COVER SHEET

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SEC Registration Number

NICKEL ASIA CORPORATION AND SUBSIDIARIES

(Company's Full Name)

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

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

EMMANUEL L. SAMSON

(Contact Person)

8892-6669 / 8892-4177

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Calendar Year)

17-Q

(Form Type)

0 6	1st Friday
Month	*Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

85	₱2,515.1 million	–
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

S.E.C. Number CS200811530
File Number______

NICKEL ASIA CORPORATION
(Company's Full Name)

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

+63 2 8892 6669 / +63 2 8892 4177
(Telephone Numbers)

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

SEC FORM 17-Q Quarterly Report
Form Type

____
Amendment Delegation (If applicable)

For the Three Months Ended
March 31, 2020
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **MARCH 31, 2020**
2. SEC Identification Number: **CS200811530**
3. BIR Tax Identification No.: **007-085-191-000**
4. Exact name of issuer as specified in its charter: **NICKEL ASIA CORPORATION**
5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: ______ (SEC Use Only)
7. Address of principal office: **28th Floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City** — Postal Code: **1634**
8. Issuer's telephone number, including area code: **+63 2 8892 6669 / +63 2 7798 7622**
9. Former name, former address, and former fiscal year, if changed since last report.
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**13,632,970,117 shares**
Short and Long-term Debts	**Php2,515.1 million**

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

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

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

May 19, 2020

Mr. Jose Valeriano B. Zuño III
Head - Disclosure Department
Philippine Stock Exchange Tower,
5th Avenue corner 28th Street, BGC Taguig City

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

Re : SEC Form 17-Q 2020 1st Quarter Report
x ==x

Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended March 31, 2020.

We trust everything is in order.

Very truly yours,

Emmanuel L. Samson
SVP - Chief Financial Officer

NICKEL ASIA CORPORATION

17-Q QUARTERLY REPORT

MARCH 31, 2020

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at March 31, 2020 (with Comparative Audited Statement of Financial Position as at December 31, 2019) and for the three-month period ended March 31, 2020 and 2019 are hereto attached.

The following tables set forth the summary financial information for the three-month period ended March 31, 2020 and 2019 and as at March 31, 2020 and December 31, 2019:

Summary Consolidated Statements of Income

	For the Three Months Ended March 31		**Increase**	**Percent**
	2020	**2019**	**(Decrease)**	**Inc (Dec)**
	(In Thousand Pesos)			
Revenues	₱2,209,043	₱1,997,938	₱211,105	11%
Costs	(1,263,912)	(1,168,852)	95,060	8%
Operating expenses	(504,338)	(515,407)	(11,069)	-2%
Finance income	86,465	102,552	(16,087)	-16%
Finance expenses	(78,565)	(84,174)	(5,609)	-7%
Equity in net losses of associates	(10,423)	(25,286)	(14,863)	-59%
Other income (charges) - net	(234,016)	91,865	(325,881)	-355%
Provision for income tax - net	(135,416)	(128,901)	6,515	-5%
Net income	₱68,838	₱269,735	(₱200,897)	-74%
Net income (loss) attributable to:				
Equity holders of the parent	(₱89,341)	₱137,549	(₱226,890)	-165%
Non-controlling interests	158,179	132,186	25,993	20%
	₱68,838	₱269,735	(₱200,897)	-74%

Summary Consolidated Statements of Financial Position

	March 31, 2020 (Unaudited)	**December 31, 2019** (Audited)	**Increase (Decrease)**	**Percent Inc (Dec)**
	(In Thousand Pesos)			
Current assets	₱21,356,496	₱22,023,257	(₱666,761)	-3%
Noncurrent assets	26,096,942	26,238,696	(141,754)	-1%
Total assets	₱47,453,438	₱48,261,953	(₱808,515)	-2%
Current liabilities	₱9,326,645	₱9,920,481	(₱593,836)	-6%
Noncurrent liabilities	3,006,225	3,210,211	(203,986)	-6%
Equity attributable to equity holders of the parent	31,201,159	31,370,031	(168,872)	-1%
Non-controlling interests	3,919,409	3,761,230	158,179	4%
Total liabilities and equity	₱47,453,438	₱48,261,953	(₱808,515)	-2%

Summary Consolidated Statements of Cash Flows

	For the Three Months Ended March 31		Increase	Percent
	2020	2019	(Decrease)	Inc (Dec)
	(In Thousand Pesos)			
Net cash flows from (used in):				
Operating activities	₱251,911	₱200,721	₱51,190	26%
Investing activities	(510,122)	(602,381)	(92,259)	-15%
Financing activities	(680,563)	(791,736)	(111,173)	-14%
Net decrease in cash and cash equivalents	(938,774)	(1,193,396)	(254,622)	-21%
Cash and cash equivalents, beginning	11,943,128	10,784,369	1,158,759	11%
Cash and cash equivalents, end	₱11,004,354	₱9,590,973	₱1,413,381	15%

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

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the three months ended March 31, 2020 and 2019, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Three months ended March 31, 2020 compared with three months ended March 31, 2019

Revenue from Contracts with Customers

Revenue from contracts with customers during the first quarter of 2020 was ₱2,175.5 million, higher by ₱199.9 million or 10%, compared to ₱1,975.5 million in the same period last year.

Sale of Ore

Despite the worldwide disruption created by the Corona Virus Disease (COVID)-19 pandemic, ore shipments remained at similar levels during the two comparable periods. The Group sold an aggregate of 2.78 million wet metric tons (WMT) of nickel ore during the first quarter of 2020 as against 2.89 million WMT in the previous year. Limonite ore deliveries to the two processing plants decreased from 2.14 million WMT last year to 2.08 million WMT this year. It was the impact of higher ore prices during the first quarter of 2020 which led to the increase in total revenues.

On a per mine basis, the Group's Rio Tuba mine exported 0.65 million WMT of saprolite ore and delivered 0.87 million WMT of limonite ore to the Coral Bay processing plant for the first quarter of 2020. This compares to sales of 0.58 million WMT of saprolite ore and 0.98 million WMT of limonite ore to the Coral Bay processing plant in the same period last year.

The Group's Taganito mine delivered limonite ore of 1.21 million WMT and 1.16 million WMT to the Taganito processing plant during the first quarters of 2020 and 2019, respectively.

The Company's Hinatuan mine shipped limonite ore of 50.4 thousand WMT during the first quarter of 2020 compared to 56.6 thousand WMT during the same period last year. Meanwhile, Cagdianao mine has no ore shipments during the first quarter of 2020 compared to 54.5 thousand WMT of saprolite ore during the first quarter of 2019.

In terms of price, the Group realized an average of $5.80 per pound of payable nickel on its shipments of ore to the two HPAL plants for the first quarter of 2020, the pricing of which is linked to the London Metal Exchange (LME). This compares to an average price of $5.56 per pound of payable nickel sold in the same period last year. With respect to export sales, the Group achieved an average price of $28.58 per WMT compared to $19.71 per WMT realized last year. On a combined basis, the average price received for sales of both ore exports and ore deliveries to the two plants in the first quarter of 2020 was $12.95 per WMT, higher than the $10.81 achieved in 2019.

The realized peso to US dollar exchange rate for ore sales was ₱50.85 during the first quarter of 2020 compared to ₱52.20 in the same period last year.

Sale of Limestone
Rio Tuba's revenue from sale of limestone was approximately the same at ₱105.1 million during the first quarter of 2020 and ₱105.0 million during the same period last year.

Sale of Quarry Materials
Taganito Mining Corporation (TMC) and Taganito HPAL Nickel Corporation (THNC) entered into a materials supply agreement wherein THNC agrees to purchase and take delivery from TMC an aggregate of 1,000,000 compacted cubic meters of suitable and unsuitable construction materials for THNC's expansion of its tailing storage facility. The agreement commenced on the last quarter of 2019.

Services and Others
Services revenue largely consists of payments made to us in consideration for the hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation and TMC provides to Coral Bay Nickel Corporation (CBNC) and THNC, respectively, and usage fee charged by TMC to THNC for the use of its pier facility. The revenue from services and others was higher by ₱9.8 million or from ₱172.7 million to ₱182.4 million due to increase in materials handled by TMC for THNC.

Sale of Power
Revenue from the sale of power amounted to ₱40.1 million, significantly lower by 57% or ₱53.0 million compared to ₱93.1 million during the first quarter of 2019. Last year's revenue included revenue of ₱22.2 million from Manta Energy Inc. (MEI) which was already sold to Shell Energy in September 2019. Excluding the revenue from MEI, both the average selling price and the quantity sold were below last year's numbers. The impact of lower average selling price is about ₱16.1 million. The average selling price for first quarter of 2020 was at ₱3.42/kWh which is about 33% lower than last year's average price of ₱5.10/kWh. Wholesale Electricity Spot Market prices for the first quarter of 2020 were also lower driven mainly by lower demand for electricity. In terms of quantity, Jobin-SQM, Inc. (Jobin) sold 9.6 million kWh during the first quarter of 2020 which was 26% lower than last year's first quarter of 12.9 million kWh.

<u>Costs</u>
Costs went up by 8% or ₱95.1 million, from ₱1,168.9 million to ₱1,263.9 million.

Cost of Sales
Cost of sales increased by 11% to ₱1,087.9 million from ₱981.0 million due to higher production cost per WMT and decline in production volume during the current period. The increase in personnel cost was attributable to salary adjustments and higher number of seasonal employees.

Cost of Services
Cost of services amounted to ₽97.3 million during the first quarter of 2020, higher by 15% or ₽12.6 million compared to ₽84.7 million during the same period last year as materials handled by TMC for THNC increased by 8%.

Cost of Power Generation
Cost of power generation went down by 24% to ₽78.7 million from ₽103.1 million on account of both the average selling price and the quantity sold were below last year's numbers.

Operating Expenses
General and Administrative
General and administrative expenses slid by 2% from ₱250.6 million to ₱246.6 million during the first quarter of 2020 mainly due to the lower taxes paid in the current period. However, this was partially offset by the increase in personnel cost due to payments of retirement expense.

Excise Taxes and Royalties
Excise taxes and royalties rose by 4% to ₱134.2 million from ₱129.4 million mainly on account of higher value of shipments arising from higher ore prices during the first quarter of 2020.

Shipping and Loading Costs
Shipping and loading costs declined by 7% mainly because of lower volume of ore export during the first quarter of 2020 with 703 thousand WMT only compared to 749 thousand WMT in the same period last year.

Finance Income
Finance income went down by 16% to ₽86.5 million from ₱102.6 million due to lower interest from short-term cash placements.

Finance Expenses
Finance expenses dropped by 7% to ₽78.6 million from ₱84.2 million due to lower interest from long-term debts as a result of full settlement of loans with Landbank of the Philippines and decrease in London Inter-Bank Offered Rate from 4.62% to 3.96%.

Equity in Net Losses of Associates
The Group's consolidated net loss in THNC and CBNC amounted to ₱10.4 million in the first quarter of 2020, slightly lower compared to the ₱25.3 million net loss in the same period last year.

Other Income (Charges) - Net
Other income (charges) - net significantly declined by 355% to ₱234.0 million charges from ₱91.9 million income mainly due to the ₱267.4 million mark to market loss from the Company's portfolio investments during the first quarter of 2020, a significant turnaround from a gain of ₱72.3 million in the same period last year. The said loss translates to a negative 5.6% overall return on the portfolio's performance in the first quarter of the year, as the spread of COVID-19 profoundly affected markets globally. However, the loss was partially offset by slight appreciation of the peso vis-à-vis the US dollar which resulted to a net foreign exchange gains of ₱15.7 million during the first quarter of 2020 from a loss of ₱6.7 million in previous year.

Provision for Income Tax - Net
The net provision for income tax was higher by 5% due to higher taxable income base during the current period compared to the same period last year.

Net Income
As a result of the foregoing, the consolidated net income was ₽68.8 million during the first quarter of 2020 compared to ₽269.7 million during the first quarter of 2019. Net of non-controlling interests, the net income (loss) attributable to the equity holders of the parent for the first quarter of the current year amounted to ₽89.3 million loss compared to the ₽137.5 million income reported in the same period last year.

Statement of Financial Position
Total assets slid by ₱808.5 million from ₱48,262.0 million as of the end of 2019 to ₱47,453.4 million as at March 31, 2020. Current assets declined to ₱21,356.5 million from ₱22,023.3 million due to payment of cash dividends and decline in the market value of portfolio investments.

The slight drop in noncurrent assets from ₱26,238.7 million to ₱26,096.9 million was attributable to depreciation of property and equipment and decrease in deferred income tax assets. However, the decrease was slightly offset by the ₱217.0 million advances made for the purchase of equipment for the 30 megawatt (MW) expansion of Jobin.

Current liabilities was slightly lower from ₱9,920.5 million to ₱9,326.6 million due to payment of cash dividends amounting to ₱640.0 million.

Noncurrent liabilities of ₱3,006.2 million was 6% below of last year's end of first quarter of ₱3,210.2 million due to decrease in deferred income tax liabilities by ₱232.7 million.

Equity net of non-controlling interests dropped by less than 1% to ₱31,201.2 million due to net loss attributable to equity holders of the parent during the first quarter of the current year. Moreover, the Company acquired treasury stocks amounting to ₱42.8 million during the first quarter of 2020.

Statement of Cash Flows
Net cash from operating activities during the first quarter of 2020 amounting to ₱251.9 million was higher compared to ₱200.7 million during the same period last year due to lower production cost as a result of lower production volume.

Cash used in investment activities arose from net acquisitions and/or disposals of property and equipment and financial assets in debt and equity securities. In the first quarters of 2020 and 2019, net acquisitions of financial assets and property and equipment amounted to ₱280.0 million and ₱427.2 million, respectively. In addition, in the first quarter of 2020, advances of ₱217.0 million was made for the purchase of equipment to be used for the 30MW expansion of Jobin. While in the first quarter of 2019, spending for project development cost amounted to ₱66.8 million.

During the first quarters of 2020 and 2019, the Group paid cash dividends, long-term debts, including interest, amounting to a total of 664.5 million and ₱776.3 million, respectively. Acquisitions of treasury stocks in the first quarter of 2020 was also higher at ₱42.8 million compared to ₱2.2 million only during the first quarter of 2019. However, the amount spent for financing activities during the first quarter of 2020 were partially offset by the additional deposits for future stock subscription received by Cordillera Exploration Co., Inc. from its stockholder amounting to ₱40.6 million.

As at March 31, 2020 and 2019, cash and cash equivalents amounted to ₱11,004.4 million and ₱9,591.0 million, respectively.

KEY PERFORMANCE INDICATORS

1) *TOTAL COST PER VOLUME SOLD*

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

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

The average cost per volume of ore sold for first quarter of 2020 was ₱529.43 per WMT on the basis of aggregate costs of ₱1,473.9 million and total sales volume of 2.78 million WMT of ore. This compares to ₱485.56 per WMT during the first quarter of 2019 on the basis of aggregate costs of ₱1,404.2 million and total sales volume of 2.89 million WMT of ore.

2) *ATTRIBUTABLE NET INCOME*

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income (loss) attributable to equity holders of the Parent Company for the first quarter of 2020 was ₱89.3 million loss compared to ₱137.5 million income in the same period last year.

3) *NUMBER OF HECTARES OF OPEN AREA PER MILLION WMT SOLD*

The Group adheres to the principles and practices of sustainable development. The Group is committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of its operations. In 2018, the Department of Environment and Natural Resources (DENR), through the issuance of DENR Administrative Order (DAO) No. 2018-20, prescribes Guidelines for Additional Environmental Measures for Operating Surface Metallic Mines and provides limits of maximum disturbed areas for nickel mines depending on the scale of their mining operations. The DAO also requires that temporary revegetation be immediately implemented on the disturbed areas. During the first quarters of 2020 and 2019, the open hectares per million WMT sold was 104.27 and 96.27, respectively.

4) *FREQUENCY RATE*

Health and safety are integral parts of the Group's personnel policies. Its comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to its operations. The Group measures our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total million man-hours worked for the period. NAC's frequency rate was nil for the first quarters of 2020 and 2019.

Liquidity and Capital Resources

As at March 31, 2020 and December 31, 2019, the Group's principal source of liquidity was cash from operations. TMC incurred long-term debt to finance the construction of the Taganito pier facilities. TMC receives income from THNC under throughput agreement for the use of the pier facilities. The revenues that TMC receives from THNC under the throughput agreement have typically been sufficient to service its long-term debt. In addition, the Group also incurred long-term debt to finance the solar project of Jobin and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC) and Biliran Geothermal Inc. (BGI). Any revenue that will be earned by Jobin, MGPC and BGI upon start of or during their commercial operations will be used to pay-off the debt.

As at March 31, 2020 and December 31, 2019, the Group's working capital, defined as the difference between the current assets and current liabilities, was ₱12,029.9 million and ₱12,102.8 million, respectively. NAC expects to meet the working capital, capital expenditure and investment requirements from the cash flow coming from operations and pay-off the debts that the Group incurred to finance the construction of pier facilities at the Taganito properties and Emerging Power Inc.'s (EPI) solar project and other project development costs. The Group may also from time to time seek other sources of funding, which may include debt or equity financings, depending on the financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

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

Foreign Currency Risk

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

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

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities owned by the Group. The Group's exposure to equity price risk relates primarily to the financial assets in various stocks of listed companies.

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

Seasonality of Operations

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

Off-balance Sheet Arrangements

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

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

Known Trends, Events, or Uncertainties

Cancellation of Hinatuan Mining Corporation's (HMC) Mineral Production Sharing Agreement (MPSA)

On February 13, 2017, HMC, a wholly owned subsidiary of the Parent Company, received a letter from the DENR stating that its MPSA in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA. The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA. During the first quarter of 2020, HMC's tonnage consists 2% of the Group's total volume shipped.

COVID-19 Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. Though the government imposed an Enhance Community Quarantine in Luzon, the Group's mine in Palawan, as well as its mines in Surigao, continue to operate but under strict quarantine protocols to avoid possible infection and spread of the virus.

However, on April 9, 2020, TMC and HMC voluntarily suspended their mining and direct export operations up to April 30, 2020 in response to the further appeal of the local provincial and municipal governments to defer their operations to prevent an increased risk of entry and transmission of COVID-19 in the province and municipalities. Meanwhile, TMC continued to transport and deliver its existing limonite stockpiles to THNC to reduce environmental risks to TMC. THNC continued its operations while promising stricter health measures. CMC also complied with the one-vessel-at-a-time limitation imposed by the local government. But starting mid-May, normal operations will ramp up to normal.

The voluntary suspensions and other disruptions led to shortfall of about 13 vessels or roughly 715 thousand WMT as of April 30, 2020.

Further, as allowed by Mines and Geosciences Bureau, the four operating mines reallocated ₱23.1 million from the Social Development Management Program (SDMP) funds for food/rice, personal protective equipment and other donations to the community. Aside from this, the Group has incurred

₱4.0 million in rice donation to communities in Manicani and Eastern Samar for its corporate social responsibility initiatives. The net COVID-19 related expenses of the Group (excluding expenses reallocated from the SDMP funds and employee assistance of the pro-rated 13th month pay) amounted to more or less ₱13.6 million as at April 30, 2020.

The decrease in the Group's revenue attributable to COVID-19 amounted to around ₱722.0 million for mining as of April 30, 2020 and ₱21.3 million for power as of March 31 2020.

As at March 31, 2020, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended March 31, 2020 and December 31, 2019, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	2020	2019
A. *Liquidity analysis ratios*		
Current ratio or working capital ratio	**2.29**	2.21
Quick ratio	**1.78**	1.62
Solvency ratio	**3.85**	3.71
B. *Financial leverage ratios*		
Debt ratio	**0.26**	0.27
Debt-to-equity ratio	**0.35**	0.37
Asset-to-equity ratio	**1.35**	1.37
Interest coverage ratio	**4.32**	6.84
C. *Profitability ratios*		
Net profit margin	**0.03**	0.14
Return on assets	**0.00**	0.01
Return on equity	**0.00**	0.01
Gross profit margin	**0.43**	0.41
Price/earnings ratio	**(155.00)**	249.00

SIGNATURES

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

Issuer: **NICKEL ASIA CORPORATION**

By:

Martin Antonio G. Zamora
President and Chief Executive Officer

May 19, 2020

Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

May 19, 2020

NICKEL ASIA CORPORATION
SEC FORM 17-Q
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2020

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020
(With Comparative Audited Figures as at December 31, 2019)
(Amounts in Thousands)

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱11,004,354**	₱11,943,128
Trade and other receivables (Notes 5 and 30)	**1,123,333**	1,065,657
Inventories (Note 6)	**4,195,519**	3,995,411
Financial assets at (Note 7):		
Fair value through other comprehensive income (FVOCI)	**2,866,231**	2,730,168
Fair value through profit or loss (FVTPL)	**1,441,951**	1,651,283
Amortized cost	**170,000**	244,217
Prepayments and other current assets	**555,108**	393,393
Total Current Assets	**21,356,496**	22,023,257
Noncurrent Assets		
Property and equipment (Note 8)	**15,794,315**	16,028,192
Investments in associates (Note 9)	**3,253,651**	3,259,735
Geothermal exploration and evaluation assets (Note 10)	**1,817,767**	1,811,711
Financial assets at - net of current portion (Note 7):		
FVTPL	**839,146**	851,266
Amortized cost	**190,000**	210,000
Deferred income tax assets - net	**308,989**	498,264
Long-term stockpile inventory - net of current portion (Note 11)	**105,601**	105,601
Other noncurrent assets	**3,787,473**	3,473,927
Total Noncurrent Assets	**26,096,942**	26,238,696
TOTAL ASSETS	**₱47,453,438**	₱48,261,953
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 30)	**₱6,726,173**	₱7,530,858
Short-term debts (Note 13)	**1,495,199**	1,492,404
Income tax payable	**724,099**	557,388
Other current liability	**261,691**	221,079
Current portion of:		
Long-term debt (Note 13)	**88,690**	88,611
Lease liabilities (Note 31)	**25,793**	25,141
Long-term payable	**5,000**	5,000
Total Current Liabilities	**9,326,645**	9,920,481
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**931,245**	930,418
Lease liabilities - net of current portion (Note 31)	**581,524**	581,537
Deferred income tax liabilities	**516,033**	748,766
Provision for mine rehabilitation and decommissioning (Note 14)	**497,144**	493,731
Pension liability	**418,549**	393,180
Deferred income - net of current portion	**49,232**	50,279
Long-term payable - net of current portion	**12,498**	12,300
Total Noncurrent Liabilities	**3,006,225**	3,210,211
Total Liabilities	**12,332,870**	13,130,692

(Forward)

	March 31, 2020	December 31, 2019
	(Unaudited)	(Audited)
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	**₱6,849,836**	₱6,849,836
Additional paid-in capital	**8,262,455**	8,262,455
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	**616,540**	612,635
Cost of share-based payment plan (Note 16)	**389,987**	370,522
Asset revaluation surplus	**31,236**	31,331
Net valuation gains (losses) on financial assets at FVOCI	**(27,826)**	32,243
Retained earnings:		
Unappropriated	**13,624,137**	13,713,383
Appropriated (Note 15)	**1,585,576**	1,585,576
Treasury stock (Note 15)	**(130,782)**	(87,950)
	31,201,159	31,370,031
Non-controlling Interests (NCI)	**3,919,409**	3,761,230
Total Equity	**35,120,568**	35,131,261
TOTAL LIABILITIES AND EQUITY	**₱47,453,438**	₱48,261,953

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Amounts in Thousands, Except Earnings per Share)

	2020	2019
	(Unaudited)	
REVENUES		
Revenue from contracts with customers (Note 29)	**₱2,175,458**	₱1,975,548
Rental income	**33,585**	22,390
	2,209,043	1,997,938
COSTS		
Cost of sales (Note 18)	**1,087,905**	981,047
Services (Note 19)	**97,336**	84,719
Power generation (Note 20)	**78,671**	103,086
	1,263,912	1,168,852
OPERATING EXPENSES		
General and administrative (Note 21)	**246,587**	250,591
Excise taxes and royalties (Note 22)	**134,169**	129,433
Shipping and loading costs (Note 23)	**123,582**	133,233
Marketing	–	2,150
	504,338	515,407
FINANCE INCOME (Note 26)	**86,465**	102,552
FINANCE EXPENSES (Note 27)	**(78,565)**	(84,174)
EQUITY IN NET LOSSES OF ASSOCIATES (Note 9)	**(10,423)**	(25,286)
OTHER INCOME (CHARGES) - Net (Note 28)	**(234,016)**	91,865
INCOME BEFORE INCOME TAX	**204,254**	398,636
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 32)		
Current	**168,106**	162,082
Deferred	**(32,690)**	(33,181)
	135,416	128,901
NET INCOME	**₱68,838**	₱269,735
Net income (loss) attributable to:		
Equity holders of the parent	**(₱89,341)**	₱137,549
NCI	**158,179**	132,186
	₱68,838	₱269,735
Basic/Diluted Earnings (Loss) Per Share (EPS; Note 17)	**(₱0.01)**	₱0.01

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Amounts in Thousands)

	2020	2019
	(Unaudited)	
NET INCOME	**₱68,838**	₱269,735
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:		
Share in translation adjustment of associates	**3,905**	(7,081)
Net valuation gains (losses) on financial assets at FVOCI	**(60,069)**	33,441
Net other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods	**(56,164)**	26,360
Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:		
Asset revaluation surplus	**(95)**	(95)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX	**(56,259)**	26,265
TOTAL COMPREHENSIVE INCOME - NET OF TAX	**₱12,579**	₱296,000
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	**(₱145,600)**	₱163,814
NCI	**158,179**	132,186
	₱12,579	₱296,000

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent											
							Retained Earnings					
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment (Note 9)	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Asset Revaluation Surplus	Unappropriated	Appropriated (Note 15)	Treasury Stock (Note 15)	Total	NCI	Total
Balances at December 31, 2019	**₱6,849,836**	**₱8,262,455**	**₱612,635**	**₱370,522**	**₱32,243**	**₱31,331**	**₱13,713,383**	**₱1,585,576**	**(₱87,950)**	**₱31,370,031**	**₱3,761,230**	**₱35,131,261**
Net income (loss)	–	–	–	–	–	–	**(89,341)**	–	–	**(89,341)**	**158,179**	**68,838**
Other comprehensive income (loss)	–	–	**3,905**	–	**(60,069)**	**(95)**	–	–	–	**(56,259)**	–	**(56,259)**
Total comprehensive income (loss)	–	–	**3,905**	–	**(60,069)**	**(95)**	**(89,341)**	–	–	**(145,600)**	**158,179**	**12,579**
Cost of share-based payment plan (Note 16)	–	–	–	**19,465**	–	–	–	–	–	**19,465**	–	**19,465**
Acquisitions of treasury stock (Note 15)	–	–	–	–	–	–	–	–	**(42,832)**	**(42,832)**	–	**(42,832)**
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	**95**	–	–	**95**	–	**95**
Balances at March 31, 2020 (Unaudited)	**₱6,849,836**	**₱8,262,455**	**₱616,540**	**₱389,987**	**(₱27,826)**	**₱31,236**	**₱13,624,137**	**₱1,585,576**	**(₱130,782)**	**₱31,201,159**	**₱3,919,409**	**₱35,120,568**

See accompanying Notes to Unaudited Consolidated Financial Statements.

	Equity Attributable to Equity Holders of the Parent						Retained Earnings					
	Capital Stock (Note 15)	Additional Paid-in Capital	Share in Cumulative Translation Adjustment	Cost of Share-based Payment Plan	Net Valuation Gains (Losses) on Financial Assets at FVOCI	Asset Revaluation Surplus	Unappropriated	Appropriated (Note 15)	Treasury Stock	Total	NCI	Total
Balances at December 31, 2018	₱6,849,836	₱8,262,455	₱780,412	₱240,003	(₱92,504)	₱31,714	₱11,794,529	₱1,818,628	(₱20,366)	₱29,664,707	₱3,786,123	₱33,450,830
Net income	–	–	–	–	–	–	137,549	–	–	137,549	132,186	269,735
Other comprehensive income (loss)	–	–	(7,081)	–	33,441	(95)	–	–	–	26,265	–	26,265
Total comprehensive income (loss)	–	–	(7,081)	–	33,441	(95)	137,549	–	–	163,814	132,186	296,000
Cost of share-based payment plan	–	–	–	35,618	–	–	–	–	–	35,618	–	35,618
Acquisition of treasury stock	–	–	–	–	–	–	–	–	(2,243)	(2,243)	–	(2,243)
Asset revaluation surplus transferred to retained earnings	–	–	–	–	–	–	95	–	–	95	–	95
Balances at March 31, 2019 (Unaudited)	₱6,849,836	₱8,262,455	₱773,331	₱275,621	(₱59,063)	₱31,619	₱11,942,260	₱1,818,628	(₱22,609)	₱29,861,991	₱3,918,309	₱33,780,300

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Amounts in Thousands)

	2020	2019
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱204,254**	₱398,636
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 25)	**364,115**	348,943
Loss (gain) on:		
Changes in fair value of financial assets at FVTPL (Notes 7 and 28)	**267,436**	(72,316)
Sale of financial assets at FVOCI (Note 28)	**(6,400)**	(3,293)
Sale of property and equipment (Note 28)	–	(406)
Interest income (Note 26)	**(86,465)**	(102,552)
Interest expense (Notes 13 and 27)	**44,578**	52,077
Cost of share-based payment plan (Notes 16 and 24)	**19,465**	35,618
Movements in pension liability	**18,480**	2,603
Accretion of interest on:		
Lease liabilities (Note 31)	**13,414**	14,091
Provision for mine rehabilitation and decommissioning (Notes 14 and 27)	**3,413**	1,891
Long-term payable	**198**	244
Equity in net losses of associates (Note 9)	**10,423**	25,286
Dividend income (Notes 7 and 28)	**(5,719)**	(5,124)
Unrealized foreign exchange losses - net	**165**	137
Operating income before working capital changes	**847,357**	695,835
Increase in:		
Trade and other receivables	**(79,300)**	(8,376)
Inventories	**(200,108)**	(457,428)
Prepayments and other current assets	**(163,110)**	(44,650)
Increase (decrease) in trade and other payables	**(152,928)**	15,340
Net cash flows from operating activities	**251,911**	200,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at (Note 7):		
FVOCI	**(1,755,675)**	(635,528)
FVTPL	**(422,563)**	(266,731)
Property and equipment (Note 8)	**(130,028)**	(293,845)
Proceeds from sale of:		
Financial assets at (Note 7):		
FVOCI	**1,556,765**	516,321
FVTPL	**377,313**	251,737
Amortized cost	**94,217**	–
Property and equipment	–	848
Increase in:		
Other noncurrent assets	**(316,359)**	(272,689)
Geothermal exploration and evaluation assets	**(6,056)**	(2,446)
Interest received	**87,345**	95,263
Dividends received	**4,919**	4,689
Net cash flows used in investing activities	**(510,122)**	(602,381)

(Forward)

	2020	2019
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	**(₱640,000)**	(₱740,000)
Interest	**(24,520)**	(29,500)
Principal portion of lease liabilities (Note 31)	**(12,775)**	(12,127)
Long-term debts	–	(6,818)
Acquisitions of treasury stock	**(42,832)**	(2,243)
Increase (decrease) in:		
Other current liability	**40,612**	–
Deferred income	**(1,048)**	(1,048)
Net cash flows used in financing activities	**(680,563)**	(791,736)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(938,774)**	(1,193,396)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**11,943,128**	10,784,369
CASH AND CASH EQUIVALENTS AT MARCH 31 (Note 4)	**₱11,004,354**	₱9,590,973

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

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

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

<u>The Subsidiaries</u>

Hinatuan Mining Corporation (HMC)
HMC was registered with the SEC on October 9, 1979, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan Island, Surigao del Norte and Manicani Island, Eastern Samar. HMC is also engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services.

Cagdianao Mining Corporation (CMC)
CMC was registered with the SEC on July 25, 1997, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Islands.

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

Dinapigue Mining Corporation (DMC)
DMC was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits. DMC has not yet started commercial operations and is currently under development stage.

Samar Nickel Mining Resources Corporation (SNMRC)
SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

Coral Pearl Developments Limited (CPDL)
CPDL was incorporated on June 18, 2019 in the British Virgin Islands (BVI) under the BVI Business Companies Act 2004, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the leasing of aircraft.

Falck Exp Inc. (FEI)
FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at May 8, 2020, FEI is still waiting for the approval of SEC.

Cordillera Exploration Co., Inc. (CExCI)
CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. CExCI is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)
Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. Newminco is currently not engaged in any development or commercial production activities.

Taganito Mining Corporation
TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

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

Emerging Power Inc. (EPI)
EPI was registered with the SEC on October 16, 2007, is an 86.29% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

Mindoro Geothermal Power Corporation (MGPC)
MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business. By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro.

On February 26, 2019, MGPC received the Confirmation of Commerciality for the 10 megawatt (MW) project from the Philippine Government, through the Department of Energy (DOE). MGPC has actively pursued to seek potential investors for the drilling of production wells until the project achieves financial close and has been engaged in various social projects ranging from a series of community lectures, focusing on safety and health and environmental awareness, to educational activities.

Manta Energy Inc. (MEI)
MEI was registered with the SEC on May 21, 2007, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. On July 5, 2016, the Energy Regulatory Commission (ERC) approved MEI's registration as Registered Electric Supplier for a period of five (5) years, and renewable thereafter. On September 18, 2019, EPI sold its investment in MEI to Shell Gas B.V. for ₱100.0 million.

Biliran Holdings Inc. (BHI)
BHI was registered with the SEC on July 31, 2015, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

Jobin-SQM, Inc. (Jobin)
Jobin was registered with the SEC on January 6, 2010, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. Jobin was acquired by EPI on September 11, 2015. On May 23, 2016, Jobin entered into the testing and commissioning phase for the 7MW Sta. Rita Solar Power Project. On November 7, 2016, Jobin was granted by ERC a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7MW Sta. Rita Solar Power Project pending approval of Jobin's dedicated point to point limited facilities to connect to the transmission system. On March 18, 2017, Jobin commenced testing and commissioning phase for the 25MW Sta. Rita Solar Power Project and was granted by ERC a PAO to transition from testing and commissioning phase to actual production on September 27, 2017. In 2018, the ERC extended the effectivity of the PAO until May 14, 2019. On January 15, 2019, pursuant to Section 8 of Republic Act No. 9136 the ERC issued to Jobin the Certificate of Compliance (COC) for the 7MW and 25MW of Phase I and Phase II, respectively, of the Sta. Rita Solar Power Project. The COC serves as the Jobin's authority to operate Phase I and II of the Solar Power Project, valid for a period of five (5) years from November 16, 2016 to

November 15, 2021 until revoked or suspended. The certificate was issued subsequent to the authorization granted by the ERC to Jobin to develop and own a dedicated point-to-point limited facility to connect the 100MW Solar Power Plant to the Luzon Grid of the National Grid Corporation of the Philippines (NGCP) via a direct connection at NGCP's Subic Substation on December 28, 2018. Further, Jobin is expected to implement the additional 68MW Solar Photovoltaic Project. Phase III-A for 30MW will start in mid-2020 and the subsequent capacity will be implemented thereafter.

Northern Palawan Power Generation Corporation (NPPGC)
NPPGC was registered with the SEC on July 5, 2017, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business and in producing and generating electricity and processing fuels alternative for power generation.

Biliran Geothermal Inc. (BGI)
BGI was registered with the SEC on October 31, 2007, is a 51.77% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the DOE. BGI was acquired by BHI on December 17, 2015.

Mantex Services Inc. (Mantex)
Mantex was registered with the SEC on March 26, 2012, is a 43.15% owned subsidiary of the Parent Company through EPI. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects. On August 28, 2019, MEI assigned its 50% ownership in Mantex to G.A.A Delgado, Inc. for a consideration.

The interim consolidated financial statements as at March 31, 2020 and December 31, 2019 and for the three-month period ended March 31, 2020 and 2019, were authorized for issuance by the Parent Company's BOD on May 8, 2020.

2. Basis of Preparation and Consolidation and Statement of Compliance

<u>Basis of Preparation</u>
The accompanying interim consolidated financial statements of the Group as at March 31, 2020 and for the three-month period ended March 31, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2019.

Basis of Consolidation

The interim consolidated financial statements include the balances of its subsidiaries and equity share in losses of its associates:

	Principal Place of Business	Principal Activities	Effective Ownership	
			March 31, 2020	March 31, 2019
Subsidiaries				
HMC	Philippines	Mining and Services	**100.00%**	100.00%
CMC	Philippines	Mining	**100.00%**	100.00%
LCSLC [(a)]	Philippines	Services	**100.00%**	100.00%
DMC	Philippines	Mining	**100.00%**	100.00%
SNMRC	Philippines	Mining	**100.00%**	100.00%
CPDL [(e)]	BVI	Services	**100.00%**	–
FEI [(b)]	Philippines	Mining	**88.00%**	88.00%
CExCI	Philippines	Mining	**71.25%**	71.25%
Newminco [(c)]	Philippines	Mining	**71.25%**	71.25%
TMC	Philippines	Mining and Services	**65.00%**	65.00%
RTN	Philippines	Mining and Services	**60.00%**	60.00%
EPI	Philippines	Renewable Energy Developer	**86.29%**	86.29%
MGPC [(d)]	Philippines	Renewable Energy Developer	**86.29%**	86.29%
BHI [(d)]	Philippines	Services	**86.29%**	86.29%
Jobin [(d)]	Philippines	Power Generation	**86.29%**	86.29%
NPPGC [(d)]	Philippines	Power Generation	**86.29%**	–
BGI [(d)]	Philippines	Power Generation	**51.77%**	51.77%
MEI [(d,f)]	Philippines	Power Generation, Trading and Services	–	86.29%
Mantex [(d,g)]	Philippines	Management and Advisory Services	–	43.15%
Associates				
THNC	Philippines	Manufacturing	**10.00%**	10.00%
CBNC	Philippines	Manufacturing	**10.00%**	10.00%

(a) Indirect ownership through HMC
(b) Indirect ownership through HMC, CMC and TMC
(c) Indirect ownership through CExCI
(d) Indirect ownership through EPI
(e) Incorporated in BVI on June 18, 2019
(f) Disposed on September 18, 2019
(g) Disposed on August 28, 2019

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

Subsidiaries

Subsidiaries are entities over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2019, except for the adoption of the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2020. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The Group will quantify the effect of changes or amendments in standards in conjunction with the other phases when issued, to present a comprehensive picture.

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

Effective beginning on or after January 1, 2021:
- PFRS 17, *Insurance Contracts*

Deferred effectivity:
- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2020. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

Any differences in the comparative amounts from the amounts in the interim consolidated financial statements as at March 31, 2019 and for the three months ended March 31, 2019 are solely the effect of reclassifications and re-measurements, resulting from PFRS 16, *Leases* adoption, for comparative purposes.

3. Seasonality of Operations

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

4. Cash and Cash Equivalents

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash on hand and with banks	**₱1,168,363**	₱731,522
Cash under managed funds	**136,300**	114,804
Short-term cash investments	**9,699,691**	11,096,802
	₱11,004,354	₱11,943,128

5. Trade and Other Receivables

Trade and other receivables amounting to ₱34.5 million and ₱34.2 million as at March 31, 2020 and December 31, 2019, respectively, were impaired and fully provided for with allowance for expected credit losses (ECL).

The aging analysis of the Group's trade and other receivables as at March 31, 2020 and December 31, 2019 are summarized below:

March 31, 2020 (Unaudited)	**Neither Past Due Nor Impaired (High)**	**Past Due But Not Impaired**	**Past Due and Individually Impaired**	**Total**
Trade and other receivables:				
Trade (see Note 30)	**₱697,493**	**₱30,295**	**₱20,668**	**₱748,456**
Current portion of loan receivable	**248,910**	–	–	**248,910**
Interest receivable	**53,654**	–	–	**53,654**
Advances to officers and employees	**30,396**	**6,739**	**288**	**37,423**
Amounts owed by related parties (see Note 30)	**3,797**	–	**4,228**	**8,025**
Others	**52,049**	–	**9,338**	**61,387**
Total	**₱1,086,299**	**₱37,034**	**₱34,522**	**₱1,157,855**

December 31, 2019 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 30)	₱642,527	₱–	₱20,345	₱662,872
Current portion of loan receivable	248,910	–	–	248,910
Interest receivable	54,533	–	–	54,533
Advances to officers and employees	32,392	–	288	32,680
Amounts owed by related parties (see Note 30)	3,218	–	4,228	7,446
Others	84,077	–	9,338	93,415
Total	₱1,065,657	₱–	₱34,199	₱1,099,856

6. Inventories

As at March 31, 2020 and December 31, 2019, inventories amounting to ₱114.5 million were assessed to be impaired and were provided for with allowance for impairment losses. There was no provision for and reversal of allowance for impairment losses on inventories for the three months ended March 31, 2020 and 2019.

As at March 31, 2020 and December 31, 2019, the cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱1,006.9 million and ₱893.3 million, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱401.3 million and ₱418.3 million, respectively.

7. Financial Assets

	March 31, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Financial Assets at			Financial Assets at		
	FVOCI	**FVTPL**	**Amortized Cost**	FVOCI	FVTPL	Amortized Cost
Quoted instruments:						
Debt securities	**₱2,866,231**	**₱612,016**	**₱360,000**	₱2,730,168	₱625,374	₱454,217
Equity securities	**–**	**962,025**	**–**	–	1,170,193	–
Unquoted equity instruments	**–**	**707,056**	**–**	–	706,982	–
	₱2,866,231	**₱2,281,097**	**₱360,000**	₱2,730,168	₱2,502,549	₱454,217

The Group's financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or with quoted market prices. Quoted and unquoted instruments are carried either at fair market value or at amortized cost as at the end of the financial reporting period.

The movements in financial assets follow:

	March 31, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Financial Assets at			Financial Assets at		
	FVOCI	**FVTPL**	**Amortized Cost**	FVOCI	FVTPL	Amortized Cost
Balances at January 1	**₱2,730,168**	**₱2,502,549**	**₱454,217**	₱2,608,301	₱2,006,646	₱531,770
Additions	**1,732,735**	**423,371**	**–**	2,238,853	1,233,067	58,447
Disposals	**(1,525,709)**	**(377,820)**	**–**	(2,224,075)	(1,065,977)	–
Redemption	**–**	**–**	**(94,217)**	–	–	(136,000)
Effect of changes in foreign exchange rate	**308**	**433**	**–**	(26,843)	(18,912)	–
Net valuation gains (losses) on financial assets	**(71,271)**	**(267,436)**	**–**	133,932	347,725	–
Balances at end of period	**2,866,231**	**2,281,097**	**360,000**	2,730,168	2,502,549	454,217
Less noncurrent portion	**–**	**839,146**	**190,000**	–	851,266	210,000
Current portion	**₱2,866,231**	**₱1,441,951**	**₱170,000**	₱2,730,168	₱1,651,283	₱244,217

For the three months ended March 31, 2020 and 2019, dividend income from equity securities amounted to ₱5.7 million and ₱5.1 million, respectively (see Note 28), while interest income from debt securities amounted to ₱36.1 million and ₱23.3 million, respectively (see Note 26).

8. Property and Equipment

During the three-month period ended March 31, 2020 and 2019, the Group acquired assets with a cost of ₱130.0 million and ₱293.8 million, respectively, including construction in-progress.

Depreciation, amortization and depletion expense for the three months ended March 31, 2020 and 2019 amounted to ₱361.3 million and ₱348.9 million, respectively (see Note 25).

As at March 31, 2020 and December 31, 2019, there were no property and equipment pledged as collateral for the Group's borrowings.

9. Investments in Associates

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
THNC	**₱2,228,544**	₱2,228,384
CBNC	**1,025,107**	1,031,351
	₱3,253,651	₱3,259,735

The movements in investments in associates follow:

	March 31, 2020 (Unaudited)			December 31, 2019 (Audited)		
	THNC	**CBNC**	**Total**	THNC	CBNC	Total
Cost at January 1	**₱1,974,700**	**₱724,410**	**₱2,699,110**	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	**(248,188)**	**76,979**	**(171,209)**	(304,255)	227,481	(76,774)
Equity in net income (losses)	**(1,613)**	**(8,810)**	**(10,423)**	56,067	(45,684)	10,383
Dividends declared	–	–	–	–	(104,818)	(104,818)
	(249,801)	**68,169**	**(181,632)**	(248,188)	76,979	(171,209)
Share in cumulative translation adjustment:						
Balances at January 1	**501,872**	**229,962**	**731,834**	577,467	340,786	918,253
Movements	**1,773**	**2,566**	**4,339**	(75,595)	(110,824)	(186,419)
	503,645	**232,528**	**736,173**	501,872	229,962	731,834
Balances at end of period	**₱2,228,544**	**₱1,025,107**	**₱3,253,651**	₱2,228,384	₱1,031,351	₱3,259,735

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱119.6 million and ₱119.2 million as at March 31, 2020 and December 31, 2019, respectively.

THNC

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

CBNC

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

The net assets of THNC and CBNC amounted to ₱19,904.4 million and ₱28,518.1 million, respectively, as at March 31, 2020, and ₱19,902.8 million and ₱28,580.6 million, respectively, as at December 31, 2019. The results of THNC's and CBNC's operations were net loss of ₱16.1 million and ₱88.1 million, respectively, for the three months ended March 31, 2020, and net loss of ₱782.7 million and net income of ₱529.9 million, respectively, for the three months ended March 31, 2019. The Parent Company's share in cumulative translation adjustment amounted to ₱616.5 million and ₱612.6 million as at March 31, 2020 and December 31, 2019, respectively, and its equity in net losses of associates amounted to ₱10.4 million and ₱25.3 million income for the three months ended March 31, 2020 and 2019, respectively.

10. Geothermal Exploration and Evaluation Assets

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Montelago Geothermal Project. The recovery of these costs depends upon determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities.

As at March 31, 2020 and December 31, 2019, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. Long-term Stockpile Inventory

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

A portion amounting to ₱55.3 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at March 31, 2020 and December 31, 2019, and there were no deliveries of long-term stockpile inventory to CBNC for the three months ended March 31, 2020 and 2019.

The carrying value of long-term stockpile inventory - net of current portion amounted to ₱105.6 million as at March 31, 2020 and December 31, 2019.

12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGI) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 30), are noninterest-bearing and are generally settled in one (1) year. Government payables include withholding taxes which are normally settled within ten (10) to fifteen (15) days after the end of each financial reporting month or thirty (30) days after the end of each financial reporting quarter, and fringe benefit tax which are normally settled within thirty (30) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

13. Short-term and Long-term Debts

Short-term debts with Security Bank Corporation (SBC)
On March 23, 2018, SBC approved the renewal of EPI's original loan facility to the extent of ₱1,500.0 million. On August 3, 2018 and September 21, 2018, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively. Proceeds of the loan were used by EPI to settle promissory notes under the original SBC loan facility, which matured in 2018.

At maturity date, EPI requested another approval from SBC for the renewal of their original loan facility to the extent of ₱1,500.0 million which was approved on July 19, 2019. On July 26, 2019 and September 16, 2019, EPI made drawdowns from the said renewal amounting to ₱300.0 million and ₱1,200.0 million, respectively, which was used to settle promissory notes under the original SBC loan facility, which matured in 2019.

The loan facility is secured by a continuing suretyship of the Parent Company.

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

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Loans payable	**₱1,500,000**	₱1,500,000
Less unamortized debt issue cost	**(4,801)**	(7,596)
Balances at end of period	**₱1,495,199**	₱1,492,404

Interest expense incurred in connection with the loans amounted to ₱27.4 million and ₱28.6 million for the three months ended March 31, 2020 and 2019, respectively (see Note 27).

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

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

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at March 31, 2020 and December 31, 2019, TMC is in compliance with the restrictions.

Interest expense for the three months ended March 31, 2020 and 2019 amounted to ₱10.2 million and ₱13.2 million, respectively (see Notes 27 and 30).

As at March 31, 2020 and December 31, 2019, the carrying amount of long-term debt with THNC amounted to ₱1,019.9 million and ₱1,019.0 million, respectively (see Note 30).

<u>Jobin Loan</u>
On April 26, 2016, Jobin entered into a twelve (12)-year term loan agreement with Land Bank of the Philippines (LBP) amounting to ₱300.0 million to partially finance the construction and development of a 7MW Sta. Rita Solar Power Plant and inter-connection assets located in Subic Bay Freeport Zone (SBFZ). The loan is subject to an interest based on the applicable benchmark rate (3-month PDST-R2) plus a minimum spread of 1.50% per annum (p.a.), with a floor rate of 4.75% p.a., subject to quarterly repricing. The loan is

payable in forty-four (44) equal quarterly payments, starting at the end of the fifth (5th) quarter from the date of the initial loan and interest is payable quarterly in arrears from the date of initial loan. Jobin is also required to pay gross receipt tax equal to 1% of each interest payment.

The loan is secured by the following:

a) Chattel mortgage on the 7MW Sta. Rita Solar Power Plant
b) Corporate guarantee of EPI
c) Assignment of leasehold rights between Jobin and Subic Bay Metropolitan Authority on the lot at Mt. Sta. Rita, SBFZ, and 2,300 square meter (sq.m.) lot and 280 sq.m. building located near the NGCP's facility, Subic Gateway Park, SBFZ
d) Pledge of shares of stock of Jobin

The loan agreement contains positive, negative and financial covenants which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, and the maintenance of certain financial and project ratios. Jobin has been compliant with the covenants contained in the loan agreement. On November 18, 2019, Jobin made a full settlement of its loan from LBP, which also resulted to the release of mortgage and collaterals pledged.

Interest expense for the three months ended March 31, 2020 and 2019 amounted to nil and 4.6 million, respectively (see Note 27).

14. Provision for Mine Rehabilitation and Decommissioning

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

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

For the three months ended March 31, 2020 and 2019, accretion of interest on provision for mine rehabilitation and decommissioning amounted to ₱3.4 million and ₱1.9 million, respectively (see Note 27).

15. Equity

Capital Stock
The capital structure of the Parent Company follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 13,685,272,117 shares		
Outstanding - 13,632,970,117 shares as at March 31, 2020 and 13,651,538,117 as at December 31, 2019	**₱6,842,636**	₱6,842,636
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	**7,200**	7,200
Total	**₱6,849,836**	₱6,849,836

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

Issued Capital Stock
Beginning November 22, 2010, the common shares of the Parent Company were listed and traded in PSE with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱1.48 per share after the stock dividends.

As at March 31, 2020 and December 31, 2019, a total of 29% or 3,968,531,405 common shares and 32% or 4,367,937,638 common shares, respectively, of the outstanding common shares of the Parent Company are registered in the name of eighty-three (83) and ninety-two (92) shareholders, respectively, while the balance of 71% or a total of 9,664,438,712 common shares and 68% or a total of 9,283,600,479 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

The movements in outstanding common stock follows:

	Number of Shares		
	Issued	Treasury	Outstanding
Balances at December 31, 2018	13,685,272,117	(9,357,000)	13,675,915,117
Acquisitions during the year	–	(24,377,000)	(24,377,000)
Balances at December 31, 2019	13,685,272,117	(33,734,000)	13,651,538,117
Acquisitions during the period	–	(18,568,000)	(18,568,000)
Balances at March 31, 2020	13,685,272,117	(52,302,000)	13,632,970,117

Dividends
Dividends declared and paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2020	***Cash Dividends***	**March 13, 2020**	**March 27, 2020**	**₱1,090,638**	**₱0.08**	**April 8, 2020**
2019	*Cash Dividends*	March 14, 2019	March 28, 2019	₱957,248	₱0.07	April 12, 2019

Appropriation of Retained Earnings
Parent Company
On November 27, 2018, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,500.0 million in relation to the share buy-back program of the Parent Company.

HMC
On December 20, 2019, the BOD of HMC approved the reversal of the ₱318.6 million appropriation following the completion of the purchase of mining equipment. On the same date, an appropriation was approved amounting to ₱85.6 million for HMC's capital expenditures for the year 2020.

Treasury Stock
On November 27, 2018, the BOD of the Parent Company approved to undertake a two (2)-year share buy-back program authorizing management to buy from the market at its discretion the Parent Company's common shares up to an aggregate value of ₱1,500.0 million. As at March 31, 2020 and December 31, 2019, the Parent Company purchased from the market a total of 52,302,000 of its own common shares at an average price of ₱2.5005 per share or a total of ₱130.8 million and a total of 33,734,000 of its own common shares at an average price of ₱2.6072 per share or a total of ₱88.0 million, respectively.

16. Executive Stock Option Plan (ESOP)

2018 ESOP
On April 5, 2018, the New Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. As at March 31, 2020, the New Plan is yet to be approved by the SEC. The basic terms and conditions of the New Plan are as follows:
1. The New Plan covers up to 155.0 million shares allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱4.38, which is equivalent to ₱2.43 after the effect of stock dividends.
4. The New Plan was granted on June 15, 2018.
5. The term of the New Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the New Plan.

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

The fair value of the stock option is ₱2.19, which was estimated as at grant date, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

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

1. The Plan covers up to 32.0 million shares allocated to the Parent Company's eligible participants.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price are as follows:

Exercise prices, before stock dividends	Equivalent exercise prices, after the effect of stock dividends
₱25.52	₱4.73
6.11	3.39
6.04	3.36
5.94	3.30
5.67	3.15
5.62	3.12
5.03	2.79

4. The Plan was partially granted on June 6, 2014, January 13, 2015 and July 15, 2018.
5. The term of the Plan shall be five (5) years and the shares will vest to the participant at the rate of 25% per year after the first year of the Plan or July 18, 2015.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair values of the stock option are ₱7.53, ₱8.42 and an average of ₱0.23, which were estimated as at grant date, June 6, 2014, January 13, 2015 and July 15, 2018, respectively, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

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

	2018 ESOP		2014 ESOP	
Grant date	June 15, 2018	July 15, 2018	January 13, 2015	June 6, 2014
Spot price per share	₱5.01	₱4.34	₱15.63	₱28.55
Exercise price	₱4.38	₱5.72*	₱8.51	₱25.52
Expected volatility	45.34%	37.14%	33.52%	33.28%
Option life	5.00 years	0.89 years	4.40 years	5.00 years
Dividend yield	2.16%	2.49%	0.58%	3.88%
Risk-free rate	5.93%	4.52%	3.23%	3.30%

* Based on average exercise prices

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

There have been no modifications or cancellations for the three months ended March 31, 2020 and 2019.

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

	Number of Options	
	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
2018 ESOP	**278,947,780**	278,947,780
2014 ESOP		
Balances at January 1	–	103,740,335
Forfeited	–	(103,740,335)
Balances at end of period	–	–

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

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balances at January 1	**₱370,522**	₱240,003
Stock option expense (see Note 24)	**19,465**	130,519
Balances at end of period	**₱389,987**	₱370,522

17. Earnings (Loss) Per Share

The following reflects the income (loss) and share data used in the basic and diluted EPS computations:

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
a. Net income (loss) attributable to equity holders of the Parent	**(₱89,341)**	₱137,549
b. Weighted average number of common shares for basic EPS (in thousands)	**13,642,007**	13,674,975
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	**13,642,007**	13,674,975
Basic/Diluted EPS	**(₱0.01)**	₱0.01

18. Cost of Sales

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Cost of sale of:		
Ore	**₱999,255**	₱906,975
Limestone	**79,115**	74,072
Quarry materials	**9,535**	–
	₱1,087,905	₱981,047

Details of cost of sales follow:

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Production overhead	**₱543,794**	₱660,402
Outside services	**270,371**	338,380
Personnel costs (see Note 24)	**265,898**	252,923
Depreciation, amortization and depletion (see Note 25)	**225,094**	220,991
	1,305,157	1,472,696
Net changes in beneficiated nickel ore and limestone	**(217,252)**	(491,649)
	₱1,087,905	₱981,047

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

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

19. Cost of Services

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Personnel costs (see Note 24)	**₱46,296**	₱28,767
Depreciation (see Note 25)	**24,880**	26,225
Overhead	**20,102**	20,378
Equipment operating cost	**4,081**	7,383
Outside services	**1,977**	1,966
	₱97,336	₱84,719

20. Cost of Power Generation

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Depreciation and amortization (see Note 25)	**₱52,894**	₱52,739
Overhead	**14,979**	20,613
Personnel costs (see Note 24)	**5,453**	5,142
Outside services	**4,101**	2,459
Materials and supplies	**1,244**	149
Purchased power	–	16,214
Distribution wheeling service charges	–	5,770
	₱78,671	₱103,086

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

21. General and Administrative Expenses

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Personnel costs (see Note 24)	**₱120,704**	₱105,921
Depreciation and amortization (see Note 25)	**36,376**	22,639
Taxes and licenses	**23,388**	41,472
Professional fees	**13,361**	10,929
Outside services	**10,530**	12,906
Dues and subscriptions	**6,696**	4,488
Supplies	**5,293**	7,414
Transportation and travel	**5,077**	5,987
Repairs and maintenance	**3,897**	3,393

(Forward)

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Publicity and promotions	**₱3,371**	₱5,526
Entertainment, amusement and recreation	**2,898**	3,053
Communications, light and water	**2,391**	2,118
Rentals	**2,318**	2,512
Others	**10,287**	22,233
	₱246,587	₱250,591

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

22. Excise Taxes and Royalties

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Excise taxes	**₱78,116**	₱68,390
Royalties	**56,053**	61,043
	₱134,169	₱129,433

23. Shipping and Loading Costs

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Contract fees	**₱55,096**	₱64,052
Depreciation and amortization (see Note 25)	**24,249**	25,311
Fuel, oil and lubricants	**16,755**	17,879
Personnel costs (see Note 24)	**14,775**	12,170
Materials and supplies	**10,675**	10,540
Other services and fees	**2,032**	3,281
	₱123,582	₱133,233

24. Personnel Costs

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Salaries, wages and employee benefits	**₱433,661**	₱369,305
Cost of share-based payment plan (see Note 16)	**19,465**	35,618
	₱453,126	₱404,923

The amounts of personnel costs are distributed as follows:

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Cost of :		
Sales (see Note 18)	**₱265,898**	₱252,923
Services (see Note 19)	**46,296**	28,767
Power generation (see Note 20)	**5,453**	5,142
General and administrative (see Note 21)	**120,704**	105,921
Shipping and loading costs (see Note 23)	**14,775**	12,170
	₱453,126	₱404,923

25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including amortization of right-of-use (ROU) assets, are distributed as follows:

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Cost of:		
Sales (see Note 18)	**₱225,094**	₱220,991
Power generation (see Note 20)	**52,894**	52,739
Services (see Note 19)	**24,880**	26,225
General and administrative (see Note 21)	**36,376**	22,639
Shipping and loading costs (see Note 23)	**24,249**	25,311
Others	**622**	1,038
	₱364,115	₱348,943

The above is distributed as follows:

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Property and equipment (see Note 8)	**₱361,302**	₱348,943
Computer software under “Other noncurrent assets”	**2,813**	–
	₱364,115	₱348,943

26. Finance Income

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Interest income from:		
Cash and cash equivalents and others	**₱43,805**	₱73,192
Financial assets at (see Note 7):		
FVOCI	**30,830**	17,672
Amortized cost	**3,391**	4,740
FVTPL	**1,863**	921
Loans	**6,229**	5,365
Long-term negotiable instruments	**347**	662
	₱86,465	₱102,552

27. Finance Expenses

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Interest expense on:		
Short-term debts (see Note 13)	**₱27,440**	₱28,605
Long-term debts (see Note 13)	**10,249**	17,810
Pension	**6,889**	5,662
Accretion of interest on:		
Lease liabilities (see Note 31)	**13,414**	14,091
Provision for mine rehabilitation and decommissioning (see Note 14)	**3,413**	1,891
Long-term payable	**198**	244
Guarantee service fee (see Note 30)	**16,962**	15,871
	₱78,565	₱84,174

28. Other Income (Charges) - Net

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Gain (loss) on:		
Changes in fair value of financial assets at FVTPL (see Note 7)	**(₱267,436)**	₱72,316
Sale of financial assets at FVOCI	**6,400**	3,293
Sale of property and equipment	**–**	406
Foreign exchange gains (losses) - net	**15,729**	(6,738)
Dividend income (see Note 7)	**5,719**	5,124
Management fee	**(3,612)**	(2,842)
Rentals and accommodations	**3,011**	3,047
Issuance of fuel, oil and lubricants	**–**	74
Others	**6,173**	17,185
	(₱234,016)	₱91,865

29. Revenue from Contracts with Customers

Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by location of the customers for sale of ore, limestone and quarry materials, type of services rendered for sale of services and others and source of electricity for sale of power for the three months ended March 31, 2020 and 2019:

	For the three-month period ended March 31, 2020 (Unaudited)			
	China	**Local**	**Japan**	**Total**
Sale of (see Note 30):				
Ore	**₱787,402**	**₱811,573**	**₱233,940**	**₱1,832,915**
Limestone	**–**	**105,139**	**–**	**105,139**
Quarry materials	**–**	**14,841**	**–**	**14,841**
	₱787,402	**₱931,553**	**₱233,940**	**₱1,952,895**

	For the three-month period ended March 31, 2019 (Unaudited)			
	China	Local	Japan	Total
Sale of (see Note 30):				
Ore	₱475,711	₱858,918	₱270,095	₱1,604,724
Limestone	–	105,027	–	105,027
	₱475,711	₱963,945	₱270,095	₱1,709,751

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Services and others (see Note 30)		
Materials handling and others	**₱182,449**	₱172,658
Sale of power		
Solar	**₱32,872**	₱88,182
Diesel	**7,242**	4,957
	₱40,114	₱93,139

30. Related Party Transactions

Set out below are the Group's transactions with related parties for the three-month period ended March 31, 2020 and 2019, including the corresponding assets and liabilities arising from the said transactions as at March 31, 2020 (Unaudited) and December 31, 2019 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)			
	March 31, 2020	March 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	Terms	Conditions
Stockholders														
Pacific Metals Co., Ltd.														
Sale of ore	**₱233,940**	₱270,095	**₱25,697**	₱15,782	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	90% upon receipt of documents and 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch income and others	**337**	734	**–**	293	**–**	17,114	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Dividends	**–**	–	**–**	–	**–**	574,400	**–**	–	**–**	–	**–**	–	Payable on agreed pay-out date	Unsecured; no guarantee
Sumitomo Metal Mining Philippine Holdings Corporation														
Short-term advances	**–**	1,250	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)			
	March 31, 2020	March 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	Terms	Conditions
Sumitomo Metal Mining Co., Ltd.														
Guarantee service fee (see Note 27)	**₱16,962**	₱15,871	**₱–**	₱–	**₱3,608**	₱19,362	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Every twenty first (21st) of February, March, August and September	Unsecured
With Common Stockholders														
Manta														
Rentals, dues and utilities	**8,516**	8,554	**–**	–	**151**	248	**–**	–	**–**	–	**–**	–	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	**–**	–	**–**	–	**–**	19	**–**	–	**–**	–	**–**	–	Collectible at the end of the lease; noninterest-bearing	Unsecured; no guarantee
Sale of power	**–**	5,889	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Associates														
CBNC														
Sale of ore and limestone	**351,628**	398,980	**118,940**	83,902	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term; noninterest-bearing	Unsecured; no guarantee
Materials handling	**72,149**	71,118	**35,436**	94,211	**–**	–	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Infralease and throughput	**1,259**	1,295	**5,994**	12,737	**–**	–	**–**	–	**–**	–	**–**	–	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
Other income	**8,632**	14,790	**22,749**	12,735	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)			
	March 31, 2020	March 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	Terms	Conditions
THNC														
Sale of ore	**₱532,976**	₱532,336	**₱120,215**	₱120,364	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Sale of quarry materials	**14,841**	–	**14,841**	92,633	**–**	–	**–**	–	**–**	–	**–**	–	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Rendering of service	**36,120**	38,063	**70,626**	34,938	**–**	–	**–**	–	**–**	–	**–**	–	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Materials handling	**66,030**	53,460	**43,395**	33,227	**–**	–	**–**	–	**–**	–	**–**	–	Fifteen (15) days term; noninterest-bearing	Unsecured; no guarantee
Rental income	**1,735**	1,735	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Rental deposit	**–**	–	**–**	–	**3,352**	3,471	**–**	–	**–**	–	**–**	–	Collectible at the end of the lease term; noninterest-bearing	Unsecured; no guarantee
Loan facility	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,019,935**	1,019,029	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	Unsecured; with guarantee

(Forward)

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debt (see Note 13)			
	March 31, 2020	March 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	**March 31, 2020**	December 31, 2019	Terms	Conditions
THNC														
Interest expense on long-term debt (see Notes 13 and 27)	**₱10,249**	₱13,247	**₱–**	₱–	**₱16,607**	₱7,915	**₱–**	₱–	**₱–**	₱–	**₱–**	₱–	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
Short-term advances	–	**–**	**–**	–	**–**	–	**3,112**	2,533	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing; with allowance for ECL of ₱4.2 million as at March 31, 2020 and December 31, 2019	Unsecured; no guarantee
Affiliates														
OGI														
Short-term advances	–	**–**	**–**	–	**–**	–	**–**	–	**1,135,911**	1,135,911	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Orka Geothermal Holdings, Inc.														
Short-term advances	–	**–**	**–**	–	**–**	–	**666**	666	**–**	–	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
BGHI														
Short-term advances	**–**	–	**–**	–	**–**	–	**19**	19	**4,194,305**	4,194,305	**–**	–	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱457,893	₱500,822	**₱23,718**	₱622,529	**₱3,797**	₱3,218	**₱5,330,216**	₱5,330,216	**₱1,019,935**	₱1,019,029		

Terms and Conditions of Transactions with Related Parties
All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at March 31, 2020 and December 31, 2019 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel
The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the three months ended March 31, 2020 and 2019 amounted to about ₱51.7 million and ₱54.2 million, respectively.

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

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

31. Leases

The lease liabilities as at March 31, 2020 and December 31, 2019, discounted using incremental borrowing rate are as follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Lease liabilities	**₱607,317**	₱606,678
Less noncurrent portion	**581,524**	581,537
Current portion	**₱25,793**	₱25,141

The rollforward analysis of lease liabilities as at March 31, 2020 and December 31, 2019 follows:

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Balances at January 1	**₱606,678**	₱639,885
Accretion of interest (see Note 27)	**13,414**	55,342
Payments	**(12,775)**	(90,273)
Additions	**–**	1,724
Balances at end of period	**₱607,317**	₱606,678

For the three months ended March 31, 2020 and 2019, accretion of interest on lease liabilities amounted to ₱13.4 million and ₱14.1 million, respectively (see Note 27), while the amortization of ROU assets included in "Property and equipment" amounted to ₱9.9 million and ₱9.7 million, respectively.

32. Income Taxes

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

	For the three-month period ended March 31	
	2020	2019
	(Unaudited)	
Current	**₱168,106**	₱162,082
Deferred	**(32,690)**	(33,181)
	₱135,416	₱128,901

33. Financial Instruments

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

Cash and Cash Equivalents
The carrying amounts of cash and cash equivalents approximate their fair value due to the short-term nature and maturity of these financial instruments.

Trade and Other Receivables, Trade and Other Payables and Short-term Debts
Similarly, the carrying amounts of trade and other receivables, trade and other payables and short-term debts approximate their fair values due to the short-term nature of these accounts.

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

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

Financial Assets at FVOCI and at FVTPL
The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. Upon adoption of PFRS 9, the Group used the net asset approach with consideration of lack of marketability discount and lack of control discount in determining the fair value of unquoted equity securities since the fair value measurement is unobservable (Level 3).

Financial Assets at Amortized Cost
The carrying amount of financial assets at amortized cost, which is measured using the effective interest rate (EIR), is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

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

Fair Value Hierarchy of Financial Instruments
The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

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

As at March 31, 2020 and December 31, 2019, the Group's financial assets in debt and equity securities are classified under Level 1 and 3.

As at March 31, 2020 and December 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

34. Business Segment Information

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

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

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

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group is also using core net income (loss) in evaluating total performance. Core income is the performance of business segments based on a measure of recurring profit. This measurement basis is determined as profit attributable to equity holders of the Parent Company excluding the effects of nonrecurring items, net of their tax effects. Non-recurring items represent gains (losses) that, through occurrence or size, are not considered usual operating items, such as foreign exchange gains (losses), gains (losses) on disposal of investments, and other nonrecurring gains (losses).

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, inventories, financial assets at FVOCI, at FVTPL and at amortized cost, property and equipment, investments in associates and other noncurrent assets. Segment liabilities include all operating liabilities and consist principally of trade and other payables, short-term and long-term debts and other liabilities. Segment assets and liabilities do not include deferred income taxes.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring principles that are similar to those used in measuring assets and liabilities and profit or loss in the consolidated financial statements, which are in accordance with PFRSs.

There were no changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

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

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

	March 31, 2020 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱40,848	₱–	₱547,817	₱1,364,230	₱–	₱32,872	₱40,827	₱182,449	₱–	₱–	₱–	₱2,209,043
Inter-segment revenues	–	–	–	–	–	–	–	–	–	93,464	(93,464)	–
Total revenues	40,848	–	547,817	1,364,230	–	32,872	40,827	182,449	–	93,464	(93,464)	2,209,043
Cost of sales	30,961	–	415,849	641,095	–	–	–	–	–	–	–	1,087,905
Cost of services	–	–	–	–	–	–	–	97,336	–	–	–	97,336
Cost of power generation	–	–	–	–	–	49,847	28,824	–	–	–	–	78,671
Excise taxes and royalties	3,676	7,500	54,782	68,211	–	–	–	–	–	–	–	134,169
Shipping and loading costs	23,941	–	15,198	82,065	–	–	–	–	2,378	–	–	123,582
Segment operating earnings (loss)	(₱17,730)	₱-7,500	₱61,988	₱572,859	₱–	(₱16,975)	₱12,003	₱85,113	(₱2,378)	₱93,464	(₱93,464)	₱687,380
General and administrative	₱14,815	₱8,477	₱17,020	₱20,194	₱31,092	₱17,618	₱–	₱–	₱–	₱137,371	₱–	₱246,587
Finance income	₱381	₱9,260	₱11,299	₱6,367	₱10	₱36	₱954	₱–	₱–	₱58,158	₱–	₱86,465
Finance expenses	₱866	₱1,216	₱14,959	₱3,381	₱13	₱39,079	₱–	₱–	₱–	₱19,051	₱–	₱78,565
Provision for (benefit from) income tax	(₱7,700)	₱2,203	₱19,521	₱161,220	₱–	(₱26)	₱–	₱–	(₱713)	(₱39,089)	₱–	₱135,416
Net income (loss) attributable to equity holders of the parent	(₱26,708)	(₱6,122)	₱75,312	₱273,948	(₱31,094)	(₱60,937)	₱12,957	₱–	₱–	(₱326,697)	₱–	(₱89,341)
Segment assets	₱1,603,545	₱2,961,272	₱9,324,635	₱4,511,152	₱1,320,543	₱11,864,581	₱1,028,194	₱–	₱46,386	₱14,484,141	₱–	₱47,144,449
Deferred income tax assets - net	51,252	37,260	1,689	78,496	49,197	–	–	–	–	91,095	–	308,989
Total assets	₱1,654,797	₱2,998,532	₱9,326,324	₱4,589,648	₱1,369,740	₱11,864,581	₱1,028,194	₱–	₱46,386	₱14,575,236	₱–	₱47,453,438
Segment liabilities	₱218,753	₱430,697	₱2,009,195	₱1,171,828	₱97,091	₱7,445,908	₱8,085	₱–	₱–	₱435,280		₱11,816,837
Deferred income tax liabilities	–	–	–	118,447	164,105	99,299	–	–	13,994	120,188	–	516,033
Total liabilities	₱218,753	₱430,697	₱2,009,195	₱1,290,275	₱261,196	₱7,545,207	₱8,085	₱–	₱13,994	₱555,468	₱–	₱12,332,870
Other segment information:												
Capital expenditures	₱148	₱17,809	₱55,989	₱20,134	₱3,061	₱28,320	₱–	₱–	₱–	₱4,567	₱–	₱130,028
Depreciation, amortization and depletion	₱41,776	₱45,161	₱143,698	₱46,549	₱10,839	₱39,971	₱13,958	₱–	₱2,378	₱16,972	₱–	₱361,302

	December 31, 2019 (Audited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱1,710,882	₱3,639,129	₱8,239,456	₱3,259,849	₱–	₱235,557	₱156,694	₱681,727	₱–	₱–	₱–	₱17,923,294
Inter-segment revenues	–	–	–	–	–	–	–	–	6,905	623,372	(630,277)	–
Total revenues	1,710,882	3,639,129	8,239,456	3,259,849	–	235,557	156,694	681,727	6,905	623,372	(630,277)	17,923,294
Cost of sales	833,501	1,380,403	3,043,958	1,848,008	–	–	–	–	–	–	–	7,105,870
Cost of services	–	–	–	–	–	–	–	331,819	–	–	–	331,819
Cost of power generation	–	–	–	–	–	261,072	116,395	–	–	–	–	377,467
Excise taxes and royalties	153,979	646,373	823,945	163,026	–	–	–	–	–	–	–	1,787,323
Shipping and loading costs	222,206	510,593	849,888	174,816	–	–	–	–	9,513	–	–	1,767,016
Marketing	10,375	126,870	19,786	–	–	–	–	–	–	–	–	157,031
Segment operating earnings (loss)	₱490,821	₱974,890	₱3,501,879	₱1,073,999	₱–	(₱25,515)	₱40,299	₱349,908	(₱2,608)	₱623,372	(₱630,277)	₱6,396,768
General and administrative	₱104,543	₱57,647	₱108,998	₱96,443	₱148,747	₱96,190	₱–	₱–	₱–	₱543,416	₱–	₱1,155,984
Finance income	₱3,858	₱35,782	₱61,036	₱37,900	₱31	₱190	₱3,411	₱–	₱–	₱263,390	₱–	₱405,598
Finance expenses	₱3,553	₱6,057	₱15,816	₱13,723	₱2,437	₱180,979	₱–	₱49,581	₱–	₱71,509	₱–	₱343,655
Provision for (benefit from) income tax	₱96,107	₱233,654	₱990,870	₱303,804	(₱7,572)	(₱14,313)	₱–	₱–	₱–	₱52,956	₱–	₱1,655,506
Net income (loss) attributable to equity holders of the parent	₱281,948	₱686,503	₱1,973,658	₱536,034	(₱143,717)	(₱231,716)	₱43,710	₱–	₱–	(₱461,451)	₱–	₱2,684,969
Segment assets	₱1,579,961	₱3,110,111	₱11,102,061	₱4,007,523	₱1,332,289	₱11,603,132	₱1,009,087	₱–	₱48,764	₱13,970,761	₱–	₱47,763,689
Deferred income tax assets - net	46,338	47,143	128,207	131,690	69,959	2,922	–	–	–	72,005	–	498,264
Total assets	₱1,626,299	₱3,157,254	₱11,230,268	₱4,139,213	₱1,402,248	₱11,606,054	₱1,009,087	₱–	₱48,764	₱14,042,766	₱–	₱48,261,953
Segment liabilities	₱202,256	₱375,757	₱2,821,431	₱937,089	₱102,624	₱7,461,404	₱9,243	₱–	₱–	₱472,122	₱–	₱12,381,926
Deferred income tax liabilities - net	2,974	7,824	111,296	171,717	184,867	102,246	–	–	14,707	153,135	–	748,766
Total liabilities	₱205,230	₱383,581	₱2,932,727	₱1,108,806	₱287,491	₱7,563,650	₱9,243	₱–	₱14,707	₱625,257	₱–	₱13,130,692
Other segment information:												
Capital expenditures	₱104,037	₱211,762	₱426,525	₱113,717	₱70,535	₱128,608	₱3,871	₱–	₱–	₱196,468	₱–	₱1,255,523
Depreciation, amortization and depletion	₱175,130	₱182,046	₱580,296	₱168,759	₱37,419	₱160,725	₱55,823	₱–	₱9,513	₱28,599	₱–	₱1,398,310

	March 31, 2019 (Unaudited)											
	Mining					Power		Services				
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others	Eliminations	Total
External customers	₱31,999	₱61,419	₱568,183	₱1,048,150	₱–	₱88,181	₱27,347	₱172,659	₱–	₱–	₱–	₱1,997,938
Inter-segment revenues	–	–	–	–	–	–	–	–	–	72,086	(72,086)	–
Total revenues	31,999	61,419	568,183	1,048,150	–	88,181	27,347	172,659	–	72,086	(72,086)	1,997,938
Cost of sales	20,960	44,251	405,762	510,074	–	–	–	–	–	–	–	981,047
Cost of services	–	–	–	–	–	–	–	84,719	–	–	–	84,719
Cost of power generation	–	–	–	–	–	76,890	26,196	–	–	–	–	103,086
Excise taxes and royalties	2,880	17,327	56,818	52,408	–	–	–	–	–	–	–	129,433
Shipping and loading costs	28,217	13,306	25,826	65,884	–	–	–	–	–	–	–	133,233
Marketing	–	2,150	–	–	–	–	–	–	–	–	–	2,150
Segment operating earnings (loss)	(₱20,058)	(₱15,615)	₱79,777	₱419,784	₱–	₱11,291	₱1,151	₱87,940	₱–	₱72,086	(₱72,086)	₱564,270
General and administrative	₱32,165	₱9,617	₱17,977	₱30,897	₱32,698	₱18,080	₱–	₱–	₱–	₱109,157	₱–	₱250,591
Finance income	₱655	₱8,316	₱16,571	₱11,481	₱10	₱28	₱686	₱–	₱–	₱64,805	₱–	₱102,552
Finance expenses	₱179	₱1,015	₱3,405	₱2,707	₱–	₱45,114	₱–	₱13,247	₱–	₱18,507	₱–	₱84,174
Provision for (benefit from) income tax	(₱16,264)	(₱7,837)	₱18,481	₱123,085	₱–	(₱154)	₱–	₱–	₱–	₱11,590	₱–	₱128,901
Net income (loss) attributable to equity holders of the parent	(₱35,475)	(₱9,978)	₱77,993	₱201,704	(₱32,809)	(₱43,224)	₱24,260	₱–	₱–	(₱44,922)	₱–	₱137,549
Segment assets	₱1,619,690	₱2,631,546	₱9,183,752	₱4,216,271	₱1,243,092	₱11,685,813	₱941,937	₱–	₱51,826	₱14,457,048	₱–	₱46,030,975
Deferred income tax assets	53,403	38,958	32,726	42,719	41,625	–	–	–	–	–	–	209,431
Total assets	₱1,673,093	₱2,670,504	₱9,216,478	₱4,258,990	₱1,284,717	₱11,685,813	₱941,937	₱–	₱51,826	₱14,457,048	₱–	₱46,240,406
Segment liabilities	₱224,255	₱446,262	₱2,015,663	₱898,223	₱85,453	₱7,825,452	₱4,768	₱–	₱–	₱362,221	₱–	₱11,862,297
Deferred income tax liabilities - net	–	–	–	118,747	164,105	113,498	–	–	16,847	184,612	–	597,809
Total liabilities	₱224,255	₱446,262	₱2,015,663	₱1,016,970	₱249,558	₱7,938,950	₱4,768	₱–	₱16,847	₱546,833	₱–	₱12,460,106
Other segment information:												
Capital expenditures	₱24,719	₱106,000	₱107,737	₱34,394	₱7,963	₱7,759	₱1,894	₱–	₱–	₱3,379	₱–	₱293,845
Depreciation, amortization and depletion	₱50,107	₱45,657	₱146,529	₱37,527	₱8,432	₱40,330	₱13,842	₱–	₱–	₱6,519	₱–	₱348,943

The Group has revenues from external customers as follows:

	For the three-month period ended March 31	
	2020	2019
Country of Domicile	(Unaudited)	
Local	**₱1,187,700**	₱1,252,132
China	**787,402**	475,711
Japan	**233,941**	270,095
	₱2,209,043	₱1,997,938

The revenue information above is based on the location of the customers. The local customers include CBNC and THNC, which are Philippine Economic Zone Authority-registered entities.

Revenue arising from two key customers for the sale of ores amounted to ₱1,311.5 million and ₱1,129.0 million for the three months ended March 31, 2020 and 2019, respectively.