

NICKEL ASIA 1H'14 SHIPMENT VOLUME 117% HIGHER IN VALUE

The Company's four operating mines sold an aggregate 7.73 million wet metric tons (WMT) of nickel ore in the first half of 2014 as compared to 5.54 million WMT in the same period last year, or an increase of 40%. The estimated value of shipments for the six months ended June 30, 2014 amounted to P8.9 billion, 117% higher compared to P4.1 billion reported in the same period last year.

The surge in shipment volumes during the first half of 2014 was largely the result of increased ore deliveries to the HPAL plants, in particular to the Taganito HPAL facility, now on its first full year of commercial operations. The said plant was still in its pre-operating stage during the same period last year. As a result, total ore deliveries to the two HPAL plants reached 3.62 million WMT in 2014 compared to 1.64 million WMT in 2013. The direct exports of ore likewise contributed to the Company's higher shipments in the first half of the year, increasing from 3.90 million WMT to 4.11 million WMT.

On a per mine basis, the Company's Taganito operations became the largest, accounting for 42% of total shipments during the first half of the year. The mine shipped a total of almost 950 thousand WMT of saprolite ore and 2.34 million WMT of limonite ore, including 1.96 million WMT of limonite to the new plant. The Rio Tuba mine accounted for 38% of total shipments during this first half. The mine shipped 1.04 million WMT of saprolite ore and 1.94 million WMT of limonite ore, including 1.66 million WMT to the adjacent Coral Bay plant.

The Company's two other operating mines, Hinatuan and Cagdianao, commenced shipments only in April and May, respectively; following the end of the wet season. The Hinatuan mine shipped a total of 1.09 million WMT of limonite ore and 51 thousand WMT of saprolite ore, while the Cagdianao mine shipped a total of 110 thousand WMT of limonite ore and 212 thousand WMT of saprolite ore.

The tight supply of nickel ore brought about by the Indonesian ore export ban has led to a surge in prices to Chinese customers, most notably during the second quarter of the year, significantly higher than the increase experienced in LME prices. As a result, effective last April, all ore sales to our Japanese customers are now benchmarked to China prices on the basis of a negotiated price per WMT of ore. The average price received for ore sales to Japanese and Chinese customers totaling 4.11 million WMT of both saprolite and limonite ore during this first half amounted to \$41.18 per WMT. This compares to an average \$21.62 per WMT for the same period last year on a total of 3.90 million WMT of ore sold. The pricing of shipments to Japanese customers for the first half of last year and the first quarter of this year, which were primarily linked to the LME, were converted to the equivalent US dollar per WMT for comparison purposes.

With respect to low-grade limonite ore sold to both the Coral Bay and Taganito plants, which remain linked to LME prices, we realized an average of \$7.56 per

pound of payable nickel on 3.62 million WMT sold during this first half. This compares to an average price of \$7.30 per pound of payable nickel on 1.64 million WMT sold during the same period last year.

“We are delighted by the strong performance of our Company during this first half, and in particular the increase in prices of our various ore products”, said Gerard H. Brimo, President and CEO of the Company. “We are likewise very pleased by the performance of the new Taganito plant, where we have 22.5% equity and which achieved approximately 80% capacity in the first half of this year”, Mr. Brimo added.