, 2017, respectively.

THNC

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach (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.

CBNC

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN also supplies limestone and provide ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱22,146.7 million and ₱33,324.9 million, respectively, as at September 30, 2018, and ₱18,449.8 million and ₱26,957.6 million, respectively, as at December 31, 2017. The results of THNC's and CBNC's operations were net income of ₱2,124.5 million and ₱4,042.8 million, respectively, for the nine months ended September 30, 2018 and ₱101.7 million and ₱105.6 million, respectively, for the nine months ended September 30, 2017. The Parent Company's share in cumulative translation adjustment amounted to ₱914.9 million and ₱564.2 million as at September 30, 2018 and December 31, 2017, respectively, and its equity in net income of associates amounted to ₱616.7 million and ₱20.7 million for the nine months ended September 30, 2018 and 2017, respectively.

10. Geothermal Exploration and Evaluation Assets

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 September 30, 2018 and December 31, 2017, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. Long-term Stockpile Inventory

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

A portion amounting to ₱116.0 million and ₱212.0 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at September 30, 2018 and December 31, 2017, respectively, and the cost of long-term stockpile inventory delivered to CBNC for the nine months ended September 30, 2018 and 2017 of ₱263.6 million and ₱116.8 million, respectively, were charged to "Cost of sale of ore" (see Note 18).

The carrying value of long-term stockpile inventory - net of current portion amounted to nil and ₱167.6 million as at September 30, 2018 and December 31, 2017, respectively.

12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGI) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 29), are noninterest-bearing and are generally settled on demand. Government payables include withholding taxes which are normally settled within fifteen (15) days after the end of each financial reporting month and fringe benefit tax which are normally settled within fifteen (15) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

13. Short-term and Long-term Debts

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

On June 8, 2015, EPI entered into a one (1) year loan agreement with Manta amounting to ₱180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of 5%. The principal and interest is payable at the end of the loan agreement. On June 6, 2016, EPI and Manta extended the loan for another year or up to June 7, 2017 under the same terms of the original loan. The principal and interest were paid in June 2017.

Interest expense incurred in connection with the loans amounted to nil and ₱4.3 million for the nine months ended September 30, 2018 and 2017, respectively (see Note 27).

Long-term debts

Long-term debts of the following subsidiaries are as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
EPI	₱1,489,490	₱1,498,159
TMC	1,228,955	1,179,596
Jobin	264,077	284,265
RTN	–	22,369
	2,982,522	2,984,389
Less noncurrent portion:		
TMC	1,134,420	1,092,219
Jobin	257,259	256,992
	1,391,679	1,349,211
Current portion	₱1,590,843	₱1,635,178

EPI Loan

On July 15, 2015, Security Bank Corporation (SBC) approved the loan facility of EPI amounting to ₱3,000.0 million which will be used by EPI in funding its investments and working capital requirements. Staggered releases of loans are allowed up to August 31, 2016 with terms of up to three (3) years from date of every drawdown and payable upon maturity. In the event of default, the loans, together with accrued interest and any other sums payable under the promissory notes will immediately become due and payable.

The loans are secured by a continuing suretyship of the Parent Company. Under the Suretyship Agreement executed by and between the Parent Company and SBC on August 4, 2015, the Parent Company solidarily with EPI, guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

On September 29, 2017, EPI prepaid certain promissory notes totaling ₱1,500.0 million. There were no prepayments penalty charged by SBC and the terms of the unpaid promissory notes remain the same.

In August and September 2018, the remaining balance of the loans were renewed and extended for another year or until August and September 2019.

The carrying amount of long-term debt with SBC, net of unamortized debt issue cost, follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(10,510)	(1,841)
Balances at end of period	₱1,489,490	₱1,498,159

Interest expense for the nine months ended September 30, 2018 and 2017 amounted to ₱55.0 million and ₱106.1 million, respectively (see Note 27).

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, 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 September 30, 2018 and December 31, 2017, EPI has been compliant with the covenants contained in the loan facility and agreements.

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US\$35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan shall be drawn down in one or multiple times by July 31, 2011. As at September 30, 2018 and December 31, 2017, the total loan was fully drawn by TMC.

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 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 September 30, 2018 and December 31, 2017, TMC is in compliance with the restrictions.

Interest expense for the nine months ended September 30, 2018 and 2017 which amounted to ₱37.9 million and ₱31.8 million, respectively, were included in equipment operating cost under "Cost of services" (see Notes 19 and 29).

As at September 30, 2018 and December 31, 2017, the carrying amount of long-term debt with THNC amounted to ₱1,229.0 million and ₱1,179.6 million, respectively (see Note 29).

Jobin Loan

On April 26, 2016, Jobin entered into a twelve-year (12) term loan agreement with Land Bank of the Philippines (LBP) amounting to ₱300.0 million to partially finance the construction and development of a 7.14 MW Sta. Rita Solar Power Plant and inter-connection assets located in Subic Bay Freeport Zone (SBFZ). The loan is subject to an interest based on the applicable benchmark rate (3-month PDST-R2) plus a minimum spread of 1.50% per annum (p.a.), with a floor rate of 4.75% p.a., subject to quarterly repricing. The loan is payable in forty-four (44) equal quarterly payments, starting at the end of the fifth (5th) quarter from the date of the initial loan and interest is payable quarterly in arrears from the date of initial loan. Jobin is also required to pay gross receipt tax equal to 1% of each interest payment.

The loan shall be secured by the following:

- a) Chattel mortgage on the 7.14 MW Sta. Rita Solar Power Plant
- b) Corporate guarantee of EPI
- c) Assignment of leasehold rights between Jobin and Subic Bay Metropolitan Authority on the lot at Mt. Sta. Rita, SBFZ, and 2,300 square meter (sq.m.) lot and 280 sq.m. building located near the National Grid Corporation of the Philippines facility, Subic Gateway Park, SBFZ
- d) Pledge of shares of stock of Jobin

The loan agreement contains positive, negative and financial covenants which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, and the maintenance of certain financial and project ratios. As at September 30, 2018 and December 31, 2017, Jobin has been compliant with the covenants contained in the loan agreement.

The carrying amount of long-term debt with LBP, net of unamortized debt issue cost, follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans payable	₱265,909	₱286,364
Less unamortized debt issue cost	(1,832)	(2,099)
Balances at end of period	₱264,077	₱284,265

Interest expense for the nine months ended September 30, 2018 and 2017 amounted to ₱10.5 million and ₱10.8 million, respectively (see Note 27).

RTN Loan

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

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

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking mortgage on the pier facilities (see Note 8).

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of RTN's corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any governmental authority affecting RTN. As at September 30, 2018 and December 31, 2017, RTN is in compliance with the restrictions.

Interest expense for the nine months ended September 30, 2018 and 2017 amounted to ₱0.1 million and ₱1.3 million, respectively (see Notes 27 and 29).

As at September 30, 2018 and December 31, 2017, the carrying amount of long-term debt with SMM amounted to nil and ₱22.4 million, respectively (see Note 29).

14. Provision for Mine Rehabilitation and Decommissioning

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

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

For the nine months ended September 30, 2018 and 2017, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱6.8 million and ₱7.2 million respectively (see Note 27).

15. Equity

Capital Stock

The capital structure of the Parent Company follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 7,602,928,954 shares	₱3,801,465	₱3,801,465
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱3,808,665	₱3,808,665

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% p.a.

Issued Capital Stock

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

As at September 30, 2018 and December 31, 2017, 32% of the outstanding common shares of the Parent Company or a total of 2,415,817,001 common shares and 2,414,938,006 common shares, respectively, are registered in the name of eighty-three (83) and eighty-six (86) shareholders, respectively, while the balance of 68% or a total of 5,187,111,953 common shares and 5,187,990,948 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends

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

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2018	<i>Cash Dividends</i>					
	Regular	March 14, 2018	March 28, 2018	₱912,351	₱0.12	April 10, 2018
	Special	August 28, 2018	September 11, 2018	2,280,879	0.30	September 27, 2018
	<i>Stock Dividends</i>	August 28, 2018	October 23, 2018	3,041,172	80%	November 20, 2018
2017	<i>Cash Dividends</i>	March 15, 2017	March 29, 2017	₱608,234	₱0.08	April 11, 2017

Appropriated Retained Earnings

On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station. The project was completed in June 2018.

On August 7, 2018, the BOD of NAC approved the reversal of the ₱1,000.0 million appropriations following the completion of the construction of the diesel power station.

On November 7, 2016, the BOD of HMC approved the appropriation of retained earnings amounting to ₱41.5 million for the final mine rehabilitation and decommissioning plan and ₱67.5 million for the capital expenditures for the year 2017.

On December 7, 2017, the BOD of HMC approved the reversal of the ₱109.0 million appropriations following the completion of the purchase of mining equipment and funding of the final mine rehabilitation fund. On the same date, the BOD of HMC approved the appropriation of retained earnings amounting to ₱95.6 million for HMC's capital expenditures for the year 2018.

16. Executive Stock Option Plan (ESOP)

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. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 155.0 million shares allocated to the Parent Company's directors, officers and the officers of the operating mining subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱4.38.
4. The term of the Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the Plan or one year after execution of an Option Agreement.

2014 ESOP

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

1. The Plan covers up to 32.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the effect of stock dividends.
4. The Plan was partially granted on June 6, 2014 and January 13, 2015.
5. The term of the Plan shall be five (5) years and the shares will vest to the participant at the rate of 25% per year after the first year of the Plan or July 18, 2015.

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

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

The following assumptions were used to determine the fair value of the 2014 ESOP at effective grant date:

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

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

There have been no modifications or cancellations for the nine months ended September 30, 2018 and 2017.

The following table illustrates the number of stock options and its movements during the period:

	Number of Options	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<i>2014 ESOP</i>		
Balances at January 1	55,027,152	56,222,764
Forfeited	–	(1,195,612)
Balances at end of period	55,027,152	55,027,152

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

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balances at January 1	₱137,635	₱126,622
Stock option expense (see Note 24)	3,768	11,013
Balances at end of period	₱141,403	₱137,635

17. Earnings Per Share

Basic and diluted EPS were computed as follows:

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	₱3,535,065	₱2,620,306
b. Weighted average number of common shares for basic EPS (in thousands)	7,602,929	7,602,929
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	7,602,929	7,602,929
Basic/Diluted EPS	₱0.46	₱0.34

18. Cost of Sale of Ore

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Production overhead	₱2,376,325	₱1,852,898
Outside services	1,507,622	1,313,657
Personnel costs (see Note 24)	792,906	663,409
Depreciation, amortization and depletion (see Note 25)	629,760	735,671
Long-term stockpile inventory sold (see Note 11)	263,578	116,820
	5,570,191	4,682,455
Net changes in beneficiated nickel ore and limestone	(284,306)	(22,126)
	₱5,285,885	₱4,660,329

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

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

19. Cost of Services

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Personnel costs (see Note 24)	₱76,086	₱73,413
Depreciation (see Note 25)	74,523	81,272
Equipment operating cost	60,758	47,403
Overhead	57,580	52,308
Outside services	8,127	6,664
	₱277,074	₱261,060

Equipment operating cost includes interest expense amounting to ₱37.9 million and ₱31.8 million for the nine months ended September 30, 2018 and 2017, respectively (see Note 13).

20. Cost of Power Generation

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Depreciation and amortization (see Note 25)	₱130,766	₱57,567
Overhead	43,253	27,969
Purchased power	36,891	41,204
Distribution wheeling service charges	15,306	-
Materials and supplies	12,183	512
Personnel costs (see Note 24)	11,639	8,271
Outside services	7,345	11,792
	₱257,383	₱147,315

Overhead in cost of power generation consists of insurance, taxes and licenses, utilities and other miscellaneous charges.

21. Shipping and Loading Costs

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Contract fees	₱1,018,919	₱795,774
Fuel, oil and lubricants	237,171	128,794
Depreciation and amortization (see Note 25)	108,682	135,950
Other services and fees	96,192	62,293
Materials and supplies	76,158	93,794
Personnel costs (see Note 24)	65,242	50,794
	₱1,602,364	₱1,267,399

22. Excise Taxes and Royalties

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Royalties	₱888,339	₱650,488
Excise taxes	556,043	240,060
	₱1,444,382	₱890,548

23. General and Administrative Expenses

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Personnel costs (see Note 24)	₱272,804	₱232,353
Taxes and licenses	96,547	39,048
Depreciation and amortization (see Note 25)	52,990	40,490
Professional fees	40,421	41,893
Outside services	39,350	29,413
Entertainment, amusement and recreation	37,070	9,228
Rentals	26,655	24,764
Supplies	26,457	15,589
Transportation and travel	24,873	19,188
Repairs and maintenance	17,805	16,087
Communications, light and water	10,069	10,616
Others	96,110	74,806
	₱741,151	₱553,475

Other general and administrative expenses are composed of other service fees and other numerous transactions with minimal amounts.

24. Personnel Costs

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Salaries, wages and employee benefits	₱1,214,909	₱1,020,637
Cost of share-based payment plan (see Note 16)	3,768	7,603
	₱1,218,677	₱1,028,240

The amounts of personnel costs are distributed as follows:

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Cost of :		
Sale of ore (see Note 18)	₱792,906	₱663,409
Services (see Note 19)	76,086	73,413
Power generation (see Note 20)	11,639	8,271
General and administrative (see Note 23)	272,804	232,353
Shipping and loading costs (see Note 21)	65,242	50,794
	₱1,218,677	₱1,028,240

25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including capitalized depreciation, are distributed as follows:

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Cost of:		
Sale of ore (see Note 18)	₱629,760	₱735,671
Services (see Note 19)	74,523	81,272
Power generation (see Note 20)	130,766	57,567
Shipping and loading costs (see Note 21)	108,682	135,950
General and administrative (see Note 23)	52,990	40,490
Others	2,434	64,173
	₱999,155	₱1,115,123

26. Finance Income

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Interest income (see Note 7)	₱254,639	₱221,431
Gain on sale of AFS financial assets	25,370	4,842
	₱280,009	₱226,273

27. Finance Expenses

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Interest expense on:		
Long-term debts (see Note 13)	₱65,640	₱118,231
Pension	11,217	3,654
Long-term payable	865	992
Short-term debt (see Notes 13 and 29)	–	4,284
Guarantee service fee (see Note 29)	49,162	50,066
Accretion of interest on provision for mine rehabilitation and decommissioning (see Note 14)	6,808	7,168
	₱133,692	₱184,395

28. Other Income (Charges) - Net

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Foreign exchange gains - net	₱646,974	₱223,408
Gain (loss) on:		
Sale of property and equipment	37,802	(5,168)
Write-off of trade and other receivables	(7,363)	–
Write-off of input VAT	–	(14)
Demurrage	(43,369)	(13,003)
Dividend income (see Note 7)	33,898	32,835
Management fee	(14,417)	(16,937)
Rentals and accommodations	9,393	13,533
Other services	7,783	1,270
Reversal of allowance for impairment losses on:		
Inventories (see Note 6)	1,718	10,897
Property and equipment	–	12,825
Issuance of fuel, oil and lubricants	368	(352)
Others	40,022	48,340
	₱712,809	₱307,634

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the nine-month period ended September 30, 2018 and 2017, including the corresponding assets and liabilities arising from the said transactions as at September 30, 2018 (Unaudited) and December 31, 2017 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions	
	September 30, 2018	September 30, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017			
<i>Stockholders</i>															
Pacific Metals Co., Ltd.															
Sale of ore	₱1,540,313	₱1,806,704	₱145,255	₱113,209	₱-	₱141	₱-	₱-	₱-	₱-	₱-	₱-	₱-	90% upon receipt of documents and 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch	2,933	1,873	-	405	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
SMM/Sumitomo Metal Mining Philippine Holdings Corporation															
Guarantee service fee (see Note 27)	49,162	50,066	-	-	4,548	21,086	-	-	-	-	-	-	-	Every twenty first (21st) of February, March, August and September	Unsecured
Loan facility	-	-	-	-	-	-	-	-	-	-	-	22,369	-	Principal is payable in semi-annual installments, interest is based on 180-day British Banker Association LIBOR plus 2% spread	Secured; with guarantee
Short-term advances	1,250	26,731	-	-	-	-	-	-	28,000	28,000	-	-	-	Collectible upon billing/payable on demand; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	September 30, 2018	September 30, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017		
SMM/Sumitomo Metal Mining Philippine Holdings Corporation														
Interest expense on long-term debt (see Notes 13 and 27)	₱137	₱1,270	₱-	₱-	₱-	₱182	₱-	₱-	₱-	₱-	₱-	₱-	Payable semi-annually on February 28 and August 31	Secured; with guarantee
Nickel Asia Holdings Inc.														
Short-term advances	1	1	-	-	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>With Common Stockholders</i>														
Manta Equities, Inc.														
Rentals, dues and utilities	23,934	21,387	-	-	36	193	-	-	-	-	-	-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Interest expense on short-term debt (see Note 27)	-	4,284	-	-	-	-	-	-	-	-	-	-	Interest is payable at the end of loan agreement	Unsecured; no guarantee
Sale of power	20,916	21,095	2,525	2,506	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>Associates</i>														
CBNC														
Sale of ore and limestone	1,521,851	998,990	179,939	102,830	-	-	-	-	-	-	-	-	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Materials handling	175,178	123,492	44,806	28,187	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	September 30, 2018	September 30, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017		
CBNC														
Infrlease and throughput	₱11,697	₱42,843	₱1,379	₱30,936	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	36,182	33,657	40,252	9,743	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
THNC														
Sale of ore	1,814,415	1,164,988	26,627	168,162	-	-	-	-	-	-	-	-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Materials handling	172,782	215,989	30,064	28,418	-	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rendering of service	105,475	101,095	72,344	33,433	-	-	-	-	-	-	-	-	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Rental income	6,825	8,085	171	-	-	-	-	-	-	-	-	-	Collectible on demand; non-interest bearing	Unsecured; no guarantee
Rental deposit	-	-	-	-	3,352	3,352	-	-	-	-	-	-	Collectible at the end of the lease term; noninterest bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	-	-	1,228,955	1,179,596	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	Unsecured; with guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	September 30, 2018	September 30, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017		
THNC														
Rendering of other services	₱3,239	₱7,709	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Collectible upon billing; non-interest bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	9,590	6,666	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Interest expense on long-term debt (see Notes 13 and 19)	37,875	31,819	-	-	21,252	7,656	-	-	-	-	-	-	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
<i>Affiliates</i>														
Orka Geothermal Holdings, Inc.														
Short-term advances	-	-	-	-	-	-	666	666	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
OGI														
Short-term advances	-	-	-	-	-	-	-	-	1,121,062	1,121,062	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
BGHI														
Short-term advances	-	-	-	-	-	-	19	19	4,194,305	4,194,305	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱543,362	₱517,829	₱29,188	₱32,610	₱10,275	₱7,351	₱5,343,367	₱5,343,367	₱1,228,955	₱1,201,965		

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 September 30, 2018 and December 31, 2017 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the nine months ended September 30, 2018 and 2017 amounted to about ₱192.6 million and ₱165.0 million, respectively.

Intercompany Guarantees

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

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

Except for the guarantee on the CBNC and THNC Loan Obligations and the EPI loan from SBC, there have been no guarantees received or provided for any related party receivables or payables, respectively.

30. Income Taxes

The provision for (benefit from) income tax shown in the interim consolidated statements of income includes:

	For the nine-month period ended September 30	
	2018	2017
	(Unaudited)	
Current	₱1,743,857	₱1,634,588
Deferred	49,581	(72,722)
	₱1,793,438	₱1,561,866

31. Financial Instruments

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

Cash and Cash Equivalents

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

Trade and Other Receivables and Trade and Other Payables

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

Loan Receivable

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

Long-term Negotiable Instruments

The carrying amount long-term negotiable instruments approximate their fair values since interest are earned based on long-term cash investment rates.

AFS Financial Assets

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

Long-term Debts and Long-term Payable

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

Fair Value Hierarchy of Financial Instruments

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

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

As at September 30, 2018 and December 31, 2017, the Group's AFS financial assets are classified under Level 1 and 3.

As at September 30, 2018 and December 31, 2017, 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.

32. Business Segment Information

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

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

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

The power segment is engaged in power generation and exploration for geothermal resources.

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

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

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	September 30, 2018 (Unaudited)											Total
	Mining					Power		Services			Eliminations	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others		
External customers	1,732,230	2,847,290	6,008,818	3,312,736	-	177,864	21,743	479,665	-	-	-	14,580,346
Inter-segment revenues	-	-	-	-	-	-	-	-	1,537	506,860	(508,397)	-
Total revenues	1,732,230	2,847,290	6,008,818	3,312,736	-	177,864	21,743	479,665	1,537	506,860	(508,397)	14,580,346
Cost of sale of ore	755,100	969,265	1,905,700	1,655,820	-	-	-	-	-	-	-	5,285,885
Cost of services	-	-	-	-	-	-	-	277,074	-	-	-	277,074
Cost of power generation	-	-	-	-	-	224,970	32,413	-	-	-	-	257,383
Shipping and loading costs	319,803	434,047	617,727	223,653	-	-	-	-	7,134	-	-	1,602,364
Excise taxes and royalties	155,901	520,751	600,882	165,637	-	1,211	-	-	-	-	-	1,444,382
Marketing	8,407	99,655	12,923	-	-	-	-	-	-	-	-	120,985
Segment operating earnings (losses)	493,019	823,572	2,871,586	1,267,626	-	(48,317)	(10,670)	202,591	(5,597)	506,860	(508,397)	5,592,273
General and administrative	66,254	33,764	112,777	74,754	85,917	98,063	7,539	-	-	262,083	-	741,151
Finance income	2,034	20,167	24,837	24,358	24	93	492	-	-	208,004	-	280,009
Finance expenses	-	2,092	9,451	4,004	-	65,503	7,363	-	-	45,279	-	133,692
Provision for (benefit from) income tax	104,948	229,080	834,402	377,352	-	(463)	-	-	(2,140)	250,259	-	1,793,438
Net income (loss) attributable to equity holders of the parent	320,582	625,204	1,453,107	677,379	(85,873)	(180,028)	(38,899)	-	-	763,593	-	3,535,065
Segment assets	1,842,943	2,962,523	10,283,482	4,193,400	1,246,153	11,660,298	899,169	-	44,503	14,046,807	-	47,179,278
Deferred income tax assets - net	39,083	25,987	42,517	29,699	22,534	-	-	-	-	-	-	159,820
Total assets	1,882,026	2,988,510	10,325,999	4,223,099	1,268,687	11,660,298	899,169	-	44,503	14,046,807	-	47,339,098
Segment liabilities	473,941	810,952	2,751,963	632,094	140,755	7,230,982	3,488	-	-	446,747	-	12,490,922
Deferred income tax liabilities - net	-	-	-	105,423	164,105	112,364	-	-	18,274	258,444	-	658,610
Total liabilities	473,941	810,952	2,751,963	737,517	304,860	7,343,346	3,488	-	18,274	705,191	-	13,149,532
Capital expenditures	121,295	209,922	321,170	179,486	43,928	7,228	5,305	-	-	31,055	-	919,389
Depreciation, amortization and depletion	164,450	130,920	423,209	99,983	18,164	121,659	16,760	-	7,134	16,876	-	999,155

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	December 31, 2017 (Audited)												
	Mining					Power		Services			Eliminations	Total	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	P2,326,086	P2,248,439	P5,728,026	P4,594,530	P-	P212,152	P-	P630,063	P-	P-	P-	P-	P15,739,296
Inter-segment revenues	-	-	-	-	-	-	-	-	3,976	550,635	-	-	-
Total revenues	2,326,086	2,248,439	5,728,026	4,594,530	-	212,152	-	630,063	3,976	550,635	(554,611)	-	15,739,296
Cost of sale of ore	931,522	846,174	2,184,112	2,071,433	-	-	-	-	-	-	-	-	6,033,241
Cost of services	-	-	-	-	-	-	-	351,339	-	-	-	-	351,339
Cost of power generation	-	-	-	-	-	257,276	-	-	-	-	-	-	257,276
Shipping and loading costs	447,781	379,990	505,921	283,205	-	-	-	-	9,513	-	-	-	1,626,410
Excise taxes and royalties	162,826	344,781	458,242	137,837	-	-	-	-	-	-	-	-	1,103,686
Marketing	4,272	78,695	8,748	4,749	-	-	-	-	-	-	-	-	96,464
Segment operating earnings (losses)	P779,685	P598,799	P2,571,003	P2,097,306	P-	(P45,124)	P-	P278,724	(P5,537)	P550,635	(P554,611)	-	P6,270,880
General and administrative	P87,442	P36,480	P125,379	P59,073	P69,898	P117,647	P27,400	P-	P-	P339,834	P-	P-	P863,153
Finance income	P5,978	P30,574	P34,594	P31,398	P85	P903	P-	P-	P-	P212,771	P-	P-	P316,303
Finance expenses	P2,757	P5,531	P13,014	P9,956	P1,067	P143,142	P-	P-	P-	P71,148	P-	P-	P246,615
Provision for (benefit from) income tax	P146,220	P140,563	P721,040	P611,662	P15,258	(P11,646)	P-	P-	(P2,854)	P116,613	P-	P-	P1,736,856
Net income (loss) attributable to equity holders of the parent	P500,093	P416,018	P1,328,377	P1,019,140	(P86,635)	(P193,171)	(P27,398)	P-	P-	(P185,656)	P-	P-	P2,770,768
Segment assets	P1,615,725	P2,278,744	P9,305,400	P4,760,082	P1,209,246	P11,816,229	P836,478	P-	P33,592	P13,548,509	P-	P-	P45,404,005
Deferred income tax assets	47,738	32,692	85,256	63,429	52,108	-	-	-	-	51,871	-	-	333,094
Total assets	P1,663,463	P2,311,436	P9,390,656	P4,823,511	P1,261,354	P11,816,229	P836,478	P-	P33,592	P13,600,380	P-	P-	P45,737,099
Segment liabilities	P264,974	P386,564	P2,221,117	P1,004,573	P121,480	P7,340,591	P7,790	P-	P-	P404,948	P-	P-	P11,752,037
Deferred income tax liabilities - net	3,839	5,542	15,412	218,451	193,679	112,826	-	-	20,415	196,710	-	-	766,874
Total liabilities	P268,813	P392,106	P2,236,529	P1,223,024	P315,159	P7,453,417	P7,790	P-	P20,415	P601,658	P-	P-	P12,518,911
Capital expenditures	P80,245	P210,998	P341,973	P86,517	P81,642	P637,543	P27,607	P-	P-	P27,933	P-	P-	P1,494,458
Depreciation, amortization and depletion	P265,899	P150,875	P549,083	P310,915	P7,866	P161,027	P2,472	P-	P9,513	P22,395	P-	P-	P1,480,045

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	September 30, 2017 (Unaudited)											Total	
	Mining					Power		Services			Eliminations		
	HMC	CMC	TMC	RTN	Geogen	EPI	NAC	RTN/TMC	HMC	Others			
External customers	1,892,100	1,735,378	4,793,555	3,581,964	-	161,755	-	478,508	-	-	-	-	12,643,260
Inter-segment revenues	-	-	-	-	-	-	-	-	3,976	268,757	(272,733)	-	-
Total revenues	1,892,100	1,735,378	4,793,555	3,581,964	-	161,755	-	478,508	3,976	268,757	(272,733)	-	12,643,260
Cost of sale of ore	784,783	684,270	1,763,392	1,427,884	-	-	-	-	-	-	-	-	4,660,329
Cost of services	-	-	-	-	-	-	-	261,060	-	-	-	-	261,060
Cost of power generation	-	-	-	-	-	147,315	-	-	-	-	-	-	147,315
Shipping and loading costs	330,879	287,160	431,210	211,016	-	-	-	-	7,134	-	-	-	1,267,399
Excise taxes and royalties	132,447	265,453	383,484	107,460	-	1,704	-	-	-	-	-	-	890,548
Marketing	4,317	60,738	8,529	4,749	-	-	-	-	-	-	-	-	78,333
Segment operating earnings (losses)	639,674	437,757	2,206,940	1,830,855	-	12,736	-	217,448	(3,158)	268,757	(272,733)	-	5,338,276
General and administrative	57,544	20,392	83,685	47,100	45,634	78,188	17,472	-	-	203,460	-	-	553,475
Finance income	3,820	22,296	23,854	23,009	77	848	-	-	-	152,369	-	-	226,273
Finance expenses	-	1,772	3,250	5,188	-	121,245	-	-	-	52,940	-	-	184,395
Provision for (benefit from) income tax	141,727	114,433	648,867	534,342	-	(463)	-	-	(2,140)	125,100	-	-	1,561,866
Net income (loss) attributable to equity holders of the parent	455,792	341,149	1,161,773	887,136	(45,744)	(100,063)	(17,472)	-	-	(62,265)	-	-	2,620,306
Segment assets	1,776,902	2,742,914	9,612,706	4,511,541	1,126,854	11,856,624	826,296	-	30,004	13,316,421	-	-	45,800,262
Deferred income tax assets - net	36,696	24,148	58,839	27,460	37,757	-	-	-	-	-	-	-	184,900
Total assets	1,813,598	2,767,062	9,671,545	4,539,001	1,164,611	11,856,624	826,296	-	30,004	13,316,421	-	-	45,985,162
Segment liabilities	431,829	524,779	2,352,059	544,539	39,849	7,401,785	627	-	-	368,803	-	-	11,664,270
Deferred income tax liabilities - net	-	-	-	198,791	164,105	124,338	-	-	21,128	182,667	-	-	691,029
Total liabilities	431,829	524,779	2,352,059	743,330	203,954	7,526,123	627	-	21,128	551,470	-	-	12,355,299
Capital expenditures	77,972	192,786	306,976	122,450	69,483	509,076	27,607	-	-	15,539	-	-	1,321,889
Depreciation, amortization and depletion	198,740	112,286	416,460	261,974	4,966	95,668	717	-	7,134	17,178	-	-	1,115,123

The Group has revenues from external customers as follows:

For the nine-month period ended September 30		
	2018	2017
Country of Domicile	(Unaudited)	
China	₱8,894,711	₱7,945,007
Local	4,145,321	2,891,549
Japan	1,540,314	1,806,704
	₱14,580,346	₱12,643,260

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

Revenue arising from two key customers for the sale of ores amounted to ₱8,645.9 million and ₱6,612.3 million for the nine months ended September 30, 2018 and 2017, respectively.

The Group has noncurrent assets consisting of property and equipment and investment properties located in the Parent Company's country of domicile amounting to ₱15,315.3 million and ₱15,418.9 million as at September 30, 2018 and December 31, 2017, respectively.