

## **PRESS RELEASE**

### **NICKEL ASIA CORPORATION ANNOUNCES 1H 2017 FINANCIAL AND OPERATING RESULTS WITH AN IMPROVEMENT IN NET INCOME TO P1.54B**

Taguig, August 4, 2017 - Nickel Asia Corporation (NAC) (PSE:NIKL) today announced its unaudited financial and operating results for the six months ended June 30, 2017 with an attributable net income (net of minority interests) of P1.54 billion, substantially higher compared to the P24 million reported during the same period last year. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to P3.64 billion compared to P1.84 billion in the prior year.

The combined effects of the Company focusing more on shipments of its higher-value saprolite ore, more particularly in the first quarter when prices were firmer, a stronger U.S. dollar and a turnaround in profits from the Company's equity share in its investment in both the Coral Bay and Taganito processing plants, resulted to a significant improvement in earnings during the first half. The Company's total share of earnings on its 10% stake in the two plants amounted to P55 million compared to a loss of P484 million during the same period last year. The turn-around was mainly driven by strong cobalt prices, a by-product of both plants.

With respect to ore shipments, the Company sold an aggregate 8.92 million wet metric tons (WMT) of nickel ore in the first half, marginally higher compared to 8.54 million WMT in the same period last year. Of the total volume of ore shipped, 4.19 million WMT was saprolite ore and 4.74 million WMT was limonite ore, which includes 4.24 million WMT delivered to both the Coral Bay and Taganito processing plants. This compares to 2.76 million WMT, 5.78 million WMT and 3.40 million WMT, respectively, for the same period last year.

In terms of price, the Company realized an average of \$4.40 per pound of payable nickel on its shipments of ore to the two HPAL plants during the first six months of the year, the pricing of which is linked to the LME. This compares to an average price of \$3.92 per pound of payable nickel sold during the same period last year. With respect to export sales, the Company achieved an average price of \$25.88 per WMT, a 42% increase from the average selling price of \$18.24 realized during the same period last year. On a combined basis, the average price received for sales of both saprolite and limonite ore was \$16.06 per WMT, 26% higher than the prior year's \$12.72 per WMT.

Total operating cash costs increased by 9% during the first six months of the year to P3.76 billion from P3.44 billion in 2016. On a per WMT of ore sold, total operating cash costs increased to P421 per WMT compared to P403 per WMT in 2016. The realized Peso / U.S. dollar exchange rate during the first half of the year was P49.95 compared to P46.75 during the same period last year.

"The impressive improvement in the financial results of the Coral Bay and Taganito processing plants driven by strong cobalt prices has certainly contributed to our performance in the first half," says Mr. Gerard H. Brimo, Company President and CEO. "We are also seeing nickel prices bouncing back from the lows experienced in recent months, a good sign as we are now in our peak shipment season", Mr. Brimo added.

The Company also wishes to disclose that during its meeting of the Board of Directors on 4 August 2017, approval was given for an additional equity contribution of P1.5 billion in Emerging Power, Inc. (EPI). In addition, the Board approved the conversion to equity of a current Company loan of P1.5 billion in EPI. The additional equity

contribution will increase the Company's equity to over 90% and will allow EPI to pare down debts and interest costs substantially.

EPI early this year completed 32 MW of solar power under its 100 MW solar and 50 MW wind service contracts in the Subic Bay Freeport. As a new feed-in-tariff has not been approved by government, further development work has been placed on hold until additional power sales agreements are in place.

With regard to EPI's geothermal projects, it's 60%-owned subsidiary, Biliran Geothermal Inc., recently obtained a new service contract covering 12,792 hectares in Biliran province. This is adjacent to its existing service contract where an initial 5 MW geothermal power plant will be constructed once power sales agreements are in place. Under EPI's Montelago geothermal service contract, discussions are on-going with potential investors to drill the northern part of the geothermal field.

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# NICKEL ASIA CORPORATION AND SUBSIDIARIES

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017

(With Comparative Audited Figures as at December 31, 2016)

(Amounts in Thousands)

	June 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P10,154,902	P9,647,943
Trade and other receivables	1,604,322	1,145,271
Inventories	3,208,589	3,210,838
Available-for-sale (AFS) financial assets	5,914,574	5,572,285
Prepayments and other current assets	1,028,055	946,431
<b>Total Current Assets</b>	<b>21,910,442</b>	<b>20,522,768</b>
<b>Noncurrent Assets</b>		
Property and equipment	15,745,145	15,566,425
Investments in associates	2,859,015	2,582,087
Geothermal exploration and evaluation assets	1,819,599	1,775,799
AFS financial assets - net of current portion	767,910	746,793
Long-term stockpile inventory - net of current portion	272,717	367,244
Deferred income tax assets - net	187,185	370,052
Other noncurrent assets	3,560,331	3,420,348
<b>Total Noncurrent Assets</b>	<b>25,211,902</b>	<b>24,828,748</b>
<b>TOTAL ASSETS</b>	<b>P47,122,344</b>	<b>P45,351,516</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P8,027,091	P7,016,683
Income tax payable	540,947	426,802
Other current liability	197,079	169,079
Current portion of:		
Long-term debt	127,648	148,274
Long-term payable	5,000	5,000
Short-term debt	-	180,000
<b>Total Current Liabilities</b>	<b>8,897,765</b>	<b>7,945,838</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	4,444,598	4,468,059
Deferred income tax liabilities - net	692,395	876,467
Provision for mine rehabilitation and decommissioning	447,263	442,484
Pension liability	352,078	332,320
Deferred income - net of current portion	60,754	62,849
Long-term payable	24,507	23,846
<b>Total Noncurrent Liabilities</b>	<b>6,021,595</b>	<b>6,206,025</b>
<b>Total Liabilities</b>	<b>14,919,360</b>	<b>14,151,863</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock	3,808,665	3,808,665
Additional paid-in capital	8,300,002	8,300,002
Other components of equity:		
Share in cumulative translation adjustment	608,643	409,286
Cost of share-based payment plan	133,589	126,622
Net valuation gains on AFS financial assets	50,662	12,954
Asset revaluation surplus	32,289	32,480
Retained earnings		
Unappropriated	14,148,632	13,221,526
Appropriated	1,108,956	1,108,956
	<b>28,191,438</b>	<b>27,020,491</b>
<b>Non-controlling Interests (NCI)</b>	<b>4,011,546</b>	<b>4,179,162</b>
<b>Total Equity</b>	<b>32,202,984</b>	<b>31,199,653</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P47,122,344</b>	<b>P45,351,516</b>

**NICKEL ASIA CORPORATION AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**  
**(Amounts in Thousands, Except Earnings per Share)**

	2017	2016
	(Unaudited)	
<b>REVENUES</b>		
Sale of ore	P7,399,724	P5,252,300
Services and others	320,411	259,727
Sale of power	101,347	4,955
	<b>7,821,482</b>	<b>5,516,982</b>
<b>COSTS</b>		
Sale of ore	3,047,939	2,725,279
Services	176,830	158,969
Power generation	94,779	7,223
	<b>3,319,548</b>	<b>2,891,471</b>
<b>OPERATING EXPENSES</b>		
Shipping and loading costs	749,801	810,738
General and administrative	375,160	389,629
Excise taxes and royalties	501,814	369,938
Marketing	36,937	29,501
	<b>1,663,712</b>	<b>1,599,806</b>
<b>FINANCE INCOME</b>	151,168	105,865
<b>FINANCE EXPENSES</b>	(127,004)	(149,841)
<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b>	55,420	(484,345)
<b>OTHER INCOME - Net</b>	213,976	124,794
<b>INCOME BEFORE INCOME TAX</b>	<b>3,131,782</b>	<b>622,178</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	994,273	409,413
Deferred	(60,024)	(38,433)
	<b>934,249</b>	<b>370,980</b>
<b>NET INCOME</b>	<b>P2,197,533</b>	<b>P251,198</b>
Net income attributable to:		
Equity holders of the parent	P1,535,149	P24,421
NCI	662,384	226,777
	<b>P2,197,533</b>	<b>P251,198</b>
<b>Basic/Diluted Earnings Per Share</b>	<b>P0.20</b>	<b>P0.00</b>