

HARMONY
WITH NATURE

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WHO WE ARE

GRI 102-2, GRI 102-4, GRI 102-6, GRI 102-7

We are the Philippines' largest producer of lateritic ore, and one of the largest in the world. Forty years ago, our first operation in Rio Tuba made its first ore shipment to Japan. Today, with four operating mines, we have sold over 120 million WMT to our customers.

We export saprolite and limonite ore to our customers in China and Japan, who process them into ferronickel and nickel pig iron (NPI), used for the production of stainless steel. Locally, two of our mines sell limonite ore to downstream processing plant affiliates, who produce an intermediate product for further processing in Japan into refined metal and a product for batteries for the electric vehicle market.

Our Rio Tuba operation in Bataraza, Palawan is the exclusive supplier of limonite ore to Coral Bay Nickel Corporation (CBNC), the Philippines' first hydrometallurgical nickel processing plant. Commissioned in 2005, CBNC has a capacity of 24,000 tons of contained nickel and 1,500 tons of contained cobalt per year in the form of a mixed nickel-cobalt sulfide. We have a 10% equity interest in CBNC.

Our Taganito operation in Claver, Surigao del Norte, is also the exclusive supplier of limonite ore to Taganito HPAL Nickel Corporation (THPAL), the Philippines' second hydrometallurgical nickel processing plant. Built at a cost of USD 1.7 billion and commissioned in 2013, it has an expanded capacity of 36,000 tons of contained nickel and

3,000 tons of contained cobalt per year. We also have a 10% equity interest in THPAL.

Hinatuan Mining in Taganaan, Surigao del Norte and Cagdianao Mining in Valencia, Dinagat Islands, are our two other nickel operations. In 2015 we acquired a 5th operation, Geogen Corporation, now renamed Dinapigue Mining Corporation, which is undergoing further exploration and development in order to meet our production standards. We have other properties in various stages of exploration for nickel, and continue to seek opportunities in copper and gold.

Beyond our mineral resource operations, we have diversified into renewable energy through Emerging Power, Inc. (EPI), which operates a 32 MW solar plant in the Subic Bay Freeport and has geothermal service contracts in the province of Mindoro and Biliran. We have an 86.29% equity interest in EPI.

We remain focused on growth as we take our responsibilities to our communities and to the country very seriously. At the heart of this sense of responsibility is our commitment to operate in a sustainable manner, nurturing active communities, protecting the environment and ensuring the safety and well-being of everyone our operations touch.

Our efforts to remain faithful to the principles of sustainable development in all our operations have not gone unnoticed, as we have received numerous awards and recognition. We are particularly pleased that the Department of Environment and Natural Resources chose our Rio Tuba operation to represent the country in the first ever ASEAN Mineral Awards in the category of Best Practices in Sustainable Mineral Development. We take pride as a Philippine company in having been declared the winner in the Mineral Mining category at the ASEAN Ministerial Meeting on Minerals in Myanmar in November 2017.

Looking to the future, we seek to be better in all that we do.



ABOUT THE COVER

The cover visual is a play on the ASEAN Mineral Awards trophy and the NAC subsidiaries spherical logo.

The NAC subsidiaries spherical logo is representative of the elements of nature and how a harmonious balance of stewardship is imperative in the business.



THE ASEAN MINERAL AWARDS TROPHY

The ASEAN Mineral Awards trophy was presented to Rio Tuba Nickel Mining Corporation in Nov 2017 as the first awardee for Best in Sustainable Mineral Development practices in Mineral Mining.

CORPORATE STRUCTURE

GRI 102-5, GRI 102-7

The Company's Vision and Mission Statements as well as its Core Values are regularly reviewed by Management and approved by the Board of Directors. The last review was conducted during the first quarter of 2018 and approved on May 3, 2018, which resulted in updated Statements and Core Values reflected herein.

VISION

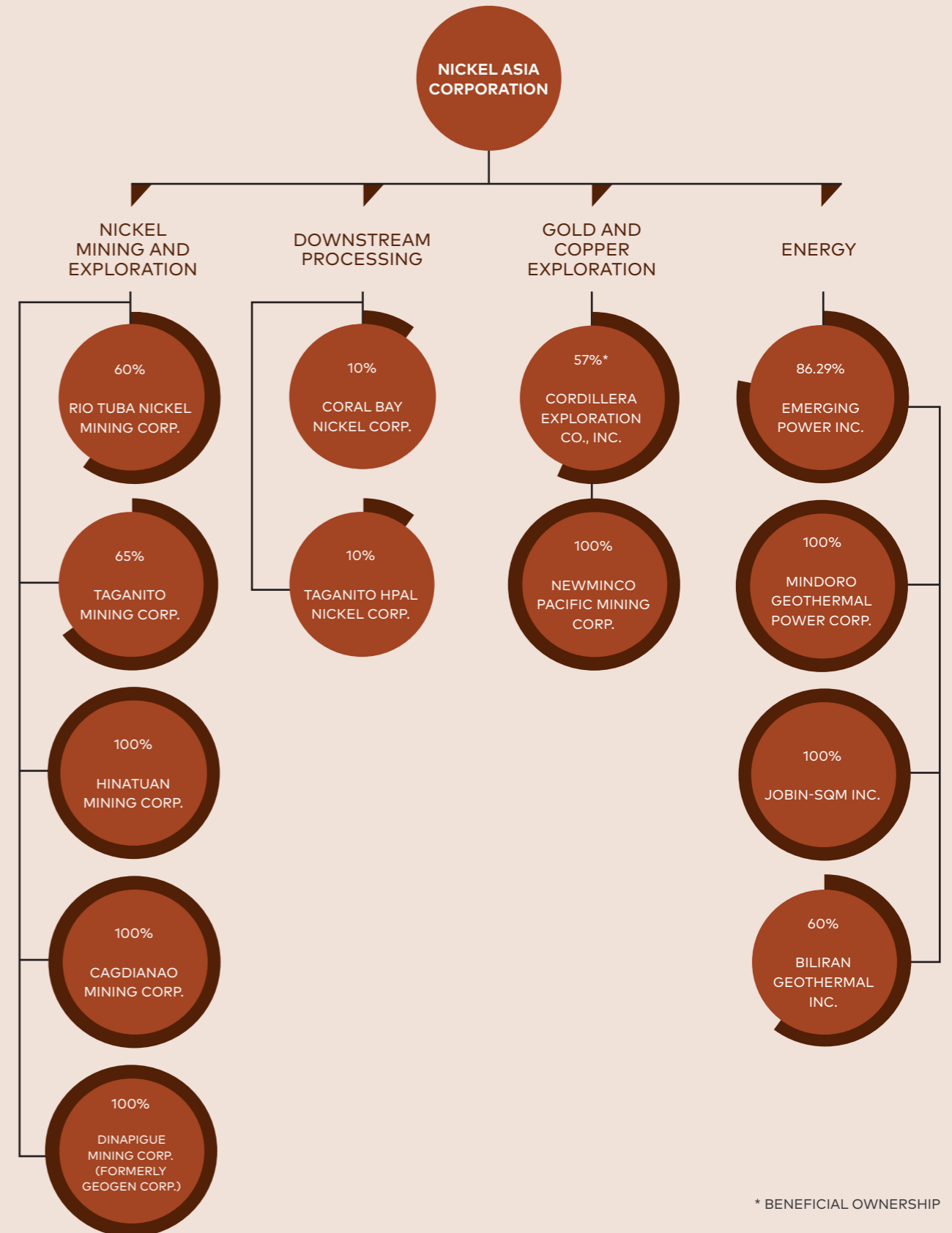
Achieve the highest standards for responsible and sustainable development of our country's natural resources.

MISSION

We exist to responsibly and sustainably develop our country's natural resources to meet society's needs, contributing to a brighter future for our people, our communities, and our other stakeholders, always conscious of being stewards of the environment where we operate.

CORE VALUES GRI 102-16

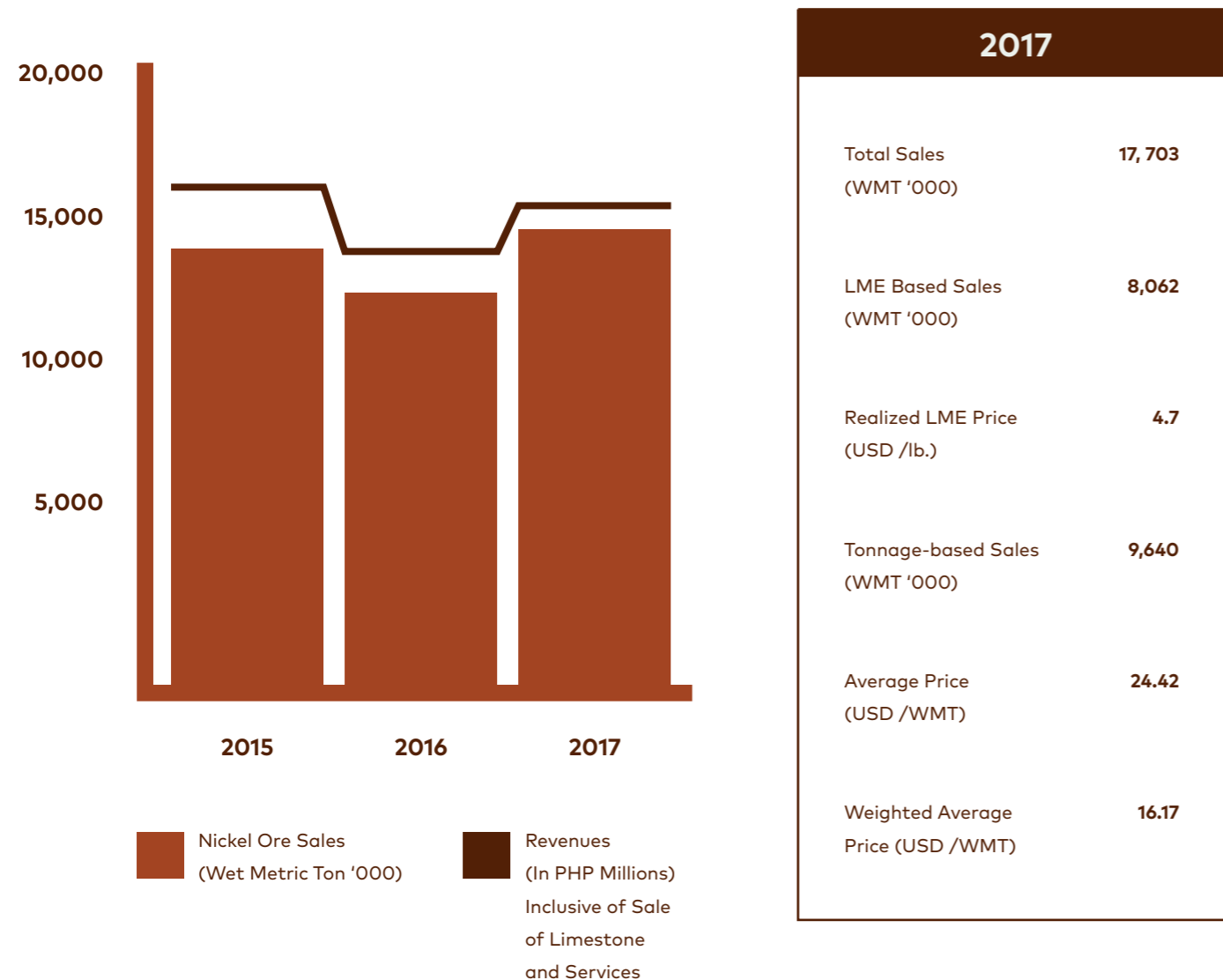
- ▶ Responsibility
- ▶ Leadership
- ▶ Respect
- ▶ Integrity
- ▶ Financial Growth
- ▶ Safety
- ▶ Teamwork



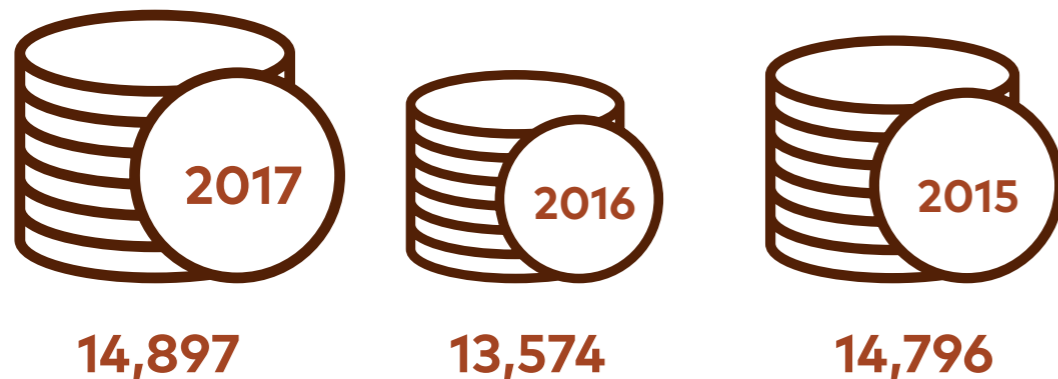
* BENEFICIAL OWNERSHIP

SALES AND FINANCIAL HIGHLIGHTS

GRI 103-1, GRI 201-1



REVENUES FROM SALE OF ORE IN PHP MILLIONS

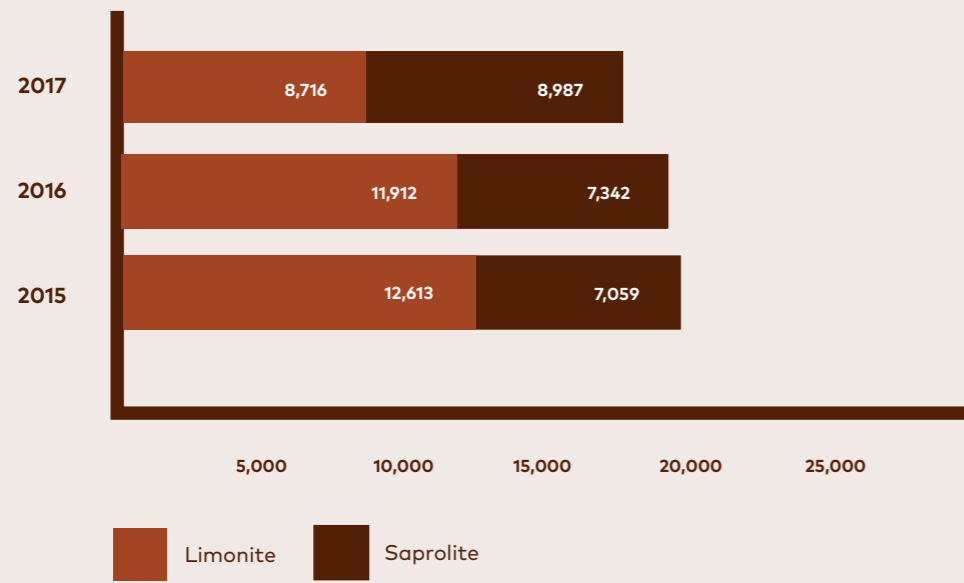


SALES HIGHLIGHTS	2017	2016	2015
Total Sales (WMT '000)	17,703	19,254	19,672
LME-Based Sales (WMT '000)	8,062	7,562	7,798
Realized LME Price (USD /lb.)	4.7	4.4	5.4
Tonnage-based Sales (WMT '000)	9,640	11,692	11,874
Average Price (USD /WMT)	24.4	20.8	22.6
Weighted Average Price (USD /WMT)	16.17	14.51	16.11

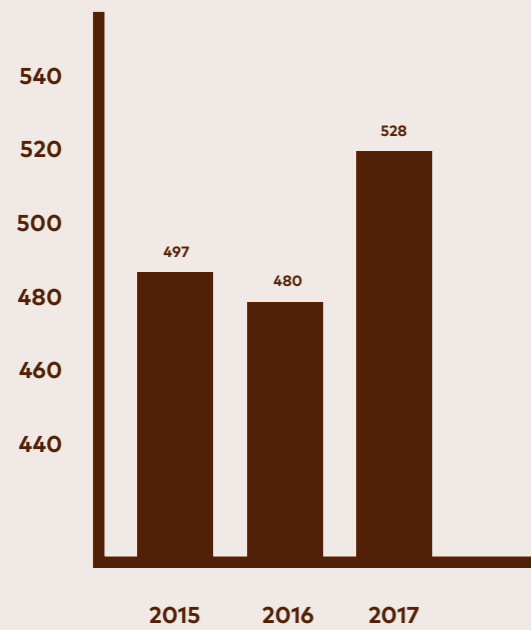
FINANCIAL HIGHLIGHTS	2017	2016	2015
PHP Millions except Per Share Amounts			
Revenues			
Sale of Ore	14,897	13,574	14,796
Services and Others	842	549	636
Total Revenues	15,739	14,123	15,432
Operating Costs and Expenses	10,332	10,050	10,528
Net Income	3,854	2,711	3,045
Attributable to Equity Holders of the Parent	2,771	1,966	2,035
Attributable to Non-Controlling Interests	1,083	745	1,010
Basic Earnings Per Share (PHP)	0.36	0.26	0.27
Financial Condition			
Cash, Cash Equivalents and AFS Investments	16,304	15,967	12,904
Other Current Assets	5,327	5,302	4,591
Noncurrent Assets	24,106	24,082	24,235
Current Liabilities	9,614	7,946	7,713
Noncurrent Liabilities	2,905	6,206	4,604
Equity	33,218	31,199	29,413
Book Value Per Share (PHP)	3.87	3.55	3.36

KEY PERFORMANCE INDICATORS

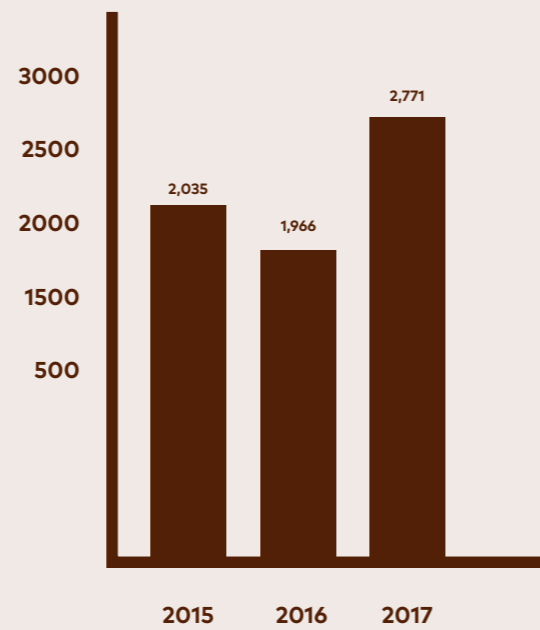
Sales Volume (WMT '000s)



Total Cost per WMT (PHP/WMT)

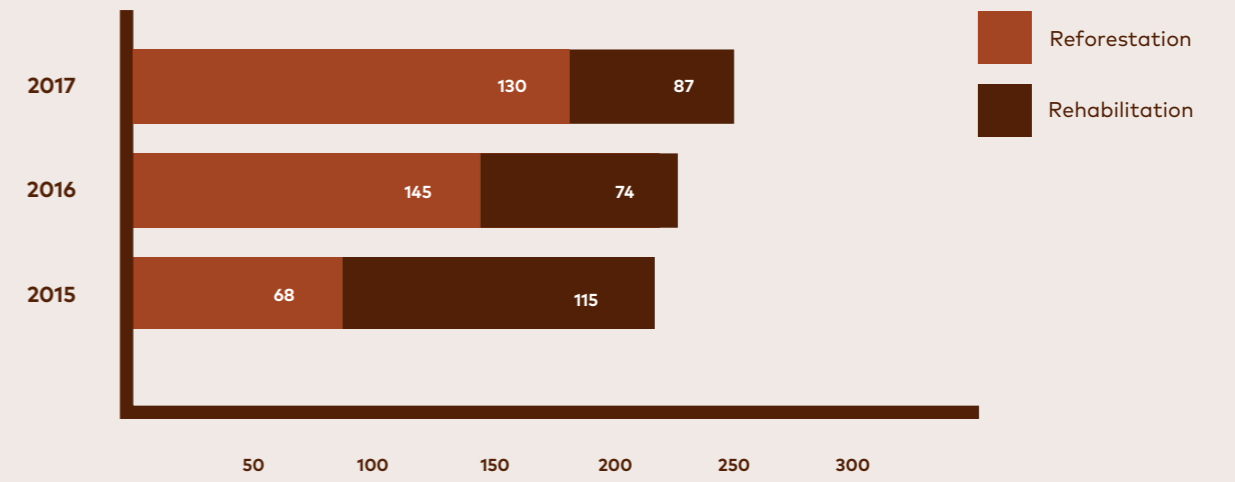


Attributable Net Income (PHP Million)

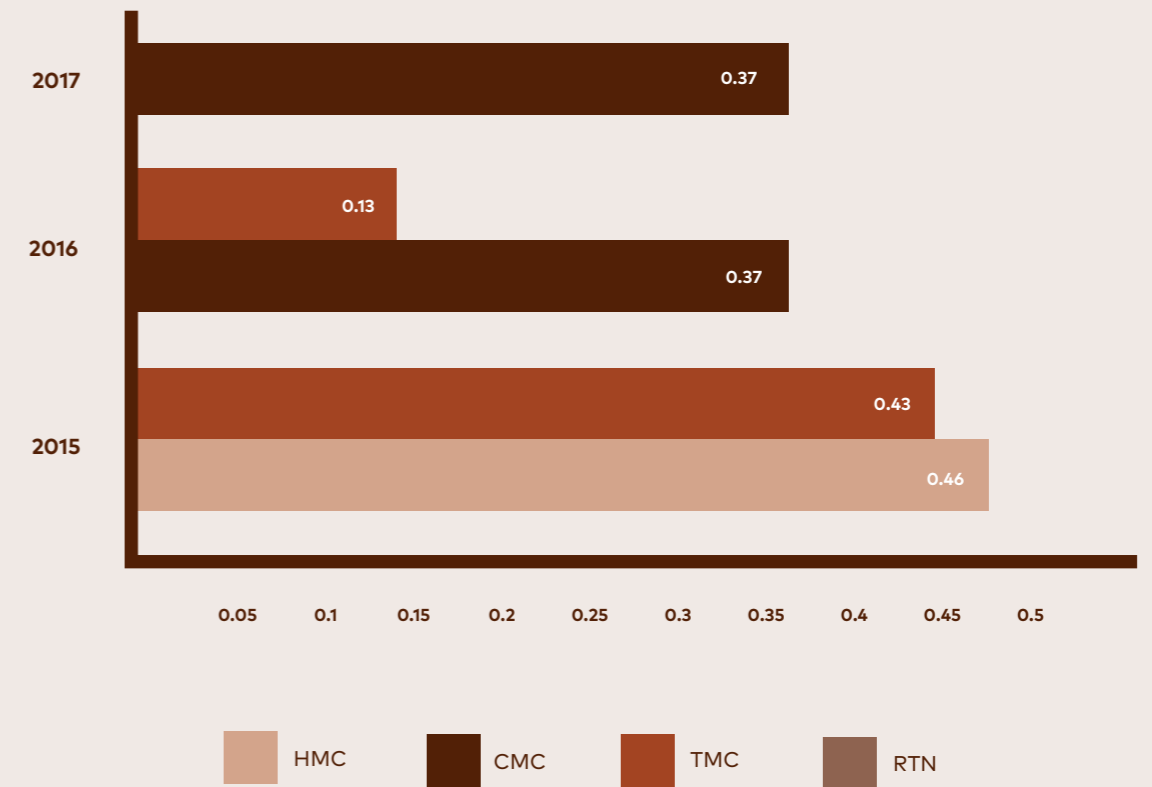


GRI 304-3

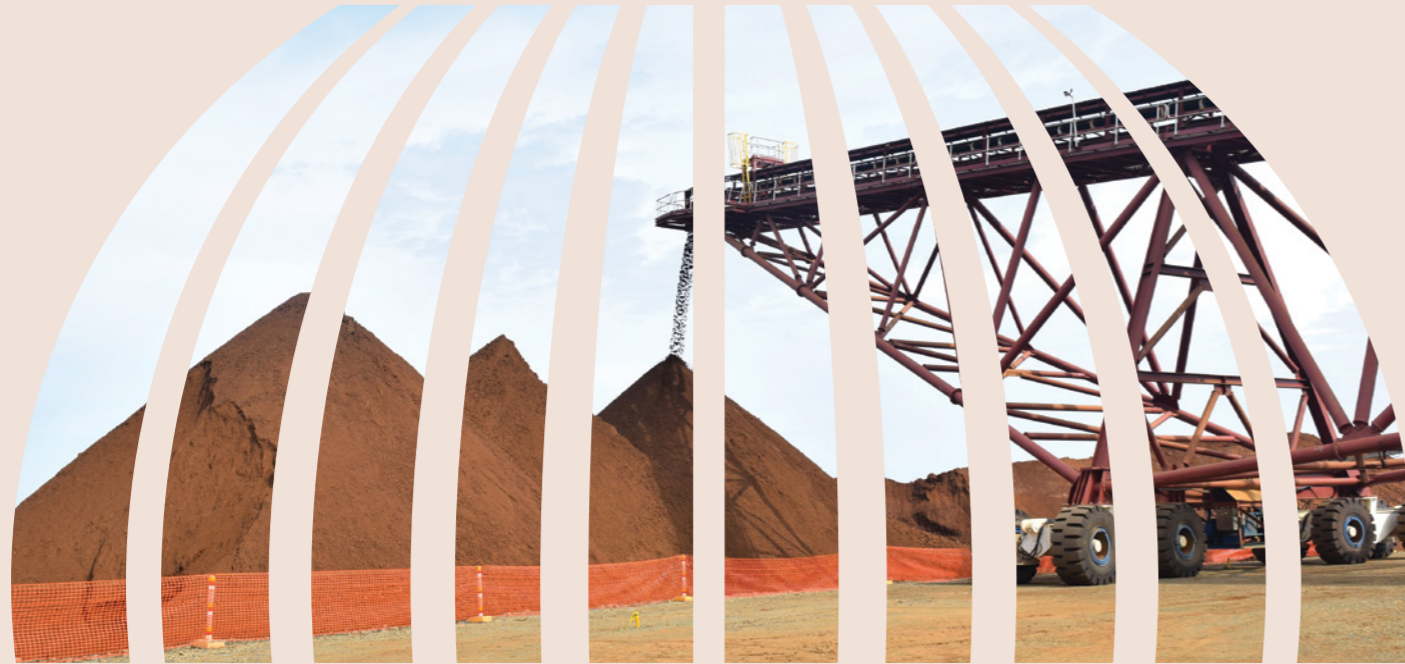
Hectare Reforested and Rehabilitated



Frequency Rate (Lost-Time Accidents Per Million Man-Hour)



PRODUCT MIX



GRI 102-2

We produce two types of nickel ore, namely saprolite ore and limonite ore. Saprolite ore is nickel ore with iron content of less than 20% while limonite ore is nickel ore with iron content of 20% or higher.

We ship two types of saprolite ore: high-grade and mid-grade. High-grade saprolite ore has a nickel content of about 1.8% while mid-grade saprolite ore has a nickel content of between 1.3 to 1.6%.

Most of our high grade saprolite ore were sold to Pacific Metals Co., Ltd. (PAMCO), who use the material as feed for its ferronickel smelter. Our mid-grade saprolite ore were sold to Japanese and Chinese clients. Our Chinese clients use the material

as feed for electric furnaces for production of high-and medium-grade NPI.

We sell three types of limonite ore: mid-grade, high-iron, and low-grade. Mid-grade limonite ore has a nickel content of between 1.2 to 1.25% and an iron content of 37 to 40%. High-iron limonite ore has a nickel content of less than 1.0% and an iron content of 48 to 50%. Low-grade limonite ore has a nickel content of 1.0 to 1.2% and an iron content of at least 30%.

Our mid-grade limonite ore were sold to Chinese customers who use the material as feed for blast furnaces for production of medium- and low-grade NPI. Our high-iron limonite ore were sold to Chinese customers who use the material as feed for blast furnaces for production of low-grade NPI. Finally, low-grade limonite ore from Taganito and Rio Tuba were utilized as feed for the Taganito and Coral Bay HPAL plants, respectively.

GRI 102-6, GRI 102-9, GRI 417-1

	SAPROLITE		LIMONITE		
Types of Ore	High-Grade ~1.8% Ni	Mid-Grade 1.3-1.6% Ni	Mid-Grade ≥1.2% Ni	High Fe 0.6-0.9% Ni; 48-50% Fe	Low Grade 1.0-1.2% Ni; ≥30% Fe
Supplied by	Rio Tuba Taganito Cagdianao Hinatuan	Rio Tuba Taganito Cagdianao Hinatuan	Cagdianao	Rio Tuba Taganito Hinatuan	Rio Tuba Taganito
Sold to	Japan FeNi Smelter/China NPI Smelter (RKEF)	Japan FeNi Smelter/China NPI Smelter (RKEF)	China NPI Smelter (Blast Furnace)	China NPI Smelter (Blast Furnace)	Philippines CBNC THPAL
Final Products	Ferronickel	Ferronickel / High- and Medium-Grade NPI: 10-12% Ni	Medium- and Low-Grade NPI: 6-8% Ni	Low-Grade NPI (1-3% Ni)	Ni-Co Sulfide 55% Ni
For Use In	300 Series Stainless Steel	300 Series Stainless Steel	300 Series Stainless Steel	200 Series Stainless Steel	Ni Smelter
Pricing Method	Negotiated USD /WMT	Negotiated USD /WMT	Negotiated USD /WMT	Negotiated USD /WMT	LME Ni Price x Payable Ni
2017 Volume (kWMT)	605	8,382	165	488	8,062
2017 % of Volume	3%	47%	1%	3%	46%
2017 % of Revenue	8%	71%	1%	2%	18%

JOINT STATEMENT TO SHAREHOLDERS

GRI 102-14



Gerard H. Brimo
President & CEO

Manuel B. Zamora, Jr.
Chairman

We are delighted to inform our Shareholders that after having been chosen by the Department of Environment and Natural Resources (DENR) to represent the country in the first ever ASEAN Mineral Awards in the category of Best Practices in Sustainable Mineral Development, our Rio Tuba operation bested two other finalists from Thailand and Indonesia and emerged victorious. The award was given during the ASEAN Ministerial Meeting on Minerals in Myanmar in November 2017. Our many years of commitment to responsible mining practices bore fruit and this victory encourages us to continue striving to be the best in what we do.

Our attributable net income for the year increased by 41%, from PHP 1.97 billion or PHP 0.26 per share in 2016 to PHP 2.77 billion or PHP 0.36 per share.

OPERATING RESULTS

Our four operating subsidiaries achieved total sales of 17.7 million wet metric tons (WMT) of nickel ore, 8% lower than the prior year's sales volume of 19.3 million WMT. We were again affected by the delayed start of mining operations at our Cagdianao and Hinatuan operations due to a prolonged rainy season in the south of the country, while we lowered exports of limonite ore due to low prices in favor of the more valuable saprolite ore.

Exports of saprolite ore to our Chinese and Japanese customers increased to 9.0 million WMT of ore compared to 7.3 million WMT in the prior year, while exports of limonite ore decreased from 4.3 million WMT of ore to 653 thousand WMT. We additionally sold 8.1 million WMT of low-grade limonite ore from our Rio Tuba and Taganito operations to the Coral Bay (10%-owned) and Taganito (10%-owned) high-pressure acid leach (HPAL) plants compared to 7.6 million WMT in the prior year.

The average price of our saprolite ore exports, primarily consisting of medium grade ore, amounted to USD 25.32 per WMT compared to USD 25.77 per WMT in the prior year. The price of our limonite ore exports, primarily of the high-iron variety, averaged USD 12.03 per WMT compared to USD 12.32 per WMT in the prior year. Finally, on our sales of limonite ore to the HPAL plants, the prices of which are linked to nickel prices quoted in the London Metal Exchange (LME), we averaged USD 4.67 per pound of payable nickel compared to USD 4.39 per pound in the prior year.

On a combined per WMT basis, we averaged USD 16.17 compared to USD 14.51 in 2016. It should be recalled that average prices in 2016 were the lowest we experienced since our Company became publicly

listed in November 2010. The increase in average prices experienced in the year in review, while modest and by no means resulting in price levels that can be considered high, is nevertheless a most welcome development.

Higher prices and a more favorable average exchange rate of PHP 50.42 per US dollar compared to PHP 47.38 in 2016 more than offset the reduction in sales volumes, resulting in an increase in revenues to PHP 15.7 billion compared to PHP 14.1 billion in the prior year. Included in our revenues are services performed by our Rio Tuba and Taganito subsidiaries primarily to the two HPAL plants, which amounted to PHP 630.1 million compared to PHP 530.3 million in the prior year, as well as sales of power from the Subic solar farm of our 86.29%-owned subsidiary, Emerging Power, Inc., amounting to PHP 212.2 million.

Our attributable net income for the year increased by 41%, from PHP 1.97 billion or PHP 0.26 per share in 2016 to PHP 2.77 billion or PHP 0.36 per share. Contributing to the increase is our share of the income of the two HPAL plants booked under the equity accounting method of PHP 198 million compared to a loss of PHP 414 million in the prior year.

The turn-around in the results of the HPAL plants is primarily due to a substantially higher price of cobalt, recovered as a by-product by the plants, which averaged USD 29.19 per pound of payable cobalt in 2017 compared to USD 11.81 per pound in the prior year. The price increase, which continued into 2018, is in turn the result of higher demand for the manufacture of batteries for the growing electric vehicle market.

DIVIDENDS

On the basis of the operating results for the year in review, the Board of Directors on March 14, 2018 approved a regular cash dividend of PHP 0.12 per share, consistent with our policy to declare approximately 30% of our income as dividends. The cash dividends were paid on April 10, 2018 to shareholders of record as of March 28, 2018. The total dividend amounted to PHP 912.4 million.

In the prior year, a regular cash dividend of PHP 0.08 per share was declared by the Board of Directors on March 15, 2017 and paid on April 11, 2017 to shareholders of record as of March 29, 2017. The total dividend amounted to PHP 608.2 million.

MINE AUDITS

As mentioned in our previous Annual Report, about 13 out of a total of over 40 mining operations in the country, including three of our operations, passed an

industry-wide mine audit conducted by the previous Secretary of the DENR in 2016. Certain violations were noted with respect to our Hinatuan mine, which was served with a closure order. We have contested the findings by filing a Motion for Reconsideration (MR) with the Office of the President, which remains pending to-date. The filing of the MR stays the closure order and we continue to operate normally.

In the first quarter of 2018, the Mineral Industry Coordinating Council announced the creation of a new team to reassess the audits and conduct further inspections. As we go to press on this Report, this work is on-going. We are confident that the results on our Hinatuan mine will be favorable.

ECONOMIC AND SOCIAL CONTRIBUTION

In 2017, our Company and operating mining subsidiaries paid total taxes and fees, both to the national and local government units, of PHP 3.7 billion,

including corporate income taxes of PHP 1.7 billion. The corresponding figures for the prior year were PHP 3.1 billion and PHP 1.3 billion, respectively.

Our mining subsidiaries continue to participate in the Extractive Industries Transparency Initiative (EITI) process by reporting annually on all taxes and fees paid as well as social expenditures and environmental funds. EITI is a global standard to promote transparency in the management of natural resources, particularly in the payment and receipt of taxes and fees from the extractive sector. We note that in April 2018, our largest operation, Taganito, received from the Multi-Stakeholder Group comprising EITI Philippines a Transparency Award – Excellence in Reporting, in the metallic category. Our Rio Tuba operation also received a similar award in the non-metallic category relating to its limestone quarry. With respect to social expenditures under our subsidiaries' Social Development Management

Programs, PHP 159.1 million was spent in 2017 primarily on infrastructure, livelihood projects, health care and educational programs within the host communities of our operations. Additionally, we spent PHP 139.2 million on various CSR programs during the year in review.

In 2017, on the average we employed 7,771 individuals, both full-time and through a number of contractors that we use for various aspects of our operations.

Details of our social, environmental, safety and health programs are contained in a Sustainability Report that is integrated to this Annual Report and prepared under global sustainability guidelines – G4.



RTN - Tree Planting at Mangingidong Mine Rehab



TMC - Punta Naga School funded jointly by TMC and THPAL



RTN - Loading Facility at the mouth of the Rio Tuba River

RENEWABLE ENERGY

Our renewable energy subsidiary, Emerging Power Inc. (EPI) has a number of Renewable Energy Service Contracts, principally a 100 MW solar and 50 MW wind service contracts under Jobin-SQM, Inc. (100% owned), located in the Subic Bay Freeport; two geothermal service contracts under Biliran Geothermal, Inc. (60% owned), in the province of Biliran; and a geothermal service contract under Montelago Geothermal Power Corp. (100% owned) in Mindoro Oriental.

Early in 2017, JSI completed 32 MW of solar power, which is being sold primarily in the spot market. Further development work on this project is premised on obtaining additional power sales contracts. With respect to Biliran, while successful fluid management studies have been completed on one of five geothermal holes previously drilled by our joint venture partner, Biliran Geothermal Holdings, Inc., a problem was encountered in another previously drilled hole that would require a makeover. Under the circumstances, a decision has been made to reevaluate this transaction with our partner. In the Montelago project, discussions continue with potential joint venture partners to drill the northern part of the geothermal field.

During the year in review, we contributed additional equity of PHP 1.5 billion in EPI and approved the

conversion of a Company loan in the same amount to equity, which conversion is pending approval of the Securities and Exchange Commission (SEC). Upon approval of the SEC, our ownership will increase to over 90%. Both actions are designed to significantly pare down debt in EPI and reduce interest costs.

OUTLOOK

In 2017 and for the second year in a row, a deficit in the supply of nickel occurred, resulting in firmer prices as we have noted in this Annual Report. This development is indicative of a continuing strong global demand for stainless steel, the primary use of nickel, and supply constraints due to a number of mine cutbacks and closures following years of surplus from 2011 to 2015. It is evident that 2018 will be a third year of supply deficit given the drawdown in stocks of the metal in commodity exchanges particularly during the first quarter of 2018, which should underpin prices.

A new development in the nickel market has now emerged and has caught the attention of commodity analysts and investors - an increasing demand for batteries containing nickel for the electric vehicle (EV) market. While current nickel use in batteries is only about 4% of total demand, some analysts estimate that the growth in the EV market could result in nickel use for batteries increasing by

a factor of 2 to 3 times within five years. While this development should be very positive for the metal price in the years ahead, there is a different dynamic at work with respect to prices of nickel ore. The reversal of Indonesia's export ore ban in January 2017, although with certain conditions, has resulted in increasing supply of ore to China, putting downward pressure on ore prices.

Although this is a concern, we should note that our Company is in a unique position as we have two increasingly distinct markets. The first is our traditional exports of saprolite and some limonite ore for the production of ferronickel and nickel pig iron for stainless steel, historically priced on a negotiated dollar per WMT basis. The second is our supply of limonite ore to our two HPAL plant affiliates, which ultimately gets processed into refined nickel and a suitable product for batteries for the EV market. As mentioned, the pricing of such sales is linked to quoted LME prices, which prices should reflect growing demand for the metal should the growth in the EV market occur as expected.

ACKNOWLEDGEMENT

During the 64th Annual Mine Safety and Environment Conference, our Rio Tuba, Taganito and Hinatuan operations won the Presidential Mineral Industry Environmental Award – Platinum Achievement, while our Cagdianao operation won

the Titanium Achievement award. These awards recognize excellence in environmental management. For the 3rd consecutive year, our largest operation, Taganito, also won the Best Mining Forest award for its reforestation efforts, both for mine rehabilitation and under the National Greening Program. Additionally, the recognition of our Rio Tuba operation as the best example of a sustainable mining operation in the ASEAN region is indeed a singular achievement.

These achievements could not have been possible without the full cooperation and dedication of our officers, managers, supervisors and rank-and file, who take to heart the principles of sustainable development in all aspects of our operations. We are grateful to all of them for embedding these principles as an integral part of our Company culture.

We are likewise grateful to our Directors for their continued guidance throughout the year, and to our shareholders for their support.

Manuel B. Zamora, Jr.
Chairman

Gerard H. Brimo
President & CEO

BOARD OF DIRECTORS



MANUEL B. ZAMORA, JR.

Chairman

Age: 79

Date First Elected to the Board:
July 11, 2008

Manuel B. Zamora, Jr. is the Chairman and founder of the company and the Chairman of the Nomination and Corporate Governance Committees of the Board. He is the Chairman of RTN, TMC, CEXCI, THPAL, CBNC and Informatics Holdings Philippines, Inc. He is also a Director of EPI, CLSA Exchange Capital,

Inc. and a number of other companies in the Philippines. Mr. Zamora is the Vice Chairman of the Board of Trustees of St. Luke's Medical Center. He once served as Chairman as well as President of the Chamber of Mines of the Philippines. Mr. Zamora, a member of the Integrated Bar of the Philippines, placed third in the 1961 Bar Examinations after receiving his Bachelor of Laws degree from the University of the Philippines.



PHILIP T. ANG

Vice-Chairman

Age: 76

Date First Elected to the Board:
July 11, 2008

Philip T. Ang is the Vice Chairman of the Company. He is the Chairman of HMC and CMC, Vice Chairman of TMC, and Director of RTN, DMC, CEXCI and Newminco Pacific Mining Corp. He is an Independent Director of Security Bank Corporation and

a Director of its subsidiary, SB Capital Investment Corp. He was previously involved in the textile business as Chairman and President of Solid Mills, Inc. and Unisol Industries and Manufacturing Corp., and as a Director of Investors Assurance Corp. and International Garments Corp. Mr. Ang received his Bachelor of Science in Business Administration degree from Oregon State University and his Master of Business Administration degree from the University of Denver, USA.



GERARD H. BRIMO

Director

President

Chief Executive Officer

Age: 66

Date First Elected to the Board:
August 1, 2009

Gerard H. Brimo is the President and Chief Executive Officer of the Company and a member of the Board Risk Oversight and Corporate Governance Committees of the Board. He is the President of RTN, TMC, CMC, HMC, CEXCI and Newminco Pacific Mining Corp. Prior to his career in mining, he worked for Citibank for eight years and

was a Vice President in the bank's Capital Markets Group in Hong Kong prior to joining Philex Mining Corporation as Vice President-Finance. Mr. Brimo served as Chairman and Chief Executive Officer of Philex Mining Corporation from 1994 until his retirement in December 2003. He served as President of the Chamber of Mines of the Philippines from 1993 to 1995, and as Chairman from 1995 to 2003. He was again elected Chairman in 2017, a position he currently holds. He received his Bachelor of Science degree in Business Administration from Manhattan College, USA and his Master of Business Management degree from the Asian Institute of Management.



FREDERICK Y. DY

Independent Director

Age: 63

Date First Elected to the Board:
September 24, 2010

Frederick Y. Dy is an Independent Director of the Company, Chairman of the Audit Committee and a member of the Board Risk Oversight, Related Party Transactions and Corporate Governance Committees of the Board. Mr. Dy is also the Chairman

Emeritus of Security Bank Corporation, Chairman of St. Luke's Medical Center and of City Industrial Corp. and a Director of Ponderosa Leather Goods Company, Inc. He received his Bachelor of Science degree in Industrial Engineering from Cornell University, USA.



FULGENCIO S. FACTORAN, JR.

Independent Director

Age: 74

Date First Elected to the Board:
September 20, 2010

Fulgencio S. Factoran, Jr. is an Independent Director of the Company, Chairman of the Board Risk Oversight Committee and member of the Nomination, Audit, Related Party Transactions and Board Risk Oversight Committees of the Board. Mr. Factoran is the Chairman of the Board of Directors of the Agility Group and an independent director of Atlas Consolidated Mining and Development Corporation and Carmen Copper Corporation. He was a principal partner of the Factoran & Associates Law Offices from 1996 until 2018. He is a Trustee of the Philippine Educational Theater Association (PETA) and a Co-Founder and Past President of the Movement of Attorneys for

Brotherhood, Integrity and Nationalism, Inc. (MABINI). He previously held several government positions, such as Trustee of the Government Service and Insurance System, Secretary of the Department of Environment and Natural Resources, Chairman of the National Electrification Administration, Chairman of the Philippine Charity Sweepstakes, Director of the National Development Corp., Trustee of the Development Academy of the Philippines and Deputy Executive Secretary under the Corazon Aquino administration. He received his Bachelor of Arts in Humanities and Bachelor of Laws degrees, the latter as Valedictorian, from the University of the Philippines and his Master of Laws degree from Harvard Law School, USA.



TAKANORI FUJIMURA

Director

Age: 74

Date First Elected to the Board:
September 20, 2010

Takanori Fujimura is the Chairman of the Related Party Transactions Committee and a member of the Audit Committee of the Board. Mr. Fujimura is also a Director of the following subsidiaries of SMM: SMM Philippines, THPAL, and CBNC. Prior to joining SMM in 2002,

he was the Director and General Manager of the Overseas Business Department of Pacific Metals Co., Ltd. (PAMCO). He began his professional career in PAMCO in 1970, and was once assigned as the General Manager of PAMCO's New Caledonia and Manila offices. As PAMCO's representative in the Philippines, he was seconded as Vice President of RTN and TMC. He received his Bachelor of Science degree in Mining Engineering from Waseda University, Japan.

**TORU HIGO**

Director

Age: 56

Date First Elected to the Board:
November 6, 2017

Toru Higo is a member of the Nomination Committee of the Board. He is a Qualified Executive of SMM and the President of SMM Philippines, CBNC and THPAL. He began his career with SMM in 1986 and occupied the following positions

prior to assuming his current post: Company Secretary of SMM Oceania, General Manager of Nickel Sales and Raw Materials Department and General Manager of Copper and Precious Metals Raw Materials Department. He received his Bachelor of Science degree in Mathematics from Rikkyo University in Tokyo, Japan.

LUIS J. L. VIRATA

Director

Age: 64

Date First Elected to the Board:
July 11, 2008

Luis J. L. Virata is the Chairman and Chief Executive Officer of CLSA Exchange Capital, Inc. Mr. Virata is also the Chairman of Cavitex Holdings, Inc. and Nonillion Holding Corporation. He is the President of Exchange Properties Resources Corp., and founder and a Director of Amber Kinetics, Inc., a battery storage company based in Northern California. He is also a Director of

Benguet Corporation. His other activities include being a member of the Huntsman Foundation of the Wharton School of the University of Pennsylvania, and member, founder and Trustee of the Asia Society Philippine Foundation and Metropolitan Museum of Manila. He received his Bachelor of Arts/Master of Arts in Economics from Trinity College, Cambridge University and his Master of Business Administration degree from the Wharton School.

MARTIN ANTONIO G. ZAMORA

Director

Executive Vice President

Age: 45

Date First Elected to the Board:
June 16, 2010

Martin Antonio G. Zamora is the Executive Vice President of the Company and serves as Director of all the subsidiaries of the Company. He is the President of DMC and Senior Vice President of RTN and HMC. Before joining the Company in 2007, Mr. Zamora was the Philippine

Country Manager and a Director of UPC Renewables, a global developer, owner and operator of wind farms and solar facilities. Prior to that, he worked for 10 years for finance and investment banking firms such as CLSA, Robert Fleming & Co. (UK), Jardine Fleming, and SGV and Co. He received his BSC in Management from Ateneo de Manila University (Philippines), his MBA from London Business School (UK), and his Masters in Organizational Psychology from INSEAD.

CORPORATE GOVERNANCE

GRI 102-16

MISSION, VISION, AND CORE VALUES

The Company's Mission, Vision and Core Values are formulated by the Board of Directors (Board) in line with the Board's responsibility to set the Company's direction and to provide strategic leadership, policies and guidelines to foster the long-term success for the best interests of its shareholders.

The Company's Mission, Vision and Core Values are reviewed by the Board periodically.

GOVERNANCE STATEMENT

The Company is committed to the highest standards of corporate governance as articulated in its Articles of Incorporation, By-Laws, Manual on Corporate Governance (CG Manual), Code of Business Conduct and Ethics (Code), and pertinent laws, rules and regulations.

The Board, Officers and employees of the Company commit themselves to the principles of sound corporate governance as provided in the CG Manual and acknowledge that the same shall serve as a guide in the attainment of the Company's corporate goals, the creation of value for all its shareholders, and in sustaining the Company's long-term viability.

The Board likewise approved and adopted the Code in furtherance of its commitment to good and effective corporate governance. The Code applies to Directors, Officers and employees of Nickel Asia Corporation and its subsidiaries, who are all as expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. It is designed to ensure consistency in how they conduct themselves within the Company, and outside of the Company.

BOARD OF DIRECTORS

The Board is primarily responsible for the governance of the Company and provides the policies for the accomplishment of corporate objectives, including the means by which to effectively monitor Management's performance. It is the Board's responsibility to foster the long-term success of the Company and to sustain its

competitiveness and profitability in a manner consistent with its corporate objectives and the interests of its stockholders.

The Company's Board is composed of nine (9) Directors, two (2) of whom are Independent Directors. The Company's CG Manual provides for qualifications of Directors, which allows shareholders to freely choose/nominate Directors coming from diverse professional backgrounds. Each shareholder, regardless of number of stocks held, has the right to nominate candidates for election to the Board of Directors.

All Directors of the Company are required to have a practical understanding of the business of the Company as provided in the CG Manual.

The members of the Board are elected during the Annual Stockholders' Meeting based on the list of nominees prepared by the Nomination Committee and sent to the shareholders through the notice of meeting. A majority vote of the shareholders is required for the election of a Director.

DEFINITION OF INDEPENDENCE & INDEPENDENT DIRECTORS

The Company adopts the definition of "independence" under the Securities Regulations Code. The Company considers as an Independent Director one who, except for his Director's fees and shareholdings, is independent of Management and free from any business or other relationships which could reasonably be perceived to interfere with his exercise of independent judgment in carrying out his responsibilities as an Independent Director. The Company follows the Term Limits for Independent Directors as provided under SEC Memorandum Circular No. 4, Series of 2017.

BOARD ATTENDANCE, APPRAISAL & TRAINING

The Board has a pre-determined schedule of meetings at the beginning of each calendar year. As necessary, attendance at the Board meetings may be through electronic media or telecommunications.

BOARD	NAME	DATE OF ELECTION	NO. OF MEETINGS HELD DURING THIS YEAR	NO. OF MEETINGS ATTENDED	%	DIRECTORSHIP IN OTHER PUBLICLY LISTED COMPANIES
Chairman	Manuel B. Zamora, Jr.	May 29, 2017	6	6	100%	None
Vice-Chairman	Philip T. Ang	May 29, 2017	6	6	100%	Security Bank Corporation
Member	Gerard H. Brimo	May 29, 2017	6	6	100%	None
Independent Director	Frederick Y. Dy	May 29, 2017	6	6	100%	Security Bank Corporation
Independent Director	Fulgencio S. Factoran, Jr.	May 29, 2017	6	6	100%	BDO Leasing & Finance, Inc. Atlas Consolidated Mining and Development Corp.
Member	Takanori Fujimura	May 29, 2017	6	6	100%	None
Member	Takeshi Kubota*	May 29, 2017	6	5	83%	Sumitomo Metal Mining Co., Ltd.
Member	Luis J. Virata	May 29, 2017	6	6	100%	Benguet Corporation
Member	Martin Antonio G. Zamora	May 29, 2017	6	5	83%	Nihao Mineral Resources International Inc.
Member	Toru Higo**	November 6, 2017				None

*Mr. Kubota resigned as Director effective November 6, 2017.

**Mr. Higo was elected as a Director on November, 6 2017 to replace Mr. Kubota and to serve as Director for his unexpired term.

On a yearly basis, the Company's Board undertakes a performance self-assessment as a body, and as individual committees, and assesses if it possesses the right mix of experience and backgrounds. It also conducts a performance assessment of the CEO to evaluate performance and overall compliance with laws, regulations, and best practices.

The Board charter and CG Manual include a policy on the training of Directors, including an orientation program for first-time Directors and relevant annual continuing training for all Directors.

SHAREHOLDERS' RIGHTS

The Company recognizes that all shareholders of the Company have the right to participate in all scheduled shareholders' meetings of the Company and to exercise their right to vote.

SHAREHOLDERS' MEETING

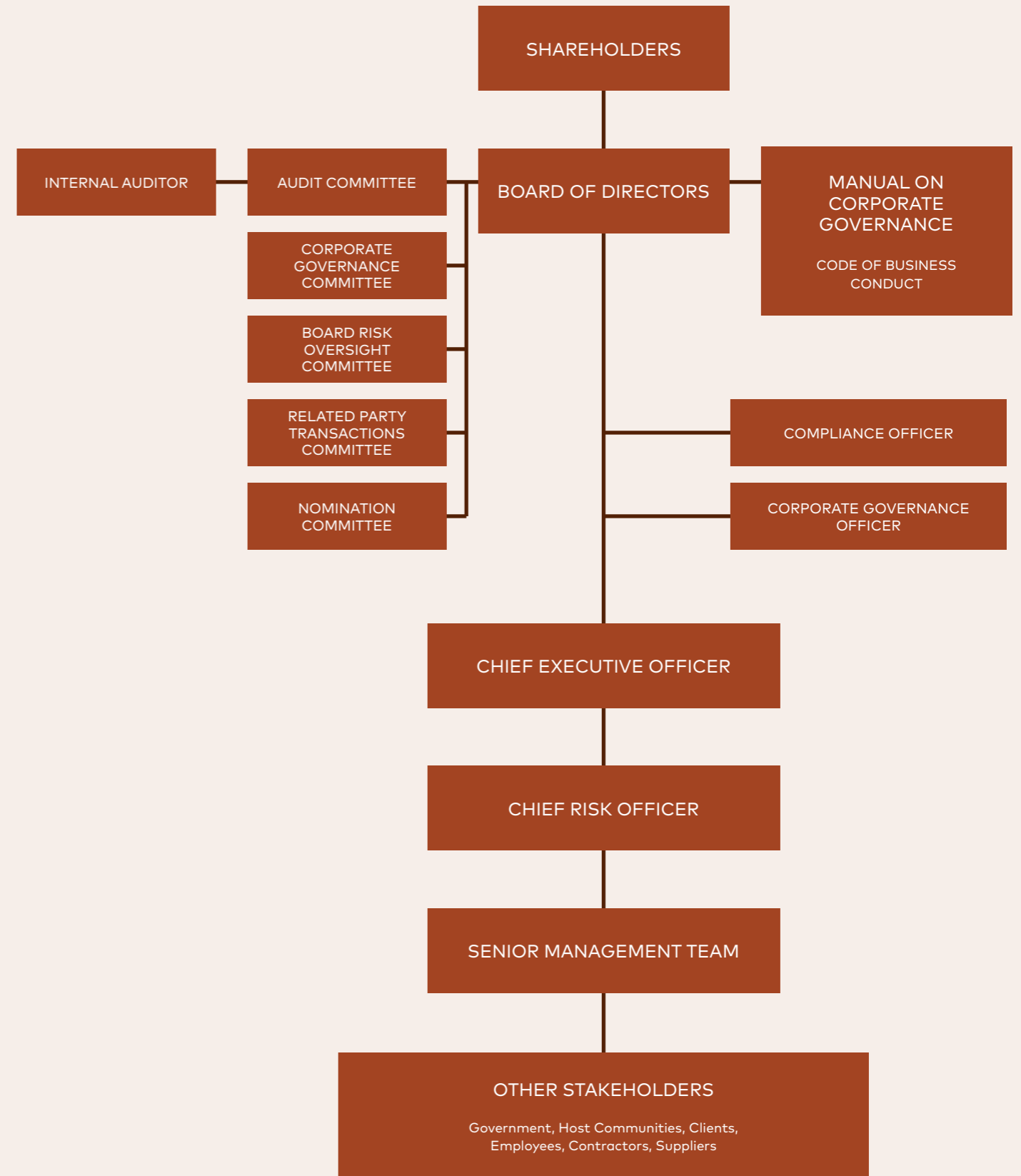
During the annual meeting, all shareholders are given the opportunity to exercise their right to elect Directors, to replace and remove Directors, and to approve certain corporate acts in accordance with the Corporation Code. The annual meeting also serves as a venue for all shareholders to be updated on the condition of the Company, its plans and programs, and to raise questions or concerns.

NOTICE AND PROCEDURES

The Company sends timely notices of meetings to shareholders. A notice stating the date, time and place of the annual meeting is announced at least 28 days prior to the scheduled annual meeting. Materials for the meeting, including the agenda, the rationale and explanation for each of the items on the agenda, the Information Statement, profiles of candidates seeking election to the Board and proxy forms, and documents required to enable a shareholder to appoint a proxy to vote on his behalf are disseminated to all shareholders within the periods prescribed by the Securities and Exchange Commission.

CORPORATE GOVERNANCE STRUCTURE

GRI 102-18



BOARD COMMITTEES

Audit Committee

The Audit Committee is composed of Mr. Frederick Y. Dy, (Independent Director) as Chairman, and Messrs. Takanori Fujimura and Fulgencio S. Factoran (Independent Director) as members. All of the members of the Audit Committee are financially literate. The Audit Committee reports to the Board and is required to meet at least once every three months.

Aside from overseeing the internal and external auditors of the Company, the Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Management and shareholders of the continuous improvement of the risk management system, business operations, and the proper safeguarding and use of Company resources and assets. The Audit Committee provides a general evaluation and assistance in the overall improvement of the risk management, control and governance processes.

The Board, upon the recommendation of the Audit Committee, appointed Maria Angela G. Villamor as the Company's Chief Audit Executive and Vice President for Internal Audit.

The table below shows the attendance of the members of the Audit Committee at Committee meetings held in 2017:

BOARD	NAME	NO. OF MEETINGS HELD DURING THIS YEAR	NO. OF MEETINGS ATTENDED	%
Chairman	Frederick Y. Dy	4	4	100%
Member	Fulgencio S. Factoran, Jr.	4	4	100%
Member	Gerard H. Brimo	4	4	100%

Board Risk Oversight Committee

The Board Risk Oversight Committee is composed of Mr. Fulgencio S. Factoran, Jr., (Independent Director) as Chairman, and Messrs. Gerard H. Brimo and Frederick Y. Dy (Independent Director) as members. This Committee assists the Board in its oversight responsibility for the Company's Enterprise Risk

Management, and shall review the effectiveness of the risk management system. The Board Risk Oversight Committee reports to the Board and is required to meet at least once every three months.

The table below shows the attendance of the members of the Board Risk Oversight Committee during its meetings held in 2017:

BOARD	NAME	NO. OF MEETINGS HELD DURING THIS YEAR	NO. OF MEETINGS ATTENDED	%
Chairman	Fulgencio S. Factoran, Jr.	4	4	100%
Member	Gerald H. Brimo	4	4	100%
Member	Frederick Y. Dy	4	4	100%

Corporate Governance Committee GRI 103-1

The Corporate Governance Committee is composed of Mr. Manuel B. Zamora, Jr., as Chairman, and Messrs. Gerard H. Brimo and Frederick Y. Dy (Independent Director) as members. The Corporate Governance Committee reports to the Board and held two meetings in 2017, wherein all members were present.

The Corporate Governance Committee is responsible for ensuring compliance with and proper observance of corporate governance principles and practices; overseeing the implementation and periodic review of the Company's corporate governance framework to ensure that it remains responsive to the Company's size, complexity and business strategy; conducting an annual evaluation of the Board, its Committees and the Management of the Company; and developing and implementing action plans and programs to improve the performance of the Board, Committees, Directors and Officers. The Corporate Governance Committee also performs the functions previously assigned to the Compensation and Remuneration Committee. It is tasked to establish and maintain a formal and transparent procedure for developing policy on remuneration of Directors and Officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. The Committee is also responsible for administering the Company's

stock option policies and plans, and for approving bonuses to all employees of the Company and its subsidiaries.

Related Party Transactions Committee

The Related Party Transactions Committee is composed of Mr. Takanori Fujimura as Chairman and Messrs. Frederick Y. Dy (Independent Director) and Fulgencio S. Factoran, Jr. (Independent Director), as members. The Related Party Transactions Committee is tasked with reviewing all material and related party transactions of the Company to ensure that such transactions are conducted on terms which are no more favorable than the terms of similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied. This Committee is also responsible for identifying potential or actual conflicts of interest and reputational risk issues that may arise from such related party transactions. The Related Party Transactions Committee shall further ensure that transactions between and among related parties are properly identified, monitored and reflected in reports to the Board and relevant regulatory authorities. The Committee is required to meet at least once a year. In 2017, the Committee had one meeting with all its members in attendance.

Nomination Committee

The Nomination Committee is composed of Mr. Manuel B. Zamora, Jr., as Chairman, and Mr. Fulgencio S. Factoran, Jr. (Independent Director) as member. Mr. Takeshi Kubota was the third member of the Committee until his resignation on November 6, 2017. He was replaced by Mr. Toru Higo who was appointed by the Board on March 14, 2018. The Nomination Committee reports to the Board and held one meeting in 2017, wherein all three members were present.

The Nomination Committee is responsible for setting qualification standards to facilitate the selection of potential nominees to Board seats and of all nominees to other positions in the Company requiring appointments by the Board, to provide shareholders with an independent and objective evaluation of, and assurance that, the members of its Board and the officers appointed by the Board are competent and will foster the Company's long-term success and secure its competitiveness.

EXECUTIVE IMPLEMENTATION

The Company's Chairman and Chief Executive Officer (CEO) positions are held separately by unrelated individuals. The roles of Chairman and the CEO are assigned to Manuel B. Zamora Jr. and Gerard H. Brimo, respectively.

Chairman

The Chairman is responsible for the leadership of the Board. He ensures effective operation of the Board and its committees in conformity with the highest standards of corporate governance. He is accountable to the Board and acts as direct liaison between the Board and Management of the Company, through the CEO. He ensures that the Board works effectively and sets an agenda which is focused on strategy, performance and accountability, while taking into consideration recommendations of the Directors, CEO and Management. He sets the style and tone of Board discussions to promote constructive debate and effective decision making. He assures the availability of training opportunities to all Directors, including an orientation program for first-time Directors. He ensures that the Board performance is evaluated at least once a year.

President and CEO

The President and CEO provides the leadership for Management to develop and implement sound business strategies, plans, budgets and a system of internal controls. He ensures that the overall business and affairs of the Company are managed in a sound and prudent manner in accordance with the Company's strategic plan and that business risks are identified and properly addressed. He also ensures that operational, financial and internal controls are adequate and effective in order to generate sound and reliable financial and operational information, to maximize the effectiveness and efficiency of operations, to safeguard Company assets and resources, and to comply with all laws, rules, regulations and contracts. The CEO, with the assistance of the rest of the Company's Management, also has the responsibility to provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations and prospects on a regular basis. The CEO is the link between internal operations and external stakeholders.

Chief Risk Officer

Mr. Jose B. Anievas, Senior Vice President – Chief Operating Officer, has been appointed by the Board as the Chief Risk Officer (CRO) of the Company. The Chief Risk Officer supervises the Company’s Enterprise Risk Management System and spearheads its implementation, review and continuous improvement. He takes the lead in identifying key risk exposures relating to economic, environmental, social and governance factors that may affect the achievement of the Company’s strategic objectives, and in developing risk mitigation plans for such risks. He communicates the top risks and the status of implementation of the Company’s risk management strategies and action plans to the Board Risk Oversight Committee, and works with the President and CEO in updating and making recommendations to the Board Risk Oversight Committee.

Corporate Governance Officer

Mr. Emmanuel L. Samson, Senior Vice President – Chief Financial Officer, has been appointed by the Board as the Corporate Governance Officer. He is tasked with ensuring that corporate governance policies are disseminated, adopted throughout the organization and becomes an integral part of the Company’s culture. In addition, he also ensures that the necessary systems are in place to monitor compliance.

Compliance Officer

Atty. Georgina Carolina Y. Martinez, Vice President – Legal and Special Projects, has been appointed by the Board as the Chief Compliance Officer effective September 1, 2017. She replaced Atty. Jose Roderick F. Fernando who served as such until August 31, 2017. The Compliance Officer ensures the Company’s strict adherence to all laws, regulations, guidelines and specifications relevant to the business.

Corporate Secretary

Atty. Barbara Anne C. Migallos is the incumbent and duly qualified Corporate Secretary of the Company. She ensures that all Board procedures, rules and regulations are strictly followed. The Corporate Secretary is a lawyer with many years of experience in corporate law practice, including corporate secretarial work. She is also a professional lecturer in advanced securities regulation.

AUDITORS

Chief Audit Executive

The Board, upon the recommendation of the Audit Committee, appointed Ms. Maria Angela G. Villamor as the Company’s Chief Audit Executive. The Chief Audit Executive is primarily tasked with evaluating the adequacy and effectiveness of the Company’s governance and operations, the reliability and integrity of financial information, the safeguarding of assets, and compliance with laws, rules and regulations.

External Auditor

The external auditor is appointed by the shareholders upon the recommendation of the Audit Committee, which reviews its qualifications, performance and independence. To ensure objectivity in the performance of its duties, the external auditor is subject to the rules on rotation and change (every five years for the engagement partner); general prohibitions on hiring of staff of the external auditor; and full and appropriate disclosure and prior approval by the Audit Committee of all audit and non-audit services and related fees. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an external auditor or would compromise its objectivity or independence.

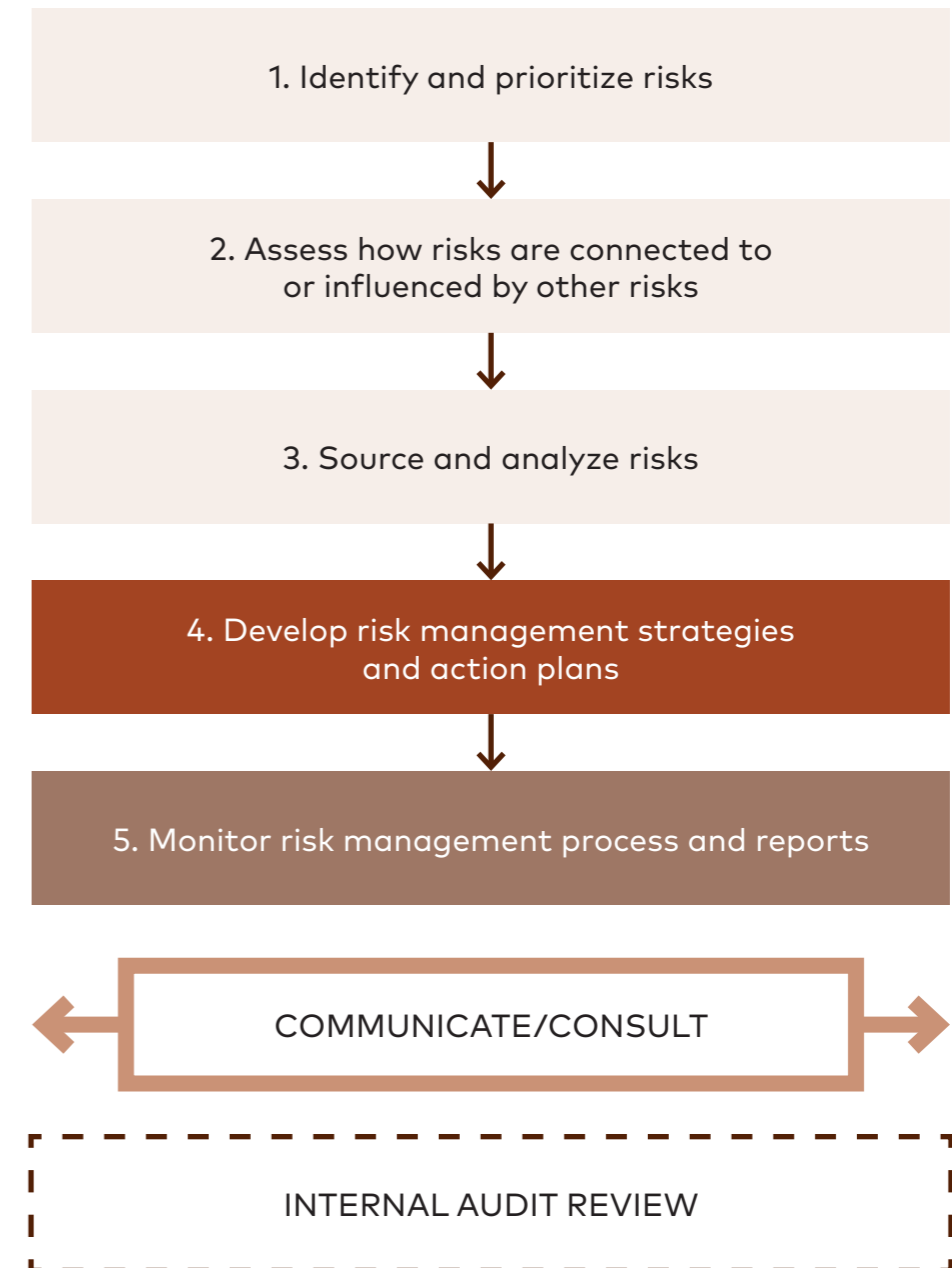
ENTERPRISE RISK MANAGEMENT

The Company adopts a risk philosophy aimed at enhancing shareholder value by sustaining competitive advantage, managing risks, and enabling the Company to pursue strategic growth opportunities with greater speed, skills and confidence over its competitors.

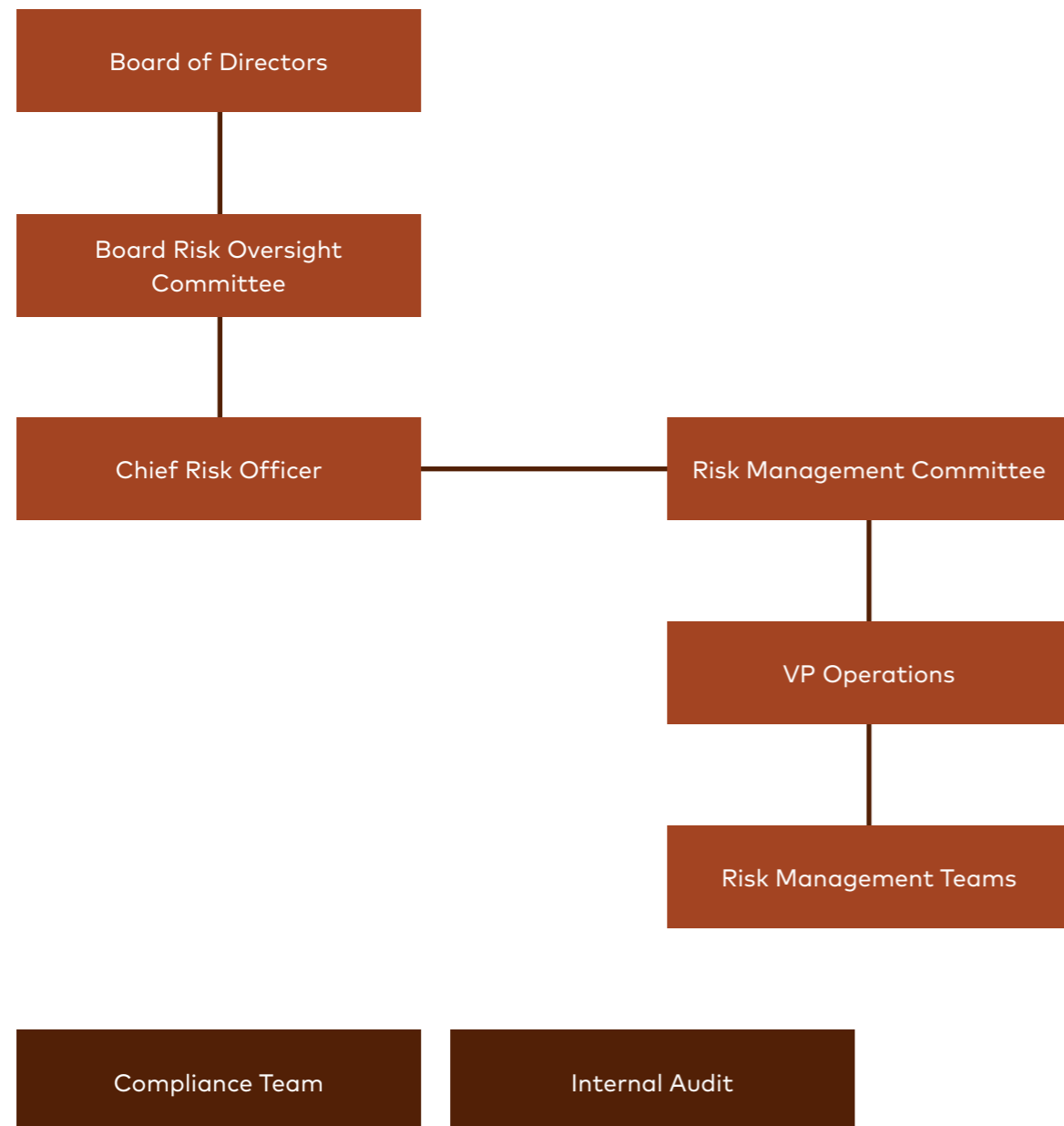
To put the philosophy into action, the Board, through its Board Risk Oversight Committee, implemented an Enterprise Risk Management (ERM) system that ensures that all business risks

are identified, measured and managed effectively and continuously within a structured and proactive framework. The Company’s ERM is based on the Committee of Sponsoring Organizations of the Treadway Commission-ERM framework. Values and standards of business conduct and ethics are important elements of the internal environment for risk management.

ENTERPRISE RISK MANAGEMENT PROGRAM



RISK MANAGEMENT STRUCTURE



The Board, through its Board Risk Oversight Committee, has the responsibility for overseeing risk management within the Company. Assisting the Board is the Chief Risk Officer (CRO) of the Company, who in turn, is supported by the Risk Management Committee. The Risk Management Committee is responsible for ensuring that all significant risks are managed properly. The Company CRO reports to the Board Risk Oversight Committee the significant risks and related risk strategies, and the status of the risk management initiatives on a regular basis.

In addition to the risk management teams, a cross-functional group of personnel with technical, financial, and legal expertise reviews the Company's compliance with mining laws and regulations. The Internal Auditor reports to the Audit Committee the results of the review of the effectiveness of the risk management strategies and action plans adopted by management.

SUSTAINABILITY REPORT

REPORT BOUNDARIES

GRI 102-45, GRI 102-46, GRI 102-54

This Sustainability Report covers the calendar year 2017 and reports on our operating mine sites, namely: RTN, TMC, HMC and CMC.

We are now on our fifth year of reporting on our sustainability performance. This report has been

prepared in accordance with the GRI Standards: Core option. The GRI guidelines encourage companies to report on practices and performance in a manner that is transparent and uses a globally shared framework of indicators.

This report was prepared for the benefit of our stakeholders who actively engage with the Company and want to be informed of the most significant environmental and social development programs of NAC and its subsidiaries.

AT A GLANCE



ENVIRONMENTAL SCORECARD

INDICATOR	RTN	TMC	HMC	CMC	TOTAL	RELATED UN SUSTAINABLE DEVELOPMENT GOAL
1. Total Spending for EPEP (PHP)	109,402,000	192,817,041	144,866,488	25,385,842	472,471,371	11,12,15
2. Rehabilitation Efforts						
i. Number of hectares rehabilitated	30	31.89	28.5	11.18	102	11,12,15
ii. Number of seedlings planted in rehabilitated area	47,843	78,754	75,691	13,569	215,857	11,12,15
3. Reforestation Efforts						
i. Number of hectares reforested within MPSA area	-	44.94	0.23	4.74	49.9	11,12,15
ii. Number of hectares reforested outside MPSA area	2.5	mostly donations/unrecorded	30.73	5	38.23	11,12,15
iii. Number of seedlings planted within MPSA area	-	110,004	3,427	5,098	118,529	11,12,15
iv. Number of seedlings planted outside MPSA area	11,060	1,700	52,086	8,333	73,179	11,12,15
4. Pollution Control						
i. Consumption of electricity (MWh)	2,478	2,970	359	761	6,568	12
ii. Total fuel consumption (ltrs)	11,659,191	15,263,552	5,708,990	5,841,381	38,473,114	12
iii. Total GHG emissions (t CO2)	32,008	39,797	14,965	15,310	102,080	11
5. Waste Management						
i. Volume of Solid Waste disposed (kgs)	375,003	34,270	82,709	30,914	522,896	6,14
ii. Volume of used oils (ltrs)	71,400	152,200	73,600	16,800	314,000	6,14
6. Watershed Management						
i. Volume of silt collected (WMT)	21,972	574,714	136,011	41,633	774,330	2,11,14
ii. Volume of water extracted (cu. m)	907,815	74,194	77,993	58,172	1,118,174	2,11,14
iii. Volume of water discharge (cu. m)	1,117,043	No data	6,918	43,572	1,167,533	2,11,14
7. Biodiversity						
i. Program name/results	Greenhouse Gas (GHG) study/10,5126 tons/has	Central Biodiversity Nursery/1.2 has.	Eco Restoration Project/5 has.	Green Buffer/28.37 has. Gaas Bay Marine Protected Area/ 80 has Artificial Coral Reef Ecosystem/ 0.5 has.		


SOCIAL SCORECARD
 GRI 203-1

INDICATOR	RTN	TMC	HMC	CMC	TOTAL	RELATED UN SUSTAINABLE DEVELOPMENT GOAL
1. Employees						
i. Number of employees	673	678	191	235	1,777	1,8
ii. Number of people indirectly employed (through contractors)	1,357	959	201	1,061	3,578	1,8
iii. Number of employees from local communities	707	875	1,004	155	2,741	1,8
iv. Percentage of employees under CBA	73%	48%	54%	44%		16
v. Average training hours/employee	22	37	20	100	180	4
2. Health and Safety Area						
i. Number of employees in health and safety committee area	61	244	40	30	375	3,16
ii. Total man hours	7,876,242	6,961,557	4,831,752	2,692,553	22,362,104	1
iii. Incidence Rate	1.78	5.31	0.62	15.23		3
iv. Total Lost days	0	0	0	41		3
3. Communities		0				
i. Total spend on SDMP (in PHP millions)	58.70	47.50	27.30	25.60	159.10	1,3,4,11
ii. Population of neighboring communities	40,594	13,284	14,341	4,276	72,495	11
iii. Number of IP residents near the minesite	20,080	700	N/A	N/A	20,780	10
4. Social Development Focus Area (SDMP + CSR)						
i. Education						
a. Number of Scholars	2,191	235	1,351	58	3,835	4
ii. Health						
a. Number of patients/cases treated in hospital	43,153	N/A	N/A	N/A		
b. Number of patients benefitted by Medical Mission	264	272	1,821	36	2,393	3
c. Assistance to calamity victims	104,398	Relief Operations to the Calamity Struck areas of Surigao City in February; and, Ormoc City in July	N/A	N/A		3
iii. Infrastructure						
a. Number of kilometers of roads constructed/ improved and amount (km / PHP)	8.15 Kilometers, PHP 5,203,569	1.1 Kilometers, PHP 483,727	0	3.3 Kilometers, PHP 3,813,850	12.5 Kilometers, PHP 9,501,147	9,11
b. Value of other infrastructure projects (PHP)	3,583,987	11,072,929	2,659,828	4,613,850	21,930,594	9,11
5. Livelihood						
a. Number of programs/beneficiaries	15/488	6 / 486	4 / 103 (families)	3 /134		8



ECONOMIC SCORECARD

INDICATOR	RTN	TMC	HMC	CMC	TOTAL	RELATED UN SUSTAINABLE DEVELOPMENT GOAL
1. Shareholding Percentage	60%	65%	100%	100%		
2. Financial Highlights (in million PHP)						
i. Direct revenue generated	4,757	6,195	2,330	2,248	15,530	8
ii. Costs and expenses	2,643	3,729	1,788	1,778	9,938	8
iii. Total Assets	4,174	9,375	1,702	2,312	17,563	8
iv. Taxes, licences and fees paid	1,081	1,525	417	624	3,647	8
v. Employee compensation and benefits	486	504	142	128	1,260	8
2. Amount of Ore sold (in thousand WMT)	5,757	7,645	2,451	1,850	17,703	8

NAC AND SUSTAINABILITY

Rosalia Montanez (or *Nanay Rosie* as everyone calls her) is a barangay health worker in Talavera, Tagana-an, Surigao del Norte who used to be an active anti-mining advocate. But when she witnessed and experienced first-hand how Hinatuan Mining Corporation (HMC) practiced responsible mining in her area, she had a change of heart and mind. She saw and understood how natural resources can be utilized for the good of the present, as well as of the future, generations.

Together with a couple of other community members, this simple and hardworking mother from Talavera took it upon herself to voice out her position for responsible mining in a forum of business and industry leaders. *Nanay Rosie* bravely pointed out what other people refused to consider: that the poor and neglected communities are benefiting from responsible mining. She recognized how enterprising humans will always try to utilize the natural resources around them and concluded that companies who are trying to do so responsibly should be allowed to continue on their sustainable path and help build the future of communities around them.

The previous year proved how sustainability in the mining industry is a paramount concern of all stakeholders—not only of the government or the

regulators. The practice of Responsible Mining that NAC has long been advocating came to the fore as a model of accountability, transparency, and community spirit, with its mining operations demonstrating ecologically-viable case studies of mitigation, rehabilitation and community-building programs that actually work.



Rosalia Montanez - Barangay health worker, Talavera SDN

ASEAN MINERAL AWARDS WINNER FOR BEST PRACTICES IN MINERAL MINING CATEGORY

As a case in point, RTN has been adjudged as the winner of the first-ever Association of South East Asian Nations (ASEAN) Mineral Awards or AMA in the Best Practices in Mineral Mining category, beating entries from other member-countries of the ASEAN.

A project of the Special Task Force under the ASEAN Senior Officials Meeting on Minerals (ASOMM), the AMA was established to honor mining companies from the ASEAN communities for their contributions in the advancement of responsible and environment-friendly mining. The AMA recognizes contributions involving actual impacts on community development, implications on ASEAN mineral supply, human resource development, productivity and resource efficiency, and actual measures to address

health, safety and environmental performance.

For RTN to win this prestigious recognition on responsible mining and bring honor to the country speaks volumes – on the strides we have made on responsible mining, on what more we can achieve if we are tenacious and determined, on the unflagging commitment of NAC to a sustainable future for the industry.

Through the efforts of the Company, the industry and the communities to bring out the truth regarding the Philippine mining industry for the general public's edification, it has become clear that everyone benefits from ensuring sustainability of the country's mining industry.

MANAGEMENT APPROACH TOWARDS SUSTAINABILITY

Nickel Asia Corporation has long considered sustainability as an essential business goal and the Company works to ensure consistent high-level performance in the triple bottomline—meaning to be economically feasible, socially desirable and ecologically viable.

Mining by its very nature is an extractive enterprise that temporarily alters the environment. Operating sustainably and responsibly means that long-term perspective and planning are applied to every facet of our mining operations. This includes practicing progressive rehabilitation of our mined-out areas and bringing economic development to our host communities.

Following this sustainability principle, NAC takes steps to ensure that its mining operations are economically feasible and provide benefits through the efficient use of resources. It ensures that these operations are socially desirable as the Company engages neighboring communities, respects their culture and safety, and contributes to the improvement and betterment of lives. It ensures ecological viability by mitigating negative impacts, restoring ecosystems and developing alternative productive future use for the land.

ALIGNING TO THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

Since 2016, the Company has aligned its programs to the UN SDGs of the 2030 Agenda for Sustainable Development which seeks to end all forms of poverty all over the world.

The SDGs provide the building blocks for our framework as these goals promote prosperity while protecting the planet and recognizing that "ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection."

Our efforts are conducted with a commitment to Sustainable Development not only for the business but

also for the environment and for our host communities.

BOOSTING SOCIAL AND ENVIRONMENTAL PROGRAMS

In terms of environmental sustainability, all our operating mines prepare an Environmental Protection and Enhancement Program (EPEP) annually that strictly complies with the standards and requirements of regulators. The EPEPs are reviewed and monitored by various stakeholders, particularly the Mines and Geosciences Bureau which keeps a close watch on targets and performance. The ultimate goal of the EPEP is to assure rehabilitation for mined-out areas, and the eventually restore the environment after the mine closes.

In the area of social sustainability, all our operating mines allot a percentage of yearly operating costs to fund Social Development and Management Programs (SDMP) for host communities. The SDMP, are five-year programs identified by the communities to address their most urgent needs. The implementation of these programs and other projects are overseen by a Multipartite Monitoring Team to ensure compliance.

The Company is also a strong supporter of the Philippine Extractive Industry Transparency Initiative (Ph-EITI). Ph-EITI was established in 2012 following the issuance of Executive Order No. 79 "Institutionalizing and Implementing Reforms in the Philippine Mining Sector Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources".

The Company's CEO is a member of the Ph-EITI Multi-stakeholder group, the governing body for EITI implementation in the country composed of representatives from the government, the business sector, and civil society organizations. Following the Ph-EITI directive, our operating companies submit data to the Independent Administrator of the Ph-EITI on material tax payments, social contributions, and environmental funds and disbursements.

SDG HIGHLIGHTS

1 POVERTY



TOTAL OF PHP 298.3 MILLION

PHP 13.3 Million spent on livelihood programs
+61.6K population of host and neighboring barangays that are beneficiaries of SDMP and CSR programs

2 ZERO HUNGER



+1200 beneficiaries from Livelihood programs
502 hectares of land reforested

3 GOOD HEALTH AND WELL-BEING



PHP 11 Million spent on Health and Safety programs
2,393 patients benefitted by Medical Missions
22K total man hours

4 QUALITY EDUCATION



PHP 30 Million invested on programs on Education
3,835 scholars
+68K Total training hours of employees

100% WOMEN


returned to worked after Maternal leave

514 women hired
100% women returned to worked after Maternal leave

5 GENDER EQUALITY




6 CLEAN WATER AND SANITATION




1.1 Million cu.m. water extracted
774,000 WMT silt collected
1.2 Million cu.m water discharged

8 DECENT WORK AND ECONOMIC GROWTH




2,741 hired from the local communities
4K NAC employees
2K employees trained

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



PHP 22 Million total expenditure on infrastructure investments and services supported
More than 40 barangays benefitted on infrastructure projects
+ PHP 9.3 Million spending on roads constructed

10 REDUCED INEQUALITIES




142 indigenous people hired
+20K of population of IPs in the communities where SDMP and CSR programs are delivered

11 SUSTAINABLE CITIES AND COMMUNITIES



276 tons of recyclable waste delivered to MRF

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



314K liters of used oil treated by treatment, storage and disposal facility
132K kg. of hazardous waste treated by a treatment facility
129K kg. of residual waste collected and delivered to a sanitary landfill
276 tons of recyclable waste collected
1.6 Million ltr. consumed from genset

13 CLIMATE ACTION




PHP 472 MILLION OF INVESTMENT on Environmental Protection and Enhancement Program
PHP 104K assistance to calamity victims

14 LIFE BELOW WATER




774K cu.m. of silt collected in its collective Watershed Management
+ PHP 167 Million budget for Water Protection programs

15 LIFE ON LAND



A total of 122,000 seedlings planted on rehabilitated area
102 hectares rehabilitated
PHP 139 Million allotted for Land Protection programs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



An average of 55% of employees under CBA

STAKEHOLDER ENGAGEMENT

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 414-1

Earnest efforts to engage our stakeholders reveal how we value transparency, accountability and community building. We have actively sought different channels to keep our stakeholders fully informed of the different issues faced by the

industry and of the many activities and programs that we undertake every year. We take pains to reach out, open our doors and create touch points where we can demonstrate that responsible mining is at the core of our mission and vision.



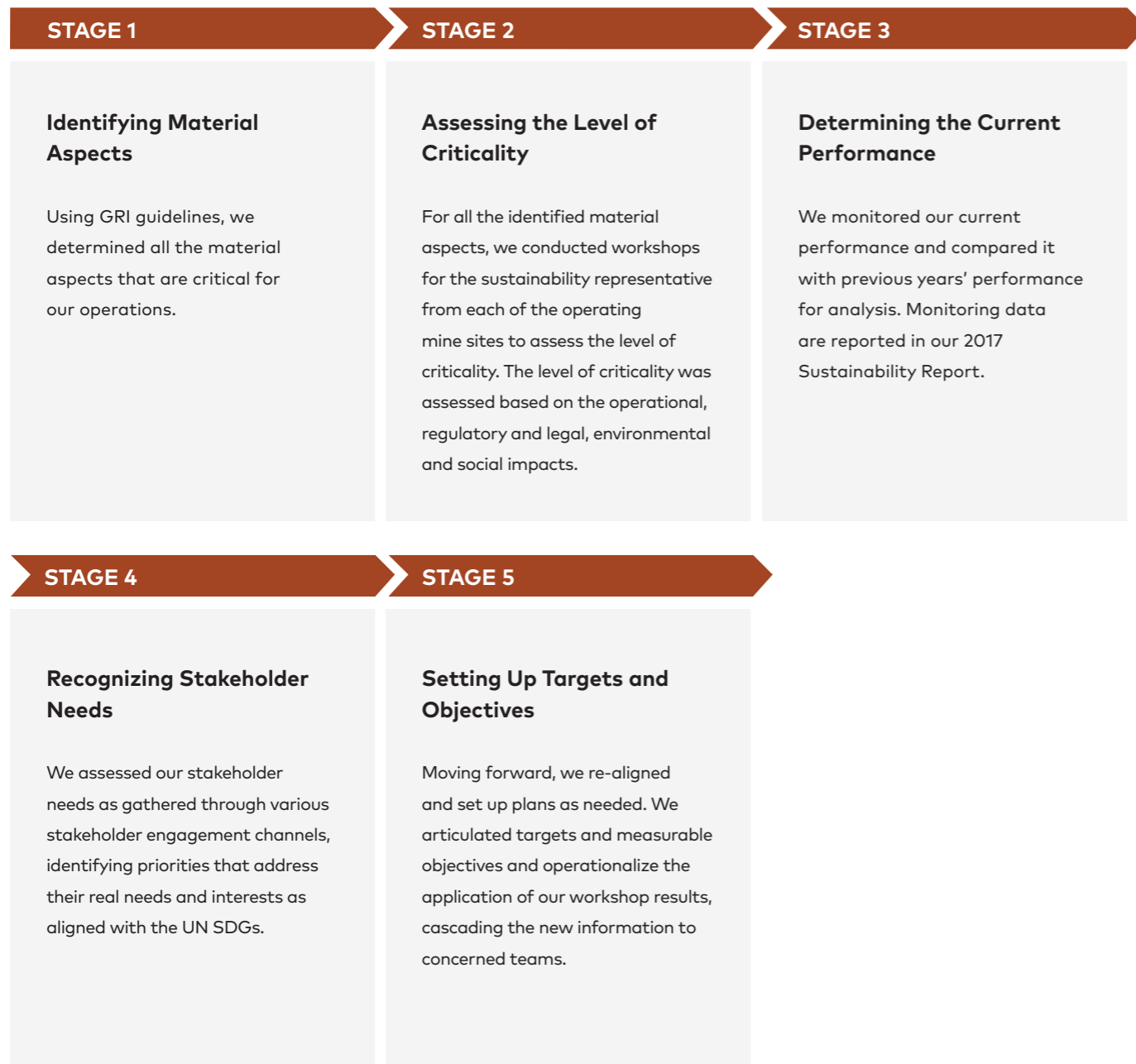
TMC - Employee at Tree Nursery

STAKEHOLDERS	MODE OF ENGAGEMENT	FREQUENCY	CONCERNS/ EXPECTATIONS	RESPONSE
Local Communities	<ul style="list-style-type: none"> SDMP and CSR Programs Community engagement to prioritize and implement 	As necessary	<ul style="list-style-type: none"> Socio-Economic development of the communities 	<ul style="list-style-type: none"> Implementation of SDMP and CSR programs by Community Relations Teams (CommRel)
LGUs/Regulators	<ul style="list-style-type: none"> Annual/Quarterly/Monthly Reports 	As necessary	<ul style="list-style-type: none"> Inaccurate disclosures Non-compliance to standards 	<ul style="list-style-type: none"> Timely and accurate release of reports Strict compliance to regulatory norms
Employees	<ul style="list-style-type: none"> Employee engagement programs 	As necessary	<ul style="list-style-type: none"> Focus on work-life balance 	<ul style="list-style-type: none"> Service Tenure Awards CSR/Environmental voluntary activities
Suppliers	<ul style="list-style-type: none"> Accreditation Process Annual Meetings with Security Agencies 	As necessary	<ul style="list-style-type: none"> Transparency in accreditation Integrity of bids Non-compliance to standards 	<ul style="list-style-type: none"> Clear and transparent accreditation criteria Auditable bidding process
Shareholders/ Investors	<ul style="list-style-type: none"> Annual Stockholders' Meeting General Board Meetings One on One investor Meetings 	Annual Quarterly On Demand	<ul style="list-style-type: none"> Higher financial returns Minimum risks related to business and expansion 	<ul style="list-style-type: none"> Stable Dividends Regular disclosure of financial performance
Partners	<ul style="list-style-type: none"> Corporate Events Forums 	As necessary	<ul style="list-style-type: none"> Transparency in disclosures Alignment of advocacies 	<ul style="list-style-type: none"> Regular disclosure of overall performance
Industry Associates	<ul style="list-style-type: none"> Regular Industry meetings 	As scheduled	<ul style="list-style-type: none"> Sharing of industry standards and best practices 	<ul style="list-style-type: none"> Regular update on the industry outlook and standards
Media frequency	<ul style="list-style-type: none"> Interviews Official media statements Public advisories Press conferences Site tours 	<ul style="list-style-type: none"> Sharing of industry standards and best practices 	<ul style="list-style-type: none"> Product brief/details Transparency Factual information Timely release of announcements 	<ul style="list-style-type: none"> Availability of spokesperson Media events Press kits Fact sheets Market information

MATERIAL ASPECTS OF SUSTAINABILITY

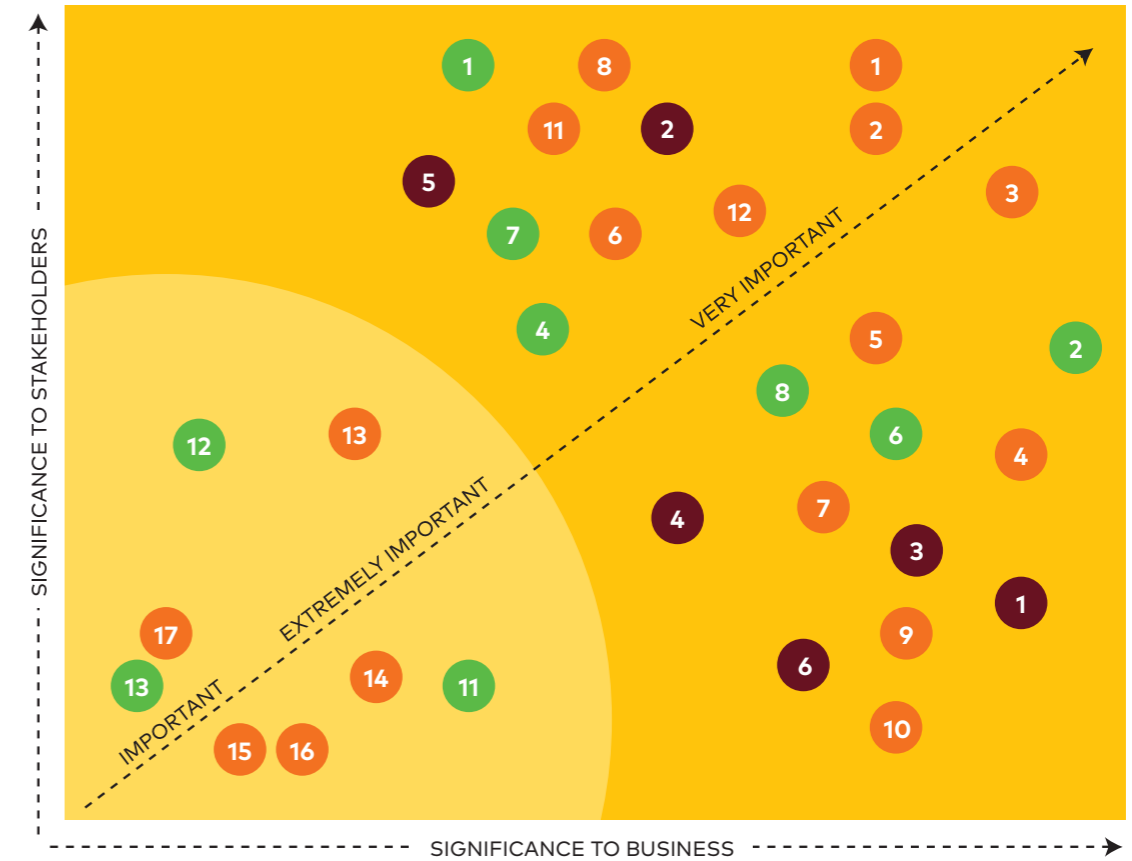
In five years of reporting on our Sustainability performance, we have continued to assess the material aspects critical to our operations and to our stakeholders. As each year presents unique challenges, we believe this is a crucial step to our efforts to stay relevant and meaningful.

Through engaging stakeholders and conducting workshops, we review and validate our focus areas. Using the GRI framework in doing the assessment, we apply the five-stage process in order to keep the material aspects aligned with our stakeholder needs and interests.



GRI 102-47

Below are the material aspects for all mine sites, with level of criticality:



- | ECONOMIC | ENVIRONMENT | SOCIAL |
|---|-----------------------------------|---|
| 1 Leadership | 1 Energy Consumption Management | 1 Maintenance and Safety of Production Sites and Plants |
| 2 Compliance w/ Regulatory Requirements | 2 Biodiversity Offsets | 2 Emergency Preparedness |
| 3 Revenue and Payments | 3 Geological Risk Assessments | 3 Employee Relations |
| 4 Local Employment | 4 Spill Management | 4 Employee Welfare |
| 5 Fluctuation of Metal Prices | 5 Water Pollution | 5 Education and Training on Health and Safety Issues |
| 6 Exploration of Mining Operation | 6 Siltation Pond Management | 6 Recruitment and Employment |
| | 7 Dust and Noise Pollution | 7 Freedom of Association |
| | 8 Water Consumption and Discharge | 8 Community Development and Negative Impact Mitigation |
| | 9 Recycling Fresh Water | 9 Information, Consultation and Participation Mechanisms |
| | | 10 Local Community Involvement |
| | | 11 Social License |
| | | 12 Dust and Noise Issues |
| | | 13 Corruption |
| | | 14 Diseases and Illnesses |
| | | 15 Risk of Accidents to Employees, Contractors and Subcontractors |
| | | 16 Risks and Conflicts with Local Communities and Indigenous People |
| | | 17 Probability of Strikes/and or Lock-outs |

OUR SUSTAINABILITY PERFORMANCE

GOOD GOVERNANCE

Our Commitment

We strive to act as a responsible corporate citizen and lend our expertise to help engage in constructive public dialogue and informed discussion on issues of importance to us as a Company, the mining industry and to the communities where we operate.

Our Focus

- ▶ Leadership and Commitment
- ▶ Environmental, Social and Economic Risk Management
- ▶ Governance Policies
- ▶ Stakeholder Engagement

Our Performance

The drive for sustainability begins with leadership that is committed and involved in the process. NAC leadership believes that responsible mining brings development to areas where it is allowed to operate. This belief is supported by infrastructure, technology and operational systems put in place to ensure quality execution of strategic plans.

The Company adopted its Manual on Corporate Governance on June 16, 2010, which had been further improved and amended to comply with the Revised Code of Corporate Governance as well as the SEC Memorandum Circular No.9, series of 2014. The Manual institutionalizes the principles of good corporate governance within the Company and embodies the framework of rules, systems and processes that govern the performance of the Board of Directors (Board) and of Management of their respective duties and responsibilities.

NAC has substantially complied with its Manual. The Company is taking further steps to enhance adherence to principles and practices of good governance including the designation of a Chief Risk Officer ("CRO") who is the champion of enterprise risk management at the Company and oversees the entire risk management function. It also has a Compliance Officer and a Corporate Governance Officer in its plantilla who are dedicated to helping the company achieve its sustainability goals.

Policy on Sustainability

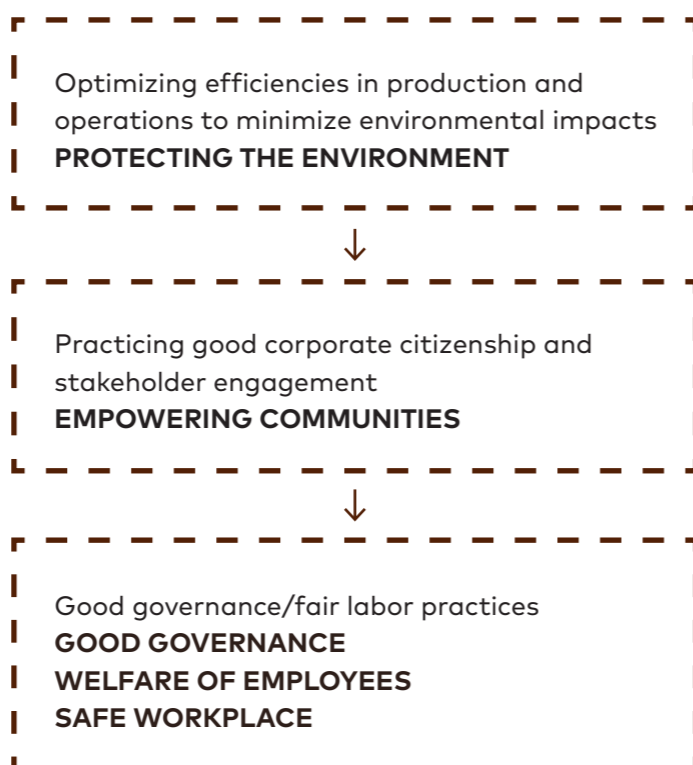
As a sustainable enterprise, the Company recognizes its responsibility of creating an acceptable return for shareholders while at the same time understanding, managing and mitigating the impact of its mining operations on the environment and communities where it operates.

The Company aims to keep improving its sustainability performance and its earnest commitment to this is duly guided and strengthened by prevailing legislation, commercial requirements, external reporting frameworks and stakeholders' expectations.

The Company's approach to sustainability is three-fold:

- ▶ Optimizing efficiencies in production and operations to minimize environmental impact.
- ▶ Practicing good corporate citizenship and stakeholder engagement.
- ▶ Practicing good corporate governance and fair labor practices.

This three-fold approach enables the Company to directly address the top five material issues considered most critical by stakeholders, as well as the other material issues that it manages:



First, optimization of operational efficiencies redounds to environmental protection through cost-efficient use of resources. Second, good corporate citizenship builds mutually beneficial relationships with host and neighboring communities. And third, fair labor practices provide for the best workplace environment for people.

To further enhance its sustainability program, NAC mandated that all of its operating companies to be ISO 9001 certified by the end of this year.



RTN - NAC/RTN Executives at operations area

SAFE WORKPLACE

Our Commitment

We promote a strong culture of safety embedded in operational excellence and robust risk management. We approach safety with a multi-level focus to empower our personnel to embrace the value of accident prevention and control of loss.

Our Focus

- ▶ Safety and Health Programs and Procedures
- ▶ Education and Training on Health and Safety Topics
- ▶ Emergency Response and Crisis Management
- ▶ Security of Mine Sites and Maintenance of Equipment

Our Performance

Providing a safe workplace for our employees is a top priority for the Company. We therefore

take pains to cultivate a culture of safety wherein everyone is able to appreciate how safety is the responsibility of all personnel.

The Company promulgates a comprehensive safety program designed to minimize risks in the workplace and to ensure compliance with occupational health and safety standards that apply to our operations, such as:

- ▶ Mandated use of protective equipment and safety devices.
- ▶ Installation in strategic areas within the operations of first-aid and emergency equipment.
- ▶ Conduct of regular safety in-house inspections to identify hazards and unsafe conditions or practices.
- ▶ Conduct by Managers and Supervisors of regular safety briefings and emergency preparedness training and drills.

- ▶ Safety orientation for new employees.
- ▶ A rigorous system of investigating accidents and near-misses to understand causes and implement corrective measures.
- ▶ The recording and monitoring of lost time injuries, medically treated injuries, minor injuries and non-injury incidents which include near-miss incidents, and property damage and their frequency rates.

Ensuring Safety for All

Proper mining and safety equipment are provided at all times to employees and visitors. Standard Personal Protective Equipment (PPE) include a skull guard, eye goggles/ spectacles, dust/chemical respirator/mask, ear muff, hand gloves, high visibility vest, rainboots, raincoat, and safety shoes.

Safety orientation and training, safety reminders and safety signages are used to communicate the safety protocols clearly, consistently and constantly to everyone in the mine sites.

A case in point is TMC which uses training to ensure that its employees know what to do, how to do it and who is in charge in case an emergency occurs. And as part of the company's safety programs, a first-aid competition is held annually. In the competition, teams from TMC and contractors are put to the test with simulations of different emergency situations. Teams are assessed based on their triage, bandaging, prioritization and care of patients. Representatives from the Philippine National Red Cross usually serve as judges and proctors during the event.

It is worth noting that TMC's emergency response teams extend their services not just within the company and neighboring barangays but also to calamity-stricken municipalities and provinces that need urgent help.

Pursuing Excellence in Safety Management

The organization is therefore very proud that TMC earned its BS OHSAS 18001:2007 Occupational Health and Safety Management System certification in September following a series of audits conducted by TUV Rheinland. BS OHSAS 18001 is the British Standard that sets out the requirements to achieve the best possible working conditions and workplace health and safety, aligned to internationally recognized best practices.

In addition to the recommendation for certification, the audit team commended the company's rescue and relief operations in the quake-hit provinces of Surigao and Leyte, its 18.2 Million Man Hours worked without Lost Time Accident as of August 2017, its fire station building and the construction of the PHP 30 million evacuation center in Barangay Taganito. An impact of the implementation of this system is the reduction of accident incidence rate from 12.33 in 2014 to 5.31 in 2017.

As NAC earnestly cultivates this safety culture, we are equally proud of RTN also achieving its BS OHSAS 18001 certification last March. The Company received 10 positive points and zero non-conformance which, as noted by the auditors, a performance deemed exceptional for a first timer.

The audit also took note of the many world-class performance metrics including: RTN's MGB Certificate of Recognition for achieving 26 Million Safe Man-hours without LTA from July 1, 2014 to November 16, 2017; Certificate of Recognition by the DOH for having an Accredited Drug Testing Facility within the company through the RTNFI Hospital; and the Supplementary Equipment Operator Qualification which the Lead Auditor commended as a best practice that "is exceptional and unique from other companies." RTN acquired the use of a Wheel Loader Simulator at considerable cost to support the on-going qualification of heavy equipment operators.

GRI 403-2

2017	RTN	TMC	HMC	CMC
Total Man Hours	7,876,242	6,961,557	4,831,752	2,692,553
Lost Time Accidents	0	0	0	1
Incidence Rate	1.78	5.31	0.62	15.23
Severity Rate	0	0	0	15.23
Fatalities	0	0	0	0
Lost Days	0	0	0	41

2016	RTN	TMC	HMC	CMC
Total Man Hours	7,941,728	6,894,904	4,379,392	2,691,422
Lost Time Accidents	0	0	0	1
Incidence Rate	2.27	5.37	1.6	29.72
Severity Rate	0	0	0	4.46
Fatalities	0	0	0	0
Lost Days	0	0	0	41

2015	RTN	TMC	HMC	CMC
Total Man Hours	8,710,761	7,666,611	4,825,016	2,451,095
Lost Time Accidents	0	1	0	1
Incidence Rate	4.36	1.17	2.28	8.98
Severity Rate	0	782.60	0	0
Fatalities	0	1	0	0
Lost Days	0	6,000	0	0

WELFARE OF EMPLOYEES

GRI 103-1

Our Commitment

Each of our employees is respected and valued and we fully observe human rights, occupational safety practices and non-discrimination in the workplace. We do our utmost to develop employee potential, compensate fairly and commensurately to performance and provide growth opportunities.

Our Focus

- ▶ Employee Relations and Management
- ▶ Collective Bargaining Agreement
- ▶ Skills and Competency Development
- ▶ Human Rights and Equal Opportunities

Our Performance

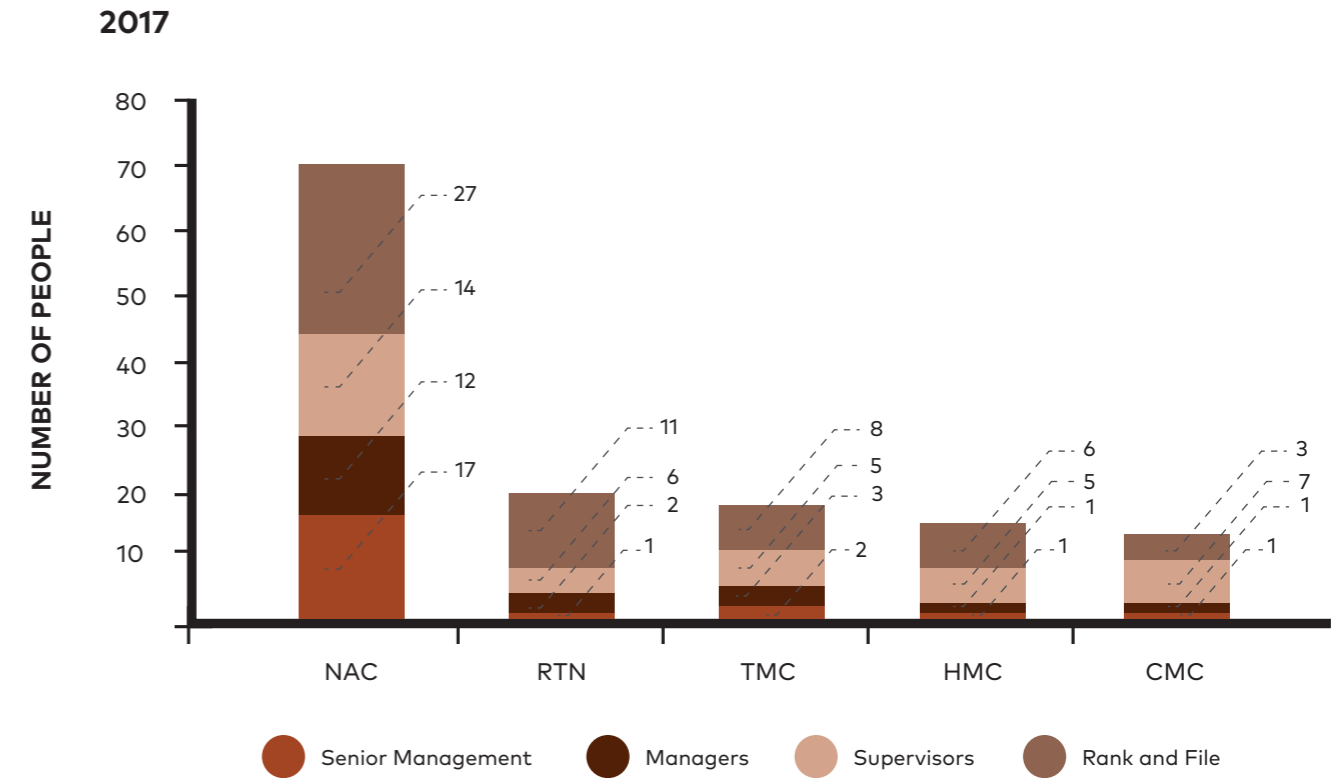
As we value each employee and recognize his or her role and contribution to the Company's sustainability journey, NAC makes it a policy

to compensate fairly and commensurately to performance, practice non-discrimination in the workplace, provide growth opportunities and develop employee potential.

We continue to practice Impact Sourcing by prioritizing local residents for placements in job opportunities whenever possible, and we cultivate an inclusive culture by opening the same opportunities to the Indigenous Peoples in our communities. With this, our training programs are designed to ensure every employee's skills and potential are maximized to enable a safe, productive engaged work life with the Company.

NAC WORKFORCE – HEAD OFFICE

GRI 102-7, GRI 102-8, GRI 401-1, GRI 405-1



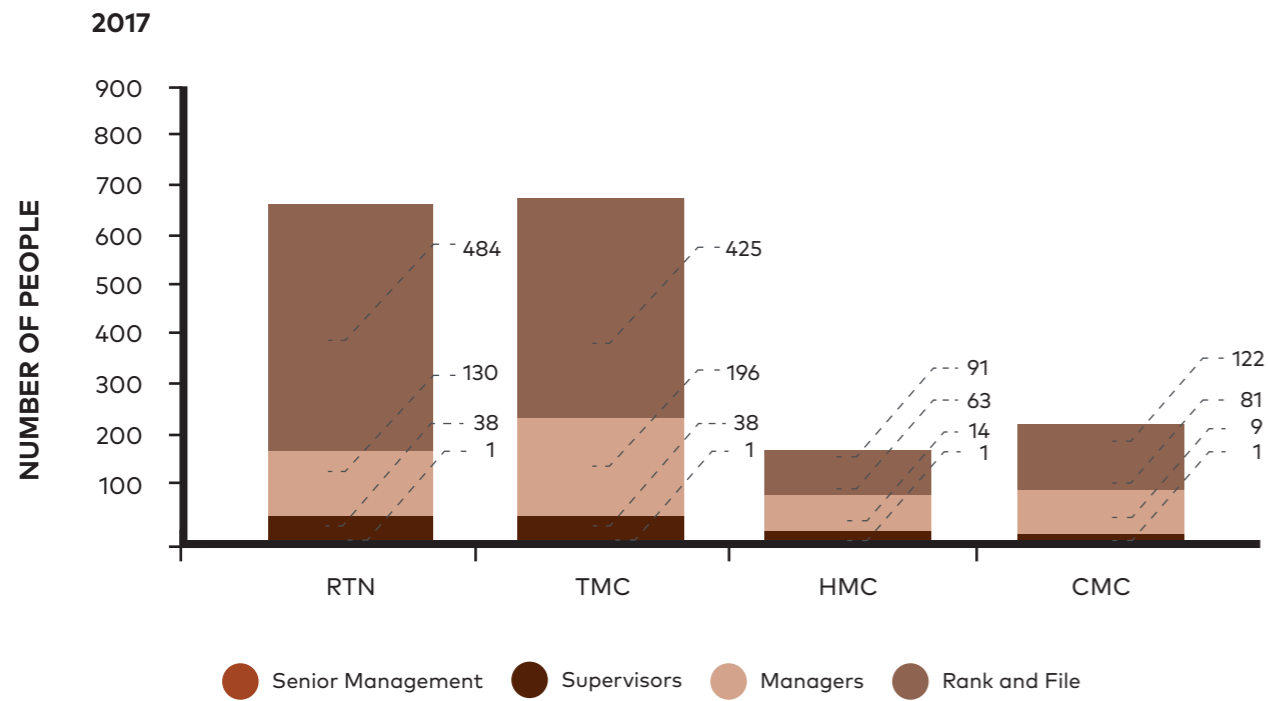
TMC - Employees at Mine Site



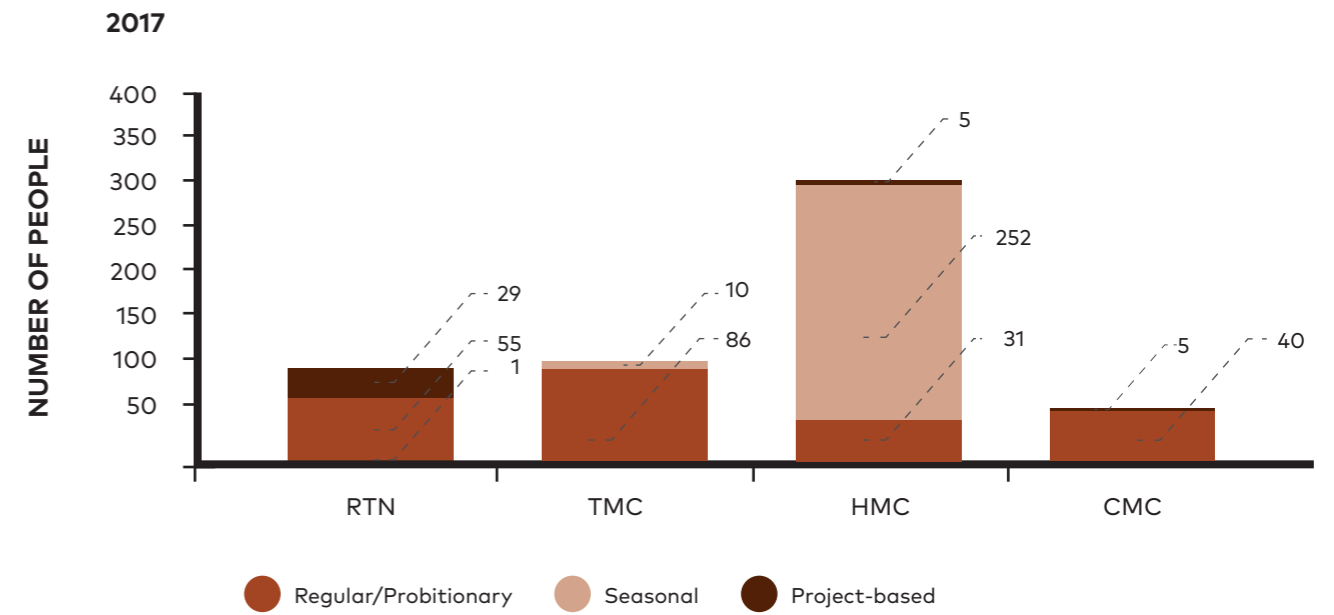
2016	SENIOR MANAGERS	MANAGERS	SUPERVISORS	RANK AND FILE	TOTAL
NAC	15	11	19	29	74
RTN	1	2	6	11	20
TMC	2	2	6	8	18
HMC	1	2	5	6	14
CMC	1	1	6	3	11
Total	20	18	42	57	137

2015	SENIOR MANAGERS	MANAGERS	SUPERVISORS	RANK AND FILE	TOTAL
NAC	15	9	14	15	53
RTN	1	2	7	8	18
TMC	2	2	6	9	19
HMC	1	2	5	6	14
CMC	1	1	8	3	15
Total	20	16	40	41	117

MINE SITE EMPLOYMENT



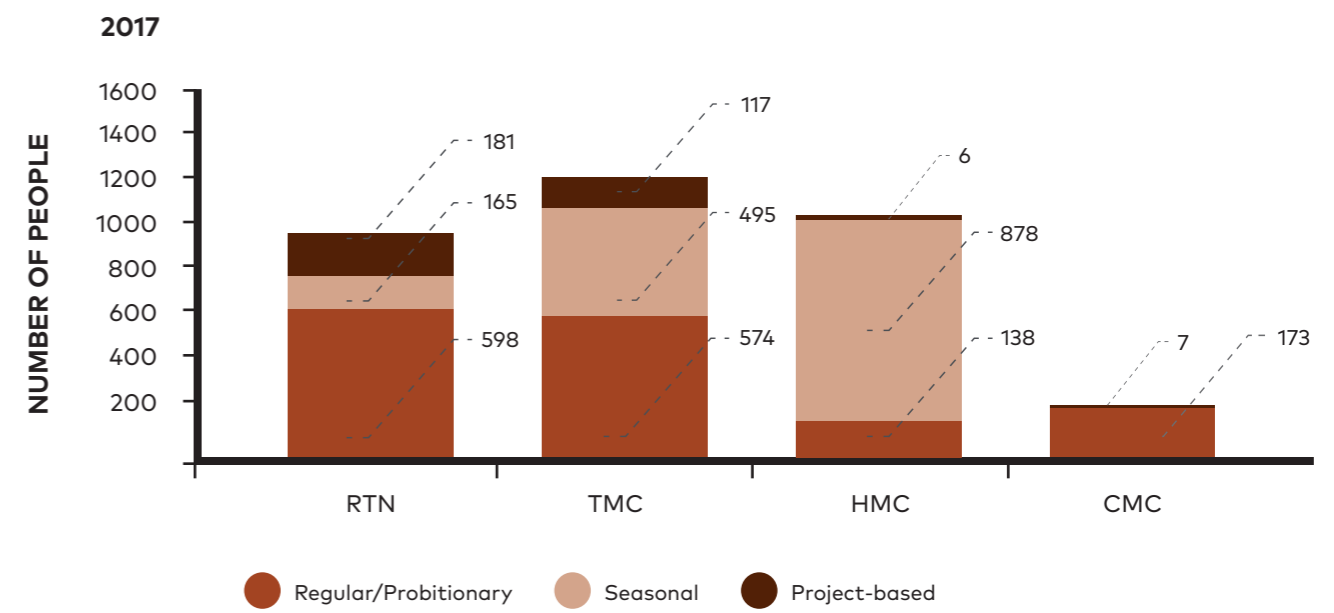
EMPLOYMENT BY GENDER (FEMALE)



2016	SENIOR MANAGERS	MANAGERS	SUPERVISORS	RANK AND FILE	TOTAL
RTN	1	36	129	501	667
TMC	1	34	167	331	533
HMC	0	14	62	90	166
CMC	1	5	46	132	184
Total	3	89	404	1,054	1,550

2015	SENIOR MANAGERS	MANAGERS	SUPERVISORS	RANK AND FILE	TOTAL
RTN	1	22	120	522	665
TMC	1	26	180	310	517
HMC	5	8	62	90	165
CMC	3	7	40	130	180
Total	10	63	402	1,052	1,527

EMPLOYMENT BY GENDER (MALE)



2016/FEMALE	RTN	TMC	HMC	CMC	TOTAL
Regular/Probationary	63	88	41	35	227
Seasonal	9	6	138	0	153
Total	72	94	179	35	380

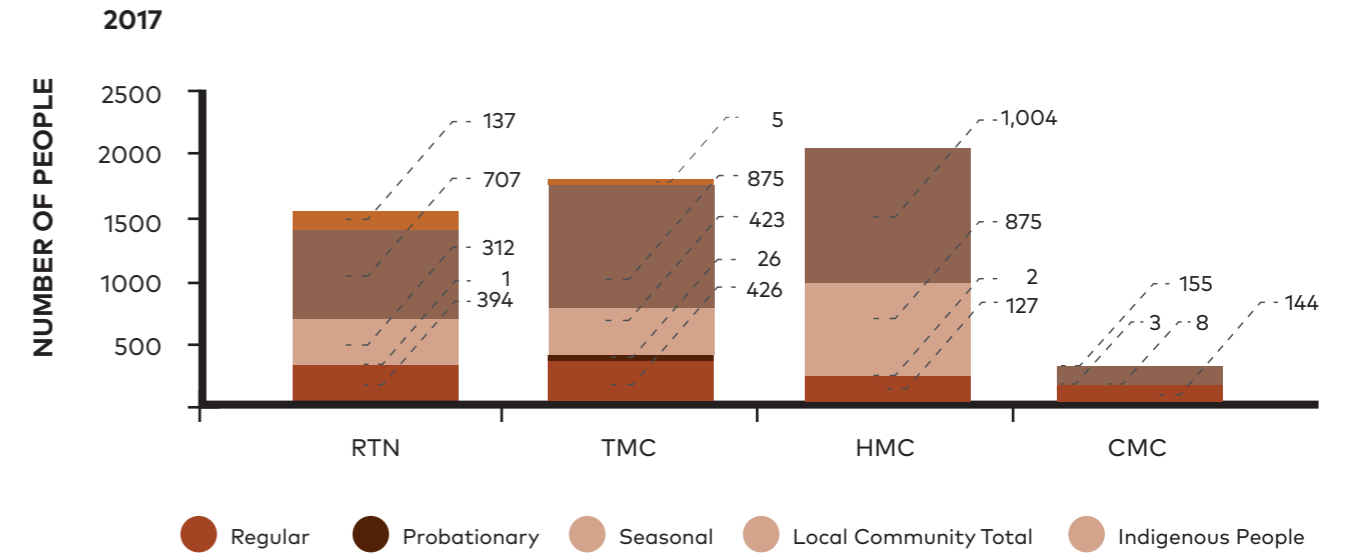
2015/FEMALE	RTN	TMC	HMC	CMC	TOTAL
Regular/Probationary	46	75	30	21	172
Seasonal	1	54	59	0	114
Total	47	129	89	21	286

2016/MALE	RTN	TMC	HMC	CMC	TOTAL
Regular/Probationary	624	463	139	160	1,386
Seasonal	36	519	1,844	0	2,399
Total	660	982	1,983	160	3,785

2015/MALE	RTN	TMC	HMC	CMC	TOTAL
Regular/Probationary	619	442	135	158	1,354
Seasonal	20	1,274	862	1	2,157
Total	639	1,716	997	159	3,511

EMPLOYMENT FROM LOCAL COMMUNITIES AND INDIGENOUS PEOPLES

GRI 202-2



2016	REGULAR	PROBATIONARY	SEASONAL	LOCAL COMMUNITY TOTAL	INDIGENOUS PEOPLE
RTN	558	9	29	596	89
TMC	480	6	507	993	5
HMC	128	7	977	1,112	0
CMC	162	3	0	165	0
Total	1,328	25	1,513	2,866	94

2015	REGULAR	PROBATIONARY	SEASONAL	LOCAL COMMUNITY TOTAL	INDIGENOUS PEOPLE
RTN	399	9	1,249	1,657	506
TMC	479	38	1,328	1,845	-
HMC	-	-	-	140	-
CMC	-	-	-	457	-
Total	878	47	2,577	4,099	506

RTN: ASEAN'S BEST

"The selection of RTN is a recognition of the four decades of responsible mining that has been practiced at Rio Tuba. It is testament to the commitment of RTN, and of all other companies of Nickel Asia Corporation, to pursue best practices in environmental and socially sustainable mineral development."



Rio Tuba Nickel Mining Corporation (RTN) is the winner of the first-ever ASEAN Mineral Awards (AMA) for Best Practices in Sustainable Mineral Development in the Mineral Mining Category, besting entries from other member-countries of the Association of Southeast Asian Nations (ASEAN).

The AMA is a project of the Special Task Force (STF) under the ASEAN Senior Officials Meeting on Minerals (ASOMM). Composing the STF are representatives from ASEAN's Member State: Brunei Darrusalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The awarding ceremony was held during the gala dinner of the ASEAN Ministerial Meeting on Minerals in Naypyidaw, Myanmar on November 30.

RTN was first chosen by the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR) to be the Philippines' entry for mineral mining one of three categories in the awards.

Entries from the ASEAN countries were evaluated, and only the top three were asked to make their final presentations before the 10-member Board of Judges last November 29 in the Myanmar capital. Each presentation was strictly limited to 15 minutes, followed by questions from the judges.



RTN - Receiving ASEAN Award at Myanmar

NAC President and CEO Gerard Brimo, also RTN President, delivered the presentation entitled "Responsible Mining is Real." He focused on the mandatory social development programs and the voluntary corporate social responsibility projects of RTN that together help to uplift the immediate community of Rio Tuba in particular, and the municipality of Bataraza in general.

He painted the big picture of Rio Tuba as a story of the transformation of what was once a remote and uninhabited area of southern Palawan into what is today a bustling community of over 18,000 residents, proof, he said, that responsible mining brings development where it is allowed to operate.

He also focused on RTN's efforts to protect the environment, highlighting the return of biodiversity to the new forests that are growing in mined-out areas.

With its remarkable practice of responsible mining and its special focus on progressive mine rehabilitation, RTN bested two other finalists in its category – a gold mining company from Indonesia, and the largest cement group in Thailand.

Informed of Rio Tuba's selection, Brimo said "The selection of RTN is a recognition of the four decades of responsible mining that has been practiced at Rio Tuba. It is testament to the commitment of RTN, and of all other companies of Nickel Asia Corporation, to

pursue best practices in environmental and socially sustainable mineral development."

For his part, NAC Executive Vice President Martin Antonio Zamora noted that the award was also a recognition of the hard work of the professionals behind the Philippines' MGB and DENR.

"They closely work together to ensure that mining laws are observed so that responsible mining is able to flourish and make the proper contribution not just to the mining communities but also to the country as a whole," said Zamora.

The AMA recognizes ASEAN mining companies that have made significant contributions to community development, ASEAN minerals supply, and human resource development, productivity and resource efficiency while, at the same time, achieving excellence in the areas of health, safety and environmental management.

To have been chosen as ASEAN's Best based on these criteria explains why many see RTN as the gold standard for responsible mining in the Philippines today.

GRI 404-2, GRI 412-2

Continuously Developing Competencies and Skills

NAC focuses on enhancing the welfare of our employees through training and skills development programs based on periodic training needs analysis. These training and development opportunities enhance their knowledge, skills and competencies toward the achievement of their individual performance targets, as well as their career goals. The training modules cover both technical competency and the intangible soft skills that help them perform their roles more effectively.

In 2017, the total spending on employee training and development was at PHP 17.37 million. The Company invested 18% more training hours in 2017 through focused programs strategically directed at trainees identified through systematic training needs analysis. The mine sites run their own development

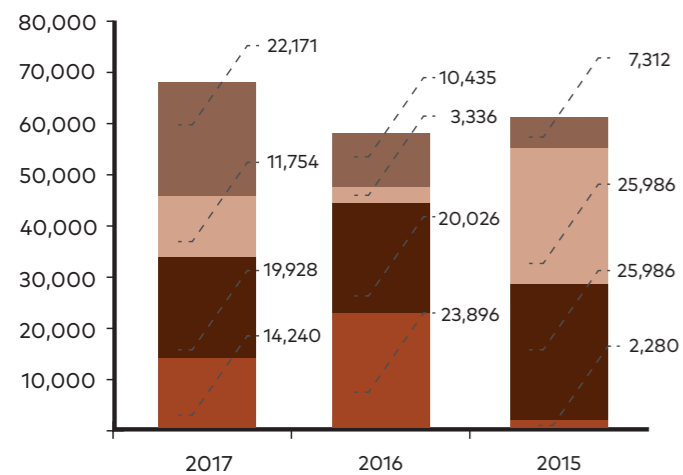
and technical training for specific job functions and all regular employees are offered training opportunities throughout the year.

Training topics in 2017 included:

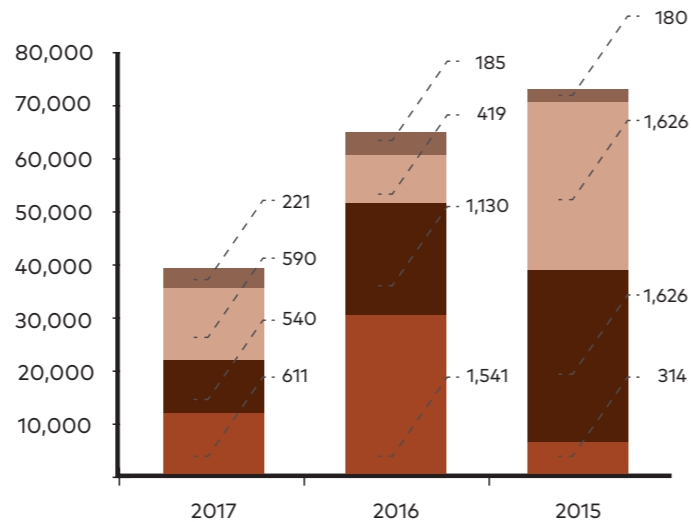
- ▶ Use of equipment training
- ▶ Human resources
- ▶ Environmental protection
- ▶ Health
- ▶ Fire and safety
- ▶ Code of business conduct and ethics
- ▶ Chemical analysis
- ▶ Communication skills
- ▶ Labor laws
- ▶ Problem solving and decision-making
- ▶ Livelihood skills

TOTAL TRAINING HOURS

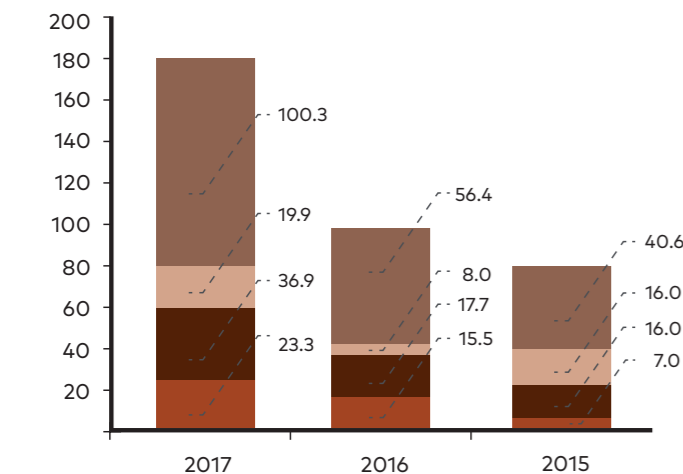
GRI 404-1



TOTAL EMPLOYEES TRAINED



AVERAGE TRAINING HOURS PER EMPLOYEE



- RTN
- TMC
- HMC
- CMC

GRI 103-1, GRI 102-41, GRI 403-1, GRI 417-1

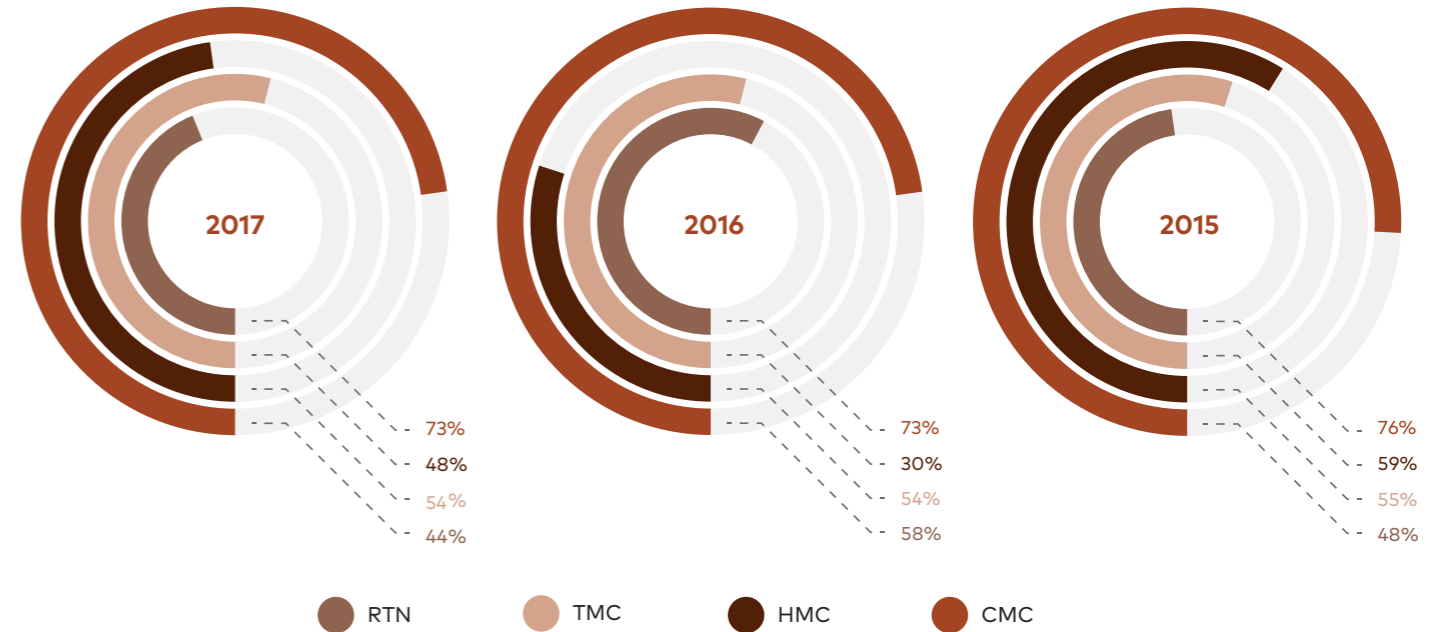
Supporting Sustainable Collective Rights

Meanwhile, the Company also recognizes the rights of employees to organize themselves in trade unions in accordance with the laws of the Philippines, and we protect this right in all our operating mines. As such, the Company works in good faith with employee associations to come up with fair, rational and sustainable Collective Bargaining Agreements (CBAs) for the common good.

All our mine sites have CBAs in place which provide for salaries and benefits, which may vary per location. Generally, these agreements include:

- ▶ Medical, dental and hospitalization benefits
- ▶ Free annual physical exam
- ▶ Use of ambulance
- ▶ Creation and maintenance of a central Safety Committee
- ▶ Grievance mechanism
- ▶ Safety paraphernalia
- ▶ Training and education
- ▶ Identification and prevention of hazardous and unhealthy working conditions
- ▶ Proper labeling of chemical containers

Percent of Workforce Under CBA



Top Remitting PhilHealth Employer

As further demonstration of NAC's commitment to the welfare of employees, TMC happily received recognition from PhilHealth as top remitting and top reporting private employer in Surigao del Norte. The company's contribution of PHP 10 million in remittances was recorded from 2016-2017, the period covered for the award. From 2013-2017 TMC remitted to PhilHealth a total of PHP 24.4 million. By regularly remitting and fulfilling its obligations on time, TMC is able to support PhilHealth's thrust to "ensure affordable, acceptable, available and accessible health care services."



TMC awarded as Top Remitting and Reporting Company by PhilHealth

PROTECTING THE ENVIRONMENT

GRI 103-1

Our Commitment

We acknowledge our responsibility to protect, reclaim and enhance the environment in which we operate through able management and steadfast environmental stewardship. Our operating companies address environmental impacts through their respective EPEP.

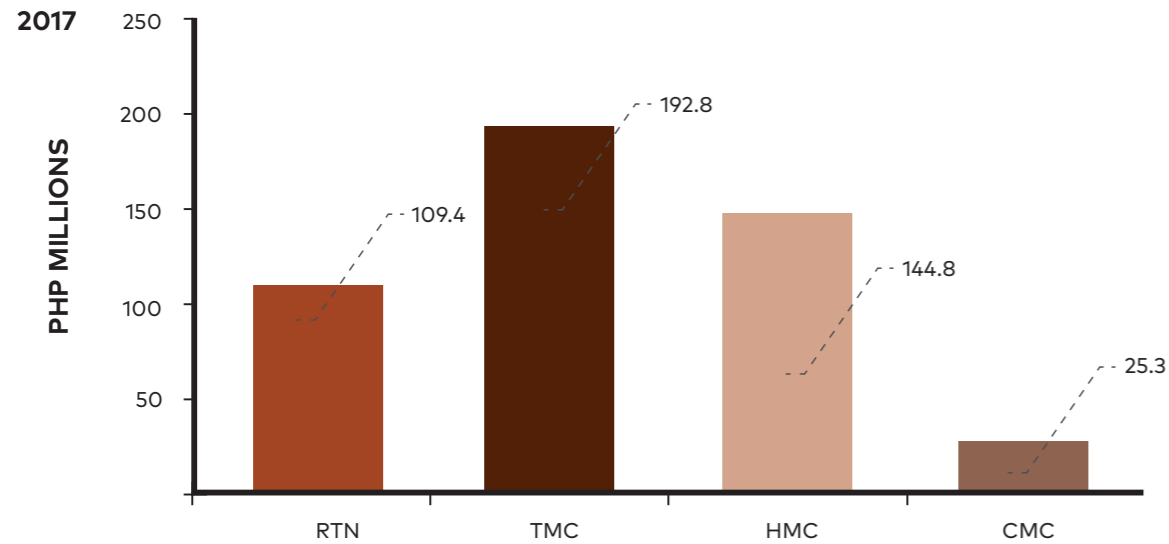
Our Focus

- ▶ Energy Consumption and Management
- ▶ Rehabilitation and Reforestation
- ▶ Water Consumption and Discharge
- ▶ Waste Management
- ▶ Dust and Noise Control

Our Performance

The Company's efforts produced an overall increase of almost 30% in our EPEP spending for 2017. And its rehabilitation activities as well as reforestation initiatives have been progressing in strides, with a total of 102 hectares rehabilitated and 88 hectares reforested for the year. At the same time, conservation efforts have managed to bring down our overall electricity consumption by 20% and genset fuel consumption lowered by around 16%.

TOTAL EPEP SPENDING



MINE SITE	2016 (PHP MILLIONS)	2015 (PHP MILLIONS)
RTN	103.0	106.9
TMC	144.7	208.1
HMC	76.9	62.7
CMC	38.9	18.9
Total	363.7	396.8

DISTURBED AND REHABILITATED/REFORESTED IN HECTARES

GRI 304-2, GRI 304-3

	TOTAL AREA DISTURBED	TOTAL AREA REHABILITATED/REFORESTED	TOTAL ANCILLIARY AREAS	FOR REHABILITATION IN 2018
2017	693	502	669	404
RTN	91	123	189	42
TMC	272	204	312	110
HMC	258	96	75	198
CMC	72	79	93	54
2016	675	318	694	N/A
RTN	92	93	221	N/A
TMC	239	154	293	N/A
HMC	296	61	66	N/A
CMC	48	10	114	N/A
2015	574	280	705	N/A
RTN	94	83	229	N/A
TMC	191	123	301	N/A
HMC	241	55	57	N/A
CMC	48	19	118	N/A

FUEL CONSUMPTION

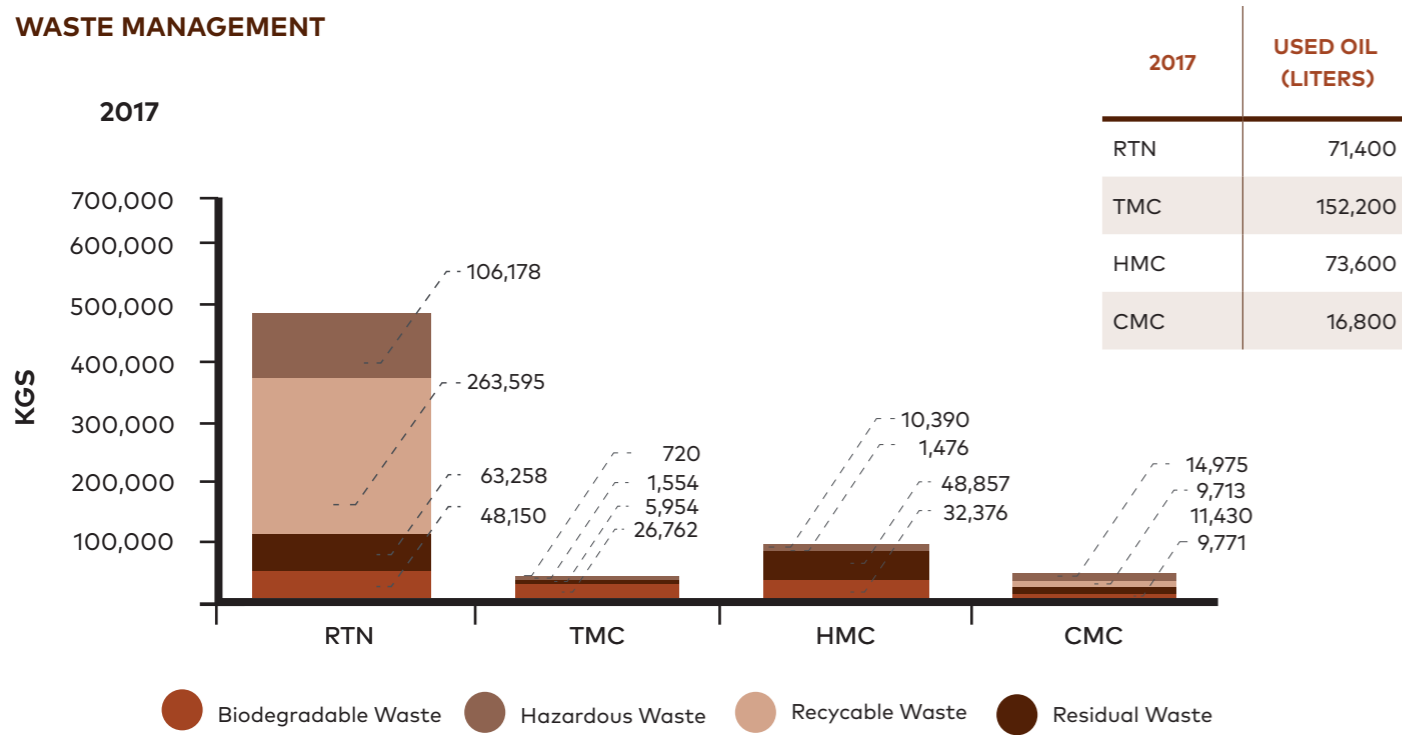
GRI 305-1

MINE SITE	GENERATORS		TRANSPORTATION		TOTAL FUEL CONSUMED (LITERS)	TOTAL GHG EMISSION (TOTAL CO2 IN TONS)
	DIESEL (LITERS)	ENERGY GENERATED (MWH)	DIESEL (LITERS)	GASOLINE (LITERS)		
2017	1,604,685	4,230	36,781,264	87,165	38,473,114	102,080
RTN	79,331	140	11,519,590	60,270	11,659,191	32,008
TMC	838,903	2,970	14,411,210	13,439	15,263,442	39,797
HMC	308,725	359	5,394,601	5,664	5,708,990	14,965
CMC	377,726	761	5,455,863	7,792	5,841,381	15,310

MINE SITE	GENERATORS		TRANSPORTATION		TOTAL FUEL CONSUMED (LITERS)	TOTAL GHG EMISSION (TOTAL CO2)
	DIESEL (LITERS)	ENERGY GENERATED (MWH)	DIESEL (LITERS)	GASOLINE (LITERS)		
2016	1,919,138	6,948	34,856,801	79,388	36,855,327	101,235
RTN	324,292	502	11,519,209	51,947	11,895,448	33,331
TMC	933,435	5,102	14,030,448	23,229	14,924,700	40,811
HMC	403,361	617	6,574,986	0	6,978,347	19,224
CMC	320,462	727	2,732,158	4,212	3,056,832	7,869

MINE SITE	GENERATORS		TRANSPORTATION		TOTAL FUEL CONSUMED (LITERS)	TOTAL GHG EMISSION (TOTAL CO2 IN TONS)
	DIESEL (LITERS)	ENERGY GENERATED (MWH)	DIESEL (LITERS)	GASOLINE (LITERS)		
2015	1,215,719	3,909	38,077,181	391,680	39,684,580	105,196
RTN	86,013	657	13,449,149	52,991	13,588,153	42,064
TMC	525,682	1,512	15,352,273	32,506	15,910,461	43,340
HMC	341,845	438	6,688,532	0	7,030,377	18,764
CMC	262,179	1,302	2,587,227	306,183	3,155,589	321

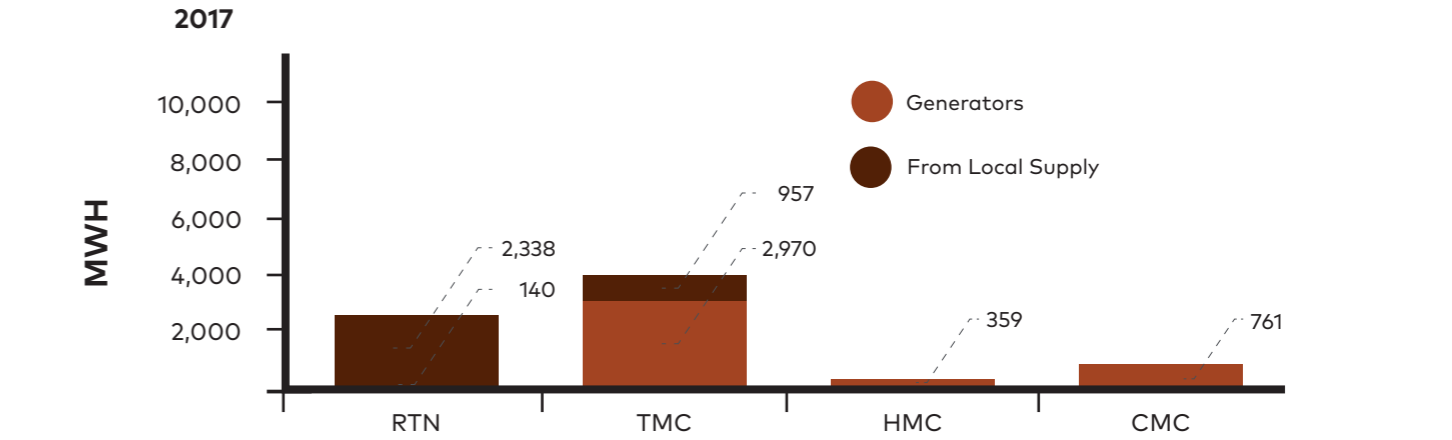
WASTE MANAGEMENT



2016	BIODEGRADABLE WASTE (KG)	RESIDUAL WASTE (KG)	RECYCLABLE WASTE (KG)	HAZARDOUS WASTE (KG)	TOTAL SOLID WASTE (KG)	USED OIL (LITERS)
RTN	59,840	88,208	83,864	140,713	231,912	93,000 liters
TMC	-	37,253	-	-	37,253	77,800 liters
HMC	9.4 cu. m.	2.4 cu. m.	4.0 cu. m.	133.6 cu. m.	15.8 cu. m.	133,600 liters
CMC	169.2 cu. m.	90.0 cu. m.	100.8 cu. m.	Used automotive batteries-353 pcs Busted lamps and bulbs – 1,165 pcs	360.0 cu. m.	61,800 liters

2015	BIODEGRADABLE WASTE (KG)	RESIDUAL WASTE (KG)	RECYCLABLE WASTE (KG)	HAZARDOUS WASTE (KG)	TOTAL SOLID WASTE (KG)	USED OIL (LITERS)
RTN	Not Monitored	11,238 cu.m.	310,000	Busted fluorescent Lamps – 1,194 Batteries- 292 pcs. Used oil- 91,000 liters Oil contam-32,400 liters	11,238kg. and 11,238 cu.m.	91,000 liters
TMC	-	22,160	-	-	22,160	34,000 liters
HMC	-	-	-	-	161 cu.m.	-
CMC	-	-	71,820	-	360 cu.m.	44,800 liters

ELECTRICITY CONSUMPTION GRI 302-1, GRI 305-2



2016	GENERATORS (MWH)	FROM LOCAL SUPPLY (MWH)	TOTAL CONSUMPTION (MWH)
RTN	502	2,247	2,749
TMC	5,102	794	5,896
HMC	617	NA	617
CMC	727	NA	727
Total	6,948	3,041	9,989

2015	GENERATORS (MWH)	FROM LOCAL SUPPLY (MWH)	TOTAL CONSUMPTION (MWH)
RTN	657	2,460	3,117
TMC	1,512	30	1,542
HMC	438	NA	438
CMC	1,302	NA	1,302
Total	3,909	2,490	6,399

WATER USE AND PROTECTION

GRI 303-1, GRI 303-3, GRI 306-1, GRI 306-5

2017	EXTRACTION SOURCE	AMOUNT EXTRACTED (CU.M)	LOCATION OF DISCHARGE	AMOUNT OF DISCHARGE (CU.M)	SILT COLLECTED/ REMOVED (WMT)
RTN	Water wells, Tagpisa Pond	777,926 129,889	Lower Kinurong, Lower Togpon	406,013 711,030	21,972
TMC	Hubasan Creek	74,194	Taganito River	No data	574,714
HMC	Filtered Springs, Kaskag Creek	77,993	Hinatuan Passage	6,918	136,011
CMC	Baliwan Marshland, Maraguig Island	58,172	CMC Dinagat	43,572	41,633

2016	EXTRACTION SOURCE	AMOUNT EXTRACTED (CU.M)	LOCATION OF DISCHARGE	AMOUNT OF DISCHARGE (CU.M)	SILT COLLECTED/ REMOVED (WMT)
RTN	Water wells, Tagpisa Pond	966,573 237,497	Lower Kinurong, Lower Togpon	391,353 576,718	37,536
TMC	Hubasan Creek	149,594	Taganito River	48.21 cu.m/sec	307,669
HMC	Filtered Springs, Kaskag Creek	80,675	-	44.27 cu.m/sec	172,077
CMC	Baliwan Marshland, Maraguig Watershed	34,723	CMC - Dinagat Sounds	-	42,848

2015	EXTRACTION SOURCE	AMOUNT EXTRACTED (CU.M)	LOCATION OF DISCHARGE	AMOUNT OF DISCHARGE (CU.M)	SILT COLLECTED/ REMOVED (WMT)
RTN	Water wells, Tagpisa Pond	1,002,163	Lower Kinurong, Lower Togpon	464,694 530,177	88,125
TMC	Hubasan Creek	156,425	Taganito River	-	631,760
HMC	Filtered Springs, Kaskag Creek	67,366	-	-	159,704
CMC	Baliwan Marshland, Maraguig Watershed	44,521	CMC - Dinagat Sounds	26,596	31,425

(GRI 103-1, GRI 304-2, GRI 304-3)

Utilizing Agro-forestry in Rehabilitation Programs

In 2017, CMC began implementing a five-year agroforestry program across its rehabilitation and land development activities. Agroforestry is the land-use or farming system in which trees or shrubs are grown in association with agricultural crops. CMC seeks to optimize the use of land for agricultural production so that the mined out areas will be suitable for providing livelihood and ensuring food security of the host community.

The project aims to test the nutrients of the soil in the mine areas in order to map a path as a guide to sustainable agricultural programs for short-term and long-term crops. This is essential because fertility of the soil is needed for revegetation of active mining and mined out areas. Its goal is to optimize the use of land for agricultural production on a sustainable basis in the two areas it has established for agroforestry—a 600-sq meter organic farm in an undisturbed area in Maraguig and a mined-out area near a telecom tower.



TMC - Ongoing rehabilitation of a mined out area

First, the company did the groundwork to incorporate trees, shrubs, crop and even animal farming systems in its rehabilitation activities. This was followed by the construction of a nursery and an operating plantation. Plantation maintenance activities then ensued. To ensure that the agroforestry approach remains consistent and sustainable, the company engaged the services of an agro-farming expert, Rene Peñalosa, to oversee the project.

The agro-forestry approach employed safe and effective agri-technologies to mitigate the effects of metal pollution on soils through the development, production, application and incorporation of bio-organic compost in the soil environment. Part of its long-term plan is to employ proven soil amelioration technologies such as biochar—a 2,000-year-old practice that converts agricultural waste to enhance soil quality and biodiversity. Another method to be used is Bio Organic Facility (BOF) which uses organic materials that have undergone rapid decomposition due to multi-strain bacteria. This technology has been proven to increase yield and improve the quality of crops, soil structure as

well as restoring microbial balance of the soil. The five-year project has actually begun bearing results as the company already established a cacao plantation at its Globe Tower mined out area, as well as a coffee and calamansi plantation around its MPO mine rehabilitation area. The initial data from the five-year Agroforestry program is also a significant contribution to the awareness campaign that mining and agriculture can coexist, and that food security for the communities is one of the most important goals of a responsible mining company.

Saying No to Plastics

Meanwhile, as another important program for environmental protection, the townsite of RTN in Rio Tuba, Bataraza officially banned the use and sale of plastic bags and styrofoam as packaging materials in the townsite's markets, restaurants, *sari-sari* stores, canteens and other shops. Business establishments are now required to use paper bags and allowed containers in packaging their products, while shoppers are encouraged to bring their own bags or baskets. The "No to Plastics Policy" is part of the company's commitment to maintain high standards of pollution prevention practices.

EMPOWERING COMMUNITIES

GRI 103-1, GRI 103-2, GRI 413-1

Our Commitment

The Company delivers on its commitments through two channels: SDMPs are mandated social expenditures while CSR programs are voluntary. Both SDMPs and CSR programs are made in consultation with stakeholders and in consideration of the important social, cultural, environmental, and economic factors affecting our communities. These are implemented in collaboration with and with support from local government units/organizations.

The Company has found that enabling partnerships is the best approach and most effective way forward to realize a more sustainable way of life, which is why our SDMP and CSR programs employ a participatory approach in selecting programs designed to attain shared social development goals.

Our Focus

- ▶ Social Development Management Programs
- ▶ Health, Education, Livelihood and Infrastructure Programs
- ▶ Indigenous Peoples Rights
- ▶ Social Impact Assessment

Our Performance

Practicing Responsible Mining for the Good of the Community

Beyond regulatory compliance, NAC practices Responsible Mining which means caring about sustainability of the business most directly from the viewpoint of all stakeholders—especially the host communities whose lives are impacted by our operations.

The Philippine Mining Act of 1995 or RA 7942 mandates that companies allot yearly expenditures equivalent to 1.5% of operating costs for SDMP. The projects under this address pressing needs of the host communities such as health, education, infrastructure, electricity and water access, livelihood, and socio-cultural preservation, particularly for the Indigenous Peoples or IPs who have Ancestral Domain rights over the area.



RTN - IP beneficiary of Pineapple Project



RTN - iMac Laboratory at Townsite School

SDMP AND CSR SPENDING

2017	SDMP SPENDING		CSR SPENDING		TOTAL (ACTUAL SDMP AND CSR SPENDING, IN PHP MILLIONS)
	REQUIRED SPENDING (1.5% OF OPERATING COSTS, PHP MILLIONS)	ACTUAL SPENDING (IN PHP MILLIONS)	NON-IP (IN PHP MILLIONS)	IP COMMUNITIES (IN PHP MILLIONS)	
RTN	43.6	58.7	106.5	9.5	174.7
TMC	60.0	47.5	4.9	2.2	54.6
HMC	25.9	27.3	6.0	-	33.3
CMC	26.9	25.6	10.1	-	35.7
Total	156.4	159.1	127.5	11.7*	298.3

2016	SDMP SPENDING		CSR SPENDING		TOTAL (ACTUAL SDMP AND CSR SPENDING, IN PHP MILLIONS)
	REQUIRED SPENDING (1.5% OF OPERATING COSTS, PHP MILLIONS)	ACTUAL SPENDING (IN PHP MILLIONS)	NON-IP (IN PHP MILLIONS)	IP COMMUNITIES (IN PHP MILLIONS)	
RTN	45.2	34.4	116.6	6.3	157.3
TMC	49.8	70.5	40.7	7.2	118.4
HMC	23.6	26.0	5.1	-	31.1
CMC	24.5	26.4	2.7	-	29.1
Total	143.1	157.3	165.1	13.5**	335.9

2015	SDMP SPENDING		CSR SPENDING		TOTAL (ACTUAL SDMP AND CSR SPENDING, IN PHP MILLIONS)
	REQUIRED SPENDING (1.5% OF OPERATING COSTS, PHP MILLIONS)	ACTUAL SPENDING (IN PHP MILLIONS)	NON-IP (IN PHP MILLIONS)	IP COMMUNITIES (IN PHP MILLIONS)	
RTN	45.2	38.0	147.0	6.5	191.5
TMC	54.6	42.0	9.6	7.0	58.6
HMC	27.2	22.5	4.8	-	27.3
CMC	19.5	18.9	1.7	-	20.6
Total	146.5	121.4	163.1	13.5***	298.0

*Not including payments of Royalty to IP of PHP 103.2 million.

**Not including payments of Royalty to IP of PHP 91.6 million.

***Not including payments of Royalty to IP of PHP 101.3 million.

GRI 203-2

Aside from the SDMP, NAC sees more opportunities to create positive impact on the future of host communities and makes it a point to seize such opportunities by complementing SDMP with CSR programs.



RTN - IP Celebration at Barangay Sandoval

A. Promoting Inclusive Development for Indigenous Peoples

Among these CSR initiatives are programs that create more opportunities for IP communities. Relationship with IPs is important to NAC especially because TMC operates in an Ancestral Domain. RTN, meanwhile, operates in an area where IPs are present but do not have ancestral domain title. Nevertheless, the company chooses to treat them as if they do, and engages them in a mutually-beneficial and productive partnership. As such, honoring the Indigenous Peoples Rights Act, RTN has obtained the Free and Prior Informed Consent from the IPs to operate in their areas. Both TMC and RTN provide annual royalty payments, housing and other benefits to the IP communities.

Beyond this, NAC believes in supporting the initiatives of the IP communities as they work toward a better future for their families. For instance, RTN, together with Coral Bay Nickel

Corporation (CBNC), provided four units of three-wheeled vehicles to the IP community of Sandoval, Bataraza that will benefit its four *sitios* with a Total of 300 households. The vehicles will help them transport agricultural products and may also be used for emergency transport if necessary.

RTN again partnered with CBNC in organizing the indigenous community of Brgy. Iwahig and helped the farmers form a cooperative that will focus on producing organic vegetable, spices and ginger. The two companies then connected the cooperative with the Vegetable Association of the Philippines (VIEVA) which will provide the technological support—from land preparation to marketing. The harvest of the community will be sold to VIEVA Philippines while a portion will be set aside for seedling propagation and growing the cooperative. The project is in line with the goal of having a sustainable food source for the needs of the community of Bataraza.

The two companies also funded the first-ever Mine Rehabilitation Certificate Course under the Comprehensive Technical Skills Training and Livelihood (COTESTRAL) Program of the Indigenous Learning System (ILS) of the Department of Education (DepEd). The innovative course was able to successfully train 17 members of the Indigenous Palaw'an community who graduated the three-month course which enabled them to take advantage of more earning opportunities whenever they arise. The course will help the graduates get involved in the rehabilitation process of mined out areas in the province.

B. Improving Education Facilities for the Community

The Company believes that education is a potent tool against poverty, empowering people to help themselves and enabling them to develop their potential. Schools are therefore always important part of NAC mining communities, and the company supports schools in neighboring areas. Such as, for instance, the new school building for the Ocayan Elementary School (OES) that will be used by their grade six students that was provided by RTN and CBNC. Jocelyn Stares, School Head of OES expressed her gratitude for the well-constructed, well-ventilated facility that provide the students a safe and comfortable environment conducive to learning.

Last September, RTN and CBNC also conducted a two-day Capacity Building seminar for its scholars

aimed at enabling them on newswriting, radio programming and broadcasting, photography and making powerpoint presentations. The seminar was designed to encourage the scholars to express themselves effectively. The seminar was held at the RTN townsite in Barangay Rio Tuba, Bataraza.

Meanwhile, for its part, TMC co-sponsored the SciTechDev Forum 2017 spearheaded by the Caraga State University. Now on its third year, the forum featured plenary sessions, paper presentations, exhibits, ideation workshop and a pitching competition where participants vied for funding for their scientific innovations. TMC has also donated PHP 1.5 million worth of equipment for CSU's mineral processing laboratory to provide a hands-on learning experience for mining and geodetic engineering students of the university.

Providing scholarships to students in the communities is another initiative that NAC believes in. For instance, HMC was happy to see a total 106 of their scholars graduate last April from their three supported elementary schools in their area, namely: Talavera Elementary School, Hinatuan Elementary School, and Bagong Silang Elementary School.

Danilo Pagalan, Talavera Elementary School Head Teacher II, expressed the school's gratitude for the assistance that HMC provided: "HMC contributes so much for the students and the school. They pay for

the tuition, and even for the school supplies, bags, uniforms, shoes of the students."

And in his speech at the Hinatuan Elementary School graduation rites, Engr. Ryan Wenceslao—who is a former HMC scholar himself and now works as a Mining Engineer at HMC—reminded the graduates that being poor should not be a hindrance to finishing studies and reaching personal dreams.

C. Strengthening Livelihood Programs

Aside from education, NAC believes that entrepreneurial spirit will uplift the community. Livelihood projects are among the main initiatives that the company pursues together with the communities. A good example of this is HMC's initiative to provide financial assistance for the family micro-enterprises of the residents of Barangay Talavera, Sitio Bagong Silang, and Sitio Campandan.

Priority recipients of the program were residents of the host community who are not working in the company and do not have a steady source of income. Cash assistance amounting to PHP 10,000 were provided to be used specifically to enhance the planned family micro-enterprise of each recipient. The recipients needed only to secure five signatures from the representatives of the various cooperatives and associations in his or her area to be accepted into the program.



HMC - Artificial Coral Monitoring

Valeriano Albino, one recipient of the program expressed his appreciation for the investment that HMC provided to help his business improve. This sentiment was echoed by another recipient, Marcelo Edilo, who says that the investment will be a big help for his family business and he expects his family will also be able to make improvement in their daily lives.

Another example of livelihood programs is TMC's PHP 3 million industrial production facility for the local tailors of the Hayanggabon Community Multi-Purpose Cooperative (HACOMUCO) in barangay Hayanggabon in Claver, Surigao del Norte. The multi-million facility serves to support the livelihood of the local tailors in the mining communities, primarily Hayanggabon and neighboring barangays of Taganito and Urbiztondo. The facility features workshop areas equipped with modern and efficient sewing machines and other necessary equipment; a display area; a fitting room; and even a kitchen and receiving area, where the tailors can work comfortably and confidently and increase their productivity to accommodate larger orders from customers.

TMC also stepped up its support for the farming community surrounding the mine areas and funded a PHP 5 Million rice processing complex for the Claver Red Mountain Agriculture Cooperative (CREMACO). The project aims to unify the farmers of Claver into one cooperative to become the sole supplier of TMC's monthly rice subsidy for its employees. TMC has a five-year farming plan that the community can be assured of unwavering support for this project in the next five years, as it is committed to helping farmers in Claver to become more competitive and financially independent.



TMC - HACOMUCO beneficiaries

D. Supporting Entrepreneurship and State of Living through Infrastructure GRI 203-1

NAC also supports such entrepreneurial spirit by providing essential infrastructure for the community.

D.1. Roads

For instance, CMC has allotted PHP 4.8 million for a 3.1 km farm-to-market road that would give residents road access from Barangay Legaspi to Benglen Municipality and the rest of the province of Cagdianao. Once completed, the new road will—for the first time—provide a land-based route for thousands of residents in Legaspi whose primary means of transportation to the rest of the province has been through sea travel.

"The road opening is expected to increase economic activity in the area, especially that Legaspi is known for its rice farms and other agricultural produce. The local government will also find it easier to deliver basic services to the residents," Cagdianao Mayor Adolfo E. Longos said.

D.2. Electricity

Helping communities get basic services is also important for NAC, and it comes up with projects with long-term benefits for the communities. One such notable initiative from RTN and CBNC was a Micro-Hydro power project in Sitio Magayon, Taratak in the municipality of Bataraza.

The Magayon Mini-Hydro Power Plant project is estimated to provide a maximum of 5,000 watts to power the 27 households of the indigenous Pala'wan Tribe. This electrification project that uses renewable energy is the second of two micro-hydroelectric power generation projects, with the first one turned over in 2016 for the IPs in Sitio Bohoy.

Aside from electrification facilities, health facilities are also provided by NAC.

D.3. Birthing Homes

In August, for example, RTN and CBNC turned over to the community of Barangay Ocayan its first-ever birthing home to help the barangay comply with the requirement of the Department of Health (DOH) which now prohibits giving birth at home to prevent possible problems on infection for both mother and child. With this facility, the community has adequate response for emergency cases of

unscheduled births, in which case it may not be possible to transport patients to farther hospitals or maternity clinics.

E. Improving Health in the Community

Community health is indeed top priority for NAC, such that aside from the hospitals and health services that the company provides in its mine townships, NAC also conducts medical missions to neighboring areas.

As part of the Company's pledge to take care of the communities where it operates, NAC continued its Annual Medical-Surgical Mission, this time in Surigao del Norte. TMC, CMC and HMC, together with THPAL Nickel Corporation, conducted a three-day mission at the Surigao del Norte Provincial Hospital. About 300 patients received free surgical procedures, both major and minor operations.

Already on its seventh year, the annual medical-surgical mission has become tradition wherein the company offers free major and minor operations to the communities. A team of medical experts including visiting volunteer-surgeons and nurses



from California, USA, as well as volunteers from Manila and Surigao, convened at the provincial hospital in the town of Bad-as, Surigao del Norte, and conducted over 133 major operations and 109 minor operations, free of charge.

"This is a blessing to us poor people, we came here to avail of free surgery, my wife had been suffering from goiter for more than a year, this medical mission was made for the poor since it is expensive to undergo surgery especially in private hospitals or even just to undergo laboratory tests, I hope that this kind of Medical Mission will continue," says Lolong Paredo from Barangay Diaz, San Francisco, Surigao del Norte, whose wife was among those treated in this year's Mission.

HMC, meanwhile, also conducted another Medical Mission at the island barangay of Sitio Bagong Silang, Barangay Talavera in Taga-an, Surigao del Norte. The Medical Mission offered free medical check-ups and also free medicines that benefited 74 residents who greatly appreciated the medical assistance that came to their barangay.



TMC/HMC - Images from 2017 Medical Mission

GRI CONTENT INDEX FOR "IN ACCORDANCE" – CORE OPTION

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	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NAC complies with the government standards on the wages and labor practices in the Philippine mining industry
	GRI 202-2	Proportion of senior management hired from the local community	53
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GRI 206: Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Monopoly is against values of the company
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental criteria	None
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GRI 304: Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None of the operational mining sites are located in, or near any areas of high biodiversity	
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GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	58	
GRI 306: Effluents & Waste 2016	GRI 306-1	Water discharge by quality and destination	62	
	GRI 306-3	Significant spills	None	
	GRI 306-5	Water bodies affected by water discharges and/or runoff	62	
Labor Practices & Employee Relations				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	48	
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	49	
GRI 402: Labor/Management Relations 2016	GRI 402-1	Minimum notice periods regarding operational changes	Minimum notice periods regarding operational changes is implemented	
GRI 403: Occupational Health & Safety 2016	GRI 403-1	Workers representation in formal joint management-worker health and safety committees	57	
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	47	
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	Identification and prevention of hazardous and unhealthy working condition is part of the CBA of all mine sites	
GRI 404: Training & Education 2016	GRI 404-1	Average hours of training per year per employee	56	
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	56	
GRI 405: Diversity & Equal Opportunities 2016	GRI 405-1	Diversity of governance bodies and employees	49	
	GRI 405-2	Ratio of basic salary and remuneration of women to men	The ratio of salary is based on performance and position and not on gender	
GRI 406: Non-discrimination 2016	GRI 406-1	Incidence of discrimination and corrective actions taken	There were no such incidents	

GRI 407: Freedom of Association & Collective Bargaining 2016	GRI 103-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None	
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	NAC ensures that none of our as well as our local suppliers have any incidents of child labor practice	
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None	
GRI 410: Security Practices 2016	GRI 410-1	Security personnel trained in human right policies or procedures	All our security personnel are outsourced and are regularly trained by agency on human rights topics	
GRI 411: Rights of Indigenous Peoples 2016	GRI 411-1	Incidents of violations involving rights of indigenous peoples	None	
GRI 412: Human Rights Assessment 2016	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	None	
	GRI 412-2	Employee training on human rights policies or procedures	56	
Community Development				
GRI 103: Management	GRI 103-1	Explanation of the material topic and its Boundaries	64	
	GRI 103-2	The management approach and its components	64	
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	64	
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	None	
GRI 414: Supplier Social Assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	41	
GRI 416: Customer Health & Safety 2016	GRI 416-1	Assessment of the health and safety impacts of product and service categories	83	
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None	
Customer Service				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	57	
	GRI 417-1	Requirements for product and service information and labeling	11, 57	
GRI 417: Marketing & Labeling 2016	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	None	
	GRI 417-3	Incidents of non-compliance concerning marketing communications	None	
GRI 419: Socioeconomic Compliance 2016	GRI 419 -1	Non-compliance with laws and regulations in the social and economic area	None	

(GRI 102-56)



INDEPENDENT ASSURANCE STATEMENT

Harmony with Nature – 2017 Annual Report

Nickel Asia Corporation (“NAC”) has engaged GCSS Inc. to undertake independent assurance of sustainability / non-financial disclosures in 2017 Annual Report – Harmony with Nature (the “Report”) for the year ended 31st December 2017. This assurance engagement was conducted using AccountAbility, UK - AA1000 Assurance Standard (AA1000AS) 2008 and AA1000 AccountAbility Principles (AA1000AP) 2008 and Global Reporting Initiative (GRI) Standards.

Scope of Engagement

The scope of assurance included a review of sustainability activities and performance data for Rio Tuba Nickel Mining Corporation (RTN), Taganito Mining Corporation (TMC), Cagdianao Mining Corporation (CMC), and Hinatuan Mining Corporation (HMC). The boundary of the report for identified material aspects and performance indicators are defined in ‘Report Boundaries’, and ‘Materiality Aspects of Sustainability’ section of this report. The scope of assurance engagement is limited to the non-financial information associated with NAC and its subsidiaries operations covered within the report boundaries. This report was evaluated for adherence to the reporting principles of Global Reporting Standard (GRI) and AccountAbility Principles. We performed a Type II, Moderate Level of Assurance and evaluated the Company’s Sustainability Performance based on the information made available during the interviews to the assurers.

Assurance Procedure

We used the GRI Principles to evaluate the performance data together with the company’s data protocols for how the sustainability performance data is measured, recorded and reported. This formed the basis of the Reporting Criteria for undertaking our assurance work. In doing so, we have:

- Reviewed the approach towards stakeholder engagement and materiality analysis;
- Validated the accuracy performance data disclosed in the sustainability report;
- Assessed the reliability of internal process for data collection and management;
- Reviewed consistency of data/information within the report as well between the report and the original source;
- Conducted interviews / discussions with senior management and decision makers;

Financial data reported in the 2017 Annual Report is taken directly from the independent audited financial statements and the same has not been checked against its source as part of this assurance process.

Limitations

Our scope of work did not include providing conclusions in relation to:

- The completeness or accuracy of information relating to areas other than the subject matters.
- Information reported by NAC other than in its Sustainability section in 2017 Annual Report.
- Management’s forward-looking statements.
- Any disclosure made by the subsidiaries not covered within the report boundaries.

Adherence to AA1000 Principles

Inclusivity:

NAC have a variety of well-managed mechanisms to regularly engage with its key stakeholders on a regular basis. The company considers stakeholder concerns and addresses them through proper channels as reported. This report clearly indicates the various stakeholders the company is involved with and their method of engagement with them.



Materiality:

We reviewed and analyzed the process of defining the material aspects for NAC addressed in this report. The company has identified its key material aspects on sustainability by aligning the stakeholder needs and requirements to that of its business strategic plan.

Responsiveness:

The company has adequate set of policies and guidelines in place to respond to the stakeholder concerns. Some of the key process has been defined in the stakeholder management section of the report.

Conclusion

Subject to the section on limitations above and on the basis of our procedures for this limited assurance engagement, we conclude that nothing has come to our attention that causes us to believe that sustainability disclosures are not fairly presented in accordance with the stated criteria.

In our opinion, the company has represented its Sustainability Performance in the report in a fair and balanced manner and meets the requirement of **Type-2, Moderate level** of assurance. All material issues of the company’s business are adequately reported and the report gives reliable, accurate and complete information about its sustainability performance for the year. The report adheres to the AA1000 principles of Materiality, Inclusivity and Responsiveness.

The reporting principles for defining the report content and quality are followed in accordance with the GRI Standards “Core” Option.

All the Standard disclosure and Performance Indicators disclosure related to the identified material issues have been externally assured and the credibility of the data disclosed has been verified.

Responsibilities

The Sustainability Report was prepared by the management of NAC, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of the Specified Performance Indicators and the selection of and adherence to the stated criteria. In addition, NAC management is responsible for the identification and prioritization of stakeholders with respect to the material topics based on its review of the business and the views and expectations of its stakeholders.

NAC management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the Sustainability Report is free from any misstatement.

Our responsibility is to express an independent conclusion on the company’s Sustainability performance disclosed and defined within the scope of work as mentioned above. Our statement represents independent opinion of NAC performance to all stakeholders.

Arpit Shrivastava
Lead Assurer
GCSS Inc.

Date: May 7, 2018
Place: Bonifacio Global City, Philippines



AA1000
Licensed Assurance Provider
000-244

FINANCIAL REVIEW

REVENUES

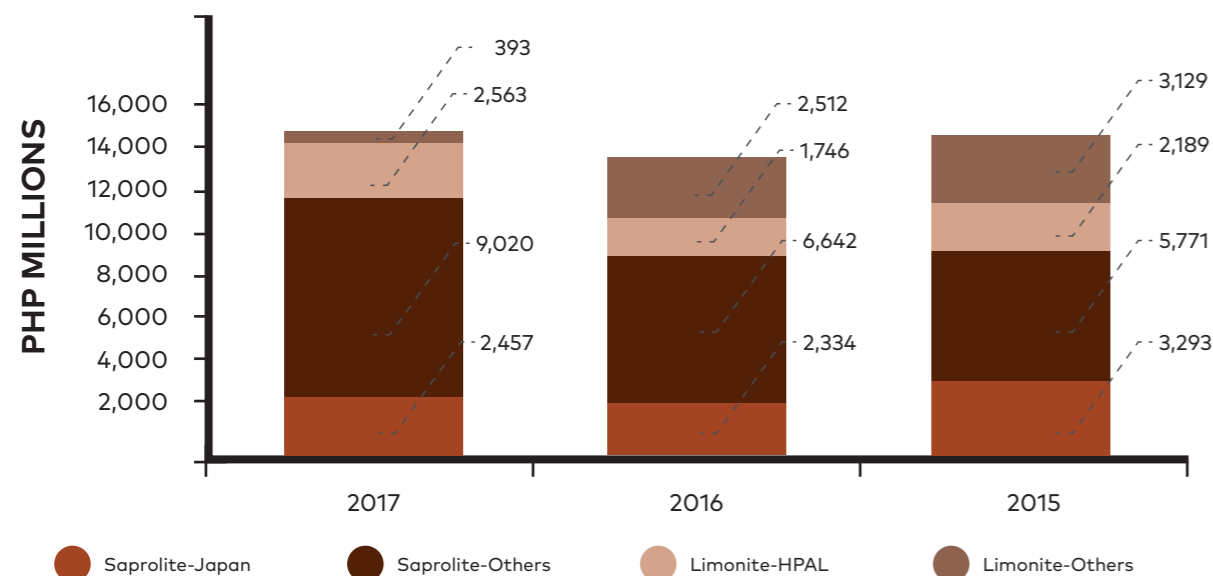
	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2017	2016	2015	2017 VS. 2016	2016 VS. 2015
Sale of Nickel Ore					
Revenue (In PHP Millions)	14,435	13,233	14,382	9	-8
Volume (VMT '000)	17,703	19,254	19,672	-8	-2
Average Price — LME-based (USD /lb.)	4.7	4.4	5.4	7	-19
Average Price — tonnage based (WMT/lb.)	24.4	20.8	22.6	18	-8
Sale of Limestone, Services and Others	1,304	890	1,050	47	-15
Total Revenue	15,739	14,123	15,432	11	-8

Nickel ore shipments in 2017 of 17.7 million WMT were marginally lower compared to the 19.3 million WMT of shipments achieved in 2016. Although shipment volumes were lower compared to the prior year, the increase in total revenues from PHP 14.1 billion in 2016 to PHP 15.7 billion in 2017 was due to higher average prices, in part the result of a change in the ore mix to higher value ore, and a more favorable Peso to US dollar exchange rate.

With respect to ore deliveries to the HPAL plants, volume of shipments increased to 8.1 million WMT in 2017 compared to 7.6 million WMT in 2016.

The Company realized an average of USD 4.67 per pound of payable nickel on its shipments of ore to the two HPAL plants in 2017, the pricing of which is linked to quoted prices in the London Metal Exchange (LME). This compares to an average price of USD 4.39 per pound of payable nickel sold in 2016 and USD 5.36 in 2015. With respect to export sales, the Company achieved an average price of USD 24.4 per WMT in 2017 compared to USD 20.77 in 2016 and USD 22.64 in 2015.

REVENUE BREAKDOWN PER PRODUCT



Please refer to Pages 82 to 86 for the detailed breakdown of sales and production per operating mine.

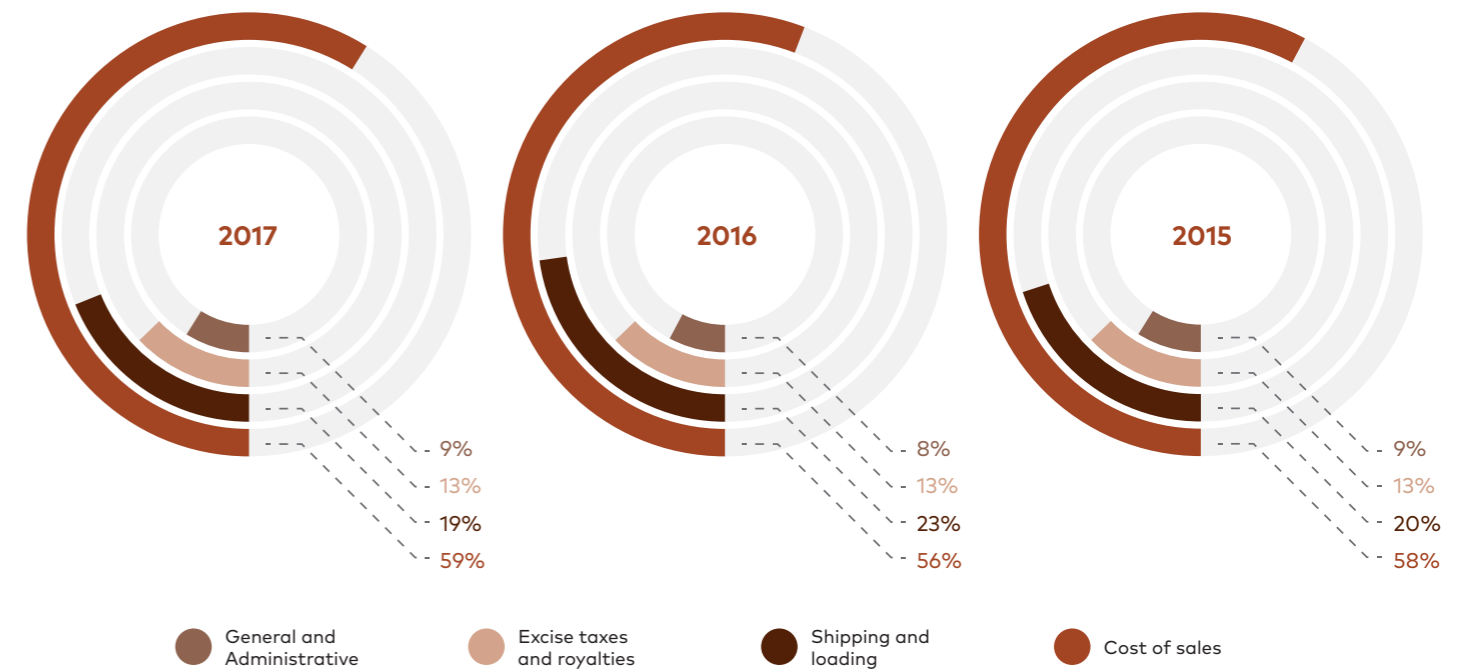
OPERATING COSTS AND EXPENSES

(IN MILLION PESOS)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2017	2016	2015	2017 VS. 2016	2016 VS. 2015
Cost of Sales, Services and Others	6,642	6,274	6,637	6	-5
General and Administrative	863	850	913	2	-7
Excise Taxes and Royalties	1,205	1,007	1,090	20	-8
Total Operating Costs and Expenses	10,332	10,050	10,528	3	-5
Total Cash Operating Costs and Expenses	8,220	7,721	8,596	6	-10

The cash operating cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from year to year. The cash operating cost includes production, shipping and loading costs, excise

taxes and royalties, and general and administrative expenses incurred by the Group. On a per WMT of ore sold, total cash costs and expenses increased to PHP 464.33 per WMT in 2017 as against PHP 401.03 per WMT in 2016 and PHP 436.97 per WMT in 2015.

CASH COSTS



NET INCOME

(IN MILLION PESOS)	FOR THE YEARS ENDED DECEMBER 31			% CHANGE	
	2017	2016	2015	2017 VS. 2016	2016 VS. 2015
Net income	3,854	2,711	3,045	42	-11
Net income attributable to equity holders	2,771	1,966	2,035	41	-3

The net income for 2017 is inclusive of a PHP 198 million equity income from the Company's 10% investments in Taganito HPAL Nickel Corporation and in Coral Bay Nickel Corporation, compared to an equity loss of PHP 414 million and PHP 811 million

reported in 2016 and 2015, respectively. Profitable operations were achieved in 2017 due to lower operating costs and higher cobalt prices, which is a by-product of both plants.

Please refer to Pages 82 to 86 for the detailed breakdown of sales and production per operating mine.

	FOR THE YEARS ENDED DECEMBER 31		
	2017	2016	2015
Return on assets	8%	6%	7%
Return on equity	12%	9%	10%
Net profit margin	24%	19%	20%

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(IN PHP MILLIONS)	FOR THE YEARS ENDED DECEMBER 31		
	2017	2016	2015
Net cash flows from operating activities	5,296	4,513	4,858
Net cash flows used in investing activities	-1,468	-1,840	-9,285
Net cash flows used in financing activities	-3,808	-347	-2,195

In 2016, the Company partially divested its interest in THPAL, which reduced its equity interest from 22.5% to the current 10%. The proceeds from the divestment amounted to PHP 2.0 billion.

The Company continued with the annual upgrade of its mining fleet and facilities at its four operating mines, with total capital expenditures in 2017 of PHP 857 million compared to PHP 822 million and PHP 1.8 billion in 2016 and 2015, respectively. The bulk of the expenditures in 2017 and 2016 were for acquisition of mining equipment, while in 2015, a substantial portion of the expenditures were earmarked for the completion of two conveyor systems at the Taganito operation. The capital expenditures were financed from available cash resources.

EPI, in early 2017, completed 32 MW of solar power under its 100 MW solar service contract in the Subic Bay Freeport. The expansion of 25 MW from 7.14 MW started in 2016 and amounted to PHP 2.3 billion. In 2016, EPI also spent PHP 228 million expenditures for its geothermal projects. The expansion and the expenditures were financed by commercial bank loans of PHP 1.2 billion, a loan from the Company amounting to PHP 1.15 billion, and an equity infusion from EPI shareholders amounting to PHP 886.9 million.

On August 4, 2017, the Board approved an additional equity contribution of PHP 1.5 billion in EPI, increasing its ownership interest to 86.29%. The Board also approved the conversion to equity of a current Company loan of PHP 1.5 billion in EPI. Once approved by the SEC, the additional equity contribution will increase the Company's ownership to over 90% and will allow EPI to pare down debts and interest costs substantially.

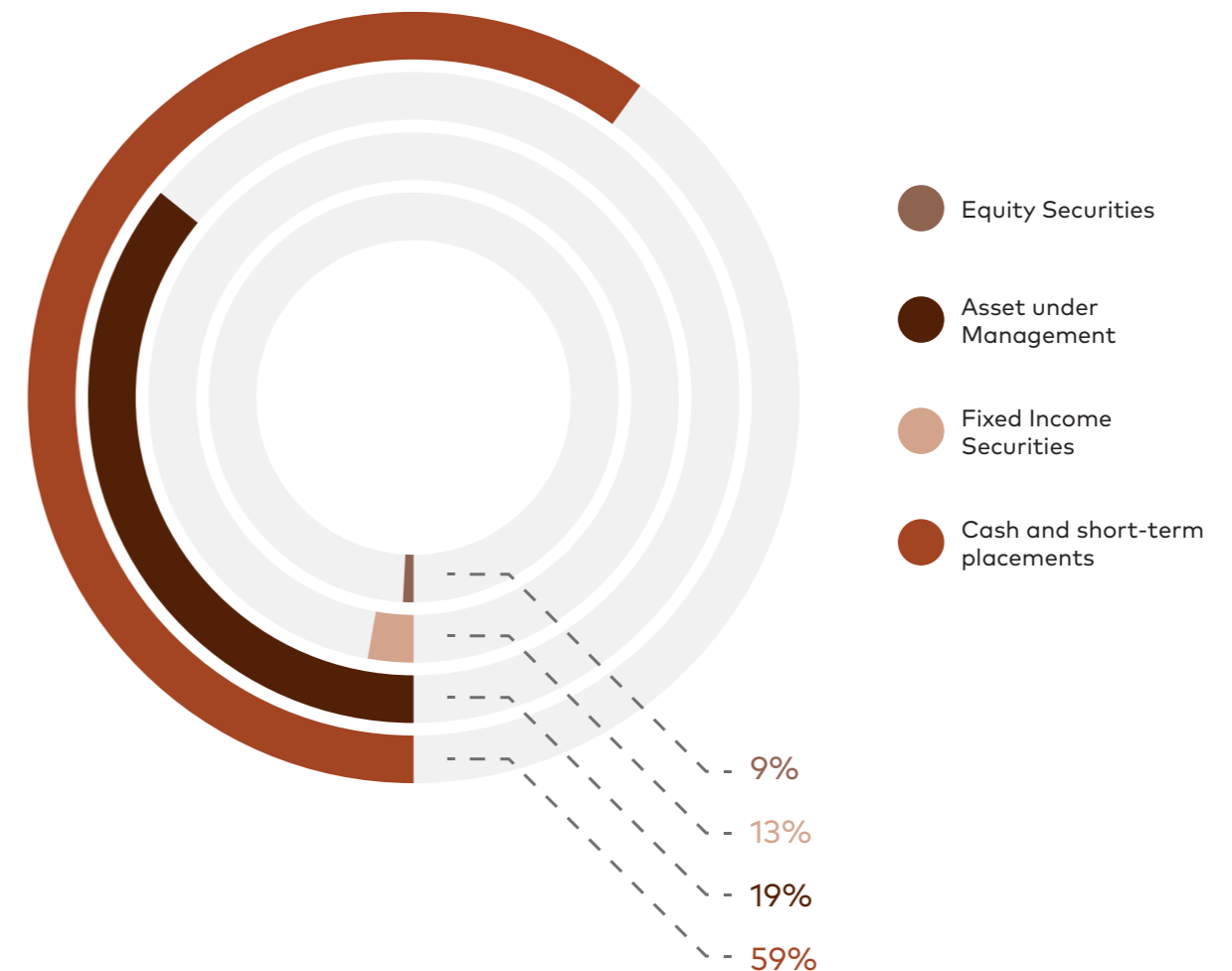
The Company has consistently paid out cash dividends to its shareholders totaling PHP 608.2 million in 2017, PHP 607.8 million in 2016, and PHP 3,795.9 million in 2015.

As at year-end, the Company's financial position reflected total assets of PHP 45,737 million, a 1% increase from 2016.

Below is a summary of the financial position for 2017 and 2016.

(IN PHP MILLIONS)	DECEMBER 31, 2017	DECEMBER 31, 2016
Cash, Cash Equivalents and AFS investments	16,304	15,967
Other Current Assets	5,327	5,302
Noncurrent Assets	24,106	24,082
Total Assets	45,737	45,351
Current Liabilities	9,614	7,946
Noncurrent Liabilities	2,905	6,206
Equity Attributable to Equity Holders of the Parent Company	29,457	27,020
Non-controlling Interests	3,761	4,179
Total Equity	33,218	31,199

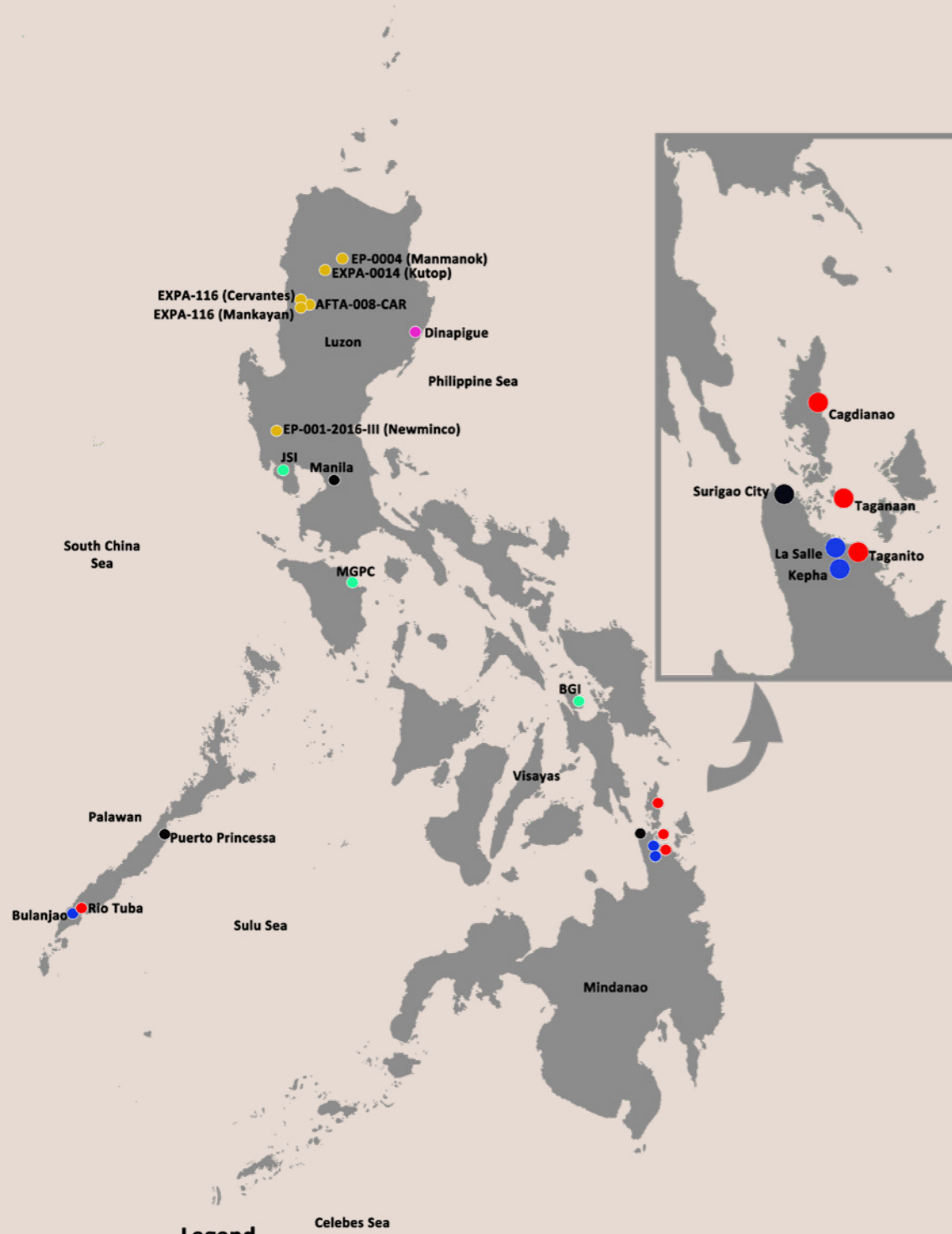
The composition of the consolidated Company's cash, cash equivalents and AFS investments at end of 2017 follows:



The following are the relevant liquidity and debt-equity ratios as of end of calendar year 2017 and 2016:

	DECEMBER 31, 2017	DECEMBER 31, 2016
Current ratio	2.17	2.58
Quick ratio	1.71	2.06
Debt-to-equity ratio	0.38	0.45

MAP OF MINERAL PROPERTIES AND ENERGY PROJECTS



Legend

- Operating Mines
- Exploration Projects - Nickel
- Exploration Projects - Gold
- Development Project - Nickel
- Energy Projects
- Major Cities

SUMMARY OF ORE RESERVES AND RESOURCES

TOTAL ORE RESERVES ⁽¹⁾

GRI 103-1, GRI 301-1

As of December 31, 2017

OPERATION	MINERAL TYPE	CLASSIFICATION	TONS (KWMT)	TONS (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Proved and Probable	19,419	12,954	1.51	13.68	196
	Limonite	Proved and Probable	51,352	35,858	1.09	35.64	391
Taganito	Saprolite	Proved and Probable	54,903	38,291	1.48	10.00	567
	Limonite	Proved and Probable	121,641	81,517	1.05	46.01	856
Cagdianao	Saprolite	Proved and Probable	21,846	14,564	1.50	16.70	218
	Limonite	Proved and Probable	24,037	16,025	1.20	27.61	192
Hinatuan (Taganaan)	Saprolite	Proved and Probable	4,904	3,208	1.40	12.95	45
	Limonite	Proved and Probable	7,031	4,672	1.16	36.44	54
Dinapigue	Saprolite	Proved and Probable	4,337	2,819	1.85	28.74	52
	Limonite	Proved and Probable	50,576	32,875	1.32	40.00	434
Total Reserves	Saprolite	Proved and Probable	105,409	71,836	1.50	12.89	1,078
	Limonite	Proved and Probable	254,637	170,947	1.13	40.69	1,927

This summary was prepared by Engr. Rolando R. Cruz, who is the current Vice President for Project Development and Research of Nickel Asia Corporation. Engr. Cruz is a Competent Person under the definition of the Philippine Mineral Reporting Code (PMRC) and has sufficient experience as to the type of deposit and mineralization. He has given his consent to the Public Reporting of this statement concerning Ore Reserve Estimation.

TOTAL MINERAL RESOURCES ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

As of December 31, 2017

OPERATION	MINERAL TYPE	CLASSIFICATION	TONS (KWMT)	TONS (KDMT)	%NI	%FE	CONTAINED NI (KT)
Rio Tuba	Saprolite	Measured and Indicated	23,101	14,557	1.64	13.47	239
	Limonite	Measured and Indicated	53,420	37,167	1.12	35.46	416
	Saprolite	Inferred	17,809	11,161	1.62	12.04	181
	Limonite	Inferred	124	87	1.25	35.50	1
Taganito	Saprolite	Measured and Indicated	54,903	38,291	1.66	10.00	636
	Limonite	Measured and Indicated	121,641	81,517	1.05	46.01	856
	Saprolite	Inferred	3,697	2,558	1.57	11.85	40
	Limonite	Inferred	-	-	-	-	-
Cagdianao	Saprolite	Measured and Indicated	27,464	17,851	1.39	13.09	248
	Limonite	Measured and Indicated	21,319	13,857	1.23	34.85	170
	Saprolite	Inferred	6,431	4,180	1.23	14.27	51
	Limonite	Inferred	3,045	1,979	1.16	30.86	23
Hinatuan (Taganaan)	Saprolite	Measured and Indicated	10,209	6,651	1.26	12.10	84
	Limonite	Measured and Indicated	7,619	4,963	1.03	37.96	51
	Saprolite	Inferred	8,317	5,418	1.24	12.71	67
	Limonite	Inferred	4,673	3,044	1.09	33.12	33
Dinapigue	Saprolite	Measured and Indicated	43,615	28,350	1.20	13.78	340
	Limonite	Measured and Indicated	60,830	39,540	1.23	43.32	486
	Saprolite	Inferred	25,046	16,280	1.14	13.95	186
	Limonite	Inferred	8,800	5,720	1.06	42.33	61
Total Reserves	Saprolite	Measured and Indicated	159,292	105,700	1.46	12.15	1,547
	Limonite	Measured and Indicated	264,829	177,045	1.12	42.10	1,979
	Saprolite	Inferred	61,300	39,597	1.33	13.14	525
	Limonite	Inferred	16,642	10,830	1.09	37.59	118

This summary was prepared by Ramon N. Santos, who is a Consultant Geologist for Nickel Asia Corporation. Mr. Santos is a Competent Person for Reporting Exploration Results and Mineral Resources Estimates under the PMRC. He has sufficient experience which is relevant to the type of deposit and mineralization.

(1) Ore Reserves and Mineral Resource tonnages are shown in full. Nickel Asia Corporation owns 60% of Rio Tuba, 65% of Taganito, and 100% of the Cagdianao, Hinatuan, and Dinapigue operations.
 (2) Inclusive of Mineral Resources converted to Ore Reserves
 (3) Mineral Resources include stockpiles
 (4) The Contained Ni does not consider mining losses and dilution

Note: Cut-off grades used to estimate Mineral Resources are as follows:
Rio Tuba Saprolite: $\geq 1.0\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$
Taganito Saprolite: $\geq 1.22\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$
Cagdianao Saprolite: $\geq 0.90\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$
Taganaan Saprolite: $\geq 0.95\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$
Dinapigue Saprolite: $\geq 1.00\% \text{ Ni}$, $< 20.00\% \text{ Fe}$; Limonite: $\geq 20.00\% \text{ Fe}$

REVIEW OF OPERATIONS

RIO TUBA NICKEL MINING CORPORATION (RTN – 60% Owned)

RTN first place for Best Practices in Sustainable Mineral Development in the first ASEAN Mineral Awards, besting entries from other member-countries of the Association of Southeast Asian Nations (ASEAN). The award was given during the gala dinner of the ASEAN Ministerial Meeting on Minerals in Naypyidaw, Myanmar, on November 30, 2017. RTN also, won the Presidential Mineral Industry Environmental Award (PMIEA) – Platinum Achievement, Most Improved Safety Performance and 1st Runner Up - First-aid Competition during the 64th Annual Mine Safety and Environment Conference in November 2017.

Mining Volume

The volume of ore mined for the year amounted to 3,059,679 WMT, consisting of 1,529,526 WMT of saprolite ore and 1,530,153 WMT of limonite ore. Stripping volume for the year amounted to 147,995 WMT.

RTN also retrieved 1,071,447 WMT of saprolite ore and 2,578,197 WMT of limonite ore from stockpiles to meet the budgeted annual saprolite shipment volume and to provide limonite ore feed to the Coral Bay HPAL facility, respectively. Consequently, RTN's year-end limonite ore stockpile inventory decreased to 2,002,944 WMT. Furthermore, 744,685 WMT of oversized materials were recovered from ore delivered to the plant, which can be used for shipments of saprolite ore of 1.3% nickel grade.

Shipments

RTN sold a total of 5,756,613 WMT of nickel ore in 2017. High-grade and medium-grade saprolite ore totaling 504,627 WMT were sold to Pacific Metals Co., Ltd. (PAMCO) at an average price of USD 30.35 per WMT. In addition, medium-grade saprolite ore totaling 1,608,499 WMT were sold to Chinese customers at an average price of USD 28.19 per WMT.

HPAL-grade limonite ore (approximately 1.06% nickel grade) totaling 3,472,437 WMT was delivered to the Coral Bay HPAL facility. The realized LME

nickel price for this tonnage averaged USD 4.72 per pound of payable nickel. In addition, 357,880 WMT of crushed limestone was sold to Coral Bay while 170,787 WMT was sold to Unichamp Mineral

Philippines Inc. (UMPI). RTN also provided a variety of services such as handling and hauling of materials and supplies for the Coral Bay plant.

	2017	2016	2015
Tonnage Mined (WMT)			
Saprolite	1,529,526	1,921,351	2,367,548
Limonite	1,530,153	1,322,971	1,094,426
Sales Data			
Saprolite – Japan (WMT)	504,627	553,793	756,565
Average nickel grade	1.51%	1.59%	1.57%
Average price (per WMT)	USD 30.35	USD 31.28	USD 36.67
Saprolite – China (WMT)	1,608,499	1,719,682	2,312,220
Average nickel grade	1.39%	1.48%	1.41%
Average price (per WMT)	USD 28.19	USD 22.82	USD 21.23
Saprolite – Australia (WMT)	-	-	111,460
Average nickel grade	-	-	1.36%
Average price (per WMT)	-	-	USD 21.80
Limonite – CBNC (WMT)	3,472,437	3,449,229	3,371,643
Average nickel grade	1.06%	1.07%	1.17%
Average payable nickel	6.25%	7.00%	7.00%
Average realized LME price (per pound)	USD 4.72	USD 4.34	USD 5.35
Limonite – China (WMT)	171,050	321,617	-
Average nickel grade	0.89%	0.87%	-
Average price (per WMT)	USD 11.35	USD 11.61	-
Limonite – Australia (WMT)	-	113,150	-
Average nickel grade	-	0.85%	-
Average price (per WMT)	-	USD 12.75	-

RTN - Employees at reforested area



TAGANITO MINING CORPORATION (TMC - 65% Owned)

GRI 416-1

TMC received a British Standard Occupational Health and Safety Assessment Series (BS OHSAS) 18001:2007 Certification on September 22, 2017. During the 64th Annual Mine Safety and Environment Conference, TMC was a PMIEA Platinum Achievement awardee for Surface Mining Operation and was awarded Best Mining Forest for its reforestation efforts within and beyond its mining operations for the third consecutive year.

Mining Volume

The volume of ore mined for the year amounted to 6,744,842 WMT, consisting of 3,347,093 WMT of saprolite ore and 3,397,749 WMT of limonite ore. As the ore was exposed on surface, no stripping was required. In addition, 1,275,749 WMT of limonite ore for the Taganito HPAL facility was retrieved from

stockpiles to augment ore deliveries to the plant. The 2017 volume of rainfall, more than double from the previous year, constrained mining activities.

Seven new settling ponds were constructed in key areas to alleviate pressure on the main settling ponds at the low land areas. The ore mined from these new settling ponds were directly hauled to barges for low grade saprolite shipments while the bedrock materials were utilized for mine and road maintenance activities.

To improve efficiency in the handling of oversized materials for saprolite shipments, a mechanized mobile screen was utilized.

Shipments

TMC sold a total of 7,644,802 WMT of nickel ore in 2017, a decrease of 4% compared to the previous year's volume of 7,996,682 WMT. High-grade and medium-grade saprolite ore totaling 739,570 WMT

were sold to PAMCO at an average price of USD 34.43 per WMT. High-grade and medium-grade saprolite ore totaling 2,315,279 WMT were sold to Chinese customers at an average price of USD 24.59 per WMT.

Low-grade limonite ore totalling 4,589,953 WMT, representing a 12% increase from the prior year, were delivered to the Taganito HPAL plant. The realized LME nickel price for this tonnage was USD 4.63 per pound of payable nickel. In addition, TMC provided

a variety of services such as handling and hauling of materials and supplies for the Taganito HPAL plant.

With primary focus on efficiency, safety and environmental protection, the new shipment bridge near the Pier Yard was commissioned. This two-way bridge, which was built as an alternative to the old overflow bridge, resulted in smoother flow of traffic for dump trucks transporting nickel ore and prevention of siltation.

	2017	2016	2015
Tonnage Mined (WMT)			
Saprolite	3,347,093	3,251,780	2,656,788
Limonite	3,397,749	4,605,606	4,369,754
Sales Data			
Saprolite – Japan (WMT)	739,570	601,870	647,191
Average nickel grade	1.63%	1.72%	1.70%
Average price (per WMT)	USD 34.43	USD 37.32	USD 48.35
Saprolite – China (WMT)	2,315,279	1,735,821	1,853,716
Average nickel grade	1.49%	1.54%	1.50%
Average price (per WMT)	USD 24.59	USD 25.93	USD 24.66
Limonite – China (WMT)	-	1,545,824	813,473
Average nickel grade	-	0.96%	0.96%
Average price (per WMT)	-	USD 13.09	USD 12.56
Limonite – THPAL (WMT)	4,589,953	4,113,167	4,426,288
Average nickel grade	1.10%	1.12%	1.09%
Average price (per WMT)	8.25%	6.00%	6.01%
Average realized LME price (per pound)	USD 4.63	USD 4.43	USD 5.36

HINATUAN MINING CORPORATION (HMC - 100% Owned)

HMC received a BS OHSAS 18001:2007 Certification last September 19, 2017. It also received the PMIEA Platinum Achievement award during the 64th Annual Mine Safety and Environment Conference.

Mining Volume

The volume of ore mined for the year totalled 2,426,223 WMT, consisting of 2,077,048 WMT of saprolite ore and 349,175 WMT of limonite ore. The stripping volume amounted to 784,760 WMT.

Shipments

HMC sold a total of 2,450,588 WMT of nickel ore in 2017, all of which were shipped out from HMC's Tagana-an Nickel Project. Medium-grade saprolite ore totaling 2,081,954 WMT and low-grade limonite



HMC - Platinum Awardee at the 64th PMIEA



TMC - Reforestation in MPSA area

ore totalling 266,904 WMT were sold to Chinese customers at an average price of USD 19.47 per WMT and USD 12.54 per WMT, respectively. HMC also sold medium-grade saprolite and low-grade limonite ore totalling 101,730 WMT to Japanese customers at an average price of USD 32.80 per WMT and USD 9.01 per WMT, respectively.

Production activities for the year were focused on mining already exposed saprolitic areas, thus resulting in a 72% increase in the sales volume of saprolite ore sold over the previous year.

	2017	2016	2015
Tonnage Mined (WMT)			
Saprolite	2,077,048	1,209,050	781,465
Limonite	349,175	1,742,529	2,581,085
Sales Data			
Saprolite – China (WMT)	2,081,954	1,191,431	649,662
Average nickel grade	1.39%	1.48%	1.53%
Average price (per WMT)	USD 19.47	USD 22.06	USD 26.53
Limonite – China (WMT)	266,904	1,842,894	2,559,815
Average nickel grade	0.82%	0.91%	0.87%
Average price (per WMT)	USD 12.54	USD 11.94	USD 13.10
Saprolite – Japan (WMT)	51,830	-	-
Average nickel grade	1.45%	-	-
Average price (per WMT)	USD 32.80	-	-
Limonite – Japan (WMT)	49,900	-	-
Average nickel grade	1.01%	-	-
Average price (per WMT)	USD 9.01	-	-

CAGDIANAO MINING CORPORATION (CMC - 100% Owned)

CMC received a BS OHSAS 18001:2007 certification and sustained its ISO 14001:2004 certification on June 22, 2017. It was awarded the PMIEA Titanium Achievement award during the 64th Annual Mine Safety and Environment Conference.

Mining Volume

The volume of ore mined for the year amounted to 2,370,674 WMT, consisting of 1,491,610 WMT of

saprolite ore and 879,064 WMT of limonite ore. The stripping volume amounted to 1,178,135 WMT.

Shipments

CMC sold of 1,850,435 WMT of ore in 2017. High-grade and medium-grade saprolite ore totaling 150,137 WMT were sold to PAMCO at an average price of USD 41.12 per WMT. Medium-grade saprolite ore totaling 1,534,957 WMT and 165,341 WMT of medium-grade limonite ore were sold to Chinese customers at an average price of USD 23.52 per WMT and USD 12.82 per WMT, respectively.



CMC - Alma Bonita lady truck driver

	2017	2016	2015
Tonnage Mined (WMT)			
Saprolite	1,491,610	1,360,722	1,212,388
Limonite	879,064	624,844	880,126
Sales Data			
Saprolite – Japan (WMT)	150,137	251,678	245,522
Average nickel grade	1.80%	1.72%	1.76%
Average price (per WMT)	USD 41.12	USD 37.18	USD 54.06
Saprolite – China (WMT)	1,534,957	1,287,824	482,512
Average nickel grade	1.45%	1.48%	1.50%
Average price (per WMT)	USD 23.52	USD 22.95	USD 27.11
Limonite – China (WMT)	165,341	526,095	1,177,815
Average nickel grade	1.22%	1.21%	1.35%
Average price (per WMT)	USD 12.82	USD 11.71	USD 18.37
Limonite – Australia (WMT)	-	-	263,674
Average nickel grade	-	-	1.15%
Average price (per WMT)	-	-	USD 13.63

REVIEW OF EXPLORATION

NICKEL

RTN

Drilling was focused on the confirmation and development of marketable reserves in the Guintalunan, Mangingidong and Umawi areas. The drilling program in 2017 was implemented in two stages namely Stage 1 and Stage 2 Development Drilling with a total of 334 holes equivalent to 5,349.45 meters. Stage 1, which is a continuation of the program started in 2016, resulted in the upgrading of 14 million WMT of ore to indicated resource category at an average grade of 0.83% Ni. Meanwhile, Stage 2 successfully blocked a combined 1.06 million WMT of limonite and saprolite ore at an average grade of 1.13% Ni to indicated or measured resource category. RTN also started the processing of the tree cutting permit (TCP) for Umawi in preparation for mining operations starting in 2020.

The conversion of the expired Mining Lease Contract into a Mineral Production Sharing Agreement (MPSA) with respect to the Bulanjao property is ongoing. The Strategic Environmental Plan (SEP) clearance was issued by the Palawan Council for Sustainable Development in December 2014. An Environmental Impact Assessment (EIA) has been submitted to the EMB for evaluation which is a pre-requisite to the issuance of an Environmental Compliance Certificate (ECC) and an input to the Feasibility Study. Partial drilling conducted in the past has resulted in measured and indicated mineral resources of 19 million WMT of limonite ore with average grades of 1.24% Ni and 35.5% Fe and 11.1 million WMT of saprolite ore with an average grade of 1.77% Ni. Further drilling will be undertaken upon the issuance of the MPSA.

Dinapigue Mining Corporation

The Company acquired Dinapigue Mining Corporation (formerly Geogen Corporation) on August 4, 2015, which holds a mineral property under MPSA No. 258-2007-II. The property is located in the northeastern portion of Luzon in Brgy. Dimaluade, municipality of Dinapigue, province of Isabela. The project covers an area of 2,392 hectares.

While the construction of a permanent causeway was deferred pending the necessary permits and additional engineering and design considerations, other development work within the tenement were undertaken. These include repair and maintenance of access roads, construction of offices and staff accommodation, topographic surveys of priority areas for development, and establishment of environmental control measures and nursery facilities.



RTN - Overlooking Rio Tuba River



GOLD AND COPPER

Cordillera Exploration Co., Inc. (CEXCI)

CEXCI has an application for Exploration Permit (EXPA) over the Kutop Property in the province of Abra, and an Application for Financial and Technical Assistance Agreement (AFTA) over the Mankayan Property, within the adjoining provinces of Benguet, Ilocos Sur and Mountain Province. Portions of the AFTA covering areas in Mankayan, Benguet and Cervantes, Ilocos Sur, were converted to applications for Exploration Permits.

In December 2015, CEXCI purchased 100% of Newminco Pacific Mining Corporation (Newminco), which has an EP in the province of Zambales over an area that is prospective for gold-copper mineralization. As a result of such purchase, CEXCI's 25% shareholder, Sumitomo Metal Mining Co., Ltd. (SMM), made an additional equity contribution of USD 2.8 million in December 2015 to increase its equity to 40%. The transaction is pending approval by the Securities and Exchange Commission. Once approved, NAC's equity in CEXCI will be reduced to 57%.

Newminco Pacific Mining Corporation

Newminco holds an EP, designated as EP-001-2015-III, for copper, gold, and related base and precious metals over an area located in Cabangon, San Felipe, and San Marcelino in the province of Zambales. The decision to acquire the company was made following the discovery of outcropping quartz veins, the sampling of which in part returned good assays for gold.

In 2016, Newminco proceeded to implement its exploration program in the tenement, including geologic mapping, sampling and trenching.

Exploratory trenches totaling 660 meters were dug, logged, sampled and rehabilitated. Diamond core drilling was conducted totaling 3,799.5 meters and 401 samples were sent to the laboratory for multi-element geochemical analysis. The results verified gold mineralization in a portion of the area drilled, but of insufficient quantity and grade to warrant any further drilling. Rehabilitation works on disturbed areas were completed in early 2017.

In 2017, a tenement wide ridge and spur soil sampling program was implemented in order to define targets for more detailed work. This program has now been put on hold pending the approval of the first renewal of the EP, which is pending.

Mankayan

The Mankayan property is located within two regions, the Cordillera Administrative Region (CAR) and Region I, and originally consisted of a FTAA application designated as AFTA-008. A decision was made to partially convert the AFTA to an application for EP. Since the area to be converted to an EP straddles two regions and involves ancestral lands belonging to separate tribes, in order to facilitate the required "Free and Prior Informed Consent" (FPIC), two applications for EP were filed: EXPA 116-Mankayan, covering an area of approximately 5,157 hectares; and EXPA 116-Cervantes, covering an area of approximately 6,012 hectares. The remaining portion of AFTA-008, within the provinces of Benguet and Mt. Province, consists of approximately 43,320 hectares. The future plan for this remaining portion is to convert select areas into exploration permits.

Mankayan/Cervantes

The Mankayan-Cervantes area is underlain by the same lithological units and subjected to the same tectonic regimes that have rendered the district highly faulted and fractured. Three mineralization types can be found in the Mankayan sector: a) gold-rich porphyry copper mineralization, with the Far South East and Guinaoang deposits as examples; b) high-sulphidation copper and gold mineralization, as typified by the Lepanto Consolidated enargite ore body; and c) intermediate-sulphidation gold and base metals mineralization, examples of which are the Victoria and Suyoc ore bodies of Lepanto. Because of the similarities in lithological and structural controls, it could reasonably be expected that the same controls and styles of mineralization in the Mankayan sector are also present in the Cervantes sector.

While the FPIC process for EXPA 116-Mankayan is currently on hold, the FPIC process on EXPA 116-Cervantes is in its final stages.

Kutop

The Kutop property is located within the municipalities of Malibcong and Daguioman in the Province of Abra, and the municipality of Balbalan in the Province of Kalinga. The property, with a total area of 13,268 hectares, is covered by an application for EP designated as EXPA-014-CAR.

As the area is an ancestral land, CEXCI is required to obtain a FPIC from the tribal group prior to the grant of the EP. Considerable delays have been experienced with the National Commission on Indigenous Peoples in moving this process forward. In the meantime, a deadline imposed by the Mines and Geosciences Bureau to complete this process has not been met. A letter requesting for the extension of the deadline remains pending.



RTN - Wild birds at siltation pond

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

The Audit Committee of Nickel Asia Corporation (the "Company" or "NAC") hereby submits this Report to the Board of Directors in connection with the Committee's compliance with its functions, duties and responsibilities consistent with the Company's Corporate Governance Manual and the Charter of the Audit Committee.

1. The Audit Committee confirms that, as constituted by the Board of Directors, the Audit Committee is composed of three (3) Directors, two of whom are Independent Directors and one (1) a Non-Executive Director. The Chairman of the Committee is an Independent Director.
2. The NAC Audit Committee had four (4) meetings in 2017:
 - ▶ March 2, 2017
 - ▶ May 4, 2017
 - ▶ August 3, 2017
 - ▶ October 27, 2017
3. The Audit Committee discussed with the Internal Group of the Company, headed by the Company's Chief Audit Executive and with the External Auditor, SyCip, Gorres, Velayo & Co. ("SGV") the scope and the plans for their respective audits.
4. Based on the Audit Committee's review of the reports of, and discussions with, the Chief Audit Executive and the internal audit team as well as discussion with the External Auditors, the Audit Committee confirms that the internal control systems, including financial and operational controls, are adequate and effective.
5. The Audit Committee reviewed and approved all audit services provided by SGV to the Company and its Subsidiaries and the audit fees for such services. Such audit fees are reported in the Company's Information Statement.
6. The Audit Committee also reviewed and approved non-audit work undertaken by the External Auditor and evaluated the External Auditor's independence consistent with prevailing independence standards.

7. The Audit Committee reviewed and discussed the audited financial statements of the NAC Group of Companies for the year ended December 31, 2017 with Management, which has the primary responsibility for the financial statements, and with the External Auditor.

8. Based on such review and discussions and consistent with its oversight responsibility, the Audit Committee recommended to the Board of Directors the approval of the Company's audited financial statements for the year ended December 31, 2017 and its inclusion in the Company's annual reports, including its annual report to the Securities and Exchange Commission on SEC Form 17-A.

9. Based on a review of SGV's performance and qualifications, including consideration of management's recommendation, the Audit Committee approved the appointment of SGV as the Independent Auditor of the NAC Group of Companies for the year 2018.

Submitted on May 3, 2018.



FREDERICK Y. DY
Committee Chairman
Independent Director



FULGENCIO S. FACTORAN, JR.
Independent Director
Committee Member



TAKANORI FUJIMURA
Non-Executive Director
Committee Member

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Nickel Asia Corporation and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



MANUEL B. ZAMORA
Chairman of the Board



GERARD H. BRIMO
President and
Chief Executive Officer



EMMANUEL L. SAMSON
Senior Vice President
Chief Financial Officer

Note: For a complete set of the audited financial statements, including the notes, refer to the USB in the inside back cover of the Annual Report.

INDEPENDENT AUDITOR'S REPORT



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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Nickel Asia Corporation and Subsidiaries

Opinion

We have audited the consolidated financial statements of Nickel Asia Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT



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Estimation of ore reserves

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties and are key inputs to depletion, amortization, and decommissioning provisions. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying values of property and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred income tax assets and depreciation and depletion charges.

As discussed in Note 9 to the consolidated financial statements, the Group's mining properties and development costs are amortized using the units of production method. The land improvements, machinery and equipment, and buildings and improvements are depreciated and amortized using the straight line method, where the estimated useful life is based on the mineable ore reserves. This matter is significant to our audit because the estimation of the mineable ore reserves for mining projects located in Palawan and Surigao del Norte, for the remaining life of the mines, requires significant estimation from the management.

Audit response

We obtained an understanding of management's processes and controls in the estimation of mineable ore reserves. We evaluated the competence, capabilities and objectivity of the internal specialist engaged by the Group to perform an independent assessment of its ore reserves. We reviewed the specialist's report and obtained an understanding of the nature, scope and objectives of their work, and basis of the estimates including any changes in the reserves during the year. In addition, we tested the reserves estimates applied to the relevant areas of the consolidated financial statements including depletion, depreciation, amortization and decommissioning provisions.

Recoverability of geothermal exploration and evaluation assets and deferred mine exploration costs

The ability of the Group to recover its geothermal exploration and evaluation assets and deferred mine exploration costs would depend on the commercial viability of the reserves. The carrying values of geothermal exploration and evaluation assets and deferred mine exploration costs as of December 31, 2017 are disclosed in Notes 11 and 13 to the consolidated financial statements. The substantial amount of this account and the significant management judgment required in assessing whether there is any indication of impairment are key areas of focus in our audit.

Audit response

We obtained an understanding of the Group's capitalization policy and tested whether the policy has been applied consistently. We obtained management's assessment on whether there are impairment indicators affecting the recoverability of the geothermal exploration and evaluation assets and deferred mine exploration costs. We inquired into the status of these projects and their plans on operations. We reviewed contracts and agreements, and budgets for exploration and development costs. We inspected the licenses, permits and correspondences with regulatory agencies of each exploration project, to determine that the period for which the Group has the right to explore in the specific area, has not been cancelled or has not expired, will not expire in the near future, and will be renewed accordingly. We also inquired



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about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas.

Recoverability of solar project and construction in-progress

The Group is adversely affected by the continued decline in wholesale electricity prices. In the event that an impairment indicator is identified, the assessment of the recoverable amount of the solar project and construction in-progress related to solar farms and geothermal projects, requires significant judgment and is based on assumptions. The carrying values of the Group's solar project and construction in-progress recorded as part of property and equipment as of December 31, 2017 are disclosed in Note 9 to the consolidated financial statements. The assessment of the recoverable amounts of the Sta. Rita Solar Power and the Biliran Geothermal Power Projects, which require estimation and assumptions about future production levels and costs, as well as external inputs such as commodity prices, discount rate, and foreign currency exchange rates, is a key audit matter in our audit.

Audit response

We obtained an understanding of the Group's impairment assessment process and the related controls. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include the expected life of the plant, forecasted annual energy output, forecasted average price of wholesale electricity, forecasted contributions to the government based on current regulations, inflation rate, planned debt ratio, and interest rate. We compared the key assumptions used against the industry benchmark plant life, production reports from operations department, average market price of electricity on Wholesale Electric Spot Market (WESM), current tax laws and Department of Energy regulations, Bangko Sentral ng Pilipinas (BSP) forecasted inflation rate, industry debt ratio and discount rate based on industry weighted average capital cost. We tested the parameters used in the determination of the discount rate against the market data.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

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

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





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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



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the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jaime F. del Rosario.

SYCIP GORRES VELAYO & CO.

Jaime F. del Rosario
Partner
CPA Certificate No. 56915
SEC Accreditation No. 0076-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 102-096-009
BIR Accreditation No. 08-001998-72-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 6621247, January 9, 2018, Makati City

March 14, 2018



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Amounts in Thousands)

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P9,645,932	P9,647,943
Trade and other receivables (Note 5)	905,125	1,145,271
Inventories (Note 6)	3,502,414	3,210,838
Available-for-sale (AFS) financial assets (Note 7)	5,925,682	5,572,285
Prepayments and other current assets (Note 8)	919,285	946,431
Total Current Assets	20,898,438	20,522,768
Noncurrent Assets		
Property and equipment (Note 9)	15,388,259	15,566,425
Investments in associates (Note 10)	2,952,132	2,582,087
Geothermal exploration and evaluation assets (Note 11)	1,784,183	1,775,799
AFS financial assets - net of current portion (Note 7)	732,738	746,793
Long-term stockpile inventory - net of current portion (Note 12)	167,559	367,244
Deferred income tax assets (Note 36)	333,094	370,052
Other noncurrent assets (Note 13)	3,480,696	3,420,348
Total Noncurrent Assets	24,838,661	24,828,748
TOTAL ASSETS	P45,737,099	P45,351,516
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 14)	P7,569,941	P7,016,683
Income tax payable	235,233	426,802
Other current liability (Note 39k)	169,079	169,079
Current portion of:		
Long-term debts (Note 15)	1,635,178	148,274
Long-term payable (Note 17)	5,000	5,000
Short-term debt (Note 15)	-	180,000
Total Current Liabilities	9,614,431	7,945,838
Noncurrent Liabilities		
Long-term debts - net of current portion (Note 15)	1,349,211	4,468,059
Deferred income tax liabilities - net (Note 36)	766,874	876,467
Provision for mine rehabilitation and decommissioning (Note 16)	388,787	442,484
Pension liability (Note 35)	320,781	332,320
Deferred income - net of current portion (Note 39m)	58,659	62,849
Long-term payable - net of current portion (Note 17)	20,168	23,846
Total Noncurrent Liabilities	2,904,480	6,206,025
Total Liabilities	12,518,911	14,151,863
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 18)	3,808,665	3,808,665
Additional paid-in capital (Note 18)	8,262,455	8,300,002
Other components of equity:		
Share in cumulative translation adjustment (Note 10)	564,152	409,286
Net valuation gains on AFS financial assets (Note 7)	163,935	12,954
Cost of share-based payment plan (Note 19)	137,635	126,622
Asset revaluation surplus	32,097	32,480
Retained earnings:		
Unappropriated	15,392,459	13,221,526
Appropriated (Note 18)	1,095,583	1,108,956
	29,456,981	27,020,491
Non-controlling Interests (NCI)	3,761,207	4,179,162
Total Equity	33,218,188	31,199,653
TOTAL LIABILITIES AND EQUITY	P45,737,099	P45,351,516

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF INCOME

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2017	2016	2015
REVENUES			
Sale of ore (Note 34)	P14,897,080	P13,574,382	P14,795,649
Services and others (Notes 34 and 39)	630,064	530,275	635,997
Sale of power (Note 39p)	212,152	18,010	-
	15,739,296	14,122,667	15,431,646
COSTS			
Sale of ore (Note 21)	6,033,241	5,907,249	6,279,248
Services (Note 22)	351,339	328,457	357,917
Power generation (Note 23)	257,276	38,295	-
	6,641,856	6,274,001	6,637,165
OPERATING EXPENSES			
Shipping and loading costs (Note 24)	1,626,410	1,823,549	1,757,943
Excise taxes and royalties (Note 25)	1,103,686	1,006,712	1,089,603
General and administrative (Note 26)	863,153	850,251	912,854
Marketing (Notes 39e and 39i)	96,464	95,869	130,166
	3,689,713	3,776,381	3,890,566
FINANCE INCOME (Note 29)	316,303	228,430	305,112
FINANCE EXPENSES (Note 30)	(246,615)	(219,933)	(179,125)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES (Note 10)	197,972	(413,702)	(811,369)
OTHER INCOME (CHARGES) - net (Note 31)	(84,387)	493,540	493,544
INCOME BEFORE INCOME TAX	5,591,000	4,160,620	4,712,077
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 36)			
Current	1,865,318	1,441,526	1,605,750
Deferred	(128,462)	7,952	61,536
	1,736,856	1,449,478	1,667,286
NET INCOME	P3,854,144	P2,711,142	P3,044,791
Net income attributable to:			
Equity holders of the parent	P2,770,768	P1,966,107	P2,035,143
NCI	1,083,376	745,035	1,009,648
	P3,854,144	P2,711,142	P3,044,791
Basic/Diluted Earnings Per Share (EPS; Note 20)			
	P0.36	P0.26	P0.27

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
NET INCOME	₱3,854,144	₱2,711,142	₱3,044,791
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 (Note 10)	172,073	29,270	360,506
Income tax effect	(17,207)	(26,593)	(36,051)
	154,866	2,677	324,455
Net valuation gains (losses) on AFS financial assets (Note 7)	194,243	153,124	(369,761)
Income tax effect (Note 7)	(41,132)	(3,035)	65,435
	153,111	150,089	(304,326)
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	307,977	152,766	20,129
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>			
Remeasurement loss on pension liability (Note 35)	(8,373)	(83,731)	(9,047)
Income tax effect	2,512	25,119	2,715
	(5,861)	(58,612)	(6,332)
Asset revaluation surplus	(547)	(547)	(547)
Income tax effect	164	164	164
	(383)	(383)	(383)
Net other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods	(6,244)	(58,995)	(6,715)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	301,733	93,771	13,414
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱4,155,877	₱2,804,913	₱3,058,205
Total comprehensive income attributable to:			
Equity holders of the parent	₱3,071,379	₱2,076,466	₱2,052,080
NCI	1,084,498	728,447	1,006,125
	₱4,155,877	₱2,804,913	₱3,058,205

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NICKEL ASIA CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015 (Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 18)	Stock Dividends Distributable	Additional Paid-in Capital (Note 18)	Share in Cumulative Translation Adjustment (Note 10)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Share-based Payment Plan (Note 19)	Asset Revaluation Surplus	Retained Earnings Appropriated (Note 18)	Retained Earnings Unappropriated	Total	NCI	
Balances at December 31, 2016	₱3,808,665	₱-	₱8,300,002	₱409,286	₱12,954	₱126,622	₱32,480	₱13,221,526	₱1,108,956	₱27,020,491	₱4,179,162	₱31,199,653
Net income	-	-	-	-	-	-	-	2,770,768	-	2,770,768	1,083,376	3,854,144
Other comprehensive income (loss)	-	-	-	154,866	150,981	-	(383)	(4,853)	-	300,611	1,122	301,733
Total comprehensive income (loss)	-	-	-	154,866	150,981	-	(383)	2,765,915	-	3,071,379	1,084,498	4,155,877
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	-	-	11,013	-	-	-	11,013	-	11,013
Cash dividends (Note 18)	-	-	-	-	-	-	-	(608,234)	-	(608,234)	-	(608,234)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	(504)	-	(504)
Cash dividends to NCI (Note 33)	-	-	-	-	-	-	-	-	-	-	(1,540,000)	(1,540,000)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	108,956	(108,956)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(95,583)	95,583	-	-	-
Dilution in NCI	-	-	-	-	-	-	-	-	-	(37,547)	37,547	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	-	383	-	383	-	383
Balances at December 31, 2017	₱3,808,665	₱-	₱8,262,455	₱564,152	₱163,935	₱137,635	₱32,097	₱15,392,459	₱1,095,583	₱29,456,981	₱3,761,207	₱33,218,188

See accompanying Notes to Consolidated Financial Statements.



	Equity Attributable to Equity Holders of the Parent											
	Capital Stock (Note 18)	Stock Dividends Distributable	Additional Paid-in Capital (Note 18)	Share in Cumulative Translation Adjustment (Note 10)	Net Valuation Gains (Losses) on AFS Financial Assets (Note 7)	Cost of Share-based Payment Plan (Note 19)	Asset Revaluation Surplus	Retained Earnings Appropriated (Note 18)	Total	NCI	Total	
Balances at December 31, 2015	P= P3,805,670	P=	P8,284,767	P406,609	(P134,467)	P104,824	P32,863	P11,300,347	P1,711,260	P25,511,873	P3,901,315	P29,413,188
Net income	-	-	-	-	-	-	-	1,966,107	-	1,966,107	745,085	2,711,142
Other comprehensive income (loss)	-	-	-	2,677	147,421	-	(383)	(39,356)	-	110,359	(16,588)	93,771
Total comprehensive income (loss)	-	-	-	2,677	147,421	-	(383)	1,926,751	-	2,076,466	728,447	2,804,913
Exercise of stock options (Note 19)	2,995	-	15,235	-	-	(3,855)	-	-	-	14,375	-	14,375
Cost of share-based payment plan (Notes 19 and 27)	-	-	-	-	-	25,653	-	-	-	25,653	-	25,653
Cash dividends (Note 18)	-	-	-	-	-	-	-	(607,755)	-	(607,755)	-	(607,755)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	(504)	-	(504)
Cash dividends to NCI (Note 33)	-	-	-	-	-	-	-	-	-	-	(677,500)	(677,500)
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	711,260	(711,260)	-	-	-
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(108,956)	108,956	-	-	-
Asset revaluation surplus transferred to retained earnings (Note 9)	-	-	-	-	-	-	-	383	-	383	-	383
Investments from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	226,900	226,900
Balances at December 31, 2016	P= P3,808,665	P=	P8,300,002	P409,286	P12,954	P126,622	P32,480	P13,221,526	P1,108,956	P27,020,491	P4,179,162	P31,199,653

See accompanying Notes to Consolidated Financial Statements.



	Equity Attributable to Equity Holders of the Parent											
	Capital Stock	Stock Dividends Distributable	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Net Valuation Gains (Losses) on AFS Financial Assets	Cost of Share-based Payment Plan	Asset Revaluation Surplus	Retained Earnings Appropriated (Note 18)	Total	NCI	Total	
Balances at December 31, 2014	P1,272,495	P632,648	P8,273,655	P82,154	P171,322	P47,060	P33,246	P15,098,051	P1,575,000	P27,185,631	P3,716,715	P30,902,346
Net income	-	-	-	-	-	-	-	2,035,143	-	2,035,143	1,009,648	3,044,791
Other comprehensive income (loss)	-	-	-	324,455	(305,789)	-	(383)	(1,346)	-	16,937	(3,523)	13,414
Total comprehensive income (loss)	-	-	-	324,455	(305,789)	-	(383)	2,033,797	-	2,052,080	1,006,125	3,058,205
Exercise of stock options	1,292	-	11,112	-	-	-	-	-	-	12,404	-	12,404
Stock dividends (Note 18)	2,531,883	(632,648)	-	-	-	-	-	(1,899,235)	-	-	-	-
Cost of share-based payment plan (Note 27)	-	-	-	-	-	57,764	-	-	-	57,764	-	57,764
Cash dividends (Note 18)	-	-	-	-	-	-	-	(3,795,885)	-	(3,795,885)	-	(3,795,885)
7% Cash dividends - Preferred share (Note 34)	-	-	-	-	-	-	-	(504)	-	(504)	-	(504)
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	-	(1,055,000)	(1,055,000)
Appropriation of retained earnings (Note 18)	-	-	-	-	-	-	-	(136,260)	136,260	-	-	-
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	-	383	-	383	-	383
Investments from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	233,475	233,475
Balances at December 31, 2015	P= P3,805,670	P=	P8,284,767	P406,609	(P134,467)	P104,824	P32,863	P11,300,347	P1,711,260	P25,511,873	P3,901,315	P29,413,188

See accompanying Notes to Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

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

- 2 -

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱5,591,000	₱4,160,620	₱4,712,077
Adjustments for:			
Depreciation, amortization and depletion (Notes 9 and 28)	1,480,045	1,475,139	1,439,872
Interest income (Note 29)	(301,967)	(228,430)	(212,806)
Interest expense (Notes 22 and 30)	203,049	135,741	77,530
Equity in net losses (income) of associates (Note 10)	(197,972)	413,702	811,369
Provisions for (reversals of allowance for) impairment losses on:			
AFS financial assets (Notes 7 and 31)	133,320	119,220	–
Property and equipment (Notes 9 and 31)	(12,825)	12,825	–
Deferred mine exploration costs (Notes 13 and 31)	1,233	460	1,233
Dividend income (Notes 7 and 31)	(36,967)	(35,117)	(25,827)
Movements in pension liability	(36,225)	(17,119)	5,851
Accretion of interest on provision for mine rehabilitation and decommissioning (Notes 16 and 30)	16,123	8,942	8,520
Loss (gain) on:			
Sale of AFS financial assets (Notes 7, 29 and 30)	(14,336)	11,715	(86,250)
Sale of property and equipment (Note 31)	4,508	(6,644)	(6,919)
Debt extinguishment (see Notes 15 and 30)	3,433	–	–
Sale of interest in an associate (Notes 10 and 31)	–	(239,620)	–
Write-off of advances to claimowners (Note 31)	–	5,350	–
Write-off of AFS financial assets (Notes 7 and 31)	–	3,000	–
Write-off of deferred mine exploration costs (Notes 31 and 39e)	–	2,278	5,461
Bargain purchase (Notes 31 and 32)	–	–	(59,921)
Cost of share-based payment plan (Notes 19 and 27)	11,013	25,653	57,764
Unrealized foreign exchange loss (gains) - net (Note 31)	9,720	(300,086)	(157,954)
Accretion income (Note 29)	–	–	(3,933)
Casualty losses (Note 31)	–	–	2,516
Day 1 gain (Note 29)	–	–	(2,123)
Effect of change in estimate on provision for mine rehabilitation and decommissioning	–	–	(88)
Operating income before working capital changes	6,853,152	5,547,629	6,566,372
Decrease (increase) in:			
Trade and other receivables	223,212	(235,789)	406,673
Inventories	(91,891)	217,927	(120,068)
Prepayments and other current assets	71,671	(7,108)	214,586
Increase (decrease) in trade and other payables	296,999	119,395	(203,958)
Net cash generated from operations	7,353,143	5,642,054	6,863,605
Income taxes paid	(2,056,887)	(1,128,663)	(2,005,409)
Net cash flows from operating activities	5,296,256	4,513,391	4,858,196

(Forward)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
AFS financial assets (Note 7)	(₱5,246,568)	(₱8,641,008)	(₱13,392,836)
Property and equipment (Note 9)	(1,494,458)	(3,349,750)	(3,922,099)
Proceeds from:			
Sale of AFS financial assets (Note 7)	4,981,173	8,296,174	10,163,700
Sale of property and equipment	20,116	12,794	8,538
Sale of interest in an associate (Note 10)	–	2,037,188	–
Insurance claims	–	–	1,010
Interest received	295,365	221,560	197,080
Decrease (increase) in:			
Other noncurrent assets	(52,212)	10,861	(184,163)
Geothermal exploration and evaluation assets (Note 11)	(8,384)	(463,184)	(470,720)
Dividends received (Note 7)	36,862	35,138	114,817
Issuance of loans (Note 39a)	–	–	(1,000,000)
Acquisition of subsidiaries, net of cash acquired (Note 32)	–	–	(800,792)
Net cash flows used in investing activities	(1,468,106)	(1,840,227)	(9,285,465)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 18 and 34)	(1,801,238)	(1,473,259)	(4,303,909)
Long-term debt	(1,628,463)	(114,827)	(114,827)
Short-term debt	(180,000)	–	–
Long-term payable	(5,000)	–	–
Rehabilitation cost	–	–	(670)
Interest paid	(188,840)	(178,460)	(52,472)
Decrease in deferred income	(4,190)	(4,190)	(4,190)
Proceeds from:			
Availment of long-term debt (Note 15)	–	1,182,846	2,099,449
Exercise of stock options (Note 19)	–	14,375	12,404
Investments from non-controlling shareholders	–	226,900	–
Increase in other current liability (Note 39k)	–	21	169,058
Net cash flows used in financing activities	(3,807,731)	(346,594)	(2,195,157)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,419	2,326,570	(6,622,426)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,647,943	7,073,171	13,561,803
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS (Note 31)	(22,430)	248,202	133,794
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱9,645,932	₱9,647,943	₱7,073,171

See accompanying Notes to Consolidated Financial Statements.



BOARD OF DIRECTORS, OFFICERS, SUBSIDIARIES

OFFICERS — NICKEL ASIA CORPORATION

Manuel B. Zamora, Jr.
CHAIRMAN

Philip T. Ang
VICE CHAIRMAN

Gerard H. Brimo
PRESIDENT &
CHIEF EXECUTIVE OFFICER

Martin Antonio G. Zamora
EXECUTIVE VICE PRESIDENT

Jose B. Anievas
SENIOR VICE PRESIDENT &
CHIEF OPERATING OFFICER

Raymundo B. Ferrer
SENIOR VICE PRESIDENT
SECURITY

Emmanuel L. Samson
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

Jose Bayani D. Baylon
VICE PRESIDENT
CORPORATE COMMUNICATIONS

Rolando R. Cruz
VICE PRESIDENT
PROJECT DEVELOPMENT AND RESEARCH

Aloysius C. Diaz
VICE PRESIDENT
OPERATIONS

Koichi Ishihara
VICE PRESIDENT
MARKETING & PROCUREMENT

Michio Iwai
VICE PRESIDENT

Georgina Carolina Y. Martinez
VICE PRESIDENT
LEGAL
ASSISTANT CORPORATE SECRETARY

Gerardo Ignacio B. Ongkingko
VICE PRESIDENT
HUMAN RESOURCES

Augusto C. Villaluna
VICE PRESIDENT
OPERATIONS

Maria Angela G. Villamor
VICE PRESIDENT
INTERNAL AUDITOR

Rogel Cabauatan
ASSISTANT VICE PRESIDENT
COMMUNITY RELATIONS AND ENVIRONMENT

Ryan Rene C. Jornada
ASSISTANT VICE PRESIDENT
REGULATORY AND
CLAIMS MANAGEMENT/LABOR RELATIONS

Marnelle A. Jalandoon
ASSISTANT VICE PRESIDENT
MANAGEMENT INFORMATION
SYSTEM & ADMINISTRATION

Iryan Jean U. Padillo
ASSISTANT VICE PRESIDENT
FINANCE

Barbara Anne C. Migallos
CORPORATE SECRETARY

Rio Tuba Nickel Mining Corporation

Norberto R. Reyes
VICE PRESIDENT
FINANCE

Philipp D. Ines
RESIDENT MINE MANAGER

Hinatuan Mining Corporation

Fernando P. Cruz
ASSISTANT VICE PRESIDENT
FINANCE & ADMINISTRATION

Francis Arañez
RESIDENT MINE MANAGER

Taganito Mining Corporation

Lennie A. Terre
VICE PRESIDENT
FINANCE & ADMINISTRATION

Artemio Valeroso
RESIDENT MINE MANAGER

Dinapigue Mining Corporation

Patrick S. Garcia
ASSISTANT VICE PRESIDENT
FINANCE

Cagdianao Mining Corporation

Patrick S. Garcia
ASSISTANT VICE PRESIDENT
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Mine Sites

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Barangay Rio Tuba, Bataraza, Palawan

Taganito Mine

Barangay Taganito, Claver, Surigao del Norte

Cagdianao Mine

Barangay Valencia, Cagdianao, Dinagat Islands

Hinatuan Mine

Barangay Talavera, Taganaan, Surigao del Norte

Dinapigue Mine

Dimaluade, Dinapigue, Isabela

Corporate Website

<http://www.nickelasia.com>

Independent Public Accountant

Sycip Gorres Velayo & Co.

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BNP Paribas
Credit Suisse AG
DBS Private Bank
Maybank Philippines, Inc.
Metropolitan Bank & Trust Co.
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines
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